

QUARTERLY REPORT

Novolipetsk Steel

The Issuer's code: 00102-A

Q1 2016

The Issuer's address: **2, Metallurgov sq., Lipetsk, Lipetsk region, 398040 Russia**

The information contained in this quarterly report is subject to disclosure in accordance with legislation on securities of the Russian Federation.

President (Chairman of the Management Board)

Date: May 13, 2016

_____ O. V. Bagrin
signature

Director General, LLC "NLMK- Accounting Center"

Agreement under which the authority to maintain the Issuer's accounting records was assigned:

Agreement No. 91408 dd. 01.02.2011 valid till 31.12.2016 Power of attorney No.420 dd. 17.12.2015 valid till 31.12.2016

Date: May 13, 2016

_____ O. G. Zarubina
signature

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Web-site(s) where the information from this Quarterly Report is disclosed: **www.lipetsk.nlmk.ru;**
www.e-disclosure.ru/portal/company.aspx?id=2509

Contents

Contents	2
Section I. Information on bank accounts, auditor (audit company), appraiser and financial adviser of the Issuer as well as on persons who signed this quarterly report	6
1.1. Information on the Issuer's bank accounts	6
1.2. Information on the Issuer's Auditor (Auditor company).....	12
1.3. Information on the Issuer's appraiser (s).....	13
1.4. Information on the Issuer's advisers	14
1.5. Information on persons who signed this Quarterly Report.....	14
Section II. Basic information on the Issuer's financial performance	14
2.1. Financial and economic indicators of the Issuer's performance	14
2.2 The Issuer's market capitalization.....	15
2.3. The Issuer's liabilities	16
2.3.1. Borrowings and accounts payable.....	16
2.3.2. The Issuer's credit history	18
2.3.3. Issuer's liabilities with regard to security granted by it.....	19
2.3.4. Other liabilities of the Issuer	20
2.4. Risks related to acquisition of securities being distributed (distributed)	20
2.4.1. Industry risks	21
2.4.2. Country and regional risks	22
2.4.3. Financial risks	24
2.4.4. Legal risks	24
2.4.5. Risk of loss of a goodwill (reputational risk);	25
2.4.6. Strategic risk	25
2.4.7. Risks associated with the Issuer's business.....	25
Section III. Detailed information on the Issuer	26
3.1. Issuer's history and development	26
3.1.1. Information on the Issuer's company name	26
3.1.2. Information on the state registration of the Issuer	27
3.1.3. Information on foundation and development of the Issuer.....	27
3.1.4. Contact Details	27
3.1.5. Taxpayer Identification Number	28
3.1.6. The Issuer's branches and representative offices	28
3.2. The Issuer's core business.....	28
3.2.1. Main business lines of the Issuer.....	28
3.2.2. The Issuer's core business.....	30
3.2.3. Materials, goods (raw materials) and suppliers of the Issuer	32
3.2.4. Sales markets for the Issuer's products (works, services).....	34
3.2.5. Information on the Issuer's authorizations (licenses) or permits to certain types of works	35
3.2.6. Information on activities of certain categories of Issuers.....	37
3.2.7. Additional information on Issuers specializing in mining operations	37
3.2.8. Additional information on the Issuers rendering communication services as a core activity.....	45
3.3. The Issuer's prospects.....	45
3.4. The Issuer's participation in banking groups, banking holdings, holdings and associations	45
3.5. Companies controlled by the Issuer that have major significance for the Issuer	46
3.6. Composition, structure and value of the Issuer's fixed assets, information on plans related to acquisition, change, retirement of fixed assets, as well as on all events of the Issuer's fixed assets encumbrance	52
Section IV. Information on the Issuer's business performance.....	53
4.1. Issuer's business performance.....	53

4.2. The Issuer's liquidity, sufficiency of equity and current assets.....	55
4.3. The Issuer's financial investments	56
4.4. Intangible assets of the Issuer.....	64
4.5. Information on policy and expenses of the Issuer in the field of technological progress, licenses and patents, new developments and research	65
4.6. Analysis of development trends in the Issuer's core business	67
4.7. Analysis of factors and conditions that influence the Issuer's business	67
4.8. The Issuer's competitors	69
Section V. Detailed information on members of the Issuer's governing bodies, financial and economic performance control bodies, and brief data on the Issuer's employees.....	70
5.1. Information on structure and competence of the Issuer's governing bodies	70
5.2. Information on members of the Issuer's governing bodies	73
5.2.1. The Issuer's Board of Directors (Supervisory Board).....	73
5.2.2. Information on the Issuer's sole executive body	83
5.2.3. Members of the Issuer's corporate executive body.....	85
5.3. Information on fees, benefits and/or reimbursement of expenses to each management body of the Issuer	92
5.4. Information on the structure and competence of the Issuer's business operation control bodies and also on arrangement of risk management system and of internal control.....	93
5.5. Information on members of bodies executing control over the Issuer's financial and economic activities	96
5.6. Information on remunerations and (or) reimbursement of expenses over the bodies controlling the Issuer's financial and economic performance	103
5.7. Information on headcount and summarized data on personnel (employees) of the Issuer, as well as on changes in the Issuer's headcount	106
5.8. Information on any Issuer obligations towards personnel (employees) related to their possible interest in the Issuer's equity capital.....	106
Section VI. Information on participants (shareholders) of the Issuer and interested-party transactions concluded by the Issuer.....	106
6.1. Information on the total number of the Issuer's shareholders (stockholders)	106
6.2. Information on the Issuer's participants (shareholders) owning not less than 5 percent of its equity capital or not less than 5 percent of its common stock, as well as information on persons controlling such participants (shareholders) or, in the absence of such controlling persons, - on their participants (shareholders) owning not less than 20 per cent of the equity capital or not less than 20 per cent of their common stock	106
6.3. Information on the interest of the state or municipality in the Issuer's equity capital, availability of a special right ("golden share")	107
6.4. Information on limitations imposed on participation in the Issuer's equity capital	108
6.5. Information on changes in composition and extent of participation of the Issuer's shareholders (participants) owning at least 5% of its equity capital or at least 5% of its common stock.....	108
6.6. Information on interested-party transactions concluded by the Issuer	109
6.7. Information on the amount of the accounts receivable.....	109
Section VII. Accounting (financial) statements of the Issuer and other financial information	111
7.1. The Issuer's annual accounting(financial) statements.....	111
7.2. The Issuer's intermediate accounting (financial) statements	160
7.3. Consolidated financial statements of the Issuer	164
7.4. Information on the Issuer's accounting policy	232
7.5. Information on the total exports and the share of exports in the total sales	244
7.6. Information on significant changes in the Issuer's property as of the closure date of the last completed reporting year.....	244
7.7. Information on the Issuer's participation in any legal procedures, if this participation can significantly affect its business	244
Section VIII. Additional information on the Issuer and the issue-grade securities it distributed	245
8.1. Additional information on the Issuer	245
8.1.1. Information on the amount and structure of the Issuer's nominal capital	245
8.1.2. Information on the changed amount of the Issuer's nominal capital.....	245
8.1.3. Information on the procedure of convocation and conduction of the Issuer's supreme management body meeting.....	246
8.1.4. Information on profit-making entities, in which the Issuer holds not less than 5 percent of the nominal capital	

or not less than 5 percent of common stock	248
8.1.5. Data on material transactions concluded by the Issuer.....	254
8.1.6. Data on the Issuer's credit ratings	256
8.2. Information on each category (type) of the Issuer's stock	259
8.3. Information on previous issues of the Issuer's issue-grade securities, except for the Issuer's stock	260
8.3.1. Information on issues the securities of which were paid off	260
8.3.2. Information on issues the securities of which are not paid off	266
8.4. Information on a person (persons) who provided security for the Issuer's secured bonds as well as on the security for the Issuer's secured bonds	270
8.4.1. Additional information on mortgage security for the Issuer's mortgage-secured bonds.....	270
8.4.2. Additional information on money claim collateral for the Issuer's bonds with money claim collateral	270
8.5. Information on organizations which register rights for the Issuer's issue-grade securities.....	270
8.6. Information on legislative acts governing import and export of capital which could affect payment of dividends, interest and other payments to non-residents	271
8.7. Information on announced (accrued) and (or) paid dividends on the Issuer's stock as well as return on the Issuer's bonds.....	271
8.7.1. Information on declared and paid dividends on the Issuer's stock.....	271
8.7.2. Information on accrued and paid yield on the Issuer's bonds	280
8.8. Other information.....	301
8.9. Information on provided securities and the Issuer of these securities the title to which is certified by Russian depositary receipts.....	301

Introduction

The grounds of the Issuer's responsibility to disclose information in the form of a quarterly report:

The Securities Prospectus registration was performed with respect to the Issuer's securities.

The Issuer is a joint-stock company set up in the course of privatization of state-owned and/or municipal enterprises (or their subdivisions), and in accordance with a privatization plan approved in due course, which, on the date of its approval, represented the Issuer's offering prospectus providing for the possibility of the shares disposal to more than 500 or an unlimited number of acquirers.

The issuer's bonds are listed at a security stock exchange and for such a listing a Bonds Prospectus is issued for the security stock exchange.

Public Joint-Stock Company "Novolipetsk Steel" is hereinafter in this quarterly report referred to as "the Issuer", "the Company".

Financial information included in this quarterly report is based on the Issuer's accounting (financial) statements compiled in accordance with Russian rules, and therefore, some discrepancy with the statements compiled as per international standards is possible.

In compiling the present quarterly report the Issuer followed solely the rules and regulations applied in the Russian Federation.

This quarterly report contains appraisal and forecasts made by the issuer's authorized management bodies, as regards future events and / or actions, development outlook of steel industry being the main business area of the issuer, and results of the Issuer's performance inclusive of the Issuer's plans, probability of certain events and actions. Investors shall not fully rely on appraisals and forecasts made by the issuer's management bodies as actual performance data in the future may differ from the forecast ones due to many reasons. Acquisition of the Issuer's securities is subject to risks described in this Quarterly Report.

Section I. Information on bank accounts, auditor (audit company), appraiser and financial adviser of the Issuer as well as on persons who signed this quarterly report

1.1. Information on the Issuer's bank accounts

Information on a credit institution

Full company name: *Public joint- stock company "Sberbank of Russia"*

Abbreviated company name: *PJSC Sberbank*

Domicile: *Moscow, 117997 Russia*

19, Vavilova str

TIN *7707083893*

BIC *044525225*

Account number: *40702810700020007940*

Correspondent account: *30101810400000000225*

Account type: *settlement account*

Information on a credit institution

Full company name: *Public joint- stock company "Sberbank of Russia"*

Abbreviated company name: *PJSC Sberbank*

Domicile: *Moscow, 117997 Russia*

19, Vavilova str

TIN *7707083893*

BIC *044525225*

Account number: *40702840000020007940*

Correspondent account: *30101810400000000225*

Account type: *USD current account*

Information on a credit institution

Full company name: *Public joint- stock company "Sberbank of Russia"*

Abbreviated company name: *PJSC Sberbank*

Domicile: *Moscow, 117997 Russia*

19, Vavilova str

TIN *7707083893*

BIC *044525225*

Account number: *40702978900021007940*

Correspondent account: *30101810400000000225*

Account type: *EUR current account*

Information on a credit institution

Full company name: *Public joint-stock company "ROSBANK"*

Abbreviated company name: *PJSC ROSBANK*

Domicile: *Moscow 107078*

34, Mashki Poryvaevoy str.

TIN *7730060164*

BIC *044525256*

Account number: *40702810500000114727*

Correspondent account: *30101810000000000256*

Account type: *settlement account*

Information on a credit institution

Full company name: **Public joint-stock company “ROSBANK”**

Abbreviated company name: **PJSC ROSBANK**

Domicile: **Moscow 107078**

34, Mashki Poryvaevoy str.

TIN **7730060164**

BIC **044525256**

Account number: **40702840900000014727**

Correspondent account: **30101810000000000256**

Account type: **USD current account**

Information on a credit institution

Full company name: **Public joint-stock company “ROSBANK”**

Abbreviated company name: **PJSC ROSBANK**

Domicile: **Moscow 107078**

34, Mashki Poryvaevoy str.

TIN **7730060164**

BIC **044525256**

Account number: **40702978500000014727**

Correspondent account: **30101810000000000256**

Account type: **EUR current account**

Information on a credit institution

Full company name: **Limited-liability company “Deutsche Bank”**

Abbreviated company name: **LLC Deutsche Bank**

Domicile: **Moscow, 115035 Russia**

bld.2, 82, Sadovnicheskaya str.

TIN **7702216772**

BIC **044525101**

Account number: **40702810400000000132**

Correspondent account: **30101810100000000101**

Account type: **settlement account**

Information on a credit institution

Full company name: **Limited-liability company “Deutsche Bank”**

Abbreviated company name: **LLC Deutsche Bank**

Domicile: **Moscow, 115035 Russia**

bld.2, 82, Sadovnicheskaya str.

TIN **7702216772**

BIC **044525101**

Account number: **40702978800000000014**

Correspondent account: **30101810100000000101**

Account type: **EUR current account**

Information on a credit institution

Full company name: **Limited-liability company “Deutsche Bank”**

Abbreviated company name: **LLC Deutsche Bank**

Domicile: **Moscow, 115035 Russia**

bld.2, 82, Sadovnicheskaya str.

TIN **7702216772**

BIC **044525101**

Account number: **40702840200000000234**

Correspondent account: **30101810100000000101**

Account type: **USD current account**

Information on a credit institution

Full company name: **Joint-Stock Company "UniCredit Bank"**

Abbreviated company name: **JSC UniCredit Bank**

Domicile: **Moscow, 119034 Russia**
9, Prechistsenskaya nab.

TIN **7710030411**

BIC **044525545**

Account number: **40702810500010236805**

Correspondent account: **30101810300000000545**

Account type: **settlement account**

Information on a credit institution

Full company name: **Joint-Stock Company "UniCredit Bank"**

Abbreviated company name: **JSC UniCredit Bank**

Domicile: **Moscow, 119034 Russia**
9, Prechistsenskaya nab.

TIN **7710030411**

BIC **044525545**

Account number: **40702840100010236806**

Correspondent account: **30101810300000000545**

Account type: **USD current account**

Information on a credit institution

Full company name: **Joint-Stock Company "UniCredit Bank"**

Abbreviated company name: **JSC UniCredit Bank**

Domicile: **Moscow, 119034 Russia**
9, Prechistsenskaya nab.

TIN **7710030411**

BIC **044525545**

Account number: **40702978500010236802**

Correspondent account: **30101810300000000545**

Account type: **EUR current account**

Information on a credit institution

Full company name: **Joint Stock Company "BNP PARIBAS Bank"**

Abbreviated company name: **JSC BNP PARIBAS BANK**

Domicile: **Moscow, 125047 Russia**
5, Lesnaya str.

TIN **7744002405**

BIC **044525185**

Account number: **40702810500000303001**

Correspondent account: **30101810100000000185**

Account type: **settlement account**

Information on a credit institution

Full company name: ***Joint Stock Company “BNP PARIBAS Bank”***

Abbreviated company name: ***JSC BNP PARIBAS BANK***

Domicile: ***Moscow, 125047 Russia***
5, Lesnaya str.

TIN ***7744002405***

BIC ***044525185***

Account number: ***40702840100000303002***

Correspondent account: ***30101810100000000185***

Account type: ***USD current account***

Information on a credit institution

Full company name: ***“Gazprombank” (Joint Stock Company)***

Abbreviated company name: ***GPB Bank (JSC)***

Domicile: ***Moscow 117420***
16/1, Nametkina str.

TIN ***7744001497***

BIC ***044525823***

Account number: ***40702810400000002531***

Correspondent account: ***30101810200000000823***

Account type: ***settlement account***

Information on a credit institution

Full company name: ***“Gazprombank” (Joint Stock Company)***

Abbreviated company name: ***GPB Bank (JSC)***

Domicile: ***Moscow 117420***
16/1, Nametkina str.

TIN ***7744001497***

BIC ***044525823***

Account number: ***40702840700000002531***

Correspondent account: ***30101810200000000823***

Account type: ***USD current account***

Information on a credit institution

Full company name: ***“Gazprombank” (Joint Stock Company)***

Abbreviated company name: ***GPB Bank (JSC)***

Domicile: ***Moscow 117420***
16/1, Nametkina str.

TIN ***7744001497***

BIC ***044525823***

Account number: ***40702978300000002531***

Correspondent account: ***30101810200000000823***

Account type: ***EUR current account***

Information on a credit institution

Full company name: ***JOINT STOCK COMPANY “Alfa-Bank”***

Abbreviated company name: ***JSC ALFA-BANK***

Domicile: ***Moscow 107078***
27, Kalanchevskaya str.

TIN ***7728168971***

BIC ***044525593***

Account number: **40702810502930100719**
Correspondent account: **30101810200000000593**
Account type: **settlement account**

Information on a credit institution

Full company name: **JOINT STOCK COMPANY “Alfa-Bank”**
Abbreviated company name: **JSC ALFA-BANK**
Domicile: **Moscow 107078**
27, Kalanchevskaya str.
TIN **7728168971**
BIC **044525593**

Account number: **40702840402930000057**
Correspondent account: **30101810200000000593**
Account type: **USD current account**

Information on a credit institution

Full company name: **JOINT STOCK COMPANY “Alfa-Bank”**
Abbreviated company name: **JSC ALFA-BANK**
Domicile: **Moscow 107078**
27, Kalanchevskaya str.
TIN **7728168971**
BIC **044525593**

Account number: **40702978302930000058**
Correspondent account: **30101810200000000593**
Account type: **EUR current account**

Information on a credit institution

Full company name: **Operations office in Lipetsk of VTB Bank Branch (PJSC) in Voronezh**
Abbreviated company name: **Operations office in Lipetsk of VTB Bank Branch (PJSC) in Voronezh**
Domicile: **Lipetsk 398001**
1, Pervomayskaya Str.
TIN **7702070139**
BIC **042007835**

Account number: **40702810422250001059**
Correspondent account: **30101810100000000835**
Account type: **settlement account**

Information on a credit institution

Full company name: **Operations office in Lipetsk of VTB Bank Branch (PJSC) in Voronezh**
Abbreviated company name: **Operations office in Lipetsk of VTB Bank Branch (PJSC) in Voronezh**
Domicile: **Lipetsk 398001 1, Pervomayskaya Str.**
TIN **7702070139**
BIC **042007835**

Account number: **40702840722250001059**
Correspondent account: **30101810100000000835**
Account type: **USD current account**

Information on a credit institution

Full company name: **Operations office in Lipetsk of VTB Bank Branch (PJSC) in Voronezh**
Abbreviated company name: **Operations office in Lipetsk of VTB Bank Branch (PJSC) in Voronezh**

Domicile: **Lipetsk 398001 1, Pervomayskaya Str.**
TIN **7702070139**
BIC **042007835**
Account number: **40702978322250001059**
Correspondent account: **30101810100000000835**
Account type: **EUR current account**

Information on a credit institution

Full company name: **ING BANK (EURASIA) JOINT-STOCK COMPANY**
Abbreviated company name: **ING BANK (EURASIA) JSC**
Domicile: **Moscow, Russia**
36, Krasnoproletarskaya Str.
TIN **7712014310**
BIC **044525222**
Account number: **40702810200001002913**
Correspondent account: **30101810500000000222**
Account type: **settlement account**

Information on a credit institution

Full company name: **ING BANK (EURASIA) JOINT-STOCK COMPANY**
Abbreviated company name: **ING BANK (EURASIA) JSC**
Domicile: **Moscow, Russia**
36, Krasnoproletarskaya Str.
TIN **7712014310**
BIC **044525222**
Account number: **40702840500001002913**
Correspondent account: **30101810500000000222**
Account type: **USD current account**

Information on a credit institution

Full company name: **ING BANK (EURASIA) JOINT-STOCK COMPANY**
Abbreviated company name: **ING BANK (EURASIA) JSC**
Domicile: **Moscow, Russia**
36, Krasnoproletarskaya Str.
TIN **7712014310**
BIC **044525222**
Account number: **40702978100001002913**
Correspondent account: **30101810500000000222**
Account type: **EUR current account**

Information on a credit institution

Full company name: **Public joint-stock company Bank of social development and construction "Lipetskcombank"**
Abbreviated company name: **PJSC Lipetskcombank**
Domicile: **Lipetsk 398600 Russia**
8, Internatsionalnaya Str.
TIN **4825005381**
BIC **044206704**
Account number: **40702810300000000309**
Correspondent account: **30101810700000000704**

Account type: *settlement account*

Information on a credit institution

Full company name: **Public joint-stock company Bank of social development and construction "Lipetskcombank"**

Abbreviated company name: **PJSC Lipetskcombank**

Domicile: **Lipetsk 398600 Russia
8, Internatsionalnaya Str.**

TIN **4825005381**

BIC **044206704**

Account number: **40702840500000000056**

Correspondent account: **30101810700000000704**

Account type: **USD current account**

Information on a credit institution

Full company name: **Public joint-stock company Bank of social development and construction "Lipetskcombank"**

Abbreviated company name: **PJSC Lipetskcombank**

Domicile: **Lipetsk 398600 Russia
8, Internatsionalnaya Str.**

TIN **4825005381**

BIC **044206704**

Account number: **40702978100000000056**

Correspondent account: **30101810700000000704**

Account type: **EUR current account**

(Specified information is disclosed in regards of all settlement accounts and other Issuer's accounts. In case there are more than 3 - in regards of at least 3 settlement and other Issuer's accounts, which he considers to be the main)

1.2. Information on the Issuer's Auditor (Auditor company)

Information on the auditor (auditing company) performing (having performed) independent auditing of the Issuer's accounting (financial) statements as well as consolidated financial statement of the Issuer being a part of the Quarterly Report as well as on the auditor (auditing company) approved (selected) for auditing of Annual accounting (financial) statements and Annual consolidated financial statements of the Issuer for the current and the last completed reporting year.

Full company name: **Joint-Stock Company "PricewaterhouseCoopers Audit"**

Abbreviated company name: **CJSC PwC Audit**

Domicile: **Moscow, 125047 Russia
Butyrskiy val, 10**

TIN **7705051102**

OGRN **1027700148431**

Telephone: **+7 (495) 967-6000,**

Fax: **+7 (495) 967-6001,**

E-mail: **hotline@ru.pwc.com**

Information on the auditor's membership in self-regulatory auditors' associations

Full name: **Self-regulatory organization of auditors "Audit Chamber of Russia" (Association).**

Domicile

**105120 Moscow, Russia
bld.3, 3/9, 3rd Syromyatnicheskiy per.**

The reporting year(s) from the latest five completed fiscal years and the current year for which the auditor performed (will perform) an independent auditing of annual accounting (financial) statements of the Issuer

Accounting (financial) statements, year	Consolidated financial statements, year
2011	2011
2012	2012
2013	2013
2014	2014
2015	2015

Below factors that can influence impartiality of an auditor(audit company) from the Issuer, are described including information on any material interests tying up the auditor(persons holding posts in management bodies and bodies controlling business activity of the audit company) with the issuer(persons holding posts in management bodies and bodies controlling business activity of the issuer)

There are no factors that can influence impartiality of an auditor(audit company) from the Issuer, are described including information on any material interests tying up the auditor(persons holding posts in management bodies and bodies controlling business activity of the audit company) with the issuer(persons holding posts in management bodies and bodies controlling business activity of the issuer)

The procedure of auditor selection

Availability of a tender procedure used to select an auditor, and its main terms and conditions:

A tender for an auditor appointment can be organized. Main requirements to the tender for the Company's Auditor, if there is one, are determined by the Audit Committee.

The procedure of recommendation of a candidate auditor to be approved by a shareholders' meeting, including a management body taking a relevant decision:

An Auditor is appointed by the General Shareholders' Meeting as advised by the Board of Directors.

Recommendations on the Company's Auditor for the Board of Directors are prepared by the Audit Committee.

Information on projects executed by an auditor in the framework of special auditing engagements:

The auditor did not execute any projects in the framework of special auditing engagements.

Description of the procedure of the auditor's/audit company's fee determination, the actual amount of the fees paid to the auditor / audit company for the last completed fiscal year, when the auditor performed independent auditing of the Issuer's accounting (financial) statements and/or annual consolidated financial statements:

The amount of the Auditor's remuneration and other material terms of the agreement shall be determined by the Board of Directors of the Company.

The actual amount of the auditor's fees paid by the Issuer to the auditor for the last completed fiscal year, when the auditor performed independent auditing of the Issuer's accounting (financial) statements and annual consolidated financial statements:

- RUB 4,867,846.92 (USD 70,800) including VAT for the audit of the financial (accounting) statements for the year ended December 31, 2015;

- RUB 20,060,000 including VAT for the audit of the annual consolidated financial statements for the year ended December 31, 2015.

Information on postponed or delayed payments for auditing services:

There are no postponed or delayed payments for the auditing services.

1.3. Information on the Issuer's appraiser (s)

Due to the grounds listed in this clause appraisers were not involved within 12 months prior to the reporting quarter closure.

1.4. Information on the Issuer's advisers

Due to the grounds listed in this clause financial advisers were not involved within 12 months prior to the reporting quarter closure.

1.5. Information on persons who signed this Quarterly Report

FULL NAME: *Olga G. Zarubina*

Year of birth: *1962*

Place of main employment:

Company: *Limited Liability Company "NLMK-Accounting Center"*

Title: *Director General*

Section II. Basic information on the Issuer's financial performance

2.1. Financial and economic indicators of the Issuer's performance

Dynamics of indicators characterizing the Issuer's financial performance calculated on the basis of information contained in accounting (financial) statements

The standard (rules) according to which the accounting (financial) statements have been prepared, used as a base for calculations: **RAS**

Unit of measurement for labour efficiency calculation: *thousand rubles/person*

Indicator description	2015, 3 months	2016, 3 months
Labor efficiency	2,993.2	2,639.4
Debt to equity ratio	53	65.7
Leverage ratio	24.1	29.1
Debt coverage ratio	1.8	4.8
Overdue debt level, %	0.5	0.9
Net assets, RUB thousand	334,716,533	333,939,566

Indicator description	2014	2015
Labor efficiency	9,145.2	11,459.5
Debt to equity ratio	59.6	72.3
Leverage ratio	25.3	31.1
Debt coverage ratio	1.3	1.1
Overdue debt level, %	0.8	0.9
Net assets, RUB thou	314,725,971	328,233,790

Analysis of the Issuer's financial and economic performance on the basis of economic analysis of the specified indicators dynamics:

The dynamics analysis of the above mentioned indicators shows the Issuer's stable financial state and high paying capacity, share of equity in the financing sources is still high enough.

Company's net assets

In 2015 and in Q1 2016 net assets value was significantly higher than the equity capital value.

As of 31.12.2015 and as of 31.03.2016 net assets value exceeded the Issuer's equity capital by 55 times and 56 times respectively.

“Debt to equity” ratio

Debt to equity ratio increased by 12.7 percentage points in 2015 vs. 2014 as well as in Q1 2016 vs. Q1 2015. The growth resulted from an increase in long-term loans and credit being obtained for general corporate purposes.

Leverage ratio

Increase in the share of long-term loans in the total amount of NLMK's constant liabilities in 2015 vs. 2014 and in Q1 2016 vs. Q1 2015 mostly caused by long-term credits and loans.

Debt coverage by current profit (income)

In 2015 the indicator decreased vs. 2014 (from 1.3 down to 1.1) due to a more considerable increase in current profits (1.5 times more) versus the growth of short-term liabilities (+10%).

As of 31.03.2016 the level of debt vs. profit increased to 4.8 because of decrease in the current profit (-58%) following the growth of short-term liabilities (+16%).

The level of overdue accounts payable in NLMK's total debt in 2015 and in Q1 2016 is insignificant. It is indicative of the Issuer's timely debt repayment.

NLMK labor productivity indicator

In 2015 the labor productivity of NLMK personnel increased by 25% vs. 2014 due to higher sales earnings by 21% along with headcount optimization (the change made 3%).

In Q1 of 2016 vs. Q1 2015 labour productivity decreased by 12% due to reduction of sales profit by 15%.

Note:

In order to calculate the indicator "Overdue debt level, %" the information on the amount of overdue accounts payable based on statistical reporting form No.P-3 "Information on the Company's financial status" was used.

2.2 The Issuer's market capitalization

Market capitalization is calculated as a product of the number of shares of a corresponding category (type) by the market price of one share, disclosed by a market-maker

Unit of measurement: RUB

Indicator description	As of 31.12.2015	As of 31.03.2016
Market capitalization	376,314,738,400	501,513,255,443

Information on the market maker, whose data is the basis for calculation of market capitalization, as well as additional information on public circulation of securities, at the Issuer's discretion:

The total number of NLMK's common shares in circulation – 5,993,227,240 pcs.

The common shares of NLMK were admitted to trading in Closed Joint Stock Company “MICEX Stock Exchange” (CJSC “MICEX SE”), included in the organizational structure of the Public Joint Stock Company “Moscow Stock Exchange MICEX-RTS”(PJSC "Moscow Stock Exchange "). Previous name of the Stock Exchange was Open Joint Stock Company “Moscow Stock Exchange MICEX-RTS” (OJSC "Moscow Stock Exchange ").

Additional information on public circulation of NLMK's common shares:

In December 2005 NLMK's common shares were admitted to trading on London Stock Exchange as Global Depositary Shares.

On June 6, 2014 NLMK's common shares were included into the list of securities admitted to trading organized by Public Joint Stock Company “Saint-Petersburg Stock Exchange” (PJSC "Saint-Petersburg Stock Exchange", PJSC "SPB") without inclusion into the quotation lists. Previous name of the Stock Exchange was Open Joint Stock Company “Saint-Petersburg Stock Exchange” (OJSC "Saint-Petersburg Stock Exchange", OJSC "SPB").

2.3. The Issuer's liabilities

2.3.1. Borrowings and accounts payable

As of 31.12.2015

Structure of borrowings

Unit of measurement: **RUB**

Indicator description	Indicator value
Long-term borrowed funds	137,275,933,056
including:	
credits	41,398,320,529
loans, excluding bonded loans	85,877,612,527
bonded loans	10,000,000,000
Short-term borrowings	27,893,439,383
including:	
credits	5,548,614,634
loans, excluding bonded loans	6,807,763,264
bonded loans	15,537,061,485
Total amount of overdue debt on borrowed funds	0
including:	
on credits	0
on loans, excluding bonded loans	0
on bonded loans	0

Structure of accounts payable

Unit of measurement: **RUB**

Indicator description	Indicator value
Total amount of accounts payable	59,033,939,771
incl. overdue	2,052,356,402
including that	
debt to the budget and state off-budget funds	2,556,186,114
incl. overdue	0
debt to suppliers and contractors	18,387,739,286
incl. overdue	1,829,431,601
debt to the company personnel	689,365,561
incl. overdue	0
other	37,400,648,810
incl. overdue	222,924,801

In case there is overdue accounts payable, including that with regard to borrowed funds, the reasons of default should be specified, as well as the consequences for the Issuer that occurred or can occur in the future due to default on relevant obligations, including penalties imposed on the Issuer, as well as the period (estimated period) of repayment of overdue accounts payable or overdue debt on borrowed funds.

Overdue accounts payable as of 31.12.2015 represent accounts payable to certain contractors which appeared in the normal course of business and was repaid within the terms agreed by the parties.

The risk of imposing fines and sanctions as well as charging of penalties and accrual of interest on default obligations is estimated as low by the Issuer.

Creditors that account for at least 10 percent of the total amount of accounts payable or at least 10 percent of the total amount of borrowings (long term and short term):

Full company name: **Deutsche Bank AG, филиал в Амстердаме**

Abbreviated company name: **Deutsche Bank AG, филиал в Амстердаме**

Domicile: **Herengracht 450/454-PO, Amsterdam, Nederland**

Not a resident of the Russian Federation

Debt amount: **29,304,392,259**

RUB

Amount and terms and conditions of the overdue debt (interest rate, penalties, fines):

There are no overdue accounts payable.

The creditor is the Issuer's affiliated person: **No**

Full company name: **Steel Funding Limited**

Abbreviated company name: **Steel Funding Limited**

Domicile: **5 Harbourmaster Place, IFSC, Dublin 1, Ireland**

Not a resident of the Russian Federation

Debt amount: **87,167,208,511**

RUB

Amount and terms and conditions of the overdue debt (interest rate, penalties, fines):

There are no overdue accounts payable.

The creditor is the Issuer's affiliated person: **No**

As of 31.03.2016

Structure of borrowings

Unit of measurement: **RUB**

Indicator description	Indicator value
Long-term borrowed funds	126,276,388,719
including:	
credits	36,271,326,996
loans, excluding bonded loans	80,005,061,723
bonded loans	10,000,000,000
Short-term borrowings	30,588,262,054
including:	
credits	5,255,025,138
loans, excluding bonded loans	9,645,569,608
bonded loans	15,687,667,308
Total amount of overdue debt on borrowed funds	0
including:	
on credits	0
on loans, excluding bonded loans	0
on bonded loans	0

Structure of accounts payable

Unit of measurement: **RUB**

Indicator description	Indicator value
Total amount of accounts payable	48,298,074,765

incl. overdue	2,059,087,309
including that	
debt to the budget and state off-budget funds	2,260,294,992
incl. overdue	0
debt to suppliers and contractors	18,047,293,545
incl. overdue	1,646,246,561
debt to the company personnel	705,180,577
incl. overdue	0
other	27,285,305,651
incl. overdue	412,840,748

In case there is overdue accounts payable, including that with regard to borrowed funds, the reasons of default should be specified, as well as the consequences for the Issuer that occurred or can occur in the future due to default on relevant obligations, including penalties imposed on the Issuer, as well as the period (estimated period) of repayment of overdue accounts payable or overdue debt on borrowed funds.

Overdue accounts payable as of 31.03.2016 represent accounts payable to certain contractors which appeared in the normal course of business and was repaid within the terms agreed by the parties.

The risk of imposing fines and sanctions as well as charging of penalties and accrual of interest on default obligations is estimated as low by the Issuer.

Creditors that account for at least 10 percent of the total amount of accounts payable or at least 10 percent of the total amount of borrowings (long term and short term):

Full company name: ***Deutsche Bank AG, филиал в Амстердаме***

Abbreviated company name: ***Deutsche Bank AG, филиал в Амстердаме***

Domicile: ***Herengracht 450/454-PO, Amsterdam, Nederland***

Not a resident of the Russian Federation

Debt amount: ***27,187,172,342***

RUB

Amount and terms and conditions of the overdue debt (interest rate, penalties, fines):

There are no overdue accounts payable.

The creditor is the Issuer's affiliated person: ***No***

Full company name: ***Steel Funding Limited***

Abbreviated company name: ***Steel Funding Limited***

Domicile: ***5 Harbourmaster Place, IFSC, Dublin 1, Ireland***

Not a resident of the Russian Federation

Debt amount: ***79,932,205,957***

RUB

Amount and terms and conditions of the overdue debt (interest rate, penalties, fines):

There are no overdue accounts payable.

The creditor is the Issuer's affiliated person: ***No***

2.3.2. The Issuer's credit history

The description of the Issuer's performance of obligations in line with facility agreements and/or loan agreements in force over the last completed reporting year and over the current year, including those concluded by means of issue and sale of bonds, with the principal amounting to five and more percent of the Issuer's book value as of the date of the last completed reporting period consisting of 3, 6, 9, 12 months preceding the conclusion of the relevant agreement as well as other facility agreements and/or loan agreements that the Issuer considers to be significant for it.

Type and identification criteria of a liability
1. Euro bond loan dd. 19.02.2013

Terms and conditions of a liability and information on discharge thereof	
Name and location or first, middle and last name of the creditor (lender)	Steel Funding Limited, Ireland
The principal amount at the time of the liability occurrence, USD	800,000,000 USD X 1
The principal amount at the time of the reporting quarter completion, USD	707,585,000 USD X 1
Period of credit (loan), (years)	5
Average interest on credit (loan), % per annum	4.45
Number of interest (coupon) periods	10
Delayed payment of interest on credit (loan), if any – total number of specified delays and their duration in days	No
Planned period (date) of credit (loan) repayment	19.02.2018
Actual period (date) of credit (loan) repayment	ongoing
Other information on the liability stated by the Issuer at its discretion	none

2.3.3. Issuer's liabilities with regard to security granted by it

As of 31.12.2015

Unit of measurement: **RUB**

Indicator description	As of 31.12.2015
Total amount of security provided by the Issuer (the amount (the sum) of outstanding liabilities regarding which the Issuer has provided the security if subject to the security conditions the respective liabilities are discharged in full)	47,486,667,967
including that for third parties' liabilities	47,486,667,967
The amount of security provided by the Issuer (the amount (the sum) of outstanding liabilities regarding which the Issuer has provided the security if subject to the security conditions the respective liabilities are discharged in full) as a pledge.	0
including that for third parties' liabilities	0
The amount of security provided by the Issuer (the amount (the sum) of outstanding liabilities regarding which the Issuer has provided the security if subject to the security conditions the respective liabilities are discharged in full) as a surety.	47,486,667,967
including that for third parties' liabilities	47,486,667,967

The Issuer's liabilities with regard to security granted to third parties including in the form of a pledge or surety, making five or more percent of the Issuer's assets book value as of the closure date of the respective reporting period.

Such liabilities did not occur within this reporting period

As of 31.03.2016

Unit of measurement: **RUB**

Indicator description	As of 31.03.2016
Total amount of security provided by the Issuer (the amount (the sum) of outstanding liabilities regarding which the Issuer has provided the security if subject to the security conditions the respective liabilities are discharged in full)	44,022,328,766
including that for third parties' liabilities	44,022,328,766
The amount of security provided by the Issuer (the amount (the sum) of outstanding liabilities regarding which the Issuer has provided the security if subject to the security conditions the respective liabilities are discharged in full) as a pledge.	0
including that for third parties' liabilities	0
The amount of security provided by the Issuer (the amount (the sum) of outstanding liabilities regarding which the Issuer has provided the security if subject to the security conditions the respective liabilities are discharged in full) as a surety.	44,022,328,766
including that for third parties' liabilities	44,022,328,766

The Issuer's liabilities with regard to security granted to third parties including in the form of a pledge or surety, making five or more percent of the Issuer's assets book value as of the closure date of the respective reporting period.

Such liabilities did not occur within this reporting period

2.3.4. Other liabilities of the Issuer

There are no other liabilities not reflected in the accounting (financial) statements that may have a significant effect on the financial status of the Issuer, its liquidity, sources of financing and terms and conditions of their utilization, performance and expenses

2.4. Risks related to acquisition of securities being distributed (distributed)

The Issuer's risk management policy:

Acquisition of the Issuer's securities entails certain risks which could result in losses for their holders. Negative impact on the Issuer's core business and financial performance can be generated by the following risks:

- *industry risks;*
- *country and regional risks;*
- *financial risks;*
- *legal risks;*
- *risk of loss of a goodwill (reputational risk);*
- *strategic risk;*
- *risks related to the Issuer's business.*

Policy of risk management is demanded to protect interests of shareholders, interested parties and the Company as a whole by means of the system for efficient risk management and is aimed at creation of a shareholder value and achievement of strategic targets.

The main task of the risk management system is to ensure a reasonable guarantee of the Company's achievement of the targets:

- 1) improve the quality of NLMK corporate governance;*
- 2) improve business efficiency;*
- 3) ensure compliance with the Company's requirements;*
- 4) ensure the quality of financial statements.*

2.4.1. Industry risks

1. Procurement of raw and other materials

NLMK is one of the major consumers of steelmaking raw materials in the domestic raw materials market. Raw materials supplies are subject to risks depending on the specific nature of each segment of the raw materials market.

Main industry risks intrinsic to the supplies of main raw and other materials for steelmaking include:

Risk of price growth for purchased materials due to deteriorating conditions of this market segment, increased raw & other materials shortages in the domestic market, also as a result of the scaling up of the tariffs for transportation by natural monopolies.

2) Risk of obligations default by suppliers regarding the composition and quality of raw materials supplied;

Risk of obligations default by suppliers related to deliveries cycle maintenance up to complete disruption of logistic support.

Significant price fluctuations during the reporting period.

In Q1 2016 prices almost for all raw materials went down as compared to the same period of 2015. There is a decrease in prices of iron-ore concentrate – 10.1%, scrap – 28.7%, aluminium wire rod – 9.5%. An exception is growth of prices of coal concentrate – 7.5%, coke – 6.2%. Growth of prices for these types of raw materials is caused by the market situation.

Analysis of factors and conditions that influence the Issuer's business.

Regarding purchasing of raw materials, the main factor that can significantly influence the Company's business is the variation of prices for purchased materials due to change of raw materials market conditions.

2. Supply of finished products

Foreign market

Risk of ferrous flats demand reduction at the global markets in Q1 2016 decreased under pressure of better economic indicators, first of all in the developed countries. Upon preliminary assessment the global net apparent consumption of flats in the reporting period went up by 0.8% vs. Q4 2015.¹ Flats demand kept on decreasing in Central and South America, Africa, the countries of EC and CIS. There was growth of demand in North America, Asia, Middle East.

In Q2 2016 it is expected to have an increase in demand by up to 3.2% vs. Q1 2016, mainly due to a seasonal improvement of the market conditions in Europe and recovery of demand in Latin America. The results of 2016 will show a slight increase in flats consumption.

Domestic market

Risk of demand decline in the domestic market of flats stayed at a high level, especially during the first two months of Q1 2016. In March there is a seasonal recovery of demand: earlier re-start of civil works causing restocking of customers and trade companies.

In Q2 2016 it is expected to have further weakening of internal demand reduction risk due to seasonal activization of construction industry and also due to possible improvement of the economic situation.

Risks associated with potential change in prices for the Issuer's products

Following decrease in prices which lasted for more than a year there was a slight growth of price quotations in Q1 2016.

A slight increase in prices at the main export markets didn't influence export prices of Russian products due

¹ CRU Steel Sheet Products Market Outlook, April 2016.

to an earlier period of contracting.

However an increase in prices for raw materials in Q1 2016, reduction of flats quotations at global markets and an increase in internal consumption of flats in China caused a rapid increase in global prices in March 2016. The prices kept on growing in April.

At the local market there was a decrease in prices in Q1 2016 which was caused by seasonal reduction of demand and high warehouse stock at consumers'.

Prices growth at the global markets in Q1 and Q2 2016 can maintain the level of prices at the local market in Q2 2016.

3. Transport (logistical) risks

In the course of its business for its cargo transportation the Company uses mainly railway transport. Therefore, the most significant factors related to the Issuer's cargo transportation, which influence the Company's business, are dependent on the business of the natural monopoly rendering logistics services in railroad transportation field.

The essential logistics risks for the Company are the following:

- risk of railway vehicles unavailability resulting in the disruption of raw materials deliveries and finished products shipment.

- risk of disruption of the shipment to Western Europe due to the sanctions applied to JSC PGK and LLC "First Freight Company of the Ukraine" as termination of cargo transit by these companies through the territory of the Ukraine and prohibition of usage of the rolling stock owned by them;

- in accordance with Federal Tariffs Service's order dd. 21.12.2012 № 423-m/3 "On setting of price limits" (maximum and minimum levels) of tariffs for railroad transport services on goods transportation for mid-network conditions, and also with Application Rules and Conditions (settlement, amendment) of tariffs level for railroad transport services on goods transportation within the price limits (maximum and minimum levels) which were approved by the Russia Federal Tariffs Service's order dd. 18.12.2012 № 398-m/3, from January 4, 2016 a reduction factor of 0,882 to the valid tariffs of Price-List 10-01 was set for ferrous metals transportation (positions ETCNG 311-315, 321-324) in the direction of terrestrial boarder crossing points and dock stations. The above coefficient is valid in Q1 2016 during transportation in the volume not lower than the level of Q1 2015 for these direction. Therefore, for NLMK cancellation of the decreasing coefficient because of failure to keep the set volume of transportation and extra charges for railway tariff is a risk.

In order to ease the influence of risks of partial or full disruption of deliveries the Issuer forms a reasonable reserve stock of main raw materials in order to guarantee the production cycle continuity. Main material resources are supplied in accordance with approved schedules, which provide for balanced delivery cycles for continuous production of finished products.

In order to decrease the risk of partial or full disruption of finished products shipment to the Western European countries, the Issuer has agreed with JCS PGK on outsourcing third parties (LLC "KIT-FLIGHT" and LLC "TEK Zahidtransservice") within the contract for transport and forwarding services to perform cargo forwarding to Western Europe and use the rolling stock of other owners.

In order to decrease the risk of cancellation of the reduction factor because of non-fulfilment of the agreed volume of transportation and extra charges for a railway tariff with OAO RZD a joint contract from NLMK Group was concluded which shows the guaranteed volumes of transportation for each company of NLMK Group but still there is a possibility to interchange for the holding.

2.4.2. Country and regional risks

Country risks:

Limitations in sales markets

- Limitations currently in force in sales markets:
- anti-dumping duties: Mexico, Peru, Thailand, Indonesia, USA.
- The EU is conducting the anti-dumping investigation related to CR products from China and Russia, which might influence NLMK's sales of those products to the EU market if a decision of duty introduction is taken.
- Turkey is carrying out an anti-dumping investigation in relation to HR products from some countries,

including Russia. According to the information revealed by the investigation agency there can be a 9.42% anti-dumping duty introduced for NLMK.

- In the USA anti-dumping and countervailing investigations have been initiated in relation to CR products. A preliminary anti-dumping duty for NLMK made 16.89%, a preliminary countervailing duty - 6.33%. In case of actual duties introduction, it will not influence the Company's business because USA market is not the key one in this segment (CR products shipment in 2014 and 2015 made around 40 thou.t per year and before that for several years there were no shipments at all).
- In Canada anti-dumping and countervailing investigations have been initiated in relation to plates. These investigations will not affect NLMK because plates were not supplied to Canada.
- Due to growth of steel products import from China some special protection investigations were initiated:
 - In Malaysia - in regard to HR flats; this investigation will not affect NLMK because HR flats were not supplied to Malaysia;
 - In India - in regard to plates; this investigation will not affect NLMK because plates were not supplied to India.
- In India an anti-dumping investigation is initiated in regard to HR flats in order to change the system of minimum prices which doesn't correspond to WTO standards. Possible introduction of trade restrictions can influence NLMK sales because HR flats supplies to India in 2015 made 115 thou t for the amount of USD 44.5 m or RUB 2.271 b.
- Due to continuous instability in the global economy, the USA maintains limits introduced in 2009 on the use of imported finished flats and semi-finished products for manufacturing of steel products intended for governmental needs as a part of the national economy stimulation program.
- Despite the decrease in the global economy growth rate as well as slowdown in the emerging economies growth and maintaining low rates of developed economies growth, it is rather unlikely that in the near future (3 months) any higher tariffs, quota and trade restrictions in the form of anti-dumping duties or special protective measures against NLMK products will be introduced, still such risks are possible in the mid-term. Moreover, the reduction of export duties on scrap and ruble devaluation contribute to enhancement of scrap export attractiveness which may trigger rise in prices and influence steel production cost.

Threat of political situation aggravation

- Aggravation of political situation in Russia and in its main sales markets is not expected;
- Continued political instability in some countries of the Middle East and North Africa is possible, which, however, will not drastically influence the Company's business due to low export volumes to these countries;
- Threat of imposition of the state of emergency in Russia does not exist;
- Imposition of the state of emergency in the main export sales markets in the nearest future (3 months) is not expected;
- Impact of political and economic instability in the Ukraine on NLMK's business can be qualified as neutral due to insignificant share of export to that country in NLMK's revenue.
- The possibility of strikes at NLMK's main sites is low both in the short- and middle-term, as the Company performs its core activities in economically and socially stable regions and fulfils its social obligations in full. Balanced social policy pursued by the Company helps to maintain stable social environment in the companies.

Threat of military conflicts

- There is no risk of military conflicts in Russia;
- In the short or middle term, there is no threat of military conflicts in the main export markets.

Regional risks:

- In the short term, the risk of significant deficit of the federal budget is not forecast.
- Disruption of interaction between mining, iron & steel and transport segments in the short, middle or long term is not anticipated.
- Risk of domestic sales reduction related to industrial inflation growth, decrease in economic growth rate and business activity in the real sector of Russian economy caused inter alia by ruble rate reduction, increase in crediting cost and inflation of tariffs for natural monopolies' services as well as decrease in the level of tariff shelter for metal-consuming industries after entering the WTO is assessed as moderate. Partially such risk can be mitigated by implementing countercyclic tax and tariff policy, implementation of infrastructure projects, facilitation of real sector's companies access to long-term borrowings, as well as reduction of steel imports to the RF from CIS countries, China and other exporting countries due to ruble devaluation and reduction of lucrative supplies to Russia due to reduction of prices in foreign currency.

Possible actions of NLMK aimed at reduction of country and regional risks:

- *implementation of measures to reduce production costs and increase production efficiency;*
- *Implementation of competitive pricing policy in the domestic market;*
- *in case of anti-dumping measures introduction and other trade restrictions in export markets – reorientation to other sales markets;*
- *development of proposals for the Government on measures aimed at support of metal-consuming sectors, promotion of demand for metal products and implementation of metal-consuming infrastructure projects;*
- *development of proposals on improvement of the institutional environment for iron works operation;*
- *Taking steps aimed at protection of domestic market from unfair competition on the part of foreign suppliers of steel products, as well as resorting to trade protection measures in case of steep growth of imports.*

NLMK's production activity is conducted in the territory of the Russian Federation. Taking into account the current economic and political situation in Russia, the country risks are quite insignificant for NLMK.

There are no risks for NLMK related to geographical features of the Russian Federation. NLMK and its subsidiaries have an efficient system of cooperation between the mining, iron & steel and rolling segments, its main production facilities are located within 1,500 km from NLMK's main Russian consumers, close to major transportation routes.

2.4.3. Financial risks

Currency risks

The Issuer, being an export-oriented company, is subjected to currency risks. Under the conditions of unstable situation in the global financial markets there is a possibility that currency exchange rate fluctuation range will increase, which in its turn may affect the Company's activity results.

In order to minimize currency risks, actions on currency earnings diversification are taken. While concluding foreign trade contracts, the Issuer keeps an eye on balanced bank currency positions: payments in foreign currency are covered by export revenue in the same currency. Moreover the Issuer controls the currency position of the balance.

Risk of the interest rates changing

The Issuer uses borrowed funds; therefore there is a risk of changes in interest rates.

In order to manage these risks, the Company regularly analyses risks related to interest rates. The Issuer mitigates this risk by means of maintaining the optimal balance of credit liabilities with fixed and floating rates.

2.4.4. Legal risks

Tax risks

Due to the changes in the effective tax law and judicial practice the following legal risks related to NLMK and Group of companies business are possible:

1. In accordance with cl. 4 of Article 75 of the RF Tax Code (cl.6 of Article 25 of Law N 212-Φ3, Art. 22.1 of Law N 125-Φ3) the fine for each day of delay is set in % of the unpaid tax (contribution) or duty amount. It equals 1/300 of the Bank of Russia refinancing rate which is valid at the moment.

From 01/01/2016 fines for delays in tax and insurance contribution payments have increased. This is due to the fact that fines for late tax payment depend on the refinancing rates. From 2016 the Bank of Russia has not been setting its own value: it equals to the key rate which makes 11% (the regulation by the Bank of Russia dd.

December 11, 2015 № 3894-Y "On refinancing rate of the Bank of Russia and key rate of the Bank of Russia"). The refinancing rate was lower - 8.25%.

Thus, from January 1, 2016 the total fines for taxes as well as for insurance contributions have increased because the percentage rate increased up to 11%.

2. According to the Tax Code of RF any contribution into a Russian or foreign company is exempt from

taxation.

However, on 15/03/2016 the Arbitration court of the North West Circuit approved the decree for Case № A13-5850/2014 which concluded that the Company, in violation of Art. 24, cl. 2 of Ar. 287, subcl. 2 of cl. 1 and cl. 3 of Art. 309, cl. 1 of Art. 310 of the RF Tax Code didn't act as a tax agent for calculation, withholding from foreign companies and payment to the budget of a tax on a foreign entity's income from RF sources from the income distributed as assets of companies in favour of foreign companies, namely, shares transferred as a non-cash contribution into Cyprian companies, and it should pay a profit tax from foreign entities income and also relevant fines.

Therefore, the results of the decree by the Arbitration court of the North West Circuit for Case № A13-5850/2014 can establish a negative practice, if the Company transfers the shares into the charter capital of the foreign company, and then there will be a change of control over the assets, so there is a possibility that it will be required to pay the tax and relevant fines.

There are no legal risks related to NLMK and Group of companies business due to changes in currency regulation, changes in rules of customs control and fees; changes in requirements for licensing of the Issuer's core business or licensing of rights to use objects; changes in judicial practice on issues related with the Issuer's business.

2.4.5. Risk of loss of a goodwill (reputational risk);

NLMK works in the competitive environment in Russia and abroad selling its products in more than 70 countries across the world.

One of the key competitive advantages, determining NLMK's sustainable position in sales markets, is the clients' confidence in the high product quality, the Company's stable financial position, competitive level of services rendered, reliability of supplies, responsible approach of the Company to doing business.

To mitigate risks due to the loss of a goodwill, NLMK actively works at continuous products quality improvement, monitors the compliance of the product technical characteristics with local and global standards, expands production mix, pursues the policy of informational transparency, timely informing the interested parties and society on all the key events related to NLMK business and the Company's development perspectives, implements large-scale programs for stable development of the Company and local communities in which regions the Company has its assets.

2.4.6. Strategic risk

NLMK is one of the leading steel companies competing with both Russian and foreign companies. The following key strategic advantages allow the Company to occupy the leading positions in the global market:

- low production cost (one of the most efficient global producers of steel);
- balanced value chain (a high level of vertical integration into low cost raw material);
- diversified business model (a rich product portfolio and a wide client base);
- a sustainable long-term growth platform (significant investments during the previous periods, the opportunities of capacities expansion along the whole production chain).

The loss of any of the a/m strategic advantages can lead to the worsening of the Company's activity indicators. To mitigate risks related to strategic decision-making a long-term NLMK development program has been worked out taking into account the possible development prospects of the industry and the competitive environment. The annual update of macroeconomic pre-conditions and prioritization of investment projects allows to make strategic decisions taking into account environmental changes. Also the Company successfully implements the program of business efficiency improvement, growth of self-sufficiency in key types of raw materials and provision of leadership at strategic markets. The program is aimed at getting USD 1 b of annual profit growth to EBITDA level of 2013. In 2014 and 2015 implementation of this program allowed to save USD 477 m.

It is also necessary to note that strategic decisions are made by a collegial control body – Strategic Planning Committee – which includes three independent directors. The report on the Company's strategic objectives achievement is annually disclosed to the capital market participants, regulatory bodies and shareholders.

2.4.7. Risks associated with the Issuer's business

There are no risks associated with current legal actions where the Issuer participates and related to possible

liability of the Company for third-party debts, including the Company's subsidiaries, non-prolongation of the Issuer's license for certain activities or utilization of objects the turnover of which is restricted, the possibility of loss of customers whose turnover is at least 10% of the total sales revenue.

Section III. Detailed information on the Issuer

3.1. Issuer's history and development

3.1.1. Information on the Issuer's company name

Full name of the Issuer: *Novolipetsk Steel*

Date of introduction of the current full company name: *29/12/2015*

Abbreviated name of the Issuer: *NLMK*

Date of introduction of the current abbreviated company name: *29/12/2015*

The Issuer's company name (for a non-profit organization – the name) is registered as a trademark or service mark.

Information on the registration of the above trademarks:

The Company is entitled to use the trade marks "STINOL", "HJMK" and "NLMK" registered in accordance with the Russian Law (information on the trade mark registration is given in clause 4.5. hereof).

All former names of the Issuer within the time of its existence

Full company name: *The Y.V. Andropov Novolipetsk Iron & Steel Works honored with the Lenin Order and the October Revolution Order*

Abbreviated company name: *NLMK*

Date of the name introduction: *14/03/1984*

Grounds for the name introduction:

Decree of the Central Committee of the Communist Party of the Soviet Union, Presidium of the Supreme Soviet of the USSR and Council of Ministers of the USSR "On perpetuation of the memory of Yuri V. Andropov".

Full company name: *Joint-Stock Company "Novolipetsk Iron & Steel Corporation"*

Abbreviated company name: *JSC NLMK*

Date of the name introduction: *28/01/1993*

Grounds for the name introduction:

Decision of the Lipetsk Region State Property Management Committee No. 823 dd. December 31, 1992 "On reorganization of the Yu.V. Andropov Novolipetsk Iron & Steel Works into Open Joint-Stock Company "Novolipetsk Iron & Steel Corporation".

Full company name: *Novolipetsk Steel*

Abbreviated company name: *NLMK*

Date of the name introduction: *12/08/1998*

Grounds for the name introduction:

Decision made at JSC NLMK's Annual General Shareholders' Meeting dd. August 1, 1998 (Minutes of Meeting No. 9) on approval of the redrafted Company's Charter.

Full company name: *Novolipetsk Steel*

Abbreviated company name: *NLMK*

Date of the name introduction: *29/12/2015*

Grounds for the name introduction:

Decision made at NLMK's Extraordinary General Shareholders' Meeting dd. December 21, 2015 (Minutes of Meeting No. 42) on approval of the redrafted Company's Charter.

3.1.2. Information on the state registration of the Issuer

Information on the initial state registration:

State registration number: **5-Г**

State registration date: **28/01/1993**

Name of the public registrar: **Administration of Levoberezhny district of the city of Lipetsk**

Information on the registration of a legal entity:

Main state registration number of a legal entity: **1024800823123**

Date of registration of an entry on the legal entity registered before July 1, 2002, in the Unified State Register of Legal Entities: **09/07/2002**

Registrar: **Inspection of Ministry of Taxation of Russia for Central district of the city of Lipetsk**

3.1.3. Information on foundation and development of the Issuer

The Issuer was established for unlimited period.

Brief description of the Issuer's history and development. The purpose of the Issuer's setup, the Issuer's mission (if available) and other information on the Issuer's activities relevant for making decisions on acquisition of Issuer's securities:

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 Yu. V. Andropov Novolipetsk Iron & Steel Works honored with the Lenin Order and the October Revolution Order was reorganized into Open Joint-Stock Company Novolipetsk Iron & Steel Corporation by resolution 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 objective of the enterprise privatization was to increase the efficiency of national economy by transition from planned economy to market economy. In the course of the state economy transition to market economy the following decisions were made by the Company:

- *on optimization of organizational structure and management system of production and auxiliary divisions;*
- *on improvement of raw materials supply system, fuel procurement, product sales and marketing services;*
- *on development and approval of Technical Upgrade and Development Program.*

Today Public Joint Stock Company Novolipetsk Steel (NLMK) is a large state-of-the-art company with highly developed and coordinated production, the products of which are exported to many countries of the world.

NLMK's plans include steady increase of knowledge-intensive production, solution of various environmental problems at all upstream and downstream production stages, production of high-technology products which meet constantly growing demands of customers.

3.1.4. Contact Details

The Issuer's domicile:

Russia, Lipetsk, 2, Metallurgov sq.

The issuer's address specified in the Unified State Register of Legal Entities

2, Metallurgov sq., Lipetsk, Lipetsk region, 398040 Russia

Another mailing address:

Russia, Lipetsk, 398040 2, Metallurgov sq.

Telephone: **+7 (4742) 444-989,**

Fax: **+7 (4742) 441-111,**

E-mail: **info@nlmk.com**

Web-site with available information on the Issuer and its securities issued and/or being issued: **www.lipetsk.nlmk.ru;**

www.e-disclosure.ru/portal/company.aspx?id=2509

Name of the Issuer's department dealing with shareholders and investors: *Corporate Secretary Office*

Domicile: *Russia, Lipetsk, 2, Metallurgov sq.*

Telephone: +7 (4742) 444-989,

Fax: +7 (4742) 442-255,

E-mail: *sp-aks@nlmk.com*

Web-site: *www.lipetsk.nlmk.ru*

3.1.5. Taxpayer Identification Number

4823006703

3.1.6. The Issuer's branches and representative offices

The Issuer's branches and representative offices

Description: *Representative office of Novolipetsk Steel in Moscow*

Domicile: *10-1, Bachrushina str., Moscow 115184 Russia*

Opening date: *28/02/2002.*

Branch (Representative Office) Manager

FULL NAME: *Natalia P. Doronina*

Power of Attorney validity: *31/12/2016.*

Description: *Branch of Novolipetsk Steel in Yekaterinburg – "NLMK Ural"*

Domicile: *43, Toledova Str., Yekaterinburg, Sverdlovsk region 620034 Russia*

Opening date: *22/12/2009.*

Branch (Representative Office) Manager

FULL NAME: *Valery V. Shevelev*

Power of Attorney validity: *31/12/2016.*

3.2. The Issuer's core business

3.1.2. Main business lines of the Issuer

Code of the Issuer's core business line

OKVED codes
27.17

OKVED codes
28.51
92.61
36.40
40.20.1
41.00.1
45.23.1
50.10.1

51.39
51.54
51.56.4
51.57
52.50.3
55.30
55.52
90.00.1
31.10.9
27.53
27.54
27.15
27.16.2
27.11
24.14.2
27.33
45.21.1
23.10
29.51
85.11
27.22
27.14
34.30
40.30
24.15
28.71
55.51
70.32.1
55.12
60.23
60.10.2
74.60
63.21.1
63.11
63.12
31.62.9
60.24
40.10.5
74.20.1
74.20.3
85.20
37.10.1
92.13
64.20.1
85.13
51.70
52.11

52.12
28.63
80.22.22
80.30.3
36.22.1
40.10
40.20.2
55.23.1
55.23.2
85.11.2
85.12
01.12.2
10.10.12
14.21
20.30
22.12
22.22
24.11
24.66.4
25.21
26.26
26.52
26.61
26.63
26.82.3
45.31
52.31
26.82.6
27.13
27.51
27.52

3.2.2. The Issuer's core business

Main lines of business (types of activity, products (works, services), accounting for at least 10 percent of the Issuer's proceeds (income) for the reporting period

Unit of measurement: **RUB thou.**

A business line: ***The Issuer runs its business in the Russian Federation. NLMK's core business is the production and sales of steel products. The Company's production is targeted at the output of high-quality hot-rolled and cold-rolled flats, as well as semi-finished steel products (slabs).***

Indicator description	2014	2015
Proceeds from sales (sales volume) for this type of business, RUB thousand.	261,012,798	316,956,234
Share of proceeds from sales (sales volume) for this type of business in the total proceeds from sales (sales volume) of the Issuer, %	99.3	99.5

Indicator description	2015, 3 months	2016, 3 months
Proceeds from sales (sales volume) for this type of business, RUB thousand.	84,433,927	71,746,506
Share of proceeds from sales (sales volume) for this type of business in the total proceeds from sales (sales volume) of the Issuer, %	99.5	99.5

Changes in the amount of the Issuer's core business proceeds (sales volume) by 10 or more percent compared to the corresponding period of the previous year and the reasons of such changes.

The Issuer's proceeds from its core business in 2015 increased vs. 2014 by 21%, un Q1 2016 vs. Q1 2015 decreased by 15%.

The Issuer's sales proceeds mostly depend on the following factors: sales volumes and sales structure, current prices in sales markets, national currency exchange rate.

The impact of these factors is described in clause 4.7 of this quarterly report.

Notes:

1. Indicator "Proceeds from sales(sales volume) for this type of business, RUB thou." corresponds to the indicator from line 2110.1 of the accounting (financial) statement "Financial Results Report".

2. Indicator "The share of proceeds from sales (sales volume) for this type of business in the total proceeds from sales (sales volume) of the Issuer, %" has been calculated on the basis of the data contained in the accounting (financial) statement "Profit and Loss Statement" using the formula: line 2110.1/ line 2110.

The Issuer's overall cost structure

Indicator description	2014	2015
Raw and other materials, %	52.846	52.579
Purchased components and semi-finished products, %	0	0
Outsourced production works and services, %	1.461	10.638
Fuel, %	15.331	17.028
Energy, %	3.895	3.095
Labour costs, %	7.139	6.503
Interest on credits, %	0	0
Rent, %	0.253	0.242
Allocations for social needs, %	2.024	1.911
Fixed assets depreciation, %	6.323	5.873
Taxes included into the products cost value, %	1.355	0.874
Other costs, %	9.373	1.257
intangible assets depreciation, %	0.003	0.004
rewards for technical improvement proposals, %	0.014	0.016
obligatory insurance payments, %	0.135	0.129
representation costs, %	0.002	0.002
other (clarify), %	9.219	1.106
Total: Expenses for products production and sales (works, services) (production cost), %	100	100
For reference: Proceeds from sales of products (works, services), % to production cost	114.605	120.771

Indicator description	2015, 3 months	2016, 3 months
Raw and other materials, %	53.327	52.391
Purchased components and semi-finished products, %	0	0
Outsourced production works and services, %	0.948	9.788
Fuel, %	15.983	16.935
Energy, %	3.28	3.061
Labour costs, %	6.239	5.939
Interest on credits, %	0	0
Rent, %	0.202	0.194
Allocations for social needs, %	1.899	1.853
Fixed assets depreciation, %	6.151	5.928
Taxes included into the products cost value, %	1.159	0.895
Other costs, %	10.812	0.016
intangible assets depreciation, %	0.004	0.004
rewards for technical improvement proposals, %	0.016	0.014
obligatory insurance payments, %	0.124	0.116
representation costs, %	0.001	0.002
other (clarify), %	10.667	2.88
Total: Expenses for products production and sales (works, services) (production cost), %	100	100
For reference: Proceeds from sales of products (works, services), % to production cost	136.828	111.641

New significant types of products (works, services), offered by the Issuer in the market where it conducts its core business, to the extent corresponding to publicly available information about such products (works, services). The status of development of such types of products (works, services) is to be specified.

The information about the new significant types of products (works, services), as well as the information about their development, is not available to the public, as the Issuer intends to retain its competitive advantages.

The standards (rules) used to prepare accounting (financial) statements of the Issuer and make calculations that are included in this subclause:

The Issuer's cost structure was determined in accordance with Accounting Rule 10/99 "The company's expenses" (the RF Ministry of Finance Order Nr. 33H dd. 6.05.1999), guidelines on planning, formation and accounting of expenses for production and sales of products (works, services) of steelmaking enterprises, as well as accounting policy of the Issuer for the purpose of accounting.

3.2.3. Materials, goods (raw materials) and suppliers of the Issuer

For 2015

The Issuer's suppliers accounting for at least 10 percent of all materials and goods (raw materials) supplies

Full company name: **Open Joint-Stock Company "Stoilensky Mining & Processing Plant"**

Domicile: **Driveway 4, Plant site, South-West industrial area, Stary Oskol, Belgorod region, Russia**

TIN **3128011788**

OGRN **1023102367750**

Share in the total volume of deliveries, %: **21**

Full company name: *Open Joint-Stock Company “Altai-Koks”*
Domicile: *Russia 659107 Altai Territory, Zarinsk, 2, Pritayezhnaya Str.*
TIN *2205001753*
OGRN *1022200704712*

Share in the total volume of deliveries, %: *27.4*

Full company name: *Limited Liability Company “Vtorchermet NLMK”*
Domicile: *Russia 620024 Yekaterinburg, 3, Novinskaya str.*
TIN *7705741770*
OGRN *1067746805554*

Share in the total volume of deliveries, %: *10.3*

Information on changes in prices for main materials and goods (raw materials) by over 10% within the reporting period as compared to the corresponding reporting period of the previous year

**Change in prices* for main raw materials purchased by NLMK
in 2015 as compared to 2014**

RUB / t			
Raw material	Average prices 2014	Average prices 2015	Change, %
<i>Coal concentrate</i>	<i>4,853</i>	<i>6,438</i>	<i>32.7</i>
<i>Coke</i>	<i>8,566</i>	<i>10,778</i>	<i>25.8</i>
<i>Iron ore concentrate</i>	<i>2,852</i>	<i>2,178</i>	<i>-23.6</i>
<i>Scrap**</i>	<i>10,109</i>	<i>9,891</i>	<i>-2.2</i>
<i>Aluminium wire rod</i>	<i>88,012</i>	<i>132,977</i>	<i>51.1</i>

* - The prices incl. VAT and delivery;

** - VAT exempt.

Share of imports in the deliveries of materials and goods, forecast of availability of import sources in the future and potential alternative sources

The share of imports in total deliveries to NLMK:

For 2014 1,289%

-

For 2015 0,323%

-

The Issuer plans to continue cooperating with the a/m suppliers in the future, as they guarantee timely supplies of high-quality products. It is possible to cooperate with alternative suppliers of raw materials (incl. foreign ones) without any significant price increase, while maintaining the required qualitative characteristics.

For 3 months of 2016

The Issuer’s suppliers accounting for at least 10 percent of all materials and goods (raw materials) supplies

Full company name: *Open Joint-Stock Company “Stoilensky Mining & Processing Plant”*
Domicile: *Driveway 4, Plant site, South-West industrial area, Stary Oskol, Belgorod region, Russia*

TIN 3128011788
OGRN 1023102367750

Share in the total volume of deliveries, %: 25.2

Full company name: *Open Joint-Stock Company "Altai-Koks"*
Domicile: *Russia 659107 Altai Territory, Zarinsk, 2, Pritayezhnaya Str.*
TIN 2205001753
OGRN 1022200704712

Share in the total volume of deliveries, %: 12,000×3

Information on changes in prices for main materials and goods (raw materials) by over 10% within the reporting period as compared to the corresponding reporting period of the previous year

**Change in prices* for main raw materials purchased by NLMK
for Q1 2016 as compared to Q1 2015**

RUB / t			
Raw material	Average prices Q1 2015	Average prices Q1 2016	Change, %
<i>Coal concentrate</i>	<i>5,735</i>	<i>6,468</i>	<i>12.8</i>
<i>Coke</i>	<i>10,411</i>	<i>11,497</i>	<i>10.4</i>
<i>Iron ore concentrate</i>	<i>2,412</i>	<i>2,489</i>	<i>3.2</i>
<i>Scrap**</i>	<i>11,384</i>	<i>8,240</i>	<i>-27.6</i>
<i>Aluminium wire rod</i>	<i>154,670</i>	<i>140,000</i>	<i>-9.5</i>

* - The prices incl. VAT and delivery;

** - VAT exempt.

Share of imports in the deliveries of materials and goods, forecast of availability of import sources in the future and potential alternative sources

The share of imports in total deliveries to NLMK:

<i>Q1 2015</i>	<i>0,1%</i>
<i>Q1 2016</i>	<i>0,196%</i>

The Issuer plans to continue cooperating with the a/m suppliers in the future, as they guarantee timely supplies of high-quality products. It is possible to cooperate with alternative suppliers of raw materials (incl. foreign ones) without any significant price increase, while maintaining the required qualitative characteristics.

3.2.4. Sales markets for the Issuer's products (works, services)

Main markets where the Issuer conducts its business:

In Q1 2016 the Issuer sold steel products at the Russian and export markets. Share of the domestic market in the total physical volume of steel products sales made 36%, share of the foreign market - 64%, including non-CIS countries - 63% and CIS countries - 1%.

In the sales to the foreign market 98% of the physical volume is accounted for the trading companies Novex Trading (Swiss) S.A. (84% export) and Novexco (Cyprus) Limited (14%).

The major geographic sales direction in Q1 2016 was the market of the EU countries: the share of EU in the physical volume of sales at the foreign market made 24%. The main export countries of steel products of the Issuer in this region were Belgium, Denmark, Italy. The second geographical export direction was the Middle East: 12% of sales volume. The largest importer in this region is Turkey. Sales to the countries of Central and South America made 11% of the export. The main importer there was Mexico. 9% was exported to North America, mainly to the USA. The percentage of sales at the Asian market was 4%. The importers were Indonesia, Thailand and India. 3% was exported to the countries of Africa. The biggest volumes were sent to Egypt and Morocco. The product structure of steel product sales at the export market in the reporting period was represented by slabs (65% of the physical export volume), HR flats (15% including pickled flats), CR flats (9%), electrical steel flats (4%) and hot iron (7%).

A significant share of steel semi-products in export sales determined predominance of steelmaking companies in the industry structure: 84% of the physical volume. Sales to mechanical engineering industry (including automotive industry, electrical and technical industry and household appliances manufacturing) made 7% of export. Steel services centres and metal processing companies were supplied with 6% of export, pipe producers - 3%.

In Q1 2016 in the geographical structure of sales to the CIS countries Belarus was predominant: 87% of the physical supply volumes to this market. In the product structure the main was CR flats (45%), HR flats (24%) and electrical steel flats (17%). The share of galvanized flats made 12%, pre-painted flats – 2%.

Mechanical engineering was the main in the industry structure of sales to CIS countries: 79%, including automobile industry - 8%, household appliances manufacture - 19%, electrical and technical industry - 22%. The second important industry-consumer at this market - construction (15%).

The Central economic region remained the main geographic market of local sales in the reporting period (38% of physical volume of sales at the local market). The share of the Volgo-Vyatsky Economic Region amounted to 24%, the North-Caucasian Region – 11%, the Povolzhskiy and the Ural Regions - 9%.

The product structure of local steel product sales was represented by slabs (21%), HR flats (43% including pickled flats), CR flats (16%), galvanized flats (9%) and pre-painted flats (8%). 1% of the physical volume of local sales is made by electrical flats and hot iron.

Construction industry dominates in the industrial structure of sales at the domestic market: 60% of the volume was shipped to the steel service centres, metal processing and construction companies. Sales to pipe industry companies made 27%, steelmaking companies - 7%, mechanical engineering companies - 5%.

Factors that may undermine the Issuer's sales of products (works, services), and possible actions aimed at mitigation of such influence:

Negative influence on the Issuer's export sales in 2016 can be done by a possible decrease in global consumption of flats (-0,8% yoy), protectionism growth in the countries with low competitive power of production and a decrease in global prices for steel-making raw materials and steel products.*

Negative influence on the Issuer's export sales in 2016 can be done by a possible decrease in consumption of flats following deterioration of macro economic indicators in the country and a possibility of growth of import products sold with the prices which are lower then the production costs.

* - Worldsteel Short Range Outlook, April 2016.

3.2.5. Information on the Issuer's authorizations (licenses) or permits to certain types of works

An authority (organization) that issued a relevant authorization (license) or a permit to certain types of works: **Natural Resources Committee for the Lipetsk region (the license was extended by the Department for Subsoil Usage for the Central Federal District)**

Number of an authorization (license) or a document confirming that a permit to certain types of works has been obtained: **ЛПЦ Reg. No. 54085 БЭ**

A type of activity (works), with respect to which the Issuer obtained a relevant authorization (license) or a permit: **Extraction of fresh underground water for industrial and potable water supply (Lipetsk and Borinskoye village, Lipetsk area, Lipetsk region, Russia)**

Date of issuance of an authorization (license) or a permit to certain types of works: **20/05/2003.**

Validity of an authorization (license) or a permit to certain types of works: **01/03/2022.**

An authority (organization) that issued a relevant authorization (license) or a permit to certain types of works: **Federal Transport Supervision Service**

Number of an authorization (license) or a document confirming that a permit to certain types of works has been obtained: **Series ИПД No.4804462**

A type of activity (works), with respect to which the Issuer obtained a relevant authorization (license) or a permit: **Hazardous cargo handling at railway transport**

Date of issuance of an authorization (license) or a permit to certain types of works: **27/02/2009.**

Validity of an authorization (license) or a permit to certain types of works: **for an unlimited period**

An authority (organization) that issued a relevant authorization (license) or a permit to certain types of works: **Administration of Federal Supervision Service for Consumer Rights Protection and Human Welfare in the Lipetsk region**

Number of an authorization (license) or a document confirming that a permit to certain types of works has been obtained: **48.01.01.002.Л.000015.08.10**

A type of activity (works), with respect to which the Issuer obtained a relevant authorization (license) or a permit: **Activities related to usage of ionization radiation sources (generating) (except for cases when these sources are used for medical purposes).**

Date of issuance of an authorization (license) or a permit to certain types of works: **27/08/2010.**

Validity of an authorization (license) or a permit to certain types of works: **for an unlimited period**

An authority (organization) that issued a relevant authorization (license) or a permit to certain types of works: **The Central Inter-Regional Territorial Nuclear and Radiation Safety Supervision Department of the Federal Service on Environmental, Technological and Nuclear Supervision**

Number of an authorization (license) or a document confirming that a permit to certain types of works has been obtained: **ЛГО-03-209-6143**

A type of activity (works), with respect to which the Issuer obtained a relevant authorization (license) or a permit: **Operation of radiation sources (products containing radioactive substances)**

Date of issuance of an authorization (license) or a permit to certain types of works: **13/07/2011.**

Validity of an authorization (license) or a permit to certain types of works: **04/10/2016.**

An authority (organization) that issued a relevant authorization (license) or a permit to certain types of works: **Federal Service on Environmental, Technological and Nuclear Supervision**

Number of an authorization (license) or a document confirming that a permit to certain types of works has been obtained: **BX-00-014486**

A type of activity (works), with respect to which the Issuer obtained a relevant authorization (license) or a permit: **Operation of fire explosive and chemically hazardous production facilities of I, II and III hazard ratings**

Date of issuance of an authorization (license) or a permit to certain types of works: **30/12/2013.**

Validity of an authorization (license) or a permit to certain types of works: **for an unlimited period**

An authority (organization) that issued a relevant authorization (license) or a permit to certain types of works: **Verkhnedonskoye Rostekhnadzor Department**

Number of an authorization (license) or a document confirming that a permit to certain types of works has been obtained: **BM-13-012488**

A type of activity (works), with respect to which the Issuer obtained a relevant authorization (license) or a permit: **Activities related to handling explosive materials of industrial applications**

Date of issuance of an authorization (license) or a permit to certain types of works: **25/09/2014.**

Validity of an authorization (license) or a permit to certain types of works: **for an unlimited period**

An authority (organization) that issued a relevant authorization (license) or a permit to certain types of works: **Federal Transport Supervision Service**

Number of an authorization (license) or a document confirming that a permit to certain types of works has been obtained: **Series ИОГ № 4807048**

A type of activity (works), with respect to which the Issuer obtained a relevant authorization (license) or a permit: **The license for railroad transportation of hazardous cargo**

Date of issuance of an authorization (license) or a permit to certain types of works: **09/02/2015.**

Validity of an authorization (license) or a permit to certain types of works: **for an unlimited period**

An authority (organization) that issued a relevant authorization (license) or a permit to certain types of works:

Rosprirodnadzor Department of the Lipetsk Region

Number of an authorization (license) or a document confirming that a permit to certain types of works has been obtained: ***OT-13-000393 (48)***

A type of activity (works), with respect to which the Issuer obtained a relevant authorization (license) or a permit: ***Collection, transportation, disposal, processing, neutralization and management of wastes of I - IV class.***

Date of issuance of an authorization (license) or a permit to certain types of works: ***29/12/2015.***

Validity of an authorization (license) or a permit to certain types of works: ***for an unlimited period***

An authority (organization) that issued a relevant authorization (license) or a permit to certain types of works: ***Department of the Federal Security Service of Russia in the Lipetsk region***

Number of an authorization (license) or a document confirming that a permit to certain types of works has been obtained: ***5***

A type of activity (works), with respect to which the Issuer obtained a relevant authorization (license) or a permit: - ***works related to usage of national security information;***

Date of issuance of an authorization (license) or a permit to certain types of works: ***03/02/2016.***

Validity of an authorization (license) or a permit to certain types of works: ***20/06/2018.***

An authority (organization) that issued a relevant authorization (license) or a permit to certain types of works: ***Department of the Federal Security Service of Russia in the Lipetsk region***

Number of an authorization (license) or a document confirming that a permit to certain types of works has been obtained: ***5/6***

A type of activity (works), with respect to which the Issuer obtained a relevant authorization (license) or a permit: - ***works related to usage of national security information;***

Date of issuance of an authorization (license) or a permit to certain types of works: ***03/02/2016.***

Validity of an authorization (license) or a permit to certain types of works: ***20/06/2018.***

An authority (organization) that issued a relevant authorization (license) or a permit to certain types of works: ***Department of the Federal Security Service of Russia in the Lipetsk region***

Number of an authorization (license) or a document confirming that a permit to certain types of works has been obtained: ***7M***

A type of activity (works), with respect to which the Issuer obtained a relevant authorization (license) or a permit: ***Implementation of measures and (or) rendering of services related to protection of the national security information.***

Date of issuance of an authorization (license) or a permit to certain types of works: ***03/02/2016.***

Validity of an authorization (license) or a permit to certain types of works: ***20/06/2018.***

An authority (organization) that issued a relevant authorization (license) or a permit to certain types of works: ***Department of Consumer market and price policy of the Lipetsk Region***

Number of an authorization (license) or a document confirming that a permit to certain types of works has been obtained: ***34***

A type of activity (works), with respect to which the Issuer obtained a relevant authorization (license) or a permit: ***Collection, storage, processing and sale of ferrous and non-ferrous scrap***

Date of issuance of an authorization (license) or a permit to certain types of works: ***14/03/2016.***

Validity of an authorization (license) or a permit to certain types of works: ***for an unlimited period***

The Issuer's forecast with respect to possibilities to prolong special permits (licenses): NLMK plans to prolong its licenses for performing the kinds of activities in line with the legislation of the Russian Federation.

3.2.6. Information on activities of certain categories of Issuers

The Issuer is not a stock investment fund, an insurance company, a credit company or a mortgage agency.

3.2.7. Additional information on Issuers specializing in mining operations

a) Mineral reserves

The list of mineral deposits having high financial and economic significance for the Issuer, the rights to use which belong to the Issuer or companies controlled by the Issuer

1. Deposit name: Sitovka fluxing limestone area of Sokol-Sitovka deposit

The owner of rights for the deposit

Full company name: *Open Joint-Stock Company "Studenovskaya Joint-Stock Mining Company"*

Abbreviated company name: *OJSC Stagdok*

Domicile: *Studenovskaya promploshadka, rural settlement Vvedensky local council, Lipetsk district, Lipetsk region, 398507 Russia*

TIN *4825000880*

OGRN *1024800824300*

Type of mineral reserve: *fluxing limestone.*

Proven reserves: *The Sitovka area of the Sokol-Sitovka deposit with limestone reserves of 147,520 thou. tons as of 01.01.2014, inclusive of 23,198 thou. tons of quality A, 16,751 thou. tons of quality B, 107,571 thou. tons of quality C1, confirmed by the State Mineral Reserves Committee (GKZ) Rosnedra (MoM #3782 dd. August 06, 2014) with regard to exploration works of the western side of the Sitovka area. In July 2012 exploration works of the western side of the Sitovka area of the Sokol-Sitovka fluxing limestone deposit were completed. Report on the geological survey results has been submitted for the expertise to the Federal State Budgetary Institution "State Reserves Committee". Based on the submitted report on the results of geological survey an opinion of the Expert Committee of the Federal State Budgetary Institution "State Reserves Committee" and a resolution of GKZ Rosnedra. In accordance with the resolution of GKZ Rosnedra the balance sheet reserves of fluxing limestone of the western side of the Sitovka area of the Sokol-Sitovka deposit are related to the Sitovka area of the Sokol-Sitovka deposit, i.e. the balance sheet reserves of the listed areas of subsoil are united. As of 01.04.2016 remaining balance reserves of the Sitovka area of the Sokol-Sitovka deposit amounts to 132,971 thou. tons. Within the given mining lease the company has the right for geological survey for conversion of limestone reserves from low industrial grades to high grades.*

Mining level for the respective reporting period (periods): *Limestone mining volume in Q1 2016 was 1,459.3 thou. tons.*

2. Deposit name: Sitovsky 2 area

The owner of rights for the deposit

Full company name: *Open Joint-Stock Company "Studenovskaya Joint-Stock Mining Company"*

Abbreviated company name: *OJSC Stagdok*

Domicile: *Studenovskaya promploshadka, rural settlement Vvedensky local council, Lipetsk district, Lipetsk region, 398507 Russia*

TIN *4825000880*

OGRN *1024800824300*

Type of mineral reserve: *fluxing limestone.*

Proven reserves: *Forecast resources of fluxing limestone of P1 category at Sitovsky 2 area are assessed as 46.8 mt (Minutes of meeting of FSUE "Central Research Institute of non-metallic mineral geology" #14/14 dd. 12.05.2014). Within the given mining lease the company has the right for exploration and extraction of fluxing limestone. Fluxing limestone is not extracted.*

3. Deposit name: Bigildin and Prikaryerny areas of the Dankov dolomite deposit

The owner of rights for the deposit

Full company name: *Open Joint-Stock Company "Dolomite"*

Abbreviated company name: *OJSC Dolomite*

Domicile: *Dankov, Lipetsk region, Russia 1, Sverdlova Str.*

TIN *4803003415*

OGRN *1024800548520*

Type of mineral reserve: *Dolomite for iron and steel industry, construction materials and limestone (dolomite) powder.*

Proven reserves: *As of 01/04/2016 the Bigildin and Prikaryerny areas of the Dankov dolomite field had 366,084 thou. tons of balance sheet reserves of dolomite, inclusive of 230,192 thou. tons in the Bigildin area and 135,892 thou. tons in the Prikaryerny area. Totally Dankov deposit (in all areas) contains 634,561 thou. tons of dolomite balance reserves. The dolomite reserve evaluation was approved by Minutes No. 873 dd. 26.09.2003 of the State Mineral Reserves Committee (GKZ).*

Mining level for the respective reporting period (periods): *Dolomite mining volume in Q1 2016 was 769 thou. tons.*

4. Deposit name: Stoilenskiy iron ore deposit

The owner of rights for the deposit

Full company name: *Open Joint-Stock Company "Stoilensky Mining & Processing Plant"*

Abbreviated company name: *OJSC Stoilensky*

Domicile: *Driveway 4, Plant site, South-West industrial area, Stary Oskol, Belgorod region, Russia*

TIN *3128011788*

OGRN *1023102367750*

Type of mineral reserve: *high-grade iron ores, magnetite quartzites, oxidized quartzites, clay raw material, chalk, sand, crystalline slate, quartzitic sandstone, granite gneiss.*

Proven reserves: *The remaining license reserves as of 01/04/2016 was: high grade iron ore (dry weight) of category B+C1 – 49,889 thou. tons; of category C2 – 3,165 thou. tons; magnetite quartzites of category B+C1 – 4,943,778 thou. tons; of category C2 – 1,025,302 thou. tons. The State Mineral Reserves Commission with the Ecology and Natural Resources Ministry of the Russian Federation approved the reserves for quarry operations (500 meters to bedding rock) (MOM No. 3812 dd. January 29, 2014).*

Mining level for the respective reporting period (periods): *Mining volume for Q1 2016 was: high grade iron ore (natural weight) – 369 thou. tons; magnetite quartzites – 8,150 thou. tons. Annual design capacity of the Company of high grade iron ore excavation is 1,200 thousand tons, magnetite quartzite – 42,000 thousand tons.*

5. Deposit name: Stoilenskiy iron ore deposit

The owner of rights for the deposit

Full company name: *Open Joint-Stock Company "Stoilensky Mining & Processing Plant"*

Abbreviated company name: *OJSC Stoilensky*

Domicile: *Driveway 4, Plant site, South-West industrial area, Stary Oskol, Belgorod region, Russia*

TIN *3128011788*

OGRN *1023102367750*

Type of mineral reserve: *ground water.*

Proven reserves: *Drainage groundwater reserves of Stoilensk deposit were approved according to Turonian Maastricht, Alb-Senoman aquifers and Archean Proterozoic aquifer system in the amount of 126.7 thousand m3 /day under the category A+B (Minutes No. 1291 of GKZ dd. November 24, 2006).*

Mining level for the respective reporting period (periods): *On the whole, in Q1 2016 mine drainage amounted to 11,215.067 thou m3, including utility and potable water - 719.119 thou m3. OJSC Stoilensky GOK is permitted to take groundwater continuously in order to drain the quarry with the decrease of groundwater level to the deposit of drainage working and in quantity providing for safe mining operations.*

Licenses for subsoil use obtained by the Issuer or companies controlled by the Issuer in order to use the deposits that have major financial and economic significance for the Issuer

Legal entity that obtained the license

Full company name: *Open Joint-Stock Company "Studenovskaya Joint-Stock Mining Company"*

Abbreviated company name: *OJSC Stagdok*

Domicile: *Studenovskaya promploshadka, rural settlement Vvedensky local council, Lipetsk district, Lipetsk region, 398507 Russia*

TIN 4825000880
OGRN 1024800824300

1. License No.: series ЛПД No. 54036 ТЭ

The date of the license issuance: 30/05/2002.

License validity period: 31/12/2028.

Basis for licensing: *follow-up exploration and revaluation of reserves over the period of 1995-2000; change of field limit.*

Description of the subsoil area given for usage:

Sitovka fluxing limestone area of Sokol-Sitovka deposit is located in the Lipetsk district of the Lipetsk region (3 km north of Lipetsk and 0.5 km west of village Voskresenovka in the Lipetsk district of the Lipetsk region). The subsoil area given for usage has a mining lease status. The maximum depth of the area is +106 meters subject to mandatory preservation of protective pillar of 2 meters capacity above the groundwater level.

License type: *The license for subsoil use. Designated purpose and types of works: mining of fluxed limestones.*

Main provisions of the license with regard to the subsoil user's liabilities, with indication of deadlines for performance of these liabilities: *Main liabilities of a subsoil user: 1) To extract limestone with observance of the following conditions: to determine the annual limestone extraction level on the basis of mining plan; to coordinate the plan of mining operations and norms for losses with Gosgortekhnadzor authorities on the annual basis. 2) To present statistical reports in form 5-2p to the Federal Geological Administration "Territorial Data Bank of the Central Federal District" by January 15 annually. 3) To present statistical reports in form 70-mn, 71-mn to organizations specified in these forms by January 25 annually. 4) To monitor groundwater through the existing observation network in the course of the field usage.*

Mandatory payments to be effected by the subsoil user as per the terms and conditions of the license: *To effect payments for subsoil usage according to the effective regulatory documents: for the right to extract fluxing limestone in the amount of 6% of the extracted mineral value. Taxes and other mandatory payments shall be paid to the budget timely and in full.*

The discharge of obligations arising from the licenses by the Issuer, its subsidiaries and affiliates, as well as any factors that can affect the discharge of the license obligations, with possibility of their occurrence:

The obligations ensuing from the license are duly discharged by the Company. There are no factors that can affect the Company's discharge of obligations ensuing from the license.

Legal entity that obtained the license

Full company name: *Open Joint-Stock Company "Studenovskaya Joint-Stock Mining Company"*

Abbreviated company name: *OJSC Stagdok*

Domicile: *Studenovskaya promploshadka, rural settlement Vvedensky local council, Lipetsk district, Lipetsk region, 398507 Russia*

TIN 4825000880

OGRN 1024800824300

2. License No.: series ЛПД No. 54401 ТЭ

The date of the license issuance: 03/09/2007.

License validity period: 01/08/2027.

Basis for licensing: *Minutes of meeting of the Auction Committee of the Regional Subsoil Management Agency for the Central Federal District dd. 21.06.2007, order No. 181 dd. 25.06.2007 of the Regional Subsoil Management Agency for the Central Federal District "On results of the auction for the subsoil use".*

Description of the subsoil area given for usage:

The western side of the Sitovka area of the Sokol-Sitovka deposit of fluxing limestone, located in the Lipetsk district, the Lipetsk region of the Russian Federation. The subsoil area given for use has a geological mining lease status.

License type: *The license for subsoil use. Designated purpose and types of works: geological survey, exploration and extraction of the fluxed limestone.*

Main provisions of the license with regard to the subsoil user's liabilities, with indication of deadlines for performance of these liabilities: *Main liabilities of a subsoil user: 1) To complete the geological survey of the western side of the Sitovka area of the Sokol-Sitovka deposit within 60 months from the date of the license*

state registration. 2) On the basis of the reserves assessment results, to agree and duly approve the industrial operation plan for the deposit. 3) To develop the field and commission it not later than 36 months after the reserves confirmation. 4) To assess the background level of contamination of the subsoil area within 24 months from the date of the license state registration.

Mandatory payments to be effected by the subsoil user as per the terms and conditions of the license: 1) To effect in accordance with established procedure regular payments for the subsoil usage in the amount of RUB 6,300 per 1 km² of the subsoil area. 2) To pay the tax on minerals extraction, as well as other taxes and charges in accordance with the Russian Law.

The discharge of obligations arising from the licenses by the Issuer, its subsidiaries and affiliates, as well as any factors that can affect the discharge of the license obligations, with possibility of their occurrence:

The obligations ensuing from the license are duly discharged by the Company. There are no factors that can affect the Company's discharge of obligations ensuing from the license.

Legal entity that obtained the license

Full company name: **Open Joint-Stock Company "Studenovskaya Joint-Stock Mining Company"**

Abbreviated company name: **OJSC Stagdok**

Domicile: **Studenovskaya promploshadka, rural settlement Vvedensky local council, Lipetsk district, Lipetsk region, 398507 Russia**

TIN **4825000880**

OGRN **1024800824300**

3. License No.: series ЛПД No. 00284 TP

The date of the license issuance: **24/03/2015.**

License validity period: **01/04/2040.**

Basis for licensing: **auction results, order of Regional Subsoil management Agency for the Central District # 59 dd. "Approval of auction results for the right to use subsoil for the purpose of exploration and extraction of fluxing limestone at Sitovsky 2 area of Lipetsk region".**

Description of the subsoil area given for usage:

Sitovsky 2 area is located in the territory of Lipetsk district, Lipetsk region (in 2.5 km to the north-east from the city of Lipetsk and in 7-12 km from railway station Chugun of South-East railway road). The subsoil area given for usage has a mining lease status. Subsoil area is 1.3 km².

License type: **The license for subsoil use. Designated purpose and types of works: fluxing limestone exploration and extraction at Sitovsky 2 area.**

Main provisions of the license with regard to the subsoil user's liabilities, with indication of deadlines for performance of these liabilities: **Main liabilities of a subsoil user: 1) Preparation and approval of a deposit exploration works scope in the established order. 2) Submission of exploration result materials in the established order for state expertise of natural resources reserves. 3) Preparation and approval of a deposit exploration basic engineering in the established order.**

Mandatory payments to be effected by the subsoil user as per the terms and conditions of the license: **A subsoil user is liable: 1) to pay a lumpsum fee for subsoil usage in the amount of RUB 4,554,000; 2) to pay regular fees for subsoil usage at exploration stage; 3) to pay other fees, taxes and duties established by the Russian Law while using subsoil, land lots, basins.**

The discharge of obligations arising from the licenses by the Issuer, its subsidiaries and affiliates, as well as any factors that can affect the discharge of the license obligations, with possibility of their occurrence:

The obligations ensuing from the license are duly discharged by the Company. There are no factors that can affect the Company's discharge of obligations ensuing from the license.

Legal entity that obtained the license

Full company name: **Open Joint-Stock Company "Dolomite"**

Abbreviated company name: **OJSC Dolomite**

Domicile: **Dankov, Lipetsk region, Russia 1, Sverdlova Str.**

TIN **4803003415**

OGRN **1024800548520**

4. License No.: ЛПД No. 54112 TЭ

The date of the license issuance: **01/10/2003**.

