METINVEST®

08 ANNUAL REPORT

INVESTING DEVELOPING GROWING

OVERVIEW

BUSINESS REVIEW

MANAGEMENT AND GOVERNANCE

FINANCIAL STATEMENTS AND NOTES

ADDITIONAL INFORMATION

METINVEST GROUP (Metinvest) is an international, vertically integrated metal and mining company headquartered in the Netherlands, and one of the lowest cost producers of steel in the world. The Company is primarily involved in the mining of coal and iron ore, the manufacturing of steel and iron ore products, coke, as well as rolled products and pipes. Metinvest benefits from a favourable geographic location and close proximity to the key sales markets of Europe, the CIS, the Middle East, and North Africa. The Group comprises 26 companies within the mining and steel sectors located in Ukraine, Europe and the USA. The Group's products are marketed and sold in more than 75 countries around the world.

Metinvest B.V. is majority-owned by JSC System Capital Management (SCM) (75%), with JSC Smart Holding (SMART) owning a minority stake (25%) with a blocking interest.

Strategy

Metinvest's strategic goal is to create a highly efficient and well-balanced metal and mining company, achieving leading positions worldwide.

Values

Our Clients. We strive to ensure the highest quality products at competitive prices, to further strengthen our relationships with existing clients and to develop relationships with new ones in key global markets.

Our Employees. We aim to provide the best possible working conditions that will ensure safety and provide the Group's employees with the opportunities they need to develop their professional careers.

Our Investors and Partners. We aspire to communicate with the highest levels of transparency to all of our stakeholders, while at the same time demonstrating financial stability and delivering on our commitments.

Vision

We aim to build a well-balanced international metal and mining group producing high quality, value-added products which satisfy and anticipate our clients' needs. We aspire to world-class standards of efficiency, whilst demonstrating a proactive and responsible approach towards the environment, our people, our local communities and society as a whole.

COMPANY HISTORY AND TIMELINE

2006

- Metinvest is established to provide strategic management of the metal and mining businesses of SCM
- Acquires a 100% stake in Leman Ukraine LLC, a leading Ukrainian wholesale and retail metal trading company, and an additional a 27% stake in JSC Yenakiieve Metallurgical Works
- Issues IFRS audited accounts for 2005/2006.

2007

- Signs a US$1.5 billion syndicated pre-export term facility, the largest ever by a private Ukrainian company, which is used to refinance existing debt, as well as for working capital needs
- Establishes Metinvest Ukraine LLC and Metinvest SMC LLC, as a result of the restructuring of its sales distribution channels in Ukraine and the CIS, and transfers the wholesale and retail assets of Leman Ukraine LLC to each company accordingly
- Renames Leman Commodities S.A. (Geneva) as Metinvest International S.A.
- Reaches an agreement in principal with SMART to merge its mining and steel assets with Metinvest
- Forms Supervisory Board with four committees and two Independent Directors
- Becomes a member of the International Iron and Steel Institute (IISI, currently called the World Steel Association).

2008

- Metinvest is ranked as the seventh largest producer of iron ore materials in the world
- Acquires a 100% stake in Trametal S.p.A. (Italy) and its subsidiary Spartan UK Ltd (United Kingdom) from the Malacalza family
- Acquires a 51% stake in Inkor & Co LLC (Ukraine)
- Begins operating a new slab continuous casting machine at JSC Azovstal Iron & Steel Works
- Obtains a US$1.189 million in loans from BNP Paribas, Royal Bank of Scotland, ING and Credit Suisse for the acquisition of Trametal
- Signs a partnership agreement with Siemens VAI
- SevGOK and InGOK are included in the list of the top-10 taxpayers in Ukraine
- Completes an audit by SRK Consulting UK Ltd of CGOK, SevGOK, and InGOK reserves based on the JORC methodology
- Implements an Industrial Safety Management System based on the 18001:1999 OHSAS Standards
- Receives ACCA accreditation.

KEY FINANCIAL AND OPERATING FIGURES

	Year ended 31 December 2008	Year ended 31 December 2007
Consolidated revenue, US$ million	13,213	7,425
Adjusted consolidated EBITDA*, US$ million	4,681	2,286
Adjusted EBITDA margin, %	35.4%	30.8%
Production, million tonnes		
Crude steel	8.2	9.2
Finished products	9.2	9.5
Merchant iron ore concentrate	18.7	18.9
Pellets	11.4	13.3
Coking coal	6.2	5.7
Metallurgical coke	5.2	5.2
Headcount	89,000	99,000

* EBITDA was adjusted by non-cash losses from asset impairment and devaluation.

EXPLANATORY NOTES

Some of the information in this report may contain projections or other forward-looking statements regarding future events or the future financial performance of Metinvest. You can identify forward-looking statements by terms such as “expect”, “believe”, “anticipate”, “estimate”, “intend”, “will”, “could”, “may” or “might”, the negative of such terms or other similar expressions. These statements are only predictions and actual events or results may differ materially. Many factors could cause the actual results to differ materially from those contained in such projections or forward-looking statements, including, among others, general economic conditions, our competitive environment, risks associated with operating in the Ukraine, as well as many other risks specifically related to Metinvest and its operations.

The abbreviated financial statements have been derived from the audited financial statements of Metinvest B.V., as of and for the year ended 31 December 2008, prepared in accordance with IFRS, as adopted by European Union. The auditor issued an unqualified opinion on the complete financial statements.

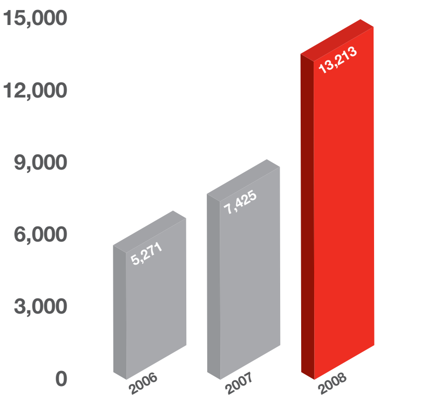
These abbreviated financial statements are presented in millions of US dollars and all values are rounded off to the nearest million except where otherwise indicated.

For a better understanding of Metinvest’s financial position and the results of operations, these abbreviated financial statements should be read in conjunction with the Metinvest’s audited financial statements as of and for the year ended 31 December 2008, which include all disclosures required by the IFRS.

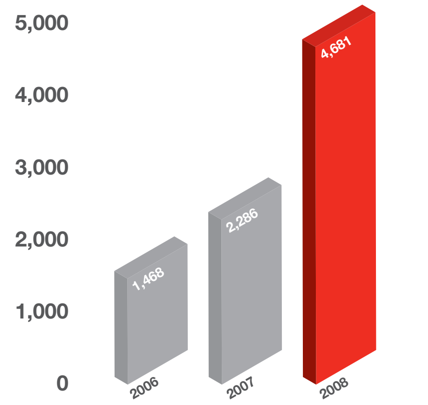
The complete financial statements together with the auditor’s report are available on request at Alexanderstraat 23, 2514 JM, The Hague.

HIGHLIGHTS

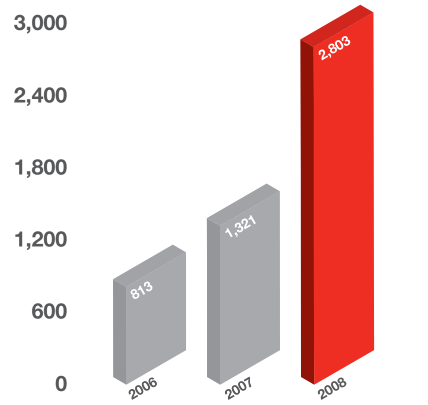
CONSOLIDATED REVENUE US$m



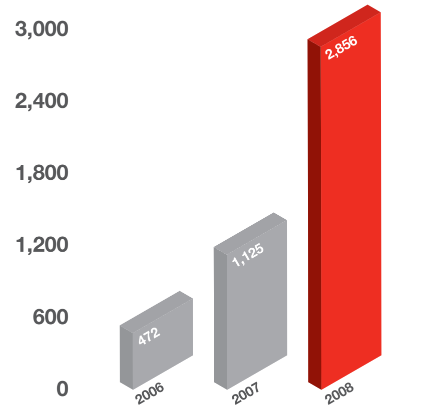
CONSOLIDATED EBITDA* US$m



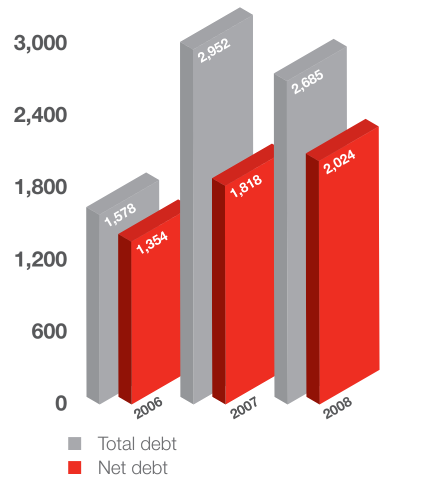
NET PROFIT US$m



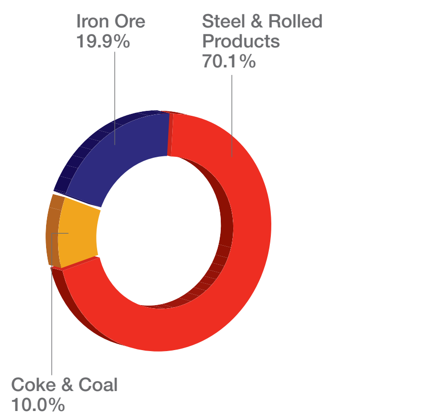
NET OPERATING CASH FLOW US$m



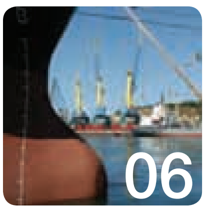
DEBT US$m



REVENUE BY DIVISION US$m



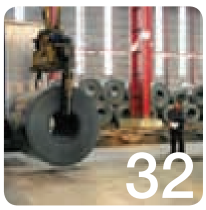
* EBITDA was adjusted by non-cash losses from asset impairment and devaluation.



MARKET REVIEW

IRON ORE DIVISION

COKE & COAL DIVISION



STEEL & ROLLED PRODUCTS DIVISION

AT A GLANCE

METINVEST produces a wide range of high quality products throughout its vertically integrated, international operations. The geographic locations of the Company's key assets provide Metinvest with a number of advantages. These include low-cost production, low transportation costs by virtue of the Company's core production assets being located within a 540km radius of each other, and close proximity to key European markets.

A DIVERSIFIED AND HIGH QUALITY PRODUCT PORTFOLIO

IRON ORE DIVISION

IRON ORE MINING	> Iron ore	JSC Severniy Mining and Processing Works JSC Central Mining and Processing Works JSC Ingulets Mining and Processing Works
IRON ORE PROCESSING & DRESSING	> Merchant concentrate	JSC Severniy Mining and Processing Works JSC Central Mining and Processing Works JSC Ingulets Mining and Processing Works
	> Pellets	JSC Severniy Mining and Processing Works JSC Central Mining and Processing Works

COKE & COAL DIVISION

COAL MINING	> Coking coal and concentrate	JSC Krasnodonvugillia Coal Mining Company United Coal Company LLC
COKE PROCESSING	> Blast furnace coke, nut coke and coke breeze	JSC Avdiivka Coke & Chemical Works JSC Azovstal Iron & Steel Works
CHEMICAL PRODUCTION	> Range of chemical products	JSC Avdiivka Coke & Chemical Works JSC Azovstal Iron & Steel Works Inkor & Co LLC

STEEL & ROLLED PRODUCTS DIVISION

PIG IRON PRODUCTION	> Pig iron	JSC Azovstal Iron & Steel Works JSC Yenakiieve Metallurgical Works
SEMI-FINISHED PRODUCTS	> Slabs and billets	JSC Azovstal Iron & Steel Works JSC Yenakiieve Metallurgical Works
FINISHED PRODUCTS	> Hot-rolled plates	JSC Azovstal Iron & Steel Works Ferriera Valsider S.p.A. Metinvest Trametal S.p.A. Spartan UK Ltd
	> Hot-rolled coils	Ferriera Valsider S.p.A.
END PRODUCTS	> SAW pipes	JSC Khartsyzsk Tube Works
	> Wire-rods	JSC Yenakiieve Metallurgical Works
	> Rebars	JSC Yenakiieve Metallurgical Works
	> Rails	JSC Azovstal Iron & Steel Works
	> Channels and merchant bars	JSC Yenakiieve Metallurgical Works JSC Azovstal Iron & Steel Works
TRADING & DISTRIBUTION	> Metal products	Metinvest International S.A. Metinvest Eurasia LLC Metinvest Ukraine LLC Metinvest SMC LLC

DTEK (part of SCM Group)

UKRAINIAN OPERATIONS

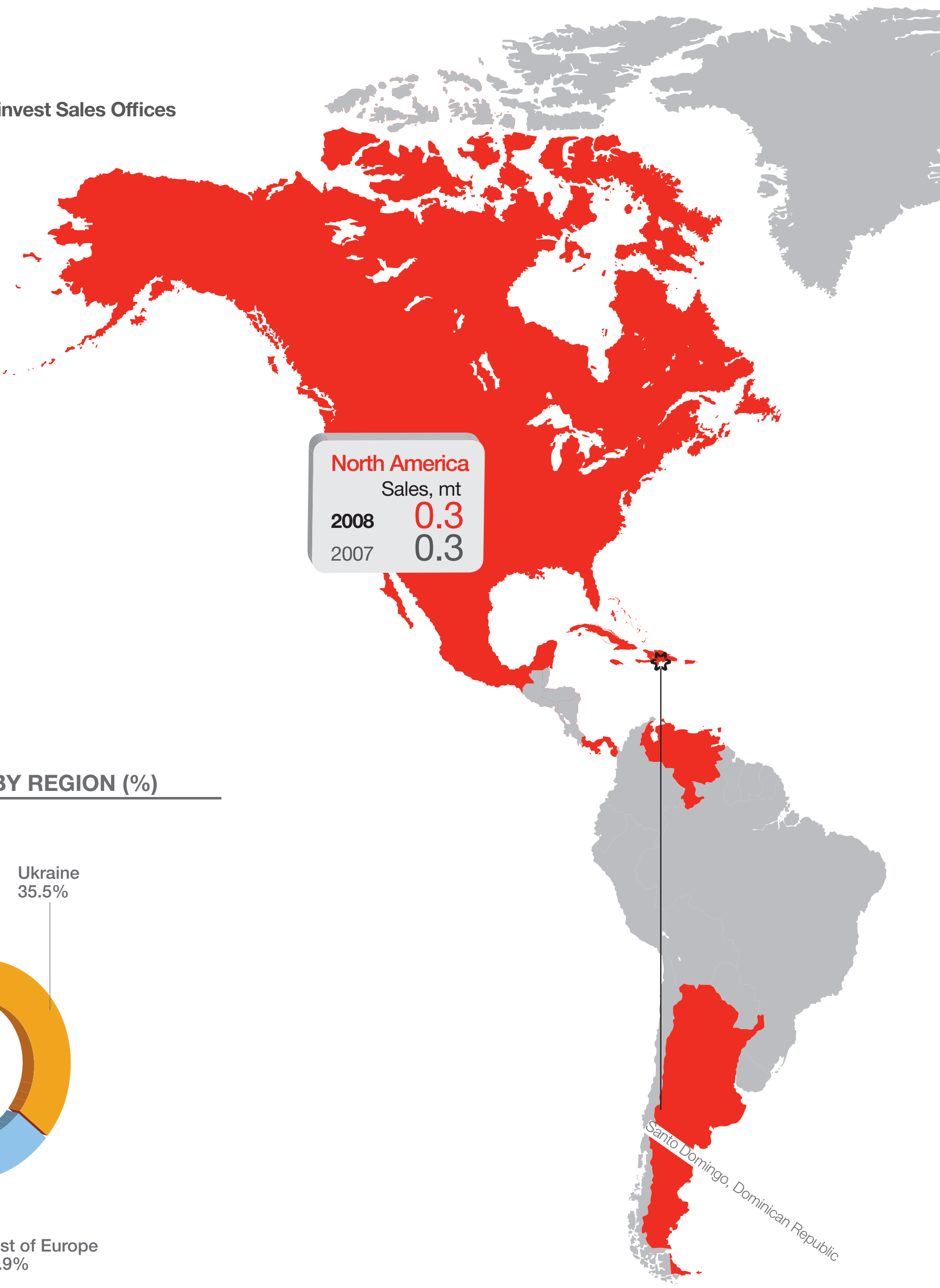
1 JSC Severniy Mining and Processing Works
2 JSC Central Mining and Processing Works
3 JSC Ingulets Mining and Processing Works
4 JSC Avdiivka Coke & Chemical Works
5 Inkor & Co LLC
6 JSC Krasnodonvugillia Coal Mining Company
7 JSC Azovstal Iron & Steel Works
8 JSC Yenakiieve Metallurgical Works
9 JSC Khartsyzsk Tube Works
10 Ferriera Valsider S.p.A.
11 Metinvest Trametal S.p.A.
12 Spartan UK Ltd
13 United Coal Company LLC

US AND EUROPEAN OPERATIONS

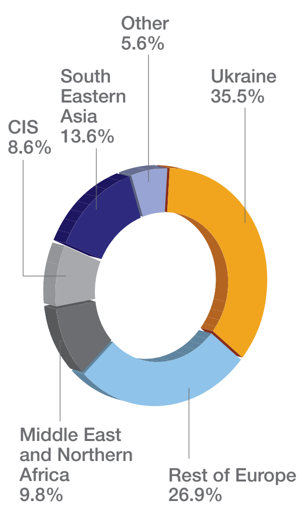
MARKET REVIEW

METINVEST has built a broad international sales network which covers most of the key regions in the world. This wide reach gives Metinvest access to the most important global markets, enabling the Company to understand local market dynamics and to better predict trends within the steel sector.

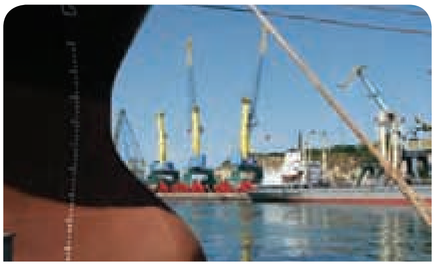
METINVEST'S SUPERIOR GEOGRAPHIC LOCATION ENSURES A LOW COST BASE AND ADVANTAGEOUS DISTRIBUTION AND SALES NETWORK



2008 REVENUE BY REGION (%)



Construction Metinvest's long products have a variety of applications within the construction sector. The Company sells its long products, such as bars and structural shapes, in Ukraine and also to international markets such as the Mediterranean region and North Africa.



