METINVEST®

ANNUAL REPORT 2009

IRON ORE

COKE & COAL

STEEL & ROLLED PRODUCTS

VERTICALLY INTEGRATED WITH INTERNATIONAL PRESENCE

Headquarters

1 METINVEST B.V.

Operating companies

IRON ORE

2 INGULETS GOK
3 NORTHERN GOK
4 CENTRAL GOK
5 DANUBE SHIPPING

COKE & COAL

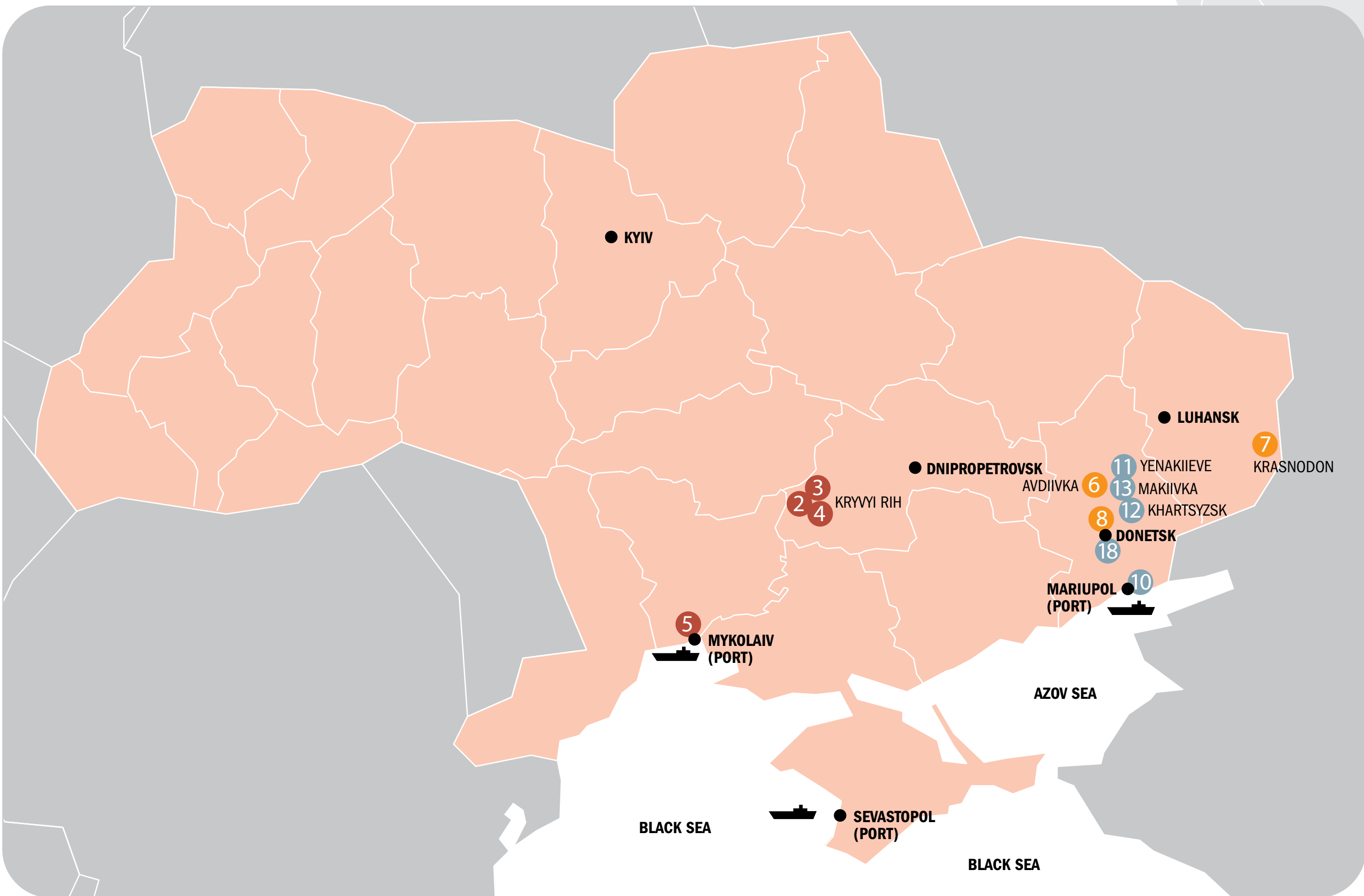
6 AVDIIVKA COKE
7 KRASNODON COAL
8 INKOR CHEMICALS
9 UNITED COAL

STEEL & ROLLED PRODUCTS

10 AZOVSTAL
11 YENAKIIEVE STEEL
12 KHARTSYZSK PIPE
13 MAKIIVKA STEEL
14 FERRIERA VALSIDER
15 METINVEST TRAMETAL
16 SPARTAN
17 PROMET STEEL
18 SKIFF-SHIPPING

See full company names in the Glossary on page 62


16 UNITED KINGDOM GATESHEAD
1 NETHERLANDS 'S-GRAVENHAGE
UKRAINE
14 ITALY VERONA
15 ITALY GENOVA
17 BULGARIA BURGAS


KYIV
LUHANSK
7 KRASNODON
DNIPROPETROVSK
11 YENAKIIEVE
AVDIIVKA 6
13 MAKIIVKA
3
2 4 KRYVYI RIH
8
12 KHARTSYZSK
DONETSK
18
10
MARIUPOL (PORT)
5
MYKOLAIV (PORT)
AZOV SEA
BLACK SEA
SEVASTOPOL (PORT)
BLACK SEA

A GLOBAL LEADER IN MINING AND STEEL PRODUCTION

Metinvest is a vertically integrated mining and steel producer owning assets in Ukraine, Europe and the United States and managing each link of the production chain – from iron ore and coal mining and coke production, through to semi-finished and finished steel production; including the manufacturing of plate and coil, pipe rolling, shapes and bars and other value-added products.

Metinvest's integrated divisional structure – Iron Ore, Coke & Coal and Steel & Rolled Products – allows it to grow efficiently, capitalise on the growth of emerging markets and to successfully withstand the challenges of economic cycles.

The Group strives to adhere to the highest levels of corporate governance and transparency throughout all its activities. Metinvest is committed to achieving the sustainable social and economic development of its business by promoting health, safety and environmental values.

Metinvest B.V., a controlling entity of Metinvest Group, is registered in the Netherlands and jointly owned by JSC System Capital Management (SCM) (75%) and JSC Smart Holding (SMART) (25%).

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2009 HIGHLIGHTS

FINANCIAL

Consolidated revenue **US$6,026m**

Adjusted EBITDA[1] **US$1,449m**

Adjusted EBITDA margin **24%**

Operating profit **US$604m**

Net profit **US$334m**

Operating cash flow **US$1,210m**

Free cash flow **US$886m**

OPERATING

Ranked as the sixth largest producer of iron ore materials in the world

Became the first Ukrainian producer to commence capesize export shipments of iron ore

Acquired United Coal, one of the leading producers of coking coal in the United States

Acquired Promet Steel and control of Makiivka Steel, producers of shapes and bars located in Bulgaria and Ukraine, respectively

Launched the next stage of the construction of Blast Furnace No.3 at Yenakiieve Steel

Commissioned a new rolling mill 390 at Makiivka Steel

1 Here and further: adjusted EBITDA represents profit before income tax before finance income and costs, depreciation and amortisation, impairment and devaluation of property, plant and equipment, sponsorship and other charity payments, corporate overheads, share of result of associates and other non core expenses.

OVERVIEW: METINVEST AT A GLANCE

FAST GROWING AND HIGHLY PROFITABLE

WHO WE ARE

We are a fast-growing international mining and steel company, and one of the lowest cost producers of steel in the world.

VISION

We aim to build a well-balanced international mining and steel group producing high quality products which meet our clients' demands. 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.

STRATEGY

Our key strategic goal is to become one of the world's leading and most efficient mining and steel companies.

Business strategy page 8

WHAT WE DO

Being vertically integrated, we manage the entire production chain from iron ore and coking coal mining and processing, and coke production, to a diversified range of semi-finished and finished steel products.

STEEL & ROLLED PRODUCTS DIVISION

Produced 7.0 million tonnes of crude steel, 4.5 million tonnes of semi-finished, 4.2 million tonnes of finished products and 0.5 million tonnes of pipes in 2009

COKE & COAL DIVISION

Produced 9.6 million tonnes of coking coal, 2.8 million tonnes of steam coal and 4.1 million tonnes of coke in 2009

IRON ORE DIVISION

Produced 17.6 million tonnes of merchant iron ore concentrate and 11.6 million tonnes of pellets in 2009

WHERE WE OPERATE

Metinvest's mining and steel production facilities are located in Ukraine, Europe and the USA. The Company has built a broad international sales network covering all key global markets.

OPERATIONS

IRON ORE

The Iron Ore division's main production facilities, Northern GOK, Ingulets GOK and Central GOK, are located in the Kryvyi Rih region of Ukraine in close proximity to Metinvest's steel production facilities.

COKE & COAL

Most of the Coke & Coal's production facilities are based in Eastern Ukraine, while United Coal 's operations are located in the central Appalachian region of the United States.

STEEL & ROLLED PRODUCTS

The Steel & Rolled Products division's operations are located in Ukraine, the UK, Italy and Bulgaria.

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 and emerging markets.

Our Employees: We aim to provide the best possible working conditions that will ensure safety for our employees and opportunities to develop their professional careers.

Our Investors & Partners: We aspire to communicate with the highest levels of transparency to all of our stakeholders, while demonstrating value creation and delivering on our commitments.

CSR

Metinvest is committed to achieving the highest standards in Corporate Social Responsibility (CSR) and recognises its connection to the sustainable social and economic development of the regions and countries where it operates.

CSR page 48

IRON ORE DIVISION

Metinvest is one of the leading producers of iron ore concentrate and pellets globally and the largest one in Ukraine. It 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 in Ukraine, Europe and Asia.

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COKE & COAL DIVISION

The Coke & Coal division produces coking and steam 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.

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STEEL & ROLLED PRODUCT DIVISION

Metinvest's main products in this segment include semi-finished products (slabs and billets) and a diversified range of finished steel products (flat and long products), and pipes.

Business review page 38

SALES

Metinvest has a leading market position in the sale of products with strong growth profiles both domestically and internationally, including iron ore and coke products for the Ukrainian and global steel producing industries. The Group sells the majority of its steel products to the construction and communication sectors (long products), ship- and machine-building sectors (flat products), oil and gas production and transportation (pipes) and railway infrastructure development (rails).

KEY SALES FIGURES 2009	US$ m	% of total sales
Ukraine	1,632	27.1
South East Asia	1,384	23.0
Europe	1,126	18.7
CIS	936	15.5
Middle East & North Africa	617	10.2
North America	284	4.7
Other countries	47	0.8
Total	6,026	100

Sales review page 24

OVERVIEW: COMPETITIVE ADVANTAGES

VERTICALLY INTEGRATED TO MAXIMISE VALUE

Being vertically integrated provides Metinvest with a number of advantages and opportunities. Full control of vital cost inputs enhances stability as it reduces the impact of market fluctuations and helps to maximise margins. Solid cash flows allow for value-added investments and coordinated decision-making enables efficient resource allocation, thus maximising the value of our business for clients, employees and our stakeholders.

Managing the entire production chain, from raw materials to finished products

Metinvest capitalises on its unique opportunity to utilise inter-group synergies by combining its operating companies into a unified business structure. This enables the Company not only to attain substantial growth through the performance of single entities, but also increases the overall efficiency of the business as a whole.

Fully self-sufficient in iron ore and coke with access to proven reserves

Metinvest's exposure to high and fluctuating raw material prices is limited by its significant internal sources of raw materials. In 2009, Metinvest produced internally approximately 270%, 105% and 135% of its iron ore, coking coke and coal requirements, respectively. Metinvest is the only Ukrainian company to be self-sufficient in iron ore and the sixth largest iron ore producer in the world. In addition, the acquisition of United Coal in the United States, which was completed in April 2009, has secured long-term supplies of high quality coking coal. Metinvest's ability to source raw materials internally and from affiliates provides it with a greater stability of operations, better control of end-product quality and improved flexibility and planning latitude in the production of steel.

Diversified products with competitive pricing

Metinvest produces a diversified range of products at competitive prices including iron ore products, coke and coal products, semi-finished and finished steel products, including rolled products and pipes. Metinvest's diversified product range reduces its exposure to fluctuations in the demand for any particular product, and hence its dependence on the performance of any particular steel-consuming industry.

Favourable geographic location serving a diverse range of international end-customers

Metinvest's production facilities are conveniently located to take advantage of relatively low-cost sea and rail transport. This allows for the inexpensive shipment of its products to both domestic and European markets as well as the fast-developing markets of the Middle East, South East Asia, the CIS and China. The Company exports a substantial portion of its steel products to over 1,000 customers located in more than 75 countries. Metinvest's diversified customer base adds to stability of its revenues and margins, provides further growth opportunities and reduces the Company's reliance on the economy of any single market or the performance of any particular industry.

Large-scale and low-cost operations

Being based in Ukraine enables Metinvest to maintain a relatively low cost base compared to many of its global competitors. The Company's iron ore and coke-producing assets are located close to its steel-producing assets, thus enabling Metinvest to benefit from a secure supply of key raw materials and from low raw material transportation costs. Metinvest's main production facilities, including Azovstal, Northern GOK, Central GOK and Yenakiieve Steel, benefit from relatively low electricity tariffs and comparatively inexpensive natural gas in Ukraine. In addition, Ukraine currently has relatively low labour costs, including fewer pension obligations as compared to other steel-producing regions such as the United States, Western Europe, Japan and South Korea. Metinvest also controls its own logistics and distribution network, including a seaport and rail and shipment facilities, enabling greater control of both the importing of raw materials and the exporting of its products.

OVERVIEW: COMPETITIVE ADVANTAGES

UNIQUELY POSITIONED FOR MARKET RECOVERY AND GROWTH

Proven and experienced management team and Supervisory Board of Directors

Metinvest's senior management team combines extensive industry and market experience with financial and management expertise, and its Supervisory Board of Directors includes individuals who have been involved in Metinvest's business for five to ten years, as well as two independent non-executive Directors with broad international experience. At an operational level, Metinvest has developed, and continues to refine, a Western style management structure that is focused on improving accountability and decision-making processes. Equipped with international experience and advanced business qualifications, the management team's ability to improve the performance of the Company's assets and respond to changing market conditions is evidenced by the increased operating efficiency and the maintenance of profitability despite the recent highly volatile operating environment.

A clear vision

Metinvest aims to be one of the world's leading and most efficient mining and steel companies. This focused vision is supported by a balanced set of strategic priorities aimed at increasing its production volumes, operating efficiencies and product range as well as improving product quality and services whilst remaining competitive, limiting exposure to price fluctuations and adhering to the strictest standards of social, corporate and environmental responsibility.

Strong market position with increasing capacity

Metinvest's attractive market position, combined with strong historical cash flow generation, enables the Company to continue capitalising on the expected growth in both domestic and international markets for its products. Metinvest has actively sought to strengthen its market position globally and domestically through the acquisition of Ingulets GOK in November 2007, followed by the acquisition of Metinvest Trametal and Spartan in February 2008, the acquisition of Promet Steel and a controlling stake in Makiivka Steel in 2009, and the acquisition of United Coal in April 2009. As a result of the acquisition of Ingulets GOK, Metinvest's annual iron ore concentrate production capacity increased by 14.8 million tonnes. The acquisition of Metinvest Trametal and its subsidiary Spartan increased Metinvest's annual flat product capacity by 0.8 million tonnes. The acquisition of Promet Steel and a controlling interest in Makiivka

Steel increased Metinvest's annual long product capacity by 2.3 million tonnes, while the acquisition of United Coal increased the Group's coking and steam coal production capacity by 5.4 and 3.8 million tonnes, respectively.

Increasing geographical diversification with access to high-growth markets

Thanks to its unique geographic position, Metinvest benefits from access to the mature markets of Western Europe and North America, in particular following its recent acquisitions in the United States and Europe (including the United Kingdom, Bulgaria and Italy). Metinvest's acquisition of United Coal in the United States is expected to enhance its presence in the North American steel market. Global diversification allows Metinvest to benefit from international steel industry know-how and access best practice across the world. Metinvest is also well-positioned to capitalise on growth in the Middle Eastern, North African and South East Asian markets as well as in the CIS due to favourable logistics, cost competitiveness and strong customer relationships in these key markets.

Robust financial performance, excellent credit profile and conservative approach to debt

Metinvest benefited from strong demand in the steel markets prior to 2009, recording gross profit of US$4,838 million and profit before tax of US$3,558 million in 2008, which enabled the Company to invest in consolidating its existing plants and in modernising its operations. Metinvest also has a strong financial position, with its net debt to equity ratio being reduced by 5.9% year-on-year to 32.6% as of 31 December 2009. Metinvest has historically maintained a prudent approach to its debt management. The Group's strong operating profit and financial position has helped it to

maintain its business during the downturn in the steel markets in late 2008 and early 2009 and will support the Company's future business growth. Despite adverse market conditions, Metinvest generated US$1,210 million of net cash flow from operating activities in 2009. Going forward, Metinvest has a well-balanced debt repayment schedule and continues to benefit from a strong credit, which is capped by Ukraine's sovereign rating.

Promoting sustainable and responsible growth

Managing the Group's impact on the environment is a key priority for Metinvest. The ecological sustainability of Metinvest's enterprises is considered a top priority and each Metinvest enterprise has an internal environmental department to ensure compliance with all applicable environmental regulations and standards. In accordance with its Health, Safety & Environment (HSE) strategy, Metinvest continuously develops and implements environmental programmes aimed at reducing any existing and potential ecological impact relating to Metinvest's activities. In 2009, Metinvest invested US$202 million in environmental activities for its enterprises. Seven of Metinvest's plants, including Northern GOK, Ingulets GOK, Central GOK, Khartsyzsk Pipe, Ferriera Valsider, Inkor Chemicals and Promet Steel have already been certified compliant with the ISO 14001 environmental standard, whilst the other plants are currently taking steps to obtain certifications. Metinvest expects that all of its production facilities will be certified as ISO 14001 compliant over the next few years. See page 48 for more details on Metinvest's Corporate Social Responsibility.

OVERVIEW: BUSINESS STRATEGY

WE AIM TO BE ONE OF THE WORLD'S LEADING MINING & STEEL COMPANIES

Metinvest recognises the necessity to be flexible in a fast-changing environment. It is this dynamic approach to its strategy that has allowed the Company to develop into a successful and profitable business: understanding the world in which it operates, new market opportunities and understanding its own integral strengths.

The following strategic priorities and actions are well-balanced to ensure the sustainable development of Metinvest's business, social, economic and environmental plans to build one of the world's leading and most efficient mining and steel companies.

OUR STRATEGY IN ACTION

Increasing vertical integration

Metinvest seeks to enhance its profitability and the security of its supply chain by increasing vertical integration, particularly with respect to iron ore and high quality coal.

- Metinvest plans to intensify the production of iron ore at Northern GOK through both operational improvements and targeted investments in volume expansion. The acquisition of United Coal improved Metinvest's self-sufficiency in coking coal by approximately 48.4% and is expected to further secure long-term supplies of high quality coal to Metinvest.

Integrating downstream and strengthening position in finished products

Metinvest intends to strengthen its market position in value-added products by expanding its downstream capacity, which will allow the Company to increase production of structural products which yield higher margins. At the same time, the Company intends to reduce its reliance on sales of lower value semi-finished steel products such as slabs and billets, ultimately ceasing to be a supplier of semi-finished products to the market.

- Management expects that the planned integration of the Group's additional downstream assets in the EU – including Ferriera Valsider, Metinvest Trametal, Spartan and Promet Steel – will enable Metinvest to benefit from access to the EU market. In addition, Metinvest intends to reconstruct plate mill No. 3600 at Azovstal and modernise its rolling mill No. 250 at Yenakiieve Steel. The Company anticipates that these projects will increase annual long product capacity by 0.7 million tonnes and its annual flat product capacity up to 5.5 million tonnes. Metinvest may also pursue selective acquisition opportunities to expand its steel rolling capacity. In the long-term, Metinvest plans to increase the output of its finished steel products so that it consumes more of its iron ore products internally.

Continuing to produce high quality products

Metinvest intends to continue to improve its product mix by producing high quality iron ore concentrate with higher iron content and reduced silicon content and increasing its production of value-added iron ore pellets and finished steel products.

- Metinvest has implemented strict quality control procedures at its production facilities with its quality control departments monitoring the production process to control output quality and the types of technology employed. Overall, Metinvest's products meet high standard requirements recognised worldwide as confirmed by leading global certification organisations including Lloyd's Register, Germanischer Lloyd, Det Norske Veritas, American Bureau of Shipping, Bureau Veritas, Registro Italiano Navale (RINA), Nippon Kaiji Kyokai (NKK), AMI, TÜV NORD CERT GmbH and many others.
- In 2009, Northern GOK produced 0.5 million tonnes of 68.4% Fe concentrate (compared to 66.0% Fe previously) as a result of a quality optimisation programme implemented at the end of 2008 and the start of 2009; Northern GOK is working with key national and foreign consultants on iron ore concentrate quality enhancement (feasibility study).
- In 2009, the quality optimisation project tested at Northern GOK was applied to Ingulets GOK, successfully producing 1.4 million tonnes of iron ore concentrate with 67.5% Fe content without flotation technology (as opposed to 63.7% Fe before). In addition, Ingulets GOK is in the process of completing the second phase of its magnetic flotation programme aimed at increasing Fe content of the iron ore concentrate to 68.0% +.

