



EVRAZ GROUP S.A.

**Admission to Listing on the Official List and to Trading on the London Stock Exchange of
Up to 31,133,333 Shares in the form of up to 93,399,999 Global Depository Receipts**

– and –

**Admission to Listing on the Official List and to Trading on the Professional Securities Market of the London Stock Exchange of
U.S.\$650,000,000 Senior Unsecured Convertible 7.25% Bonds due 2014**

This document relates to an admission to listing on: (i) the official list (the "Official List") of the U.K. Listing Authority ("UKLA"), a division of the U.K. Financial Service Authority (the "FSA"), in its capacity as competent authority under the Financial Services and Markets Act 2000 ("FSMA") and to trading on the regulated market for listed securities through the International Order Book (regulated market segment) ("IOB") of the London Stock Exchange plc (the "London Stock Exchange"), a regulated market for the purposes of the Markets in Financial Instruments Directive 2004/39/EC (the "Regulated Market") of up to 93,399,999 global depository receipts ("GDRs"), with three GDRs representing one ordinary share of Evraz Group S.A., a company incorporated as a société anonyme under the laws of the Grand Duchy of Luxembourg (the "Company") with a nominal value of €2 per share (each a "Share" and, together, the "Shares") and (ii) the Official List of the UKLA and to trading on the Professional Securities Market of the London Stock Exchange, an unregulated market for the purposes of the Markets in Financial Instruments Directive 2004/39/EC, of an aggregate principal amount of U.S.\$650,000,000 Senior Unsecured Convertible 7.25% Bonds due 2014 convertible into GDRs (the "Bonds" and, together with the GDRs, the "Securities").

The GDRs

The GDRs will be issued pursuant to an agreement dated 7 June 2005 between Evraz and The Bank of New York (now known as The Bank of New York Mellon), as Depository (the "GDR Depository Agreement"). The Company has previously issued GDRs (i) in the United States to qualified institutional buyers ("QIBs"), as defined in and in reliance on the exemption from the registration requirements of the U.S. Securities Act of 1933 (the "Securities Act") provided by Rule 144A under the Securities Act ("Rule 144A") (the "Rule 144A GDRs") and (ii) outside the United States and the Russian Federation to certain persons in offshore transaction in reliance on Regulation S under the Securities Act ("Regulation S") (the "Regulation S GDRs").

The Regulation S GDRs are currently evidenced by a master Regulation S GDR registered in the name of BNY (Nominees) Limited, as nominee for The Bank of New York Mellon, as common depository for Euroclear Bank N.V./S.A. as operator of the Euroclear system ("Euroclear") and Clearstream Banking, société anonyme ("Clearstream, Luxembourg"). The Rule 144A GDRs are currently evidenced by a master Rule 144A GDR registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"). The new Regulation S GDRs and Rule 144A GDRs will retain the ISIN, CUSIP and Common Code numbers and London Stock Exchange trading symbol that are currently assigned to the Company's existing GDRs.

The Bonds

The Bonds were issued pursuant to a trust deed dated 13 July 2009 (the "Trust Deed") between the Issuer and BNY Corporate Trustee Services Limited (the "Trustee") as supplemented by a Supplemental Trust Deed between the Issuer and the Trustee dated 27 July 2009. As further described herein, unless previously redeemed or purchased and cancelled, the Bonds will be convertible into GDRs at the option of holders of Bonds ("Bondholders") on any day during the period commencing 11 September 2009 and ending on the close of business on 6 July 2014, or, if earlier, ending on the seventh day prior to any earlier date fixed for redemption of the Bonds. See "Terms and Conditions of the Bonds—Conversion of Bonds".

Unless previously purchased and cancelled, redeemed or converted as provided in the Trust Deed, the Bonds will be redeemed at their principal amount on 13 July 2014. On giving not less than 30 nor more than 60 days' notice to the Trustee and to Bondholders, the Company may redeem all but not some only of the Bonds on the date specified in the Optional Redemption Notice (as defined in Condition 7(b) of the Trust Deed (*Redemption at the Option of the Issuer*)) at their principal amount, together with accrued but unpaid interest to such date if, prior to the date the relevant Optional Redemption Notice is given, Conversion Rights (as defined in Condition 3 of the Trust Deed (*Definitions*)) shall have been exercised and/or purchases (and corresponding cancellations) have been effected in respect of 85 per cent. or more in principal amount of the Bonds originally issued, as further described in "Terms and Conditions of the Bonds—Redemption and Purchase".

Following the occurrence of a Relevant Event (as defined in Condition 3 of the Trust Deed (*Definitions*)) or a De-listing Event (as defined in Condition 7 of the Trust Deed (*Redemption and Purchase*)), the holder of each Bond will have the right to require the Company to redeem that Bond on the Relevant Event Put Date (as defined in Condition 7(d) of the Trust Deed (*Redemption and Purchase*)) at its principal amount, together with accrued and unpaid interest to (but excluding) such date, as further described in "Terms and Conditions of the Bonds—Redemption and Purchase".

Interest on the Bonds is payable quarterly in equal instalments in arrear on 13 January, 13 April, 13 July and 13 October of each year, beginning on 13 October 2009 at a rate of 7.25% per annum, as further described in Condition 5 of the Trust Deed (*Interest*). Interest will, upon conversion of the Bonds, accrue up to the relevant Conversion Date and be payable 3 business days following such Conversion Date.

All payments made by or on behalf of the Company in respect of the Bonds will be made subject to and after any deduction or withholding for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of Luxembourg or any political subdivision or any authority thereof or therein having power to tax which is required to be made by law. The Company will not be required to pay any additional or further amounts in respect of such deduction or withholding.

The Bonds constitute direct, unsubordinated and unsecured obligations of the Company ranking *pari passu* and rateably, without any preference among themselves, and equally with all other existing and future unsecured and unsubordinated obligations of the Company, subject to any applicable statutory exceptions. See "Terms and Conditions of the Bonds—Form, Denomination, Title and Status".

Risk Factors

Investing in the Securities involves a high degree of risk. See "Risk Factors" beginning on page 7. The Securities are of a specialist nature and should only be bought and traded by investors who are particularly knowledgeable in investment matters.

Based on the current economic environment and management's outlook, Evraz may not be in compliance with financial covenants contained in certain of its debt instruments when its consolidated financial statements for the 2009 financial year are published. This could constitute a cross default under its other debt instruments, including the Bonds, permitting Evraz's lenders to demand immediate payment of the outstanding borrowings under such debt instruments. The Board and the management have concluded that the combination of the circumstances described above represents a material uncertainty related to events and conditions that may cast significant doubt upon Evraz's ability to continue as a going concern. See the Risk Factor entitled "Evraz is significantly leveraged and is required to meet certain financial and other restrictive covenants under the terms of its indebtedness" on page 7 of this document.

This document does not constitute an offer of the securities in any jurisdiction.

Dated 7 September 2009.

Other than the Sections titled "Terms and Conditions of the Bonds", "Summary of Provisions Relating to the Bonds while in Global Form", "Information Regarding the Trustee" and "Taxation of the Bonds", this document comprises a prospectus given in compliance with the Prospectus Rules made under Section 73A of FSMA by the UKLA for the purpose of giving information with respect to the Company, the Company together with its consolidated subsidiaries taken as a whole ("Evraz") and the GDRs in connection with the application for admission of the GDRs to the Official List and to trading on the Regulated Market.

Other than the Section titled "Summary—*Notice*", this document comprises listing particulars given in compliance with Section 79 of FSMA for the purpose of giving information with regard to Evraz and the Bonds in connection with the application for admission of the Bonds to the Official List and to trading on the Professional Securities Market.

The Company accepts responsibility for the information contained in this document, and, having taken all reasonable care to ensure that such is the case, the information contained in this document is, to the best of the knowledge and belief of the Company, in accordance with the facts and does not omit anything likely to affect the import of such information.

This document does not constitute an offer for sale of the Securities in any jurisdiction. Investors in the Securities must rely on their own examination of Evraz, including the merits and risks involved. Investors in the Securities should rely only on the information contained in this document. The Company has not authorised any other person to provide any investors in the Securities with information regarding the Securities, other than the information contained herein. If anyone provides any investor in the Securities with different or inconsistent information, such investor in the Securities should not rely on it. Each investor in the Securities should assume that the information appearing in this document is accurate as at the date on the front cover of this document only. The business, financial condition, results of operations and the information about Evraz set forth in this document may have changed since that date. The contents of Evraz's websites do not form part of this document.

Investors in the Securities should not consider any information in this document to be investment, legal or tax advice. None of the Company or any of its representatives makes any representation to any offeree or purchaser of the Securities, regarding the legality of an investment by such offeree or purchaser under applicable legal, investment or similar laws. Each investor should consult with its own advisers as to the legal, tax, business, financial and related aspects of the purchase of the Securities.

This document is not for publication or distribution, directly or indirectly, in or into any jurisdiction in which the same would be unlawful. This document is for information purposes only and does not constitute an offer or invitation to acquire or dispose of the Securities in the United States or any other jurisdiction. Neither the GDRs nor the Bonds have been nor will be registered under the U.S. Securities Act, and may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Company does not currently plan to register or make a public offering of the GDRs or the Bonds in the United States. The distribution of this document may be restricted by law in certain jurisdictions. Persons into whose possession this document comes are required to inform themselves about, and to observe, any such restrictions. No action has been taken by the Company that would permit an offering of the Securities or the possession or distribution of this document or any other offering or publicity material relating to the Securities in any jurisdiction where action for that purpose is required.

THE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER U.S. REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THE SECURITIES OR THE ACCURACY OR

ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

NOTICE TO INVESTORS IN THE EEA

Outside the United Kingdom, this document is being made available only to persons in member states of the European Economic Area ("EEA") who are "qualified investors" within the meaning of Article 2(1)(e) of Directive 2003/71/EC ("Qualified Investors"). This document must not be acted on or relied on in any member state of the EEA other than the United Kingdom by persons who are not Qualified Investors.

NOTICE TO INVESTORS IN THE RUSSIAN FEDERATION

Under Russian law, the Securities are securities of a foreign issuer. The Securities are not eligible for initial offering and circulation in the Russian Federation. Neither the issue of the Securities nor a securities prospectus in respect of the Securities has been, or is intended to be, registered with the Federal Service for Financial Markets ("FSFM"). The information provided in this document is not an offer, or an invitation to make offers, to sell, exchange or otherwise transfer the Securities in the Russian Federation or to any Russian residents except as may be permitted by Russian law.

AVAILABLE INFORMATION

The Company has agreed that, for so long as the GDRs are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, it will, during any period in which it is neither subject to Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, provide to any holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner for delivery to such holder, beneficial owner or prospective purchaser, in each case upon the request of such holder, beneficial owner or prospective purchaser the information required to be provided by Rule 144A(d)(4) under the Securities Act.

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FORWARD-LOOKING STATEMENTS

This document contains "forward-looking statements" within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act which relate to, without limitation, Evraz's plans, financial position, objectives, goals, strategies and future operations, performance and trends in prices and demand for its products and the assumptions underlying these forward-looking statements. Evraz uses words such as "estimates", "expects", "believes", "intends", "plans", "may", "will", "should" and any similar expressions to identify forward-looking statements. These forward-looking statements are contained in the "Summary", "Risk Factors", "Description of Business" and elsewhere in this document. Evraz has based these forward-looking statements on the current view of its management with respect to future events and financial performance. These views reflect the best judgement of its management but involve uncertainties and are subject to certain known and unknown risks and other important factors beyond Evraz's control, the occurrence of which could cause actual results to differ materially from those predicted in Evraz's forward-looking statements and from past results, performance or achievements. Although Evraz believes that the estimates and the projections reflected in such forward-looking statements are reasonable, if one or more of the risks or uncertainties materialise or occur, including those identified in this document, or if any of the underlying assumptions prove to be incomplete or incorrect, Evraz's actual results of operations may vary from those expected, estimated or projected.

The important factors that could cause Evraz's actual results, performance or achievements to differ materially from those in these forward-looking statements include, but are not limited to, those discussed in "Risk Factors" and "Description of Business". These forward-looking statements speak only as at the date of this document. Evraz expressly disclaims any obligation or undertaking to disseminate after the date of this document any updates or revisions to any forward-looking statements contained herein to reflect any change in its expectation with regard thereto or any change in events, conditions or circumstances on which any such forward-looking statements are based, unless required to do so by applicable law.

ENFORCEABILITY OF JUDGEMENTS

The Company is a corporation organised under the laws of Luxembourg.

Except for certain non-executive members of the Board of Directors of the Company, who are residents of the United Kingdom (the "U.K."), the members of the Board of Directors and executive officers of the Company are resident outside the U.K., and all or a substantial portion of the assets of such persons, directors, entities and the Company are located outside the U.K. As a result, it may not be possible for investors to effect service of process within the U.K. upon the Company or such persons or to enforce against any of them in the U.K. courts judgements obtained in the U.K. courts.

The enforcement of judgements obtained outside of Luxembourg in Luxembourg is conditional upon obtaining an enforcement order in Luxembourg. In addition, awards of punitive damages in actions brought in the United States or elsewhere may be unenforceable in Luxembourg. Judgements based solely on liabilities arising under the civil liability provisions of United States federal securities laws are unlikely to be enforced in Luxembourg.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Market and Other Statistical Data

Market data used in this document, as well as certain statistics, including statistics in respect of product sales volumes of third parties and market share have been extracted from official and industry sources and other third-party sources the Company believes to be reliable, such as the Central Bank of the Russian Federation (the "CBR"), the International Iron and Steel Institute and IMC Economic and Energy Consulting. Where information in this document has been sourced from third parties, this information has been accurately reproduced, and as far as the Company is aware and is able to ascertain from the information published by the aforementioned sources, no facts have been omitted which would render the reproduced information, data and statistics inaccurate or misleading. Such information, data and statistics may be approximations or estimates or use rounded numbers. Where information in this document is based on Evraz's own information or estimates, this information has been identified as such.

Presentation of Financial Information

The Company's audited consolidated financial statements in respect of the financial years ended 31 December 2008, 2007 and 2006 (the "Annual Financial Statements") were prepared in accordance with International Financial Reporting Standards ("IFRS") and audited in accordance with International Standards on Auditing. The Annual Financial Statements are incorporated into this document by reference.

Currencies

In this document, all references to "CZK", "Koruna" and "koruna" are to the lawful currency of the Czech Republic; all references to the "€" and "euro" are to the lawful currency of the participating member states of the European Union that adopted the single currency in accordance with the Treaty of Rome establishing the European Economic Community, as amended; all references to the "Rand" and "rand" are to the lawful currency of South Africa; all references to "RUR", "Rouble" and "rouble" are to the lawful currency of the Russian Federation ("Russia"); all references to "S\$" are to the lawful currency of Singapore; and all references to "U.S.\$", "U.S. dollar" and "dollar" are to the lawful currency of the United States of America.

Exchange Rate Information

Evraz's functional currency varies, depending on the subsidiary (Czech Koruna, Canadian Dollar, South African Rand, Russian Rouble, Ukrainian Hryvnia, Euro and U.S. Dollar). The currency in which its direct costs and other costs, such as interest expenses, are denominated likewise depends on the subsidiary. However, the Annual Financial Statements are reported in U.S. dollars. As a result, fluctuations in the value of these currencies and, in particular, the value of the rouble against the U.S. dollar may affect these results when translated into U.S. dollars. See "Risk Factors—Risks Relating to Evraz's Business and Industry—Currency fluctuations, in particular, the appreciation of the rouble against the U.S. dollar, may materially adversely affect Evraz's results of operations".

The table below sets forth, for the periods and dates indicated, certain information regarding the exchange rate between the rouble and the U.S. dollar, based on the official exchange rate quoted by the CBR. Fluctuations in the exchange rates between the rouble and the U.S. dollar in the past are not necessarily indicative of fluctuations that may occur in the future. These rates may also differ from the actual rates used in the preparation of Evraz's financial statements and other information presented in this document.

Year Ended 31 December	Roubles per U.S. dollar			Period End
	High	Low	Average ⁽¹⁾	

2006.....	28.78	26.18	27.18	26.33
2007.....	26.58	24.26	25.57	24.55
2008.....	29.38	23.13	24.98	29.39

2009	Roubles per U.S. dollar		
	High	Low	Period End
February.....	36.43	34.56	35.72
March.....	36.23	33.27	34.01
April.....	34.10	33.17	33.25
May.....	32.97	30.98	30.98
June.....	31.58	30.51	31.29
July.....	33.06	30.64	31.76
August.....	32.69	31.05	31.57

Note:

- (1) The average of the exchange rates on the last business day of each month for the relevant annual period and on each business day for any other period.