Manufacturing Metinvest's high quality flat products, which have a variety of thicknesses, are used within many areas of the manufacturing sector. For instance, they are often utilised in ship and bridge building.

Infrastructure Metinvest's subsidiary, JSC Khartsyzsk Tube Works, is one of the largest producers of pipes in the CIS. The Company's pipe works are sold to companies operating within the infrastructure sector and are commonly used in gas, oil and water pipeline projects.

CHAIRMAN'S STATEMENT

Dear Stakeholders,

I am pleased to present the first annual report for Metinvest, which provides an overview of the Company's financial and operating activities in 2008.

The positive development trends which we experienced in the first nine months of the year began to reverse in the last quarter of 2008, with the global financial crisis severely impacting the steel sector and Metinvest in particular. However, despite the recent downturn in the market environment, our long-term strategy of building a vertically integrated metal and mining group, with a production base in Ukraine and a significant presence in key global markets, remains unchanged.

OLEG POPOV
CHAIRMAN

In the coming years, we intend to increase the level of processing in our steel production, deploy the most energy-efficient production processes and further develop our infrastructure and raw materials base. I am confident that Metinvest will become a world-class steel producer and utilise its key competitive advantages which include vertical integration; a modern corporate structure; a unique experience in developing mining and metallurgical companies and the geographic diversification of its asset base. Over the past two years, we have significantly strengthened our position in the industry and we are confident that we will be able to withstand the current downturn in the steel market. Over the longer term, the Group is well placed to take advantage of the recovery in the sector, whenever it may come.

In 2008, we continued to modernise our production facilities with the goal of becoming one of the lowest cost producers of steel globally. In particular, we invested US$679 million of capital expenditure on projects which will enable us to achieve this goal. We expect to spend less in 2009 due to decreased market demand and limited access to debt financing. Metinvest's debt position remains conservative, and we expect to service our debt through our robust free cash flow generation. Our investment priorities in the short-term lie in completing projects which we have already commenced.

We believe that the integration of SMART's assets has considerably strengthened the Group's market position. In 2008, we completed the integration of JSC Ingulets Mining and Processing Works (InGOK) and we have received a significant contribution from the consolidation of this asset. Metinvest plans to complete the integration of the other assets from the merger with SMART in 2009, which will lead to further synergies and a more balanced and stable business structure.

In early 2008, we began negotiations to acquire a mining company in the United States. United Coal Company LLC (UCC) is a profitable business with its own well-developed sales network and 157 million tonnes of proven and probable high quality metallurgical and steam coal reserves. The acquisition of UCC, which was completed in April 2009, is a significant step towards establishing Metinvest as a truly global steel producer.

In 2009, we plan to focus on managing our liquidity and reducing our cost structure, while improving the efficiency of the Group's operations. We have already optimised our production and modernisation plans in line with the current market situation to avoid excessive pressure on our financial position.

We will also continue to study potential M&A opportunities. The main criteria for future acquisitions are the ability to create long-term value and to obtain synergies, and I would like to emphasise that we are not focused on growth simply for growth's sake.

Furthermore, given the scale of our operations, we firmly recognise our responsibility to society, in particular to our employees and the local population, but also to society as a whole. With this in mind, we are consistently improving and implementing our Corporate Social Responsibility (CSR) policies. Throughout 2008, Metinvest carried out a number of important initiatives aimed at protecting the environment and improving the safety conditions for our employees.

We also recognise the importance of complying with best practices in corporate governance. To this end, in 2008 Metinvest created a corporate governance programme aimed at balancing the interests of all stakeholders and improving our decision-making processes in order to facilitate the dynamic development of the Group's companies moving forward. In 2009, we will continue to develop Metinvest's corporate governance structure with the goal of creating a corporate governance structure commensurate with the best in our industry.

I would like to extend my gratitude to all members of the Supervisory Board and its committees, as well as to the entire Executive Committee at Metinvest, for their excellent work and their individual contributions towards achieving our goals in 2008. I would also like to thank all of Metinvest's Directors, whose operating companies play a key role in fulfilling our short- and long-term development plans.

And finally, I would also like to thank our employees who are, without a doubt, Metinvest's most valuable asset and whose professionalism and loyalty is our main competitive advantage. I would like to thank everyone for their dedication, team spirit and contribution to the development of our Group.

Yours sincerely,

Oleg Popov
Chairman of the Supervisory Board

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GENERAL DIRECTOR'S REVIEW

Dear Stakeholders,

Thank you for taking the time to review our Company's first ever annual report. I would like to emphasise that although this is our inaugural annual report, the Metinvest group of companies already has a well-established and rich history of operating within the industrial sector in Ukraine.

IGOR SYRY
GENERAL DIRECTOR

Metinvest: An Emerging Metal and Mining Leader with a Clear Vision

Metinvest was formed in 2006 in order to consolidate the operations of over 20 leading metal and mining companies that were controlled by SCM, Metinvest's largest shareholder. In May 2007 we began the process of merging with SMART's metal and mining units, and since then we have carried out additional strategic acquisitions.

Today, the Group comprises 26 companies in Ukraine and abroad, and is organised in three divisions: Coke & Coal, Iron Ore, and Steel & Rolled Products, each of which has extensive technological, operating, and market expertise in its respective industry sector. The divisions function under a coordinated Group strategy. Our corporate structure is designed to realise the synergies between the divisions and to ensure profitable growth and efficient management of resources, with a strong emphasis on Corporate Governance, Social Responsibility, Health & Safety and the Environment.

We are proud to have some of the best production assets in the industry and a rare balance in their combination. We are a low-cost producer of iron ore globally with strong positions in regional markets, we have reserves of top-quality coking coals and we are one of the lowest cost producers of steel in the world.

As a vertically integrated organisation, we are self-sufficient in iron ore and coking coal. This position provides us with tangible benefits by further improving the competitiveness of the Group, cushioning us from raw material price fluctuation, allowing for operational synergies and, finally, making our cash flows more stable and predictable.
In addition to upstream integration, we are also developing our downstream capacities and increasing the share of high value-added products in our portfolio.

We are very proud of our Ukrainian heritage and are working, together with our employees and partners, to become a leading integrated metal and mining company by adopting international standards of best practice throughout all of our business processes and facilities. Our long-term strategy is to create a more efficient metallurgical company with a focus on value-added products, which will enable us to become a top player in the European and international markets.

A Record Year in 2008 with Exciting Developments in 2009

2008 was a record year for Metinvest in many ways, as we outperformed our key financial and operating targets. Total revenue increased by 78.0% year-on-year to US$13,213 million (FY07: US$7,425 million) on the back of strong demand in the first nine months of the year. We also reported solid bottom-line growth, with operating profit up by 123.4% year-on-year to US$3,961 million (FY07: US$1,773 million) due to the strict management of direct costs and gross profit increasing by 86.1% year-on-year to US$4,708 million (FY07: US$2,530 million) as a result of reductions in distribution costs and improvements in general and administrative expenses. In 2008, we also achieved record production levels due to high demand in the global markets in the first three quarters of the year. In 2008, Metinvest produced 8.2 million tonnes of crude steel, more than 5 million tonnes of metallurgical coke, over 18 million tonnes of merchant iron ore concentrate and over 11 million tonnes of pellets.

Last year, we integrated into the Group Trametal S.p.A. (Trametal) and Spartan UK Ltd (Spartan), which produce hot-rolled plates for Metinvest in Italy and the UK respectively. The two enterprises have now been combined with Ferriera Valsider S.p.A. (Ferriera), our plant in Italy, to form a single business unit with an annual hot-rolled plate capacity of over 1 million tonnes in the European market and a total Group-wide capacity of approximately 2.4 million tonnes of high quality plates per annum.

The purchase of these two businesses, which was concluded in 2008, was a step forward in the implementation of Metinvest's downstream integration strategy and it has increased our production volume of finished goods. Trametal's service-oriented business model has enhanced our expertise and helped us increase our exposure to the premium retail market through our growing business of metal service centres. These acquisitions have also augmented our European footprint and increased our presence in the strategically important plate market.

In 2008, we became a top-10 supplier of plates in the world and we intend to develop our finished product portfolio further in the months and years to come. Our long-term goal is to shift from being a mass producer of commodities to a company delivering specialised finished products and high levels of customer service in key European and international markets through a process of continual collaboration with our customers. We are now closer to our clients and are working with them to understand what their current and future needs are, and how we can best meet these needs by optimising our own production processes.

On 30 April 2009, we announced a very important strategic development with the acquisition of United Coal Company LLC, one of the leading producers of metallurgical coal in the United States. The key rationale for the acquisition was

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GENERAL DIRECTOR'S REVIEW

to secure significant reserves of high quality metallurgical coal to help Metinvest's coke and chemical facilities produce a better quality feedstock. Following this acquisition, the Group's steel works will be provided with a higher quality coke which will reduce iron production costs and improve quality characteristics. The Group will thereafter be more competitive in current and prospective sales markets. Obtaining assets in the United States, the world's most stable supplier, and gaining access to the world-class mining methods employed by UCC, with its strong record of and dedication to safety, represents a significant step change for Metinvest and this transaction positions us well for the rebound of world markets. We will be working hard on the integration in 2009, alongside UCC's excellent management team and employees, and we look forward to delivering strong returns for all stakeholders moving forward.

Key Highlights from the Reporting Period

Throughout 2008 we continued our programme of modernising our production equipment and maximising the efficiency of our operations. Some of the most important developments during the year were as follows:

- The Coke & Coal division put a new coke battery into operation at the JSC Avdiivka Coke & Chemical plant Works (Avdiivka Coke) in January 2008, in order to improve the quality of the Company's coke.
- The Iron Ore division put into use sections #13 and #14 at JSC Severniy Mining and Processing Works (SevGOK). A further two sections (#15 and #16) of SevGOK are in the process of being completed. The division also installed a Lurgi pelletising machine at SevGOK which will enable Metinvest to increase its pelletising capacity by 2 million tonnes, to produce a total capacity of approximately 13.5 million tonnes per year. At the same time, the Company will be able to produce better quality pellets and the production process will be more cost-competitive (as less gas is consumed in the process) and more environmentally friendly.
- In 2008, the Iron Ore division launched a project to introduce flotation separation at JSC Ingulets Mining and Processing Works. Work is ongoing and, when the project is finished, it will give Metinvest the ability to produce iron ore concentrate of a world-class quality with a *Fe* content of over 68%.
- The Steel & Rolled Products division commissioned a complex for secondary metallurgy (ladle furnaces and a vacuum degasser) in the BOF plant and a new slab continuous casting machine at JSC Azovstal Iron & Steel Works (Azovstal). It will allow Metinvest to increase the production of high value-added flat products through improvements in the quality of Metinvest's slabs and plates and the expansion of steel continuous slab casting capacities by 2 million tonnes per year.

A Clear Focus on Being a Responsible Corporate Citizen

Understanding the need for centrally led and coordinated efforts in the area of Health, Safety and the Environment (HSE), we formed a Corporate HSE Directorate in May 2008, with the HSE Director being a member of Metinvest Group's Executive Committee. We are focused on understanding the root causes of accidents and aim to ensure everyone in the organisation is thinking about safety on a constant basis, as we strive to minimise the number of injuries to the greatest extent that we can.
As part of this process, every member of the Executive Committee visits our sites on a regular basis throughout the year for Safety Audits. This collaborative and consistent approach is vital as it ensures that the safety of Metinvest's people is at the top of everyone's minds.

During the year, we also undertook a series of activities to minimise our impact on the environment. This remains a high priority for Metinvest at both the Supervisory Board and Executive Committee level. In 2008, we achieved certification of our HSE management systems to ISO 14001 and OHSAS 18001 standards. We also launched major projects in order to reconstruct our degasification systems. A programme to increase the recycling volumes of methane gas using methods stipulated by the Kyoto Protocol was also launched at the Sukhodolskaya Vostochnaya and Molodogvardeyskaya mines. Green Gas International and Eco Alliance are partnering with us on this project.

Maintaining the highest standards of corporate governance is also imperative for Metinvest. Our Supervisory Board currently consists of ten members, seven of which were nominated by SCM (our 75% shareholder) and three members by SMART (our 25% shareholder). Two out of ten Supervisory Board members are Independent Directors. At the Supervisory Board level, we also have Strategy, Audit, HSE and Compensation and Appointment committees. We produce financial statements in accordance with IFRS on an annual basis and our current auditor is PricewaterhouseCoopers. Our shareholders are strategic investors, who provide valuable advice and rigorous evaluation of our plans to develop Metinvest into a leading global metal and mining group.

Reacting Swiftly to Changing Market Conditions

As you are already well aware, during the last quarter of 2008, the global financial markets entered a period of high uncertainty and instability. As a consequence of the ensuing financial crisis, the global consumption of steel, in both the consumer and production markets, has declined dramatically.

At the start of the summer last year, we began to anticipate a significant weakening in our markets and accordingly created an Anti-Crisis Action Plan. In this plan we concentrated on a few of the most critical areas in which measures could be promptly implemented to yield immediate results. We restructured our sales and production plans, accelerated productivity increasing measures and reprioritised our capital spending. We adopted our anti-crisis strategy early and quickly and have adhered to it so far through 2009. The plan has been successful thus far and we have managed to continue producing all of our products profitably, which is testament to our ability to cope with this extreme change in operating conditions and highlights the advantages of our vertically integrated business model.

Moving forward, we will continue to constantly monitor the trends in our key markets to ensure our operations are aligned with market demands. We currently expect a mild recovery in the second half of 2009; however, we will remain cautious in our approach and will work with clients to ensure their needs are being anticipated and met at every stage.

Delivering Value to All of Our Stakeholders

It is very important to Metinvest's management to remain a company of choice for all of our stakeholders. For our investors, this means being transparent and continuing to produce solid and stable financial returns. For our people, this means having the best possible management team in place, a safe working environment and meaningful jobs at a company whose future is secure. And for our customers, this means understanding their needs and making sure we can fulfil their requirements with the highest quality products at the right price, enabling long-term mutual benefit for both Metinvest and its clients.

I would like to take the opportunity to thank our shareholders, our more than 89,000 employees and our clients for their continued support of Metinvest during 2008, and we look forward to working with you in the coming years.

Yours sincerely,

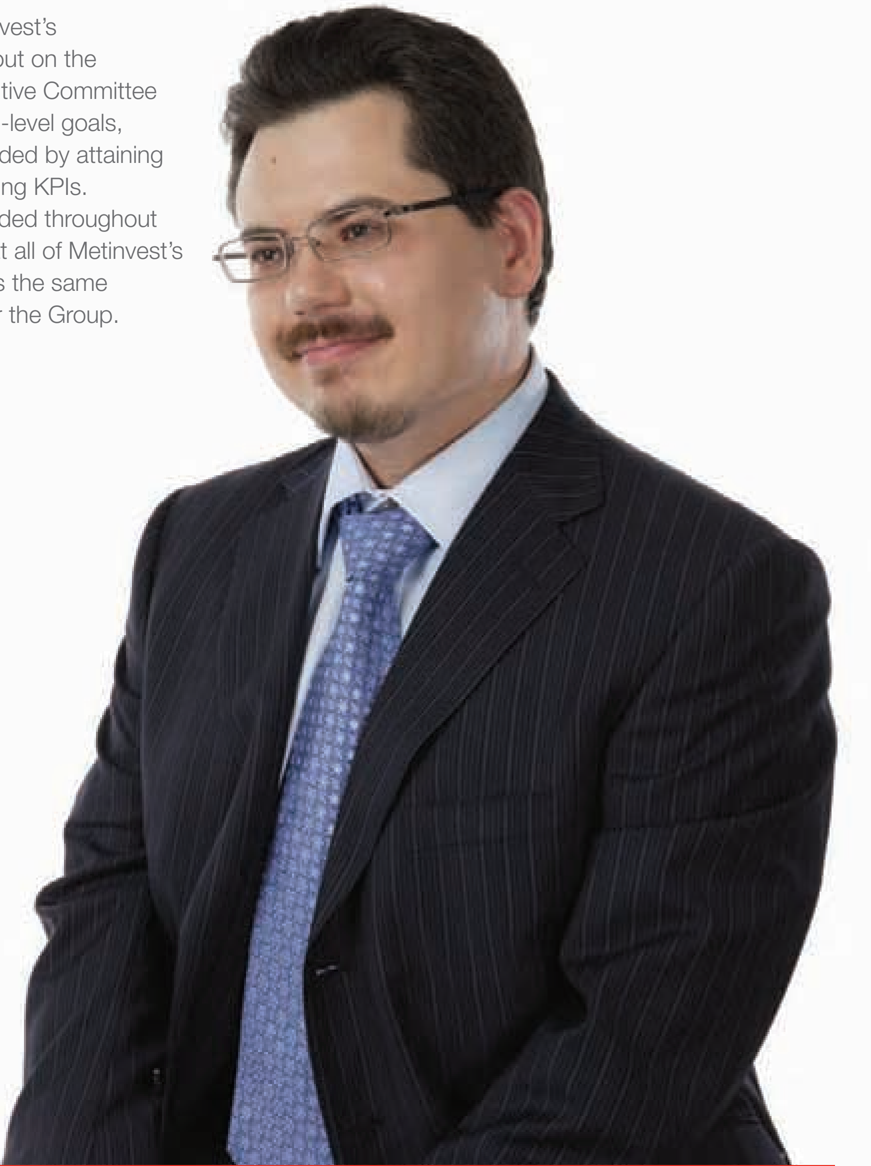
Igor Syry
General Director

CORPORATE STRATEGY

METINVEST aims to become one of the most effective world-class metal and mining companies operating in the most important markets across the world. This general goal is supported by the Company's specific and comprehensive strategy which embraces a balanced set of priorities for the development of the business, a multitude of capital investment projects and operational programmes and initiatives. One of the core elements of the strategy is a focus on adhering to the highest standards of social, corporate and environmental responsibility.

For Metinvest's management team and shareholders, the key priority is to achieve consistent and profitable growth of the business, creating value for the Company's shareholders, clients, employees and society as a whole.

The core elements of Metinvest's corporate strategy are set out on the following pages. The Executive Committee is focused on achieving top-level goals, and is motivated and rewarded by attaining certain financial and operating KPIs. These objectives are cascaded throughout the Company to ensure that all of Metinvest's people are working towards the same goals and creating value for the Group.