Enhancing operating efficiency and increasing productivity through new technology

Metinvest seeks to invest in improved technologies for steel and rolled products in accordance with its strategy developed in cooperation with best-in-class technical advisers.

- Metinvest plans to implement pulverised coal injection (PCI) technology at the blast furnaces of Yenakiieve Steel, which is expected to reduce the consumption of the more expensive coking coals by replacing coke with cheaper PCI coals and nearly eliminate the consumption of natural gas as well as assist in maintaining furnace stability and improving the quality of hot metal.

Implementing human resource programmes to reduce costs

Metinvest aims to maximise the efficiency of its operating facilities and use of resources based on world-class know-how and advice from leading consultancies.

- Metinvest plans to reduce the cost of its steel production by managing employee headcount as productivity increases and outsourcing its non-core operations, such as repair and maintenance and other support functions. Metinvest also plans to continue to carry out a series of human resources programmes to train production workers in the use of new technologies, which is expected to improve the skills of line managers, and increase the transparency of personnel performance evaluations and remuneration policy.

Growing organically within existing asset base

Metinvest leverages its cost competitiveness by maximising economies of scale in its existing assets and balancing investments in production optimisation along the entire value chain.

- In 2009, Metinvest increased its production of iron ore concentrate at Northern GOK by 1.2 million tonnes, or 9.5%, year-on-year.
- Metinvest completed the first of the two modernisation phases of pellet plant Lurgi 278-B at Northern GOK, which is expected to increase Northern GOK's annual pellet production capacity by 2.1 million tonnes. Metinvest also intends to modernise Northern GOK's existing pellet plant OK 306-1 which is expected to result in improved safety and environmental standards for the plant through a significant decrease in air pollution levels and an increased annual pellet production capacity of 0.4 million tonnes (of which an increased annual pellet production capacity of 0.2 million tonnes has been achieved to date).
- By installing accelerated cooling at its Azovstal plate mill, Metinvest expects to increase its annual strips production capacity by approximately 20.0% and achieve a significant reduction in costs whilst

OUR GOALS

Our operational teams' actions are driven by Metinvest's common strategic goals. Our performance targets are set against a wide range of parameters in line with our Group strategy. This ensures that we fulfill our promises to build a valuable and responsible business for everyone.

INCREASE LONG-TERM COMPETITIVENESS

Leverage vertical integration synergies

Expand geographic and product markets

Continue to diversify sources of raw materials

BE A LEADER IN OPERATIONAL EFFICIENCY

Achieve superior growth within our existing asset base

Reduce production costs through the use of more efficient technologies and equipment

Reduce reliance on third-party suppliers

BE A RESPONSIBLE CORPORATE CITIZEN

Ensure the highest standards of safety

Reduce environmental impact

Positively contribute to societies within areas of operation

BE THE COMPANY OF CHOICE

For customers: quality, service and price

For employees: training support, empowerment and rewarding remuneration

For investors: sustainable, quality earnings

For partners: integrity in all we do

OVERVIEW: BUSINESS STRATEGY CONTINUED

Delivering high value products and services worldwide

expanding its product range.

- Metinvest is also planning for the future sustainability of production and costs, including investments in its logistics infrastructure such as the construction of a general purpose terminal to be completed in 2011, which will be operated by Danube Shipping at the port of Mykolaiv. With annual capacity of approximately 3.4 million tonnes, the new terminal will handle merchant iron ore concentrate and pellets and is expected to decrease costs through a reduction in port handling fees and the removal of existing logistical constraints due to the proximity of the port of Mykolaiv to Metinvest's iron ore deposits.

Building long-term customer relationships and delivering high quality customer service worldwide

Metinvest strives to build long-term relationships with its customers worldwide by targeting key industries and markets, integrating its products with end-users, providing technical support to its customers and strengthening the Metinvest brand by continuing to build a reputation for quality and reliability.

- Metinvest has recently restructured its sales organisation and centralised its financial and statistical functions, which is expected to make its distribution network more product-oriented, focusing on value-added products, such as long and flat products. Read more about our Sales network on page 24.

Pursuing selective acquisition opportunities

Metinvest expects to continue its structured approach to acquisitions to facilitate its strategy of vertical integration and improve its product mix.

- In its core business areas, Metinvest may consider acquisition opportunities to gain access to additional sources of raw materials or to production facilities for higher-margin products if the acquisition costs are more attractive than the costs of constructing similar production facilities.
- Metinvest may also pursue acquisitions in non-core areas, such as transportation facilities, including railway cars and ports, in order to decrease its dependence on monopolistic supply.

Diversifying coal supplies

Metinvest intends to diversify and secure its supplies of coal by importing high quality, low sulphur coal from countries outside of the CIS, primarily the United States. While Metinvest plans to continue to source coal from Ukraine and from Russia, its decreased reliance on suppliers in these markets will allow it to raise quality of coal inputs and negotiate more favourable purchase terms, including lower prices.

- Metinvest also plans to use PCI coal, which can be used as a source of energy and as a replacement for coke at those of Metinvest's blast furnaces that will be equipped with PCI technology.

Maintaining high levels of transparency and corporate responsibility

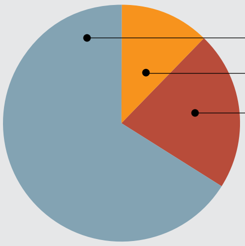
Metinvest intends to continue to build and retain an experienced and motivated professional management team and maintain the transparency and efficiency of its management system through high corporate governance standards and the setting and retaining of KPIs. Metinvest also intends to fully implement its HSE strategy, which has been formulated in line with global best practice, over the coming years.

- Metinvest's integrated HSE management system complies with OHSAS 18001 and ISO 14001 standards. Metinvest obtained certificates of compliance with ISO and OHSAS standards for most of its facilities with Azovstal, Yenakiieve Steel, Khartsyzsk Pipe and Krasnodon Coal certified to comply with OHSAS 18001, while Northern GOK, Ingulets GOK, Central GOK, Inkor Chemicals and Promet Steel are certified to comply with both ISO 14001 and OHSAS 18001 standards. Ferriera Valsider is certified to comply with ISO 14001. Read more about our Corporate Governance and CSR starting on pages 44 and 48, respectively.

KEY PERFORMANCE INDICATORS

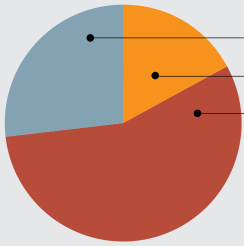
FINANCIAL

Consolidated revenue by division



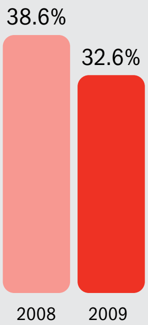
	US$ m	%
Steel	3,990	66.2
Coke & Coal	737	12.2
Iron Ore	1,299	21.6
Total	**6,026**	**100**

Adjusted EBITDA by division

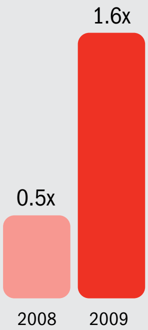


	US$ m	%
Steel	394	27.2
Coke & Coal	244	16.8
Iron Ore	811	56.0
Total	**1,449**	**100**

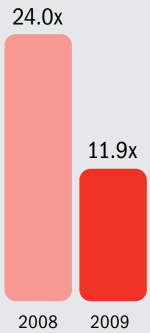
Net debt to equity ratio



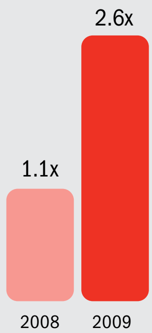
Net debt to EBITDA ratio



Interest coverage ratio

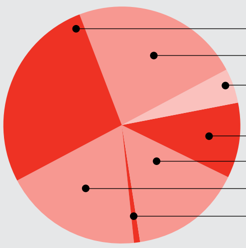


Net debt to free cash flow



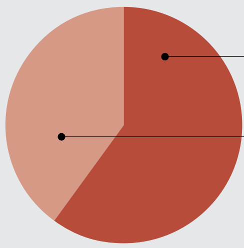
OPERATIONAL

Consolidated revenue by region, US$ m



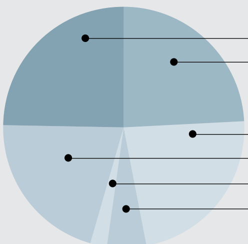
	Steel	Coke & Coal	Iron ore	Total by region
Ukraine	536	377	719	**1,632**
South East Asia	994	3	387	**1,384**
North America	2	282	–	**284**
Middle East and North Africa	543	31	43	**617**
CIS	908	28	–	**936**
Europe	963	13	150	**1,126**
Other	44	3	–	**47**
Total by product	**3,990**	**737**	**1,299**	**6,026**

Iron Ore division production



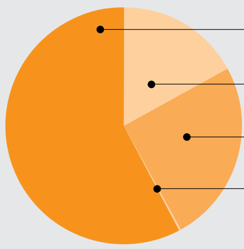
	Million tonnes
Iron ore concentrate:	
Merchant iron ore concentrate	17.6
Pellets	11.6

Steel & Rolled Products division production



	Million tonnes
Semi-finished	
Slabs	2.3
Billets	2.2
Finished	
Shapes and bars[1]	2.1
Hot-rolled plates	1.9
Hot-rolled coils	0.2
Pipes	0.5

Coke & Coal division production



	Million tonnes
Coking coal[2]	9.6
Steam coal[2]	2.8
Coke	4.1
Chemical products	0.04

1 Includes fully consolidated production figures of Makiivka Steel which Metinvest controls since 2009 and Promet Steel which was acquired in 2009.
2 Includes fully consolidated production figures of United Coal which was acquired in 2009.

OVERVIEW: CHAIRMAN'S STATEMENT

CREATING VALUE

I am pleased to present you with Metinvest's 2009 Annual Report. 2009 was a challenging year for the global economy and for the mining and steel industry in particular. It was a year in which everyone worked under strained conditions of high uncertainty due to constant changes in the macroeconomic environment. As a consequence, the effective planning of both production and investments was constrained. Nevertheless, the results of Metinvest Group are very strong given this backdrop. The Company's revenues amounted to US$6,026 million and, given our excellent progress in reducing operating costs, we were able to deliver a stable operating cash flow.

The aptness of our corporate strategy and the sequence of its implementation, as well as the Group's ability to adapt to rapidly changing external factors and to make effective decisions, allowed Metinvest to strengthen its positions even during what many have called a 'historical crisis' year. Our results speak for themselves as, by the middle of the year, we had already increased output production in most of Metinvest's enterprises. The financial results of the Company in 2009 are therefore encouraging, delivering adjusted EBITDA of US$1,449 million and net profit of US$334 million.

We achieved such financial stability by increasing operating efficiency and rigorously prioritising our capital expenditures. A platform for growth was already largely established in 2009 through earlier investments in Metinvest's key development projects. In 2010, we will retain the same focus on building capacity for growth through the implementation of major long-term investment projects. The aim of these projects is to develop and modernise our production capacity, and the present volume of capital investments in our mining and steel business is fully aligned with the current external factors.

I am confident that this approach will help us not only to improve the quality of products but also to reduce costs, thus improving our competitiveness in world markets in the near future. We assigned US$324 million to modernise existing production facilities (in particular, building a blast furnace No.3 at Yenakiieve Steel and installing a new rolling mill 390 at Makiivka Steel), during the year. And we are determined that in 2010 we will be able to increase investment volumes to continue implementing the projects that were suspended due to the credit crunch, including the modernisation of a pellet plant and construction of iron ore beneficiation sections at Northern GOK, the construction of accelerated cooling plant at Azovstal's plate mill, and to launch new projects, including the construction of the Affinity mining complex at United Coal.

In addition, during the reporting year, we continued working to strengthen our position in the European market, which is a key region for Metinvest's future development. I am pleased to report that the Group's enterprises quickly and successfully passed the preliminary registration procedures in accordance with the EU's REACH regulations, which will guarantee us ongoing access to the EU market.

To effectively compete with the largest mining and steel companies in the world, including in the capital markets, we continued to implement best practices in corporate governance throughout 2009. Our main goal in this area is to ensure that corporate governance in Metinvest meets the highest international standards and practices. It is especially important now, as we have reached the final stage in unifying our mining and steel assets with those of SMART under the auspices of Metinvest.

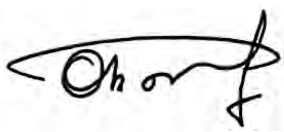
Metinvest's effective business principles were further demonstrated through the systematic introduction of the principles and standards of social responsibility at each enterprise within the Group. During 2009, Metinvest carried a number of significant developments within prioritised areas, which included industrial health and safety, environmental protection, community development and social protection and also professional development. In addition, we published our first-ever Group Social Report for 2008, which was in compliance with GRI (Global Reporting Initiative) standards and was presented at the beginning of 2009.

I would like to stress that the mining and steel operations evolved in 2009 into a more balanced, efficient and flexible business. In 2010, we plan to keep our focus on the improvement of our operational performance and, at the same time, on utilising the opportunities for profitable growth. The shareholders' objectives in the mining and steel industry remain unchanged: to strengthen Metinvest's position as a balanced mining and steel company in both the Ukrainian and global markets. One of the most important steps towards the achievement of this goal in 2009 was the acquisition of American coal company, United Coal, which has significant reserves of high quality coking and steam coals.

In 2010, we plan to continue modernising our production capacity and actively promoting the Group's products in overseas markets. To do this, we will continue to implement our established strategy of developing the Metinvest Group utilising our core advantages, including the vertical integration of the business, our modern corporate governance structure, the unique experience we have in developing mining and steel enterprises and our ownership of raw material bases and geographically diversified capacity.

In conclusion, I would like to thank all the members of the Supervisory Board and its committees, the entire management team of Metinvest, and all managers of the industrial enterprises for their excellent work and personal contributions to the achievement of our common goals. Without you, it would not be possible to implement either short-term plans or a long-term Group strategy.

And, finally, I would like to express my sincerest gratitude to our employees. It is the highly professional, dynamic, effective and loyal Metinvest team that is the major factor in the Company's success, its main competitive advantage and its most valuable asset.



Oleg Popov
Chairman of Supervisory Board

ECONOMIC AND INDUSTRY ANALYSIS

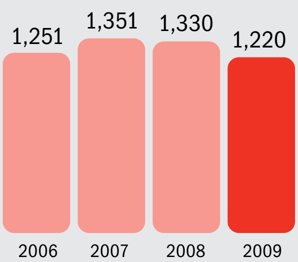
The decrease in demand for iron ore, coking coal and steel products in late 2008 was a consequence of the global economic downturn and its impact on various steel-based industries. Global steel prices decreased and this downward trend continued during the first three months of 2009. In addition, a lack of consumer confidence prevented many steel consumers from restocking their inventories.

During 2009, steel production declined in nearly all the major steel producing countries and regions including the EU, North America, South America and the CIS.

During the second half of 2009, the global economy started to pick up. Steel consumption began to recover, leading to growing steel prices and coking coal prices on the spot-market.

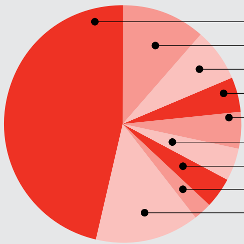
Despite the global economic downturn, the worldwide iron ore trade in 2009 was higher than in 2008 and overall demand for iron ore is expected to remain strong in 2010 due to rising Chinese consumption and its growing need for imports.

Crude steel production
Million tonnes



Source: WSA 2009 Steel Statistical Yearbook and steel monthly statistics for 2009

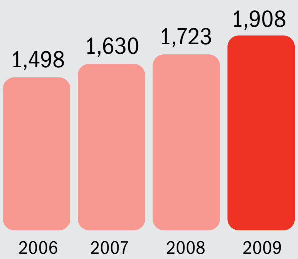
Crude steel production by region
Million tonnes



China	568
EU	139
Japan	87
United States	58
Russia	60
India	57
South Korea	49
Ukraine	30
Other	172
Total	**1,220**

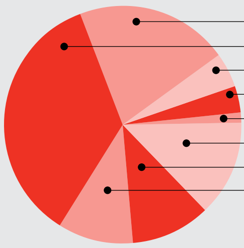
Source: WSA steel monthly statistics for 2009

Iron Ore production
Million tonnes



Source: CRU

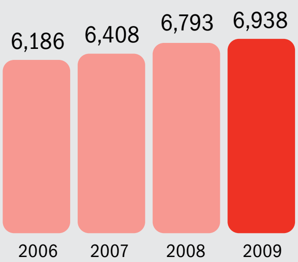
Iron Ore production by region
Million tonnes



Australia	397
China	677
Russia	91
Ukraine	66
United States	27
Brazil	252
India	203
Other	195
Total	**1,908**

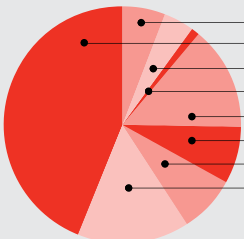
Source: CRU, Ukrrudprom and Soyuz-ruda

Coal production
Million tonnes



Source: BP Statistical Review of World Energy June 2010

Coal production by region
Million tonnes



Australia	409
China	3,050
Russia	298
Ukraine	72
United States	973
India	558
EU	537
Other	1,041
Total	**6,938**

Source: BP Statistical Review of World Energy June 2010

EXECUTIVE REVIEW: GENERAL DIRECTOR'S REPORT

DELIVERING POSITIVE FINANCIAL AND OPERATING RESULTS

Welcome to our 2009 Annual Report. As many of you will already know, Metinvest is the largest fully vertically integrated mining and steel business in Ukraine. This makes us one of the leading producers of iron ore, coke & coal and steel in the CIS region. The organisation is vertically integrated to realise the synergies between our three divisions – Iron Ore, Coke & Coal and Steel & Rolled Products – and to ensure profitable growth and efficient management of resources, with a strong emphasis on Corporate Governance, Social Responsibility, Health & Safety and the Environment.

I would like to share with you my thoughts on how Metinvest performed during what was a very turbulent year in our markets, and how we are positioning the Group to emerge as a leading player in the global mining and steel industry over the coming years.

2009: Resilient Financial Performance Amidst Challenging Market Conditions

Metinvest reported consolidated revenues of US$6,026 million in 2009, a 54.4% decrease compared to 2008. The Steel & Rolled Products division accounted for 73.3% of this reduction as the average price of steel fell by 40.8% in 2009 compared to the levels witnessed in 2008. This, combined with the contraction in global demand for steel products, resulted in Metinvest's sales volumes for finished steel products decreasing from 9.9 million tonnes in 2008 to 7.2 million tonnes in 2009. The Iron Ore and Coke & Coal segments accounted for the remaining 18.6% and 8.1% decrease in Metinvest's consolidated revenues, respectively.

Despite reporting significantly lower levels of revenue when compared to 2008, Metinvest was able to deliver a resilient bottom-line performance in 2009 as a result of both decreases in the cost of raw materials and the Anti-Crisis Action Plan adopted by the Group's management team prior to the onset of the global financial crisis.

As I reported to you in last year's Annual Report, since the second half of 2008, we have undertaken a number of measures in order to optimise and streamline our production facilities. This has included key actions in the last 18 months, such as the reduction of open-hearth production at Azovstal and the shutting down of a blooming mill at Yenakiieve Steel. Significant steps have also been taken in order to minimise the Group's cost base by transferring operations to the most cost-efficient production sites and decreasing consumption coefficients through technological and organisational improvements at our steel making and rolling facilities. Examples of this include reducing the production of wire rods and rebars at Yenakiieve Steel and increasing production of these products at Makiivka Steel through the launch of the new rolling mill 390. Within the Iron Ore division, some of our key initiatives have been to optimise energy consumption through the use of zone tariffs throughout our production facilities, ensuring that the most cost-efficient production site is used for each product, and a focus on higher-margin products. In the Coke & Coal division, our acquisition of United Coal has significantly expanded our self-sufficiency in coking coal, and we are leveraging synergies to ensure optimum efficiencies for this division of Metinvest.

In addition to this, we have been successful in decreasing repair and maintenance expenses by centralising these activities within divisions, by optimising headcount and reviewing remuneration policies. As a result of these measures, we achieved levels of profitability that were highly competitive as compared to our peers in the industry, delivering Adjusted EBITDA of US$1,449 million and net profit of US$334 million.

Dynamic and Flexible Management Approach Ensures Stable Performance

As our results testify, Metinvest has been able to weather the storm presented by the global recession relatively well compared to many other players in the markets in which we operate. This is in large part due to the Group's ability to quickly and efficiently adapt its business operations to the prevailing trends in the market and also maintain the lowest possible cost base whilst retaining stringent controls over the quality of our products and the safety of our production processes. The key elements of our Anti-Crisis Action Plan are described on the right.

Creating a Well-Balanced Group for the Future

Over the last three years, Metinvest has carried out select acquisitions in order to strengthen the Group's operations, which has resulted in greater efficiency across the Company, helping to reduce our overall risk profile and to increase our expertise and resources in strategically important areas of the business.