License validity period: **01/01/2029**.

Basis for licensing: ***Renewal of the previous valid license due to change of the legal entity's (subsoil user's) name. The basis for prolongation of the license validity period: the subsoil user's initiative.***

Description of the subsoil area given for usage:

Bigildin and Prikaryerny areas of the Dankov dolomite field are located 3-7 km to the north-east of the city and railway station with the same name – Dankov. The relief is relatively plain with ravine gully type network. The area of Bigildin area is 528 hectares, of Prikaryerny area – 316 hectares, the total area is 844 hectares. The areas are located on cropland that can be used for agricultural purposes. Minerals in the field are overlapped with sandy-clay deposits. Average stripping depth is 17.5 m, productive stratum – 23 m. In the lower part of the quarry dolomites are watered at 1-5 m. Mining depth is 40 m. Subsoil areas have the mining lease status.

License type: ***The license for subsoil use. Designated purpose: dolomite extraction.***

Main provisions of the license with regard to the subsoil user's liabilities, with indication of deadlines for performance of these liabilities: ***Main liabilities of a subsoil user: 1) To present reports in forms 5-2p, 70-mn, 71-mn, 2-JC, 4-JC to supervisory authorities on the annual basis. 2) To renew documents for mining leases in exploration areas in Gostekhnadzor of the Russian Federation in Verkhne - Donskoy region before 01.05.2005. 3) To write off dolomite reserves accounted by the State within the mining lease at the time of operations completion and fully reclaim dislocated soils. 4) To prepare the annual mining development plan for the next year and to agree it with Gostekhnadzor of the Russian Federation in Verkhne-Donskoy region before December 15. 5) Two years prior to license expiry date, the project of final liquidation of excavation and reclamation of dislocated soil shall be developed and approved.***

Mandatory payments to be effected by the subsoil user as per the terms and conditions of the license: ***1) To pay the tax on dolomite extraction for construction materials in the amount of 5.5% of the extracted mineral value. 2) To pay the tax on dolomite extraction for metallurgical raw materials in the amount of 6.0% of the extracted mineral value. 3) Double payments are effected in case of above-standard losses of the mineral product.***

The discharge of obligations arising from the licenses by the Issuer, its subsidiaries and affiliates, as well as any factors that can affect the discharge of the license obligations, with possibility of their occurrence:

The obligations ensuing from the license are duly discharged by the Company. There are no factors that can affect the Company's discharge of obligations ensuing from the license.

Legal entity that obtained the license

Full company name: ***Open Joint-Stock Company "Stoilensky Mining & Processing Plant"***

Abbreviated company name: ***OJSC Stoilensky***

Domicile: ***Driveway 4, Plant site, South-West industrial area, Stary Oskol, Belgorod region, Russia***

TIN ***3128011788***

OGRN ***1023102367750***

5. License No.: БЭ/Т No. 13030 ТЭ

The date of the license issuance: **24/03/2005**.

License validity period: **31/12/2017**.

Basis for licensing: ***The license was granted on the basis of the resolution by the Federal Agency for Subsoil Use approved in accordance with Art. 10.1 of the Law of the RF "On Subsoil". Following agreement and approval of the technical project in the established order the licence validity is extended for the period of minerals field excavation which is calculated based on feasibility of the minerals deposit development providing rational use and protection of subsoil by the request of the subsoil user.***

Description of the subsoil area given for usage:

Stoilenskiy deposit of ferruginous quartzites is located within the southern slope of the Middle-Russian highland and covers a part of highly dissected with ravine gully type network of watershed area between feeders of the Oskol river, small rivers Oskolets northward (3 km far) and Chufichka southward (3.5 km far). Main gullies are Sazykin Log falling into the Oskolets river-valley and Popov Log falling into the Chufichka river-valley. Nearest locations are Stoilo, Lukyanovka, Verkhneye Chufichovo, Kotenevka settlements. Regional center, the city of Stary Oskol, is located 8 km to the south-east of the deposit. Subsoil area has the mining lease status. The square area of mining lease plane is 13.315 km², land allotment area makes up 33.212 km². Upper boundary of the mining lease is the daylight surface, lower – contour of ferruginous

quartzite reserves calculation for open-pit excavation (elevation is -500 meters).

License type: *The license for subsoil use. The designated purpose is exploration and extraction of minerals including use of wastes of the mining and related recycling industries.*

Main provisions of the license with regard to the subsoil user's liabilities, with indication of deadlines for performance of these liabilities: *Main liabilities of a subsoil user: 1) Preparation and approval of a deposit exploration basic engineering in the established order agreed upon in accordance with the Law of the RF "On Subsoil" - not later than 12 months from the date of the state registration of the Amendments to the license. 2) Annually not later than February 15 of the year following the reporting year - to submit a report on the work done on the subsoil are given for usage to the appropriate areal authority of the Federal Agency for Subsoil Use in accordance with the procedure defined by the Federal Agency for Subsoil Use and its areal authorities. 3) Make regular payments, tax and duty payments for subsoil usage which are established by the RF legislation. 4) Submission of geological information on subsoil and conditions of its use to federal and areal funds of geological information in accordance with the established order.*

Mandatory payments to be effected by the subsoil user as per the terms and conditions of the license: *Rates are not set. In accordance with the valid legislation of the Russian Federation - to make monthly payments of taxes for minerals excavation.*

The discharge of obligations arising from the licenses by the Issuer, its subsidiaries and affiliates, as well as any factors that can affect the discharge of the license obligations, with possibility of their occurrence:

The obligations ensuing from the license are duly discharged by the Company. There are no factors that can affect the Company's discharge of obligations ensuing from the license.

Legal entity that obtained the license

Full company name: *Open Joint-Stock Company "Stoilensky Mining & Processing Plant"*

Abbreviated company name: *OJSC Stoilensky*

Domicile: *Driveway 4, Plant site, South-West industrial area, Stary Oskol, Belgorod region, Russia*

TIN *3128011788*

OGRN *1023102367750*

6. License No.: БЕЛ No. 50162 БЭ

The date of the license issuance: *13/01/2003.*

License validity period: *01/11/2022.*

Basis for licensing: *The license was granted on the basis of the "Application" and licensing documents submitted by OJSC Stoilensky GOK.*

Description of the subsoil area given for usage:

Stoilenskiy iron ore deposit contains drainage groundwater reserves. Drainage groundwater reserves of Stoilensk deposit were approved according to Turonian Maastricht, Alb-Senoman aquifers and Archean Proterozoic aquifer system in the amount of 126.7 thousand m³/day under the category A+B (Minutes No. 1291 of GKZ dd. November 24, 2006). Turonian Maastricht aquifer is associated with the top fractured weathering zone of marl-chalk stratum with 60-90 meters depth of the same age. The aquifer is free-flow, static level is at 25-50 meters depth. The aquifer around the quarry is completely drained. Alb-Senoman aquifer is associated with medium sands of the same age located at 90-110 meters depth overlapped by sand-clay deposits of quaternary age and chalk – marl rocks. The aquifer is free-flow, occurrence depth is 63-94 m. The decrease of groundwater level in the area of drained contour is 40-45 meters. Archean Proterozoic aquifer system with 150 m capacity is associated with the fractured area of crystalline rock at the depth of 120-140 meters. The aquifer is under pressure, piezometric level is at the depth of 75-100 meters, the aquifer within the quarry is drained.

License type: *The license grants the right to extract drainage groundwater in order to dewater the quarry of Stoilensk ferruginous quartzite deposit*

Main provisions of the license with regard to the subsoil user's liabilities, with indication of deadlines for performance of these liabilities: *Main liabilities of a subsoil user: 1) To regularly monitor water level in observation wells. 2) To control water quality as per the "Program of potable water quality industrial control" in line with the requirements of Sanitary Regulations & Standards 2.1.4.1074-01. 3) To submit the report in form 2-TII (water management) to Main Department of Natural Resources in the Belgorod region on the annual basis. 4) To submit quarterly and annual reports on geoecological groundwater monitoring to Public Enterprise "Belgorodgeomonitoring".*

Mandatory payments to be effected by the subsoil user as per the terms and conditions of the license: *According to the license terms and conditions OJSC Stoilensky GOK shall effect payments for the use of water bodies in*

accordance with the existing legislation of the Russian Federation, as well as legislative instruments and regulations of the Government and Administration of the Belgorod region within validity period of the license.

The discharge of obligations arising from the licenses by the Issuer, its subsidiaries and affiliates, as well as any factors that can affect the discharge of the license obligations, with possibility of their occurrence:

The obligations ensuing from the license are duly discharged by the Company. There are no factors that can affect the Company's discharge of obligations ensuing from the license.

b) Mineral resources processing

Description of the main processing equipment:

1. The equipment used for extraction and processing of fluxing limestone in the Sokol-Sitovka deposit: crushing and mineral processing equipment, excavating machinery, BELAZ trucks, drilling rigs, bulldozers, locomotives.

2. For the extraction of dolomite in the Bigildin and Prikaryerny areas of the Dankov dolomite deposit, electric full-rotary excavators manufactured by UZTM of ЭКГ-5А, ЭКГ-4,6Б and ЭКГ-5АУ type with 5 m³, 4.6 m³ and 5.2 m³ bucket capacity respectively and max. digging height of 10.3 m which corresponds to the height of the bench and overburden bench capacity are used. Drill works are done by roller-bit drilling rig of СБШ – 250МН type. Well diameter is 250 mm at drilling depth of 10-12 meters. Ore is crushed by jaw crushers with simple movement of ШДП 9х12 and ШДП 15х21 jaw with receiving opening of 900 mm x 1200 mm and 1500 mm x 2100 mm respectively and production capacity of 180 m³/h and 550 m³/h respectively. The material is additionally crushed in КСД –1750ГР and КСД –2200ГР cone medium crushers of 200 m³/h and 500 m³/h capacity respectively. Material is separated by fractions with the help of vibrating screens of ГуЛ, ГуС, ГуТ, ГВН 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 the main production lines, i.e. jaw and cone crushers.

3. Stoilenskiy iron ore deposit is excavated by the open-pit method: by a network of trenches. The excavation system involves external dumping. The open-pit mine depth is 375 m. Loose deposits are being exploited by rotor complex and cyclic excavators. Rock stripping, high grade ore and ferruginous quartzites are extracted by cyclic excavators with preliminary opening by drilling-and-blasting operations. Run-of-mine is taken out of the quarry by trucks, railway transport and conveyor transport.

High grade ore processing includes three stages of crushing and screening with separation of sintering ore. Processing of ferruginous quartzite (magnetite) takes three stages of crushing with closed final stage, three stages of milling, magnetic separation, desludging, dehydration of concentrate on vacuum filters.

Hydrotransportation of mill tailings is forced/gravity-flowing type. Water recycling is used.

The following equipment is used:

3.1. Mining operations:

- drilling rigs СБШ 250 МНА-32; СБШ 270/311КП;*
- cyclic excavators ЭКГ-15М, ЭКГ-12К, ЭКГ-10И, ЭКГ-10Р, ЭКГ-8И, ЭКГ-8УС, ЭКГ-4У, 5У, ЭШ10/70, ЭШ6.5/45;*
- rotor complex KU-800.*

3.2. Transportation of run-of-mine:

- dump trucks BELAZ 75131, 7555, CAT 773E; - electric locomotives ОПЭ-1, ОПЭ-1АМ, НП-1; - locomotives ТЭМ-2, М-62, ТЭМ-7А, ТЭМ-18; - dump cars 2BC-105; - mobile conveyor as a part of rotor complex KU-800.*

3.3. Crushing and mineral processing equipment:

- crushers – ШДП 2100/1500, ДМРуЭ14,5/13-1000, ДМР 17/14,5, ККД 1500/180, КСД 3000Т, КСД 2200, КМД 3000Т2-ДП, КМД 2200, Hydrocone CH880, CH890, CH895 (SANDVIK); - screens ГИСТ-72, ГИТ-52Н, LF 3060D; - classifiers 2КСН 3,0х17,2; - mills МШЦУ 5,5х6,5, МШЦ 5,5х6,5; - separators ПБМ-П-120/300, ПБМ-П-150/200, ПБМ-ПП-150/200, ПБМ-ПП-120/300; - desludgers МД-12; - vacuum filters ДШ 100/2,5, ДТВО-100/2,58У, ДОО-100/2,5; - pumps ГРК, ГРТ 1250/71, ГРК 1600/56, 350 ММС «Weir Minerals»; - stationary, reverse, mobile belt conveyors.*

4) Stoilensky drains groundwater through 242 draining rise wells and 6 filters drilled from 40.337 km long lateral openings. Underground utility and drinking water intake includes 25 upward boreholes and a potable water supply pump station of shaft No. 3.

The Issuer, its subsidiaries and affiliates don't employ contractors for the processing of extracted minerals.

c) Product sales

Information on availability of permits issued by authorized governmental authorities for the sales of minerals and their derivative products, as well as quotas, including export ones:

1) Limestone from Sitovka area of the Sokol-Sitovka deposit can be used as raw material for production of the products conforming to the following requirements:

- CTO 00186855-040-2014 "Fluxing limestone. Technical specifications.";
- CTO 00186855-041-2014 "Industrial limestone for sugar industry. Technical Specifications";
- CTO 00186855-042-2014 "Crushed stone for construction. Technical Specifications";
- CTO 00186855-043-2015 "Limestone crushed. Technical Specifications"; - CTO 00186855-044-2014 "Screenings of fluxing limestone from beneficiation". Technical Specifications";
- CTO 00186855-045-2015 "Hypercrushed brick. Technical Specifications".

2) Permissions for dolomite products sales and export quotas allocated by the Federal Law are not provided for.

3) The permit of governmental authorities for the sales of sintering iron ore and iron-ore sintering concentrate is not required.

3.2.8. Additional information on the Issuers rendering communication services as a core activity

Rendering of communication services is not the Issuer's core activity.

3.3. The Issuer's prospects

Strategy of NLMK is directed at strengthening of its leading position among steel companies due to competitive advantages development and improvement in efficiency of resource utilization. At the same time the Company will follow the production safety principles taking into account the interests of its customers and personnel.

Based upon 2015, the main targets of development strategy of NLMK Group till 2017 approved by Strategic Planning Committee of NLMK's Board of Directors at the end of 2013 were achieved.

Therewith, in terms of strategic objectives:

- *Leadership in strategic markets.*

Considering the conditions of the global and Russian market of steel products the Company modifies the structure of sales distribution with regard to potential profit of products. At the same time the Russian market is still of priority for the Company in terms of sales of high value added products. To strengthen leading positions at strategic markets a set of investment and operational events are kept on being implemented and which are aimed at further increasing in the portfolio a share of high margin products, strengthening presence at beneficial field and regional markets and also at keeping on increasing the quality level of products and improving service for consumers. One of these projects is development of zinc coating.

- *Leadership in operational efficiency.*

As of 2015 the economy due to the implementation of activities under the operational efficiency improvement program claimed earlier was achieved. During 2015 Operational Efficiency Program was added with new projects and initiatives. The main directions of the programs are reduction of specific consumption of raw materials, materials and fuel, production growth and also improvement of energy efficiency and product quality.

- *Safety of processes and development of human capital assets*

Upon the results of 2015 the coefficient of working time loss due to accidents has been significantly decreased and labor efficiency has been improved. Further realization of projects aimed at compliance of industrial processes with strict occupational health and industrial safety standards, system minimization of influence on the environment, generation of corporative culture and HR development program uncovering human potential at the maximum will be continued.

3.4. The Issuer's participation in banking groups, banking holdings, holdings and associations

Name of a group, holding or association: *Automatic Identification Association "UNISCAN/GS1 RUS"*

The term of the Issuer's participation: *NLMK is a member of the Association from 29.11.2007.*

The Issuer's function in the organization:

The Automatic Identification Association "UNISCAN/GSI RUS" is a voluntary non-profit non-governmental organization, consisting of the member businesses, which use the standards of the goods enumeration and bar coding GSI, acting in the territory of the Russian Federation.

Name of a group, holding or association: ***All-Russian Industrial Employers' Association "Association of Steel and Mining Industrialists of Russia".***

The term of the Issuer's participation: ***NLMK is a member of the Association from 29.11.2007.***

The Issuer's function in the organization:

All-Russian Industrial Association of Employers "Association of Manufacturers of Steel and Mining Complex of Russia" is a non-profit organization based on employer membership (legal entities and natural persons) of the Russian Federation founded on voluntary basis. The main objectives of the Association are to coordinate its members' activity in terms of social, labor and economic relations, to represent their legal interests and to protect rights of the Association members in their relations with trade unions and associations thereof, state and local governmental authorities, as well as to interact with other employers' associations.

Name of a group, holding or association: ***Association "Non-commercial Partnership Market Council on arrangement of efficient system of wholesale and retail trade of electrical energy and power"***

The term of the Issuer's participation: ***On October 03, 2008 NLMK joined the "Non-commercial Partnership Market Council on arrangement of efficient system of wholesale and retail trade of electrical energy and power". By a resolution of the annual general meeting of the Partnership members dd. May 22, 2015 the name of the Partnership was changed in accordance with the requirements of the Civil code of the Russian Federation for Association "Non-commercial Partnership Market Council on arrangement of efficient system of wholesale and retail trade of electrical energy and power" (entry into USRLE dd. June 25, 2015).***

The Issuer's function in the organization:

Association "Non-commercial Partnership Market Council on arrangement of efficient system of wholesale and retail trade of electrical energy and power" (hereinafter "Association") is a non-commercial company based on membership of sellers and buyers of electrical energy (power) who are the participants of the wholesale market, participants in handling of electrical energy at wholesale market, companies providing functioning commercial and process infrastructure of the wholesale market, other companies making business in power engineering. The Association in accordance with the competence defined by Federal Law dd. 26/03/2003 N 35-Φ3 "On power engineering" conducts sublegislative regulation and control at the wholesale market of electrical energy (power). NLMK purchases electrical energy (power) at the electrical energy (power) wholesale market, that's why membership in the Association is obligatory for NLMK according to cl.10 of Art. 33 of the Federal law dd. 26/03/2003 N 35-Φ3 "On power engineering".

3.5. Companies controlled by the Issuer that have major significance for the Issuer

Full company name: ***Open Joint-Stock Company "Stoilensky Mining & Processing Plant"***

Abbreviated company name: ***OJSC Stoilensky GOK***

Domicile

Driveway 4, Plant site, South-West industrial area, Stary Oskol, Belgorod region, Russia

TIN 3128011788

OGRN 1023102367750

Grounds for the control exercised by the Issuer over the company controlled (interest in the company controlled by the Issuer, trust management contract making, conclusion of special partnership agreement, agency agreement, shareholder agreement, other agreement covering the exercise of rights certified by shares (interest) of the company controlled by the Issuer):

Interest in the company controlled by the Issuer.

Indicator of control exercised by the Issuer over the company: ***the right to dispose of over 50 percent of votes in the supreme management body of the company controlled by the Issuer***

Control type: ***direct control***

The Issuer's interest in the nominal capital of the controlled company: ***100%***

The share of the common stock owned by the Issuer: ***100%***

Interest of the controlled company in the Issuer's nominal capital: ***0%***

Share in the Issuer's common stock owned by the controlled company: ***0%***

Description of the company's core activity:

Mining and beneficiation of iron ore and other mineral raw materials.

Management bodies

The members of the company's Board of Directors (Supervisory Board)

The Board of Directors (supervisory board) is not foreseen

The company's single executive body

FULL NAME	Interest in the Issuer's nominal capital, %	Interest in the Issuer's common stock, %
Sergey A. Napolskikh	0	0

Members of the company's corporate executive body

The corporate executive body is not foreseen

Full company name: ***Open Joint-Stock Company "Nizhnesergi hardware-metallurgy plant"***

Abbreviated company name: ***OJSC NSMMZ***

Domicile

Revda, Sverdlovsk region 623280 Russia 3, Karl Libknekht Str.

TIN ***6646009256***

OGRN ***1026602051288***

Grounds for the control exercised by the Issuer over the company controlled (interest in the company controlled by the Issuer, trust management contract making, conclusion of special partnership agreement, agency agreement, shareholder agreement, other agreement covering the exercise of rights certified by shares (interest) of the company controlled by the Issuer):

Interest in the company controlled by the Issuer.

Indicator of control exercised by the Issuer over the company: ***the right to dispose of over 50 percent of votes in the supreme management body of the company controlled by the Issuer***

Control type: ***direct control***

The Issuer's interest in the nominal capital of the controlled company: ***92.59%***

The share of the common stock owned by the Issuer: ***92.59%***

Interest of the controlled company in the Issuer's nominal capital: ***0%***

Share in the Issuer's common stock owned by the controlled company: ***0%***

Description of the company's core activity:

Production of steel long products, hot-rolled and forged.

Management bodies

The members of the company's Board of Directors (Supervisory Board)

FULL NAME	Interest in the Issuer's nominal capital, %	Interest in the Issuer's common stock, %
Alexander A. Burayev (Chairman)	0 00005	0 00005

Marat P. Degoyev	0	0
Valery A. Loskutov	0 00012	0 00012
Nelli N. Mescheryakova	0	0
Evgeny A. Ovcharov	0	0

The company's single executive body

FULL NAME	Interest in the Issuer's nominal capital, %	Interest in the Issuer's common stock, %
Sergey S. Babiy	0	0

Members of the company's corporate executive body

The corporate executive body is not foreseen

Full company name: **Novex Trading (Swiss) S.A.**

Abbreviated company name: **Novex Trading (Swiss) S.A.**

Domicile

2, Riva Paradiso, Palazzo Mantegazza, 6902 Lugano-Paradiso, Switzerland

Grounds for the control exercised by the Issuer over the company controlled (interest in the company controlled by the Issuer, trust management contract making, conclusion of special partnership agreement, agency agreement, shareholder agreement, other agreement covering the exercise of rights certified by shares (interest) of the company controlled by the Issuer):

Interest in the company controlled by the Issuer.

Indicator of control exercised by the Issuer over the company: ***the right to dispose of over 50 percent of votes in the supreme management body of the company controlled by the Issuer***

Control type: ***indirect control***

all the companies controlled by the Issuer (a chain of companies under the Issuer's direct or indirect control), which are intermediate in the Issuer's indirect control over the company:

1) NLMK exercises direct control over Limited Liability Company "NLMK Overseas Holdings" (domicile: Lipetsk 398040 Russia 2, Metallurgov sq., TIN 4823041480, OGRN 1114823002580).

2) Limited Liability Company "NLMK Overseas Holdings" exercises direct control over NLMK International B.V. (domicile: World Trade Center Amsterdam Strawinskylaan 1331, Tower B, 1077 XX Amsterdam, the Netherlands).

3) NLMK International B.V. exercises direct control over Novex Trading (Swiss) S.A.

Interest of the controlled company in the Issuer's nominal capital: **0%**

Share in the Issuer's common stock owned by the controlled company: **0%**

Description of the company's core activity:

Metal products trade.

Management bodies

Name of the management body: ***Board of Directors***

FULL NAME	Interest in the Issuer's nominal capital, %	Interest in the Issuer's common stock, %
Alexander V. Kozlov	0	0
Giovanni Zukkolotto	0	0

Name of the management body: *Collective executive body*

FULL NAME	Interest in the Issuer's nominal capital, %	Interest in the Issuer's common stock, %
Andrey V. Mamyshev	0	0
Nicolo Bisconti	0	0

Full company name: *NLMK Pennsylvania LLC*

Abbreviated company name: *NLMK Pennsylvania LLC*

Domicile

USA, 15 Roemer Blvd. Farrell, PA 16121

Grounds for the control exercised by the Issuer over the company controlled (interest in the company controlled by the Issuer, trust management contract making, conclusion of special partnership agreement, agency agreement, shareholder agreement, other agreement covering the exercise of rights certified by shares (interest) of the company controlled by the Issuer):

Interest in the company controlled by the Issuer.

Indicator of control exercised by the Issuer over the company: ***the right to dispose of over 50 percent of votes in the supreme management body of the company controlled by the Issuer***

Control type: ***indirect control***

all the companies controlled by the Issuer (a chain of companies under the Issuer's direct or indirect control), which are intermediate in the Issuer's indirect control over the company:

1) NLMK exercises direct control over Limited Liability Company "NLMK Overseas Holdings" (domicile: Lipetsk 398040 Russia 2, Metallurgov sq., TIN 4823041480, OGRN 1114823002580).

2) Limited Liability Company "NLMK Overseas Holdings" exercises direct control over Top Gun Investment Corp. II (domicile: 32 West Loockerman Street, Suite 201, City of Dover, County of Kent 19904, State of Delaware, USA).

3) Top Gun Investment Corp. II exercises direct control over NLMK Pennsylvania LLC

Interest of the controlled company in the Issuer's nominal capital: ***0%***

Share in the Issuer's common stock owned by the controlled company: ***0%***

Description of the company's core activity:

Steel-making.

Management bodies

Name of the management body: ***Board of Directors***

FULL NAME	Interest in the Issuer's nominal capital, %	Interest in the Issuer's common stock, %
Oleg V. Bagrin	0	0
Anton I. Batyrev	0	0

Name of the management body: *Single executive body*

FULL NAME	Interest in the Issuer's nominal capital, %	Interest in the Issuer's common stock, %
Robert Miller	0	0

Name of the management body: *Collective executive body*

FULL NAME	Interest in the Issuer's nominal capital, %	Interest in the Issuer's common stock, %
Oleg V. Bagrin	0	0
Robert Miller	0	0
Corine Grossetti	0	0
Kimberly Krantsevich	0	0

Full company name: **Limited Liability Company "NLMK-Kaluga"**

Abbreviated company name: **LLC NLMK-Kaluga**

Domicile

Village of Vorsino, Borovsky district, Kaluga region 249020 Russia 20, Lyskina Str

TIN **4003033040**

OGRN **1124025005873**

Grounds for the control exercised by the Issuer over the company controlled (interest in the company controlled by the Issuer, trust management contract making, conclusion of special partnership agreement, agency agreement, shareholder agreement, other agreement covering the exercise of rights certified by shares (interest) of the company controlled by the Issuer):

Interest in the company controlled by the Issuer.

Indicator of control exercised by the Issuer over the company: **the right to dispose of over 50 percent of votes in the supreme management body of the company controlled by the Issuer**

Control type: **direct control**

The Issuer's interest in the nominal capital of the controlled company: **100%**

Interest of the controlled company in the Issuer's nominal capital: **0%**

Share in the Issuer's common stock owned by the controlled company: **0%**

Description of the company's core activity:

Production of steel, semi-finished products (semis) for rerolling, hot-rolled steel flats as well as forged flats, cold-rolled steel flats, uncoated and with protective coatings.

Management bodies

The members of the company's Board of Directors (Supervisory Board)

The Board of Directors (supervisory board) is not foreseen

The company's single executive body

FULL NAME	Interest in the Issuer's nominal capital, %	Interest in the Issuer's common stock, %
Sergey Shalyaev	0	0

Members of the company's corporate executive body

The corporate executive body is not foreseen

Full company name: ***Limited Liability Company“ NLMK Overseas Holdings”***

Abbreviated company name: ***LLC NLMK Overseas Holdings***

Domicile

Lipetsk, 398040 Russia 2, Metallurgov sq.

TIN ***4823041480***

OGRN ***1114823002580***

Grounds for the control exercised by the Issuer over the company controlled (interest in the company controlled by the Issuer, trust management contract making, conclusion of special partnership agreement, agency agreement, shareholder agreement, other agreement covering the exercise of rights certified by shares (interest) of the company controlled by the Issuer):

Interest in the company controlled by the Issuer.

Indicator of control exercised by the Issuer over the company: ***the right to dispose of over 50 percent of votes in the supreme management body of the company controlled by the Issuer***

Control type: ***direct control***

The Issuer's interest in the nominal capital of the controlled company: ***100%***

Interest of the controlled company in the Issuer's nominal capital: ***0%***

Share in the Issuer's common stock owned by the controlled company: ***0%***

Description of the company's core activity:

Elaboration of the development strategy for NLMK Group's companies, ensuring interrelation between Russian and overseas companies of the Group.

Management bodies

The members of the company's Board of Directors (Supervisory Board)

The Board of Directors (supervisory board) is not foreseen

The company's single executive body

FULL NAME	Interest in the Issuer's nominal capital, %	Interest in the Issuer's common stock, %
Nelli N. Mescheryakova	0	0

Members of the company's corporate executive body

The corporate executive body is not foreseen

3.6. Composition, structure and value of the Issuer's fixed assets, information on plans related to acquisition, change, retirement of fixed assets, as well as on all events of the Issuer's fixed assets encumbrance

As of 31.12.2015

Unit of measurement: **RUB**

Description of fixed assets group	Initial (replacement) value	Accumulated amortization
Buildings*	27,422,132,625	8,300,861,341
Structures*	30,213,346,397	12,729,174,532
Machinery and equipment	137,991,931,944	70,356,471,301
Vehicles	3,624,605,753	1,955,017,004
Industrial, household tools	211,823,785	157,746,941
Perennial plants	1,370,647	394,876
Other fixed assets	3,121,476	377,846
Plots of land	1,052,382,045	0
TOTAL	200,520,714,672	93,500,043,841

Information on methods of depreciation charges accrual, split up by fixed assets groups:

Fixed assets items are depreciated by straight-line method based on their initial (replacement) cost and norms of depreciation rates, calculated on the basis of their useful life. Useful life of fixed assets is determined by Committees appointed by orders of managers of the Company's subdivisions according to Classification No. 1 approved by Provision of the RF Government dd. 01.01.2002.

Accrual of depreciation is suspended if fixed assets items are put to conservation for a 3-month period or longer upon the decision of the Company's authorized person, as well as during the period of items reconstruction lasting for over 12 months.

Note:

** - the value of real estate that is being registered as of 31/12/2015 was also accounted for – RUB 3,488,028,332, accrued amortization – RUB 368,275,924.*

Reporting date: **31/12/2015**.

As of 31.03.2016

Unit of measurement: **RUB**

Description of fixed assets group	Initial (replacement) value	Accumulated amortization
Buildings*	27,590,503,122	8,513,456,248
Structures*	30,336,760,402	13,043,357,323
Machinery and equipment	139,002,157,916	73,286,777,074
Vehicles	3,633,562,041	2,008,055,638
Industrial, household tools	211,559,660	161,043,708
Perennial plants	1,370,647	404,755

Other fixed assets	2,957,968	380,886
Plots of land	1,052,339,148	0
TOTAL	201,831,210,904	97,013,475,632

Information on methods of depreciation charges accrual, split up by fixed assets groups:

Fixed assets items are depreciated by straight-line method based on their initial (replacement) cost and norms of depreciation rates, calculated on the basis of their useful life. Useful life of fixed assets is determined by Committees appointed by orders of managers of the Company's subdivisions according to Classification No. 1 approved by Provision of the RF Government dd. 01.01.2002.

Accrual of depreciation is suspended if fixed assets items are put to conservation for a 3-month period or longer upon the decision of the Company's authorized person, as well as during the period of items reconstruction lasting for over 12 months.

Note:

** - the value of real estate that is being registered as of 31/03/2016 was also accounted for – RUB 3,436,021,398, accrued amortization – RUB 391,282,839.*

Reporting date: **31/03/2016.**

Results of the latest fixed assets and long-term leased fixed assets revaluation performed in the course of the latest completed fiscal year, with indication of revaluation date, full and residual (net of depreciation) book value of fixed assets before revaluation both full and residual (net of amortization) replacement value of fixed assets considering this revaluation. The specified information is presented split up by fixed assets items groups. Information on methods of depreciation charges accrual, split up by fixed assets items groups.

Fixed assets have not been revaluated within the specified period

Information on plans related to acquisition, replacement, retirement of fixed assets, the value of which constitutes 10 percent and more of the total assets value, and other fixed assets at the Issuer's discretion, as well as information on all events of the Issuer's fixed assets encumbrance (with indication of the encumbrance type, the date of its occurrence, its validity and other conditions at the Issuer's discretion):

Plans on acquisition, replacement, retirement of fixed assets, the value of which constitutes 10 percent and more of the Issuer's total assets value:

In Q2 2016 NLMK does not plan to acquire, purchase, replace or retire fixed assets, the value of which constitutes 10 percent and more of the fixed assets value.

Information on fixed assets encumbrance as of the date of the reporting period end:

Encumbered assets: fixed assets of NLMK (real estate, machinery and equipment, vehicles, furniture, office equipment, commercial equipment, sports equipment), original cost of which amounts to RUB 1,655,643,708.99.

Encumbrance type: leased and handed over for free temporary use

Date of encumbrance: starting from the handover date

Validity of charging: up to one year under agreements

Other terms of encumbrance: none.

Section IV. Information on the Issuer's business performance

4.1. Issuer's business performance

Dynamics of indicators characterizing the Issuer's business performance including its profitability and unprofitability calculated on the basis of accounting (financial) statements data.

The standard (rules) according to which the accounting (financial) statements have been prepared, used as a base for calculations: **RAS**

Unit of measurement for the uncovered loss: **RUB thou.**

Indicator description	2014	2015
Net profit margin, %	7.6	15.7
Asset turnover ratio, times	0.54	0.6
Return on assets, %	4.1	9.4
Return on equity, %	6.4	15.5
Uncovered loss as of the reporting date	0	0
Ratio of the uncovered loss as of the reporting date and assets book value, %	0	0

Indicator description	2015, 3 months	2016, 3 months
Net profit margin, %	23.6	7.9
Asset turnover ratio, times	0.17	0.13
Return on assets, %	15.8	4.1
Return on equity, %	24.6	6.9
Uncovered loss as of the reporting date	0	0
Ratio of the uncovered loss as of the reporting date and assets book value, %	0	0

Notes:

1. Indicator "Asset turnover ratio, times" = Sales revenue / ((Assets as of the beginning of the year + Assets as of the end of the year) / 2). Assets value corresponds to the data of "Balance sheet" accounting (financial) statements form (form as per OKUD 0710001);

2. Indicator "Return on assets, %" = Net profit / ((Assets as of the beginning of the year + Assets as of the end of the year) / 2).

3. "Return on equity, %" indicator = Net profits / ((Equity as of the beginning of the year + Equity as of the end of the year) / 2), where Equity = Capital and reserves + Deferred income;

4. "Return on assets, %" and "Return on equity, %" indicators for Q1 2015 and Q1 2016 are given on the basis of additional calculation up to annual values.

Economic analysis of the Issuer's profitability/unprofitability, based on the dynamics of specified indicators, as well as reasons that, in the opinion of management bodies, resulted in losses/profits of the Issuer, reflected in accounting (financial) statements:

Net profit margin.

Net profit margin in 2015 made 15,7% (vs. 7,6% in 2014). The growth of product sales revenue at the rates exceeding the growth of production costs of its sale allowed to increase profit on sales based on the results of 2015 which became the main factor of net profit growth vs. 2014.

In Q1 2016 reduction of product sales proceeds with the simultaneous growth in its production cost caused a decrease in sales profit vs. Q1 2015. As the result a net profit margin decreased vs. Q1 and amounted to 7.9%.

Asset turnover ratio.

In 2015 the turnover ratio of one ruble of assets increased to 0.60 times vs. 0.54 in 2014 due to a sales proceeds growth prevailing over an increase in total amount of assets.

In Q1 2016 the asset turnover ratio decreased to 0.13 vs. 0.17 in Q1 2015. The main reason of slower turnover of one ruble of assets was a decrease of product sales proceeds.

ROA and ROE.

Due to a significant growth of net profit in 2015 vs. 2014 return on assets increased to 9.4%, return on equity to

15.5%.

In Q1 2016 there was an opposite tendency: return on assets and equity decreased in relation to the respective period of the previous year because of reduction of net profit.

The opinions of the Issuer's management bodies about the reasons or the degree of their influence on the Issuer's business performance do not coincide: **None**

Member of Board of Directors (Supervisory Board) or a collective executive body of the Issuer has a dissenting opinion on the above reasons and/or the degree of their influence on the Issuer's performance indicators, reflected in Minutes of Meeting of the Issuer's Board of Directors (Supervisory Board) or a collective executive body where the relevant issues were discussed, and such member insists on reflecting such opinion in the quarterly report: **None**

4.2. The Issuer's liquidity, sufficiency of equity and current assets

Dynamics of indicators characterizing the Issuer's liquidity calculated on the basis of information contained in accounting (financial) statements

The standard (rules) according to which the accounting (financial) statements have been prepared, used as a base for calculations: **RAS**

Unit of measurement for 'net working capital' indicator: **RUB thou.**

Indicator description	2014	2015
Net working capital	143,780,612	190,564,303
Current ratio	2.8	3.1
Quick ratio	2.3	2.7
Equity capital autonomy ratio	0.63	0.58

Indicator description	2015, 3 months	2016, 3 months
Net working capital	153,498,629	190,865,331
Current ratio	3.2	3.3
Quick ratio	2.6	2.9
Equity capital autonomy ratio	0.65	0.6

Upon discretion of the Issuer, additionally the dynamics of indicators characterizing the Issuer's liquidity, calculated on the basis of consolidated accounting (financial) statements of the Issuer included in the quarterly report can be specified: **None**

Indicator calculation methods:

1. **Net working capital** = (current assets – other current assets) – short-term liabilities;
2. **Current ratio (CR)** = (current assets – other current assets) / short-term liabilities;
3. **Quick ratio (QR)** = (current assets – other current assets – inventories) / short-term liabilities).

All indicators calculated on the basis of recommended calculation procedures: **None**

Economic analysis of the Issuer's liquidity and financial solvency, sufficiency of the Issuer's equity for the short-term liabilities performance and current operational expenses covering on the basis of economic analysis of the above indicators dynamics describing the factors which according to the Issuer's management bodies had the most significant impact on the Issuer's liquidity and financial solvency:

Net working capital.

In 2015 net working capital increased by 33% vs. 2014 and in Q1 2016 – by 24% vs. Q1 2015.

Current ratio and quick ratio.

Values of quick ratio and current ration increased in 2015 vs. 2014 as well as in Q1 2016 vs. Q1 2015 due to current assets growth prevailing over short-terms liabilities.

The existing ratios correspond to recommended norms (Cr>2 and Qr>1). Furthermore, the quick ratio attests to the Company's ability to completely repay its short-term liabilities without sales of inventories.

Equity capital autonomy factor.

This factor stands for the nominal capital share in the assets and characterizes the degree of the Issuer's financial independence from creditors. The financial autonomy indicator is high as of 31.12.2015 and as of 31.03.2016 and allows the Issuer to feel quite confident.

The opinions of the Issuer's management bodies about the reasons or the degree of their influence on the Issuer's business performance do not coincide: **None**

Member of Board of Directors (Supervisory Board) or a collective executive body of the Issuer has a dissenting opinion on the above reasons and/or the degree of their influence on the Issuer's performance indicators, reflected in Minutes of Meeting of the Issuer's Board of Directors (Supervisory Board) or a collective executive body where the relevant issues were discussed, and such member insists on reflecting such opinion in the quarterly report: **None**

4.3. The Issuer's financial investments

As of 31.12.2015

The Issuer's financial investments accounting for 5% and more of all its financial investments as of the date of the reporting period closure

Investments in issue-grade securities

Kind of securities: **shares**

Full name of the Issuer: **Open Joint-Stock Company "Stoilensky Mining & Processing Plant"**

Abbreviated name of the Issuer: **OJSC Stoilensky GOK**

Domicile of the Issuer: **Driveway 4, Plant site, South-West industrial area, Stary Oskol, Belgorod region, Russia**

TIN: **3128011788**

OGRN **1023102367750**

Date of the issue (issues) state registration:	Registration number	Registering authority
12/08/2010.	1-02-00154-A	FFMS of Russia

Quantity of securities owned by the Issuer: **283,121**

Total par value of securities owned by the Issuer: **RUB 3,114,331 x 1**

Total balance-sheet value of securities owned by the Issuer: **21,196,293,253**

Unit of measurement: **RUB**

The Issuer of securities is a subsidiary and (or) affiliated company with respect to the Issuer, who has drawn this quarterly report.

Dividends on common stock declared in 2015 upon 2014 performance, payment period: NLMK, being the sole shareholder of OJSC Stoilensky GOK, takes the decision on distribution of the Company's net profit at its sole discretion. On 28.04.2015 the sole shareholder of OJSC Stoilensky GOK made the decision: "To declare dividends for 2014 upon issued common stock of OJSC Stoilensky GOK in cash in the amount of RUB 35,320 (thirty five thousand three hundred twenty, 00/100) per one common share. Considering paid out

interim dividends in the amount of RUB 35,320 (thirty five thousand three hundred and twenty, 00/100) per one common stock from retained profit of OJSC Stoilensky GOK of previous years, dividends will not be paid out additionally. Profit that is not spent on dividend payments shall remain at OJSC Stoilensky GOK's disposal."

Dividends on common stock declared in 2015 upon H1 2015 performance, the payment period: On 11.09.2015 NLMK, the sole shareholder of OJSC Stoilensky GOK, made the decision: "To pay dividends for H1 2015 upon issued common stock of OJSC Stoilensky GOK in the amount of RUB 35,320 (thirty five thousand three hundred and twenty, 00/100) per one common share from Stoilensky GOK's retained profit of the previous years. To set the date of determining the list of persons entitled to dividends on September 22, 2015."

Dividends on common stock declared in 2015 upon the Company's performance over 9 months of 2015, the payout period: On 14/12/2015 NLMK, the sole shareholder of OJSC Stoilensky GOK, made the decision: "To pay dividends for 9 months of 2015 upon outstanding common stock of OJSC Stoilensky GOK in cash in the amount of RUB 24,725 (twenty four thousand seven hundred twenty five rubles) per one common share. Set the date of determining the list of persons entitled to dividends as July, 25 2015."

The amount of fixed percentage or other yield on the bonds and other debt issue-grade securities or the procedure to define it, payment deadline;
the amount of dividend on preferred shares or the procedure to define it when it is defined in the charter of a issuing joint-stock company, payment deadline;
the amount of declared dividend on common shares (if there is no data on the amount of the declared dividend on common shares in the current year - specify the amount of the dividend declared in the previous year)?
payment deadline;

Additional information:
none

Kind of securities: *shares*

Full name of the Issuer: *Open Joint Stock Company "Altai-Koks"*

Abbreviated name of the Issuer: *OJSC Altai-Koks*

Domicile of the Issuer: *Russia 659107 Altai Territory, Zarinsk, 2, Pritayezhnaya Str.*

TIN: *2205001753*

OGRN *1022200704712*

Date of the issue (issues) state registration:	Registration number	Registering authority
14/09/2010.	1-02-10134-F	Regional Branch of Federal Financial Markets Service of Russia in Siberian Federal District

Quantity of securities owned by the Issuer: *123,519,729*

Total par value of securities owned by the Issuer: *RUB 988,157,832 x 1*

Total balance-sheet value of securities owned by the Issuer: *18,477,301,896*

Unit of measurement: *RUB*

The Issuer of securities is a subsidiary and (or) affiliated company with respect to the Issuer, who has drawn this quarterly report.

Dividends on common stock declared in 2015 upon 2014 performance, payment period: NLMK, being the sole shareholder of OJSC Altai-Koks, takes the decision on distribution of the Company's net profit at its sole discretion. On 28.04.2015 the sole shareholder of OJSC Altai-Koks made the decision: "To declare dividends for 2014 upon issued common stock of OJSC Altai-Koks in the amount of RUB 18.20 (eighteen, 20/100) per one common stock. Considering paid out interim dividends in the amount of RUB 12.54 (twelve, 54/100) per

one common stock from retained profit of OJSC Altai-Koks in the previous years additionally RUB 5.66 (five, 66/100) per one common stock should be paid. To set the date of determining the list of persons entitled to dividends on May 12, 2015. Profit that is not spent on dividend payments shall remain at OJSC Altai-Koks's disposal.

Dividends on common stock declared in 2015 upon H1 2015 performance, the payment period: On 11.09.2015 NLMK, the sole shareholder of OJSC Altai-Koks, made the decision: "To declare dividends for H1 2015 upon issued common stock of OJSC Altai-Koks in the amount of RUB 16.20 (Sixteen, 20/100) per one common stock. To set the date of determining the list of persons entitled to dividends on September 22, 2015."

Dividends on common stock declared in 2015 upon the Company's performance over 9 months of 2015, the payout period: On 14/12/2015 NLMK, the sole shareholder of OJSC Altai-Koks, made the decision: "To pay dividends for 9 months of 2015 upon outstanding common shares of OJSC Altai-Koks in cash in the amount of RUB 10.53 (Ten, 53/100) per common share. Set the date of determining the list of persons entitled to dividends as July, 25 2015.

The amount of fixed percentage or other yield on the bonds and other debt issue-grade securities or the procedure to define it, payment deadline;
the amount of dividend on preferred shares or the procedure to define it when it is defined in the charter of a issuing joint-stock company, payment deadline;
the amount of declared dividend on common shares (if there is no data on the amount of the declared dividend on common shares in the current year - specify the amount of the dividend declared in the previous year)?
payment deadline;

Additional information:
none

Investments in non-issue-grade securities

There were no investments into non-issue-grade securities covering 5 or more per cent of all financial investments.

Other financial investments

Financial investment is an interest in the nominal (reserve) capital

Full name of the business entity, where the Issuer has an interest in the nominal (reserve) capital (unit fund):

Limited Liability Company "NLMK Overseas Holdings"

Abbreviated company name: *LLC NLMK Overseas Holdings*

Domicile: *Lipetsk 398040 Russia 2, Metallurgov sq.*

TIN: *4823041480*

OGRN *1114823002580*

The investment amount in monetary terms: *57,764,771,519*

Unit of measurement: *RUB*

The investment percentage of the nominal (reserve) capital (unit fund): *100*

Level of income from the interest subject or the procedure of its determination, payment period:

NLMK, being the sole owner of LLC NLMK Overseas Holdings, takes the decision on distribution of the Company's net profit at its sole discretion. On 28.04.2015 the sole owner of LLC NLMK Overseas Holdings made the decision: "Net profit of LLC NLMK Overseas Holdings for 2014 shall not be distributed. (It shall remain at LLC NLMK Overseas Holdings's disposal)."

Additional information:

none

Financial investment is an interest in the nominal (reserve) capital

Full name of the business entity, where the Issuer has an interest in the nominal (reserve) capital (unit fund):

Limited Liability Company "VIZ-Steel"

Abbreviated company name: ***LLC VIZ-Steel***

Domicile: ***Russia 620219 Ekaterinburg 28, Kirova Str.***

TIN: ***6658084667***

OGRN ***1026602312923***

The investment amount in monetary terms: ***404,199,518 59***

Unit of measurement: ***RUB***

The investment percentage of the nominal (reserve) capital (unit fund): ***100***

Level of income from the interest subject or the procedure of its determination, payment period:

NLMK, being the sole owner of LLC VIZ-Steel, takes the decision on distribution of the Company's net profit at its sole discretion.

On 28.04.2015 the sole owner of LLC VIZ-Steel made the decision: "Net profit of LLC VIZ-Stal for 2014 shall not be distributed (It shall remain at LLC VIZ-Steel's disposal)."

On 14/12/2015 the sole owner of LLC VIZ-Steel made the following decision: "Distribute a part of the net profit of LLC VIZ-Steel for 9 months 02 2015 in cash in the amount of RUB 1,600,000,000 (One billion six hundred million rubles) to the sole stockholder of LLC VIZ-Steel".

Additional information:

none

Financial investment is an interest in the nominal (reserve) capital

Full name of the business entity, where the Issuer has an interest in the nominal (reserve) capital (unit fund):

Limited Liability Company "NLMK-Kaluga"

Abbreviated company name: ***LLC NLMK-Kaluga***

Domicile: ***Vorsino Village, Borovsky district, Kaluga region, 249020 Russia 20, Lyskina Str***

TIN: ***4003033040***

OGRN ***1124025005873***

The investment amount in monetary terms: ***30,000,000,000***

Unit of measurement: ***RUB***

The investment percentage of the nominal (reserve) capital (unit fund): ***100***

Level of income from the interest subject or the procedure of its determination, payment period:

NLMK, being the sole owner of LLC NLMK-Kaluga, takes the decision on distribution of the Company's net profit at its sole discretion. On 30.04.2015 the sole owner of LLC NLMK-Kaluga made the decision: "Due to receipt of losses by LLC NLMK-Kaluga for 2014 net profit shall not be distributed".

Additional information:

none

Information on the amount of potential losses caused by insolvency of companies (enterprises), which the Company invested in, split by investment types:

No such investments.

Information on losses is provided in the Issuer's assessment of financial investments, accounted over the period

from the reporting year opening to the last reporting quarter closure.

Accounting standards (rules) used to make calculations that are included in this clause of the quarterly report:
Financial investments are accounted by NLMK on the basis of Provision on accounting "Accounting of financial investments" RAS 19/02, approved by Order of the RF Ministry of Finance No. 126H dd. 10.12.2002, as well as by Provision on accounting policy of NLMK for book-keeping accounting approved by Order of the Company No. 1057 dd. 15/12/2015 "On accounting policies of OJSC NLMK for the purposes of bookkeeping and taxation", as amended by NLMK's Order dd. 19/02/2016 No. 135 "On amendments and additions to Order dd. 15/12/2015 No. 1057 "On accounting policies of OJSC NLMK for the purposes of bookkeeping and taxation".

As of 31.03.2016

The Issuer's financial investments accounting for 5% and more of all its financial investments as of the date of the reporting period closure

Investments in issue-grade securities

Kind of securities: *shares*

Full name of the Issuer: *Open Joint-Stock Company "Stoilensky Mining & Processing Plant"*

Abbreviated name of the Issuer: *OJSC Stoilensky GOK*

Domicile of the Issuer: *Driveway 4, Plant site, South-West industrial area, Stary Oskol, Belgorod region, Russia*

TIN: *3128011788*

OGRN *1023102367750*

Date of the issue (issues) state registration:	Registration number	Registering authority
12/08/2010.	1-02-00154-A	FFMS of Russia

Quantity of securities owned by the Issuer: *283,121*

Total par value of securities owned by the Issuer: *RUB 3,114,331 x 1*

Total balance-sheet value of securities owned by the Issuer: *21,196,293,253*

Unit of measurement: *RUB*

The Issuer of securities is a subsidiary and (or) affiliated company with respect to the Issuer, who has drawn this quarterly report.

Dividends on common stock declared in 2015 upon 2014 performance, payment period: NLMK, being the sole shareholder of Stoilensky, takes the decision on distribution of the Company's net profit at its sole discretion. On 28/04/2015 the sole shareholder of Stoilensky made the following decision: "To declare dividends for 2014 upon issued common stock of Stoilensky in cash in the amount of RUB 35,320 (thirty five thousand three hundred twenty, 00/100) per one common share. Considering paid out interim dividends in the amount of RUB 35,320 (thirty five thousand three hundred and twenty, 00/100) per one common stock from retained profit of Stoilensky of previous years, dividends will not be paid out additionally. Profit that is not spent on dividend payments shall remain at Stoilensky's disposal."

Dividends on common stock declared in 2015 upon H1 2015 performance, the payment period: On 11/09/2015 NLMK, the sole shareholder of Stoilensky, made the decision: "To pay dividends for H1 2015 upon issued common stock of Stoilensky in the amount of RUB 35,320 (thirty five thousand three hundred twenty, 00/100) per one common share from Stoilensky's retained profit of the previous years. To set the date of determining the list of persons entitled to dividends on September 22, 2015."

Dividends on common stock declared in 2015 upon the Company's performance over 9 months of 2015, the payout period: On 14/12/2015 NLMK, the sole shareholder of Stoilensky, made the decision: "To pay dividends for 9 months of 2015 upon outstanding common stock of Stoilensky in cash in the amount of RUR 24,725 (twenty four thousand seven hundred twenty five rubles) per one common share. Set the date of determining the list of persons entitled to dividends as July, 25 2015.

The amount of fixed percentage or other yield on the bonds and other debt issue-grade securities or the procedure to define it, payment deadline;
the amount of dividend on preferred shares or the procedure to define it when it is defined in the charter of a issuing joint-stock company, payment deadline;
the amount of declared dividend on common shares (if there is no data on the amount of the declared dividend on common shares in the current year - specify the amount of the dividend declared in the previous year)?
payment deadline;

Additional information:
none

Kind of securities: *shares*

Full name of the Issuer: *Open Joint Stock Company "Altai-Koks"*

Abbreviated name of the Issuer: *OJSC Altai-Koks*

Domicile of the Issuer: *Russia 659107 Altai Territory, Zarinsk, 2, Pritayezhnaya Str.*

TIN: *2205001753*

OGRN *1022200704712*

Date of the issue (issues) state registration:	Registration number	Registering authority
14/09/2010.	1-02-10134-F	Regional Branch of Federal Financial Markets Service of Russia in Siberian Federal District

Quantity of securities owned by the Issuer: *123,519,729*

Total par value of securities owned by the Issuer: *RUB 988,157,832 x 1*

Total balance-sheet value of securities owned by the Issuer: *18,477,301,896*

Unit of measurement: *RUB*

The Issuer of securities is a subsidiary and (or) affiliated company with respect to the Issuer, who has drawn this quarterly report.

Dividends on common stock declared in 2015 upon 2014 performance, payment period: NLMK, being the sole shareholder of OJSC Altai-Koks, takes the decision on distribution of the Company's net profit at its sole discretion. On 28/04/2015 the sole shareholder of OJSC Altai-Koks made the following decision: "To declare dividends for 2014 upon issued common stock of OJSC Altai-Koks in the amount of RUB 18.20 (eighteen, 20/100) per one common stock. Considering paid out interim dividends in the amount of RUB 12.54 (twelve, 54/100) per one common stock from retained profit of OJSC Altai-Koks in the previous years additionally RUB 5.66 (five, 66/100) per one common stock should be paid. To set the date of determining the list of persons entitled to dividends on May 12, 2015. Profit that is not spent on dividend payments shall remain at OJSC Altai-Koks's disposal.

Dividends on common stock declared in 2015 upon H1 2015 performance, the payment period: On 11/09/2015 NLMK, the sole shareholder of OJSC Altai-Koks, made the decision: "To declare dividends for H1 2015 upon issued common stock of OJSC Altai-Koks in the amount of RUB 16.20 (Sixteen, 20/100) per one common stock. To set the date of determining the list of persons entitled to dividends on September 22,

2015.”

Dividends on common stock declared in 2015 upon the Company’s performance over 9 months of 2015, the payout period: On 14/12/2015 NLMK, the sole shareholder of OJSC Altai-Koks, made the decision: “To pay dividends for 9 months of 2015 upon outstanding common shares of OJSC Altai-Koks in cash in the amount of RUB 10.53 (Ten, 53/100) per common share. Set the date of determining the list of persons entitled to dividends as July, 25 2015.

The amount of fixed percentage or other yield on the bonds and other debt issue-grade securities or the procedure to define it, payment deadline;
the amount of dividend on preferred shares or the procedure to define it when it is defined in the charter of a issuing joint-stock company, payment deadline;
the amount of declared dividend on common shares (if there is no data on the amount of the declared dividend on common shares in the current year - specify the amount of the dividend declared in the previous year)?
payment deadline;

Additional information:

none

Investments in non-issue-grade securities

There were no investments into non-issue-grade securities covering 5 or more per cent of all financial investments.

Other financial investments

Financial investment is an interest in the nominal (reserve) capital

Full name of the business entity, where the Issuer has an interest in the nominal (reserve) capital (unit fund):

Limited Liability Company“ NLMK Overseas Holdings”

Abbreviated company name: *LLC NLMK Overseas Holdings*

Domicile: *Lipetsk 398040 Russia 2, Metallurgov sq.*

TIN: *4823041480*

OGRN *1114823002580*

The investment amount in monetary terms: *57,764,771,519*

Unit of measurement: *RUB*

The investment percentage of the nominal (reserve) capital (unit fund): *100*

Level of income from the interest subject or the procedure of its determination, payment period:

NLMK, being the sole owner of LLC NLMK Overseas Holdings, takes the decision on distribution of the Company’s net profit at its sole discretion. On 28.04.2015 the sole owner of LLC NLMK Overseas Holdings made the decision: "Net profit of LLC NLMK Overseas Holdings for 2014 shall not be distributed. (It shall remain at LLC NLMK Overseas Holdings’s disposal)."

Additional information:

none

Financial investment is an interest in the nominal (reserve) capital

Full name of the business entity, where the Issuer has an interest in the nominal (reserve) capital (unit fund):

Limited Liability Company “VIZ-Steel”

Abbreviated company name: *LLC VIZ-Steel*

Domicile: *Russia 620219 Ekaterinburg 28, Kirova Str.*

TIN: *6658084667*

OGRN **1026602312923**

The investment amount in monetary terms: **404,199,518 59**

Unit of measurement: **RUB**

The investment percentage of the nominal (reserve) capital (unit fund): **100**

Level of income from the interest subject or the procedure of its determination, payment period:

NLMK, being the sole owner of LLC VIZ-Steel, takes the decision on distribution of the Company's net profit at its sole discretion.

On 28/04/2015 the sole owner of LLC VIZ-Steel made the following decision: "Net profit of LLC VIZ-Stal for 2014 shall not be distributed (It shall remain at LLC VIZ-Stal's disposal)."

On 14/12/2015 the sole owner of LLC VIZ-Steel made the following decision: "Distribute a part of the net profit of LLC VIZ-Steel for 9 months 02 2015 in cash in the amount of RUB 1,600,000,000 (One billion six hundred million rubles) to the sole stockholder of LLC VIZ-Steel".

Additional information:

none

Financial investment is an interest in the nominal (reserve) capital

Full name of the business entity, where the Issuer has an interest in the nominal (reserve) capital (unit fund):

Limited Liability Company "NLMK-Kaluga"

Abbreviated company name: **LLC NLMK-Kaluga**

Domicile: **Vorsino Village, Borovsky district, Kaluga region, 249020 Russia 20, Lyskina Str**

TIN: **4003033040**

OGRN **1124025005873**

The investment amount in monetary terms: **30,000,000,000**

Unit of measurement: **RUB**

The investment percentage of the nominal (reserve) capital (unit fund): **100**

Level of income from the interest subject or the procedure of its determination, payment period:

NLMK, being the sole owner of LLC NLMK-Kaluga, takes the decision on distribution of the Company's net profit at its sole discretion. On 30.04.2015 the sole owner of LLC NLMK-Kaluga made the decision: "Due to receipt of losses by LLC NLMK-Kaluga for 2014 net profit shall not be distributed".

Additional information:

none

Financial investment is an interest in the nominal (reserve) capital

Full name of the business entity, where the Issuer has an interest in the nominal (reserve) capital (unit fund):

Limited Liability Company «Uralvtorchermet»

Abbreviated company name: **LLC Uralvtorchermet**

Domicile: **3, Novinskaya Str., office 501, Ekaterinburg, Sverdlovsk region 620024 room 501, Novinskaya str.**

TIN: **6679065866**

OGRN **1156679002391**

The investment amount in monetary terms: **12,899,000,000**

Unit of measurement: **RUB**

The investment percentage of the nominal (reserve) capital (unit fund): **100**

Level of income from the interest subject or the procedure of its determination, payment period:

NLMK, being the sole owner of LLC Uralvtorchermet, takes the decision on distribution of the Company's net profit at its sole discretion. On 28.04.2015 the sole owner of LLC Uralvtorchermet made the decision: "Due to losses by LLC Uralvtorchermet for 2014 net profit shall not be distributed".

Additional information:

none

Information on the amount of potential losses caused by insolvency of companies (enterprises), which the Company invested in, split by investment types:

No such investments.

Information on losses is provided in the Issuer's assessment of financial investments, accounted over the period from the reporting year opening to the last reporting quarter closure.

Accounting standards (rules) used to make calculations that are included in this clause of the quarterly report:
Financial investments are accounted by NLMK on the basis of Provision on accounting "Accounting of financial investments" RAS 19/02, approved by Order of the RF Ministry of Finance No. 126H dd. 10.12.2002, as well as by Provision on accounting policy of NLMK for book-keeping accounting approved by Order of the Company No. 1057 dd. 15/12/2015 "On accounting policies of OJSC NLMK for the purposes of bookkeeping and taxation", as amended by NLMK's Order dd. 19/02/2016 No. 135 "On amendments and additions to Order dd. 15/12/2015 No. 1057 "On accounting policies of OJSC NLMK for the purposes of bookkeeping and taxation".

4.4. Intangible assets of the Issuer

As of 31.12.2015

Unit of measurement: **RUB**

Description of intangible assets group	Initial (replacement) value	Accumulated amortization
Sole rights for PC applications and databases	125,387,532	105,810,913
Sole rights for inventions, utility models and industrial designs	26,068,243	7,572,063
Sole rights for trademarks and service marks	601,519	449,628
Sole rights for artwork, science work, literature publications	2,073,065	2,071,158
Other rights	25,000	25,000
Deferred expenses related to software acquisition (at the warehouse)	29,517,620	0
Deferred expenses related to software acquisition (in operation)	393,578,476	0
TOTAL	577,251,455	115,928,762

Accounting standards (rules) used by the Issuer to present information on its intangible assets:

Information on intangible assets of the Company is prepared and reflected in financial statements in accordance with the Provision on accounting "Accounting of intangible assets" RAS 14/2007, approved by Order of the RF Ministry of Finance No. 153H dd. 27.12.2007 as well as by Provision on accounting policy of NLMK approved by Order of NLMK No. 1057 dd. 15/12/2015 "On accounting policies of OJSC NLMK for the purposes of bookkeeping and taxation", as amended and supplemented by Order dd. 19/02/2016 No. 135 "On amendments and additions to Order dd. 15/12/2015 No. 985 "On accounting policies of OJSC NLMK for the purposes of bookkeeping and taxation".

Reporting date: **31/12/2015.**

As of 31.03.2016

Unit of measurement: **RUB**

Description of intangible assets group	Initial (replacement) value	Accumulated amortization
Sole rights for PC applications and databases	121,178,874	104,182,824
Sole rights for inventions, utility models and industrial designs	26,068,243	8,022,593
Sole rights for trademarks and service marks	601,519	458,703
Sole rights for artwork, science work, literature publications	2,073,065	2,071,200
Other rights	25,000	25,000
Deferred expenses related to software acquisition (at the warehouse)	67,055,831	0
Deferred expenses related to software acquisition (in operation)	547,409,366	0
TOTAL	764,411,898	114,760,319

Accounting standards (rules) used by the Issuer to present information on its intangible assets:

Information on intangible assets of the Company is prepared and reflected in financial statements in accordance with the Provision on accounting "Accounting of intangible assets" RAS 14/2007, approved by Order of the RF Ministry of Finance No. 153H dd. 27.12.2007 as well as by Provision on accounting policy of NLMK approved by Order of NLMK No. 1057 dd. 15/12/2015 "On accounting policies of OJSC NLMK for the purposes of bookkeeping and taxation", as amended and supplemented by Order dd. 19/02/2016 No. 135 "On amendments and additions to Order dd. 15/12/2015 No. 985 "On accounting policies of OJSC NLMK for the purposes of bookkeeping and taxation".

Reporting date: 31/03/2016.

4.5. Information on policy and expenses of the Issuer in the field of technological progress, licenses and patents, new developments and research

NLMK's policy in the field of technological progress in the reporting period has been governed by its quality management policy.

One of the policy guidelines in the field of technological progress is the acquisition of intellectual property rights by means of patent protection of new technical solutions developed at NLMK.

List of patents for inventions and useful models received during 2015 and Q1 2016 is given in the table.

List of patents for inventions and useful models obtained during 2015 - Q1 2016

Item No.	Description of invention, utility models	Issue date of the patent	Validity of patent
1.	<i>Method of high-permeability isotropic electrical steel production</i>	<i>15/01/2015.</i>	<i>20 years</i>
2.	<i>Method of blast furnace smelting</i>	<i>16/02/2015.</i>	<i>20 years</i>
3.	<i>Bell-type furnace for annealing of metal coils</i>	<i>08/07/2015.</i>	<i>10 years</i>
4.	<i>Reinforcing steel</i>	<i>08/07/2015.</i>	<i>20 years</i>
5.	<i>Economically alloyed steel</i>	<i>08/07/2015.</i>	<i>20 years</i>

6.	<i>Method of strip rolling from GO steel and Cold Rolling Mill</i>	10/07/2015.	20 years
7.	<i>Machine for application of protective heat-resistant coating on strips</i>	23/07/2015.	10 years
8.	<i>Method of production of anisotropic electrical steel with a high set of magnetic properties</i>	13/01/2016.	20 years
9.	<i>Method of adjusting strip thickness at the cold-rolling reversing mill</i>	01/03/2016.	20 years

List of Certificates for trademarks of NLMK
valid as of 31/03/2016

Item No.	Description of trademark	Issue date of the certificate	Validity period of the certificate
1.	<i>Pictorial trademark</i>	20/04/1975.	till 14.10.2024
2.	<i>Trademark "STINOL"</i>	17/06/1991.	till 11.10.2020
3.	<i>Pictorial trademark</i>	17/06/1991.	till 11.10.2020
4.	<i>Trademark "STINOL"</i>	16/10/1992.	till 20.12.2021
5.	<i>Pictorial trademark</i>	16/10/1992.	till 20.12.2021
6.	<i>Trademark "STINOL"</i>	07/05/1999.	till 17.06.2017
7.	<i>Pictorial trademark</i>	16/10/1998.	till 17.06.2017
8.	<i>Trademark "STINOL"</i>	13/07/2001.	till 03/04/2020
9.	<i>Trademark "СТИХОЛ"</i>	13/07/2001.	till 17/04/2020
10.	<i>Pictorial trademark</i>	27/05/2002.	till 03/04/2020
11.	<i>Trademark "СТИХОЛ"</i>	04/10/2002.	till 11/08/2020
12.	<i>Trademark "STINOL"</i>	17/06/2003.	till 11/08/2020
13.	<i>Trademark "LIPSTAL"</i>	06/08/2002.	till 24/10/2020
14.	<i>Trademark "ЛИПМЕТ"</i>	17/09/2002.	till 23/10/2020
15.	<i>Trademark "ЛИПСТАЛЬ"</i>	20/09/2002.	till 24/10/2020
16.	<i>Trademark "NOVOLIP"</i>	02/10/2002.	till 30/10/2020
17.	<i>Trademark "НОВОЛИП"</i>	02/10/2002.	till 30/10/2020
18.	<i>Trademark "LIPMET"</i>	22/11/2002.	till 24/10/2020
19.	<i>Trademark "НОВОМЕТ"</i>	05/07/2004.	till 30/10/2020
20.	<i>Trademark "NOVOMET"</i>	05/07/2004.	till 30/10/2020
21.	<i>Trademark "НЛМК"</i>	19/07/2005.	till 18/03/2024
22.	<i>Trademark "NLMK"</i>	20/12/2005.	till 18/03/2024

Constant control over prompt payment of all patent fees for inventions and utility models, over prolongation of trade mark registration validity is the course aimed at prevention of forfeiture of NLMK's rights for intellectual property.

R&D expenses financed by NLMK's own funds:

- in 2015 amounted to RUB 14,592 thou, including expenses connected with receipt of patents and licenses for trademarks – RUB 5,415 thou;

- in Q1 2016 amounted to RUB 2,612 thou, including expenses connected with receipt of patents and licenses for trademarks – RUB 800 thou.

4.6. Analysis of development trends in the Issuer's core business

In Q1 2016 the world steel production made 385.7 m t (-3,6% to the similar indicator of the previous year).² The largest decrease in steel-making was in Africa (-22.6% compared to the similar indicator of the previous year), South America (-14.1%), the EU (-7.0%), in Asia (-3.1%), in the Middle East (-2.3%), in North America (-1.1%).

The global net apparent consumption of flats in the reporting period went up by 0.8% vs. Q4 2015.³ Growth in demand was noticed in North America (+1.9%), in Asia (+2.4%) and in the Middle East (+1.2%).

Steel production in Russia in Q1 2016 decreased by 5.4% compared to the similar indicator of the previous year, to 16.9 mt⁴ Production of ferrous metal flats made 14.6 m t (-5.1%).

Products	2011	2012	2013	2014	2015	Q1 2016	changed vs. Q1 '15
hot iron	48.0	50.5	50.0	51.4	53.7	13.7	6.3%
steel	68.2	70.4	68.8	70.6	69.4	16.9	-5.4%
finished flats	59.5	58.9	59.2	61.2	60.3	14.6	-5.1%

Source: Rosstat.

In Q1 2016 Russian export of finished ferrous metal flats increased by 2.4% compared to the similar period of the previous year, to 7.3 m t.⁵

Import of ferrous metal flats in Russia keeps the level of Q1 2015: 0.7 m t

In the stagnating conditions of production and due to reduction of investment activities the apparent consumption of ferrous metals flats in Q1 2016 decreased by 11% compared to the similar period of the previous year, including the consumption of flats - by 9%, long products - by 16%.

Prices index of steel products designated for realization at the domestic market in January-March 2016 made 100.5% as compared to the respective period of the last year, prices index of finished steel goods production was 103,8%.⁶

4.7. Analysis of factors and conditions that influence the Issuer's business

Main factors that can significantly influence the activity and financial results of the Company:

Change in domestic steel market demand

Decrease in the apparent consumption of finished flats at the Russian market in Q1 2016 may be 11-14% as compared to Q3: consumption of flat products in January-March 2016 as compared to October-December 2015

² Crude Steel Production. World Steel Association, 20 April 2016.

³ CRU Steel Sheet Products Market Outlook, April 2016.

⁴ On industrial production in Q1 2016. Rosstat (Federal Service of State Statistics), April 2016.

⁵ Metal Expert, April 2016.

⁶ About price index of industrial product manufacturers in March 2016. Rosstat (Federal Service of State Statistics), April 2016.

reduced by 14% to 4.5 m t, long products - by 16% to 3.1 mt against continuing decrease in demand from the key steel-consuming industries and seasonal slowdown of steel consumption⁷.

Slumping demand from steel-consuming industries was caused by lower economic activity and deduction of actual income of the population (-3.9% in January - March 2016 vs. January-March 2015). Manufacture of machinery and equipment in Q1 2016 increased by 5.4% due higher agricultural machinery and household appliances production, production of passenger cars decreased by 26%. Civil works in January-March 2016 decreased by 1.6%, housing development reduced by 16.3% as compared to similar period of the previous year⁸.

In Q2 2016 it is expected to have a higher seasonal demand but the dynamics of the industrial production can stay weak.

Change in export metal markets demand

Seasonal decrease in demand was observed at the foreign markets in Q1 2016.

In China slowdown of construction and mechanical engineering activities caused decreased steel consumption (decrease um Ё1 2016 made 6%⁹), partial reduction of consumption was offset by consumption growth of steel products on the part of automotive industry and infrastructure projects. In the USA in Q1 2016 recovery of demand from the automotive industry and construction industry was mitigated by lower steel consumption in the energy sector, besides there was a continued use of warehoused products by consumers and service companies. In European countries gradual recovery of economic activity supported steel demand, including construction and automotive industries - sales of cars in Q1 2016 grew by 8.3%¹⁰ as compared to Q1 2015.

It is expected that in Q2 2016 there will be a seasonal increase of steel demand in the world.

Issuer's products price change

In Q1 in China there was a decrease in production (-6% yoy) but export volumes were at the same high level (+8% yoy). Recovery of price growth for raw materials and production reduction with recovery of demand from consumers (in infrastructure and construction sections) and restocking caused higher prices for steel products by 28% from the beginning of the year (+10% qoq and -23% yoy). Prices for iron ore increased significantly at the global market in the last month of the quarter having reached the last year value.

In Q1 2016 average manufacturers' prices for HR sheets at the domestic market were lower by 3% in ruble equivalent than in Q3 2015, prices for reinforcement bars reduced by 8.4% against the background of low buyer activities in the beginning of the quarter. In the latter half of the quarter internal and export quotations significantly increased (+26% and +46% from the beginning of the year in dollars, respectively) following recovery of prices at the global markets.

Export quotations for slabs by Russian manufacturers in the Black Sea region in Q1 2016 increased by 0.8% in comparison to the previous quarter. Export quotations for HR sheets decreased by 1.5% in Q1 2016 as compared to Q3 2015¹¹.

In Q2 2016 prices at the domestic market will be influenced by strengthening of ruble exchange rate to US dollar and a tendency for export parity. In Q2 2016 it is expected to have further recovery of prices at the export markets against the background of influence decrease from import and demand growth.

Analysis of factors which influenced the change of sales proceeds, cost and profit (losses) from the Issuer's core operations

⁷ Estimate based on Metal Expert data for January-February 2016.

⁸ Rosstat, March 2016.

⁹ Evaluation

¹⁰ ACEA.

¹¹ Based on quotations published by Metal Expert

Indicator description	2015 vs. 2014	Q1 2016 vs. Q1 2015
Dynamics of sales proceeds, %	+21%	-15%
Dynamics of cost of sales (incl. commercial and administrative expenses), %	+15%	+4%
Dynamics of profit from product sales, %	+64%	-67%

The Issuer's sales proceeds mostly depend on the following factors: sales volumes and sales structure, product prices established in sales markets, national currency exchange rate.

In 2015 NLMK sales revenues grew by 21% versus the level of 2014. Main factors driving higher NLMK revenues where steel product export share in tonnage is 66%: change of exchange rate (high impact) and higher volumes (medium impact).

Cost of sales in 2015 (including commercial and managerial expenses) increased by 15% vs. 2014 due to a change in the exchange rate (high impact) and growth of volumes of products sold (medium impact). Besides higher cost was caused by higher payroll expenses (low impact) and higher railway tariffs (low impact).

Increased revenues from product sales at the rates exceeding cost growth allowed to significantly increase profit from product sales in 2015.

In Q1 of 2016 NLMK sales revenues decreased by 15% as compared to the same period of 2015 due to lower prices for steel products sold. The factors which had positive impact were: exchange rate growth (average impact) and change of the structure and volumes of steel products sold (low impact).

Cost of products sold including commercial and managerial expenses increased by 4% in Q1 2016 vs. Q1 2015 mainly due to change of the exchange rates. Higher volumes of products sold (low impact) and higher railway tariffs (low impact) also influenced cost increase.

Lower revenues on products sold with higher cost of products sold caused a decrease in net profit based on the results of Q1 2016 vs. Q1 of the previous year.

4.8. The Issuer's competitors

*The main competitors of NLMK at the domestic market in Q1 of 2016 were:**

- in the hot- and cold-rolled flats segment - OJSC MMK, OJSC Severstal and also suppliers from the Ukraine (Zaporozhstal, Mariupol Iron and Steel Plant named after Ilyich, Azovstal) and Kazakhstan (ArcelorMittal Temirtau);*
- in the galvanized flats segment – OJSC MMK, OJSC Severstal, CJSC "Kashira plant of Pre-painted steel" and also suppliers from Kazakhstan (ArcelorMittal Temirtau), China (Anhui Technology, Tianjin Xinyu Color Plate, Shandong Guanzhou), the Ukraine (Mariupol Iron and Steel Plant named after Ilyich), South Korea (Hyundai Steel), Belgium (ArcelorMittal);*
- in the pre-painted flats segment – OJSC MMK, PJSC Severstal and also suppliers from China (Anshan Iron & Steel, Shandong Guanzhou, Donge Yike Panel, Dalian Posco), Belgium (ArcelorMittal), Kazakhstan (ArcelorMittal Temirtau), Vietnam (Nam Kim Steel Joint Stock Company), South Korea (Dongkuk Steel, Dongbu Incheon Steel, Posco);*
- in the NGO steel segment – PJSC Severstal.*

The main competitors of NLMK in the foreign market were:

- in the segment of commodity slabs - Evraz Group (NTMK and ZSMK), as well as suppliers from Ukraine (Azovstal, Alchevsk Iron and Steel Works), Brazil (ArcelorMittal Tubarao, Gerdau Acominas), Japan (JFE);
- since the main sales markets of NLMK's hot-rolled and cold-rolled products are the EU countries and the Middle East, in these segments main competitors, along with local producers, are the providers from the EU, Ukraine, India, South Africa, Turkey and Asian countries, as well as from MMK, PJSC "Severstal";
- in the electrical steel flats segment – suppliers from China (Wuhan, Baosteel), South Korea (Posco), the EU (ThyssenKrupp, ArcelorMittal, Cogent Power, Stalprodukt), Japan (Nippon Steel, JFE Steel) and the USA (AK Steel, ATI Allegheny Ludlum).

Competitiveness factors of NLMK which have profound influence on competitiveness of the steel products produced:

- a high level of vertical integration into low cost raw material;
- highly efficient and revamped production facilities;
- wide geography of production capacities;
- high quality of steel products and price competitiveness;
- high level of diversification of the product range;
- access to the most efficient administrative and technical practices of foreign assets.

**- Domestic market – based on the data from IA Metal Expert about domestic shipment of enterprises and import volumes in Russia. Foreign market – based on the export volumes of the respective products into markets where NLMK is available. Countries and suppliers are shown in the order of the volumes decreasing.*

Section V. Detailed information on members of the Issuer's governing bodies, financial and economic performance control bodies, and brief data on the Issuer's employees

5.1. Information on structure and competence of the Issuer's governing bodies

Full description of the structure of the Issuer's governing bodies and their competence in line with the Issuer's charter (constituent documents):

The Company's supreme management body is the General Shareholders' Meeting.

The Board of Directors carries out overall management of the Company's activity excluding those issues, which fall under the competence of the General Shareholders' Meeting according to the Charter.

The Board of Directors consists of 9 members.

The management of NLMK's day-to-day operation is exercised by the Company's single executive body – President (Chairman of the Management Board) and by the Company's collective executive body – the Management Board.

The competence of the President (Chairman of the Management Board) and Management Board covers all the issues related to management of the Company's day-to-day operation, as well as authority over the operation of subsidiaries, affiliates and other legal entities (of which the Company is a participant, founder or a member) in accordance with the Charter provisions.

The President (Chairman of the Management Board) and the Management Board make arrangements for implementation of the decisions of the Company's General Shareholders' Meeting and the Board of Directors. The Management Board is a collective executive body of the Company, which acts on the basis of the Federal Act "On joint-stock companies", the Company's Charter and the Regulation on the Management Board of the Company approved by the General Shareholders' Meeting.

The structure and quantity of members of the Management Board are approved by the Board of Directors considering the opinion of the President (Chairman of the Management Board). The personal composition of the

Management Board is to be approved by the Board of Directors upon presentation by the President (Chairman of the Management Board) according to the procedure provided for by the Regulation on the Management Board.

The competence of the Issuer's General Shareholders' (participants') Meeting in accordance with its Charter (constituent documents):

The following matters fall within the competence of the General Shareholders' Meeting (Chapter 4, Article 16 of the Company Charter):

1) changes and additions to the Charter or approval of the Charter in new revisions; 2) restructuring of the Company; 3) liquidation of the Company, appointment of the Liquidation Committee and approval of the interim and final liquidation balances; 4) definition of the number of persons in the Board of Directors, election of its members and premature termination of their authority; 5) determination of number, par value, category (type) of the shares declared and rights granted by these shares; 6) increase of the Company's charter capital through share par value increase; increase of the chartered 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 Company's chartered capital through placement of shares by closed subscription; 7) reduction of the Company's charter capital by decreasing the par value of its shares, by acquiring a portion of shares for the purposes of reducing their total number, as well as by redeeming the shares previously acquired or repurchased by the Company; 8) election of the President (Chairman of the Management Board) and early termination of his authority; 9) election of the Audit Committee members and premature termination of their authorities;

10) approval of the Company's Auditor; 10.1) payment (declaration) of dividends upon results of the first quarter, six months, nine months of a reporting year; 11) approval of an annual report, annual accounting (financial) statements and distribution of profit (including payment (declaration) of dividends, except payment (declaration) dividends upon the results of the first quarter, six months, nine months of a reporting year) and losses of the Company upon the results of a reporting year; 12) establishment of procedure of the General Shareholders' Meeting; 13) appointment of members of the Accounts Committee and premature termination of their authority in case the Accounts Committee's functions are not exercised by the Company's Registrar in accordance with the Federal Act "On joint-stock Companies"; 14) split and consolidation of shares; 15) transaction approval in cases stipulated in Article 83 of the Federal Act "On joint-stock companies"; 16) major transactions conclusion approval in cases stipulated in Article 79 of the Federal Act "On joint-stock companies"; 17) acquisition of the issued shares by the Company in cases, stipulated in the Federal Act "On joint-stock companies"; 18) decision-making on involvement in financial and industrial groups, associations and other unions of commercial organizations; 19) approval of internal documents governing the operation of the Company's bodies; 19.1) taking a decision on filing a statement on the de-listing of the Company's shares and (or) the Company's issue-grade securities convertible into its shares; 20) decision-making on other matters stipulated by the Federal Act "On joint-stock companies" and / or the present Charter.

The issues within the competence of the GSM may not be remitted to the competence of the Company's executive body, unless stipulated otherwise by the Federal Law "On Joint Stock Companies".

The issues within the competence of the GSM may not be remitted to the competence of the Board of Directors of the Company, except the issues stipulated by the Federal Law "On Joint Stock Companies".

The competence of the Issuer's Board of Directors (Supervisory Board) in accordance with its Charter (constituent documents):

The following matters fall within the Board of Directors' competence (Chapter 5, Article 30 of the Company Charter):

1) definition of priority directions for the Company's business;
2) convocation of the Annual and Extraordinary General Shareholders' Meeting, except for the cases, stipulated by clause 8 Article 55 of the Federal Law "On Joint Stock Companies";
3) approval of the agenda of the General Shareholders' Meeting;
4) determination of the date of list of the shareholders entitled to participate in the Shareholders' Meeting and other issues attributed to the competence of the Board of Directors in accordance with the Charter and the Federal Law "On Joint Stock Companies" and related to preparation and holding of the Shareholders' Meeting;
5) approval of long-term plans and Company's major activities programs, approval of the Company's budget;
6) preapproval of the Company's annual reports;
7) increase of the charter capital of the Company through distributing additional shares by the Company at the expense of the Company's property limited to the amount of authorized shares;
8) increase of the charter capital of the Company through distribution of additional shares by the Company by means of public subscription if the number of shares additionally distributed does not exceed 25 percent of outstanding common shares of the Company;
9) acquisition of shares placed by the Company in accordance with cl.2 art.72 of the Federal law "On joint-stock

companies”;

10) approval of decisions on emission of securities, prospectus, report on securities issue results, amendment and revision thereof;

11) distribution of additional shares by the Company, into which privileged shares of a certain type, convertible into common shares or privileged shares of other types, distributed by the Company, are convertible, as long as such distribution does not entail an increase of the Company's charter capital, as well as distribution of bonds or other issue-grade securities by the Company except shares;

12) determining the price (monetary estimation) of property, the price of distribution and repayment of issue-grade securities in cases provided for by the Federal Law “On Joint Stock Companies”;

13) acquisition of bonds and other securities placed by the Company in cases provided for by the Federal Law “On joint-stock companies” or by other federal laws;

14) forming the Company's Management Board, defining the number of members and the structure thereof, approving the personal composition of the Management Board, early termination of their powers, defining terms and conditions of the contract and establishing the amount of remunerations and compensation paid to the Company's President (Chairman of the Management Board) and to members of the Management Board, negotiating their combining offices in the controlling bodies in other companies, holding Management Board members responsible for a default of their obligations in material, disciplinary and other terms;

15) issuing recommendations to the General Shareholders' Meeting concerning the amount of remunerations and compensations paid to members of the Audit Commission of the Company and determining the amount of the Auditor's remuneration;

16) issuing recommendations to the General Shareholders' Meeting concerning the amount of dividends on shares and procedure for their payment;

17) issuing recommendations to the General Shareholders' Meeting concerning the procedure for distribution of profit and loss of the Company upon the results of a reporting year;

18) utilization of the reserve fund and other Company funds;

19) approval of the Company's internal documents excluding internal papers which fall within the competence of the General Shareholders' Meeting according to this Charter and Federal Law “On joint-stock companies”, or other internal documents of the Company which are to be approved by the President (Chairman of the Management Board) in accordance with the present Charter;

20) filing an application on the listing of the Company's shares and (or) issue-grade securities convertible into the Company's shares;

21) approval of major transactions in cases provided for by Chapter X of the Federal Law “On joint-stock companies”;

22) approval of transactions provided for by Chapter XI of the Federal Act “On joint-stock companies”;

23) approval of the Registrar of the Company and terms and conditions of the contract therewith, termination of contract with the Registrar of the Company;

24) suspension of powers of the President (Chairman of the Management Board);

25) appointment of the acting President (Chairman of the Management Board);

26) deciding on Company's participation or on the cessation of the Company's participation in other entities, if the value of the acquired (alienated) property makes more than 1% of the Company's assets book value for the last reporting date (excluding the entities, specified in sub-item 18 of item 16.1, Section 16 of this Charter);

27) establishment of Committees with the Board of Directors, approval of internal documents, which regulate activities of these Committees;

28) other matters provided for by the Federal Law “On joint-stock companies” and the present Charter.

The matters that fall within the competence of the Company's Board of Directors may not be remitted to the discretion of the executive body of the Company.

Competence of the individual and corporate executive bodies of the Issuer in accordance with its Charter (constituent documents):

Competence of the President (Chairman of the Management Board) (Chapter 6, Article 38 of the Company Charter).

Competence of the President (Chairman of the Management Board) includes all issues related to management of the Company's day-to-day operation, excluding those in the exclusive authority of the General Shareholders' Meeting, the Board of Directors and the Management Board.

The President (Chairman of the Management Board) acts without any Power of Attorney on behalf of the Company, in particular:

- performs operative management of the Company's activities; - has the right of the first signature on financial documents; - represents the Company both in the RF and abroad; - represents without any power of attorney the Company's interests in subsidiaries, affiliates and other legal entities, of which the Company is a participant, founder or a member; - approves the staff list, concludes labor agreements with employees of the Company,

dismisses, awards and imposes fines on such employees; - governs the activities of the Management Board and presides at its meetings; - presents members of the Management Board for the Board of Directors' approval; - makes suggestions on bringing the Management Board members to responsibility; - concludes transactions on behalf of the Company with the exception of cases stipulated by the Federal Law "On Joint Stock Companies" and the Company's Charter; - issues powers of attorney on behalf of the Company; - opens the Company's accounts with banks; - makes provisions for the Company's accounting and book-keeping procedures; - issues orders and gives instructions which are binding for all employees of the Company; - defines information which is a commercial secret of the Company, and means of such information protection in accordance with the effective legislation; - approves internal documents of the Company which regulate the Company's day-to-day operations, excluding those in the exclusive authority of the Management Board.

The President (Chairman of the Management Board) is entitled to appoint an acting President (Chairman of the Management Board) for the period of his absence subject to the approval of the Board of Directors' Chairman.

Competence of the Management Board (Chapter 6, Article 36 of the Company Charter).

The exclusive competence of the Company's Management Board includes:

1) drafting of the development concepts, long-term plans and basic operational programs of the Company, its subsidiaries and affiliates, and submission thereof to the Board of Directors for approval; 2) determination of procedure of the Company's interaction with businesses and legal entities, of which the Company is a shareholder, participant, member or a founder; 3) approval of propositions on the agenda items of the General Shareholders' (participants') Meetings and the list of nominees to the management and control authorities of subsidiaries, affiliates and other legal entities, of which the Company is a participant, founder or a member; 4) approval of the Company's representatives for the participation in the General Shareholders' (participants') Meetings of subsidiaries, affiliates and other legal entities, of which the Company is a participant, founder or a member, as well as voting instructions on the agenda items for such representatives; 5) preparation of recommendations and conclusions on the issues considered by the management authorities of subsidiaries, affiliates and other legal entities, of which the Company is a participant, founder or a member, related to approval of their budgets, principal directions of activity, management structure and other issues material for the Company; 6) recommendations to the Board of Directors on approval of major transactions and/ or transactions of interest considered by the Board of Directors in accordance with its competence; 7) approval of Company's transactions with assets, when the amount due or the subject property value exceeds 10 per cent of the Company's assets book value as of the latest reporting date, excluding transactions concluded in the normal course of business; 8) deciding on Company's participation or on the cessation of the Company's participation in other entities, if the value of the acquired (alienated) property makes not more than 2% of the Company's assets book value as of the latest reporting date (excluding the entities, specified in subclause 18 of clause 16.1, Article 16 of this Charter);

9) establishment and liquidation of the Company's branches and representative offices, approval of provisions on branches and representative offices, revision and amendment of these provisions; 10) other issues referred to the competence of the Management Board of the Company by the applicable legislation of the Russian Federation, the Company's Charter and the Regulations on the Management Board.

The powers described in clauses 1, 2, 3, 4, 5 above are exercised by the Management Board in relation to material subsidiaries, affiliates and other legal entities, of which the Company is a participant, founder or a member.

The Issuer has approved (adopted) the Corporate Governance Code or a similar document

Information on a Corporate Governance Code or any other similar document:

The Company's Board of Directors has approved the Code of Corporate Government of Novolipetsk Steel, Minutes of Meeting №236 dd. December 22, 2015.

5.2. Information on members of the Issuer's governing bodies

5.2.1. The Issuer's Board of Directors (Supervisory Board)

FULL NAME: **Vladimir S. Lisin**
(Chairman)

Year of birth: **1956**

Education:

post- graduate vocational

All offices held by this person with the Issuer or other organizations over the last 5 years and at the present time in chronological order, including a plurality of offices.

Period		Company	Title
from	for		
2011	present time	Limited Liability Company “RUMELCO”	Chief Consultant
2011	present time	Limited Liability Company “RUMELCO”	Chairman of the Board of Directors
2011	2012	Academy of National Economy under the Government of the Russian Federation (Moscow)	Professor of Market Issues and Economic Mechanisms Faculty (pluralistically)
2011	present time	All-Russian Social Organization “Russian natural scientific academy”	Corresponding member (pluralistically)
2011	2013	Autonomous non-profit health and fitness organization “Sports club “Lipetsk Metallurg”	President, Member of the Board of Founders
2011	present time	Non-profit Partnership “Russian Steel” Consortium	Member of the Supervisory Board
2011	present time	Charity Fund “Social Development Institute”	Chairman of the Foundation Council
2011	present time	All-Russian sports public organization Federation of bullet and shotgun shooting "Shooting Union of Russia”	President
2011	present time	Non-profit partnership “National Sporting Federation (sports and hunting shooting)”	Chairman of the Management Board (President)
2011	present time	Regional Employers’ Association (non-profit entity) “Union of Industrialists and Entrepreneurs of Lipetsk Region”	Chairman of Regional Association, Chairman of the Management Board of Regional Association
2011	present time	Russian Union of Industrialists and Entrepreneurs	Member of the Board, Member of the Board Bureau, Member of the Presidium of the Federal Council, the Chairman of the Tax Policy Committee
2011	present time	Non-profit charity organization “Russian Olympic athletes support fund”	Member of the Foundation Board (Member of the Fund), member of the Fund’s Board of Trustees
2011	2012	Non-profit charity organization “Russian Olympic athletes support fund”	Member of the Presidium of the Fund's Board of Trustees
2011	present time	World Steel Association	Member of the Board of Directors as a Director
2011	2015	Limited Liability Company "Congress-Center Konstantinovksy"	Member of the Board of Directors
2011	2012	Open Joint Stock Company“ United Shipbuilding Corporation”	Chairman of the Board of Directors
2011	present time	European Shooting Confederation	President
2011	present time	International Shooting Sport Federation (ISSF)	Member of the Administrative Board
2011	present time	All-Russian Social Association Union "All-Russian Association for Summer Olympic	President

		Sports"	
2011	present time	All-Russian Social Association Union "Olympic Committee of Russia"	Vice-President, Member of the Executive committee
2011	present time	Independent Non-Profit Organization "Industrial Development Institute"	Member of the Board of Trustees
2011	present time	Nonprofit Foundation "Analytical Center "Forum"	Member of the Board of Trustees
2012	2013	Non-profit Partnership "Russian Steel" Consortium	President
2013	present time	International Shooting Sport Federation (ISSF)	Member of Executive Committee
2014	present time	International Shooting Sport Federation (ISSF)	Vice-President

This person does not hold any share of the Issuer's nominal capital/common stock

Information on the participation in Board of Directors committee work

Committee name	Chairman
Strategic Planning Committee	Yes
HR, Remunerations and Social Policy Committee	None

The entity's share in the equity (reserve) capital (unit fund) of the Issuer's subsidiaries and affiliates

The person does not hold such shares

Information on the nature of any kinship with persons being members of the Issuer's governing bodies and/ or financial and operating performance control bodies:

relative of Mr. Alexander N. Saprykin, the member of NLMK's Management Board

Information on any administrative actions against this person for any offence in the area of finance, taxes and duties, security market or a criminal liability (criminal record) for any economic crimes or offence against the state:

The person has never been held liable for said offences

Information on executive offices held by this person with any commercial organizations within the period, when any bankruptcy proceedings were brought against these organizations in line with the Russian Federation insolvency (bankruptcy) legislation:

The person did not hold such offices

FULL NAME: ***Oleg V. Bagrin***

Year of birth: ***1974***

Education:

post- graduate vocational

All offices held by this person with the Issuer or other organizations over the last 5 years and at the present time in chronological order, including a plurality of offices.

Period		Company	Title
from	for		
2011	2012	Closed Joint Stock Company Investment Company "Libra Capital"	Director
2011	present time	NLMK Pennsylvania LLC	Member of the Board of Directors, member of the corporate executive body

2011	present time	Sharon Coating LLC	Member of the Board of Directors, member of the corporate executive body
2011	present time	NLMK Indiana LLC.	Member of the Board of Directors, member of the corporate executive body
2011	2016	NLMK International B.V	Member of the Board of Managing Directors
2011	present time	Closed Joint Stock Company Investment Company "Libra Capital"	Member of the Board of Directors
2011	present time	Closed Joint Stock Company Managing Company "Libra Capital"	Member of the Board of Directors
2012	2015	Open joint-stock company "First Freight Company"	Member of the Board of Directors
2012	2012	NLMK	Executive Vice-President (pluralistically)
2012	present time	NLMK	President (Chairman of the Management Board)
2013	present time	Closed Joint Stock Company Investment Company "Libra Capital"	Chairman of the Board of Directors
2013	present time	Closed Joint Stock Company Managing Company "Libra Capital"	Chairman of the Board of Directors
2015	present time	Open Joint-Stock company "First Freight Company"	Member of the Board of Directors
2016	present time	NLMK International B.V	Member of the Board of Directors

This person does not hold any share of the Issuer's nominal capital/common stock

Information on the participation in Board of Directors committee work

Committee name	Chairman
Strategic Planning Committee	None

The entity's share in the equity (reserve) capital (unit fund) of the Issuer's subsidiaries and affiliates

The person does not hold such shares

Information on the nature of any kinship with persons being members of the Issuer's governing bodies and/ or financial and operating performance control bodies:

No said kinship

Information on any administrative actions against this person for any offence in the area of finance, taxes and duties, security market or a criminal liability (criminal record) for any economic crimes or offence against the state:

The person has never been held liable for said offences

Information on executive offices held by this person with any commercial organizations within the period, when any bankruptcy proceedings were brought against these organizations in line with the Russian Federation insolvency (bankruptcy) legislation:

The person did not hold such offices

FULL NAME: ***Helmut Wieser***

Independent member of the Board of Directors

Year of birth: **1953**

Education:

higher

All offices held by this person with the Issuer or other organizations over the last 5 years and at the present time in chronological order, including a plurality of offices.