ANDREY BOLSHAKOV
DIRECTOR OF STRATEGY & INVESTMENTS

01
Championing Low-Cost Production Through Continual Improvements in Operational Efficiency

The concentration of Metinvest's most capital-intensive resources in Ukraine has enabled the Company to operate as one of the lowest cost producers of steel globally. This is primarily due to input cost advantages in Ukraine and the Company's advantageous geographic location, which affords Metinvest a close proximity to both natural resources and key end-markets. It is a strategic priority for Metinvest to maintain its low-cost position in the long run.

Along these lines, Metinvest plans to maximise the efficiency of its operating facilities and the use of its resources based on world-class know-how, including operating efficiency projects with the world's leading experts. For example, in the steelmaking area, the Company aims to reduce costs by: introducing PCI technology at its blast furnaces; replacing inefficient open-hearth furnaces with more efficient basic oxygen furnaces (BOFs); improving labour productivity and increasing finished product output per employee and outsourcing non-core operations.

Continuous operating improvement programmes have been launched at major enterprises and are being rolled out through the three divisions. These programmes save significant amounts of money directly, and they also help focus employees' and management's attention on development opportunities.

Metinvest also plans to continue to carry out a series of human resources programmes. Key initiatives in this area include the training of production workers in the use of new technologies as and when they are implemented and improving the managerial skills of line managers, especially in relation to evaluating the performance of personnel and setting incentives.

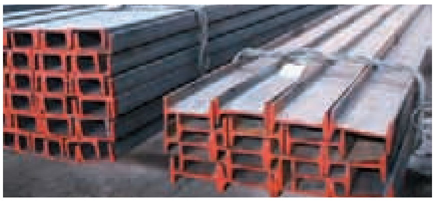
02
Enhancing Vertical Integration Throughout the Group

Metinvest's vertical integration model began with the development of the Group upstream and by ensuring that the Company had captive raw materials for its steel production. Metinvest then sought to further enhance its profitability and the security of its supply by increasing its production of iron ore and high quality coal. Metinvest's merger with SMART in 2007 greatly strengthened the Company's position in iron ore and has yielded a number of synergies in terms of cost, revenue, procurement and technology. The acquisition of United Coal Company LLC in the United States, which was announced in April 2009, has further secured long-term supplies of high quality coking coal. Metinvest also plans to increase the production of iron ore at JSC Central Mining and Processing Works and JSC Severniy Mining and Processing Works through both operational improvements and targeted investments in volume expansion.

In addition to these upstream developments, Metinvest has seen further integration downstream. Thus far, this has been achieved primarily through the acquisitions of Metinvest Trametal S.p.A. (Trametal) and Spartan UK Ltd (Spartan), both of which produce hot-rolled plates for customers across Europe. Combined with the earlier acquisition of Ferriera Valsider S.p.A. (FV), these mills have significantly strengthened the Company's position in the European plate market. These acquisitions have enabled Metinvest to sell finished products in the EU from semi-finished goods shipped to these plants from Ukraine. The integration of these assets has also strengthened Metinvest's market position in value-added products by expanding its downstream flat product finishing capacity. This, in turn, has allowed the Company to increase its production of structural products which yield higher margins and have higher barriers to entry.

Such activities form part of Metinvest's long-term strategy to reduce its reliance on sales of lower value semi-finished steel products such as slabs and ultimately cease to be a supplier of semi-finished products, except to the extent needed for internal consumption. These efforts are ongoing within the Company's existing operations and Metinvest is constantly evaluating ways to develop the business further downstream. The ultimate goal is to move from (1) securing vital raw materials to (2) converting most into steel and supplying the balance to the market, to (3) rolling semi-finished steel into high-value added products and selling them to end-users in profitable markets.

03
Driving Organic Growth From the Company's Existing Asset Base




Metinvest intends to leverage its cost competitiveness by fully utilising its existing capacities across all divisions. The mining businesses have a detailed modular investment programme that leads to step-by-step balanced capacity increases at all stages: from extraction to grinding to beneficiation to pelletising. Coke-making capacities are also being managed according to the demand from both internal and external needs. Similarly, the Group's steel plants have a Strategic Technology Plan for renovation: from newer PCI-enabled blast furnaces to modern BOFs with continuous slab casting machines to rolling mills targeted to the market demand.

04
Further Enhancing Productivity Through Technological Improvements


Metinvest intends to invest in improved technologies, particularly within its Steel & Rolled Products division, in accordance with a strategy developed in partnership with technical advisers including Siemens VAI. In particular, Metinvest plans to implement PCI technology across its main blast furnace facilities, which will allow the Company to reduce its consumption of coking coal and minimise the consumption of natural gas. This process will increase the productivity of Metinvest's blast furnaces and also reduce the consumption of more expensive coking coals by replacing coke with cheaper coals for pulverised coal injection (PCI coals). In addition, it will assist the Company in maintaining furnace stability, improving the consistency of the quality of the hot metal and reducing the sulphur content in pig iron by substituting high-sulphur coking coals with low-sulphur PCI coal. The Company has developed detailed, long-term capital investment plans for the large-scale modernisation of its steel operations and will carry out investments in this area when it is prudent to do so in the coming years.

05
Ensuring High Quality Standards Across Metinvest's Product Range

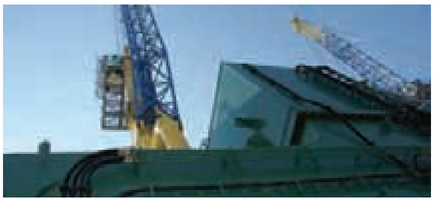
Metinvest is committed to providing its clients with the highest standards of quality throughout its full range of products: from raw materials to semi-finished and finished steel products. The Company has implemented a process of operational and capital-intensive improvements across its three core divisions in order to ensure that the quality of its products meets or exceeds the highest international standards where it does not already do so.

In iron ore concentrate, key quality parameters include *Fe* content, silica content, and moisture. For pellets, in addition to the incoming concentrate quality, basicity and size are important factors. The Company has achieved significant progress in increasing these metrics by both capital investment projects (such as a progressive five-stage magnetic separation process and flotation) and operational improvements (such as fine-tuning the pelletising plants to ensure a wide basicity range). Another method of achieving the quality to meet customers' demands is the use of ore from several different mines and quarries for concentrate production.

In coke production, the critical success factor is the availability of high quality and reasonably priced coal. Following the successful acquisition of UCC in April 2009, Metinvest now benefits from a unique combination of relatively low-cost (extraction and transportation) Ukrainian coals with high quality North American coking coals with mid to low volatility. This composition of coals enables the production of coke with world-class quality characteristics at controllable costs.

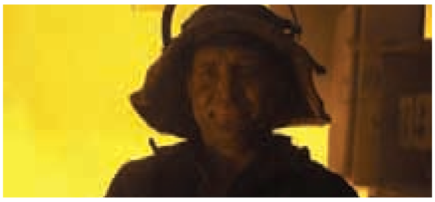
In iron and steel production, quality is paramount. In slabs, Metinvest has increased surface quality and internal integrity by installing secondary metallurgy (ladle furnaces and a vacuum degasser) and modern continuous casters with nickel-coated moulds. In rolled products, JSC Azovstal Iron & Steel Works' pipe-grade plate is a good example, as the mill can produce world-class strips that suit the most demanding applications from pipeline builders.

06
Providing Flexibility and Service Excellence to a Diversified Global Client Base



Metinvest's clients are well diversified, both in terms of their geographies and sectors. The Company is focused on further expanding its customer base within key international markets. To this end, Metinvest is continuing to invest in the development of its international sales network which spreads from North and South America to North Africa and Western and Central Europe, the CIS and Russia and across Asia. The Group's aim is to work closely with its clients in order to understand their needs, and provide the best solutions for these requirements, delivering high quality products at competitive prices and ensuring excellent service throughout all stages of the commercial process. Metinvest aims to be a market leader in terms of the range and quality of its products, the speed and flexibility of its manufacturing processes and delivery and the quality of service it provides to its clients.

07
Prioritising Health, Safety and Environmental (HSE) Initiatives



Over time, Metinvest intends to implement fully its Health, Safety and Environmental (HSE) strategy which has been formulated in line with global best practice. The Company formed a Corporate HSE Directorate in May 2008 and, in September 2008, the Executive Committee and the Supervisory Board of Metinvest approved the HSE Strategy. This document outlines the main initiatives that will be undertaken in the coming three years in order to achieve a significant improvement in the area of HSE across the Metinvest Group.

The Company maintains an array of Health and Safety programmes and initiatives, including senior management Safety Audits at the Group's facilities and root cause analysis for all incidents. Metinvest has obtained certificates of compliance with OHSAS standards for several of its facilities.

CONSOLIDATED FINANCIAL REVIEW

METINVEST generated 78.0% revenue growth in 2008, compared to 40.9% in 2007. The Group's consolidated revenue increased from US$7,425 million in 2007 to US$13,213 million in 2008. This growth was mainly due to a robust increase in the sales of the Steel & Rolled Products division, which accounted for 70.1% (FY07: 78.5%) of the Group's total consolidated revenue in 2008. The acquisition at the beginning of 2008 of Trametal S.p.A. (Trametal) and its subsidiary Spartan UK Ltd (Spartan), which run steel rolling mills located in Italy and the United Kingdom respectively, also had a positive impact on the Group's revenue and net profit, contributing US$756 million and US$98 million respectively to Metinvest's consolidated revenue and net profit in 2008.

SERGIY NOVIKOV
CHIEF FINANCIAL OFFICER

Revenue

Total revenue in the Ukrainian market doubled year-on-year as a result of positive market conditions and economic growth in Ukraine, as well as higher contract and spot prices in the first nine months of 2008. Revenue generated from sales to Europe and the CIS was up by 98.5% and 19.0% respectively in 2008 and accounted for 26.9% and 8.6% of the Group's consolidated revenue respectively. These increases were mainly the result of high market demand and rapid steel and pig iron growth rates in the first three quarters of the year. The global financial crisis had a significant impact on the steel market, reducing the demand by 22% in the fourth quarter of 2008. As a result, Ukrainian steel production fell by 37% over the same period. Steel prices began to come down from their peak levels in the middle of 2008. Subsequently, the demand for steel products remained weak in the fourth quarter of 2008 and into the beginning of 2009.

EBITDA

Metinvest's EBITDA more than doubled year-on-year to US$4,602 million in 2008, compared to US$2,227 million in the previous year. The EBITDA margin expanded to 34.8% in the reporting period, up from 30.0% in 2007, mainly due to significant increase in prices for Metinvest's products in the first nine months of 2008. The Group's EBITDA was impacted by non-cash losses from asset impairment and devaluation of US$79 million in 2008, compared to US$59 million in the previous year. Therefore, Metinvest's adjusted EBITDA margin increased to 35.4% in 2008, compared to 30.8% in 2007.

Depreciation and Amortisation Expense

Depreciation and amortisation expense increased by 41.2% year-on-year to US$641 million in 2008, compared to US$454 million in the previous period, following the acquisition of InGOK in the Iron Ore division and the revaluation of the Group's property, plant and equipment at the end of 2007.

Operating Profit (EBIT)

Metinvest more than doubled its operating profit (EBIT) year-on-year to US$3,961 million in 2008, compared to US$1,773 million in 2007. In 2008, the Group's Iron Ore division contributed 46.6% (FY07: 35.8%) of Metinvest's consolidated EBIT, with the Steel & Rolled Products and Coke & Coal divisions accounting for 41.2% (FY07: 55.4%) and 12.2% (FY07: 8.8%) respectively. Additionally, consolidated EBIT included US$34 million (FY07: US$59 million) of corporate overhead costs. The Group's operating profit margin expanded to 30.0% in 2008, up from 23.9% in the previous year following the reduction in distribution, general and administrative expenses as a percentage of revenue, and a US$621 million contribution from net foreign exchange gains arising from operating transactions.

Other Consolidated Costs and Profits

Net finance costs amounted to US$424 million in 2008, compared to US$128 million in the previous year, impacted by US$258 million of foreign exchange losses on foreign debt conversion.

Income tax expense was US$755 million in 2008, compared to US$321 million in 2007, with the effective tax rate increasing slightly to 21.2% from 19.6% in the previous year.

Net profit more than doubled year-on-year to US$2,803 million in 2008, up from US$1,321 million in 2007, with the net profit margin expanding to 21.2% in 2008, as compared to 17.8% in the previous year.

Net profit attributable to minority interests amounted to US$872 million in 2008, compared to US$368 million in 2007.

Dividends

Dividend payments to shareholders amounted to US$352 million in 2008, compared to US$182 million in the previous period.

Consolidated Cash Flow

Net cash flow from operations more than doubled year-on-year to US$2,856 million in 2008, compared to US$1,125 million in the previous year, as a result of the strong growth in the Group's operations.

Net cash used in investing activities was US$3,059 million in 2008, compared to US$1,424 million in 2007. The Group spent US$2,304 million on acquisitions of businesses including Trametal and Spartan which operate steel rolling mills in Italy and the United Kingdom respectively; Inkor & Co LLC (Inkor), a phenol producer based in the Donetsk region of Ukraine; and an advance payment for the acquisition of United Coal Company LLC (UCC), which was completed in April 2009.

Net cash used in financing activities amounted to US$653 million in 2008, compared to US$1,173 million of net cash generated from financing activities in 2007. Major changes in financing in 2008 included US$1.189 million in loans obtained from BNP Paribas, Royal Bank of Scotland, ING and Credit Suisse for the acquisition of Trametal and an additional US$214 million in loans

Total revenue in the Ukrainian market doubled year-on-year as a result of positive market conditions and economic growth in Ukraine, as well as higher contract and spot prices in the first nine months of 2008.

obtained from other banks for its ongoing financing needs. Metinvest repaid a total of US$1,591 million in loans to its lending institutions during the reporting period.

CAPEX

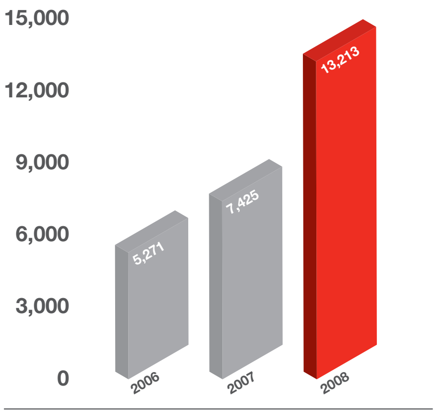
Group capital expenditure (CAPEX) was US$679 million in 2008, compared to US$493 million in 2007. The Steel & Rolled Products division accounted for 43.7% (FY07: 52.7%) of Metinvest's CAPEX in 2008, with the Iron Ore division accounting for 42.0% (FY07: 30.4%) and the Coke & Coal division representing 14.3% (FY07: 16.8%) of the total.

Liquidity and Capital Resources

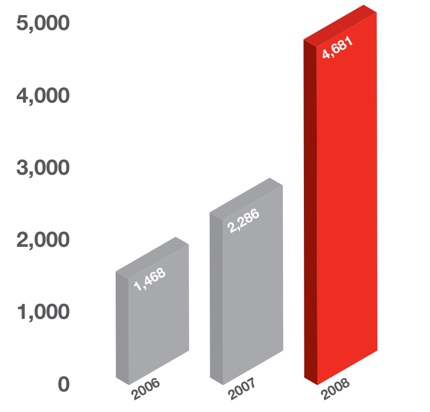
The Group's cash balances stood at US$661 million (including US$400 million reserved in escrow for the acquisition of UCC) as at 31 December 2008, compared to US$1,134 million as at 31 December 2007. The Group's total debt amounted to US$2,685 million as at 31 December 2008, compared to US$2,952 million as at 31 December 2007. Short-term debt accounted for 50.9% of the total Group debt in 2008, compared to 56.9% in 2007. Metinvest's net debt stood at US$2,024 million as at the end of 2008, compared to US$1,818 million as at end of 2007.

Sergiy Novikov
Chief Financial Officer

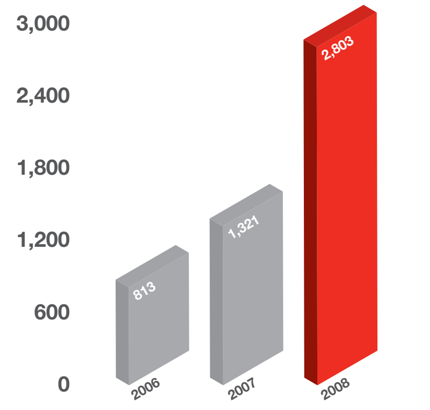
CONSOLIDATED REVENUE US$m



CONSOLIDATED EBITDA* US$m



NET PROFIT US$m



* EBITDA was adjusted by non-cash losses from asset impairment and devaluation.

Metinvest more than doubled its operating profit (EBIT) year-on-year to US$3,961 million in 2008, compared to US$1,773 million in 2007.

GROUP STRUCTURE AND OVERVIEW

METINVEST GROUP (Metinvest) is an international metal and mining company headquartered in the Netherlands with production facilities located in Ukraine, Europe and the USA.

Metinvest B.V. is 75% owned by JSC System Capital Management and 25% by JSC Smart Holding. The Group is involved in coal and iron ore mining and processing, as well as the production of steel and iron ore, coke and coal, rolled products and pipes. It owns and operates 16 industrial, seven sales and three transportation companies. Being vertically integrated, Metinvest manages the entire production chain from raw materials to ready-made products and is fully self-sufficient in iron ore and coke. The Group benefits from a favourable geographic location and close proximity to the key sales markets of the CIS, Europe, Middle East and Asia.

The Group comprises three divisions: the Iron Ore division, the Coke & Coal division, and the Steel & Rolled Products division.

METINVEST GROUP STRUCTURE (key operating companies)

IRON ORE DIVISION

- JSC Severniy Mining and Processing Works
- JSC Central Mining and Processing Works
- JSC Ingulets Mining and Processing Works

COKE & COAL DIVISION

- JSC Krasnodonvugillia Coal Mining Company
- United Coal Company LLC*
- JSC Avdiivka Coke & Chemical Works
- Inkor & Co LLC

STEEL & ROLLED PRODUCTS DIVISION

- JSC Azovstal Iron & Steel Works
- JSC Yenakiieve Metallurgical Works
- JSC Khartsyzsk Tube Works
- Ferriera Valsider S.p.A.
- Metinvest Trametal S.p.A.
- Spartan UK Ltd
- Metinvest International S.A.
- Metinvest Eurasia LLC
- Metinvest Ukraine LLC
- Metinvest SMC LLC

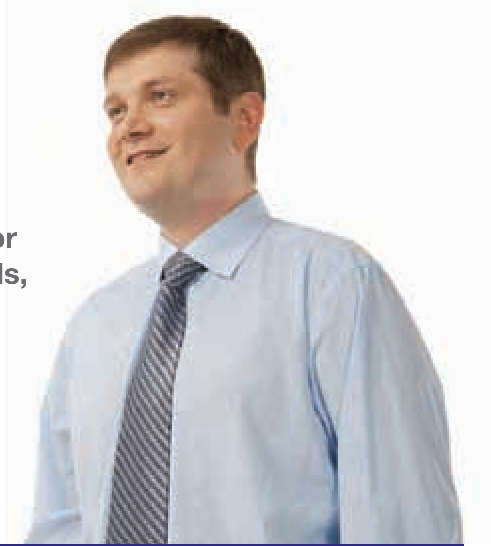
* Entities acquired by the Group in 2009.

