

NLMK GROUP

Corporate Magazine

3 June 2012

A portrait of Vladimir Lisin, a middle-aged man with short brown hair and a light beard, wearing a dark blue suit, white shirt, and blue patterned tie. He is looking directly at the camera with a slight smile.

Vladimir Lisin:
"In business and in
sport, you need
to believe in yourself"

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and Vladimir Lisin
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The Most Unusual
Coins in the World

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be sure to answer all your
e-mails!

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NLMK'S YOUNG LEADER

YOUNG ENGINEERS AND VLADIMIR LISIN DISCUSS THE FUTURE OF THE COMPANY



In late May the extramural session of stage three of the Leaders-2020 program included a meeting of its participants with Vladimir Lisin, Chairman of the Board of Directors of NLMK.

The meeting, which lasted almost six hours, focused on a wide range of issues, from the outlook for the global steel industry and the Group's performance in the markets, to local-level challenges faced by individual shops and units. With regard to a number of matters, including compliance with production guidelines, redundant reporting burden, relevance of lengthy meetings, or the transition to an electronic document exchange system, Mr. Lisin issued instructions in the course of the discussion.

"What surprised me was that some of these issues had been on the agenda some thirty years ago. It is amazing and a shame how little progress we have made in some areas. Possibly, this is an inherent drawback of large companies, where output growth is always ahead of the management system. Even in Western companies, with century old traditions of governance and management, they are often dumbstruck by really primitive things. I would like to thank you for properly raising many of the issues. This was a useful exercise," said Mr. Lisin.

"Today we obtained a sense of belonging and ownership of the common cause, and this is very important for us. Of course, we may lack experience and knowledge... We are willing, able and prepared to do our best to help the Company

develop further," said Anastasia Trunina, Chief Management Systems Specialist, Novolipetsk Power Generation.

The meeting was also attended by Oleg Bagrin, Chairman of the Strategic Planning Committee and member of the Board of Directors; Igor Anisimov, Senior Vice President and General Director; Stanislav Tsyrlin, Vice President for HR and Management System; and Yuri Larin, Vice President for Development and Environment.

"For me, the key lesson learned that an effective leader should not shun the details and should know the production process from beginning to end," says Alexander Khludnev, Logistics Specialist, Novolipetsk Directorate. "Ideally, one needs to go through all the stages of the production process from the very start, like Mr. Lisin did."

In closing Mr. Lisin shared the following with the young managers:

"Frankly speaking, I envy you, because when I was in your shoes, no one would discuss matters with me in this manner. I would like to thank you all once again for flagging the issues that we need to tackle." ■

** Leaders-2020 is a personnel development program implemented by NLMK that aims to encourage the renewal of the cadre of mid- and senior-level managers. In 2012 the program has entered into its third and final stage.*

NLMK SECURES FIRST PLACE IN EUROMONEY'S 2012 SURVEY

NLMK has topped the poll for the “Most convincing and coherent strategy – Metals & mining” in the Euromoney’s 8th annual Central & Eastern Europe company ranking. It was also ranked 2nd in the “Overall best managed company” category.

Euromoney’s 8th annual Emerging Europe company ranking is based on a survey of market analysts at leading banks and research institutes in the region.

Respondents are asked to nominate the top-three companies or sectors they cover, bearing in mind market strength, profitability, growth potential and quality of management. ■



GARG BRIJESH KUMAR APPOINTED VICE-PRESIDENT FOR PROCUREMENT



Garg Brijesh Kumar, former senior manager at the Ukrainian division of Arcelor Mittal, was invited to supervise the streamlining of company procurement processes. A new position of NLMK Vice President for Procurement was created to welcome him to the management team. Mr. Kumar shall also supervise the Group’s supply chain.

Garg Brijesh Kumar has over 12 years of experience in supply chain management and business processes reengineering for large steel plants: Tata Steel (India), New Zealand Steel (Australia), and Arcelor Mittal (Ukraine). He also has nine years of experience in industrial engineering (mill logistics, HR planning, and incentive system management, including labor efficiency improvement). Mr. Kumar is a certified SAP Solution Consultant and has CPIM (Certified in Production and Inventory Management) Certification from American Production and Inventory Control Society (APICS). He has a Bachelor of Engineering (Indian Institute of Technology, Roorkee), with a major in Industrial Engineering.

The need for this position became obvious last year, when the Company acquired a 100% stake in Steel Invest & Finance, a former joint venture with the Luxemburg-based Duferco. NLMK has expanded, including geographically; with the acquisition of Steel Invest & Finance the Russian company took over steelmaking assets in Europe and the United States. Mr. Kumar’s appointment will help improve the efficiency and responsiveness of the NLMK Group business management structure. The best person for this job is someone who has extensive international experience; this is why it took some time to identify the right candidate. ■



IN BUSINESS AND IN SPORT, YOU NEED TO BELIEVE IN YOURSELF

*Vladimir Lisin, Chairman of the Board of Directors of NLMK,
speaks about the economic crisis, the outlook for the Company,
the image of steelmakers, and the London Olympics*

Q: Mr. Lisin, the economy is headed for a double-dip. What should we expect or look out for?