In 2008, we integrated Trametal and Spartan into the Group, both of which produce hot-rolled plates for Metinvest in Italy and the UK, respectively. The management teams of the two enterprises were combined with Ferriera Valsider, our plant in Italy, in 2008 and since then have formed a single business unit with an annual hot-rolled plate and coil capacity of up to 1.4 million tonnes. The purchase of these two businesses was a step

THE SUCCESS OF OUR ANTI-CRISIS PROGRAMME IN 2009

The key elements of our Anti-Crisis Action Plan are described below.

COST REDUCTION

As soon as we realised the risks presented by a global economic downturn, we acted quickly to optimise our cost structures across the organisation's many enterprises. Key actions in this area have included the discontinuation of non-cash flow generating products and focusing on high-margin products; the technological and organisational improvements of production process; optimisation of headcount and remuneration; and the minimisation of other costs.

MAXIMISATION OF LIQUIDITY

Given the expected lower demand levels for our products, anticipated changes to payment behaviour, and the increased difficulty of securing financing in the market, Metinvest's management team undertook a number of actions to ensure that the Company's liquidity would be maximised throughout the crisis period. These have included: the active management of payables and the restructuring of receivables amongst our largest debtors; the reduction of inventories; and a thorough review of our investment financing.

SALES & MARKETING EXPANSION

In addition to the above defensive measures, we also strengthened the Company's development by evolving and expanding our sales and marketing functions and capabilities in order to grow our presence in both existing and target markets. Therefore, throughout the year, Metinvest focused on increasing market share within its traditional markets; taking advantage of new sales opportunities; and penetrating into new non-traditional strategic markets to establish a strong presence. As part of these efforts, we are also aligning our selling strategy and pricing policies in order to stimulate sales and attract new clients for the Group. For instance, given our increased ratio of finished products, we recently opened offices in Tunisia and the UAE in order to develop our sales channels in these strategic markets.

INTEGRATION OF UNITED COAL

The acquisition of United Coal in April also gave the Group further opportunities to review and analyse the Coke & Coal division's structure and leverage on all potential synergies between the two businesses. Key activities undertaken in the newly expanded Coke & Coal division to manage the crisis period have included the alignment of management controls; the development of a cost optimisation programme; the creation of a strategy to deliver United Coal's high quality coal to Metinvet's Ukrainian plants; and the auditing of existing United Coal contracts to ensure their fulfilment.

Thus far in 2010, we have continued to monitor the trends in our key markets to ensure our operations are aligned with market demands.

GROWING IN A SUSTAINABLE MANNER

forward in the implementation of Metinvest's downstream integration, whilst at the same time helping Metinvest to augment its European footprint and increase our presence in the strategically important plate market. We have also become a top ten supplier of plates in the world and intend to develop our finished product portfolio further in the months and years to come. Our long-term goal remains to shift away from being a mass producer of commodities to one of higher-value finished products.

In April 2009, we acquired 100% of the share capital of United Coal, one of the leading producers of coking coal in the United States, for an aggregate consideration of US$899 million. This deal provides Metinvest with significant reserves of high quality coking coal, which will help our coke and chemical facilities to produce a better quality feedstock. As a result, the Group's steel works will work with higher-quality coke, reducing iron production costs and improving overall quality. We have been working closely with the United Coal team since the close of the deal to capture synergies between the two organisations and to establish an effective system for transporting United Coal's high quality coal to Metinvest's production facilities in Ukraine. We have already seen that the acquisition has enabled Metinvest to increase its self-sufficiency in coking coal by approximately 48.4% (based on its annual capacity), and we expect to further secure long-term supplies of high quality coke moving forward. In addition to expanding our coal reserves significantly and increasing the overall quality of our products, this transaction has positioned us well for the rebound of world markets.

Looking ahead, we will continue to carry out select M&A activity in order to bring better balance to the Group, further improve the advantages that our full vertical integration affords us, and enhance our competitive position on the world stage.

Growing the Business in a Safe, Responsible and Transparent Fashion

Ensuring that Metinvest grows and develops its business in a safe, responsible and sustainable manner remains the top priority for me and the rest of the Group's management team.

Over the past years, we have taken major steps to make sure that the safety of our employees is paramount and that the best practices are consistently and deeply ingrained within the day-to-day operating procedures of all the Group's enterprises. At the same time, we are implementing a number of programmes to minimise the impact of our operations on the environment. These efforts are explained in full detail in the Corporate Social Responsibility section, pages 48 to 53, but I would like to specially highlight the below developments and initiatives:

- In 2008, we launched a Health, Safety & Environment Directorate, whose Director is a member of our Executive Committee
- In 2009, we set up a central commission for Industrial Safety, Work Safety and Environmental Protection within each of the Company's divisions and plants
- We also introduced improved standardised

Safety Audits at all of the Group's plants, as well as a new procedure to carry out internal investigations of any accidents and identify the root causes

- During the year, we composed a register of areas in which the Company has the greatest environmental imbalances and developed an action plan to address each one
- In 2009, Metinvest initiated five Greenhouse Gas (GHG) projects, which are currently in different stages of development, under the Joint Implementation programme of the Kyoto Protocol
- We are also focused on ensuring that we comply with the European Commission's REACH directive for the safe use of chemicals in all of our operations.

In addition to our robust Health & Safety and Environmental management programmes, we are also focused on maintaining the highest standards of corporate governance. This means being as transparent as possible and ensuring that the Company has the right checks and balances in place.

In 2009, our Supervisory Board comprised of seven Directors appointed by SCM (our 75% shareholders), including two independent non-executive Directors, and three Directors appointed by SMART (our 25% shareholder). We also publicly report our IFRS financials on a semi-annual and annual basis and our financial statements are audited by PricewaterhouseCoopers. Our strategic investors, shareholders and other stakeholders provide invaluable advice and a rigorous evaluation of our plans to develop Metinvest into a leading global mining and steel group.

Thank You for Your Continued Support

I would like to recognise and thank all 79 thousand employees of the Metinvest Group for their outstanding contributions in 2009, which have helped us to retain our competitive edge, further expand our capabilities and strengthen our resolve during a very challenging year. I would also like to take the opportunity to thank our shareholders for their insight and continued support of the Company.

As we continue to build on our unique strengths, we are getting closer to reaching our goal of becoming one of the world's most balanced and value creating mining and steel companies. And I look forward to updating you on our progress in the pursuit of this goal in the coming year.

Igor Syry
General Director

EXECUTIVE REVIEW: CONSOLIDATED FINANCIAL REVIEW

GENERATING PROFITABLE PERFORMANCE DESPITE MARKET CONDITIONS

In 2009, Metinvest operated in a challenging market environment. Global steel prices decreased sharply starting from the third quarter of 2008. This downward trend continued until the second quarter of 2009. Since then, steel prices have started to recover gradually, however, on average, they still remained significantly below the 2008 level. The decrease in the demand for steel products in late 2008 and early 2009 and lack of consumer confidence have led to the reduction in inventories' levels and prevented many customers from restocking. The Group recognised changing market conditions and optimised its production, refocusing on new markets and closing non-profitable business areas, whilst also reducing its cost base and keeping capital expenditure at the maintenance level.

Revenue

Metinvest generated consolidated revenues of US$6,026 million in 2009, compared to US$13,213 million in 2008, largely as a result of the weaker demand and the reduction in prices of steel products. The Group's Steel & Rolled Products division accounted for 66.2% (FY08: 70.1%) of Metinvest's external revenues, whist Iron Ore and Coke & Coal divisions accounted for 21.6% (FY08: 19.9%) and 12.2% (FY08: 10.0%) of its external revenues, respectively.

In April 2009, Metinvest acquired United Coal, a producer of coking and steam coal located in the United States, for a purchase consideration of US$899[1] million. In 2009, United Coal sold most of its coal output to third parties under existing long-term contracts at prices above the prevailing market price. Metinvest benefited from the acquisition of United Coal as it provides the Group with a financial hedge against an increase in coking coal prices.

In 2009, Metinvest generated approximately 27.1% of revenues in Ukraine primarily from sales of iron ore and steel. Starting from July 2009, all of the Iron Ore division's production facilities were operating at full capacity. The Company was totally self-sufficient in iron ore and coke and coal in 2009, with iron ore production nearly three times higher than its internal requirements, and coke & coal production in excess of 100% of its consumption. Sales to South East Asia, Europe and the CIS accounted for approximately 23.0%, 18.7% and 15.5%, respectively, of total sales and were largely represented by steel products. Steel products, iron ore and coke & coal accounted for around 78.6%, 13.2% and 8.2%, respectively, of Metinvest's 2009 revenues outside of Ukraine.

EBITDA

Metinvest's adjusted EBITDA amounted to US$1,449 million in 2009 (FY08: US$4,769 million) and an adjusted EBITDA margin of 24.0% (FY08: 36.1%), with all three divisions reporting positive adjusted EBITDA in 2009. The Iron Ore division accounted for 56.0% of Metinvest's consolidated adjusted EBITDA, whilst the Steel & Rolled Products and Coke & Coal divisions represented 27.2% and 16.8%, respectively, of the total. The overall reduction in adjusted EBITDA and the adjusted EBITDA margin was primarily attributable to lower prices received for products across all three divisions and the decrease in sales volumes in the steel segment, which resulted in fixed costs, such as salaries, depreciation and maintenance, being spread across a smaller revenue base. In addition, Metinvest's adjusted EBITDA was impacted by the increase in costs of certain energy supplies, including an 18.0% rise in natural gas prices in 2009.

Metinvest's management continued to implement a large-scale anti-crisis programme in 2009 in order to optimise the Company's production costs and to retain and increase the share in its traditional markets during the global economic downturn.

These measures focused on reducing, discontinuing the production of lower-margin products and optimising its production facilities by, for instance, reducing the open-hearth production at Azovstal and closing down a blooming mill at Yenakiieve Steel. Management also took steps to minimise Metinvest's costs by decreasing the consumption coefficients of semi-finished products at rolling mills and using low-cost materials, such as slagging scrap instead of iron ore concentrate at the Azovstal sinter plant. Metinvest also launched a Product & Market Development (PMD) initiative within its Steel & Rolled Products division, which is aimed at protecting and increasing Metinvest's market share and margins through the timely, customer-centred development of innovative new products and markets. In the Iron Ore division, management optimised energy consumption by using lower tariff zone hours across all the division's production facilities; transferred certain operations to the most cost-efficient production sites and temporarily suspended operations at the two open-pits and at a tailings enrichment facility at Central GOK; adjusted the division's pricing policy in order to stimulate sales and to attract new clients, as well as to enter new export markets, and expanded the division's product line by focusing on high-margin products. In the Coke & Coal division, management created procurement committee for purchasing equipment and services, developed initiatives to restructure repair shops, including outsourcing. The division continued its activities aimed at increasing the enrichment of coal concentrate and took steps to maintain its existing market position in chemicals by installing a new tray packaging line at Inkor Chemicals. Furthermore, United Coal supplied coking coal to Metinvest's Ukrainian operations during the critical

Consolidated Revenue
US$6,026m

Adjusted EBITDA
US$1,449m

Net Profit
US$334m

months of August and September of 2009, thus allowing the Group to fulfil its production targets, as well as supply its key clients, whilst it observed a sharp decrease in the production of pig iron and crude steel elsewhere in Ukraine due to coal shortages.

Depreciation and Amortisation Expense

The Group's depreciation and amortisation expense decreased by 13.4% year-on-year to US$555 million in 2009 from US$641 million in 2008, despite the acquisition of United Coal by the Coke & Coal division, primarily due to the depreciation of the Ukrainian Hryvnia during the reporting period.

Operating Profit (EBIT)

Metinvest reported operating profit (EBIT) of US$604 million in 2009 (FY08: US$3,961 million) with a Group operating profit margin of 10.0% (FY08: 30.0%).

Finance Income and Costs

Net finance costs declined by 70.8% year-on-year to US$124 million in 2009, compared to US$424 million in 2008, as a result of the decline in foreign exchange losses, the reduction in floating interest rates, and the decrease in the amount of Metinvest's total debt. The foreign exchange losses decreased from US$258 million in 2008 to US$18 million in 2009 following the relative stabilisation of the Ukrainian Hryvnia exchange rate in 2009 as compared to 2008. The reduction in floating interest rates resulted in the decrease of interest expense on loans and borrowings from US$198 million in 2008 to US$75 million in 2009, however, this effect was partially offset by additional interest expense of US$37 million accrued in relation to the United Coal Sellers' Notes.

Income Tax Expense

Metinvest's income tax expense declined by 81.3% year-on-year to US$141 million, compared to US$755 million in 2008, with the effective tax rate increasing to 29.7% from 21.2% in the previous year as a result of, in part, the higher effective tax rate for the US operations acquired during the year, and differences between IFRS and tax accounting principles in recognition of foreign exchange gains.

Net Profit

Despite testing conditions in the market, Metinvest delivered net profit of US$334 million in 2009 (FY08: US$2,803 million), with a net profit margin of 5.5% (FY08: 21.2%). The Company's strong operating position and financial standing have allowed it to come through the global downturn in steel markets with its assets intact and ready to grow the business further.

Dividends

Dividend payments to shareholders amounted to US$58 million in 2009 (FY08: US$352 million).

Consolidated Cash Flow

Net cash flow from operating activities was US$1,210 million in 2009, compared to US$2,856 million in the previous year, following the decrease in profit before tax, which was partially offset by the decrease in finance costs and foreign exchange differences, as well as positive changes in working capital.

Net cash used in investing activities was US$490 million in 2009, compared to US$3,059 million in 2008. In 2009, Metinvest spent US$24 million on acquisitions, compared to US$2,099 million paid for acquisitions of businesses in 2008, including a US$400 million prepayment for the purchase of United Coal, which was subsequently completed in 2009, and payment for Metinvest Trametal and Spartan.

Net cash used in financing activities amounted to US$818 million, compared to US$653 million in 2008. Net repayments of loans and borrowings increased to US$604 million in 2009, compared to US$188 million in 2008, whereas the dividend payout decreased to US$58 million in 2009, compared to US$352 million in 2008. The repayment of trade financing increased to US$156 million in 2009, compared to US$113 million in 2008.

CAPEX

Group capital expenditure (CAPEX) was US$324 million in 2009, compared to US$679 million in 2008. The Steel & Rolled Products division accounted for 53.7% (FY08: 42.0%) of Metinvest's CAPEX in 2009, with the Iron Ore division accounting for 25.0% (FY08: 43.0%) and the Coke & Coal division representing 21.3% (FY08: 15.0%) of the total. The Company focused on completing the projects started at Azovstal, Yenakiieve Steel, Ingulets GOK and Northern GOK, whilst it reviewed and restructured its investment projects portfolio and temporarily suspended some of them.

Liquidity & Capital Resources

The Group's cash balances stood at US$159 million as at December 31, 2009, compared to US$261 million as at December 31, 2008. Metinvest decreased the total outstanding amount of loans and borrowings from US$2,685 million at the end of 2008 to US$1,943 million at the end of 2009 following the repayment of several loan facilities and the reduction of the overall utilisation of trade credit lines. Total debt (loans and borrowings, and in addition US$491 million of liabilities related to the Sellers' Notes) amounted to US$2,434 million at the end of 2009, compared with US$2,685 million at the end of 2008. Net debt (including Sellers' Notes) amounted to US$2,275 million at the end of 2009, compared with US$2,424 million at the end of 2008. The Group has actively reduced its gearing ratio to 24.6% (20.4% when excluding Sellers' Notes) in 2009 from 28.0% in the previous year. Metinvest's credit is rated by two international rating agencies, Fitch and Moody's, who assigned B-(stable) and B2(stable) ratings, respectively, which are capped by the Sovereign rating.

Recent Developments

In February 2010, Metinvest sold certain interests in its non-core subsidiaries to SCM, its parent company, for US$536 million.

In March 2010, Metinvest acquired from SCM the remaining 34.4% equity interest in MetalUkr Holding Limited for a total consideration of US$510 million. Following this acquisition, the Group has fully consolidated MetalUkr Holding Limited and increased its effective ownership in Northern GOK to 63.3% and in Central GOK to 76.0%.

Sergiy Novikov
Chief Financial Officer

1 Including US$443 million paid in cash and US$599 million in Sellers' Notes with a fair value of US$456 million. Under the terms of the Sellers' Notes agreement, the payments are made semi-annually through 2015

BUSINESS REVIEW

METINVEST GROUP STRUCTURE

IRON ORE DIVISION

- Ingulets GOK
- Northern GOK
- Central GOK
- Danube Shipping

COKE & COAL DIVISION

- Avdiivka Coke
- Krasnodon Coal
- Inkor Chemicals
- United Coal

STEEL & ROLLED PRODUCTS DIVISION

- Azovstal
- Yenakiieve Steel
- Khartsyzsk Pipe
- Makiivka Steel
- Ferriera Valsider
- Metinvest Trametal
- Spartan
- Promet Steel
- Metinvest International
- Metinvest Eurasia
- Metinvest Ukraine
- Metinvest SMC
- Skiff-Shipping

HISTORIC HIGHLIGHTS

2006

- Metinvest is established to provide strategic management for the mining and steel businesses of SCM
- Acquires a 100% stake in Leman Ukraine LLC, a leading Ukrainian wholesale and retail metal trading company, and an additional 27% stake in JSC Yenakiieve Iron and Steel Works
- Obtains a US$400 million syndicated loan from BNP Paribas S.A., which received Deal of the Year Awards and the Awards for Excellence in the Trade Finance Magazine

2007

- Signs a US$1,500 million syndicated pre-export term facility, the largest ever by a private Ukrainian company which is used to refinance existing more expensive debts, as well as for working capital, capital expenditure, investments and general corporate purposes
- Establishes Metinvest Ukraine LLC and Metinvest Service Metal Centres LLC, as a result of Metinvest's restructuring of its sales distribution channels in Ukraine and the CIS, and transfers the wholesale and retail assets of Leman Ukraine LLC accordingly to each subsidiary
- Acquires a 82.5% stake in Ingulets GOK (Ukraine), one of the leading European mining company and one of the largest iron ore mining company in Ukraine

2008

- Completes the acquisition of a 100% stake in Trametal S.p.A. (Italy) and its subsidiary Spartan UK Ltd (Great Britain)
- Acquires a 51% stake in Inkor and Co Chemical Company LLC (Ukraine)
- Launches a new slab continuous casting machine at Azovstal
- Signs a partnership agreement with Siemens VAI
- SRK Consulting conducts the first audit of Northern GOK, Central GOK and Ingulets GOK reserves based on the JORC methodology
- Becomes a member of the International Iron and Steel Institute (IISI, currently called the World Steel Association)
- Receives ACCA accreditation

2009

- Acquires a 100% stake in United Coal Company LLC (USA), one of the leading producers of coking coal in the United States
- Acquires a 95% stake in Promet Steel (Bulgaria) and control of Makiivka Steel (Ukraine)
- Metinvest ranked as the sixth largest producer of iron ore materials in the world
- Opens sales offices in Tunisia and UAE and two new steel warehouses in Sochi (Russia)
- Launches the next stage of the construction of Blast Furnace No.3 at Yenakiieve Steel
- Metinvest is the first in Ukraine to commence capesize export shipments of iron ore
- Implements an Integrated Health, Safety and Environment Management System based on the OHSAS 18001 and ISO 14001 Standards in the Group's Managing Company, Metinvest Holding LLC
- Signs a Memorandum of Understanding with POSCO, one of the largest fully-integrated steel producers in the world, to commence exploring and implementing a broad business cooperation
- Metinvest is the first Ukrainian company to receive the Climate Action Certificate from the World Steel Association

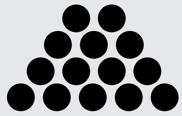
BUSINESS REVIEW: PRODUCTION CHAIN

VERTICAL INTEGRATION ENABLES METINVEST TO BE A LEADER IN ITS CORE INDUSTRIES

Metinvest's vertically integrated business model enables the Company to effectively manage its entire production chain – from raw materials to finished products. This model provides a number of advantages and opportunities, such as benefiting from a unique opportunity to utilise inter-group synergies by combining companies into a unified business structure. This enables the Company to attain substantial growth in the performance of its subsidiaries while increasing the overall efficiency of the Group as a whole.

RAW MATERIALS

The key raw materials used by the Group in the production of steel include iron ore concentrate, pellets, coke, scrap metal, limestone, ferroalloys and refractory materials.

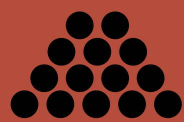


Limestone

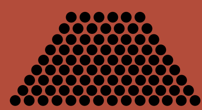
Recycled metal

IRON ORE DIVISION

Metinvest is approximately 270% self-sufficient in iron ore that it needs for steel production based on its annual capacity as at 31 December 2009, and excess iron ore products are sold in the market. In 2009, 61.8% of excess merchant iron ore products in volumes were sold domestically in Ukraine with the remainder being exported.



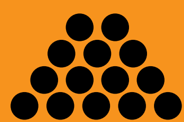
Iron ore concentrate



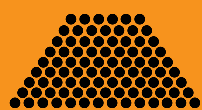
Pellets

COKE & COAL DIVISION

Metinvest is approximately 135% self-sufficient in coke that it needs for steel production based on its annual capacity as at 31 December 2009. Following its acquisition of United Coal, Metinvest became self-sufficient in coking coal.