DIVISIONAL REVIEW

IRON ORE DIVISION

Metinvest is the largest iron ore producer in Ukraine and was ranked seventh globally in 2008. The Group's Iron Ore division produces iron ore concentrate and pellets. Metinvest is fully self-sufficient in iron ore for its own steel production and is also one of the leading suppliers to many other metallurgical companies around the world. In 2008, the Iron Ore division produced 31.3 million tonnes of iron ore concentrate, of which 18.7 million tonnes was merchant concentrate, with the remainder being used for the production of 11.4 million tonnes of pellets. The Group is the third largest pellet producer in Europe and the CIS.

"We are continually striving to produce the best quality iron ore products and all of our iron ore materials comply with ISO requirements and strict industrial regulations. As we are self-sufficient in iron ore for our own steel production needs, we are focused on expanding our sales footprint within the European market."



OLEXANDR VILKUL

IRON ORE DIVISION

EBIT margin expanded to

43.8%

Revenue	US$4,248 million
Operating profit (EBIT)	US$1,860 million
Iron ore concentrate production	31.3 mt

Products

Metinvest produces iron ore concentrate and pellets which comply with the ISO requirements as well as Ukrainian standards and industrial regulations. Metinvest has implemented quality management systems across the Group's production divisions.

Key Assets

JSC Ingulets Mining and Processing Works (InGOK)

InGOK is the largest iron ore mining enterprise in Ukraine, specialising in iron ore mining and the production of iron ore concentrate. JSC Ingulets Mining and Processing Works was established in 1965 and was then acquired by Metinvest in November 2007 as part of its merger with SMART. InGOK produces two types of iron ore magnetite sintering concentrate with *Fe* contents of 63.8% and 68.0%. It utilises the most advanced technologies including flotation beneficiation of iron ore which is unique within the Ukrainian industry.

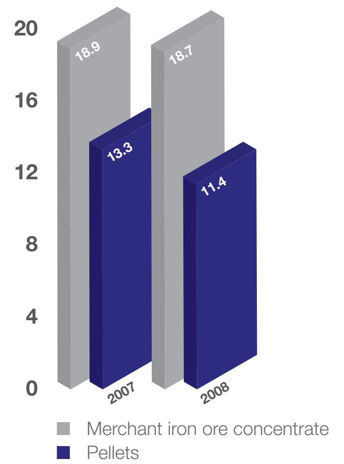
InGOK sources iron ore from the deposits of ferruginous quartzite at the Ingulets deposit which constituted 1,020 million tonnes of mineral resources and included 468 million tonnes of ore reserves, according to the JORC standards, as at the end of 2008. InGOK has an annual iron ore production capacity of 14 million tonnes. It currently mines iron ore from an open-pit quartzite field and then transports it by rail to InGOK's beneficiation and flotation facilities where it is further refined.

In 2008, InGOK produced 67.6% of the Group's total merchant iron ore concentrate output (12.6 million tonnes), approximately 7.3% of which was used internally for the production of steel products.

JSC Severniy Mining and Processing Works (SevGOK)

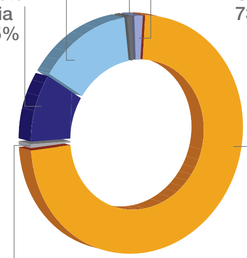
SevGOK is one of the largest iron ore mining enterprises in Europe, producing merchant concentrate with an iron ore content of 66.0% and pellets with an iron ore content of 62.2%. JSC Severniy Mining and Processing Works sources iron ore from the deposits of ferruginous quartzite at the Annovskiy and the Pervomayskiy deposits which in total constituted 3,997 million tonnes of mineral resources and included 726 million tonnes of ore reserves, according to the JORC standards, as at the end of 2008. SevGOK's main production facilities comprise a main ore dressing factory, three pelletising factories and three ore crushing factories. The annual production capacity of SevGOK is approximately 13.4 million tonnes of iron ore concentrate and over 11 million tonnes of pellets.

DIVISIONAL PRODUCTION VOLUMES (millions of tonnes)



IRON ORE DIVISION continued

2008 SALES DYNAMICS (Geographical Analysis)



JSC Central Mining and Processing Works (CGOK)

CGOK is the largest iron ore raw materials producer in Ukraine utilising open-pit and underground mining of ore as well as recycling ore processing wastes. JSC Central Mining and Processing Works sources iron ore from large deposits of ferruginous quartzite at the Hleyevatskyi, Petrovskyi, Artyomovskyi and Ordzhonikidze deposits which in total constituted 2,807 million tonnes of mineral resources and included 724 million tonnes of ore reserves, according to the JORC standards, as at the end of 2008. The main production facilities of CGOK consist of three processing factories: an ore crushing factory, an ore dressing factory with an annual production capacity of 5.5 million tonnes of iron ore concentrate and a pelletising factory with annual capacity of 2.2 million tonnes of pellets.

Major Customers

As noted above, Metinvest produces sufficient amounts of iron ore concentrate and pellets to supply its own steelmaking plants, such as Azovstal and Yenakiieve. Its main external customers in Ukraine for iron ore materials include domestic steel producers, such as Ilyich Iron and Steel Works of Mariupol, Zaporizhstal Integrated Iron and Steel Works, the Corporation "Industrial Union of Donbass" and Donetskstal Iron and Steel Works, amongst others. Metinvest has long-term partnership agreements with a number of steelmaking companies in Central and Eastern Europe, such as Arcelor Mittal, U.S. Steel, Trinec Iron and Steel Works, IDS Dunaferr Zrt. and many more. In 2008, 26.7% of the total divisional output was exported. In 2008, the top-10 external customers of Metinvest's iron ore division represented, in aggregate, approximately 56.1% of the Iron Ore division's total revenue.

Strategic Objectives

Providing iron ore to the Group's steel production facilities

- To ensure stable and continuous supply of iron ore raw materials in order to meet the needs of Metinvest's steel production facilities.
- To strengthen and diversify the division's product portfolio and raw materials base.

Maximising the efficiency of existing production facilities

- To implement a number of projects aimed at reducing production costs.

- To control and maintain production systems in order to improve operating efficiency.
- To further improve internal management by introducing Enterprise Resource Planning (ERP) systems, automation of production processes, systems management and internal control.

Optimising the quality of raw materials

- To provide Metinvest's steel production facilities with the high quality iron ore concentrate for steelmaking.
- To further improve the quality of raw materials in order to achieve long-term competitive advantages in both the domestic and external markets.

Utilising production capacity

- To increase production volumes through an optimal combination of investments and operating improvements.
- To consolidate proposals in the CIS and Eastern European markets and to manage strategic risks.

Investing in the most advanced technologies for environmental protection and labour safety improvement

- To use modern equipment and introduce up-to-date energy saving technologies at production plants, as well as to continue implementing a number of other initiatives aimed at minimising damage to the environment.
- To introduce technologies for the recycling and reprocessing of industrial waste.
- To provide healthy working conditions for employees by implementing best practices in labour management, offering competitive salaries and providing opportunities for education and professional development.

Key Milestones in 2008

- The Iron Ore division obtained environmental and industrial safety certifications in compliance with OHSAS 18001 by Bureau Veritas for its InGOK and CGOK subsidiaries.
- Implemented an ERP system (SAP R/3) at InGOK to further enhance the operating efficiency of its production facilities.
- Began the fifth stage of magnetic separation at SevGOK in order to improve the quality of concentrate by increasing it to 66.0%. Sections #13 and #14 of the SevGOK processing plant were also launched during the year, increasing the annual production volumes of iron ore concentrate by 0.75 million tonnes.
- Introduced several projects to increase volume and to improve the quality of its products, including the construction of sections #15 and #16 at SevGOK, the installation of the Lurgi 278-B pelletising machine and magnetic flotation separation at InGOK.
- Further improved its sales and customer networks. In January 2008, the division signed a number of long-term agreements, following a large price benchmarking exercise, for the supply of iron ore materials to Ukrainian steel producers. The division also expanded its sales network by exporting to China and Turkey.
- Developed and introduced a new strategic multi-tiered programme aimed at further improving its operations at InGOK.

Sales

The Iron Ore division accounted for 19.9% of Metinvest's consolidated revenue in 2008, compared to 10.2% in 2007. The division's revenue more than doubled year-on-year to US$4,248 million in 2008, compared to US$1,923 million in 2007. This increase largely resulted from growth in demand for raw materials and an increase in world and domestic prices for iron ore in the first nine months of 2008. In addition, the acquisition of InGOK had a positive impact on the division's operating performance in 2008.

Operating Profit (EBIT)

The Iron Ore division's operating profit (EBIT) nearly tripled year-on-year to US$1,860 million in 2008, compared to US$656 million in the previous year, following significant growth in domestic and global prices for iron ore in the first nine months of 2008. The division's EBIT margin expanded to 43.8% in 2008 from 34.1% in 2007. The global financial crisis and deteriorating economic conditions in Ukraine had a negative impact on the division's operations in the fourth quarter of 2008. The decline in consumer demand for steel products led to the decrease in iron ore production and pricing. As a result, the division implemented a number of initiatives aimed at maintaining financial control and its market positions including a cost reduction programme with the aim of cutting raw material costs in the production cycle, optimisation of its product portfolio and adjustment of its pricing policy as well as minimising working capital.

Recent M&A Activity

In November 2007, Metinvest acquired an 82.5% interest in JSC Ingulets Mining and Processing Works from SMART and in exchange issued 2,250 new ordinary shares to parties controlled by SMART. InGOK specialises in iron ore mining and production of merchant iron ore concentrate, sourcing the raw materials from the Ingulets deposit situated in the southern part of the Kryvyi Rih iron ore basin. The annual production capacity amounts to 14 million tonnes of iron ore concentrate. InGOK has certified management systems in quality (ISO 9001), environmental protection (ISO 14001), labour safety (OHSAS 18001) and social responsibility (SA 8000). Since the beginning of 2008, InGOK has been integrated into Metinvest's Iron Ore division. This integration enabled the Iron Ore division to increase its production capacities by 53.0% and therefore to become one of the top-10 iron ore producers worldwide.

The Iron Ore division's operating profit (EBIT) nearly tripled year-on-year to US$1,860 million in 2008, compared to US$656 million in the previous year, following significant growth in domestic and global prices for iron ore in the first nine months of 2008.

DIVISIONAL REVIEW

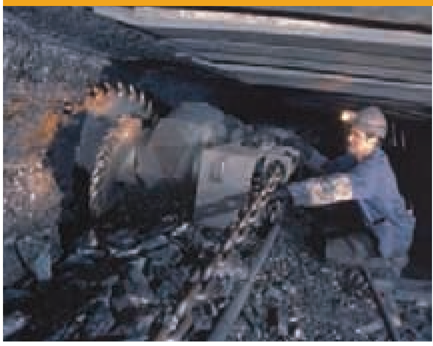
COKE & COAL DIVISION

The Coke & Coal division comprises the Group's coke and coal production facilities including JSC Krasnodonvugillia Coal Mining Company (Krasnodonvugillia) and JSC Avdiivka Coke & Chemicals Works (Avdiivka Coke). Additionally, the division manufactures chemical products at several of its facilities including Inkor & Co LLC (Inkor).

“Health and safety remains the highest priority for the Coke & Coal division, as it is throughout the rest of the Group. We are constantly working to ensure the best possible conditions for all of our employees. We are also very excited about the recent acquisition of UCC which provides us with access to large volumes of high quality coking coal, thereby increasing the overall quality of the Group’s steel products.”

VOLODYMYR GUSAK

COKE & COAL DIVISION



EBIT margin expanded to

19.0%

Revenue	US$2,566 million
Operating profit (EBIT)	US$487 million
Coking coal production	6.2 mt

In 2008, Krasnodonvugillia mined 6.2 million tonnes of coking coal, increasing its production by 7.7% year-on-year, whilst Metinvest’s coke unit produced 5.2 million tonnes of coke, in line with the previous year’s production. Metinvest is fully self-sufficient in terms of its coke needs, but remained a net buyer of coking coal in 2008. Following the acquisition of United Coal Company LLC (UCC) in April 2009 however, Metinvest increased its self-sufficiency in coking coal. In 2008, the Group accounted for 31.0% and 21.3% of total production of metallurgical coke and coking coal in Ukraine respectively.

Coal Reserves

Metinvest’s coal resources were estimated at 610 million tonnes at the end of 2008, according to the methodology of the Ukrainian State Commission of Mineral Resources, and included 187 million tonnes of proven reserves. Metinvest currently operates seven underground coal mines but the Group believes that five of these mines will cease production by 2020. Metinvest also buys coal from Donbass Fuel Energy Company (DTEK), an SCM subsidiary. As noted above, following the end of the reporting period, Metinvest acquired UCC, a US-based coal producer, which controls 157 million[1] tonnes of proven and probable reserves of high quality metallurgical and steam coal, with more than 80% of these reserves representing premium grade metallurgical coal. For further information on the acquisition of UCC, please see Recent M&A Activity on page 31.

Products

The Coke & Coal division produces coking coal, blast furnace coke, nut coke and coke breeze as well as a range of chemical products including ammonium sulphate, coal-tar pitch and crude benzol. In 2008, the majority of Metinvest’s coal (74.0%) was used by the Group for its internal production needs and approximately 69.7% of the produced coke was consumed internally. Metinvest sells its chemical products to a number of Ukrainian and international customers. Inkor is the sole producer of phenols and cresols in Ukraine and exports naphthalene to a number of countries.

Key Assets

JSC Krasnodonvugillia Coal Mining Company (Krasnodonvugillia)

In 2008, Krasnodonvugillia, located in the Luhansk region of the country, emerged as the largest producer of coking coal in Ukraine. The company currently operates seven underground mines, two washing plants and auxiliary facilities. The company has opened a new shaft, which has improved the ventilation in one of its mines, and it has also purchased new drilling equipment for degassing, thus making major investments into the health and safety of its employees.

JSC Avdiivka Coke & Chemical Works (Avdiivka Coke)

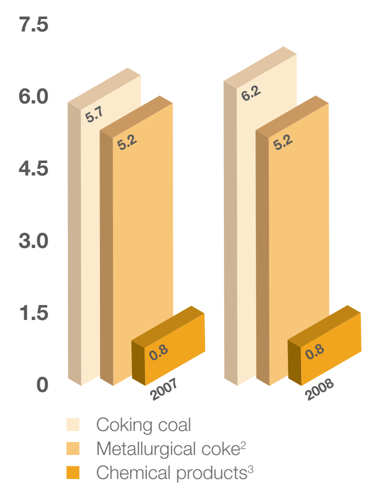
Avdiivka Coke is a top-five coke producer in Europe with modern production facilities, including eight coke batteries, a washing plant and chemical and auxiliary plants. The company is located in the Donetsk region of Ukraine. In January 2008, Avdiivka Coke started operating a new coke battery. The company also reconstructed nine coal reservoirs and installed a new gas blower and an air conditioning system throughout the plant during the year.

In 2008, Avdiivka Coke produced 63.6% of Metinvest’s total coke output and Azovstal’s coke production facilities accounted for the remaining 36.4% of output, compared to 58.8% and 41.2% in 2007 respectively.

[1] Calculated in accordance with the SEC guidelines, December 2008.

COKE & COAL DIVISION continued

DIVISIONAL PRODUCTION VOLUMES (millions of tonnes)



[2] Includes coke production at Azovstal's coke facilities in 2008 and 2007.

[3] Includes chemical production at Azovstal, Avdiivka Coke and Inkor. Inkor's production is included from the date of acquisition (August 2008).

Inkor & Co LLC (Inkor)
Metinvest acquired Inkor & Co LLC in August 2008. Located in Dzerzhynsk in the Donetsk region of Ukraine, Inkor is the leading producer of refined naphthalene, phenols and cresols in Ukraine and is the second-largest producer of naphthalene in Europe. Inkor has 60,000 tonnes of installed annual capacity of naphthalene and 30,000 tonnes of phenols and cresols. Inkor, together with Avdiivka Coke, forms a full production cycle starting from the processing of coal-tar to obtaining naphthalene fraction and phenol oil at Avdiivka Coke and finishing with the production of naphthalene at Inkor. In 2008, Metinvest installed a new tray packaging line at Inkor.

Major Customers

The Coke & Coal division sells its coke products internally to JSC Azovstal Iron & Steel Works and JSC Yenakiieve Metallurgical Works. The division's largest external coke customers are Makiivka Iron and Steel Works and Ilyich Iron and Steel Works of Mariupol. Krasnodonvugillia sells coking coal primarily to Avdiivka Coke and JSC Azovstal Iron and Steel Works and externally to Donetskstal Iron and Steel Works, Yenakiieve Coke and Chemical Works, Makiivka Coke and Chemical Works, Zaporizhia Coke and Yasinovsky Coke and Chemical Works. The Coke & Coal division sells the majority of its chemical products abroad: 100% of its naphthalene production is exported to India, China, Egypt, Turkey, Saudi Arabia and the UAE, while 75.0% of its phenols and cresols' output is sold to the United Kingdom, Germany, Egypt, China, Pakistan, Poland, Russia and France.

Strategic Objectives

Diversifying the division's coal supplies

- Metinvest intends to diversify and secure its supplies of coal through imports of high quality, low sulphur coal from countries outside of the CIS, primarily the United States and Australia. Metinvest also plans to import PCI coal for use in the production of pig iron at those of Metinvest's blast furnaces which will be equipped with PCI technology.
- UCC, the US-based company that Metinvest acquired in April 2009, possesses significant reserves of high quality metallurgical coal with low sulphur content. As a result, Metinvest expects to benefit from the production

of high quality coke and, therefore, higher quality steel products. In 2009, Metinvest intends to begin the integration process with UCC operations into the Coke & Coal division.

Prioritising Health, Safety & Environmental (HSE) initiatives

- Metinvest plans a number of initiatives with regard to the execution of its HSE objectives which have been developed according to best international practices. The Group has obtained a Certificate of Compliance with OHSAS standards for Krasnodonvugillia and continues to implement standards at other facilities within the division to ensure compliance with best practice.