Solely for the convenience of the reader, and except as otherwise stated, this document contains translations of some rouble amounts into U.S. dollars at the average conversion rate for the relevant period as published by the CBR.

No representation is made that the rouble amounts referred to in this document could have been or could be converted into U.S. dollars at the above exchange rates or at any other rate.

References

All references to the "Company" or the "Issuer" are to Evraz Group S.A., and all references to "Evraz" are to the Company and its consolidated subsidiaries, taken as a whole.

In this document, all references to "U.S." are to the United States, all references to "U.K." are to the United Kingdom and all references to the "EU" are to the European Union and its member states as of the date of this document. All references to "CIS" are to the countries that formerly comprised the Union of Soviet Socialist Republics and that are now members of the Commonwealth of Independent States: Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Turkmenistan, Ukraine and Uzbekistan.

In this document, all references to "tonnes" are to metric tonnes, and one metric tonne is equal to one thousand kilograms.

Rounding

Certain figures included in this document have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly, and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

DOCUMENTS INCORPORATED BY REFERENCE

This document should be read and construed in conjunction with the following documents, which have been previously published by the Company and which shall be deemed to be incorporated in, and to form part of, this document:

- (i) the 2008 Annual Financial Report of Evraz Group S.A. (the "2008 Report") published on 30 April 2009, which presents the financial information for Evraz for the three years ended 31 December 2008, 2007 and 2006 (only those pages cited in the cross-reference table below);
- (ii) the Evraz Group S.A. Unaudited Condensed Consolidated Financial Statements for the Six-Month Period ended June 30, 2009;
- (iii) the 1 September 2009 press release titled "Evraz Announces Interim Results for 1H 2009" (unaudited);
- (iv) the 13 August 2009 press release titled "Evraz Issues New Shares Completing Bond and Equity Offerings";
- (v) the 31 July 2009 press release titled "Results of Extraordinary General Meeting of Shareholders";
- (vi) the 22 July 2009 press release titled "Announcement of Exercise of Over-allotment Options";
- (vii) the 15 July 2009 press release titled "Evraz Group 2Q 2009 Operational Results";
- (viii) the 14 July 2009 press release titled "Announcement of EGM on July 31";
- (ix) the 9 July 2009 press release titled "Evraz Raises Approximately U.S.\$900 million from Concurrent Convertible Bond and Equity Offerings";
- (x) the 8 July 2009 press release titled "Evraz Launches U.S.\$900 million Concurrent Convertible Bond and Equity Offerings";
- (xi) the 8 July 2009 press release titled "Trading Update for the Period Since March 31, 2009" (unaudited);
- (xii) the 23 June 2009 press release titled "First Quarter of 2009 Trading Update" (unaudited);
- (xiii) the 22 June 2009 press release titled "Evraz restarts blast furnace No. 3 at ZapSib";
- (xiv) the 15 May 2009 press release titled "Results of the Annual General Meeting";
- (xv) the 8 May 2009 press release titled "Evraz Vitkovice Steel Signed Long Term Agreement";
- (xvi) the 28 April 2009 press release titled "Evraz Group 1Q 2009 Operational Results";
- (xvii) the 28 April 2009 press release titled "Evraz Announces Financial Results for 2008";
- (xviii) the 2 February 2009 press release titled "Results of EGM";
- (xviii) the 2007 Annual Report of Evraz Group S.A. (the "2007 Report") published on 27 June 2008, which presents the financial information for Evraz for the three years ended 31 December 2007, 2006 and 2005 (only those pages cited in the cross-reference table below);

- (xix) the 2006 Annual Report of Evraz Group S.A. (the "2006 Report") published on 9 July 2007, which presents the financial information for Evraz for the three years ended 31 December 2006, 2005 and 2004 (only those pages cited in the cross-reference table below).

Any statement contained in a document incorporated by reference herein shall be deemed to be modified or superseded for purposes of this document to the extent that a statement contained herein or in any other subsequently published document that is incorporated by reference herein modifies or supersedes such previous statement.

The documents incorporated by reference in this document are published on the website of the Company (www.evraz.com). No other contents of Evraz's website are incorporated by reference herein.

Sections of the 2008 Report, the 2007 Report, the 2006 Report and the 2009 Interim Report incorporated by reference in this document

<u>Information incorporated by reference</u>	<u>Page Numbers of Relevant Document</u>
Selected Historical Information	pp. 4-6 of the 2008 Report, pp. 70-76 of the 2007 Report and pp. 57-60 of the 2006 Report and pp. 4-10 of the 2009 Interim Report
Historical Financial Information	
Audited consolidated financial statements of Evraz Group S.A. for the financial year ended 31 December 2008:	
(i) consolidated income statement	p. 7 of the consolidated financial statements in the 2008 Report
(ii) consolidated balance sheet	p. 8 of the consolidated financial statements in the 2008 Report
(iii) consolidated cash flow statement	pp. 9-10 of the consolidated financial statements in the 2008 Report
(iv) consolidated statement of changes in equity	pp. 11-13 of the consolidated financial statements in the 2008 Report
(v) notes to the consolidated financial statements	p. 14-125 of the consolidated financial statements in the 2008 Report
(vi) auditor's report on the consolidated financial statements	pp. 5-6 of the consolidated financial statements in the 2008 Report
Audited consolidated financial statements of Evraz Group S.A. for the financial year ended 31 December 2007:	
(i) consolidated income statement	p. 117 of the 2007 Report
(ii) consolidated balance sheet	pp. 118-119 of the 2007 Report
(iii) consolidated cash flow statement	pp. 120-121 of the 2007 Report
(iv) consolidated statement of changes in equity	pp. 122-124 of the 2007 Report
(v) notes to the consolidated financial statements	p. 125-221 of the 2007 Report
(vi) auditor's report on the consolidated financial statements	pp. 116 of the 2007 Report

Audited consolidated financial statements of Evraz Group S.A. for the financial year ended 31 December 2006:

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|-------|---|------------------------------|
| (i) | consolidated income statement | p. 89 of the 2006 Report |
| (ii) | consolidated balance sheet | p. 90-91 of the 2006 Report |
| (iii) | consolidated cash flow statement | pp. 92-93 of the 2006 Report |
| (iv) | consolidated statement of changes in equity | pp. 94-95 of the 2006 Report |
| (v) | notes to the consolidated financial statements | p. 96-151 of the 2006 Report |
| (vi) | auditor's report on the consolidated financial statements | pp. 88 of the 2006 Report |

Unaudited Interim Condensed Consolidated Financial Statements for the Six-Month Period ended 30 June 2009

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|-------|---|-------------------------------------|
| (i) | unaudited interim condensed consolidated statement of operations | p. 4 of the 2009 Interim Report |
| (ii) | unaudited interim condensed consolidated statement of comprehensive income | p. 5 of the 2009 Interim Report |
| (iii) | unaudited interim condensed consolidated statement of financial position | p. 6 of the 2009 Interim Report |
| (iv) | unaudited interim condensed consolidated statement of cash flows | pp. 7-8 of the 2009 Interim Report |
| (v) | unaudited interim condensed consolidated statement of changes in equity | pp. 9-10 of the 2009 Interim Report |
| (vi) | selected notes to the unaudited interim condensed consolidated financial statements | p. 11-37 of the 2009 Interim Report |
| (vii) | report on review of interim condensed consolidated financial statements | p. 3 of the 2009 Interim Report |

Management's Discussion and Analysis of Financial Condition and Results of Operations

pp. 4-11 of the press release titled "Evraz Announces Interim Results for 1H 2009", pp. 7-47 of the 2008 Report and pp. 77-114 of the 2007 Report

Investors should assume that the information appearing in this document, or any documents incorporated by reference in this document, is accurate only as of the date on the front cover of the applicable document. Evraz's business, financial condition, results of operations and prospectus as set out in any of the documents incorporated herein may have changed materially since the date of the relevant document and, to the extent that they have done so, such documents are superseded firstly by the later documents also incorporated by reference herein and secondly by the information contained in this document.

Investors should read the whole of this document and the documents incorporated herein by reference and not just rely on the information contained in this document.

SUMMARY

Notice

This summary must be read as an introduction to this document and any decision to invest in the Securities should be based on a consideration of this document as a whole.

Following the implementation of the relevant provisions of Directive 2003/71/EC in each member state of the EEA, no civil liability will attach to Evraz or any of its members of the Board of Directors (the "Directors") in any such member state solely on the basis of this summary, including any translation thereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this document. Where a claim relating to the information contained in this document is brought before a court in a member state of the EEA, the plaintiff investor may, under the national legislation of the member state where the claim is brought, be required to bear the costs of translating this document before the legal proceedings are initiated.

Each investor in the Securities should carefully consider the information set forth under the heading "Risk Factors", "Description of Business" and the combined and consolidated financial statements and the notes thereto included elsewhere in this document.

The Listing

This document has been prepared in order to admit to listing GDRs to be issued from time to time upon conversion of the Bonds and additional GDRs that may, in the future, be issued by the Company pursuant to employee stock option plans, as stock dividends, for future equity capital raisings or following the conversion of already issued Company ordinary shares into GDRs by shareholders who currently hold their interest in the Company in the form of shares.

The issuance of the GDRs (and the underlying shares) issuable upon conversion of the Bonds was authorized by the Company's Board of Directors on 22 June 2009 and was ratified by the shareholders at an Extraordinary General Meeting on 31 July 2009. Any shares and GDRs to be issued in the future pursuant to employee stock option plans, as stock dividends or for equity capital raisings will be authorized by the Company's Board of Directors.

Each of the Company and its principal shareholder, Lanebrook, entered into a 90-day lock-up agreement in respect of ordinary shares of the Company and securities convertible into ordinary shares or whose value is determined by reference to ordinary shares (including GDRs) with effect from 8 July 2009, subject to customary exceptions.

The Business of Evraz

Evraz is one of the largest vertically integrated steel and mining businesses with operations based in the Russian Federation, the United States, Canada, Ukraine, Czech Republic, Italy and South Africa. Evraz produced approximately 17.7 million tonnes of crude steel in 2008. Management estimates that Evraz is the largest producer of steel and steel products in Russia, the largest producer of Russian long products, such as beams, rebars and rails, and among the 17 largest steel producers in the world, all measured by volume. In 2008, Evraz produced approximately 18.9 million tonnes of iron ore products and mined approximately 9.1 million tonnes of coking coal and 4.9 million tonnes of steam coal. Most of Evraz's iron ore and coking coal products are used in its steel making operations. Evraz also produced 11,010 tonnes of vanadium slag and 15,355 tonnes of vanadium alloys and chemicals in 2008. Evraz's total consolidated revenues for the year ended 31 December 2008 amounted to U.S.\$20,380 million, compared to U.S.\$12,859 million for the year ended 31 December 2007. Evraz's total assets as of 31 December 2008 amounted to U.S.\$19,448 million, compared to U.S.\$18,637 million as of 31 December 2007.

Evraz's principal assets as of the date of this document are:

- Nine steel plants: NTMK, located in Russia's Nizhny Tagil, Sverdlovsk region; ZapSib, the largest steel plant in Siberia and the eastern-most steel plant in the Russian Federation, located near Novokuznetsk, Kemerovo region; NKMK, located in Novokuznetsk; Evraz Vitkovice Steel, the largest platemaker in the Czech Republic; Rocky Mountain Steel and Claymont Steel (both are parts of Evraz Inc. North America); Evraz Inc. NA Canada (former IPSCO Canada, acquired in June 2008); Dnepropetrovsky Metallurgical Zavod (DMZ, acquired in December 2007), located in Ukraine; and Highveld Steel and Vanadium Corporation, located in South Africa and also a leading vanadium producer (acquisition completed in April 2007).
- Three steel rolling mills: Evraz Palini e Bertoli, located in Italy; Oregon Steel Portland and Camrose Pipe Corporation (both are parts of Evraz Inc. North America).
- Five iron ore mining and processing facilities: KGOK, located in Sverdlovsk region near NTMK; VGOK, located in the Sverdlovsk region near NTMK; Evrazruda, which operates mines in Kemerovo region, the Republic of Khakassia and south Krasnoyarsk Krai; Sukha Balka in Ukraine; and Mapochs Mine in South Africa.
- One coal mining asset: Yuzhkuzbassugol, located in Novokuznetsk, Kemerovo region and fully acquired in June 2007.
- One of the world's leading producers of vanadium alloys and chemicals for the steel, chemical, and titanium industries: Strategic Mineral Corporation (Stratcor) ferrovanadium producer Nikom S.A., located in the Czech Republic.
- Various trading and logistical assets, including Nakhodka Sea Port, one of the largest ports in the Russian Far East and through which Evraz ships most of its exports and Evraztrans, which owns and operates rail cars in the Russian Federation for Evraz.

Evraz also owns a significant equity interest in a coking coal producer Rospadskaya.

Evraz was founded in 1992 as limited liability company "Evrazmetall" ("EvrazMetal"). EvrazMetal was established by a group of Russian scientists and engineers led by Alexander Abramov (the "Original Group") and specialised in marketing metal products and supplying raw materials and equipment to Russian and Ukrainian mining and metallurgical enterprises. In 1995, EvrazMetal and its affiliates expanded their operations into trading on international markets in partnership with Duferco S.A., an international metals trading company based in Italy.

In the mid-1990s, major metals traders on the Russian market (including the Original Group), as part of their trading activity, financed production at the steel plants (including NTMK and ZapSib) from which they bought steel. As a result, these traders became the largest creditors of both NTMK and ZapSib. In 1997, a group of creditors and the management of NTMK agreed on a debt-to-equity swap, as a result of which the Original Group, Duferco S.A. and ZAO Interural (another metals trading company) became NTMK's major shareholders. The shares owned by Duferco S.A. and ZAO Interural were subsequently bought out by Evraz.

Evraz continued to acquire steel and mining assets and, at the end of 2002, Evraz's management initiated a multi stage reorganisation in order to improve the legal and financial transparency of the group (in particular, to create a more transparent ownership structure and to facilitate financial reporting) and to enhance access to international financing. The Company was formed as Evraz's parent company at the end of 2004.

SUMMARY CONSOLIDATED HISTORICAL FINANCIAL DATA

	Six Months ended 30 June		Year ended 31 December		2006*
	2009*	2008	2008	2007**	
	<i>(unaudited)</i>	<i>(unaudited)</i>			
	<i>(millions of U.S. dollars, except share and per share data and as noted)</i>				
CONSOLIDATED INCOME STATEMENT DATA					
Revenues.....	4,639	10,273	20,380	12,859	8,292
Cost of revenues	(4,297)	6,616	(13,308)	(7,976)	(5,163)
Gross profit	342	4,107	7,072	4,883	3,129
Selling and distribution expenses	(284)	(499)	(876)	(538)	(243)
General and administration expenses.....	(311)	(461)	(938)	(682)	(494)
Other operating expenses, net	(793)	(91)	(1,538)	(195)	(94)
Profit/(loss) from operations	(1,046)	3,056	3,720	3,468	2,298
Non-operating income and expense, net	(214)	(167)	(577)	(343)	(211)
Profit/(loss) before tax.....	(1,260)	2,889	3,143	3,125	2,087
Income tax benefit/(expense)	261	(850)	(1,213)	(946)	(637)
Net profit/(loss)	(999)	2,039	1,930	2,179	1,450
Net profit/(loss) attributable to equity holders of the parent entity.....	(987)	1,991	1,868	2,103	1,377
Net profit/(loss) attributable to minority interests.....	(12)	48	62	76	73
Net income/(loss) per share	(7.55)	16.12	15.13	17.62	11.66
Weighted average number of ordinary shares outstanding.....	130,814,892	123,537,706	123,495,726	119,363,489	118,118,371
Steel segment income statement data					
Revenues ⁽¹⁾	4,291	9,235	17,925	11,908	8,014
Profit/(loss) from operations	(882)	2,314	2,843	3,036	1,964
Vanadium segment income statement data					
Revenues ⁽¹⁾	138	740	1,206	583	147
Profit/(loss) from operations	(48)	179	170	45	(2)
Mining segment income statement data					
Revenues ⁽¹⁾	652	2,012	3,634	1,903	1,147
Profit/(loss) from operations	(202)	620	967	444	351
Other operations income statement data					
Revenues ⁽¹⁾	343	582	1,022	783	604
Profit from operations	25	67	83	87	76
CONSOLIDATED BALANCE SHEET DATA (at period end)					
Total assets.....	23,115	19,451***	19,448	18,637	8,510
Equity attributable to equity holders of the parent entity.....	9,575	4,672***	4,729	5,950	4,066
Minority interests.....	309	245***	245	406	169
Long-term debt, net of current portion.....	4,545	6,064***	6,064	4,653	1,855
CONSOLIDATED CASH FLOWS DATA					
Net cash flows from operating activities.....	1,123	2,449	4,569	2,994	2,084
Net cash flows (used in)/from investing activities	380	(3,166)	(3,736)	(5,650)	(1,569)
Net cash flows (used in)/from financing activities.....	(1,775)	1,304	(127)	2,112	(341)

* The amounts as of 30 June 2009 and for the six-month period then ended were impacted by changes in accounting policies disclosed in Note 2 to the unaudited interim condensed consolidated financial statements for the six-month period ended 30 June 2009.