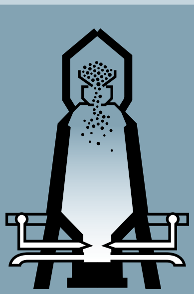
Coke



Coking coal

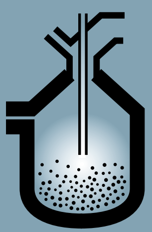
IRON AND STEEL MAKING

Iron ore, coke and limestone are placed in a hot blast furnace until molten iron is formed at the bottom of the furnace.

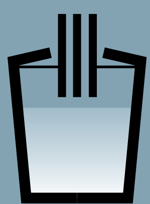


Blast furnace

Hot metal mixer



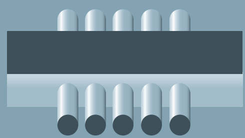
LD (BOF) plant



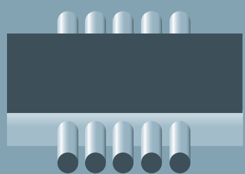
Secondary metallurgy
A vacuum degasser & ladle furnace

SEMI-FINISHED PRODUCTS

This product category includes pig iron, slabs and billets. Slabs and billets are the first solid forms in the steel making process.



Billets



Slabs

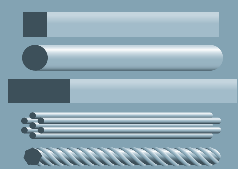
FINISHED PRODUCTS

Products obtained through the hot-rolling or forging of semi-finished steel (billets/slabs).

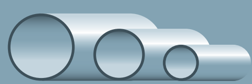
Hot-rolled plates & coils

Structurals - channels, angles & I-beams

Shapes - Z-beams, piles & bulbs,



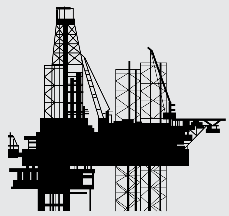
Bars- square bars, round bars, flat bars, wire rods & rebars



Pipes

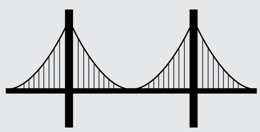
Track material - rails & fasteners

KEY END-USE MARKETS

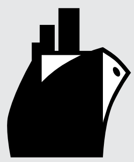


Oil & gas infrastructure

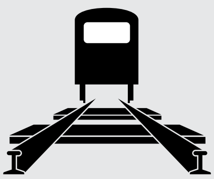
Communications



Construction



Ship & machine building



Railway manufacturing

STEEL & ROLLED PRODUCTS DIVISION

The Steel & Rolled Products division produces a wide rage of products, including slabs, billets, hot-rolled plates, hot-rolled coils, wire rods, rebars, rails, channels and merchant bars, and pipes.

SALES REVIEW

In 2009, Metinvest derived 72.9% of its total revenue from export sales, primarily to South East Asia, Europe, the CIS, the Middle East and North Africa. Steel, iron ore, and coke & coal products accounted for 78.6%, 13.2% and 8.2% respectively of Metinvest's export revenue in 2009.

Steel & Rolled Products division

The decrease in demand for steel products and lack of consumer confidence in late 2008 and early 2009 prevented many steel consumers from restocking their inventories. Steel prices have been gradually increasing since the second half of 2009; however, on average, the prices for billets at the end of March 2010 were approximately 48% lower than the peak of US$1,205 per tonne as of 30 June 2008, according to Bloomberg. Metinvest is well positioned to emerge from the downturn and benefit from the subsequent recovery as a producer of semi-finished products.

In 2009, Ukraine was the world's eighth[1] largest steel producer after China, Japan, the United States, Russia, India, South Korea and Germany, having manufactured 29.8 million tonnes of crude steel. Ukraine was the third[2] largest net exporter of steel products in 2009 after Japan and Russia. Metinvest was among the ten[3] largest steel plate producers in the world as of 31 December 2009. Metinvest ranked as the second[4] largest producer of both crude steel and rolled steel products in Ukraine in 2009.

In 2009, the Steel & Rolled Product division's sales decreased primarily as a result of the decline in prices for steel products by approximately 40.8% year-on-year and the decrease in external sales volumes by 27.3%, from 9.9 million tonnes in 2008 to 7.2 million tonnes in the reporting period. In 2009, Metinvest exported 88.9% of its steel products by volume, of which 32.8% to South East Asia, 26.6% to Europe, 20.3% to the Middle East and North Africa, 18.7% to the CIS and the remainder 1.6% to other countries. Sales to the CIS remained relatively stable as Metinvest continued to supply large diameter pipes for the construction of the Central Asia-China natural gas pipeline during the year. Sales to customers in Europe, Ukraine and Middle East and North Africa declined in 2009, as compared to 2008, due to the sharp decline in demand for steel products in construction and machine-building industries in these regions from the second half of 2008 onwards.

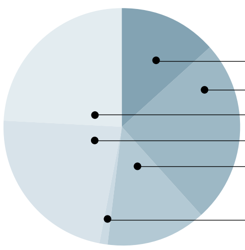
In 2009, finished steel products comprised approximately 56.9% of Metinvest's total steel sales volumes. Metinvest's top three external customers for steel products were Eurasian Pipeline Consortium, Gunung Raja Paksi and Dongkuk, together accounting for approximately 24.0% of total external volume of steel products sold. Metinvest exports primarily shapes and bars to the construction sector, flat products generally to the shipbuilding and machine building sectors and pipes for oil and gas production and transportation. In Ukraine, Metinvest sells the majority of its steel products to the construction and railway sectors. Sales of semi-finished products decreased as volumes declined from approximately 5.0 million tonnes in 2008 to approximately 3.0 million tonnes in 2009 partially due to the optimisation of Metinvest's steel-making facilities in response to the economic downturn and a decrease in realised prices for these products. Sales volumes of long products remained unchanged at 1.9 million tonnes. In 2009, approximately 68.0% of Metinvest's steel production (by volume) was sold on the spot market and the rest sold under contracts.

Steel sales by product

2009	US$ m	%
Pig iron	**20**	**0.5**
Slabs	655	16.4
Billets	536	13.4
Total for semi-finished products	**1,191**	**29.8**
Hot-rolled plates	950	23.8
Hot-rolled coils	114	2.9
Total for flat products	**1,064**	**26.7**
Shapes and bars	867	21.7
Rails	105	2.7
Total for long products	**972**	**24.4**
Pipes	643	16.1
Other	100	2.5
Total	**3,990**	**100**

1 WSA
2 WSA
3 Metal Bulletin
4 Metal-Courier

Steel sales by region



	US$ m	%
Ukraine	536	13.4
South East Asia	994	24.9
Europe	963	24.1
CIS	908	22.8
Middle East & North Africa	543	13.6
Other countries	46	1.2
Total	**3,990**	**100**

Metinvest was among the ten largest steel plate producers in the world as of 31 December 2009

BUSINESS REVIEW: SALES REVIEW CONTINUED

Metinvest was the sixth largest iron ore producer in the world as of 31 December 2009 and the largest producer of iron ore in Ukraine in 2009

Iron Ore division

In 2009, sales of iron ore decreased principally as a result of a decline in average prices for iron ore products in the regional and world markets, which resulted from supply of iron ore products exceeding demand in the first half of 2009 and a decrease in demand for pellets due to lower production of pig iron. In 2009, the average weighted price for iron ore products at Metinvest decreased by 48.2% year-on-year to US$62.2 per tonne from US$120.2 per tonne in 2008. However, Metinvest increased the volume of external sales from 20.7 million tonnes in 2008 to 22.8 million tonnes in 2009, primarily due to higher demand for iron ore products from China.

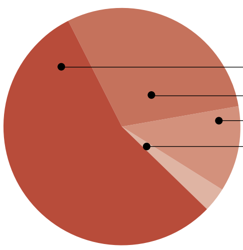
In 2009, Ukraine produced 66[1] million tonnes of iron ore and was the sixth[2] largest iron ore producer worldwide after China, Australia, Brazil, India and Russia. In 2009, the Ukrainian iron ore exports increased by 26.0% year-on-year to 28.7[3] million tonnes due to a decrease in consumption by domestic steel producers.

In 2009, Metinvest was fully self-sufficient in iron ore and supplied merchant concentrate and pellets to its own steelmaking plants, such as Azovstal and Yenakiieve Steel. Metinvest generated 71.2% of its external sales (by revenues) of iron ore products in Ukraine, China, Turkey, Slovakia, Czech Republic, Romania, Hungary and Poland. Sales to customers in Ukraine accounted for 55.4% of the iron ore's segment external sales in 2009, as compared to 73.3% in the previous year. The year-on-year decrease in iron ore sales was primarily due to the decrease in demand for raw materials for steel production in Ukraine in the first half of 2009 and resulting decline in prices for iron ore products. Lower sales to Europe and the CIS were offset to a certain extent by the 55.4% increase in revenue from sales to South East Asia. This was primarily driven by sales to China due to its growing need for, imports of iron ore products, as well as the competitiveness of Metinvest's iron ore products in the Chinese market due to decreases in freight rates in 2009. Sales to the Middle East increased by 65.4% year-on-year.

The division's top three customers in Ukraine for iron ore materials included domestic steel producers, such as Alchevsk Iron and Steel Works, Ilyich Iron and Steel Works of Mariupol and Zaporizhstal Iron and Steel Works, which together accounted for approximately 37.0% of total external volume of merchant iron ore concentrate and pellets sold in 2009. In Europe, Metinvest supplied iron ore products to the key customers, including Arcelor Mittal, U.S. Steel, Trinec Iron and Steel Works and ISD Dunaferr Zrt, amongst others. In 2009, the top ten external customers of Metinvest's Iron Ore division represented, in aggregate, approximately 85.0% of total external volume of merchant iron ore concentrate and pellets sold.

In 2009, 31.8% of the division's total revenue came from export sales. Metinvest sold approximately 25.0% of total external volumes of merchant iron ore concentrate and pellets to customers in China. Approximately 67.0% of Metinvest's external merchant iron ore concentrate and pellets sales were made under long-term contracts.

Iron ore sales by region



	US$ m	%
Ukraine	719	55.4
South East Asia	387	29.8
Europe	150	11.5
Middle East & North Africa	43	3.3
Total	**1,299**	**100**

Coke & Coal division

In 2009, the coke and coal division sales decreased largely as a result of the decline in demand. This decline reflected the decrease in the average weighted prices of coke products by 60.5% year-on-year to US$127.9 per tonne from US$323.4 per tonne in 2008. The average weighted prices for Metinvest's coal products decreased by 39.4% year-on-year to US$110.6 per tonne from US$182.3 per tonne in 2008. In 2009, Metinvest benefited from United Coal's long-term forward contracts for coal and the favourable pricing in these contracts in comparison to the spot market. In addition, the quality of its coal in the US is higher, which contributes to higher pricing.

In 2009, Ukraine reduced its coal production by approximately 7.0% year-on-year to 72.3[4] million tonnes. Coking coal production declined by 2.2% year-on-year to about 26.1 million tonnes, and steam coal production declined by 9.6% year-on-year to 46.2 million tonnes.

Metinvest's Ukrainian operations accounted for 20.7%[5] of Ukraine's total production of coking coal and 27.5% of Ukraine's total production of coke. In 2009, United Coal accounted for 4.1%[6] of total coking coal production in the US. Metinvest's output of coking coal increased to 9.6[7] million tonnes in 2009 from 6.2 million tonnes in 2008, primarily due to the acquisition of United Coal in April 2009. Metinvest's output of coke decreased by 21.2% year-on-year to 4.1 million tonnes in 2009, as compared to 5.2 million tonnes in 2008, primarily due to the decrease in demand for coke from Ukrainian steel producers.

Metinvest sells most of its Ukrainian coke and coal domestically. Coking coal produced by Krasnodon Coal is largely sold internally to Avdiivka Coke and Azovstal for the production of coke, while the coking coal produced by United Coal is primarily sold to external customers in the United States (94.0%) and in Europe (6.0%). Metinvest sells all of its coke to steel works, all of its coke nut to ferroalloy plants, all of its coke breeze to steel works and various iron ore enrichment works, and all of its coking coal to coke producing plants.

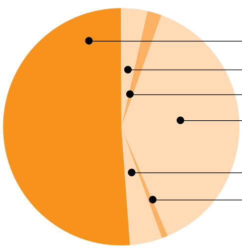
Metinvest's top three external customers for steam coal were American Electric Power, Virginia Power and Detroit Edison, which purchased 1.1 million tonnes of steam coal from United Coal and accounted for approximately 19.0% of Metinvest's total external volume of coke and coal sold in 2009. The Company's top three external customers for coking coal were Zaporizhya Coke Plant, Indiana Harbour and Haverhill, which purchased 0.8 million tonnes of coking coal from Metinvest and accounted for approximately 14.0% of Metinvest's total external volume of coke and coal sold in 2009. In 2009, the top ten external customers of Metinvest's Coke & Coal segment represented, in aggregate, approximately 57.0% of total external volume of coke and coal sold in that period.

1 Ukrrudprom
2 Ukrrudprom, CRU and Soyuzruda
3 Ukrpromzovnishekspertiza
4 IRC
5 Ukrkoks
6 CRU
7 Production figures for 2009 include fully consolidated production figures of United Coal which was acquired in 2009

Metinvest's output of coking coal increased to 9.6 million tonnes in 2009 from 6.2 million tonnes in 2008, primarily due to the acquisition of United Coal in April 2009

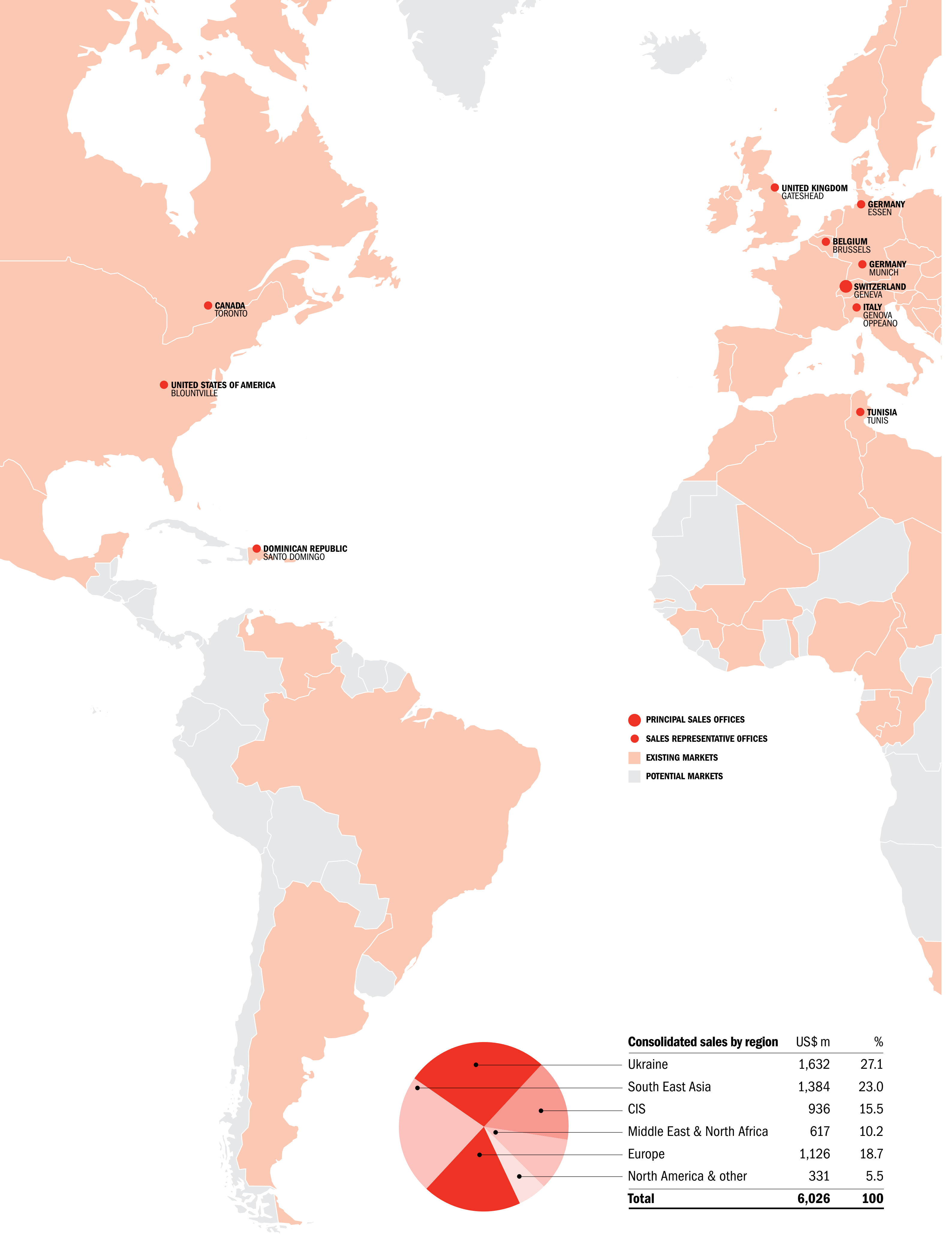
Business review

Coke & coal sales by region



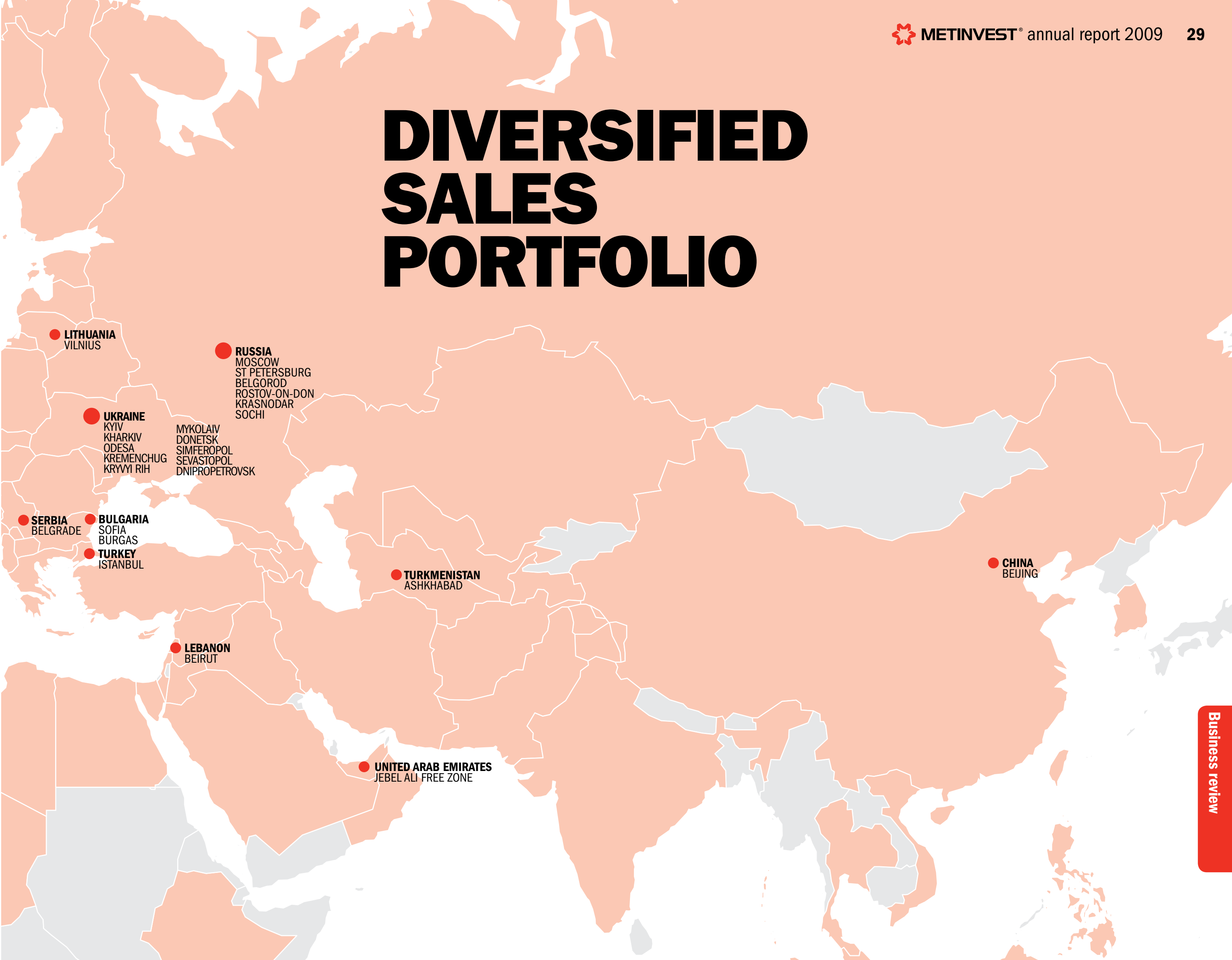
	US$ m	%
Ukraine	377	51.2
CIS	28	3.8
Europe	13	1.8
North America	282	38.3
Middle East & North Africa	31	4.2
Other countries	6	0.7
Total	**737**	**100**