Optimising production costs

- Metinvest intends to optimise production volumes at its coke and coal plants in accordance with current demand through the more efficient utilisation of its production capacities. It also intends to introduce a comprehensive programme for the control and reduction of its energy costs and headcount; to optimise its purchasing and supplier relationships and to carry out repair works of production equipment. The division's management is focused on monitoring the quality of repairs of production equipment and improving its standards of maintenance.

Improving standards of production

- Metinvest plans to further improve its production standards through the installation of modern packaging lines for its chemical products and by laying fibre optic communications at its subsidiaries. The division is focused on implementing a programme of improvements at its washing plants in order to increase the efficiency of their operations. The Coke & Coal division also plans to become an active participant in the trading of CO_2 emissions quotas.

Developing and motivating employees

- The Group intends to create a unified set of procedures for developing and motivating its staff in all of the subsidiaries of Metinvest. In particular, Metinvest intends to hold joint training sessions with its subsidiaries in its personnel training centres. The Group is presently conducting two pilot training projects for senior management of Metinvest and financial professionals in its business units.

Key Milestones in 2008

- Developed a comprehensive plan to improve degasification networks in Krasnodonvugillia's Sukhodolskaya-Vostochnaya mine and installed new drilling equipment.
- Modernised a ventilation system and constructed a new shaft in Krasnodonvugillia's Molodogvardeyskaya mine.
- Began operating a new coke battery at Avdiivka Coke.

Sales

The Coke & Coal division reported revenue of US$2,566 million in 2008, up 43.3% from 2007 (FY07: US$1,791 million) and accounted for 10.0% of Metinvest's consolidated revenues for 2008 compared to 11.3% in 2007. This growth largely reflected the increase in the average weighted price of coke by 85.6% year-on-year to US$390 per tonne in 2008 and the 75.6% year-on-year increase in coal prices to the average weighted price of US$188 per tonne in 2008. In addition, the production volumes of coal grew by 7.7% year-on-year to 6.2 million tonnes whilst chemical products increased by 1.8% year-on-year to 0.8 million tonnes.

In 2008, the division met 74.0% and 69.7% of Metinvest's internal coal and coke demand respectively. The Group accounted for 48.7% of the division's total revenues in 2008, compared to 53.3% in 2007.

For the year, approximately 92.8% of the third-party sales within the Coke & Coal division were to customers in Ukraine, compared to 89.4% in 2007. Sales to customers in Ukraine and Europe increased by 63.5% and 9.8% year-on-year respectively.

EBIT

The Coke & Coal division's EBIT more than tripled year-on-year to US$487 million in 2008, compared to US$161 million in the previous year, following a significant growth in the prices of coke and coal in the first nine months of 2008. The division's EBIT margin expanded to 19.0% in 2008 from 9.0% in 2007.

Recent M&A Activity

On 30 April 2009, Metinvest completed the strategic acquisition of UCC, one of the leading producers of metallurgical coal in the United States. The Company possesses proven and probable reserves of 157 million[4] tonnes of high quality metallurgical coal with low sulphur content and steam coal and has access to approximately 227 million tonnes of contiguous coal reserves which may be available for leasing in the future, including approximately 180 million tonnes of metallurgical coal. As a result, Metinvest expects to benefit from the production of high quality coke and, in turn, steel products. UCC operates four mining complexes in West Virginia, Virginia and Kentucky. In 2008, UCC produced 9.8 million tonnes of coal, compared to 8.0 million tonnes in the previous year. UCC possesses a strong safety culture with lost-time injury rates far below the US national average. In 2009, Metinvest intends to begin the full integration of UCC's operations into its Coke & Coal division.

The Coke & Coal division's EBIT more than tripled year-on-year to US$487 million in 2008, compared to US$161 million in the previous year, following a significant growth in prices of coke and coal in the first nine months of 2008.

[4] Calculated in accordance with the SEC guidelines, December 2008.

DIVISIONAL REVIEW

STEEL & ROLLED PRODUCTS DIVISION

The Steel & Rolled Products division comprises the steelmaking, rolled products and large diameter pipe manufacturing businesses of Metinvest. In 2008, the operating companies of this division produced 8.2 million tonnes of crude steel and over 9.2 million tonnes of finished goods, including 0.4 million tonnes of large diameter line pipes.

"The Steel & Rolled Products division produces a wide range of high quality products that are sold in key international markets through Metinvest's global sales network. In the long-term, our aim is to shift production away from semi-finished products towards more value-added products. We are also focused on expanding and deepening our relationships with clients, providing them with world-class service and developing mutually beneficial long-term partnerships."

JACK MACLACHLAN

STEEL & ROLLED PRODUCTS DIVISION

EBIT margin expanded to

17.6%

Revenue	US$9,343 million
Operating profit (EBIT)	US$1,648 million
Crude steel production	8.2 mt

Products

Metinvest's steel and rolled products include slabs, billets, hot-rolled plates, hot-rolled coils, pipes, wire-rods, re-bars, rails, channels and merchant bars.

- **Slabs** and **billets** are sold through Metinvest International S.A., primarily to re-rollers which produce finished rolled products. Slab products, such as slabs with a cross section of 220-270mm x 1,250-1,900mm x 5,000-10,000mm, are produced at JSC Azovstal Iron & Steel Works (Azovstal) in a variety of steel grades according to the customers' requirements and are primarily sold to end-users, who are typically producers of flat-rolled products such as steel plates and coils. Steel billets with a cross section of 100-150mm x 100-150mm x 4,000-12,000mm are produced at JSC Yenakiieve Metallurgical Works (Yenakiieve) and are mainly delivered to manufacturing mills that produce finished long products. Metinvest's downstream mills are supplied with slabs and billets from their own steel-making facilities for further rolling.
- **Hot-rolled plates** are flat products with a thickness of 6-150mm which are produced at Azovstal, Ferriera Valsider S.p.A. (FV), Metinvest Trametal S.p.A. (Trametal) and Spartan UK Ltd (Spartan). They have a wide range of applications including machinery manufacturing, bridge building, shipbuilding, various types of construction, automotive manufacturing and pipe production.
- **Hot-rolled coils** are thin flat products of 1.8-20mm in thickness with a maximum width of 1,500mm, which are produced at FV and are used for various purposes in machine and automotive manufacturing, pipe welding and steel and clad constructions, amongst other functions.
- **Pipes** are steel products with a variety of diameters that are used in oil and gas pipelines and heat networks. Metinvest's JSC Khartsyzsk Tube Works (Khartsyzsk) plant is the largest producer of SAW longitudinally welded line pipes (406-1,422mm, or 18-56", in diameter) in the CIS. Khartsyzsk also produces longitudinally welded single-seam pipes of 406-1,422mm in diameter and double-seam 12-metre-long pipes which are 1,220-1,420mm, or 48-56", in diameter, for use in water, gas and oil pipelines with a working pressure of up to 10.2 MPa.
- **Wire-rods** are long steel products with a diameter of 5.5-12.5mm that are used in the manufacturing of wires, steel cords and other wire products.
- **Re-bars** are long-rolled products which are produced at Yenakiieve and are used in the construction industry, particularly within reinforced concrete structures.
- **Rails** are long-rolled products which are produced at Azovstal and are used for the construction of railways.
- **Channels** and **merchant bars** are long-rolled products with a variety of cross sections, which are produced at Yenakiieve and Azovstal and are used in construction, such as the building of bridges and railcars.

The quality of Metinvest's steel products is monitored at every stage of an integrated production process, from coal and ore mining (upstream) to finished steel production (downstream). The qualitative parameters of the Company's finished products, which are primarily hot-rolled steel and pipes, are in full compliance with the strict requirements of modern international standards.

STEEL & ROLLED PRODUCTS DIVISION continued

Key Assets

JSC Azovstal Iron & Steel Works (Azovstal)

JSC Azovstal Iron & Steel Works is the leading facility within the steelmaking arm of the Group, and is ranked second in terms of production volume amongst world-class suppliers of steel concast slabs. Azovstal is also the sole producer of high quality railway rails in Ukraine. Azovstal's production facilities are comprised of: coke and sinter plants; a BF plant with five blast furnaces; a steelmaking complex with an OHF plant and BOF plant; rolled products facilities, including a plate mill and two rolling mills that produce long products (merchant and heavy sections mills); grind balls; and a rail fastener plant. Azovstal also owns and operates a marine transportation facility at Mariupol, which provides cabotage transportation of goods from Azovstal to the Mariupol, and other sea ports.

In 2008, Azovstal produced 66.8% of Metinvest's total steel output, compared to 69.3% in 2007. A significant percentage of Azovstal's products are exported.

JSC Yenakiieve Steel Group (Yenakiieve)

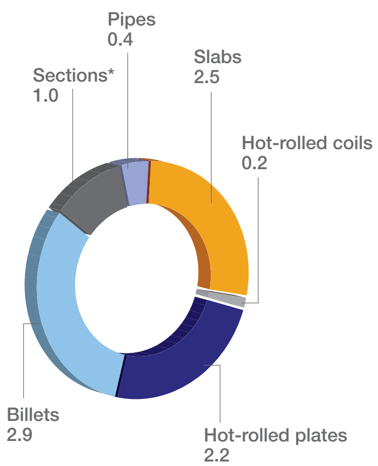
JSC Yenakiieve Steel Group is one of the world's leading concast billet producers. The Company produces concast and rolled square billets, sections, carbon structures, and low-carbon and low-alloyed steel grades.

In 2008, Yenakiieve produced 33.2% of Metinvest's total steel output, compared to 30.7% in 2007.

JSC Khartsyzsk Tube Works (KhTW)

JSC Khartsyzsk Tube Works is the largest producer in the CIS of SAW longitudinally welded line pipes (478-1,422mm), which are used in the construction of oil and gas pipelines and heat networks worldwide. The main production facilities of KhTW are pipe welding plants #2 and #4. The #2 plant manufactures longitudinally welded single seam pipes which are 406-1,422mm in diameter (or 18-56"), as well as double seam pipes that are 1,220-1,420mm (or 48-56") in diameter x 12m long. These pipes are used in water, gas and oil pipelines with a working pressure of up to 10.2 MPa.

DIVISIONAL PRODUCTION VOLUMES IN 2008 (millions of tonnes)



* Note: "Sections" includes wire-rods, re-bars rails, channels and merchant bars.

At plant #4, all pipes produced receive a corrosion-resistant coating to both their inner and outer surfaces, which gives them a lifespan of approximately 30 years.

In 2008, KhTW accounted for 4.0% of Metinvest's total steel output, compared to 5.3% in 2007.

Ferriera Valsider S.p.A. (FV)

Ferriera Valsider S.p.A. is an Italian re-rolling company which produces carbon steel plates and hot-rolled coil. FV produces more than 500,000 tonnes of flat-rolled products and hot-rolled coil on an annual basis. FV's heavy plates and coils have a wide range of applications, including steel which is used for structural purposes, shipbuilding, boiler and pressure vessels, pipelines and guardrails.

Metinvest Trametal S.p.A. & Spartan UK Ltd

Metinvest Trametal S.p.A. (Trametal) is a well-established and innovative European producer of high quality carbon steel heavy plates. The company has a total annual capacity of 0.56 million tonnes of plates. Based in Italy, Trametal differentiates itself through the high quality of its products, technological innovation, flexibility in its manufacturing and logistical processes, and the efficient and reliable delivery of its products to customers, which result in high levels of customer satisfaction.

Established in 2001 in the Northeast of England, Spartan UK Ltd (Spartan) manufactures a wide range of high-quality carbon steel plates for the construction and heavy engineering industries as well as other consumer sectors. Spartan uses innovative production methods as its plates are produced in a modern reversing mill from imported slabs.

International Sales Network

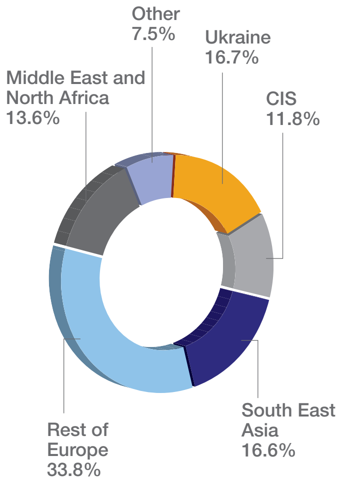
Metinvest has a large global sales network through which it reaches customers in key international markets. The Group sells its steel and iron ore products to export markets (excluding the CIS) through Metinvest International S.A., based in Geneva. Metinvest Ukraine LLC, located in Donetsk, sells Metinvest's steel products in the Ukrainian and CIS market and Metinvest Eurasia LLC sells Metinvest's steel products to the markets within the Russian Federation.

In addition to Metinvest's international sales network, the Group also operates Metinvest SMC LLC (Metinvest SMC), which is the largest retail steel trader in Ukraine. Metinvest SMC sells the Group's steel products, as well as those manufactured by other steel producers, directly to end-customers in Ukraine and the CIS. Metinvest SMC centres offer customers a number of services including cutting, bundling and transportation of bundles to the customer's specified point of delivery. In February 2008, the Group opened its first metal service centre outside of Ukraine, in Belgrade, Serbia, and the Company also plans to develop its network of service centres in Russia.

Major Customers

The customer base for Metinvest's steel and rolled products is large and diverse and in 2008 included Ilva S.p.A., Eurasian Pipeline Consortium TOO, Astoria Business Ventures, Inc., Ukrzaliznystia, Al-Ezz and Emirates Iron. In 2008, the Steel & Rolled Products division's top-10 external customers represented approximately 27.1% of the division's total revenue.

2008 SALES DYNAMICS (Geographical Analysis)



Business Review

Metinvest has a large global sales network through which it reaches customers in key international markets.

STEEL & ROLLED PRODUCTS DIVISION continued

Strategic Objectives
The long-term goal of the Steel & Rolled Products division is to harmonise all operations and shift the product portfolio away from semi-finished products towards value-added products and services, which command a premium in the market.

The division is also focused on reaching and sustaining world-class levels in raw material and energy consumption and production efficiency through the modernisation and reconstruction of its blast furnace facilities over time.

Metinvest is planning to introduce PCI technology into its steel production processes in the near future. Following the acquisition of United Coal Company LLC (UCC) in April 2009, the Group now has access to significant reserves of metallurgical coal with low sulphur content. This will help the Group to reduce its iron production costs and improve its quality characteristics, thereby enabling Metinvest to become even more competitive in its current and prospective sales markets.

Finally, the Steel & Rolled Products division aims to diversify its client basis, establish a more efficient client-centric sales function, and create a collaborative process with clients whereby customer demands can be anticipated and planned for, enabling products to be produced at the lowest possible cost.

Key Milestones in 2008

High utilisation rates resulted in strong top- and bottom-line growth

- High utilisation rates reported in the division's iron and steel production facilities in 2008 which was especially important in the first six months of the year as prices reached an all-time high. The combination of these factors led to strong top- and bottom-line growth for the year, even though demand and pricing began to soften in the last three months of the year.

Continuous improvement programme led to bottom-line improvements

- A continuous improvement programme was implemented in order to optimise production yields and speeds and energy utilisation, which had a direct impact on the bottom-line.

New approach towards product development and marketing to yield long-term benefits

- Launched a Product & Marketing Development (PMD) initiative aimed at protecting Metinvest's market share and margins through the timely and customer-centred development of innovative new products and/or markets. The PMD initiative will enable the division to plan supply and demand on a three to five year horizon and, in the long term, will ensure that planned CAPEX investments are aligned to new market and client needs.

Long-term plans put in place for the full modernisation of the Metinvest's steel production

- Established a Project Management Office (PMO) in order to develop a long-term plan to manage and optimise the division's CAPEX investments. The PMO has implemented detailed plans for the complete modernisation of the Group's steel producing operations (with an emphasis on hot processes), in a flexible and modular fashion, enabling the division to upgrade its facilities and improve its cost competitiveness in a prudent manner in the coming years.

The division's management team was further broadened and strengthened

- The leadership of the division was greatly enhanced through the addition of new executives from a diverse range of global business backgrounds including a new Director of Purchasing, a new Finance Director, a new Director of HR, and a range of new employees within the PMO.

Early adoption of Anti-Crisis Action Plan resulted in significant cost savings

- Adopted an Anti-Crisis Action Plan early in the second half of 2008 in response to a significant weakening in the demand for its steel products in the last three months of the year as a result of the global financial crisis. By expediting these plans, the division was able to cut utilisation rates and to make significant reductions in areas such as cash consumption, employment costs, training investments, capital development and non-vital maintenance activities.
- Accelerated the shutting down of certain coke ovens and older blast furnaces, which was already scheduled to take place at a later time, thus created further savings in 2008.
- Overall, the division reacted quickly and effectively to rapidly changing market dynamics and was therefore able to stabilise its business to a greater degree than many other players in the industry, underscoring the importance of the flexibility afforded by the Group's vertical integration.

Sales

The Steel & Rolled Products division reported revenue of US$9,343 million in 2008, up 58.9% from 2007 (FY07: US$5,895 million). This division therefore represented 70.1% of Metinvest's consolidated revenues for 2008, compared to 78.5% of total revenue in 2007.

The strong top-line growth was primarily the result of high demand for steel products and high prices in the global markets throughout the first nine months of 2008. Even though demand and pricing began to decline significantly in the last quarter of the year, the division was able to adjust its business rapidly to changing market dynamics and reported results in line with management's expectations.

Operating Profit (EBIT)

The Steel & Rolled Products division's operating profit (EBIT) increased by 62.3% to US$1,648 million in 2008, compared to US$1,015 million in the previous year, following a significant growth in prices for steel products in the first nine months of 2008. The division's EBIT margin was 17.6% in 2008, up from 17.2% in 2007.