A: I think that trying to define the current situation, whether it is a new downturn or a continuation of the original crisis, is not what is important. What is important is to recognize the developments in the global economy, where growth is now decelerating. The situation in Europe, which accounts for a significant share of Russian steel exports, including NLMK products, has a particular negative impact on us. Greece may have to leave the Euro area, with all the distressing consequences for the country itself and for Europe as a whole. The markets in Italy and Spain are contracting and the two countries may follow in Greece's steps. In my view, this was caused by the EU's rather passive policy towards encouraging real sector growth in recent years. Industry in Europe, its origin, is whittling away. In Greece, for example, with the exception of tourism, almost no other industry remains. The country, let us not forget, is the birthplace of wine. Can you find Greek wine anywhere? And Greek olives? The whole European economy is being pulled forward by a handful of strong countries, but this will not last long, and they already appear to be at odds with each other. As such, one should not expect any significant improvement in the demand for steel in Europe; however, one should not discount its current consumption of more than 130 million tonnes of steel per year.

The situation in the United States up to 2012 had remained fairly stable, but now the demand for steel there is also declining noticeably. It is likely that the

worsening debt problems in the US and the EU may have a negative impact on China, which currently consumes almost one half of all steel produced globally. Frankly speaking, I do not yet see any positive signs which would influence a change in economic developments. We are potentially headed for difficult times, and we should be prepared to cut any unnecessary costs as much as possible; there is no need for them in a normal environment, let alone in times of crisis.

“We have never, even during the toughest crises, shifted the burden onto our employees”

Q: How much would NLMK suffer from the crisis?

A: Of course, it's good when everyone feels good. However, as we are all well aware, if you want to prosper, you should be ready for contingencies. Over the past decade, our Company has completely overhauled its operating model, and has made itself self-reliant in terms of a variety of inputs for steelmaking, having completed a full upgrade of the production assets and secured stable sales in key markets. During the peak of the crisis in 2008 and 2009, we were the first among Russian steelmaking peers to achieve full capacity load, while maintaining financial stability and continuing with our modernization program. This suggests that

“*The Russian economy currently relies more or less on strong oil prices, but what would happen if they were to collapse?*”

the Company is robust and, notwithstanding any difficult times for the sector, is capable of maintaining its financial strength and social stability for its staff without resorting to harsh crisis management measures.

Should the crisis prove to be severe, we will have to let go of anything that is of inferior quality and lower efficiency for the sake of preserving the Company, its production assets and the employee team. Let's look at the recent past, late 2008 and 2009. In some months we were operating at below 50% of capacity, and it was only in May that output reverted to regular levels, while at the same time prices dropped significantly. At that time, we managed to preserve the employee team and avoid large-scale layoffs. At the peak of the crisis in 2009, wages remained on a par with 2008, and then were raised by 20% the following year, offsetting any inflation for the preceding year. And all because we have a longer-term vision and believe in both the steel sector and our company.

Q: In case of a further economic downturn the first thing to be cut are capital expenditures. What about fringe benefits and wages, will they also be 'trimmed'? Has this proposal been discussed yet?

A: It has not been discussed. And it is unlikely to be discussed. We have never, even during the toughest

crises, shifted the burden onto our employees. On the contrary, we would take all measures possible to mitigate the impact of economic crises on our personnel. No matter the circumstances, we have followed this tradition. Look at what is happening in the Euro area. Unemployment is rising, social benefits

are being cut, retirement age is being raised, working conditions are becoming harder, and the price of labor is falling. In view of the competition, even in times of crisis, we have to continue to focus on improving productivity, where we still lag behind Western peers, and on further streamlining employee numbers. This is of particular concern to us.

Q: Streamlining, in the first place, implies the spin-off of non-core and auxiliary units into subsidiaries. And this is met with mixed feelings by the employees. What is the objective of these measures?

A: One needs to understand that we must remain a highly efficient steelmaking business, with low costs and, accordingly, high productivity. These are the basic requirements of a modern and effective steelmaking business. It would be impossible to apply, develop and continue these within the legacy setup.

As regards mixed feelings, I see this as fear of losing a source of support, and we really need to come to terms with the reality. Firstly, NLMK remains a shareholder in and key customer for these subsidiaries. Secondly, there is no intention of divesting businesses artificially, it would be ineffective. The idea behind spinning units off into subsidiaries is to cap the costs of maintenance while at the same time generating a benefit for the parent





company by contracting the new business. Hence, the spinning off of non-core and auxiliary businesses implies their active independent interaction with the market. The parent company would then obtain a reliable partner and improve the basic indicators, which I mentioned in the beginning: we would become a more efficient producer of steel, with lower costs and higher productivity. In the end, the whole group would become more resilient to business stresses, making it easier for us to cope with crises, and be even more competitive in a favorable environment.

Q: Overseas assets are less profitable than was originally expected. To what extent does this affect the competitiveness of NLMK Group?