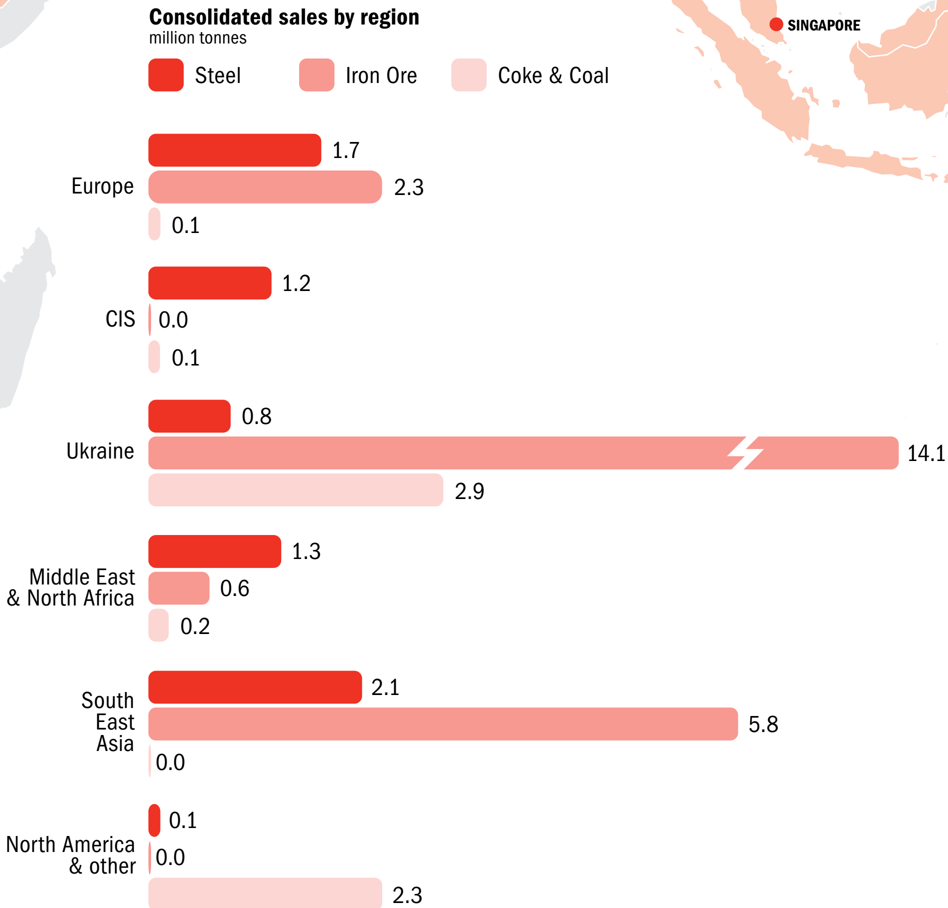
BUSINESS REVIEW: SALES REVIEW CONTINUED



Consolidated sales by region	US$ m	%
Ukraine	1,632	27.1
South East Asia	1,384	23.0
CIS	936	15.5
Middle East & North Africa	617	10.2
Europe	1,126	18.7
North America & other	331	5.5
Total	**6,026**	**100**

DIVERSIFIED SALES PORTFOLIO





BUSINESS REVIEW

IRON ORE DIVISION
ONE OF THE LEADING PRODUCERS OF IRON ORE CONCENTRATE AND PELLETS GLOBALLY

OLEXANDR VILKUL
Honorary Director, Iron Ore Division

Metinvest is the largest iron ore producer in Ukraine, producing 56.0% of all iron ore concentrate in the country, and was the sixth largest producer globally in 2009. The key products of the Group's Iron Ore division are merchant 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 metallurgical companies internationally. In 2009, the Iron Ore division produced 29.2 million tonnes of iron ore products, of which 17.6 million tonnes was merchant concentrate and 11.6 million tonnes was pellets.

PERFORMANCE

Revenue **US$1,825m**

Adjusted EBITDA **US$811m**

Adjusted EBITDA margin **44.4%**

OBJECTIVES

Providing iron ore to the Group's steel production facilities

- To ensure a stable and continuous supply of iron ore raw materials in order to meet the needs of the Group'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, the automation of production processes, systems management and internal control

Optimising the quality of raw materials

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

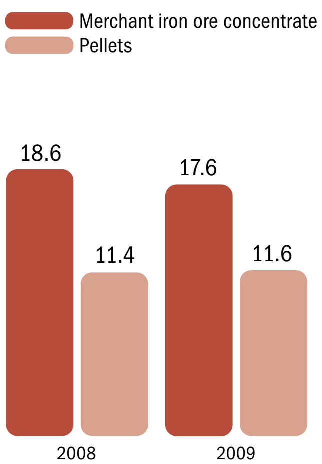
Utilising production capacity

- To increase production volumes through an optimal combination of investments and operating improvements
- To diversify customer base

Business review

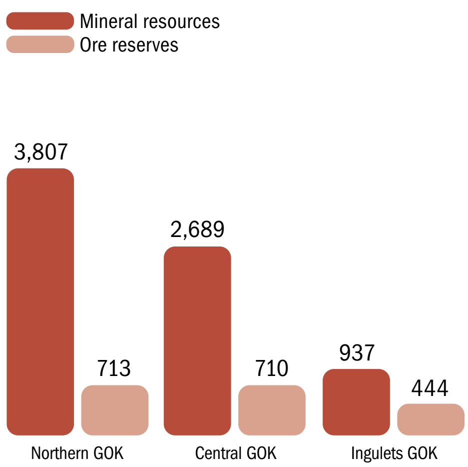
PRODUCTION

Million tonnes



RESERVES

Million tonnes



Iron ore reserves and mineral resources according to JORC standards as at 31 December 2009. Reserves are included in mineral resources.

Ore reserves
1,867mt

Mineral resources
7,433mt

BUSINESS REVIEW: IRON ORE DIVISION CONTINUED

Products

The main products of the Iron Ore division are merchant iron ore concentrate and pellets, which are generally commodity products obtained by means of iron ore processing prior to sale. All iron ore materials produced by the Group comply with the relevant ISO requirements, as well as Ukrainian standards and industrial regulations. In 2009, the Iron Ore division expanded its product line by producing high quality merchant iron ore with iron ore content higher than 67.0% at Ingulets GOK. During the reporting year, merchant iron ore concentrate with 68.4% Fe content was produced at Northern GOK.

Key assets

Ingulets GOK

Ingulets GOK is one of the largest iron ore mining enterprises in Ukraine, specialising in iron ore mining and the production of merchant iron ore concentrate with Fe content of 63.5% and 67.0%. Ingulets GOK was established in 1965 and was then acquired by Metinvest in November 2007. It utilises the most advanced technologies, including floatation beneficiation of iron ore, which is unique within the Ukrainian industry. Ingulets GOK sources iron ore from the deposits of ferruginous quartzite at the Ingulets deposit, which constitutes 937 million tonnes of mineral resources, including 444 million tonnes of ore reserves in accordance with the JORC[1] standards as at the end of 2009. Ingulets GOK has an annual iron ore concentrate production capacity of 14.8 million tonnes. It currently mines iron ore from its one open-pit quartzite field through a process of drilling and blasting, and by the removal of overburden to external dumps. The iron ore is then transported by rail to, and refined at, Ingulets GOK's beneficiation and flotation facilities.

In 2009, Ingulets GOK's output was 11.3 million tonnes of merchant iron ore concentrate, approximately 17.0% of which was used internally for the production of steel products.

Northern GOK

Northern GOK is one of the largest iron ore mining enterprises in Europe, producing merchant concentrate with Fe content of 66.0% and pellets with Fe content of 60.5% and 63.5%. The annual iron ore concentrate production capacity is 14.5 million tonnes, including an annual pellet production capacity of 11.8 million tonnes.

Northern GOK mines iron ore from two open-pit quartzite fields, the Annovskyi and the Pervomayskyi deposits, which in total constitute 3,807 million tonnes of mineral resources, including 713 million tonnes of ore reserves in accordance with the JORC standards as at the end of 2009.

In 2009, Northern GOK produced 3.6 million tonnes of merchant concentrate and 9.4 tonnes of pellets, 33.6% of which was consumed internally by Metinvest's steel production facilities.

Central GOK

Central GOK is the sixth largest iron ore mining enterprise in Ukraine with an annual iron ore concentrate production capacity of 6.0 million tonnes, including an annual pellet production capacity of 2.2 million tonnes. Its operations produce merchant concentrate with an average Fe content of 65.0% to 68.2% and pellets with an average Fe content of 63.9%. Central GOK sources iron ore from its three open-pit quartzite fields – Hleyevatskyi, Petrovskyi and Artyomovskyi – and an underground mine (the Ordzhonikidze deposit) which in total constitute 2,689 million tonnes of mineral resources, including 710 million tonnes of ore reserves in accordance with the JORC standards as at the end of 2009.

In 2009, Central GOK's output was 2.2 million tonnes of pellets and 2.7 million tonnes of merchant iron ore concentrate, approximately 47.0% of which was used internally for the Group's steel production.

Anti-Crisis Initiatives in 2009

In 2009, the Iron Ore division developed and implemented a number of anti-crisis initiatives aimed at maintaining financial control and ensuring positive operational performance.

The key initiatives are summarised below:

- Optimised energy consumption by using zone tariffs for energy consumption across the division's production facilities
- Adjusted the division's pricing policy in order to stimulate sales and to attract new clients, as well as to enter new export markets
- Optimised production capacities by transferring operations to the most cost-efficient production sites
- Expanded the division's product line by focusing on high-margin products
- Minimised working capital and restructured accounts payable
- Optimised headcount and reviewed remuneration policy
- Reviewed and restructured investment projects portfolio (although some projects were temporarily suspended)

Key Milestones in 2009

- Starting from July 2009, all of the Iron Ore division's production facilities were operating at full capacity.
- Launched the second stage of the SRM module (an ERP system from SAP) at Ingulets GOK, Northern GOK and Central GOK in July 2009. In 2008, an SAP system was introduced in order to help the division further enhance the operating efficiency of its production facilities.
- In 2009, the Iron Ore division began exporting its iron ore by capesize bulk carriers via Black Sea ports to China and Turkey and nearly tripled its export sales volumes compared to the previous year. This new sales arrangement was introduced within the framework of the division's strategy to expand the geographic footprint of its exports.
- During 2009, the division focused on the further improving the quality of its products. Thus, it expanded the product line by producing premium quality iron ore concentrate with Fe content of 68.4% and 67.2% at Northern GOK and Ingulets GOK respectively, as well as high quality pellets with basicity between 0.12 and 0.8.
- Commissioned a high-duty hydraulic excavator with a bucket capacity of 14.8 m^3 at Northern GOK in order to improve operating efficiency.
- Signed a cooperation agreement with DuPont, one of the world's leading safety consultancies, for a project to further improve the division's safety management system. The first stage of the project was completed at Northern GOK and Ingulets GOK.
- Implemented a joint project with BCG, a global management consulting firm, to introduce an internal consulting function. A new department responsible for the improvement of operations was established at Ingulets GOK and a planning and monitoring system was introduced within the framework of this project.

Sales and EBITDA

The division's total revenue decreased by 57.0%

year-on-year and totalled US$1,825 million in 2009. The division's revenue from external sales accounted for 21.6% of Metinvest's external revenue in 2009, compared to 19.9% in 2008. This decrease largely reflected the decline in world and domestic prices for iron ore products in the first half of 2009 due to excessive volumes of iron ore products in the market and the decline in demand for pellets as a result of the lower level of pig iron production. However, the volume of products sold in 2009 remained at the same level as in 2008, mainly due to a number of successful anti-crisis measures that were implemented during 2009. The Iron Ore division's adjusted EBITDA decreased by 62.7% year on year to US$811 million, following the decrease in iron ore prices, resulting in an adjusted EBITDA margin of 44.4%, compared to an adjusted EBITDA margin of 51.2% in 2008. This decrease in margin was primarily attributable to prices for iron ore products declining at a higher rate than that of the division's operating costs per tonne of iron ore products.

Strategic developments

In May 2009, Metinvest's Iron Ore division's logistics subsidiary, Danube Shipping[2], obtained all of the necessary approvals to commence the construction of a terminal at the port of Mykolayiv. The key benefits of the new terminal will be additional flexibility and efficiency in operations, as well as the reduction of transportation costs, thanks to the close proximity of the Group's iron ore deposits. The construction of the terminal is expected to be completed in 2011.

1 The 2004 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code") as published by the Joint Ore Reserves Committee ("JORC") of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia
2 Acquired in 2008

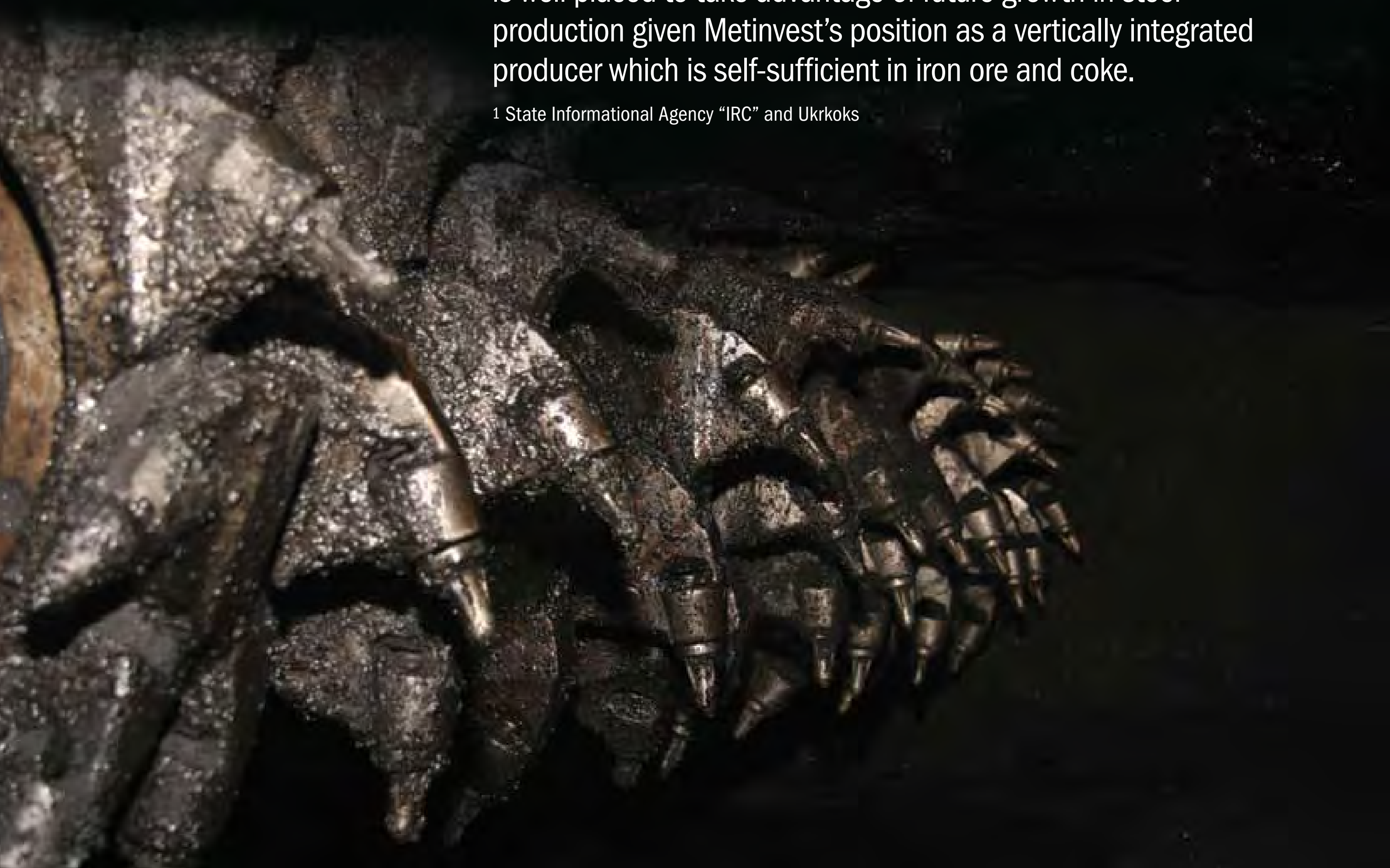
BUSINESS REVIEW

COKE & COAL DIVISION
ESSENTIAL INGREDIENTS IN PRODUCING HIGH QUALITY STEEL PRODUCTS

VOLODYMYR GUSAK
Managing Director,
Coke & Coal Division

Coking coal mining and coke production are integral processes in the manufacturing of steel products. As the largest coke producer in Ukraine, and due to its vertically integrated business model, Metinvest benefits from its own ample supply of coke and coal to fuel its steel production. The Group's abundant reserves, in particular since the acquisition of United Coal in the US, also means that Metinvest is fully self-sufficient and can sell coal to external customers as well. In 2009, Metinvest's Ukrainian operations accounted for 20.7%[1] of Ukraine's total production of coking coal and 27.5%[1] of Ukraine's total production of coke. In 2009, Metinvest produced 9.6 million tonnes of coking coal, 2.8 million tonnes of steam coal and 4.1 million tonnes of coke. The Coke & Coal division is well placed to take advantage of future growth in steel production given Metinvest's position as a vertically integrated producer which is self-sufficient in iron ore and coke.

1 State Informational Agency "IRC" and Ukrkoks



PERFORMANCE

Revenue **US$1,339m**

Adjusted EBITDA **US$244m**

Adjusted EBITDA margin **18.2%**

OBJECTIVES

Diversifying the division's coal supplies

Metinvest secures its supplies of coal through imports of high quality, low sulphur coal from countries outside of the CIS, primarily the United States through United Coal. Metinvest also plans to use PCI coal for use in the production of pig iron at those of Metinvest's blast furnaces which will be equipped with PCI technology.

Prioritising Health, Safety & Environmental initiatives

Metinvest maintains a number of initiatives with regard to the execution of its HSE objectives, which have been developed based on best international practices. The Group has obtained a Certificate of Compliance with OHSAS 18001 standard for Krasnodon Coal and continues to implement OHSAS 18001 and ISO 14001 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 more efficient utilisation of its production capacities; 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

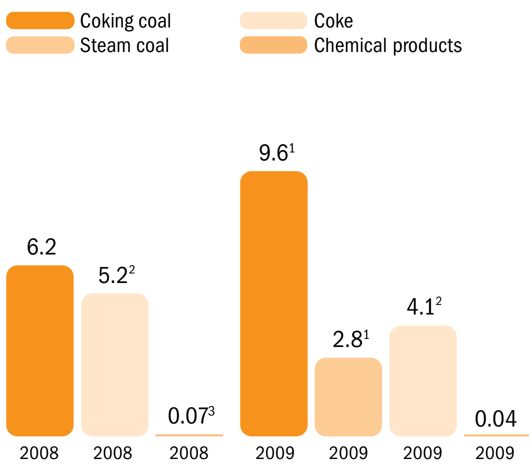
Metinvest has further improved its production standards through the installation of modern packaging lines for its chemical products in April 2009 and plans to lay fibre optic communications at its subsidiaries. The division is focused on implementing a programme of improvements at its washing plants in order to increase the efficiency of their operations. The Coke & Coal division also plans to become an active participant in 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.

PRODUCTION

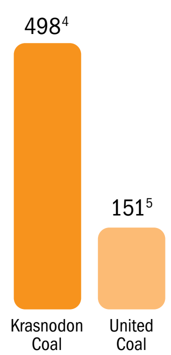
Million tonnes



1 Production figures for 2009 include fully consolidated production figures of United Coal which was acquired in 2009
2 Includes Azovstal production 1.9 and 1.7 million tonnes of coke in 2008 and 2009, respectively, which was consumed by Azovstal for its own steel production
3 Production figures for 2008 include fully consolidated production figures of Inkor Chemicals which was acquired in 2008

RESERVES

Million tonnes



4 Coal reserves according to the Ukrainian State Commission of Mineral resources as at 31 December 2009
5 Coal reserves according to SEC standards as at 31 December 2009

Coal reserves **649mt**

BUSINESS REVIEW: COKE & COAL DIVISION CONTINUED

Products

The Coke & Coal division produces coking and steam coal, blast furnace coke, nut coke and coke breeze, as well as a range of chemical products, including napthalene, phenols, cresoles and other chemical products.

The table below shows Metinvest's production of its principal coke and coal products for the years indicated (million tonnes).

million tonnes	Annual capacity 31 December 2009	Production 2008	Production **2009**
Krasnodon Coal			
Coking coal	6.4	6.2	**5.4**
United Coal [1]			
Coking coal [2]	5.4	–	**4.2**
Steam coal [3]	3.8	–	**2.8**
Avdiivka Coke			
Coke	4.0[5]	3.3	**2.4**
Inkor Chemicals [4]			
Napthalene	0.06	0.04	**0.03**
Phenols and cresols	0.03	0.009	**0.005**
Other chemical products	–	0.021	**0.005**

[1] Production figures for 2009 fully consolidate production figures from United Coal which was acquired in 2009
[2] Includes coking coal and coals used for PCI
[3] Coal suitable for use in producing steam, for example, in steam boilers
[4] Production figures for 2008 fully consolidate production figures from Inkor Chemicals which was acquired in 2008
[5] Moist wharf coke, a finished coke product containing 6.0% moisture which was discharged from a coking battery and normalised to shipping temperature (quenched with water and processed with inert gas) and was not screened

Key assets

Metinvest has three industrial assets in the Coke & Coal division based in the Donbass region of Ukraine: Avdiivka Coke, one of the leading European (excluding Russia) coke and coal companies and the largest coke and chemical plant in Ukraine; Krasnodon Coal, the second largest coking coal producer in Ukraine, according to the Ministry of Coal industry of Ukraine; and Inkor Chemicals, one of the largest manufacturers of naphthalene in Europe. In addition, in April 2009, Metinvest acquired a 100% stake in United Coal, a US producer of coking and steam coal. Metinvest conducts its coke and coal business principally through Krasnodon Coal, United Coal and Avdiivka Coke.