Recent M&A Activity

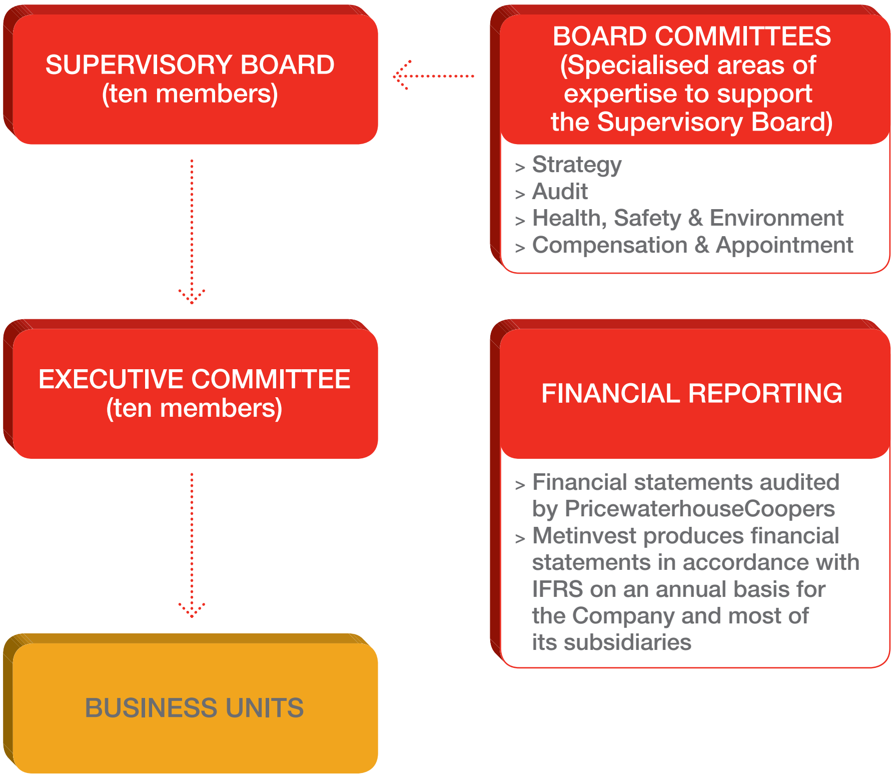
Metinvest Trametal S.p.A. (Trametal) and Spartan UK Ltd (Spartan)

Trametal and Spartan were acquired by Metinvest in 2007, and both transactions were given regulatory approval in 2008. The two companies are both modern producers of high quality carbon steel heavy plates, with Trametal being located in Italy and Spartan in the UK. The combined annual capacity of the plants exceeded 0.8 million tonnes of plate as at the end of 2008. The two businesses have been integrated with FV and now form one business unit within Metinvest's Steel & Rolled Products division, providing a number of synergies for the Group. The addition of Trametal and Spartan has enabled Metinvest to become a significant player in the plate industry and the Group is now a top-10 producer globally in terms of the volume of plates supplied.

The Steel & Rolled Products division's operating profit (EBIT) increased by 62.3% to US$1,648 million in 2008, compared to US$1,015 million in the previous year, following a significant growth in prices for steel products in the first nine months of 2008.

CORPORATE GOVERNANCE

METINVEST GROUP (Metinvest) recognises the importance of sound corporate governance and aims to develop its corporate governance system in accordance with international best practices. The Group strives to maintain the highest levels of corporate governance and transparency throughout all of its activities and communications.



Supervisory Board

A Supervisory Board currently consists of ten members, seven of which were nominated by SCM (our 75% shareholder) and three members by SMART (our 25% shareholder). Two out of ten Supervisory Board members are Independent Directors. The Supervisory Board is responsible for key decisions related to the Group's activities, including:

- Approval of Metinvest's long-term business strategy and annual business plans
- Annual assessment of the delivery on business plan targets
- Appointment of the top management, approval of their compensation system and KPIs and decisions on annual bonuses
- Approval of the external auditor
- Approval of the Group's annual reports and financial statements
- Approval of all M&A transactions
- Approval of all investment projects with budgets exceeding US$20 million
- Approval of external fundraising decisions for amounts exceeding US$50 million
- Approval of the annual schedule of work and annual reports for the Board's four Committees (see below).

Board Committees

The Supervisory Board is assisted by the following four Board Committees:

- Strategy Committee
- Audit Committee
- Health, Safety & Environment (HSE) Committee
- Compensation & Appointment Committee.

Strategy Committee

The key responsibility of the Strategy Committee is to review and provide recommendations to the Supervisory Board on the following topics:

- Strategic objectives of the Group, including its existing and new businesses
- M&A projects
- Investment projects with budgets exceeding US$20 million.

Audit Committee

The aim of the Audit Committee is to analyse and support the Group's internal audit function. The Audit Committee is responsible for the following areas:

- Financial reporting processes, including recommendations regarding any changes to the Group's accounting policies
- Recommendations on nominees to be appointed as the external auditor
- Relationship with the external auditor
- Analysis of the Group's internal control system and the procedures for managing risk, including recommendations on their improvement
- Analysis and support of the internal audit system
- Compliance with legislation and business conduct standards
- Recommendations to the Supervisory Board regarding the approval of the Group's financial statements.

Health, Safety & Environment (HSE) Committee

The HSE Committee's aim is to provide the management team with support in implementing the highest standards of health, labour, and environmental safety culture throughout the Group. The HSE Committee is responsible for the following areas:

- Leadership and proactive promotion of the development and implementation of the Group's HSE strategy
- Involvement in key HSE projects, including analysis and the approval of plans and budgets
- Development and implementation of a reliable system of HSE managerial reporting in accordance with the highest international standards
- Review of investigations and preliminary conclusions for fatal accidents and other major accidents resulting in damage to health or environment (both on-site and off-site)
- Discovery of the actual causes of fatalities and accidents, and development of action plans to minimise risks for the future
- Organisation of planned and unplanned site visits to check the real-life HSE practices at production sites (i.e. processes, controls, and the knowledge and skills of staff and management).

Compensation & Appointment Committee

The Compensation & Appointment Committee is responsible for the following areas:

- The framework for the remuneration of members of the Executive Committee and top managers of the Group, including General Directors of the Group's enterprises
- The terms and conditions of the employment contracts for the positions noted above
- Recommendations to the Supervisory Board on dismissals and new appointments for the senior positions within Metinvest Group
- Recommendations to the Supervisory Board on KPIs and annual bonuses for senior management
- The Group's succession policy
- The Group's motivation, assessment and reward systems.

Internal Audit Department (IAD)

The IAD was created to facilitate improvement of the Group's risk management system, internal control and corporate management, as well as to support the Audit Committee.

The IAD comprises professionals with experience and expertise in internal control, accounting and audit. The Department reports on its performance to the Audit Committee and the senior management of the Group on a regular basis. As of 31 December 2008, the Internal Audit Department of Metinvest comprises five members.

The IAD performs the following functions:

- Providing an independent and unbiased assessment of the sufficiency and efficiency of the Group's risk management and internal control system, as well as preparing recommendations on their improvement
- Ensuring the compliance of the Group's internal and external regulatory requirements.

Internal Control & Risk Management (IC&RM)

Management believes that Metinvest's internal control system and effective enterprise management provides significant support in achieving the Company's strategic and operational goals, as well as strong financial performance.

Management introduced the IC&RM system to ensure that significant risks are identified, monitored and controlled in a timely and efficient manner. Metinvest's IC&RM is responsible for the following areas:

- Achievement of the goals set by the Group's management
- Monitoring of risks that the holding company may face and understanding their degree of probability and potential impact (across all levels of the organisation)
- Implementation of a common and formal approach to risk management in decision-making processes at all levels of the Group
- Development and implementation of appropriate measures of risk response
- Introduction of a system of internal control to ensure the implementation and effectiveness of measures to mitigate risks.

Metinvest's IC&RM system is based on leading international risk management and internal control frameworks, such as the "Enterprise Risk Management – Integrated Framework" developed by the Committee of Sponsoring Organisations of the Treadway Commission (COSO). The Internal Control & Risk Management Department provides active support in the implementation of the IC&RM system. The Department has allocated resources at the Group's headquarters and in most of its major entities.

Executive Committee

Metinvest Group's Executive Committee consisted of ten members in 2008. The Executive Committee is a working body consisting of key top managers of Metinvest Group who are in charge of day-to-day management of the Group's business and affairs. The Executive Board is also responsible for preparing management reports and accounts as well as approving new functions, business processes and structures and reviewing financial and operating results.

EXECUTIVE COMMITTEE

IGOR SYRY
EXECUTIVE DIRECTOR, METINVEST B.V.
GENERAL DIRECTOR, METINVEST HOLDING LLC

Since 2006 – General Director, Metinvest Holding LLC
2002-2006 – Senior Manager, System Capital Management (SCM)
1999-2002 – Senior Consultant, PricewaterhouseCoopers (Kyiv, Ukraine)
1995-1997 – Credit Manager, Western NIS Enterprise Fund (Kyiv, Ukraine)

Education and Memberships:
- MBA degree from Cornell University (USA)
- Certified Financial Analyst (CFA)
- Member of the Association of Chartered Certified Accountants (ACCA) in the UK

SERGIY NOVIKOV
CHIEF FINANCIAL OFFICER

Since 2006 – Chief Financial Officer (CFO), Metinvest Holding LLC
2004-2006 – Financial Director, JSC Azovstal Iron & Steel Works (Ukraine)
2003-2004 – Financial Director, Bunge (Ukraine)
2001-2003 – Financial Director, Japan Tobacco International (JTI) (Ukraine)
1998-2001 – Financial Controller, Cereol (France)
1997-1998 – Budgeting & Reporting Manager, Philip Morris (USA)
1995-1996 – Senior Analyst, Fidelity Investments (USA)

Education and Memberships:
- MBA Degree from the University of Cincinnati (USA)
- Certified Financial Analyst (CFA)
- Member of Association of Chartered Certified Accountants (ACCA) in the UK

ANDREY BOLSHAKOV
DIRECTOR OF STRATEGY & INVESTMENTS

Since 2006 – Director for Strategy & Investments, Metinvest Holding LLC
2004-2005 – M&A and Business Development Manager, System Capital Management (SCM)
2003-2004 – Deputy Director of Development and Information Technologies & Advisor for Executive Director of Affiliated and Associated Companies Management, Irkutskenergo (Irkutsk, Russia)
2002-2003 – Associate, McKinsey & Company, Inc. FSU (Moscow, Russia)
2000-2002 – Business Analyst, McKinsey & Company, Inc. FSU (Moscow, Russia)

Education:
- BS Degree from the University of Maryland (USA)
- MBA Degree from Harvard Business School (USA)

JACK MACLACHLAN
DIRECTOR OF STEEL & ROLLED PRODUCTS

Since 2008 – Director of Steel & Rolled Products Division, Metinvest Holding LLC
2007-2008 – Chief Operating Officer, Steel & Rolled Products division, Metinvest Holding LLC
2004-2007 – Managing Director (Manufacturing Excellence/ Continuous Improvement), Corus Group Plc (UK)
2000-2004 – At Corus Strip Products Division: Managing Director, Colours Business; Manufacturing Director (Light Strip Products UK/Strip Products UK) (UK)
1999-2000 – Vice President Manufacturing, Tuscaloosa Steel Corporation (USA)
1989-1999 – At British Steel Plc: Works Manager (Ebbw Vale Tinplate Works/Redcar Ironworks Teesside); Chief Engineer, Seamless Tubes Ltd; Manager, Clydesdale Tube Mills and Services (UK)
1980-1989 – At British Steel Corporation: Operations Management/Engineering & Maintenance/Capital Project Engineering (UK)

Education and Memberships:
- International Leadership Programme at Wharton Business School (USA)
- MBA Degree from the University of Warwick (UK)
- BSc (first class honours) in Electrical and Electronic Engineering from Strathclyde University (UK)
- Chartered Engineer, Fellow Institution of Engineering and Technology (CEng, FIET)

OLEXANDR VILKUL
HONORARY DIRECTOR OF IRON ORE DIVISION

Since 2006 – Honorary Director of Iron Ore Division, Metinvest Holding LLC
2004-2006 – General Director, JSC Severniy Mining and Processing Works (SevGOK); General Director (as a second post), JSC Central Mining and Processing Works (CGOK)
2003-2004 – General Director, JSC Central Mining and Processing Works (CGOK)
2002-2003 – Deputy Chairman of the Board for Commerce, OJSC Yuzhniy Mining and Processing Works
2001-2002 – Deputy President for Economy & External Economic Relations, Academy of Mining Science of Ukraine (an NGO)
1998-2001 – Deputy General Director for Finance & Commerce, OJSC Yuzhniy Mining and Processing Works
1997-1998 – Head of Finance & Commerce Department, OJSC Yuzhniy Mining and Processing Works
Education:
- Degree in Mining Engineering from Kryvyi Rih Technical University (Ukraine)

VOLODYMYR GUSAK
DIRECTOR OF COKE & COAL DIVISION

Since 2006 – Director of Coke & Coal Division, Metinvest Holding LLC
2002-2005 – Manager, System Capital Management (SCM)
2000-2002 – Financial Analyst; Deputy Head of Restructuring Department, Deloitte Touche Tohmatsu (Ukraine)
1999 – Accountant, Centre for Economic Reforms & Privatisation (Ukraine)
1998 – Project Administrator, Chemonics Consulting Company (USA)
1994-1996 – Advisor, Soros-Aslund Economic Advisory Group for Ukrainian Government
Education:
- Masters Degree in Economics from Texas A&M University (USA)
- Degree in English/German Translation from Kyiv Shevchenko National University (Ukraine)

Positions in Other Organisations:
- Member of the Supervisory Board at Zaporizhcoke Coking Plants
- Member of the Supervisory Board at Donetskcoke Coking Plant

IGOR KIRILYUK
CORPORATE COMMUNICATIONS DIRECTOR

Since 2007 – Corporate Communications Director, Metinvest Holding LLC
2004-2007 – Director, Corporate Communications at PR Agency The Willard Group – Burson-Marsteller (Moscow, Russia)
1996-2003 – Director, Public Affairs & Communications, Coca-Cola Company (Kyiv, Ukraine)
1991-1994 – Assistant to the Minister, Ministry of Foreign Economic Relations (Minsk, Belarus)
Education:
- Master of Science in Management from New York University (USA)
- Degree in English/German from Minsk State Institute of Foreign Languages (Minsk, Belarus)

SERGEY RYABOV
CORPORATE HEALTH, SAFETY & ENVIRONMENT (HSE) DIRECTOR

Since May 2008 – Corporate Health, Safety & Environment (HSE) Director, Metinvest Holding LLC
2005-2008 – Manager, then Director of Health, Safety & Environment Department, TNK-BP, Gas Business (Moscow, Russia)
1998-2004 – Consultant (Part-time), then Operations Manager, DuPont-Russia, DuPont Safety Resources Division (Moscow, Russia)
1994-2000 – Materials & Logistics Team Leader, Severnoye Siyanie Company, Ltd. (JV between Conoco, USA and Arkhangelskgeology, Russia)
Education:
- Degree in Mechanical Engineering from Vladimir State University (Vladimir, Russia)

IGOR GOLCHENKO
CHIEF LEGAL OFFICER

Since 2006 – Chief Legal Officer/Head of Legal Function, Metinvest Holding LLC
1999-2006 – Deputy Director, Head of Legal Department, Leman Commodities S.A. (Geneva)
1990-1999 – Head of Legal Department, JSC Azovstal Iron & Steel Works (Mariupol, Ukraine)
Education and Memberships:
- Candidate for Master of Laws (LL.M) from Suffolk University Law School (Boston, USA), due to graduate in 2010
- Law Degree from Donetsk State University and Chernihiv Law College (Chernihiv, Ukraine)
- Member of Ukrainian Bar Association
- Certified Trustee, Crisis Manager & Liquidator
- Member of the Commission of the Ministry of Industrial Policy of Ukraine

VOLODYMYR BANTUSH
BUSINESS SECURITY DIRECTOR

Since 2006 – Business Security Director, Metinvest Holding LLC
2004-2006 – Head of Security Department, then Director for Business Security, JSC Severniy Mining and Processing Works (SevGOK)
2003-2004 – Deputy General Director, Business Security Department, Kramatorsk Heavy Machine-Tool Plant (Kramatorsk, Ukraine)
1981-2003 – Several positions with Internal Affairs bodies in Ukraine
Education:
- Master of Law from the International Scientific and Technical University (Kyiv, Ukraine)
- Law Degree from Donetsk State University (Donetsk, Ukraine)

CORPORATE SOCIAL RESPONSIBILITY

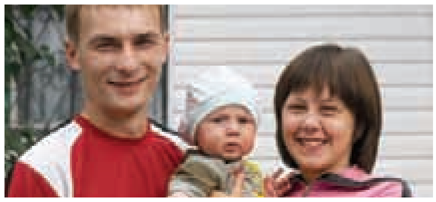
METINVEST'S Supervisory Board and Executive Committee are committed to achieving the highest standards in Corporate Social Responsibility (CSR), and have accordingly made this one of their top priorities in managing the Group's activities. The key areas of Metinvest's CSR programme are Employee Welfare, The Environment, Health & Safety and Local Community Support, and a summary of each of these areas is provided below.

Employee Welfare – Our People Are Our Most Valuable Asset

Metinvest today employs more than 89,000 people worldwide. For Metinvest, being socially responsible means, first and foremost, taking responsibility for its employees. As part of Metinvest's strategic goal to be "an employer of choice", Metinvest aims to create and maintain respectable working conditions by applying modern methods of labour management, developing a strong corporate culture and maintaining high standards of occupational health and safety. The Company ensures that employees are afforded equal opportunities and that each employee is given an assessment of their contribution to the success of the business.

A summary of Metinvest's priorities with regards to the welfare of its employees can be found below:

- Protecting human rights and eliminating any kind of discrimination
- Implementing the best modern approaches in the field of human resource management
- Attracting, motivating and retaining highly qualified employees across all levels
- Developing employees' professional skills and potential
- Developing, implementing and improving effective systems of remuneration and ensuring highly competitive salaries across all of the Company's enterprises
- Implementing measures for improving working conditions, with the aim of reducing the occurrences of injuries, accidents and illnesses



- Offering benefits and compensation to employees in accordance with their labour contracts
- Developing a strong corporate culture across all of the Company's enterprises.

Metinvest pays competitive salaries, which are high in comparison with other large Ukrainian industrial enterprises in the same sector. In addition to competitive compensation packages, Metinvest provides its employees with a large number of benefits in accordance with labour legislation and some additional (voluntary) compensation and benefits, some of which are linked to the Group's financial results. Some of the main benefits can be found below:

- Medical insurance
- Health improvement programmes
- Educational grants
- Pension programmes
- Leisure and sport facilities
- Payments towards important events (such as weddings and births).

Metinvest believes that qualified employees are the most valuable asset in helping the Company to create long-term competitiveness and sustainable business development. Metinvest therefore undertakes significant investments in human resources, including the training of employees and the provision of opportunities for ongoing professional growth and development. One of Metinvest's key tasks in this area is to anticipate the Company's needs in terms of the qualifications and aptitude its employees should have in the future, in order to contribute to the successful long-term development of the Group.