A: The rationale of the decision to acquire overseas assets was as follows: we need to increase output and to boost our competitiveness in the markets, hence, we need to cover the next processing stage, which is hot-rolling, so we need to build a new mill. Next question: where do we build it? In Lipetsk? There is already an excess supply of hot-rolled steel in Russia; Magnitogorsk, Severstal and we are exporting it and competing strongly in the domestic market. This means that we would have to continue exporting our hot-rolled products overseas. Where do we export it, then, to which markets, and what are the risks involved?

With this in mind, it was easier to buy, as we did in Europe, existing rolling assets with a 'track-record' for supplying steel to end-consumers: automotive manufacturers, machinery producers, and other 'premium' customers. Today, this gives us the opportunity to gain access to markets where three years ago the customers were telling us that they did not want to certify Russian-made slabs, because they were not certain of their quality. Accordingly, they would refuse to buy hot-rolled flats and automotive sheet produced in Russia. Now, the same people are grateful to us and are increasing their consumption of our products.

Of course, we need to continue developing domestic production of automotive sheet, but Europe already has all the infrastructure for this in place.

Of course, the economics of the European division do have an impact on the Company's overall profitability. Currently, EBITDA* of the European assets reduces the EBITDA for the Group as a whole. But then we need to take into account the fact that the European assets are closely integrated with our core production assets in Russia. Almost all of their demand for slabs is met with products supplied from Novolipetsk. For NLMK this means guaranteed sales

“If we continue to pursue cost reductions, streamlining, improved economic performance, we may have the opportunity to find ourselves in an advantageous position”

of slabs and, respectively, capacity utilization. In view of our expansion of steelmaking capacity, we continue to further develop the mining segment. In the future this should help us generate significant savings in terms of raw materials and improve the competitiveness of Novolipetsk steel domestically.

Q: How big is the Company's debt? Does the Company need to borrow, how much and for what purposes?

A: We have always pursued a prudent financial policy. And we continue to maintain a relatively low debt level compared to our peers. NLMK Group owed US\$4.4 billion as of March 30, 2012, with about US\$1 billion in cash.

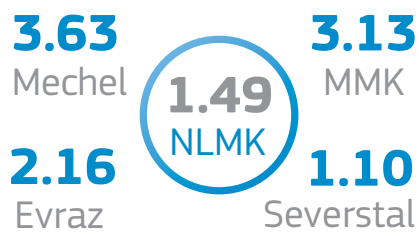
Debt levels are usually gauged by measuring net debt to EBITDA for the previous 12 months. From this ►

*EBITDA, or 'Earnings before Interest, Taxes, Depreciation, and Amortization', is an indicator used by analysts to gauge the profitability of a company's core operations.

Debt Indicators for Major Russian Steelmakers

2011

Net Debt/EBITDA



Net Debt, US\$ million



EBITDA, US\$ million



perspective we are doing fine compared to other major Russian steelmakers.

Our debt has increased in view of the strategic development plan pursued by the Company. We borrowed to acquire subsidiaries and finance capital expenditures. The bulk of new equipment for Novolipetsk, Stary Oskol, and Kaluga is procured under long-term lending facilities. For example, in 2010 the European Bank for Reconstruction and Development provided a long-term loan for the construction of a Recovery Cogeneration Plant. These are all sources of long-term and fairly inexpensive financing.

Presently, NLMK is the only Russian company in the sector with an investment-grade rating from the top three international rating agencies: Standard and Poor's, Fitch, and Moody's. In 2012, two of these agencies confirmed this high rating and do not expect it to be revised any time soon. This allows us to reduce the cost of borrowing and indicates that credit risk experts believe in our strategy.

Q: Mr. Lisin, what are the Group's plans in general for the near term?

A: We need to tackle two important matters: 1) to reduce costs, and 2) to improve the system of management.

Our plans include the further development of the raw materials division, a program for radical improvement in the quality of electrical steel and automotive sheet. We will continue to pursue environmental improvements, bearing in mind that we are already well ahead of our competition. By 2020, we expect that we shall be compliant with European environmental standards, the so-called "best available technologies". So far, we have reached these levels across a number of indicators.

Naturally, we need to focus on technology, quality, and, most importantly, on retraining our staff. In fact, we may need to tell the education sector how exactly we want them to train people.

Q: On the topic of education: it is an important time of year for high school graduates, among them children of steelmakers, who must make up their minds about which profession they want to choose. What advice could you offer them based on your own life experience?

A: The country is facing an acute shortage of professionals with engineering skills. Let me stress: this applies to all engineering fields. Almost every sector in the country has demand for engineers.

Of course, some people want to become lawyers, financiers, or accountants, but the economy needs much fewer of these than professionals in technical areas. The existing education system does not take into account the real needs of the manufacturing sector. As a result, we have a huge number of lawyers, economists, and financiers, who cannot find employment, while it is almost impossible to find highly-skilled engineers and industrial workers.

Currently, there are about 110 million people in Russia, including children, retirees, military servicemen and women, doctors, teachers, government officials, students, police officers, security servicemen and women, who do not produce anything material and do not contribute to the tax base. The remaining 30 million do all the work and support the country. For the time being, we can more or less rely on strong oil prices, but what would happen if they were to collapse? The old infrastructure assets created in Soviet times were lost during the reform process, and nothing new has been created yet. And it cannot be created without engineers. The role of an engineer is of utmost importance in present day Russia. For this reason, I would advise high-school graduates to focus on industrial occupations. An engineer is a worthy profession anywhere in the world. Take, for example, any fashionable managerial job: it also requires engineering skills; otherwise you would not be capable of properly managing any industrial operation.