** Extracted from the 2008 consolidated financial statements. The amounts shown here do not correspond to the 2007 and 2006 consolidated financial statements and reflect adjustments made in connection with the completion of initial accounting and acquisition of subsidiaries from entities under common control.

*** These amounts represent balances as of 31 December 2008 presented in the unaudited interim condensed consolidated financial statements for the six-month period ended 30 June 2009. These amounts do not correspond to the amounts in the audited consolidated financial statements for the year ended 31 December 2008 and reflect adjustments made in connection with the completion of initial accounting for the acquisition of IPSCO Inc. See Note 2 to the Unaudited Interim Condensed Financial Statements for the Six-Month Period ended 30 June 2009.

Note:

(1) Segment revenues include inter-segment sales and purchases.

Risk Factors

An investment in the Securities is subject to risks relating to Evraz's business and industry, economic, political, social and legal risks associated with Russia, as well as risks arising from the nature of the Securities and the markets upon which they are expected to be traded, including risks associated with the following matters:

- Evraz is significantly leveraged and is required to meet certain financial and other restrictive covenants under the terms of its indebtedness.
- The steel, mining and vanadium businesses are cyclical, and local or global downturns in the steel, mining or vanadium industries have had and may in the future have an adverse effect on Evraz's results of operations and financial condition.
- Evraz has grown rapidly in a relatively short period, and its strategy foresees continued integration of its steel making, mining and vanadium operations as well as potential further acquisitions. It is not certain that Evraz will be successful in its integration efforts or in identifying suitable acquisition targets.
- Steel production and mining and vanadium operations are capital intensive, and Evraz's capital investment programme may not be implemented on schedule or within budget.
- Evraz is controlled by Lanebrook whose interests could conflict with those of the other GDR holders and/or the Bondholders.
- If competition authorities in any of the jurisdictions in which Evraz operates were to conclude that Evraz acquired or created a new company in contravention of anti-monopoly legislation or were to increase the level of control it exerts over certain of Evraz's operations, Evraz could face administrative sanctions, be required to divest certain assets or be subject to limitations in its operating flexibility.
- Evraz is dependent on Russian Railways as its principal purchaser of railway products in Russia.
- Currency fluctuations, in particular, the appreciation of the rouble against the U.S. dollar, may materially adversely affect Evraz's results of operations.
- Increased electricity and other energy prices, or disruption of supply of energy or electricity sources, could adversely affect Evraz's business.
- Evraz's subsidiaries in Russia are in many cases the largest employers in their respective regions, and as a result Evraz may be limited in its ability to make rapid and significant reductions in numbers of its employees.
- The Company or its non-Russian subsidiaries could be deemed to be tax residents of Russia or have a permanent establishment in Russia.
- Emerging markets such as Russia, Ukraine, China and South Africa are subject to greater risks than more developed markets, and financial turmoil in any emerging market could disrupt Evraz's business, as well as cause the price of the Securities to suffer.
- A default under any of Evraz's material debt instruments could result in a cross default under the Bonds.
- The Bonds may not have an active trading market, which may have an adverse impact on the value of the Bonds.

- The Bonds may be subject to prepayment.
- Evraz may be unable to repurchase the Bonds as required upon the occurrence of certain events.
- The Shares underlying the GDRs are not listed and may be illiquid.
- Holders of the GDRs may not be able to benefit from certain UK anti-takeover protections.
- The reversal of reform policies or the adoption of government policies or arbitrary exercise of governmental discretion targeted at specific individuals or companies could harm Evraz's business as well as investments in Russia more generally.
- Political, social and other conflicts, and corruption, create an uncertain operating environment that hinders Evraz's long-term planning ability and could adversely affect the value of its investments in Russia.
- Shareholder liability under Russian legislation could cause the Company to become liable for the obligations of its Russian subsidiaries.
- Evraz may be subject to vaguely drafted Russian transfer pricing rules.

Management of Evraz

The Directors and management team have substantial experience in the steel industry and related financing activities, and have an established track record of successfully managing Evraz and its predecessor companies. The Board of Directors of Evraz currently consists of ten members, three of whom, Philippe Delaunois, James Campbell and Terry Robinson, are deemed to be independent pursuant to criteria adopted by the Board of Directors on 25 April 2007.

Share Capital

As of the date of this document, the Company's authorised share capital amounts to €514,408,652, represented by 257,204,326 shares with a par value of €2 per share and its issued and paid share capital amounts to €291,914,242, represented by 145,957,121 shares with a par value of € 2 per share.

Recent Developments

On 29 July 2009, Fitch Ratings downgraded the Company's long-term issuer default rating and senior unsecured debt ratings to BB- from BB, with a negative outlook for both.

On 1 September 2009, Evraz released its results for the first six months of 2009.

At 30 June 2009, Evraz was in compliance with all of its financial covenants. Based on the current economic environment and management's outlook, when Evraz's consolidated financial statements for the year ended December 31, 2009 are published, Evraz may not be in compliance with financial covenants in certain of its debt instruments, which, if not resolved, could also constitute a cross default under its other debt instruments. Such an event would permit Evraz's lenders to demand immediate payment of the outstanding borrowings under the relevant debt instruments. Management is considering a number of alternatives to proactively address this situation, including a financial covenant reset and/or waiver from its lenders. Evraz may incur additional costs related to these alternatives. The Board and the management has concluded that the combination of the circumstances described above represents a material uncertainty related to events and conditions that may cast significant doubt upon Evraz's ability to continue as a going concern. Nevertheless, after considering

the uncertainties described above, management has a reasonable expectation that Evraz has adequate resources to continue in operational existence for the foreseeable future. For these reasons, management continues to adopt the going concern basis in preparing the consolidated financial statements.

RISK FACTORS

Holders of the Securities should carefully consider the risks described below and the other information contained in this document. Any of the following risks, individually or together, could adversely affect Evraz's business, financial condition and results of operations and accordingly the value of the Securities.

This section describes the risks and uncertainties that Evraz's management believes are material, but these risks and uncertainties may not be the only ones that Evraz faces. Additional risks and uncertainties, including those that Evraz's management currently does not know about or deems immaterial, may also result in decreased revenues, assets and cash inflows, increased expenses, liabilities or cash outflows, or other events that could result in a decline in the value of the Securities, or which could have a material adverse effect on Evraz's business, financial condition, results of operations and prospects. The order in which the risks are presented does not necessarily reflect the likelihood of their occurrence or the magnitude of their potential impact on Evraz's business, financial condition, results of operations and prospects or on the trading price of the Securities.

RISKS RELATING TO EVRAZ'S BUSINESS AND INDUSTRY

Evraz is significantly leveraged and is required to meet certain financial and other restrictive covenants under the terms of its indebtedness.

According to Evraz's unaudited consolidated financial statements for the six month period ended June 30, 2009, total debt as of June 30, 2009 amounted to approximately US\$8.48 billion, including approximately US\$3.94 billion of short-term debt and current portion of long-term debt. Cash and cash equivalents as of June 30, 2009 amounted to approximately U.S.\$678 million. As of June 30 2009, Evraz had unutilised bank loans in the amount of US\$1,170 million, including U.S.\$563 million of committed facilities and US\$607 million of uncommitted facilities. See Note 1 to the unaudited interim condensed consolidated financial statements for the six month period ended June 30, 2009 and Note 21 to the Audited Consolidated Financial Statements of Evraz Group S.A. for the financial year ended 31 December 2008, incorporated by reference herein.

On June 1, 2009, the Supervisory Board of VEB approved, subject to fulfilment by Evraz of certain conditions precedent, the potential extension of maturity of the US\$1.8 billion loan facilities granted to Evraz in the fourth quarter of 2008 from one year to two years. These facilities consist of a US\$0.8 billion loan granted in December 2008 and five tranches of US\$201 million each disbursed quarterly starting from November 2008. As at June 30, 2009, US\$1.4 billion is outstanding. Evraz has been informed by VEB that the relevant documentation is expected to be finalised by the end of September 2009, subject to Evraz's submission of certain documentation. Evraz has also received a term sheet from VTB confirming ongoing negotiations to extend a 10 billion RUR (approximately US\$321 million) loan due in October 2009 for another four years and expects to complete these negotiations before the existing loan facility becomes due at the end of October 2009.

Giving effect on a pro forma basis to the anticipated extension of the VEB and VTB facilities as well as repayments of two tranches of the Deutsche Bank syndicated loan, which are covered by the remaining tranches of the VEB loan, Evraz's short-term debt and current portion of long-term debt as of June 30, 2009 would decline to approximately US\$1.66 billion. Out of this amount approximately US\$446 million is represented by trade finance and other revolving debt, which is expected to continue rolling as a part of the normal course of business. The remaining US\$1.21 billion of expected maturities are more than covered by Evraz's cash and cash equivalents and undrawn credit facilities. However, if the VEB and VTB extensions are not completed, we would need to obtain additional sources of liquidity which may not be available on reasonable terms or at all.

All of Evraz's material loan agreements (with the exception of the VTB credit facilities) and all of its bonds currently include certain financial covenants. For example, some covenants are set in relation to leverage, interest cover/expense, total indebtedness and net worth, in respect of Evraz Group S.A. and/or its subsidiaries. Other covenants impose restrictions in respect of certain transactions, including restrictions in respect of indebtedness. The set of covenants is not uniform across the various debt instruments, the various debt instruments do not use uniform definitions of the accounting measures to be tested and the levels at which the ratios are set vary widely. As at June 30, 2009, Evraz was, and as at the date of this document is, in compliance with all terms and conditions under its outstanding bonds and credit facilities. A financial ratio maintenance covenant for the testing period ending June 30, 2009, applying under a syndicated loan agreement of one of Evraz's subsidiaries, could have been breached when tested, in accordance with that loan agreement, following the issuance of the subsidiary's interim financial statements, which are due to be issued in November 2009. However, no event of default has occurred under the loan agreement, because that subsidiary obtained the syndicate's consent to reset the covenant levels commencing with the testing period ended 30 June 2009. In August 2009, the loan agreement was amended to implement that consent. The amendments include an additional pledge of the borrower's receivables and a guarantee of Evraz Group S.A. in respect of the loan. As of June 30, 2009, this loan in the amount of US\$141 million was classified as current liabilities, because, at the end of the reporting period, Evraz did not have an unconditional right to defer the settlement for at least twelve months after that date.

Based on the current economic environment and Evraz's outlook, when Evraz's consolidated financial statements for the year ended December 31, 2009 are published, Evraz may not be in compliance with financial covenants (e.g., leverage (debt to EBITDA) and interest cover (EBITDA to interest expense) covenants) in certain of its debt instruments. A breach of a financial or other covenant in Evraz's debt facilities, if not resolved, could also constitute a cross default under effectively all of its material debt agreements. Such an event would permit Evraz's lenders to demand immediate payment of the outstanding borrowings under the relevant debt instruments, which could result in an event of default under Evraz's bonds. A default which leads to acceleration of an Evraz debt instrument with a principal amount in excess of US\$20 million will result in an event of default under the Bonds. Evraz cannot predict under which facilities the lenders would elect to accelerate indebtedness following an event of default arising from non-compliance with covenants, however, Evraz's total indebtedness at 30 June 2009 was approximately US\$8.48 billion. If substantially all of its indebtedness were for some reason declared immediately due and payable, Evraz would not have sufficient cash resources to repay all of its outstanding indebtedness. Evraz intends to proactively approach lenders to address the potential covenant compliance issues in relation to its full year results for 2009, including seeking a waiver from its lenders as necessary. Evraz may incur additional costs related to its efforts to address these issues.

Management has concluded that the combination of the circumstances described above represents a material uncertainty related to events and conditions that may cast significant doubt upon Evraz's ability to continue as a going concern. Nevertheless, after considering the uncertainties described above, as at the date of this document management has a reasonable expectation that Evraz has adequate resources to continue in operational existence for the foreseeable future (being a period of at least twelve months).

Additionally, Evraz may not be able to arrange new financings at an attractive cost or at all. In periods since July 2007, global debt capital markets have experienced a severe reaction initially triggered in part by concerns relating to the valuation and performance of securities backed by or relating to residential mortgages, especially in the United States, concurrent with declines in house prices and in the payment performance of sub-prime residential mortgages in the United States and elsewhere. This reaction has been characterised by severe reductions in liquidity, especially for financial institutions, by the inability of numerous non-investment-grade borrowers to finance themselves in the public capital markets and by a general increase in the cost of borrowing for private-sector borrowers notwithstanding

reductions in the discount rate by Federal Reserve banks in the United States. This market reaction has had and in the future will have an adverse impact on the ability of companies such as Evraz to borrow in the bank or capital markets and has increased and in the future may increase the cost of such borrowing.

The steel, mining and vanadium businesses are cyclical, and local or global downturns in the steel, mining or vanadium industries have had and may in the future have an adverse effect on Evraz's results of operations and financial condition.

The steel industry is cyclical because the major industries in which the majority of steel customers operate, including the rail and construction industries, are themselves cyclical and sensitive to changes in general economic conditions. The demand for steel products is thus generally correlated with macroeconomic fluctuations in the economies in which steel producers sell products, which are in turn affected by global economic conditions.

The prices of steel products are influenced by many factors, including demand, worldwide production capacity, capacity-utilisation rates, raw material costs, exchange rates, trade barriers and improvements in steel-making processes. Since September 2008 there has been a steep downturn in the global economy, sparked by uncertainty in credit markets and deteriorating consumer confidence, which has sharply reduced demand for steel products. This has had, and continues to have, a pronounced negative effect on Evraz's business and results of operations. If global macroeconomic conditions continue to deteriorate, the outlook of steel producers will worsen further. In particular, a significant and prolonged recession or depression in the United States and Europe, or significantly slower growth or the spread of recessionary conditions to emerging economies that are substantial consumers of steel (such as China, Brazil, Russia and India, as well as emerging Asian markets, the Middle East and the CIS regions) would result in significant further harm to the steel industry. Continued financial weakness among substantial consumers of steel products, such as the automotive industry and the construction industry, or the bankruptcy of any large companies in such industries, would exacerbate the negative trend in market conditions. Moreover, many of our customers rely on access to credit to adequately fund their operations or to finance construction projects, and the inability of our customers to access credit facilities has affected and may continue to adversely affect our business by reducing our sales, increasing our exposure to uncollectible customer accounts and reducing our profitability. Protracted declines in steel consumption, and, therefore, steel prices, caused by poor economic conditions in one or more of its major markets or by the deterioration of the financial condition of its key customers would have a material adverse effect on demand for its products and hence on its results.

Evraz's mining business also sells iron ore and coal, to third parties. Acquisitions by Evraz of vanadium assets have also allowed it to become a significant participant in the vanadium market. Cyclical and other changes in world market prices of these commodities affected and could in the future affect the results of Evraz's mining and vanadium activities. Changes in these prices result from factors that are beyond Evraz's control, such as fluctuations in global supply and demand and transportation costs. Prices of these commodities have varied significantly in the past and could vary significantly in the future and are also positively correlated with demand from steel producers. The global downturn and resultant decline in the steel industry has led to a decline in the prices of the commodities Evraz sells to third parties, which has had and could in the future have an adverse effect on its results of operations. The decline in steel prices has and may continue to adversely affect Evraz's customers for these commodities, in turn resulting in reduced demand for Evraz's products.

Evraz derived approximately 44.5% of its total consolidated revenues in 2008 from sales to customers in Russia, Ukraine and South Africa. These emerging market economies have experienced significantly fluctuating growth rates over the past ten years. Further, Evraz's steel products in Russia, Ukraine and South Africa are mainly used in the construction industry, which has historically slowed significantly during economic downturns and is at historically low levels today. A significant amount of

Evraz's exports (and a majority of its Russian exports) are to Asia and the Middle East, and the economies of these areas, like those of Russia, Ukraine and South Africa, are relatively volatile. The global downturn has affected demand for steel in these regions, which has adversely affected our results of operations. Any further decrease in demand for steel products or decline in the price of these products in Russia or in Evraz's principal export markets could result in significantly further reduced revenues, thereby materially adversely affecting Evraz's business, financial condition and results of operations.