As part of this initiative priority was given in 2008 to the creation of a corporate "talent pool", and the Company launched a programme to identify the potential of each employee and develop their strongest competencies, skills and areas of knowledge. As part of this programme, the Human Resources department, in collaboration with leading European consulting companies initiated two pilot projects in 2008: the "Metinvest Group Senior Management Development Project" and the "Metinvest Group Financial Function Development Project". The projects' findings will be used as a foundation for future development programmes that will focus on other functions throughout the Group.

Metinvest views training as a continuous process that is conducted over the entire period of a person's employment, with the aim of expanding their knowledge and skills in accordance with production requirements. Every year, each enterprise of the Group carries out its own in-house training programmes covering all levels of employees and significant funds are allocated in the Company's budget to cover personnel training expenses.

Our Environment – Minimising Our Impact

One of Metinvest's top priorities is to minimise the Group's impact on the environment over time. As part of its operations, Metinvest discharges waste water into bodies of water, discharges polluting substances into the air and disposes of waste products. This is why the ecological sustainability of Metinvest's enterprises is of the highest priority and each Metinvest enterprise has a fully staffed environmental department to ensure compliance with applicable environmental norms and regulations.

Some of the Company's key activities in this area are:

- Tracking and managing potential ecological risks
- Undertaking programmes aimed at the technical re-equipping of enterprises, in order to minimise the impact of their activity on the environment
- Focusing on preventive rather than "end of pipe" measures
- Executing continuous environmental monitoring
- Developing and implementing energy efficiency and energy saving programmes
- Introducing leading technologies for the recycling and repeat processing of industrial waste
- Executing a corporate programme for the revival and re-cultivation of disrupted land
- Developing Greenhouse Gas (GHG) reduction programmes
- Engaging with local communities on environmental issues.

In 2008, a Health, Safety and the Environment (HSE) Directorate was formed to develop a vertically integrated approach to the management of HSE issues in order to improve safety and ecological performance across the Metinvest Group. The first step in this direction was an assessment of the current situation and the drawing up of a list of environmental priorities for Metinvest's enterprises, which would form the basis of the development of a large-scale, long-term environmental programme.

In accordance with its HSE strategy, Metinvest plans to undertake projects aimed at improving its environmental performance. Metinvest is currently working with leading European environmental consultants to assess environmental risks and opportunities and develop a master action plan aimed at achieving the Company's strategic environmental goals.

A significant number of Metinvest's operating facilities were commissioned before current environmental standards came into force. In order to reduce the environmental impact of its operations, Metinvest is currently undertaking an engineering programme. This comprehensive investment programme takes into account the need for modernisation and improvement of technologies with the aim of minimising damage to the environment. The budgets of Metinvest's enterprises also envisage the financing of ecological and nature conservation programmes and measures.

In 2008, Metinvest invested US$155 million and US$33 million on environmental technology for its Iron Ore and Steel & Rolled Products divisions respectively. Nine of Metinvest's plants, including SevGOK, CGOK, InGOK, Azovstal, Krasnodonvugillia and Avdiivka Coke, have already been certified compliant with the ISO: 14000 environmental standard, and the other

plants are currently taking steps to obtain certifications. Metinvest expects that all of its facilities will be certified as ISO: 14000 compliant by 2012.

Some of the other key investments and initiatives that Metinvest is carrying out in order to minimise the influence of the Company's products and services on the environment include:

- Utilisation of modern dust and gas purification equipment at coal enrichment plants, points of loading, coke and coal storage facilities, coke and chemicals plants, glazing plants and in furnaces of smelters to prevent hazardous emissions into the atmosphere
- The introduction of state-of-the-art, energy-saving technologies
- A reduction in the emission of harmful substances by conducting mass explosions using environmentally clean types of explosives
- The use of a closed technological cycle of water supply, which does not allow for the contamination of surface water resources by technical, highly mineralised waters
- Mechanical and biological land remediation using refuse and processed rocks.

The evaluation of the environmental impact of Metinvest's enterprises is conducted in compliance with legislation and the requirements of the ISO: 14001 international standards, and includes the identification and evaluation of environmental aspects that can be controlled or influenced by the Group and the establishment of an environmental management system. Regular monitoring of activities related to the environment is performed at all companies within the Group in collaboration with specialist organisations.

In order to comply with the United Nation's Convention on Climate Change and the Kyoto Protocol, Metinvest's enterprises have implemented an inventory of the emissions of GHG for the purpose of designating problematic facilities and reducing harmful emissions into the atmosphere. In 2008, Metinvest had approximately ten GHG projects in different stages of development, under the Joint Implementation programme of the Kyoto Protocol.

Health & Safety

Increasing the level of labour safety across its enterprises is one of the top priorities for Metinvest. The main objective is to reduce the number of fatalities and injuries to the greatest extent possible, focusing especially on the Group's coal mining enterprises. Moreover, Metinvest views the level of on-the-job safety as one of the key indicators of the effectiveness of a Company's management. The Company's focus on safety is exemplified in the principles outlined below:

- Ensuring priority financing of measures aimed at achieving the observance of a set norms of labour safety, raising the existing level of labour safety and industrial safety, and creating healthy and safe conditions of labour
- Engaging in activities in compliance with legislative and normative acts on labour safety using standards of international best practice
- Constant improvement of the effective system of labour safety and hygiene conditions at every place of employment
- Enhancing the level of training and qualifications of employees, as well as the recognition of responsibility for their own personal safety and safety of their surroundings when performing their duties
- Ensuring the safety of technological processes and equipment and the implementation of measures aimed at reducing the risk of accidents at production facilities, and minimising their consequences for employees when they do happen
- Offering social privileges and compensation to employees who work in severe and/or hazardous labour conditions and improving the medical services rendered to them
- Utilising progressive organisational and technical solutions that ensure safe working conditions in compliance

with the requirements of legislative and normative acts on labour protection and on-the-job safety in the process of design, construction, reconstruction and launch of production facilities.

In 2008, Metinvest continued implementing and certifying the "Labour Protection and Industrial Safety Management System in accordance with OHSAS 18001:2007 Standards", which is the most widely applied safety standard at the world's leading enterprises. This standard has already been implemented at major Metinvest enterprises, including Avdiivka Coke, SevGOK, CGOK and Azovstal, and will continue to be implemented in 2009 and beyond.

Bureau Veritas is partnering with Metinvest in the development, implementation and certification system of Metinvest's industrial safety. Bureau Veritas is one of the world's leaders in the development and certification of such systems and has extensive experience in similar projects in Europe, Ukraine and other CIS countries.

As mentioned above, in 2008 Metinvest formulated its HSE strategy, which outlines safety improvement actions relating to Metinvest's people, processes, systems and facilities. Metinvest plans to reduce significantly the number of fatalities, occupational injuries and process accidents through the effective implementation of priority health and safety initiatives. Metinvest is committed to using the best available health and safety solutions offered by training and consulting companies. Priority initiatives in this area include:

- Training Metinvest's managers and supervisors in effective safety management techniques in conjunction with DuPont Safety Resources, a safety consultancy
- Upgrading Metinvest's existing medical emergency response capabilities
- Enhancing Metinvest's safety culture through the overall development of health and safety competencies, in conjunction with a specialist consultancy.

Ukrainian health and safety legislation imposes stringent norms and regulations on industrial companies. Government health and safety control over Metinvest is realised through an annual inspection by the State Committee of Industrial Safety, Labour Protection and Mining Supervision, which is responsible for inspecting working conditions, safety standards and equipment. Metinvest is required under Ukrainian labour safety legislation to dedicate 0.5% of its revenue to labour protection and safety.

In 2008, Metinvest spent US$71 million on labour protection and safety, representing approximately 0.5% of its annual revenue. Each Metinvest operation has a fully staffed Health & Safety department that consults on safety issues, ensures compliance with laws and regulations and submits annual reports with incident and injury statistics to supervisory authorities. At the time of the publishing of this report, Metinvest believes that it is in compliance, in all material respects, with applicable health and safety legislation in Ukraine.

Local Community Support

Metinvest plays a key role in the sustainable socio-economic development of the local communities in which the Group has operations, through investments and contributions to social programmes. Some of the Company's key areas of focus in its social responsibility programme are listed below:

- Supporting and participating in socio-economic development programmes that are initiated by municipal authorities in the regions and/or territories in which Metinvest plays a critical role
- Developing and supporting urban infrastructure and community facilities
- Providing support to projects in the areas of sport, culture and the environment
- Contributing to the improvement of public heath systems in local communities, and to the increased quality of medical services
- Supporting government programmes and institutions in the sphere of education, thus strengthening the social capital of the Company's local communities.

Metinvest also supports various social programmes in the local communities in which it operates. In 2008, Metinvest spent more than US$13 million on social projects in local communities with more than US$5 million spent on supporting social infrastructure facilities. Among the major initiatives of 2008 was a reconstruction project for the entire Damasky district in the town of Kryvyi Rih, with a total investment of more than US$1 million, which resulted in the development of a city road system, including the construction of bus stops; the construction of two large children's playgrounds, including football fields and basketball courts; the reconstruction of the street lighting system; the creation of a town cultural centre and the establishment of green areas within the city.

In addition, the Company's sponsorship policy and charity allows for the possibility of rendering services, work and financial aid to those in need. Such sponsorship and charitable activities are prioritised around the following areas:

- Medical institutions
- Sports and youth organisations
- Orphanages
- Unprotected members of society (i.e. World War II veterans and pensioners) and individuals in difficult circumstances
- Cultural, educational, social and sport measures in the regions in which Metinvest operates.

Metinvest's corporate and social responsibility initiatives in the four key areas of Employee Welfare, the Environment, Health and Safety and Local Community Support are continually evolving and developing and will remain a top priority for the Supervisory Board and Executive Committee in 2009 and beyond as the Group strives to achieve the highest standards in CSR.

AUDITORS' REPORT

PRICEWATERHOUSECOOPERS

To: the General Meeting of shareholders of Metinvest B.V.

Introduction

We have audited whether the accompanying abbreviated financial statements of Metinvest B.V., Rotterdam, for the year 2008 (as set out on pages 47 to 50) have been derived consistently from the audited financial statements of Metinvest B.V., for the year 2008. In our auditors' report dated 29 April 2009 we expressed an unqualified opinion on these financial statements. Management is responsible for the preparation of the abbreviated financial statements in accordance with the accounting policies as applied in the 2008 financial statements of Metinvest B.V. Our responsibility is to express an opinion on these abbreviated financial statements.

Scope

We conducted our audit in accordance with Dutch law. This law requires that we plan and perform the audit to obtain reasonable assurance that the abbreviated financial statements have been derived consistently from the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these abbreviated financial statements have been derived consistently, in all material respects, from the financial statements.

Emphasis of Matter

For a better understanding of the Company's financial position and results and the scope of our audit, we emphasise that the abbreviated financial statements should be read in conjunction with the unabridged financial statements, from which the abbreviated financial statements were derived and our unqualified auditors' report thereon dated 29 April 2009. Our opinion is not qualified in respect of this matter.

Amsterdam, 27 July 2009

A.J. Brouwer RA
PricewaterhouseCoopers Accountants N.V.

ABBREVIATED BALANCE SHEET

All amounts in millions of US dollars	31 December 2008	31 December 2007
ASSETS		
Non-current assets		
Goodwill	1,662	569
Other intangible assets	712	1,135
Property, plant and equipment	4,462	5,843
Investments in associates	123	239
Available-for-sale investments	10	144
Deferred tax asset	22	71
Other non-current assets	631	399
Total non-current assets	**7,622**	**8,400**
Current assets		
Inventories	1,044	1,150
Trade and other receivables	2,429	1,755
Cash and cash equivalents	261	1,134
Total current assets	**3,734**	**4,039**
TOTAL ASSETS	**11,356**	**12,439**
EQUITY		
Share capital	–	–
Share premium	4,172	4,172
Other reserves	(4,339)	(1,500)
Retained earnings	5,105	3,356
Equity attributable to the Company's equity holders	**4,938**	**6,028**
Minority interest	**1,348**	**1,287**
TOTAL EQUITY	**6,286**	**7,315**
LIABILITIES		
Non-current liabilities		
Loans and borrowings	1,319	1,273
Deferred income	17	27
Retirement benefit obligations	287	311
Deferred tax liability	699	824
Other non-current liabilities	45	54
Total non-current liabilities	**2,367**	**2,489**
Current liabilities		
Loans and borrowings	1,366	1,679
Trade and other payables	1,326	934
Liabilities under moratorium	11	22
Total current liabilities	**2,703**	**2,635**
TOTAL LIABILITIES	**5,070**	**5,124**
TOTAL LIABILITIES AND EQUITY	**11,356**	**12,439**

Signed and authorised for release on behalf of Metinvest B.V. on 29 April 2009:

Igor Syry
General Director

ABBREVIATED INCOME STATEMENT

All amounts in millions of US dollars	Year ended 31 December 2008	Year ended 31 December 2007
Revenue	13,213	7,425
Cost of sales	(8,505)	(4,895)
Gross profit	**4,708**	**2,530**
Distribution costs	(839)	(465)
General and administrative expenses	(326)	(230)
Other operating income/(expenses), net	418	(62)
Operating profit	**3,961**	**1,773**
Finance income	53	60
Finance costs	(477)	(188)
Share of result of associates	21	(3)
Profit before income tax	**3,558**	**1,642**
Income tax expense	(755)	(321)
Profit for the year	**2,803**	**1,321**
Profit is attributable to:		
Equity holders of the parent company	1,931	953
Minority interests	872	368
Profit for the year	**2,803**	**1,321**

ABBREVIATED STATEMENT OF CASH FLOWS

All amounts in millions of US dollars	Year ended 31 December 2008	Year ended 31 December 2007
Cash flows from operating activities		
Profit before income tax	3,558	1,642
Adjustments for:		
Depreciation of property, plant and equipment (“PPE”) and amortisation of intangible assets, net of amortisation of deferred income	641	454
Impairment and devaluation of PPE	50	52
Loss on disposal of property, plant and equipment	39	28
(Reversal of impairment)/impairment of trade and other receivables	29	7
Finance income	(53)	(60)
Finance costs	477	188
Foreign exchange differences	(621)	(36)
Net increase in retirement benefit obligation	202	57
Share of result of associates	(21)	3
Write-offs of accounts payable	–	(14)
Write-offs of inventory	273	15
Other non-cash operating gains	1	(8)
Operating cash flows before working capital changes	**4,575**	**2,328**
Increase in inventories	(580)	(379)
Increase in trade and other accounts receivable	(318)	(372)
Increase/(decrease) in trade and other accounts payable	189	186
Decrease in liabilities under moratorium	(3)	(30)
Decrease in other non-current liabilities	(11)	(13)
Cash generated from operations	**3,852**	**1,720**
Income taxes paid	(827)	(445)
Interest paid	(169)	(150)
Net cash generated from operating activities	**2,856**	**1,125**
Cash flows from investing activities		
Purchase of property, plant and equipment	(679)	(493)
Proceeds from sale of property, plant and equipment	5	–
Proceeds from sale of interest in subsidiary	–	4
Acquisition of subsidiaries, net of cash acquired	(1,699)	(11)
Prepayment for United Coal Company	(400)	–
Payments for subsidiaries and minority interest acquired in prior periods – third parties	–	(456)
Payments for subsidiaries and minority interest – SCM Group and related parties	(205)	(462)
Loans issued to SCM Group companies	(130)	–
Acquisition of associates	–	(46)
Interest received	20	29
Dividends received	29	–
Proceeds from disposal of investments available for sale	–	11
Net cash used in investing activities	**(3,059)**	**(1,424)**

ABBREVIATED STATEMENT OF CASH FLOWS continued

All amounts in millions of US dollars	Year ended 31 December 2008	Year ended 31 December 2007
Cash flows from financing activities		
Proceeds from loans and borrowings	1,403	1,545
Repayment of loans and borrowings	(1,591)	(614)
Net trade financing proceeds/(repayments)	(113)	424
Dividends paid	(352)	(182)
Net cash generated in financing activities	**(653)**	**1,173**
Effect of exchange rate changes on cash and cash equivalents	(17)	36
Net increase in cash and cash equivalents	**(873)**	**910**
Cash and cash equivalents at the beginning of the year	**1,134**	**224**
Cash and cash equivalents at the end of the year	**261**	**1,134**

GLOSSARY

TECHNICAL METAL & MINING TERMS

Alloy steel
Steel alloyed with other elements, usually molybdenum, manganese, chromium, vanadium, silicon, boron or nickel, in amounts greater than 10% by weight.

Ammonium sulphate
$(NH_4)_2SO_4$ is an inorganic salt with a number of commercial uses. The most common use is as a soil fertiliser. It contains 21% nitrogen as ammonium cations, and 24% sulfur as sulfate anions. In fertiliser the purpose of the sulfate is to reduce the soil pH.

Bars
Long steel products that are rolled from billets.

Basic oxygen furnace (BOF)
A pear-shaped furnace lined with refractory bricks that refines molten iron from the blast furnace and scrap into steel.

Batteries
Coke ovens are constructed in batteries of 10-100 ovens.

Beneficiation
A series of unit operations to liberate and then separate ore minerals from gangue minerals. The products of beneficiation are referred to as: concentrates (enriched in ore minerals), tailings (depleted of ore minerals) and slimes (fines rejected by washing).

Billet
A semi-finished steel product with a square cross section of up to 150mm x 150mm. This product is either rolled or continuously cast and is further processed by rolling to produce finished long products.

Blast furnace (BF)
A towering cylinder lined with heat-resistant (refractory) bricks, used by integrated steel mills to smelt iron from ore. Its name comes from the "blast" of hot air and gases forced up through the iron ore, coke and limestone that load the furnace.

Blast furnace gas
A by-product of blast furnaces that is generated when the iron ore is reduced with coke to metallic iron. It consists primarily of nitrogen, oxygen and monoxide. It is commonly used as a fuel within steel works.

Bloom
A semi-finished steel product with a square cross section greater than 150mm x 150mm. This product is either rolled or continuously cast and is further processed by rolling to produce finished long products.

Bulb flat
Bulb flats are tailor-made for plate stiffening applications.

Carbon steel
Steel in which the only main alloying constituent is carbon; the other elements present are in quantities too small to affect the properties.

Channels
A rolled metal bar with a bracket-shaped section.

Closed-pit mine
A type of natural cave which is a vertical shaft rather than a horizontal cave passage.

Coal-tar pitch
Coal tar is a brown or black liquid of high viscosity, which smells of naphthalene and aromatic hydrocarbons. Coal tar is among the by-products when coal is carbonised to make coke or gasified to make coal gas. Coal tars are complex and variable mixtures of phenols, polycyclic aromatic hydrocarbons (PAHs) and heterocyclic compounds.