Period		Company	Title
from	for		
2011	2011	Alcoa Inc.	Executive Vice President, President of Global Rolled Products & Rigid Packaging Group, member of Executive Council
2014	present time	Rain Carbon Inc. (Rain CII)	Member of the Board of Directors
2014	present time	AMAG Austria Metall AG	Member of the Management Board
2014	present time	AMAG Austria Metall AG	Director General

This person does not hold any share of the Issuer's nominal capital/common stock

Information on the participation in Board of Directors committee work

Committee name	Chairman
Strategic Planning Committee	None
Personnel, Remunerations and Social policy Committee	None

The entity's share in the equity (reserve) capital (unit fund) of the Issuer's subsidiaries and affiliates

The person does not hold such shares

Information on the nature of any kinship with persons being members of the Issuer's governing bodies and/ or financial and operating performance control bodies:

No said kinship

Information on any administrative actions against this person for any offence in the area of finance, taxes and duties, security market or a criminal liability (criminal record) for any economic crimes or offence against the state:

The person has never been held liable for said offences

Information on executive offices held by this person with any commercial organizations within the period, when any bankruptcy proceedings were brought against these organizations in line with the Russian Federation insolvency (bankruptcy) legislation:

The person did not hold such offices

FULL NAME: ***Nikolai A. Gagarin***

Year of birth: **1950**

Education:

higher vocational

All offices held by this person with the Issuer or other organizations over the last 5 years and at the present time in chronological order, including a plurality of offices.

Period		Company	Title
from	for		
2011	present time	Advocate Bureau "Reznik, Gagarin & Partners", Moscow	Chairman of the Board, Managing Partner
2011	2013	Closed joint-stock company "Chernomorneftegaz"	Chairman of the Board of Directors
2011	2012	Open Joint-Stock Company "Tuapse Sea Trade Port"	Member of the Board of Directors
2011	present time	FLETCHER GROUP HOLDINGS LIMITED	Director, Member of the Board of Directors
2011	present time	Open Joint-Stock Company "North Oil and Gas Company"	Member of the Board of Directors

This person does not hold any share of the Issuer's nominal capital/common stock

Information on the participation in Board of Directors committee work

Committee name	Chairman
Audit Committee	None

The entity's share in the equity (reserve) capital (unit fund) of the Issuer's subsidiaries and affiliates

The person does not hold such shares

Information on the nature of any kinship with persons being members of the Issuer's governing bodies and/ or financial and operating performance control bodies:

No said kinship

Information on any administrative actions against this person for any offence in the area of finance, taxes and duties, security market or a criminal liability (criminal record) for any economic crimes or offence against the state:

The person has never been held liable for said offences

Information on executive offices held by this person with any commercial organizations within the period, when any bankruptcy proceedings were brought against these organizations in line with the Russian Federation insolvency (bankruptcy) legislation:

The person did not hold such offices

FULL NAME: ***Karl Doering***

Year of birth: ***1937***

Education:

post- graduate vocational

All offices held by this person with the Issuer or other organizations over the last 5 years and at the present time in chronological order, including a plurality of offices.

Period		Company	Title
from	for		
2011	present time	Consulting Firm "PROJECT CONSULTING"	Managing Director

This person does not hold any share of the Issuer's nominal capital/common stock

Information on the participation in Board of Directors committee work

Committee name	Chairman
Strategic Planning Committee	None

The entity's share in the equity (reserve) capital (unit fund) of the Issuer's subsidiaries and affiliates

The person does not hold such shares

Information on the nature of any kinship with persons being members of the Issuer's governing bodies and/ or financial and operating performance control bodies:

No said kinship

Information on any administrative actions against this person for any offence in the area of finance, taxes and duties, security market or a criminal liability (criminal record) for any economic crimes or offence against the state:

The person has never been held liable for said offences

Information on executive offices held by this person with any commercial organizations within the period, when any bankruptcy proceedings were brought against these organizations in line with the Russian Federation insolvency (bankruptcy) legislation:

The person did not hold such offices

FULL NAME: ***Karen R. Sarkisov***

Year of birth: ***1963***

Education:

higher vocational

All offices held by this person with the Issuer or other organizations over the last 5 years and at the present time in chronological order, including a plurality of offices.

Period		Company	Title
from	for		
2011	present time	NLMK	Advisor of Chairman of the Board of Directors on Foreign Economic Relations
2011	2016	NLMK International B.V.	Member of the Board of Managing Directors
2016	present time	NLMK International B.V.	Member of the Board of Directors

This person does not hold any share of the Issuer's nominal capital/common stock

Information on the participation in Board of Directors committee work

Committee name	Chairman
Strategic Planning Committee	None
Audit Committee	None

The entity's share in the equity (reserve) capital (unit fund) of the Issuer's subsidiaries and affiliates

The person does not hold such shares

Information on the nature of any kinship with persons being members of the Issuer's governing bodies and/ or financial and operating performance control bodies:

No said kinship

Information on any administrative actions against this person for any offence in the area of finance, taxes and duties, security market or a criminal liability (criminal record) for any economic crimes or offence against the state:

The person has never been held liable for said offences

Information on executive offices held by this person with any commercial organizations within the period, when any bankruptcy proceedings were brought against these organizations in line with the Russian Federation insolvency (bankruptcy) legislation:

The person did not hold such offices

FULL NAME: *Stanislav V. Shekshnya*

Independent member of the Board of Directors

Year of birth: ***1964***

Education:

post- graduate vocational

All offices held by this person with the Issuer or other organizations over the last 5 years and at the present time in chronological order, including a plurality of offices.

Period		Company	Title
from	for		
2011	present time	Joint Stock Company "LEADERSHIP VECTOR"	Senior partner
2011	present time	INSEAD Business School	Full business professor
2011	present time	NIS j.s.c. Novi Sad	Member of the Board of Directors
2011	2012	Ener1	Member of the Board of Directors
2015	present time	Limited Liability Company "Russian fishing company"	Chairman of the Board of Directors

This person does not hold any share of the Issuer's nominal capital/common stock

Information on the participation in Board of Directors committee work

Committee name	Chairman
Audit Committee	None
Personnel, Remunerations and Social policy Committee	Yes

The entity's share in the equity (reserve) capital (unit fund) of the Issuer's subsidiaries and affiliates

The person does not hold such shares

Information on the nature of any kinship with persons being members of the Issuer's governing bodies and/ or financial and operating performance control bodies:

No said kinship

Information on any administrative actions against this person for any offence in the area of finance, taxes and duties, security market or a criminal liability (criminal record) for any economic crimes or offence against the state:

The person has never been held liable for said offences

Information on executive offices held by this person with any commercial organizations within the period, when any bankruptcy proceedings were brought against these organizations in line with the Russian Federation insolvency (bankruptcy) legislation:

The person did not hold such offices

FULL NAME: ***Benedict Sciortino***

Independent member of the Board of Directors

Year of birth: ***1950***

Education:

higher

All offices held by this person with the Issuer or other organizations over the last 5 years and at the present time in chronological order, including a plurality of offices.

Period		Company	Title
from	for		
2011	present time	Duferco S.A.	A (executive) member of the Board of Directors
2011	present time	Duferco S.A.	Member of the Board of Directors
2011	2015	Duferco Steel Processing (Pty) Ltd.	Acting Director (Member of the Board of Directors)
2011	present time	Duferco Steel Inc.	Member of the Board of Directors
2011	present time	DufEnergy Trading S.A.	President and Director General, Member of the Board of Directors
2011	2015	Sharon Coating LLC	Member of the Board of Directors, Manager
2011	present time	Duferco Asia Pte Ltd.	Member of the Board of Directors
2011	present time	Duferco Morel S.A.	Member of the Board of Directors
2011	present time	Vanchem Vanadium Products (Pty) Ltd.	Member of the Board of Directors
2011	present time	Duferdofin – Nucor S.r.l.	Member of the Board of Directors
2011	2012	San Zeno Acciai – Duferco Srl	Member of the Board of Directors
2011	present time	TPP – Travi e Profilati di Pallanzeno S.r.l.	Member of the Board of Directors
2011	present time	Acofer Prodotti Siderurgici S.r.l.	Member of the Board of Directors
2011	2012	Dufenergy International Trading S.A.	Member of the Board of Directors
2011	present time	South African Japan Vanadium Corporation (Pty) Ltd (“SAJV”)	Chairman of the Board of Directors

2011	2015	NLMK Indiana LLC.	Member of the Board of Directors
2011	present time	Ultima Holding S.A.	Vice-President, Member of the Board of Directors
2011	present time	Duferco Vanadium Investment Holding S.A.	President, Member of the Board of Directors
2011	present time	Ultima Holding LLC	Manager
2011	2012	Project Integration S.A.	Vice-President, Member of the Board of Directors
2011	present time	Successful Expectations S.A.	Vice-President, Member of the Board of Directors
2011	present time	Dufenergy Global Commodities SA	Vice-President, Member of the Board of Directors
2011	present time	Duferco Long Products S.A.	Vice-President, Member of the Board of Directors
2011	2015	NLMK Pennsylvania LLC	Member of the Board of Directors
2011	present time	Duferco Participations Holding S.A.	Vice-President, Member of the Board of Directors
2011	present time	Duferco International Trading Holding S.A.	A (executive) member of the Board of Directors
2011	present time	Duferco International Trading Holding S.A.	Member of the Board of Directors
2012	present time	Duferco Industrial S.A.	Vice-President, Member of the Board of Directors
2012	2014	Dufenergy Succursale di Lugano	Manager

This person does not hold any share of the Issuer's nominal capital/common stock

Information on the participation in Board of Directors committee work

Committee name	Chairman
Strategic Planning Committee	None
Audit Committee	Yes

The entity's share in the equity (reserve) capital (unit fund) of the Issuer's subsidiaries and affiliates

The person does not hold such shares

Information on the nature of any kinship with persons being members of the Issuer's governing bodies and/ or financial and operating performance control bodies:

No said kinship

Information on any administrative actions against this person for any offence in the area of finance, taxes and duties, security market or a criminal liability (criminal record) for any economic crimes or offence against the state:

The person has never been held liable for said offences

Information on executive offices held by this person with any commercial organizations within the period, when any bankruptcy proceedings were brought against these organizations in line with the Russian Federation insolvency (bankruptcy) legislation:

The person did not hold such offices

FULL NAME: **Franz Struzl**

Independent member of the Board of Directors

Year of birth: **1942**

Education:

higher

All offices held by this person with the Issuer or other organizations over the last 5 years and at the present time in chronological order, including a plurality of offices.

Period		Company	Title
from	for		
2011	present time	RHI AG	Director General
2011	present time	RHI AG	Member of the Management Board

This person does not hold any share of the Issuer's nominal capital/common stock

Information on the participation in Board of Directors committee work

Committee name	Chairman
Strategic Planning Committee	None
Audit Committee	None

The entity's share in the equity (reserve) capital (unit fund) of the Issuer's subsidiaries and affiliates

The person does not hold such shares

Information on the nature of any kinship with persons being members of the Issuer's governing bodies and/ or financial and operating performance control bodies:

No said kinship

Information on any administrative actions against this person for any offence in the area of finance, taxes and duties, security market or a criminal liability (criminal record) for any economic crimes or offence against the state:

The person has never been held liable for said offences

Information on executive offices held by this person with any commercial organizations within the period, when any bankruptcy proceedings were brought against these organizations in line with the Russian Federation insolvency (bankruptcy) legislation:

The person did not hold such offices

5.2.2. Information on the Issuer's sole executive body

FULL NAME: **Oleg V. Bagrin**

Year of birth: **1974**

Education:

post- graduate vocational

All offices held by this person with the Issuer or other organizations over the last 5 years and at the present time in chronological order, including a plurality of offices.

Period		Company	Title
from	for		

2011	2012	Closed Joint Stock Company Investment Company "Libra Capital"	Director
2011	present time	NLMK Pennsylvania LLC	Member of the Board of Directors, member of the corporate executive body
2011	present time	Sharon Coating LLC	Member of the Board of Directors, member of the corporate executive body
2011	present time	NLMK Indiana LLC.	Member of the Board of Directors, member of the corporate executive body
2011	2016	NLMK International B.V	Member of the Board of Managing Directors
2011	present time	Closed Joint Stock Company Investment Company "Libra Capital"	Member of the Board of Directors
2011	present time	Closed Joint Stock Company Managing Company "Libra Capital"	Member of the Board of Directors
2012	2015	Open joint-stock company "First Freight Company"	Member of the Board of Directors
2012	2012	NLMK	Executive Vice-President (pluralistically)
2012	present time	NLMK	President (Chairman of the Management Board)
2013	present time	Closed Joint Stock Company Investment Company "Libra Capital"	Chairman of the Board of Directors
2013	present time	Closed Joint Stock Company Managing Company "Libra Capital"	Chairman of the Board of Directors
2015	present time	Open Joint-Stock company "First Freight Company"	Member of the Board of Directors
2016	present time	NLMK International B.V	Member of the Board of Directors

This person does not hold any share of the Issuer's nominal capital/common stock

The entity's share in the equity (reserve) capital (unit fund) of the Issuer's subsidiaries and affiliates

The person does not hold such shares

Information on the nature of any kinship with persons being members of the Issuer's governing bodies and/ or financial and operating performance control bodies:

No said kinship

Information on any administrative actions against this person for any offence in the area of finance, taxes and duties, security market or a criminal liability (criminal record) for any economic crimes or offence against the state:

The person has never been held liable for said offences

Information on executive offices held by this person with any commercial organizations within the period, when any bankruptcy proceedings were brought against these organizations in line with the Russian Federation insolvency (bankruptcy) legislation:

The person did not hold such offices

5.2.3. Members of the Issuer's corporate executive body

FULL NAME: *Oleg V. Bagrin*

(*Chairman*)

Year of birth: *1974*

Education:

post- graduate vocational

All offices held by this person with the Issuer or other organizations over the last 5 years and at the present time in chronological order, including a plurality of offices.

Period		Company	Title
from	for		
2011	2012	Closed Joint Stock Company Investment Company "Libra Capital"	Director
2011	present time	NLMK Pennsylvania LLC	Member of the Board of Directors, member of the corporate executive body
2011	present time	Sharon Coating LLC	Member of the Board of Directors, member of the corporate executive body
2011	present time	NLMK Indiana LLC.	Member of the Board of Directors, member of the corporate executive body
2011	2016	NLMK International B.V	Member of the Board of Managing Directors
2011	present time	Closed Joint Stock Company Investment Company "Libra Capital"	Member of the Board of Directors
2011	present time	Closed Joint Stock Company Managing Company "Libra Capital"	Member of the Board of Directors
2012	2015	Open joint-stock company "First Freight Company"	Member of the Board of Directors
2012	2012	NLMK	Executive Vice-President (pluralistically)
2012	present time	NLMK	President (Chairman of the Management Board)
2013	present time	Closed Joint Stock Company Investment Company "Libra Capital"	Chairman of the Board of Directors
2013	present time	Closed Joint Stock Company Managing Company "Libra Capital"	Chairman of the Board of Directors
2015	present time	Open Joint-Stock company "First Freight Company"	Member of the Board of Directors
2016	present time	NLMK International B.V	Member of the Board of Directors

This person does not hold any share of the Issuer's nominal capital/common stock

The entity's share in the equity (reserve) capital (unit fund) of the Issuer's subsidiaries and affiliates

The person does not hold such shares

Information on the nature of any kinship with persons being members of the Issuer's governing bodies and/ or financial and operating performance control bodies:

No said kinship

Information on any administrative actions against this person for any offence in the area of finance, taxes and duties, security market or a criminal liability (criminal record) for any economic crimes or offence against the state:

The person has never been held liable for said offences

Information on executive offices held by this person with any commercial organizations within the period, when any bankruptcy proceedings were brought against these organizations in line with the Russian Federation insolvency (bankruptcy) legislation:

The person did not hold such offices

FULL NAME: ***Brijesh Kumar Garg***

Year of birth: ***1964***

Education:

higher

All offices held by this person with the Issuer or other organizations over the last 5 years and at the present time in chronological order, including a plurality of offices.

Period		Company	Title
from	for		
2011	2012	Public Joint-Stock Company “ArcelorMittal Kryviy Rih”	Chief Procurement Officer
2012	present time	NLMK	Vice-President, Procurement

This person does not hold any share of the Issuer’s nominal capital/common stock

The entity’s share in the equity (reserve) capital (unit fund) of the Issuer’s subsidiaries and affiliates

The person does not hold such shares

Information on the nature of any kinship with persons being members of the Issuer’s governing bodies and/ or financial and operating performance control bodies:

No said kinship

Information on any administrative actions against this person for any offence in the area of finance, taxes and duties, security market or a criminal liability (criminal record) for any economic crimes or offence against the state:

The person has never been held liable for said offences

Information on executive offices held by this person with any commercial organizations within the period, when any bankruptcy proceedings were brought against these organizations in line with the Russian Federation insolvency (bankruptcy) legislation:

The person did not hold such offices

FULL NAME: ***Ilya V. Guschin***

Year of birth: ***1976***

Education:

post- graduate vocational

All offices held by this person with the Issuer or other organizations over the last 5 years and at the present time in chronological order, including a plurality of offices.

Period		Company	Title
from	for		
2011	2011	Limited Liability Company “SIBUR”	Deputy Manager for Economics and Finance, Plastic Material and Organic Synthesis Division
2011	2012	Limited Liability Company “SIBUR”	Advisor of Vice-President for Planning, Logistics and Sales Support
2011	2012	Open joint-stock company “Plastic”	Member of the Board of Directors
2011	2012	Kemerovo Joint Stock Company "Orton"	Member of the Board of Directors
2012	2012	Limited Liability Company “SIBUR”	Advisor of Managing Director
2012	2013	Limited Liability Company “SIBUR International GmbH”	Branch Manager
2013	present time	NLMK	Vice- President, Sales

This person does not hold any share of the Issuer’s nominal capital/common stock

The entity’s share in the equity (reserve) capital (unit fund) of the Issuer’s subsidiaries and affiliates

The person does not hold such shares

Information on the nature of any kinship with persons being members of the Issuer’s governing bodies and/ or financial and operating performance control bodies:

No said kinship

Information on any administrative actions against this person for any offence in the area of finance, taxes and duties, security market or a criminal liability (criminal record) for any economic crimes or offence against the state:

The person has never been held liable for said offences

Information on executive offices held by this person with any commercial organizations within the period, when any bankruptcy proceedings were brought against these organizations in line with the Russian Federation insolvency (bankruptcy) legislation:

The person did not hold such offices

FULL NAME: ***Yuri I. Larin***

Year of birth: ***1952***

Education:

post- graduate vocational

All offices held by this person with the Issuer or other organizations over the last 5 years and at the present time in chronological order, including a plurality of offices.

Period		Company	Title
from	for		
2011	2013	NLMK	Vice-President, Long-Term Development & Environment
2011	2012	Limited Liability Company “VIZ-Steel”	Member of the Board of Directors
2011	2012	NLMK DanSteel A/S	Member of the Board of Directors, member of the

			corporate executive body
2013	2016	NLMK	Vice-President, Process Development & Operational Efficiency
2014	2014	Open Joint-Stock Company "Stoilensky Mining & Processing Plant"	Director General (pluralistically)
2016	present time	NLMK	Advisor to the President (Chairman of the Management Board) for development programs

The entity's share in the Issuer's nominal capital, %: **0 00083**

Share in the Issuer's common stock owned by the entity, %: **0 00083**

The entity's share in the equity (reserve) capital (unit fund) of the Issuer's subsidiaries and affiliates

The person does not hold such shares

Information on the nature of any kinship with persons being members of the Issuer's governing bodies and/ or financial and operating performance control bodies:

No said kinship

Information on any administrative actions against this person for any offence in the area of finance, taxes and duties, security market or a criminal liability (criminal record) for any economic crimes or offence against the state:

The person has never been held liable for said offences

Information on executive offices held by this person with any commercial organizations within the period, when any bankruptcy proceedings were brought against these organizations in line with the Russian Federation insolvency (bankruptcy) legislation:

The person did not hold such offices

FULL NAME: ***Sergey K. Likharev***

Year of birth: ***1964***

Education:

post- graduate vocational

All offices held by this person with the Issuer or other organizations over the last 5 years and at the present time in chronological order, including a plurality of offices.

Period		Company	Title
from	for		
2011	2012	Limited Liability Company "Basel Aero"	Director General
2012	2013	Open Joint Stock Company "RM"	Director of Business Area
2013	2013	Limited Liability Company "Russian Machines"	Director for aircraft business in Administration of Moscow Branch
2013	2014	Open Joint Stock Company "Aviacor - Aviation Plant"	Chairman of the Board of Directors
2013	2014	NLMK	Deputy Vice-President, Logistics
2014	present time	NLMK	Vice President, Logistics

This person does not hold any share of the Issuer's nominal capital/common stock

The entity's share in the equity (reserve) capital (unit fund) of the Issuer's subsidiaries and affiliates

The person does not hold such shares

Information on the nature of any kinship with persons being members of the Issuer's governing bodies and/ or financial and operating performance control bodies:

No said kinship

Information on any administrative actions against this person for any offence in the area of finance, taxes and duties, security market or a criminal liability (criminal record) for any economic crimes or offence against the state:

The person has never been held liable for said offences

Information on executive offices held by this person with any commercial organizations within the period, when any bankruptcy proceedings were brought against these organizations in line with the Russian Federation insolvency (bankruptcy) legislation:

The person did not hold such offices

FULL NAME: ***Alexander N. Saprykin***

Year of birth: ***1967***

Education:

higher vocational

All offices held by this person with the Issuer or other organizations over the last 5 years and at the present time in chronological order, including a plurality of offices.

Period		Company	Title
from	for		
2011	2013	NLMK	Vice-President, "Coal" Division
2011	2013	Closed joint-stock company "Chernomorneftegaz"	Member of the Board of Directors
2013	2015	NLMK	Vice President, Strategic Raw Materials Division
2016	2016	NLMK	Advisor to the President (Chairman of the Management Board) for raw material provision

This person does not hold any share of the Issuer's nominal capital/common stock

The entity's share in the equity (reserve) capital (unit fund) of the Issuer's subsidiaries and affiliates

The person does not hold such shares

Information on the nature of any kinship with persons being members of the Issuer's governing bodies and/ or financial and operating performance control bodies:

relative of Mr. Vladimir S. Lisin, Chairman of NLMK's Board of Directors

Information on any administrative actions against this person for any offence in the area of finance, taxes and duties, security market or a criminal liability (criminal record) for any economic crimes or offence against the state:

The person has never been held liable for said offences

Information on executive offices held by this person with any commercial organizations within the period, when any bankruptcy proceedings were brought against these organizations in line with the Russian Federation insolvency (bankruptcy) legislation:

The person did not hold such offices

FULL NAME: *Grigory V. Fedorishin*

Year of birth: **1979**

Education:

post- graduate vocational

All offices held by this person with the Issuer or other organizations over the last 5 years and at the present time in chronological order, including a plurality of offices.

Period		Company	Title
from	for		
2011	2011	Closed Joint Stock Company Investment Company “Libra Capital”	Investment Projects Manager
2011	2012	Closed Joint Stock Company Investment Company “Libra Capital”	Investment Projects Manager (pluralistically)
2011	2013	NLMK	Director, Strategic Development
2013	present time	NLMK	Vice- President, Finance
2016	present time	Limited Liability Company “NLMK-Long Products”	Director General (pluralistically)
2016	present time	NLMK International B.V	Member of the Board of Directors

This person does not hold any share of the Issuer’s nominal capital/common stock

The entity’s share in the equity (reserve) capital (unit fund) of the Issuer’s subsidiaries and affiliates

The person does not hold such shares

Information on the nature of any kinship with persons being members of the Issuer’s governing bodies and/ or financial and operating performance control bodies:

No said kinship

Information on any administrative actions against this person for any offence in the area of finance, taxes and duties, security market or a criminal liability (criminal record) for any economic crimes or offence against the state:

The person has never been held liable for said offences

Information on executive offices held by this person with any commercial organizations within the period, when any bankruptcy proceedings were brought against these organizations in line with the Russian Federation insolvency (bankruptcy) legislation:

The person did not hold such offices

FULL NAME: *Sergey V. Filatov*

Year of birth: **1959**

Education:

post- graduate vocational

All offices held by this person with the Issuer or other organizations over the last 5 years and at the present time in chronological order, including a plurality of offices.

Period		Company	Title
from	for		
2011	2012	Open Joint Stock Company “EVRAZ Nizhnetagil metallurgical plant”	Chief Engineer/Project Director

2012	2013	NLMK	Deputy Senior Vice-President – Director General, Production and Technology
2013	present time	NLMK	Managing Director

This person does not hold any share of the Issuer’s nominal capital/common stock

The entity’s share in the equity (reserve) capital (unit fund) of the Issuer’s subsidiaries and affiliates

The person does not hold such shares

Information on the nature of any kinship with persons being members of the Issuer’s governing bodies and/ or financial and operating performance control bodies:

No said kinship

Information on any administrative actions against this person for any offence in the area of finance, taxes and duties, security market or a criminal liability (criminal record) for any economic crimes or offence against the state:

The person has never been held liable for said offences

Information on executive offices held by this person with any commercial organizations within the period, when any bankruptcy proceedings were brought against these organizations in line with the Russian Federation insolvency (bankruptcy) legislation:

The person did not hold such offices

FULL NAME: ***Stanislav E. Tsyrlin***

Year of birth: ***1968***

Education:

higher vocational

All offices held by this person with the Issuer or other organizations over the last 5 years and at the present time in chronological order, including a plurality of offices.

Period		Company	Title
from	for		
2011	present time	NLMK	Vice President, HR & Management System
2011	present time	All-Russian Industrial Employers’ Association “Association of Steel and Mining Industrialists of Russia”.	Member of Presidium (Management Board)

This person does not hold any share of the Issuer’s nominal capital/common stock

The entity’s share in the equity (reserve) capital (unit fund) of the Issuer’s subsidiaries and affiliates

The person does not hold such shares

Information on the nature of any kinship with persons being members of the Issuer’s governing bodies and/ or financial and operating performance control bodies:

No said kinship

Information on any administrative actions against this person for any offence in the area of finance, taxes and duties, security market or a criminal liability (criminal record) for any economic crimes or offence against the state:

The person has never been held liable for said offences

Information on executive offices held by this person with any commercial organizations within the period, when any bankruptcy proceedings were brought against these organizations in line with the Russian Federation insolvency (bankruptcy) legislation:

The person did not hold such offices

Additional information:

On April 22, 2016 NLMK's Management Board consisting of 9 members was approved at the NLMK's Board of Directors meeting (MoM No. 238 dd. 22.04.2016).

Members of the Management Board are:

- **Oleg V. Bagrin / President (Chairman of the Management Board)/;**
- **Brijesh Kumar Garg /Vice-President, Procurement/;**
- **Ilya V. Guschin /Vice-President, Sales/;**
- **Barend De Vos/General Director, NLMK Europe Strip/;**
- **Yuri I. Larin /Advisor of the President (President of the Management Board), Development programs/**
- **Sergey K. Likharev /Vice-President, Logistics/;**
- **Grigory V. Fedorishin /Vice-President, CFO/;**
- **Sergey V. Filatov /Managing Director/;**
- **Stanislav E. Tsyrlin, Vice-President /HR & Management System/.**

5.3. Information on fees, benefits and/or reimbursement of expenses to each management body of the Issuer

Information on the amount of remuneration paid to each management body (excluding the individual acting as a sole executive body of the Issuer). All remuneration types, including salaries, bonuses, fees, benefits and(or) reimbursement of expenses and other material provisions:

Remunerations

Board of Directors

Unit of measurement: **RUB**

Indicator description	2015	2016, 3 months
Remuneration for participation in the Management Body's operation	123,719,829	0
Salary	0	0
Bonuses	0	0
Commission remuneration	0	0
Other kinds of remuneration	0	0
TOTAL	123,719,829	0

Information on the existing agreements with regard to such payments in the current financial year:

Remunerations can be paid and expenses related to the performance of their functions by the members of the Board of Directors can be reimbursed to the members of the Board of Directors within the period of their duties execution. Amounts of such remunerations and compensation shall be determined by the Regulation on remuneration of members of NLMK's Board of Directors approved by the resolution of the General Shareholders' Meeting of the Company.

Collective executive body

Unit of measurement: **RUB**

Indicator description	2015	2016, 3 months
Remuneration for participation in the Management Body's operation	0	0
Salary	198,190,541	27,302,158

Bonuses	228,330,415	
Commission remuneration	0	0
Benefits	0	0
Other kinds of remuneration	235,281	97,519
TOTAL	426,756,237	27,399,677

Information on the existing agreements with regard to such payments in the current financial year:

In accordance with the Regulations on the Management Board, approved by the decision of the General Meeting of Shareholders, the Management Board members during the performance of their duties shall be paid remuneration and compensation of expenses related to the performance of their duties as members of the Management Board. Terms and procedure of payment of remuneration to the members of the Management Board are determined by the contract concluded with the members of the Management Board on the proposal of the Committee for Human Resources, Remuneration and Social Policy.

Reimbursements

Unit of measurement: **RUB**

Name of the management body:	2015	2016, 3 months
Board of Directors	2,495,038	0
Collective executive body	2,439,634	469,184

5.4. Information on the structure and competence of the Issuer's business operation control bodies and also on arrangement of risk management system and of internal control

Full description of the structure of the Issuer's fiscal control bodies and their competence in line with the Issuer's charter (constituent documents) and internal documents:

In the Company business operations are controlled by the Audit Committee of the company, the Company's Auditor, Internal Audit Department, Corporate Risk Department, Internal Control Department, Repair and Construction Control Department.

The Audit Commission

The Audit Commission of the Company consists of five persons, is elected by the General Shareholders' Meeting for a period until the following annual general shareholders' meeting and operates in accordance with the Regulations on the Audit Commission approved by the General Shareholders' Meeting.

In case the number of members of the Audit Commission becomes less than three persons, the Board of Directors shall convoke an extraordinary General Shareholders' Meeting in order to elect a new composition of the Audit Commission.

The Regulation on the Audit Commission governs the Audit Commission's procedures, powers of its members, composition, rate of remuneration and procedure of remuneration payment and expense reimbursement to the members of the Audit Commission.

The Company's Audit Commission members may not simultaneously be members of the Company's Board of Directors and hold any other positions in managerial bodies of the Company.

Inspection (audit) of financial and economic activities of the Company is based on yearly performance results and can at any time be initiated by the Company's Audit Commission, by General Shareholders' Meeting, the Board of Directors, or a shareholder (-s) owning in the aggregate at least ten per cent of the Company's voting shares.

The Audit Commission audits financial and economic activity of the Company in order to verify the conformity of the information presented in book records and financial statements to norms and requirements of the existing legislation, internal regulatory documents, performs selective investigation of evidence proving the numeric data

from the book records and notes to financial statements.

Based on the results of the Company's financial and economic activities audit, the Audit Commission makes a report on authenticity of the data contained in the Company's annual report and annual accounting (financial) statement.

Auditor *An Auditor is appointed by the General Shareholders' Meeting as advised by the Board of Directors. The Company's Auditor audits the Company's financial and economic activities according to the contract signed between the Auditor and the Company (the data on the Auditor were submitted in item 1.2 of this report).*

The Audit Committee with the Board of Directors is established in the Company.

Main functions of the Audit Committee:

The main purpose of the Audit Committee is elaboration and submission of recommendations to the Board of Directors of the Company regarding assurance of effective participation of the Company's Board of Directors in the control over financial and economic activities of the Company, including elaboration and submission of recommendations to the Board of Directors of the Company regarding the annual independent external audit of the Company's accounting (financial) statements, quality of services rendered by the Auditor and his compliance with the requirements of auditor's independence; the process of valuation of property by an independent appraiser, when it is required by legislation of the Russian Federation and in other cases.

The main objectives of the Audit Committee are an enhancement of efficiency of the internal control systems, risk management, and corporate governance; control over the reliability of the Company's accounting (financial) statements, internal audit and external audit performance, as well as counteraction against unethical practices or fraud by employees and third parties.

The Audit Committee is a consulting body and is accountable for its activities to the Board of Directors of the Company.

Members of the Audit Committee with the Board of Directors

FULL NAME	Chairman
Benedict Sciortino	Yes
Karen R. Sarkisov	None
Nikolai A. Gagarin	None
Stanislav V. Shekshnya	None
Franz Struzl	None

Information on availability of a separate structural division (divisions) of the Issuer for risk management and internal control (other, different from the Audit Committee (auditor), body (structural division) controlling internally the business operations of the Issuer), its tasks and functions:

*Corporate Risk Department is established in accordance with the President (Chairman of the Management Board) Order No. 358 dd. 03.06.2013 for an indefinite period and is subordinated to Vice President for Risk Management.**

The headcount of NLMK's Corporate Risk Department (payroll as of 31.03.2016 - 7 persons).

Competence of the Corporate Risk Department includes:

- arrangement of NLMK risk management process;*
- coordination of risk management at NLMK's subsidiaries and affiliates;*
- formation of Insurance Policy of NLMK Group companies;*
- coordination of NLMK Group Companies business in the insurance area.*

Corporate Risk Department is managed by the Head of the Department to whom the chief specialist for implementation of the corporate risk management system and the chief specialist for risk analysis are directly subordinated.

Internal Control Department is established in accordance with the President (Chairman of the Management Board) Order No.358 dd. 03.06.2013 and is subordinated to Vice President for Risk Management.

The headcount of the Internal Control Department (payroll of the Internal Control Department as of 31/03/2016 – 9 persons).

The objectives of the Internal Control Department are:

- establishment of the efficient internal control system of NLMK;*
- improvement and increase in efficiency of internal control system of NLMK business processes;*
- coordination of NLMK Group companies business in the area of functioning of corporate internal control system.*

The main functions of the Internal Control Department are:

- methodological guidance in the Company and support to internal control and formation of competence of NLMK Group employees within establishment of an effective internal control system;*
- coordination of activities of structural divisions and companies of NLMK Group to do self-evaluation of internal control efficiency;*
- performing diagnostics of internal control arrangement and developing of recommendations for its improvement;*
- keeping and supporting the Guarantee chart to be relevant.*

*Repair and Construction Control Department is established in accordance with the President (Chairman of the Management Board) Order No.1083 dd. 24/12/2015 and is subordinated to Vice President for Risk Management.**

The headcount of the Repair and Construction Control Department (payroll of the Repair and Construction Control Department as of 31/03/2016 – 41 persons).

The objectives of the Repair and Construction Control Department are:

- establishment of an efficient system of pricing, control and costs accounting for construction and repair of NLMK objects.*

The main functions of the Repair and Construction Control Department are:

- maintaining up to date methods for determination the value of civil and installation works and repairs pricing methodology;*
- control of objectivity of the cost formation of repair and construction works of NLMK's facilities;*
- coordination of the activities of NLMK Group companies in pricing and control over construction and repair costs.*

**- In accordance with NLMK Order dd. 24/12/2015 №1083 “On change of the management structure” from 01/01/2016:*

- establishment of a structural division “Construction and Repair Control Department”;*
- Corporate Risk Department, Internal Control Department and Construction and Repair Control Department are subordinated to the Vice President for Risk Management;*
- Vice President for Risk Management reports directly to the President (Chairman of the Management Board) of the Company;;*
- The title “Director of internal control and risk management” has been abolished. In accordance with NLMK Order № 125.пс dd. 24/12/2015 “On position transfer” Evgeny A. Ovcharov, Director of Internal Control and Risk Management, was transferred to the position of Vice-President for Risk Management from 01/01/2016.*

Additional information:

The Risk Management Committee is established in the Company.

The main objective of the Risk Management Committee is to ensure efficiency of risk management processes within NLMK Group.

The main tasks of the Risk Management Committee are elaboration of risk management projects, preparation of solutions of risk management issues, coordination of activities of all divisions and employees involved in the risk management process.

Members of Risk Management Committee:

Oleg V. Bagrin - Chairman on the Risk Management Committee;

Grigory V. Fedorishin;

Evgeny A. Ovcharov;

Alexander I. Kravchenko;

Sergey P. Melnik.

Information on availability of a separate structural subdivision (department) of internal audit, its tasks and functions:
Internal Audit Service - Internal Audit Division (before 21.09.2006 – Audit Division), established under General Director's Order dd. 17.04.1997 for an indefinite period.

Internal Audit Department is presided by Director for Internal Audit.

The Internal Audit Director is functionally subordinate to the Board of Directors (Audit Committee), and administratively - to the President (Chairman of the Management Board). **

The payroll of the Internal Audit Department of NLMK as of 31/03/2016 is 24 persons.

The main objectives of internal audit are:

- ***rendering assistance to the executive bodies and employees of NLMK Group companies in the development and monitoring of procedures and measures aimed at improvement of risk management and internal control systems, and corporate governance of NLMK Group;***
- ***coordinating activities with consultants in the sphere of risk management, internal control and corporate governance;***
- ***carrying out internal audits of controlled companies in line with the established procedure;***
- ***preparing and submitting performance reports of the internal audit department to the Board of Directors (Audit Commission) and to the executive bodies;***
- ***checking observance of legislative acts and internal policies of NLMK Group regarding the insider information and anti-corruption measures, observance of NLMK Group code of ethics by members of the NLMK Group's executive bodies and its employees.***

Main functions of internal audit include:

- ***efficiency evaluation of internal control system;***
- ***efficiency evaluation of risk management system;***
- ***corporate governance evaluation;***
- ***consulting.***

The Internal Audit Department performance is reported to the Board of Directors (Audit Committee) and to the President (Chairman of the Management Board).

In the process of its activity the Internal Audit Department cooperates with auditing companies working for the Company on a contract basis.

***** - In accordance with NLMK Order №1083 dd. 24/12/2015 "On management structure changing" the Internal Audit Division is administratively subordinate to the President (Chairman of the Management Board) of the Company. The change of the headcount of the Internal Audit Division is caused by the change of the management structure and transfer of the payroll of the Repair and Construction Audit Department of the Internal Audit Division to the newly established structural division "Repair and Construction Control Department".***

Issuer's policy in the field of risk management and internal control is described by the Issuer in clause 2.4 therein.

The Issuer approved an internal document establishing the rules aimed at prevention of illegal use of confidential and insider information.

Information on the availability of the Issuer's internal document establishing the rules aimed at prevention of illegal use of confidential and insider information:

1) Regulation on Information Policy of NLMK (new revision), which contains, inter alia, the rules of prevention of illegal use of insider information was approved by the resolution of NLMK's Board of Directors on 15 August 2011 (MoM No. 195);

2) Regulation on Insider Information of NLMK was approved by the NLMK's President's (Chairman of the Management Board) Order No. 950 dd. 14 December 2011.

5.5. Information on members of bodies executing control over the Issuer's financial and economic activities

Name of the Issuer's financial and economic performance control body: ***Audit Commission***

FULL NAME: ***Vladislav A. Yershov***

(***Chairman***)

Year of birth: ***1973***

Education:

higher vocational

All offices held by this person with the Issuer or other organizations over the last 5 years and at the present time in chronological order, including a plurality of offices.

Period		Company	Title
from	for		
2011	2015	NLMK	Chief Specialist, Relations with Subsidiaries and Affiliates, General Audit Sector
2015	present time	NLMK	Chief Auditor of the Operational Audit Group, Audit Management of "Flat Product" Division.

This person does not hold any share of the Issuer's nominal capital/common stock

The entity's share in the equity (reserve) capital (unit fund) of the Issuer's subsidiaries and affiliates

The person does not hold such shares

Information on the nature of any kinship with persons being members of the Issuer's governing bodies and/ or financial and operating performance control bodies:

No said kinship

Information on any administrative actions against this person for any offence in the area of finance, taxes and duties, security market or a criminal liability (criminal record) for any economic crimes or offence against the state:

The person has never been held liable for said offences

Information on executive offices held by this person with any commercial organizations within the period, when any bankruptcy proceedings were brought against these organizations in line with the Russian Federation insolvency (bankruptcy) legislation:

The person did not hold such offices

FULL NAME: ***Natalya P. Krasnykh***

Year of birth: ***1969***

Education:

higher vocational

All offices held by this person with the Issuer or other organizations over the last 5 years and at the present time in chronological order, including a plurality of offices.

Period		Company	Title
from	for		
2011	2015	NLMK	Lead auditor, Operational Audit Bureau, General Audit Department
2015	present time	NLMK	Lead Auditor of the

			Operational Audit Group, Audit Management of "Flat Product" Division.
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This person does not hold any share of the Issuer's nominal capital/common stock

The entity's share in the equity (reserve) capital (unit fund) of the Issuer's subsidiaries and affiliates

The person does not hold such shares

Information on the nature of any kinship with persons being members of the Issuer's governing bodies and/ or financial and operating performance control bodies:

No said kinship

Information on any administrative actions against this person for any offence in the area of finance, taxes and duties, security market or a criminal liability (criminal record) for any economic crimes or offence against the state:

The person has never been held liable for said offences

Information on executive offices held by this person with any commercial organizations within the period, when any bankruptcy proceedings were brought against these organizations in line with the Russian Federation insolvency (bankruptcy) legislation:

The person did not hold such offices

FULL NAME: ***Vladimir N. Markin***

Year of birth: ***1966***

Education:

higher vocational

All offices held by this person with the Issuer or other organizations over the last 5 years and at the present time in chronological order, including a plurality of offices.

Period		Company	Title
from	for		
2011	2015	NLMK	Head of the General Audit Sector
2015	present time	NLMK	Head of Audit Department of "Flat Product" Division

This person does not hold any share of the Issuer's nominal capital/common stock

The entity's share in the equity (reserve) capital (unit fund) of the Issuer's subsidiaries and affiliates

The person does not hold such shares

Information on the nature of any kinship with persons being members of the Issuer's governing bodies and/ or financial and operating performance control bodies:

No said kinship

Information on any administrative actions against this person for any offence in the area of finance, taxes and duties, security market or a criminal liability (criminal record) for any economic crimes or offence against the state:

The person has never been held liable for said offences

Information on executive offices held by this person with any commercial organizations within the period, when any bankruptcy proceedings were brought against these organizations in line with the Russian Federation insolvency (bankruptcy) legislation:

The person did not hold such offices

FULL NAME: *Sergey I. Nesmeyanov*

Year of birth: **1969**

Education:

higher vocational

All offices held by this person with the Issuer or other organizations over the last 5 years and at the present time in chronological order, including a plurality of offices.

Period		Company	Title
from	for		
2011	2015	NLMK	Lead Specialist, Relations with Subsidiaries and Affiliates, General Audit Sector
2015	present time	NLMK	Lead Auditor of the Operational Audit Group, Audit Management of "Flat Product" Division.

This person does not hold any share of the Issuer's nominal capital/common stock

The entity's share in the equity (reserve) capital (unit fund) of the Issuer's subsidiaries and affiliates

The person does not hold such shares

Information on the nature of any kinship with persons being members of the Issuer's governing bodies and/ or financial and operating performance control bodies:

No said kinship

Information on any administrative actions against this person for any offence in the area of finance, taxes and duties, security market or a criminal liability (criminal record) for any economic crimes or offence against the state:

The person has never been held liable for said offences

Information on executive offices held by this person with any commercial organizations within the period, when any bankruptcy proceedings were brought against these organizations in line with the Russian Federation insolvency (bankruptcy) legislation:

The person did not hold such offices

FULL NAME: *Galina I. Shipilova*

Year of birth: **1959**

Education:

higher vocational

All offices held by this person with the Issuer or other organizations over the last 5 years and at the present time in chronological order, including a plurality of offices.

Period		Company	Title
from	for		
2011	2015	NLMK	Head of Tax Audit Bureau, General Audit Sector
2015	present time	NLMK	Lead Auditor of the Operational Audit Group, Audit Management of "Flat Product" Division.

This person does not hold any share of the Issuer's nominal capital/common stock

The entity's share in the equity (reserve) capital (unit fund) of the Issuer's subsidiaries and affiliates

The person does not hold such shares

Information on the nature of any kinship with persons being members of the Issuer's governing bodies and/ or financial and operating performance control bodies:

No said kinship

Information on any administrative actions against this person for any offence in the area of finance, taxes and duties, security market or a criminal liability (criminal record) for any economic crimes or offence against the state:

The person has never been held liable for said offences

Information on executive offices held by this person with any commercial organizations within the period, when any bankruptcy proceedings were brought against these organizations in line with the Russian Federation insolvency (bankruptcy) legislation:

The person did not hold such offices

Name of the Issuer's financial and economic performance control body: ***Others***

Corporate Risk Department

Information on the Head of such individual structural division (body) of the Issuer

Title name of the structural division head: ***Acting Head of the Corporate Risk Department from 01/02/2016.***

FULL NAME: ***Olga I. Kotina***

Year of birth: ***1980***

Education:

higher vocational

All offices held by this person with the Issuer or other organizations over the last 5 years and at the present time in chronological order, including a plurality of offices.

Period		Company	Title
from	for		
2011	2015	Public joint-stock company "TRANSKAPITALBANK"	Deputy Head of the Risk Management Sector
2015	present time	NLMK	Category manager (credit risks)

This person does not hold any share of the Issuer's nominal capital/common stock

The entity's share in the equity (reserve) capital (unit fund) of the Issuer's subsidiaries and affiliates

The person does not hold such shares

Information on the nature of any kinship with persons being members of the Issuer's governing bodies and/ or financial and operating performance control bodies:

No said kinship

Information on any administrative actions against this person for any offence in the area of finance, taxes and duties, security market or a criminal liability (criminal record) for any economic crimes or offence against the state:

The person has never been held liable for said offences

Information on executive offices held by this person with any commercial organizations within the period, when any bankruptcy proceedings were brought against these organizations in line with the Russian Federation insolvency (bankruptcy) legislation:

The person did not hold such offices

Name of the Issuer's financial and economic performance control body: ***Others***
Internal Control Department

Information on the Head of such individual structural division (body) of the Issuer

Title name of the structural division head: ***Head of Internal Control Department***

FULL NAME: ***Sergey B. Kazantsev***

Year of birth: ***1981***

Education:

higher vocational

All offices held by this person with the Issuer or other organizations over the last 5 years and at the present time in chronological order, including a plurality of offices.

Period		Company	Title
from	for		
2011	2013	Limited Liability Company "Sibur - business support centre"	Deputy Director General
2013	2014	Limited Liability Company "Sibur - business support centre"	Director General
2014	2016	Open joint-stock company "Oil and Gas Company Rosneft"	Deputy Director of IT and Business Processes Development Department
2016	present time	NLMK	Head of Internal Control Department

This person does not hold any share of the Issuer's nominal capital/common stock

The entity's share in the equity (reserve) capital (unit fund) of the Issuer's subsidiaries and affiliates

The person does not hold such shares

Information on the nature of any kinship with persons being members of the Issuer's governing bodies and/ or financial and operating performance control bodies:

No said kinship

Information on any administrative actions against this person for any offence in the area of finance, taxes and duties, security market or a criminal liability (criminal record) for any economic crimes or offence against the state:

The person has never been held liable for said offences

Information on executive offices held by this person with any commercial organizations within the period, when any bankruptcy proceedings were brought against these organizations in line with the Russian Federation insolvency (bankruptcy) legislation:

The person did not hold such offices

Name of the Issuer's financial and economic performance control body: ***Others***
Construction and Repair Control Department

Information on the Head of such individual structural division (body) of the Issuer

Title name of the structural division head: **Head of Repair and Construction Control Department**

FULL NAME: **Alexey B. Khripunkov**

Year of birth: **1975**

Education:

higher vocational

All offices held by this person with the Issuer or other organizations over the last 5 years and at the present time in chronological order, including a plurality of offices.

Period		Company	Title
from	for		
2011	2015	NLMK	Head of Capital Expenses Audit Centre of the Internal Audit Division
2015	2016	NLMK	Head of Repair and Construction Audit Department of Internal Audit Division
2016	present time	NLMK	Head of Repair and Construction Control Department

This person does not hold any share of the Issuer's nominal capital/common stock

The entity's share in the equity (reserve) capital (unit fund) of the Issuer's subsidiaries and affiliates

The person does not hold such shares

Information on the nature of any kinship with persons being members of the Issuer's governing bodies and/ or financial and operating performance control bodies:

No said kinship

Information on any administrative actions against this person for any offence in the area of finance, taxes and duties, security market or a criminal liability (criminal record) for any economic crimes or offence against the state:

The person has never been held liable for said offences

Information on executive offices held by this person with any commercial organizations within the period, when any bankruptcy proceedings were brought against these organizations in line with the Russian Federation insolvency (bankruptcy) legislation:

The person did not hold such offices

Name of the Issuer's financial and economic performance control body: **Others**

Internal Audit Division

Information on the Head of such individual structural division (body) of the Issuer

Title name of the structural division head: **Acting Director for Internal Audit from 01/01/2016**

FULL NAME: **Vladimir N. Markin**

Year of birth: **1966**

Education:

higher vocational

All offices held by this person with the Issuer or other organizations over the last 5 years and at the present time in chronological order, including a plurality of offices.

Period		Company	Title
from	for		
2011	2015	NLMK	Head of the General Audit Sector
2015	present time	NLMK	Head of Audit Department of "Flat Product" Division

This person does not hold any share of the Issuer's nominal capital/common stock

The entity's share in the equity (reserve) capital (unit fund) of the Issuer's subsidiaries and affiliates

The person does not hold such shares

Information on the nature of any kinship with persons being members of the Issuer's governing bodies and/ or financial and operating performance control bodies:

No said kinship

Information on any administrative actions against this person for any offence in the area of finance, taxes and duties, security market or a criminal liability (criminal record) for any economic crimes or offence against the state:

The person has never been held liable for said offences

Information on executive offices held by this person with any commercial organizations within the period, when any bankruptcy proceedings were brought against these organizations in line with the Russian Federation insolvency (bankruptcy) legislation:

The person did not hold such offices

5.6. Information on remunerations and (or) reimbursement of expenses over the bodies controlling the Issuer's financial and economic performance

Remunerations

Remuneration of all kinds are described for each authority controlling the financial and economic performance of the Issuer (except for any physical person, acting as (in its capacity) the auditor of the Issuer) stating their amount, including the salaries of the members of the bodies of control over financial and economic performance of the Issuer, which are (were) its employees, including those working (worked) on a part-time basis, bonuses, fees, remunerations separately paid for participation in the work of the concerned body of control over financial and economic performance of the Issuer, other forms of remuneration that were paid by the Issuer during the relevant reporting period, as well as with the indication of the amount of the costs related to the performance of the members' functions of the bodies of control over financial and economic activity of the Issuer, compensated by the Issuer during the relevant reporting period.

Name of the Issuer's financial and economic performance control body: ***Audit Commission***

Remuneration for participation in the control body's operation

Unit of measurement: ***RUB***

Indicator description	2015	2016, 3 months
Remuneration for participation in the body controlling the Issuer's financial and economic performance	180,000	0
Salary	3,670,135	1,230,894
Bonuses	3,019,054	538,891
Commission remuneration	0	0
Other kinds of remuneration	124,099	0

TOTAL	6,993,288	1,769,785
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Information on the existing agreements with regard to such payments in the current financial year:

The amount and procedure of remuneration and compensation payment to NLMK's Audit Commission members are established by Regulations on Remuneration & Compensation to the members of NLMK Audit Commission approved by the Extraordinary General Shareholders' Meeting held on 3 December, 2004 (Minutes of Meeting No.20).

Name of the Issuer's financial and economic performance control body: ***Corporate Risk Department***

Remuneration for participation in the control body's operation

Unit of measurement: ***RUB***

Indicator description	2015	2016, 3 months
Remuneration for participation in the body controlling the Issuer's financial and economic performance	0	0
Salary	5,887,177	1,791,264
Bonuses	2,254,642	602,392
Commission remuneration	0	0
Other kinds of remuneration	30,868	413,779
TOTAL	8,172,687	2,807,435

Information on the existing agreements with regard to such payments in the current financial year:

The Corporate Risk Department is a structural subdivision of NLMK. Remuneration and stimulation of employees at NLMK is done in accordance with the RF Labor Code, NLMK Collective Agreement and Regulations on payment and stimulation of labour effective at NLMK.

Name of the Issuer's financial and economic performance control body: ***Internal Control Department***

Remuneration for participation in the control body's operation

Unit of measurement: ***RUB***

Indicator description	2015	2016, 3 months
Remuneration for participation in the body controlling the Issuer's financial and economic performance	0	0
Salary	7,450,278	2,841,418
Bonuses	3,421,116	637,952
Commission remuneration	0	0
Other kinds of remuneration	56,776	164,133
TOTAL	10,928,170	3,643,503

Information on the existing agreements with regard to such payments in the current financial year:

Internal Audit Division is a structural subdivision of NLMK. Remuneration and stimulation of employees at NLMK is done in accordance with the RF Labor Code, NLMK Collective Agreement and Regulations on payment and stimulation of labour effective at NLMK.

Name of the Issuer's financial and economic performance control body: ***Construction and Repair Control Department***

Remuneration for participation in the control body's operation

Unit of measurement: **RUB**

Indicator description	2015	2016, 3 months
Remuneration for participation in the body controlling the Issuer's financial and economic performance	0	0
Salary	0	1,800,090
Bonuses	0	452,328
Commission remuneration	0	0
Other kinds of remuneration	0	28,523
TOTAL	0	2,280,941

Information on the existing agreements with regard to such payments in the current financial year:

Construction and Repair Control Department is a structural subdivision of NLMK. Remuneration and stimulation of employees at NLMK is done in accordance with the RF Labor Code, NLMK Collective Agreement and Regulations on payment and stimulation of labour effective at NLMK.

Name of the Issuer's financial and economic performance control body: ***Internal Audit Division***

Remuneration for participation in the control body's operation

Unit of measurement: **RUB**

Indicator description	2015	2016, 3 months
Remuneration for participation in the body controlling the Issuer's financial and economic performance	0	0
Salary	27,889,322	4,462,136
Bonuses	21,932,872	1,839,934
Commission remuneration	0	0
Other kinds of remuneration	1,227,421	747,032
TOTAL	51,049,615	7,049,102

Information on the existing agreements with regard to such payments in the current financial year:

The Internal Audit Division is a structural subdivision of NLMK. Remuneration and stimulation of employees at NLMK is done in accordance with the RF Labor Code, NLMK Collective Agreement and Regulations on payment and stimulation of labour effective at NLMK.

Reimbursements

Unit of measurement: **RUB**

Name of control body (structural division)	2015	2016, 3 months
Audit Commission	0	0
Corporate Risk Department	0	0
Internal Control Department	0	0
Construction and Repair Control Department	0	0
Internal Audit Division	0	0

5.7. Information on headcount and summarized data on personnel (employees) of the Issuer, as well as on changes in the Issuer's headcount

Unit of measurement: **RUB**

Indicator description	2015	2016, 3 months
Average headcount, persons	27,909	27,415
Fund of gross payroll over the reporting period	17,663,683,586	3,797,706,562
Social payments to employees over the reporting period	298,963,358	148,189,465

Changes in the Issuer's headcount (employees) number within the reporting period were not significant for the Issuer.

NLMK's employees established a shop-floor trade-union organization of the Miners' & Metallurgical Workers' Union of Russia (GMPR).

5.8. Information on any Issuer obligations towards personnel (employees) related to their possible interest in the Issuer's equity capital

The Issuer does not have any commitments to personnel (employees) related to the possibility of their shareholding in the Issuer's equity capital

Section VI. Information on participants (shareholders) of the Issuer and interested-party transactions concluded by the Issuer

6.1. Information on the total number of the Issuer's shareholders (stockholders)

Total number of persons with nonzero balances on personal accounts, registered in the Issuer's shareholder register as at the closure date of the reporting quarter: **8,641**

Total number of nominal holders of the Issuer's shares: **1**

Total number of persons listed in the latest list of persons who were (are) entitled to participate in the Issuer's General Shareholders' Meeting (a different list of persons made for the purpose of exercising (implementing) rights vested in the Issuer's shares and for the compilation of which the nominal holders of the Issuer's shares submitted the data on persons in the interests of which they owned (own) the Issuer's shares): **8,673**

The date of the list of persons included in the latest list of persons who were (are) entitled to participate in the Issuer's General Shareholders' Meeting (a different list of persons made for the purpose of exercising (implementing) rights vested in the Issuer's shares and for the compilation of which the nominal holders of the Issuer's shares submitted the data on persons in the interests of which they owned (own) the Issuer's shares): **08/01/2016**.

Owners of the Issuer's common stock entitled to be listed in this list: **8,673**

Information on the number of own shares on the balance sheet of the Issuer at the closing date of the reporting quarter

Own shares are not available on the Issuer's balance

Information on the number of shares of the Issuer owned by the entities controlled by it.

Shares of the Issuer, owned by the entities controlled by it, are not available

6.2. Information on the Issuer's participants (shareholders) owning not less than 5 percent of its equity capital or not less than 5 percent of its common stock, as well as information on persons controlling such participants (shareholders) or, in the absence of such controlling persons, - on their participants (shareholders) owning not less than 20 per cent of the equity capital or not less than 20 per cent of their common stock

Participants (shareholders) of the Issuer owning at least 5 percent of its equity capital or at least 5 percent of its common stock

I. Full company name: *FLETCHER GROUP HOLDINGS LIMITED*

Abbreviated company name: ***FLETCHER GROUP HOLDINGS LIMITED***

Domicile

Flat/Office 104 P.C., 20 EL GRECO HOUSE, Vasilissis Freiderikis, P.C. 1066, Nicosia, Cyprus

The entity's share in the Issuer's nominal capital: **85.54%**

Share in the Issuer's common stock owned by the entity: **85.54%**

Entities controlling the Issuer's shareholder

1.1. Full company name: *Megamatic Management Limited*

Abbreviated company name: ***Megamatic Management Limited***

Domicile

29a, Annis Komninis Street, 1520, Nicosia, Cyprus

Basis for control executed by the entity controlling the Issuer's shareholder (stockholding in an entity which is an Issuer's shareholder, partnership agreement, agency agreement, shareholder agreement, other agreement covering the exercise of rights certified by shares (interest) of the legal entity which is the Issuer's shareholder):

Interest in a legal entity being an Issuer's shareholder.

Evidence of the entity controlling the Issuer's shareholder exercising such control: ***the right to dispose of over 50 percent of votes in the supreme management body of the legal entity being an Issuer's participant (shareholder)***

Control type: ***direct control***

Share of this entity in the equity (reserve) capital (unit fund) of the Issuer's shareholder, %: **89.49**

Other information stated by the Issuer at its discretion:

none

1.2. FULL NAME: *Vladimir S. Lisin*

Basis for control executed by the entity controlling the Issuer's shareholder (stockholding in an entity which is an Issuer's shareholder, partnership agreement, agency agreement, shareholder agreement, other agreement covering the exercise of rights certified by shares (interest) of the legal entity which is the Issuer's shareholder):

Interest in a legal entity being an Issuer's shareholder.

Evidence of the entity controlling the Issuer's shareholder exercising such control: ***the right to dispose of over 50 percent of votes in the supreme management body of the legal entity being an Issuer's participant (shareholder)***

Control type: ***indirect control***

All organizations (chain of organizations directly or indirectly controlled by the person controlling the Issuer's shareholder) controlled by the entity which controls the Issuer's shareholder, via which the entity controlling the Issuer's shareholder exercises indirect control. Full and abbreviated company name of each such company, their domiciles, TIN (if applicable), OGRN (Main State Registration Number) (if applicable):

Name of legal entity directly controlled by Mr. Vladimir S.Lisin: Megamatic Management Limited

Domicile of legal entity directly controlled by Mr. Vladimir S.Lisin: 29a, Annis Komninis Street, 1520, Nicosia, Cyprus

Other information stated by the Issuer at its discretion:

none

6.3. Information on the interest of the state or municipality in the Issuer's equity capital, availability of a special right ("golden share")

Information on managers of state, municipal equity stakes

No such persons

Entities which perform functions of the Issuer's shareholder on behalf of the Russian Federation, a Russian

Federation constituent or a municipality

Ownership of the Russian Federation constituent entities

Description: ***State Budgetary (Regional) Educational Institution for Orphans and Children without Parental Custody, Children's Home No.6***

Domicile: ***Village of Borinskoye, Lipetsk district, Lipetsk region, 398510, Russia 65, Lenin Str.***

The interest of the state (federal interest, interest of the RF units), municipality in the equity capital: ***0 022782***

Availability of a special right for participation of the Russian Federation, constituents of the Russian Federation, municipalities in the management of the Issuer – joint-stock company ("golden share"), special right ("golden share") validity period

No such right

6.4. Information on limitations imposed on participation in the Issuer's equity capital

There are no limitations imposed on participation in the Issuer's equity capital

6.5. Information on changes in composition and extent of participation of the Issuer's shareholders (participants) owning at least 5% of its equity capital or at least 5% of its common stock

The composition of the Issuer's shareholders (participants) owning 5 or more percent of the Issuer's charter capital, and for Issuers which are joint-stock companies - also 5 or more percent of the Issuer's common stock, determined as of the date of the list of persons entitled to participate in every General Shareholders' (participants') Meeting of the Issuer held in the course of the latest completed fiscal years preceding the date of the reporting quarter closure, as well as from the date of the current year beginning to the date of the reporting quarter closure on the basis of the list of persons entitled to participate in every such meeting

Date of compiling the list of persons entitled to participate in the Issuer's General Shareholders' Meeting:
17/04/2015.

The list of shareholders (stockholders)

Full company name: ***FLETCHER GROUP HOLDINGS LIMITED***

Abbreviated company name: ***FLETCHER GROUP HOLDINGS LIMITED***

Domicile: ***Flat/Office 104 P.C., 20 EL GRECO HOUSE, Vasilissis Freiderikis, 1066, Nicosia, Cyprus***

Not a resident of the Russian Federation

The entity's share in the Issuer's nominal capital, %: ***85.54***

Share in the Issuer's common stock owned by the entity, %: ***85.54***

Date of compiling the list of persons entitled to participate in the Issuer's General Shareholders' Meeting:
24/08/2015.

The list of shareholders (stockholders)

Full company name: ***FLETCHER GROUP HOLDINGS LIMITED***

Abbreviated company name: ***FLETCHER GROUP HOLDINGS LIMITED***

Domicile: ***Flat/Office 104 P.C., 20 EL GRECO HOUSE, Vasilissis Freiderikis, 1066, Nicosia, Cyprus***

Not a resident of the Russian Federation

The entity's share in the Issuer's nominal capital, %: ***85.54***

Share in the Issuer's common stock owned by the entity, %: ***85.54***

Date of compiling the list of persons entitled to participate in the Issuer's General Shareholders' Meeting:

03/11/2015.

The list of shareholders (stockholders)

Full company name: **FLETCHER GROUP HOLDINGS LIMITED**

Abbreviated company name: **FLETCHER GROUP HOLDINGS LIMITED**

Domicile: **Flat/Office 104 P.C., 20 EL GRECO HOUSE, Vasilissis Freiderikis, 1066, Nicosia, Cyprus**
Not a resident of the Russian Federation

The entity's share in the Issuer's nominal capital, %: **85.54**

Share in the Issuer's common stock owned by the entity, %: **85.54**

6.6. Information on interested-party transactions concluded by the Issuer

Information on the number and volume (in money terms) of the Issuer's transactions recognized as per the Russian law as interested-party transactions, which required the approval of the authorized Issuer's management body, based on the last reporting quarter results

Unit of measurement: **RUB**

Indicator description	Total number, pcs.	Total volume in money terms
The Issuer's interested-party transactions within the reporting period, which required the approval of the Issuer's authorized management body	6	RUB 115,405,350 EUR 3,039,336
The Issuer's interested-party transactions within the reporting period, which were approved by the General Shareholders' (stockholders') Meeting of the Issuer	0	0
The Issuer's interested-party transactions within the reporting period, which were approved by the Issuer's Board of Directors (Supervisory Board)	6	RUB 115,405,350 EUR 3,039,336
The Issuer's interested-party transactions within the reporting period, which required the approval of the Issuer's authorized management body but were not approved	0	0

Transactions (groups of inter-related transactions) whose price makes five or more percent of the Issuer's assets book value determined on the basis of the Issuer's accounting statements as of the last reporting date before the conclusion of transaction made by the Issuer in the last reporting period

No such transactions

Interested-party transactions (groups of related interested-party transactions), which were not approved by the Issuer's Board of Directors (Supervisory Board) or the General Shareholders' (participants') Meeting, when such an approval was mandatory as per the Russian law

No such transactions

6.7. Information on the amount of the accounts receivable

As of 31.12.2015

Unit of measurement: **RUB**

Indicator description	Indicator value
Accounts receivable of buyers and customers	7,265,968,910

of them overdue	960,742,036
Accounts receivable under notes receivable	0
of them overdue	0
Accounts receivable of stockholders (founders) on contributions into equity capital	0
of them overdue	0
Other accounts receivable	118,077,436,012
of them overdue	278,423,813
Total amount of accounts receivable	125,343,404,922
including total overdue accounts receivable	1,239,165,849

Debtors accounting for at least 10% of total accounts receivable in the specified reporting period

Full company name: *Open Joint-Stock Company "Nizhnesergi hardware-metallurgy plant"*

Abbreviated company name: *OJSC NSMMZ*

Domicile: *Revda, Sverdlovsk region, 623280 Russia 3, Karl Libknekht Str*

TIN: *6646009256*

OGRN *1026602051288*

Accounts receivable: *15,807,508,976*

Unit of measurement: *RUB*

Amount and terms and conditions of the overdue accounts receivable (interest rate, penalties, fines):

There are no overdue accounts receivable.

The debtor is the Issuer's affiliated party: *Yes*

The Issuer's share in the nominal capital of the business entity: *92.59%*

The Issuer's share of common stock of such Joint-Stock Company: *92.59%*

The entity's share in the Issuer's nominal capital: *0%*

Share in the Issuer's common stock owned by the entity: *0%*

Full company name: *Limited Liability Company "NLMK Overseas Holdings"*

Abbreviated company name: *LLC NLMK Overseas Holdings*

Domicile: *Lipetsk 398040 Russia 2, Metallurgov sq.*

TIN: *4823041480*

OGRN *1114823002580*

Accounts receivable: *82,778,925,230*

Unit of measurement: *RUB*

Amount and terms and conditions of the overdue accounts receivable (interest rate, penalties, fines):

There are no overdue accounts receivable.

The debtor is the Issuer's affiliated party: *Yes*

The Issuer's share in the nominal capital of the business entity: *100%*

The entity's share in the Issuer's nominal capital: *0%*

Share in the Issuer's common stock owned by the entity: *0%*

As of 31.03.2016

Unit of measurement: *RUB*

Indicator description	Indicator value
Accounts receivable of buyers and customers	9,109,061,276
of them overdue	868,328,670

Accounts receivable under notes receivable	0
of them overdue	0
Accounts receivable of stockholders (founders) on contributions into equity capital	0
of them overdue	0
Other accounts receivable	122,987,862,694
of them overdue	314,351,875
Total amount of accounts receivable	132,096,923,970
including total overdue accounts receivable	1,182,680,545

Debtors accounting for at least 10% of total accounts receivable in the specified reporting period

Full company name: *Open Joint-Stock Company "Nizhnesergi hardware-metallurgy plant"*

Abbreviated company name: *OJSC NSMMZ*

Domicile: *Revda, Sverdlovsk region, 623280 Russia 3, Karl Libknekht Str*

TIN: *6646009256*

OGRN *1026602051288*

Accounts receivable: *21,178,050,655*

Unit of measurement: *RUB*

Amount and terms and conditions of the overdue accounts receivable (interest rate, penalties, fines):

There are no overdue accounts receivable.

The debtor is the Issuer's affiliated party: *Yes*

The Issuer's share in the nominal capital of the business entity: *92.59%*

The Issuer's share of common stock of such Joint-Stock Company: *92.59%*

The entity's share in the Issuer's nominal capital: *0%*

Share in the Issuer's common stock owned by the entity: *0%*

Full company name: *Limited Liability Company "NLMK Overseas Holdings"*

Abbreviated company name: *LLC NLMK Overseas Holdings*

Domicile: *Lipetsk 398040 Russia 2, Metallurgov sq.*

TIN: *4823041480*

OGRN *1114823002580*

Accounts receivable: *84,425,375,230*

Unit of measurement: *RUB*

Amount and terms and conditions of the overdue accounts receivable (interest rate, penalties, fines):

There are no overdue accounts receivable.

The debtor is the Issuer's affiliated party: *Yes*

The Issuer's share in the nominal capital of the business entity: *100%*

The entity's share in the Issuer's nominal capital: *0%*

Share in the Issuer's common stock owned by the entity: *0%*

Section VII. Accounting (financial) statements of the Issuer and other financial information

7.1. The Issuer's annual accounting(financial) statements

2015

**Balance sheet
as of 31/12/2015**

Company: **Novolipetsk Steel**

Taxpayer Identification Number

Activity: **Production of cold-rolled flats with and without protective coatings**Organizational and legal form/ form of incorporation: **Public company / Joint private and foreign property**Unit of measurement: **RUB thou.**Domicile (address): **2, Metallurgov sq., Lipetsk, Lipetsk region, 398040 Russia**

Form acc. to OKUD

Date

acc. to OKPO

TIN

OKVED

acc. to OKOP/
OKFS

acc. to OKEI

Codes

0710001**31/12/2015.****05757665****4823006703****27 17****12247 / 34****384**

Clarifications	ASSET	Line code	As of 31.12.2015	As of 31.12.2014	As of 31.12.2013
1	2	3	4	5	6
	I. NON-CURRENT ASSETS				
	Intangible assets	1110	479,344	346,166	255,884
	R&D results	1120	28,414	30,947	37,488
	Fixed assets	1150	131,024,265	135,334,350	143,905,984
	Financial investments	1170	152,520,560	140,632,205	132,979,956
	Deferred tax assets	1180	148,597	128,932	106,873
	Other non-current assets	1190	1,846,963	1,053,135	3,504,849
	of which:				
	advances secured by non-current assets	1190 1	1,846,963	1,053,135	567,635
	TOTAL for Section I	1100	286,048,143	277,525,735	280,791,034
	II. CURRENT ASSETS				
	Stocks	1210	42,543,057	37,431,161	36,706,718
	Input value added tax	1220	7,914,804	8,058,219	8,063,796
	Accounts receivable	1230	123,496,442	111,139,719	68,707,030
	Financial investments (excluding cash equivalents)	1240	90,796,881	50,329,556	49,505,325
	Cash and cash equivalents	1250	14,628,783	17,873,488	25,323,079
	Other current assets	1260	67	67	7,404
	TOTAL for Section II	1200	279,380,034	224,832,210	188,313,352
	BALANCE (assets)	1600	565,428,177	502,357,945	469,104,386

Clarifications	LIABILITIES	Line code	As of 31.12.2015	As of 31.12.2014	As of 31.12.2013
1	2	3	4	5	6
	III. EQUITY AND PROVISIONS				
	Authorized capital	1310	5,993,227	5,993,227	5,993,227
	Revaluation of non-current assets	1340	3,333,289	3,340,884	3,365,458
	Additional capital (without revaluation)	1350	771,777	771,777	771,777
	Reserve capital	1360	299,661	299,661	299,661

	Retained profit (uncovered loss)	1370	317,835,836	304,320,422	293,636,474
	TOTAL for Section III	1300	328,233,790	314,725,971	304,066,597
	IV. LONG-TERM LIABILITIES				
	Borrowed funds	1410	137,275,933	96,384,209	90,451,782
	Deferred tax liabilities	1420	11,079,929	9,786,365	8,476,574
	Other liabilities	1450	22,861	409,869	158,925
	TOTAL for Section IV	1400	148,378,723	106,580,443	99,087,281
	V. SHORT-TERM LIABILITIES				
	Borrowed funds	1510	27,893,440	23,556,046	22,336,976
	Accounts payable	1520	59,011,078	56,053,228	41,868,595
	Estimated liabilities	1540	1,911,146	1,442,257	1,744,937
	TOTAL for Section V	1500	88,815,664	81,051,531	65,950,508
	BALANCE (liabilities)	1700	565,428,177	502,357,945	469,104,386

**Statement on financial performance
in January - December 2015**

Company: Novolipetsk Steel Taxpayer Identification Number Activity: Production of cold-rolled flats with and without protective coatings Organizational and legal form/ form of incorporation: Public company / Joint private and foreign property Unit of measurement: RUB thou. Domicile (address): 2, Metallurgov sq., Lipetsk, Lipetsk region, 398040 Russia	Form acc. to OKUD	Codes
	Date	31/12/2015.
	acc. to OKPO	05757665
	TIN	4823006703
	OKVED	27.17
	acc. to OKOPF/ OKFS	12247 / 34
	acc. to OKEI	384

Clarifications	Indicator description	Line code	For 12 months of 2015	For 12 months of 2014
1	2	3	4	5
	Revenue	2110	318,585,039	262,742,251
	including:			
	sales of steel-making products	2110.1	316,956,234	261,012,798
	Cost of sales	2120	(228,769,954)	(199,977,189)
	including:			
	steel- making products sold	2120.1	(227,323,730)	(198,466,212)
	Gross profit (loss)	2100	89,815,085	62,765,062
	Commercial expenses	2210	(25,365,784)	(19,432,872)
	Administrative expenses	2220	(9,665,774)	(9,866,611)
	Sales profit (loss)	2200	54,783,527	33,465,579
	Income from shareholding in other organizations	2310	23,544,769	22,882,429
	Interest receivable	2320	3,859,416	3,889,445
	Interest payable	2330	(6,783,187)	(6,437,897)
	Other income	2340	254,821,541	215,375,165
	Other expenses	2350	(272,060,308)	(245,869,205)
	Profit (loss) before tax	2300	58,165,758	23,305,516
	Current profit tax	2410	(6,933, 957)	(1,554, 379)
	including:			
	fixed tax liabilities (assets)	2421	(3,425, 295)	(1,818, 992)
	Change in deferred tax liabilities	2430	(1,293, 564)	(1,309, 791)
	Change in deferred tax assets	2450	19,665	22,059
	Other	2460	(36,536)	(554,474)
	Profit tax redistribution among a consolidated group of taxpayers	2465	7,135	24,380
	Net profit (loss)	2400	49,928,501	19,933,311
	Non-current assets revaluation performance unclaimed in net profit (loss) of the period	2510	0	24,574
	Total financial result for the period	2500	49,928,501	19,957,885
	FOR REFERENCE			

	Base profit (loss) per share (RUB)	2900	8.33	3.33
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**Statement of changes in equity
in January - December 2015**

Company: **Novolipetsk Steel**

Taxpayer Identification Number

Activity: **Production of cold-rolled flats with and without protective coatings**

Organizational and legal form/ form of incorporation: **Public company / Joint private and foreign property**

Unit of measurement: **RUB thou.**

Domicile (address): **2, Metallurgov sq., Lipetsk, Lipetsk region, 398040 Russia**

The Company added an additional column to the form: *No*

	Codes
Form acc. to OKUD	0710003
Date	31/12/2015.
acc. to OKPO	05757665
TIN	4823006703
OKVED	27.17
acc. to OKOPF/ OKFS	12247 / 34
acc. to OKEI	384

1. Capital flow							
Indicator description	Line code	Authorized capital	Own shares, bought back from shareholders	Additional equity	Reserve capital	Retained profit (uncovered loss)	Total
1	2	3	4	5	6	7	8
Capital as of 31.12.2013	3100	5,993,227	0	4,137,235	299,661	293,636,474	304,066,597
For 2014							
Capital increase– total:	3210	0	0	0	0	19,948,877	19,948,877
including:							
net profit	3211	0	0	0	0	19,933,311	19,933,311
income directly pertaining to the capital increase	3213	0	0	0	0	15,566	15,566
Capital reduction– total:	3220	0	0	0	0	(9,289, 503)	(9,289, 503)
including:							
dividends	3227	0	0	0	0	(9,289, 503)	(9,289, 503)
Additional capital change	3230	0	0	(24,574)	0	24,574	0
Capital as of December 31, 2014	3200	5,993,227	0	4,112,661	299,661	304,320,422	314,725,971
For 2015							
Capital increase– total:	3310	0	0	0	0	49,946,641	49,946,641
including:							
net profit	3311	0	0	0	0	49,928,501	49,928,501
income directly pertaining to the capital increase	3313	0	0	0	0	18,140	18,140
Capital reduction– total:	3320	0	0	0	0	(36,438, 822)	(36,438, 822)
including:							
dividends	3327	0	0	0	0	(36,438, 822)	(36,438, 822)
Additional capital change	3330	0	0	(7,595)	0	7,595	0
Capital as of December 31, 2015	3300	5,993,227	0	4,105,066	299,661	317,835,836	328,233,790

2. Adjustment due to changes in the accounting policy and correction of mistakes					
			Change of the capital over 2014		
Indicator description	Line code	as of 31.12.2013	Due to net profit	due to other factors	As of 31.12.2014
1	2	3	4	5	6

INFORMATION				
Indicator description	Code	As of 31.12.2015	As of 31.12.2014	as of 31.12.2013
1	2	3	4	5
Net assets	3600	328,233,790	314,725,971	304,066,597

**Cash flow statement.
in January - December 2015**

	Form acc. to OKUD	Codes
		0710004
	Date	31/12/2015.
Company: Novolipetsk Steel	acc. to OKPO	05757665
Taxpayer Identification Number	TIN	4823006703
Activity: Production of cold-rolled flats with and without protective coatings	OKVED	27.17
Organizational and legal form/ form of incorporation: Public company / Joint private and foreign property	acc. to OKOPF/ OKFS	12247 / 34
Unit of measurement: RUB thou.	acc. to OKEI	384
Domicile (address): 2, Metallurgov sq., Lipetsk, Lipetsk region, 398040 Russia		

Indicator description	Line code	For 12 months of 2015	For 12 months of 2014
1	2	3	4
Cash flow from current operations			
Inflow – total	4110	311,426,040	279,815,897
including:			
from sales of goods, products, works and services	4111	308,942,973	278,415,752
from rent, license payments, royalties, commissions and other similar payments	4112	160,424	168,967
other inflow	4119	2,322,643	1,231,178
Payments - total	4120	(273,794, 049)	(237,448, 853)
including:			
to suppliers (contractors) for raw and other materials, works, services	4121	(222,453, 354)	(185,980, 045)
related to employee salaries and wages	4122	(23,046, 741)	(20,993, 741)
interest on debt liabilities	4123	(6,456, 710)	(6,284, 755)
corporate income tax	4124	(6,287, 664)	(2,583, 587)
other payments	4129	(15,549, 580)	(21,606, 725)
Balance of cash flows from current operations	4100	37,631,991	42,367,044
Cash flow from investment operations			
Inflow – total	4210	65,435,313	52,227,144
including:			
from sale of non-current assets (except financial investments)	4211	20,062	33,839
from sale of stock (shares) in other companies	4212	617,956	206,787
from repayment of loans granted, from sale of debt securities (rights of demand of monetary funds from other persons)	4213	42,329,048	28,464,838
from dividends, interest on debt financial investments and similar incoming funds from share participation in other organizations	4214	22,468,247	23,521,680
Payments - total	4220	(102,485, 336)	(73,991, 202)
including:			

payments related to acquisition, set-up, upgrade, reconstruction and preparation for usage of non-current assets	4221	(11,472, 846)	(7,453, 816)
related to acquisition of stock (shares) in other companies	4222	(2,350, 022)	(272,255)
related to acquisition of debt securities (rights of demand of monetary funds from other persons), granting of loans to other entities	4223	(46,211, 159)	(59,423, 972)
interest on debt liabilities included into the cost of an investment asset	4224	0	(2,131)
other payments	4229	(42,451, 309)	(6,839, 028)
Balance of cash flows from investment operations	4200	(37,050, 023)	(21,764, 058)
Cash flow from financial operations			
Inflow – total	4310	63,150,354	13,757,601
including:			
receiving loans and credits	4311	53,151,604	13,757,601
from issue of bonds, bills of exchange and other debt securities, etc.	4314	9,998,750	0
Payments - total	4320	(69,632, 089)	(51,265, 896)
including:			
payment of dividends and other payments related to profit distribution in favour of owners (participants)	4322	(23,635, 811)	(8,872, 761)
related to repayment (buy- back) of bills of exchange and other debt securities, repayment of loans and credits	4323	(44,519, 443)	(41,985, 103)
other payments	4329	(1,476, 835)	(408,032)
Balance of cash flows from financial operations	4300	(6,481, 735)	(37,508, 295)
Balance of cash flows for the reporting period	4400	(5,899, 767)	(16,905, 309)
Balance of cash and cash equivalents as of the beginning of the reporting period	4450	17,873,275	25,322,820
Balance of cash and cash equivalents as of the end of the reporting period	4500	14,628,545	17,873,275
Foreign currency to RUB exchange rate fluctuation effect	4490	2,655,037	9,455,764

Appendix to the Financial Statements

**EXPLANATIONS
TO BALANCE SHEET
AND FINANCIAL PERFORMANCE STATEMENT**

1. GENERAL

Novolipetsk Steel ¹² (hereinafter referred to as “the Company”) is an integrated steel-making company specializing in production of a wide variety of flats.

Abbreviated Company name: NLMK.

Domicile of the Company: Russia, Lipetsk, 2, Metallurgov sq.

Postal address of the Company: Lipetsk 398040 Russia 2, Metallurgov sq.

Main activities of the Company are:

- production and sale of iron and steel products;
- production and sale of mechanical engineering products (equipment, accessories, tools and spare parts);
- industrial, civil and social construction, services in construction and public utilities;
- foreign and domestic trade;
- generation, transmission and distribution of electrical and heat power;
- and others.

The Company has obtained licenses for all types of licensable activities.

The Company has a representative office in Moscow as well as a branch office in Yekaterinburg.

As of 31.12.2015, the Company’s headcount was 28,164 people, as of 31.12.2014 – 29,250 people.

Board of Directors as of December 31, 2015:

Chairman of the Board of Directors -Vladimir S. Lisin

Members:

- Oleg V. Bagrin
- Helmut Wieser
- Nikolai A. Gagarin
- Karl Doering
- Karen R. Sarkisov
- Stanislav V. Shekshnya
- Benedict Sciortino
- Franz Struzl

Management Board as of December 31, 2015:

Oleg V. Bagrin	-President (Chairman of the Management Board)
Sergey V. Filatov	-Managing Director
Brijesh Kumar Garg	-Vice-President, Procurement
Ilya V. Guschin	-Vice President, Sales
Yuri I. Larin	-Vice-President, Process Development & Operational Efficiency
Sergey K. Likharev	-Vice President, Logistics
Alexander N. Saprykin	-Vice President, Strategic Raw Materials Division
Stanislav E. Tsyrlin	-Vice President, HR & Management System
Grigory V. Fedorishin	-Vice President, CFO

President (Management Board Chairman) is a sole executive body of the Company.

The Audit Commission composition as of December 31, 2015:

Vladislav A. Yershov	-Chairman of the Audit Commission, Chief Auditor of the Operational Audit Group, Audit Department, Flat Division
Vladimir N. Markin	-Head of Audit Department, Flat Division
Natalya P. Krasnykh	-Lead Auditor of the Operational Audit Group, Audit Department, Flat Division
Sergey I. Nesmeyanov	-Lead Auditor of the Operational Audit Group, Audit Department, Flat Division

¹² Open Joint-Stock Company till 28.12.2015. In new edition of the Charter the full and abbreviated name of the Company was changed to bring it in line with the statutory requirements.

Galina I. Shipilova

Division
-Lead Auditor of the Corporate Audit Group, Audit Department, Flat
Division.

Information on the Register Holder and the Auditor:

Register Holder of the Company is OJSC Agency "RNR" (a successor of "R-Stinol"); license #10-000-1-00261, dd. 29.11.2002 with an unlimited validity. The Register of the issuer's registered securities owners has been held by the registrar since March 4, 2004.

The company's auditor is AO "PricewaterhouseCoopers Audit".

Financial and tax accounting

Financial and tax accounting of the Company's business to the extent established by the current legislation is conducted by NLMK-Accounting Center in line with Service Contract #91408 dd. 01.02.2011.

Olga G. Zarubina, Director General of NLMK-Accounting Center, performs the functions of the Company's chief accountant on the basis of a Power of Attorney.

The Company's operational environment

The Russian economy still demonstrates some characteristics typical of emerging markets. Low prices for oil, persisting political tension in the region, as well as ongoing international sanctions in relation to some Russian companies and nationals affected Russian economy in 2015 and caused GDP slowdown. Financial markets are characterized by absence of stability, frequent and significant changes in prices and increase in trade operations spreads as before.

Moreover, the existing tax, currency and customs legislation is subject to various interpretations and thus created additional difficulties for Russian companies.

Such economic environment cannot but influence the Company's business. The Management takes all necessary steps to assure sustainable financial standing of the Company. However future consequences of the economic situation are difficult to foresee and their influence on the Company's business might differ from today's expectations of the Management.

Main financial risks intrinsic to the Company's operations include market risks, credit risks, currency risks and liquidity risks. Financial risk management is aimed at determination of risk limits and subsequent observance of the established limits. Risk management is to ensure proper functioning of the Company's internal policy and procedures for the purpose of minimizing these risks. Company discloses these risk management procedures at <http://www.nlmk.com>.

The Russian Law on transfer pricing provides for a possibility of additional charging of tax liabilities to monitored transactions (transactions with related parties and certain transactions between independent parties), if the transaction price does not correspond to the market one.

In order to meet requirements of the applicable legislation on transfer pricing the Company's Management introduced internal control procedures. In the reporting year the Company submitted the "Notice of controlled transactions for 2014" to the Tax authority (in 2014 - for 2013).

The Company is preparing transfer pricing documentation which will confirm the compliance of prices used with the market level for tax purposes. Nevertheless, there is a possibility that due to further practice in application of transfer pricing rules these prices can be contested and consequences of such outcome cannot be securely evaluated.

In 2014 according to the Law on Controlled Foreign Companies (hereinafter - CFC) taxation on profit was introduced in the Russian Federation for foreign companies and foreign ventures without establishing an entity (including funds) being controlled by tax residents of the Russian Federation (controlling persons). Starting from 2015 CFC income is taxed at 20%. As the practice of applying this law has not been established yet the consequences of its introduction can't be reliably evaluated.

From January 1, 2012 the Company established a consolidated taxpayer group (hereinafter - CTG) for a period of 2 years for the purpose of calculation and payment of corporate income tax, taking into account the consolidated financial performance, in which it acts as a responsible party. In 2013 the contract for the CTG setup was prolonged for an indefinite period. In the reporting period the Company registered the changes in the Agreement on new NLMK Group's CTG parties accession.

CTG parties as of 31.12.2015: Stoilensky, Altai-Koks, VIZ-Steel, Construction and Assembly Trust NLMK, Dolomit, Stagdok, Novolipetsk Steel Service Center, NLMK Overseas Holdings, Trade House NLMK.

In the reporting period the Company concluded an Agreement with Bank of Social Development and Construction Lipetskombank and Sberbank of Russia on accession to Cash pooling service for a Master account where the Company acts as a Parent Company for the purpose of NLMK Group companies' liquidity management by cash consolidation.

2. SIGNIFICANT ASPECTS OF ACCOUNTING POLICY AND BASIS OF ACCOUNTING (FINANCIAL) STATEMENTS PREPARATION

The accounting (financial) statements have been prepared in accordance with the rules of accounting and reporting effective in the Russian Federation, in particular, with the Federal Law "Accounting" and Regulation on accounting and reporting in the Russian Federation approved by the RF Ministry of Finance.

The unit of measurement for accounting indicators is RUB thousand without decimal digits. In the accounting (financial) statements, negative figures or figures deductible from relevant indicators in order to calculate intermediate or total values, are given in round brackets.

The companies whose names were brought in line with the Civil code requirements (renaming to Public Company, Joint-Stock Company or Production Cooperative) as of the reporting date, are presented with their names changed.

The Company's consolidated financial statements have been made in line with International Financial Reporting Statements (IFRS).

2. 1 INTANGIBLE ASSETS

Intangible assets are reflected in balance sheets upon actual costs of acquisition, manufacture and additional expenses in order to bring assets to a state in which they could be used as intended, less depreciation charged.

Depreciation of intangible assets is calculated by a straight-line method with an exclusion of cases when application of another method to determine depreciation can be justified by a reliable calculation of expected receipt of future economic benefits from using the intangible asset, including financial result from potential sale of that asset.

When useful life of an intangible asset is checked in order to revise it, more accurate definition of the useful life is performed in case of significant change in the period (for 12 months and longer of the previously defined one) within which the Company plans to use that asset.

Should it be impossible to define useful life for intangible assets accounted before January 1, 2008, standard depreciation charges are established on the basis of a 20-year term. For similar intangible assets accounted from January 1, 2008, depreciation is not charged.

There are no regular revaluations of intangible assets or checks for their impairment.

Expenses for purchasing non-exclusive rights for using the result of intellectual activity or the means of individualization (computer software etc.) are charged to relevant accounts on a monthly basis by equal portions and in the amount determined by the Company's agreements or calculations, during the period they refer to.

2. 2 R&D RESULTS

Scientific research, development- and- design and process works the results of which are used for production or management purposes are shown on account 04 "Intangible assets" separately and are reflected in the balance sheet under item "R&D results". They are written off on a straight-line basis as operational expenses within three years starting from the first day of the month following the month of their actual use commencement.

2. 3 FIXED ASSETS AND CONSTRUCTION IN PROGRESS

Structure of fixed assets

Fixed assets acquired from January 1, 2011 with the initial cost of RUB 40 thou. per item and below, are accounted within inventories. In this case, items being on the Company's balance as of January 1, 2011 with initial value between RUB 10 thou. and RUB 40 thou. per item continue to be accounted within fixed assets.

Special tools, devices, equipment and special clothing the lifetime of which is longer than 12 months and the cost of which is over RUB 40 thou. per item are accounted under the procedure established for fixed asset accounting.

Evaluation basis

The initial cost of fixed assets acquired by the Company for payment, is formed by the actual costs of acquisition, construction and manufacture less taxes refundable. The initial cost of fixed assets received under agreements which provide for the fulfilment of liabilities (payments) by non-monetary means shall be recognized as the price of valuables handed over or to be handed over, based on the price upon which the Company usually defines the value of similar valuables in comparable circumstances.

Costs related to completion, additional supply of equipment, modernization and upgrading increase the initial cost of fixed assets.

Over the period from 1992 to 1997, the Company conducted annual re-evaluations of fixed assets in accordance with the Russian Government regulations. Currently, no annual re-evaluation of fixed assets is conducted.

Fixed assets purchased before 01.01.1997 are shown in the balance sheet at replacement cost, and those purchased after 01.01.1997 – at initial cost, minus accumulated depreciation amounts respectively.

Depreciation

Depreciation of fixed asset items is charged on a straight-line basis from the initial (replacement) value of items and using depreciation norms calculated for established useful lives of such items. Useful lives of new fixed asset items commissioned on/after 01.01.2003 shall be defined by the Company at its own discretion based on the requirements of RF Government Regulation #1 "Classification of fixed assets to be included into depreciation groups" dd. 01.01.2002 (since 01.01.2007 – according to the requirements of RF Government Regulation #697 dd. 18.11.2006 "Amendments to Classification of fixed assets included into depreciation groups").

Fixed assets groups	Useful life (years) of items taken onto the books	
	till 01/01/2003	from 01.01.2003
Buildings	3-256	1-45
Structures	1-100	2-45
Machinery and equipment	0-100	0-42
Vehicles	2-35	0-25
Industrial and household equipment	0-100	1-40
Perennial plants	40	30
Other fixed assets	11-100	15

For fixed asset items commissioned before 01.01.2003, useful life is set on the basis of norms for depreciation approved by USSR Ministers Council's Resolution #1072 "On uniform norms of depreciation for complete recovery of national economy of the USSR" dd. 22.10.1990.

Depreciation is not charged for objects under preservation for longer than three months as well as within renewal period longer than 12 months.

Retirement, writing-off and disposal

Retired or disposed fixed asset items are written off from the balance sheet along with the accrued depreciation amount. The revaluation surplus amount of a retired fixed asset item shall be transferred from additional capital to retained profit of the Company, remaining within the equity.

Any profits and expenses induced by fixed asset retirement shall be reflected in the Financial Performance Statement for the reporting period when they were incurred as other income and expenses.

Construction in progress

The Construction in Progress reflects the scope of construction works which the Company accepted from its contractors. Some construction contracts are concluded on the turn-key basis.

Settlements between the Company (Builder) and contractors are performed on a monthly basis according to the agreements on construction, after step-by-step (intermediate) acceptance of the construction and installation works done. Information on value of works done contained in Forms KC-2 and KC-3 is a basis for reflection of expenses related to construction of fixed assets. The value of works is reflected in the contract prices, also in the estimated costs according to which the settlements of NLMK with the contractors are effected with the progressive total since the beginning of the works, the beginning of the year also including the reporting period.

2. 4 FINANCIAL INVESTMENTS

A unit of financial investment accounting is: for shares – a share; for bonds – a bond; for nominal capital contributions – interest; for certificates of deposit, notes – series and number of a security; for loans, deposits, assignment and special partnership contracts – a contract.

Financial investments are accounted on the basis of actual acquisition costs. Debt securities for which current market value is not determined are accounted before the retirement at original cost. Financial investments, for which the current market value is determined under the established procedure, are reflected as of the quarter end at their current market value.

Debt security and granted loans are not estimated in terms of discounted value. Financial investments in securities (shares, bonds), for which the current market value is not defined, are depreciated at time of retirement upon the average acquisition cost for that type of securities.

Interests on loans granted and other similar agreements are accrued as of the month end.

In order to show fair value of the Company's financial investments a reserve for their impairment is set up calculated according to the method summarizing information on cost reduction factors and signs of depreciation. If there are signs of impairment of financial investments for which market value is not defined, as of the end of reporting year the Company generates a provision amounting to the excess of book value of such investments over their estimated value determined based on the information available to the Company.

Short- term deposits placed for a period not exceeding 3 months, and loans granted in the framework of cash pooling are classified as cash equivalents and reported as part of other cash assets.

2.5 INVENTORIES

Evaluation of inventories acquired at a charge, as of the end of the reporting period is done at actual costs. In the reporting period accounting is carried out at book prices, determined when first assigning a nomenclature number. When materials arrive, their cost is determined based on the price specified in the delivery order on the basis of a contract or other data. Subsequently actual cost of the materials based on the data for the period before the last one is used as book price of the acquired materials. Entry of materials purchased is accounted using control accounts 15 “procurement and acquisition of tangible assets” and 16 “Deviation of tangible assets cost”. In the end of a reporting period, any deviations of the actual cost of materials from their cost of acquisition are written off pro rata the value of materials consumed in the reporting period at book prices to accounting accounts in accordance with the purposes of materials usage and to account 10 “Materials” for the adjustment of its balance by the amount of deviations related to the unused materials balance.

Inventories received without settlement documents of suppliers are recorded as non-invoiced deliveries at book prices.