Evraz has grown rapidly in a relatively short period, and its strategy foresees continued integration of its steel making, mining and vanadium operations as well as potential further acquisitions. It is not certain that Evraz will be successful in its integration efforts or in identifying suitable acquisition targets.

Evraz has grown rapidly during the past several recent years primarily through acquisitions. Its strategy is based on its ability to integrate successfully these acquisitions in order to enhance its position as a vertically integrated steel, mining and vanadium business. As part of its acquisition strategy, Evraz regularly evaluates potential acquisition opportunities and from time to time engages in preliminary discussions with a variety of potential counterparties.

The integration of newly acquired businesses may be difficult for a variety of reasons, including differing culture or management styles, poor records or internal controls and difficulty in establishing immediate control over cash flows. The need to integrate recently acquired assets poses significant risks to Evraz's existing operations, including:

- additional demands placed on Evraz's senior management, who are also responsible for managing Evraz's existing operations;
- increased overall operating complexity of Evraz's business, requiring greater personnel and other resources;
- possible inconsistencies in standards, controls, procedures and policies, business cultures and compensation structures resulting from Evraz's recent acquisitions and the need to implement, integrate and harmonise various business-specific operating procedures and systems, as well as company-wide financial, accounting, information and other systems;
- significant cash expenditures to integrate recent acquisitions;
- incurrence of additional debt to finance acquisitions and higher debt service costs related thereto; and
- the ability to attract and retain sufficient numbers of qualified management and other personnel.

The focus of Evraz's business strategy has shifted from expanding through acquisitions to integrating those acquisitions it has acquired, reducing operating costs, optimizing operations and improving the efficiency of its businesses. Accordingly, the rate of expansion of Evraz may not be the same as in previous years.

When making acquisitions, it has not always been, and will not always be, possible for Evraz to conduct a detailed investigation of the nature of the assets and the profitability of the business being acquired due to, for example, time constraints in making the decision, inadequate financial information about the target and other factors. For these and other reasons, Evraz may become responsible for additional liabilities or obligations not foreseen at the time of an acquisition and may acquire businesses

that are less profitable than originally expected. As a result, the impact of Evraz's previous and future acquisitions on its results of operations and financial condition is difficult to predict and may differ from expectations.

In the event Evraz returns to a strategy of making acquisitions, Evraz may not be able to identify suitable acquisition targets, and future acquisitions may not be available to Evraz on terms as favourable as in the past. Evraz faces significant competition for potential acquisitions.

Any failure to conclude acquisitions in the future or successfully to integrate past or future acquisitions could adversely affect Evraz's business, financial condition and results of operations, as well as its prospects and its ability to execute its strategy. Moreover, even if Evraz were successful in integrating newly acquired assets and acquiring additional assets, expected synergies and cost savings may not materialise, resulting in lower than expected profit margins. The geographic spread, revenue mix as between regions and operations, regulatory profile and other important aspects of Evraz's business profile may differ depending on the nature and extent of Evraz's future acquisitions.

The steel industry is highly competitive, and Evraz may not be able to compete successfully.

Evraz faces competition from Russian, American, European and other global steel manufacturers. A number of its competitors are undertaking modernisation and expansion plans, which may make them more efficient or allow them to develop new products. Evraz also faces price-based competition from steel producers in other emerging market countries, including, in particular, Ukraine. The consolidation in the steel sector globally has also led to the creation of several large global steel producers, with one of the largest ArcelorMittal created as a result of a merger of Arcelor and Mittal Steel in 2006. These and some other large international steel companies have greater financial resources and more extensive global operations than Evraz. In the context of the current downturn, global production levels may not adjust fully to rapidly falling demand and production increases may outstrip demand increases in the early stages of recovery, resulting in an extended period of depressed prices and industry weakness.

Over the last several years, steel consumption in China and other developing economies has increased at a rapid pace. Steel companies have responded by developing plans to rapidly increase steel production capability in these countries. Steel production, especially in China, has expanded rapidly and appears to be well in excess of Chinese demand. Because China is now the largest worldwide steel producer by a significant margin, any significant excess Chinese capacity could have a major impact on world steel trade and prices if this excess and subsidized production is exported to other markets. Since the Chinese steel industry is largely government owned, it may not be as adversely impacted by the current world financial situation and it may make production and sales decisions for non-market reasons.

Increased competition from Russian or international steel producers could result in more downwards pressure on competitive pricing, which could materially and adversely affect Evraz's results of operations and prospects.

Equipment failures or other hazards, particularly in Evraz's mining operations, may result in production curtailments, shutdowns and exposure to significant liabilities.

The manufacturing processes of all steel producers and mine operators depend on critical pieces of equipment, which may, on occasion, be put out of service unexpectedly as a result of failures, unplanned maintenance or otherwise. In addition, the business of mining involves a number of other risks and hazards normally associated with the exploration, development and production of natural resources, any of which could result in production shortfalls or damage to persons or property. In particular, hazards associated with Evraz's open-pit mining operations include:

- flooding of the open pit;
- collapses of the open-pit wall;
- accidents associated with the operation of large open-pit mining and rock transportation equipment;
- accidents associated with the preparation and ignition of large-scale open-pit blasting operations;
- production disruptions due to weather; and
- hazards associated with the disposal of mineralised waste water, such as groundwater and waterway contamination.

Hazards associated with Evraz's underground mining operations include:

- underground fires and explosions, including those caused by flammable gas;
- cave-ins or ground falls;
- discharges of gases and toxic chemicals;
- flooding;
- sinkhole formation and ground subsidence; and
- other accidents and conditions resulting from drilling, blasting and removing and processing material from an underground mine.

The occurrence of any of these events could result in production curtailments or shutdowns, injury to persons and damage to property, reducing sales, increasing costs or requiring Evraz to make large capital expenditures to remedy the situation. For example, in 2007, two explosions occurred at mines operated by Yuzhkuzbassugol: On 19 March 2007, over 100 people were killed in a methane explosion at the Ulyanovskaya mine and, on 24 May 2007, 39 were killed in a methane explosion at the Yubileinaya mine. In each of these incidents, Rostekhnadzor, the Russian industrial safety regulator, implicated dozens of Yuzhkuzbassugol officials in the intentional disabling of the mine's safety systems. Yuzhkuzbassugol's mines were the site of several other explosions in recent years: On 8 February 2006, one person was killed in a methane explosion and subsequent fire at the Tomskaya mine; on 9 February 2005, 25 people were killed in an explosion at the Esaulskaya mine; and, on 10 April 2004, 47 died in a rockslide and explosion at the Taizhina mine. Following the March 2007 explosion, operations were not resumed at the Ulyanovskaya mine until September 2007; similarly, following the May 2007 explosion, operations were not resumed at the Yubileinaya mine until November 2007. The liabilities resulting from any of these risks may not be adequately covered by insurance, and no assurance can be given that Evraz will be able to obtain additional insurance coverage at rates it considers to be reasonable or at all. As a result of equipment failures and other industrial hazards, Evraz may incur significant costs that could have a material adverse effect upon its business, results of operations and financial condition and its respective licenses could be terminated.

Steel production and mining and vanadium operations are capital intensive, and Evraz's capital investment programme may not be implemented on schedule or within budget.

Steel production and mining and vanadium operations are capital intensive. Total capital expenditures for 2008 were U.S.\$1,103 million, of which U.S.\$682 million, U.S.\$382 million, U.S.\$9 and U.S.\$30 million were allocated for capital expenditures in the steel segment, mining segment, vanadium segment and other operations, respectively. As a result of the decline in demand for Evraz's products resulting from the global economic crisis, in the second half of 2008, Evraz put all development capital expenditures on hold. Currently, the only capital expenditures are maintenance capital expenditures. Evraz's termination of development capital expenditures, and switch to maintenance capital expenditures only, may result in Evraz being unable achieve previously stated expansion goals.

When it continues developmental capital expenditures, Evraz may not be able to achieve its expansion goals on schedule or within budget as a result of, among other factors, the following: changes in the terms of existing financing arrangements; changes in economic conditions; fluctuations in the Russian or global steel markets; regulatory developments; delays in project completion; cost overruns; and defects in design or construction. Evraz's capital expenditures are expected to be funded from cash flow from operating activities and external borrowings. It is possible that these sources of financing may not be available in the future in the amounts Evraz requires or at an acceptable cost. In particular the global capital markets crisis has adversely impacted the ability of companies such as Evraz to borrow in the bank or capital markets and has increased and may in the future increase the cost of such borrowing.

If Evraz is unable to finance planned capital expenditures, or to finance such expenditures at an attractive cost, it may have an adverse impact on Evraz's business and prospects.

Evraz's licences may be suspended, amended or terminated prior to the end of their terms or may not be renewed.

Evraz's business depends on the issuance, validity and renewal of its licences, including subsoil licences for its global mining operations. Evraz currently conducts its mining operations in Russia, Ukraine and South Africa under licences that expire over time. The continued validity and extension of these licences are conditional upon Evraz's compliance with their terms, which generally include obligations to restore the mined land, maintain a certain level of production, implement certain investment commitments, recruit qualified personnel, maintain necessary equipment and a system of quality control, comply with environmental laws and periodically submit information to licensing authorities. Evraz's failure to comply with any of these conditions could result in the suspension, amendment, termination or non-renewal of a mining licence or could compel Evraz to incur substantial costs in eliminating or remedying violations, which may have a material adverse effect on its business, financial condition and results of operations.

Evraz is exposed to certain uncertainties that are specific to licence procurement in Russia. Evraz's Russian subsoil licences currently expire between 2012 and 2026 (except for one held by Yuzhkuzbassugol which expires in 2053). The Russian regulatory authorities often have little experience analysing regulatory issues arising from commercial transactions and exercise considerable discretion in the timing of licence issuance and renewal and in monitoring compliance by licensees with licence terms. These authorities may impose costly and/or time-consuming requirements that may result in delays in the commencement or continuation of exploration or production operations. Moreover, legislation on Russian subsoil rights remains internally inconsistent and vague, and the acts and instructions of the country's licensing authorities and procedures by which licences are issued are often arguably inconsistent with legislation.

In certain circumstances, state authorities in Russia may seek to interfere with the issuance of licences, for example, by initiating legal proceedings where the issuance of a licence may allegedly violate the civil rights or legal interests of a person or legal entity. The Russian licensing process may also be influenced by outside commentary, political pressure and other extra-legal factors. In the case of subsoil licences, unsuccessful applicants may bring direct claims against the issuing authorities that the licence was issued in violation of applicable law or regulation. If successful, such proceedings and claims may result in the revocation or invalidation of the licence. Accordingly, licences that Evraz requires in Russia may be invalidated or may not be issued or renewed. Licences that are issued or renewed in Russia may not be issued or renewed in a timely fashion or may involve conditions that restrict Evraz's ability to conduct its operations or to do so profitably.

In most cases, the Russian authorities may suspend or terminate a licence held by one of Evraz's Russian subsidiaries if the licensee does not comply with the "significant" or "material" terms of the licence. However, the Ministry of Natural Resources of the Russian Federation has not issued any interpretive guidance on the meaning of "significant" or "material" terms of licences. Court decisions on the meaning of these terms have been inconsistent and, under Russia's civil law system, do not have significant value as precedents for future judicial proceedings. These deficiencies result in the Russian regulatory authorities, prosecutors and courts having significant discretion over enforcement and interpretation of the law, which may be used arbitrarily to challenge the rights of subsoil licensees. As a result, no assurance can be given that, in the future, Evraz will continue to hold all material licences necessary for its existing operations in Russia or to obtain all necessary approvals and licences required in connection with its expansion plans.

Evraz's South African subsidiary, Highveld Steel and Vanadium Corporation Limited, has applied for the conversion of its old order mining rights applicable to the Mapochs mine to new order mining rights under the Mineral and Petroleum Resources Development Act ("MPRDA"). One of the main purposes of the MPRDA, the Mining Charter, the Codes of Good Practice and the Broad Based Black Economic Empowerment Act is to empower historically disadvantaged persons in South Africa. Although Evraz believes that the conversion application will be granted, there is neither a guarantee that the Department of Minerals and Energy will grant the application, nor is there a guarantee that the requirements for black economic empowerment will not be amended. The failure of Highveld to obtain approval for its application for conversion or the amending of the black economic empowerment requirements could have a material adverse effect on its mining activities.

Any or all of these factors may affect Evraz's ability to obtain, maintain or renew necessary licences. If Evraz is unable to obtain, maintain or renew necessary licences or is only able to obtain or renew them with newly-introduced material restrictions, it may be unable to benefit fully from its reserves, and its results of operations and prospects could be materially adversely affected.

Evraz faces protective trade restrictions in the export of its steel products.

Evraz faces protective tariffs, duties and quotas that reduce its competitiveness in, and limit its access to, particular markets. For example, the EU has a quota system in place, restricting imports of certain Russian steel products to 2.9 million tonnes in 2008 and 3.03 million tonnes in 2009.

In the past, Russia's steel industry has faced various restrictions on trade that have since expired. For example, U.S. quotas on imports of Russian pig iron, cold-rolled steel, slabs and other steel products expired in July 2004; China's anti-dumping measures on imports of cold-rolled steel from Russia expired in December 2004; and South Korea's tariffs on Russian H-beam imports expired in June 2005. Although these restrictions have expired, there is no assurance that these countries, in addition to others, will not introduce new trade restrictions in the future.

Most of Evraz's Russian-made exports of steel products are semi-finished products, primarily slabs and billets, which generally are not subject to protective measures (including tariffs and quotas) in Evraz's principal historical export markets or in the EU. However, there can be no assurance that these products will not be subject to such protective measures in the future. The introduction of additional protective measures could have a material adverse effect on Evraz's business, results of operations and prospects.

Evraz benefits from tariffs and duties imposed on steel that is imported into Russia and that may be eliminated in the future.

Russia has in place import tariffs with respect to certain steel products imported from outside of Russia, excluding certain other CIS countries. These tariffs generally amount to 5% of the value of the products, but also increase to up to 20% of the value for certain higher value-added products. Imports of certain types of pipes from Ukraine are currently subject to anti-dumping duties (set to expire in January 2011), and imports of large-diameter pipes are currently subject to an 8% duty (not applicable to imports from developing countries) (set to expire in December 2009).

Evraz believes that it benefits from these tariffs and duties because they prevent subsidised imports from reducing the prices that Evraz can obtain for these products in Russian markets. These tariffs and duties may be reduced or eliminated in the future, which could materially adversely affect Evraz's results of operations and prospects.

In May 2004, Russia and the EU agreed on trade policy measures to be adopted in preparation for Russia's entry into the World Trade Organisation ("WTO"). Russia's future accession to the WTO could negatively affect Evraz's business and prospects, in particular by requiring that Russia lower or remove tariffs and duties on steel products, resulting in increased competition in the Russian steel market from foreign producers.

Estimates of Evraz's mining reserves are subject to uncertainties.

The estimates concerning Evraz's iron ore and coal reserves contained in this document are subject to considerable uncertainties. These estimates are based on interpretations of geological data obtained from sampling techniques and projected rates of production in the future. Actual production results may differ significantly from reserves estimates. In addition, it may take many years from the initial phase of drilling and exploration before production is possible. During that time, the economic feasibility of exploiting a discovery may change as a result of changes in the market price of iron ore or coal.

In addition, some of Evraz's iron ore and coal deposits have not yet been evaluated in accordance with international methodologies. Information relating to Evraz's iron ore and coal in these deposits has been prepared on the basis of Russian reserves methodologies, which differ significantly from international methodologies and the standards applied by the United States Securities and Exchange Commission, among others.

Evraz is controlled by Lanebrook whose interests could conflict with those of the other GDR holders and/or the Bondholders.

The Company is controlled by Lanebrook, which, according to the shareholders' register, and information provided by Lanebrook, held as at July 31, 2009 a 76.9% shareholding in the Company, including shares held in the form of GDRs. As a result of its controlling interest in Evraz, Lanebrook has the ability to exert significant influence over certain actions requiring shareholder approval, including, but not limited to, increasing or decreasing the authorised share capital of the Company (and disapplying pre-

emptive rights), the election of directors, declaration of dividends, the appointment of management and other policy decisions. While transactions with the controlling shareholder can benefit the Company, the interests of the controlling shareholder could at times conflict with the interests of holders of Securities. Although Evraz has in the past sought and continues to seek to conclude all related party transactions on an arm's-length basis, and the Company has adopted procedures for entering into transactions with related parties, conflicts of interest may arise between Evraz, its affiliates and the Company's principal shareholder or its affiliates, resulting in the conclusion of transactions on terms not determined by market forces. Any such conflict of interest could adversely affect Evraz's business, financial condition and results of operations, and therefore the value of an investment in the Securities.