Q: Why, in your view, do industrial occupations have a weaker image?

A: Now, most people prefer to work in an office than on a production site. This is how industrial occupations are approached and how things stand in the country in general.

Nevertheless, every year we hire 2,000 employees and a lot of requests are communicated to me from people who want a job, even on a shop floor, never mind those who want to be managers! Naturally, I forward these requests to the HR division.

I don't think there is any issue of some occupations being regarded as inferior. It is the negative perception of the manufacturing sector in general.

Q: Let us get back to the manufacturing sector, then. What does the Group intend to accomplish at its Russian production sites by 2020?

A: Let me indicate some key areas. At Novolipetsk we intend to complete the reconstruction of our cold-rolling





operations and to begin manufacturing high-quality automotive sheet.

We are not planning anything major at Altai-Koks, with the exception of activities involving the quality of coke, and issues related to productivity and impact on the environment.

As regards our assets in the Urals, for VIZ-Stal the key objective is to improve production of high permeability steel and premium steel grades.

Another reconstruction program covers the Long Products operations. We also need to tackle issues related to the productivity of our scrap collection division. In addition, we have plans to develop our metalware assets...

These are the key points. Naturally, we will keep our eyes open on matters of local concern, but otherwise the time period defined will to a large extent be dedicated to improving technology that we already have in place.

Q: Is there anything within the Company that you don't like?

A: A good question. Yes, there are a number of things, but I won't list all of them. I do, however, feel that we

have lost the pre-existing system of preparing for scheduled maintenance and in general the standards of handling repairs. I understand that there will always be some bad workers. I was taught from the outset, that I should not accept any equipment after repairs, unless I check it myself first. At the continuous caster I would personally check the caster alignment and all the rolls, even though I had other people under my supervision, who could have handled that. Together we would go over the caster, check the secondary cooling system, all the sprayers, do a dozen test runs of the machine, and until I made certain myself that everything was in order, I would not accept the repairs! Yes, occasionally, some people would make a scene because of this, but subsequently the equipment would operate properly.

What do I see today? Equipment may come out of repairs and no one would be there to check it. And there may have been some changes made to the equipment, some adjustments, some added sophistication, and it needs to be handled differently... This will be a major challenge for us, changing this attitude towards maintenance and towards equipment itself.

Q: How do you see the future of the steel sector and NLMK in particular?

A: In recent years the steel market has changed a lot. Firstly, Europe-based hot-rolling operations are no longer competitive because of the high cost of slabs, re-rolling stock, billets, etc. This is due to the fact that in most cases they don't have their own feedstock and they need to have it shipped from Brazil and Australia. Accordingly, this has an impact on the cost. So, unless the prices for inputs decline, European steel makers will continue to face uncertainty.

Secondly, there is the so-called Chinese factor. On the one hand, China benefitted from its competitive advantage by investing in steelmaking. But their resource base remains weak, they have to import coking coal, they don't have sufficient domestic supplies of iron ore, and they have shortages of natural gas. Also, China is a large country and it is difficult to transport raw materials. So they are now losing some of their advantages, and economic growth in China appears to be slowing down. To a certain extent, this is connected with the Eurozone problems, because the Chinese economy is driven by purchases of European customers. And China will most likely seal off its domestic market for overseas producers of steel.

Overall, we don't expect any major economic developments in the next 12 to 18 months. Over a five year term, competition is likely to develop between those businesses that are focused on cost-reduction, streamlining, and development of their own raw material base.

I don't believe that the steel sector will be showing high rates of return in the near term. Nevertheless, if we continue to pursue cost reductions, streamlining, improved economic performance, we may have the opportunity to find ourselves in an advantageous position. And the fact that Europe is failing to show any indication of progress in terms of 'liquid steel' processing, may, in principle, prove to be an important boon for us.

Q: It is a known fact that you began your career as an assistant steelmaker, and have since come a long way. Is there a secret to your success?

A: There is no special secret, I guess. I don't pray for forgiveness of my sins, nor am I blessed with any special kind of luck. I occasionally wonder myself what could have led to this. Possibly, it has something to do with the ability to focus. My colleagues sometimes criticize me for paying too much attention to detail and minor matters. Maybe this is because I have always insisted on never leaving any loose ends. And, most importantly, I have always wanted to do things better than anyone else.

I remember my first visit to Novolipetsk. The operations were standing idle and the company owed wages to its employees. Back then we were already doing business with other steelmaking companies and had some cash. So I proposed to NLMK to export hot-rolled steel. The chief engineer and the chief economist balked at that. "Are you crazy?" they said. "The business is cash-strapped, we can't pay wages, we can't collect from our customers, the political situation is all confused, now we have this Gaidar fellow, people are about to take to the streets and tear everything apart." And I told them, "Look, you don't have the money to pay wages, and I am willing to pay for hot-rolled steel, so let's export it."