Avdiivka Coke

Avdiivka Coke is located in the Donetsk region and is the largest[6] coke and chemical plant in Europe (excluding Russia). It sells coke to Azovstal and Yenakiieve Steel as well as to customers outside of the Metinvest group of companies such as Ilyich Iron and Steel Works of Mariupol and Arcelor Mittal Kryvyi Rih. Avdiivka Coke currently produces coke at eight out of its nine coke batteries.
In 2009 and 2008, Avdiivka Coke's total output was 2.4 million tonnes and 3.3 million tonnes of coke, respectively. In 2009, Avdiivka Coke sold approximately 74.5% of its coke production internally and the remainder externally, primarily to Ilyich Iron and Steel Works of Mariupol (24.8%).

Krasnodon Coal

Krasnodon Coal is a coking coal mining and coal preparation facility located in Krasnodon in the Luhansk region of Ukraine. It sells coking coal primarily to Avdiivka Coke and Azovstal. Krasnodon Coal currently produces coking coal from its seven underground mines, which it then processes at its two on-site washing plants. In 2009 and 2008, Krasnodon Coal's total coking coal output was 5.4 million tonnes and 6.2 million tonnes, respectively.

Inkor Chemicals

In August 2008, Metinvest acquired 100% in the share capital of Inkor Chemicals. Located in Dzerzhynsk in the Donetsk region of Ukraine, Inkor Chemicals is the only producer of refined naphthalene and phenol and cresol products in Ukraine and is one of the largest producers of naphthalene in Europe. Inkor Chemicals' installed annual capacity is 0.06 million tonnes of naphthalene and 0.03 million tonnes of phenols and cresols. Inkor Chemicals, together with Avdiivka Coke, controls the 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 Chemicals. In 2008, Metinvest installed a new tray packaging line at Inkor Chemicals. In 2009, Inkor Chemicals produced approximately 0.03 million tonnes of naphthalenes and 0.01 million tonnes of phenols and cresols.

United Coal

United Coal is a producer of coking and steam coal located in the central Appalachian region of the United States. United Coal was founded in 2004 and acquired by Metinvest in April 2009. Through its subsidiaries, United Coal mines coking and steam coal using both underground and surface mining techniques in the states of West Virginia, Virginia and Kentucky. In 2009, United Coal's output of coking coal and steam coal was 4.2 million tonnes and 2.8 million tonnes, respectively. Metinvest uses 3.8% of the coal produced by United Coal while the remaining 96.2% is sold to third parties.

Reserves

Following its acquisition of United Coal, Metinvest became 105% self-sufficient in coking coal, based on its annual capacity. However, currently only 42.9% of the consumed coking coal is produced internally. Metinvest purchases approximately 57.1% of its coal requirements from third party suppliers in Ukraine, including 19.0% from DTEK, a member of the SCM Group, 16.2% from Group Energo, a company based in Donetsk, and sources the remaining 21.8% from other third party suppliers. This is due to United Coal's pre-existing contractual obligations to supply coal to third parties which expire at the end of 2010 and the differences in the type of coal produced by United Coal and some of Metinvest's coking coal requirements.
Prior to its acquisition of United Coal, Metinvest was approximately 57.3% self-sufficient in its coking coal requirements based on its annual capacity, all of which was consumed internally, and sourced the remaining 42.7% from third parties. The acquisition of United Coal improved Metinvest's coking coal self-sufficiency by approximately 48.4%.

Metinvest's Ukrainian coal resources were estimated at 498 million tonnes at 31 December 2009, according to the methodology of the Ukrainian State Commission of Mineral Resources, and included 185 million tonnes of proven reserves. As noted above, in April 2009, Metinvest acquired United Coal, a US-based coal producer, which controls 151 million[7] tonnes of proven and probable reserves of high quality coking and steam coal, with most of these reserves representing premium grade coking coal and enabling the Group to be self-sufficient in coke and coal.

Key milestones in 2009

- In April 2009, Metinvest acquired United Coal,

6 CRU 2009

7 Calculated in accordance with the SEC guidelines, December 2009

a US-based coal producer, which possesses significant reserves of high quality coking coal with low sulphur content. Coal produced by United Coal is generally of higher quality compared to coal produced in Ukraine. The acquisition of United Coal has secured long-term supplies of high quality coal to Metinvest. As a result of the acquisition, Metinvest benefits from the production of high quality coke and, therefore, higher quality steel products.

- Krasnodon Coal's first project under the Kyoto Protocol was approved in 2009, aimed at improving health, safety and the environment by reducing greenhouse gas emissions and introducing new energy saving technologies.

Sales and EBITDA

The Coke & Coal division reported total revenue of US$1,339 million in 2009, down 47.8% from 2008 (FY08: US$2,566 million), of which US$737 million were external sales that accounted for 12.2% of Metinvest's consolidated revenues for 2009, compared to 10.0% in 2008.

In 2009, the Coke & Coal division sold approximately 4.9 million tonnes of its products and derived 45.0% of its revenue from the sales to other Metinvest divisions, while selling approximately 5.6 million tonnes of its products externally.

The Coke & Coal division's adjusted EBITDA decreased by 62.5% from US$651 million in 2008 to US$244 million in 2009. Adjusted EBITDA as a percentage of segment revenues amounted to 25.4% and 18.2% in 2008 and 2009, respectively. The decrease in the coke and coal segment's adjusted EBITDA in monetary terms was mainly attributable to the decrease in price for coke and coal in 2009.

Following its acquisition of United Coal, Metinvest became 105% self-sufficient in coking coal

BUSINESS REVIEW

STEEL & ROLLED PRODUCTS DIVISION
INCREASING LONG-TERM COMPETITIVENESS THROUGH DOWNSTREAM INTEGRATION AND PRODUCT DIVERSIFICATION

JACK MACLACHLAN
Managing Director, Steel & Rolled Products Division

The Steel & Rolled Products division unites the steelmaking, flat and long products and large diameter pipe manufacturing enterprises of Metinvest. The Company produces a diversified range of semi-finished and finished steel products including slabs, billets, hot-rolled plates, hot-rolled coils, shapes and bars, rails, grinding balls, rails fasteners and large diameter pipes. In 2009, the division produced 7.0 million tonnes of crude steel and 4.5 million tonnes of semi-finished, 4.2 million tonnes of finished products and 0.5 million tonnes of pipes. This places Metinvest amongst the ten largest steel plate producers in the world and makes it the second largest producer of steel in Ukraine, having produced 24.0% of all steel manufactured in the country in 2009.

PERFORMANCE

Revenue **US$4,039m**

Adjusted EBITDA **US$394m**

Adjusted EBITDA margin **9.8%**

OBJECTIVES

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

Integrating downstream operations to increase value-added product capacity and long-term competitiveness

The integration into Metinvest of its additional downstream assets in the EU, including Ferriera Valsider, Metinvest Trametal, Spartan and Promet Steel, will enable Metinvest to ship semi-finished products to these plants and subsequently sell the finished products in the EU without them being subject to quotas on finished steel products. Metinvest also expects that this integration will strengthen its market position in value added products by expanding its downstream, which will allow it to increase its production of structural products that yield higher margins. Metinvest expects that this will reduce its reliance on sales of lower value, semi-finished steel products such as slabs and billets, ultimately ceasing to be a supplier of semi-finished products, except to the extent needed for internal consumption. In particular, Metinvest intends to reconstruct plate mill No. 3600 at Azovstal and modernise its rolling mill No. 250 at Yenakiieve Steel. Metinvest expects that these projects will increase its annual long product capacity by 0.7 million tonnes and its flat product capacity up to 5.5 million tonnes.

Optimising production efficiency

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

Pursuing selective acquisition opportunities

Metinvest may pursue selective acquisition opportunities to expand its steel rolling capacity. In the long-term, Metinvest plans to increase the output of its finished steel products so that it uses all of its iron ore products internally.

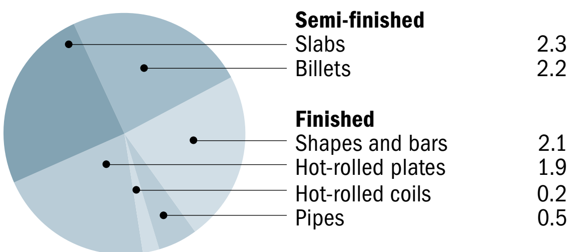
Diversifying the division's client base by anticipating market needs

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

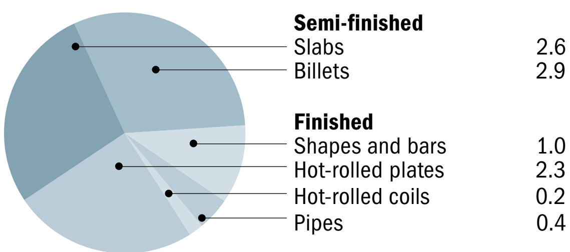
Business review

PRODUCTION

2009 Million tonnes



2008 Million tonnes



SALES

Steel sales by product

2009	Million tonnes	%
Pig iron	**0.1**	**1.4**
Slabs	1.6	22.2
Billets	1.4	19.4
Total for semi-finished products	**3.0**	**41.6**
Hot-rolled plates	1.3	18.0
Hot-rolled coils	0.2	2.8
Total for flat products	**1.5**	**20.8**
Shapes and bars	1.8	25.0
Rails	0.1	1.4
Total for long products	**1.9**	**26.4**
Pipes	0.5	6.9
Other	0.2	2.8
Total	**7.2**	**100**

BUSINESS REVIEW: STEEL & ROLLED PRODUCTS DIVISION CONTINUED

Products

Metinvest's principal products in this segment include semi-finished steel products such as slabs and billets; finished steel products such as flat and long steel products; and pipes. In 2009, finished steel products comprised approximately 56.9% of Metinvest's total steel sales by volume. Metinvest sold 0.1 million tonnes of pig iron, 3.0 million tonnes of semi-finished steel products, 1.5 million tonnes of flat products, 1.9 million tonnes of long products and 0.7 million tonnes of other products.

The following table sets forth Metinvest's production of its principal steel products for the years indicated (million tonnes):

million tonnes	Annual capacity as of 31 December 2009	Production 2008	Production 2009
Azovstal			
Steel	6.2	5.5	**4.6**
Pig iron	5.7	4.6	**4.0**
Slabs	4.5	2.6	**2.3**
Hot-rolled plates	2.1	1.3	**1.3**
Shapes and bars	N/A[1]	0.7	**0.7**
Billets	N/A[1]	0.5	**0.2**
Yenakiieve Steel			
Steel	2.7	2.7	**2.4**
Pig iron	2.5	2.6	**2.1**
Billets	2.0	2.4	**2.0**
Shapes and bars	0.8	0.3	**0.2**
Khartsyzsk Pipe			
Pipes	1.4	0.4	**0.5**
Makiivka Steel			
Shapes and bars	1.6	N/A	**0.9**[2]
Ferreira Valsider			
Hot-rolled plates	0.4	0.4	**0.2**
Hot-rolled coils	0.2	0.2	**0.2**
Metinvest Trametal			
Hot-rolled plates	0.6	0.4[3]	**0.3**
Spartan			
Hot-rolled plates	0.2	0.2[3]	**0.1**
Promet Steel			
Shapes and bars	0.7	N/A	**0.3**[4]

[1] Data not available. Capacity depends on the production programme implemented at the facility from time to time
[2] Production figures for 2009 fully consolidate production figures from Makiivka Steel, which Metinvest has controlled since 2009
[3] Production figures for 2008 fully consolidate production figures from Metinvest Trametal and Spartan which was acquired in 2008
[4] Production figures for 2009 fully consolidate production figures from Promet Steel, which was acquired in 2009

Slabs and billets are sold through Metinvest International S.A. primarily to re-rollers that produce finished rolled products:

- Key slab products, such as slabs with a cross section of 220-270mm x 1,250-1,900mm x 5,000-10,000mm, which are produced at Azovstal in different steel grades according to customers' needs, are primarily sold to end-users, who are typically producers of flat 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 Yenakiieve Steel 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, Metinvest Trametal and Spartan. They have a wide range of applications, including machinery manufacturing, bridge building, ship building, different types of construction, automotive manufacturing and pipe production, amongst others.

Hot-rolled coils are thin flat products of 1.8-20mm in thickness with a maximum width of 1,500mm, which are produced at Ferriera Valsider and are used for different purposes in machine and automotive manufacturing, pipe welding and steel and clad constructions, in addition to other functions.

Pipes are steel products with a variety of diameters that are used in oil and gas pipelines and heat networks. Metinvest's Khartsyzsk Pipe is the largest CIS producer of SAW longitudinally welded line pipes (406-1,422mm, or 18-56", in diameter). Khartsyzsk Pipe also produces longitudinally welded single-seam pipes of 406-1,422mm, or 18-56", 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 diameter of 5.5-12.5mm which are produced at Makiivka Steel and are used in the manufacturing of wires, steel cords and other wire products.

Rebars are long products which are produced at Yenakiieve Steel, Makiivka Steel and Promet Steel and are used in the building industry, particularly within reinforced concrete structures.

Rails are long products which are produced at Azovstal and are used for the construction of railways.

Channels and merchant bars are long products with different cross sections, which are produced at Yenakiieve Steel, Azovstal, Makiivka Steel and Promet Steel 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 products are in full compliance with the strict requirements of modern international standards.

Key assets

Metinvest has eight industrial assets in the steel segment: Azovstal, the second largest Ukrainian steel producer in 2009, according to Metal-Courier; Yenakiieve Steel, a fully integrated steel producer; Makiivka Steel, a producer of shapes and bars; Khartsyzsk Pipe, the only producer of large diameter pipes in Ukraine; Ferriera Valsider, a producer of plates and coils; Metinvest Trametal, a producer of plates located in Italy; Promet Steel, a producer of shapes and bars located in Bulgaria; and Spartan, a producer of plates located in the United Kingdom.

Azovstal

Azovstal is one of Ukraine's leading steel producers. Azovstal operates an integrated steel production plant located on a site of approximately 1,000 hectares. The production plants consist of coke-chemical production facilities, five blast furnaces, steel making facilities (oxygen converters and open-hearth furnaces) and several rolling mills. Azovstal also owns and operates a marine transportation facility at Mariupol, which provides cabotage transportation of goods from Azovstal to the Mariupol port and other Black Sea ports. In 2009, Azovstal produced 65.7% of Metinvest's total crude steel output. A significant percentage of Azovstal's products are exported.

Pig iron production: Azovstal operates five blast furnaces with a total operating volume of 8,753 cubic metres. In 2006, Azovstal commissioned a new blast furnace with an operating volume of 1,719 cubic meters.

Azovstal produces conversion pig iron for use in its own steel production. The aggregate annual capacity of the blast furnaces is 5.7 million tonnes of pig iron, and in 2009, Azovstal produced 4.0 million tonnes of pig iron. The by-products from Azovstal's pig iron production are used by its other production facilities. For example, slag is used to manufacture construction materials and blast furnace gas is used in the rolling mills and coke production.

Azovstal also operates a sintering plant which produces up to 25.0% of the sinter required for the blast furnaces. In 2003, Azovstal reconstructed two sinter machines resulting in an increase of sintering area up to 67.5 square metres for each machine and the introduction of process control automation. The annual capacity of the sintering plant is 2.1 million tonnes. In 2009, Azovstal produced 1.8 million tonnes of sinter.

Steel production: Azovstal produces steel at a basic oxygen furnace plant and an open-hearth plant. The basic oxygen furnace plant comprises two top blowing basic oxygen furnaces, a continuous casting plant with four slab casters, three steel refining units, two twin ladle furnaces and a twin vacuum degasser. The annual capacities of the basic oxygen plant and open-hearth plant are 4.5 million tonnes and 1.7 million tonnes, respectively. In 2009, Azovstal produced 4.6 million tonnes of steel.

Rolling mills: The rolling mills complex comprises a plate mill (with an annual capacity of 2.1 million tonnes), a rail and structural steel mill (with an annual capacity of 1.5 million tonnes), a heavy section mill (with an annual capacity of 1.1 million tonnes), a rail fastener mill (with an annual capacity of 0.3 million tonnes) and a grinding ball mill (with an annual capacity of 0.2 million tonnes). In 2009, Azovstal produced 2.0 million tonnes of rolled products.

Quality control: Azovstal has a quality management system certified by the API to conform to its standard requirements and to the standards required for manufacturers of steel plates for deep-sea platforms. Azovstal's quality management system is also certified by the QMI under ISO 9001 (DSTU ISO 9001, GOST R ISO 9001) which covers production of continuous cast slabs, ingots, plates, bars and shapes from carbon, low-alloyed and alloy steel grades and by TÜV Nord CERT GmbH, which covers coke production.

Azovstal's steel has been certified by Lloyd's Register, Germanischer Lloyd, Det Norske Veritas, American Bureau of Shipping, Bureau Veritas, Registro Italiano Navale (RINA), Nippon Kaiji Kyokai (NKK), AMI, TÜV NORD CERT GmbH, Shipping Register of Ukraine and the Russian Maritime Register of Shipping.

Yenakiieve Steel

Yenakiieve Steel is a fully integrated iron and steel producer consisting of JSC Yenakiieve Iron and Steel Works and JV Metalen LLC which jointly operate at a single production site under an integrated development strategy, common management and unified planning procurement, logistics and sales functions. It is one of the world's leading concast billet producers.
The company produces concast and billets, sections, carbon structures, and low-carbon and low-alloyed steel grades. In 2009, Yenakiieve Steel produced 34.3% of Metinvest's total steel output.

Pig iron production: Yenakiieve Steel operates three blast furnaces with a total operating volume of 3,932 cubic metres and an annual capacity of approximately 2.5 million tonnes of iron. In 2009, Yenakiieve Steel produced 2.1 million tonnes of iron. The blast furnaces produce hot iron for the basic oxygen plant and cast pig iron.

Yenakiieve Steel also operates a sintering plant comprising four sintering machines with a sintering area of 62.5 square metres each and an annual aggregate capacity of approximately 2.1 million tonnes of sinter. In 2009, Yenakiieve Steel produced 2.0 million tonnes of sinter.

Steel production: Yenakiieve Steel produces steel at a basic oxygen plant comprising three basic oxygen furnaces with an aggregate annual capacity of 2.7 million tonnes of steel. Yenakiieve Steel also operates two ladle furnaces, each with a six-strand billet conticaster. In 2009, Yenakiieve Steel produced 2.4 million tonnes of steel and 2.0 million tonnes of billets. The basic oxygen plant currently produces low-alloyed, construction and carbon grade steel. The billet conticasters produce billets of various dimensions.

Rolling mills: Yenakiieve Steel operates four rolling mills: a continuous four-strand wire mill No. 250, which was commissioned in 1966 and has an annual capacity of 0.4 million tonnes of finished rolled products; a mid-rolling mill No. 360, which was commissioned in 1948 and has an annual capacity of 0.2 million tonnes of finished rolled products; a light rolling mill No. 280, which was commissioned in 1955 and has an annual capacity of 0.2 million tonnes of finished rolled products; and a heavy rolling mill No. 550, which was commissioned in 1973 and has an annual capacity of 0.2 million tonnes of finished rolled products. In 2009, Yenakiieve Steel produced approximately 0.2 million tonnes of rolled products.

Quality control: Yenakiieve Steel operates a quality management system which complies with the requirements of ISO 9001:2008 and satisfies the requirements of TÜV-NORD CERT GmbH, Lloyd's Register, the Russian Maritime Register of Shipping and ABS Europe Ltd for its bulb flat steel to be used in the shipbuilding. Yenakiieve Steel's quality management system is also certified by the British certification society CARES under the BS 4449 standard and by the certification society of the Republic of Belarus under classes A400C and A500C of the standard STB 1704-2006 which covers production of cast billets.

Khartsyzsk Pipe

Khartsyzsk Pipe is the largest CIS producer of single seam large diameter longitudinally welded line pipes used in construction of oil and gas pipelines. The main production facilities comprise two welding plants with a total of eight supporting shops and two laboratories. Pipe welding plant No. 2 produces longitudinally welded single seam pipes and double seam pipes for water, gas and oil pipelines with the working pressure of up to 11.8 megapascal. At pipe welding plant No. 4, a corrosion resistant coating is applied to the inner and outer surfaces of the pipes. The annual capacity of Khartsyzsk Pipe's welding plants is 1.4 million tonnes, and in 2009 Khartsyzsk Pipe produced 0.5 million tonnes of pipes.

BUSINESS REVIEW: STEEL & ROLLED PRODUCTS DIVISION CONTINUED

Quality control: Khartsyzsk Pipe's management system was recently certified by the QMI as conforming to the ISO 9001:2000, ISO 14001:2004 and OHSAS 18001:1999 standards, as well as API Spec 5L 2003 and API Spec 2B:2003. KPP also holds AMI and UkrSEPRO certifications.

Makiivka Steel

Makiivka Steel is a producer of rolled metal products.

Makiivka Steel operates two rolling mills. Rolling mill 150 was commissioned in 1994 and has an annual capacity of 0.9 million tonnes. It produces rods, round section steel and reinforcing bar steel with periodic profile in bundles. Rolling mill 390 was commissioned in June 2009 and has an annual capacity of 0.7 million tonnes. It produces wire rods, bars, hot-rolled round bars, hot-rolled square bars, hot rolled six-sided bars, reinforced steel, equal flange angles and channel bars and round steel. In 2009, Makiivka Steel produced 0.9 million tonnes of rolled products.