Evraz's competitive position and future prospects are heavily dependent on its senior management's experience and expertise.

Evraz's ability to maintain its competitive position and to implement its business strategy is dependent to a significant extent on the services of certain members of its senior management team. Evraz depends on its current senior management for the implementation of its strategy and the operation of its day-to-day activities, and personal connections and relationships of members of senior management are important to the conduct of its business. However, there can be no assurance that these individuals will continue to make their services available to Evraz in the future. Evraz maintains accident and medical insurance for its senior managers, but no life insurance.

The loss of, or a diminution in, the services of members of Evraz's senior management team or an inability to attract and retain additional or replacement senior management personnel could have a material adverse effect on Evraz's business, financial condition, results of operations or prospects. Moreover, competition, particularly in Russia, for personnel with relevant expertise is intense due to the relatively small number of available qualified individuals, and therefore Evraz's ability to retain its existing senior management and attract additional suitably qualified senior management personnel may be limited. As a result of these factors, the departure of key members of management could have a material adverse effect on the business, results of operations or prospects of Evraz.

If competition authorities in any of the jurisdictions in which Evraz operates were to conclude that Evraz acquired or created a new company in contravention of anti-monopoly legislation or were to increase the level of control it exerts over certain of Evraz's operations, Evraz could face administrative sanctions, be required to divest certain assets or be subject to limitations in its operating flexibility.

Evraz's business has grown substantially both through the acquisition of companies abroad and the acquisition and founding of companies incorporated and operating in the Russian Federation, many of which required the prior approval or subsequent notification of the relevant competition authorities.

In September 2007, Evraz increased its stake in Highveld to 80.9%. In response to this acquisition, the European Commission's competition authority ordered Evraz to sell Highveld's Vanchem Operations and a 50% stake in SAJV, which account for 100% of Highveld's ferrovanadium and vanadium chemicals output, as well as an equity interest in Mapochs Mine. In addition, Evraz received anti-trust approvals for recent acquisitions of the Ukrainian assets and IPSCO Canada. The potential purchase of Delong Holdings is subject to the approval of the relevant national regulatory bodies.

Evraz's acquisition and founding of companies in Russia require either prior approval or subsequent notification of the Russian Federal Antimonopoly Service (the "FAS"). In part, relevant anti-monopoly legislation restricts the acquisition or founding of companies by groups of companies or individuals acting in concert without this approval or notification. Some of Evraz's Russian subsidiaries are included in the register of entities holding market shares in excess of 35% in a particular product

market that is maintained by the FAS. An entity included in the register that holds a market share in excess of 65% in a particular product market is presumed to hold a dominant position in such market and is prohibited from abuse of this position. Several of Evraz's Russian subsidiaries have market shares in excess of 65% in certain product markets, including, among other products, ZapSib in respect of certain types of reinforced steel, NTMK in respect of H-beams, channels, tyres and wheels, NKMK in respect of rails and KGOK in respect of high-vanadium content iron ore. The legislation and regulations of the FAS (and its predecessor agencies) with respect to such matters are vague in certain parts and subject to varying interpretations. There can be no assurance that the FAS will not conclude that an acquisition or the creation of a new company was done in contravention of applicable legislation and that competition has been reduced as a result. Any such finding could result in the imposition of administrative sanctions or require the divestiture of such newly acquired or created company or other assets, which could materially and adversely affect Evraz's business, results of operations and prospects.

Evraz's acquisitions of certain assets in Russia have also been subject to various conditions imposed by the FAS. For example, the FAS has ordered Evraz not to reduce the production volumes of rails at NTMK and NKMK, of H-beams and channels at NTMK and ZapSib and of high-vanadium iron ore, sinter and pellets at KGOK. The FAS has also ordered Evraz not to discriminate against purchasers of these products as well as customers of Nakhodka Sea Port as compared to its internal customers. Evraz must also provide certain information to the FAS about its production volumes and increases in the prices of these products on a regular basis. There can be no assurance that the FAS will not in the future impose restrictions on Evraz which it has imposed on other Russian companies, such as, for example, demanding that the company reduce the price of goods it sells, requiring prior notification to the FAS before it increases the price of any of its products or requiring prior notification to the FAS before the acquisition of shares in certain companies. Furthermore, there can be no assurance that in the future Evraz will remain in compliance with the requirements established by the FAS with respect to its operations or that its past conduct will not be challenged.

Requirements imposed by the competition authorities in the various jurisdictions in which Evraz operates, or any changes to these requirements, such as limitations on further acquisitions or specific pricing requirements, or on the ability of Evraz to adjust its production and pricing to respond to changed market conditions, could have a material adverse effect on the results of operations and prospects of Evraz.

In the event that the title to any company acquired by Evraz through privatisation, bankruptcy sale or otherwise is successfully challenged, Evraz may lose its ownership interest in that company or its assets.

Almost all of Evraz's steel making and mining assets in Russia and Ukraine consist of companies that have been privatised or that Evraz acquired through bankruptcy proceedings or directly or indirectly from others who acquired them through privatisation or bankruptcy proceedings, and Evraz may seek to acquire additional companies in Russia or outside Russia that have been privatised or that have undergone bankruptcy proceedings.

Most of Evraz's principal Russian and Ukrainian subsidiaries are companies that have been privatised. Privatisation legislation in Russia and Ukraine is generally considered to be vague, internally inconsistent and in conflict with other elements of the respective legislation. As a result, many privatisations in Russia are arguably deficient and may be subject to challenge, at least on technical grounds, including through selective action by governmental authorities motivated by political or other extra-legal considerations. Additionally, several of Evraz's Russian assets were subject to bankruptcy procedures prior to their acquisition by Evraz, including NTMK, ZapSib and KGOK, and Evraz acquired the assets of Kuznetsk Iron and Steel Plant ("KMK") through a bankruptcy auction process. Due to their cumbersome nature, it may be difficult to be in full compliance with regulations governing Russian insolvency proceedings.

Evraz, together with several other corporations and individuals, was named as a defendant in a civil action related to bankruptcy proceedings at KGOK that occurred between 1999 and 2003, prior to Evraz's acquisition of KGOK and alleged conversion and violations of the United States Racketeer Influenced and Corrupt Organizations Act ("RICO"). This law suit was filed in November 2004 in the United States District Court for the District of Delaware (the "District Court"). The plaintiffs seek damages in excess of \$500 million.

On April 26, 2005, the plaintiffs filed another suit with the Delaware Chancery Court (the "Chancery Court") against the same defendants, including Evraz, based on the same factual allegations. However, in October 2005, the Chancery Court granted the defendant's motion to stay the action pending the developments of the litigation between the parties in the District Court. In April 2006, the District Court dismissed the claim based on a decision that the plaintiffs' claim arises from the conduct of business in Russia and, therefore, the Russian jurisdiction is an adequate forum for the plaintiffs' claim, however, the District Court did not issue an injunction sought by the defendants that would bar plaintiffs from pursuing any additional litigations in the United States. Upon getting such a decision in the District Court, the plaintiffs filed an appeal on that decision and the defendants cross-appealed on the injunction issue. The plaintiffs made another attempt to continue the proceeding in the Chancery Court, which was not upheld. In August 2006 the Chancery Court issued its opinion denying the plaintiffs' motion to lift the stay. In May 2007 the plaintiffs' appeal was dismissed.

As a result, the federal action under the RICO statute is complete. Until recently the case was before the District Court exclusively on the narrow issue of whether to grant the injunction barring the plaintiffs from pursuing their claims in any other courts of the United States, including the pending action in the Chancery Court. The injunction issue was fully briefed in the District Court in October 2007.

On May 14, 2009 Judge Sleet of the Delaware District Court finally issued a decision, granting the defendants' motion for a permanent injunction precluding the plaintiffs from relitigating the same case in other U.S. courts. Judge Sleet also denied the plaintiffs' motion for a supplemental briefing and ordered the case to be closed.

The plaintiffs are currently appealing this decision to the Third Circuit Court of Appeals, just as they previously unsuccessfully appealed Judge Sleet's initial dismissal of their case. Unless this appeal is successful, the plaintiffs will not be able to continue their stayed (i.e. frozen) action in the Delaware Court of Chancery. See also "Description of Business—Legal Proceedings".

During 2007, Evraz purchased minority shareholders' stakes in certain Russian companies and, in some cases increased its holdings in these companies and conducted a squeeze out of the minority shareholders, in each case in reliance on the then new take-over legislation. According to such legislation, the acquirer of more than 30%, 50% or 75% of the voting shares of a Russian open joint stock company must make a public offer to purchase the remaining shares from the shareholders (a mandatory offer) at a minimum price prescribed by law. In addition, the legislation provided for a possibility to squeeze out the minority shareholders by giving a buy-out offer or delivering a mandatory buy-out request, requiring the minority shareholders to sell their shares. In each such case, the determination of the purchase price requires both a report of an independent appraiser and an expert opinion of a self-regulatory organization of appraisers.

Given the untested nature of the legislation at the time of Evraz's acquisition, there is no assurance that the take-over or squeeze-out procedures were properly conducted or that former shareholders of these Russian subsidiaries would not challenge the validity of or price at which a mandatory offer or squeeze-out was made. Moreover, failure to comply with the mandatory offer requirements would mean that any shares acquired in excess of the mandatory offer threshold would not

be counted for quorum or voting purposes and any resolutions upon which such shares purported to vote could be invalid.

While Evraz believes that it has complied with applicable legislation and regulations with respect to the acquisitions of its assets and that assets privatised were done so in accordance with applicable legislation, if any of such acquisitions or privatisations were challenged as having been improperly conducted and Evraz were unable successfully to defend such acquisitions or the legitimacy of such privatisations, Evraz may lose its ownership interests, which could materially adversely affect its business and results of operations.

Evraz depends on the provision of uninterrupted transportation services for the transportation of its materials and end products across significant distances, and the prices for such services could increase.

For Evraz's subsidiaries, railway transportation is the principal means of transporting raw materials and steel products to their facilities and customers around the world. In particular, Evraz's Russian subsidiaries rely significantly on railway transportation to deliver raw materials and products to their facilities and customers located in Russia and the CIS, as well as to ports for onward transportation overseas. Moreover, Evraz's Russian production facilities are located at a greater distance from their primary markets and seaports than are many of Evraz's competitors in the Russian market. As a result, Evraz's transportation costs are generally higher than those of its Russian peers. For example, while two of Evraz's major Russian competitors, OAO Severstal ("Severstal") and Novolipetsk Iron and Steel Works ("NLMK"), ship their products to export markets via Baltic sea ports that are located relatively close to their major production facilities, Evraz ships most of its Russian products for non-CIS sales via sea ports in Russia's Far East (primarily Nakhodka Sea Port and Vladivostok) that are comparatively more distant from its Russian production facilities. As a result, increases in transportation costs may adversely affect Evraz's ability to compete successfully both on the Russian and CIS and non-CIS markets.

Russian railway tariffs are currently regulated by the government and consist of two parts: infrastructure costs and carriage costs. According to current government policy, annual tariff increases should be line with inflation, though, in recent years, the increases have been less than inflation. There can be no assurance, however, that this policy will be maintained. Moreover, the Russian government is considering plans to increase competition in the railway sector through the privatisation of Russian Railways, into whose share capital the assets of several state-owned railway enterprises were contributed in 2004. If the privatisation of Russian Railways or other factors were to result in increased railway transport costs, Evraz's results of operations could be materially adversely affected.

In addition, Russian rolling stock is generally in a poor state of repair. Evraz owns and leases railcars and rents additional railcars in order to reduce its dependence on rolling stock owned by Russian Railways, but such assets are sufficient for only a portion of Evraz's total transportation requirements. The failure of Russian Railways to upgrade its rolling stock within the next few years could result in a shortage of available working rolling stock or a disruption in transportation of Evraz's raw materials and products and could cause rail tariffs to increase. Any such occurrences could materially and adversely affect Evraz's results of operations and prospects.

Furthermore, any disruption in railway services that affect Evraz's non-Russian subsidiaries may have an impact on their ability to receive raw materials as well as deliver raw materials and steel products to customers and thus may also adversely affect Evraz's results of operations and prospects.

Evraz is dependent on Russian Railways as its principal purchaser of railway products in Russia.

Evraz sells most of its railway products in Russia to Russian Railways (pursuant to multi-year contracts, the current one of which expires in 2010), which is the primary customer for rails made by Evraz's Russian subsidiaries, accounting for approximately 54% of its total Russian sales of rails by volume in 2008. While demand from Russian Railways for railway products has generally been consistent over the last five years, any reduction in Russian Railways' investment budget or the introduction of requirements to decrease the purchase prices of railway products could have an adverse effect on Evraz's results of operations and prospects. Furthermore, in the past, Evraz has used its position as the leading supplier of railway products to Russian Railways in order to avoid increases in transportation costs. If Evraz were to lose this leverage, including due to the entry of new rail producers into the market for railway products, Evraz's transportation costs may rise, which may have a material adverse effect on its business and results of operations.

More stringent environmental laws and regulations or more stringent enforcement of existing environmental laws and regulations may have a significant negative effect on Evraz's operating results.

Evraz's operations and properties are subject to environmental, health and safety and other laws and regulations in the jurisdictions in which it operates. Evraz's operations generate large amounts of pollutants and waste, some of which are hazardous, such as benzapiren, sulphur oxide, sulphuric acid, sulphates, phenolics and sludges (including sludges containing chrome, copper, nickel and zinc). The discharge, storage and disposal of such hazardous waste are subject to environmental regulations, including some that require the clean-up of contamination and reclamation. Pollution risks and related clean-up costs are often impossible to assess unless environmental audits have been performed and the extent of liability under environmental laws is clearly determinable.

Evraz's mines and plants in Russia are subject to statutory limits on air emissions and the discharge of liquids and other substances. Russian authorities may permit, in accordance with the relevant Russian laws and regulations, a particular Evraz facility to exceed these statutory limits, provided that Evraz develops a plan for the reduction of the emissions or discharge and pays a fee based on the amount of contaminants released in excess of the limits. Fees are assessed on a sliding scale: the lowest fees are imposed for pollution within the statutory limits, intermediate fees are imposed for pollution within individually approved limits and the highest fees are imposed for pollution exceeding such limits. It is within the discretion of the Russian authorities to permit pollution in excess of statutory limits, and any request may be denied. Moreover, the payment of fees for exceeding these limits does not relieve Evraz from its responsibility to take environmental protection measures and undertake restoration and clean-up activities. Though it has been enhanced since the Soviet era, environmental legislation in Russia is generally weaker and less consistently enforced than in the EU or the United States. However, more stringent standards may be introduced or enforcement increased in Russia in the future.

As Evraz has transformed itself into a global business, it has become subject to environmental legislation in a greater number of jurisdictions, including the Ukraine, EU, United States, Canada and South Africa. These jurisdictions generally have more stringent environmental regulations in place and are likely to enforce such regulations more actively than in Russia.

Compliance with environmental regulations, including EU, North American and South African regulations applicable to Evraz, is an ongoing process. New laws and regulations (including the Kyoto Protocol to the United Nations Framework Convention on Climate Change, which came into force in February 2005 and to which all countries in which Evraz operates, except the United States, are signatories), tougher licensing requirements, increasingly strict enforcement or new interpretations of existing environmental laws, regulations and licences and/or the discovery of previously unknown contamination may require further expenditure to modify operations, install pollution control equipment,

perform site clean-ups, curtail or cease certain operations, pay fees or fines or make other payments for discharges or other breaches of environmental laws or regulations. Measures required to be taken by Evraz to comply with environmental regulations could require additional expenditures beyond those anticipated or result in the shutdown of certain of Evraz's facilities. For example, Highveld's operations may become subject to stricter emissions standards as proposed in the South African Air Quality Act, which are expected to become effective during the second half of 2009 and which would result in higher costs for Highveld. In addition, with respect to acquired businesses, Evraz has generally not been indemnified for environmental liabilities or any required land reclamation expenses arising from activities occurring prior to Evraz's acquisition of such businesses, except for small amounts concerning the acquisition of foreign assets. Significant additional unbudgeted expenditures or shutdowns of facilities could have a material adverse effect on Evraz's business, financial condition and results of operations.