Later it transpired that Novolipetsk had never exported very much before. We started with 35,000 tonnes, and it was such a big deal! And six months later we were already exporting 350,000 tonnes, and it no longer seemed like anything special. In other words,

“I do not attempt to interfere with what my colleagues are doing, on the contrary, I delegate as much as possible and encourage the management team to develop, without excess reliance on remote management from the office in Moscow”

people were simply waiting for something to happen. And it's not like I invented something really new. They could have done it themselves and could have used exporting opportunities to improve their performance because there was demand for steel outside the country, and only domestic sales had collapsed. One needed to move quickly and sell whatever was in demand. However, they had convinced themselves that 30,000 tonnes of exports was the best they could do, and even that, apparently, would not do the company much good. And so they stayed there, idling. And it only took six months to get everything running.

Again, there was nothing special to it, all one had to do was to set an objective and work hard to achieve it, without waiting for the Government to make some decisions or for someone to provide assistance. Put in some effort, do your job and you will achieve results. And, naturally, one should not behave arrogantly in a market environment, because the bigger you become in terms of opportunities, the greater the likelihood that you may by accident trample someone else under foot. One needs to be mindful of this. In general, if you offend someone, you should not move on without looking back. This is true in any business.

These days, apart from my business interests, I am also involved in the National Olympic Committee as a Vice President, the Russian Shooting Union, and the European Shooting Confederation; I am also a member of the Commission for Culture and Olympic Education of the International Olympic Committee. I have a lot to attend to. On the other hand, this is a kind of vent for me, because one needs to have something else to occupy one's minds with. As regards the arrangements for managing the company, I do not attempt to interfere with what others are doing, on the contrary, I delegate as much as possible and encourage the management team to develop, without excess reliance on remote management from the office in Moscow.

“I am not blessed with any special kind of luck”



Q: Why do you shy away from active participation in the political life of the country? Are you indifferent to what is happening today?

A: Basically, I simply don't have the time for that. Politics requires dedication, and, possibly, I would devote less time to my business interests, hobbies, sport, and children, and I don't want that to happen. On the other hand, I am not indifferent to any developments outside the plant gate because they have a direct impact on my employees, their health, attitudes, and, ultimately, performance. I am very much disappointed by incompetent mayors, corrupt government officials, thieving governors who consider themselves to be politicians, rather than administrators. It varies across the country, in some parts it is quite the opposite, with governors and mayors doing a lot of hard work, but one thing I can say for certain: to a large extent it depends on the position and activity of people who live in a particular town, district or province. There should always be a sense of responsibility, elections included. One needs to do a lot of thinking before they cast their ballot.

Q: There is some political tension in the society. People are dissatisfied with the government and believe that local officials are turning a deaf ear...

A: I don't think that politics are a major component of these sentiments. Before the elections we had a discussion with my colleagues about the electoral attitudes of our employees, and what would influence their votes. We agreed that the discontent is to a great degree driven by external factors. An employee and employer exist in a state of permanent dialogue that is quite simple: the employer wants the employee to deliver, and in response the employee will always raise issues of wages, benefits, and social responsibility; it's a never ending story and there is no limit to perfection. But employees don't live at the plant. Let's assume today one's wages are double what they were three years ago; but prices are also rising, and where utilities cost RUB800, now they cost five times as much; apartments are not heated, there are shortages of cold water one day, then hot water the next day, the roads are not maintained, it's impossible to find a place in a child care facility, health care is just horrible, good doctors and teachers are hard to find, and everybody wants bribes. One can create the best working environment, but when an employee leaves the site and steps into a puddle and then finds a power outage at home, the latter is likely to define the person's sentiment. Hence, people want government officials, who may often be our former colleagues, to perform properly. Note that very few actually care about the officials' political views.





From a political administration standpoint, people are only hiring officials to do a job. The officials receive various benefits, a government vehicle, an assistant, etc., and in exchange we expect to obtain something for ourselves, i.e. proper housing and utilities, a comfortable environment in our community, health and education, security, roads.

How great is my role in this? Small, but very challenging. When our employees enjoy improved working conditions, higher wages, better production standards, they have more demanding requirements with respect to anything that happens outside the plant gate. That is when the employee team begins to stand out from others, especially from government employees and farmers. Unfortunately, sometimes they stand out like a sore thumb and attract unwarranted criticism, but we should not pay too much attention to this. In any case, the views of our employees are of critical importance to me – these are the people who are the primary consumers of government services and are entitled to demand that government officials do their job properly and with tangible results. And if any of our employees decide to act to achieve these tangible results, I shall offer them my support. The majority of our colleagues, who have experience in handling sophisticated production matters and have gained credibility with their co-workers, have a strong sense of responsibility, are better organized, and are, surely, just as smart as some professional politicians. There are too many people who want to go into politics, but those who are willing to tackle specific issues, create an environment for an effective economy, make life comfortable for other people, and develop the provinces, are few and far between. I prefer to be within this latter group. This may be defined as my political credo: if we all do our jobs well and think before we vote for a leader, this would be the best display of our political activism.