Quality control: Makiivka Steel operates a quality management system which complies with the requirements of ISO 9001:2008. Metinvest plans to obtain certifications under the DIN 488, ASTM 615, STB 1704, STO ASCHM 7-93 and GOSTR standards for its Makiivka Steel facilities by the end of 2010.

Ferriera Valsider

Ferriera Valsider is a producer of hot-rolled plates and hot-rolled coils from concast slabs. It is located in Vallese di Oppeano in Verona, Italy, approximately 120 kilometres from Marghera port. Ferriera Valsider operates a plate rolling mill and a hot-rolled coil steckel mill. The annual capacity of the plate rolling mill and hot-rolled coil steckel mill depends on the balance between plates and coils within the product mix and was approximately 0.4 million tonnes for each mill as at 31 December 2009. In 2009, Ferriera Valsider produced approximately 0.2 million tonnes of hot-rolled plates. The production line of the plate rolling mill is semi-automated. In 2009, Ferriera Valsider produced approximately 0.2 million tonnes of hot-rolled coil. The production line of hot-rolled coil mill is fully automated.

Quality control: Ferriera Valsider's quality management system has been certified by Det Norske Veritas under ISO 9001:2000 and Det Norske Veritas has also issued Ferriera Valsider with Approval of Manufacturer certificate for rolled steel products. Ferriera Valsider also holds a Certificate of Factory Production Control for hot-rolled products and a Quality Assurance System certificate, in each case from TÜV.

In 2009, Ferriera Valsider received the Environmental Management System Certificate under ISO 14001:2004 from Det Norske Veritas and the Integrated Environmental Authorisation from the Environment Sector of the Province of Verona.

Metinvest Trametal

Metinvest Trametal is a well-established and innovative European producer of high quality carbon steel hot-rolled plates. The company has a total annual capacity of 0.6 million tonnes of plates for use in ship building, pipe manufacturing and for other industrial purposes. Based in Italy, Metinvest Trametal differentiates itself through high levels of customer satisfaction, 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. In 2009, Metinvest Trametal produced approximately 0.3 million tonnes of hot-rolled plates.

Quality control: Metinvest Trametal's quality management systems have been certified by Det Norske Veritas under ISO 9001:2000. Metinvest Trametal also holds various other certifications from internationally recognised testing bodies, such as Bureau Veritas, Registro Italiano Navale (RINA), Lloyd's Register of Shipping, Germanischer Lloyd and American Bureau of Shipping (ABS). Metinvest Trametal obtained various European certifications for its products (including plates) under ADW1 / AD2000W1 (TUV), Marking CE (EN10025:2004) and NF-ACIER standards.

Spartan

Spartan is a steel plate producer located in Newcastle, England, approximately 15 kilometres from the port of Tyne, allowing its products to be shipped to all of the main Northern European markets. Spartan produces plates in a reversing mill using slabs, 80.0% of which are supplied by Metinvest with the remainder sourced from third parties. Spartan's annual capacity is approximately 0.2 million tonnes of hot-rolled plates. In 2009, Spartan produced approximately 0.1 million tonnes of hot-rolled plates.

Quality control: Spartan's quality management systems have been certified by Vd TÜV under ISO 9001:2008. Spartan also holds various other certifications from internationally recognised testing bodies including TÜV, PED, CPD, TRD100 and AD200.

Promet Steel

Promet Steel is a long steel products manufacturer. Promet Steel owns and operates the rolling mill No. 300 which has an annual capacity of 0.7 million tonnes. This medium section rolling mill produces long steel products, including rebars, rounds and strips angles. Promet Steel operates a continuous production cycle, with four groups of workers working in three shifts. Promet Steel's facilities also include a specialised rebar production facility and section rolling facility, two staves and a finished product warehouse. Promet Steel also owns some of the roads, rail road tracks, warehouses, water storing facilities and pump houses near its main facilities.

Quality control: Promet Steel's integrated quality management systems have been certified by SGS-Bulgaria under ISO 9001:2008, ISO 14001 and OHSAS 18001. Promet Steel also holds various other certifications from internationally recognised testing bodies including TÜV, PED, CPD, TRD100 and AD200. Promet Steel also holds product certifications from TÜV Rheinland/Berlin-Brandenburg for hot-rolled structural steel products, KIWA N.V. for reinforcing steel and LGA Bautechnik GmbH, ELOT, SIMPTEST, CARES, Italian Norm D.M., CERTIF/LNEC, UkrSEPRO and class PC52 according to Romanian standard STAS for reinforcing steel bars. Promet Steel also received product conformity certificates from internationally recognised testing bodies, such as TUV Rheinland Group, LGA Bautechnik GmbH, KIWA Product Certificate / KOMO, SIMPTEST, ELOT, CERTROM, Servizio Tecnico Centrale, CERTIF / LNEC and NISI.

Key Milestones in 2009

In the third quarter of 2008, global steel prices decreased due to the global financial crisis and the resulting downturn in the world economy. This downward trend continued until the second quarter of 2009, reflecting a significant weakening in the demand for steel products. Although there has been a slight increase in steel prices during the second half of 2009, on average, the prices of steel products were 47.0% lower in 2009 than in 2008.

In order to maintain liquidity and to retain and increase Metinvest's share in its traditional markets during the global economic downturn, Metinvest's management continued to implement a series of anti-crisis measures in the steel segment throughout 2009:

- Metinvest reduced or discontinued the production of lower-margin products and optimised its production facilities by reducing the open-hearth production at Azovstal and closing down a blooming mill at Yenakiieve Steel.
- Management also took steps to minimise Metinvest's costs by decreasing consumption coefficients through technological and organisational improvements at its steel making and rolling facilities and using low-cost materials such as slagging scrap instead of iron ore concentrate at Azovstal's sinter plant; decreasing repair and maintenance expenses by centralising these services within the steel segment, and by reducing headcount at Metinvest's steelmaking and rolling facilities.
- Metinvest also launched a Product & Marketing Development (PMD) initiative at its steel division, which is aimed at protecting Metinvest's market share and margins through the timely, customer-centred development of innovative new products and/or markets. The implementation of this initiative across the division's operations enables Metinvest to serve customers' evolving needs through technological innovations and value-added products. The PMD initiative enables the Steel & Rolled Products division to plan supply and demand on a 3-5 year horizon and, in the long-term, will ensure that planned CAPEX investments are aligned to new market and client needs.
- A Project Management Office (PMO) was also created in order to develop a long-term plan to manage and optimise the division's CAPEX investments. The PMO has created and put in place 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. This will enable the Steel & Rolled Products division to upgrade its facilities and improve cost competitiveness in a prudent manner in the coming years.
- Metinvest acquired a 95% stake in Promet Steel (Bulgaria) and control of Makiivka Steel (Ukraine).

Overall, the Steel & Rolled Products division reacted quickly and effectively to rapidly changing market dynamics and was therefore able to stabilise its business to a greater level than many other players in the industry, underscoring the importance of the flexibility afforded by the Group's vertical integration.

Management believes that all the measures taken by the division contributed to Metinvest's ability to mitigate the negative effect of downward price movements during the downturn. The movement of prices in the near-term will depend on a number of factors, including primarily the sustainability of Asian demand, the rate of increase of Chinese steel production capacity, including production capacity of finished products, and the extent and pace of economic growth in Europe and North America.

Sales and EBITDA

The Steel & Rolled Products division reported revenue of US$4,039 million in 2009, representing 66.2% of Metinvest's consolidated revenues for the year, compared to 70.1% for 2008. The division experienced a 27.3% decrease in external sales volumes, from 9.9 million tonnes in 2008 to 7.2 million tonnes in 2009, as a direct result of the global economic downturn and the resulting drop in demand for steel products in the global markets. The division adjusted its output and business accordingly to new market conditions and, therefore, delivered results in line with management's expectations.

The Steel & Rolled Products division's adjusted EBITDA was US$394 million in 2009 and represented 27.2% of Metinvest's consolidated adjusted EBITDA for the period. The division's adjusted EBITDA margin was 9.8% in 2009.

CORPORATE GOVERNANCE

Metinvest realises the importance of sound corporate governance and aims to develop its practices in accordance with the highest international standards. The Group strives to maintain the highest levels of transparency in order to cater for the needs of Metinvest's investors and other stakeholders.

Supervisory Board

A Supervisory Board consisting of ten Directors (seven Directors appointed by SCM, including two independent non-executive Directors, and three Directors appointed by SMART) 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 business plan and the delivered results
- Appointment of the top management, approval of their compensation structure 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 over US$30 million
- Approval of the annual work plans and annual reports of the Board's four Committees (see below for details on these Committees)

Board Committees

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

- Strategy Committee
- Audit Committee
- Health, Safety & Environment (HSE) Committee
- Remuneration & Nomination Committee

Strategy Committee

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

- Strategic objectives of the Group, including 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 system. The Audit Committee's responsibilities are as follows:

- Financial reporting processes, including recommendations with regards to any changes to the Group's accounting policies
- Recommendations on nominees for the position of external auditor
- Ongoing relationship with 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

Health, Safety & Environment Committee

The Health, Safety and Environment 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 best world 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 real causes of fatalities and accidents, and develop action plans to minimise risks for the future
- Conduct 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 workers and management)

Remuneration & Nomination Committee

The Remuneration & Nomination Committee is responsible for the areas listed below:

- The framework for the remuneration of the members of the Supervisory Board and its Committees, Chief Executive Officer, other members of the Group's Executive Committee, General Directors of the Group's key enterprises and other top managers of the Group
- The terms and conditions of the employment contracts for the above-mentioned positions in the Supervisory Board
- Recommendations on dismissals and new appointments for the top positions in the Supervisory Board

- Recommendations to the Supervisory Board on KPIs for top management and their annual bonuses
- The Group's succession policy
- The Group's motivation, assessment and reward system

Internal Audit Department

The Internal Audit Department (IAD) facilitates ongoing improvements in the Group's risk management system and internal control and corporate management, and also supports the Audit Committee.

The IAD is comprised of professionals with experience and expertise in internal control, accounting and auditing. The department reports on its performance to the Audit Committee and the senior management of the Group on a regular basis.

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 for their improvement
- Ensuring compliance with the Group's internal and external regulatory requirements

Internal Control System & Risk Management

The management of Metinvest believes that effective enterprise risk management and the internal control system (RM&IC system) provides significant support in achieving the Company's strategic and operational goals, as well as strong financial performance.

Management implements the RM&IC system to ensure that significant risks are identified, monitored and controlled in a timely and efficient manner. Metinvest's RM&IC system aims to:

- Increase certainty that goals set by management will be achieved
- Monitor risks that the Company may face and understands the degree of probability and potential impact across all organisational levels
- Implement a common and formal approach to risk management in the decision-making process at all levels of the Group
- Develop and implement appropriate risk responses
- Build a system of internal control to ensure the implementation and effectiveness of measures to mitigate risks

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

Executive Committee

Metinvest's Executive Committee consisted of ten Directors in 2009. The Executive Committee is responsible for preparing management reports and accounts which are reviewed by the Supervisory Board, as well as approving new functions, business processes and structures, and reviewing financial and operating results and executing the Supervisory Board's resolutions.

Corporate governance

EXECUTIVE COMMITTEE

Igor Syry
General Director and Chief Executive Officer, Metinvest Holding LLC. Member of the Supervisory Board of Metinvest Holding LLC

Since 2006 – General Director and Chief Executive Officer (CEO), Metinvest
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
2004 – 2006 – Financial Director, Azovstal (Ukraine)
2003 – 2004 – Financial Director, Bunge (Ukraine)
2001 – 2003 – Financial Director, Japan Tobacco International (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
MA degree in Foreign Languages (English and Spanish), Kharkov State University (Ukraine)

Igor Golchenko
Chief Legal Officer

Since 2006 – Chief Legal Officer/Head of Legal Department, Metinvest
1999 – 2006 – Deputy Director, Head of Legal Department, Leman Commodities S.A. (Geneva)
1990 – 1999 – Head of Legal Department, Azovstal

Education and memberships:
Master of Laws (LLM) in US and Global Business Law, Suffolk University Law School (Boston, USA)
Law degree from Donetsk State University and Chernigov Law College (Urkaine)
Admitted to Ukrainian Bar Association
Certified Trustee, Crisis Manager & Liquidator
Member of the Commission of the Ministry of Industrial Policy of Ukraine

Andrey Bolshakov
Director of Strategy & Investments

2006 – 2010 – Director for Strategy & Investments, Metinvest
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 (Russia)
2002 – 2003 – Associate, McKinsey & Company, Inc. FSU (Russia)
2000 – 2002 – Business Analyst, McKinsey & Company, Inc. FSU (Russia)

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

Jack MacLachlan
Director of Steel & Rolled Products Division

Since 2009 – Director of Steel & Rolled Products Division, Metinvest
2007 – 2008 – Chief Operating Officer, Steel & Rolled Products division, Metinvest
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 (with Distinction) from the University of Warwick (UK)
BSc (1st 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

2006 – 2009 – Honorary Director of Iron Ore Division, Metinvest
2004 – 2006 – General Director, Northern GOK
General Director (as a second post), Central GOK
2003 – 2004 – General Director, Central GOK
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
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:
MBA from Texas A&M University (USA)
MA in Foreign Languages (English and German), Kyiv Shevchenko National University (Ukraine)

Igor Kirilyuk
Corporate Communications Director

Since 2007 – Corporate Communications Director, Metinvest
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:
MSc in Management from New York University (USA)
English and German Language Interpreter, Minsk State Institute of Foreign Languages (Belarus)

Sergey Ryabov
Corporate Health, Safety & Environment Director

Since May 2008 – Corporate Health, Safety & Environment (HSE) Director, Metinvest
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, Polar Lights Company Ltd. (JV between Conoco, USA and Arkhangelskgeology, Russia)

Education and memberships:
Degree in Mechanical Engineering, Vladimir State University (Russia)
Member of Society of Petroleum Engineers

Volodymyr Bantush
Director of Business Security

Since 2006 –Director of Business Security, Metinvest
2004 – 2006 – Head of Security Department, then Director for Business Security, Northern GOK
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 (Ukraine)
Law degree from Donetsk State University (Ukraine)

CORPORATE SOCIAL RESPONSIBILITY PROMOTING SUSTAINABLE GROWTH

Corporate social responsibility (CSR) is integral to all of our activities and both Metinvest's Supervisory Board and Executive Committee are committed to achieving the highest standards in CSR by prioritising health, safety, environmental and social initiatives.

METINVEST'S KEY CSR FOCUS

- Employee welfare
- Health and Safety
- Environment
- Local communities' development & support

CORPORATE SOCIAL RESPONSIBILITY CONTINUED

In 2009, Metinvest published its first Social Responsibility Report for 2008 based on the principals of the GRI Sustainability Reporting Guidelines. In the beginning of 2010, the Group also joined the UN Global Compact. One of the key advantages of being a part of the UN Global Compact is access to the international platform and resources, which can be used to develop social welfare programmes around the Company, as well as to build partnerships with government and non-governmental organizations (NGOs) and civil societies around the world.

Our employees are a core element of our success

The Group recognises that its success depends to a significant degree on the work of its employees. With this in mind, Metinvest continues to strive to be "an employer of choice" and to attract, motivate and retain highly qualified employees across all levels. Metinvest had a total of 79 thousand employees worldwide as at 31 December 2009.

Metinvest's main priorities in the field of employee welfare are:

- Developing a strong corporate culture and improving the daily social life and conditions across all of the Company's enterprises;
- Protecting human rights and implementing the best modern approaches in the field of human resource management;
- Investing in the development of employees' professional skills and helping employees to reach their 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; and
- Providing benefits and compensation to employees in accordance with their labour contracts.

The Group's compensation packages remain competitive and provide a large number of benefits in accordance with labour legislation, as well as additional (voluntary) compensation and benefits, many of which are linked to the Group's financial results.

Some of the main benefits are summarised below:

- Financial assistance;
- Health improvement programmes and medical insurance;
- Bonus payments;
- Educational grants and training programmes;
- Improvement of living conditions;
- Payments towards important events, e.g. weddings and births; and
- Additional benefits for young workers.

We believe that qualified employees are the most valuable asset in terms of securing long-term competitiveness and promoting sustainable business development. The Group builds relationships with its employees based on trust and respect for the individual. Metinvest remains committed to investing in the development of its employees across all levels by recognising their potential and providing them with tailored training sessions and opportunities for ongoing professional growth and development. During the reporting year, Metinvest completed two large-scale, long-term projects launched in 2008: the 'Metinvest Group Senior Management Development Project' and the 'Metinvest Group Financial Function Employees' Development Project'. These projects were aimed at identifying the potential of each employee and developing their competencies, skills and knowledge. As a result, reports containing assessment results, information on strengths and areas for improvement, as well as developed recommendations, were issued to and feedback was provided to each individual participating in the project. In addition, in June 2009, Metinvest launched the 'Elaboration of Integrated Reward System at Metinvest Group Assets' project aimed at ensuring the provision of fair and competitive compensation packages and motivation incentives for its employees.

Striving to minimise the environmental impact of Metinvest's operations

Managing the Group's impact on the environment is a key priority for Metinvest. The Company's greatest environmental impact derives from its operations – from the discharge of waste-water into bodies of water and pollutants into the air, to the disposal of other waste products. The ecological sustainability of Metinvest's enterprises is considered a top priority and each Metinvest enterprise has an internal environmental department to ensure compliance with all applicable environmental regulations and standards.

Metinvest is focusing its environmental management actions in compliance with legislation and the requirements of the ISO 14001 international standards, which include:

- Identification, assessment and management of environmental risks and impact;
- Development of preventive measures;
- Minimising the level of pollution;

- Compliance with environmental laws and regulations;
- Efficient use of natural resources and raw materials;
- Implementation of new technologies for improving working conditions;
- Active and open dialog with the Group's stakeholders; and
- Engagement with local communities on environmental issues.

In accordance with its HSE strategy, Metinvest continuously develops and implements environmental programmes aimed at reducing any existing and potential ecological impact relating to Metinvest's activities. Within the framework of the Company's strategic objectives, Metinvest is developing and implementing the integrated HSE management system based on best practice methods. In November 2009, the HSE management system of the Group's Managing Company, Metinvest Holding LLC, passed the audit for compliance with the international standards OHSAS 18001 and ISO 14001. In 2009, Metinvest's HSE policy and principles were adopted, and the Supervisory Board's HSE Committee was created to provide support to the Company's senior management in implementing HSE standards throughout the Group.

In 2009, Metinvest invested US$202 million in environmental activities for its enterprises. Six of Metinvest's plants, including Northern GOK, Ingulets GOK, Central GOK, Khartsyzsk Pipe, Ferriera Valsider and Inkor Chemicals, have already been certified compliant with the ISO 14001 environmental standards, whilst the other plants are currently taking steps to obtain certifications. Metinvest expects that all of its production facilities will be certified as ISO 14001 compliant over the next few years.

Metinvest is the first and the only Ukrainian company to have joined the World Steel Association. One of the most important environmental aspects of the Association's activities is research on the iron and steel industry's contribution to global climate change. Metinvest joined the Association's Global Sectoral Approach Initiative in 2008. The project will assess the Carbon Intensity Index – greenhouse gases (GHG) emissions volume (CO_2-equiv.) per tonne of steel. This assessment facilitates the forecasting of greenhouse gas emissions from the steel-making industry till 2050, and identifies priorities and technologies to reduce these emissions. In 2009, the Company received a Climate Action Member Certificate for active involvement in this programme during 2008-2009.

To comply with the United Nation's Framework Convention on Climate Change and the Kyoto Protocol, between 2006 and 2008, Metinvest's enterprises implemented an inventory of GHG emissions for the purpose of designating problematic facilities and reducing harmful emissions into the atmosphere. In 2009, Metinvest had seven GHG projects in different stages of development, under the Joint Implementation programme of the Kyoto Protocol.

Health and Safety

The health and safety of Metinvest employees is an important and integral part of the Group's business activity and the management team aims to apply best health and safety practices to protect its employees. The primary objective of this practice is to reduce the number of fatalities and injuries to the greatest extent possible, focusing especially on the Group's coal mining enterprises. The Company has developed a health and safety policy which states Metinvest's long-term goals in the area of health and safety and has set out the main guiding principles to achieve those goals. Senior managers, other employees and contractors have a responsibility for implementing and complying with all health and safety policies, principles and procedures.

Metinvest's HSE strategy sets out a number of safety improvement actions relating to Metinvest's people, processes, systems and facilities. The Company plans to significantly reduce the number of fatalities, occupational injuries and process accidents through effective implementation of priority health and safety initiatives. The Company's focus on health and safety is represented in the principles outlined below:

- Creating healthy and safe working conditions for employees and contractors;
- Striving to adhere to set norms of labour safety, raising the existing level of labour and industrial safety;

CORPORATE SOCIAL RESPONSIBILITY CONTINUED

- Constantly improving the effective system of labour safety and hygiene conditions at every place of employment;
- Complying with legislative and normative acts on labour safety using standards of international best practice;
- Ensuring a planned enhancement of the level of training and qualifications of employees and contractors, as well as 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 lowering their consequences for employees when they do happen; and
- Providing social privileges and compensation to employees that work in severe and/or hazardous labour conditions and improving the medical services rendered to them.