When tangible assets are released into production or otherwise retire they are valued within the reporting period at book prices with subsequent writing off of deviations of actual cost from the book prices to the relevant accounts at the end of the reporting period. When materials are written off, their evaluative calculation includes their quantity and cost as per the nomenclature number as of the beginning of the month, and also all incomings during the month.

Finished products are valued as of the end of the reporting period at actual costs for each product type, which is formed by the cost of finished product balances as of the beginning of the reporting period and the first cost of the reporting period.

Within the reporting period, finished products accounting is carried out on the basis of book prices without application of account 40 “Product (works, services) output”. Actual first cost of the finished products upon the data of the reporting period before the last one is used as a book price.

Difference between actual first cost and book price of the finished goods is charged to a separate subaccount of account 43 “Finished goods” broken down to product types.

Finished goods are written off at book prices when dispatched. At the same time deviations related to finished goods sold are written off to sales accounts pro rata their quantity. Deviations related to the balance of finished goods are written off from deviations subaccount to finished goods subaccounts at the end of the reporting period, when actual calculation is formed, by product type for the purpose of determination of actual first cost.

Work-in-progress as of the reporting period end is valued on the basis of the actual first cost generated based on work-in-progress value as of the period beginning and production costs of the reporting period. The order-by-order calculation of work-in-progress is evaluated on the basis of actual costs.

In the balance sheet inventories, including work-in-progress, are accounted less the assessed reserves charged quarterly. The method of reserves estimation takes into account the value of identified unused nonvolatile stocks and probable price of their sale.

2.6 SHORT-TERM AND LONG-TERM ASSETS AND LIABILITIES

Accounts payable and receivable, including indebtedness under credits and loans, are accounted as short-term assets and liabilities, if their maturity does not exceed 12 months from the balance sheet date in accordance with contractual conditions, or if not fixed. Financial investments are classified as short-term or long-term depending on estimated time of their use (circulation, ownership or repayment).

As of the end of reporting period, long-term assets and liabilities are shown in the balance sheet as short-term ones when their remaining maturity (repayment period) does not exceed 12 months from the balance sheet date.

2.7 ADVANCE PAYMENTS MADE AGAINST NON-CURRENT ASSETS

For a more reliable accounting of information on the property status of the Company, the amounts of advances, given for capital construction, purchasing fixed asset items and other non-current assets, are reflected in Section I of the Balance sheet in line 1190 “Other non-current assets”.

2.8 CASH ASSETS AND CASH EQUIVALENTS

Short-term deposits placed for a period not exceeding 90 days, and loans granted in the framework of cash pooling are classified as cash equivalents and reported in the accounting (financial) statements as part of other cash assets. Interest received on cash equivalents is accounted in cash flow statement as part of operating activities.

Cash flow amount in foreign currency is converted into rubles at the official rate of this foreign currency to ruble established by the Central Bank of the Russian Federation as of the date of the payment effecting or receipt.

In the presentation of cash flows in the cash flow statement, the following items are presented in summarized form as other cash inflow (payments) in accordance with cash flow type:

- placement and refund of deposits for 3 months and up;
- receipt and refund of loans in the framework of cash pooling;
- indirect taxes as part of cash inflow from buyers and customers, payments to suppliers and contractors and payments to / refunds from the RF budget system;
- inflow from contractors as refund of payments made earlier;

- currency exchange transactions;
- execution and receipt of payments as refunds as per earlier transactions.

Cash flows from current, investment and financial transactions are included in the same reporting segment identified by the type of activity.

The cash flow necessary to maintain the current Company's business volume is included in current transactions. The cash flow associated with the Company's business expansion is included in investment transactions.

Proceeds and payments on the investment activities include cash flows related to interest-free loans granted to related parties on the grounds of the economic benefits the Company receives from them as dividends or in any other indirect way.

2. 9 CREDITS AND LOANS

Interest payable to a lender (creditor) is recognized in the cost of an investment asset or as part of other expenses evenly over the contract validity period.

Additional borrowing costs for the received credits and loans are accounted in the balance sheet and statements in the reporting period which they belong to.

The discount on notes passed and bonds placed is reflected as included in other expenses proportionally over a loan contract validity period.

2. 10 ESTIMATED LIABILITIES

The Company accepts estimated liabilities for forthcoming expenses on vacation pays and on payment of bonuses to employees. The Balance Sheet has such liabilities which are reported in short-term liabilities. The procedure for this estimated liabilities accrual and their further accounting is governed by the methodologies approved by the Company.

The necessity of recognizing estimated liabilities in relation to any other facts within the business is subject to consideration by a committee.

2. 11 INCOME AND EXPENSES

Income and expenses of the Company are classified as operational and other income and expenses.

Sales proceeds are defined as of transfer date of title for products, goods, results of works, services rendered (for charge) on the basis of settlement documents presented to buyers (customers).

Production costs of products (works, services) sold domestically or exported are defined by straight-line calculation on the basis of types of products and their actual price.

Expenses related to the sales of products (services, works) and general expenses are recognized in full in costs of products (services, works) sold in the reporting period as operational expenses.

Expenses on property and personal insurance are included in costs of products produced (works, services) within the reporting period in which the payment was effected under the terms of contract. If an insurance fee is to be paid as a lump sum payment under the insurance contract, and the contract was concluded for the period exceeding one reporting period or an insurance premium can be paid by installments, then such expenses are subject to allocation to production cost of products (works, services) on a monthly basis by equal instalments in the amount determined by the Company's agreements or calculations, during the period of the agreement validity. Expenses for licenses, certificates are included into the cost of goods manufactured (works, services) on a monthly basis by equal amounts during their validity.

Actual expenses related to routine and major repairs are recognized as current period expenses upon repairs completion.

Income generated from granting of assets, rights, arising out of patents for inventions, industrial models and other kinds of intellectual property for temporary use and possession subject to payment, from holding shares in nominal capitals of other organizations, interests received from granting organization's monetary funds for use, and other income from securities not related to the organization's core activity is attributed to other income.

Costs related to security acquisition making up less than 5% of the amount to be paid to the seller under contract are acknowledged as other expenses.

The Company generates provisions for inventory impairment, shortage and losses from tangible assets impairment, for financial investment depreciation, provisions for bad debts. Accrual of evaluation reserves is effected on the account of other expenses.

2. 12 TAXES

Profit tax

Accounting and taxable profit are defined according to current legislative requirements of the Russian Federation using different methods of assessment and accounting of income and expenses.

The amount of the current profit tax is determined on the basis of the accounting data based on the amount of contingent expense (contingent income) adjusted in line with the sums of permanent tax liabilities (asset), deferred tax asset and deferred tax liability of the reporting period.

The Company takes into account constant and temporary differences which are generated on the basis of analytical data by comparison of balances on accounts and tax accounts with regards to income and expense. The data are recorded in the tax registers for accounting differences regarding the groups of uniform objects.

Deferred tax assets and liabilities are shown in the balance sheet as non-current assets and long-term liabilities, respectively.

CTG's consolidated taxation base shall be defined as arithmetic sum of the profits of all CTG participants decreased by the arithmetic sum of all CTG participants' expenses taking into account the provisions of the Tax Code of the Russian Federation.

Settlements with participants in respect of CTG's income tax are included in other receivables (line 1230 "Accounts Receivable") and other payables (line 1520 "Accounts Payable").

The Company states individually calculated profit tax in line 2410 "Current profit tax" of the income statement.

The due share of savings on CTG's operating results is shown in the income statement in line 2465 "Profit tax redistribution within a consolidated taxpayer group"

Land tax

The Company pays land tax since it has property right to industrial area land. The Company pays rent for the rest of the land used.

2. 13 ASSETS, LIABILITIES AND OPERATIONS IN FOREIGN CURRENCY

For accounting items in foreign currencies, the official exchange rate of a foreign currency to the Russian ruble as of the date of operation is used.

In order to prepare accounting (financial) statements, funds on bank accounts (bank deposits), cash and payment documents, securities (except for the shares), accounts receivable including for borrowing liabilities (except for granted and received advance payments and down-payments, prepayments) expressed in foreign currency are recalculated into rubles at the exchange rate valid for the reporting date.

Exchange rate differences are shown in the balance sheet as part of other income and expenses separately from other kinds of income and expenses including financial results from operations with foreign currency during the period they occurred in.

Exchange rates of foreign currencies to Russian ruble set by the RF Central Bank:

	<i>(RUB)</i>		
<i>Foreign currency</i>	<i>as of 31.12.2015</i>	<i>as of 31.12.2014</i>	<i>as of 31.12.2013</i>
1 USD	72.8827	56.2584	32.7292
EUR 1	79.6972	68.3427	44.9699

2. 14 INFORMATION BY SEGMENTS

The Company owns assets only in the territory of the Russian Federation and is a sole integrated facility for the production and sale of ferrous products.

The Company identifies reporting segments based on the activity type. Key indicators: proceeds from sale of products, financial result (profit or loss). The information on assets and liabilities within a reporting segment is not disclosed, because for the Company as a whole the segment share in the production and sales is exceeding.

Besides the key indicators, proceeds from sales by product types, the share of proceeds from export sales and the total proceeds from sales of products to major customers are calculated additionally.

Reporting segment information is included in the accounting valuation.

Besides, the Company discloses segment information in its consolidated financial statements in line with the Financial Reporting Statements (IFRS), where the Company is included in the Strip Russia Segment without further subdivision by product types.

2. 15 CHANGES IN ACCOUNTING POLICY

Since the beginning of the reporting year no changes in accounting legislation which could cause any significant changes in the Company's accounting policy as well as any conversions or adjustments in the accounting and book-keeping came into force.

No significant changes have been made to the accounting policy of 2016.

2. 16 COMPARATIVE DATA

In the present Statements the comparative data have been derived by carrying over the respective reporting parameters for the previous reporting period, excluding data of Cash Flow Statement. According to Guidelines from the RF Ministry of Finance ¹³ insurance premiums paid to state off-budget funds and individual income tax have been reclassified from other payments to salaries and wages-related payments.

	<i>(RUB thou.)</i>			
<i>Cash flow statement as of 2014</i>	<i>Line code</i>	<i>before adjustment</i>	<i>adjustment</i>	<i>after adjustment</i>
Cash flow from current operations				
Payments - total	4120	(237,448,853)	--	(237,448,853)

¹³ Recommendations to auditing companies, individual auditors, 2015 and 2013 Company's annual reports auditors (www.minfin.ru)

related to employee salaries and wages	4122	(14,265,107)	(6,728,634)	(20,993,741)
other payments	4129	(28,335,359)	(6,728,634)	(21,606,725)

Besides there was recalculation of the respective indicators in the explanations 3.7.

3. DISCLOSURE OF SIGNIFICANT INDICATORS

3.1 INTANGIBLE ASSETS

Availability of intangible assets

Description	(RUB thou.)								
	as of 31.12.2015			as of 31.12.2014			as of 31.12.2013		
	Original value	Depreciation	Balance valuation	Original value	Depreciation	Balance valuation	Original value	Depreciation	Balance valuation
Objects of intellectual property (exclusive rights for the results of intellectual property)- total	577,226	(115,903)	461,323	446,617	(104,777)	341,840	353,870	(106,286)	247,584
including:									
those held by patent holder for invention, industrial prototype and utility model	26,068	(7,572)	18,496	23,108	(5,974)	17,134	18,637	(4,732)	13,905
those held by rights holder for computer software and databases	548,484	(105,811)	442,673	420,835	(96,319)	324,516	332,620	(99,278)	233,342
those held by owner of trade marks and service marks, name of goods origin	601	(449)	152	601	(413)	188	540	(375)	165
those held by rights holder for science, literature and art pieces	2,073	(2,071)	2	2,073	(2,071)	2	2,073	(1,901)	172
Other intangible assets	25	(25)	--	25	(25)	--	470	(25)	445
Total	577,251	(115,928)	461,323	446,642	(104,802)	341,840	354,340	(106,311)	248,029

By the end of the reporting year and as of 31.12.2014 and 31.12.2013 there are no intangible assets with undetermined useful life.

The original value of intangible assets created by the entity itself as of 31.12.2015 made RUB 20,308 thou., as of 31.12.2014 made RUB 19,863 thou., as of 31.12.2013 made RUB 15,392 thou.

The intangible assets with fully repaid value by the end of the reporting period made RUB 89,407 thou. (RUB 86,340 thou. as of 31.12.2014, RUB 91,664 thou. as of 31.12.2013).

The expenses for acquisition of intangible assets by the end of the reporting year made RUB 18,021 thou. as of 31.12.2014 and as of 31.12.2013 they made RUB 4,326 thou. and RUB 7,855 thou., respectively.

Intangibles movement (original value)

Indicator	(RUB thou.)			
	For 2015		For 2014	
	Received	Retired	Received	Retired
Objects of intellectual property (exclusive rights for the results of intellectual property)- total	343,888	(213,279)	268,880	(176,133)
including:				
those held by patent holder for invention, industrial prototype and utility model	3,035	(75)	4,868	(397)
those held by rights holder for computer software and databases	340,853	(213,204)	263,951	(175,736)
from owner of trade marks and service marks, name of the goods origin	--	--	61	--
Other intangible assets	--	--	--	(445)
Total	343,888	(213,279)	268,880	(176,578)

3.2 R&D RESULTS

R&D results flow

(RUB thou.)

Description	Period	As of the beginning of the year	Received	Retired	Written-off to the expenses	As of the year end
R&D	2014	25,304	7,838	--	(10,313)	22,829
	2015	22,829	11,632	--	(11,709)	22,752
Total	2014	25,304	7,838	--	(10,313)	22,829
	2015	22,829	11,632	--	(11,709)	22,752

The expenses for R&D in progress made on 31.12.2015 RUB 5,662 thou., on 31.12.2014 – RUB 8,118 thou., on 31.12.2013 – RUB 12,184 thou. In the reporting year R&D has been written-off for other expenses in the amount of RUB 1,220 thou., in 2014 – RUB 30,993 thou.

3. 3 FIXED ASSETS AND CONSTRUCTION IN PROGRESS

Availability of fixed assets

(RUB thou.)

Description	as of 31.12.2015			as of 31.12.2014			as of 31.12.2013		
	Original value	Depreciation	Balance valuation	Original value	Depreciation	Balance valuation	Original value	Depreciation	Balance valuation
Buildings	27,422,133	(8,300,861)	19,121,272	26,290,010	(7,468,731)	18,821,279	24,113,976	(6,732,704)	17,381,272
Installations and transmission facilities	30,213,346	(12,729,174)	17,484,172	29,655,313	(11,461,477)	18,193,836	28,169,183	(9,891,700)	18,277,483
Machinery and equipment	137,991,932	(70,356,471)	67,635,461	132,197,105	(57,662,691)	74,534,414	96,188,605	(43,404,803)	52,783,802
Vehicles	3,624,606	(1,955,017)	1,669,589	3,614,049	(1,742,350)	1,871,699	3,642,378	(1,617,820)	2,024,558
Industrial and household equipment	211,824	(157,747)	54,077	198,844	(147,781)	51,063	203,734	(134,150)	69,584
Perennial plants	1,370	(395)	975	1,370	(355)	1,015	1,370	(315)	1,055
Plots of land and nature facilities	1,052,382	--	1,052,382	1,052,382	--	1,052,382	1,279,420	--	1,279,420
Other objects (mainly machinery and equipment)*	--	--	--	--	--	--	16,962,373	(2,937,592)	14,024,781
Other fixed assets	3,121	(378)	2,743	3,191	(366)	2,825	3,246	(353)	2,893
Total	200,520,714	(93,500,043)	107,020,671	193,012,264	(78,483,751)	114,528,513	170,564,285	(64,719,437)	105,844,848

*In 2014 the objects were reclassified by items of fixed assets.

The value of real estate objects, received for the use and which are under process of state registration, made RUB 3,488,028 thou. as of 31.12.2015, RUB 3,720,649 thou. as of 31.12.2014, RUB 3,073,314 thou. as of 31.12.2013.

Fixed assets flow (original value)

(RUB thou.)

Description	For 2015		For 2014	
	Received	Retired	Received	Retired
Buildings	1,143,521	(11,398)	2,220,999	(44,965)
Structures and handling equipment	588,489	(30,456)	1,590,313	(104,183)
Machinery and equipment	6,715,918	(921,091)	36,556,243	(547,743)
Vehicles	36,731	(26,174)	123,102	(151,431)
Industrial and household equipment	19,363	(6,383)	3,380	(8,270)
Plots of land and nature facilities	--	--	972	(228,010)
Other objects (mainly machinery and equipment)*	--	--	--	(16,962,373)
Other fixed assets	--	(70)	--	(55)
Total	8,504,022	(995,572)	40,495,009	(18,047,030)

*In 2014 the objects were reclassified by items of fixed assets.

Non-depreciable fixed assets

(RUB thou.)

Description	Original value		
	as of 31.12.2015	as of 31.12.2014	as of 31.12.2013
Plots of land	1,052,382	1,052,382	1,279,420
Facilities removed from operation	826,796	919,802	1,014,158
Housing facilities	2,033	2,033	2,033
Other	2,419	2,488	2,543
Total	1,883,630	1,976,705	2,298,154

At the end of the reporting year the depreciated value of the fixed assets granted on lease made RUB 960,588 thou., as of 21.12.2014 and 31.12.2013 – RUB 514,663 thou. and RUB 565,969 thou., respectively.

The Company has land plots on lease with the total area of 4,102 thousand square meters, 3,089 sq. m of them are used for production facilities. The leased lands are situated in Lipetsk and in Lipetsk Region.

The largest fixed assets commissioned in the reporting year were waste water biochemical treatment unit in the Coke plant, construction of GT expansion station in the Gas shop, air separation unit in the Oxygen plant, construction of air cleaning unit and dust suppression system in the Sinter plant.

In 2015 the Company's expenses for capital and routine maintenance were RUB 12,166,361 thousand. (in 2014 - RUB 10,564,164 thou.).

In the reporting year the value of the objects increased due to additional construction, installation of additional equipment, reconstruction by RUB 1,588,389 thou., in 2014 – RUB 11,041,728 thou.; decrease in the objects value as a result of partial liquidation made in 2015 – RUB 122,841 thou., for 2014 – RUB 22,822 thou.

Other usage of fixed assets

(RUB thou.)

Description	as of 31.12.2015	as of 31.12.2014	as of 31.12.2013
Fixed assets granted on lease, on the balance of the Company - total	1,656,584	999,671	1,030,047
including:			
buildings	687,029	618,674	643,498
structures	87,757	205,772	203,916
machinery, equipment, vehicles	877,088	167,213	174,877
industrial and household equipment and other fixed assets	4,710	8,012	7,756
Fixed assets, received on lease, being out of the balance - total	4,667,867	2,857,813	3,028,070
including:			
buildings and structures	70,015	42,049	50,514
machinery and equipment	85,599	85,599	86,009
vehicles	293,854	306,057	330,563
industrial and household equipment	34	34	34
land plots	4,218,365	2,424,074	2,560,950
Other use of fixed assets (pledge etc.) - total	--	--	--

Capital investments in progress

(RUB thou.)

Description	as of 31.12.2015	as of 31.12.2014	as of 31.12.2013
Construction of fixed asset items	18,426,908	16,020,709	31,938,021
Acquisition of fixed assets items	148,693	89,148	200,620
Equipment to be installed	3,292,303	3,635,420	4,997,392
Materials and spare parts for construction and mounting works*	2,135,690	1,060,560	925,103
Total	24,003,594	20,805,837	38,061,136

* Explanations 3.5

The largest facilities of construction in progress as of 31.12.2015 are reconstruction of BOF shop-2 with installation of additional equipment, off-gas ducts in BOF shop, Hot Dip Galvanizing Line in HR flats, PCI equipment for BF-6, 7.

3. 4 FINANCIAL INVESTMENTS

Availability of financial investments

Description	(RUB thou.)								
	as of 31.12.2015			as of 31.12.2014			as of 31.12.2013		
	Original value	Provision for financial investment impairment	Balance valuation	Original value	Provision for financial investment impairment	Balance valuation	Original value	Provision for financial investment impairment	Balance valuation
Long-term financial investments - total	182,320,071	(29,799,511)	152,520,560	167,550,994	(26,918, 789)	140,632,205	159,898,645	(26,918,789)	132,979,856
Investments in nominal (share) capitals of other organizations, total	173,872,560	(29,799,511)	144,073,049	167,550,988	(26,918, 789)	140,632,199	159,898,639	(26,918,789)	132,979,850
of which:									
subsidiary and affiliated economical entities	173,872,523	(29,799,511)	144,073,012	167,550,988	(26,918, 789)	140,632,199	159,898,639	(26,918,789)	132,979,850
Securities of other organizations, total	6	--	6	6	--	6	6	--	6
including:									
debt securities (bonds)	6	--	6	6	--	6	6	--	6
Loans granted	8,447,505	--	8,447,505	--	--	--	--	--	--
Short-term financial investments - total	94,193,025	(3,396,144)	90,796,881	59,555,895	(9,226,339)	50,329,556	54,590,366	(5,085,041)	49,505,325
Loans granted	11,009,766	(3,396,144)	7,613,622	30,528,294	(9,226,339)	21,301,955	43,135,146	(5,085,041)	38,050,105
Deposits	83,183,259	--	83,183,259	29,027,601	--	29,027,601	11,455,220	--	11,455,220
Total	276,513,096	(33,195,655)	243,317,441	227,106,889	(36,145,128)	190,961,761	214,489,011	(32,003,830)	182,485,181

As of 31.12.2013 the balance sheet shows the expenses related to long-term financial investments in the amount of RUB 100 thou.

As of 31/12/2015, 31/12/2014, 31/12/2013 there were no financial investments which were used to define the current market value.

Financial investments flow

In March 2015 Production Association Uralmetallurgstroy was restructured and merged with Uralvtorchermet with newly added book value of RUB 10,000 thou. Besides, the authorized capital of Uralvtorchermet was increased by off-set of monetary claims under a loan agreement for RUB 9,500,000 thou. and by depositing of funds in the amount of RUB 2,349,000 thou.

In April 2015 the Company increased the authorized capital of NLMK-Kaluga by RUB 1,775,115 thou. due to setting off monetary claims under a loan agreement.

In July 2015 Vtorchermet NLMK was restructured and merged with Vtormetsnab NLMK with the newly added share of RUB 27,323 thou.

In August 2015 the Company acquired 1% share in Karjer for RUB 22 thou., additional expenses for the transaction made RUB 16 thou.

In September 2015 the Company completed the transaction on selling 51% share in OJSC North Oil & Gas Company. The proceeds from this transaction amounted to RUB 669,322 thou., the balance value of the retired asset - RUB 705 thou., additional transaction costs -RUB 2,436 thou.

In December 2015 the Company solely established NLMK – Communications with authorized capital RUB 1,000 thou, which was contributed in cash in full.

According to the Judgement of the Arbitration Court of Moscow for recognition of share acquisition transaction as invalid taken in December 2015 financial investments to OJSC Maxi-Group shares were written-off in the amount of RUB 7,302,876 thou.

The Company granted loans to its related parties. Information on them is disclosed in Explanations 3.15.2.1, 3.15.2.4.

Flow of provisions for financial investments impairment

Due to writing-off of financial investment to OJSC Maxi-Group the provision charged in 2008 - 2009 was restored in total of RUB 7,302,876 thou. (Explanation 3.11.2).

As of 31.12.2012 in connection with the signs of OJSC Maxi-Group bankruptcy and absence of adequate security for the loans granted the Company charged the provision in the amount of RUB 5,458,293 thou. Due to partial repayment of loans granted this provision was reconstituted in 2014 by RUB 1,688,897 thou. As of 31.12.2015 this provision made RUB 3,396,144 thou.

As of 31.12.2011, given the signs of sustainable significant decrease of the value of Company's investments into NLMK Overseas Holdings, an impairment provision of RUB 4,800,000 thousand was charged. In 2013 the provision was increased by RUB 13,760,000 thou., therefore the balance sheet value of that financial investment made RUB 36,802,843 thou. As of 31.12.2015 the Company Management considered the earlier provision a sufficient one and no additional provisions were made.

Due to offset of monetary claims under Loan agreement by way of increase of nominal capital of Uralvortorhermet in the reporting year the Company restored a provision on loans granted in the amount of RUB 5,830,195 thou. (Explanation 3.11.2).

As of 31.12.2015, given the signs of sustainable significant decrease of the value of Company's investments into Uralvortorhermet, an impairment provision of RUB 10,183,599 thou. was charged.

Income from financial investments

Description	Income, RUB thou.		Average interest rate	
	For 2015	For 2014	For 2015	For 2014
Income from deposits- total	1,643,167	402,487		
of which:				
those for the short-term deposits (from 3 months up to 1 year)	1,643,167	402,487		
including: in foreign currency	1,395,303	338,303	3.13	1.27
in rubles	247,864	64,184	11.38	9.39
Dividends	23,544,769	22,882,429	X	X
Interests on loans granted - total	1,663,009	3,104,935		
including: in foreign currency	--	--	--	--
in rubles	1,663,009	3,104,935	11.34	8.97
Total	26,850,945	26,389,851	X	X

In 2015 dividends in the amount of RUB 13,499,834 thou. were received from Stoilensky (in 2014 – RUB 20,400,001 thou.), Dolomit - RUB 149,981 thou. (in 2014 - RUB 208,761 thou.), Stagdok - RUB 39,983 thou. (in 2014 – RUB 75,761 thou.), Altai-Koks - RUB 3,200,141 thou. (in 2014 – RUB 1,947,906 thou.), NLMK - Accounting Center - RUB 34,000 thou. (in 2014 – RUB 20,000 thou.), Novolipetsk Steel Service Center - RUB 80,000 thou. (in 2014 – RUB 120,000 thou.), Lipetsk Insurance Company Chance - RUB 90,000 thou., NLMK - Information Technologies - RUB 50,000 thou., Novolipetsk Printing House - RUB 5,000 thou., VIZ-Steel - RUB 1,600,000 thou., Construction and Assembly Trust NLMK - RUB 250,000 thou., Trade House NLMK- RUB 240,000 thou. In 2014 the Company also received dividends from Ussuriysk Steel Service Center in the amount RUB 10,000 thou., NLMK-Long products - RUB 100,000 thou.

3.5 INVENTORIES

Inventories are specified excluding materials and spare parts procured for construction and mounting works (Explanation 3.3).

Structure of inventories

(RUB thou.)			
Type of inventories	as of 31.12.2015	as of 31.12.2014	as of 31.12.2013

	Production costs	Reserve for diminution in inventory value	Balance valuation	Production costs	Reserve for diminution in inventory value	Balance valuation	Production costs	Reserve for diminution in inventory value	Balance valuation
Raw and other materials, other similar valuables	22 704 417	(1,756,083)	20,948,334	18,267,080	(1,418,784)	16,848,296	18,195,559	(1,394,116)	16,801,443
WIP costs	7,847,539	(355,530)	7,492,009	8,027,627	(241,225)	7,786,402	6,580,080	(168,234)	6,411,846

Structure of inventories

Type of inventories	as of 31.12.2015			as of 31.12.2014			Completion as of 31.12.2013		
	Production costs	Reserve for diminution in inventory value	Balance valuation	Production costs	Reserve for diminution in inventory value	Balance valuation	Production costs	Reserve for diminution in inventory value	Balance valuation
Finished products and goods for reselling	7,086,030	--	7,086,030	4,619,270	--	4,619,270	5,136,447	--	5,136,447
Goods shipped	6,983,754	--	6,983,754	8,144,450	--	8,144,450	8,356,982	--	8,356,982
Deferred expenses	32,930	--	32,930	32,743	--	32,743	--	--	--
Total	44,654,670	(2,111,613)	42,543,057	39,091,170	(1,660,009)	37,431,161	38,269,068	(1,562,350)	36,706,718

Inventories which rather be sold to buyers than be used in a further production stage were accounted in finished products.

The inventories accounted for at off-balance accounts

Description	(RUB thou.)		
	as of 31.12.2015	as of 31.12.2014	as of 31.12.2013
Inventories accepted for safety storage	92,045	89,254	204,217
Materials accepted for reprocessing	46	46	46
Document sheets of strict reporting	1	1	1
Total	92,092	89,301	204,264

3. 6 ACCOUNTS RECEIVABLE AND LIABILITIES

3. 6. 1 Accounts Receivable

Structure of accounts receivable

Type of debt	as of 31.12.2015			as of 31.12.2014			(RUB thou.) as of 31.12.2013		
	Accounted as per the Contract terms	Bad debt provision	Balance valuation	Accounted as per the Contract terms	Bad debt provision	Balance valuation	Accounted as per the Contract terms	Bad debt provision	Balance valuation
Long-term accounts receivable - total	97,116,582	--	97,116,582	62,424,216	--	62,424,216	3,568,314	--	3,568,314

Structure of accounts receivable

Type of debt	as of 31.12.2015			as of 31.12.2014			Completion as of 31.12.2013		
	Accounted as per the Contract terms	Bad debt provision	Balance valuation	Accounted as per the Contract terms	Bad debt provision	Balance valuation	Accounted as per the Contract terms	Bad debt provision	Balance valuation

including: settlements with buyers and customers	2,038	--	2,038	2,681	--	2,681	2,681	--	2,681
advance payments made* - total	1,042,834	--	1,042,834	384,405	--	384,405	130,448	--	130,448
including: for current operations	84,690	--	84,690	55,543	--	55,543	44,776	--	44,776
for non-current assets	958,144	--	958,144	328,862	--	328,862	85,672	--	85,672
other	96,071,710	--	96,071,710	62,037,130	--	62,037,130	3,435,185	--	3,435,185
Short- term accounts receivable - total	37,764,514	(9,537,691)	28,226,823	54,928,893	(5,160,255)	49,768,638	69,514,025	(3,807,674)	65,706,351
including: settlements with buyers and customers	7,455,599	(191,668)	7,263,931	7,301,235	(140,114)	7,161,121	7,302,329	(48,809)	7,253,520
advance payments made - total	3,846,982	(262,627)	3,584,355	3,395,793	(271,880)	3,123,913	2,573,057	(264,923)	2,308,134
including: for current operations	2,958,163	(262,627)	2,695,536	2,671,520	(271,880)	2,399,640	2,091,094	(264,923)	1,826,171
for non-current assets	888,819	--	888,819	724,273	--	724,273	481,963	--	481,963
other	26,461,933	(9,083,396)	17,378,537	44,231,865	(4,748,261)	39,483,604	59,638,639	(3,493,942)	56,144,697
Total	134,881,096	(9,537,691)	125,343,405	117,353,109	(5,160,255)	112,192,854	73,082,339	(3,807,674)	69,274,665

* Here and hereafter the advance payments made are shown VAT included.

Other debtors

(RUB thou.)

Type of debt	as of 31.12.2015	as of 31.12.2014	as of 31.12.2013
Other long-term receivables - total	96,071,710	62,037,130	3,435,185
including: settlements with personnel on other operations	332,001	392,327	315,185
calculations of assignment of claims	12,305,940	12,305,940	--
interest-free loans granted	70,472,950	49,338,863	3,120,000
interest on long-term financial investments	12,960,819	--	--
Other short-term receivables - total	17,378,537	39,483,604	56,144,697
including: interest-free loans granted	--	17,352,737	23,415,890
received interest-free notes	139,000	--	--
settlements related to interest accrued	4,449,766	16,175,987	14,564,357
calculations of assignment of claims	228	180	12,523,890
settlements with budget and off-budget funds in terms of taxes and duties	4,893,012	2,994,211	5,078,439
settlements with customs	220,898	262,978	247,581
settlements related to claims	926,521	68,637	100,190
settlements with CTG participants	2,257,470	2,521,890	--
settlements related to reimbursable services	124,614	16,654	11,219
settlements related to lease	16,171	21,211	30,972
settlements with staff in terms of salaries and wages and other operations	8,766	20,988	14,628
settlements with advance holders	2,567	1,805	851
settlements related to dividends	4,305,829	--	--
settlements with debtors related to financial investments	--	--	67,500
others	33,695	46,326	89,180
Total	113,450,247	101,520,734	59,579,882

Interests on short-term financial investments in the amount of RUB 4,428,319 thou. are shown within short-term settlements of accrued interests as of 31.12.2015 (as of 31.12.2014 and 31.12.2013 – RUB 16,169,483 thou. and RUB 14,547,351 thou., respectively).

Information on interest-free loans granted (RUB 70,472,950 thou.) is given in Explanation 3.15.2.1.

In 2014 due to extension of the agreement till 2017 NLMK Overseas Holdings debt on claims assignment taken place in 2011 was moved from short-term to long-term liabilities. As of 31.12.2015 the debt amounted to RUB 12,305,940 thou.

Accounts receivable as regards to VAT of RUB 4,867,989 thou. are reflected in settlements with budget and off-budget funds in terms of taxes and duties as of 31.12.2015 (as of 31.12.2014 – RUB 2,962,493 thou., as of 31.12.2013 – RUB 3,317,468 thou.).

In the reporting period RUB 1,109,529 were received for repayment of N.V. Maximov's debt according to the court judgement on recognition of the Maxi-Group shares acquisition transaction as invalid. Outstanding part of those liabilities as of 31.12.2015 in the amount of RUB 6,220,411 thou. is reported in claims settlement. Besides, as of 31/12/2015 a reserve on doubtful debts in the amount of RUB 5,500,000 thou. was established (Explanation 3.11.2).

In 2012 the Company made an additional provision for doubtful debts of CJSC Concern "Stalkonstruktziya" in the amount of RUB 2,046,892 thou. due to declaration of bankruptcy of the debtor. As of 31.12.2015 this provision is still sufficient.

Besides, as of 31.12.2015 the Company showed provisions for doubtful debts in relation to liabilities to pay interests by subsidiaries of Maxi-Group, Nizhnesergi hardware-metallurgy plant for the loans obtained by them (see Explanation 3.15.2.1).

Accounts receivable written-off due to bad debt provision

<i>(RUB thou.)</i>			
Description	For 2015	For 2014	For 2013
Buyers and customers	61	524	24,204
Advance payments made - total	9,398	145	4,517
of which:			
for current operations	9,398	145	4,517
Other debtors	121	568	11,439
Total	9,580	1,237	40,160

Over-due accounts receivable

<i>(RUB thou.)</i>						
Type of debt	as of 31.12.2015		as of 31.12.2014		as of 31.12.2013	
	Accounted as per the Contract terms	Balance sheet cost	Accounted as per the Contract terms	Balance sheet cost	Accounted as per the Contract terms	Balance sheet cost
Total	2,909,443	960,742	2,859,691	976,688	2,485,317	1,473,969
including:						
settlements with buyers and customers	873,986	682,318	527,327	387,213	326,874	278,077
advance payments made - total	517,892	255,266	836,681	564,801	702,545	437,622
including:						
for current operations	517,892	255,266	836,681	564,801	702,545	437,622
for non-current assets	--	--	--	--	--	--
other	1,517,565	23,158	1,495,683	24,674	1,455,898	758,270

3. 6. 2 Accounts payable

Structure of accounts payable

<i>(RUB thou.)</i>			
Type of debt	as of 31.12.2015	as of 31.12.2014	as of 31.12.2013
Long-term accounts payable - total	22,861	409,869	158,925
including:			
settlements with suppliers and contractors	22,861	409,869	155,696
advance payments received*	--	--	3,229
Short-term accounts payable - total	59,011,078	56,053,228	41,868,595
including:			
advance payments received	25,484,239	35,626,164	21,853,643
suppliers and contractors	18,364,878	15,919,786	15,231,790
settlements related to payables to employees	689,366	974,231	621,024

settlements related to taxes and duties	2,018,971	2,794,500	1,291,608
settlements related to debt to state off-budget funds	537,215	514,334	415,211
debt to the shareholders in terms of dividends *	11,740,580	39,150	46,051
other	175,829	185,063	2,409,268***
Total	59,033,939	56,463,097	42,027,520

* Hereinafter advance payments received from buyers and customers are indicated free of VAT to be paid to the budget.

** All procedures established by the Russian Law related to notification of shareholders of the right to dividends are fulfilled by the Company.

*** Including debts of CTG members – RUB 2,288,778 thou.

Overdue accounts payable

(RUB thou.)			
Indicator description	as of 31.12.2015	as of 31.12.2014	as of 31.12.2013
Total	2,052,357	1,517,547	1,354,382
including:			
settlements with suppliers and contractors	1,829,432	1,465,005	1,341,193
advance payments received	218,365	49,517	10,588
other	4,560	3,025	2,601

3. 7 CASH ASSETS AND CASH EQUIVALENTS

(RUB thou.)			
Description	as of 31.12.2015	as of 31.12.2014	as of 31.12.2013
Cash desk	6	125	135
Settlement accounts	697,734	261,470	722,297
Currency accounts	3,172,560	4,456,971	9,629,375

Completion			
Description	as of 31.12.2015	as of 31.12.2014	as of 31.12.2013
Deposits (up to 3 months) - total	10,708,047	13,148,550	14,965,093
of which: in USD .	9,912,047	8,174,346	9,295,093
in EUR	--	2,952,405	--
Loans granted for cash-pooling	43,098	--	--
Other cash equivalents	7,338	6,372	6,179
of which: financial documents	238	213	259
Total	14,628,783	17,873,488	25,323,079

Information on cash flows is disclosed in the Cash Flow Statement.

Inflows in the amount of RUB 1,109,529 thou. (Explanation 3.6.1) received in the course of bankruptcy proceeding for execution of the court decision, interest on cash equivalent in the amount of RUB 538.121 thou. (RUB 375.969 thou. in 2014) are reported within other inflows from current operations. Tax payments for the amount of RUB 10,296,567thou. were included in other payments for current operations. (including VAT – RUB 7,789,702 thou), in 2014 – RUB 10,127,219 thou. as well as funds transfer to Group companies of RUB 1,330,500 thou., RUB 7,400,000 thou. in 2014. (Explanation 3.15.2.1).

Within the cash flows of current operations CGT participants' cash transfers to the Company as well as CGT income tax payments to the budget have been shown in summarized form.

Other cash flows from investment activities include the summarized transactions on placement and return of deposits over 3 months: in the reporting year placement was for RUB 41,664,313 thou. (RUB 5.889.007 thou. in 2014).

Cash flows with Subsidiaries and Affiliates (including VAT)

(RUB thou.)				
Description	Inflow		Payments	
	For 2015	For 2014	For 2015	For 2014
Cash flow from current operations	11,358,368	9,404,314	79,866,908	82,774,039
Subsidiaries	11,340,043	9,384,488	79,859,130	82,767,035
Affiliates	18,325	19,826	7,778	7,004
Cash flow from investment operations	62,933,699	51,340,510	50,081,011	61,731,921
Subsidiaries	62,933,699	51,340,510	50,081,011	61,731,921
Cash flow from financial operations	28,340,978	13,609,601	24,514,469	17,168,816
Subsidiaries	28,340,978	13,609,601	24,514,469	17,168,816
Total	102,633,045	74,354,425	154,462,388	161,674,776

Besides, the Company has paid dividends to the main business entity (see Explanation 3.8).

3. 8 EQUITY AND DIVIDENDS

(RUB thou.)

Description	as of 31.12.2015	as of 31.12.2014	as of 31.12.2013
Authorized capital	5,993,227	5,993,227	5,993,227
Reserve capital	299,661	299,661	299,661
Paid-in capital - total	4,105,066	4,112,661	4,137,235
including:			
revaluation of fixed assets	3,333,289	3,340,884	3,365,458
other sources	771,777	771,777	771,777
Retained profit (loss) - total	317,835,836	304,320,422	293,636,474
including:			
previous years	294,970,987	289,621,011	306,445,752
reporting year	22,864,849	14,699,411	(12,809,278)
Total	328,233,790	314,725,971	304,066,597

Authorized capital and reserve capital conform to the Company Charter.

Company's shares

As of 31.12.2015 the authorized capital is paid up in full and consists of 5,993,227,240 common shares at par value 1 ruble each.

Shareholders holding more than 5% of the nominal capital

Description	Share, %		
	as of 31.12.2015	as of 31.12.2014	as of 31.12.2013
FLETCHER GROUP HOLDINGS LIMITED	85.54	85.54	85.54

In order to comply with the Russian legislation, on 06.11.2013 Deutsche Bank Trust Company Americas transferred NLMK common stock, the rights to which are certified by the Global Depositary Shares, from the holder's custody account to the custody account of depository facilities, where 8.70% of the Company's shares are accounted as of 31.12.2015 (8.56% as of 31.12.2014).

In the reporting year the Company's common shares were quoted at MICES Stock Exchange being a part of "Moscow Stock Exchange MICEX-RTS"; as global depositary shares (GDS) – at London Stock Exchange. In 2014 the Company's common stock entered the list of securities admitted to trading by Saint-Petersburg Stock Exchange without inclusion into quotation lists.

Earnings per share

Description	For 2015	For 2014
Net profit for the reporting period, thousand rubles	49,928,501	19,933,311
Weighted average number of outstanding common shares, pcs.	5,993,227,240	5,993,227,240
Basic profit (loss) per share, rubles	8.33	3.33

Diluted profit per share was not calculated due to absence of factors, having the diluting effect on the basic profit per share indicator.

Dividends

The Annual General Shareholders' Meeting held on 05.06.2015 approved payment of dividends in the amount of RUB 2.44 rubles per common stock upon 2014 performance results that made in total RUB 14,623,475 thou. with regard to interim dividends paid for H1 2014.

In the reporting year the following interim dividends were declared in line with the updated Company's policy: 1.64 ruble per common stock for Q1 which made RUB 9,828,893 thou.; 0.93 ruble per common stock for H1 which made RUB 5,573,701 thou.; 1.95 ruble per common stock for 9 months which made RUB 11,686,793 thou.

As of 31.12.2015 92.37% of the dividends accrued earlier were paid out.

3. 9 CREDITS AND LOANS

Structure of credits and loans

(RUB thou.)

Type of liabilities	as of 31.12.2015	as of 31.12.2014	as of 31.12.2013
Long-term liabilities - total	137,275,933	96,384,209	90,451,782
including:			
loans	95,877,612	81,344,216	76,492,426
credits	41,398,321	15,039,993	13,959,356
Short-term liabilities - total	27,893,440	23,556,046	22,336,976
including:			
loans	21,692,969	18,513,142	17,970,341
of which:			
interests accrued	1,873,665	1,637,762	1,493,212
Loans followed-up by Cash-pooling agreement	651,856	--	--
of which:			
interests accrued	747	--	--
credits	5,548,615	5,042,904	4,366,635
of which:			
interests accrued	256,529	137,877	120,504
Total	165,169,373	119,940,255	112,788,758

Bank credits

In December 2009 the Company signed a loan agreement with Deutsche Bank AG within the framework of the imported equipment acquirement in the amount of EUR 524,053 thou. guaranteed by export credit agencies.

In July 2010 the Company concluded a credit facility agreement with European Bank of Reconstruction and Development for EUR 125,000 thou. for financing of energy-efficiency program. The credit cancelled in 2014.

As of 31.12.2015 the Company signed agreements with ALFA-BANK, Sberbank of Russia on the opening of credit facilities with the limit not exceeding RUB 53,000,000 thousand, for working capital financing and for other corporate purposes.

Unused credit limit for all the credit facility agreements makes RUB 53,000,000 thou.

The interests for the long-term loans which are due at the end of the reporting year in the amount of RUB 224,725 thou. are reported within the short-term loans in the balance sheet (RUB 95,417 thou. as of 31.12.2014, RUB 92,511 thou. as of 31.12.2013).

In the reporting year the Company attracted a pre-export credit facility of EUR 25,359,640 for 4 years for re-financing of the current debt and for general corporate purposes. Total credit facilities obtained within 2015 made RUB 25,366,921 thou. (in 2014 - RUB 9,704,010 thou.). Total credit facilities and their interests repaid within 2015 made RUB 5,630,954 thou. (RUB 5,893,528 thou. in 2014).

In the reporting year the interests on credit did not increase the value of investment assets (by RUB 2,131 thou. in 2014).

Bank credits

(RUB thou.)

Lender description	Maturity	as of 31.12.2015	as of 31.12.2014	as of 31.12.2013
Deutsche Bank AG , Amsterdam branch*	2019	29,304,393	--	--
Deutsche Bank AG *	2019	17,642,543	20,082,897	16,471,371
European Bank of Reconstruction and Development	2015	--	--	1,854,620
Total bank credits, incl. interest accrued		46,946,936	20,082,897	18,325,991
including:				
with maturity up to 1 year, incl. current portion of long-term credits		5,548,614	5,042,904	4,366,635

* This credit was obtained from a syndicate of banks, the agent bank is specified as the creditor here.

Loans

(RUB thou.)

Lender	Maturity	as of 31.12.2015	as of 31.12.2014	as of 31.12.2013
Stoilensky	2016	2,697,310	--	5,004,595
Dolomit	2016	275,000	230,000	240,000
Altai-Koks	2016	40,000	--	--
NLMK – Accounting Center	2016	67,628	63,491	26,459

Gazobeton 48*	2017	128,635	177,808	108,269
Mining & Concentration Complex Zhernovsky-1*	2016	323,859	343,152	--
Steel Funding Limited*	2019	87,167,209	67,284,660	43,188,948
Stagdok	2015	--	117,000	52,000
Production Association Uralmetallurgstroy	2015	--	595,243	--
Hotel Complex "Metallurg"	2016	15,107	15,187	--

* Including the interest accrued.

Loans

Lender	Maturity	Completion		
		as of 31.12.2015	as of 31.12.2014	as of 31.12.2013
Novolipetsk Printing House*	2016	29,459	29,553	--
Construction and Assembly Trust NLMK	2017	437,000	399,880	--
Trade House NLMK	2016	90,000	--	--
VIZ-Steel	2016	430,000	--	--
Mining & Concentration Complex Usinsky-3*	2016	64,748	--	--
Uralvtorchermet*	2016	267,565	--	--
Total loans, incl. interest accrued		92,033,520	69,255,974	48,620,271
including:				
with maturity up to 1 year, incl. current portion of long-term loans		6,155,908	2,911,758	2,127,845

* Including the interest accrued.

In September 2012 the Company distributed the issue of 7-year Eurobonds in the amount of USD 500,000 thou. with a coupon rate of 4.95% per annum. Semiannual interest payments are foreseen in the issue, maturity - 2019.

In September 2013 the Company distributed the issue of 5-year Eurobonds in the amount of USD 800,000 thou. with a coupon rate of 4.45% per annum, maturity in 2018.

The bonds were issued by the Irish company Steel Funding Limited created specifically for this purpose. Deutsche Bank AG, J.P. Morgan Securities and Société Générale acted as co-arrangers of the issue. The Company plans to use the funds obtained as a result of the Eurobond issue for general corporate purposes, including refinancing of NLMK Group's debt.

Information on loans from related parties is disclosed in Explanation 3.15.2.

The interests for the long-term loans which are due at the end of the reporting year in the amount of RUB 1,289,596 thou. are reported within the short-term loans in the balance sheet (RUB 995,443 thou. as of 31.12.2014).

Total loans obtained within 2015 made RUB 27,133,574 thou. (RUB 13,757,601 thou. in 2014); total loans and interest on them repaid within 2015 made RUB 27,823,154 thou. (RUB 23,614,049 thou. in 2014).

Bond loan¹⁴

In October 2011 the Board of Directors passed the resolution to distribute 5 issues of bonds for the total amount of RUB 50,000,000 thousand with 10 years maturity. Gazprombank, Bank ZENIT, and Rosbank are the arrangers of the loan. In December 2012 the Board of Directors of the Company decided to implement a new Bond Program. The overall amount of the program is RUB 50,000,000 thousand. The arrangers of the loan are Gazprombank, Sberbank KIB and VTB Capital.

In the reporting year the Company placed a bond loan for RUB 10,000,000 thou. Total bond loans repaid within 2015 made RUB 14,979,611 thou. (RUB 15,000 thou. in 2014). In 2015 the payments for of accumulated coupon income amounted to RUB 2,530,867 thou. (RUB 3,764,600 thou. in 2014).

As of 31.12.2015 bonds with the value of RUB 25,020,389 thousand were placed (RUB 30,000,000 thou. as of 31.12.2014, RUB 45,000,000 thou. as of 31.12.2013). As of 31/12/2015 the accumulated coupon income made RUB 516,672 thou. (RUB 601,384 thou. as of 31.12.2014, RUB 842,496 thou. as of 31.12.2013).

Loans followed-up by Cash-pooling agreement

In the reporting year the Company attracted RUB 1,608,903 thou. under cash pooling, of them RUB 957,794 thou. was repaid. As of 31.12.2015 the amount of accrued interests accounted for RUB 747 thou. Detail information is given in Explanation 3.15.2.

3. 10 ESTIMATED LIABILITIES

¹⁴ Detailed information on the structure and terms and conditions of the bond loan is published on the Company's web-site (<http://www.lipetsk.nlmk.ru>).

(RUB thou.)			
Name of an estimated liability	as of 31.12.2015	as of 31.12.2014	as of 31.12.2013
Estimated liabilities - total	1,911,146	1,442,257	1,744,937
including:			
on upcoming expenses for vacations	1,290,962	1,190,960	1,084,491
on upcoming expenses for bonuses	509,761	108,415	--
on unsettled court proceedings and claims	110,423	142,882	660,446

3. 11 INCOME AND EXPENSES

3. 11. 1 Cost and revenue from ordinary activities

Revenue from ordinary activities

(RUB thou.)		
Description	For 2015	For 2014
Revenue from sales of products (services) outside the RF	183,390,609	152,050,238
Proceeds from sales in the RF- total	135,194,430	110,692,013
including:		
products (services)	135,115,378	110,602,862
apartments	79,052	89,151
Total	318,585,039	262,742,251

Expenses for production

(RUB thou.)		
Description	For 2015	For 2014
Material expenses - total	219,759,174	186,517,470
including:		
raw and other materials	138,309,688	120,710,461
fuel, energy	53,281,431	44,199,004
work and services rendered by third parties	28,168,055	21,608,005*
Labor costs	17,745,373	16,657,056*
Social allocations	5,394,838	4,971,172
Depreciation	15,561,192	14,543,613

Expenses for production

Completion		
Description	For 2015	For 2014
Other costs - total	6,688,733	6,706,376*
of which:		
rent payments	641,015	581,401
taxes included into costs of production	2,310,195	3,115,509
mandatory insurance payments	12,691	2,705
Total for cost components	265,149,310	229,395,687
Balance change (increase [-], decrease [+]): construction in progress, semi-finished products, finished products	-1,347,798	-119,015
Total expenses on ordinary activities	263,801,512	229,276,672

* Due to clarification of qualification costs on facilities and documentation appraisal (RUB 142,429 thou.) and product sales-related expenses (RUB 3,081,333 thou.) were moved from "Other costs" line to "work and services rendered by third parties" line. Besides costs on upcoming expenses for vacations (RUB 106,470 thou.) and for bonuses (RUB 108,415 thou.) were moved from "Other costs" to "Labor costs".

3. 11. 2 Other income and expenses

In the reporting year the Company concluded currency options to sell Euros for US Dollars (non-deliverable transactions) for total of EUR 135,000 thou. A currency option with settlement amount of USD 33 thou. is reported within other expenses for 2015 .

In 2012 the Company concluded cross-currency interest rate swap contracts in two currencies: Russian ruble / US dollar with regard to ruble bonds issued by the Company. As a result of this transaction, the Company paid out interest at fixed rates ranging from 3.11% to 3.15% in US dollars, and received interest at the fixed rate of 8.95% per annum in Russian rubles. The clearance of swap contacts associated with RUB payments on bonds was repaid in November 2014.

Other income and expenses

Description	(RUB thou.)			
	For 2015		For 2014	
	Income	Expenses	Income	Expenses
Sale of foreign currency	186,959,587	186,595,568	167,130,103	167,885,091
of which:				
currency and interest rate swap	--	--	2,691,873	3,743,008
Exchange rate difference	31,889,981	43,860,086	34,794,240	49,495,279
The right of claim assignment	18,052,808	18,052,808	8,586,781	8,586,696
of which:				
operations on factoring procedure of accounts receivable	18,036,637	18,036,637	8,547,780	8,547,780
Services of credit agencies on accounts receivable factoring	--	627,335	--	201,623
Other expenses over NLMK Group (Explanation 3.15.2.1).	--	1,531,194	--	7,691,227
Valuation provision (Explanation 3.4, 3.6.1)	14,393,819	16,282,818	1,689,298	7,289,882

Other income and expenses

Description	Completion			
	For 2015		For 2014	
	Income	Expenses	Income	Expenses
Profit and loss of previous years	195,301	1,163,206	105,508	1,076,219
Sales of inventories	805,235	563,573	861,789	600,666
Penalties and fines, reimbursements of losses	512,957	319,562	774,074	334,325
Charity	--	268,560	--	304,636
Social expenses	--	69,069	--	301,419
Retirement of fixed assets, capital investments	244,908	663,566	217,922	334,565
Transactions with securities	669,322	2,436	206,787	112,955
Expenses for employee benefits	--	217,199	--	196,568
Property leasing	126,164	93,157	135,463	66,360
Expenses on credits	--	396,076	--	78,143
Financial result of currency purchase	51,152	25,576	10,548	10,715
of which:				
settlement currency option	--	2,287	--	--
Others	920,307	1,328,519	862,652	1,302,836
Total	254,821,541	272,060,308	215,375,165	245,869,205

3. 12 CURRENT PFORIT TAX FORMATION

Calculation of profit tax according to Accounting rules (PBU) 18/02 requirements

Description	(RUB thou.)	
	For 2015	For 2014
Book profit (loss) before tax	58,165,758	23,305,516
Contingent expenses (income) for profit tax (according to accounting data)	11,633,151	4,661,103
Fixed tax liabilities (assets)	(3,425,295)	(1,818,992)
Change in deferred tax assets	19,665	22,059
Change in deferred tax liabilities	(1,293,564)	(1,309,791)
Current profit tax	6,933,957	1,554,379

In the reporting year profit tax for the previous reporting years to be paid to the budget amounted to RUB 4,545 thou. (RUB 92,940 thou. in 2014), to be paid upon the tax audit results – RUB 31,990 thou. (RUB 650,414 in 2014).

In 2015 upon tax accounting data the taxable profit amounted to RUB 34,669,785 thou., in 2014 - RUB 7,771,895 thou.

In the reporting year the amount of the permanent difference reducing the taxable profit was higher than the permanent difference increasing the taxable profit, by RUB 17,126,475 thou. (RUB 9,094,962 thou. in 2014). Calculation of the taxation base with reference to the income tax does not include income in the form of dividends from participation in authorized capitals, in the amount of RUB 29,559,395 thou. (in 2014 - RUB 22,882,429 thou.) and also income from recovery of provision for impairment of financial investments in the amount of RUB 13,133,071 thou. (RUB 1,688,897 thou. in 2014). Expenses not used for taxation purposes, amounted to RUB 19,551,365 thou. and are mainly related to

the accrual of valuation provisions and other expenses related to NLMK Group (see Explanation 3.15.2.1), in 2014 - RUB 15,476,364 thou.).

The total amount of taxable temporary differences that influenced reduction of contingent expenses for profit tax for the purposes of profit tax determination made RUB 6,467,820 thou. (RUB 6,548,955 thou. in 2014). Taxable temporary differences are associated with differences in recognition in accounting and taxation of initial appraisal of property to be depreciated, accumulated depreciation, depreciation premium, appraisal of construction-in-progress, WIP, semi-finished products and materials produced in-house, finished products.

The total amount of taxable temporary differences that influenced reduction of contingent expenses for profit tax for the purposes of profit tax determination made RUB 98,325 thou. (RUB 110,295 thou. in 2014). The deductible temporary differences are associated with differences in recognition in accounting and taxation of exchange rate differences on advances paid to suppliers, deferred expenses, losses from servicing facilities and companies, losses from sale of depreciated property.

Under the terms of the contract, in the income statement of all CTG participants the current income tax is calculated in respect of their income received and expenses incurred. The transfer of funds to a responsible participant is carried out in the amount of individually calculated profit tax. The responsible participants shall maintain a separate accounting of the funds transferred by CTG participants for the purpose of income tax payment, allocating the funds on a separate sub-account for book-keeping. The balance of funds transferred by the participants earlier as advance payments shall be distributed to the group participants in proportion to the amounts transferred earlier.

As of 31.12.2015 there was no accounts payable under settlement with CTG members (as of 31.12.2013 – RUB 2,288,778 thou.).

3. 13 TARGET FINANCING

Description	(RUB thou.)	
	For 2015	For 2014
Budget funds received- total	--	3,099
including those for the current expenses:		
benefit payments under RF Government regulation no. 439 dd. 16.07.2005	--	3,099
Off-budget funds received -total	3,990	--
including those for the current expenses:		
Labor safety	3,990	--

3. 14 INFORMATION BY SEGMENTS

The Company discloses information on a single segment based on the type of activity.

Indicator	Segment		Not distributed		Company as a whole	
	2015	2014	2015	2014	2015	2014
Sales revenue, RUB thou.	310,158,233	255,313,884	8,426,806	7,428,367	318,585,039	262,742,251
Share of proceeds from sales in total proceeds, %	97.35	97.17	2.65	2.83	100.00	100.00
Total production cost, RUB thou.	257,031,054	222,991,822	6,770,458	6,284,850	263,801,512	229,276,672
Sales profit (loss), RUB thou.	53,127,179	32,322,062	1,656,348	1,143,517	54,783,527	33,465,579
Share of profit in total profit, %	96.98	96.58	3.02	3.42	100.00	100.00

Type of product	(RUB thou.)		
	Sales revenue		Change
	for 2015	for 2014	
Hot metal	8,209,843	4,424,940	3,784,903
Slabs	139,797,639	119,328,859	20,468,780
Hot rolled flats	63,674,550	51,381,026	12,293,524
Cold rolled flats	40,422,707	32,643,249	7,779,458
Coated flats	40,357,118	36,499,520	3,857,598
Electrical steel flats	17,696,376	11,036,290	6,660,086
Total	310,158,233	255,313,884	54,844,349

In the reporting year the proceeds from sales to foreign customers amounted to 58.53% (58.85% in 2014) of the total proceeds from sales in the segment and 98.99% (98.82% in 2014) of the proceeds from sales outside of Russia in total for the Company (see Explanation 3.11.1).

In 2015 two major customers (at least 10% of sales) amounted to 55.38% (in 2014 – 52.41%) of the proceeds from sales of the Company in total (see Explanation 3.15.2.4).

3. 15 INFORMATION ON RELATED PARTIES

3. 15. 1 The list of related parties

The list of related parties includes the affiliates of the Company ¹⁵ in accordance with the RF legislation as well as related parties acting on other grounds.

The main business entity owning 85.54% of the Company's stock is FLETCHER GROUP HOLDINGS LIMITED (Explanation 3.8). The Company is controlled by FLETCHER GROUP HOLDINGS LIMITED and Megamatic Management Limited¹⁶ registered in Cyprus.

The Beneficiary of the above companies in accordance with definition of this notion by the Russian legislation is Mr. Vladimir Lisin.

There are no predominant (participating) business entities.

Subsidiaries of NLMK with 100% stake as of 31.12.2015:

VIZ-Steel	Altai-Koks
NLMK- Communications	Holiday Hotel Metallurg
Vtorchermet NLMK	Trade House NLMK
Stagdok	Construction and Assembly Trust NLMK
Lipetsk Insurance Company Chance	Stoilensky
Dolomit	NLMK-Long Products
Uralvtorchermet	Novolipetsk Steel Service Center
Ussuriysk Steel Service Center	Hotel Complex "Metallurg"
NLMK-Metalware	Novolipetsk Printing House
NLMK- Kaluga	NLMK – Accounting Center
Mining & Concentration Complex Zhernovsky-1	NLMK Overseas Holdings
Mining & Concentration Complex Usinsky-3	NLMK – Information Technologies

Other subsidiaries of NLMK

Description	Stake in authorized capital as of 31.12.2015, %
Nizhnesergi hardware-metallurgy plant	92.59
Lipetsky Gipromet	57.57
Maxi-Group	50.00*

* Acquisition made 50% plus 1 share of Maxi-Group.

Affiliate:

Description	Stake in authorized capital as of 31.12.2015, %
Neptune	25.00

All the companies specified are registered in the Russian Federation.

Other related parties

Other related parties include entities belonging to the same group as the Company does, as well as organizations and their subsidiaries, which are significantly influenced by the members of the Company's Board of Directors and/or the Company's management by way of voting interest ownership / participation in management.

3. 15. 2 Operations with related parties

Operations related to individual companies are disclosed for the period of their actual inclusion into the list of related parties.

The Company makes settlements in related-party operations by means of non-cash transfers of funds as per standard long-term and short-term contracts.

The prices at which the Company sells its products to the affiliates outside of the Russian Federation were changed according to the total changes of world market prices. The prices at which the Company sells its products to the affiliates outside of the Russian Federation are comparative with prices established by Russian competitors.

¹⁵ The complete list of the Company's affiliated parties is subject to mandatory disclosure by the Issuer of issue-grade securities and is published at NLMK's web-site (<http://www.lipetsk.nlmk.ru>).

¹⁶ FLETCHER INDUSTRIAL EQUITY LIMITED merged with Megamatic Management Limited due to that Megamatic Management Limited is a new shareholder of FLETCHER GROUP HOLDINGS LIMITED.

The operations include VAT.

3.15.2.1 Operations with subsidiaries

Sales to subsidiaries

Description	(RUB thou.)					
	For 2015			For 2014		
	Products, commodities	Inventories	Services	Products, commodities	Inventories	Services
Trade House NLMK	--	--	558	884	--	382
Stoilensky	248,549	1,441	39,941	198,237	4,235	34,617
Dolomit	1,199	--	353	1,136	134	223
Stagdok	3,684	210	842	2,373	--	807
VIZ-Steel	6,558,634	3,149	15,596	5,184,729	2,425	11,477
Altai-Koks	--	219	2,208	--	--	921
Construction and Assembly Trust NLMK	3,125	10,894	9,833	82	16,958	12,326
Novolipetsk Steel Service Center	3,684,588	29,461	34,561	3,248,586	39,923	44,539
Hotel Complex "Metallurg"	--	--	7	--	--	13
Nizhnesergi hardware-metallurgy plant	7,430	--	25,562	--	--	21,016
Novolipetsk Printing House	--	--	1,233	--	--	1,118
Uralvtorchermet	--	--	304	--	--	3,830
Vtorchermet NLMK	--	--	9,028	--	--	8,939
NLMK- Kaluga	409,810	266	6,839	78,292	192,733	4,671

Sales to subsidiaries

Description	Completion					
	For 2015			For 2014		
	Products, commodities	Inventories	Services	Products, commodities	Inventories	Services
NLMK-Long Products	--	--	2,864	--	53	1,021
Ussuriysk Steel Service Center	--	--	--	2,308	--	--
NLMK – Accounting Center	--	--	771	--	--	435
NLMK Overseas Holdings	--	--	123	--	--	396
NLMK Metalware	--	--	1,538	--	--	932
Lipetsky Giprometz	--	--	1,084	--	2,295	191
NLMK – Information Technologies	--	44	1,922	--	--	2,451
Mining & Concentration Complex Zhernovsky-1	--	--	120	--	672	110
Mining & Concentration Complex Usinsky-3	--	--	120	--	339	110
Production Association Uralmetallurgstroy	--	--	10	--	--	--
Cleaning Company	--	--	--	5,981	--	9,178
Total	10,917,019	45,684	155,417	8,722,608	259,767	159,703
Total	11,118,120			9,142,078		

Purchases from subsidiaries

Description	(RUB thou.)			
	For 2015		For 2014	
	Inventories	Services	Inventories	Services
Trade House NLMK	819,816	216,140	5,676,417	161,725
Stoilensky	27,353,458	4	30,347,377	257
NLMK – Information Technologies	50	550,362	--	408,952
Dolomit	707,639	--	629,487	--
Stagdok	1,066,705	--	1,001,684	--
Lipetsky Giprometz	--	790,641	--	566,218
Construction and Assembly Trust NLMK	62,023	1,397,745	12,888	2,168,484
VIZ-Steel	1,621	8,754	7,156	8,779
Altai-Koks	31,727,012	283	21,453,564	--
Novolipetsk Steel Service Center	65,387	87,110	78,676	87,299
Holiday Hotel Metallurg	--	2,169	--	2,054
Hotel Complex "Metallurg"	--	2,891	--	2,143
Novolipetsk Printing House	--	53,393	--	51,433
Uralvtorchermet	--	341	--	--
Vtorchermet NLMK	15,235,963	--	13,920,874	--
NLMK – Accounting Center	5	241,655	96	228,438

Purchases from subsidiaries

			Completion	
NLMK- Kaluga	--	--	106	--
Cleaning Company	--	--	4,216	339,885
Total	77,039,679	3,351,488	73,132,541	4,025,667
Total	80,391,167		77,158,208	

Lease

The Company leases its property to the following subsidiaries:

Description	(RUB thou.)	
	Income from leasing	
	For 2015	For 2014
Construction and Assembly Trust NLMK	10,778	10,300
Novolipetsk Steel Service Center	16,599	14,621
NLMK- Communications	15	--
Cleaning Company	--	8,066
Ussuriysk Steel Service Center	3,379	3,379
Hotel Complex "Metallurg"	69	937
Novolipetsk Printing House	335	335
NLMK – Accounting Center	23,612	23,646
NLMK Overseas Holdings	55	78
NLMK – Information Technologies	1,040	2,317
Mining & Concentration Complex Zhernovsky-1	--	204
Stoilensky	1,358	--
Mining & Concentration Complex Usinsky-3	--	689
Total	57,240	64,572

The Company rents property from the following subsidiaries:

Description	(RUB thou.)	
	Rent amount	
	For 2015	For 2014
Trade House NLMK	9,334	9,046
VIZ-Steel	8,528	8,528
Total	17,862	17,574

Loans granted to subsidiaries

In the reporting year the Company granted loans to the subsidiaries, repayment is envisioned not later than by 2017.

Description	(RUB thou.)	
	For 2015	
	For 2015	For 2014
Vtorchermet NLMK	2,861,067	2,238,137
NLMK-Metalware	500,000	624,000
Mining & Concentration Complex Usinsky-3	1,800	29,750
NLMK- Kaluga	4,670,792	2,885,115
Holiday Hotel Metallurg	1,200	--
Stoilensky*	5,384,695	25,572,335
VIZ-Steel*	--	1,020,000
NLMK Overseas Holdings*	32,480,842	26,078,306
Altai-Koks*	--	200,000
NLMK – Information Technologies	--	37,400
Total	45,900,396	58,685,043

*Interest-free loans.

Outstanding loans:

Borrower's name	(RUB thou.)		
	as of	as of	as of
	31.12.2015	31.12.2014	31.12.2013

Maxi-Group ¹	3,396,144	3,396,144	5,085,041
Vtorchermet NLMK	2,114,256	1,067,143	1,720,844
Nizhnesergi hardware-metallurgy plant	7,027,497 ³	8,827,497	17,478,240
NLMK- Kaluga	3,570,792	2,075,115	3,839,248
Holiday Hotel Metallurg	1,200	--	--
NLMK-Metalware ⁴	1,508,354	1,908,354	1,757,199
Novolipetsk Steel Service Center	1,000	--	--
Uralvtorchermet	--	11,386,046	11,757,690
Mining & Concentration Complex Usinsky-3	--	32,760	3,010
VIZ-Steel ²	--	3,678,392	3,570,000
NLMK Overseas Holdings ²	70,472,950 ⁵	46,580,471	22,965,890
Altai-Koks ²	--	200,000	--
NLMK – Information Technologies	--	26,000	--
Stoilensky ²	--	16,232,737	--
Total	88,092,193	95,410,659	68,177,162

¹ Maxi-Group as of 31.12.2015 did not repay in time the loans granted for the amount of RUB 3,396,144 thou. (Explanation 3.4).

² Interest-free loans.

³ As of 31.12.2015 long-term granted loans made RUB 6,439,397 thou., repayment is envisioned in 2017. From 2016 the loan is interest-free.

⁴ As of 31.12.2015 long-term granted loans made RUB 784,354 thou., repayment is envisioned in 2017.

⁵ As of 31.12.2015 long-term granted loans made RUB 784,354 thou., repayment is envisioned in 2017.

Returns on loans:

Borrower's name	(RUB thou.)	
	For 2015	For 2014
Vtorchermet NLMK	101,369	177,582
Nizhnesergi hardware-metallurgy plant	763,436	1,304,070
Holiday Hotel Metallurg	94	--
NLMK- Kaluga	61,618	313,736
NLMK-Metalware	177,772	165,807
Uralvtorchermet	357,906	998,628
Mining & Concentration Complex Usinsky-3	349	2,008
NLMK – Information Technologies	1,354	213
Total	1,463,898	2,962,044

In 2015 the Company granted loans to the subsidiaries under cash pooling agreements, repayment is envisioned in 2016:

Description	(RUB thou.)	
	For 2015	For 2014
Vtorchermet NLMK	9,823	--
NLMK- Kaluga	142,216	--
Trade House NLMK*	5,262	--
Stagdok*	8,534	--
NLMK – Information Technologies	57,897	--
Total	223,732	--

*Interest-free loans.

Outstanding loans as of 31.12.2015 granted to subsidiaries under cash pooling agreements: Vtorchermet NLMK - RUB 8,466 thou., NLMK - Information Technologies - RUB 30,806 thou., Trade House NLMK - RUB 3,826 thou.

Доходы по предоставленным займам в рамках договора кэш-пулинга составили: to RUB 35 thou. for NLMK - Information Technologies, to RUB 15 thou. for NLMK-Kaluga.

Loans granted by subsidiaries

The Company received loans from subsidiaries (Explanation 3.9).

Lender	(RUB thou.)			
	For 2015		For 2014	
	Received	Repaid	Received	Repaid
Stoilensky	19,968,519	17,271,208	9,587,921	14,592,516
Dolomit	180,000	135,000	140,000	150,000
Altai-Koks	4,100,000	4,060,000	1,861,000	1,861,000

NLMK – Accounting Center	154,000	158,068*	185,000	152,567*
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* Including the interest accrued.

Loans granted by subsidiaries

Lender	Completion			
	For 2015		For 2014	
	Received	Repaid	Received	Repaid
Mining & Concentration Complex Zhernovsky-1	--	48,200	420,300	94,218*
Stagdok	37,000	154,000	127,000	62,000
Hotel Complex “Metallurg”	--	1,817*	30,000	15,156*
Cleaning Company	--	--	23,000	24,285*
NLMK – Information Technologies	27,000	27,872*	42,000	42,306*
Novolipetsk Printing House	--	3,000	28,000	--
Construction and Assembly Trust NLMK	362,000	324,880	582,380	182,500
Production Association Uralmetallurgstroy	--	80,753*	583,000	--
VIZ-Steel	1,600,000	1,170,000	--	--
Mining & Concentration Complex Usinsky-3	73,000	15,250	--	--
Trade House NLMK	280,000	190,000	--	--
Total	26,781,519	23,640,048	13,609,601	17,176,548

* Including the interest accrued.

Loans received from Stoilensky, Dolomit , Altai-Koks, Stagdok, Construction and Assembly Trust NLMK, VIZ-Steel, and Trade House NLMK are interest-free.

Interest payable:

Lender	(RUB thou.)	
	For 2015	For 2014
NLMK – Accounting Center	8,205	4,599
Mining & Concentration Complex Zhernovsky-1	28,908	17,069
Hotel Complex “Metallurg”	1,738	343
Cleaning Company	--	1,285
NLMK – Information Technologies	872	306
Novolipetsk Printing House	2,906	1,553
Production Association Uralmetallurgstroy	25,325	12,243
Mining & Concentration Complex Usinsky-3	6,998	--
Total	74,952	37,398

Besides, the Company received loans from subsidiaries under cash pooling agreement (Explanation 3.9).

Lender	(RUB thou.)			
	For 2015		For 2014	
	Received	Repaid	Received	Repaid
Dolomit	93,061	70,408	--	--
Novolipetsk Steel Service Center	91,532	69,187	--	--
NLMK – Accounting Center	29,000	19,815	--	--
Stagdok	130,778	80,778	--	--
Vtorchermet NLMK	265,808	265,808	--	--
NLMK – Information Technologies	31,547	31,547	--	--
Novolipetsk Printing House	8,286	2,282	--	--
Construction and Assembly Trust NLMK	240,342	110,056	--	--
NLMK- Kaluga	291,029	218,834	--	--
NLMK-Metalware	355,166	32,620	--	--
Trade House NLMK	22,909	22,909	--	--
Total	1,559,458	924,244	--	--

Loans received from Dolomit, Trade House NLMK, Novolipetsk Steel Service Center, Construction and Assembly Trust NLMK, Stagdok under cash pooling agreement are interest-free.

Interest payable for loans received from subsidiaries under cash pooling agreement:

<i>(RUB thou.)</i>			
Lender	For 2015		For 2014
NLMK – Accounting Center		67	--
Vtorchermet NLMK		141	--
NLMK – Information Technologies		33	--
Novolipetsk Printing House		16	--
NLMK- Kaluga		60	--
NLMK-Metalware		383	--
Total		700	--

Security

The Company stood surety for the following subsidiaries:

<i>(RUB thou.)</i>		
Security granted by the Company	For 2015	For 2014
Nizhnesergi hardware-metallurgy plant	2,254	3,212
NLMK- Kaluga	66,112	71,670
NLMK Overseas Holdings	70,630	156,722
VIZ-Steel	1,480,724	--
Stoilensky	7,798,404	1,452,934
Total	9,418,124	1,684,538

<i>(RUB thou.)</i>			
Security granted by the Company	as of 31.12.2015	as of 31.12.2014	as of 31.12.2013
Nizhnesergi hardware-metallurgy plant	195,110	279,169	257,237
NLMK- Kaluga	1,713,725	3,922,352	3,038,421
NLMK Overseas Holdings	--	5,626,733	9,218,899
VIZ-Steel	400,287	563	327
Stoilensky	11,865,672	2,261,772	485,756
Total	14,174,794	12,090,589	13,000,640

Liabilities under the above securities are valid till 2020.

Other operations with subsidiaries

Each year the company concludes contracts with LLC Lipetsk Insurance Company Chance for group voluntary medical insurance, insurance of civil responsibility, land means of transport, property, air vessels, cargoes, as well as the Company's employees serving in the Military Forces of the Russian Federation.

<i>(RUB thou.)</i>				
Type of insurance	Insurance premium		Insurance compensation	
	For 2015	For 2014	For 2015	For 2014
Voluntary medical insurance	61,996	59,079	--	--
Voluntary insurance of civil responsibility	16	29	--	--
Compulsory insurance of civil responsibility	2,425	3,968	400	120
Voluntary insurance of land means of transport	5,868	7,375	170	11
Voluntary insurance of property	--	34	--	--
Insurance for the employees enlisted to the Armed Forces of the Russian Federation	4	15	--	--
Total	70,309	70,500	570	131

In the reporting year the Company provided, free of charge, RUB 1,000,000 thou. to Nizhnesergi hardware-metallurgy plant. (in 2014 – RUB 5,400,000 thou.) and RUB 300,000 thou. to Vtorchermet NLMK (RUB 2,000,000 thou. in 2014), RUB 16,000 thou. to NLMK - Information Technologies, RUB 14,500 thou. to North Oil & Gas Company to increase net assets of the subsidiaries.

Subsidiaries' accounts receivable

(RUB thou.)

Description	as of 31.12.2015			as of 31.12.2014			as of 31.12.2013		
	Liability	Bad debt provision	Balance valuation	Liability	Bad debt provision	Balance valuation	Liability	Bad debt provision	Balance valuation
Trade House NLMK	14,564	(9,536)	5,028	178,237	(47,674)	130,563	296,963	(69,593)	227,370
Stoilensky*	3,538,295	(170)	3,538,125**	34,052	(213)	33,839	39,537	(102)	39,435
Construction and Assembly Trust NLMK	4,275	(36)	4,239	6,173	(52)	6,121	28,416	(3)	28,413
Stagdok	721	(27)	694	283	(16)	267	397	(37)	360
VIZ-Steel*	472,445	(210)	472,235	551,749	--	551,749	451,936	(2,886)	449,050
Altai-Koks*	802,161	--	802,161	516	--	516	60	--	60
Maxi-Group	688,396	(688,296)	100	688,381	(688,381)	--	688,381	(688,381)	--
Nizhnesergi hardware-metallurgy plant***	16,606,577	(799,068)	15,807,509	15,836,013	(750,937)	15,085,076	14,531,878	(702,581)	13,829,297
Vtorchermet NLMK	629,071	(6)	629,065	509,659	--	509,659	284,132	(115)	284,017
Novolipetsk Steel Service Center	240,728	--	240,728	246,261	(2,651)	243,610	370,794	(2,663)	368,131
Hotel Complex "Metallurg"	303	--	303	9	--	9	189	--	189
NLMK- Kaluga	20,226	--	20,226	72,115	(1,798)	70,317	147,954	--	147,954
Lipetsky Giprometz	126	--	126	60	--	60	--	--	--
NLMK-Long Products	573	--	573	236	--	236	94	(27)	67
Ussuriysk Steel Service Center	5,000	--	5,000	282	--	282	282	--	282
Novolipetsk Printing House	88	--	88	150	--	150	109	--	109
Uralvtorchermet	--	--	--	1,197,402	(1,196,973)	429	198,633	--	198,633

*Excl. the interest-free loan, granted by the Company.

** Incl. dividends

*** Including interest debt from loans granted.

Subsidiaries' accounts receivable

Description	as of 31.12.2015			as of 31.12.2014			as of 31.12.2013		
	Liability	Bad debt provision	Balance valuation	Liability	Bad debt provision	Balance valuation	Liability	Bad debt provision	Balance valuation
Dolomit	84	--	84	140	--	140	8	--	8
NLMK-Metalware	465,057	--	465,057	287,200	--	287,200	121,204	--	121,204
NLMK Overseas Holdings*	12,305,975	--	12,305,975	12,305,975	--	12,305,975	12,306,063	--	12,306,063
Lipetsk Insurance Company Chance	--	--	--	3,886	(194)	3,692	3,388	(169)	3,219
Mining & Concentration Complex Zhernovskiy-1	30	--	30	130	--	130	285,449	--	285,449
NLMK – Accounting Center	2,093	(2)	2,091	2,096	(2)	2,094	2,054	(1)	2,053
NLMK – Information Technologies	332	(5)	327	964	(22)	942	528	(8)	520
Mining & Concentration Complex Usinsky-3	30	--	30	2,054	--	2,054	16	--	16
Holiday Hotel Metallurg	94	--	94	3	--	3	--	--	--
Payables of subsidiaries spun off as of the reporting date	--	--	--	1,757	--	1,757	1,747	(1)	1,746
Total	35,797,244	(1,497,356)	34,299,888	31,925,783	2,688,913	29,236,870	29,760,212	(1,466,567)	28,293,645

*Excl. the interest-free loan, granted by the Company.

In 2015 accounts receivable due to bad debt provisions were written-off: Novolipetsk Steel Service Center - RUB 2,651 thou., Trade House NLMK – RUB 5,682 thou. In 2014 accounts receivables of subsidiaries were not written off due to bad debt provision.

Accounts payable to subsidiaries

Description	(RUB thou.)		
	as of 31.12.2015	as of 31.12.2014	as of 31.12.2013
Trade House NLMK	33,814	673,305	871,280
Stoilensky	2,250,061	2,216,454	3,314,681
Dolomit	48,685	57,829	36,387
Lipetsky Giprometz	304,512	186,951	175,543
Stagdok	190,211	130,638	134,226
Holiday Hotel Metallurg	134	5	2
Hotel Complex "Metallurg"	40	--	--
VIZ-Steel	14	15	680
Altai-Koks	2,584,708	2,217,689	1,795,752

NLMK Communications	7	--	--
Construction and Assembly Trust NLMK	261,545	257,423	499,941
Novolipetsk Steel Service Center	8,042	11,174	7,708

Accounts payable to subsidiaries

Description	Completion		
	as of 31.12.2015	as of 31.12.2014	as of 31.12.2013
Lipetsk Insurance Company Chance	--	--	1
Vtorchermet NLMK	--	--	31,202
Novolipetsk Printing House	8,835	9,193	9,537
NLMK Overseas Holdings	1	--	--
NLMK – Accounting Center	20,138	18,998	18,998
Ussuriysk Steel Service Center	--	--	661
LLC NLMK – Information Technologies	40,154	38,833	23,202
Companies' debts spun off as of the reporting date	--	28,137	26,677
Total	5,750,901	5,846,644	6,946,478

3.15.2.2 Operations with affiliates

The Company leases the property to LLC Neptune. Rental income was RUB 3,725 thou. and RUB 6,653 thou. in 2015 and 2014, respectively.

In 2009 the Company entered into an agency agreement under which LLC Neptune being the Agent, is to support, operate and maintain the Fitness center and to render fitness services. Additional remuneration for 2015 made RUB 138 thou. (RUB 133 thou. in 2014), of them in 2015 the Company paid RUB 120 thou. (RUB 120 thou. in 2014).

LLC Neptune's accounts receivable as of 31.12.2015 made RUB 1,687 thou. (as of 31.12.2014 RUB 1,753 thou., as of 31.12.2013 RUB 1,731 thou.), of them for agency contract – RUB 1,367 thou. (RUB 1,199 thou. as of 31.12.2014, RUB 1,176 thou. as of 31.12.2013). As of 31.12.2015 bad debt provision accrued to the mentioned debt makes RUB 13 thou. (RUB 13 thou. as of 31.12.2014, RUB 1,081 thou. as of 31.12.2013).

Accounts payable as of 31.12.2015 accounted for RUB 1,087 thou. (as of 31.12.2014 RUB 876 thousand, as of 31.12.2013 RUB 1,482 thousand), of them for loans received – RUB 98 thou. (as of 31.12.2014 - RUB 287 thou., as of 31.12.2013 - RUB 401 thou.), of them for agency contract – RUB 948 thou. (RUB 589 thou. as of 31.12.2014, RUB 1,081 thou. as of 31.12.2013).

3.15.2.3 Operations with key management personnel

Members of the Board of Directors and the Management Board are the top management of the Company.

Conditions and procedure for payment of remuneration and reimbursement of expenses related to the execution of the Board of Directors member's functions, is provided for by NLMK's Regulations on the Board of Directors members' Remuneration ("Regulations") approved by the General Shareholders Meeting.

Terms and procedure of payment of remuneration to the members of the Management Board are determined by the contract concluded with the members on the proposal of the Committee for Human Resources, Remuneration and Social Policy.

Description	(RUB thou.)	
	For 2015	For 2014
Bonuses* and salaries (without estimated liabilities for upcoming expenses for vacations)	558,148	483,422
Remunerations**	160,054	123,605
Dividends	234	129
Other payments	4,951	5,103
Total	723,387	612,259

*Bonuses to the members of the Management Board in 2015 include liabilities on their payment based on a preliminary calculation upon the reporting year performance.

** Remunerations to the members of the Board of Directors in 2015 are determined on the basis of a preliminary calculation according to the Regulation.

In the reporting year and in 2014 the Company granted interest-bearing loans to the Management Board members, while in 2013 - interest-free loans. Total debt for loans as of 31.12.2015 accounted for RUB 30,140 thou. (including accrued interest – RUB 1,140 thou), as of 31/12/2014 – RUB 52,018 thou. (including accrued interest – RUB 18 thou), as of 31/12/2013 – RUB 1,667 thou.

3.15.2.4 Operations with other related parties

Sales to other related parties

Description	(RUB thou.)				
	For 2015		For 2014		
	Products, goods	Services	Products, goods	Inventories	Services
RUMELCO	--	--	--	--	62
Investment Company Libra Capital	--	--	--	20,583	458
NLMK DanSteel A/S*	--	8,579	6,659,866	--	1,701
IP Molodechnensky Pipe Plant	33,971	--	175,839	--	--
Social Security Charity Fund "Miloserdiye"	--	106	1,342	--	100
Non-State Pension Fund "Social Development"	--	69	--	--	210
SC Lipetsk Metallurg	2,218	41	2,461	110	--
LLC Lisya Nora	--	--	5,418	--	--
Vtorchermet	2,301	10,294	2,034	928	9,199
Verkh-Isetsy Steel Plant	487,520	2,028	389,178	--	1,995
Novexco (Cyprus) Limited*	28,474,343	--	26,158,503	--	--
Novex Trading (Swiss) S.A. *	147,949,920	16,129	111,547,835	--	807
PO TatVtorchermet	--	810	--	--	716
Heat Supply Organization	--	662	--	--	610
Ural Health-Center Nizhnie Sergi	--	184	--	--	126
Ural Research & Development Institute for Architecture & Construction	--	2,616	--	--	2,958
Chuvashvtormet	--	123	--	--	25

* Subsidiary NLMK International B.V' controlled by NLMK via NLMK Overseas Holdings

Sales to other related parties

Description	Completion				
	For 2015		For 2014		
	Products, goods	Services	Products, goods	Inventories	Services
Vtorchermet NLMK Center	--	1,697	--	--	1,656
Vtorchermet NLMK North	--	898	--	--	802
Vtorchermet NLMK Siberia	--	1,193	--	--	1,094
Vtorchermet NLMK Western Siberia	--	1,250	--	--	1,117
Vtorchermet NLMK Ural	--	1,311	--	--	1,219
Vtorchermet NLMK Black Belt Region	--	858	--	--	856
Vtorchermet NLMK South	--	826	--	--	743
Vtorchermet NLMK East	--	1,012	--	--	935
Vtorchermet NLMK Perm	--	1,021	--	--	926
Vtorchermet NLMK West	--	901	--	--	801
Vtorchermet NLMK Republic	--	944	--	--	839
Vtorchermet NLMK Volga Region	--	950	--	--	859
Vtorchermet NLMK Bashkortostan	--	982	--	--	871
Vtorchermet NLMK Volga	--	952	--	--	861
Tools, Maintenance and Repair Plant	170	1,612	--	58	801
First Freight Company	--	37,448	--	--	39,366
OOO Gazobeton 48	2,141	51,750	5,351	--	45,727
Bank of Social Development and Construction					
Lipetskkombank	--	119	--	--	118
Steel Invest & Finance (Luxembourg) S.A.	--	--	--	--	4,499
NLMK Clabecq S.A.	--	2,225	--	--	1,497
NLMK Verona SpA	--	7,395	--	--	262
NLMK Belgium Holdings S.A.	--	11,322	--	--	1,509
NLMK Sales Europe S.A.	--	10,901	--	--	4,729
Valery G. Khaibullin	--	--	4	--	--
NLMK Plate Sales S.A.	--	4,436	--	--	--
VMI Recycling Group	--	120	--	--	--
InService Plus	--	17	--	--	--
VIZ- Broker	--	122	--	--	--
Blinovskoye	--	60	--	--	--
Novolipetsk Medical Center	46	7,203	--	--	--
Total	176,952,630	191,166	144,947,831	21,679	131,054
Total	177,143,796		145,100,564		

Purchases from other related parties

Description	(RUB thou.)			
	For 2015		For 2014	
	Inventories	Services	Inventories	Services
Bank of Social Development and Construction Lipetskombank	--	3,216	--	6,805
Managing Company "Libra Capital"	--	--	68,424	--
Investment Company Libra Capital	--	--	46	1,752
SC Lipetsk Metallurg	--	535	--	26
Advocate Bureau "Reznik, Gagarin & Partners"	--	207,586	--	139,846
Bank ZENIT	--	99	--	74
Universalny Expeditor	--	851,848	--	735,789
Taganrog Sea Trade Port	--	63,471	--	38,420
OJSC "Tuapse Sea Trade Port"	--	1,020,639	--	530,359
Novexco (Cyprus) Limited	--	237	--	115
First Freight Company	--	13,084,371	--	10,893,117
First Freight Company	--	122,840	--	501,171
OOO Gazobeton 48	1,965	--	5,986	--
Novex Trading (Swiss) S.A.	--	651	--	812
Railcar Repair Company "Gryazi"	--	2,762	--	1,741
Ural Research & Development Institute for Architecture & Construction	--	9,527	--	--
Non-commercial partnership Novolipetsk Medical Center	--	28,815	--	--
TVK	--	53	--	--
MaxiTechGas	--	378	--	--
TsentrVtorMet	--	346	--	--
Pride Media	--	4,876	--	--
InService Plus	--	1,908	--	--
NLMK Plate Sales S.A.	85,930	--	--	--
LLC Lisya Nora	--	133	--	--
NLMK International B.V.	--	--	--	64,746
Duferco S.A.	--	--	15,366	--
NLMK Sales Europe S.A.	6,353	--	26,984	--
Total	94,248	15,404,291	116,806	12,914,773
Total	15,498,539		13,031,579	

Lease

The Company leases its property to:

Description	(RUB thou.)	
	Income from leasing	
	For 2015	For 2014
Social Security Charity Fund "Miloserdie"	380	376
Non-State Pension Fund "Social Development"	115	178
Vtorchermet	9,210	13,012
Bank of Social Development and Construction Lipetskombank	230	231
Novolipetsk Medical Center	6,466	--
TVK	1,700	--
Total	18,101	13,797

The Company rents property from the following subsidiaries:

Description	(RUB thou.)	
	Rent amount	
	For 2015	For 2014
Bank ZENIT	7	4
First Freight Company	122,840	519,258
First Freight Company	296,381	--

Total	419,228	519,262
--------------	----------------	----------------

Loans granted to other related parties

The Company granted loans to the other related parties, repayment is envisaged in 2017.

(RUB thou.)

Borrower's name	For 2015	Over 2014*
Vtorchermet	--	37,015
VMI Recycling Group	57,301	79,799
Vtorchermet NLMK Volga	--	65,296
Vtorchermet NLMK East	--	14,580
Vtorchermet NLMK West	--	23,024
Vtorchermet NLMK Perm	--	19,982
Vtorchermet NLMK Volga Region	--	32,630
Vtorchermet NLMK North	61,052	31,180
Vtorchermet NLMK Siberia	--	21,760
Vtorchermet NLMK Black Belt Region	--	31,700
Vtorchermet NLMK South	--	18,900
PO TatVtorchermet	157,901	9,032

* In the reporting year after the maturity date expiry the loans were extended.

Loans granted to other related parties

Completion

Borrower's name	For 2015	For 2014
Vtorchermet NLMK Center	--	272,364
Vtorchermet NLMK Bashkortostan	--	29,330
Vtorchermet NLMK Western Siberia	--	37,683
Vtorchermet NLMK Republic	--	14,654
Medical Insurance Company "Novolipetskaya"	21,000	--
Total	297,254	738,929

Outstanding loans:

(RUB thou.)

Borrower's name	as of 31.12.2015	as of 31.12.2014	as of 31.12.2013
Vtorchermet	--	160,957	124,811
VMI Recycling Group	541,558	513,264	597,566
Vtorchermet NLMK Volga	130,648	131,556	68,128
Vtorchermet NLMK East	104,119	134,059	129,479
Vtorchermet NLMK West	72,645	74,011	51,147
Vtorchermet NLMK Perm	169,680	171,687	151,705
Vtorchermet NLMK Volga Region	129,772	133,401	100,772
Vtorchermet NLMK North	138,871	79,869	48,689
Vtorchermet NLMK Siberia	83,410	86,100	64,340
Vtorchermet NLMK Black Belt Region	108,511	110,134	78,434
Vtorchermet NLMK South	70,158	72,036	53,136
PO TatVtorchermet	164,841	33,699	24,667
Vtorchermet NLMK Center	--	41,660	--
Vtorchermet NLMK Bashkortostan	27,280	29,330	--
Vtorchermet NLMK Western Siberia	34,694	36,316	--
Vtorchermet NLMK Republic	--	154	--
Total	1,776,187	1,808,233	1,492,874

Returns on loans:

(RUB thou.)

Borrower's name	For 2015	For 2014
Vtorchermet	14,675	12,100
VMI Recycling Group	59,334	41,637
Vtorchermet NLMK Volga	14,615	8,406
Vtorchermet NLMK East	14,320	11,654
Vtorchermet NLMK West	8,232	5,475

Returns on loans:

Borrower's name	Completion	
	For 2015	For 2014
Vtorchermet NLMK Perm	19,723	13,969
Vtorchermet NLMK Volga Region	14,844	10,354
Vtorchermet NLMK North	10,900	5,745
Vtorchermet NLMK Siberia	9,523	6,688
Vtorchermet NLMK Black Belt Region	12,375	8,119
Vtorchermet NLMK South	7,964	5,645
PO TatVtorchermet	9,193	2,535
Vtorchermet NLMK Center	3,571	6,124
Vtorchermet NLMK Bashkortostan	2,911	1,172
Vtorchermet NLMK Western Siberia	3,513	1,979
Vtorchermet NLMK Republic	2	431
Medical Insurance Company "Novolipetskaya"	1,890	--
Total	207,585	142,033

In 2015 the Company granted a loan to Tools, Maintenance, Repair Plant under cash pooling agreement in the amount of RUB 458 thou. Maturity is in 2016.

Loans received from other related parties

As of 31.12.2013 the Company's debt by the loans received from Gazobeton - 48 accounted for RUB 108,269 thou. (including accrued interests), maturity - 2014. In 2014 the Company received the borrowed funds of RUB 148,000 thousand from Gazobeton 48. As of 31.12.2014 the debt of the Company including interest accrued was RUB 177,808 thou, maturity – 2015. In 2015 the Company received the borrowed funds of RUB 85,000 thou. from Gazobeton 48. As of 31.12.2015 the debt of the Company including interest accrued was RUB 128,635 thou, maturity – 2016. In the reporting year the interest was accrued for this loan in the amount of RUB 22,398 thou., in 2014 – RUB 14,020 thou.

Besides, in the reporting period the Company received a loan from Gazobeton 48 under cash pooling agreement in the amount of RUB 16,204 thou. Interests made RUB 20 thou. As of 31.12.2015 the debt of the Company including interest accrued was RUB 11,581 thou, maturity – 2016.

In 2015 the Company received a loan from Tools, Maintenance, Repair Plant under cash pooling agreement in the amount of RUB 33,240 thou. Interests payable made RUB 27 thou. As of 31.12.2015 the debt of the Company including interest accrued was RUB 4,360 thou, maturity – 2016.

Deposits and current accounts

Deposits and current accounts with Bank of Social Development and Construction "Lipetskombank" amounted to RUB 1,097,138 thou, RUB 850,192 thou and RUB 914,761 thou as of 31.12.2015, 31.12.2014 and 31.12.2013, respectively. The total interest income in 2015 amounted to RUB 10,240 thou., in 2014– RUB 7,089 thou.

Deposits and current accounts with Bank ZENIT amounted to RUB 3,606 thou., RUB 2,591 thou. and RUB 2,957 thou. as of 31.12.2015, 31.12.2014 and 31.12.2013, respectively. The total interest income from deposits and current accounts in 2014 accounted for RUB 693 thou..

Contributions to the non-state pension fund

In accordance with the legislation of the Russian Federation on pension coverage in 2000 the Company concluded a termless contract with Non-State Pension Fund "Social Development" on non-state pension coverage of the Company's employees - the fund members.

According to the Regulation on non-state pension scheme for the Company's employees, as of 01.01.2011 pension contributions funded by income were suspended. In 2012 the pension amounts of the reserve fund on the joint pension account were redistributed monthly on the joint pension account for the benefit of the participants. The Company's contributions in 2015 amounted to RUB 112,782 thou. (RUB 112,813 thou. in 2014).