Coils
Steel sheets that have been wound. A slab, once rolled in a hot-strip mill, can be more than one mile long; coils are the most efficient way to store and transport sheet steel.

Coke
The basic fuel consumed in blast furnaces in the smelting of iron. Coke is a processed form of coal. About 450kg of coke is needed to process a tonne of hot metal, an amount which constitutes more than 50% of an integrated steel mill's total energy use. Coke is used because metallurgical coal burns sporadically and reduces into a sticky mass. Processed coke, however, burns steadily inside and out, and is not crushed by the weight of the iron ore in the blast furnace. It is produced inside the narrow confines of a coke oven, in which coal is heated without oxygen for 18 hours to drive off gases and impurities.

Coke breeze
The fine screenings from crushed coke or from coke as taken from ovens of a varying size but usually passing a 1/2-inch or 3/4-inch screen opening.

Coke oven
A set of ovens that process coal into coke.

Coking coal
Bituminous coal used in the production of steel in basic oxygen furnaces (BOFs), generally low in sulphur and phosphorous.

Concentrate
Material which has been processed to increase the percentage of valuable minerals in order to facilitate transportation and downstream processing.

Continuous casting
A method of pouring steel directly from a ladle through a tundish into a mould shaped to form billets or slabs. Continuous casting avoids the need for large mills to roll ingots into slabs. Continuous cast slabs also solidify in a few minutes, versus several hours for an ingot. Because of this, the chemical composition and mechanical properties are more uniform.

Crude benzol
A coal-tar product, consisting mainly of benzene and toluene. It was formerly mixed with petrol and sold as a motor fuel under the trade name National Benzole Mixture.

Degasation
Exhaust, confine and deflate gas or other gas-air mixtures outside from mines. The exhaust of gas from mines is carried out through built-in pipelines and boreholes, which link mines with the surface.

Downstream
In manufacturing, this term refers to processes that occur later on in a production sequence or production line.

Electric arc furnace (EAF)
A furnace which refines molten pig iron from the blast furnace and scrap into steel. In this process, the proportion of scrap used can be increased to 100% of the metal charge. Once the furnace is charged and covered, graphite electrodes are lowered through holes in the roof. The electric arc travelling between the electrodes and the metallic charge creates intense heat which melts the charge. Alloying elements can be added during the process.

GLOSSARY continued

Fe content
Ferrum is the Latin word for iron and the source of its chemical symbol, Fe.

Ferroalloy
A metal product commonly used as a raw material feed in steelmaking, usually containing iron and other metals that improve the physical and chemical properties of the final steel product.

Finished products
Products obtained through the hot-rolling or forging of semi-finished steel (blooms/billets/slabs). These cover two broad categories of products, namely "long" and "flat" products.

Flat product
A product that is produced by rolls with smooth surfaces and a range of dimensions, varying in thickness and width. Flat products are used in the automotive and white goods industries, in the production of large welded pipes, and in ship building, construction, major works and boilers. They include heavy plates and coils.

Flotation
A process in which a prepared mixture of minerals is conditioned with reagents and subjected to agitation and aeration to cause those minerals rendered hydrophobic to float and the other minerals to sink.

Furnace coke
The term is used to refer to metallurgical coke that is used for iron making in BFs. BF coke fulfils three main functions in the blast furnace operation:
i) It acts as a fuel providing heat for all reactions;
ii) It acts as a reductant, providing carbon dioxide gas and carbon for the reduction of iron ore; and
iii) It provides the required permeability for movement of gases through the bed of iron ore, coke and limestone inside the blast furnace.

Gas sulphur
The chemical element that has the atomic number 16 and is denoted with the symbol S. It is an abundant, multivalent non-metal. Sulfur in its native form is a yellow crystalline solid. In nature, it can be found as a pure element and as sulfide and sulfate minerals.

Heavy plate
A steel sheet with a width up to 5m and a thickness of at least 5mm. It is mainly used for construction, heavy machinery, shipbuilding or large-diameter pipes.

Hot-rolled
Products that are sold in the "as produced" state of the hot-rolling mill with no further reduction or processing steps, aside from being pickled and oiled (if specified).

Hot-rolling mill
A rolling mill that reduces hot slab into a coil of specified thickness; the whole production process is carried out at a relatively high temperature (when the steel is still red).

Integrated steel mill
A steel plant using iron ore as the basic raw material for the production of crude steel, which is further rolled into finished shapes in-house. Conventionally, these plants also have captive coke ovens and the sensible heat of the outgoing gases from iron/coke making is utilised as fuel for various applications. It therefore includes units with in-house coke making (optional) and iron making, followed by the production of liquid steel, crude steel and finished steel. Thus, all integrated steel plants adopting the BF-BOF route, and major producers adopting Corex-BOF, DRI-EAF or MBF-EOF technology fall under this category of mill.

Iron ore
A mineral containing enough iron to be a commercially viable source of the element for use in steelmaking.

Iron ore concentrate
Iron ore containing the valuable minerals of an ore from which most of the waste material has been removed by undergoing treatment.

JORC Code
The 2004 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.

Ladle furnace
A furnace used for refining hot metal between basic oxygen furnaces, open-hearth furnaces or electric arc furnaces (EAF) and casting.

Limestone
A sedimentary rock composed largely of the mineral calcite (calcium carbonate or $CaCO_3$). It is used in the blast furnace to form slags, which are then used in construction and other applications.

Long products
A classification of steel products that includes bars, rods and structural products that are "long" rather than "flat" and that are produced from blooms or billets.

Low-alloyed steel
Steel alloyed with other elements, usually molybdenum, manganese, chromium, vanadium, silicon, boron or nickel, in amounts of up to 10% by weight to improve the hardening ability of thick sections.

Lurgi machine
The Lurgi process is an above-ground coal liquefaction and oil shale extraction technology. It is classified as a hot recycled solids technology.

Magnetic flotation
A method for mineral upgrading or concentration, characterised in that a gangue-associated mineral having a hydrophobic surface and being in particulate form, is contacted with particles of a magnetic material also having a hydrophobic surface, whereby the mineral particles become attached to the surface of the magnetic particles, the magnetic particles with the attached mineral particles are separated from the gangue by magnetic means, and the mineral particles are then detached from the magnetic particles.

Magnetic separation
Magnetic separation is a process in which magnetically susceptible material is extracted from a mixture using a magnetic force. This separation technique can be useful in mining iron as it is attracted to a magnet.

Megapascal (MPa)
One megapascal, which is equal to 1,000,000 pascals. Pascal is the SI derived unit for pressure, and one pascal is equivalent to one newton per square metre.

Merchant bars
Merchants include long bars with round, square, flat, angled, and channelled cross sections.

Merchant concentrate
A term used to designate various types of concentrate products, which are sold to external customers for further processing or for direct use/consumption.

Metallurgical coal
Not all coke can be used in metallurgical operations; metallurgical coal is a high quality coke made from specific blend of coking coal.

Mineral
A natural, inorganic, homogenous material that can be expressed by a chemical formula.

mt (million tonnes)
A million metric unit of weight equivalent to 1,000,000 kg.

Nut coke
A wharf coke fraction with the size of pieces ranging from 10-25mm.

Open-hearth furnace
A broad, shallow hearth used to refine pig iron and scrap into steel. Heat is supplied from a large flame over the surface and the refining takes 7-9 hours.

Open-pit mine
Surface mining in which the ore is extracted from a pit or quarry.

Ore dressing
The crushing and separating of ore into valuable substances or waste by any of a variety of techniques.

PCI (Pulverised Coal Injection)
Technologies wherein pulverised/granulated/dust coal is injected into the blast furnace through the tuyers along with the blast to replace part of the coke requirement.

Pellet plant
A processing facility that takes iron concentrate as its input and produces iron ore pellets.

Pelletising
Pelletising is the process of compressing or moulding a product into the shape of a pellet. Pelletising of iron ore produces spheres of typically 8-18mm (0.31-0.71") in diameter. The process combines agglomeration and thermal treatment to convert the raw ore into pellets with characteristics appropriate for use in a blast furnace. In the case of iron ore, which is transported over a large distance, the ore becomes powder due to friction. Therefore, it is first sintered and then compressed into pellets.

Pelletising machine
A pelletising machine has a rotatable matrix disc, a variety of vertically adjustable pressing rollers which control the position of the upper and lower plungers, a drive for adjusting the height of the rollers, a housing accommodating the drive, and a bearing block supporting the pressing roller and is releasably connected with the housing.

Pellets
An enriched form of iron ore shaped into small balls or pellets. Pellets are used as raw material in the steel making process.

Pig iron
Crude iron obtained directly from the blast furnace and cast in moulds.

Rail fasteners
Metal devices used to link rails on railway lines.

Rails
A steel bar that is laid on the ground, forming a railway track.

Raw steel
Steel in the primary form of hot molten metal.

Reinforcing bar (Rebar)/ Deformed bar (Debar)
Commodity-grade steel used to strengthen concrete in highway and building construction.

Refining
A stage in the process of making crude steel during which most residual impurities are removed from the cured steel and additions of other metals may be made before it is cast (see also "Ladle furnace").

Reserves (Proved, Probable)
A "Proved Ore Reserve" is the economically mineable part of a Measured Mineral Resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate that, at the time of reporting, extraction could reasonably be justified.

A "Probable Ore Reserve" is the economically mineable part of an Indicated Mineral Source and, in some circumstances, a Measured Mineral Resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate that, at the time of reporting, extraction could reasonably be justified.

Rolled steel (products)
Steel produced to a desired thickness by being passed through a set of rollers.

SAW pipe
Pipes that are produced using submerged arc welding.

Scrap
Steel waste that is not usable as such in its existing form, which is further re-melted to produce liquid steel to produce various products. Depending on its form and type, scrap is classified as Heavy Melting Scrap, Light Melting Scrap, and Turnings/Borings, etc.

Secondary metallurgy
Using modern technology, the process of producing steel can be divided into two steps. All further steps required to produce high-grade steel take place exclusively in the ladle. Such ladle metallurgy is called secondary metallurgy.

Sections
Blooms or billets which are hot-rolled in a rolling mill to form shapes including "L", "U", "T" or "I", amongst others. Sections can also be produced by welding together pieces of flat products. Sections can be used for a wide variety of purposes in the construction, machinery and transportation industries.

Semi-finished (products)
A product category that includes pig iron, slabs, blooms and billets. Slabs, blooms and billets are the first solid forms in the steel making process. These usable shapes are further processed to become more finished products, including rebars, structural steel and wire rod.

Sinter
An aggregate which is normally produced from relatively coarse fine iron ore and other metallurgical return wastes used as an input/raw material in blast furnaces.

Slab
The most common type of semi-finished steel. Traditional slabs measure 18-25cm thick x 75-225cm wide, and are usually about 6-12m long, while the output of recently developed "thin slab" casters is approximately 5cm thick. Subsequent to casting, slabs are sent to hot-strip mills to be rolled into coiled sheet and plate products.

GLOSSARY continued

Slab conticaster
In metalworking, casting involves pouring a liquid metal into a mould, which contains a hollow cavity of the desired shape, and then is allowed to solidify. The solidified part is also known as a casting, which is ejected or broken out of the mould to complete the process.

Slag
Slag is a by-product generated when nonferrous substances in iron ore, limestone and coke are separated from the hot metal. Slag is used in cement and fertiliser production as well as for base course material in road construction.

Thermal coal
A term used to describe coal which is used primarily to generate heat. It is defined as all other hard coal not classified as coking coal. Also included in this category are recovered slurries, middlings and other low-grade coal products not further classified by type. Thermal coal is also referred to as “steam coal”.

Top blowing converter
A basic oxygen furnace (BOF) with a closed bottom and an open upper cone through which a water-cooled oxygen lance can be raised and lowered.

Upstream
Within the steel industry, upstream is a term which describes the exploration, extraction and production sectors.

Washing plant
Washing plants produce clean coking coal from raw coking coal through the process of decreasing the ash content to levels of 8-9%.

Wire
A broad range of products produced by cold and hot reducing, or by drawing wiredrawing wire rod through a series of dies to reduce the diameter, improve surface finish, dimensional accuracy, and physical properties. Typical applications include nets, screws, rivets, upholstery springs, furniture wire, concrete wire, electrical conductors, rope wire and structural cables.

Wire rod
Formed from billets, wire rods in coils are an intermediate product with a uniform round cross section dimension.

COMPANY ABBREVIATIONS

Avdiivka Coke
JSC Avdiivka Coke & Chemical Works

Azovstal
JSC Azovstal Iron & Steel Works

CGOK
JSC Central Mining and Processing Works

DTEK
Donbass Fuel-Energy Company

Yenakiieve
JSC Yenakiieve Metallurgical Works

FV
Ferriera Valsider S.p.A.

InGOK
JSC Ingulets Mining and Processing Works

Inkor
Inkor & Co LLC

KhTW
JSC Khartsyzsk Tube Works

Krasnodonvugillia
JSC Krasnodonvugillia Coal Mining Company

Metinvest
Metinvest Group

MISA
Metinvest International S.A.

SCM (SCM Group)
JCS System Capital Management

Trametal
Metinvest Trametal S.p.A.

SevGOK
JSC Severniy Mining and Processing Works

SMART (SMART Group)
JCS Smart Holding

Spartan
Spartan UK Ltd

UCC
United Coal Company LLC

CORPORATE TERMS

ACCA
The Association of Chartered Certified Accountants

CSR
Corporate Social Responsibility

Executive Committee
A group of Directors appointed to act on behalf of, and within the powers granted to them by, the Board of Directors or Supervisory Board.

HSE
Health, Safety & the Environment

KPI
Key Performance Indicators

PMD
Product & Marketing Development

PMO
Project Management Office

Supervisory Board
A group of individuals chosen by the shareholders of a company to promote their interests through the governance of the company and to hire and supervise the Executive Directors and CEO.

OTHER TERMS

CIS
Commonwealth of Independent States

ERP
Enterprise Resource Planning

ISO
International Organisation for Standardisation, the world’s largest standards developing organisation. Between 1947 and the present day, ISO has published more than 16,500 International Standards, ranging from standards for activities such as agriculture and construction, through mechanical engineering, to medical devices, to the newest information technology developments.

Kyoto Protocol
An international agreement linked to the United Nations Framework Convention on Climate Change. The Kyoto Protocol was adopted in Kyoto, Japan, on 11 December 1997 and entered into force on 16 February 2005. The Kyoto Protocol establishes legally binding commitments for the reduction of greenhouse gas (GHG) emissions produced by industrialised countries and the European community.

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Metinvest Holding LLC	117, Postysheva str., Donetsk 83001, Ukraine Tel: +38 062 388 16 00 Fax: +38 062 388 16 16	51.2%	Corporate
JSC Azovstal Iron & Steel Works	1, Leporskogo str., Mariupol 87500, Donetsk region, Ukraine Tel: +38 0629 52 70 89 Fax: +38 0629 52 70 00	94.6%	Steel & Rolled Products
JSC Yenakiieve Metallurgical Works	9, Metalurghiv av., Yenakiieve 86429, Donetsk region, Ukraine Tel: +38 06252 5 41 66 Fax: +38 06252 5 37 85	88.2%	Steel & Rolled Products
JV Metalen LLC	12, Metalurghiv av., Yenakiieve 86429, Donetsk region, Ukraine Tel: +38 06252 9 70 10 Fax: +38 06252 5 10 13	95.6%	Steel & Rolled Products
JSC Khartsyzsk Tube Works	9, Patona str., Khartsyzsk 86703, Donetsk region, Ukraine Tel: +38 06257 4 21 68 Fax: +38 06257 4 56 95	95.1%	Steel & Rolled Products
Ferriera Valsider S.p.A.	Oppeano (VR) Via Antonio Saleri, 36 CAP 37050, Frazione Vallese, Italy Tel: +39 02 760 133 59 Fax: +39 06 884 15 35	70.0%	Steel & Rolled Products
Metinvest Trametal S.p.A.*	Via XII Ottobre 3, Piano cap 16121, Genova, Italy Tel: +39 010 5762911 Fax: +39 010 5762990	100.0%	Steel & Rolled Products
Spartan UK Ltd*	Ropery Road, Teams, Gateshead, Tyne and Wear NE8 2RD, UK Tel: +44 (0) 191 4604245 Fax: +44 (0) 191 4600567	100.0%	Steel & Rolled Products
Metinvest International S.A.	Rue Vallin 2, Geneva, Switzerland Tel: +41 22 593 63 63	100.0%	Steel & Rolled Products
Metinvest Ukraine LLC	80-A, Kovalya str., Donetsk 83001, Ukraine Tel: +38 062 332 52 52 Fax: +38 062 332 52 77	51.6%	Steel & Rolled Products
Leman Ukraine LLC	2, Mechnikova str., Kyiv 01601, Ukraine Tel: +38 044 537 44 37 Fax: +38 044 537 44 88	100.0%	Steel & Rolled Products
JSC Avlita	2-G, Prymorska str., Sevastopol 99016, Ukraine Tel: +38 0692 67 64 02 Fax: +38 0692 67 64 03	65.6%	Coke & Coal

* Entity acquired by the Group in 2008

PRINCIPAL SUBSIDIARIES OF METINVEST B.V. continued

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JSC Krasnodonvugillia Coal Mining Company	5, Komsomolska str., Krasnodon 94400, Luhansk region, Ukraine Tel: +38 06435 2 23 54 Fax: +38 06435 2 51 46	79.9%	Coke & Coal
Inkor & Co LLC*	93-A, Ilyicha av., Donetsk 83003, Ukraine Tel: +38 062 332 24 33 Fax: +38 062 332 24 33	51%	Coke & Coal
United Coal Company LLC**	United Coal Company The USA, West Virginia 103 Station Place Way Hurricane, WV 25526 Tel: +1 304 757 0292 Fax: +1 304 757 0297	100%	Coke & Coal
JSC Severniy Mining and Processing Works	Kryvyi Rih 50079, Dnipropetrovsk region, Ukraine Tel: +38 0564 39 63 01 Fax: +38 0564 38 43 62	41.5%	Iron ore
JSC Central Mining and Processing Works	Kryvyi Rih 50066, Dnipropetrovsk region, Ukraine Tel: +38 056 406 81 65 Fax: +38 056 451 32 82	49.8%	Iron ore
JSC Ingulets Mining and Processing Works	47, Rudna str., Kryvyi Rih 50064, Dnipropetrovsk region, Ukraine Tel: +38 056 407 63 01 Fax: +38 056 407 63 11	82.5%	Iron ore

* Entity acquired by the Group in 2008
** Entity acquired by the Group in 2009

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