Based on the existing regulatory environment, as of December 31, 2008, Evraz has made provisions of U.S.\$153 million for site restoration, land reclamation and equipment decommissioning activities at its mining and steel facilities. Any change in the current regulatory environment could result in actual costs and liabilities for which Evraz has not provided or planned. Moreover, in the course of, or as a result of, an environmental investigation, regulatory authorities in Russia and in the other jurisdictions in which Evraz operates can issue an order reducing or halting production at a facility that has violated environmental standards, impose fines or demand the establishment of clean-up programmes. For example, ZapSib, on the basis of a court ruling in 2006, has been ordered to decrease its pollution of nearby bodies of water and to establish a clean-up programme. Furthermore, as a result of its inspection of EvrazEK, an energy-generating company acquired by Evraz in 2006 that provides natural gas, coke-oven gas, steam and electricity to certain of Evraz's subsidiaries, including NKMK, the Federal Service for the Supervision of Environmental Use ("Rosprirodnadzor") has filed a penalty claim against EvrazEK for 141.2 million roubles (U.S.\$5.8 million) for allegedly causing harm to water sources in the Kemerovskaya region. Under the terms of a government programme aimed at the gradual reduction of waste water disposal into water sources in the region, EvrazEK must meet certain obligations, including the construction of a waste water treatment plant. If production at Evraz's facilities or at a facility operated by a principal supplier or counterparty of Evraz were to be partially or wholly shut down as a result of a failure to comply with environmental regulations or if Evraz is required to pay fines or set up costly environmental protection programmes, Evraz's business could suffer significantly, and its operating results would be negatively affected.

Currency fluctuations, in particular, the appreciation of the rouble against the U.S. dollar, may materially adversely affect Evraz's results of operations.

Many large multinational companies face to some extent a mismatch of the currencies in which their revenues and costs are denominated. As a result, they are vulnerable to some degree to margin erosion if the currencies in which their costs are denominated appreciate against the currencies in which their revenues are denominated.

Evraz's presentation currency is the U.S. dollar. Its functional currency varies, depending on the subsidiary (Czech Koruna, Canadian Dollar, South African Rand, Russian Rouble, Ukrainian Hryvnia). The currency in which its direct costs and other costs, such as interest expenses are denominated likewise depends on the subsidiary. The mix of Evraz's revenues and costs is such that appreciation of the Rouble against the U.S. dollar tends to result in an increase in Evraz's costs relative to its revenues, while depreciation of the Rouble against the U.S. dollar tends to result in a decrease in Evraz's costs relative to its revenues. Given the various functional currencies of Evraz's subsidiaries, fluctuations in the respective currencies may have an adverse impact on Evraz's financial statements.

Sustained periods of high inflation could adversely affect Evraz's business.

A significant amount of Evraz's production activities are located in Russia and Ukraine. Russia and Ukraine have experienced high levels of inflation since the early 1990s. Inflation increased dramatically after the 1998 financial crisis, reaching a rate of 84.4% in that year. In 2008, 2007 and 2006, inflation in Russia was 13.3%, 11.9% and 9%, respectively. Evraz tends to experience inflation-driven increases in certain of its costs, such as salaries, that are linked to the general price level in Russia. Evraz may not be able to increase the prices that it receives for its products sufficiently in order to preserve operating margins, particularly in the case of Evraz's Russian export sales, especially when such inflation is accompanied by appreciation of the rouble against the U.S. dollar. Accordingly, high rates of inflation in Russia could increase Evraz's costs and decrease Evraz's operating margins.

Increased electricity and other energy prices, or disruption of supply of electricity or other energy sources, could adversely affect Evraz's business.

For steel and mining companies, energy costs, particularly the cost of electricity, comprise a significant portion of the cash cost of production. In 2008, Evraz's energy costs represented 4.6% of the cost of revenues of Evraz's steel segment.

Evraz generally faces much higher electricity prices for the operation of its non-Russian facilities than it does for its Russian and Ukrainian subsidiaries. Furthermore, due to its significant operations in Russia, Evraz purchases a significant amount of its electricity from Russian suppliers. Since 1998, the Russian electricity market has been the subject of reform, the primary purposes of which are to introduce competition, liberalise the wholesale electricity market and move from regulated pricing to a market-based system. Once deregulation has occurred, electricity tariffs for industrial users are expected to rise due both to price liberalisation and an increase in demand. If prices for electricity do rise in Russia, Evraz may lose some of the advantage it currently enjoys as a low-cost producer of steel and mining products.

In 2007 and 2008, Evraz's Russian operations purchased approximately 8,913 million kWh and 8,620 million kWh of electricity, respectively, representing approximately 84% and 80% of their requirements, from local electricity companies and former subsidiaries of RAO UES ("UES") that carried on the activities of UES. UES was the government-controlled national holding company for the Russian power sector and was restructured and liquidated in June 2008. The Russian Government is currently implementing a liberalization plan for electricity pricing aimed at increasing the proportion of electricity sales made via a market-based pricing system. Additionally, according to the Russian Government's Macroeconomic Long-term Forecast, electricity tariffs for industrial users will reach 6.5-6.7 U.S. cents per kWh by 2010. Evraz's average cost of electricity in Russia was 3.8 U.S. cents per kWh in 2007 and 4.62 U.S. cents per kWh in 2008. Assuming a price of 6.7 U.S. cents per kWh, Evraz's Russian operations would have incurred additional costs of approximately U.S.\$266 million and U.S.\$190 million in the years ended December 31, 2007 and 2008, respectively. Further electricity price increases may occur in the future as the electricity industry is restructured and controlled to a greater extent by the private sector. If Evraz is required to pay higher prices for electricity in the future, its costs will rise and its results of operations could be materially and adversely affected.

In addition, disruptions in the supply of electricity or other energy sources could adversely impact Evraz's business. For example, Evraz may face interruptions in the supply of natural gas to the Ukrainian Assets due to periodic disputes that may arise between Ukraine and its principal natural gas supplier, Russia. Moreover Highveld has experienced intermittent interruptions to its electricity supply.

Evraz's operations also purchase significant amounts of natural gas, primarily for the production of electricity and heat energy at Evraz's facilities. Evraz generally faces higher natural gas prices for the operation of its non-Russian facilities than it does for its Russian subsidiaries. For its Russian subsidiaries,

Evraz purchases most of its gas from subsidiaries of OAO Gazprom (“Gazprom”). Gazprom is a government-controlled company and the dominant producer and monopoly transporter of natural gas within Russia. Domestic natural gas prices are regulated by the government and have been rising over the last few years. The average natural gas price for industrial consumers in Russia was approximately RUR1,532 (approximately U.S.\$62.40) per thousand cubic metres and RUR1,943 (approximately U.S.\$78.17) per thousand cubic metres in 2007 and 2008, respectively. Despite these recent price increases, natural gas prices in Russia remain significantly below western European levels, a factor that helps to provide Evraz with a cost advantage over its competitors. According to the Russian Government's Macroeconomic Long-term Forecast, domestic gas prices for industrial users will reach U.S.\$96-99 per thousand cubic metres by 2010. Assuming a price of U.S.\$99 per thousand cubic metres, Evraz's Russian operations would have incurred additional costs of approximately U.S.\$143 million and U.S.\$60 million in 2007 and 2008, respectively. If Evraz is required to pay a higher price for natural gas, whether through continued expansion into countries with relatively high natural gas prices or through the increase in the Russian price for natural gas, its costs will rise, and its results of operations and prospects could be adversely affected.

Evraz's subsidiaries in Russia are in many cases the largest employers in their respective regions, and as a result, Evraz may be limited in its ability to make rapid and significant reductions in numbers of its employees.

Evraz's Russian subsidiaries are in many instances the largest employers in the cities in which they operate, for example, NTMK in Nizhny Tagil, ZapSib and NKMK in Novokuznetsk and KGOK in Kachkanar. While Evraz does not have any specific legal or social obligations or responsibilities with respect to these regions, its ability to effect alterations in the numbers of its employees may nevertheless be subject to political and social considerations. Any inability to make planned reductions in numbers of employees or other changes to Evraz's operations in such regions could have an adverse effect on its results of operations and prospects.

Evraz's business may be affected by labour disruptions, shortages of skilled labour and labour cost inflation.

Competition for skilled labour is intense in the steel and mining industries, and labour costs are increasing significantly, particularly in Russia, Ukraine and South Africa. The demand and, hence, costs for skilled engineers, construction works and operators will continue to increase, reflecting the significant demand from other industries and public infrastructure projects. Continual high demand for skilled labour and continued increases in labour costs could have a material adverse effect on Evraz's business, financial condition and results of operations.

At the end of 2008, a majority of Evraz's employees were members of trade unions. There can be no assurance that work slowdowns, stoppages or strikes will not occur, and management is unable to estimate the effect of any such work slowdown, stoppage or strike on Evraz's production levels. Significant work slowdowns, stoppages or other labour-related developments could have an adverse effect on Evraz's business, financial condition and results of operations.

The Company or its non-Russian subsidiaries could be deemed to be tax residents of Russia or have a permanent establishment in Russia.

The Company and its subsidiaries incorporated outside of Russia are generally considered to be non-residents of Russia for tax purposes. There can be no assurance that Russian tax authorities will not deem the Company or any of its non-Russian subsidiaries to have a permanent establishment in Russia as a result of the exercise of management and control from within Russia, for example, by virtue of the location of Evraz's corporate headquarters activities in Russia. There are instances where foreign

companies that perform holding or finance functions and are managed and controlled from Russia have been challenged by Russian tax authorities as having a permanent establishment in Russia. Such a challenge with respect to Evraz could result in the Company or one or more of its non-Russian subsidiaries being subject to Russian profits tax computed under Russian tax principles and Russian income tax withholding being assessed on dividend, interest and other similar payments paid from such companies. Such occurrences could increase Evraz's tax liabilities and adversely affect Evraz's business and results of operations and the value of the Bonds.

Changes in the application or interpretation of the Cypriot tax system could materially adversely affect Evraz's business and the value of the Bonds.

All of the Company's Russian subsidiaries are held indirectly through the Company's wholly-owned subsidiary Mastercroft, which is incorporated in Cyprus. Cyprus became a member of the European Union on 1 May 2004, as a result of which it has harmonised its legislation with EU directives and guidelines and has reformed its tax system. Moreover, as a result of its accession to the EU, Cyprus will adhere to decisions of the European Court of Justice and any amendments to, or newly introduced, EU directives with respect to taxation. Such judicial decisions and legislative changes may adversely affect the tax treatment of Evraz's Cypriot subsidiaries and of transactions with such Cypriot companies.

In addition, in accordance with Cypriot income tax laws, a company is tax resident in Cyprus if its management and control is exercised in the Republic of Cyprus. There is no definition in the Cyprus income tax laws as to what constitutes management and control. Evraz has received advice that the Cyprus tax authorities follow the OECD model convention with respect to taxes on income and capital, which refers to a "place of effective management". The commentary on that model convention states: "The place of effective management is the place where key management and commercial decisions that are necessary for the conduct of the entity's business are in substance made. The place of effective management will ordinarily be the place where the most senior person or group of persons (for example a board of directors) makes its decisions, the place where the actions to be taken by the entity as a whole are determined; however, no definitive rule can be given and all relevant facts and circumstances must be examined to determine the place of effective management. An entity may have more than one place of management, but it can have only one place of effective management at any one time". Based on this definition, management and control may be considered to be exercised where the board of directors of a company meets and makes decisions. There can be no assurance that the tax treatment of Evraz's Cypriot subsidiaries will not be challenged on the basis of where they conduct "effective management".

A company that is tax resident in Cyprus is subject to Cypriot taxation and qualifies for benefits available under the Cypriot tax treaty network, including the double-taxation treaty with Russia. In addition, an EU parent company may be able to claim tax benefits under EU tax directives with respect to dividends paid from Cypriot resident companies or gains from the sale of shares in Cypriot resident companies.

In the event the tax residency of a company incorporated in Cyprus is challenged, such Cypriot company would be required to establish that it is managed and controlled from Cyprus. If the tax residency of any of the Company's Cypriot subsidiaries, including Mastercroft, were to be challenged and Evraz was unable to establish that such company qualified as a Cypriot tax resident, such company could be subject to tax in its place of tax residency and would be unable to make use of the Cypriot tax treaty network. If the relevant Cypriot company is not tax resident in a EU member state, tax benefits under the EU tax directives referred to above may be restricted or eliminated.

Adverse changes in the application or interpretation of Cypriot tax law, or a finding that a subsidiary of the Company that is incorporated in Cyprus does not qualify as a Cypriot tax resident or for

tax-treaty-based benefits, may significantly increase Evraz's tax burden and adversely affect its financial condition and results of operations.

Incomplete, unreliable or inaccurate official data and statistics could create uncertainty.

Evraz relies on and refers to information and statistics from various third party sources and its own internal estimates. For example, substantially all the information contained in this document concerning Evraz's competitors has been derived from publicly available information, including press releases. Management believes that these sources and estimates are reliable, but has not independently verified them. There can be no assurance that statistics derived from third party sources are true and accurate in all material respects.

RISKS RELATING TO THE SECURITIES AND THE TRADING MARKET

A default under any of Evraz's material debt instruments could result in a cross default under the Bonds.

As discussed in the risk factor entitled "Evraz is significantly leveraged and is required to meet certain financial and other restrictive covenants under the terms of its indebtedness", as of 30 June 2009 and the date of this document, Evraz was in compliance with all terms and conditions under its outstanding bonds and credit facilities. However, based on the current economic environment and Evraz's outlook, when Evraz's consolidated financial statements for the year ended December 31, 2009 are published, Evraz may not be in compliance with financial covenants in certain of its debt instruments. A breach of a financial or other covenant in Evraz's debt facilities, if not resolved, could also constitute a cross default under effectively all of its material debt agreements. A default which leads to acceleration of an Evraz debt instrument with a principal amount in excess of U.S.\$20 million would result in an event of default under the Bonds.

The Securities may not be a suitable investment for all investors.

Each holder of Securities must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Securities, and the merits and risks of investing in the Securities;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Securities and the impact such investment will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Securities;
- understand thoroughly the terms of the Securities and be familiar with the behaviour of the relevant financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The trading prices of emerging market securities are subject to substantial volatility.

Historically, the markets for emerging market securities have been subject to disruptions that have caused substantial volatility in the prices of securities similar to the Securities. There can be no assurance that the market for the Securities will not be subject to similar disruptions. Any such disruptions may have an adverse effect on holders of the Securities.

Emerging markets such as Russia, Ukraine, China and South Africa are subject to greater risks than more developed markets, and financial turmoil in any emerging market could disrupt Evraz's business, as well as cause the price of the Securities to suffer.

Generally, investment in emerging markets is only suitable for sophisticated investors who fully appreciate the significance of the risks involved in, and are familiar with, investing in emerging markets. Investors should also note that emerging markets are subject to rapid change and that the information set out in this document may become outdated relatively quickly. Moreover, financial turmoil in any emerging market country tends to adversely affect prices in capital markets of all emerging market countries as investors move their money to more stable, developed markets. Financial problems or an increase in the perceived risks associated with investing in emerging economies could dampen foreign investment in emerging markets and adversely affect the economies of emerging markets. In addition, during such times, companies that operate in emerging markets can face severe liquidity constraints as foreign funding sources are withdrawn. Thus financial turmoil in Russia or any other emerging market country could seriously disrupt Evraz's business, as well as result in a decrease in the price of the Securities.

The Bonds may not have an active trading market, which may have an adverse impact on the value of the Bonds.

The Bonds are expected to be listed on the Official List of the U.K. Listing Authority and admitted to trading on the Professional Securities Market of the London Stock Exchange. However, there can be no assurance that a liquid market will develop for the Bonds, that holders of the Bonds will be able to sell their Bonds or that such holders will be able to sell their Bonds for a price that reflects their value.

The Bonds may be subject to prepayment.

In the event that conversion rights have been exercised and/or purchases (and corresponding cancellations) effected in respect of 85 per cent. or more in principal amount of the Bonds originally issued, the Company may, at its option, redeem all (but not some only) of the Bonds on at least 30 days' notice but not more than 60 days' notice to holders of Bonds. If the Company redeems the Bonds under such circumstances, the redemption prices will be equal to 100% of the principal amount of the Bonds plus any accrued interest and additional amounts due. See "Terms and Condition of the Bonds—Redemption and Purchase—Redemption at the Option of the Issuer".

Evraz may be unable to repurchase the Bonds as required upon the occurrence of certain events.