The Company does not have any long-term commitments with regard to financing, guarantees or other forms of support of the above fund.

Security

The Company stood surety for other related parties:

(RUB thou.)

Security granted by the Company	For 2015	For 2014
NLMK La Louviere S.A.	--	1,044
NLMK Clabecq S.A.	23,666	28,807
NLMK DanSteel A/S	77,121	194,788
NLMK Coating S.A.	--	191,271
NLMK Sales Europe S.A.	7,737,775	4,460,441
NLMK Verona SpA	6,221,084	239,871
NLMK Belgium Holdings S.A.	1,981	41,042
Novex Trading (Swiss) S.A.	79,403	72,816
NLMK Plate Sales S.A.	5,178,922	--
VIZ- Broker	70,053	--
Total	19,390,005	5,230,080

(RUB thou.)

Security granted by the Company	as of 31.12.2015	as of 31.12.2014	as of 31.12.2013
NLMK La Louviere S.A.	--	94,340	186,262
NLMK Clabecq S.A.	2,591,427	2,873,717	2,582,386
NLMK DanSteel A/S	8,488,466	8,392,018	5,858,234
NLMK Coating S.A.	--	2,106,676	1,507,879
NLMK Sales Europe S.A.	--	15,782,120	10,291,274
NLMK Verona SpA	7,415,072	7,372,359	4,880,341
NLMK Belgium Holdings S.A.	3,985,059	3,897,559	4,932,385
Novex Trading (Swiss) S.A.	5,496,530	4,234,509	4,919,577
NLMK Plate Sales S.A.	5,265,320	--	--
VIZ- Broker	70,000	--	--
Total	33,311,874	44,753,298	35,158,338

Liabilities under the above securities are valid till 2018.

Other operations

The Company's contributions to Social Security Charity Fund "Miloserdiye" in the reporting year amounted to RUB 267,993 thou, in 2014 – RUB 295,100 thou.

Accounts receivable of other related parties

(RUB thou.)

Description	as of 31.12.2015			as of 31.12.2014			as of 31.12.2013		
	Liability	Bad debt provision	Balance valuation	Liability	Bad debt provision	Balance valuation	Liability	Bad debt provision	Balance valuation
NLMK DanSteel A/S	1,189	--	1,189	1,041,253	--	1,041,253	2,832,320	--	2,832,320
Social Security Charity Fund "Miloserdiye"	48	--	48	51	--	51	45	--	45
Non-State Pension Fund "Social Development"	--	--	--	28	--	28	53	--	53
Vtorchermet	1,077	(41)	1,036	13,901	(8)	13,893	2,137	--	2,137
Novex Trading (Swiss) S.A.	26,196	--	26,196	25,228	--	25,228	16,341	--	16,341
IP Molodechnsky Pipe Plant	3,127	(156)	2,971	35,735	--	35,735	28,120	--	28,120
Bank of Social Development and Construction Lipetskombank	191	--	191	570	--	570	12	--	12

Accounts receivable of other related parties

Continued

Description	as of 31.12.2015	as of 31.12.2014	as of 31.12.2013
-------------	------------------	------------------	------------------

	Liability	Bad debt provision	Balance valuation	Liability	Bad debt provision	Balance valuation	Liability	Bad debt provision	Balance valuation
Metallurgical Holding	2	(2)	--	2	(2)	--	4	(4)	--
PO TatVtorchermet	6,911	(187)	6,724	2,888	(186)	2,702	335	(145)	190
Heat Supply Organization	65	--	65	55	--	55	50	--	50
Ural Health-Center Nizhnie Sergi	10	--	10	--	--	--	--	--	--
Verkh-Isetsy Steel Plant	1,518	--	1,518	185	(4)	181	161	--	161
Ural Research & Development Institute for Architecture & Construction	362	(9)	353	246	(1)	245	--	--	--
Vtorchermet NLMK Center	214	(178)	36	436	(169)	267	297	(123)	174
Vtorchermet NLMK North	16,987	(248)	16,739	6,245	(243)	6,002	474	(180)	294
Vtorchermet NLMK Siberia	16,327	(11)	16,316	7,008	(2)	7,006	644	(249)	395
Vtorchermet NLMK Western Siberia	5,411	(9)	5,402	2,149	(4)	2,145	90	--	90
Vtorchermet NLMK Ural	125	--	125	112	--	112	874	(559)	315
Vtorchermet NLMK Black Belt Region	20,938	(172)	20,766	8,681	(180)	8,501	513	(138)	375
Vtorchermet NLMK South	13,795	(11)	13,784	5,913	(1)	5,912	443	(149)	294
Vtorchermet NLMK East	26,282	(220)	26,062	12,413	(214)	12,199	745	(159)	586
Vtorchermet NLMK Perm	34,186	(2)	34,184	14,590	--	14,590	601	--	601
Vtorchermet NLMK West	14,146	(279)	13,867	6,015	(275)	5,740	517	(205)	312
Vtorchermet NLMK Republic	69	--	69	519	--	519	80	(6)	74
Vtorchermet NLMK Volga Region	25,409	(3)	25,406	10,743	(2)	10,741	634	(77)	557
Vtorchermet NLMK Bashkortostan	3,989	--	3,989	1,267	(1)	1,266	289	(123)	166
Vtorchermet NLMK Volga	23,294	(79)	23,215	8,810	(70)	8,740	376	(38)	338
Tools, Maintenance and Repair Plant	198	--	198	146	--	146	50	--	50
Chuvashvtormet	--	--	--	20	--	20	--	--	--
Advocate Bureau "Reznik, Gagarin & Partners"	10,919	(546)	10,373	31,002	(14,613)	16,389	33,858	(3,717)	30,141
OOO Gazobeton 48	772	--	772	1,451	--	1,451	1,250	--	1,250
PermVtormet	--	--	--	3	--	3	--	--	--

Accounts receivable of other related parties

Description	as of 31.12.2015			as of 31.12.2014			Completion as of 31.12.2013		
	Liability	Bad debt provision	Balance valuation	Liability	Bad debt provision	Balance valuation	Liability	Bad debt provision	Balance valuation
TsentrVtorMet	--	--	--	256	(9)	247	--	--	--
First Freight Company	1,536,342	--	1,536,342	1,092,994	(6)	1,092,988	812,896	--	812,896
Sport Club "Lipetsk Metallurg"	1	--	1	--	--	--	27	--	27
LLC Lisya Nora	--	--	--	133	--	133	--	--	--
MaxiTechGas	--	--	--	256	--	256	--	--	--
VMI Recycling Group	103,467	--	103,467	44,266	--	44,266	--	--	--
Novolipetsk Medical Center	7,045	(5,413)	1,632	--	--	--	--	--	--
Grazhdanskie pripasy	72	(72)	--	--	--	--	--	--	--
Blinovskoye	15	--	15	--	--	--	--	--	--
VIZ- Broker	36	--	36	--	--	--	--	--	--
Pride Media	405	(30)	375	--	--	--	--	--	--
InService Plus	20	--	20	--	--	--	--	--	--
NLMK Clabecq S.A.	211	--	211	--	--	--	--	--	--
NLMK Verona SpA	2,424	--	2,424	--	--	--	--	--	--
NLMK Belgium Holdings S.A.	1,187	--	1,187	--	--	--	--	--	--
NLMK Plate Sales S.A.	1,565	--	1,565	--	--	--	--	--	--
Debt of the companies which ceased to be other related parties as of the reporting date	--	--	--	690	(74)	616	5,879	(223)	5,656
Total	1,906,547	(7,668)	1,898,879	2,376,260	(16,064)	2,360,196	3,740,115	(6,095)	3,734,020

Accounts payable to other related parties

(RUB thou.)

Description	as of 31.12.2015	as of 31.12.2014	as of 31.12.2013
Bank of Social Development and Construction			
Lipetskombank	1	118	28
Vtorchermet	31	101	25
Verkh-Iselsky Steel Plant	--	1,678	23,936
Novex Trading (Swiss) S.A.	19,302,155	25,995,299	16,135,952
Universalny Expeditor	18,487	32,621	13,815
Social Security Charity Fund "Miloserdie"	--	21	8
OOO Gazobeton 48	254	704	1,538
OJSC "Tuapse Sea Trade Port"	62,683	41,868	29,647
First Freight Company	125,967	292,921	197,859
Taganrog Sea Trade Port	3,488	3,857	4
Novexco (Cyprus) Limited	2,468,623	5,534,744	3,146,123
Railcar Repair Company "Gryazi"	--	208	--
Sport Club "Lipetsk Metallurg"	--	13	--
Non-State Pension Fund "Social Development"	19,422	19,904	--
NLMK DanSteel A/S	5,753	8,531	--
NLMK Sales Europe S.A.	--	4,660	--
NLMK Plate Sales S.A.	70,005	--	--
Novolipetsk Medical Center	18	--	--
Chuvashvtormet	1	--	--
Ural Research & Development Institute for Architecture & Construction	3,700	--	--
Vtorchermet NLMK Center	30	--	--
VMI Recycling Group	30	--	--
Debt of the companies which ceased to be other related parties as of the reporting date	--	13,434	2,493
Total	22,080,648	31,950,682	19,551,428

3. 16 SECURITY OF LIABILITIES

(RUB thou.)			
Description	as of 31.12.2015	as of 31.12.2014	as of 31.12.2013
Received - total	2,695,856	1,100,278	1,177,333
including:			
bank guarantees	2,695,856	1,100,278	1,177,333
Guarantees and sureties granted – total	47,486,668	56,843,887	48,158,978

As of 31.12.2015 the Company has obligations under surety agreements (RUB 47,001,993 thou), granted under the loans of related parties (see Explanation 3.15.2). The liabilities in accordance with the terms and conditions of the agreements will remain valid by 2020 and they cease to exist pro rata the repayment of the credits by the related parties. Granted sureties are not likely to have negative consequences.

3. 17 CONTINGENT LIABILITIES

In January 2010 the Company received the statement of claim, sent to the International Commercial Arbitration Court (ICAC) by OJSC Maxi-Group seller on the recovery of the additional debt from the payment of OJSC Maxi-Group shares in accordance with the binding agreement. This statement of claim is based on the interpretation of the binding agreement by the seller. In February 2010 the Company according to the results of Maxi-Group due diligence filed a counterclaim to ICAC for the recovery of the excessively transferred cash for the purchased shares from Maxi-Group seller.

In March 2011 ICAC delivered a judgement on partial satisfaction (RUB 9,578,970 thou) of a claim of OJSC "Maxi-Group" seller to the Company, who later initiated the mentioned amount recovery procedures in several European courts. In April 2011 the Company's management initiated contesting of the ICAC's judgement by filing to Arbitration Court of Moscow (court of first instance), and the respective judgement of ICAC was cancelled in June. In August 2011 Federal Arbitration Court of Moscow region initiated proceedings of cassation appeal of OJSC "Maxi-Group" seller for ICAC award challenging, but later it left the judgment of court of first instance unchanged. In November 2011 the Supreme Arbitration Court of the Russian Federation registered application of OJSC Maxi-Group's seller on revision of supervision procedure over the respective court judgements. In January 2012 the Arbitration Court Chamber delivered a judgement on refusal in the mentioned revision.

At present there are legal proceedings still in progress in several European courts initiated by a minority shareholder of OJSC Maxi-Group related to the lawsuit taken to ICAC in January 2010. In 2014 courts in France and England took a judgement on enforcement of ICAC award cancelled by Russian courts in the territory of those countries. In December

2014 the Company held an appeal of the French court's judgement and in November 2015 - of the English court's. The Company's Management evaluates a probability of unfavorable outcome and cash outflow connected with these legal proceedings as low and therefore no accruals with regard to these lawsuits have been stated in these statements.

In the ordinary course of business the Company participates in several other court proceedings acting as a claimant or a defendant. The Company's management believes that liabilities, which may result with him from these proceedings, cannot affect significantly financial status and performances of the Company.

Since the Company fulfils the requirements of regulatory authorities within the framework of environment protection and takes actions aimed at improvement of environmental situation in the region, at present there are no liabilities related to damage to the environment and its elimination.

The Russian tax law admits various interpretations and is subject to frequent changes. The Company's Management does not rule out some possible disputes with supervisory agencies on any transactions that took place in the reporting and previous periods, which could result in changes of performance results. Tax audits may cover three calendar years of business immediately preceding the year of audit. Earlier periods may be subject to auditing under certain circumstances. In the Company management's opinion, as of 31.12.2015 the respective legal regulations have been interpreted correctly by it, and the Company's position in terms of tax laws is going to be stable.

3. 18 EVENTS AFTER THE REPORTING DATE

There have been no material events after December 31, 2015 till the signing date of these statements subject to disclosure herein.

Director of NLMK

by virtue of Power of Attorney #420 dd. 17.12.2015

O.G. Zarubina

March 24, 2016

Auditor's Opinion

Auditor's Opinion

To the shareholders of Public Joint-Stock Company "Novolipetsk Steel":

Auditee

Novolipetsk Steel

Joint Stock Company State Registration Certificate No. 5-r was issued by Lipetsk Levoberezhny District Administration on January 28, 1993.

The certificate of registration in the Unified State Register of Legal Entities before 1 July 2002 No. 1024800823123 was issued on 9 July, 2002 by Lipetsk Central District Inspectorate of the RF Taxation Ministry.

Lipetsk, 398040 Russia 2, Metallurgov sq.

Auditor

Joint-stock company "PricewaterhouseCoopers Audit" (JSC PWC Audit) located at 10, ul. Butyrskiy Val, Moscow, 125047 Russian

State Registration Certificate No. 008.890 was issued by Moscow Registration Chamber on 28.02.92.

Certificate of registration before 1 July 2002 in the Unified State Register of legal entities No. 1027700148431 dd. 22 August 2002 issued by Moscow Interregional Inspectorate of the RF Ministry of Taxes & Duties No.39.

The member of non-commercial partnership "Chamber of Auditors of Russia" (NP CoAoR), which is a self-regulatory organization of auditors – registration number 870 in the register of NP CoAoR.

The basic registration number of the entry (BRNoE) in the register of auditors and auditing organizations - 10201003683.

Auditor's Opinion

To the shareholders of Public Joint-Stock Company "Novolipetsk Steel":

We have audited the attached accounting statements of Public Joint Stock Company "Novolipetsk Steel (hereinafter "the Company"), inclusive of Balance Sheet as of 31 December 2012, Report on Financial Results, Statement on Capital Changes, Cash Flow Statement for the year 2015, Explanations for the Balance Sheet and Report on Financial Results (hereinafter all the reports are jointly referred to as "accounting statements").

The Company's responsibility for accounting statements

The Company's management is responsible for preparation and reliability of the above accounting statements in accordance with the rules, established in the Russian Federation for the preparation of accounting statements and for the internal control system, which is necessary for preparation of accounting statements without material misstatements due to negligent actions or mistakes.

The Auditor's responsibility

Our responsibility is to express our opinion on accuracy of accounting statements on the basis of our audit. We conducted the audit in line with federal auditing standards and International Auditing Standards. These standards

require following ethical rules as well as audit planning and conducting, so as to obtain reasonable assurance that the accounting statements do not contain any material misstatements.

The audit covered performing of audit procedures aimed at obtaining of audit evidences confirming figures in financial statements and disclosure of information therein. The selection of audit procedures is subject to our judgment which is based on evaluation of risk of material misstatements due to negligent actions or mistakes. In the process of this risk assessment we considered the system of internal control providing for the preparation and reliability of financial statements in order to choose the respective auditing procedure but not to express an opinion on the internal audit efficiency. The audit also included the evaluation of the proper character of the accounting policy used and determination whether the evaluation indicators received by the management of the Company were justified, as well as the evaluation of the representation of the accounting statements as a whole.

We think that the evidence obtained during the audit provides sufficient grounds for our opinion on the reliability of accounting statements.

Auditor's Opinion

Opinion

In our opinion the accounting statements reflect accurately in all material aspects the financial position of the Company as of 31.12.2015, and the results of its operations and cash flow in 2015 according to the rules on preparation of accounting statements, established in the Russian Federation.

Director of JSC "PricewaterhouseCoopers Audit"

A.M. Utkin

March 24, 2016.

*Joint-stock company "PricewaterhouseCoopers Audit" (JSC PWC Audit)
Business Center "Belaya Ploshad", 10, Butyrsky Val Str., Moscow 125047, Russia
T: +7 (495) 967 6000, F: +7 (495) 967 6001, www.pwc.ru*

7.2. The Issuer's intermediate accounting (financial) statements

**Balance sheet
as of 31/03/2016**

Company: **Novolipetsk Steel**

Taxpayer Identification Number

Activity: **Production of cold-rolled flats with and without protective coatings**

Organizational and legal form/ form of incorporation: **Public company / Joint private and foreign property**

Unit of measurement: **RUB thou.**

Domicile (address): **2, Metallurgov sq., Lipetsk, Lipetsk region, 398040 Russia**

Form acc. to OKUD	Codes
	0710001
Date	31/03/2016.
acc. to OKPO	05757665
TIN	4823006703
OKVED	27.17
acc. to OKOPF/OKFS	12247 / 34
acc. to OKEI	384

Clarifications	ASSET	Line code	As of 31.03.2016	As of 31.12.2015	As of 31.12.2014
1	2	3	4	5	6
	I. NON-CURRENT ASSETS				
	Intangible assets	1110	669,319	479,344	346,166
	R&D results	1120	27,154	28,414	30,947
	Fixed assets	1150	132,033,566	131,024,265	135,334,350
	Financial investments	1170	145,313,809	152,520,560	140,632,205
	Deferred tax assets	1180	150,223	148,597	128,932
	Other non-current assets	1190	2,038,995	1,846,963	1,053,135
	TOTAL for Section I	1100	280,233,066	286,048,143	277,525,735
	II. CURRENT ASSETS				
	Stocks	1210	37,710,009	42,543,057	37,431,161
	Input value added tax	1220	6,392,006	7,914,804	8,058,219
	Accounts receivable	1230	130,057,929	123,496,442	111,139,719
	Financial investments (excluding cash equivalents)	1240	71,081,050	90,796,881	50,329,556
	Cash assets and cash equivalents	1250	27,797,016	14,628,783	17,873,488
	Other current assets	1260	67	67	67
	TOTAL for Section II	1200	273,038,077	279,380,034	224,832,210
	BALANCE (assets)	1600	553,271,143	565,428,177	502,357,945

Clarifications	LIABILITIES	Line code	As of 31.03.2016	As of 31.12.2015	As of 31.12.2014
1	2	3	4	5	6
	III. EQUITY AND PROVISIONS				
	Authorized capital (shareholders' capital, authorized fund, copartners' contributions)	1310	5,993,227	5,993,227	5,993,227
	Revaluation of non-current assets	1340	3,331,622	3,333,289	3,340,884
	Additional capital (without revaluation)	1350	771,777	771,777	771,777
	Reserve capital	1360	299,661	299,661	299,661
	Retained profit (uncovered loss)	1370	323,543,279	317,835,836	304,320,422
	TOTAL for Section III	1300	333,939,566	328,233,790	314,725,971
	IV. LONG-TERM LIABILITIES				

	Borrowed funds	1410	126,276,389	137,275,933	96,384,209
	Deferred tax liabilities	1420	10,879,663	11,079,929	9,786,365
	Other liabilities	1450	2,846	22,861	409,869
	TOTAL for Section IV	1400	137,158,898	148,378,723	106,580,443
	V. SHORT-TERM LIABILITIES				
	Borrowed funds	1510	30,588,262	27,893,440	23,556,046
	Accounts payable	1520	48,295,229	59,011,078	56,053,228
	Estimated liabilities	1540	3,289,188	1,911,146	1,442,257
	TOTAL for Section V	1500	82,172,679	88,815,664	81,051,531
	BALANCE (liabilities)	1700	553,271,143	565,428,177	502,357,945

**Statement on financial performance
in January - March 2016**

Company: Novolipetsk Steel Taxpayer Identification Number Activity: Production of cold-rolled flats with and without protective coatings Organizational and legal form/ form of incorporation: Public company / Joint private and foreign property Unit of measurement: RUB thou. Domicile (address): 2, Metallurgov sq., Lipetsk, Lipetsk region, 398040 Russia	Form acc. to OKUD	Codes
	Date	31/03/2016.
	acc. to OKPO	05757665
	TIN	4823006703
	OKVED	27.17
	acc. to OKOPF/ OKFS	12247 / 34
	acc. to OKEI	384

Clarifications	Indicator description	Line code	For 3 months of 2016	For 3 months of 2015
1	2	3	4	5
	Revenue	2110	72,126,288	84,874,353
	including sales of metal products	2110.1	71,746,506	84,433,927
	Cost of sales	2120	(56,142, 082)	(53,977, 734)
	including sold metal products	2120.1	(54,917, 637)	(52,678, 568)
	Gross profit (loss)	2100	15,984,206	30,896,619
	Commercial expenses	2210	(6,095, 048)	(5,498, 904)
	Administrative expenses	2220	(2,368, 210)	(2,560, 446)
	Sales profit (loss)	2200	7,520,948	22,837,269
	Interest receivable	2320	564,094	1,109,683
	Interest payable	2330	(1,928, 120)	(1,637, 312)
	Other income	2340	35,438,733	58,827,817
	Other expenses	2350	(34,169, 675)	(56,993, 356)
	Profit (loss) before tax	2300	7,425,980	24,144,101
	Current profit tax	2410	(1,912, 952)	(3,240, 624)
	including fixed tax liabilities (assets)	2421	225,865	(675,343)
	Change in deferred tax liabilities	2430	200,264	(916,919)
	Change in deferred tax assets	2450	1,626	4,066
	Other	2460	(9,144)	(61)
	Net profit (loss)	2400	5,705,774	19,990,563
	Total financial result for the period	2500	5,705,774	19,990,563

7.3. Consolidated financial statements of the Issuer

The Issuer's annual consolidated financial statements for the last completed fiscal year have been compiled before the first quarter completion date and are included into the 1st quarter statements

2015 - IFRS/GAAP

Reporting period

Year: **2015**

Quarter:

Auditor's Opinion

To the shareholders of Novolipetsk Steel:

We have audited the attached consolidated financial statements of Novolipetsk Steel and its subsidiaries (hereinafter "Group") consisting of the consolidated financial statements on the financial standing as of December 31, 2015 and consolidated statements on profit and loss, total income, capital changes and cash flow for 2015 and also notes consisting of a review of the main provisions of the accounting policy and other explanatory information.

Responsibility of the management of audited entity for the consolidated financial statements

The audited entity's management is responsible for compiling and reliability of the above consolidated financial statements in accordance with the International Financial Reporting Statements and for the internal control system which is considered by the management to be necessary for preparation of consolidated financial statements without any material misstatements due to fraudulent actions or mistakes.

The Auditor's responsibility

Our responsibility is to express our opinion on reliability of this consolidated financial statements based on our audit. We conducted the audit in line with the Russian federal auditing standards and International Auditing Standards. These standards require following ethical rules as well as audit planning and conducting, so as to obtain reasonable assurance that the accounting statements do not contain any material misstatements.

The audit covers performing of audit procedures aimed at obtaining of audit evidences confirming figures in the consolidated financial statements and disclosure of information therein. Choice of procedures depends on professional judgement of the auditor including risks assessment of the material misstatements of consolidated financial statements due to improper actions or mistakes. In the process of this risk assessment the auditor considers the system of internal control providing for the preparation and reliability of consolidated financial statements in order to develop auditing procedures which comply with the objective but not to express an opinion on the internal control efficiency. Besides the audit includes evaluation of the proper character of the accounting policy used and determination whether the evaluation indicators made by the management of the audited entity were justified, as well as evaluation of representation of the consolidated financial statements as a whole.

We believe that the evidence obtained during the audit provides sufficient grounds for our opinion on reliability of these consolidated financial statements.

Opinion

In our opinion the consolidated financial statements reflect accurately in all material aspects the financial position of the Company as of 31.12.2015, and its financial performance and cash flow in 2015 according to the International Financial Reporting Statements.

24 March 2016.
Moscow, the Russian Federation

A.M. Utkin, Direktor (qualification certificate № 01-000167),
JSC “PricewaterhouseCoopers Audit”

Audited entity: NLMK

Certificate of State Registration №5
issued by Administration of Levoberezhny district of the
city of Lipetsk on January 28, 1993.

The certificate of registration in USRLE
issued on July 2002 under № 1024800823123

398040, Russian Federation, Lipetsk 2, Metallurgov sq.

Independent Auditor: JSC “PricewaterhouseCoopers Audit”

Certificate of State Registration № 008.890
issued by Moscow Registration Chamber on 28 February 1992.

The certificate of registration in USRLE issued on August 22,
2002 under № 1027700148431

Certificate on membership in self-regulatory auditors’
associations - Non-commercial partnership “Chamber of
Auditors of Russia” #870. ORNZ in the register of auditors and
auditing organizations - 10201003683.

JSC PricewaterhouseCoopers Audit, 10, Butyrskiy Val, Moscow 125047 the Russian Federation
T: +7 495 967 6000, F: +7 495 967 6001, www.pwc.ru

Novolipetsk Steel
Consolidated statements of financial standing as of December 31, 2015
(in million Russian rubles)

	Note	As of 31 December 2015.	As of 31 December 2014.	As of 31 December 2013.
Assets				
Current assets				
Cash and cash equivalents	3	24,999.6	30,897.7	31,747.0
Short-term financial investments	5	90,564.1	34,950.8	15,873.0
Trade and other accounts receivable	6	67,114.4	63,150.9	47,751.1
Stocks	7	87,846.7	87,921.1	69,508.8
Other current assets		640.8	295.5	267.8
		271,165.6	217,216.0	165,147.7
Non-current assets				
Long-term financial investments	5	16,021.5	7,948.6	2,681.3
Investments into associated companies and other companies accounted using equity method	4	8,575.8	5,972.5	13,718.4
Fixed assets	8	324,495.2	315,809.9	323,759.2
Goodwill	9	15,637.4	16,056.0	15,167.0
Other intangible assets	9	8,182.0	10,908.0	12,257.3
Deferred tax assets on income tax	17	4,971.4	7,024.1	4,465.9
Other non-current assets		1,014.4	1,295.1	1,296.7
		378,897.7	365,014.2	373,345.8
Total assets		650,063.3	582,230.2	538,493.5
Liabilities and equity				
Current liabilities				
Trade and other accounts payable	10	52,945.1	43,650.1	38,024.8
Short-term loans and credits	11	40,802.7	45,246.6	37,202.7
Current profit tax liability		2,016.2	2,673.9	705.4
		95,764.0	91,570.6	75,932.9
Long-term liabilities				
Long-term loans and credits	11	154,244.8	110,503.1	99,949.4
Deferred tax liability on profit tax	17	24,729.3	22,920.9	20,978.7
Other long-term liabilities		887.4	5,256.7	1,297.5
		179,861.5	138,680.7	122,225.6
Total liabilities		275,625.5	230,251.3	198,158.5
Equity related to NLMK shareholders				
Common stock	12(a)	5,993.2	5,993.2	5,993.2
Additional capital	23 (e)	658.3	-	-
Other accumulated total costs		(4,217.5)	(3,821.3)	(1,110.8)
Retained profit		371,161.7	348,981.7	334,534.3
		373,595.7	351,153.6	339,416.7
Non-controlling holding		842.1	825.3	918.3
Total equity		374,437.8	351,978.9	340,335.0
Total liabilities and equity		650,063.3	582,230.2	538,493.5

Consolidated financial statements given on pages 179 – 244 were approved on March 24, 2015.

Director for Consolidated Financial Statements
M.Yu. Makeev (power of attorney №148 dd. March 24, 2016)

Novolipetsk Steel
Consolidated statement of profit or loss in the year ended on December 31, 2015 *(in million Russian rubles unless stated otherwise)*

	Note	For the year ended 31 December 2015.	For the year ended 31 December 2014.	For the year ended 31 December 2013.
Revenue	14	485,371.0	395,954.3	344,021.6
Cost of sales		(333,023.2)	(279,715.3)	(275,511.9)
Gross profit		152,347.8	116,239.0	68,509.7
General & administrative expenses		(15,783.5)	(14,013.5)	(14,529.9)
Commercial expenses		(48,517.6)	(35,456.2)	(30,031.3)
Other total income/ (expenses)		843.2	386.2	(213.5)
Taxes except for income tax	16	(4,539.1)	(5,177.8)	(4,278.4)
Operating profit up to share in net losses of associated and other companies accounted using equity method, impairment as well as assets writing-off		84,350.8	61,977.7	19,456.6
Losses from fixed assets retirement		(516.4)	(412.0)	(743.2)
Losses from assets impairment and writing-off	4 , 8	(6,229.5)	(35,059.0)	(678.6)
Share in net losses of associated companies and other companies accounted using equity method	4	(6,416.2)	(7,385.4)	(1,755.6)
Result of a subsidiary retirement	20	-	-	(1,522.6)
Income from change of reserve for restructuring		-	-	242.3
Profits from investments	20	5,159.1	1,306.0	78.4
Financial income		3,162.2	1,417.2	1,290.4
Financial expenses		(5,843.9)	(5,227.2)	(3,879.1)
Profit from exchange rate difference, net	19	7,623.3	22,000.6	2,821.0
Other expenses, net		(1,061.9)	(409.2)	(1,879.8)
Profit before tax on income		80,227.5	38,208.7	13,429.8
Expenses related to tax on income	17	(21,559.0)	(14,570.7)	(8,164.7)
Profit over year		58,668.5	23,638.0	5,265.1
Profit pertaining to				
NLMK's shareholders		58,618.8	23,736.9	4,645.9
Non-controlling interest		49.7	(98.9)	619.2
Income per share – basic and diluted:				
Profit pertaining to NLMK's shareholders, per share (Russian rubles)	13	9.7809	3.9606	0.7752
Weighted average number of common shares: basic and diluted value (thou)	12(a)	5,993,227	5,993,227	5,993,227

Novolipetsk Steel**Consolidated statement of aggregate income in the year ended on December 31, 2015***(in million Russian rubles)*

	Note	For the year ended 31 December 2015.	For the year ended 31 December 2014.	For the year ended 31 December 2013.
Profit over year		58,668.5	23,638.0	5,265.1
Other accumulated loss:				
Articles which can be later reclassified to profit or loss				
Cumulative adjustment for currency conversion	2(b)	(420.2)	(2,704.6)	983.2
Total accumulated loss for year pertaining to		58,248.3	20,933.4	6,248.3
NLMK's shareholders		58,222.6	21,026.4	5,617.0
Non-controlling interest		25.7	(93.0)	631.3

Novolipetsk Steel
Consolidated statement of capital changes in the year ended on December 31, 2015 *(in million Russian rubles)*

	Note	NLMK's shareholders					Total equity
		Common stock	Additional capital	Other accumulated total costs	Retained profit	Non-controlling holding	
Balance as of January 1, 2013		5,993.2	-	-	335,090.7	(998.5)	340,085.4
Profit over year		-	-	-	4,645.9	619.2	5,265.1
Cumulative adjustment for currency conversion	2(b)	-	-	971.1	-	12.1	983.2
Change of non-controlling participation shares in the existing subsidiaries:		-	-	-	(1,486.5)	1,285.5	(201.0)
Retirement of other cumulative income after deconsolidation	20	-	-	(2,081.9)	-	-	(2,081.9)
Dividends to shareholders	12(b)	-	-	-	(3,715.8)	-	(3,715.8)
Balance as of December 31, 2013		5,993.2	-	(1,110.8)	334,534.3	918.3	340,335.0
Profit / (loss) over the year		-	-	-	23,736.9	(98.9)	23,638.0
Cumulative adjustment for currency conversion	2(b)	-	-	(2,710.5)	-	5.9	(2,704.6)
Dividends to shareholders	12(b)	-	-	-	(9,289.5)	-	(9,289.5)
Balance as of December, 31 2014		5,993.2	-	(3,821.3)	348,981.7	825.3	351,978.9
Profit over year		-	-	-	58,618.8	49.7	58,668.5
Sale of company's assets under common control	23 (e)	-	658.3	-	-	(8.9)	649.4
Cumulative adjustment for currency conversion	2(b)	-	-	(396.2)	-	(24.0)	(420.2)
Dividends to shareholders	12(b)	-	-	-	(36,438.8)	-	(36,438.8)
Balance as of December 31, 2015		5,993.2	658.3	(4,217.5)	371,161.7	842.1	374,437.8

Novolipetsk Steel
Consolidated statement of capital changes in the year ended on December 31, 2015 *(in million Russian rubles)*

	Note	For the year ended 31 December 2015.	For the year ended 31 December 2014.	For the year ended 31 December 2013.
Operational cash flow				
Profit over year		58,668.5	23,638.0	5,265.1
Adjustments for bringing profit over the year and net cash from operations in correspondence:				
Depreciation		33,863.0	30,091.5	27,752.5
Losses from fixed assets retirement		516.4	412.0	743.2
(Profit)/los from investments		(5,159.1)	(1,306.0)	1,444.2
Financial income		(3,162.2)	(1,417.2)	(1,290.4)
Financial expenses		5,843.9	5,227.2	3,879.1
Share in net losses of associated companies and other companies accounted using equity method	4	6,416.2	7,385.4	1,755.6
Expenses/ (income) for deferred profit tax	17	3,159.9	(694.4)	2,904.2
Impairment losses		6,229.5	33,550.6	-
Unrealized (profit)/losses on exchange rate differences		(11,549.9)	(26,108.3)	-
Other adjustment		(477.9)	1,762.3	590.7
Changes in operational assets and liabilities				
Decrease / (increase) in trade and other accounts receivable		6,904.4	428.0	(10,809.8)
Stock reduction / (increase)		5,445.8	(5,735.3)	(3,284.9)
(Increase)/ reduction of other current assets		(345.5)	(27.9)	232.7
Increase in trade and other accounts payable		6,444.4	2,432.6	13,557.7
(Reduction) / increase of liabilities in terms of current profit tax payments		(657.7)	1,968.5	19.8
Net cash from operating activities		112,139.7	71,607.0	42,759.7
Investment cash flow				
Acquisition and construction of fixed assets		(36,032.2)	(21,084.8)	(24,150.0)
Inflow from sales of fixed assets		694.8	650.4	186.7
Acquisition of financial investments and loans granted, net		(12,987.6)	(10,758.5)	(2,857.7)
Placement of bank deposits, net		(41,613.0)	(6,558.2)	(8,479.5)
Interest received		2,687.6	1,176.0	1,286.9
Contribution to the capital of company accounted by the equity method	20	(1,336.7)	-	-
VAT advance payments related to imported equipment		(1,183.0)	-	-
Sale of company's assets under common control	23 (e)	652.1	-	-
Cash received in the course of bankruptcy proceedings for execution of the court decision	24(b)	1,109.5	-	-
Sale of a financial investment in a subsidiary	20	-	-	1,493.3
Net cash used in investment activities		(88,008.5)	(36,575.1)	(32,520.3)
Financial cash flow				
Received loans		43,199.0	4,870.1	62,965.3
Repayment of loans received and financial leasing payments		(36,043.3)	(35,879.9)	(64,221.6)
Interest paid		(4,932.6)	(4,485.6)	(2,584.2)
Dividends to shareholders		(24,726.9)	(9,296.4)	(3,594.8)
Acquisition of additional shares of an existing subsidiary		-	-	(288.8)
Net cash used in financial activities		(22,503.8)	(44,791.8)	(7,724.1)

Novolipetsk Steel**Consolidated statement of capital changes in the year ended on December 31, 2015** *(in million Russian rubles)*

	Note	For the year ended 31 December 2015.	For the year ended 31 December 2014.	For the year ended 31 December 2013.
Net increase(decrease) of cash and cash equivalents		1,627.4	(9,759.9)	2,515.3
Impact of exchange rate dynamics on cash and cash equivalents		(7,525.5)	8,910.6	339.8
Opening cash and cash equivalents	3	30,897.7	31,747.0	28,891.9
Cash and cash equivalents as of the year end	3	24,999.6	30,897.7	31,747.0

Additional information on cash flow**Cash paid within the year:**

Profit tax paid		(19,056.8)	(13,296.6)	(4,432.1)
Placement of deposits in banks		(100,963.4)	(76,246.5)	(39,504.8)
Refund of deposits from banks		59,350.4	69,688.3	31,025.3

Non-cash investment activity:

Fair value of the assets that retired after a financial investment is partially sold	20	-	-	28,053.5
Loan conversion into an equity contribution	20	7,574.7	16,406.0	-

Novolipetsk Steel

Remarks to the consolidated financial statement as of and in the year ended on December 31, 2015 (in million Russian rubles)

1 Information on the Group

Public Joint-Stock Company "Novolipetsk Steel" (hereinafter referred to as "Parent Company") with its subsidiaries (hereinafter jointly referred to as "Group") is one of the leading integrated steel producers in the global metallurgy. The Parent Company is a public joint-stock company in line with the Civil Code of the Russian Federation. The Parent Company was established as a state enterprise in 1934 and transformed into an open joint-stock company on January 28, 1993. Later on, the Parent Company was re-registered into open joint-stock company on August 12, 1998 in line with the Russian Federation Law "On Joint-Stock Companies". On December 29, 2015 the name was changed into a public joint-stock company due to the changes in the legislation of the Russian Federation.

The Group is a vertically-integrated metallurgical company and Russia's largest manufacturer of steel products. The Group also operates in the mining segment (Note 21).

The core production sites of the Group are located in the Russian Federation, the European Union and the USA and are subject to legislative acts of the authorities of states and regions where these subsidiaries are located. Parent company legal address: 398040, Russian Federation, Lipetsk 2, Metallurgov sq.

As of 31 December 2015 the main shareholder of the Parent company was Fletcher Group Holdings Limited with 85.54% of shares whose beneficiary is V.S. Lisin.

The main companies included in the Group are:

Type of business		Registration country	Share December 31 2015	Share December 31 2014	Share December 31 2013
Companies controlled by the Group:					
Russia Flat					
VIZ-Steel	Production of steel	Russia	100.00%	100.00%	100.00%
Altai-Koks	Production of coke	Russia	100.00%	100.00%	100.00%
Novex Trading (Swiss) S.A.	Trade operations	Switzerland	100.00%	100.00%	100.00%
Novexco (Cyprus) Ltd.	Trade operations	Cyprus	100.00%	100.00%	100.00%
Foreign rolling assets					
NLMK DanSteel A/S	Production of steel	Denmark	100.00%	100.00%	100.00%
NLMK Indiana LLC.	Production of steel	USA	100.00%	100.00%	100.00%
NLMK Pennsylvania LLC	Production of steel	USA	100.00%	100.00%	100.00%
Russia Long					
Nizhnesergi hardware-metallurgy plant	Production of steel and long products	Russia	92.59%	92.59%	92.59%
NLMK Metalware	Production of metalware	Russia	100.00%	100.00%	100.00%
NLMK-Kaluga	Production of long products	Russia	100.00%	100.00%	100.00%
Vtorchermet NLMK	Scrap processing	Russia	100.00%	100.00%	100.00%
Extraction and processing of raw materials					
Stoilensky	Extraction and processing of iron ore;	Russia	100.00%	100.00%	100.00%

1 Information on the Group (continued)

Among associated and other companies accounted using equity method the main one is considered to be:

Type of business	Registration country	Share December 31 2015	Share December 31 2014	Share December 31 2013
NLMK Belgium Holdings S.A. Holding company (Note:20)	Belgium	51.00%	79.50%	79.50%

2 Main principles of consolidated financial statements preparation**(a) The basis of preparation of financial statements**

These consolidated financial statements was prepared in accordance with the International Financial Reporting Statements (IFRS) based on the rules for accounting under the original cost of acquisition except the cases specified in the main provisions of the accounting policy applied during preparation of these consolidated financial statements and given in the Note 25. These provisions of the accounting policy were applied gradually in relation to all the periods submitted in these consolidated financial statements. The data over 3 periods are provided for the users' convenience.

(b) Functional currency and reporting currency

Functional currency of all Russian Group's companies is Russian ruble. Functional currency of most foreign subsidiaries is local currencies of their domicile countries.

The Group uses Russian ruble as the presentation currency. Performance and financial condition of foreign subsidiaries of the Group are converted into the presentation currency in the following way:

- assets and liabilities in the financial condition report are recalculated on the basis of the exchange rate as of the end of the respective reporting period;
- income and expenses are recalculated on the basis of an average exchange rate for each quarter (except for the situations when the average exchange rate is not reasonably approximated to the accumulated effect of the exchange rates as of the transaction dates, and in those cases income and expenses are recalculated at exchange rates as of transaction dates);
- capital components are recalculated on the basis of the historical exchange rate;
- all the exchange rate differences found in the result of recalculation are shown as part of other total income.

Items of the consolidated report on cash flow are recalculated on the basis of an average exchange rate for each quarter (except for the situations when the average exchange rate is not reasonably approximated to the accumulated effect of the exchange rates as of the transaction dates, and in those cases inflow and outflow of cash are recalculated at exchange rates as of transaction dates).

If control over a foreign company is lost then exchange rate differences accounted earlier during recalculation of the currency of the foreign company into the currency of the statements presentation are reclassified from the other total income into profit or losses over the year as a part of profit or loss from retirement. Upon partial retirement of the subsidiary without losing control the respective part of accumulated exchange rate differences from recalculation of currency are reclassified into an item of a non-controlling share within the capital.

2 Main principles of consolidated financial statements preparation (continued)

The exchange rates of RUB to USD established by the Central Bank of the Russian Federation as of the reporting dates and weighted average exchange rates for the respective quarters of the reporting periods are given below.

	2015	2014	2013
As of January 1			30.3727
For Q1	62.1919	34.9591	30.4142
For Q2	52.6543	34.9999	31.6130
For Q3	62.9784	36.1909	32.7977
For Q4	65.9434	47.4243	32.5334
As of 31 December	72.8827	56.2584	32.7292

3 Cash and cash equivalents

	As of 31 December 2015.	As of 31 December 2014.	As of 31 December 2013.
Cash			
Russian Rubles	1,490.2	1,144.4	2,318.3
US Dollars	7,212.5	8,484.7	6,353.2
EUR	3,005.0	3,055.1	5,191.7
Other currencies	121.3	447.5	63.0
Deposits			
Russian Rubles	2,160.1	5,418.1	6,704.6
US Dollars	10,225.0	8,889.5	10,858.8
EUR	1.8	3,018.0	187.6
Other currencies	778.4	436.7	63.4
Other cash equivalents	5.3	3.7	6.4
	24,999.6	30,897.7	31,747.0

4 Investments into associated companies and other companies accounted using equity method

	As of 31 December 2015.	As of 31 December 2014.	As of 31 December 2013.
NLMK Belgium Holdings S.A. (Note 20)	7,930.2	5,471.9	13,435.7
TBEA & NLMK (Shenyang) Metal Product Co., Ltd.	645.6	500.6	282.7
	8,575.8	5,972.5	13,718.4

4 Investments into associated companies and other companies accounted using equity method (continued)

The table below shows changes of residual cost of The Group's investments into associated and other companies accounted based on the equity method.

	2015	2014	2013
As of January 1	5,972.5	13,718.4	247.4
Share in net losses of associated companies and other companies accounted using equity method	(6,416.2)	(7,385.4)	(1,755.6)
Loan conversion into an equity contribution	7,574.7	16,406.0	-
Contribution of the Group into authorized capital	1,336.7	-	-
Investment impairment	-	(16,635.1)	-
Retirement of 28.5% share in NBH	(2,221.5)	-	-
Retained profit for inventories of associated companies and other companies accounted using equity method	1,651.4	(1,576.5)	(74.9)
Adjustment for currency conversion	604.2	1,790.5	(0.6)
Reclassification due to lost control (Note 20)	-	-	15,302.1
Other adjustments	74.0	(345.4)	-
as of December 31	8,575.8	5,972.5	13,718.4

Shares of the Group in its associated and other companies accounted based on the equity method and their brief financial information are given in the table below:

Company	Year	Share	Assets	Liabilities	Revenue	Profit / (loss) over year
NLMK Belgium Holdings S.A. (Note 20) (Belgium)	2015	51.0%	108,256.5	(93,411.1)	77,100.2	(11,910.6)
including from / (for) Group			1,340.1	(36,869.6)	3,363.0	-
	2014	79.5%	104,480.5	(86,800.7)	57,964.9	(9,312.0)
including from / (for) Group			1,389.3	(28,719.0)	2,169.8	-
	2013	79.5%	68,540.0	(58,335.9)	13,196.4	(2,306.0)
including from / (for) Group			200.2	(15,703.8)	190.5	-
TBEA & NLMK (Shenyang) Metal Product Co., Ltd. (China)	2015	50.0%	1,309.7	(16.2)	592.0	43.9
	2014	50.0%	1,034.2	(31.3)	494.5	35.2
	2013	50.0%	570.0	(3.5)	140.8	16.4

4 Investments into associated companies and other companies accounted using equity method (continued)

Comparison of net assets NBH calculated in accordance with their consolidated statements with book value of an investment is given below.

	2015	2014
Net assets as of January 1	1,584.3	895.1
Net loss over the period (Note 20)	(11,118.6)	(11,015.1)
Proportional contribution to authorized capital	2,621.0	-
Loan conversion into an equity contribution	7,574.7	16,406.0
Other adjustments	126.5	(400.2)
Adjustment for currency conversion	(480.8)	(4,301.5)
Net assets as of December 31	307.1	1,584.3
Share in net assets	156.6	1,259.5
Share in difference from revaluation of fixed assets	10,776.0	15,769.0
Share of another shareholder upon transfer of loans into the contribution in the authorized capital (Note 20)	7,074.8	3,363.2
Investment impairment	(11,306.1)	(16,635.1)
Retained profit	1,651.4	(1,576.5)
Adjustment for currencies conversion and other correction	(422.5)	3,291.8
Investment in NBH	7,930.2	5,471.9

Net assets value NBH as of the retirement date calculated in accordance with their consolidated statements made RUB 2,873.1 m. The main corrections during comparison of net assets NBH with balance value of the investment were net loss (Note 20) and share in difference from revaluation of fixed assets.

5 Financial investments

	As of 31 December 2015.	As of 31 December 2014.	As of 31 December 2013.
Short-term financial investments			
Loans to related parties (Note 23)	4,764.9	3,845.5	3,520.5
Bank deposits (Note 22(c)), including:	85,395.8	30,901.4	12,336.4
- Russian rubles	1,078.0	830.0	881.2
- US dollars	79,492.9	23,952.7	11,455.2
- euros	4,824.9	5,429.8	-
- other currencies	-	688.9	-
Other short-term financial investments	403.4	203.9	16.1
	90,564.1	34,950.8	15,873.0
Long-term financial investments			
Loans to related parties (Note 23)	16,015.3	7,944.7	2,553.9
Bank deposits and other long-term financial investments	6.2	3.9	127.4
	16,021.5	7,948.6	2,681.3
	106,585.6	42,899.4	18,554.3

6 Trade and other accounts receivable

	As of 31 December 2015.	As of 31 December 2014.	As of 31 December 2013.
Financial assets			
Trade accounts receivable	44,721.0	45,122.0	29,511.8
Provision for trade accounts receivable impairment	(1,184.9)	(1,611.0)	(1,285.1)
Other accounts receivable	2,939.0	2,178.6	2,203.5
Provision for other accounts receivable impairment	(1,118.0)	(1,148.6)	(821.1)
	<u>45,357.1</u>	<u>44,541.0</u>	<u>29,609.1</u>
Non-financial assets			
Advances made to suppliers	3,933.7	3,921.0	2,673.8
Provision for impairment of advances made to suppliers	(304.3)	(541.7)	(630.4)
VAT and other tax receivables	18,023.6	15,132.4	15,989.1
Settlements with personnel	104.3	98.2	109.5
	<u>21,757.3</u>	<u>18,609.9</u>	<u>18,142.0</u>
	<u>67,114.4</u>	<u>63,150.9</u>	<u>47,751.1</u>

Book value of trade and other accounts receivable corresponds approximately to its fair value.

As of December 31, 2015, 2014 and 2013 accounts receivable for the amount of RUB 5,390.5 m, RUB 7,738.5 m and 4,636.6 m, respectively, were provisions under some facility agreements (Note 11).

Flow of the Group's reserve for impairment of trade and other accounts receivable is given in the Table below:

	2015	2014	2013
As of January 1	<u>(3,301.3)</u>	<u>(2,736.6)</u>	<u>(2,888.8)</u>
Reserve for impairment created during the year	(1,326.1)	(1,437.0)	(1,413.7)
Accounts receivable written off during the year as bad	1,247.4	14.7	76.3
Recovery of unspent reserve	943.1	800.2	1,226.1
Change of consolidation perimeter	6.4	175.6	291.9
Adjustment for currency conversion	(176.7)	(118.2)	(28.4)
as of December 31	<u>(2,607.2)</u>	<u>(3,301.3)</u>	<u>(2,736.6)</u>

6 Trade and other accounts receivable (continued)

Distribution of trade accounts receivable excluding bad debt provisions among geographical regions is given in the table below:

	As of 31 December 2015.	As of 31 December 2014.	As of 31 December 2013.
Russia	9,515.3	7,515.8	5,495.0
EU countries	21,035.1	22,461.9	13,830.0
North America	4,276.2	8,266.5	4,664.8
Asian & Oceanian countries	3,558.2	2,083.6	3,119.2
Middle East, including Turkey	3,073.4	1,183.8	348.3
Other regions	2,077.9	1,999.4	769.4
	43,536.1	43,511.0	28,226.7

7 Inventories

	As of 31 December 2014.	As of 31 December 2014.	As of 31 December 2013.
Raw materials	38,043.7	35,052.5	32,097.6
Work in progress	29,173.1	32,049.8	17,234.8
Finished products and goods for reselling	24,832.7	23,601.4	22,393.4
	92,049.5	90,703.7	71,725.8
Evaluation before net selling price	(4,202.8)	(2,782.6)	(2,217.0)
	87,846.7	87,921.1	69,508.8

As of December 31, 2015, 2014 and 2013 inventories for the amount of RUB 22,120.7 m, RUB 31,617.4 m and 10,163.7 m, respectively, were provisions under some facility agreements (Note 11).

Share of raw materials, materials and purchased semi-products with cost of products sold during the years ended on December 31, 2015, 2014 and 2013 made 63.5%, 61.3% and 61.7%, respectively. Share of expenses for fuel and power resources with cost of products sold during the years ended on December 31, 2015, 2014 and 2013 made 10.9%, 13.0% and 13.4%, respectively.

Novolipetsk Steel
Remarks to the consolidated financial statement as of and in the year ended on December 31, 2015
(in million Russian rubles)
8 Fixed assets

	Plots of land	Buildings	Structures	Machinery and equipment	Vehicles	Construction in progress	Other	Total
Original value as of January 1, 2013	8,229.3	77,290.5	67,393.4	326,138.5	13,298.4	85,872.6	4,657.4	582,880.1
Depreciation accrued	-	(24,491.4)	(30,149.9)	(166,612.2)	(6,800.6)	-	(2,391.9)	(230,446.0)
Residual value as of January 1, 2013	8,229.3	52,799.1	37,243.5	159,526.3	6,497.8	85,872.6	2,265.5	352,434.1
Inflow	-	-	-	331.4	227.3	26,632.4	-	27,191.1
Retirement	(2.9)	(71.1)	(91.0)	(378.3)	(132.1)	(485.9)	(19.2)	(1,180.5)
Deconsolidation of subsidiaries (Note20)	(1,365.1)	(5,629.4)	(404.1)	(22,578.6)	(0.3)	(984.3)	(776.9)	(31,738.7)
Ready for use	125.4	18,473.2	7,614.9	22,011.6	710.8	(49,514.6)	578.7	-
Depreciation over the period	-	(2,408.8)	(2,379.2)	(20,875.9)	(1,184.0)	-	(652.4)	(27,500.3)
Adjustment for currency conversion	77.1	635.9	23.8	2,989.8	0.4	732.6	93.9	4,553.5
Original value as of December 31, 2013	7,063.8	89,939.1	74,198.4	320,899.4	13,542.3	62,252.8	3,375.2	571,271.0
Depreciation accrued	-	(26,140.2)	(32,190.5)	(179,873.1)	(7,422.4)	-	(1,885.6)	(247,511.8)
Residual value as of December 31, 2013	7,063.8	63,798.9	42,007.9	141,026.3	6,119.9	62,252.8	1,489.6	323,759.2
Inflow	-	-	-	20.9	-	23,265.7	-	23,286.6
Retirement	(230.9)	(119.1)	(123.8)	(417.1)	(100.8)	(58.8)	(30.1)	(1,080.6)
Impairment	-	(6,897.3)	(2,337.7)	(7,838.2)	-	(243.9)	-	(17,317.1)
Ready for use	352.9	3,459.1	5,944.1	24,795.6	534.0	(35,415.5)	329.8	-
Depreciation over the period	-	(3,020.0)	(3,181.7)	(20,842.1)	(1,278.3)	-	(518.5)	(28,840.6)
Adjustment for currency conversion	175.9	2,510.3	240.5	10,838.6	267.0	1,139.3	830.8	16,002.4
Original value as of December 31, 2014	7,361.7	89,095.5	77,564.2	350,562.3	13,246.9	50,939.6	4,423.0	593,193.2
Depreciation accrued	-	(29,363.6)	(35,014.9)	(202,978.3)	(7,705.1)	-	(2,321.4)	(277,383.3)
Residual value as of December 31, 2014	7,361.7	59,731.9	42,549.3	147,584.0	5,541.8	50,939.6	2,101.6	315,809.9

Novolipetsk Steel
Remarks to the consolidated financial statement as of and in the year ended on December 31, 2015
(in million Russian rubles)
8 Fixed assets (continued)

	Plots of land	Buildings	Structures	Machinery and equipment	Vehicles	Construction in progress	Other	Total
Inflow	-	-	-	-	-	38,999.2	-	38,999.2
Retirement	(82.6)	(34.8)	(241.4)	(720.1)	(117.4)	(2,041.3)	(11.0)	(3,248.6)
Impairment	-	(995.2)	(514.9)	(1,955.6)	(805.1)	-	-	(4,270.8)
Ready for use	38.7	1,852.3	2,208.0	13,427.5	629.3	(18,840.6)	684.8	-
Depreciation over the period	-	(2,437.7)	(2,762.6)	(23,992.8)	(1,104.2)	-	(459.8)	(30,757.1)
Adjustment for currency conversion	46.9	1,615.6	284.9	5,347.6	33.3	196.8	437.5	7,962.6
Original value as of December 31, 2015	7,364.7	92,071.0	79,334.5	366,412.7	12,720.3	69,253.7	5,638.2	632,795.1
Depreciation accrued	-	(32,338.9)	(37,811.2)	(226,722.1)	(8,542.6)	-	(2,885.1)	(308,299.9)
Residual value as of December 31, 2015	7,364.7	59,732.1	41,523.3	139,690.6	4,177.7	69,253.7	2,753.1	324,495.2

As of December 31, 2015, 2014 and 2013 the Group didn't have fixed assets pledged.

The amount of capitalized loan costs made RUB 3,698.2 m, RUB 3,320.9 m and RUB 5,367.6 m for the years ended on 2015, 2014 and 2013, respectively.

8 Fixed assets (continued)

As of December 31, 2015, 2014 and 2013 the Management of the Group decided that the low level of activity and deterioration in the steel products market are the indicators of possible loss of the assets costs and checked assets for impairment using a profit approach with incoming data of the third level mostly.

For purposes of testing for impairment for the years ended on December 31, 2015, 2014 and 2013 the Company's Management evaluated the cash flow for the forecast period of 7 years set due to a long period of useful life of steel-making equipment and also standardized flows of a post-forecast period. Steel product prices for this evaluation were defined based on the forecasts by analysts of investment banks.

The table below shows the companies and types of the assets which were also tested for impairment as of December 31, 2015 and also main prerequisites and their sensitivity used in the models for impairment. Steel product prices for this evaluation were defined based on the forecasts by analysts of investment banks. Sensitivity in the table below was also defined as the per cent of change of the respective factors during the forecast and post-forecast periods at which the refundable cost of assets (value in use) equals their balance cost. As of December 31, 2015 the impairment test showed that the refundable cost of fixed assets (value in use) of the companies of scrap processing network of Russia Long Products and Nizhnesergi hardware-metallurgy plant RUB 1,743.9 m turned out to be lower than balance cost by RUB 2,526.9 m, respectively. Also the test showed impairment of NLMK Indiana LLC goodwill by RUB 1,046.6 m.

Company	Type of asset	Forecast period, years	Discount rate, %	Types of products	Average price of product sale*, USD/ton (FCA)	Sensitivity, % of change	
						Price	Sales volume
Stoilensky	Fixed assets and intangible assets	7	12 -16%	Iron ore raw materials	44	-43%	-56%
Stoilensky	Goodwill	7	12 -16%	Iron ore raw materials	44	-36%	-47%
NLMK Pennsylvania LLC	Fixed assets	7	8%	Flat products	646	-3%	-22%
NLMK Indiana LLC.	Fixed assets	7	8%	Flat products	540	-0.4%	-3%
NLMK Indiana LLC.	Goodwill	7	8%	Flat products	540	+0.3%	+2%
Altai-Koks	Fixed assets	7	12 -16%	Coke, chemical products	172	-15%	-40%
Altai-Koks	Goodwill	7	12 -16%	Coke, chemical products	172	-13%	-35%
Assets of scrap processing network of Russia Long Products	Fixed assets	7	12 -16%	Scrap	171	+3%	-
NSMMZ	Fixed assets	7	12 -16%	Long products & semis	344	+1%	+2%
NLMK-Kaluga	Fixed assets	7	12 -16%	Long products & semis	353	-0.2%	-1%
NLMK Metalware	Fixed assets	7	12 -16%	Metalware	464	-7%	-31%
NLMK DanSteel A/S	Fixed assets	7	8%	Plate	630	-1%	-5%

* Average weighted prices with regard to the product mix of products sold, averaged over the period of 2016-2022.

8 Fixed assets (continued)

The table below shows the companies and types of the assets which were also tested for impairment as of December 31, 2014 and also main prerequisites and their sensitivity used in the models for impairment. Steel product prices for this evaluation were defined based on the forecasts by analysts of investment banks. Sensitivity in the table below was also defined as the per cent of change of the respective factors during the forecast and post-forecast periods at which the refundable cost of assets (value in use) equals their balance cost. As of December 31, 2014, the impairment test showed that refundable cost of fixed assets (value in use) of Nizhnesergi hardware-metallurgy plant, NLMK-Kaluga and NLMK DanSteel A/S turned out to be lower than the balance cost by RUB 6,399.8 m, RUB 7,143.6 m and RUB 3,773.7 m, respectively.

Company	Type of asset	Forecast period, years	Discount - rate, %	Types of products	Average price of product sale*, USD/ton (FCA)	Sensitivity, % of change	
						Price	Sales volume
NLMK	Fixed assets and intangible assets	7	12 -16%	Flat products	405	-17%	-17%
Stoilensky	Fixed assets and intangible assets	7	12 -16%	Iron ore raw materials	34	-25%	-27%
Stoilensky	Goodwill	7	12 -16%	Iron ore raw materials	34	-7%	-8%
NLMK Pennsylvania LLC	Fixed assets	7	9%	Flat products	799	-5%	-62%
NLMK Indiana LLC.	Fixed assets	7	9%	Flat products	705	-4%	-35%
Altai-Koks	Goodwill	7	12 -16%	Coke, chemical products	116	-3%	-14%
Assets of scrap processing network of Russia Long Products	Fixed assets	7	12 -16%	Scrap	199	-2%	-43%
NSMMZ	Fixed assets	7	12 -16%	Long products & semis	403	+2%	+7%
NLMK-Kaluga	Fixed assets	7	12 -16%	Long products & semis	437	+3%	-
NLMK DanSteel A/S	Fixed assets	6	9%	Plate	738	+2%	-

* Average weighted prices with regard to the product mix of products sold, averaged over the period of 2015-2021.

8 Fixed assets (continued)

The table below shows the companies and types of the assets which were also tested for impairment as of December 31, 2013 and also main prerequisites and their sensitivity used in the models for impairment. Steel product prices for this evaluation were defined based on the forecasts by analysts of investment banks. Sensitivity in the table below was also defined as the per cent of change of the respective factors during the forecast and post-forecast periods at which the refundable cost of assets (value in use) equals their balance cost.

Company	Type of asset	Forecast period, years	Discount - rate, %	Types of products	Average price of product sale*, USD/ton (FCA)	Sensitivity, % of change	
						Price	Sales volume
NLMK-Kaluga	Fixed assets	7	11%	Long products & semis	592	-1%	-5%
NSMMZ	Fixed assets	7	11%	Long products	568	-3%	-10%
NLMK Metalware	Fixed assets	7	11%	Metalware	697	-4%	-19%
Assets of scrap processing network of Russia Long Products	Fixed assets	7	11%	Scrap	268	-1%	-5%
NLMK	Fixed assets	7	11%	Rolled products & semis	631	-6%	-24%
NLMK DanSteel A/S	Fixed assets	7	8%	Plate	895	-4%	-24%

* Average weighted prices with regard to the product mix of products sold, averaged over the period of 2014-2020.

Novolipetsk Steel

Remarks to the consolidated financial statement as of and in the year ended on December 31, 2015 (in million Russian rubles)

9 Intangible assets

	Goodwill	Rights to resource development	Client base	Objects of intellectual industrial property	Contract on favourable conditions	Total
Original value as of January 1, 2013	23,876.0	16,940.9	5,976.0	1,806.7	264.2	48,863.8
Depreciation accrued	-	(8,555.5)	(2,840.1)	(882.7)	(13.6)	(12,291.9)
Residual value as of January 1, 2013	23,876.0	8,385.4	3,135.9	924.0	250.6	36,571.9
Inflow	-	477.2	-	-	-	477.2
Retirement (Note 20)	(9,370.7)	-	-	(98.0)	-	(9,468.7)
Depreciation over the	-	(400.5)	(507.6)	(137.6)	(4.5)	(1,050.2)
Adjustment for currency conversion	661.7	-	211.9	-	20.5	894.1
Original value as of December 31, 2013	15,167.0	17,418.1	6,187.9	1,708.8	284.7	40,766.5
Depreciation accrued	-	(8,956.0)	(3,347.7)	(1,020.4)	(18.1)	(13,342.2)
Residual value as of December 31, 2013	15,167.0	8,462.1	2,840.2	688.4	266.6	27,424.3
Depreciation over the	-	(431.1)	(2,858.0)	(361.4)	(19.0)	(3,669.5)
Adjustment for currency conversion	889.0	-	2,115.4	-	204.8	3,209.2
Original value as of December 31, 2014	16,056.0	17,418.1	8,303.4	1,708.8	489.4	43,975.7
Depreciation accrued	-	(9,387.1)	(6,205.8)	(1,381.8)	(37.0)	(17,011.7)
Residual value as of December 31, 2014	16,056.0	8,031.0	2,097.6	327.0	452.4	26,964.0
Depreciation over the	-	(427.3)	(2,187.1)	(327.0)	(18.7)	(2,960.1)
Impairment	(1,046.6)	-	-	-	-	(1,046.6)
Adjustment for currency conversion	628.0	-	89.5	-	144.6	862.1
Original value as of December 31, 2015	15,637.4	17,418.1	-	-	634.1	33,689.6
Depreciation accrued	-	(9,814.4)	-	-	(55.8)	(9,870.2)
Residual value as of December 31, 2015	15,637.4	7,603.7	-	-	578.3	23,819.4

Specified intangible assets have been acquired within the frames of company mergers and meet the criteria of separate accounting. They were recorded at fair cost as of the acquisition date based on the figures obtained as a result of evaluation.

Dates of useful life of intangible assets of the Group as of 31 December 2015 are shown below.

9 Intangible assets (continued)

	Company	Total useful life, months	Residual useful life, months
Rights to resource development	LLC GOK Zhernovsky	240	116
Rights to resource development	LLC GOK Zhernovsky	240	192
Rights to resource development	LLC GOK Usinskiy	240	181
Rights to resource development	Stoilensky	306	240
Client base	VIZ-Steel	125	-
Client base	Novexco (Cyprus) Ltd., Novex Trading (Swiss) S.A.	180	-
Objects of intellectual industrial property	VIZ-Steel	149	-
Contract on favourable conditions	NLMK Indiana LLC.	974	888

In 2015 the Group reviewed the useful life of the client base and objects of intellectual industrial property and completed their depreciation in Q3 2015.

In May 2011 the Group acquired a license for exploration and extraction of coal at the site Zhernovsky Gluboky of Zhernovsky coal field with expiry in 2031. The book value of this license as of 31 December 2015 makes RUB 336.0 m. In August 2005 the Group acquired a license for exploration and development of Zhernovskoye coal deposit with expiry in 2025. The book value of this license as of December 31, 2015 makes RUB 532.4 m.

In March 2011 the Group acquired a license for exploration and extraction of coal within mine field no.3 of Usinsky deposit with expiry in 2031. The book value of this license as of 31 December 2015 makes RUB 1,220.5 m.

The license for extraction of iron ore and non-metallic natural resources at Stoilensky iron-ore deposit of the Belgorod region was purchased by the Group in 2004 as the result of the company mergers with expiry in 2004. The book value of these rights for mineral extraction as of 31 December 2015 made RUB 5,514.8 m.

In the Group's opinion the validity period of the a/m licenses shall be prolonged.

The goodwill arising in the course of acquisitions was attributed to respective segments which purchased companies pertain to. The goodwill arising in the course of acquisition of a controlling share of interest in SIF S.A. in 2011 (Note 20), made RUB 9,370.7 m. As of the acquisition date this goodwill was attributed to the steel segment and foreign flats segment in the amount of RUB 4,153.3 m and RUB 5,217.4 m, respectively, and was retired as a result of NBH deconsolidation (Note 20).

Attribution of the goodwill to each of the segment is given below:

	As of 31 December 2015.	As of 31 December 2014.	As of 31 December 2013.
Russia Flat	10,145.7	10,111.5	10,063.2
Foreign rolling assets	1,557.1	2,009.9	1,169.2
Russia Long	185.3	185.3	185.3
Extraction and processing of raw materials	3,749.3	3,749.3	3,749.3
	15,637.4	16,056.0	15,167.0

9 Intangible assets (continued)**Goodwill impairment testing**

As of 31 December 2015, 2014 and 2013 the Group made a test for goodwill impairment. The refundable cost was defined as cost of use of respective assets. For the purposes of this test for impairment the Group used the same key assumptions as in the model of impairment of other assets which are given in Note 8. The test showed impairment of NLMK Indiana LLC goodwill by RUB 1,046.6 m.

10 Trade and other accounts payable

	As of 31 December 2015.	As of 31 December 2014.	As of 31 December 2013.
Financial liabilities			
Trade accounts payable	24,953.2	24,801.9	20,352.7
Dividends payable	11,751.0	39.1	46.1
Other creditors	1,167.4	1,302.2	2,913.0
	<u>37,871.6</u>	<u>26,143.2</u>	<u>23,311.8</u>
Non-financial liabilities			
Advance payments received	4,583.0	5,929.0	3,645.6
Taxes except for income tax	2,855.4	4,347.5	4,385.9
Accounts payable and accrued liabilities to personnel	7,635.1	7,230.4	6,681.5
	<u>15,073.5</u>	<u>17,506.9</u>	<u>14,713.0</u>
	<u>52,945.1</u>	<u>43,650.1</u>	<u>38,024.8</u>

11 Credits and loans

Rates	Currency	Maturity	As of 31 December 2015.	As of 31 December 2014.	As of 31 December 2013.
Bond loans					
8% to 11.5%	RUB	2015-2017	25,537.1	30,601.4	45,842.5
4.45% to 4.95%	USD	2018-2019	87,167.3	67,284.6	43,189.0
Credits					
5% and 10%	RUB	2015-2017	1.1	1,300.7	1,257.0
LIBOR +1.375% to LIBOR +3% and PRIME +0.375%	USD	2015-2019	42,518.5	21,092.4	17,706.4
EURIBOR +0.9% to EURIBOR +2%	EUR	2015-2022	39,823.5	34,930.3	27,932.2
Long-term and short-term liability on financial leasing and other borrowings			-	540.3	1,225.0
			<u>195,047.5</u>	<u>155,749.7</u>	<u>137,152.1</u>
Minus: short-term credits and current portion of long-term credits			<u>(40,802.7)</u>	<u>(45,246.6)</u>	<u>(37,202.7)</u>
Long-term loans and credits			<u>154,244.8</u>	<u>110,503.1</u>	<u>99,949.4</u>

11 Credits and loans (continued)

Book and fair values of long-term bond loans are given in the table below:

	As of 31 December 2015.		As of 31 December 2014.		As of 31 December 2013.	
	Book value	Fair value	Book value	Fair value	Book value	Fair value
Bond loans	95,877.6	94,803.2	81,289.2	71,934.5	72,548.0	72,521.4

Fair value of the current credits and loans corresponds to their book value. Fair value of the long-term credits and loans as well as financial leasing liabilities is approximately equal to their book value. Fair value of the bonds is determined based on cash flows discounted according to the applicable rate and is related to Level 2 of fair value hierarchy.

The payment schedule for the long-term credits and loans is specified below:

	As of 31 December 2015.	As of 31 December 2014.	As of 31 December 2013.
1 to 2 years	26,211.5	32,627.7	38,268.2
2 to 5 years	125,307.4	75,803.2	42,568.1
Over 5 years	2,725.9	2,072.2	19,113.1
	154,244.8	110,503.1	99,949.4

Security in credit facility agreements

As of December 31, 2015, 2014 and 2013 the total amount of security granted under facility agreements made RUB 27,511.2 m, RUB 39,355.9 m, RUB 14,800.3 m, respectively (Notes 6, 7).

12 Equity**(a) Shares**

As of December 31, 2015, 2014 and 2013 the equity of the Parent Company amounted to 5,993,227,240 of issued common stock at nominal value of RUB 1 each. Each common share gives its owner 1 vote at the shareholders' meeting.

(b) Dividends

Dividends on common stock can be paid in line with the requirements of Russian law, imposing certain restrictions, by the decision of the general shareholders' meeting made based on the recommendation of the Board of Directors. The profit available for distribution to shareholders in any reporting period is determined based on the accounting data of the Parent Company prepared in line with the Russian legislation. Retained profit of the Parent Company available for distribution in line with the Russian law provisions as of December 31, 2015, 2014 and 2013, amounted to RUB 317,835.8 m, RUB 304,320.4 m, and RUB 293,636.5 m, respectively.

12 Equity (continued)

In accordance with the Dividend Policy the Group pays the dividends out on a quarterly basis in the following order:

- if Net Debt to EBITDA is 1.0 or less: the level of dividend payments falls within the range limited by 50% of net income and 50% of free cash flow which are calculated per consolidated financial statements prepared in accordance with IFRS;
- if Net Debt/EBITDA is more than 1.0: the level of dividend payments falls within the range limited by 30% of net income and 30% of free cash flow which are calculated per consolidated financial statements prepared in accordance with IFRS;

In December of 2015 the Parent Company announced the dividends for 3 quarter of 2015 in the amount of RUB 1.95 per share for the total amount of RUB 11,686.8 m. The arrears on dividends amount to 11,751.0 RUB million as of 31 December 2015 (Note10).

In September of 2015 the Parent Company announced the dividends for 2 quarter of 2015 in the amount of RUB 0.93 per share for the total amount of RUB 5,573.7 m.

In June 2015, the Parent Company declared the dividends for the year ended on December 31, 2014, amounting to RUB 2.44 per share in the total amount of RUB 14,623.5 m (including interim dividends for the 6 months ended on June 30, 2014, at the rate of RUB 0.88 per share for the amount of RUB 5,274.0 m) as well as for the 3 months ended on March 31, 2015, at the rate of RUB 1.64 per share in the total amount of RUB 9,828.9 m.

In September of 2014 the Parent Company announced the interim dividends for 6 months ended on June 30, 2014 in the amount of RUB 0.88 per share for the total amount of RUB 5,274.0 m.

In June 2014 the Parent Company announced the dividends for the year that ended on 31 December 2013 in the amount of RUB 0.67 per share for the total amount of RUB 4,015.5 m.

In June 2013 the Parent Company announced the dividends for the year that ended on 31 December 2012 in the amount of RUB 0.62 per share for the total amount of RUB 3,715.8 m.

(c) Capital management

While managing the capital the Group aims at provision of financial stability and target level of profitability for shareholders and also decrease of the capital value and optimization of its structure. In order to achieve these aims the Group can review its investment program, take new credits or pay the existing credits and loans, offer equity and debt instruments at the capital markets.

Within capital management the Group uses the following indicators:

- profitability ration of invested capital which is defined by dividing operational profit over the last 12 months excluding profit tax of the invested capital should exceed the capital value;
- free cash flow which is defined as net cash received from operational activities, minus net paid interest, minus capital investments, minus advance payments from within investment activities should be positive.

During the reporting year the group didn't review its policy on capital management.

13 Profit per share

	Year ended on 31 December 2015	Year ended on 31 December 2014	Year ended on 31 December 2013
Profit for the year, attributable to NLMK's shareholders (RUB m)	58,618.8	23,736.9	4,645.9
Weighted average number of common shares	5,993,227,240	5,993,227,240	5,993,227,240
Basic and diluted profit per share pertaining to NLMK's shareholders per share (RUB)	9.7809	3.9606	0.7752

Basic net profit per one common share is calculated by dividing profit for the year pertaining to NLMK's shareholders by weighted average number of common shares circulating within the reporting period.

Weighted average number of outstanding common shares for the purpose of calculating basic and diluted net profit per share amounted to 5,993,227,240 for the years that ended on December 31, 2015, 2014 and 2013. The Parent Company does not have any financial instruments with a potentially diluting effect in circulation.

14 Revenue**(a) Revenue from sales by product types**

	Year ended on 31 December 2015	Year ended on 31 December 2014	Year ended on 31 December 2013
Hot iron, slabs, billets	134,415.5	95,407.6	69,934.9
Flats	264,543.8	214,916.8	202,486.6
Long products & metalware	48,500.6	49,251.9	39,576.0
Iron ore concentrate and sinter ore	10,008.5	11,767.1	10,396.6
Coke and other chemical products	13,821.3	9,924.2	8,110.3
Scrap	2,839.1	2,937.7	2,123.4
Other products	11,242.2	11,749.0	11,393.8
	485,371.0	395,954.3	344,021.6

(b) Revenue from sales by geographical regions

The total revenue is distributed by geographical regions depending on the location of the Group's final customer. The total revenue of the Group from external customers by geographical regions for the years that ended on December 31, 2015, 2014 and 2013, is specified in the table below:

	Year ended on 31 December 2015	Year ended on 31 December 2014	Year ended on 31 December 2013
Russia	190,123.6	168,003.5	139,341.2
North America	82,348.3	79,849.5	49,726.3
EU countries	96,648.6	69,110.4	62,894.0
Middle East, including Turkey	41,166.3	24,729.9	27,826.2
Asian & Oceanian countries	23,244.8	12,075.9	25,050.8
Other regions	51,839.4	42,185.1	39,183.1
	485,371.0	395,954.3	344,021.6

The Group doesn't have buyers which share constitutes more than 10% from revenue.

15 Labour Costs

Labour costs of the group with regard to contributions for social insurance are included in the respective rows of the consolidated statements on profit or loss as specified below.

	Year ended on 31 December 2015	Year ended on 31 December 2014	Year ended on 31 December 2013
Cost of sales	(36,801.1)	(32,638.7)	(33,067.7)
General & administrative expenses	(9,338.9)	(8,866.1)	(9,382.9)
Commercial expenses	(1,908.2)	(1,553.3)	(1,295.9)
	(48,048.2)	(43,058.1)	(43,746.5)

Remuneration to Management included payments to the members of the Board of Directors and the Management Board of the Parent Company. Remuneration consists of the annual salary and a bonus calculated based on the achieved results. The total amount of remuneration to the management with regard to contributions for social insurance in 2015, 2014 and 2013 made RUB 725.3 m, RUB 531 m. and RUB 293.6 m., respectively.

16 Taxes except for profit tax

Distribution of taxes except for profit tax by functional articles of the consolidated statements on profit or loss is given below

	Year ended on 31 December 2015	Year ended on 31 December 2014	Year ended on 31 December 2013
Cost of sales	(3,939.5)	(4,597.6)	(3,894.7)
General & administrative expenses	(266.9)	(282.6)	(211.0)
Commercial expenses	(26.4)	(21.4)	(22.2)
Other operating expenses	(306.3)	(276.2)	(150.5)
	(4,539.1)	(5,177.8)	(4,278.4)

17 Profit tax

Expenses related to profit tax include the following:

	Year ended on 31 December 2015	Year ended on 31 December 2014	Year ended on 31 December 2013
Expenses for current profit tax	(18,399.1)	(15,265.1)	(4,414.7)
Income/expenses for deferred profit tax	(3,159.9)	694.4	(2,904.2)
Adjustment of the current tax of previous periods accepted in the reporting period	-	-	(845.8)
Total expenses for profit tax	(21,559.0)	(14,570.7)	(8,164.7)

Profit tax rate attributable to the companies of the Group located in Russia mainly makes 20%. The profit tax rate attributable to foreign subsidiaries varies from 30% to 35%.

17 Profit tax (continued)

Profit before tax correlates with the profit tax amount as follows:

	Year ended on 31 December 2015	Year ended on 31 December 2014	Year ended on 31 December 2013
Profit before tax on income	80,227.5	38,208.7	13,429.8
Tax amount calculated at the current rate of 20%	(16,045.5)	(7,641.7)	(2,686.0)
Change of tax amount:			
Expenses not used for taxation purposes	(3,860.6)	(787.4)	(1,896.3)
- non-taxable differences from currency conversion	1,035.8	1,753.1	227.7
- effect from different tax rates	1,934.1	4,544.1	815.0
- tax losses for the reporting year, whereon deferred tax asset is not recognized	(5,023.8)	(3,827.3)	(2,619.7)
- application of losses not recognised earlier, transferred to future periods	-	869.6	-
- change of ownership share in NBH and option value (Note 20)	1,162.8	(634.8)	-
- writing off of earlier acknowledged deferred tax assets	(552.2)	(2,982.9)	(2,049.5)
- loss from investment impairment (Note 20)	-	(5,654.3)	-
- adjustment of the current tax of previous periods accepted in the reporting period	-	-	(833.2)
- others	(209.6)	(209.1)	877.3
Total expenses for profit tax	(21,559.0)	(14,570.7)	(8,164.7)

Tax effect from temporary differences is expressed in generation of deferred tax assets and liabilities represented below:

	As of 31 December 2015.	As of 31 December 2014.	As of 31 December 2013.
Deferred tax assets			
Trade and other accounts payable	5,407.3	5,671.2	5,572.3
Other long-term liabilities	-	-	3.9
Trade and other accounts receivable	232.1	889.7	900.1
Stocks	-	1,381.1	-
Net operational losses and benefits on losses	-	825.2	2,396.9
Other	1,148.2	765.3	215.5
	6,787.6	9,532.5	9,088.7
Deferred tax liabilities			
Fixed assets	(24,910.8)	(24,182.9)	(23,832.0)
Other intangible assets	(573.8)	(476.5)	(714.1)
Stocks	(942.1)	-	(1,055.4)
Other long-term liabilities	(118.8)	(769.9)	-
	(26,545.5)	(25,429.3)	(25,601.5)
Total deferred tax liabilities, net	(19,757.9)	(15,896.8)	(16,512.8)

17 Profit tax (continued)

Change in deferred tax assets and liabilities is given below:

	2015	2014	2013
As of January 1	(15,896.8)	(16,512.8)	(15,221.0)
Included into consolidated statements on profit and loss	(3,159.9)	694.4	(2,904.2)
Deconsolidation of subsidiaries (Note 20)	-	-	1,620.4
Adjustment for currency conversion	(701.2)	(78.4)	(8.0)
as of December 31	(19,757.9)	(15,896.8)	(16,512.8)

The amount of net operational losses, which may be used each year, is limited by different tax jurisdictions of the Group. The Group reviews on a regular basis the underlying assumptions for the evaluation of recoverability of its deferred tax assets and makes the required adjustments. In its evaluation as to high probability of having taxable profit in future that can be used for the offset of tax loss carried forward, the management is considering the current situation and future economic benefits based on business plans in each subsidiary.

The Table below shows information on the amounts of accumulated non-recognised tax losses in relation to which the deferred tax assets were not recognised, split by expiration of the possibility to reimburse them.

	As of 31 December 2015.	As of 31 December 2014.	As of 31 December 2013.
From 1 to 5 years	21,448.1	17,489.2	5,412.9
From 5 to 10 years	27,429.3	33,775.5	34,723.4
Over 10 years	62,016.6	38,304.4	23,388.2
Unlimited period	71,170.0	61,029.1	38,649.9
	182,064.0	150,598.2	102,174.4

Deferred tax assets are recognized to the extent which shows a possibility to recover temporary differences and to obtain sufficient taxable profit in future against which taxable time differences can be used. In Q2 2013 the estimation models which earlier confirmed justification of the deferred tax assets of the main European companies of the Group were reviewed based on the results of the analysis of the economic situation in Europe. The renewed models do not support reimbursement of the part of tax assets in the amount of RUB 2,049.5 m. that caused writing-off of earlier recognized deferred tax assets in Q2 2013. As of 31 December 2013 the indicators of these European companies were excluded from the consolidated statements of the Group stand (Note 20).

The Group didn't include deferred tax liabilities in respect to the temporary differences for the amount of RUB 66,192.8 m, RUB 71,698.9 m and RUB 53,311.0 for the years ended on 31 December 2015, 2014 and 2013, respectively, related to investments to the subsidiaries because the Group can control reimbursement dates of these temporary differences and doesn't plan to reimburse them in the near future.

In accordance with the legislation of the Russian Federation the main Russian companies of the Group including NLMK were combined in the consolidated taxpayer group for the purpose of calculation and payment of corporate income tax taking into account the consolidated financial result of the business. The companies of the Group not included in the consolidated tax payer group calculate income tax individually.

As of 31 December 2015, 2014 and 2013 the Group made an analysis of its tax positions for any uncertainty in recognition and assessment thereon. Based on the analysis, the Group believes that tax items specified in profit tax return, which decrease the taxable base for profit tax, are recognized and evaluated in accordance with the tax legislation.

18 Other income and expenses

	Year ended on 31 December 2015	Year ended on 31 December 2014	Year ended on 31 December 2013
Interest income from accounts in banks and bank deposits	2,714.8	1,145.7	1,142.7
Other financial income	447.4	271.5	147.7

Novolipetsk Steel**Remarks to the consolidated financial statement as of and in the year ended on December 31, 2015 (in million Russian rubles)**

Total financial income	3,162.2	1,417.2	1,290.4
Interest expenses on credits and loans	(7,270.4)	(6,767.1)	(7,306.2)
Capitalized interests	1,947.0	2,297.1	3,874.2
Other financial expenses	(520.5)	(757.2)	(447.1)
Total financial expenses	(5,843.9)	(5,227.2)	(3,879.1)

19 Exchange rate difference

	Year ended on 31 December 2015	Year ended on 31 December 2014	Year ended on 31 December 2013
Profit from exchange rate differences of cash and cash equivalents	3,024.3	11,077.4	1,712.8
Profit from exchange rate difference of financial investments	35,941.1	54,977.7	5,723.8
Profit / (loss) from exchange rate difference of financial instruments	121.3	(1,402.6)	(32.9)
Loss from exchange rate difference of debt financing	(27,536.8)	(38,544.2)	(5,334.2)
(Loss)/profit from other assets and liabilities	(3,926.6)	(4,107.7)	751.5
	7,623.3	22,000.6	2,821.0

20 Retirement of companies under the Group control

In September 2013 the Group signed an agreement with the Belgian State Company Societe Wallonne de Gestion et de Participations S.A. (hereinafter - SOGEPA) on selling of 20.5% of shares of NLMK Belgium Holdings S.A. (hereinafter - NBH) owned by subsidiary SIF S.A. which includes which includes production and sales companies of NLMK Europe division except NLMK DanSteel for EUR 91.1 m (RUB 3,975.6 m). In accordance with the agreement SOGEPA obtained the rights to participate in management of NBH and its subsidiaries including the joint with the Group's decision-making on key issues via representation of NBH in the Board of Directors.

SOGEPA has been made a strategic investor as the Group's assets in Europe continue to be restructured, which is aimed at even higher efficiency and cost optimization.

This Agreement resulted in loss of control over NBH and respectively in termination of inclusion of NBH indicators into the consolidated financial statements of the Group starting from 30 September 2013.

20 Retirement of companies under the Group control (continued)

Fair value of 79,5% of NBH shares left at the Group's disposal was calculated based on the best evaluations of future cash flows by the Management including assumptions regarding increase in capacity utilization and implementation of the operating business-plan including the restructuring plan. These shares were accepted for accounting in the amount of RUB 14,852.8 m. as long-term financial investments into the company accounted based on the equity method which is the related party. Also the calculation of the result from retirement includes cash inflow in the amount of RUB 3,975.6, writing-off of translational difference in the amount of RUB 2,081.9 m, writing-off of the goodwill in the amount of RUB 9,370.7 m, writing-off of the option in the amount of RUB 970.4 m and writing-off of NBH assets as of the retirement date disclosed below. As the result of the transaction the Group accepted loss from retirement related to this operation in the amount of RUB 1,522.6 m. which is shown in the row "Result from retirement of subsidiary".

The book value of assets and liabilities of NBH as of the retirement date is shown in the table below:

Current assets, incl.:	33,312.7
<i>Cash and cash equivalents</i>	2,482.3
<i>Other current assets</i>	30,830.4
Non-current assets	36,663.6
Total assets	69,976.3
Current liabilities	(29,981.2)
Long-term liabilities	(27,903.3)
Total liabilities	(57,884.5)
Capital	12,091.8

Current assets include trade and other accounts receivable in the amount of RUB 10,657.7 m, reserves in the amount of RUB 19,712.5 m. Non-current assets include fixed assets in the amount of RUB 31,719.2 m and deferred tax assets in the amount of RUB 4,822.7 m. Current liabilities include trade and other accounts payable in the amount of RUB 20,205.9 m. Long-term liabilities include long-term credits and loans in the amount of RUB 17,205.4 m and deferred tax liabilities for profit tax in the amount of RUB 6,443.1 m.

Information on NBH operations from the period of 1 January 2013 till the retirement date is given in the table below:

Revenue	33,105.5
Cost of sales	(30,772.2)
Expenses related to tax on income	(1,674.6)
Net loss over the period	(8,749.6)

Proceeds and net loss of NBH in Q4 2013 amounted to RUB 13,196.4 m and RUB (2,306.0) m respectively. Proceeds and loss of NBH before impairment loss in 2014 amounted to RUB 57,964.9 m and RUB (9,312.0) m respectively. Proceeds and net loss of NBH in 2015 amounted to RUB 77,100.2 m and RUB (11,910.6) m respectively.

Continuing dynamics of steel product low prices in Europe and incomplete achievement of budget indicators of NBH companies resulted in the necessity to reconsider the NBH investment impairment testing model in 2014 which didn't show in 2013. The reconsidered model showed impairment in the amount of RUB 16,635.1 m as of 31 December 2014. To carry out the impairment testing the Group evaluated the cash flows over 9 years for different groups of assets and respective cash flows in the post-forecast period. Steel product prices were defined based on the forecasts by analysts of investment banks. The used discounting rate is 8%. The impairment testing model is sensitive to the assumptions used in it. In particular, the discount rate increase by 1% can lead to the additional impairment in the amount of RUB 6,582.2 m.

20 Retirement of companies under the Group control (continued)

Information on the Group's operations with NBH is presented in Note 23.

Generalized financial information about NBH prior to impairment losses is given in the table below:

	As of 31 December 2015.	As of 31 December 2014.	As of 31 December 2013.
Current assets	53,500.4	51,860.0	32,497.6
Non-current assets	54,756.1	52,620.5	36,042.4
Total assets	108,256.5	104,480.5	68,540.0
Current liabilities	(47,914.5)	(59,311.8)	(26,819.1)
Long-term liabilities	(45,496.6)	(27,488.9)	(31,516.8)
Total liabilities	(93,411.1)	(86,800.7)	(58,335.9)
Capital	14,845.4	17,679.8	10,204.1

As of 31 December 2015, 2014 and 2013 the NBH cash amounted to RUB 4,357.3 m, RUB 2,595.6 m and RUB 821.3 m, respectively.

The Group's share in net losses of NBH in the years ended on 31 December 2015 and 2014 and from the retirement date till 31 December 2013 made RUB (6,438.4) m, RUB (7,403.0) and RUB (1,763.9) m, respectively and is included in the row "Share in net losses of associated companies and other companies accounted using equity method" of the consolidated statements on profit and loss.

Deferred tax assets and liabilities of NBH as of the retirement date are referred to temporary differences for the following items:

Trade and other accounts receivable	5.6
Stocks	(259.3)
Fixed assets	(4,811.1)
Other intangible assets	10.0
Trade and other accounts payable	178.9
Long-term liabilities	73.8
Net operational losses and benefits on losses	3,063.5
Other	118.2
Total deferred tax liability	(1,620.4)

Fair value of options

In September 2013 SOGEPA and the Group also signed an option agreement which envisages a possibility for the Group to implement the options for purchase and for the SOGEPA company – options to sell 20.5% of interest (5.1% of common shares of NBH in each of 2016, 2017 and 2018 and all of the rest of shares after 2023).

The conditions of the option state that the execution price was based on book value of net assets of NBH. At this the minimum value of 20.5% shares made RUB 3,975.6 m. plus an established interest. The Group acknowledged the respective liability on the options on fair price in the amount of RUB 4,639.6 m. and RUB 981.9 m. as of December 31, 2014 and 2013 respectively in the line "Other long-terms liabilities" of the consolidated report on the financial standing. Loss from change of the option value in the amount of RUB (3,657.7)m was included in the line "Profit from investment" of the consolidated report on profit and loss.

20 Retirement of companies under the Group control (continued)

The options were evaluated using standard market evaluation models. Essential assumptions of Level 3 of incoming data used for evaluation of fair value of the option agreement are volatility of basic shares calculated per year and fair price of basic shares.

Change of NLMK Belgium Holdings ownership and control structure

In March of 2015 the Group and SOGEPA signed an agreement on increasing SOGEPA's ownership in NBH from 20.5% to 49%. Under the agreement the current options of NLMK Group for the buy-out and those of SOGEPA for the sale of share in NBH were ceased.

The number of NBH Board of Directors was increased: it will now include four representatives of NLMK Group and three representatives of SOGEPA. Representatives of SOGEPA were also included in the Boards of Directors of NBH business units.

Loss from the option writing-off in the amount of RUB 4,741.9 m was included in the line "Profit from investment" of the consolidated report on profit and loss.

Earlier in December 2014 the Group converted the loans issued into NBH equity for the amount of RUB 16,406 m specifying the respective change in the consolidated financial statements for the year ended on December 31, 2014. These investments are also the part of the Agreement signed in March, 2015. In December 2015 the Group converted the loans issued into NBH equity for the amount of RUB 7,574.7 m specifying the respective change in the consolidated financial statements for the year ended on December 31, 2015. These contributions didn't influence the Group's share in NBH.

The Group and SOGEPA agreed on supporting NBH in financing of its working capital. In March 2015 the shareholders made additional monetary contributions into NBH's equity capital in pro rata the shareholding (RUB 1,336.7 m and RUB 1,284.3 m, respectively).

21 Information by segments

The Group has five segments disclosed separately in the reporting: Flats Russia, Foreign rolling assets, Russia Long, Raw material extraction and processing and Investments into associated company NBH (Note 20). These segments include different subsidiaries having their own management and selling different products and services. The five a/m segments meet the criteria to be disclosed separately in the reporting. Subsidiaries are included into the segment they are attributed to due to the products produced by them and within which their activity is managed.

The revenue of segments whose figures do not exceed certain thresholds is attributed mostly to two operational segments of the Group. These segments include insurance and other services. None of these segments exceeded the threshold of quantitative indicators to be singled out as a segment disclosed separately. Share in net profits / (losses) of affiliated companies is included in segment Flat products Russia.

The Group's management treats asset sales and transfers between segments as sales or transfers to third parties. The Group's management evaluates the segment activity results based on revenue, gross profit, operational profit up to share in net losses of associated and other companies accounted using equity method, impairment as well as assets writing-off and profit for the year.

Operations and balances between segments include exclusion of intragroup dividends included in line "Profit / (loss) for the year" paid to segment Flat products Russia by other segments and other adjustments related to intragroup exclusions, including the elimination of NBH obligations towards the Group companies (Note 23). Deconsolidational adjustments on NBH include complete elimination of NBH revenue with further Group revenue from NBH recognition, elimination of unsold profit (Note 4 , 23), recognition of investments into an associated company (Note 4), recognition of impairment and share in NBH loss as well as other consolidation adjustments.