Q: Our final question to you, Mr. Lisin, would be in your capacity of President of the Russian Association of Summer Olympic Sports. What can we expect from our national team during the Olympic Games in London? Many are suggesting that we can achieve third place in the overall standings but is that realistic?

A: Olympic Games are never predictable. One thing I can assure you of is that the competition will be very strong; with every Olympics it is becoming more difficult to win medals. Firstly, the Olympians are demonstrating stronger skills, and new talented athletes appear. Secondly, the UK national team, one of our main competitors, will benefit from home advantage. Still, I believe that we have a chance of becoming one of the top three teams.

Q: Or we may fail?

A: Unfortunately, that is also an option. It takes time to make up for what we lost while developing professional sports in the country. We were able to achieve a lot of improvements in how our Olympians are trained, but some things remain outstanding. The biggest challenge is identifying new promising athletes. Very few sports federations in Russia can claim that they have a long list of new talent. In order to compete successfully at international events our country needs several strong centers for training professional athletes in every sport. In addition, physical fitness and sports need to be promoted in general, particularly at the educational institution level. We need to hold Olympic-style events for school and university students, in order to scout new talent. There is also a shortage of coaches, because university graduates are reluctant to find employment in sports schools; and sports medicine is also lagging behind.

Apart from outside factors, the success in the Games will depend, first and foremost, on the attitude of the Olympians. Provided that they are properly focused on winning, then, maybe, good fortune will shine on our national team. ■



VLADIMIR RUBASHKIN'S “FOCUSED COLLECTION”

BY MARINA SAYFIEVA

Vladimir Rubashkin, Mechanic with the Automation Department at ATS-Inform, has assembled a collection of more than 150 Soviet-made photo cameras, from a simple Smena camera to the legendary FED

“Back in 1961, when I was still at school, in a display window I saw a Narciss camera. It is nothing out of the ordinary, but it really spoke to me, and there is nothing I can do about it. I am not trying to chase it down, but I would be pleased to have it in my collection,” says Vladimir.

At various stages he would collect stamps and postal cards, and had amassed several libraries. But what drew our attention was his collection of photo cameras, which he had started only in 2003.

“When it comes to collecting, I take after my father and grandfather,” he explains. “Before the Russian Revolution my grandparents were living in Moscow and they had a wonderful library at home. In time I also developed an interest in books. Mostly, these were books about history, Russian classics, and war memoirs. My passion for photo cameras began with my father’s old Fotokor camera, manufactured a long time ago, in 1930. I remember how once, I was at the time a third-grader, my father let me take the camera in my hands for the first time, only to hold it and, maybe, press the button once.

When I was in the seventh grade someone lent me a Smena, which was at the time an affordable photo camera used by almost all beginner amateur photographers. Later, after compulsory service in the Armed Forces, I obtained a photo camera of my own, an FED, and that is when it all started for real for me. I would spend dozens of film rolls making photos!”

After FED he owned a Leningrad, then a LOMO, and a Lyubitel. The estimates vary, but altogether the Soviet Union had produced about 160 generic models of photo cameras. Vladimir Rubashkin’s collection mostly includes Soviet-made photo cameras. At first, these were one-off specimens made by small-scale cooperatives, rather than factories. The post-war years became the heyday for Soviet photographic equipment industry, with the production of the Moskva, Lyubitel, and Iskra brands.

“By the way, it took me several years to chase down this Iskra, until I eventually bought in Kazan. Iskra was a popular brand at all times, and the demand for it lingers yet,” says Mr. Rubashkin.

Several years ago he acquired a unique Sputnik three-dimensional photo camera for his collection, which is almost impossible to find nowadays. The sputnik was capable of taking 3D photos. The lens



FED (abbreviation for Feliks E.

Dzerzhinsky) was a brand named after its manufacturer, the Dzerzhinsky Labor

Commune in Kharkov. The first mass produced FED photo cameras (now they are mistakenly labeled as FED-1, although the cameras themselves and their papers only show the letters) came out in 1934 and were almost identical replicas of the popular German Leica II cameras. Originally, only ten cameras were manufactured, but in December 1934 the number increased to 1,800 cameras, and in 1935, a total of 15,000 cameras were manufactured. Later, when World War II began, their production was discontinued. The FED was one of the first Soviet compact cameras, fairly low-maintenance and reliable, and was often used by war time photographers. The FED-5V model is considered to be one the best Soviet-made photo cameras of its time.

in the middle served as the viewfinder, and the two lenses on both sides of it created a three-dimensional effect. However, it failed to gain popularity with amateur photographers

Soviet-made photo cameras were in high demand in other countries, mostly because of their lenses, which were manufactured by the defense industry factories.

According to Rubashkin, photo cameras are more than just curiosities to him. They are part of history, witnesses and keepers of times gone by. Some of the photo cameras even contained exposed film, with pictures taken by their owners, never developed and then forgotten altogether.



An important piece in the collection is the half-frame Chaika (Seagull), named after Valentina Tereshkova, the first woman in space. Chaika was her call sign during the space flight

Naturally, quite a few of the cameras in the collection no longer work.