Upon the occurrence of a Relevant Event or a De-listing Event (as such terms are defined in the "Terms and Conditions of the Bonds"), holders of the Bonds may require the Company to redeem any of their Bonds at 100 per cent. of their principal amount plus accrued and unpaid interest, if any. Evraz may be unable to do so, however, because it might not have enough available funds at the time of Relevant Event or De-listing Event, as the case may be, to make the purchase of the Bonds. In addition, certain of Evraz's other outstanding and future indebtedness may limit its ability to repurchase the Bonds upon a Relevant Event or De-listing Event, as the case may be, or may require that they be repaid upon the occurrence of any such event.

Interest rate risks.

As the Bonds bear a fixed rate of interest, an investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds.

Exchange rate risks and exchange controls.

The Company will pay principal and interest on the Bonds in U.S. dollars. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "Investor's Currency") other than U.S. dollar. These include the risk that exchange rates may significantly change (including changes due to devaluation of the U.S. dollar or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the U.S. dollar would decrease (i) the Investor Currency's equivalent yield on the Bonds; (ii) the Investor's Currency equivalent value of the principal payable on the Bonds; and (iii) the Investor's Currency equivalent market value of the Bonds.

Changes to the credit ratings of the Company or the Bonds may adversely affect the value of the Bonds.

The Company intends to seek a formal rating for the Bonds. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation. The rating will not address the likelihood that the principal on the Bonds will be prepaid, paid on an expected final payment date or paid on any particular date before the legal final maturity date of the Bonds. The rating will not address the marketability of the Bonds or any market price. The significance of any rating should be analysed independently from any other rating. Any changes in the credit ratings of the Company or the Bonds could adversely affect the value of the Bonds and the price that a subsequent purchaser will be willing to pay for the Bonds.

The Bonds may only be transferred in accordance with the procedures of the depositaries in which the Bonds are deposited.

The Bonds were issued in global form with interests therein held through the facilities of Euroclear and Clearstream, Luxembourg. Ownership of beneficial interests in the Bonds will be shown on, and the transfer of that ownership will be effected only through, records maintained by Euroclear and Clearstream, Luxembourg or their nominees and the records of their participants. The laws of some jurisdictions may require that certain purchasers of securities take physical delivery of such securities in definitive form. These laws may impair the ability to transfer beneficial interests in the Bonds. Because Euroclear and Clearstream, Luxembourg can only act on behalf of their participants, which, in turn, act on behalf of owners of beneficial interests held through such participants and certain banks, the ability of a person having a beneficial interest in a note to pledge or transfer such interest to persons or entities that do not participate in the Euroclear and/or Clearstream, Luxembourg systems may be impaired.

The price of the GDRs may be highly volatile.

Active, liquid trading markets generally result in lower price volatility and more efficient execution of buy and sell orders for investors. If an actual liquid trading market for the GDRs is not sustained, the price of the GDRs may be more volatile and it may be difficult to complete a buy or sell order for the GDRs.

The trading prices of the GDRs may be subject to wide fluctuations in response to many factors, including:

- variations in Evraz's operating results and those of other steel companies;
- variations in national and industry growth rates;
- actual or anticipated announcements of technical innovations or new products or services by Evraz or its competitors;
- changes in governmental legislation or regulation;
- general economic conditions within Evraz's business sector or in Russia; or
- extreme price and volume fluctuations on the Russian or other emerging market stock exchanges.

Future sales of shares or GDRs may affect the market price of the GDRs.

Sales, or the possibility of sales, by the Company or its controlling shareholder of a substantial number of GDRs or of the Company's ordinary shares in the public markets could have an adverse effect on the trading prices of the GDRs or could affect the Company's ability to obtain further capital through an offering of equity securities. Subsequent equity offerings or issuances by the Company may also reduce the percentage ownership of shares by its existing shareholders. Moreover, the Company may issue new shares that have rights, preferences or privileges senior to those of the Shares.

The Shares underlying the GDRs are not listed and are illiquid.

Unlike nearly all other GDRs traded on the London Stock Exchange, the Company's ordinary shares are neither listed nor traded on any stock exchange, and the Company does not intend to apply for the listing or admission to trading of its ordinary shares on any stock exchange. As a result, a withdrawal of ordinary shares by a holder of GDRs, whether by election or due to certain events described under "Terms and Conditions of the GDRs—Termination of Deposit Agreement", will result in that holder obtaining securities that are significantly less liquid than the GDRs and the price of those Shares may be discounted as a result of such withdrawal.

Holders of the GDRs may not be able to benefit from certain UK anti-takeover protections.

As the Company is not resident in the United Kingdom, some provisions of the City Code on Takeovers and Mergers (the "City Code") may not apply in their entirety to the Company. Similarly, since the GDRs are not admitted to trading on a regulated market in Luxembourg, the Law of 19 May 2006 (the "Law of 19 May") transposing Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004 on takeover bids into Luxembourg law may not apply in its entirety to the Company. Rather, in relation to matters governed by the City Code and the Law of 19 May, the Company will be subject to the shared jurisdiction of the Panel on Takeovers and Mergers in the United Kingdom ("Takeover Panel") and the Commission de Surveillance du Secteur Financier in Luxembourg ("CSSF").

There is little precedent for such sharing of jurisdiction and the Company expects that in practice, in the event of a takeover bid or another matter arising which is governed by the City Code and the Law of 19 May, the Takeover Panel and the CSSF would determine at the time how such shared jurisdiction would operate and agree which authority would be responsible for enforcing individual provisions of the City Code and the Law of 19 May

Accordingly, holders of the GDRs may not benefit from the full range of anti-takeover protections that would apply if the Company were subject to the sole jurisdiction of the Takeover Panel.

RISKS RELATING TO THE RUSSIAN FEDERATION AND OTHER EMERGING MARKETS

Like other large multinational companies, Evraz sells its products throughout the world and produces them in many countries. Evraz has production facilities in Russia, where most of its fixed assets are located, Ukraine, the Czech Republic, Italy, South Africa, the United States and Canada. Because a substantial amount of Evraz's assets are located in Russia, Evraz continues to face significant risks specific to the Russian Federation. Similar risks, common to most emerging markets, also exist in South Africa, Ukraine and China.

Political and Social Risks

Political and governmental instability in Russia could adversely affect Evraz's business, financial condition and operating results

Since 1991, Russia has sought to transform itself from a one-party state with a centrally planned economy to a market-oriented economy. The Russian political system remains vulnerable to popular dissatisfaction, including dissatisfaction with the results of privatisations in the 1990s, as well as to demands for autonomy from particular regional and ethnic groups. The course of political, economic and other reforms has, in some respects, been uneven and the composition of the Russian government – the Prime Minister and the other heads of federal ministries – has, at times, been unstable. For example, six different Prime Ministers led the Russian government between March 1998 and May 2000.

Since 1999, Russia has experienced a growing centralisation of power in the hands of the President and his allies. The potential instability during Mr. Medvedev's presidency, and shifts in governmental policy and regulation in Russia, which are less predictable than in many Western countries, could negatively affect the economic and political environment in the near term.

Future changes in the composition of the Russian government or a lack of consensus between the President, the Russian government, Russia's parliament and powerful economic groups could lead to political instability, which could have a material adverse effect on the value of investments in Russia generally and on Evraz in particular.

The reversal of reform policies or the adoption of government policies or arbitrary exercise of governmental discretion targeted at specific individuals or companies could harm Evraz's business as well as investments in Russia more generally.

Major policy shifts could hinder or reverse political, economic and regulatory reforms. The authorities may adopt policies that could adversely affect private sector companies generally or in any particular sector, or in which there is significant non-Russian ownership. In the event that any such policies were to be adopted, Evraz's business, financial condition and results of operations could be materially and adversely affected.

Moreover, regulatory authorities in Russia have a high degree of discretion and at times appear to exercise their discretion selectively or arbitrarily, without hearing or prior notice, and in a manner that is contrary to law or influenced by political or commercial considerations. Such arbitrary governmental actions have reportedly included denial or withdrawal of licences, sudden and unexpected tax audits, criminal prosecutions and civil actions. In this environment, Evraz's competitors may receive preferential treatment from the Russian government and governmental authorities, potentially giving them a competitive advantage. Unlawful, selective or arbitrary government action, if directed at Evraz's

operations in Russia, could have a material adverse effect on its business, results of operations and prospects and on the value of the Securities.

Furthermore, the government has the power in certain circumstances to interfere with the performance of, nullify or terminate contracts and, through its tax, environmental and prosecutorial arms, has engaged in selective investigations and prosecutions of particular companies or persons. Russian authorities have recently challenged some Russian companies and prosecuted their executive officers and shareholders on tax evasion and related charges. In some cases, the results of such prosecutions and challenges have been significant claims against companies for unpaid taxes and the imposition of prison sentences on individuals. Some observers speculate that in certain cases these challenges and prosecutions were intended to punish, and deter, opposition to the government or the pursuit of disfavoured political or economic agendas or to further the interests of the Russian government and individual officials or business groups. Some observers have also speculated that certain environmental challenges brought recently by Russian authorities in the oil and gas sector have been targeted at specific Russian businesses under non-Russian control, with a view to bringing them under state control. More generally, some observers have noted that takeovers in recent years of major private sector companies in the oil and gas, metals and manufacturing sectors by state-controlled companies following tax, environmental and other challenges may reflect a shift in official policy in favour of state control at the expense of individual or private ownership, at least where large and important enterprises are concerned.

In the international sphere, Russia has adopted a more assertive approach to the definition and pursuit of its interests. To some observers, Russia has appeared on several occasions to have used economic leverage or control over oil and gas supplies to achieve political objectives. If Russia were to adopt restrictive economic measures against countries that are important to Evraz's business, or if trade between Russia and such countries were otherwise to be interrupted for political reasons, Evraz's business, financial condition and results of operations could be materially and adversely affected.

The reversal of reforms, arbitrary government action or the use of government power, if directed at Evraz, its major shareholders or its beneficial owners, could have a material adverse effect on the value of investments in Russia generally and on Evraz's business, financial condition and operating results.

The Russian Law on Strategic Enterprises may adversely affect Evraz's business, results of operations and financial condition.

On May 7, 2008 the Federal Law of the Russian Federation, "On the Procedure for Implementing Foreign Investment in Commercial Enterprises Having Strategic Importance for Securing the National Defense and Security of the State" No. 57-FZ (the "Law on Strategic Enterprises"), became effective. Under the Law on Strategic Enterprises, foreign investors acquiring direct or indirect control over Russian companies that have strategic importance for securing the national defense and security of the Russian Federation (the "Strategic Enterprises") are required to obtain prior approval, or in certain cases post-transaction approval, of a special commission created by the Russian Government (the "Foreign Investments Supervision Commission"). Such approval is subject to a determination by the Federal Security Service of Russia that the acquisition of control does not threaten the national defense and security of the state. Additionally, the approval may be subject to the fulfillment of certain conditions by the foreign investor, including, among others, achieving the Strategic Enterprise's business plan, securing the employment of a certain number of personnel and processing the natural resources produced by the Strategic Enterprise in the Russian Federation.

Strategic Enterprises include companies that conduct certain types of activities listed in the Law on Strategic Enterprises or conduct geological studies and/or exploration and production of natural resources on subsoil plots of federal importance. In particular, Strategic Enterprises include companies that produce and sell metals and alloys of special properties that are used for production of weapons and

military machinery and hold a dominant position in a market of production and sale of such metals and alloys. Accordingly, under the Law on Strategic Enterprises, certain Russian subsidiaries of Evraz may be recognised as Strategic Enterprises. As a result, the direct or indirect acquisition of control over such subsidiaries by a foreign investor (or its group of companies) is subject to the prior consent, or in limited circumstances, post-transaction approval, of the Foreign Investments Supervision Commission. The definition of control under the Law on Strategic Enterprises includes the right of a foreign investor (or its group of companies) to: (i) vote (directly or indirectly) more than 50% (10% or more of the voting shares of a Strategic Enterprise that conducts geological study and/or exploration and production of natural resources on subsoil areas of federal importance) of the voting shares of such Strategic Enterprise on the basis of a trust arrangement, partnership agreement or otherwise; or (ii) determine the decisions and conditions of entrepreneurial activity of such Strategic Enterprise on the basis of an agreement or otherwise; or (iii) appoint the chief executive officer or more than 50% (10% or more, in case of a Strategic Enterprise that conducts geological study and/or exploration and production of natural resources on subsoil areas of federal importance) of the members of the board of directors or management board of such Strategic Enterprise. In addition, foreign states, international organisations, and companies directly or indirectly controlled by them are not permitted to acquire control over Strategic Enterprises and any acquisition of the rights to vote more than 25% (more than 5% of the voting shares of Strategic Enterprises that conduct geological study and/or exploration and production of natural resources on subsoil areas of federal importance) of the voting shares of such Strategic Enterprises by them would be subject to the prior consent of the Foreign Investments Supervision Commission.

Currently, no Evraz subsidiary has been identified as a Strategic Enterprise. However, the Nakhodka Sea Port may be considered to be a Strategic Enterprise. In the event that Evraz or any of its Russian subsidiaries are deemed to be Strategic Enterprises, any future sales to foreign entities of such subsidiaries, including by way of corporate reorganization, that result in the acquisition of control (as defined in the Law on Strategic Enterprises) over such subsidiaries may require the prior consent of the Foreign Investments Supervision Commission. Accordingly, the ability of Evraz to sell its Russian assets to foreign investors or the ability of Evraz's ultimate beneficial owners to sell a significant stake of Evraz's shares to any foreign investor may be limited. In addition, the necessity to receive consent from the Foreign Investments Supervision Commission and the chance of not being granted such consent may affect Evraz's ability to create joint ventures with foreign partners.

Political, social and other conflicts, and corruption, create an uncertain operating environment that hinders Evraz's long-term planning ability and could adversely affect the value of its investments in Russia.

Russia is a federation of sub-federal political units, consisting of republics, territories, regions, districts, cities of federal importance and an autonomous region. The delineation of authority and jurisdiction among the members of the Russian Federation and the federal government is, in many instances, unclear and remains contested. Lack of consensus between the federal government and local or regional authorities often results in the enactment of conflicting legislation at various levels and may lead to further political instability. In particular, conflicting laws have been enacted in the areas of privatisation, securities, corporate legislation and licensing. Some of these laws and governmental and administrative decisions implementing them, as well as certain transactions consummated pursuant to them, have in the past been challenged in the courts, and such challenges may occur in the future. This lack of consensus hinders Evraz's long-term planning efforts and creates uncertainties in Evraz's operating environment, both of which may prevent Evraz from effectively and efficiently carrying out its business strategy. See also “—Risks Relating to Evraz's Business and Industry—In the event that the title to any company acquired by Evraz through privatisation, bankruptcy sale or otherwise is successfully challenged, Evraz may lose its ownership interest in that company or its assets” and “—Risks Relating to the Russian Federation and Other Emerging Markets—Legislative and Legal Risks—Weaknesses relating

to the Russian legal system and Russian legislation create an uncertain environment for investment and business activity in Russia and thus could have a material adverse effect on Evraz's business and the value of the Securities".

In addition, ethnic, religious, historical and other divisions have, on occasion, given rise to tensions and, in certain cases in southern Russia, military conflict. As a result, a number of fatal terrorist attacks have been carried out in Moscow and other Russian regions. The further intensification of violence, including terrorist attacks and suicide bombings, or its continued spread, could have significant political consequences, including the imposition of a state of emergency in some or all of Russia. Moreover, any terrorist attacks and the resulting heightened security measures may cause disruptions to domestic commerce and exports from Russia and could materially adversely affect Evraz's business, financial condition and operating results.

The implementation of Russia's economic reforms has also led from time to time to social protest. For example, in 1998, miners in several regions of Russia, demanding payment of overdue wages, resorted to strikes which included blocking major railroads, and, in early 2005, pensioners in cities across Russia protested the replacement of certain in-kind benefits with cash allowances. The escalation of social unrest could have an adverse effect on Evraz's ability to conduct its business in Russia.

Finally, the Russian and international media have reported high levels of corruption in Russia and elsewhere in the CIS. Moreover, certain members of the Russian media appear to have published biased articles in exchange for payment. In addition, persons who are hostile to Evraz and/or its management and/or its beneficial owners may allege, in the press or elsewhere, that Evraz and/or its beneficial owners have engaged in illegal activities. Demands of corrupt officials, claims that Evraz or its management or its beneficial owners have been involved in corruption or illegal activities or biased articles and negative publicity could adversely affect Evraz's ability to conduct its business in Russia and the value of the Securities.

Economic Risks

Economic instability in Russia could adversely affect Evraz's business.