Novolipetsk Steel
Remarks to the consolidated financial statement as of and in the year ended on December 31, 2015
(in million Russian rubles)
21 Information by segments (continued)

Information on segment profit or loss of the segments for the year ended 31 December 2015 as well as their assets and liabilities as of that date is given in the table below:

	Extraction and processing of raw materials	Russia Flats	Russia Long	Foreign rolling assets	Investments into associated company NBH	Others	Operations and balances between segments	Decon- solidational adjustments on NBH	Total
Revenue from external buyers	11,115.0	286,816.6	51,584.3	87,373.1	73,094.7	673.5	-	(25,286.2)	485,371.0
Revenue from operations between segments	24,603.7	81,082.1	17,661.4	-	4,005.5	5.1	(123,352.3)	(4,005.5)	-
Cost of sales	(13,604.4)	(242,403.8)	(61,573.3)	(91,544.3)	(67,983.7)	(301.9)	124,213.0	20,175.2	(333,023.2)
Gross profit / (loss)	22,114.3	125,494.9	7,672.4	(4,171.2)	9,116.5	376.7	860.7	(9,116.5)	152,347.8
Operating profit / (loss)*	15,717.9	72,931.6	(1,061.2)	(9,940.6)	(10,811.3)	274.0	6,429.1	10,811.3	84,350.8
Net financial income/(expenses)	990.8	271.2	(1,569.6)	(2,434.3)	(1,180.6)	60.2	-	1,180.6	(2,681.7)
Expenses related to tax on income	(4,475.5)	(14,890.5)	134.5	(66.7)	392.0	(43.3)	(2,217.5)	(392.0)	(21,559.0)
Profit / (loss) over the year	17,489.0	80,051.9	(6,285.1)	(12,566.6)	(11,910.6)	(379.3)	(13,203.3)	5,472.5	58,668.5
Segment assets	107,620.6	547,313.3	69,484.6	75,546.7	108,256.5	846.9	(160,019.1)	(98,986.2)	650,063.3
Segment liabilities	(23,758.8)	(262,613.7)	(41,236.4)	(106,326.5)	(93,411.1)	(72.7)	195,255.3	56,538.4	(275,625.5)
Depreciation	(2,447.4)	(23,170.2)	(3,975.4)	(4,227.1)	(4,894.8)	(42.9)	-	4,894.8	(33,863.0)
Capex	(17,154.5)	(15,757.5)	(1,370.0)	(1,396.2)	-	(354.1)	-	-	(36,032.3)

* Operating profit / (loss) before the participation in net losses of associated and other companies accounted using equity method, impairment as well as assets writing-off

Novolipetsk Steel
Remarks to the consolidated financial statement as of and in the year ended on December 31, 2015
(in million Russian rubles)
21 Information by segments (continued)

Information on segment profit or loss of the segments for the year ended 31 December 2014 as well as their assets and liabilities as of that date is given in the table below:

	Extraction and processing of raw materials	Russia Flats	Russia Long	Foreign rolling assets	Investments into associated company NBH	Others	Operations and balances between segments	Decon- solidational adjustments on NBH	Total
Revenue from external buyers	13,062.1	216,571.3	54,834.1	77,192.6	55,794.1	4.2	-	(21,504.1)	395,954.3
Revenue from operations between segments	27,035.0	83,942.3	14,173.2	-	2,170.8	-	(125,150.5)	(2,170.8)	-
Cost of sales	(13,161.6)	(213,707.0)	(60,153.3)	(72,766.1)	(52,644.5)	(1.6)	114,364.3	18,354.5	(279,715.3)
Gross profit / (loss)	26,935.5	86,806.6	8,854.0	4,426.5	5,320.4	2.6	(10,786.2)	(5,320.4)	116,239.0
Operating profit / (loss)*	21,394.9	35,974.3	8,955.3	815.2	(8,331.9)	(73.5)	(5,088.5)	8,331.9	61,977.7
Net financial income/(expenses)	1,181.4	(491.1)	(3,119.9)	(1,417.8)	(814.1)	37.4	-	814.1	(3,810.0)
Expenses related to tax on income	(7,660.7)	(9,252.8)	(860.0)	1,388.2	433.0	(6.0)	1,820.6	(433.0)	(14,570.7)
Profit / (loss) over the year	30,496.9	55,929.6	(8,717.9)	(6,726.4)	(9,312.0)	303.2	(23,609.3)	(14,726.1)	23,638.0
Segment assets	109,643.5	500,854.4	76,957.5	83,931.1	104,480.5	5,601.4	(203,195.6)	(96,042.6)	582,230.2
Segment liabilities	(27,003.8)	(232,851.4)	(56,048.9)	(110,040.9)	(86,800.7)	(1,554.4)	225,968.4	58,080.4	(230,251.3)
Depreciation	(2,415.4)	(20,323.8)	(4,028.6)	(3,238.9)	(3,853.9)	(84.8)	-	3,853.9	(30,091.5)
Capex	(10,399.2)	(7,367.5)	(1,949.4)	(688.4)	-	(680.3)	-	-	(21,084.8)

* Operating profit / (loss) before the participation in net losses of associated and other companies accounted using equity method, impairment as well as assets writing-off

Novolipetsk Steel
Remarks to the consolidated financial statement as of and in the year ended on December 31, 2015
(in million Russian rubles)
21 Information by segments (continued)

Information on segment profit or loss of the segments for the year ended 31 December 2013 as well as their assets and liabilities as of that date is given in the table below:

	Extraction and processing of raw materials	Russia Flats	Russia Long	Foreign rolling assets	Investments into associated company NBH	Others	Operations and balances between segments	Decon- solidational adjustments on NBH	Total
Revenue from external buyers	11,844.7	198,368.0	42,403.7	53,834.9	46,111.3	19.5	-	(8,560.5)	344,021.6
Revenue from operations between segments	31,154.8	51,879.7	12,428.4	53.6	190.6	-	(95,516.5)	(190.6)	-
Cost of sales	(13,472.7)	(211,730.0)	(48,168.9)	(57,064.0)	(42,301.0)	(8.5)	90,149.7	7,083.5	(275,511.9)
Gross profit / (loss)	29,526.8	38,517.7	6,663.2	(3,175.5)	4,000.9	11.0	(5,366.8)	(1,667.6)	68,509.7
Operating profit / (loss)*	25,043.3	(8,254.2)	10,577.4	(1,342.0)	(7,775.1)	(259.9)	279.9	1,187.2	19,456.6
Net financial income/(expenses)	744.2	1,646.4	(3,408.1)	(1,183.9)	(589.2)	32.9	3.1	165.9	(2,588.7)
Expenses related to tax on income	(3,712.4)	(2,786.0)	(175.0)	192.1	(2,608.6)	(7.0)	(1.8)	934.0	(8,164.7)
Profit / (loss) over the year	24,457.7	5,392.4	6,553.0	(1,988.3)	(11,055.6)	(3.0)	(18,633.2)	542.1	5,265.1
Segment assets	77,976.6	432,785.4	91,627.3	48,319.9	68,540.0	2,056.6	(128,057.9)	(54,754.4)	538,493.5
Segment liabilities	(5,792.2)	(197,074.5)	(65,342.8)	(55,407.0)	(58,335.9)	(1,738.2)	142,806.0	42,726.1	(198,158.5)
Depreciation	(2,274.7)	(17,649.1)	(2,802.6)	(2,375.3)	(3,590.6)	-	-	939.8	(27,752.5)
Capex	(4,018.7)	(12,484.6)	(5,731.4)	(1,563.5)	-	(351.8)	-	-	(24,150.0)

* Operating profit / (loss) before the participation in net losses of associated and other companies accounted using equity method, impairment as well as assets writing-off

Geographically all the significant assets, production capacities and administrative institutions of the Group are located in the Russian Federation, USA and Europe.

22 Risks and uncertainties

(a) Group operation conditions

The Russian Federation economy still has some features of the developing market, particularly, actual inconvertibility of the Russian Ruble in most countries, as well as comparatively high inflation. Legal, tax and administrative systems continue developing and admit various interpretations (Note 24(f)).

Economic prospects of the Russian Federation depend largely on the efficiency of economic measures, financial mechanisms and monetary policy undertaken by the Government, as well as on the development of fiscal, legal and political systems. The management believes that it is taking all the necessary measures for the support of sustainability and development of the Group's business.

Political and economic instability in the region including continuing international sanctions in relation to some Russian companies and citizens have negatively influenced and keep on negatively influencing the Russian economy. Financial markets are still characterized by absence of stability, frequent and significant changes in prices and increase in trade operations spreads as before. This economic environment can have significant influence on business and financial standing of the Group which effect is difficult to forecast, but nevertheless the Management takes the necessary measures to ensure stable business of the Group.

Main financial risks intrinsic to the Group's operation include market, credit and liquidity risks. Financial risk management is aimed at determination of risk limits and subsequent observance of the established limits.

(b) Market risk

Market risk is a risk that the fair value of future cash flows on a financial instrument will fluctuate due to changing market prices. Market risk includes three kinds of risks: interest rate, currency, and commodity price risk.

Interest rate risk

Interest rate risk is a risk that the fair value of future cash flows on a financial instrument will fluctuate due to changing market interest rates.

The interest rate risk is mostly attributed to long- term floating rate debt liabilities of the Group. In order to manage this risk the Company regularly analyses interest rate risks. There are actions to mitigate this risk by means of maintaining the optimal balance of credit commitments with fixed and floating rates.

The Table below shows the structure of the Group's interest risk:

	As of 31 December 2015.	As of 31 December 2014.	As of 31 December 2013.
Instruments with fixed interest rate			
Financial assets	176,942.3	118,338.1	77,362.5
- cash and cash equivalents (Note 3)	24,999.6	30,897.7	31,747.0
- short-term financial investments (Note 5)	90,564.1	34,950.8	15,860.2
- trade and other accounts receivable excluding provisions (Note 6).	45,357.1	44,541.0	29,609.1
- long-term financial investments (Note 5)	16,021.5	7,948.6	146.2
Financial liabilities	(150,577.0)	(133,154.6)	(114,825.3)
- trade, other accounts payable and dividends to be paid (Note 10)	(37,871.6)	(26,143.2)	(23,311.8)
- short-term credits and loans (Note 11)	(16,827.5)	(17,017.3)	(17,183.2)
- long-term credits and loans (Note 11)	(95,877.9)	(89,994.1)	(74,330.3)

22 Risks and uncertainties (continued)

	As of 31 December 2015.	As of 31 December 2014.	As of 31 December 2013.
Instruments with floating interest rate			
Financial assets	-	-	2,547.9

- short-term financial investments (Note5)	-	-	12.8
- long-term financial investments (Note5)	-	-	2,535.1
Financial liabilities	(82,342.1)	(48,738.3)	(45,638.6)
- short-term credits and loans (Note 11)	(23,975.2)	(28,229.3)	(20,019.5)
- long-term credits and loans (Note 11)	(58,366.9)	(20,509.0)	(25,619.1)

Change of interest rate for instruments with floating interest rate by 100 basic points would cause an insignificant change in profit and capital.

Currency risk

Currency risk is a risk that the fair value of future cash flows on a financial instrument will fluctuate due to changing exchange rates.

Export- oriented companies of the Group are exposed to currency risks. In order to minimize currency risks, the export program is generated taking into account possible (projected) exchange rate fluctuations of major currencies. The Group diversifies its revenue denominated in different currencies. While concluding foreign trade contracts, the Group monitors FX position balance: payments in foreign currency are covered by export revenue in the same currency. At the same time the application of standard currency risk hedging tools is not excluded.

Net FX position given below is calculated for the main currencies under the articles of the consolidated statements on financial standing as of December 31, 2015 as difference between assets and liabilities shown in currencies different from the functional currency of the Company.

	USD	EUR
Cash and cash equivalents	14,317.4	2,886.7
Trade and other accounts receivable	209.2	22,126.4
Short-term financial investments	78,703.4	9,430.2
Long-term financial investments	-	16,186.2
Trade and other accounts payable	(3,086.4)	(6,941.5)
Short-term loans and credits	(1,440.9)	(10,609.6)
Long-term loans and credits	(115,030.7)	(29,213.9)
Net FX position	(26,328.0)	3,864.5

Net FX position given below is calculated for the main currencies under the articles of the consolidated statements on financial standing as of December 31, 2014 as difference between assets and liabilities shown in currencies different from the functional currency of the Company.

	USD	EUR
Cash and cash equivalents	12,964.2	6,023.8
Trade and other accounts receivable	392.3	22,622.5
Short-term financial investments	23,794.5	9,272.6
Long-term financial investments	-	7,944.7
Trade and other accounts payable	(2,289.1)	(6,028.9)
Short-term loans and credits	(6,622.2)	(7,137.1)
Long-term loans and credits	(66,289.2)	(27,793.2)
Net FX position	(38,049.5)	4,904.4

22 Risks and uncertainties (continued)

Net FX position given below is calculated for the main currencies under the articles of the consolidated statements on financial standing as of December 31, 2013 as difference between assets and liabilities shown in currencies different from the functional currency of the Company.

	USD	EUR
Cash and cash equivalents	15,071.0	5,277.5
Trade and other accounts receivable	99.9	13,694.0
Short-term financial investments	11,465.1	3,507.7
Other non-current assets	18.8	-
Trade and other accounts payable	(1,675.2)	(3,053.6)
Short-term loans and credits	(5,551.1)	(5,583.2)
Long-term loans and credits	(45,820.9)	(22,346.2)
Net FX position	(26,392.4)	(8,503.8)

Sensitivity analysis

Sensitivity is calculated by multiplying the value of a net foreign exchange position as per the respective currency by the interest change of exchange rates.

Strengthening of the following currencies by 25% with respect to the functional currency as of December 31, 2015, 2014 and 2013 would increase / (decrease) the capital by the amount given below; at that the impact on profit over the year would differ from the specified and would amount to RUB 6,385.5 m, RUB 11,067.7 m and RUB 3,445.1 m, respectively, due to profit from exchange rate differences from the intragroup operations (Note 19).

	Year ended on 31 December 2015	Year ended on 31 December 2014	Year ended on 31 December 2013
USD	(6,582.0)	(9,512.4)	(6,602.8)
EUR	966.1	1,226.1	(2,126.0)

Weakening of these currencies with respect to the functional currency would have the same impact in total but with an opposite sign if all other variables do not change.

Commodity price risk

Commodity price risk is a possible change of prices for raw materials and metal products, their influence on the Group's future performances and operational results.

The Group's risks related to product sales are minimized by a wide geography of sales providing for a flexible responsiveness to downturns in one or several product markets based on the analysis of the existing and potential product markets.

One of the tools of price risk management is vertical integration. A high degree of vertical integration facilitates cost control and efficient production process management: from raw material extraction and generation of electrical and heat energy to the production, processing and distribution of metal products.

In order to decrease the existing risk the Group also uses the formula pricing with reference to price indices for metal products while concluding a number of contracts for raw materials and auxiliary materials supply.

22 Risks and uncertainties (continued)

(c) Credit risk

Credit risk is a risk that the Group will incur financial losses should its contractors fail to meet their obligations under a financial instrument or a customer agreement.

The Group is exposed to credit risk related to its operational (mostly, in relation to trade accounts receivable and advance payments made to suppliers) and financial activity including deposits in banks and financial institutions, FX operations and other financial instruments. Customer-related credit risk management is exercised by each operational subdivision in line with the policy, procedures and control system set by the Group in relation to customer-related credit risks.

The Group controls credit risk by evaluating the risk degree of each contractor or groups of related entities. Such risks are monitored regularly (at least once a quarter).

The Group management analyses accounts receivable in arrears on core activity and tracks down overdue balances of accounts receivable.

Maximum amount of credit risk of the Group by the classes of the assets is limited by the balance sheet value of the financial assets in the consolidated statements on the financial standing in the following way:

	As of 31 December 2015.	As of 31 December 2014.	As of 31 December 2013.
Cash and cash equivalents (Note 3)	24,999.6	30,897.7	31,747.0
Trade and other accounts receivable (Note 6)	45,357.1	44,541.0	29,609.1
Short-term financial investments (Note5)	90,564.1	34,950.8	15,873.0
Long-term financial investments (Note5)	16,021.5	7,948.6	2,681.3
Total balance sheet risks	176,942.3	118,338.1	79,910.4
Issued financial guarantees (Note 23 (d))	19,911.5	34,407.7	25,875.7
	196,853.8	152,745.8	105,786.1

Analysis of the credit quality of balances on bank accounts and urgent bank deposits and also short- and long-term deposits based on the credit rating of international agencies is given below:

	As of 31 December 2015.	As of 31 December 2014.	As of 31 December 2013.
Balances on bank accounts and urgent bank deposits			
AAA-BBB	17,802.4	28,407.3	27,413.8
BB-B	6,968.3	2,189.3	3,991.4
Without rating and cash balances	228.9	301.1	341.8
	24,999.6	30,897.7	31,747.0
Short- and long-term deposits			
AAA-BBB	55,128.1	30,893.9	12,120.2
BB-B	30,269.2	14.0	340.1
Without rating	-	-	-
	85,397.3	30,907.9	12,460.3

As of 31 December 2015 the amounts below of trade and other accounts receivable and also advances issued to the suppliers were overdue, with creation of respective provisions after the liabilities discharge expiry date.

	Trade accounts receivable	Advances made to suppliers	Other accounts receivable
Not overdue	35,410.3	3,194.1	19,665.6
Overdue, incl.	9,310.7	739.6	1,401.3
- up to 1 month	6,186.0	219.8	70.7
- from 1 month up to 3 months	1,164.5	52.2	45.1
- from 3 month up to 12 months	570.4	97.9	717.1
- more than 12 months	1,389.8	369.7	568.4
	<u>44,721.0</u>	<u>3,933.7</u>	<u>21,066.9</u>
Provision	<u>(1,184.9)</u>	<u>(304.3)</u>	<u>(1,118.0)</u>
Minus provision	<u>43,536.1</u>	<u>3,629.4</u>	<u>19,948.9</u>

As of 31 December 2014 the amounts below of trade and other accounts receivable and also advances issued to the suppliers were overdue, with creation of respective provisions after the liabilities discharge expiry date.

	Trade accounts receivable	Advances made to suppliers	Other accounts receivable
Not overdue	37,651.9	2,769.8	16,367.4
Overdue, incl.	7,470.1	1,151.2	1,041.8
- up to 1 month	3,381.3	382.0	53.2
- from 1 month up to 3 months	1,757.1	198.5	27.7
- from 3 month up to 12 months	656.1	297.9	273.2
- more than 12 months	1,675.6	272.8	687.7
	<u>45,122.0</u>	<u>3,921.0</u>	<u>17,409.2</u>
Provision	<u>(1,611.0)</u>	<u>(541.7)</u>	<u>(1,148.6)</u>
Minus provision	<u>43,511.0</u>	<u>3,379.3</u>	<u>16,260.6</u>

22 Risks and uncertainties (continued)

As of 31 December 2013 the amounts below of trade and other accounts receivable and also advances issued to the suppliers were overdue, with creation of respective provisions after the liabilities discharge expiry date.

	Trade accounts receivable	Advances made to suppliers	Other accounts receivable
Not overdue	23,913.9	1,827.9	17,314.7
Overdue, incl.	5,597.9	845.9	987.4
- up to 1 month	2,198.1	242.3	30.6
- from 1 month up to 3 months	1,434.4	158.1	20.0
- from 3 month up to 12 months	172.3	80.6	76.8
- more than 12 months	1,793.1	364.9	860.0
	29,511.8	2,673.8	18,302.1
Provision	(1,285.1)	(630.4)	(821.1)
Minus provision	28,226.7	2,043.4	17,481.0

As of December 31, 2015, 2014 and 2013 the Group does not have significant amounts of trade and other accounts receivable which are overdue and are not impaired.

(d) Liquidity risk

Liquidity risk is a risk that the company will face difficulties in the performance of its financial liabilities. The Group is exposed to risk due to the daily necessity of using available cash.

The Group exercises control over cash deficit risk using current liquidity planning tool. The Group is aiming at maintaining the balance between the continuity of financing and flexibility by using bank overdrafts, bank credits, bonds and financial lease. In order to obtain sufficient cash required for timely repayment of its liabilities the Group is using detailed cash flow budgeting and projection tools.

The table below shows the analysis of short-/long-term credits and loans of the Group by maturity in accordance with the respective contracts. The amounts in the Table explained in terms of maturity are non-discounted cash flows.

	As of 31 December 2015.	As of 31 December 2014.	As of 31 December 2013.
Up to 1 year	54,846.0	49,374.1	41,535.3
1 year to 2 years	34,477.5	40,489.7	45,690.3
From 2 to 5 years	131,173.7	81,164.0	65,392.9
Over 5 years	2,750.1	490.0	953.1
Total credits and loans	223,247.3	171,517.8	153,571.6

Liquidity risk related to the issued financial guarantees is disclosed in Note 23 (d).

As of December 31, 2015, 2014 and 2013 the Group does not have significant amounts of trade and other accounts payable with maturity over 1 year and its balance sheet value approximately corresponds to its fair value.

22 Risks and uncertainties (continued)

(e) Insurance

For the purpose of risk minimization the Group concluded agreements for the insurance of property, insurance against losses from production interruption, insurance of cargoes, general liability insurance, and full insurance (KASKO). As required by law, the Group concluded agreements on mandatory liability car insurance, and mandatory insurance of hazardous production facilities. Moreover, the Group acquires coverage of civil liability of members of self-controlled organizations, insurance of liability of directors and officers, voluntary medical insurance for the Group's employees.

23 Operations with related parties

The parties are considered to be related if they are under common control and when one of them has a possibility to control or considerably influence or jointly control the operating and financial decisions of the other party, as provided in IFRS (IAS) 24 "Disclosure of Information on Related Parties". When considering the relations with each of the possibly related parties not only legal form but also the economic content of such relations is taken into account. The Group makes transactions with the related parties in line with market principles.

(a) Sales to and purchases from related parties

	Year ended on 31 December 2015	Year ended on 31 December 2014	Year ended on 31 December 2013
Sales			
NBH Group companies	43,624.7	37,926.7	7,407.8
Other related parties	288.9	297.9	287.7
Procurement			
Universal Cargo Logistics Holding Group's companies (companies which are under common control of a beneficiary owner)	19,677.5	14,351.4	13,091.9
Other related parties	3,922.3	2,396.6	524.1

(b) Accounts receivable and payable of related parties

	As of 31 December 2014.	As of 31 December 2014.	As of 31 December 2013.
Accounts receivable and advances made			
NBH Group companies	16,089.4	16,928.8	9,629.4
Other related parties	1,986.3	983.9	1,203.6
Accounts payable			
Universal Cargo Logistics Holding Group's companies (companies which are under common control of a beneficiary owner)	420.3	130.6	497.9
Other related parties	1,374.4	1,415.3	206.1

23 Related-party operations (continued)

(c) Financial operations

	As of 31 December 2015.	As of 31 December 2014.	As of 31 December 2013.
Loans granted to NBH Group companies (Note 5)	20,780.2	11,790.2	6,074.4
Deposits and settlement accounts at PJSC ZENITH Bank and PJSC Lipetskcombank (companies which are under significant influence of the Group's controlling shareholder)	1,761.5	2,055.1	3,025.8

When granting loans to foreign companies of the Group and to companies accounted based on the equity method the interest rate is determined using information on external comparable transactions with regard to internal credit rating of a company.

Interest income from deposits and current accounts in Bank ZENIT and Lipetskcombank for the years ended on December 31, 2015, 2014, 2013 made RUB 150.3 m, RUB 132.2 m and RUB 106.2 m, respectively.

(d) Financial guarantees granted

As of December 31, 2015, 2014 and 2013 the guarantees provided by the Group for loans issued to the companies of NBH made RUB 19,911.5 m, RUB 34,407.7 m and RUB 25,875.7, respectively, which is the maximum potential amount of future payments reimbursed upon request of the guarantee beneficiary. None of the amounts on guarantee obligations of the Group has been accrued in the consolidated financial statements as the Group evaluates a possibility of cash outflow for these guarantees as low.

Deadlines of liability repayment provided by guarantees given below:

	As of 31 December 2015.	As of 31 December 2014.	As of 31 December 2013.
Less than 1 year	5,976.4	29,755.1	5,786.5
From 1 to 2 years	1,042.2	3,476.8	17,454.5
Over 2 years	12,892.9	1,175.8	2,634.7
	19,911.5	34,407.7	25,875.7

(e) Contributions to non-state pension fund and charity fund

Total allocations to non-state pension fund and charity fund in 2015, 2014 and 2013 amounted to RUB 401.6 m, RUB 327.4 m and RUB 203.1 m, respectively. The Group does not have any long-term liabilities with regard to financing, guarantees or other forms of supporting these funds.

(f) Transactions between companies under common control

In September 2015 the Parent Company completed a transaction for the sale of all the controlling share in North Oil & Gas Company (51.0%) for the amount of RUB 669.3 m under common control. Retirement of North Oil & Gas Company caused assets deconsolidation in the amount of RUB 1,350.9 m and liabilities deconsolidation in the amount of RUB 1,332.8 m.

The difference between the sale price and the net assets value is demonstrated in line "Sale of company's assets under common control" of the consolidated statement on capital changes. The revenue and the profit of North Oil & Gas Company for 9 months ended on September 30, 2015 are insignificant.

This transaction was performed within the framework of Group non-core asset portfolio management.

24 Liabilities and contingent events

(a) Antidumping investigations

In terms of exports the Group's foreign trade activity is evaluated from time to time for its compliance with trade legislation of importing countries. The Group's export sales were subject to several antidumping investigations. The Group is taking some measures aimed at preventing negative results of current and threatening antidumping investigations, as well as participates in negotiations conducted by the Russian party. No provisions on possible agreements and solutions resulting from anti-dumping investigations in the consolidated financial statements submitted were accrued.

(b) Legal proceedings

In the ordinary course of business the Group participates in several legal proceedings acting as a claimant or a defendant. The Group's management believes that liabilities, which may result from these proceedings, cannot affect significantly its financial status and performances, and they have not been accrued in the consolidated financial statements submitted.

Legal proceedings in the International Commercial Arbitration Court (ICAC) with the Chamber of Trade and Commerce of the Russian Federation initiated in January 2010 by a non-controlling shareholder of OJSC "Maxi-Group" in regard to the recovery from the Parent Company of additional amounts due for the shares of OJSC Maxi-Group was over in January 2012 in favor of the Parent Company.

Legal proceedings in ICAC initiated in December 2012 by the non-controlling shareholder of OJSC Maxi-Group regarding the loss of property in relation to the agreement on the sale of shareholding was over in January 2014. ICAC arbitrators passed the resolution that ICAC didn't have competence for entertaining of action of the non-controlling shareholder of OJSC Maxi-Group to the Parent Company and on termination of the proceeding.

Further appeal in regard to these lawsuits is impossible.

In Q3 2014 the Group received about RUB 3,472.3 m, in November 2015 - about RUB 1,109.5 m and in January 2016 - about RUB 892.2 m in the course of bankruptcy proceedings for execution of the court decision made by the Russian court in 2012. These amounts are included in the line "Profit from investment" of the consolidated statements on profit and loss.

At present there are still some legal proceedings in progress in the European courts initiated by the non-controlling shareholder of OJSC Maxi-Group related to the lawsuit taken to ICAC in January 2010. In 2014 the French and the English courts passed a decision on enforcement at their territories of ICAC decision, which was cancelled by the Russian justice. In December 2014 the Parent Company held an appeal of the French court's judgement and in November 2015 - an appeal of the English court's decision. The Management of the Group evaluates probability of unfavorable outcome, connected with these legal proceedings, as low and therefore, no accruals with regard to these lawsuits have been stated in these consolidated financial statements.

(c) Environmental issues

At the moment Russian environmental legislation is getting more stringent, as well as the stand of the RF state authorities as to its observance. The Group reviews its liabilities related to environment pollution on a regular basis. As these liabilities are revealed, they are immediately shown in the statements. Potential liabilities, which may arise out of changes in the existing legislation and regulations, as well as a result from judicial practice, cannot be estimated with due accuracy. Within the existing system of control and punitive measures for non-observance of environmental legislation in force, the Group's management believes that the Group is meeting the requirements of federal and regional regulating authorities in terms of environment protection and, consequently, there aren't any significant liabilities related to any environmental damage and its repair at the moment.

24 Liabilities and contingent events (continued)

(d) Capex liabilities

According to the Management's estimates as of December 31, 2015, 2014 and 2013, outstanding contracts for supply of equipment and construction and installation works amount to RUB 41,158.5m, RUB 34,926.2 m and RUB 16,317.4 m, respectively.

(e) Social liabilities

The Group allocates funds for social programs of mandatory and voluntary insurance. Both social facilities owned by the Group and local social programs are designated for the Group employees and citizens of the region alike. Some social facilities were transferred to the municipal authorities by the Group, nevertheless, the Group's management believes that the Group will continue financing of different social programs in the near future. These costs are attributed to expenses in the period of their incurrence.

(f) Contingent tax liabilities

Russian tax, currency and customs law enables various interpretations and is subject to frequent changes. The construe of this legislation by the Group's management with regard to operations and business of the Group companies may be contested by the respective regional and federal authorities. Recent events in the Russian Federation have shown that tax authorities in Russia may take a tougher stand on law construe and audit of tax calculations, so it is possible that some operations and businesses, including those related to the financing of Russian companies of the Group, may be contested, which never happened before. As a result, some significant additional taxes, penalties and fines may be accrued, and the legality of including some expenses into the profit tax return may be contested. Tax audits may cover three calendar years of business immediately preceding the year of audit. Earlier periods may be subject to auditing under certain circumstances.

Russian legislation governing transfer pricing procedure has undergone some changes starting from 1 January 2012. The new transfer pricing rules are technically more complicated and to some extent closer to international principles. The new legislation entitles tax authorities to adjust transfer prices and assess additional tax liabilities related to controlled transactions (as determined in the applicable law) provided that the transaction price is not consistent with the market principle. Our management analyses the compliance of documentation confirming applied transfer prices with the requirements of the current legislation as well as the sufficiency of such documentation for confirmation of the Group's tax positions. Considering that the practice of implementing new transfer pricing rules is still under development, the impact of any facts of contesting the Group's transfer prices cannot be evaluated accurately, however may be significant for the Group's financial position and business results.

The Group includes a number of companies registered outside the Russian Federation. Tax liabilities of the Group are determined based on assurance that other companies do not have a permanent representative office in Russia and consequently are not subject to profit tax. This interpretation of the respective law can be contested but at present the consequences of such debatable situations cannot be judged reliably enough. At the same time they can be significant for the financial standing and/or business of the Group on the whole. In 2014 according to the Law on Controlled Foreign Companies (hereinafter - CFC) taxation on profit was introduced in the Russian Federation for foreign companies and foreign ventures without establishing an entity (including funds) being controlled by tax residents of the Russian Federation (controlling persons). Starting from 2015 CFC profit is taxed at 20%. The group's management shall carry out an analysis of the impact of new tax rules on the Group's activities and take the necessary measures to comply with the requirements of the Russian tax legislation. Based on own understanding of new regulations of the tax legislation and the fact that introduction practice of these regulations hasn't been set yet the Management didn't recognized expenses for the profit tax in relation to the temporary differences related to the Group companies which are subject to the law on CFC in the part according to which the liabilities for calculations of such taxes are to be regulated by the Group.

24 Liabilities and contingent events (continued)

In the Management's opinion, as of December 31, 2015 the respective legislative regulations have been interpreted correctly by it, and the Group's position in terms of tax, currency and customs laws is going to be stable.

(g) Main terms and conditions of Facility Agreements

Certain facility agreements have some conditions imposing restrictions on the facility targets, terms regarding retirement and alienation of assets, assumption of any liabilities and provision of loans, credits, sureties and guarantees, obligations as regards some future procedure of reorganization or bankruptcy of the borrower, as well as those committing the borrower to maintain the assets pledged in their current value and condition. In addition, such agreements contain the conditions regarding meeting some financial ratios, results of the borrower's operation, including cross-default, as well as existence of legal actions exceeding a certain amount, for which there is a reasonable expectation of a negative result, and, besides, the conditions coming into force should the borrower be unable to meet his contractual obligations. The Group companies do not have any violations of restricting conditions regarding all facility agreements as of every reporting date.

25 Main provisions of the accounting policy

Below are the main provisions of the accounting policy which are applied consequently from one reporting year to another by the Group while preparing consolidated financial statements.

(a) Consolidation principles

Subsidiaries

Subsidiaries are the companies which are controlled by the Group because (a) the Group has authority in relation to the investment object, i.e. it has rights to manage significant operations which have high impact on the income of the investment object; (b) the Group is under the risks related to variable income from participating in the investment object or has a right to obtain such income; (c) the Group has a possibility to use its authority in relation to the investment object in order to influence the income value of the investor.

Consolidation of subsidiaries of the company starts when the Group gets control over the investment object and ends when the group losses control over the investment object.

Non-controlling share is the part of the net results of performance and capital of the subsidiary which accounts for participation share in the capital which is not owned by the Group directly or indirectly. Non-controlling shares are included into the capital separately from the capital of shareholders of the Parent company.

Subsidiaries (except for the ones acquired from the parties under general control) are included into the consolidated financial statements using acquisition method. Acquired identified assets and also liabilities and contingent liabilities acquired during business combination are included based on fair value as of the acquisition date independently from the amount of the non-controlling shares.

The Group evaluates the non-controlling share which is the immediate participation share and which gives the shareholder a right for a proportional share of net assets in case of liquidation, individually for every operation or (a) on the bases of fair value or (b) in proportion to the non-controlling share in net assets of the acquired company.

Goodwill is determined by deducting the total of net assets of the acquired company from the total of the following values: given reimbursement for the acquired company, amount of the non-controlling share in the acquired company and fair value of the participation share in the acquired company capital being owned before the acquisition date. Negative total ("negative goodwill") is included into profit or loss when the management evaluated once again whether all the acquired assets as well as accepted liabilities and contingent liabilities are identified completely and when it analyses correctness of their evaluation.

25 Main provisions of the accounting policy (continued)

Reimbursement for the acquired company is evaluated based on the fair value of the transferred assets, issued shares of participation in the capital and occurred or accepted liabilities, including the fair value of assets and liabilities occurred as the result of agreements on conditional reimbursement, but not including costs related to acquisition such as payment of consulting services, legal services, evaluation services and similar professional services. Transaction costs incurred during issue of equity instruments are deducted from the capital amount; transaction costs incurred due to issue of debt securities within business combination are deducted from their balance sheet value and all other costs on transaction related to acquisition are accounted to expenses.

All the intragroup operations, balance and also retained profit on payments between the Group companies is excluded. Retained losses are also mutually excluded, except for the cases when costs cannot be reimbursed. The Parent company and all its companies use the unified principles of the accounting policy in accordance with the Group policy.

Associated companies and other companies accounted using equity method

Associated companies and other companies accounted for using equity method are the companies whose operations are significantly influenced by the Group but whose financial and operating policies are not controlled or mutually controlled by the Group.

Investments into associated or other companies accounted for using equity method are initially included by production cost (fair value of transferred remuneration).

Also using equity method the Group accounts for the agreement according to which the parties mutually controlling the agreement have the right for net assets of the companies accounted for using equity method. Mutual control is control conditioned by the contract which takes place only when decision taking in regard to the significant activities requires unanimous agreement of the parties carrying out mutual control.

Dividends from associated and other companies accounted for using equity method decrease balance value of investments into associated and other companies accounted for using equity method. Share of the Group in profit or losses of associated or other companies accounted for using equity method after acquisition is included into the consolidated statements on profit or loss for the year as a share of the financial result of associated and other companies accounted for using equity method, and share in changing of other total profit after acquisition is included in other total income as a separate line. All other changes in the Group's share in the balance value of net assets of associated and other companies accounted for using equity method are included into profit or loss as a part of the share of financial result of associated and other companies accounted for using equity method but their inclusion can differ depending on the essence of the change.

But when the Group's share in the losses of associated and other companies accounted for using equity method equals or exceeds its share in associated companies or companies accounted for using equity method including any unsecured receivables, the Group ceases to recognize further losses except for the cases when it is the legislative requirement or when the Group assumed the liabilities or made payments on behalf of these associated or other companies accounted for using equity method.

Retained profit from operations between the Group and associated and other companies accounted for using equity method is excluded in proportion to the Group's share in these companies. Retained losses from operations between the Group and associated and other companies accounted for using equity method are also excluded except for the cases of impairment of the transferred asset.

25 Main provisions of the accounting policy (continued)

In the consolidated statements on the financial standing the Group's share in the associated and other companies accounted for using equity method is shown as per the balance value which includes the goodwill as of acquisition date and also its share in profit and losses from acquisition date excluding impairment losses.

Retirement of subsidiaries, associated and other companies accounted for using equity method

If the Group loses control or significant influence, the remained share in the subsidiary, associated or other companies accounted for using equity method is re-evaluated on the basis of fair value and changes of the balance value are included in profit or loss. Fair value is the initial balance value for the purposes of further accounting of the remained share in associated and other companies accounted for using equity method or in a financial asset. Besides, all the amounts recognized earlier in other total income in relation to this company are accounted for as if the Group had made immediate retirement of the respective assets or liabilities. This can mean that the amounts included earlier in other total income are transferred to profit or loss.

As of the date of control loss the Group ceases to recognize the assets and liabilities of the former subsidiary in the consolidated statements on financial standing and acknowledges profit or loss related to control loss attributed to the former controlling stake.

If participation share in the associated company decreases but significant influence remains then only the proportional share of amounts included earlier in other total income is transferred to profit or loss in the necessary cases.

b) Cash and cash equivalents

Cash and cash equivalents include cash balance, cash on bank current and deposit accounts and other highly – liquid short-term financial investments with a three-month maturity maximum.

(c) Restricted cash

Restricted cash is cash with writing-off subject to restrictions under legal or contractual obligations.

Restricted cash balance is excluded from cash and its equivalents in order to prepare consolidated statements on cash flow. Cash balance restricted for exchange or to repay liabilities valid minimum during 12 months after the reporting date are included in other non-current assets.

(d) Value Added Tax (VAT)

VAT arising when selling products (execution of works, rendering of services) is subject to payment to the state budget as of the earliest of the two dates: (a) receipt of accounts receivable amounts from clients or (b) goods shipment date (works, services), sale of property rights. VAT amount is excluded from revenue.

VAT amount under purchased (recognized) goods and services is subject to deduction from VAT debt amount to the budget. VAT related to purchase / sale and rendering / receipt of services, budget calculations under which have not been completed as of the reporting date (deferred VAT), is reflected in the consolidated statements on financial standing in details and is disclosed separately as part of current assets and short-terms liabilities.

While creating provisions for depreciation of accounts receivable the depreciation loss is reflected per total debt amount including VAT.

25 Main provisions of the accounting policy (continued)

(e) Stock

Stock is evaluated by the minimal of two values: by production cost or by net sales price (accounting sales price in the course of normal business excluding estimate costs for completion of production and estimate costs to be borne for sale).

Stock includes raw materials and materials to be used during production, finished products and work in progress as well as goods for resale.

Release into production or other writing off of inventories is done at the average weighted production cost.

Production cost of finished products and work in progress includes cost of raw materials and materials, direct labour costs and other direct costs as well as a respective share of production overhead expenses (calculated based on regular production capacities).

Other costs are included into production cost of stock to the extent to which they were accrued to provide for the current location and condition of stock.

If selling the stock the book value of this stock is recognized as expenses in the period in which the respective revenue is recognized. Amount of any price markdown of stock to net price of sale and all stock losses including writing-off of price of obsolete stock are recognized as expenses in the period in which there was a markdown or losses took place. Amount of any reversing entry in regard to stock writing-off done in relation to increase in net sale price is recognized as reduction of stock value shown in expenses in the period in which the reversing entry was made.

(f) Fixed assets

Evaluation if recognized

The main assets are shown by production cost (accounting model by actual costs). Production cost of a fixed assets object includes:

- purchase price including foreign duties and non-refundable taxes on purchase excluding purchase discounts and reimbursements;
- any direct costs for delivery of an asset to the destination place and its conditioning to the state required to be commissioned in accordance with the intentions of the company management;
- preliminary evaluation of costs for future dismantling and removal of an object of the fixed assets and recovery of natural resources in the area occupied by it, in relation to which the company undertakes an obligation either during purchasing of this object or following its use during a specific period for the purposes not related to creation of stock during this period.

The cost of fixed asset items built at its own expense includes cost of materials, labor payment costs and respective share of production overhead expenses directly related to construction of fixed assets.

Expenses on loans directly related to purchase, construction or production of the asset which preparation for use or sale requires significant time are included into production cost of this asset.

Inclusion of costs into the book value of the object of the fixed assets is ceased when such an object is delivered to the place of destination and conditioned to the state ensuring its functioning in accordance with the intentions of company management.

25 Main provisions of the accounting policy (continued)

Subsequent evaluation

Fixed assets are accounted for by production cost excluding accumulated depreciation and recognized impairment losses.

Subsequent costs

Costs of insignificant repair are related to expenses as they arise. Costs for regular replacement of large components of fixed assets are included in the book value of the respective object at the moment of occurrence if the recognition criteria are observed. At that the residual value of the parts being replaced are subject to cease of recognition.

During each large-scale technical inspection, costs related to it are included in the book value of fixed assets as replacement of previous technical inspection if the recognition criteria are observed. Any costs for previous technical inspection remaining in the book value are subject to cease of recognition.

Other further expenses are capitalized only when they result in growth of future economic benefits from using the mentioned items.

All other expenses are recognized as costs in consolidated P&L statement in the reporting period when they are produced.

The line "Fixed assets" of the consolidated statements on financial standing also include capital construction facilities and machines and equipment to be installed.

In case a fixed asset item includes main parts with different usage periods the accounting is done for each separate part of the respective fixed asset item.

Costs by credits and loans

Capitalization of costs for loans is performed from the starting date of capitalization and stopped when almost all the activities are complete which are required to prepare the asset for use or sale.

Capitalization starts when the following conditions are met: (a) The Group bears the expenses related to the asset meeting some requirements; (b) it bears the expenses on loans; and (c) it takes actions required to prepare the asset to be used as intended or to be sold.

When the funds loaned for general purposes are used to purchase an asset the capitalized amount of costs on loans is determined by multiplying the capitalization rate by the costs amount for this asset.

Interest on loans which are to be capitalized in accordance with IFRS 23 is classified in the consolidated report on cash flow similar to classification of a basic asset to which this interest was capitalized.

All other costs on loans are to the expenses in the reporting period when they were accrued and are included in the consolidated report on profit and loss in line "Financial expenses"

25 Main provisions of the accounting policy (continued)

Rights to resource development

Assets related to exploration and evaluation of spare minerals are included based on initial cost and classified subsequently within tangible and intangible assets depending on their nature. Rights to minerals mine development acquired during business combination are evaluated based on fair value as of acquisition date. Other rights and licenses for minerals mine development are included based on actual cost. Rights to minerals mine development are depreciated on a straight-line basis during the license validity period considering roughly equal extraction volumes within the license validity period.

Depreciation

Depreciation is accrued during a probable remaining period of useful life of the items of fixed assets on a straight-line basis from the initial cost to their residual cost (linear method). Fixed assets received under financial leasing contracts and subsequent capitalized expenses are depreciated on a straight-line basis within the expected remaining period of fixed asset item useful life. Depreciation is accrued starting from its availability to be used, i.e. when its location and state make it possible to use it in accordance with the intentions of the Group management.

Depreciation is accrued on assets subject to retirement and on land lots. In some cases the land lot itself can have limited useful life and then it is depreciated using the method which reflects usage of its capitalization.

Information on useful life periods of different asset categories is presented below:

Buildings and structures	1 – 105 years
Machinery and equipment	1 – 87 years
Vehicles	1 – 39 years

Depreciated cost of an asset is an estimated amount which the Group would receive at the moment from retirement of the asset after deduction of probable costs for retirement if the asset had reached the end of the useful life and state typical for the end of useful life. Depreciated cost of assets and their useful life are reviewed and, if required, are corrected at the end of each reporting period.

If the cost of a land lot includes costs of dismantling, liquidation of the fixed assets items and expenses for reclamation then this part of cost of a land asset is depreciated during the period of use of benefits from such costs.

Impairment of fixed assets is reviewed in Section (j) “Impairment of long-term assets”.

(g) Lease

Classification of lease is based on distribution of risks and benefits as per the respective lease contract related to ownership of the asset being a lease subject, between the Lessor and the Lessee. Lease contracts are divided into financial and operational leasing.

Lease is classified as financial if it implies transition of almost all risks and benefits, related to ownership of the asset, to the Group. As of the date of lease beginning the leased asset is acknowledged in the consolidated statements on financial standing by the minimum of its fair value and discounted value of minimum lease payments. Respective leasing obligations are included into credits and loans. Costs of interest payment within lease payments are included in profit and loss during the lease period based on the effective interest method.

25 Main provisions of the accounting policy (continued)

The accounting policy for depreciation of leased assets complies with the accounting policy applied to depreciated assets being owned.

Lease is classified as operational if it does not imply transition of almost all risks and benefits, related to ownership of the asset. Lease payments under an operational lease contract are recognized as expenses proportionally during the lease period.

(h) Goodwill and intangible assets

Goodwill is defined as the difference between:

- total fair value of reimbursement defined as of the acquisition date and share of non-controlling shareholders, and while acquiring a company step-by-step - fair value of share of non-controlling shareholders as of acquisition date which was earlier owned by the buyer in the company being acquired; and
- share of net fair value of acquired identified assets and accepted liabilities.

Excess share of net fair value of identified assets acquired by the Group and accepted liabilities over delivered reimbursement and fair value of the share of non-controlling shareholders as of acquisition date which was earlier owned by the buyer in the acquired company - is income from favourable acquisition. Income is included in the consolidated statements on profit and loss as of acquisition date.

Goodwill of associated and other companies accounted for based on equity method is included in book value of investments into these companies.

If ownership interest in the company already acquired (within not controlled interest) is increased then goodwill is not acknowledged. Difference between the acquired share of net assets and delivered reimbursement is included in the capital.

Goodwill is included per initial value and then is evaluated net of accumulated impairment losses.

Goodwill impairment

Goodwill is not depreciated but analysed for impairment at least once a year and also every time there are signs of its possible impairment. To be evaluated for impairment goodwill is distributed between all the accounting units generating cash flows (hereinafter - "accounting units") which will admittedly get profit due to synergy in the result of merger. Evaluation for impairment of accounting units among which goodwill was distributed is done annually or more often if there are signs of impairment of such a unit.

If refundable cost of accounting units is lower than its book value, loss from impairment is at first used for decrease of goodwill book value of this unit and then for other assets of this unit pro rata book value of each asset of the unit. Loss from impairment of goodwill is not subject to recovery in future periods.

Goodwill retirement

If goodwill constitutes a part of a division generating cash flow and the part of this division is retired, goodwill related to the activities being retired is included in the book value of these activities while defining profit or loss from its retirement. In these circumstances the retired goodwill is evaluated based on relation of retired activities value and value of the remaining part of the division generating cash flow.

25 Main provisions of the accounting policy (continued)

Intangible assets

An intangible asset is initially evaluated by prime cost.

The cost of a separately acquired intangible asset comprises:

- purchase price of an intangible asset including non-refundable taxes on purchase excluding purchase discounts and assignments;
- any costs directly attributable to preparing the asset for its intended use.

If an intangible asset is acquired as part of a business combination, the cost of this intangible asset equals its fair value as of the acquisition date.

If the delay in payment of an intangible asset is outside normal credit terms, the cost of such an asset is equal to the equivalent of the price subject to immediate payment in cash. The difference between this amount and the total amount of payments is recognized as interest expenses over the entire credit period, except when it is capitalized in accordance with IFRS (IAS) 23, "Costs on loans".

If the intangible asset is an integral part of the fixed asset to which it relates, it is included into this fixed asset.

After initial recognition the intangible asset is accounted for at production cost net of any accumulated depreciation and any accumulated impairment losses. If impaired the book value of intangible assets is written off to the highest of value in use and fair value less expenses for sale.

Depreciation

An intangible asset with an indefinite useful life is not subject to depreciation. Depreciation of intangible assets with a certain period of useful life is accrued on a straight-line basis within the shortest useful life period or validity of legal rights.

(i) Liability for decommissioning

Liabilities of the Group for assets retirement include evaluation of the costs associated with land surface rehabilitation in accordance with applicable legal requirements and licenses.

The costs of assets decommissioning are accounted at the discounted value of expected costs to settle the liability calculated with the use of estimated cash flows and are recognized as part of the initial value of this asset. The capitalized costs are depreciated over the asset's useful life.

Cash flows are discounted at the current pre-tax rate that reflects the risks specific to the liabilities for assets decommissioning. Discounting effect is included in the consolidated statements on profit and loss as financial expenses.

The intended future costs of decommissioning are reviewed annually and adjusted as appropriate.

25 Main provisions of the accounting policy (continued)

(j) Impairment of long-term assets

As of each reporting date the Group determines whether there are objective signs of possible impairment of an individual asset or group of assets.

Intangible assets with indefinite useful lives are checked for impairment annually and also if circumstances indicate that their book value may have been impaired.

Evaluation of refundable value

Where there is evidence of possible impairment, refundable value of the asset is evaluated. If impaired, the value of the asset is written off to its refundable value, which is the highest of fair values excluding expenses for sale and its value in use.

Fair value less expenses for sale is the amount that can be realized from sale of the asset or paid during transfer of the liability as the result of a transaction as of the date of evaluation between the parties which are independent, knowledgeable and willing to make a deal, net of any direct costs associated with sale or transmission.

Value in use is the present value of estimated future cash flows from expected continuous use of the asset and its retirement at the end of its useful life.

While evaluating value in use, forecast future cash inflows are discounted to their present value using a pre-tax rate that reflects current market assessments of the time value of money and risks specific to the asset.

To determine the amount of impairment assets are grouped together into the smallest identifiable groups of assets that generate cash inflows that are mainly independent of the cash inflows from other assets or groups of assets (units generating cash flows), which in most cases are defined as the individual subsidiaries of the Group. Estimated cash flows are adjusted with respect to the risk of impact of specific conditions at the locations and are discounted at the rate which is based on the weighted average cost of capital. For an asset that does not generate cash flows independently of cash flows generated by other assets, the refundable amount is determined based on the cash flow-generating division to which these assets belong.

Impairment loss

The book value of the asset is written off to its estimated refundable value and the amount of loss is included into the consolidated statements on profit or loss for the period. An impairment loss is reversed if there are signs that impairment losses on assets (excluding goodwill) recognized in the previous periods do not longer exist or have been decreased, and if the subsequent increase in refundable value can be objectively related to an event occurred after inclusion of loss impairment. An impairment loss is reversed only to the extent in which the book value of the asset does not exceed its book value which would have been determined (net of depreciation) if there was no inclusion of loss in the result of impairment of the asset. Recovery of loss from impairment for the related asset is recognized immediately in the consolidated statements on profit or loss.

25 Main provisions of the accounting policy (continued)

(k) Pensions and other remuneration to employees

The Group accrues liabilities in relation to long-term payments to employees upon completion of labour activity liabilities including single payments upon retirement. During 9 months ended on September 30, 2013 the Group executed the pension plans with established payments covering majority of its employees in Europe (Note 20).

The Parent Company and a number of other Group companies also maintain plans with established contributions under which they effect monthly allocations to the Non-State Pension Fund (hereinafter – “Fund”) calculated as certain interest from employees’ salary. Pension allocations are being accumulated in the Fund within employees’ working periods and then they are distributed by the Fund. Respectively, the Group does not have any long-term commitments with regard to financing, guarantees or other forms of support of the Fund.

The Group meets the requirements of the Russian Federation legislation and other countries where the Group carries out its activity, on social insurance and pension coverage. Employer’s contributions to the RF Pension Fund are calculated as interest from gross payroll expenses. These allocations are the plans with fixed contributions.

Payments based on the plans with fixed contributions are related to expenses as incurred.

(l) Provisions for liabilities and payments

Provisions for liabilities and payments are accrued if the Group:

- has existing liabilities (legal or arising out of practice) occurred as the result of past events;
- it is probable that settlement of the liability will require retirement of resources having economic benefits;
- it’s possible to make accounting estimation of the liability amount.

The amount recognized as a provision represents the best accounting estimation of the expenses required by the end of the reporting period to settle the present liability. In cases when effect of the time factor on the value of money is significant, the amount of the provision is equal to the given value of expected costs to settle the liability using a discount rate before tax. The increase in the book value of the provision is recognized in the consolidated statements on profit or loss as financial expenses.

The nature and cost estimation of contingent liabilities and assets (including legal proceedings, environmental protection expenses, etc.) are disclosed in the notes to the consolidated financial statements if the probability of outflow of economic benefits is not insignificant.

Amounts for accrual and recovery of a provision for decrease of cost of accounts receivable are included in commercial expenses in the consolidated statements of profit or loss. If it is not probable to obtain cash for impaired receivables, which was previously had the provision for decrease in cost of receivables, the amount of debt written off by this provision.

(m) Put and Call Options for assets

Put and call options for assets are included into the consolidated financial statements by fair value. In the case of positive fair value of the option for the call option, it is classified as an asset, in the case of negative fair value of the option for the put option - as a liability. Change in fair value of the options is included in the consolidated statements of profit or loss.

25 Main provisions of the accounting policy (continued)

(n) Profit tax

Profit tax expense comprises current and deferred tax. Current and deferred tax is recognized in profit or loss for the period, except for the part which arises during business combination or out of a transaction or event that are recognized directly in capital.

Current tax

Current tax liabilities are estimated as the amount which is expected to be paid to the tax authorities (refunded by the tax authorities), using tax rates and tax legislation that are in force or substantively in force by the end of the reporting period.

Deferred tax

Deferred tax assets and liabilities are recognized in relation to the differences between the book value of an asset or liability in the consolidated statements on financial standing and their tax bases.

Deferred tax is not recognized if the temporary differences:

- occur during initial recognition of goodwill;
- arise during initial recognition (except for the cases of business combination) of assets and liabilities which do not influence the amount of taxable or accounting profit;
- associated with investments in subsidiaries if the Group is able to control implementation period of temporary differences and it is highly probable that these temporary differences will not be implemented in the foreseeable future.

Deferred tax assets and liabilities are evaluated using tax rates which are expected to be applied to the period of the asset sale or liability settlement, and are determined based on tax rates (and tax laws) that are in force or substantively in force as of the end of the reporting period.

Evaluation of deferred tax liabilities and assets reflects the tax consequences that would follow, depending on the method by which it is assumed to reimburse or repay the book value of these assets and liabilities by the end of the reporting period.

Deferred tax assets are recognized for unused tax losses and unused tax credits carried forward to the extent that it is probable that future taxable profits will be available against which it is possible to sale the unused tax losses and unused tax credits.

The book value of a deferred tax asset is subject to review at the end of each reporting period and reduced to the extent that it is no longer probable to get sufficient taxable profit which allows to turn usage of a part or all of this deferred tax asset to advantage.

Deferred tax assets and liabilities are accounted for when there is a legally enforceable right to account for current tax assets against current tax liabilities; deferred tax assets and liabilities relate to profit taxes levied by the same taxation authority or from one and the same taxpayer; and the Group intends to settle on a net basis or to sell the asset and settle the liability simultaneously.

25 Main provisions of the accounting policy (continued)

Undetermined tax items

Undetermined tax items of the Group are assessed by the management at the end of each reporting period. Liabilities recognized in relation to the items of profit tax are taken into account when the management believes that the probability of additional tax liabilities, if the tax position of the Group is contested by the tax authorities, is higher than probability of their absence. This assessment is based on interpretation of the tax legislation which is in force or substantively in force by the end of the reporting period and also on any known court rulings or other decisions on such issues. Liabilities for penalties, fines and taxes except for profit tax are included based on the best evaluation of expenses by the management required to settle the liabilities by the end of the reporting period.

(o) Dividends payable

Dividends are included as liabilities and deducted from the capital amount in the period in which they are declared and approved. Dividends declared after the balance sheet date and before the consolidated financial statements were approved for issue are disclosed in the note on events after the balance sheet date.

(p) Income recognition

Revenue from product sale and service rendering

Revenue represents the fair value of remuneration received or to be received for selling products and services in the normal course of the Group's business. The Group recognizes revenue when its amount can be determined accurately enough, and it is probable to get economic benefits in future, and all types of the Group's revenues meet the specific criteria which are specified in IFRS (IAS) 18 "Revenue".

Revenue is included net of respective discounts, provisions, value added tax and export duties, refund amounts and after exclusion of turnover from sales within the Group.

Revenue from sale of goods is recognized when the risks and benefits associated with the title for the products, usually when the goods are shipped. If the Group undertakes the obligation to deliver the goods to a specified location, revenue is recognized when the goods are passed to the buyer in the place of destination. Revenue from rendering of services is recognized in the period when the services were rendered based on the extend of completion of the specific transaction assessed pro rata the share of actual service provided within the total service scope to be provided under the contract.

Interest receivable

Interest receivable is recognized depending on the financing period using the effective interest method.

Dividend income

Dividend income from investments is recognized when the Group obtains the right to get the payment.

(q) Information by segments

The Group provides information about each operating segment separately which meets the criteria described in clause 11 of IFRS (IFRS) 8 "Operating Segments".

25 Main provisions of the accounting policy (continued)

The Group's activity is arranged in five segments separately disclosed in the statements:

- Russia Flats including production and sale of coke and steel product, mostly pig iron, slabs, HR and CR flats, galvanized and pre-painted CR flats and electrical steels;
- Foreign rolling assets including production and sale of steel product in the USA and Europe;
- Russia Long including several companies producing steel product combined in a single production system from collection and processing of ferrous scrap to steel tapping and production of billets, reinforcement bars and metalware;
- Extraction and processing of raw materials including extraction, processing and sale of iron ore, fluxing limestone and furnace dolomite and supplying raw materials to the steel segment companies and third parties;
- Investments in associated NBH including production of HR and CR flats, galvanized and pre-painted CR flats, production of a wide range of plates as well as a number of service centers located in the European Union.

Information about other activities and operating segments that are not reportable segments is combined and disclosed in the category "all other segments".

Accounting policy of each of the segments is analogous to principles described in main provisions of the accounting policy.

(r) Financial instruments

Financial assets

The Group's financial assets include cash and short-term deposits, trade and other receivables, loans and other amounts to be received, quoted and unquoted financial instruments and derivative financial instruments.

Financial assets are classified into the following categories:

- loans and accounts receivable;
- investments retained until repayment.

Loans and accounts receivable

Loans and receivables are non-derivative financial assets with fixed or defined payments that are not quoted in an active market. After initial recognition such financial assets are evaluated by depreciated cost defined using the effective interest method, less impairment losses.

Held-to-maturity investments

Non-derivative financial assets with fixed or defined payments and fixed maturity are classified as held-to-maturity investments when the Group is set to and able to hold them to maturity. After initial evaluation of the investment held to maturity are evaluated by depreciated cost defined using the effective interest method, less impairment losses.

25 Main provisions of the accounting policy (continued)

Assessment method

Financial instruments are included by fair value or depreciated value based on their classification. Below is description of these methods of assessment and the basic definitions.

Fair value - a price that may be received for an asset sale or paid when transferring the liability during conducting operations on a voluntary basis between market participants as of the assessment date. The best evidence of fair value is a quoted price in the active market.

The fair value of financial instruments traded in active markets as of each reporting date is determined based on market quotations or dealer quotations (quotations for purchasing for long positions and quotations for sale for short positions), without any deduction of transaction costs.

Assessment methods such as discounted cash flow model and model based on similar transactions data made on market conditions or consideration of financial data of investees is used to determine the fair value of financial instruments for which the available market pricing information is not available.

Transaction costs are additional costs that are directly related to acquisition, issue or retirement of a financial instrument. Additional costs are the costs that would not have been incurred if the transaction had not taken place.

Depreciated cost is the cost at which the financial instrument was assessed at initial recognition, reduced by repayments of principal debt amount as well as the reduced or increased by the amount of accumulated depreciation of difference between the initial cost and the maturity value (calculated using the effective interest method). The depreciated cost of financial assets is calculated net of the amount of the impairment losses.

The effective interest method is a method of allocating interest income or interest expenses over the relevant period in order to ensure constant interest rate in each period (effective interest rate) on the book value of the instrument. The effective interest rate is the rate applicable upon exact discounting of estimated future cash payments or receipts (excluding future credit losses) through the expected life of the financial instrument or, where appropriate, a shorter period to the net book value of a financial instrument.

Initial recognition of financial assets

Financial investments available for sale and financial assets reassessed at fair value through profit or loss are initially recognized at fair value. All other financial assets are initially recognized at fair value plus transaction costs.

All transactions for purchase or sale of financial assets that require delivery of assets on time established by the legislation or the rules of a certain market (trading on the "standard conditions") are recognized as of the transaction date, i.e. the date when the Group undertakes the obligation to buy or sell the asset.

Completion of recognition of financial assets

The Group ceases to recognize financial assets (a) when these assets are paid or the rights to cash flows related to these assets, is expired, or (b) the Group has transferred the rights to the cash flows from the financial assets or concluded a transfer agreement, and at that it (i) also transferred almost all the risks and remunerations related to ownership of the assets, or (ii) neither transferred nor retained almost all the risks and remunerations related to ownership but lost the right to control in relation to these assets.

25 Main provisions of the accounting policy (continued)

Control over the asset is retained if the contractor does not have a practical possibility to sell to an unrelated third party the whole asset under consideration without the need to impose additional restrictions on such a sale. If the Group neither transfers and at the same time nor retains the main risks and benefits of the asset ownership and continues to control the transferred asset, the Group includes its share in the asset and an associated liability in the amount of its probable refund.

Impairment of financial assets

As of each reporting date the Group assesses whether there are objective signs of impairment of a financial asset or group of financial assets. A financial asset or group of financial assets is considered impaired when there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of an asset that had the impact, which can be reliably assessed, on the estimated future cash flows of the financial asset or group of financial assets. Evidence of impairment may include indications that the debtor or group of debtors are experiencing significant financial difficulties, cannot handle its debt or carelessly pay interest or the main debt amount, as well as the possibility that their bankruptcy procedure will be carried out or other financial reorganization. In addition, such evidence includes observable data indicating the presence of an appraisable decrease in the estimated future cash flows of a financial instrument, particularly a negative change in the payment status of the contractor due to changes in the national or local economic conditions that impact the contractor, or a significant decrease in the value of provision, if any, as a result of deteriorating market conditions.

Impairment of financial assets included by depreciated cost

Book value of the asset is decreased by the amount of the provision for impairment of financial assets. Impairment losses on financial assets carried at depreciated cost are recognized in profit or loss as incurred.

Interest income accrual by the reduced book value continues based on the interest rate used to discount future cash flows for the purpose of evaluating the impairment loss.

If the terms of an impaired financial asset, included at depreciated cost, are reviewed as a result of negotiations or changed in any other way in relation with the financial difficulties of the contractor, impairment is evaluated using the initial effective interest rate before review of the terms. After that the financial asset recognition, the terms of which have been reviewed, is ceased and a new asset is recognized at fair value, but only if the risks and benefits related to the asset have been significantly changed. This is usually confirmed by a significant difference between the present value of the initial and the new expected cash flows.

Impairment of financial investments available for sale

In regard to the financial investments available for sale, as of each reporting date the Group evaluates presence of objective evidence that an investment or group of investments has been impaired.

25 Main provisions of the accounting policy (continued)

Impairment losses on investments available for sale are included in profit or loss for the year when they incurred as a result of one or more events ("events leading to the loss") that occurred after the initial recognition of these assets. A significant or prolonged decline in the fair value of investments into an equity instrument below their cost is evidence of impairment. The cumulative impairment loss - calculated as the difference between the acquisition cost and the current fair value less any impairment loss on that asset previously recognized in profit or loss - is moved from other total income to financial expenses in profit or loss for the year.

Impairment losses on investments into equity instruments are not recovered, any subsequent profit is recognized in other total income. If in the subsequent period the fair value of a debt instrument classified as available for sale increases and the increase can be related objectively to the event occurred after recognition of the impairment loss in profit or loss, then impairment loss is recovered through profit or loss of the current period.

Financial liabilities

The Group's financial liabilities include trade and other payables, bank overdrafts, credits and loans, financial guarantee contracts, and derivative financial instruments.

Financial liabilities are classified respectively as:

- financial liabilities reevaluated at fair value through profit or loss,
- credits and loans.

Financial liabilities reevaluated at fair value through profit or loss

The category "financial liabilities reevaluated at fair value through profit or loss" includes financial liabilities held for trading and financial liabilities designated upon initial recognition as reevaluated at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near future. Income or expenses on liabilities held for trading are recognized in the consolidated statements of profit or loss.

Credits and loans

After initial recognition, interest credits and loans are evaluated at depreciated cost using the effective interest method.

Income and expenses arising from such financial liabilities are recognized in the consolidated statements of profit or loss upon termination of their recognition, as well as through the depreciation process using the effective interest rate method.

Initial recognition of financial liabilities

All financial liabilities are initially recognized at fair value less transaction costs (except for financial liabilities evaluated at fair value through the consolidated statements of profit or loss).

25 Main provisions of the accounting policy (continued)

Completion of recognition

Recognition of a financial liability in the consolidated statements of financial standing is terminated, if the liability is discharged or cancelled or expired.

If an existing financial liability is replaced by another liability to the same lender on substantially different terms or if the terms of the existing liability are substantially modified, such a replacement or modifications is treated as derecognition of the original liability and recognition of a new liability, and the difference in the book value is recognized in the consolidated statements of profit or loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are irrevocable agreements that require payment in reimbursement for losses incurred by the owner of the contract due to the inability of the debtor to carry out certain timely payment in accordance with the terms of a debt instrument. Financial guarantee contracts are recognized initially at fair value. Subsequently, the liability is assessed at the highest of the following values: the best, taking into account the probability, estimate of the costs required to settle the existing liability as of the reporting date and the liability amount recognized less cumulative depreciation.

Derivative financial instruments

Derivative financial instruments, including foreign exchange contracts, interest rate futures, forward rate agreements, currency and interest rate swaps as well as currency and interest rate options are recognized at fair value.

Derivative instruments are accounted for as assets when the fair value of these instruments is positive and as liabilities when the fair value is negative.

Changes in the fair value of derivative instruments are included in profit or loss for the year. The Group does not apply hedge accounting.

Mutual settlement of financial instruments

Financial assets and financial liabilities are mutually settled and the net amount to be reported in the consolidated statement of financial standing if and only if there is a currently enforceable legal right to mutually settle the recognized amounts and there is an intention to settle on a net basis or to sell the assets and at the same time to repay liabilities.

(s) Related parties

The parties are considered to be related if they are under common control or when one of the parties has a possibility to control another party or can considerably influence on the decisions made by it for financial and economic activity or carry out joint control over it. When considering the relations with each of the possibly related parties not only legal form but also the economic content of such relations is taken into account.

26 Important rated estimates and professional judgements on application of accounting policy

While preparing the consolidated financial statements the management uses various estimates and assumptions that may affect the assessment value of assets and liabilities as well as information in the notes to these consolidated financial statements. The management also makes certain judgements when applying the Group's accounting policy. These estimates and judgements are continually analysed based on historical data and other information including forecasts and expectations in relation to future events that are believed to be reasonable in view of the evolving circumstances.

Actual results can differ from these estimates and the management may revise its estimates in the future, both in the positive and in the negative direction with regard to the facts relating to each estimate.

26 Important rated estimates and professional judgements on application of accounting policy (continued)

Below are the assumptions that can have the most significant effect on the consolidated financial statements figures and also estimates that can cause significant changes in the book value of assets and liabilities within the next financial year.

(a) Consolidation of subsidiaries

Management estimates are used in determining the presence of control and reflection order of investments in subsidiaries in the consolidated financial statements of the Group.

(b) Tax legislation and potential tax income and expenses

Potential tax income and expenses of the Group are estimated by management as of every reporting date. Liabilities for income tax assessed by management in accordance with the applicable law. Liabilities for penalties, fines and taxes other than income tax as of the reporting date are recognized in accordance with the most possible estimate of future expenses on these taxes by management.

(c) Evaluation of fixed assets useful life

Evaluation of the useful life of fixed assets items is a matter of management judgement based upon experience with similar assets. In determining the useful life of assets, management considers factors such as production volume, stock, rate of technical obsolescence, physical wear and tear and operating conditions. Changes in these assumptions may affect the useful lives in future (Note 8).

(d) Evaluation of fair value of acquisitions

When considering business merge, the acquisition price paid for the acquisition of companies is allocated between the assets and liabilities based on the estimated fair value of assets acquired and liabilities assumed as of the acquisition date. The excess acquisition price over the fair value of acquired tangible and identifiable intangible assets, less liabilities, is recorded as goodwill. Professional judgement is used in evaluating the individual fair value of fixed assets and identifiable intangible assets.

Estimates used to determine fair value are based on assumptions that are believed to be reasonable, but are uncertain in nature. Accordingly, actual results may differ from the forecast results used to determine the fair value.

(e) Analysis of impairment of fixed assets and goodwill

Forecasting cash flows during testing for possible impairment requires the use of a number of significant estimates and assumptions in respect of indicators such as production and mining volumes, prices for finished products, operating costs, capital expenditures, as well as such macroeconomic indicators as inflation and rate discount. In addition, the assumptions are used in determining the cash-generating units which are checked for impairment (Note8, 9).

Accounting for provisions for impairment

Indication in the impairment accounting includes provisions for reduction of cost of work-in-progress items, financial assets and other long-term assets (at least annually).

26 Important rated estimates and professional judgements on application of accounting policy (continued)

(f) Provision for impairment of receivables

Provision for impairment of receivables is established based on management's assessment of solvency of specific customers and the recoverable amount being the present value of expected cash flows. If there is deterioration in solvency of customers or actual losses from non-fulfilment of liabilities by the debtors are higher or lower than the Management's estimates, actual results could differ from those estimates.

(g) Control and consolidation or account of the Group's companies under the equity method in the consolidated financial statements

The Management uses judgement in assessing the presence or absence of control over certain companies. These judgements affect the way these companies are consolidated or accounted for under the equity method in the consolidated financial statements.

As of December 31, 2015 and 2014 the Group owned 51.0% and 79.5% of the NBH shares, respectively, however, the Management has concluded that in regard to providing the party, which owns the remaining shares in the company, with certain rights of participation in the management the Group does not control this company and therefore the Group's investments into NBH should be recorded under the equity method from September 30, 2013 (Note 20).

After the partial retirement of the investment into the NBH Group as of September 30, 2013, which was part of the ongoing restructuring of the European assets of the Group aimed at further improving the operational efficiency, the Group has maintained its presence in the European region and in the business for production of rolled products.

In this regard, the Management believes that the partial retirement of the investment does not meet the definition of terminated operations in accordance with IFRS 5.

27 Changes in the International Financial Accounting Standards

The following new standards and interpretations, which are mandatory for annual periods beginning January 1, 2016 or after that date and which the Group has not early adopted:

- IFRS (IFRS) 9 "Financial Instruments: Classification and Assessment» (with amendments introduced in July 2014, becomes effective for annual periods beginning January 1, 2018 or after this date). The main differences of the new standard are as follows:

- Financial assets should be classified into three assessment categories:

- subsequently assessed at depreciated cost, subsequently assessed at fair value which changes are recognized in other total income, and assessed at fair value and changes therein are recognized in the statements of profit or loss.

- Classification of debt instruments depends on the business model of the company for managing its financial assets and on whether the cash flows provided by the contract are only payments of principal and interest amount. If a debt instrument is designed to make money, it can be accounted for at depreciated cost if it also provides only payments of principal and interest.

Debt instruments, which provide only payments of principal and interest and are held in the portfolio are classified as subsequently assessed at fair value in other total income if the company keeps them for the cash flows of the assets and sells assets. Financial assets that do not contain cash flows and are only payments of principal and interest, should be to be assessed at fair value and changes therein are recognized in profit or loss (for example, derivative financial instruments). Embedded derivative instruments are no longer separated from financial assets but will be taken into account when assessing the conditions providing only payments of principal and interest.

27 Changes in the International Financial Accounting Standards (continued)

- Investments in equity instruments should always be assessed at fair value. With this the Management can make a decision which cannot to be changed, on reflection of changes in fair value in other total income, if the instrument is not intended for trading purposes. If an equity instrument is intended for trading then changes in fair value are recognized in profit or loss.
 - Most of IFRS (IAS) 39 requirements in regard to classification and assessment of financial liabilities were transferred to IFRS 9 unchanged. The main difference is the requirement for the company to disclose the effect of changes in own credit risk for financial liabilities categorized as included at fair value in profit or loss, in other total income.
 - IFRS 9 introduces a new model for recognition of impairment losses: model of expected credit losses. There is a "three-step" approach, based on the change in the credit quality of financial assets from their initial recognition. In practice the new rules mean that the companies upon initial recognition of financial assets will have to immediately recognize the losses in the amount of expected credit losses over 12 months not being credit losses due to impairment (or in the amount of expected credit losses for the entire financial instrument period for trade receivables) . If the credit risk has had a significant increase, the impairment is assessed on the basis of the expected credit losses for the financial instrument period, and not on the basis of expected credit losses over 12 months. The model provides operational simplicity of trade receivables and receivables under finance leases.
 - Hedge accounting requirements have been adjusted for higher compliance of accounting with risk management. The standard gives the companies the choice between the accounting policy with application of hedge accounting requirements in IFRS 9, and the continuation of application of IFRS (IAS) 39 to all hedging instruments, as currently the standard does not provide for the accounting for macro hedge cases.
- "The sale or payment of the assets into an associated or joint venture by the investor" - Amendments to IFRS 10 and IAS 28 (issued September 11, 2014 and come into force from an uncertain date). These amendments eliminate the mismatch between the requirements of IFRS and IAS 28 regarding the sale or contribution of assets into associated or joint venture by the investor. The main consequence of application of the amendments is that profit or loss is recognized in full if the transaction relates to business. If the assets do not constitute a business, only part of the profit or loss is recognized, even if the assets are owned by subsidiaries.
 - "Clarifying the acceptable methods of depreciation of fixed assets and intangible assets" - Amendments to IAS 16 and IFRS IAS 38 (issued on May 12, 2014 and become effective for annual periods beginning January 1, 2016 or after the date). In this amendment the IASC clarifies that the use of methods based on revenue to calculate the depreciation of an asset cannot be applied since the revenue from activities involving the use of an asset, usually takes into account the factors other than the consumption of the economic benefits associated with the asset.
 - IFRS 15 "Revenue from contracts with customers" (issued on May 28, 2014 and become effective for the periods beginning on January 1, 2018 or after this date). The new standard introduces the key principle according to which the revenue is recognized when the goods or services are transferred to the Buyer based on the transaction value. Any individual lots of products or services should be recognized separately, and all discounts and retrospective discounts to the contract prices are generally divided into separate elements. If the amount of compensation varies for any reason, we must recognize the minimum amount, if they are not exposed to a significant risk of reversal.

The costs associated with the provision of contracts with customers, should be capitalized and depreciated for the period during which the benefits of the contract are consumed.

27 Changes in the International Financial Accounting Standards (continued)

- IFRS 16 "Leasing" (issued in January 2016 and becomes effective for annual periods beginning January 1, 2018 or after this date). The new standard defines the principles of recognition, assessment, presentation and disclosure of information in the financial statements in respect of the leasing operations.

All lease contracts result in a lessee's right to use the asset from the start of the lease contract, as well as in obtaining financing, if the lease payments are made in a period of time. In accordance with this, IFRS 16 cancels the lease classification as operating or finance, as it is envisaged by IFRS (IAS) 17, and instead introduces a unified accounting model of lease transactions for lessees.

Lessees will need to recognize: (a) the assets and liabilities in respect of all lease contracts with a maturity of over 12 months, except the cases when the value of the lease object is insignificant; and (b) depreciation of lease objects separately from interest on lease liabilities in the profit and loss statements.

With regard to accounting of leases from the lessor IFRS (IFRS) 16, in fact, keeps the accounting requirements stipulated by IFRS (IAS) 17.

Thus, the lessor continues to classify lease contracts as operating or finance lease and, accordingly, to reflect them differently in the financial statements.

- "The recognition of deferred tax assets for retained losses" - Amendments to IFRS (IAS) 12 (issued in January 2016 and become effective for annual periods beginning January 1, 2017 or after this date). The amendment clarifies the requirements for recognition of deferred tax assets for retained losses on debt instruments.

The organization will have to recognize the tax asset of retained losses arising from the discounting of cash flows on debt instruments with the use of market interest rates, even if it intends to hold this instrument till its maturity, and upon receipt of the principal amount the payment of taxes is not expected.

The economic benefits associated with the deferred tax asset arise from the possibility of the holder of a debt instrument to make profit in the future (with regard to discounting effect) without paying taxes on that profit.

- Annual improvements to International Financial Statements Standards, 2014 (issued on September 25, 2014 and are effective for annual periods beginning January 1, 2016 or after this date). The amendments affect four standards.

The purpose of the amendments to IFRS (IFRS) 5 is to clarify that the change in the method of retirement (transfer from "held for sale" category to "held for distribution" category or vice versa) is not the change of the sales plan or the distribution plan and should not be accounted for as a change of this plan. The amendment to IFRS (IFRS) 7 contains additional guidelines to help the management to determine whether the conditions of the servicing agreement of the transferred financial asset mean the continuing involvement for the purposes of information disclosure in accordance with IFRS (IFRS) 7.

Besides, the amendment clarifies that requirements for disclosure of information about mutual settlement set out in IFRS (IFRS) 7, are not available in relation to the interim financial statements, except for the cases when it is required in accordance with IFRS (IAS) 34.

The amendment to IFRS (IAS) 19 explains that, with regard to the obligation to pay remuneration upon termination of employment, the decisions related to the discounting rate, the presence of a developed market ("deep market ") of high-quality corporate bonds, or the decisions about which government bonds to be used as a guide, should be based on the currency in which the liabilities are expressed and not the currency of the country in which those obligations arise.

IFRS (IAS) 34 introduced the requirement that the interim financial statements should include a cross-reference to the location in "other forms of interim financial statements."

27 Changes in the International Financial Accounting Standards (continued)

- "Disclosure of information" - Amendments to IFRS (IAS) 1 (issued in December 2014 and become effective for annual periods beginning January 1, 2016 or after this date). The standard was amended as to specify the concept of materiality and clarify that the company does not need to submit the disclosure required by IFRS if they are not material, even if such disclosures are included in the list of requirements of a certain standard of international financial accounting and are the minimum required disclosures.
The standard also includes the new guidance on the presentation of subtotals in the financial statements, according to which the subtotals (a) should include the items, recognition and evaluation of which are carried out in accordance with IFRS; (b) should be submitted and identified so as to provide an understanding of the components of the subtotals; (c) should be consistent from one period to another; and (d) should be reflected in such a way as not to place greater emphasis on them than on the presentation of subtotals and totals required by IFRS.
- "Initiative in information disclosure" - Amendments to IFRS (IAS) 7 (issued in January 2016 and become effective for annual periods beginning January 1, 2017 or after this date). The amendments to IFRS (IAS) 7 require disclosure of information about changes in the liabilities arising from financing activities.

The Group is currently assessing how these changes will impact on its financial standing and results of the activities.

It is expected that these new provisions will not have a significant impact on the consolidated financial statements of the Group after their adoption:

- IFRS (IFRS) 14 "Accounts of deferred tariff differences" (issued in January 2014 and becomes effective for annual periods beginning January 1, 2016 or after this date).
- The amendments to IFRS (IFRS) 11 - "Accounting for the acquisition of shares of participation in joint operations" (issued on May 6, 2014 and become effective for annual periods beginning January 1, 2016 or after this date).
- The amendments to IFRS (IAS) 16 and IFRS (IAS) 41 - "Agriculture: Horticultural Crops" (issued on June 30, 2014 and become effective for annual periods beginning on 1 January 2016).
- the amendments to IFRS (IAS) 27 - "Equity method in a separate financial statements" (issued on August 12, 2014 and become effective for annual periods beginning on 1 January 2016).
- "Investment Organizations: Application of the exception to the consolidation requirement"- Amendments to IFRS (IFRS) 10, IFRS (IFRS) 12 and IFRS (IAS) 28 (issued in December 2014 and become effective for annual periods beginning January 1, 2016 or after that date).

28 Events after the reporting date

The Group's management assessed the events after the reporting date and didn't find any from January 1, 2016 to March 24, 2016 which is the date, when these consolidated financial statements were issued.

7.4. Information on the Issuer's accounting policy

NLMK's 2016 accounting policy has been set in line with the RF accounting legislation and approved by Order of NLMK No. 1057 dd. 15/12/2015 "On accounting policies of NLMK for the purposes of accounting and taxation", as amended and supplemented by Order No. 135 dd. 19/02/2016 "On amendments and supplements to Order No. 1057 dd. 15/12/2015 "On accounting policies of NLMK for the purposes of accounting and taxation".

Regulations on Accounting Policy approved by NLMK's Order No. 1057 dd. 15/12/2015 "On accounting policies of NLMK for the purposes of accounting and taxation" as amended and supplemented by Order No. 135 dd. 19/02/2016 "On amendments and supplements to Order No. 1057 dd. 15/12/2015 "On accounting policies of NLMK for the purposes of accounting and taxation" has been included into the present clause.

Appendix - 1:
to Order No. 1057 dd. 15/12/2015
(as revised in order №135 dd. 19/02/2016)

REGULATIONS

ON ACCOUNTING POLICY FOR THE PURPOSES OF ACCOUNTING

In substitution of the Regulations on accounting policies for the purposes of accounting approved by Order #62 dd. 28/01/2015.

1. GENERAL REGULATIONS

- 1.1. 1.1. These Regulations set the unified methodological base, arrangement procedure, form and methods of accounting (financial) statements preparation and issuance in NLMK (hereinafter "the Company").
- 1.2. The present Regulations have been developed in line with the following normative documents:
 - Federal Law No. 402-ФЗ dd. 06.12.2011 "Accounting" (revision dd. 04.11.2014);
 - RF Ministry of Finance Order No. 34Н dd. 29.07.1998 (revision dd. 24.12.2010) "Approval of regulations on accounting and financial statements in the Russian Federation";
 - RF Ministry of Finance Order No. 106Н dd. 06.10.2008 (rev. dd. 06/04/2015) "Approval of Provisions on financial statements";
 - RF Ministry of Finance Order No. 116Н dd. 24.10.2008 (rev. dd. 06/04/2015) "Approval of Regulations on accounting "Accounting of civil works contracts" RAS 2/2008;
 - RF Ministry of Finance Order No. 154Н dd. 27.11.2006 (revision dd. 24.12.2010) "Approval of regulations on accounting "Accounting of assets and liabilities the value of which is denominated in foreign currency" RAS 3/2006;
 - RF Ministry of Finance Order No. 43-Н dd. 06.07.1999 (revision dd. 08.11.2010) "Approval of regulations on accounting "Accounting policy of an enterprise" RAS 4/99";
 - RF Ministry of Finance Order No. 44Н dd. 09.06.2001 (revision dd. 25.10.2010) "Approval of regulations on accounting "Inventory accounting" RAS 5/01";
 - RF Ministry of Finance Order No. 26Н dd. 30.03.2001 (revision dd. 24.12.2010) "Approval of regulations on accounting "Accounting of fixed assets" RAS 6/01";
 - RF Ministry of Finance Order No. 56Н dd. 25.11.98 (revision dd. 20.12.2007) "Approval of regulations on accounting "Events after balance date" RAS 7/98";
 - RF Ministry of Finance Order No. 167Н dd. 13.12.2010 (revision dd. 06/04/2015) "Approval of regulations on accounting "Conditional facts of financial and economic activity" RAS 8/2010;
 - RF Ministry of Finance Order No. 32Н dd. 06.05.1999 (revision dd. 06/04/2015) "Approval of regulations on accounting "Income of an enterprise" RAS 9/99;
 - RF Ministry of Finance Order No. 33Н dd. 06.05.1999 (revision dd. 06/04/2015) "Approval of regulations on accounting "Expenses of an enterprise" RAS 10/99;
 - RF Ministry of Finance Order No. 48Н dd. 29.04.2008 (revision dd. 06/04/2015) "Approval of regulations on accounting "Information on affiliated companies" RAS 11/2008";

- RF Ministry of Finance Order No. 143H dd. 08.11.2010 "Approval of regulations on accounting "Information on segments" (RAS 12/2010)";
- RF Ministry of Finance Order No. 92H dd. 16.10.2000 (revision dd. 18.09.2006) "Approval of regulations on accounting "Accounting of national assistance" RAS 13/2000";
- RF Ministry of Finance Order No. 153H dd. 27.12.2007 (revision dd. 24.12.2010) "Approval of regulations on accounting "Accounting of intangible assets" RAS 14/2007";
- RF Ministry of Finance Order No. 107H dd. 06.10.2008(revision dd. 06/04/2015) "Approval of regulations on accounting "Accounting of expenses related to loans and credits" RAS 15/2008;
- RF Ministry of Finance Order No. 66-H dd. 02.07.2002 (revision dd. 08.11.2010) "Approval of regulations on accounting "Information on discontinued activity" RAS 16/02";
- RF Ministry of Finance Order No. 115H dd. 19.11.2002 (revision dd. 18.09.2006) "Approval of regulations on accounting "Accounting of R&D expenses" RAS 17/02";
- RF Ministry of Finance Order No. 114-H dd. 19.11.2002 revision dd. 18.09.2006) "Approval of regulations on accounting "Accounting of settlements on profit tax" RAS 18/02";
- RF Ministry of Finance Order No. 126H dd. 10.12.2002 revision dd. 18.09.2006) "Approval of regulations on accounting "Accounting of financial investments" RAS 19/2002";
- RF Ministry of Finance Order No. 105-H dd. 24.11.2003 (revision dd. 18.09.2006) "Approval of Provisions on accounting "Information on interest joint ventures" RAS 20/03";
- RF Ministry of Finance Order No. 63H dd. 28.06.2010revision dd. 18.09.2006) "Approval of regulations on accounting "Correction of mistakes in accounting and book-keeping"" RAS 22/2010;
- RF Ministry of Finance Order No. 11H dd. 02.02.2011 "Approval of Provisions on accounting "Cash flow statement" RAS 23/2011";
- RF Ministry of Finance Order No. 125H dd. 06.10.2011 "Approval of Provisions on accounting "Accounting of expenses on natural resources development" RAS 24/2011;
- RF Ministry of Finance Order No. 119H dd. 28.12.2001 (revision dd. 24.12.2010) "Approval of instructional guidelines on accounting of inventories";
- RF Ministry of Finance Order No. 91H dd. 13.10.2003 (revision dd. 24.12.2010) "Approval of instructional guidelines on accounting of fixed assets";
- RF Ministry of Finance Order No. 67H dd. 02.07.2010 (revision dd. 18.09.2006) "Forms of financial statements of an enterprise";
- RF Ministry of Finance Order No. 94H dd. 31.10.2000 (revision dd. 08.11.2010) "Approval of Chart of accounts for financial and economic activity and instructions to it";
- RF Ministry of Finance Order No. 49 dd. 13.06.1995 (revision dd. 08.11.2010) "Approval of instructional guidelines on inventory-taking of real estate, property and financial liabilities";
- RF Ministry of Finance Order No. 44H dd. 20.05.2003 (revision dd. 25.10.2010) "Approval of instructional guidelines on preparation of financial statements during reorganization of an enterprise";
- RF Ministry of Finance Letter No. 160 dd. 30.12.1993 "Provision on accounting of long-term investments";
- Methodical instructions on planning, accounting and calculation of production costs at steel-making companies approved by RF Committee on steel industry dd. 08.10.2004;
- Other normative documents.

2. ORGANIZATIONAL & TECHNICAL PROVISIONS

2.1. ORGANIZATION OF ACCOUNTING

- 2.1.1. President (Chairman of the Management Board) of the Company bears responsibility for the organization of accounting and record keeping of accounting documents.
- 2.1.2. The Company's accounting is maintained by specialized institution within the terms of service contract for maintaining of accounting.
- 2.1.3. The Company considering the necessity of cash settlements by the subdivisions, has arranged the following cash desks:
 - 2.1.3.1. Cash desk in Lesnoi Dom hotel;
 - 2.1.3.2. Cash desk in UPP&PP shop;
 - 2.1.3.3. Cash desk at NLMK Representative Office in Moscow;
- 2.1.4. Evaluation of business activity facts, assets and liabilities, financing sources of activities, income and expenses (hereinafter – accounting items) is performed in monetary terms, in the currency of the Russian Federation.
Monetary terms of accounting items is performed in in rubles and kopecks, without rounding.

2.2. ACCOUNTING DOCUMENTS AND RECORDS

- 2.1.2. Each fact of the Company's business activity is recorded by the primary reporting document.

- 2.2.2. The requirements of the specialized institution which maintains accounting of the Company, in conformance with the legislation in force, local regulatory norms, Company Standards and the order of interaction established in the Company, for documentary recording of the business activity facts and submission of the documents and data are binding for all Company's employees.
- 2.2.3. Specialized institution that maintains accounting of the Company is entitled not to accept primary documents for accounting in case of their undue issuance.
- 2.2.4. Primary records are made at the moment of business life fact, and should it be not possible – immediately upon its completion.
- 2.2.5. The Company uses primary records compiled:
 - according to the forms contained in the catalogue of unified forms of primary records approved by the RF State Statistics Committee;
 - according to the forms not contained in the catalogues of unified forms of primary records approved by the RF State Statistics Committee, but developed by the Company itself in accordance with the accounting legislation.
- 2.2.6. Forms of primary reporting documents contained in the catalogues of unified forms of primary records approved by the RF State Statistics Committee, are applied by the Company as amended by the Company's order.
- 2.2.7. List and samples of primary record forms used by the Company, for which there exist no unified forms, approved by the RF State Statistics Committee, are to be approved by a respective order.
- 2.2.8. If electronic documents are used the Company uses the formats approved by the authorized federal executive body and (or) approved by the Company orders.
- 2.2.9. The documents supporting business life facts are to be signed by the authorized officials of the Company.
- 2.2.10. The list of officials entitled to sign primary records of the Company is approved by the respective order.
- 2.2.11. The officials who issued and signed these documents are responsible for timely and proper arrangement of primary records, their submission in due time for accounting and validity of the data contained in them.
- 2.2.12. Primary record issuance, procedure and periods of their submission for accounting are governed by document flow schedule between the Company and the specialized institution that maintains accounting of the Company, envisaged by the agreement.
- 2.2.13. The submission dates for the last primary records for the reporting year to the specialized institution that maintains accounting of the Company are set by an order.
- 2.2.14. In case there are disagreements in maintaining of accounting records between the President (the Chairman of the Management Board) and specialized institution that maintains accounting of the Company:
 - data contained in the primary accounting document are accepted (are not accepted) by a specialized institution maintaining the Company's accounting for registry and saving in registers of accounting by written instruction of the President (chairman of the Management Board) who bears sole responsibility for the information created as a result of it;
 - accounting item is reflected (is not reflected) by a specialized institution that maintains the Company's accounting in accounting (financial) statements on the grounds of written instruction of the President (Chairman of the Management Board) who bears sole responsibility for reliability of the financial status of the economic entity as of the reporting date, financial result of its activity and cash flow during the reporting period.

2.3. FORM OF ACCOUNTING. INFORMATION PROCESSING TECHNOLOGY

- 2.3.1. The Company uses automated form of accounting.
- 2.3.2. The accounting procedure is supported by registers and reports under the forms envisaged by the integrated information system for management of production and business operations of the company based on SAP ERP software.
- 2.3.3. The automated system provides for the preparation of both internal management reporting and accounting (financial) statements in accordance with the statutory requirements.

2.4. CHART OF NLMK'S ACCOUNTS

- 2.4.1. The Company holds its items in accounts included into the chart of Company's accounts (Appendix A), developed based on the Chart of accounts approved by the RF Finance Ministry and aimed at synthetic and analytical accounting.
- 2.4.2. Should there be any new accounting items or the necessity to detalize its analytic accounting, the Company can make amendments to the working card of accounts.

2.5. INVENTORY-TAKING PROCEDURE

- 2.1.5. 2.5.1. Inventory-taking is one of the significant control procedures, quality and completeness of which make a substantial impact on evaluation of accounting data validity.
- 2.5.2. Inventory-taking is aimed to achieve the following targets:
 - determination of actual availability of assets;
 - matching of actually available assets with accounting data;
 - check of accounting data completeness .
- 2.5.3. The procedure and terms of inventory-taking of assets and liabilities are set by the Company itself except the cases when the inventory taking is mandatory.
- 2.5.4. Inventory-taking is mandatory in case of:
 - property letting on lease, buy-out or sale;
 - changing of accountable officials;
 - revelation of theft, misuse or damage of property;
 - natural disasters, fire or other emergencies caused by extreme conditions;
 - reorganization or liquidation of the Company or some of its subdivisions;
 - other cases provided for by the RF legislation.
- 2.5.5. The Company makes inventory-taking of property and liabilities before preparing annual accounting (financial) statements from October 1 to December 31 of the reporting year within the period set by the order. Inventory-taking of fixed assets is done once every three years, of library stock - once every five years.
inventory of precious metals and articles made of them is done annually as of January 1 in all the places of their storage and use; inventory of precious metals contained in component parts, articles, devices, tools, equipment both in operation and placed in storage areas (including those out of service) – annually as of the date of inventory-taking of the property which includes them. Dates of additional inventories of cash, cash items and strict accounting forms in cash offices within a year are set by an order.
- 2.5.6. Discrepancies between actual item availability and accounting data registers revealed upon inventory check are reflected in accounting in the reporting period which the date of the inventory refers to.

2.6. ACCOUNTING (FINANCIAL) STATEMENTS

- 2.6.1. The Company prepares and presents its annual accounting (financial) statements in line with the procedure set forward by the RF legislation, constituent documents and decisions of the Board of Directors.
- 2.6.2. The Company's accounting (financial) statements include the results of activity of subsidiaries, representative offices and other subdivisions.
- 2.6.3. The Company compiles its accounting (financial) statements for a month, quarter (interim statements) and year with progressive total from the beginning of the reporting year. Monthly accounting (financial) statement is an internal accounting and is meant for operational control of the Company's activity.
- 2.6.4. The Company's annual accounting (financial) statements are composed of:
 - balance sheet;
 - Statement on financial performance;
 - statement of changes in equity;
 - cash flow statement;
 - explanatory notes to the balance sheet and financial performance statement.
- 2.6.5. The Company's interim accounting (financial) statements are composed of:
 - balance sheet;
 - Statement on financial performance;
- 2.6.6. The Company uses accounting (financial) statements forms approved by the Order of the RF Finance Ministry No. 66H dd. 02.07.2010 "Forms of Financial Statements of an enterprise".
- 2.6.7. The unit of measurement for accounting indicators is RUB thousand without decimal digits.
- 2.6.8. For the purposes of reflection in accounting (financial) statements of the Company, the amount the relation of which to the total of the respective data for the reporting year is not less than five per cent is considered material.
- 2.6.9. The error is considered to be a significant one, where it is in aggregate with other errors for one and the same reporting year for one and the same parameter (entry) of the accounting (financial) statements makes an amount the ratio of which to the amount for the respective entry of accounting (financial) statements makes not less than five percent.

2.7. INTERNAL CONTROL OF BUSINESS ACTIVITY FACTS

- 2.1.7. For the purpose of efficient functioning of the Company, safety of assets, timely preparation of valid accounting (financial) information and also observance of applied legislation including also

at the moment of a business life fact and organization of accounting, an internal control system is functioning in the Company which contributes to achievement of objectives.

2.7.2. Main components of internal control of the Company are:

- control environment ;
- risk assessment;
- internal control procedures;
- information and communication;
- assessment of internal control.

2.7.3. The general control environment of the Company includes combination of policies, codes, standards, regulations and principles of business which define total understanding of internal control and requirements to it from all the personnel of the Company at different management levels.

2.7.4. In the Company risk assessment represents a process of risk analysis for probability of their occurrence and their consequences.

2.7.5. For risk management there is the Corporate Risk Management System (CRMS) in the Company which is a total of components including a risk management strategy and policy, methodology, organizational structure which are aimed at identification, analysis, assessment and management of risks, control and monitoring of events for risks control at the corporate level.

2.7.6. The Company applies internal control procedures which are actions for minimizing of risks and are preventive (prevention of risks) or subsequent (remedy of risk consequence) actions depending on the time of application.

2.7.7. Regulatory basis of the internal control system of the Company envisages regular assessment of its all elements in order to find their efficiency and effectiveness and also necessity of their amendments.

2.7.8. Internal control is performed by all the employees of the Company at all the management levels in accordance with power and functions.

2.7.9. Responsibility for total state and decision-making on improvement of effectiveness of the Company's internal control system is borne by the Audit Committee with the Company's Board of Directors.

3. METHODOLOGICAL PROVISIONS

3.1. FA ACCOUNTING

3.1.1. Fixed assets for the purposes of accounting include assets meeting the requirements of cl.4 of the Regulations for accounting "Accounting of fixed assets" RAS 6/01.

3.2.1. Assets valued at less than 40,000 rubles per unit (inclusively) and meeting fixed asset criteria are accounted in line with the procedure specified in cl. 3.5.13 of these Regulations.