"Many of them were never intended to last long for technical reasons," explains Rubashkin. "For example, Leningrad, basically the first Soviet-made automatic camera, tailor-made for photo correspondents in 1956. An excellent camera, it had a wind up mechanism, which allowed to take up to 12 shots in a row just by pressing the button; but its weak spot is the reel."

"It was given to me by my friend, Sergey Rudnik, who had inherited it from his father," explains Vladimir Rubashkin. "This panoramic photo camera allowed you to take 180-degree angle photos. It can still be used to take photos, but it would be impossible to print the images anywhere."

The collection also has a rare piece, the wide-frame panoramic photo camera.

Vladimir also has the first Zenit photo camera equipped with a Helios lens in his collection.

"The Zenits were such a fad at the time! In 1972 they were holding the All-Union Exhibition of Photo and Cinematographic Equipment in Sverdlovsk.

Vladimir Rubashkin spent several years chasing down this Iskra photo camera





Fotokor was the first mass produced Soviet folding camera, which used photographic plates. During the 11 years between 1930 and 1940 more than one million of these had been produced

Several years ago a unique exhibit was added to the collection – the Sputnik stereo camera, which produced three-dimensional images. The lens in the middle served as the viewfinder, and the two lenses on both sides of it created a three-dimensional effect



People were queuing up to buy it from midnight and the line went all the way from the second floor and into the street. That's where I got my Zenit E. A beauty of a camera!" reminisces Vladimir Rubashkin.

The 'Golden Age' of the Soviet photographic industry began in the late 1950s, when the Minsk Mechanical Factory was commissioned. It produced its first Smena photo camera in 1957. The same factory also produced the Belarus-2 professional photographic enlargers. In the mid-1970s the BelOMO factory launched production of the Zenits, and before that it had introduced the Viliya-Elektro and Viliya-Auto, as well as the non-standard frame Vesna and Vesna-2, and the half-frame Chaika (Seagull), named after Valentina Tereshkova, the first woman in space.

A special place in the collection is devoted to Vega, the palm-sized first Soviet-made miniature photo camera, produced by the Arsenal Factory in Kiev.

According to Vladimir Rubashkin, "It's not images that we capture on film, but emotions and feelings. This is why many photo aficionados prefer old makes, like the Kiev or Zenit photo cameras." ■

THE MOST UNUSUAL COINS IN THE WORLD

In the 20th century, after coin collecting had become one of the most popular hobbies worldwide, the central banks all over the globe began to mint and issue commemorative and anniversary coins



The Largest

Photo: an Australian gold coin weighing 1 tonne and Ed Harbuz, Chief Executive Officer of the Perth Mint, where it was created.

The coin, which is almost 1 meter (80 centimeters) in diameter and 12 centimeters thick, weighs exactly 1,012 kilograms. Its face value is equal to 1 million Australian dollars, but its market value is estimated at 53 million.

Over a span of several decades many different types and designs of coins have appeared around the world: multicolored coins, coins inset with different metals and even amber, coins depicting celebrated personalities and literary characters. Most of these coins are commemorative, anniversary or collector items; some, however, are widely circulated.



Niue, 2008, 1 New Zealand dollar, 925 sterling silver

A rectangular coin to commemorate Henri Toulouse Lautrec, the famous French painter. With the shape of the artist at work forming the background, the coin features part of his famous Jane Avril at the Jardin de Paris lithograph (right hand side), and the coin on the left boasts a color image of the 1893 Aristide Bruyant at the Ambassadeur poster.



India, 2007, 2 rupees, stainless steel

The "V" sign appears on the Indian coin because it is used during the Bharata Natyam folk dance, rather than because of its association with freedom.

Zambia, 2003, nickel, face value of 1,000 kwachas. An eternal calendar





New Zealand coins commemorating the screen adaptation of J.R.R. Tolkien's *The Lord of the Rings*, face value of 1 dollar

The coins were made by the British Royal Mint and are legal tender in Great Britain and New Zealand. The face of the coin shows a ring with Elf runes on the inside and outside. The writing inside the ring indicates the face value of the coin.



Fact: Scientific evidence suggests that meteorites from this group are older than our Solar system by 700 million years.

Cook Islands, 2010. Silver coin with fragment of the HammadahalHamra 280 meteorite

The coin with the HammadahalHamra 280 (HAH 280) meteorite was issued to commemorate the 10th anniversary of the discovery of the HAH 280 meteorite. Its reverse side features a full-color image of a striking astronomical phenomenon, a solar nebula, where the famous meteorite is believed to have originated from. The highlight of the coin is that it contains an inset fragment of the unique meteorite, which weighs 26.5 kilograms on Earth; this may be the only opportunity to obtain a piece of the meteorite for one's collection. The meteorite was found in March 2000 around Hammadah in the Hamra province of Libya. The figure 280 indicates the number of cataloged meteorites found in this province.



Belarus, coins with fairy-tale characters



Palau, 1 dollar

Gold coin in the shape of a falling star



Cook Islands (New Zealand), 2011. Silver coin with a fragment of the Muonionalusta meteorite

The famous Muonionalusta meteorite is named after the Muonionalusta community in Sweden, where fragments of the meteorite are occasionally found.