In 2009, Metinvest introduced new improved methods of monitoring health and safety compliance and investigating health and safety incidents in the workplace. The Company introduced Workplace Safety Audits, based on best practices of Behavioural Safety Audits, to all production managers. In addition, Metinvest senior management, across all divisions, makes regular visits to its production facilities to inspect safety compliance and ensure that an adequate level of commitment to health and safety is maintained by local management teams.

Metinvest also introduced a 'root cause analysis' procedure aimed at identifying failures in the Health and Safety Management System, and developing corrective actions to prevent any reoccurrence of incidents through improvement in the management system. Lessons learnt from incidents often result in corrective actions being taken across the entire Company. As an example of Group-wide initiatives, the rotating machinery across all enterprises has been inspected and equipped with protective covers and barriers where required in order to improve safety levels and to prevent injuries. In 2008, the Iron Ore division launched 'Enhanced Personal Protective Equipment' (Enhanced PPE) project. During 2009, the first PPE samples were produced and tested at all divisions' enterprises. In October 2009, the Iron Ore Division introduced a new PPE standard.

Metinvest is committed to providing the best available health and safety training programmes offered by training and consulting companies, and is constantly seeking to improve its in-house HSE training capabilities. In 2009, 47 of Metinvest's retired managers with substantial operating experience were selected to provide in-house training sessions to employees of all divisions, in addition to the mandatory health and safety training required by the Ukrainian legislation. Overall, more than 4,000 managers and supervisors have been trained in effective safety management techniques, of which 617 have been trained by DuPont Safety Resources (DSR), a model for safe work training practices developed by a leading safety consultancy. Metinvest intends to continue the in-house HSE courses and provide refresher training.

Ukrainian health and safety legislation imposes stringent norms and regulations on industrial companies. Government health and safety control over Metinvest is realised through annual inspections 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.

Several Metinvest companies, including Azovstal, Yenakiieve Steel, Khartsyzsk Pipe, Northern GOK, Central GOK, Ingulets GOK, Krasnodon Coal, Inkor Chemicals and Promet Steel are currently certified under International Health and Safety Management System OHSAS 18001. The Group expects to obtain OHSAS 18001 certificates for all Metinvest companies.

In 2009, Metinvest spent US$64 million on labour protection and safety, representing approximately 1.0% of its revenues for the fiscal year. Each Metinvest company has a fully staffed health and safety department that consults the line organisation on safety issues, ensures compliance with laws and regulations and submits annual reports with incident and injury statistics to the state supervisory authorities. At the time of publishing this report, Metinvest believes that it is in compliance with all material aspects of the applicable health and safety legislation in Ukraine.

Support for local communities

Metinvest's priority is to make a lasting and valuable contribution towards the development of the communities in which the Group operates, and to maintain strong relationships with the people who live and work there. As one of the major employers in the regions, the Company plays a key role in the sustainable development of many local communities through support and development of social infrastructure, as well as through investments and contributions to social programmes. Some of the Company's main social responsibility programme priority areas are listed below:

- Participating in and supporting socio-economic development programmes in partnership with local authorities in the regions where Metinvest plays a crucial role;
- Developing and supporting urban infrastructure and community facilities;
- Supporting governmental programmes and projects in the areas of public education, sports, culture and the environment; and

- Contributing to the improvement of public heath systems in local communities, and increasing the quality of medical services.

Metinvest continues to support social programmes in the local communities in which it operates. In 2009, the Company spent US$4.3 million on social infrastructure in local communities. During 2009, the Group initiated and actively participated in a number of various projects, including the purchase of modern equipment for the Mariupol city hospital; roads and heating pipelines repairs in Krasnodon and tram tracks in Mariupol; as well as the continuing reconstruction of housing district 44 in Kryvyi Rih.

Metinvest successfully cooperates with a number of schools and leading universities in Ukraine. During 2009, for instance, the Group provided internships with potential work placements to graduates of the Priazovskiy State Technical University, Mining and Metals School and Mariupol Professional Mining and Metals Lycée. Metinvest also provided financial support to the Mariupol schools No.40 and No.14 within the framework of the educational project 'School, University, Enterprise' which involves offering further education support to students, who plan to join the Group's enterprises, during their advanced studies after they leave school, as well as performed repair works of school building facades, classrooms and other indoor facilities.

In addition, within Metinvest's sponsorship policy and charity framework, the Company offers services, work and non-repayable financial aid to those in need. Such sponsorship and charitable activities are prioritised around the following areas:

- Medical institutions;
- Sports and youth organisations;
- Orphanages;
- Vulnerable groups (i.e. World War II veterans and pensioners); and
- Cultural, educational, social and sport activities in the regions in which Metinvest operates.

For instance, Metinvest carried out heating system repairs and maintenance works in classrooms and school dormitories at the Krasnodon orphanage No.1.

We believe that national culture is an integral part of a country's heritage. For that reason, during the reporting year, Metinvest's enterprises sponsored various cultural projects, including V All-Ukrainian festival of club music 'Turbofly' and participation of the national dance ensemble 'The Rhythm' and pop song theatre 'Mr. Nord' in the Children and Youth Art Festival 'Sontserid-2009'.

Metinvest also actively supports sports activities in the regions. In 2009, Metinvest sponsore Kryvyi Rih's City Federation of technical sports 'Kryvbas-Extreme' staging autocross, the city's championship and motocross, among other sports initiatives. Metinvest, in partnership with the Shakhtar Football Club, set up football coaching classes for children at the local Football Academy in Mariupol and Yenakiyevo. A new state-of-the-art synthetic turf pitch was constructed for this purpose and over 600 children from the nearest cities and villages can now benefit from attending the Football Academy.

Employees across all Metinvest's divisions initiate and actively participate in many charity projects. The Women Association at Azovstal raises funds every year to support the 'Sunshine' orphanage and the boarding school No.1 in Mariupol. Employees of Khartsyzsk Pipe support veterans and pensioners through the voluntarily contributions, while Central GOK's employees transfer funds to the Veteran Foundation to provide medical support to pensioners. Krasnodon Coal's staff also raises funds every year for the Red Cross Society. In 2009, Metinvest's employees donated approximately US$0.1 million.

AUDITORS' REPORT

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 2009 (as set out on pages 55 to 59) have been derived consistently from the audited financial statements of Metinvest B.V., for the year 2009. In our auditors' report dated 7 April 2010 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 2009 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 emphasize 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 7 April 2010. Our opinion is not qualified in respect of this matter.

27 July 2010

A.J. Brouwer RA

PricewaterhouseCoopers Accountants N.V.

PRICEWATERHOUSECOOPERS

ABBREVIATED BALANCE SHEET

All amounts in US$ million	31 December 2009	31 December 2008
Assets		
Non-current assets		
Goodwill	1,855	1,662
Other intangible assets	1,167	712
Property, plant and equipment	5,649	4,462
Investments in associates	144	123
Available-for-sale investments	18	10
Deferred tax asset	88	22
Other non-current assets	213	631
Total non-current assets	**9,134**	**7,622**
Current assets		
Inventories	898	1,044
Trade and other receivables	1,979	2,429
Cash and cash equivalents	159	261
Total current assets	**3,036**	**3,734**
Total Assets	**12,170**	**11,356**
Equity		
Share capital	–	–
Share premium	4,172	4,172
Other reserves	(4,119)	(4,339)
Retained earnings	5,592	5,105
Equity attributable to the owners of the Company	**5,645**	**4,938**
Non controlling interest	**1,327**	**1,348**
Total Equity	**6,972**	**6,286**
Liabilities		
Non-current liabilities		
Loans and borrowings	929	1,319
Seller's notes	330	–
Deferred income	8	17
Retirement benefit obligations	343	287
Deferred tax liability	913	699
Other non-current liabilities	101	45
Total non-current liabilities	**2,624**	**2,367**
Current liabilities		
Loans and borrowings	1,014	1,366
Seller's notes	161	–
Trade and other payables	1,399	1,326
Liabilities under moratorium	–	11
Total current liabilities	**2,574**	**2,703**
Total Liabilities	**5,198**	**5,070**
Total Liabilities and Equities	**12,170**	**11,356**

Signed and authorized for release on behalf of Metinvest B.V. on 7 April 2010:

Igor Syry
General Director

ABBREVIATED INCOME STATEMENT

All amounts in US$ million	Year ended 31 December 2009	Year ended 31 December 2008
Revenue	6,026	13,213
Cost of sales	(4,365)	(8,375)
Gross profit	**1,661**	**4,838**
Distribution costs	(696)	(969)
General and administrative expenses	(267)	(326)
Other operating (expenses)/income, net	(94)	418
Operating profit	**604**	**3,961**
Finance income	43	53
Finance costs	(167)	(477)
Share of result of associates	(5)	21
Profit before income tax	**475**	**3,558**
Income tax expense	(141)	(755)
Profit for the year	**334**	**2,803**
Profit is attributable to:		
Owners of the Company	384	1,931
Non controlling interests	(50)	872
Profit for the year	**334**	**2,803**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

All amounts in US$ million	Year ended 31 December 2009	Year ended 31 December 2008
Profit for the year	334	2,803
Other comprehensive income		
Revaluation of available-for-sale investments	8	(132)
Revaluation of property plant and equipment	1,091	449
Currency translation differences	(192)	(3,354)
Share in equity reserves of associates	30	(53)
Income tax relating to components of other comprehensive income	(273)	(112)
Total other comprehensive income	**664**	**(3,202)**
Total comprehensive income for the period	**998**	**(399)**
Total comprehensive income attributable to:		
Owners of the Company	757	(599)
Non controlling interest	241	200

ABBREVIATED STATEMENT OF CASH FLOWS

All amounts in US$ million	Year ended 31 December 2009	Year ended 31 December 2008
Cash flows from operating activities		
Profit before income tax	475	3,558
Adjustments for:		
Depreciation of property, plant and equipment ("PPE") and amortisation of intangible assets, net of amortisation of deferred income	555	641
Impairment and devaluation of PPE	49	50
Loss on disposal of property, plant and equipment	1	39
Impairment of trade and other receivables	11	29
Finance income	(43)	(53)
Finance costs	167	477
Foreign exchange differences	(36)	(621)
Net increase in retirement benefit obligation	46	132
Share of result of associates	5	(21)
Write-offs of inventory	–	273
Other non-cash operating (incomes)/losses	3	71
Operating cash flows before working capital changes	**1,233**	**4,575**
Decrease/(increase) in inventories	304	(580)
Increase in trade and other accounts receivable	(22)	(318)
Increase in trade and other accounts payable	96	189
Decrease in liabilities under moratorium	–	(3)
Decrease in other non-current assets	20	–
Decrease in other non-current liabilities	(3)	(11)
Cash generated from operations	**1,628**	**3,852**
Income taxes paid	(344)	(827)
Interest paid	(74)	(169)
Net cash from operating activities	**1,210**	**2,856**
Cash flows from investing activities		
Purchase of property, plant and equipment	(324)	(679)
Proceeds from sale of property, plant and equipment	15	5
Acquisition of subsidiaries, net of cash acquired	7	(1,699)
Acquisition of United Coal Company, net of cash acquired	(31)	(400)
Payments for subsidiaries and non controlling interest – SCM Group and related parties	(122)	(205)
Loans issued to SCM Group companies	(37)	(130)
Interest received	2	20
Dividends received	–	29
Net cash used in investing activities	**(490)**	**(3,059)**
Cash flows from financing activities		
Proceeds from loans and borrowings	115	1,403
Repayment of loans and borrowings	(719)	(1,591)
Net trade financing repayments	(156)	(113)
Dividends paid	(58)	(352)
Net cash used in financing activities	**(818)**	**(653)**
Effect of exchange rate changes on cash and cash equivalents	(4)	(17)
Net decrease in cash and cash equivalents	**(102)**	**(873)**
Cash and cash equivalents at the beginning of the year	**261**	**1,134**
Cash and cash equivalents at the end of the year	**159**	**261**

ABBREVIATED STATEMENT OF CHANGES IN EQUITY

All amounts in US$ million	Attributable to owners of the Company: Share capital	Share premium	Other reserves	Retained earnings	**Total**	Non controlling interest	**Total equity**
Balance at 1 January 2008	**–**	**4,172**	**(1,500)**	**3,356**	**6,028**	**1,287**	**7,315**
Total comprehensive income for the period			(2,530)	1,931	**(599)**	200	**(399)**
Realised revaluation reserve	–	–	(226)	226	**–**	–	**–**
Acquisition of interest in the subsidiaries from SCM Group companies and related parties	–	–	(83)	–	**(83)**	(11)	**(94)**
Increase in non controlling interest as a result of Group restructuring	–	–	–	(48)	**(48)**	48	**–**
Dividends paid	–	–	–	(360)	**(360)**	(176)	**(536)**
Balance at 31 December 2008	**–**	**4,172**	**(4,339)**	**5,105**	**4,938**	**1,348**	**6,286**
Total comprehensive income for the period	**–**	**–**	**373**	**384**	**757**	**241**	**998**
Realised revaluation reserve	–	–	(160)	160	**–**	–	**–**
Acquisition of interest in the subsidiaries from SCM Group companies and related parties	–	–	7	–	**7**	(129)	**(122)**
Decrease in non controlling interest due to Group restructuring	–	–	–	14	**14**	(14)	**–**
Business combination	–	–	–	–	**–**	(61)	**(61)**
Acquisition of non controlling interest in Promet	–	–	–	(51)	**(51)**	51	**–**
Dividends declared by Parent and non wholly owned subsidiaries	–	–	–	(20)	**(20)**	(109)	**(129)**
Balance at 31 December 2009	**–**	**4,172**	**(4,119)**	**5,592**	**5,645**	**1,327**	**6,972**

EXPLANATORY NOTES TO ABBREVIATED FINANCIAL STATEMENTS

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 2009, 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 dollar and all values are rounded off to the nearest million except where otherwise indicated.

Principles of consolidation

Subsidiaries are those companies and other entities (including special purpose entities) in which the Group, directly or indirectly, have an interest of more than one half of the voting rights or otherwise have power to govern the financial and operating policies so as to obtain economic benefits. Subsidiaries are consolidated from the date on which control is transferred to the Group (acquisition date) and are de-consolidated from the date that control ceases.

For a better understanding of an 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 2009, 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.

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 brocks 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.

Consumption coefficients of semi-finished products
The volume of semi-finished products consumed to produce a tonne of the finished product.

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.

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 hot-rolled 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 3 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, ship building 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 channeled 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 (millions tonnes)
A million metric unit of weight equivalent to 1,000,000kg.

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.

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').

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

Reserves (Provable, Probable, Recoverable)
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.

'Recoverable Reserves' are an estimate of how much recoverable coal/ore is still left in already-found deposits. It can only be an estimate since it is impossible to know exactly how much coal/ore is still in the ground. Because of this uncertainty, reserves are calculated with a certain probability. A reserve estimate followed with, for instance, 'P90' means that there is a 90% chance that there is at least as much recoverable coal/ore as the reserve estimate claims.

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.

GLOSSARY CONTINUED

Shapes
Blooms or billets which are hot-rolled in a rolling mill to form shapes including 'L', 'U', 'T' or 'I', amongst others. Shapes can also be produced by welding together pieces of flat products. Shapes 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.

Slab conticaster
In metalworking, casting involves pouring a liquid metal into a mold, 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 mold 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.

Strips
Special steel plates used for production of welded pipes.

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.

Other terms

ACCA
The Association of Chartered Certified Accountants.

CIS
Commonwealth of Independent States.

CSR
Corporate Social Responsibility.

ERP
Enterprise Resource Planning.

EU REACH
REACH (Registration, Evaluation, Authorisation, Chemicals) is regulation 1907/2006 of the European Parliament and the Council of EU Ministers. It addresses regulation of production, distribution in the EU market and further use of chemicals. The new law entered into force on 1 June 2007. REACH sets rules for all stages of manufacture, sale and further use of products in terms of their chemical composition. It targets, primarily, to minimize harm to human health and the environment, which can be caused by the use of various chemicals and their compounds.

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.

GOK
Iron Ore Enrichment Works

GRI
Global Reporting Initiative.

HR
Human Resources.

HSE
Health, Safety and Environment.

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.

KPI
Key Performance Indicator.

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.

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.

Company abbreviations

Full name	Abbreviation
Metinvest B.V.	Metinvest B.V.
Metinvest Group	Metinvest
Steel and rolled products division	
JSC Azovstal Iron and Steel Works	Azovstal
JSC Yenakiieve Iron and Steel Works and JV Metalen LLC	Yenakiieve Steel
JSC Makiivka Iron and Steel Works	Makiivka Steel
Ferriera Valsider S.p.A.	Ferriera Valsider
JSC Khartsyzsk Pipe Plant	Khartsyzsk Pipe
Metinvest Trametal S.p.A.	Metinvest Trametal
Spartan UK Ltd.	Spartan
JSC Promet Steel Plant	Promet Steel
Metinvest International S.A.	Metinvest International
Metinvest Ukraine LLC	Metinvest Ukraine
Metinvest Service Metal Centres LLC	Metinvest SMC
Metinvest Eurasia LLC	Metinvest Eurasia
Skif-Shipping LLC	Skif-Shipping
Iron ore division	
JSC Northern Iron Ore Enrichment Works	Northern GOK
JSC Central Iron Ore Enrichment Works	Central GOK
JSC Ingulets Iron Ore Enrichment Works	Ingulets GOK
Danube Shipping and Stevedoring Company Ltd.	Danube Shipping
Coal and coke division	
JSC Krasnodon Coal Company	Krasnodon Coal
JSC Avdiivka Coke Plant	Avdiivka Coke
United Coal Company LLC	United Coal
Inkor & Co Chemical company LLC	Inkor Chemicals
Shareholders	
JSC System Capital Management	SCM
JSC Smart Holding	SMART

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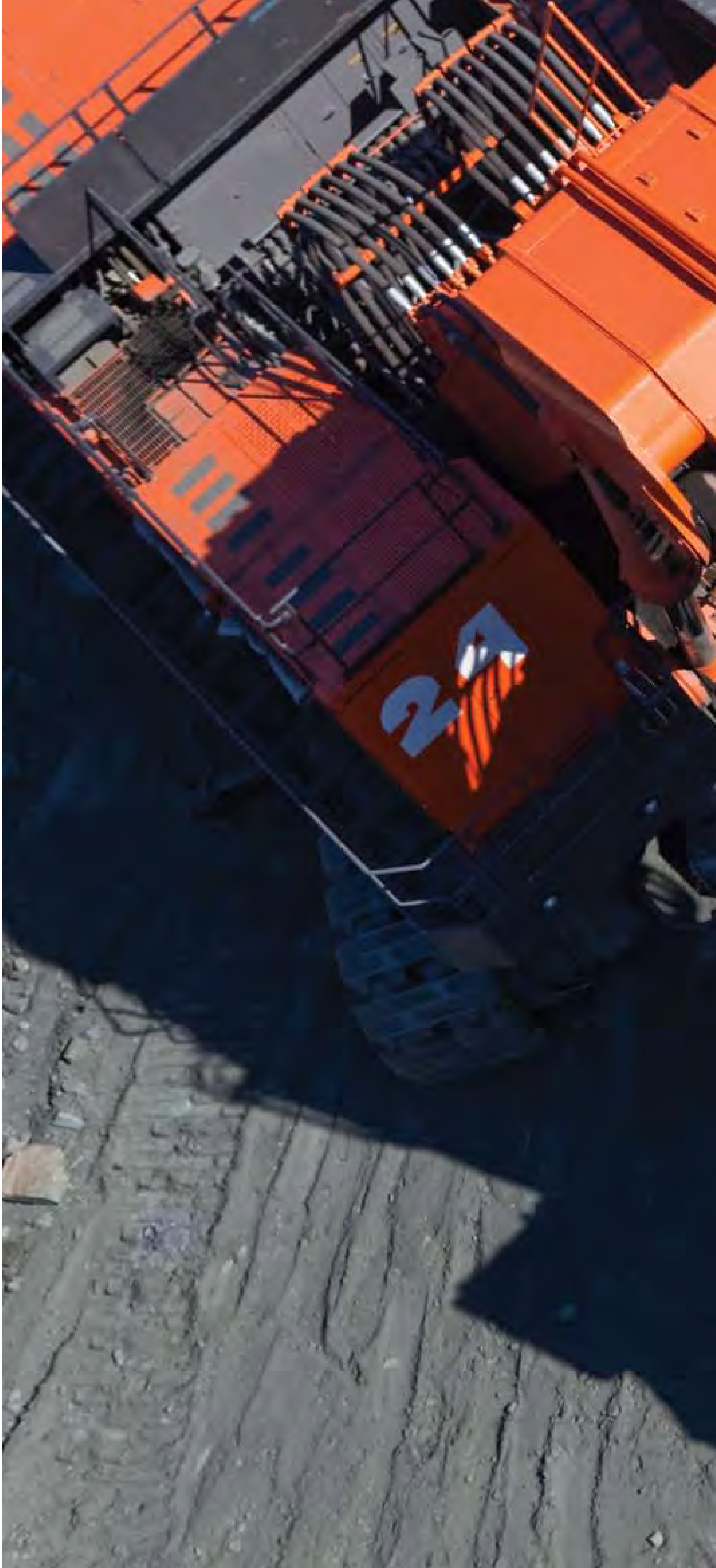

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