3.1.3. Replacement equipment, special tools, accessories with service life exceeding 12 months and valued at more than 40,000 rubles are accounted under the procedure provided for fixed assets accounting in line with the Regulations for accounting "Accounting of fixed assets", RAS 6/01.

3.1.4. Fixed assets items are depreciated by straight-line method based on their initial (replacement) cost and norms of depreciation rates, calculated on the basis of their useful life.

3.1.5. Useful life of fixed assets is determined with regard to the Classification approved by Provision №1 of the RF Government dd. 01.01.2002, approved by Committees appointed by orders of managers of the Company's subdivisions.

3.1.6. Accrual of depreciation is suspended if fixed assets items are put to conservation for a 3-month period or longer upon the decision of the Company's authorized person, as well as during the period of items reconstruction lasting for over 12 months.

3.1.7. Income and expenses related to retirement of fixed assets shall be reflected in accounting for the reporting period to which they relate and are accounted as other income and expenses.

3.1.8. Annual reevaluation of fixed assets is not conducted.

3.2. ACCOUNTING OF INTANGIBLE ASSETS

3.2.1. Intangible assets include patents for inventions, certificates for useful models and other items corresponding to cl. 3 of the Regulations on accounting "Accounting of intangible assets" RAS 14/2007.

3.2.2. Amortization of intangible assets is charged by linear method with exclusion of cases when application of another method to charge amortization can be justified by reliable calculation of expected receipt of future economic benefits from using the intangible asset, including financial performance of possible sale of that asset.

3.2.3. Norms of amortization charges for intangible fixed assets put on balance before 1 January 2008 upon which it is impossible to define useful life are established in anticipation of twenty years (but not more than the period of company's activity).

- 3.2.4. Depreciation for intangible fixed assets put on balance since 1 January 2008 upon which it is impossible to define useful life is not charged.
 - 3.2.5. Depreciation charges of intangible assets are reflected in the statements by accumulation of corresponding amounts on account 05* "Amortization of intangible assets" in the reporting period, to which they are related.
 - 3.2.6. When useful life of an intangible asset is checked in order to make it more specific, more accurate definition of the useful life is performed in case of significant change in the period (for 12 months and longer of the previously defined one) within which the Company supposes to use that intangible asset.
 - 3.2.7. When useful life of an intangible asset is checked in order to make it more specific, the applied method of verification can be changed in case of available reliable calculation of expected receipt of future economic benefits from using that intangible asset, justifying another method to calculate amortization.
 - 3.2.8. Regular reevaluation of intangible assets is not conducted.
 - 3.2.9. Intangible assets are not verified for depreciation.
- 03/02/2010. Expenses for purchasing non-exclusive rights for using the result of intellectual activity or the means of individualization (computer software etc.) are charged to relevant accounts on a monthly basis by equal portions and in the amount determined by the Company's agreements or calculations, during the period they refer to.

3.3. ACCOUNTING OF INVESTMENTS INTO NON-CURRENT ASSETS

- 3.1.3. Settlements between the Company (Builder) and contractors are performed on a monthly basis according to an agreement on construction and Certificate on value of works done (Form No. KC-3) prepared on the basis of Report on works acceptance (Form KC-2) after stepwise (intermediate) acceptance by the Builder of works done. Information on value of the works that have been carried out, contained in Form KC-3 is considered as the basis for reflection of expenses related to construction of fixed assets in account 08* "Investments into non-current assets".
- 3.2.3. Acquisition of fixed assets, equipment, intangible assets are accounted using account 15* "Procurement and acquisition of tangible property".
- 3.3.3. In the reporting period equipment accounting is carried out by accounting prices. The accounting price is set when first assigning a nomenclature number. When equipment arrives, its cost is determined based on the price specified in the delivery order which is established on the basis of a contract or other data.
- 3.3.4. Expenses related to equipment acquisition but not attributable to a specific facility, partial actual expenses related to acquisition of equipment incurred within the subsequent periods after the equipment's posting as well as business-trip expenses related to acquisition of the equipment shall be accounted in a separate sub-account of account 15* "Procurement and acquisition of tangible property" and shall be written off to account 16* "Deviation of tangible property cost" at the end of the reporting period.
- 3.3.5. Deviation of equipment acquisition cost in the delivery order from its cost expressed in accounting prices is written off to debit of account 16* «Deviation in the cost of tangible assets» with reference to nomenclature numbers.
- 3.3.6. Deviation of equipment actual cost from its acquisition cost in the delivery order is reflected in the debit of account 16* «Deviation in the cost of tangible assets» with reference to nomenclature numbers.
- 3.3.7. Additional expenses related to acquisition of equipment shall be debited to account 16* "Deviation in the cost of tangible assets".
- 3.3.8. Equipment accounting is carried out by lots. During the reporting period equipment writing off (discharge) is carried out by means of evaluation of the average moving cost determined within the limits of the project stock which includes the quantity and cost of equipment as of the beginning of the month and all proceeds received before the write-off moment.
- 3.3.9. At the end of the reporting period the amounts of deviations in the equipment cost charged to account 16* "Deviation in the cost of tangible assets" are written off:
 - pro rata the quantity of the equipment written off (discharged) in the reporting period to the debit of capex accounts (35*);

¹Hereinafter symbol «*» next to the double digit account number is used for designation of some subaccount or a number of subaccounts of the specified synthetic account in accordance with the working plan of the Company's accounts. In accordance with the methodology of the accounting the synthetic accounting is arranged in the accounts, assigned in accordance with the Chart of accounts for financial and economic activity approved by the order of the Russian Ministry of Finance dd. 31.10.2000 No. 94n. In actual reflection of the Company's accounting items in the balance sheet the particular subaccounts from the working Chart of Accounts are used.

- to account 07* "Equipment to be installed", 08* "Investments into non-current assets" for adjustment of their balance by the amount of deviations referred to the equipment balance as of the end of the reporting period.
- 3.3.10. Capital expenses during the reporting period are reflected in accounts 31 - 39 for the purpose of capex accounting by type of expenses. As of the end of the reporting period the actual capex expenses accumulated in accounts 31 - 39 are written off to account 08* "Investments into non-current assets".
- 3.3.11. R&D expenses, the results of which are to be used in production (works, services), or for the managerial purposes of the company, are accounted during the reporting period in accounts 31* - 39*, and at the end of the reporting period in the amount of actual expenses - to account 08* "Investments into non-current assets". In the reporting period in which R&D results are accepted as positive, the expenses charged to account 08* "Investments into non-current assets" are written off to account 04* "Non-tangible assets".
- 3.3.12. The Company's R&D expenses, the results of which are used either for production or managerial purposes of an organization, are accounted separately in account 04* "Intangible assets" and written off as operational expenses by a linear method within three years starting from the 1st day of the month following the month, when their use was actually started.

3.4. ACCOUNTING OF FINANCIAL INVESTMENTS

- 3.1.4. A unit of financial investment accounting is:
 - a share – in shares accounting;
 - a bond – in bond accounting;
 - a share – in contributions to stockholders' equity;
 - security series and number – in deposit certificate accounting;
 - an agreement – in accounting of loans, deposits, assignment and special partnership contracts.
- 3.2.4. In analytic accounting on state and corporate securities the following information is formed: description of the issuer, security description, number, series, nominal price, purchase price, expenses related to security acquisition, total quantity, date of acquisition, date of sale or other retirement, place of storage.
- 3.4.3. Costs related to security acquisition making up less than 5% of the amount to be paid to the seller under contract are acknowledged as other expenses.
- 3.4.4. Debt securities for which current market value is not determined are accounted before the retirement at original cost.
- 3.4.5. Financial investments, for which the current market value is determined under the established procedure, are reflected as of the quarter end at their current market value.
- 3.4.6. Debt securities and granted loans are not estimated in terms of discounted value.
- 3.4.7. Financial investments (shares, bonds), for which current market value is not determined, are evaluated at the moment of retirement at the average original cost.
- 3.4.8. Securities (except for shares of joint-stock companies and bonds), contributions to the nominal capitals of other organizations, contributions under special partnership agreements, loans provided to other organizations, deposits with credit institutions, receivables acquired on the basis of assignment of right of demand, are valued at the original cost of each retiring unit of financial investment accounting.
- 3.4.9. Financial investments, which are not long-term investments at the time of acquisition, will be accounted as short-term ones.
- 3.4.10. The transfer of long-term financial investments to short-term financial investments is carried out when there is 12 months or less till their maturity.
- 3.4.11. Interest income upon securities (bonds, deposit certificates, notes) is recognized at the time of interest maturity.
- 3.4.12. Interests on loans granted and other similar agreements are accrued as of the month end.

3.5. ACCOUNTING OF MATERIALS

- 3.5.1. The accounting unit of materials is nomenclature number.
- 3.5.2. Evaluation of materials as of the end of the reporting period is done by actual first cost.
- 3.5.3. In the reporting period materials accounting is carried out by accounting prices. The accounting price of materials is set when first assigning a nomenclature number. When materials arrive, their cost is determined based on the price specified in the delivery order which is established on the basis of a contract or other data. Subsequently actual first cost of materials based on the data for the period preceding the previous period is used as accounting price of the acquired materials.
- 3.5.4. Incoming acquired materials are reflected using account 15* "Procurement and acquisition of tangible property" and 16* "Deviation of tangible property cost".

- 3.5.5. The cost of materials acquisition in accordance with the delivery order, including transportation and procurement expenses, is debited to account 15* "Procurement and acquisition of tangible property".
- 3.5.6. Deviation of materials acquisition cost in the delivery order from their cost expressed in accounting prices are written off to debit of account 16* «Deviation in the cost of tangible assets» with reference to nomenclature numbers.
- 3.5.7. Deviation of materials actual cost from their acquisition cost in the delivery order is reflected in the debit of account 16* «Deviation in the cost of tangible assets» with reference to nomenclature numbers.
- 3.5.8. Expenses related to materials acquisition but not assigned a specific nomenclature number, partial actual expenses related to acquisition of materials incurred within the subsequent periods after the materials' posting as well as business-trip expenses related to acquisition of the materials shall be accounted in a separate sub-account of account 15* "Procurement and acquisition of tangible property" and shall be written off to account 16* "Deviation of tangible property cost" at the end of the reporting period with distribution by nomenclature numbers pro rata to the contractual cost of the materials posted in the reporting period.
- 3.5.9. At the end of the reporting period the amounts of deviations charged to account 16* "Deviation of tangible property cost" are written off:
 - pro rata the cost of the materials used in the reporting period to the debit of relevant accounts depending on the purposes for which the materials were used;
 - to account 10* "Materials" for adjustment of balance by the amount of deviations referred to the materials balance as of the end of the reporting period.
- 3.5.10. The materials delivered, for which there are no settlement documents used for account settlements with the supplier, are registered as non-invoiced supplies at book prices.
- 3.5.11. The materials belonging to the Company, but either en route or pledged to the buyer, are accepted for accounting in the valuation provided for by the delivery order with subsequent updating of actual cost.
- 3.5.12. When the materials are released into production or retire otherwise they are valued at book prices during the reporting period with subsequent writing off of deviations of actual cost from the accounting prices to the relevant accounts at the end of the reporting period. When materials are written off, their evaluative calculation includes their quantity and cost as per the nomenclature number as of the beginning of the month, and also all incomings during the month.
- 3.5.13. Assets costing RUB 40,000 per unit or less (inclusively) and qualifying as fixed assets, as well as purchased books, brochures and other publications are recognized in books and accounting (financial) statements as part of inventories under account 10* "Materials"; as they are released into operation, they are charged as production costs. For analytical accounting purposes, the changes in their balances are recorded in off-balance sheet accounts.
- 3.5.14. Replaceable equipment, special tools, devices with the operation service not more than 12 months are written off to the production costs in full at the moment, when the facilities are put into operation. For analytical accounting purposes, the changes in their balances are recorded in off-balance sheet accounts.
- 3.5.15. Special clothes, irrespective of their service and cost are accounted for within the inventories, written off to the production costs in full at the moment of the hand over for using. For analytical accounting purposes, the changes in its balance are recorded in off-balance accounts.
- 3.5.16. Waste and by-products used are assessed in line with the prices set by an authorized division of the Company.
- 3.5.17. Components, assembly units, spare parts and other materials, obtained from dismantling of decommissioned fixed assets (dismantling of assets under construction) or fixed assets repairs and suitable for further use, are valued at current market prices for scrap (utility waste, second-hand assets, etc.) and are posted in correspondence with account 91* "Other income and expenses".
- 3.5.18. Value of containers obtained from suppliers and included into the price of tangible assets, in case of their utilization or sales, is posted in correspondence with account 91* "Other income and expenses" and valued at the price of possible usage or sale.

3.6. ACCOUNTING OF GOODS

- 3.6.1. Retail goods are valued at their acquisition price (without applying account 42* "Mark up").
- 3.6.2. In the reporting period the goods accounting is carried out by book prices.
- 3.6.3. Incoming materials are reflected using account 15* "Procurement and acquisition of tangible property" and 16* "Deviation of tangible property cost".
- 3.6.4. The procedure for accounting and valuation of acquired goods is similar to the procedure of accounting and valuation of acquired materials. At the end of the reporting period the goods' accounting price is brought up to the level of the actual first cost.

- 3.6.5. When the goods are released or retire otherwise they are valued, in the course of the reporting period, at book prices with subsequent writing off of deviations of actual cost from the book prices to the relevant accounts reflecting goods release at the end of the reporting period. When the goods are written off, their evaluative calculation includes their quantity and cost as of the beginning of the month and also all incomings over the month.
- 3.6.6. Retail goods in "Lesnoy Dom" hotel are valued at sales prices with application of account 42* "Mark up".
- 3.6.7. Expenses related to stocking and delivery of purchased goods to the warehouses of trading structural subdivisions are accounted as part of selling expenses.
- 3.6.8. Expenses related to transportation are distributed between goods sold and goods' balance as of the month end, and debited under account 90* "Sales" as related to the goods sold.
- 3.6.9. The amount of distribution costs incurred by "Lesnoi Dom" hotel, related to transfer of goods to other subdivisions of the Company (foodstuffs for delegations, etc.) is determined on the previous month results' basis with further adjustment of costs for each subdivision.
- 03/06/2010. In case the costs of accommodation are distributed between the structural subdivisions of the Company, the calculation of the amount of the transferred costs is made by the way of dividing the actual costs per month by overall number of beds in "Lesnoi Dom" hotel, by actual number of accommodation days in a month and multiplying by the number of days during which the representatives of the Company's subdivisions actually stayed.
- 03/06/2011. Electric energy sold in the market one day in advance is valued on the basis of the average value of electric energy purchased under regulated agreements. Electric energy sold in the balancing market is valued on the basis of average value of electric energy purchased in the market one day in advance and the part of electric energy purchased under regulated agreements after the sales in the market one day in advance.

3.7. ACCOUNTING OF INCOME AND EXPENSES

- 3.7.1. The Company recognizes revenues from sales of products and goods, as well as income related to rendering of services (execution of works), as income from ordinary activities, if the production and sales of products (goods), rendering of services (execution of works), as well as the conditions of gaining the income from these activities directly result from the Company's core business and have a systematic (continuous) nature.
- 3.7.2. All other types of income are recognized as other income.
- 3.7.3. The Company recognizes expenses related to production and sales of products, acquisition and sales of goods, as well as expenses related to rendering of services (execution of works), as expenses on ordinary activities (general expenses), if the production and sales of products (goods), rendering of services (execution of works) directly result from the Company's core business and have a systematic (continuous) nature.
- 3.7.4. All other types of expenses are recognized as other income.
- 3.7.5. Sales proceeds are defined by the Company as of transfer date of title for products, goods, results of works, services rendered (for charge) on the basis of settlement documents presented to buyers (customers).
- 3.7.6. Income and expenses in foreign currency, accounting for financial result from business outside the Russian Federation, are converted into rubles using the exchange rate of the RF Central Bank as of the date of transactions in foreign currency.
- 3.7.7. Separate accounting of income and expenses on controlled types of activities is done with the respective subaccounts to account 90* "Sales" using analytics in terms of Material Master Records for controlled types of activities.
- 3.7.8. Separate accounting of income and expenses for subdivisions distinguished as independent classification units for the purposes of compulsory social industrial injury insurance and insurance against occupational diseases is done with accounts 90* "Sales" using analytics in terms of Material Master Records for types of economic activities.

3.8. ACCOUNTING OF COSTS OF PRODUCTION AND SALES OF PRODUCTS, WORKS, SERVICES

- 3.8.1. Accounts 31* - 39* are used for production and selling expenses accounting and accounts 20* "Core production" and 23* "Auxiliary production" reflect work-in-progress costs.
- 3.8.2. For calculation of cost of products (works, services) the process costing method and job-order costing method are applied.
- 3.8.3. A list of expense entries defined in industry-specific methodical recommendations on planning, forming and accounting of expenses for production and sales of products (works, services) of steelmaking enterprises is used for expense accounting.
Separate accounting of expenses for controlled types of activities is done in terms of CC per items and types of expenses in accordance with industry-specific methodological

- recommendations on planning, forming and accounting of expenses for production and sales of products (works, services) of steelmaking enterprises.
- 3.8.4. Expenses related to transportation of material resources (including handling) in the territory of the Company by vehicles and personnel of the Company are included into the conversion expenses of a corresponding subdivision.
 - 3.8.5. Electric energy used in production is accounted at the average purchase price formed on the basis of purchase prices according to purchase agreements at electric energy markets.
 - 3.8.6. The item "Salaries expense" represents the labor costs for the subdivision's industrial personnel, as well as labor costs for the personnel of auxiliary production units (shop maintenance personnel, etc.) and shop management personnel.
 - 3.8.7. Actual expenses related to routine and major repairs are recognized as current period expenses upon repairs completion.
 - 3.8.8. Indirect expenses of main production shops are distributed according to specific nature of a process (production stage) defined in industry-specific methodological recommendations on planning, forming and accounting of expenses for production and sales of products (works, services) of steelmaking enterprises.
 - 3.8.9. The costs of packaging for the products in the rolling shops and Rolling Equipment Mechanical Assembly Shop are attributed directly to the production order.
 - 3.8.10. Expenses on compulsory and voluntary insurance are recognized as cost of products (works, services) produced within the reporting period in which in accordance with the contract terms the funds for payment of insurance contributions were transferred. If the insurance contract terms provide for insurance contributions to be paid as a lump sum, the expenses under the contracts concluded for the period exceeding one reporting period are recognized pro rata the number of calendar days of the contract validity in the reporting period throughout the contract validity period. If the insurance contract terms provide for insurance premium to be paid by instalments, the expenses for each instalment under the contracts concluded for the period exceeding one reporting period are recognized pro rata the number of calendar days of the contract validity in the reporting period throughout the period corresponding to the contributions payment period (year, half year, quarter, month).
 - 3.8.11. Work-in-progress as of the reporting period end is valued on the basis of the actual first cost generated based on work-in-progress cost as of the period beginning and production costs of the reporting period.
 - 3.8.12. At Sinter Plant, Blast Furnace Production, Basic Oxygen Furnace Production the work-in-progress balance is determined as of the end of the current month in accordance with the Procedure for theoretical calculation of work-in-progress volumes approved by the authorized officer of the Company.
 - 3.8.13. The order-by-order calculation of work-in-progress is evaluated on the basis of actual costs.
 - 3.8.14. During the reporting period accounting of the work-in-progress is carried out using accounting prices. Actual first cost of work-in-progress based on the data for the period preceding the previous period is used as accounting price of work-in-progress.
 - 3.8.15. Difference between actual first cost and the cost of work-in-progress based on accounting prices is charged to account 20* "Core production" to a separate subaccount.
 - 3.8.16. Deviations related to the balance of work-in-progress are written off from deviations subaccount to work-in-progress subaccount at the end of the month, when actual calculation is formed, for the purpose of determination of actual first cost of balances.
 - 03/08/2017. Semi-products produced in-house are valued as of the end of the reporting period at actual first cost for each type which is formed on the basis of semi-products cost as of the beginning of the period and the first cost of the reporting period.
 - 03/08/2018. In the reporting period semi-products accounting is carried out by accounting prices. Actual first cost of semi-products based on the data for the period preceding the previous period is used as accounting price of semi-products.
 - 03/08/2019. Difference between actual first cost and the cost of semi-products based on accounting prices is charged to account 21* "In-house produced semi-products" to a separate subaccount.
 - 03/08/2020. Semi-products are written off (when dispatched, released for production, etc.) at accounting prices. At the same time deviations related to consumed semi-products are written off to the accounts reflecting semi-products consumption pro rata their quantity.
 - 03/08/2021. Deviations related to the balance of semi-products are written off from deviations subaccount to semi-products subaccounts at the end of the month, when actual calculation is formed, for the purpose of determination of actual first cost of balances.
 - 03/08/2022. The difference between the actual costs of the material and the cost of the recyclable wastes in the rolling shops, formed as a result of writing off of the full amount of the given for single production order as crops, is attributed to the expenses of the respective conversion stage in item "Other expenses".

- 03/08/2023. Materials produced in-house, intended for in-house needs and not used in the production process at the next conversion stage are valued as of the end of the reporting period at actual first cost for each MMR which is formed on the basis of in-house produced materials cost as of the beginning of the period and the first cost of the reporting period.
- 03/08/2024. Valuation of finished goods intended for sale to third parties as of the end of the reporting period is carried out in accordance with cl. 3.9.1 of these Regulations.
- 03/08/2025. Loss due to rejections (difference between the actual first cost of the rejected steel and its practicable use cost) arisen and found in steelmaking and rolling shops are determined by each of the Material Master Records. Amount of loss due to rejections in production orders is attributed to "Other costs of the production stage" related to the production lines at fault.
- 03/08/2026. Losses due to rejections found out within production orders in Repair & Maintenance Shops are referred to "Other costs" related to correspondent shop areas at fault.
Costs of losses due to rejects are reflected as per the planned costs (cost of materials, labour costs, general shop expenses) excluding wastes generated when defective products are reprocessed; and as per the price of the products if possibly used.
- 03/08/2027. Warehouse facilities maintenance expenses (procuring and warehousing expenses) are written off directly to the expenses and capex accounts on a monthly basis. The distribution thereof is done pro rata the cost of the purchased materials and equipment based on book prices which were written off to the respective accounting items.
- 3.8.28. General costs are fully recognized in the first cost of products (works, services) sold in the reporting period as general expenses.
- 3.8.29. Expenses related to the sales of products (works, services) are fully recognized in the first cost of products (works, services) sold in the reporting period as operating expenses.

3.9. ACCOUNTING OF FINISHED PRODUCTS (WORKS, SERVICES)

- 3.9.1. Finished products are valued as of the end of the reporting period at actual costs for each product type, which is formed by the cost of finished product balances as of the beginning of the reporting period and the first cost of the reporting period.
- 3.9.2. Products (works, services), the title for which has not been transferred to buyers by the end of the reporting period, are valued on the basis of first cost at the time of shipment.
- 3.9.3. Within the reporting period, finished products accounting is carried out on the basis of book prices without application of account 40 "Product (works, services) output".
- 3.9.4. Actual first cost of finished products based on the data for the reporting period preceding the previous period is used as book price of the finished products.
- 3.9.5. Difference between actual cost and book price of the finished goods is charged to account 43* "Finished goods" to a separate subaccount by product type.
- 3.9.6. Finished goods are written off (when dispatched, released for production, etc.) at book prices. At the same time deviations related to sold finished goods are written off to sales accounts pro rata their quantity. Deviations related to the balance of finished goods are written off from deviations subaccount to finished goods subaccounts at the end of the reporting period, when actual calculation is formed, by product type for the purpose of determination of actual first cost.

3.10. ACCOUNTING OF LOANS AND CREDITS

- 3.10.1. Interest payable to a lender (creditor) is recognized in the cost of an investment asset or as part of other expenses evenly over the contract validity period.
- 3.10.2. Additional borrowing costs are accounted in the reporting period which they belong to.
- 3.10.3. Accrued interest (discount) on notes passed and bonds placed is reflected as included in other expenses proportionally within a loan contract validity period.
- 3.10.4. Long-terms debt on loans and credits received is transferred into short-term debt at the moment when under loan or credit contracts there are 12 months and less before principal repayment.

3.11. RESERVES ACCOUNTING

- 3.11.1. The Company creates the following reserves:
- 3.11.1.1. Tangible assets devaluation reserves:
- materials devaluation reserves (on a quarterly basis);
 - work-in-progress products devaluation reserves (on a quarterly basis);
 - semi-products devaluation reserves (on a quarterly basis);
 - reserve on shortages and losses from tangible assets (every quarter).
- 3.11.1.2. Bad debt reserve (on a quarterly basis);
- 3.11.1.3. Financial investments depreciation reserve for investments whose market value is not determined (on a quarterly basis).

3.12. ACCOUNTING OF ESTIMATED LIABILITIES

- 3.12.1. The Company accepts estimated liabilities for forthcoming expenses on vacation pays (quarterly).
- 3.12.2. The Company accepts estimated liabilities for forthcoming expenses on payment of bonuses to employees (quarterly).
- 3.12.3. The necessity of recognizing estimated liabilities in relation to any other facts within the business is subject to consideration by a committee.

3.13. INFORMATION BY SEGMENTS

- 3.13.1. Reporting segments are identified by activity type.
- 3.13.2. Reporting segment performance indicators subject to disclosure under RAS 12/2010 "Information by segment" are reported in accounting valuation.
- 3.13.3. The following indicators are disclosed for a reporting segment:
 - proceeds from sales to buyers (customers) of the Company;
 - financial result (profit or loss) for the reporting period.
 The following information is additionally disclosed:
 - proceeds from sales by product;
 - share of proceeds from product sales to export;
 - total proceeds from product sales to major customers.
 Information on assets and liabilities for reported segment is not disclosed.

3.14. INFORMATION DISCLOSURE IN CASH FLOW STATEMENT

- 3.14.1. Short-term deposits placed for a period not exceeding 90 days, are classified as cash equivalents and reported in the accounting (financial) statements as part of other cash assets. Interest received on cash equivalents is accounted in cash flow statement as part of ongoing operation.
- 3.14.2. Cash flow amount in foreign currency is converted into rubles at the official rate of this foreign currency to ruble established by the Central Bank of the Russian Federation as of the date of the payment effecting or receipt.
- 3.14.3. In the presentation of cash flows in the cash flow statement, the following items are presented in summarized form as other cash inflow (payments) in accordance with cash flow type:
 - placement and refund of deposits for 3 months and up;
 - indirect taxes as part of cash inflow from buyers and customers, payments to suppliers and contractors and payments to / refunds from the RF budget system;
 - inflow from contractors as refund of payments made earlier;
 - currency exchange transactions;
 - execution and receipt of payments as refunds under earlier transactions.
- 3.14.4. Cash flows from current, investment and financial transactions are included in the same reporting segment identified by the type of activity.

3.15. ACCOUNTING OF NATURAL RESOURCE DEVELOPMENT EXPENSES

- 3.15.1. Research expenses reported as part of intangible development assets, include:
 - a) cost of obtaining the license entitling to perform exploration, assessment of mineral deposits and (or) the mineral survey, as well as extraction of mineral resources;
 - b) cost of geological survey and assessment of mining feasibility and commercial viability, including:
 - cost of obtaining information on the results of topographical, geological and geophysical studies;
 - cost of obtaining information on exploratory drilling;
 - cost of obtaining the results of sampling;
 - cost of obtaining other geological information.
- 3.15.2. Other costs incurred in respect of the subsoil from the time of obtaining the license until the time when the commercial viability of the mining is established are recognized as expenses on ordinary activities (general expenses).
- 3.15.3. Intangible development assets are not subject to depreciation in the course of exploration, assessment and exploratory survey of mineral deposits.
- 3.15.4. For the purpose of assets check for impairment such assets are distributed between licensed sites, for which a separate license entitling to perform exploration, assessment of mineral deposits and (or) the mineral survey as well as extraction of mineral resources at this site is obtained.
- 3.15.5. In case the commercial viability of extraction in the subsoil area is confirmed, development assets are inspected for impairment and transferred to fixed assets or intangible assets intended for development and mining operations in the following way:

- a) cost of obtaining the license entitling to perform exploration, assessment of mineral deposits and the mineral survey, as well as extraction of mineral resources are transferred to intangible assets;
 - b) costs of geological survey and assessment of mining feasibility and commercial viability are transferred to intangible assets. A part of costs of geological survey and assessment of mining feasibility and commercial viability can form an individual asset and be recognized as an item of fixed assets, in case it meets the criteria for fixed asset recognition specified in RAS 6/01.
- 3.15.6. The document confirming the commercial viability of the mining in the licensed area is the Report of the State Commission on Mineral Reserves on approval of permanent conditions for calculation of reserves accepted based on the results of consideration of FS materials of permanent conditions for reserves calculation submitted by a subsoil user.

3.16. ACCOUNTING OF PROFIT TAX CALCULATIONS

- 3.16.1. The Company calculates deferred tax assets, deferred tax liabilities, running tax liabilities, contingent expenses (income) for profit tax.
- 3.16.2. Calculation of differences is carried out based on the data collected in special registers for each indicator significant for application of Accounting Provision "Corporate profit tax accounting" RAS 18/02 by means of comparison of accounting and tax data.
- 3.16.3. Deferred tax assets and liabilities are shown in the balance sheet as non-current assets and long-term liabilities, respectively.
- 3.16.4. Current profit tax is calculated based on information generated in the accounting according to cl. 20 and 21 of the Regulations on accounting "Corporate profit tax accounting" RAS 18/02.

Director General
NLMK-Accounting Centre

(signed)

O.G. Zarubina

7.5. Information on the total exports and the share of exports in the total sales

Unit of measurement: *RUB thou.*

Indicator description	2015	2016, 3 months
The total amount of the Issuer's profits from exports of products (goods, works, services)	183,390,609	39,999,403
The share of such profits in the sales revenues %	57.6	55.5

7.6. Information on significant changes in the Issuer's property as of the closure date of the last completed reporting year

Information on significant changes in the Issuer's property within 12 months before the reporting quarter closure

There were no major changes in the Issuer's property within 12 months before the reporting quarter closure date

7.7. Information on the Issuer's participation in any legal procedures, if this participation can significantly affect its business

The Issuer was / is not involved in any legal proceedings that affected / may affect the financial and economic activity, within the period from the beginning of the latest completed fiscal year to the end of the reporting quarter

Section VIII. Additional information on the Issuer and the issue-grade securities it distributed

8.1. Additional information on the Issuer

8.1.1. Information on the amount and structure of the Issuer's nominal capital

Amount of the Issuer's nominal capital as of the date of the reporting quarter closure, RUB: **5,993,227,240**

Common stock

Total par value: **5,993,227,240**

Share in the nominal capital, %: **100**

Preferred stock

Total par value: **0**

Share in the nominal capital, %: **0**

Information on compliance of the nominal capital amount specified in this item with the Issuer's constituent documents:

The amount of the nominal capital of the Company is in compliance with the Charter of Public Joint-Stock Company Novolipetsk Steel (new revision) approved by the General Shareholders' Meeting of Open Joint-Stock Company Novolipetsk Steel on December 21, 2015 (Minutes of Meeting No. 42) registered by the Interregional Inspectorate of the Federal Tax Service No. 6 in Lipetsk region on December 29, 2015.

Circulation of the Issuer's shares outside the Russian Federation is arranged through the depositary securities (securities of a foreign Issuer, evidencing the rights in respect of the shares of the Russian Issuer)

Categories (types) of stock the circulation of which is arranged outside the Russian Federation:

Type of securities: ***shares***

Stock category: ***common***

Share of stock circulation of which is arranged outside the Russian Federation in the total quantity of stock of the corresponding category (type): **8.21**

Foreign Issuer whose securities certify rights in respect of the Issuer's stock of the corresponding category (type)

Full company name: ***Deutsche Bank Trust Company Americas***

Domicile: ***60 Wall Street, New York, NY 10005, USA; 23 Great Winchester Street, London EC2P 2AX, UK***

Summary of the issue program (type of the program) related to the foreign Issuer's depositary securities certifying the rights in respect of the stock of the corresponding category (type):

Global Depositary Shares were issued in accordance with Rule 144A, as well as Regulation S of the US Securities Act. Each Global Depositary Share certifies rights for 10 common shares of NLMK.

Information on obtaining of a permit issued by the Bank of Russia and (or) authorized public authority (authorized state body) of the Russian Federation for distribution and/or arrangement of circulation of the Issuer's shares of corresponding category (type) outside the Russian Federation:

In accordance with Notification of the Federal Financial Markets Service of Russia on the permit issue for NLMK's issue-grade securities circulation outside the Russian Federation dd. 03.05.2005 No.05-BF-03/6941, the circulation of uncertified registered common stock of Novolipetsk Steel outside the Russian Federation has been permitted.

Name of the foreign trade arranger (-s) in charge of circulation of the Issuer's securities (depositary securities representing rights in respect of the Issuer's shares) (if such circulation exists):

London Stock Exchange plc

Other information on arrangement of the Issuer's securities circulation outside the Russian Federation stated by the Issuer at its discretion:

none

8.1.2. Information on the changed amount of the Issuer's nominal capital

No changes in the nominal capital within this period

8.1.3. Information on the procedure of convocation and conduction of the Issuer's supreme management body meeting

The name of the Issuer's supreme management body: *The Company's supreme management body is the General Shareholders' Meeting.*

Procedure of shareholders (participants) notification on holding of the supreme management body meeting: *Shareholders shall be notified of the GSM in accordance with the resolution of the Board of Directors of the Company by posting information on NLMK's website on the Internet (www.nlmk.com). The notification on the General Shareholders' Meeting holding shall be posted not later than 30 days prior to the date of the Meeting, unless a longer term is envisaged by law.*

Persons (authorities) entitled to summon (demand) an Extraordinary Shareholders' Meeting as well as the procedure of raising such a demand:

Extraordinary General Shareholders' Meeting shall be held according to the resolution of the Board of Directors of the Company passed at its own discretion, upon the request of the Audit Commission of the Company, the Auditor of the Company as well as shareholders (a shareholder) owning no less than 10 per cent of voting shares of the Company at the date of the request. Extraordinary General Shareholders' Meeting is to be convened by the Company's Board of Directors and to be held within 50 days from the date of submission of the a/m demand on convocation of the Extraordinary General Shareholders' Meeting by the Company's Audit Commission, Auditor or shareholders. In case the proposed agenda of the Extraordinary General Shareholders' Meeting contains the issue of election of members of the Company's Board of Directors and in case the Company's Board of Directors is bound to make a decision on holding the extraordinary General Shareholders' Meeting in order to elect members of the Company's Board of Directors in accordance with the Federal Law "On Joint Stock Companies", such General Shareholders' Meeting shall be held within the terms set by the effective legislation of the Russian Federation. The request for the Extraordinary Shareholders' Meeting holding shall contain issues to be included into the Meeting agenda. The request for holding the Extraordinary General Shareholders' Meeting can contain wordings of resolutions on each of these issues as well as suggestions on the General Shareholders' Meeting holding form.

The Company's Board of Directors is not entitled to change the wording of the agenda issues, the wording of the resolutions on such issues and to change the suggested form of Extraordinary Shareholders' Meeting holding convened upon the request of the Company's Audit Commission, the Company's Auditor or shareholders (a shareholder) owning not less than 10 percent of the Company's voting shares.

If the Extraordinary General Shareholders' Meeting is initiated by shareholders (a shareholder), their demand must contain the names of such shareholders (a shareholder) requesting the convocation, and quantity and category (type) of shares owned by them (him/her).

If the demand to convene the Extraordinary General Shareholders' Meeting is initiated by shareholders (a shareholder) whose share rights are accounted by custody accounts in the depositary, such demand shall be accompanied with a custody account statement in the depositary that accounts rights for the subject shares. The request to convene the Extraordinary General Shareholders' Meeting shall be signed by the persons (person) requesting the Extraordinary General Shareholders' Meeting convocation.

The Board of Directors shall make a decision on the Extraordinary General Shareholders' Meeting convocation or on refusal to call it within five days from the date of the demand submission by the Company's Audit Commission, Auditor or shareholders (a shareholder) owning not less than 10 percent of the Company's voting shares.

Decision on refusal to convene the Extraordinary General Shareholders' Meeting upon the request of the Company's Audit Commission, Auditor or shareholders (a shareholder) owning not less than 10 percent of the Company's voting shares can be made in case:

- the procedure of the request submission for convocation of the General Shareholders' Meeting has been violated;*
- the shareholders (the shareholder) requesting the Extraordinary Shareholders' Meeting convocation do not possess the required quantity of the Company's voting shares;*
- none of the issues proposed to be included into the agenda of the Extraordinary General Shareholders' Meeting is referred to its competence and (or) complies with the requirements of the Federal Act "On Joint-Stock Companies" and other legal acts of the Russian Federation.*

Resolution of the Board of Directors on the Extraordinary General Shareholders' Meeting convocation or its justified resolution to refuse to call it shall be sent to the persons who requested its convocation by registered mail with return receipt not later than 3 days from the date of adopting such a resolution.

Should the resolution on the Extraordinary General Shareholders' Meeting convocation not be adopted or should the resolution to refuse to call the Extraordinary General Shareholders' Meeting be adopted within

the stated period by the Company's Board of Directors, the Company's body or the persons demanding its convocation are entitled to go to court with a demand to compel the Company to hold the Extraordinary General Shareholders' Meeting.

The procedure of the Issuer's supreme management body meeting date determination:

An Annual General Shareholders' Meeting is held not earlier than two months and not later than six months after the reporting year closure. Apart from the Annual General Shareholders' Meeting, Extraordinary General Shareholders' Meetings of the Company may be held.

Date, time and venue of the General Shareholders' Meeting, the procedure of its preparation and holding shall be determined by the Board of Directors in line with the provisions of the Company Charter and the Regulations on the General Shareholders' Meeting.

Persons entitled to suggest issues to be included in the agenda of the Issuer's supreme management body meeting and the procedure of such suggestions submission:

Shareholders (a shareholder) holding not less than 2 per cent of the Company's voting shares in aggregate are entitled to suggest issues to be included in the agenda of the Annual General Shareholders' Meeting and nominate candidates to the Company's Board of Directors, Audit Commission and Counting Commission the number of whom cannot exceed the number of members of a respective body, as well as a candidate for the position of the President (Chairman of the Management Board). Such suggestions are to be received by the Company not later than 60 days after the reporting year closure.

In case the agenda of the Extraordinary General Shareholders' Meeting contains an issue of electing members of the Company's Board of Directors or President (Chairman of the Management Board), the Company's shareholders (shareholder) owning not less than 2 per cent of the Company's voting shares in aggregate are entitled to propose candidate members the number of whom cannot exceed the quantitative composition of the Company's Board of Directors, as well as a candidate for the position of the President (Chairman of the Management Board). Such proposals are to be received by the Company not later than 30 days prior to the date of the Extraordinary General Shareholders' Meeting.

A proposal on inclusion of issues in the agenda of the General Shareholders' Meeting and a suggestion on candidates are to be made in writing indicating the name of the shareholders (shareholder) submitting them, the quantity and category (type) of owned shares, and shall be signed by the shareholders (shareholder).

If the proposal is signed by the shareholders (shareholder) whose share rights are accounted by custody accounts in the depositary, such proposal shall be accompanied with a statement of custody accounts in the depositary that accounts the rights for the subject shares.

A proposal on issues inclusion into the agenda of the General Shareholders' Meeting shall contain the wording of each proposed issue, while a proposal on candidates shall contain the name and the details of the identification document (series and (or) number of the document, the date and place of its issue, the authority which issued the document) of each proposed candidate, name of the body to which that candidate is proposed, other data on him/her provided for by the Company's internal documents, as well as the candidate's written consent to take the position. A proposal on issues inclusion into the agenda of the General Shareholders' Meeting can include the wording of a resolution on each proposed issue.

The Board of Directors of the Company shall consider the received proposals and decide on including them in the agenda of the General Shareholders' Meeting or on rejecting them within five days from the expiration of time periods stipulated in clauses 21.1 and 21.2 of Section 21 of the Company Charter. An issue proposed by shareholders (a shareholder) is subject to inclusion into the agenda of the General Shareholders' Meeting as well as proposed candidates are subject to inclusion into the voting list for election to the Company's respective body, except if:

- *the shareholders (shareholder) fail to comply with the terms stipulated in clauses 21.1 and 21.2 of Section 21;*
- *the shareholders (shareholder) do not hold the voting shares of the Company in the quantity stipulated in clauses 21.1 and 21.2 of Section 21;*
- *the proposal does not comply with the requirements stipulated in clauses 21.3 and 21.4 of Section 21;*
- *the issues proposed to be included into the agenda of the General Shareholders' Meeting is not referred to its competence and (or) does not comply with the requirements of the Federal Act "On Joint-Stock Companies" and other legal acts of the Russian Federation.*

A justified resolution of the Company's Board of Directors on refusal to include a proposed issue into the agenda of the General Shareholders' Meeting or to include a candidate into the voting list for election to the Company's respective body shall be sent to the shareholders (shareholder) who put forward the issue or nominated the candidate not later than three days from the date of its adoption.

The Board of Directors is not entitled to change the wording of issues proposed to be included into the agenda of the General Shareholders' Meeting and the wording of resolutions on such issues.

Besides the issues to be included in the agenda of the General Shareholders' Meeting and candidates to the Company's management and control bodies proposed by shareholders, the Board of Directors has the right

to include issues in the agenda of the General Shareholders' Meeting and/or candidates in the voting list at the Company's General Shareholders' Meeting at its discretion.

Persons entitled to study information (materials) presented for supreme management body meeting preparation and holding as well as procedure of studying such information (materials):

The persons entitled to participate in the General Shareholders' Meeting may obtain the information (materials) subject to presentation during preparation for the General Shareholders' Meeting for review at the premises of the executive bodies of the Company and other places at the addresses specified in the notification of the General Shareholders' Meeting within 30 days prior to the General Shareholders' Meeting.

Information (materials), subject to provision to the persons entitled to participate in the General Shareholders' Meeting shall be posted within the above time period at NLMK's web-site on the Internet (www.nlmk.ru).

Persons entitled to participate in the Company's General Shareholders' Meeting can receive copies of the stated documents upon request sent in writing to the Company's executive body for a fee.

Procedure of announcement (disclosure to the Issuer's shareholders (participants)) of decisions made by the Issuer's supreme management body and voting results:

The decisions taken by the General Shareholders' Meeting and voting results may be announced at the General Shareholders' Meeting, where the voting took place, and brought to the notice of persons listed as entitled to participation in the General Shareholders' Meeting, in the form of a report on the voting results posted on NLMK's Internet web-site (www.nlmk.ru) within the time frames provided for by the Federal Act "On Joint-Stock Companies".

8.1.4. Information on profit-making entities, in which the Issuer holds not less than 5 percent of the nominal capital or not less than 5 percent of common stock

The list of profit-making organizations where the Issuer holds not less than 5 percent of the nominal (reserve) capital (unit fund) or not less than 5 percent of common stock as of the closure date of the last reporting quarter

1. Full company name: Limited Liability Company VIZ Steel

Abbreviated company name: *VIZ Steel*

Domicile

Yekaterinburg, 620219 Russia 28, Kirova Str.

TIN: **6658084667**

OGRN **1026602312923**

The Issuer's share in the nominal capital of the business entity: **100%**

The entity's share in the Issuer's nominal capital: **0%**

Share in the Issuer's common stock owned by the entity: **0%**

2. Full company name: Limited Liability Company Vtorchermet NLMK

Abbreviated company name: *Vtorchermet NLMK*

Domicile

Yekaterinburg, 620024 Russia 3, Novinskaya str.

TIN: **7705741770**

OGRN **1067746805554**

The Issuer's share in the nominal capital of the business entity: **100%**

The entity's share in the Issuer's nominal capital: **0%**

Share in the Issuer's common stock owned by the entity: **0%**

3. Full company name: Limited Liability Company Mining and Benefication Complex "Zhernovsky-1"

Abbreviated company name: *Zhernovsky-1*

Domicile

Novokuznetsk, Kemerovo region, 654007 Russia Offices 503 - 506, 11A, Pavlovskogo Str.

TIN: **4217148881**

OGRN **1124217009245**

The Issuer's share in the nominal capital of the business entity: **100%**
The entity's share in the Issuer's nominal capital: **0%**
Share in the Issuer's common stock owned by the entity: **0%**

4. Full company name: Limited Liability Company Mining and Benefication Complex "Usinsky-3"

Abbreviated company name: **Usinsky-3**

Domicile

Syktyvkar, Republic of Komi, Russia 30, Kommunisticheskaya Str.

TIN: **1101097696**

OGRN **1121101012361**

The Issuer's share in the nominal capital of the business entity: **100%**
The entity's share in the Issuer's nominal capital: **0%**
Share in the Issuer's common stock owned by the entity: **0%**

5. Full company name: Limited Liability Company Hotel Complex "Metallurg"

Abbreviated company name: **LLC Hotel Complex "Metallurg"**

Domicile

Lipetsk 398020 Russia 36, Lenina str.

TIN: **4825068367**

OGRN **1104823005210**

The Issuer's share in the nominal capital of the business entity: **100%**
The entity's share in the Issuer's nominal capital: **0%**
Share in the Issuer's common stock owned by the entity: **0%**

6. Full company name: Limited Liability Company Lipetsk Insurance Company "Chance"

Abbreviated company name: **LLC LIC Chance**

Domicile

Lipetsk 398059 Russia 30, Nedelina str.

TIN: **4825002743**

OGRN **1024840825151**

The Issuer's share in the nominal capital of the business entity: **100%**
The entity's share in the Issuer's nominal capital: **0%**
Share in the Issuer's common stock owned by the entity: **0%**

7. Full company name: Limited Liability Company NLMK-Information Technologies

Abbreviated company name: **NLMK-Information Technologies**

Domicile

Lipetsk, Russia 2, Metallurgov sq

TIN: **4823055193**

OGRN **1124823012500**

The Issuer's share in the nominal capital of the business entity: **100%**
The entity's share in the Issuer's nominal capital: **0%**
Share in the Issuer's common stock owned by the entity: **0%**

8. Full company name: Limited Liability Company NLMK Kaluga

Abbreviated company name: **NLMK Kaluga**

Domicile

Village of Vorsino, Borovsky district, Kaluga region 249020 Russia 20, Lyskina Str

TIN: **4003033040**

OGRN **1124025005873**

The Issuer's share in the nominal capital of the business entity: **100%**
The entity's share in the Issuer's nominal capital: **0%**
Share in the Issuer's common stock owned by the entity: **0%**

9. Full company name: Limited Liability Company NLMK-Metiz
Abbreviated company name: **LLC NLMK-Metiz**

Domicile

Berezovsky, Sverdlovsk region, 623704 Russia 5, Koltsevaya Str.
TIN: **6604029211**
OGRN **1116604001348**

The Issuer's share in the nominal capital of the business entity: **100%**
The entity's share in the Issuer's nominal capital: **0%**
Share in the Issuer's common stock owned by the entity: **0%**

10. Full company name: Limited Liability Company NLMK-Communications
Abbreviated company name: **LLC NLMK-Communications**

Domicile

398040, Lipetsk, Russia
TIN: **4823071371**
OGRN **1154827021502**

The Issuer's share in the nominal capital of the business entity: **100%**
The entity's share in the Issuer's nominal capital: **0%**
Share in the Issuer's common stock owned by the entity: **0%**

11. Full company name: Limited Liability Company "NLMK-Long Products"
Abbreviated company name: **NLMK-Long**

Domicile

Yekaterinburg, 620024 Russia 3, Novinskaya str.
TIN: **6658352210**
OGRN **1096658016036**

The Issuer's share in the nominal capital of the business entity: **100%**
The entity's share in the Issuer's nominal capital: **0%**
Share in the Issuer's common stock owned by the entity: **0%**

12. Full company name: Limited Liability Company "NLMK-Accounting Center"
Abbreviated company name: **LLC NLMK - Accounting Center**

Domicile

Lipetsk, 398040 Russia 2, Metallurgov sq.
TIN: **4823040990**
OGRN **1104823017419**

The Issuer's share in the nominal capital of the business entity: **100%**
The entity's share in the Issuer's nominal capital: **0%**
Share in the Issuer's common stock owned by the entity: **0%**

13. Full company name: Limited Liability Company "NLMK Overseas Holdings"
Abbreviated company name: **NLMK Overseas Holdings**

Domicile

Lipetsk, 398040 Russia 2, Metallurgov sq.
TIN: **4823041480**
OGRN **1114823002580**

The Issuer's share in the nominal capital of the business entity: **100%**
The entity's share in the Issuer's nominal capital: **0%**
Share in the Issuer's common stock owned by the entity: **0%**

14. Full company name: Limited Liability Company "Novolipetsk Steel Service Center"

Abbreviated company name: **LLC Novolipetsk Steel Service Center**

Domicile

Lipetsk, Russia 8, Almaznaya str.

TIN: **4823036698**

OGRN **1094823003395**

The Issuer's share in the nominal capital of the business entity: **100%**

The entity's share in the Issuer's nominal capital: **0%**

Share in the Issuer's common stock owned by the entity: **0%**

15. Full company name: Limited Liability Company "Novolipetsk Printing House"

Abbreviated company name: **LLC NPD**

Domicile

Lipetsk, Russia 2, Metallurgov sq.

TIN: **4823039674**

OGRN **1104823010148**

The Issuer's share in the nominal capital of the business entity: **100%**

The entity's share in the Issuer's nominal capital: **0%**

Share in the Issuer's common stock owned by the entity: **0%**

16. Full company name: Limited Liability Company "Holiday Hotel Metallurg"

Abbreviated company name: **LLC Hotel Holiday Metallurg**

Domicile

Morskoye, Sudak, Republic of Crimea, 298033 Russia 25, Chekhova str.

TIN: **9108103248**

OGRN **1159102015830**

The Issuer's share in the nominal capital of the business entity: **100%**

The entity's share in the Issuer's nominal capital: **0%**

Share in the Issuer's common stock owned by the entity: **0%**

17. Full company name: Limited Liability Company "Construction and Assembly Trust NLMK"

Abbreviated company name: **LLC SMT NLMK**

Domicile

Lipetsk 398017 Russia 2, Fanernaya str.

TIN: **4823035246**

OGRN **1084823018895**

The Issuer's share in the nominal capital of the business entity: **100%**

The entity's share in the Issuer's nominal capital: **0%**

Share in the Issuer's common stock owned by the entity: **0%**

18. Full company name: Limited Liability Company "Trading House NLMK"

Abbreviated company name: **LLC Trading House NLMK**

Domicile

bldg. 4, 52, nab. Kosmodamianskaya, Moscow 115054 Russia

TIN: **7705605953**

OGRN **1047796479400**

The Issuer's share in the nominal capital of the business entity: **100%**
The entity's share in the Issuer's nominal capital: **0%**
Share in the Issuer's common stock owned by the entity: **0%**

19. Full company name: Limited Liability Company "Uralvtorchermet"

Abbreviated company name: **LLC Uralvtorchermet**

Domicile

Yekaterinburg, Sverdlovsk region, 620024 Russia of. 501, 3, Novinskaya Str .

TIN: **6679065866**

OGRN **1156679002391**

The Issuer's share in the nominal capital of the business entity: **100%**

The entity's share in the Issuer's nominal capital: **0%**

Share in the Issuer's common stock owned by the entity: **0%**

20. Full company name: Limited Liability Company "Ussuriysk Steel Service Center"

Abbreviated company name: **LLC UMB**

Domicile

Ussuriysk, Primorskiy Territory, 692519 Russia 8, Kommunalnaya str.

TIN: **2511070876**

OGRN **1102511003011**

The Issuer's share in the nominal capital of the business entity: **100%**

The entity's share in the Issuer's nominal capital: **0%**

Share in the Issuer's common stock owned by the entity: **0%**

21. Full company name: Open Joint-Stock Company "Altai-Koks"

Abbreviated company name: **Altai-Koks**

Domicile

2, Prityayezhnaya str., Zarinsk, Altai Territory, 659107 Russia

TIN: **2205001753**

OGRN **1022200704712**

The Issuer's share in the nominal capital of the business entity: **100%**

The Issuer's share of common stock of such Joint-Stock Company: **100%**

The entity's share in the Issuer's nominal capital: **0%**

Share in the Issuer's common stock owned by the entity: **0%**

22. Full company name: Open Joint-Stock Company "Dolomite"

Abbreviated company name: **Dolomite**

Domicile

Dankov, Lipetsk region, Russia 1, Sverdlova Str.

TIN: **4803003415**

OGRN **1024800548520**

The Issuer's share in the nominal capital of the business entity: **100%**

The Issuer's share of common stock of such Joint-Stock Company: **100%**

The entity's share in the Issuer's nominal capital: **0%**

Share in the Issuer's common stock owned by the entity: **0%**

23. Full company name: Open Joint-Stock Company "Stoilensky Mining & Processing Plant"

Abbreviated company name: **Stoilensky**

Domicile

Driveway 4, Fabrichnaya site, South-West industrial area, Stary Oskol, Belgorod region, Russia

TIN: 3128011788

OGRN 1023102367750

The Issuer's share in the nominal capital of the business entity: **100%**

The Issuer's share of common stock of such Joint-Stock Company: **100%**

The entity's share in the Issuer's nominal capital: **0%**

Share in the Issuer's common stock owned by the entity: **0%**

24. Full company name: Open Joint-Stock Company "Studenovskaya Joint-Stock Mining Company"

Abbreviated company name: ***Stagdok***

Domicile

Studenovskaya industrial site, rural settlement Vvedenskiy local council, Lipetsk district, Lipetsk region, 398507 Russia

TIN: 4825000880

OGRN 1024800824300

The Issuer's share in the nominal capital of the business entity: **100%**

The Issuer's share of common stock of such Joint-Stock Company: **100%**

The entity's share in the Issuer's nominal capital: **0%**

Share in the Issuer's common stock owned by the entity: **0%**

25. Full company name: Open Joint-Stock Company "Nizhnesergi hardware-metallurgy plant"

Abbreviated company name: ***NSMMZ***

Domicile

Revda, Sverdlovsk region 623280 Russia 3, Karl Libknekht Str.

TIN: 6646009256

OGRN 1026602051288

The Issuer's share in the nominal capital of the business entity: **92.59%**

The Issuer's share of common stock of such Joint-Stock Company: **92.59%**

The entity's share in the Issuer's nominal capital: **0%**

Share in the Issuer's common stock owned by the entity: **0%**

26. Full company name: Open Joint-Stock Company "Lipetsk Gipromez"

Abbreviated company name: ***Lipetsk Gipromez***

Domicile

Lipetsk 398059 Russia 1, Kalinina str.

TIN: 4826002880

OGRN 1024840836074

The Issuer's share in the nominal capital of the business entity: **57.57%**

The Issuer's share of common stock of such Joint-Stock Company: **57.57%**

The entity's share in the Issuer's nominal capital: **0%**

Share in the Issuer's common stock owned by the entity: **0%**

27. Full company name: Open Joint-Stock Company "Maxi-Group"

Abbreviated company name: ***OJSC Maxi-Group***

Domicile

Moscow, 125040 Russia 18, 3rd Yamskogo Polya Str.

TIN: 5046066187

OGRN 1045009353696

The Issuer's share in the nominal capital of the business entity: **50.00005%**

The Issuer's share of common stock of such Joint-Stock Company: **50.00005%**

The entity's share in the Issuer's nominal capital: **0%**
Share in the Issuer's common stock owned by the entity: **0%**

28. Full company name: Limited Liability Company "Neptune"

Abbreviated company name: **LLC Neptune**

Domicile

Lipetsk 398005 Russia office 35, 1v, Makarov str .

TIN: **4823024251**

OGRN **1044800159953**

The Issuer's share in the nominal capital of the business entity: **25%**

The entity's share in the Issuer's nominal capital: **0%**

Share in the Issuer's common stock owned by the entity: **0%**

8.1.5. Data on material transactions concluded by the Issuer

Material transactions (groups of interrelated transactions) with liabilities equal to 10 and more percent of the Issuer's assets balance value according to its accounting statements for the last completed reporting year and the reporting period consisting of three months of the current year

Transaction conclusion date: **16/07/2015.**

Type and subject of the transaction:

purchase of iron ore raw materials

The subject of the transaction, including civil rights and obligations, the establishment, amendment or cessation of which this transaction is aimed at:

Open Joint-Stock Company "Mikhailovsky Mining and Benefication Complex" (the Supplier) undertakes to supply non-fluxed iron-ore pellets with basic Fe content 62% (the Goods) to the Open Joint-Stock Company "Novolipetsk Steel" (the Buyer), and the Buyer undertakes to accept the Goods and pay for them within the validity of the contract.

The date by which the obligations under the transaction shall be fulfilled: ***till 31.12.2015.***

The parties and the beneficiaries under the transaction: ***The Buyer - Open Joint-Stock Company "Novolipetsk Steel"; the Supplier - Open Joint Stock Company "Mikhailovsky Mining and Benefication Complex".***

Amount of the transaction in money terms: ***Starting from the date of the contract conclusion 01.02.2011 and as of 16.07.2015 the transaction is fulfilled in the amount of RUB 52,243,767,831.74 x1***

The amount of the transaction as a percentage from the value of the Issuer's assets: ***10.08***

The Issuer's assets value as of the date of the reporting period (quarter, year) closure, preceding the settlement of the transaction (the date of the agreement/contract conclusion), and being the basis for financial statements as per legislation of the Russian Federation: ***As of 30.06.2015 - RUB 518,389,515,000 x1***

Additional information:

Transaction date (contract date):

01.02.2011 (date of the contract under which purchases of iron ore raw materials are carried out (a series of similar transactions made in the normal course of business));

16.07.2015 (date of payment for the supply of iron ore raw materials, performed in July 2015, which resulted in the aggregate value of transaction RUB 52,243,767,831.74 or 10.08% of NLMK's assets balance value as of 30.06.2015).

Transaction conclusion date: ***01/10/2015.***

Type and subject of the transaction:

gas supply transaction

The subject of the transaction, including civil rights and obligations, the establishment, amendment or cessation of which this transaction is aimed at:

purchase of combustible natural gas in the period from 01.01.2016 to 31.12.2020.

The date by which the obligations under the transaction shall be fulfilled: ***in terms of gas supply – from the***

date of receiving the approval of GAZPROM plc for concluding a contract with the Supplier for gas transportation to the Buyer until 31.12.2020, and in terms of other obligations – until complete discharge thereof.

The parties and the beneficiaries under the transaction: **The Buyer - Open Joint-Stock Company “Novolipetsk Steel”; the Supplier - Open Joint-Stock Company “NOVATEK”.**

Amount of the transaction in money terms: **over RUB 70,000,000,000 x 1**

The amount of the transaction as a percentage from the value of the Issuer’s assets: **13**

The Issuer’s assets value as of the date of the reporting period (quarter, year) closure, preceding the settlement of the transaction (the date of the agreement/contract conclusion), and being the basis for financial statements as per legislation of the Russian Federation: **As of 30.06.2015 - RUB 518,389,515,000 x1**

Additional information:

Transaction date (contract date):

in terms of gas supply – from the date of receiving the approval of GAZPROM plc for concluding a contract with the Supplier for gas transportation.

Transaction conclusion date: **10/12/2015.**

Type and subject of the transaction:

purchase of iron ore raw materials

The subject of the transaction, including civil rights and obligations, the establishment, amendment or cessation of which this transaction is aimed at:

Open Joint-Stock Company “Stoilensky Mining & Processing Plant” (the Supplier) undertakes to supply to Open Joint-Stock Company “Novolipetsk Steel” (the Buyer), while the Buyer undertakes to accept and pay for the iron ore raw materials in time.

The date by which the obligations under the transaction shall be fulfilled: **before 31.12.2016.**

The parties and the beneficiaries under the transaction: **The Buyer: Open Joint-Stock Company “Novolipetsk Steel”, the Supplier: Open Joint-Stock Company “Stoilensky Mining & Processing Plant”.**

Amount of the transaction in money terms: **Starting from the date of the contract conclusion 01.01.2014 and as of 10.12.2015 the transaction is fulfilled in the amount of RUB 53,634,838,400 x1**

The amount of the transaction as a percentage from the value of the Issuer’s assets: **10.1**

The Issuer’s assets value as of the date of the reporting period (quarter, year) closure, preceding the settlement of the transaction (the date of the agreement/contract conclusion), and being the basis for financial statements as per legislation of the Russian Federation: **as of 30.09.2015 - RUB 531,348,384,000 x1**

This is an interested-party transaction for the Issuer

Transaction approval information

The Issuer’s management body that passed the resolution to approve the transaction: **General Shareholders’ Meeting**

The date of the resolution to approve the transaction: **06/06/2014.**

Date of Minutes of Meeting of the Issuer’s authorized management body where the resolution to approve the transaction was passed: **06/06/2014.**

Number of Minutes of Meeting of the Issuer’s authorized management body where the resolution to approve the transaction was passed: **Minutes of Meeting No.38**

Additional information:

Transaction date (contract date):

01.01.2014 (date of the contract under which purchases of iron ore raw materials are carried out (a series of similar transactions made in the normal course of business);

10.12.2015 (date of payment for the supply of iron ore raw materials, performed in December 2015, which resulted in the aggregate value of transaction RUB 53,634,838,400 or 10.1% of NLMK’s assets balance value as of 30.09.2015).

Transaction conclusion date: **12/02/2016**.

Type and subject of the transaction:

purchase of coke products

The subject of the transaction, including civil rights and obligations, the establishment, amendment or cessation of which this transaction is aimed at:

Open Joint-Stock Company "Altay-Koks" (the Supplier) undertakes to supply coke products to Public Joint-Stock Company "Novolipetsk Steel" (the Buyer), whereas the Buyer undertakes to accept and pay for the coke products in time.

The date by which the obligations under the transaction shall be fulfilled: ***till 31.01.2016***

The parties and the beneficiaries under the transaction: ***The Buyer - Public Joint-Stock Company "Novolipetsk Steel"; the Supplier - Open Joint-Stock Company "Altai-Koks".***

Amount of the transaction in money terms: ***Starting from the date of the contract conclusion 05.12.2013 and as of 12.02.2016 the transaction is fulfilled in the amount of RUB 53,577,834,844.58 x1***

The amount of the transaction as a percentage from the value of the Issuer's assets: ***10.1***

The Issuer's assets value as of the date of the reporting period (quarter, year) closure, preceding the settlement of the transaction (the date of the agreement/contract conclusion), and being the basis for financial statements as per legislation of the Russian Federation: ***as of 30.09.2015 - RUB 531,348,384,000 x1***

Additional information:

Transaction date (contract date):

05.12.2013 (date of the contract under which purchases of coke products are carried out);

12.02.2016 (date of payment for the supply of coke products, performed in January 2016, which resulted in the aggregate value of transaction RUB 53,577,834,844.58 or 10.1% of NLMK's assets balance value as of 30.09.2015).

8.1.6. Data on the Issuer's credit ratings

Should the Issuer and/or Issuer's securities be assigned a credit rating (ratings), for each of the credit rating known to the Issuer for the last completed reporting year, as well as for the period starting from the beginning of the current year till the reporting quarter closure, there should be specified

Rated entity: ***the Issuer***

The company assigning the credit rating

Full company name: ***Credit rating agency "Standard & Poor's International Services"***

Abbreviated company name: ***"Standard & Poor's"***

Domicile: ***USA***

Description of the credit rating assignment method or a website where the information on the credit rating assignment method is presented for public access:

Information on the credit rating assignment method is presented on the rating agency's website:

<http://www.standardandpoors.com/>

Credit rating as of the date of the reporting quarter closure: ***BB+ (stable)***

The credit rating dynamics for the last completed fiscal year preceding the date of the reporting quarter closure, as well as for the period starting from the beginning of the current year till the reporting quarter closure, specifying the credit rating and the date of the credit rating assignment (updating)

Date of assignment	Credit rating
25/06/2013.	International rating scale. BB+ (stable) (after revision) A borrower with BB rating is less exposed to credit risk in the short term than borrowers who have lower category ratings. But continuous impact of uncertainty factors and also unfavorable changes of business, financial and economic environment may have negative influence on the borrower's ability to properly discharge its financial obligations.

Rated entity: *the Issuer*

The company assigning the credit rating

Full company name: **Credit rating agency “Standard & Poor’s International Services”**

Abbreviated company name: **“Standard & Poor’s”**

Domicile: **USA**

Description of the credit rating assignment method or a website where the information on the credit rating assignment method is presented for public access:

Information on the credit rating assignment method is presented on the rating agency’s website:

<http://www.standardandpoors.ru/>

Credit rating as of the date of the reporting quarter closure: **ruAA+**

The credit rating dynamics for the last completed fiscal year preceding the date of the reporting quarter closure, as well as for the period starting from the beginning of the current year till the reporting quarter closure, specifying the credit rating and the date of the credit rating assignment (updating)

Date of assignment	Credit rating
25/06/2013.	National rating scale: ruAA+ (after revision). A borrower with ruAA rating ranks only slightly below the borrowers having the top rating and has a very high capability of discharging its financial liabilities as compared to other borrowers from the same country.

Rated entity: *the Issuer*

The company assigning the credit rating

Full company name: **Credit rating agency “Moody’s Investors Service”**

Abbreviated company name: **Moody`s**

Domicile: **United Kingdom**

Description of the credit rating assignment method or a website where the information on the credit rating assignment method is presented for public access:

Information on the credit rating assignment method is presented on the rating agency’s website:

<http://www.moody.ru/>

Credit rating as of the date of the reporting quarter closure: **Ba1 (revision with possibility of downturn)**

The credit rating dynamics for the last completed fiscal year preceding the date of the reporting quarter closure, as well as for the period starting from the beginning of the current year till the reporting quarter closure, specifying the credit rating and the date of the credit rating assignment (updating)

Date of assignment	Credit rating
25/02/2015.	International rating scale: Ba1 (negative) (after revision) Debt liabilities rated as Ba are considered to have some features which are characteristic of speculative instruments and are exposed to significant credit risk.
04/12/2015.	International rating scale: Ba1 (stable) (after revision) Debt liabilities rated as Ba are considered to have some features which are characteristic of speculative instruments and are exposed to significant credit risk.
10/03/2016.	International rating scale: Ba3 (revision with possibility of downturn) (after revision). Debt liabilities rated as Ba are considered to have some features which are characteristic of speculative instruments and are exposed to significant credit risk.

Rated entity: *the Issuer*

The company assigning the credit rating

Full company name: ***Closed Joint-Stock Company “Moody's Interfax Rating Agency”***

Abbreviated company name: ***MIRA***

Domicile: ***Russia***

Description of the credit rating assignment method or a website where the information on the credit rating assignment method is presented for public access:

Information on the credit rating assignment method is presented on the rating agencies' websites: ratings withdrawn

Credit rating as of the date of the reporting quarter closure: ***Rating withdrawn***

The credit rating dynamics for the last completed fiscal year preceding the date of the reporting quarter closure, as well as for the period starting from the beginning of the current year till the reporting quarter closure, specifying the credit rating and the date of the credit rating assignment (updating)

Date of assignment	Credit rating
25/02/2015.	National rating scale: Aa1.ru (negative) (after revision) Issuers or debt liabilities rated as Aa.ru rating are characterized by a very high solvency as compared to other issuers within the country.
04/12/2015.	National rating scale: Aa1.ru (stable) (after revision) Issuers or debt instruments with Aa.ru rating are characterized by a high solvency as compared to other issuers within the country.
18/03/2016.	National rating scale: Rating withdrawn.

Rated entity: ***the Issuer***

The company assigning the credit rating

Full company name: ***Credit rating agency “Fitch Ratings”***

Abbreviated company name: ***Fitch***

Domicile: ***United Kingdom***

Description of the credit rating assignment method or a website where the information on the credit rating assignment method is presented for public access:

Information on the credit rating assignment method is presented on the rating agency's website: <http://www.fitchratings.com/>

Credit rating as of the date of the reporting quarter closure: ***BBB- (negative)***

The credit rating dynamics for the last completed fiscal year preceding the date of the reporting quarter closure, as well as for the period starting from the beginning of the current year till the reporting quarter closure, specifying the credit rating and the date of the credit rating assignment (updating)

Date of assignment	Credit rating
24/07/2013.	International rating scale: BBB- (negative) (after revision). BBB rating means low expectations of default risks as of the moment. The ability to timely discharge financial liabilities is estimated as adequate however negative influence of business environment or negative economic environment may reduce this ability with a high degree of probability.

Rated entity: ***the Issuer***

The company assigning the credit rating

Full company name: ***Credit rating agency “Fitch Ratings”***

Abbreviated company name: ***Fitch***

Domicile: ***United Kingdom***

Description of the credit rating assignment method or a website where the information on the credit rating assignment method is presented for public access:

Information on the credit rating assignment method is presented on the rating agency's website:

http://www.fitchratings.com/

Credit rating as of the date of the reporting quarter closure: **AA+ (rus) (negative)**

The credit rating dynamics for the last completed fiscal year preceding the date of the reporting quarter closure, as well as for the period starting from the beginning of the current year till the reporting quarter closure, specifying the credit rating and the date of the credit rating assignment (updating)

Date of assignment	Credit rating
24/07/2013.	National rating scale: AA+ (rus) (negative) (after revision). National ratings of AA category mean expectations of very low default risk as compared to other issuers or liabilities in the same country. The default risk differs slightly from the same risk with issuers or liabilities in a respective country having the highest ratings.

8.2. Information on each category (type) of the Issuer's stock

Stock category: **common**

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

Stock in circulation (not paid-off or cancelled): **5,993,227,240**

Number of additional shares, which can be distributed or are in the process of distribution (number of shares of additional issue which has gone through the state registration but without the state registration of the Report on the additional issue results or without notification on additional issue results in case the state registration of the Report on the additional issue results is not carried out according to Federal Act "On Securities Market"):

0

Declared stock: **0**

Stock received by the Issuer (on the Issuer's balance): **0**

Additional stock which could be distributed due to conversion of distributed securities, convertible into shares, or as a result of obligations discharge under the Issuer's options: **0**

Stock issues of this category (type):

State registration date	State registration number of the issue
09/04/2004.	1-01-00102-A (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 46-1П-0190 dd. 02.04.1993 assigned to the first issue of the Company's registered uncertified common stock. State registration number 1-01-00102-A dd. April 9, 2004 was assigned to the above mentioned issue of NLMK's securities).

Rights granted by stock to their owners:

Each common share of the Company grants a shareholder, its owner, equal measure of property and non-property rights, particularly, the right:

a) to take part in the Company management, including participation in the General Shareholders' Meeting with the right to vote on all the issues within its competence both personally and through a representative; b) to receive dividends and to get part of the Company's property in case of its liquidation; c) to sell or alienate in another way all the shares or part thereof to other persons according to the procedure established by the current legislation; d) to be informed about the Company's financial and economic performance according to the procedure established by the current legislation of the Russian Federation and the Company's Charter.

Other information on shares stated by the Issuer at its discretion:

No other information about the shares is available

8.3. Information on previous issues of the Issuer's issue-grade securities, except for the Issuer's stock

8.3.1. Information on issues the securities of which were paid off

Type of securities: ***bonds***

Form of securities: ***certified pay-to-bearer***

Series: ***01***

non-convertible interest-bearing bonds with mandatory centralized custody, with the possibility of early repayment upon owners' demand and at the Issuer's discretion

State registration number of the issue: ***4-01-00102-A***

State registration date of the issue: ***25/05/2010.***

Registrar: ***FFMS of Russia***

Any additional issues of securities: ***No***

Quantity of securities in the issue: ***5,000,000***

Par value of each security of the issue, RUB: ***1,000***

Volume of the issue at par value: ***5,000,000,000***

Date of the securities maturity: ***07/07/2011.***

Basis for the securities repayment: ***invalidation of the securities issue***

Type of securities: ***bonds***

Form of securities: ***certified pay-to-bearer***

Series: ***02***

non-convertible interest-bearing bonds with mandatory centralized custody, with the possibility of early repayment upon owners' demand and at the Issuer's discretion

State registration number of the issue: ***4-02-00102-A***

State registration date of the issue: ***25/05/2010.***

Registrar: ***FFMS of Russia***

Any additional issues of securities: ***No***

Quantity of securities in the issue: ***5,000,000***

Par value of each security of the issue, RUB: ***1,000***

Volume of the issue at par value: ***5,000,000,000***

Date of the securities maturity: ***07/07/2011.***

Basis for the securities repayment: ***invalidation of the securities issue***

Type of securities: ***bonds***

Form of securities: ***certified pay-to-bearer***

Series: ***03***

non-convertible interest-bearing bonds with mandatory centralized custody, with the possibility of early repayment upon owners' demand and at the Issuer's discretion

State registration number of the issue: ***4-03-00102-A***

State registration date of the issue: **25/05/2010**.

Registrar: **FFMS of Russia**

Any additional issues of securities: **No**

Quantity of securities in the issue: **10,000,000**

Par value of each security of the issue, RUB: **1,000**

Volume of the issue at par value: **10,000,000,000**

Date of the securities maturity: **07/07/2011**.

Basis for the securities repayment: **invalidation of the securities issue**

Type of securities: **bonds**

Form of securities: **certified pay-to-bearer**

Series: **04**

non-convertible interest-bearing bonds with mandatory centralized custody, with the possibility of early repayment upon owners' demand and at the Issuer's discretion

State registration number of the issue: **4-04-00102-A**

State registration date of the issue: **25/05/2010**.

Registrar: **FFMS of Russia**

Any additional issues of securities: **No**

Quantity of securities in the issue: **10,000,000**

Par value of each security of the issue, RUB: **1,000**

Volume of the issue at par value: **10,000,000,000**

Date of the securities maturity: **02/08/2011**.

Basis for the securities repayment: **invalidation of the securities issue**

Type of securities: **bonds**

Form of securities: **certified pay-to-bearer**

Series: **05**

non-convertible interest-bearing bonds with mandatory centralized custody, with the possibility of early repayment upon owners' demand and at the Issuer's discretion

State registration number of the issue: **4-05-00102-A**

State registration date of the issue: **25/05/2010**.

Registrar: **FFMS of Russia**

Any additional issues of securities: **No**

Quantity of securities in the issue: **10,000,000**

Par value of each security of the issue, RUB: **1,000**

Volume of the issue at par value: **10,000,000,000**

Date of the securities maturity: **07/07/2011**.

Basis for the securities repayment: **invalidation of the securities issue**

Type of securities: **bonds**

Form of securities: **certified pay-to-bearer**

Series: **06**

non-convertible interest-bearing bonds with mandatory centralized custody, with the possibility of early repayment upon owners' demand and at the Issuer's discretion

State registration number of the issue: **4-06-00102-A**

State registration date of the issue: **25/05/2010.**

Registrar: **FFMS of Russia**

Any additional issues of securities: **No**

Quantity of securities in the issue: **10,000,000**

Par value of each security of the issue, RUB: **1,000**

Volume of the issue at par value: **10,000,000,000**

Date of the securities maturity: **07/07/2011.**

Basis for the securities repayment: ***invalidation of the securities issue***

Type of securities: ***exchange/commercial bonds***

Form of securities: ***certified pay-to-bearer***

Series: **EO-05**

interest-bearing non-convertible bonds with mandatory centralized custody

Identification number of the issue: **4B02-05-00102-A**

Date of identification number assignment: **19/10/2009.**

The identification number assigned to the issue by: ***Closed Joint-Stock Company "MICEX Stock Exchange"***

Any additional issues of securities: **No**

Quantity of securities in the issue: **10,000,000**

Par value of each security of the issue, RUB: **1,000**

Volume of the issue at par value: **10,000,000,000**

Date of the securities maturity: **30/10/2012.**

Basis for the securities repayment: ***discharge of liabilities related to securities***

Type of securities: ***exchange/commercial bonds***

Form of securities: ***certified pay-to-bearer***

Series: **EO-01**

interest-bearing non-convertible bonds with mandatory centralized custody

Identification number of the issue: **4B02-01-00102-A**

Date of identification number assignment: **19/10/2009.**

The identification number assigned to the issue by: ***Closed Joint-Stock Company "MICEX Stock Exchange"***

Any additional issues of securities: **No**

Quantity of securities in the issue: **5,000,000**

Par value of each security of the issue, RUB: **1,000**

Volume of the issue at par value: **5,000,000,000**

Date of the securities maturity: **04/12/2012.**

Basis for the securities repayment: ***discharge of liabilities related to securities***

Type of securities: ***bonds***

Form of securities: *certified pay-to-bearer*

Series: *09*

non-convertible interest-bearing bonds with mandatory centralized custody, with the possibility of early repayment upon owners' demand and at the Issuer's discretion

State registration number of the issue: *4-09-00102-A*

State registration date of the issue: *08/12/2011*.

Registrar: *FFMS of Russia*

Any additional issues of securities: *No*

Quantity of securities in the issue: *10,000,000*

Par value of each security of the issue, RUB: *1,000*

Volume of the issue at par value: *10,000,000,000*

Date of the securities maturity: *11/01/2013*.

Basis for the securities repayment: *invalidation of the securities issue*

Type of securities: *bonds*

Form of securities: *certified pay-to-bearer*

Series: *10*

non-convertible interest-bearing bonds with mandatory centralized custody, with the possibility of early repayment upon owners' demand and at the Issuer's discretion

State registration number of the issue: *4-10-00102-A*

State registration date of the issue: *08/12/2011*.

Registrar: *FFMS of Russia*

Any additional issues of securities: *No*

Quantity of securities in the issue: *10,000,000*

Par value of each security of the issue, RUB: *1,000*

Volume of the issue at par value: *10,000,000,000*

Date of the securities maturity: *11/01/2013*.

Basis for the securities repayment: *invalidation of the securities issue*

Type of securities: *bonds*

Form of securities: *certified pay-to-bearer*

Series: *11*

non-convertible interest-bearing bonds with mandatory centralized custody, with the possibility of early repayment upon owners' demand and at the Issuer's discretion

State registration number of the issue: *4-11-00102-A*

State registration date of the issue: *08/12/2011*.

Registrar: *FFMS of Russia*

Any additional issues of securities: *No*

Quantity of securities in the issue: *10,000,000*

Par value of each security of the issue, RUB: *1,000*

Volume of the issue at par value: *10,000,000,000*

Date of the securities maturity: *11/01/2013*.

Basis for the securities repayment: *invalidation of the securities issue*

Type of securities: *exchange/commercial bonds*

Form of securities: *certified pay-to-bearer*

Series: **BO-06**

interest-bearing non-convertible bonds with mandatory centralized custody

Identification number of the issue: **4B02-06-00102-A**

Date of identification number assignment: **19/10/2009**.

The identification number assigned to the issue by: *Closed Joint-Stock Company "MICEX Stock Exchange"*

Any additional issues of securities: *No*

Quantity of securities in the issue: **10,000,000**

Par value of each security of the issue, RUB: **1,000**

Volume of the issue at par value: **10,000,000,000**

Date of the securities maturity: **05/03/2013**.

Basis for the securities repayment: *discharge of liabilities related to securities*

Type of securities: *exchange/commercial bonds*

Form of securities: *certified pay-to-bearer*

Series: **BO-02**

interest-bearing non-convertible bonds with mandatory centralized custody

Identification number of the issue: **4B02-02-00102-A**

Date of identification number assignment: **19/10/2009**.

The identification number assigned to the issue by: *Closed Joint-Stock Company "MICEX Stock Exchange"*

Any additional issues of securities: *No*

Quantity of securities in the issue: **5,000,000**

Par value of each security of the issue, RUB: **1,000**

Volume of the issue at par value: **5,000,000,000**

Date of the securities maturity: **19/06/2013**.

Basis for the securities repayment: *The resolution of the sole executive body of the Issuer – President (Chairman of the Management Board) of NLMK No.247-01 dd. 04.06.2013 on early repayment of the Exchange Bonds, series BO-02, on the closure date of the 3 (third) coupon period (19.06.2013) in line with sub-clause 9.5.2 B) of the Resolution on Issue of the Exchange Bonds, series BO-02.*

Type of securities: *exchange/commercial bonds*

Form of securities: *certified pay-to-bearer*

Series: **BO-03**

interest-bearing non-convertible bonds with mandatory centralized custody

Identification number of the issue: **4B02-03-00102-A**

Date of identification number assignment: **19/10/2009**.

The identification number assigned to the issue by: *Closed Joint-Stock Company "MICEX Stock Exchange"*

Any additional issues of securities: *No*

Quantity of securities in the issue: **5,000,000**

Par value of each security of the issue, RUB: **1,000**

Volume of the issue at par value: **5,000,000,000**

Date of the securities maturity: **19/06/2013.**

Basis for the securities repayment: ***The resolution of the sole executive body of the Issuer – President (Chairman of the Management Board) of NLMK No.247-02 dd. 04.06.2013 on early repayment of the Exchange Bonds, series EO-03, on the closure date of the 3 (third) coupon period (19.06.2013) in line with sub-clause 9.5.2 B) of the Resolution on Issue of the Exchange Bonds, series EO-03.***

Type of securities: ***exchange/commercial bonds***

Form of securities: ***certified pay-to-bearer***

Series: ***EO-04***

interest-bearing non-convertible bonds with mandatory centralized custody

Identification number of the issue: ***4B02-04-00102-A***

Date of identification number assignment: ***19/10/2009.***

The identification number assigned to the issue by: ***Closed Joint-Stock Company “MICEX Stock Exchange”***

Any additional issues of securities: ***No***

Quantity of securities in the issue: ***5,000,000***

Par value of each security of the issue, RUB: **1,000**

Volume of the issue at par value: **5,000,000,000**

Date of the securities maturity: **08/09/2014.**

Basis for the securities repayment: ***The resolution of the sole executive body of the Issuer – President (Chairman of the Management Board) of NLMK No. 247-15 dd. 21.08.2014 on early repayment of the Exchange Bonds, series EO-04, on the closure date of the 4 (fourth) coupon period (08.09.2014) in line with sub-clause 9.5.2 B) of the Resolution on Issue of the Exchange Bonds, series EO-04.***

Type of securities: ***exchange/commercial bonds***

Form of securities: ***certified pay-to-bearer***

Series: ***EO-07***

interest-bearing non-convertible bonds with mandatory centralized custody

Identification number of the issue: ***4B02-07-00102-A***

Date of identification number assignment: ***19/10/2009.***

The identification number assigned to the issue by: ***Closed Joint-Stock Company “MICEX Stock Exchange”***

Any additional issues of securities: ***No***

Quantity of securities in the issue: ***10,000,000***

Par value of each security of the issue, RUB: **1,000**

Volume of the issue at par value: **10,000,000,000**

Date of the securities maturity: **11/11/2014.**

Basis for the securities repayment: ***discharge of liabilities related to securities***

Type of securities: ***bonds***

Form of securities: ***certified pay-to-bearer***

Series: ***08***

non-convertible interest-bearing bonds with mandatory centralized custody, with the possibility of early repayment upon owners' demand and at the Issuer's discretion

State registration number of the issue: **4-08-00102-A**

State registration date of the issue: **08/12/2011**.

Registrar: **FFMS of Russia**

Any additional issues of securities: **No**

Quantity of securities in the issue: **10,000,000**

Par value of each security of the issue, RUB: **1,000**

Volume of the issue at par value: **10,000,000,000**

Date of the securities maturity: **04/12/2015**.

Basis for the securities repayment: ***The resolution of the sole executive body of the Issuer – President (Chairman of the Management Board) of NLMK No. 247-22 dd. 19.11.2015 on early repayment of the certified interest-bearing non-convertible pay-to-bearer bonds with mandatory centralized custody, series 08, on the closure date of the 6 (sixth) coupon period (04.12.2015) in line with sub-clause 9.5.2 A) of the Resolution on Issue of the Exchange Bonds, series 08.***

Type of securities: **bonds**

Form of securities: **certified pay-to-bearer**

Series: **07**

non-convertible interest-bearing bonds with mandatory centralized custody, with the possibility of early repayment upon owners' demand and at the Issuer's discretion

State registration number of the issue: **4-07-00102-A**

State registration date of the issue: **08/12/2011**.

Registrar: **FFMS of Russia**

Any additional issues of securities: **No**

Quantity of securities in the issue: **5,000,000**

Par value of each security of the issue, RUB: **1,000**

Volume of the issue at par value: **5,000,000,000**

Date of the securities maturity: **14/03/2016**.

Basis for the securities repayment: ***The resolution of the sole executive body of the Issuer – President (Chairman of the Management Board) of NLMK No. 247-23 dd. 26.02.2016 on early repayment of the certified interest-bearing non-convertible pay-to-bearer bonds with mandatory centralized custody, series 07, on the closure date of the 7 (seventh) coupon period (14.03.2016) in line with sub-clause 9.5.2 A) of the Resolution on Issue of the Exchange Bonds, series 07.***

8.3.2. Information on issues the securities of which are not paid off

Type of securities: **exchange/commercial bonds**

Form of securities: **certified pay-to-bearer**

Series: **BO-08**

Other identification attributes of the securities: ***interest-bearing non-convertible bonds with mandatory centralized custody***

The securities issue wasn't subject to state registration: **Yes**

Identification number of the issue: **4B02-08-00102-A**

Date of identification number assignment: **27/12/2012**.

The identification number assigned to the issue by: ***Closed Joint-Stock Company "MICEX Stock Exchange"***

Quantity of securities in the issue, pcs.: **5,000,000**

Volume of securities issue at par value, RUB: **5,000,000,000**

Par value, RUB: **1,000**

In line with the Russian legislation the par value is not foreseen for this type of securities: **No**

Status of securities in the issue: ***in circulation***

State registration of the report on the results of the issue has not been performed: **Yes**

Number of interest (coupon) periods for which the yield (coupon, interests) on the securities of the issue shall be paid: **20**

Date of the securities maturity: **16/10/2025**.

To be specified precisely: **Yes**

Web-page, where the text of resolution on the securities issue and securities prospectus is published:
www.lipetsk.nlmk.ru; www.e-disclosure.ru/portal/company.aspx?id=2509

Any additional issues of securities: **No**

There are no outstanding liabilities under securities of the issue.

Type of securities: ***exchange/commercial bonds***

Form of securities: ***certified pay-to-bearer***

Series: ***BO-09***

Other identification attributes of the securities: ***interest-bearing non-convertible bonds with mandatory centralized custody***

The securities issue wasn't subject to state registration: **Yes**

Identification number of the issue: ***4B02-09-00102-A***

Date of identification number assignment: ***27/12/2012***.

The identification number assigned to the issue by: ***Closed Joint-Stock Company "MICEX Stock Exchange"***

Quantity of securities in the issue, pcs.: ***10,000,000***

Volume of securities issue at par value, RUB: ***10,000,000,000***

Par value, RUB: **1,000**

In line with the Russian legislation the par value is not foreseen for this type of securities: **No**

Status of securities in the issue: ***distribution not started***

State registration of the report on the results of the issue has not been performed: **Yes**

Number of interest (coupon) periods for which the yield (coupon, interests) on the securities of the issue shall be paid: **20**

Date of the securities maturity: ***the 3,640th (three thousand six hundred and fortieth) day from starting distribution of the bonds of the issue***

To be specified precisely: **No**

Web-page, where the text of resolution on the securities issue and securities prospectus is published:
www.lipetsk.nlmk.ru; www.e-disclosure.ru/portal/company.aspx?id=2509

Any additional issues of securities: **No**

There are no outstanding liabilities under securities of the issue.

Type of securities: ***exchange/commercial bonds***

Form of securities: ***certified pay-to-bearer***

Series: ***BO-10***

Other identification attributes of the securities: ***interest-bearing non-convertible bonds with mandatory centralized custody***

The securities issue wasn't subject to state registration: **Yes**

Identification number of the issue: ***4B02-10-00102-A***

Date of identification number assignment: ***27/12/2012***.

The identification number assigned to the issue by: *Closed Joint-Stock Company “MICEX Stock Exchange”*

Quantity of securities in the issue, pcs.: **10,000,000**

Volume of securities issue at par value, RUB: **10,000,000,000**

Par value, RUB: **1,000**

In line with the Russian legislation the par value is not foreseen for this type of securities: *No*

Status of securities in the issue: ***distribution not started***

State registration of the report on the results of the issue has not been performed: *Yes*

Number of interest (coupon) periods for which the yield (coupon, interests) on the securities of the issue shall be paid: **20**

Date of the securities maturity: ***the 3,640th (three thousand six hundred and fortieth) day from starting distribution of the bonds of the issue***

To be specified precisely: *No*

Web-page, where the text of resolution on the securities issue and securities prospectus is published:
www.lipetsk.nlmk.ru; www.e-disclosure.ru/portal/company.aspx?id=2509

Any additional issues of securities: *No*

There are no outstanding liabilities under securities of the issue.

Type of securities: ***exchange/commercial bonds***

Form of securities: ***certified pay-to-bearer***

Series: ***EO-11***

Other identification attributes of the securities: ***interest-bearing non-convertible bonds with mandatory centralized custody***

The securities issue wasn't subject to state registration: *Yes*

Identification number of the issue: ***4B02-11-00102-A***

Date of identification number assignment: ***27/12/2012.***

The identification number assigned to the issue by: *Closed Joint-Stock Company “MICEX Stock Exchange”*

Quantity of securities in the issue, pcs.: **5,000,000**

Volume of securities issue at par value, RUB: **5,000,000,000**

Par value, RUB: **1,000**

In line with the Russian legislation the par value is not foreseen for this type of securities: *No*

Status of securities in the issue: ***in circulation***

State registration of the report on the results of the issue has not been performed: *Yes*

Number of interest (coupon) periods for which the yield (coupon, interests) on the securities of the issue shall be paid: **20**

Date of the securities maturity: ***20/07/2023.***

To be specified precisely: *Yes*

Web-page, where the text of resolution on the securities issue and securities prospectus is published:
www.lipetsk.nlmk.ru; www.e-disclosure.ru/portal/company.aspx?id=2509

Any additional issues of securities: *No*

There are no outstanding liabilities under securities of the issue.

Type of securities: ***exchange/commercial bonds***

Form of securities: ***certified pay-to-bearer***

Series: ***EO-12***

Other identification attributes of the securities: ***interest-bearing non-convertible bonds with mandatory centralized custody***

The securities issue wasn't subject to state registration: **Yes**
Identification number of the issue: **4B02-12-00102-A**
Date of identification number assignment: **27/12/2012**.
The identification number assigned to the issue by: **Closed Joint-Stock Company "MICEX Stock Exchange"**

Quantity of securities in the issue, pcs.: **5,000,000**
Volume of securities issue at par value, RUB: **5,000,000,000**
Par value, RUB: **1,000**
In line with the Russian legislation the par value is not foreseen for this type of securities: **No**
Status of securities in the issue: **in circulation**

State registration of the report on the results of the issue has not been performed: **Yes**
Number of interest (coupon) periods for which the yield (coupon, interests) on the securities of the issue shall be paid: **20**
Date of the securities maturity: **25/07/2023**.
To be specified precisely: **Yes**
Web-page, where the text of resolution on the securities issue and securities prospectus is published:
www.lipetsk.nlmk.ru; www.e-disclosure.ru/portal/company.aspx?id=2509

Any additional issues of securities: **No**

There are no outstanding liabilities under securities of the issue.

Type of securities: **exchange/commercial bonds**
Form of securities: **certified pay-to-bearer**
Series: **BO-13**
Other identification attributes of the securities: **interest-bearing non-convertible bonds with mandatory centralized custody**
The securities issue wasn't subject to state registration: **Yes**
Identification number of the issue: **4B02-13-00102-A**
Date of identification number assignment: **27/12/2012**.
The identification number assigned to the issue by: **Closed Joint-Stock Company "MICEX Stock Exchange"**

Quantity of securities in the issue, pcs.: **5,000,000**
Volume of securities issue at par value, RUB: **5,000,000,000**
Par value, RUB: **1,000**
In line with the Russian legislation the par value is not foreseen for this type of securities: **No**
Status of securities in the issue: **in circulation**

State registration of the report on the results of the issue has not been performed: **Yes**
Number of interest (coupon) periods for which the yield (coupon, interests) on the securities of the issue shall be paid: **20**
Date of the securities maturity: **02/10/2023**.
To be specified precisely: **Yes**
Web-page, where the text of resolution on the securities issue and securities prospectus is published:
www.lipetsk.nlmk.ru; www.e-disclosure.ru/portal/company.aspx?id=2509

Any additional issues of securities: **No**

There are no outstanding liabilities under securities of the issue.

Type of securities: **exchange/commercial bonds**
Form of securities: **certified pay-to-bearer**

Series: **BO-14**

Other identification attributes of the securities: *interest-bearing non-convertible bonds with mandatory centralized custody*

The securities issue wasn't subject to state registration: *Yes*

Identification number of the issue: **4B02-14-00102-A**

Date of identification number assignment: **27/12/2012.**

The identification number assigned to the issue by: *Closed Joint-Stock Company "MICEX Stock Exchange"*

Quantity of securities in the issue, pcs.: **5,000,000**

Volume of securities issue at par value, RUB: **5,000,000,000**

Par value, RUB: **1,000**

In line with the Russian legislation the par value is not foreseen for this type of securities: *No*

Status of securities in the issue: *in circulation*

State registration of the report on the results of the issue has not been performed: *Yes*

Number of interest (coupon) periods for which the yield (coupon, interests) on the securities of the issue shall be paid: **20**

Date of the securities maturity: **26/06/2025.**

To be specified precisely: *Yes*

Web-page, where the text of resolution on the securities issue and securities prospectus is published: ***www.lipetsk.nlmk.ru; www.e-disclosure.ru/portal/company.aspx?id=2509***

Any additional issues of securities: *No*

There are no outstanding liabilities under securities of the issue.

8.4. Information on a person (persons) who provided security for the Issuer's secured bonds as well as on the security for the Issuer's secured bonds

The Issuer hasn't registered secured bonds prospectus, no admittance to arranged trading of the secured exchange bonds has been provided

8.4.1. Additional information on mortgage security for the Issuer's mortgage-secured bonds

The Issuer has not distributed any bonds with mortgage cover, with respect to which the liabilities have not been discharged yet

8.4.2. Additional information on money claim collateral for the Issuer's bonds with money claim collateral

The Issuer has not distributed any bonds with money claim collateral, with respect to which the liabilities have not been discharged yet

8.5. Information on organizations which register rights for the Issuer's issue-grade securities

Information on the registrar

Full company name: *Open Joint-Stock Company "Agency "Regional Independent Registrar"*

Abbreviated company name: *OJSC "Agency "RNR"*

Domicile: *Russia, Lipetsk, 398017 Russia*

TIN: **7107039003**

OGRN **1027100964527**

Information on the license for acting as a registrar of the security owners register:

Number: **10-000-1-00261**

Issue date: **29/11/2002.**

Expiry date:

unlimited

Licensing authority: **FFMS of Russia**

The date when the registrar started keeping the register of the Issuer's securities owners: **04/03/2004.**

Certified securities of the Issuer with mandatory centralized custody are in circulation

Depositories

Full company name: ***Non-banking Crediting Institution Closed Joint-Stock Company "National Settlement Depository"***

Abbreviated company name: ***NCI CJSC NRD***

Domicile: ***12, Spartakovskaya str., Moscow***

TIN: ***7702165310***

OGRN ***1027739132563***

The data on license of a professional securities market player for depository activities:

Number: ***177-12042-000100***

Issue date: ***19/02/2009.***

Expiry date:

unlimited

Licensing authority: ***The Bank of Russia***

8.6. Information on legislative acts governing import and export of capital which could affect payment of dividends, interest and other payments to non-residents

The legislative acts governing import and export of capital which can influence payment of dividends on Issuer's shares, interest and other payments to non-residents owning the Issuer's securities, are as follows: International agreements and contracts on double tax, Tax Code of the Russian Federation (part one) No. 146-Φ3 dd. 31.07.1998 (revision dd. 15.02.2016); Tax Code of the Russian Federation (part two) No. 117-Φ3 dd. 05.08.2000 (revision dd. 30.03.2016); Federal Act No. 173-Φ3 dd. 10.12.2003 "On currency control" (revision dd. 30.12.2015); Federal Act No. 39-Φ3 dd. 22.04.1996 "On securities market" (revision dd. 30.12.2015), Federal Act No. 208-Φ3 dd. 26.12.1995 "On joint-stock companies" (revision dd. 29.06.2015).