The meteorite's landing is dated to around 14,000 years ago, and its first fragments were found in 1906; it is a typical iron meteorite and contains 95 per cent iron and 5 per cent nickel.



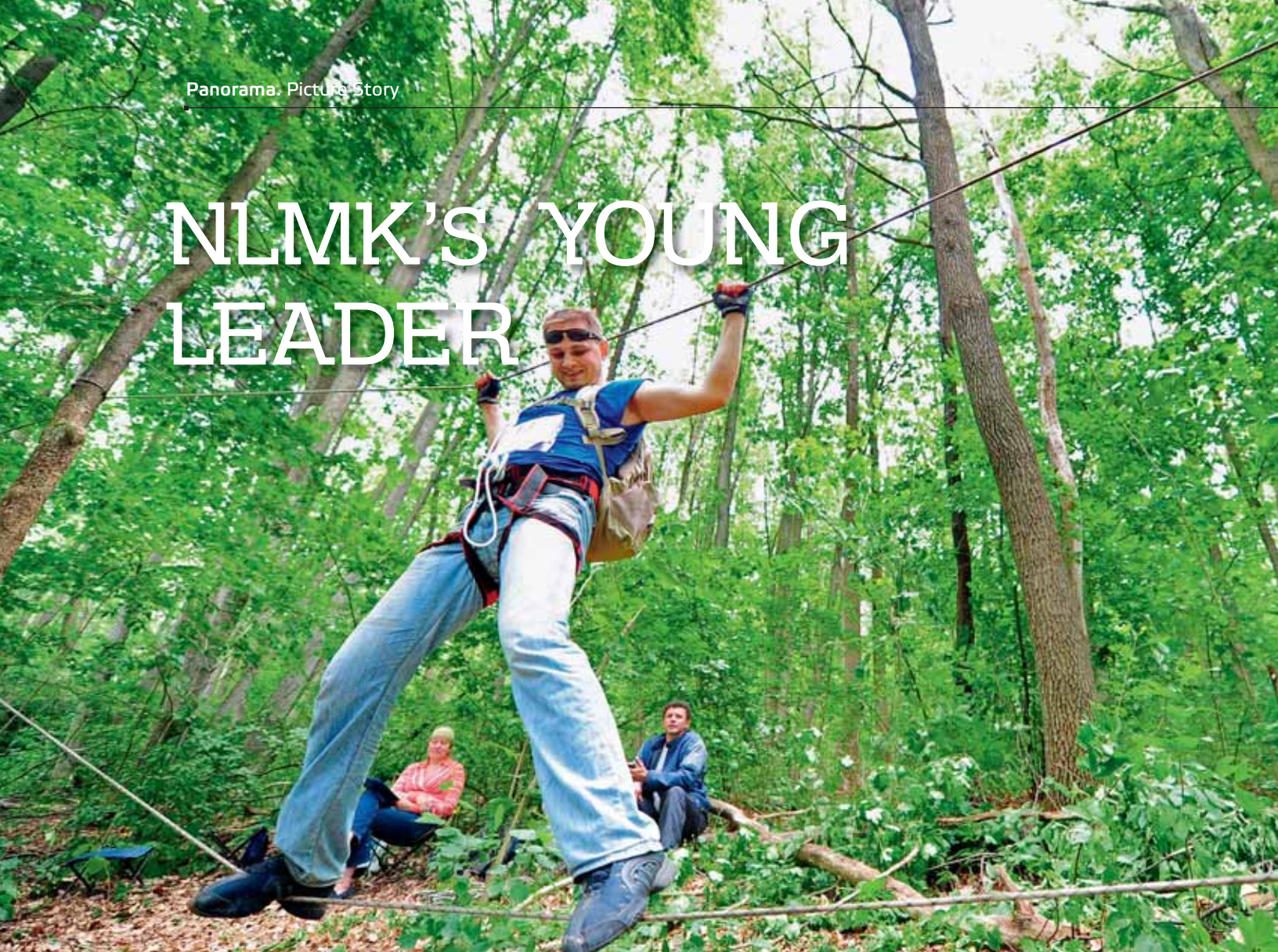
Liberia, 2004, 10 Liberian dollars, 925 sterling silver

Silver coin with a foldable sundial. The inscription on the coin reads "Time is Money".



Mongolia, 2011, 500 tugriks

NLMK'S YOUNG LEADER



This year the extramural round of the popular **NLMK's Young Leader** corporate contest took place on June 1–3 in the Khmelinets community in Lipetsk Province. The event involved a cross-country hiking race, in which the participants had to negotiate cliffs and water obstacles, followed by a rope training exercise. The program culminated with the **Yelchik Assembly** creative arts competition; its highlight was a show of historical costumes from the times of Peter the Great, all made by the participants in a week's time.





Next issue:

New Blast Furnace #7 successfully
completes warranty testing

Our Professional Holiday: Metallurgist Day

Hugo Modrian, Safety Director, NLMK
Clabecq, discusses how safety issues are
dealt with at the NLMK plant in Belgium