8.7. Information on announced (accrued) and (or) paid dividends on the Issuer's stock as well as return on the Issuer's bonds.

8.7.1. Information on declared and paid dividends on the Issuer's stock

Information for the latest five completed reporting years or each completed reporting year, if the Issuer has been conducting its business for less than five years, as well as for the period starting from the beginning of the current year till the reporting quarter end

Indicator description	Indicator value for the corresponding reporting period - 2011, 6 months
Category of shares, for preferred shares - type	common
The Issuer's control body which made a decision on declaring the dividends, the date of the decision adoption, date and number of the minutes of the Issuer's control body meeting, where such decision was made	NLMK's Extraordinary General Shareholders' Meeting held on September 29, 2011, MoM No. 34 dated September 29, 2011
Amount of dividends announced per a share, RUB	1.4

Total amount of declared dividends on all stock of this category (type), RUB:	8,390,518,136
Date on which the persons entitled to dividends will be determined (were determined):	15 August 2011.
Reporting period (year, quarter), for which (upon the results of which) the declared dividends are(were) paid	2011, 6 months
The due date for declared dividends	till 28 November 2011
Form of payment of declared dividends (cash, other property)	cash
Source of payments of declared dividends (net profit for the reporting year, undistributed net profit for the previous years, Special Fund)	NLMK's net profit for 1H 2011 determined on the basis of the financial statements drawn up in accordance with the Russian Federation legislation.
Share of declared dividends in the net profit of the reporting year, %	23.95
Total amount of paid dividends on the stock of this category (type), RUB	8,378,085,327
Share of paid out dividends in the total amount of declared dividends in respect to the stock of this category (type), %	99.85
Reasons for the Issuer's non-payment of declared dividends, in case the declared dividends are not paid or not fully paid by the Issuer:	Failure of persons included in the list of persons entitled to receive dividends to submit to NLMK's Shareholder Register their bank details for the transfer of dividends in a non-cash form, as well as failure of shareholders to appear at the cash desk of PJSC "Lipetskcombank" to collect the dividends in cash.
Other information on declared and(or) paid dividends to be specified by the Issuer at its discretion	Other terms and conditions of declared dividends payment: cash to be transferred as follows: for legal entities (shareholders) – at NLMK's discretion in rubles or foreign currency at the official rate of the RF Central Bank as of the last working day preceding the payment date - cashless transfer of funds according to the payment details specified in the questionnaire of the registered entity kept by NLMK's Registrar (according to the payment details provided by the shareholder's authorized representative for the purpose of making a list of persons entitled to receive dividends upon the results of 1H 2011) or a special written statement of a shareholder being a foreign investor, received by NLMK prior to the payment date; for individuals being NLMK's employees (shareholders) – cashless transfer of funds as per payment details of "Salary" bank account or in cash at the plant cash desk; for other individuals (shareholders) - via PJSC "Lipetskcombank" (by cashless transfer of funds according to the bank account details specified in the questionnaire of the registered individual kept by NLMK's Registrar (according to the payment details provided by the shareholder's authorized representative for the purpose of making a list of persons entitled to receive dividends upon the results of 1H 2011) or in cash at the cash desk of PJSC "Lipetskcombank").

	Funds transfer expenses are to be borne by NLMK.
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Indicator description	Indicator value for the corresponding reporting period - 2011, full year
Category of shares, for preferred shares - type	common
The Issuer's control body which made a decision on declaring the dividends, the date of the decision adoption, date and number of the minutes of the Issuer's control body meeting, where such decision was made	Annual General Shareholders' Meeting of NLMK on 2011 performance results held on 30.05.12, MoM No.35 dd. 30.05.2012.
Amount of dividends announced per a share, RUB	2 (Taking into account the paid interim dividends for the 1H 2011 in the amount of 1 ruble 40 kopecks per one common share, the Company's General Shareholders' Meeting took the decision to additionally pay 60 kopecks per one common share).
Total amount of declared dividends on all stock of this category (type), RUB:	11,986,454,480 (The total amount of declared (accrued) dividends on all common stock to be paid out additionally, including declared (accrued) interim dividends for the H1 2011 in the amount of 8,390,518,136 rubles, makes 3,595,936,344 rubles.)
Date on which the persons entitled to dividends will be determined (were determined):	10 April 2012.
Reporting period (year, quarter), for which (upon the results of which) the declared dividends are(were) paid	2011, full year
The due date for declared dividends	till 30 July 2012
Form of payment of declared dividends (cash, other property)	cash
Source of payments of declared dividends (net profit for the reporting year, undistributed net profit for the previous years, Special Fund)	NLMK's net profit for 2011 determined on the basis of the financial statements drawn up in accordance with the Russian Federation legislation.
Share of declared dividends in the net profit of the reporting year, %	34.58
Total amount of paid dividends on the stock of this category (type), RUB	11,968,460,948
Share of paid out dividends in the total amount of declared dividends in respect to the stock of this category (type), %	99.85
Reasons for the Issuer's non-payment of declared dividends, in case the declared dividends are not paid or not fully paid by the Issuer:	Failure of persons included in the list of persons entitled to receive dividends to submit to NLMK's Shareholder Register their bank details for the transfer of dividends in a non-cash form, as well as failure of shareholders to appear at the cash desk of PJSC "Lipetskcombank" to collect the dividends in cash.
Other information on declared and(or) paid dividends to be specified by the Issuer at its discretion	Other terms and conditions of declared dividends payment: cash to be transferred as follows: for legal entities (shareholders) by cashless transfer of funds according to the payment details specified in the questionnaire of the registered entity kept

	<p>by NLMK's Registrar (according to the payment details provided by the shareholder's authorized representative for the purpose of making the list of persons entitled to receive dividends for 2011) or in a special written statement of a shareholder being a foreign investor, which is to be received by NLMK prior to the payout date.</p> <p>At NLMK's discretion payment is performed in rubles or foreign currency at the official rate of the RF Central Bank as of the last working day preceding the payment date; to individuals – employees of NLMK (shareholders) – by cashless transfer of funds according to the payment details using bank cards of PJSC "Lipetskcombank" or in cash at PJSC "Lipetskcombank"; to other individuals (shareholders) - via PJSC "Lipetskcombank" by cashless transfer of funds according to the payment details specified in the questionnaire of the registered individual kept by NLMK's Registrar (according to the payment details provided by the shareholder's authorized representative for the purpose of making a list of persons entitled to receive dividends for 2011) or in cash at the cash desk of PJSC "Lipetskcombank". Cashless funds transfer expenses are to be borne by NLMK.</p>
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Indicator description	Indicator value for the corresponding reporting period - 2012, full year
Category of shares, for preferred shares - type	common
The Issuer's control body which made a decision on declaring the dividends, the date of the decision adoption, date and number of the minutes of the Issuer's control body meeting, where such decision was made	Annual General Shareholders' Meeting of NLMK on 2012 performance results held on 07.06.13, MoM No.37 dd. 07.06.2013.
Amount of dividends announced per a share, RUB	0 62
Total amount of declared dividends on all stock of this category (type), RUB:	3,715,800,888 8
Date on which the persons entitled to dividends will be determined (were determined):	24 April 2013.
Reporting period (year, quarter), for which (upon the results of which) the declared dividends are(were) paid	2012, full year
The due date for declared dividends	till 07 August 2013
Form of payment of declared dividends (cash, other property)	cash
Source of payments of declared dividends (net profit for the reporting year, undistributed net profit for the previous years, Special Fund)	NLMK's net profit for 2012 determined on the basis of the accounting (financial) statements drawn up in accordance with the Russian Federation legislation.
Share of declared dividends in the net profit of the reporting year, %	17 43

Total amount of paid dividends on the stock of this category (type), RUB	3,709,684,527
Share of paid out dividends in the total amount of declared dividends in respect to the stock of this category (type), %	99 84
Reasons for the Issuer's non-payment of declared dividends, in case the declared dividends are not paid or not fully paid by the Issuer:	Failure of persons included in the list of persons entitled to receive dividends to submit their bank details for receiving dividends in cashless form to NLMK's Shareholder Register.
Other information on declared and(or) paid dividends to be specified by the Issuer at its discretion	Other terms and conditions of declared dividends payment: for legal entities and individuals (shareholders) by cashless transfer of funds according to the payment details specified in the questionnaire of the registered entity kept by NLMK's Registrar (according to the payment details provided by the shareholder's authorized representative for the purpose of making the list of persons entitled to receive dividends for 2012) or in a special written statement of a shareholder being a foreign investor, which is to be received by NLMK prior to the payout date. At NLMK's discretion the payment shall be made in rubles or foreign currency at the official exchange rate of the RF Central Bank as of the last business day preceding the payment date Cashless funds transfer expenses are to be borne by NLMK.

Indicator description	Indicator value for the corresponding reporting period - 2013, full year
Category of shares, for preferred shares - type	common
The Issuer's control body which made a decision on declaring the dividends, the date of the decision adoption, date and number of the minutes of the Issuer's control body meeting, where such decision was made	Annual General Shareholders' Meeting of NLMK on 2013 performance results held on 06.06.14, MoM No.38 dd. 06.06.2014.
Amount of dividends announced per a share, RUB	0 67
Total amount of declared dividends on all stock of this category (type), RUB:	4,015,462,250 8
Date on which the persons entitled to dividends will be determined (were determined):	17 June 2014.
Reporting period (year, quarter), for which (upon the results of which) the declared dividends are(were) paid	2013, full year
The due date for declared dividends	To nominal holders and custodians, the professional securities market participants, who are registered in the Shareholders' Register as at June 17, 2014: on or before July 1, 2014; to other persons registered in the Shareholders' Register as at June 17, 2014: on or before July 22, 2014.
Form of payment of declared dividends (cash, other property)	cash
Source of payments of declared dividends (net profit for the reporting year, undistributed net profit for the previous years,	NLMK's retained profit for the previous years determined on the basis of the

Special Fund)	financial statements drawn up in accordance with the Russian Federation legislation.
Share of declared dividends in the net profit of the reporting year, %	0
Total amount of paid dividends on the stock of this category (type), RUB	4,010,400,564
Share of paid out dividends in the total amount of declared dividends in respect to the stock of this category (type), %	99 87
Reasons for the Issuer's non-payment of declared dividends, in case the declared dividends are not paid or not fully paid by the Issuer:	Failure of persons included in the list of persons entitled to receive dividends to submit their bank details for receiving dividends in cashless form to NLMK's Shareholder Register.
Other information on declared and(or) paid dividends to be specified by the Issuer at its discretion	none

Indicator description	Indicator value for the corresponding reporting period - 2014, 6 months
Category of shares, for preferred shares - type	common
The Issuer's control body which made a decision on declaring the dividends, the date of the decision adoption, date and number of the minutes of the Issuer's control body meeting, where such decision was made	NLMK's Extraordinary General Shareholders' Meeting held on September 30, 2014, MoM No. 39 dated September 30, 2014
Amount of dividends announced per a share, RUB	0 88
Total amount of declared dividends on all stock of this category (type), RUB:	5,274,039,971 20
Date on which the persons entitled to dividends will be determined (were determined):	11 October 2014.
Reporting period (year, quarter), for which (upon the results of which) the declared dividends are(were) paid	2014, 6 months
The due date for declared dividends	to nominal holders and custodians - the professional securities market participants, who are registered in the Shareholders Register as at October 11, 2014: on or before October 24, 2014; to other persons registered in the Shareholders' Register as of October 11, 2014: on or before November 18, 2014.
Form of payment of declared dividends (cash, other property)	cash
Source of payments of declared dividends (net profit for the reporting year, undistributed net profit for the previous years, Special Fund)	NLMK's net profit for 1H 2014 determined on the basis of the accounting (financial) statements drawn up in accordance with the Russian Federation legislation.
Share of declared dividends in the net profit of the reporting year, %	29 87
Total amount of paid dividends on the stock of this category (type), RUB	5,267,372,127
Share of paid out dividends in the total amount of declared dividends in respect to the stock of this category (type), %	99 87
Reasons for the Issuer's non-payment of declared dividends, in case the declared dividends are not paid or not fully paid by the	Failure of persons included in the list of persons entitled to receive dividends to

Issuer:	submit their bank details for receiving dividends in cashless form to NLMK's Shareholder Register.
Other information on declared and(or) paid dividends to be specified by the Issuer at its discretion	none

Indicator description	Indicator value for the corresponding reporting period - 2014, full year
Category of shares, for preferred shares - type	common
The Issuer's control body which made a decision on declaring the dividends, the date of the decision adoption, date and number of the minutes of the Issuer's control body meeting, where such decision was made	Annual General Shareholders' Meeting of NLMK on 2014 performance results held on 05.06.15, MoM No.40 dd. 05.06.2015.
Amount of dividends announced per a share, RUB	2.44 (Considering the interim paid-in dividends for H1 2014 in the amount of RUB 0.88 per common share, the Company shall additionally pay RUB 1.56 per common share.)
Total amount of declared dividends on all stock of this category (type), RUB:	14,623,474,465.60 (Considering the interim paid-in dividends for H1 2014 in the amount of RUB 5,274,039,971.20 per common share, the Company shall additionally pay RUB 9,349,434,494.40 per common share.)
Date on which the persons entitled to dividends will be determined (were determined):	16 June 2015.
Reporting period (year, quarter), for which (upon the results of which) the declared dividends are(were) paid	2014, full year
The due date for declared dividends	To nominal holders and custodians, the professional securities market participants, who are registered in the Shareholders' Register as at June 16, 2015: on or before June 30, 2015; to other persons registered in the Shareholders' Register as of June 16, 2015: on or before July 21, 2015.
Form of payment of declared dividends (cash, other property)	cash
Source of payments of declared dividends (net profit for the reporting year, undistributed net profit for the previous years, Special Fund)	NLMK's net profit for 2014 determined on the basis of the accounting (financial) statements drawn up in accordance with the Russian Federation legislation.
Share of declared dividends in the net profit of the reporting year, %	73 36
Total amount of paid dividends on the stock of this category (type), RUB	14,604,335,002
Share of paid out dividends in the total amount of declared dividends in respect to the stock of this category (type), %	99 87
Reasons for the Issuer's non-payment of declared dividends, in case the declared dividends are not paid or not fully paid by the Issuer:	Failure of persons included in the list of persons entitled to receive dividends to submit their bank details for receiving dividends in cashless form to NLMK's Shareholder Register.
Other information on declared and(or) paid dividends to be specified by the Issuer at its discretion	none

Indicator description	Indicator value for the corresponding reporting period - 2015, 3 months
Category of shares, for preferred shares - type	common
The Issuer's control body which made a decision on declaring the dividends, the date of the decision adoption, date and number of the minutes of the Issuer's control body meeting, where such decision was made	Annual General Shareholders' Meeting of NLMK on 2014 performance results held on 05.06.15, MoM No.40 dd. 05.06.2015.
Amount of dividends announced per a share, RUB	1 64
Total amount of declared dividends on all stock of this category (type), RUB:	9,828,892,673 60
Date on which the persons entitled to dividends will be determined (were determined):	16 June 2015.
Reporting period (year, quarter), for which (upon the results of which) the declared dividends are(were) paid	2015, 3 months
The due date for declared dividends	To nominal holders and custodians, the professional securities market participants, who are registered in the Shareholders' Register as at June 16, 2015: on or before June 30, 2015; to other persons registered in the Shareholders' Register as of June 16, 2015: on or before July 21, 2015.
Form of payment of declared dividends (cash, other property)	cash
Source of payments of declared dividends (net profit for the reporting year, undistributed net profit for the previous years, Special Fund)	NLMK's net profit for Q1 2015 determined on the basis of the accounting (financial) statements drawn up in accordance with the Russian Federation legislation.
Share of declared dividends in the net profit of the reporting year, %	49 17
Total amount of paid dividends on the stock of this category (type), RUB	9,815,675,994
Share of paid out dividends in the total amount of declared dividends in respect to the stock of this category (type), %	99 87
Reasons for the Issuer's non-payment of declared dividends, in case the declared dividends are not paid or not fully paid by the Issuer:	Failure of persons included in the list of persons entitled to receive dividends to submit their bank details for receiving dividends in cashless form to NLMK's Shareholder Register.
Other information on declared and(or) paid dividends to be specified by the Issuer at its discretion	none

Indicator description	Indicator value for the corresponding reporting period - 2015, 6 months
Category of shares, for preferred shares - type	common
The Issuer's control body which made a decision on declaring the dividends, the date of the decision adoption, date and number of the minutes of the Issuer's control body meeting, where such decision was made	NLMK's Extraordinary General Shareholders' meeting held on September 30, 2015, MoM No. 41 dated September 30, 2015

Amount of dividends announced per a share, RUB	0 93
Total amount of declared dividends on all stock of this category (type), RUB:	5,573,701,333 20
Date on which the persons entitled to dividends will be determined (were determined):	12 October 2015.
Reporting period (year, quarter), for which (upon the results of which) the declared dividends are(were) paid	2015, 6 months
The due date for declared dividends	to nominal holders and custodians - the professional securities market participants, who are registered in the Shareholders Register as at October 12, 2015: on or before October 26, 2015; to other persons registered in the Shareholders' Register as of October 12, 2015: on or before November 17, 2015.
Form of payment of declared dividends (cash, other property)	cash
Source of payments of declared dividends (net profit for the reporting year, undistributed net profit for the previous years, Special Fund)	NLMK's net profit for 1H 2015 determined on the basis of the accounting (financial) statements drawn up in accordance with the Russian Federation legislation.
Share of declared dividends in the net profit of the reporting year, %	17 87
Total amount of paid dividends on the stock of this category (type), RUB	5,566,218,319
Share of paid out dividends in the total amount of declared dividends in respect to the stock of this category (type), %	99 87
Reasons for the Issuer's non-payment of declared dividends, in case the declared dividends are not paid or not fully paid by the Issuer:	Failure of persons included in the list of persons entitled to receive dividends to submit their bank details for receiving dividends in cashless form to NLMK's Shareholder Register.
Other information on declared and(or) paid dividends to be specified by the Issuer at its discretion	none

Indicator description	Indicator value for the corresponding reporting period - 2015, 9 months
Category of shares, for preferred shares - type	common
The Issuer's control body which made a decision on declaring the dividends, the date of the decision adoption, date and number of the minutes of the Issuer's control body meeting, where such decision was made	NLMK's Extraordinary General Shareholders' Meeting held on December 21, 2015, MoM No. 42 dated December 21, 2015
Amount of dividends announced per a share, RUB	1 95
Total amount of declared dividends on all stock of this category (type), RUB:	11,686,793,118
Date on which the persons entitled to dividends will be determined (were determined):	08 January 2016.
Reporting period (year, quarter), for which (upon the results of which) the declared dividends are(were) paid	2015, 9 months
The due date for declared dividends	Nominal holders and custodians, the professional securities market participants, who are registered in the Shareholders' Register as of January 8, 2016: on or before

	January 22, 2016; to other persons registered in the Shareholders' Register as of January 8, 2016: on or before February 12, 2016.
Form of payment of declared dividends (cash, other property)	cash
Source of payments of declared dividends (net profit for the reporting year, undistributed net profit for the previous years, Special Fund)	NLMK's net profit for 9 months 2015 determined on the basis of the accounting (financial) statements drawn up in accordance with the Russian Federation legislation.
Share of declared dividends in the net profit of the reporting year, %	24 61
Total amount of paid dividends on the stock of this category (type), RUB	11,669,057,984
Share of paid out dividends in the total amount of declared dividends in respect to the stock of this category (type), %	99.85
Reasons for the Issuer's non-payment of declared dividends, in case the declared dividends are not paid or not fully paid by the Issuer:	Failure of persons included in the list of persons entitled to receive dividends to submit their bank details for receiving dividends in cashless form to NLMK's Shareholder Register.
Other information on declared and(or) paid dividends to be specified by the Issuer at its discretion	none

8.7.2. Information on accrued and paid yield on the Issuer's bonds

Information on each bond issue on which the yield has been paid over five latest completed reporting years or each completed reporting year if the Issuer has conducted its business for less than five years and over the period starting from the beginning of the current year till the reporting quarter end.

Type of securities: *exchange/commercial bonds*

Form of securities: *certified pay-to-bearer*

Series: **EO-05**

interest-bearing non-convertible bonds with mandatory centralized custody

Identification number of the issue: **4B02-05-00102-A**

Date of identification number assignment: **19/10/2009**.

The identification number assigned to the issue by: **Closed Joint-Stock Company "MICEX Stock Exchange"**

Quantity of bonds of the issue, pcs.: **10,000,000**

Par value of each bond of the issue, RUB: **1,000**

Volume of the issue at par value: **10,000,000,000**

Main data on yield from the bonds of the issue:

Type of yield paid on the bonds of the issue: coupon yield on the first coupon.

Amount of yield per bond subject to payment on the bonds of the issue, in cash: RUB 53.60 (Fifty three rubles) 60 kopecks.

Amount of yield subject to payment on all bonds of the issue in total, in cash: RUB 536,000,000 (Five hundred and thirty six million rubles).

Date on which the liability to pay yield on the bonds of the issue shall be discharged: 04/05/2010 Form and other terms of yield payment on the bonds of the issue: monetary funds in the currency of the Russian Federation by cashless settlement.

Coupon (interest) period for which the yield on the bonds of the issue was paid: 182 days - date of the beginning of the coupon (interest) period: 03.11.2009 - date of the end of the coupon (interest) period:

04.05.2010 Total amount of the yield paid on all the bonds of the issue: RUB 536,000,000 (Five hundred and thirty six million rubles).

Yield on the first coupon on the bonds of the issue has been paid by the Issuer in full volume.

Type of yield paid on the bonds of the issue: coupon yield on the second coupon.

Amount of yield per bond subject to payment on the bonds of the issue, in cash: RUB 53.60 (Fifty three rubles) 60 kopecks.

Amount of yield subject to payment on all bonds of the issue in total, in cash: RUB 536,000,000 (Five hundred and thirty six million rubles).

Date on which the liability to pay yield on the bonds of the issue shall be discharged: 02/11/2010 Form and other terms of yield payment on the bonds of the issue: monetary funds in the currency of the Russian Federation by cashless settlement.

Coupon (interest) period for which the yield on the bonds of the issue was paid: 182 days - date of the beginning of the coupon (interest) period: 04.05.2010 - date of the end of the coupon (interest) period:

02.11.2010 Total amount of the yield paid on all the bonds of the issue: RUB 536,000,000 (Five hundred and thirty six million rubles).

Yield on the second coupon on the bonds of the issue has been paid by the Issuer in full volume.

Type of yield paid on the bonds of the issue: coupon yield on the third coupon.

Amount of yield per bond subject to payment on the bonds of the issue, in cash: RUB 53.60 (Fifty three rubles) 60 kopecks.

Amount of yield subject to payment on all bonds of the issue in total, in cash: RUB 536,000,000 (Five hundred and thirty six million rubles).

Date on which the liability to pay yield on the bonds of the issue shall be discharged: 03/05/2011 Form and other terms of yield payment on the bonds of the issue: monetary funds in the currency of the Russian Federation by cashless settlement.

Coupon (interest) period for which the yield on the bonds of the issue was paid: 182 days - date of the beginning of the coupon (interest) period: 02.11.2010 - date of the end of the coupon (interest) period:

03.05.2011 Total amount of the yield paid on all the bonds of the issue: RUB 536,000,000 (Five hundred and thirty six million rubles).

Yield on the third coupon on the bonds of the issue has been paid by the Issuer in full volume.

Type of yield paid on the bonds of the issue: coupon yield on the fourth coupon.

Amount of yield per bond subject to payment on the bonds of the issue, in cash: RUB 53.60 (Fifty three rubles) 60 kopecks.

Amount of yield subject to payment on all bonds of the issue in total, in cash: RUB 536,000,000 (Five hundred and thirty six million rubles).

Date on which the liability to pay yield on the bonds of the issue shall be discharged: 01/11/2011 Form and other terms of yield payment on the bonds of the issue: monetary funds in the currency of the Russian Federation by cashless settlement.

Coupon (interest) period for which the yield on the bonds of the issue was paid: 182 days - date of the beginning of the coupon (interest) period: 03.05.2011 - date of the end of the coupon (interest) period:

01.11.2011 Total amount of the yield paid on all the bonds of the issue: RUB 536,000,000 (Five hundred and thirty six million rubles).

Yield on the fourth coupon on the bonds of the issue has been paid by the Issuer in full.

Type of yield paid on the bonds of the issue: coupon yield on the fifth coupon.

Amount of yield per bond subject to payment on the bonds of the issue, in cash: RUB 53.60 (Fifty three rubles) 60 kopecks.

Amount of yield subject to payment on all bonds of the issue in total, in cash: RUB 536,000,000 (Five hundred and thirty six million rubles).

Date on which the liability to pay yield on the bonds of the issue shall be discharged: 01.05.2012 (taking into account that it falls on a non-working day - 02.05.2012) Form and other terms of yield payment on the bonds of the issue: monetary funds in the currency of the Russian Federation by cashless settlement.

Coupon (interest) period for which the yield on the bonds of the issue was paid: 182 days - date of the beginning of the coupon (interest) period: 01.11.2011 - date of the end of the coupon (interest) period:

01.05.2012 Total amount of the yield paid on all the bonds of the issue: RUB 536,000,000 (Five hundred and thirty six million rubles).

Yield on the fifth coupon on the bonds of the issue has been paid by the Issuer in full.

Type of yield paid on the bonds of the issue: coupon yield on the sixth coupon.
Amount of yield per bond subject to payment on the bonds of the issue, in cash: RUB 53.60 (Fifty three rubles) 60 kopecks.
Amount of yield subject to payment on all bonds of the issue in total, in cash: RUB 536,000,000 (Five hundred and thirty six million rubles).
Date on which the liability to pay yield on the bonds of the issue shall be discharged: 30/10/2012 Form and other terms of yield payment on the bonds of the issue: monetary funds in the currency of the Russian Federation by cashless settlement.
Coupon (interest) period for which the yield on the bonds of the issue was paid: 182 days - date of the beginning of the coupon (interest) period: 01.05.2012 - date of the end of the coupon (interest) period: 30.10.2012 Total amount of the yield paid on all the bonds of the issue: RUB 536,000,000 (Five hundred and thirty six million rubles).
Yield on the sixth coupon on the bonds of the issue has been paid by the Issuer in full.

Type of yield paid on the bonds of the issue: par value.
Amount of yield per bond subject to payment on the bonds of the issue, in cash: RUB 1,000 (One thousand rubles).
Amount of yield subject to payment on all bonds of the issue in total, in cash: RUB 10,000,000,000 (Ten billion rubles).
Date on which the liability to repay par value of the bonds of the issue shall be discharged: 30/10/2012 Form and other terms of yield payment on the bonds of the issue: monetary funds in the currency of the Russian Federation by cashless settlement.
The obligation to repay the par value of the bonds of the issue has been fully discharged by the Issuer.

Type of securities: *exchange/commercial bonds*
Form of securities: *certified pay-to-bearer*
Series: **BO-01**
interest-bearing non-convertible bonds with mandatory centralized custody
Identification number of the issue: **4B02-01-00102-A**
Date of identification number assignment: **19/10/2009.**
The identification number assigned to the issue by: **Closed Joint-Stock Company "MICEX Stock Exchange"**

Quantity of bonds of the issue, pcs.: **5,000,000**
Par value of each bond of the issue, RUB: **1,000**
Volume of the issue at par value: **5,000,000,000**

Main data on yield from the bonds of the issue:
Type of yield paid on the bonds of the issue: coupon yield on the first coupon.
Amount of yield per bond subject to payment on the bonds of the issue, in cash: RUB 48.62 (Forty eight rubles) 62 kopecks.
Amount of yield subject to payment on all bonds of the issue in total, in cash: RUB 243,100,000 (Two hundred and forty three million one hundred thousand rubles).
Date on which the liability to pay yield on the bonds of the issue shall be discharged: 08/06/2010 Form and other terms of yield payment on the bonds of the issue: monetary funds in the currency of the Russian Federation by cashless settlement.
Coupon (interest) period for which the yield on the bonds of the issue was paid: 182 days - date of the beginning of the coupon (interest) period: 08.12.2009 - date of the end of the coupon (interest) period: 08.06.2010 Total amount of the yield paid on all the bonds of the issue: RUB 243,100,000 (Two hundred and forty three million one hundred thousand rubles).
Yield on the first coupon on the bonds of the issue has been paid by the Issuer in full volume.

Type of yield paid on the bonds of the issue: coupon yield on the second coupon.

Amount of yield per bond subject to payment on the bonds of the issue, in cash: RUB 48.62 (Forty eight rubles) 62 kopecks.

Amount of yield subject to payment on all bonds of the issue in total, in cash: RUB 243,100,000 (Two hundred and forty three million one hundred thousand rubles).

Date on which the liability to pay yield on the bonds of the issue shall be discharged: 07/12/2010 Form and other terms of yield payment on the bonds of the issue: monetary funds in the currency of the Russian Federation by cashless settlement.

Coupon (interest) period for which the yield on the bonds of the issue was paid: 182 days - date of the beginning of the coupon (interest) period: 08.06.2010 - date of the end of the coupon (interest) period: 07.12.2010 Total amount of the yield paid on all the bonds of the issue: RUB 243,100,000 (Two hundred and forty three million one hundred thousand rubles).

Yield on the second coupon on the bonds of the issue has been paid by the Issuer in full volume.

Type of yield paid on the bonds of the issue: coupon yield on the third coupon.

Amount of yield per bond subject to payment on the bonds of the issue, in cash: RUB 48.62 (Forty eight rubles) 62 kopecks.

Amount of yield subject to payment on all bonds of the issue in total, in cash: RUB 243,100,000 (Two hundred and forty three million one hundred thousand rubles).

Date on which the liability to pay yield on the bonds of the issue shall be discharged: 07/06/2011

Form and other yield payment terms on the bonds of the issue: monetary funds in the currency of the Russian Federation by cashless settlement.

Coupon (interest) period for which the yield on the bonds of the issue was paid: 182 days - date of the beginning of the coupon (interest) period: 07/12/2010 - date of the end of the coupon (interest) period: 07/06/2011 Total amount of the yield paid on all the bonds of the issue: RUB 243,100,000 (Two hundred and forty three million one hundred thousand rubles).

Yield on the third coupon on the bonds of the issue has been paid by the Issuer in full volume.

Type of yield paid on the bonds of the issue: coupon yield on the fourth coupon.

Amount of yield per bond subject to payment on the bonds of the issue, in cash: RUB 48.62 (Forty eight rubles) 62 kopecks.

Amount of yield subject to payment on all bonds of the issue in total, in cash: RUB 243,100,000 (Two hundred and forty three million one hundred thousand rubles).

Date on which the liability to pay yield on the bonds of the issue shall be discharged: 06/12/2011 Form and other terms of yield payment on the bonds of the issue: monetary funds in the currency of the Russian Federation by cashless settlement.

Coupon (interest) period for which the yield on the bonds of the issue was paid: 182 days - date of the beginning of the coupon (interest) period: 07/06/2011 - date of the end of the coupon (interest) period: 06/12/2011 Total amount of the yield paid on all the bonds of the issue: RUB 243,100,000 (Two hundred and forty three million one hundred thousand rubles).

Yield on the fourth coupon on the bonds of the issue has been paid by the Issuer in full.

Type of yield paid on the bonds of the issue: coupon yield on the fifth coupon.

Amount of yield per bond subject to payment on the bonds of the issue, in cash: RUB 48.62 (Forty eight rubles) 62 kopecks.

Amount of yield subject to payment on all bonds of the issue in total, in cash: RUB 243,100,000 (Two hundred and forty three million one hundred thousand rubles).

Date on which the liability to pay yield on the bonds of the issue shall be discharged: 05/06/2012 Form and other terms of yield payment on the bonds of the issue: monetary funds in the currency of the Russian Federation by cashless settlement.

Coupon (interest) period for which the yield on the bonds of the issue was paid: 182 days - date of the beginning of the coupon (interest) period: 06/12/2011 - date of the end of the coupon (interest) period: 05/06/2012 Total amount of the yield paid on all the bonds of the issue: RUB 243,100,000 (Two hundred and forty three million one hundred thousand rubles).

Yield on the fifth coupon on the bonds of the issue has been paid by the Issuer in full.

Type of yield paid on the bonds of the issue: coupon yield on the sixth coupon.

Amount of yield per bond subject to payment on the bonds of the issue, in cash: RUB 48.62 (Forty eight rubles) 62 kopecks.

Amount of yield subject to payment on all bonds of the issue in total, in cash: RUB 243,100,000 (Two hundred and forty three million one hundred thousand rubles).
Date on which the liability to pay yield on the bonds of the issue shall be discharged: 04/12/2012 Form and other terms of yield payment on the bonds of the issue: monetary funds in the currency of the Russian Federation by cashless settlement.
Coupon (interest) period for which the yield on the bonds of the issue was paid: 182 days - date of the beginning of the coupon (interest) period: 05/06/2012 - date of the end of the coupon (interest) period: 04/12/2012 Total amount of the yield paid on all the bonds of the issue: RUB 243,100,000 (Two hundred and forty three million one hundred thousand rubles).
Yield on the sixth coupon on the bonds of the issue has been paid by the Issuer in full.

Type of yield paid on the bonds of the issue: par value.
Amount of yield per bond subject to payment on the bonds of the issue, in cash: RUB 1,000 (One thousand rubles).
Amount of yield subject to payment on all bonds of the issue in total, in cash: RUB 5,000,000,000 (Five billion rubles).
Date on which the liability to repay par value of the bonds of the issue shall be discharged: 04/12/2012 Form and other terms of yield payment on the bonds of the issue: monetary funds in the currency of the Russian Federation by cashless settlement.
The obligation to repay the par value of the bonds of the issue has been fully discharged by the Issuer.

Type of securities: *exchange/commercial bonds*
Form of securities: *certified pay-to-bearer*
Series: **BO-06**
interest-bearing non-convertible bonds with mandatory centralized custody
Identification number of the issue: **4B02-06-00102-A**
Date of identification number assignment: **19/10/2009.**
The identification number assigned to the issue by: **Closed Joint-Stock Company "MICEX Stock Exchange"**

Quantity of bonds of the issue, pcs.: **10,000,000**
Par value of each bond of the issue, RUB: **1,000**
Volume of the issue at par value: **10,000,000,000**

Main data on yield from the bonds of the issue:
Type of yield paid on the bonds of the issue: coupon yield on the first coupon.
Amount of yield per bond subject to payment on the bonds of the issue, in cash: RUB 38.64 (thirty eight rubles) 64 kopecks.
Amount of yield subject to payment on all bonds of the issue in total, in cash: RUB 386,400,000 (Three hundred and eighty-six million four hundred thousand rubles).
Date on which the liability to pay yield on the bonds of the issue shall be discharged: 07/09/2010 Form and other terms of yield payment on the bonds of the issue: monetary funds in the currency of the Russian Federation by cashless settlement.
Coupon (interest) period for which the yield on the bonds of the issue was paid: 182 days - date of the beginning of the coupon (interest) period: 09/03/2010 - date of the end of the coupon (interest) period: 07/09/2010 Total amount of the yield paid on all the bonds of the issue: RUB 386,400,000 (Three hundred and eighty-six million four hundred thousand rubles).
Yield on the first coupon on the bonds of the issue has been paid by the Issuer in full volume.

Type of yield paid on the bonds of the issue: coupon yield on the second coupon.
Amount of yield per bond subject to payment on the bonds of the issue, in cash: RUB 38.64 (thirty eight rubles) 64 kopecks.
Amount of yield subject to payment on all bonds of the issue in total, in cash: RUB 386,400,000 (Three hundred and eighty-six million four hundred thousand rubles).

Date on which the liability to pay yield on the bonds of the issue shall be discharged: 08/03/2011(taking

into account that it falls on a non-working day - 09.03.2011) Form and other terms of yield payment on the bonds of the issue: monetary funds in the currency of the Russian Federation by cashless settlement. Coupon (interest) period for which the yield on the bonds of the issue was paid: 182 days - date of the beginning of the coupon (interest) period: 07/09/2010 - date of the end of the coupon (interest) period: 08/03/2011 Total amount of the yield paid on all the bonds of the issue: RUB 386,400,000 (Three hundred and eighty-six million four hundred thousand rubles).
Yield on the second coupon on the bonds of the issue has been paid by the Issuer in full volume.

Type of yield paid on the bonds of the issue: coupon yield on the third coupon.
Amount of yield per bond subject to payment on the bonds of the issue, in cash: RUB 38.64 (thirty eight rubles) 64 kopecks.
Amount of yield subject to payment on all bonds of the issue in total, in cash: RUB 386,400,000 (Three hundred and eighty-six million four hundred thousand rubles).
Date on which the liability to pay yield on the bonds of the issue shall be discharged: 06/09/2011 Form and other terms of yield payment on the bonds of the issue: monetary funds in the currency of the Russian Federation by cashless settlement.
Coupon (interest) period for which the yield on the bonds of the issue was paid: 182 days - date of the beginning of the coupon (interest) period: 08/03/2011 - date of the end of the coupon (interest) period: 06/09/2011 Total amount of the yield paid on all the bonds of the issue: RUB 386,400,000 (Three hundred and eighty-six million four hundred thousand rubles).
Yield on the third coupon on the bonds of the issue has been paid by the Issuer in full volume.

Type of yield paid on the bonds of the issue: coupon yield on the fourth coupon.
Amount of yield per bond subject to payment on the bonds of the issue, in cash: RUB 38.64 (thirty eight rubles) 64 kopecks.
Amount of yield subject to payment on all bonds of the issue in total, in cash: RUB 386,400,000 (Three hundred and eighty-six million four hundred thousand rubles).
Date on which the liability to pay yield on the bonds of the issue shall be discharged: 06/03/2012 Form and other terms of yield payment on the bonds of the issue: monetary funds in the currency of the Russian Federation by cashless settlement.
Coupon (interest) period for which the yield on the bonds of the issue was paid: 182 days - date of the beginning of the coupon (interest) period: 06/09/2011 - date of the end of the coupon (interest) period: 06/03/2012 Total amount of the yield paid on all the bonds of the issue: RUB 386,400,000 (Three hundred and eighty-six million four hundred thousand rubles).
Yield on the fourth coupon on the bonds of the issue has been paid by the Issuer in full.

Type of yield paid on the bonds of the issue: coupon yield on the fifth coupon.
Amount of yield per bond subject to payment on the bonds of the issue, in cash: RUB 38.64 (thirty eight rubles) 64 kopecks.
Amount of yield subject to payment on all bonds of the issue in total, in cash: RUB 386,400,000 (Three hundred and eighty-six million four hundred thousand rubles).
Date on which the liability to pay yield on the bonds of the issue shall be discharged: 04/09/2012 Form and other terms of yield payment on the bonds of the issue: monetary funds in the currency of the Russian Federation by cashless settlement.
Coupon (interest) period for which the yield on the bonds of the issue was paid: 182 days - date of the beginning of the coupon (interest) period: 06/03/2012 - date of the end of the coupon (interest) period: 04/09/2012 Total amount of the yield paid on all the bonds of the issue: RUB 386,400,000 (Three hundred and eighty-six million four hundred thousand rubles).
Yield on the fifth coupon on the bonds of the issue has been paid by the Issuer in full.

Type of yield paid on the bonds of the issue: coupon yield on the sixth coupon.
Amount of yield per bond subject to payment on the bonds of the issue, in cash: RUB 38.64 (thirty eight rubles) 64 kopecks.
Amount of yield subject to payment on all bonds of the issue in total, in cash: RUB 386,400,000 (Three hundred and eighty-six million four hundred thousand rubles).
Date on which the liability to pay yield on the bonds of the issue shall be discharged: 05/03/2013 Form and other terms of yield payment on the bonds of the issue: monetary funds in the currency of the Russian Federation by cashless settlement.
Coupon (interest) period for which the yield on the bonds of the issue was paid: 182 days - date of the

beginning of the coupon (interest) period: 04/09/2012 - date of the end of the coupon (interest) period: 05/03/2013 Total amount of the yield paid on all the bonds of the issue: RUB 386,400,000 (Three hundred and eighty-six million four hundred thousand rubles).
Yield on the sixth coupon on the bonds of the issue has been paid by the Issuer in full.

Type of yield paid on the bonds of the issue: par value.

Amount of yield per bond subject to payment on the bonds of the issue, in cash: RUB 1,000 (One thousand rubles).

Amount of yield subject to payment on all bonds of the issue in total, in cash: RUB 10,000,000,000 (Ten billion rubles).

Date on which the liability to repay par value of the bonds of the issue shall be discharged:

05/03/2013 Form and other terms of yield payment on the bonds of the issue: monetary funds in the currency of the Russian Federation by cashless settlement.

The obligation to repay the par value of the bonds of the issue has been fully discharged by the Issuer.

Type of securities: *exchange/commercial bonds*

Form of securities: *certified pay-to-bearer*

Series: **BO-07**

interest-bearing non-convertible bonds with mandatory centralized custody

Identification number of the issue: **4B02-07-00102-A**

Date of identification number assignment: **19/10/2009.**

The identification number assigned to the issue by: **Closed Joint-Stock Company "MICEX Stock Exchange"**

Quantity of bonds of the issue, pcs.: **10,000,000**

Par value of each bond of the issue, RUB: **1,000**

Volume of the issue at par value: **10,000,000,000**

Main data on yield from the bonds of the issue:

Type of yield paid on the bonds of the issue: coupon yield on the first coupon.

Amount of yield per bond subject to payment on the bonds of the issue, in cash: RUB 44.63 (Forty-four rubles) 63 kopecks.

Amount of yield subject to payment on all bonds of the issue in total, in cash: RUB 446,300,000 (Four hundred and forty-six million three hundred thousand rubles).

Date on which the liability to pay yield on the bonds of the issue shall be discharged: 15/05/2012 Form and other terms of yield payment on the bonds of the issue: monetary funds in the currency of the Russian Federation by cashless settlement.

Coupon (interest) period for which the yield on the bonds of the issue was paid: 182 days - date of the beginning of the coupon (interest) period: 15/11/2011 - date of the end of the coupon (interest) period: 15/05/2012 Total amount of the yield paid on all the bonds of the issue: RUB 446,300,000 (Four hundred and forty-six million three hundred thousand rubles).

Yield on the first coupon on the bonds of the issue has been paid by the Issuer in full volume.

Type of yield paid on the bonds of the issue: coupon yield on the second coupon.

Amount of yield per bond subject to payment on the bonds of the issue, in cash: RUB 44.63 (Forty-four rubles) 63 kopecks.

Amount of yield subject to payment on all bonds of the issue in total, in cash: RUB 446,300,000 (Four hundred and forty-six million three hundred thousand rubles).

Date on which the liability to pay yield on the bonds of the issue shall be discharged: 13/11/2012 Form and other terms of yield payment on the bonds of the issue: monetary funds in the currency of the Russian Federation by cashless settlement.

Coupon (interest) period for which the yield on the bonds of the issue was paid: 182 days - date of the beginning of the coupon (interest) period: 15/05/2012 - date of the end of the coupon (interest) period: 13/11/2012 Total amount of the yield paid on all the bonds of the issue: RUB 446,300,000 (Four hundred and forty-six million three hundred thousand rubles).

Yield on the second coupon on the bonds of the issue has been paid by the Issuer in full volume.

Type of yield paid on the bonds of the issue: coupon yield on the third coupon.
Amount of yield per bond subject to payment on the bonds of the issue, in cash: RUB 44.63 (Forty-four rubles) 63 kopecks.
Amount of yield subject to payment on all bonds of the issue in total, in cash: RUB 446,300,000 (Four hundred and forty-six million three hundred thousand rubles).
Date on which the liability to pay yield on the bonds of the issue shall be discharged: 14/05/2013 Form and other terms of yield payment on the bonds of the issue: monetary funds in the currency of the Russian Federation by cashless settlement.
Coupon (interest) period for which the yield on the bonds of the issue was paid: 182 days - date of the beginning of the coupon (interest) period: 13/11/2012 - date of the end of the coupon (interest) period: 14/05/2013 Total amount of the yield paid on all the bonds of the issue: RUB 446,300,000 (Four hundred and forty-six million three hundred thousand rubles).
Yield on the third coupon on the bonds of the issue has been paid by the Issuer in full volume.

Type of yield paid on the bonds of the issue: coupon yield on the fourth coupon.
Amount of yield per bond subject to payment on the bonds of the issue, in cash: RUB 44.63 (Forty-four rubles) 63 kopecks.
Amount of yield subject to payment on all bonds of the issue in total, in cash: RUB 446,300,000 (Four hundred and forty-six million three hundred thousand rubles).
Date on which the liability to pay yield on the bonds of the issue shall be discharged: 12/11/2013 Form and other terms of yield payment on the bonds of the issue: monetary funds in the currency of the Russian Federation by cashless settlement.

Coupon (interest) period for which the yield on the bonds of the issue was paid: 182 days - date of the beginning of the coupon (interest) period: 14/05/2013 - date of the end of the coupon (interest) period: 12/11/2013 Total amount of the yield paid on all the bonds of the issue: RUB 446,300,000 (Four hundred and forty-six million three hundred thousand rubles).
Yield on the fourth coupon on the bonds of the issue has been paid by the Issuer in full.

Type of yield paid on the bonds of the issue: coupon yield on the fifth coupon.
Amount of yield per bond subject to payment on the bonds of the issue, in cash: RUB 44.63 (Forty-four rubles) 63 kopecks.
Amount of yield subject to payment on all bonds of the issue in total, in cash: RUB 446,300,000 (Four hundred and forty-six million three hundred thousand rubles).
Date on which the liability to pay yield on the bonds of the issue shall be discharged: 13/05/2014 Form and other terms of yield payment on the bonds of the issue: monetary funds in the currency of the Russian Federation by cashless settlement.
Coupon (interest) period for which the yield on the bonds of the issue was paid: 182 days - date of the beginning of the coupon (interest) period: 12/11/2013 - date of the end of the coupon (interest) period: 13/05/2014 Total amount of the yield paid on all the bonds of the issue: RUB 446,300,000 (Four hundred and forty-six million three hundred thousand rubles).
Yield on the fifth coupon on the bonds of the issue has been paid by the Issuer in full.

Type of yield paid on the bonds of the issue: coupon yield on the sixth coupon.
Amount of yield per bond subject to payment on the bonds of the issue, in cash: RUB 44.63 (Forty-four rubles) 63 kopecks.
Amount of yield subject to payment on all bonds of the issue in total, in cash: RUB 446,300,000 (Four hundred and forty-six million three hundred thousand rubles).
Date on which the liability to pay yield on the bonds of the issue shall be discharged: 11/11/2014 Form and other terms of yield payment on the bonds of the issue: monetary funds in the currency of the Russian Federation by cashless settlement.
Coupon (interest) period for which the yield on the bonds of the issue was paid: 182 days - date of the beginning of the coupon (interest) period: 13/05/2014 - date of the end of the coupon (interest) period: 11/11/2014 Total amount of the yield paid on all the bonds of the issue: RUB 446,300,000 (Four hundred and forty-six million three hundred thousand rubles).
Yield on the sixth coupon on the bonds of the issue has been paid by the Issuer in full.

Type of yield paid on the bonds of the issue: par value.

Amount of yield per bond subject to payment on the bonds of the issue, in cash: RUB 1,000 (One thousand rubles).

Amount of yield subject to payment on all bonds of the issue in total, in cash: RUB 10,000,000,000 (Ten billion rubles).

Date on which the liability to repay par value of the bonds of the issue shall be discharged:

11/11/2014 Form and other terms of yield payment on the bonds of the issue: monetary funds in the currency of the Russian Federation by cashless settlement.

The obligation to repay the par value of the bonds of the issue has been fully discharged by the Issuer.

Type of securities: *exchange/commercial bonds*

Form of securities: *certified pay-to-bearer*

Series: *BO-02*

interest-bearing non-convertible bonds with mandatory centralized custody

Identification number of the issue: *4B02-02-00102-A*

Date of identification number assignment: *19/10/2009.*

The identification number assigned to the issue by: *Closed Joint-Stock Company "MICEX Stock Exchange"*

Quantity of bonds of the issue, pcs.: *5,000,000*

Par value of each bond of the issue, RUB: *1,000*

Volume of the issue at par value: *5,000,000,000*

Main data on yield from the bonds of the issue:

Type of yield paid on the bonds of the issue: coupon yield on the first coupon.

Amount of yield per bond subject to payment on the bonds of the issue, in cash: RUB 43.63 (Forty three rubles) 63 kopecks.

Amount of yield subject to payment on all bonds of the issue in total, in cash: RUB 218,150,000 (Two hundred and eighteen million one hundred and fifty thousand rubles).

Date on which the liability to pay yield on the bonds of the issue shall be discharged: 20/06/2012 Form and other terms of yield payment on the bonds of the issue: monetary funds in the currency of the Russian Federation by cashless settlement.

Coupon (interest) period for which the yield on the bonds of the issue was paid: 182 days - date of the beginning of the coupon (interest) period: 21/12/2011 - date of the end of the coupon (interest) period: 20/06/2012 Total amount of the yield paid on all the bonds of the issue: RUB 218,150,000 (Two hundred and eighteen million one hundred and fifty thousand rubles).

Yield on the first coupon on the bonds of the issue has been paid by the Issuer in full volume.

Type of yield paid on the bonds of the issue: coupon yield on the second coupon.

Amount of yield per bond subject to payment on the bonds of the issue, in cash: RUB 43.63 (Forty three rubles) 63 kopecks.

Amount of yield subject to payment on all bonds of the issue in total, in cash: RUB 218,150,000 (Two hundred and eighteen million one hundred and fifty thousand rubles).

Date on which the liability to pay yield on the bonds of the issue shall be discharged: 19/12/2012 Form and other terms of yield payment on the bonds of the issue: monetary funds in the currency of the Russian Federation by cashless settlement.

Coupon (interest) period for which the yield on the bonds of the issue was paid: 182 days - date of the beginning of the coupon (interest) period: 20/06/2012 - date of the end of the coupon (interest) period: 19/12/2012 Total amount of the yield paid on all the bonds of the issue: RUB 218,150,000 (Two hundred and eighteen million one hundred and fifty thousand rubles).

Yield on the second coupon on the bonds of the issue has been paid by the Issuer in full volume.

Type of yield paid on the bonds of the issue: coupon yield on the third coupon.

Amount of yield per bond subject to payment on the bonds of the issue, in cash: RUB 43.63 (Forty three rubles) 63 kopecks.

Amount of yield subject to payment on all bonds of the issue in total, in cash: RUB 218,150,000 (Two

hundred and eighteen million one hundred and fifty thousand rubles).

Date on which the liability to pay yield on the bonds of the issue shall be discharged: 19/06/2013

Form and other yield payment terms on the bonds of the issue: monetary funds in the currency of the Russian Federation by cashless settlement.

Coupon (interest) period for which the yield on the bonds of the issue was paid: 182 days - date of the beginning of the coupon (interest) period: 19/12/2012 - date of the end of the coupon (interest) period: 19/06/2013 Total amount of the yield paid on all the bonds of the issue: RUB 218,150,000 (Two hundred and eighteen million one hundred and fifty thousand rubles).

Yield on the third coupon on the bonds of the issue has been paid by the Issuer in full volume.

Type of yield paid on the bonds of the issue: par value.

Amount of yield per bond subject to payment on the bonds of the issue, in cash: RUB 1,000 (One thousand rubles).

Amount of yield subject to payment on all bonds of the issue in total, in cash: RUB 5,000,000,000 (Five billion rubles).

Date on which the liability to repay par value of the bonds of the issue shall be discharged:

19/06/2013 Form and other terms of yield payment on the bonds of the issue: monetary funds in the currency of the Russian Federation by cashless settlement.

The obligation to repay the par value of the bonds of the issue has been fully discharged by the Issuer.

Type of securities: *exchange/commercial bonds*

Form of securities: *certified pay-to-bearer*

Series: **BO-03**

interest-bearing non-convertible bonds with mandatory centralized custody

Identification number of the issue: **4B02-03-00102-A**

Date of identification number assignment: **19/10/2009.**

The identification number assigned to the issue by: **Closed Joint-Stock Company "MICEX Stock Exchange"**

Quantity of bonds of the issue, pcs.: **5,000,000**

Par value of each bond of the issue, RUB: **1,000**

Volume of the issue at par value: **5,000,000,000**

Main data on yield from the bonds of the issue:

Type of yield paid on the bonds of the issue: coupon yield on the first coupon.

Amount of yield per bond subject to payment on the bonds of the issue, in cash: RUB 43.63 (Forty three rubles) 63 kopecks.

Amount of yield subject to payment on all bonds of the issue in total, in cash: RUB 218,150,000 (Two hundred and eighteen million one hundred and fifty thousand rubles).

Date on which the liability to pay yield on the bonds of the issue shall be discharged: 20/06/2012 Form and other terms of yield payment on the bonds of the issue: monetary funds in the currency of the Russian Federation by cashless settlement.

Coupon (interest) period for which the yield on the bonds of the issue was paid: 182 days - date of the beginning of the coupon (interest) period: 21/12/2011 - date of the end of the coupon (interest) period: 20/06/2012 Total amount of the yield paid on all the bonds of the issue: RUB 218,150,000 (Two hundred and eighteen million one hundred and fifty thousand rubles).

Yield on the first coupon on the bonds of the issue has been paid by the Issuer in full volume.

Type of yield paid on the bonds of the issue: coupon yield on the second coupon.

Amount of yield per bond subject to payment on the bonds of the issue, in cash: RUB 43.63 (Forty three rubles) 63 kopecks.

Amount of yield subject to payment on all bonds of the issue in total, in cash: RUB 218,150,000 (Two hundred and eighteen million one hundred and fifty thousand rubles).

Date on which the liability to pay yield on the bonds of the issue shall be discharged: 19/12/2012 Form

and other terms of yield payment on the bonds of the issue: monetary funds in the currency of the Russian Federation by cashless settlement.

Coupon (interest) period for which the yield on the bonds of the issue was paid: 182 days - date of the beginning of the coupon (interest) period: 20/06/2012 - date of the end of the coupon (interest) period: 19/12/2012 Total amount of the yield paid on all the bonds of the issue: RUB 218,150,000 (Two hundred and eighteen million one hundred and fifty thousand rubles).

Yield on the second coupon on the bonds of the issue has been paid by the Issuer in full volume.

Type of yield paid on the bonds of the issue: coupon yield on the third coupon.

Amount of yield per bond subject to payment on the bonds of the issue, in cash: RUB 43.63 (Forty three rubles) 63 kopecks.

Amount of yield subject to payment on all bonds of the issue in total, in cash: RUB 218,150,000 (Two hundred and eighteen million one hundred and fifty thousand rubles).

Date on which the liability to pay yield on the bonds of the issue shall be discharged: 19/06/2013 Form and other terms of yield payment on the bonds of the issue: monetary funds in the currency of the Russian Federation by cashless settlement.

Coupon (interest) period for which the yield on the bonds of the issue was paid: 182 days - date of the beginning of the coupon (interest) period: 19/12/2012 - date of the end of the coupon (interest) period: 19/06/2013 Total amount of the yield paid on all the bonds of the issue: RUB 218,150,000 (Two hundred and eighteen million one hundred and fifty thousand rubles).

Yield on the third coupon on the bonds of the issue has been paid by the Issuer in full volume.

Type of yield paid on the bonds of the issue: par value.

Amount of yield per bond subject to payment on the bonds of the issue, in cash: RUB 1,000 (One thousand rubles).

Amount of yield subject to payment on all bonds of the issue in total, in cash: RUB 5,000,000,000 (Five billion rubles).

Date on which the liability to repay par value of the bonds of the issue shall be discharged:

19/06/2013 Form and other terms of yield payment on the bonds of the issue: monetary funds in the currency of the Russian Federation by cashless settlement.

The obligation to repay the par value of the bonds of the issue has been fully discharged by the Issuer.

Type of securities: *exchange/commercial bonds*

Form of securities: *certified pay-to-bearer*

Series: **EO-04**

interest-bearing non-convertible bonds with mandatory centralized custody

Identification number of the issue: **4B02-04-00102-A**

Date of identification number assignment: **19/10/2009.**

The identification number assigned to the issue by: **Closed Joint-Stock Company "MICEX Stock Exchange"**

Quantity of bonds of the issue, pcs.: **5,000,000**

Par value of each bond of the issue, RUB: **1,000**

Volume of the issue at par value: **5,000,000,000**

Main data on yield from the bonds of the issue:

Type of yield paid on the bonds of the issue: coupon yield on the first coupon.

Amount of yield per bond subject to payment on the bonds of the issue, in cash: RUB 41.14 (Forty one ruble) 14 kopecks.

Amount of yield subject to payment on all bonds of the issue in total, in cash: RUB 205,700,000 (Two hundred and five million seven hundred thousand rubles).

Date on which the liability to pay yield on the bonds of the issue shall be discharged: 11/03/2013 Form and other terms of yield payment on the bonds of the issue: monetary funds in the currency of the Russian Federation by cashless settlement.

Coupon (interest) period for which the yield on the bonds of the issue was paid: 182 days - date of the beginning of the coupon (interest) period: 10/09/2012 - date of the end of the coupon (interest) period: 11/03/2013 Total amount of the yield paid on all the bonds of the issue: RUB 205,700,000 (Two hundred

and five million seven hundred thousand rubles).

Yield on the first coupon on the bonds of the issue has been paid by the Issuer in full volume.

Type of yield paid on the bonds of the issue: coupon yield on the second coupon.

Amount of yield per bond subject to payment on the bonds of the issue, in cash: RUB 41.14 (Forty one ruble) 14 kopecks.

Amount of yield subject to payment on all bonds of the issue in total, in cash: RUB 205,700,000 (Two hundred and five million seven hundred thousand rubles).

Date on which the liability to pay yield on the bonds of the issue shall be discharged: 09/09/2013 Form and other terms of yield payment on the bonds of the issue: monetary funds in the currency of the Russian Federation by cashless settlement.

Coupon (interest) period for which the yield on the bonds of the issue was paid: 182 days - date of the beginning of the coupon (interest) period: 11/03/2013 - date of the end of the coupon (interest) period: 09/09/2013 Total amount of the yield paid on all the bonds of the issue: RUB 205,700,000 (Two hundred and five million seven hundred thousand rubles).

Yield on the second coupon on the bonds of the issue has been paid by the Issuer in full volume.

Type of yield paid on the bonds of the issue: coupon yield on the third coupon.

Amount of yield per bond subject to payment on the bonds of the issue, in cash: RUB 41.14 (Forty one ruble) 14 kopecks.

Amount of yield subject to payment on all bonds of the issue in total, in cash: RUB 205,700,000 (Two hundred and five million seven hundred thousand rubles).

Date on which the liability to pay yield on the bonds of the issue shall be discharged: 10.03.2014 (taking into account that it falls on a non-working day - 11.03.2014) Form and other yield payment terms on the bonds of the issue: monetary funds in the currency of the Russian Federation by cashless settlement.

Coupon (interest) period for which the yield on the bonds of the issue was paid: 182 days - date of the beginning of the coupon (interest) period: 09/09/2013 - date of the end of the coupon (interest) period: 10/03/2014 Total amount of the yield paid on all the bonds of the issue: RUB 205,700,000 (Two hundred and five million seven hundred thousand rubles).

Yield on the third coupon on the bonds of the issue has been paid by the Issuer in full volume.

Type of yield paid on the bonds of the issue: coupon yield on the fourth coupon.

Amount of yield per bond subject to payment on the bonds of the issue, in cash: RUB 41.14 (Forty one ruble) 14 kopecks.

Amount of yield subject to payment on all bonds of the issue in total, in cash: RUB 205,700,000 (Two hundred and five million seven hundred thousand rubles).

Date on which the liability to pay yield on the bonds of the issue shall be discharged: 08/09/2014 Form and other terms of yield payment on the bonds of the issue: monetary funds in the currency of the Russian Federation by cashless settlement.

Coupon (interest) period for which the yield on the bonds of the issue was paid: 182 days - date of the beginning of the coupon (interest) period: 10/03/2014 - date of the end of the coupon (interest) period: 08/09/2014 Total amount of the yield paid on all the bonds of the issue: RUB 205,700,000 (Two hundred and five million seven hundred thousand rubles).

Yield on the fourth coupon on the bonds of the issue has been paid by the Issuer in full.

Type of yield paid on the bonds of the issue: par value.

Amount of yield per bond subject to payment on the bonds of the issue, in cash: RUB 1,000 (One thousand rubles).

Amount of yield subject to payment on all bonds of the issue in total, in cash: RUB 5,000,000,000 (Five billion rubles).

Date on which the liability to repay par value of the bonds of the issue shall be discharged:

08/09/2014 Form and other terms of yield payment on the bonds of the issue: monetary funds in the currency of the Russian Federation by cashless settlement.

The obligation to repay the par value of the bonds of the issue has been fully discharged by the Issuer.

Type of securities: *bonds*

Form of securities: *certified pay-to-bearer*

Series: *07*

non-convertible interest-bearing bonds with mandatory centralized custody, with the possibility of early repayment upon owners' demand and at the Issuer's discretion

State registration number of the issue: *4-07-00102-A*

State registration date of the issue: *08/12/2011*.

Registrar: *FFMS of Russia*

Notification on the issue results

Date of submission to the registration authority of the Notice on the securities issue results: *27/09/2012*.

Quantity of bonds of the issue, pcs.: *5,000,000*

Par value of each bond of the issue, RUB: *1,000*

Volume of the issue at par value: *5,000,000,000*

Main data on yield from the bonds of the issue:

Type of yield paid on the bonds of the issue: coupon yield on the first coupon.

Amount of yield per bond subject to payment on the bonds of the issue, in cash: RUB 42.38 (Forty-two rubles) 38 kopecks.

Amount of yield subject to payment on all bonds of the issue in total, in cash: RUB 211,900,000 (Two hundred and eleven million nine hundred thousand rubles).

Date on which the liability to pay yield on the bonds of the issue shall be discharged: 18/03/2013 Form and other terms of yield payment on the bonds of the issue: monetary funds in the currency of the Russian Federation by cashless settlement.

Coupon (interest) period for which the yield on the bonds of the issue was paid: 182 days - date of the beginning of the coupon (interest) period: 17/09/2012 - date of the end of the coupon (interest) period: 18/03/2013 Total amount of the yield paid on all the bonds of the issue: RUB 211,900,000 (Two hundred and eleven million nine hundred thousand rubles).

Yield on the first coupon on the bonds of the issue has been paid by the Issuer in full volume.

Type of yield paid on the bonds of the issue: coupon yield on the second coupon.

Amount of yield per bond subject to payment on the bonds of the issue, in cash: RUB 42.38 (Forty-two rubles) 38 kopecks.

Amount of yield subject to payment on all bonds of the issue in total, in cash: RUB 211,900,000 (Two hundred and eleven million nine hundred thousand rubles).

Date on which the liability to pay yield on the bonds of the issue shall be discharged: 16/09/2013 Form and other terms of yield payment on the bonds of the issue: monetary funds in the currency of the Russian Federation by cashless settlement.

Coupon (interest) period for which the yield on the bonds of the issue was paid: 182 days - date of the beginning of the coupon (interest) period: 18/03/2013 - date of the end of the coupon (interest) period: 16/09/2013 Total amount of the yield paid on all the bonds of the issue: RUB 211,900,000 (Two hundred and eleven million nine hundred thousand rubles).

Yield on the second coupon on the bonds of the issue has been paid by the Issuer in full volume.

Type of yield paid on the bonds of the issue: coupon yield on the third coupon.

Amount of yield per bond subject to payment on the bonds of the issue, in cash: RUB 42.38 (Forty-two rubles) 38 kopecks.

Amount of yield subject to payment on all bonds of the issue in total, in cash: RUB 211,900,000 (Two hundred and eleven million nine hundred thousand rubles).

Date on which the liability to pay yield on the bonds of the issue shall be discharged: 17/03/2014 Form and other terms of yield payment on the bonds of the issue: monetary funds in the currency of the Russian Federation by cashless settlement.

Coupon (interest) period for which the yield on the bonds of the issue was paid: 182 days - date of the beginning of the coupon (interest) period: 16/09/2013 - date of the end of the coupon (interest) period: 17/03/2014 Total amount of the yield paid on all the bonds of the issue: RUB 211,900,000 (Two hundred and eleven million nine hundred thousand rubles).

Yield on the third coupon on the bonds of the issue has been paid by the Issuer in full volume.

Type of yield paid on the bonds of the issue: coupon yield on the fourth coupon.
Amount of yield per bond subject to payment on the bonds of the issue, in cash: RUB 42.38 (Forty-two rubles) 38 kopecks.
Amount of yield subject to payment on all bonds of the issue in total, in cash: RUB 211,900,000 (Two hundred and eleven million nine hundred thousand rubles).
Date on which the liability to pay yield on the bonds of the issue shall be discharged: 15/09/2014 Form and other terms of yield payment on the bonds of the issue: monetary funds in the currency of the Russian Federation by cashless settlement.
Coupon (interest) period for which the yield on the bonds of the issue was paid: 182 days - date of the beginning of the coupon (interest) period: 17/03/2014 - date of the end of the coupon (interest) period: 15/09/2014 Total amount of the yield paid on all the bonds of the issue: RUB 211,900,000 (Two hundred and eleven million nine hundred thousand rubles).
Yield on the fourth coupon on the bonds of the issue has been paid by the Issuer in full.

Type of yield paid on the bonds of the issue: coupon yield on the fifth coupon.
Amount of yield per bond subject to payment on the bonds of the issue, in cash: RUB 42.38 (Forty-two rubles) 38 kopecks.
Amount of yield subject to payment on all bonds of the issue in total, in cash: RUB 211,900,000 (Two hundred and eleven million nine hundred thousand rubles).
Date on which the liability to pay yield on the bonds of the issue shall be discharged: 16/03/2015 Form and other terms of yield payment on the bonds of the issue: monetary funds in the currency of the Russian Federation by cashless settlement.
Coupon (interest) period for which the yield on the bonds of the issue was paid: 182 days - date of the beginning of the coupon (interest) period: 15/09/2014 - date of the end of the coupon (interest) period: 16/03/2015 Total amount of the yield paid on all the bonds of the issue: RUB 211,900,000 (Two hundred and eleven million nine hundred thousand rubles).
Yield on the fifth coupon on the bonds of the issue has been paid by the Issuer in full.

Type of yield paid on the bonds of the issue: coupon yield on the sixth coupon.
Amount of yield per bond subject to payment on the bonds of the issue, in cash: RUB 49.86 (Forty-nine) 86 kopecks.*
*Amount of yield subject to payment on all bonds of the issue in total, in cash: RUB 1,016,595.54 (one million sixteen thousand five hundred and ninety-five) 54 kopecks**.*
Date on which the liability to pay yield on the bonds of the issue shall be discharged: 14/09/2015 Form and other terms of yield payment on the bonds of the issue: monetary funds in the currency of the Russian Federation by cashless settlement.
Coupon (interest) period for which the yield on the bonds of the issue was paid: 182 days - date of the beginning of the coupon (interest) period: 16/03/2015 - date of the end of the coupon (interest) period: 14/09/2015 Total amount of the yield paid on all the bonds of the issue: RUB 1,016,595.54 (one million sixteen thousand five hundred and ninety-five) 54 kopecks.
Yield on the sixth coupon on the bonds of the issue has been paid by the Issuer in full.

Type of yield paid on the bonds of the issue: coupon yield on the seventh coupon.
Amount of yield per bond subject to payment on the bonds of the issue, in cash: RUB 49.86 (Forty-nine) 86 kopecks.*
*Amount of yield subject to payment on all bonds of the issue in total, in cash: RUB 1,016,595.54 (one million sixteen thousand five hundred and ninety-five) 54 kopecks**.*
Date on which the liability to pay yield on the bonds of the issue shall be discharged: 14/03/2016 Form and other terms of yield payment on the bonds of the issue: monetary funds in the currency of the Russian Federation by cashless settlement.
Coupon (interest) period for which the yield on the bonds of the issue was paid: 182 days - date of the beginning of the coupon (interest) period: 14/09/2015 - date of the end of the coupon (interest) period: 14/03/2016 Total amount of the yield paid on all the bonds of the issue: RUB 1,016,595.54 (one million sixteen thousand five hundred and ninety-five) 54 kopecks.
Yield on the seventh coupon on the bonds of the issue has been paid by the Issuer in full.

Type of yield paid on the bonds of the issue: par value.
Amount of yield per bond subject to payment on the bonds of the issue, in cash: RUB 1,000 (One thousand rubles).

*Amount of yield subject to payment on all bonds of the issue in total, in cash: RUB 20,389,000 (Twenty million three hundred and eighty nine thousand rubles)**.*

Date on which the liability to repay par value of the bonds of the issue shall be discharged:

14/03/2016 Form and other terms of yield payment on the bonds of the issue: monetary funds in the currency of the Russian Federation by cashless settlement.

The obligation to repay the par value of the bonds of the issue has been fully discharged by the Issuer.

** - Interest rate value for the sixth and seventh coupon periods of the issue bonds is determined by the Resolution of the Issuer's sole executive body – NLMK President (Chairman of the Management Board) dd. March 5, 2015 (Order No. 247-16 dd. March 5, 2015) in the amount of 10.00 (ten) percent per annum, which corresponds to the amount of coupon yield of RUB 49.86 over the coupon period. (Forty-nine rubles eighty-six kopecks) per a Bond.*

*** - On March 20, 2015 the Issuer acquired the issue bonds upon the owner's demand in the quantity of 4,979,611 (four million nine hundred seventy nine thousand six hundred and eleven) pieces for the total amount of RUB 4,985,088,572.10 (four billion nine hundred eighty five million eighty eight thousand five hundred seventy two rubles and 10 kopecks) including the coupon yield accrued as on the purchase date. The acquisition of the Bonds is performed according to the Resolution on Issue of Securities and Securities Prospectus, approved by NLMK Board of Directors on October 3, 2011 (Minutes of Meeting No.196 dd. October 4, 2011).*

As a result total quantity of the Bonds yield on which is to be paid amounted to: 20,389 pieces

Type of securities: *bonds*

Form of securities: *certified pay-to-bearer*

Series: *08*

non-convertible interest-bearing bonds with mandatory centralized custody, with the possibility of early repayment upon owners' demand and at the Issuer's discretion

State registration number of the issue: *4-08-00102-A*

State registration date of the issue: *08/12/2011.*

Registrar: *FFMS of Russia*

Notification on the issue results

Date of submission to the registration authority of the Notice on the securities issue results: *20/12/2012.*

Quantity of bonds of the issue, pcs.: *10,000,000*

Par value of each bond of the issue, RUB: *1,000*

Volume of the issue at par value: *10,000,000,000*

Main data on yield from the bonds of the issue:

Type of yield paid on the bonds of the issue: coupon yield on the first coupon.

Amount of yield per bond subject to payment on the bonds of the issue, in cash: RUB 41.88 (Forty one ruble) 88 kopecks.

Amount of yield subject to payment on all bonds of the issue in total, in cash: RUB 418,800,000 (Four hundred and eighteen million eight hundred thousand rubles).

Date on which the liability to pay yield on the bonds of the issue shall be discharged: 07/06/2013 Form and other terms of yield payment on the bonds of the issue: monetary funds in the currency of the Russian Federation by cashless settlement.

Coupon (interest) period for which the yield on the bonds of the issue was paid: 182 days - date of the beginning of the coupon (interest) period: 07/12/2012 - date of the end of the coupon (interest) period: 07/06/2013 Total amount of the yield paid on all the bonds of the issue: RUB 418,800,000 (Four hundred and eighteen million eight hundred thousand rubles).

Yield on the first coupon on the bonds of the issue has been paid by the Issuer in full volume.

Type of yield paid on the bonds of the issue: coupon yield on the second coupon.

Amount of yield per bond subject to payment on the bonds of the issue, in cash: RUB 41.88 (Forty one ruble) 88 kopecks.

Amount of yield subject to payment on all bonds of the issue in total, in cash: RUB 418,800,000 (Four hundred and eighteen million eight hundred thousand rubles).
Date on which the liability to pay yield on the bonds of the issue shall be discharged: 06/12/2013 Form and other terms of yield payment on the bonds of the issue: monetary funds in the currency of the Russian Federation by cashless settlement.
Coupon (interest) period for which the yield on the bonds of the issue was paid: 182 days - date of the beginning of the coupon (interest) period: 07/06/2013 - date of the end of the coupon (interest) period: 06/12/2013 Total amount of the yield paid on all the bonds of the issue: RUB 418,800,000 (Four hundred and eighteen million eight hundred thousand rubles).
Yield on the second coupon on the bonds of the issue has been paid by the Issuer in full volume.

Type of yield paid on the bonds of the issue: coupon yield on the third coupon.
Amount of yield per bond subject to payment on the bonds of the issue, in cash: RUB 41.88 (Forty one ruble) 88 kopecks.
Amount of yield subject to payment on all bonds of the issue in total, in cash: RUB 418,800,000 (Four hundred and eighteen million eight hundred thousand rubles).
Date on which the liability to pay yield on the bonds of the issue shall be discharged: 06/06/2014 Form and other terms of yield payment on the bonds of the issue: monetary funds in the currency of the Russian Federation by cashless settlement.
Coupon (interest) period for which the yield on the bonds of the issue was paid: 182 days - date of the beginning of the coupon (interest) period: 06/12/2013 - date of the end of the coupon (interest) period: 06/06/2014 Total amount of the yield paid on all the bonds of the issue: RUB 418,800,000 (Four hundred and eighteen million eight hundred thousand rubles).
Yield on the third coupon on the bonds of the issue has been paid by the Issuer in full volume.

Type of yield paid on the bonds of the issue: coupon yield on the fourth coupon.
Amount of yield per bond subject to payment on the bonds of the issue, in cash: RUB 41.88 (Forty one ruble) 88 kopecks.
Amount of yield subject to payment on all bonds of the issue in total, in cash: RUB 418,800,000 (Four hundred and eighteen million eight hundred thousand rubles).
Date on which the liability to pay yield on the bonds of the issue shall be discharged: 05/12/2014 Form and other terms of yield payment on the bonds of the issue: monetary funds in the currency of the Russian Federation by cashless settlement.
Coupon (interest) period for which the yield on the bonds of the issue was paid: 182 days - date of the beginning of the coupon (interest) period: 06/06/2014 - date of the end of the coupon (interest) period: 05/12/2014 Total amount of the yield paid on all the bonds of the issue: RUB 418,800,000 (Four hundred and eighteen million eight hundred thousand rubles).
Yield on the fourth coupon on the bonds of the issue has been paid by the Issuer in full.

Type of yield paid on the bonds of the issue: coupon yield on the fifth coupon.
Amount of yield per bond subject to payment on the bonds of the issue, in cash: RUB 41.88 (Forty one ruble) 88 kopecks.
Amount of yield subject to payment on all bonds of the issue in total, in cash: RUB 418,800,000 (Four hundred and eighteen million eight hundred thousand rubles).
Date on which the liability to pay yield on the bonds of the issue shall be discharged: 05/06/2015 Form and other terms of yield payment on the bonds of the issue: monetary funds in the currency of the Russian Federation by cashless settlement.
Coupon (interest) period for which the yield on the bonds of the issue was paid: 182 days - date of the beginning of the coupon (interest) period: 05/12/2014 - date of the end of the coupon (interest) period: 05/06/2015 Total amount of the yield paid on all the bonds of the issue: RUB 418,800,000 (Four hundred and eighteen million eight hundred thousand rubles).
Yield on the fifth coupon on the bonds of the issue has been paid by the Issuer in full.

Type of yield paid on the bonds of the issue: coupon yield on the sixth coupon.
Amount of yield per bond subject to payment on the bonds of the issue, in cash: RUB 41.88 (Forty one ruble) 88 kopecks.
Amount of yield subject to payment on all bonds of the issue in total, in cash: RUB 418,800,000 (Four hundred and eighteen million eight hundred thousand rubles).
Date on which the liability to pay yield on the bonds of the issue shall be discharged: 04/12/2015 Form

and other terms of yield payment on the bonds of the issue: monetary funds in the currency of the Russian Federation by cashless settlement.

Coupon (interest) period for which the yield on the bonds of the issue was paid: 182 days - date of the beginning of the coupon (interest) period: 05/06/2015 - date of the end of the coupon (interest) period: 04/12/2015 Total amount of the yield paid on all the bonds of the issue: RUB 418,800,000 (Four hundred and eighteen million eight hundred thousand rubles).

Yield on the sixth coupon on the bonds of the issue has been paid by the Issuer in full.

Type of yield paid on the bonds of the issue: par value.

Amount of yield per bond subject to payment on the bonds of the issue, in cash: RUB 1,000 (One thousand rubles).

Amount of yield subject to payment on all bonds of the issue in total, in cash: RUB 10,000,000,000 (Ten billion rubles).

Date on which the liability to repay par value of the bonds of the issue shall be discharged:

04/12/2015 Form and other terms of yield payment on the bonds of the issue: monetary funds in the currency of the Russian Federation by cashless settlement.

The obligation to repay the par value of the bonds of the issue has been fully discharged by the Issuer.

Type of securities: *exchange/commercial bonds*

Form of securities: *certified pay-to-bearer*

Series: **BO-11**

interest-bearing non-convertible bonds with mandatory centralized custody

Identification number of the issue: **4B02-11-00102-A**

Date of identification number assignment: **27/12/2012.**

The identification number assigned to the issue by: **Closed Joint-Stock Company "MICEX Stock Exchange"**

Quantity of bonds of the issue, pcs.: **5,000,000**

Par value of each bond of the issue, RUB: **1,000**

Volume of the issue at par value: **5,000,000,000**

Main data on yield from the bonds of the issue:

Type of yield paid on the bonds of the issue: coupon yield on the first coupon.

Amount of yield per bond subject to payment on the bonds of the issue, in cash: RUB 39.89 (Thirty-nine rubles) 89 kopecks.

Amount of yield subject to payment on all bonds of the issue in total, in cash: RUB 199,450,000 (One hundred and ninety nine million four hundred and fifty thousand rubles).

Date on which the liability to pay yield on the bonds of the issue shall be discharged: 30/01/2014 Form and other terms of yield payment on the bonds of the issue: monetary funds in the currency of the Russian Federation by cashless settlement.

Coupon (interest) period for which the yield on the bonds of the issue was paid: 182 days - date of the beginning of the coupon (interest) period: 01/08/2013 - date of the end of the coupon (interest) period: 30/01/2014 Total amount of the yield paid on all the bonds of the issue: RUB 199,450,000 (One hundred and ninety nine million four hundred and fifty thousand rubles).

Yield on the first coupon on the bonds of the issue has been paid by the Issuer in full volume.

Type of yield paid on the bonds of the issue: coupon yield on the second coupon.

Amount of yield per bond subject to payment on the bonds of the issue, in cash: RUB 39.89 (Thirty-nine rubles) 89 kopecks.

Amount of yield subject to payment on all bonds of the issue in total, in cash: RUB 199,450,000 (One hundred and ninety nine million four hundred and fifty thousand rubles).

Date on which the liability to pay yield on the bonds of the issue shall be discharged: 31/07/2014 Form and other terms of yield payment on the bonds of the issue: monetary funds in the currency of the Russian Federation by cashless settlement.

Coupon (interest) period for which the yield on the bonds of the issue was paid: 182 days - date of the beginning of the coupon (interest) period: 30/01/2014 - date of the end of the coupon (interest) period:

31/07/2014 Total amount of the yield paid on all the bonds of the issue: RUB 199,450,000 (One hundred and ninety nine million four hundred and fifty thousand rubles).

Yield on the second coupon on the bonds of the issue has been paid by the Issuer in full volume.

Type of yield paid on the bonds of the issue: coupon yield on the third coupon.

Amount of yield per bond subject to payment on the bonds of the issue, in cash: RUB 39.89 (Thirty-nine rubles) 89 kopecks.

Amount of yield subject to payment on all bonds of the issue in total, in cash: RUB 199,450,000 (One hundred and ninety nine million four hundred and fifty thousand rubles).

Date on which the liability to pay yield on the bonds of the issue shall be discharged: 29/01/2015 Form and other terms of yield payment on the bonds of the issue: monetary funds in the currency of the Russian Federation by cashless settlement.

Coupon (interest) period for which the yield on the bonds of the issue was paid: 182 days - date of the beginning of the coupon (interest) period: 31/07/2014 - date of the end of the coupon (interest) period: 29/01/2015 Total amount of the yield paid on all the bonds of the issue: RUB 199,450,000 (One hundred and ninety nine million four hundred and fifty thousand rubles).

Yield on the third coupon on the bonds of the issue has been paid by the Issuer in full volume.

Type of yield paid on the bonds of the issue: coupon yield on the fourth coupon.

Amount of yield per bond subject to payment on the bonds of the issue, in cash: RUB 39.89 (Thirty-nine rubles) 89 kopecks.

Amount of yield subject to payment on all bonds of the issue in total, in cash: RUB 199,450,000 (One hundred and ninety nine million four hundred and fifty thousand rubles).

Date on which the liability to pay yield on the bonds of the issue shall be discharged: 30/07/2015 Form and other terms of yield payment on the bonds of the issue: monetary funds in the currency of the Russian Federation by cashless settlement.

Coupon (interest) period for which the yield on the bonds of the issue was paid: 182 days - date of the beginning of the coupon (interest) period: 29/01/2015 - date of the end of the coupon (interest) period: 30/07/2015 Total amount of the yield paid on all the bonds of the issue: RUB 199,450,000 (One hundred and ninety nine million four hundred and fifty thousand rubles).

Yield on the fourth coupon on the bonds of the issue has been paid by the Issuer in full.

Type of yield paid on the bonds of the issue: coupon yield on the fifth coupon.

Amount of yield per bond subject to payment on the bonds of the issue, in cash: RUB 39.89 (Thirty-nine rubles) 89 kopecks.

Amount of yield subject to payment on all bonds of the issue in total, in cash: RUB 199,450,000 (One hundred and ninety nine million four hundred and fifty thousand rubles).

Date on which the liability to pay yield on the bonds of the issue shall be discharged: 28/01/2016 Form and other terms of yield payment on the bonds of the issue: monetary funds in the currency of the Russian Federation by cashless settlement.

Coupon (interest) period for which the yield on the bonds of the issue was paid: 182 days - date of the beginning of the coupon (interest) period: 30/07/2015 - date of the end of the coupon (interest) period: 28/01/2016 Total amount of the yield paid on all the bonds of the issue: RUB 199,450,000 (One hundred and ninety nine million four hundred and fifty thousand rubles).

Yield on the fifth coupon on the bonds of the issue has been paid by the Issuer in full.

Type of securities: *exchange/commercial bonds*

Form of securities: *certified pay-to-bearer*

Series: *EO-12*

interest-bearing non-convertible bonds with mandatory centralized custody

Identification number of the issue: *4B02-12-00102-A*

Date of identification number assignment: *27/12/2012.*

The identification number assigned to the issue by: *Closed Joint-Stock Company "MICEX Stock Exchange"*

Quantity of bonds of the issue, pcs.: 5,000,000
Par value of each bond of the issue, RUB: 1,000
Volume of the issue at par value: 5,000,000,000

Main data on yield from the bonds of the issue:

Type of yield paid on the bonds of the issue: coupon yield on the first coupon.

Amount of yield per bond subject to payment on the bonds of the issue, in cash: RUB 39.89 (Thirty-nine rubles) 89 kopecks.

Amount of yield subject to payment on all bonds of the issue in total, in cash: RUB 199,450,000 (One hundred and ninety nine million four hundred and fifty thousand rubles).

Date on which the liability to pay yield on the bonds of the issue shall be discharged: 04/02/2014 Form and other terms of yield payment on the bonds of the issue: monetary funds in the currency of the Russian Federation by cashless settlement.

Coupon (interest) period for which the yield on the bonds of the issue was paid: 182 days - date of the beginning of the coupon (interest) period: 06/08/2013 - date of the end of the coupon (interest) period: 04/02/2014 Total amount of the yield paid on all the bonds of the issue: RUB 199,450,000 (One hundred and ninety nine million four hundred and fifty thousand rubles).

Yield on the first coupon on the bonds of the issue has been paid by the Issuer in full volume.

Type of yield paid on the bonds of the issue: coupon yield on the second coupon.

Amount of yield per bond subject to payment on the bonds of the issue, in cash: RUB 39.89 (Thirty-nine rubles) 89 kopecks.

Amount of yield subject to payment on all bonds of the issue in total, in cash: RUB 199,450,000 (One hundred and ninety nine million four hundred and fifty thousand rubles).

Date on which the liability to pay yield on the bonds of the issue shall be discharged: 05/08/2014 Form and other terms of yield payment on the bonds of the issue: monetary funds in the currency of the Russian Federation by cashless settlement.

Coupon (interest) period for which the yield on the bonds of the issue was paid: 182 days - date of the beginning of the coupon (interest) period: 04/02/2014 - date of the end of the coupon (interest) period: 05/08/2014 Total amount of the yield paid on all the bonds of the issue: RUB 199,450,000 (One hundred and ninety nine million four hundred and fifty thousand rubles).

Yield on the second coupon on the bonds of the issue has been paid by the Issuer in full volume.

Type of yield paid on the bonds of the issue: coupon yield on the third coupon.

Amount of yield per bond subject to payment on the bonds of the issue, in cash: RUB 39.89 (Thirty-nine rubles) 89 kopecks.

Amount of yield subject to payment on all bonds of the issue in total, in cash: RUB 199,450,000 (One hundred and ninety nine million four hundred and fifty thousand rubles).

Date on which the liability to pay yield on the bonds of the issue shall be discharged: 03/02/2015 Form and other terms of yield payment on the bonds of the issue: monetary funds in the currency of the Russian Federation by cashless settlement.

Coupon (interest) period for which the yield on the bonds of the issue was paid: 182 days - date of the beginning of the coupon (interest) period: 05/08/2014 - date of the end of the coupon (interest) period: 03/02/2015 Total amount of the yield paid on all the bonds of the issue: RUB 199,450,000 (One hundred and ninety nine million four hundred and fifty thousand rubles).

Yield on the third coupon on the bonds of the issue has been paid by the Issuer in full volume.

Type of yield paid on the bonds of the issue: coupon yield on the fourth coupon.

Amount of yield per bond subject to payment on the bonds of the issue, in cash: RUB 39.89 (Thirty-nine rubles) 89 kopecks.

Amount of yield subject to payment on all bonds of the issue in total, in cash: RUB 199,450,000 (One hundred and ninety nine million four hundred and fifty thousand rubles).

Date on which the liability to pay yield on the bonds of the issue shall be discharged: 04/08/2015

Form and other yield payment terms on the bonds of the issue: monetary funds in the currency of the Russian Federation by cashless settlement.

Coupon (interest) period for which the yield on the bonds of the issue was paid: 182 days - date of the beginning of the coupon (interest) period: 03/02/2015 - date of the end of the coupon (interest) period: 04/08/2015 Total amount of the yield paid on all the bonds of the issue: RUB 199,450,000 (One hundred

and ninety nine million four hundred and fifty thousand rubles).
Yield on the fourth coupon on the bonds of the issue has been paid by the Issuer in full.

Type of yield paid on the bonds of the issue: coupon yield on the fifth coupon.
Amount of yield per bond subject to payment on the bonds of the issue, in cash: RUB 39.89 (Thirty-nine rubles) 89 kopecks.
Amount of yield subject to payment on all bonds of the issue in total, in cash: RUB 199,450,000 (One hundred and ninety nine million four hundred and fifty thousand rubles).
Date on which the liability to pay yield on the bonds of the issue shall be discharged: 02/02/2016 Form and other terms of yield payment on the bonds of the issue: monetary funds in the currency of the Russian Federation by cashless settlement.
Coupon (interest) period for which the yield on the bonds of the issue was paid: 182 days - date of the beginning of the coupon (interest) period: 04/08/2015 - date of the end of the coupon (interest) period: 02/02/2016 Total amount of the yield paid on all the bonds of the issue: RUB 199,450,000 (One hundred and ninety nine million four hundred and fifty thousand rubles).
Yield on the fifth coupon on the bonds of the issue has been paid by the Issuer in full.

Type of securities: *exchange/commercial bonds*

Form of securities: *certified pay-to-bearer*

Series: **BO-13**

interest-bearing non-convertible bonds with mandatory centralized custody

Identification number of the issue: **4B02-13-00102-A**

Date of identification number assignment: **27/12/2012.**

The identification number assigned to the issue by: **Closed Joint-Stock Company "MICEX Stock Exchange"**

Quantity of bonds of the issue, pcs.: **5,000,000**

Par value of each bond of the issue, RUB: **1,000**

Volume of the issue at par value: **5,000,000,000**

Main data on yield from the bonds of the issue:

Type of yield paid on the bonds of the issue: coupon yield on the first coupon.
Amount of yield per bond subject to payment on the bonds of the issue, in cash: RUB 40.14 (Forty) rubles 14 kopecks.
Amount of yield subject to payment on all bonds of the issue in total, in cash: RUB 200,700,000 (Two hundred million seven hundred thousand) rubles.
Date on which the liability to pay yield on the bonds of the issue shall be discharged: 14/04/2014 Form and other terms of yield payment on the bonds of the issue: monetary funds in the currency of the Russian Federation by cashless settlement.
Coupon (interest) period for which the yield on the bonds of the issue was paid: 182 days - date of the beginning of the coupon (interest) period: 14/10/2013 - date of the end of the coupon (interest) period: 14/04/2014

Total amount of yield paid on all the bonds of the issue: RUB 200,700,000 (Two hundred million seven hundred thousand) rubles.

Yield on the first coupon on the bonds of the issue has been paid by the Issuer in full volume.

Type of yield paid on the bonds of the issue: coupon yield on the second coupon.
Amount of yield per bond subject to payment on the bonds of the issue, in cash: RUB 40.14 (Forty) rubles 14 kopecks.
Amount of yield subject to payment on all bonds of the issue in total, in cash: RUB 200,700,000 (Two hundred million seven hundred thousand) rubles.
Date on which the liability to pay yield on the bonds of the issue shall be discharged: 13/10/2014 Form and other terms of yield payment on the bonds of the issue: monetary funds in the currency of the Russian Federation by cashless settlement.
Coupon (interest) period for which the yield on the bonds of the issue was paid: 182 days - date of the beginning of the coupon (interest) period: 14/04/2014 - date of the end of the coupon (interest) period:

13/10/2014 Total amount of the yield paid on all the bonds of the issue: RUB 200,700,000 (Two hundred million seven hundred thousand) rubles.

Yield on the second coupon on the bonds of the issue has been paid by the Issuer in full volume.

Type of yield paid on the bonds of the issue: coupon yield on the third coupon.

Amount of yield per bond subject to payment on the bonds of the issue, in cash: RUB 40.14 (Forty) rubles 14 kopecks.

Amount of yield subject to payment on all bonds of the issue in total, in cash: RUB 200,700,000 (Two hundred million seven hundred thousand) rubles.

Date on which the liability to pay yield on the bonds of the issue shall be discharged: 13/04/2015 Form and other terms of yield payment on the bonds of the issue: monetary funds in the currency of the Russian Federation by cashless settlement.

Coupon (interest) period for which the yield on the bonds of the issue was paid: 182 days - date of the beginning of the coupon (interest) period: 13/10/2014 - date of the end of the coupon (interest) period: 13/04/2015 Total amount of the yield paid on all the bonds of the issue: RUB 200,700,000 (Two hundred million seven hundred thousand) rubles.

Yield on the third coupon on the bonds of the issue has been paid by the Issuer in full volume.

Type of yield paid on the bonds of the issue: coupon yield on the fourth coupon.

Amount of yield per bond subject to payment on the bonds of the issue, in cash: RUB 40.14 (Forty) rubles 14 kopecks.

Amount of yield subject to payment on all bonds of the issue in total, in cash: RUB 200,700,000 (Two hundred million seven hundred thousand) rubles.

Date on which the liability to pay yield on the bonds of the issue shall be discharged: 12/10/2015 Form and other terms of yield payment on the bonds of the issue: monetary funds in the currency of the Russian Federation by cashless settlement.

Coupon (interest) period for which the yield on the bonds of the issue was paid: 182 days - date of the beginning of the coupon (interest) period: 13/04/2015 - date of the end of the coupon (interest) period: 12/10/2015 Total amount of the yield paid on all the bonds of the issue: RUB 200,700,000 (Two hundred million seven hundred thousand) rubles.

Yield on the fourth coupon on the bonds of the issue has been paid by the Issuer in full.

Type of securities: **exchange/commercial bonds**

Form of securities: **certified pay-to-bearer**

Series: **BO-14**

interest-bearing non-convertible bonds with mandatory centralized custody

Identification number of the issue: **4B02-14-00102-A**

Date of identification number assignment: **27/12/2012.**

The identification number assigned to the issue by: **Closed Joint-Stock Company "MICEX Stock Exchange"**

Quantity of bonds of the issue, pcs.: **5,000,000**

Par value of each bond of the issue, RUB: **1,000**

Volume of the issue at par value: **5,000,000,000**

Main data on yield from the bonds of the issue:

Type of yield paid on the bonds of the issue: coupon yield on the first coupon.

Amount of yield per bond subject to payment on the bonds of the issue, in cash: RUB 57.34 (Fifty seven rubles) 34 kopecks.

Amount of yield subject to payment on all bonds of the issue in total, in cash: RUB 286,700.000 (Two hundred and eighty-six million seven hundred thousand rubles);

Date on which the liability to pay yield on the bonds of the issue shall be discharged: 07.01.2016 (11.01.2016 – first business day).

Form and other yield payment terms on the bonds of the issue: monetary funds in the currency of the Russian Federation by cashless settlement.

Coupon (interest) period for which the yield on the bonds of the issue was paid: 182 days - date of the beginning of the coupon (interest) period: 09/07/2015 - date of the end of the coupon (interest) period:

*07/01/2016 Total amount of the yield paid on all the bonds of the issue: RUB 286,700.000 (Two hundred and eighty-six million seven hundred thousand rubles);
Yield on the first coupon on the bonds of the issue has been paid by the Issuer in full volume.*

8.8. Other information

No other information

8.9. Information on provided securities and the Issuer of these securities the title to which is certified by Russian depositary receipts

The Issuer does not issue provided securities the title to which is certified by Russian depositary receipts.