During the 1990s, economic conditions in Russia were highly volatile. The Russian economy experienced a sustained deterioration, including a large contraction in gross domestic product, hyperinflation, an unstable currency and a high level of state debt relative to gross domestic debt. The Russian steel industry was materially and adversely affected by these events. See "—Risks Relating to Evraz's Business and Industry—The steel, mining and vanadium businesses are cyclical, and local or global downturns in the steel, mining or vanadium industries have had and may in the future have an adverse effect on Evraz's results of operations and financial condition".

The Russian economy has also been subject to abrupt downturns. In particular, on 17 August 1998, in the face of a rapidly deteriorating economic situation, the Russian government defaulted on its Rouble-denominated securities, the CBR stopped its support of the Rouble and a temporary moratorium was imposed on certain hard currency payments. These actions resulted in an immediate and severe devaluation of the Rouble, a sharp increase in the rate of inflation, a dramatic decline in the prices of Russian debt and equity securities and the inability of Russian issuers to raise funds in the international capital markets. These problems were aggravated by the near collapse of the Russian banking sector after the events of 17 August 1998, as evidenced by the revocation of the banking licences of a number of Russian banks. This further impaired the ability of the banking sector to act as a reliable and consistent source of liquidity to Russian companies and resulted in the loss of bank deposits in some cases.

In the course of its recovery from the downturn in 1998, the Russian economy has exhibited positive trends, such as an increase in gross domestic product, budgets and current accounts in surplus, rouble appreciation and a reduction in inflation. Nevertheless, because Russia produces and exports large quantities of oil and natural gas, the Russian economy is vulnerable to fluctuations in the price of oil and natural gas on the world market, and a decline in the price of oil and natural gas could significantly slow or disrupt the Russian economy. Any general market downturn or economic slowdown, such as the current economic downturn, could limit Evraz's access to capital and adversely affect Russia's economy as well as Evraz's business and operating results in the future.

The Russian banking system remains underdeveloped and susceptible to volatility, which could place severe liquidity constraints on Evraz's operations in Russia.

Russia's banking and other financial systems are not well developed or regulated. Many Russian banks do not meet international banking standards, and the transparency of the Russian banking sector in some respects still lags behind international banking standards. Aided by inadequate supervision by the regulators, many banks do not follow existing CBR regulations with respect to lending criteria, credit quality, loan loss reserves or diversification of exposure. Furthermore, in Russia, bank deposits made by corporate entities generally are not insured.

Within the past 10 years, the Russian banking sector has experienced considerable volatility. The financial crisis in August 1998 resulted in the bankruptcy and liquidation of many Russian banks and almost entirely eliminated the developing market for commercial bank loans at that time. Again, in 2004, the Russian banking sector experienced turmoil, which resulted in the CBR revoking the licences of certain Russian banks and many investors withdrawing their savings.

Recently, there has been a rapid increase in lending by Russian banks, which many believe has been accompanied by a deterioration in the credit quality of the borrowers. It has also caused Russian banks to become more dependent on foreign sources of funding and, therefore, more susceptible to volatility on the international credit markets. Due to the recent global credit crisis, it may be increasingly difficult for Russian banks to accumulate sufficient capital to sustain their lending operations.

There are currently a limited but increasing number of sufficiently capitalised, creditworthy Russian banks. Evraz seeks to reduce its risk by receiving and holding its funds that are located in Russia, including its Rouble-denominated funds, with subsidiaries of foreign banks, which it generally believes to be more stable and less risky than Russian banks. Nevertheless, continued underdevelopment of or future volatility in the Russian banking sector could result in the loss of Evraz's deposits or affect its ability to complete banking transactions in Russia, which could have a material adverse effect on Evraz's financial condition and results of operations.

Russia's physical infrastructure is in poor condition, which could disrupt Evraz's normal business activities.

Russia's physical infrastructure largely dates back to Soviet times, and has not been adequately funded and maintained since the dissolution of the Soviet Union. Russia's poor physical infrastructure disrupts the transportation of goods and supplies as well as communications and adds costs to doing business in Russia. Particularly affected are the rail and road networks, power generation and transmission, communication systems and building stock. Road conditions throughout Russia are poor, with many roads not meeting minimum requirements for use and safety. Power disruptions also occur: On 25 May 2005, a failure in the power transmission network interrupted electricity supplies in Moscow and four other regions of Russia, causing significant disruptions to business activity; and, in January 2006, electricity supplies to certain industrial customers in Moscow were reduced as a result of extreme cold in

Moscow. Service reductions, breakdowns and failures of any part of Russia's physical infrastructure may disrupt normal business activity.

In order to improve infrastructure, the Russian government is reorganising the country's electricity system and is considering plans to reorganise the country's railway and telephone systems. Such reorganisations may result in increased charges and tariffs and may not be supported by the anticipated capital investment that is needed to adequately repair, maintain and improve these systems. Significant increases in charges and tariffs or further deterioration in the Russia's infrastructure may limit economic growth and interrupt business operations of Evraz, its customers and suppliers, any or all of which could have a material adverse effect on Evraz's business and the value of the Securities.

Legislative and Legal Risks

Weaknesses relating to the Russian legal system and Russian legislation create an uncertain environment for investment and business activity in Russia and thus could have a material adverse effect on Evraz's business and the value of the Securities.

Russia is still developing the legal framework required to support a market economy. The following risks relating to the Russian legal system create uncertainties with respect to the legal and business decisions that Evraz makes, many of which do not exist in countries with more developed market economies:

- inconsistencies among (1) federal laws; (2) decrees, orders and regulations issued by the Russian president, the Russian government and federal ministries; and (3) regional and local laws, rules and regulations;
- limited judicial and administrative guidance on interpreting Russian legislation;
- substantial gaps in the regulatory structure due to delay or absence of implementing regulations;
- the relative inexperience of judges and courts in interpreting new principles of Russian legislation and complex commercial arrangements;
- a lack of judicial independence from political, social and commercial forces;
- a high degree of discretion on the part of governmental authorities;
- bankruptcy procedures that are not well developed and are subject to abuse; and
- difficulty in enforcing court judgments.

Additionally, several fundamental laws in Russia have only recently become effective. The enactment of new legislation in the context of a rapid evolution to a market economy and the lack of consensus about the scope, content and pace of economic and political reforms have resulted in ambiguities, inconsistencies and anomalies in the overall Russian legal system. Many new laws remain untested. Moreover, courts have limited experience in interpreting and applying many aspects of business and corporate law. Russian legislation also often contemplates implementing regulations that have not yet been promulgated, leaving substantial gaps in the regulatory infrastructure. All of these weaknesses could affect Evraz's ability to enforce its legal rights in Russia, including rights under its contracts, or to defend against claims by others in Russia.

The independence of the judicial system and the prosecutor general's office and their immunity from economic, political and nationalistic influences in Russia is also not well-established. The court system is understaffed and underfunded; judicial precedents generally have no binding effect on subsequent decisions; and most court decisions are not readily available to the public. Enforcement of court judgments can in practice be very difficult in Russia. All of these factors make judicial decisions in Russia difficult to predict and effective redress uncertain. Additionally, court claims are often used in furtherance of political aims, and law enforcement agencies do not always enforce or follow court judgments. Evraz may be subject to such claims and may not be able to receive a fair trial.

These uncertainties also extend to property rights. While legislation has been enacted to protect private property against expropriation and nationalisation, due to the lack of experience in enforcing these provisions and due to potential political changes, these protections may not be enforced in the event of an attempted expropriation or nationalisation. Expropriation or nationalisation of any of Evraz's entities in Russia, their assets or portions thereof, potentially without adequate compensation, could have a material adverse effect on Evraz's business and prospects and on the value of the Securities.

Moreover, the regulation and supervision of the securities market, financial intermediaries and issuers are considerably less developed in Russia than in the United States or Western Europe. Securities laws, including those relating to corporate governance, disclosure and reporting requirements, have only recently been adopted, whereas laws relating to anti-fraud safeguards, insider trading restrictions and fiduciary duties are rudimentary.

Russian corporate and securities rules and regulations can change rapidly, which may adversely affect Evraz's ability to conduct securities-related transactions. While some important areas are subject to virtually no oversight, the regulatory requirements imposed on Russian issuers in certain other areas of corporate and securities laws and regulations result in delays in conducting securities offerings and in accessing the capital markets. It is often unclear whether, or how, regulations, decisions and letters issued by the various regulatory authorities apply to Evraz. As a result, Evraz may be subject to fines or other enforcement measures despite its best efforts at compliance.

Shareholder liability under Russian legislation could cause the Company to become liable for the obligations of its Russian subsidiaries.

The Russian Civil Code, the Law on Joint Stock Companies and the Law on Limited Liability Companies generally provide that shareholders in a Russian joint stock company or limited liability company are not liable for the obligations of the company and bear only the risk of loss of their investment. This may not be the case, however, when one person (an "effective parent") is capable of determining decisions made by another (an "effective subsidiary"). The effective parent bears joint and several responsibility for transactions concluded by the effective subsidiary in carrying out these decisions if:

- this decision-making capability is provided for in the charter of the effective subsidiary or in a contract between the companies; and
- the effective parent gives obligatory directions to the effective subsidiary.

In addition, an effective parent is secondarily liable for an effective subsidiary's debts if an effective subsidiary becomes insolvent or bankrupt as a result of the action or inaction of an effective parent. This is the case regardless of how the effective parent's capability to determine decisions of the effective subsidiary arises. For example, this liability could arise through ownership of voting securities or by contract. In these instances, other shareholders of the effective subsidiary may claim compensation for the effective subsidiary's losses from the effective parent that caused the effective subsidiary to act or

fail to act, knowing that such action or inaction would result in losses. Accordingly, in the Company's position as an effective parent, it could be liable in some cases for the debts of its effective subsidiaries in Russia.

Weaknesses and changes in the Russian tax system could materially adversely affect Evraz's business and the value of the Securities.

Generally, taxes payable by Russian companies are substantial and numerous. These taxes include, among others, income taxes, value-added tax ("VAT"), excise taxes, payroll taxes and property taxes.

The tax environment has historically been complicated because various authorities have often issued contradictory interpretations of tax legislation. This uncertainty potentially exposes Evraz to the risk of significant fines, penalties and enforcement measures and could result in a greater than expected tax burden.

Because of the political changes that have occurred in Russia over the past several years, there have recently been significant changes to the Russian taxation system. Global tax reforms in Russia commenced in 1999 with the introduction of Part One of the Russian Tax Code, which sets out general taxation guidelines. Since then, Russia has been in the process of replacing legislation regulating the application of major taxes. New chapters of the Tax Code on VAT, unified social tax and personal income tax came into force on 1 January 2001; new chapters on the profit tax and mineral extraction tax came into force on 1 January 2002; and new chapters on the land tax and water tax came into force on 1 January 2005. Although these tax reforms have been completed to a large extent, some significant changes may still be introduced to Russian tax law. Among the most important recent changes are amendments to Part Two of the Tax Code (profit tax, VAT and other taxes) which were introduced in November 2008 and which reduced the rate of profit tax to 20% starting from 1 January 2009.

In practice, Russian tax authorities often have their own interpretation of the tax laws that rarely favours taxpayers, who often have to resort to court proceedings to defend their position against the tax authorities. Differing interpretations of tax regulations exist both among and within government ministries and organisations at the federal, regional and local levels, creating uncertainties and inconsistent enforcement. Tax declarations, together with related documentation such as customs declarations, are subject to review and investigation by a number of authorities, each of which may impose fines, penalties and interest charges.

In its decision of 25 July 2001, the Russian Constitutional Court introduced, but did not define, the concepts of a "taxpayer acting in bad faith" and a "bona fide taxpayer". Tax authorities are increasingly using these concepts to invalidate a taxpayer's reliance on the letter of the tax law. In an effort to clarify and develop the meaning of "bona fide taxpayer", on 12 October 2006, the Plenum of the Supreme Arbitration Court issued Resolution No. 53. Resolution No. 53 also introduced the concept of an "unjustified tax benefit", intending to set out a 'substance over form' approach for determining if a tax benefit is unjustified. The tax authorities and the courts have provided little practice or guidance for the interpretation of these new concepts. There is no assurance that tax authorities will not actively seek to apply the "unjustified tax benefit" concept when challenging in courts tax positions taken by taxpayers. Furthermore, while the intent of Resolution No. 53 was to combat abuse of tax law in practice, there is no assurance that the tax authorities will not seek to apply the concepts contained therein in a broader sense than may have been intended by the Supreme Arbitration Court. On 28 December 2006, the Plenum of the Supreme Court passed another resolution, Resolution No. 64, "On Practice of the Application of the Liability for the Tax Crimes", which attempts to broaden the application of criminal liability for tax violations.

Generally, taxpayers are subject to a tax audit for a period of three calendar years of their activities which immediately preceded the year in which the audit is carried out. However, previous audits do not completely exclude the possibility of subsequent claims relating to the audited period, as Russian tax law authorises upper-level tax inspectorates to review the results of tax audits conducted by subordinate tax inspectorates. As a result, the statute of limitations is not entirely effective. In addition, on 14 July 2005, the Russian Constitutional Court issued a decision that allows the statute of limitations for tax liabilities to be extended beyond the three-year term set forth in the tax laws if a court determines that a taxpayer has obstructed or hindered a tax audit. Furthermore, recent amendments to the Tax Code, effective 1 January 2007, allow an extension of the three-year term in cases where actions of the audited taxpayer created insurmountable obstructions to a tax audit. Tax authorities may therefore have broad discretion to argue that a taxpayer has “obstructed” or “hindered” an audit or created “insurmountable obstructions” surrounding an audit and ultimately seek penalties for periods beyond the three-year statutory term. In addition, in some instances, new tax regulations have been given retroactive effect.

Moreover, financial statements of Russian companies are not consolidated for tax purposes. Therefore, each of the Company’s Russian subsidiaries pays its own Russian taxes and may not offset its profit or loss against the loss or profit of another entity in the consolidated Evraz group, which may result in higher taxes for Evraz than if taxes were assessed on a consolidated basis. In addition, intercompany dividends are subject to a withholding tax of 9%, if distributed to Russian residents, and 15%, if distributed to non-Russian residents, subject to double tax treaty relief. With effect from January 2008, dividend income of Russian entities is subject to 0% tax rate in Russia, provided that (i) the parent company owns not less than 50% of the shares of the subsidiary paying the dividends for a period of not less than 365 days as at the date the dividends are declared; and (ii) that the consideration paid for the shares in the company paying the dividend exceeded RUR500 million. In addition, if a Russian company that receives intercompany dividends itself pays a dividend, it may offset the withholding tax paid against its own withholding liability for the dividend that it pays to Russian companies and individuals resident in Russia, though not against any withholding made on a distribution to foreign companies or non-resident individuals.

The foregoing ambiguities in the application and interpretation of Russian tax law and regulations and other conditions create tax risks in Russia that are more significant than typically found in countries with more developed tax systems, imposing additional burdens and costs on Evraz’s operations, including management resources. There can be no assurance that current taxes will not be increased, that additional tax charges will not be imposed on Evraz or that additional sources of revenue or income, or other activities, will not be subject to new taxes, charges or similar fees in the future. Furthermore, these risks and uncertainties complicate Evraz’s tax planning and related business decisions, potentially exposing Evraz to significant fines and penalties and enforcement measures despite its best efforts at compliance, and could adversely affect Evraz’s business and results of operations and the value of the Securities.

Evraz may be subject to vaguely drafted Russian transfer pricing rules.

Russian transfer pricing rules give Russian tax authorities the right to review, make transfer pricing adjustments and impose additional tax liabilities in respect of transactions between related parties and certain other types of transactions between independent parties (such as foreign trade transactions and transactions that have significant price fluctuations), if the transaction price deviates by more than 20% from the market price. Transfer pricing rules also apply to transactions involving securities and derivatives, and the rules applicable to such transactions may be more complex and restrictive than with respect to other transactions.

Russian transfer pricing rules are vaguely drafted, leaving wide scope for interpretation by Russian tax authorities and courts. Due to the uncertainties in interpretation of transfer pricing legislation, the tax authorities may challenge the prices of certain of Evraz’s transactions and propose adjustments. If

such price adjustments are upheld by Russian courts and implemented, Evraz's effective tax rate could increase and future financial results could be adversely affected. In addition, Evraz could face significant losses associated with the assessed amount of prior tax underpaid and related interest and penalties, which could have a material adverse effect on its business, financial condition and operating results. See also "—Risks Relating to the Russian Federation and Other Emerging Markets—Legislative and Legal Risks—Weaknesses and changes in the Russian tax system could materially adversely affect Evraz's business and the value of the Securities".

DESCRIPTION OF BUSINESS

Overview

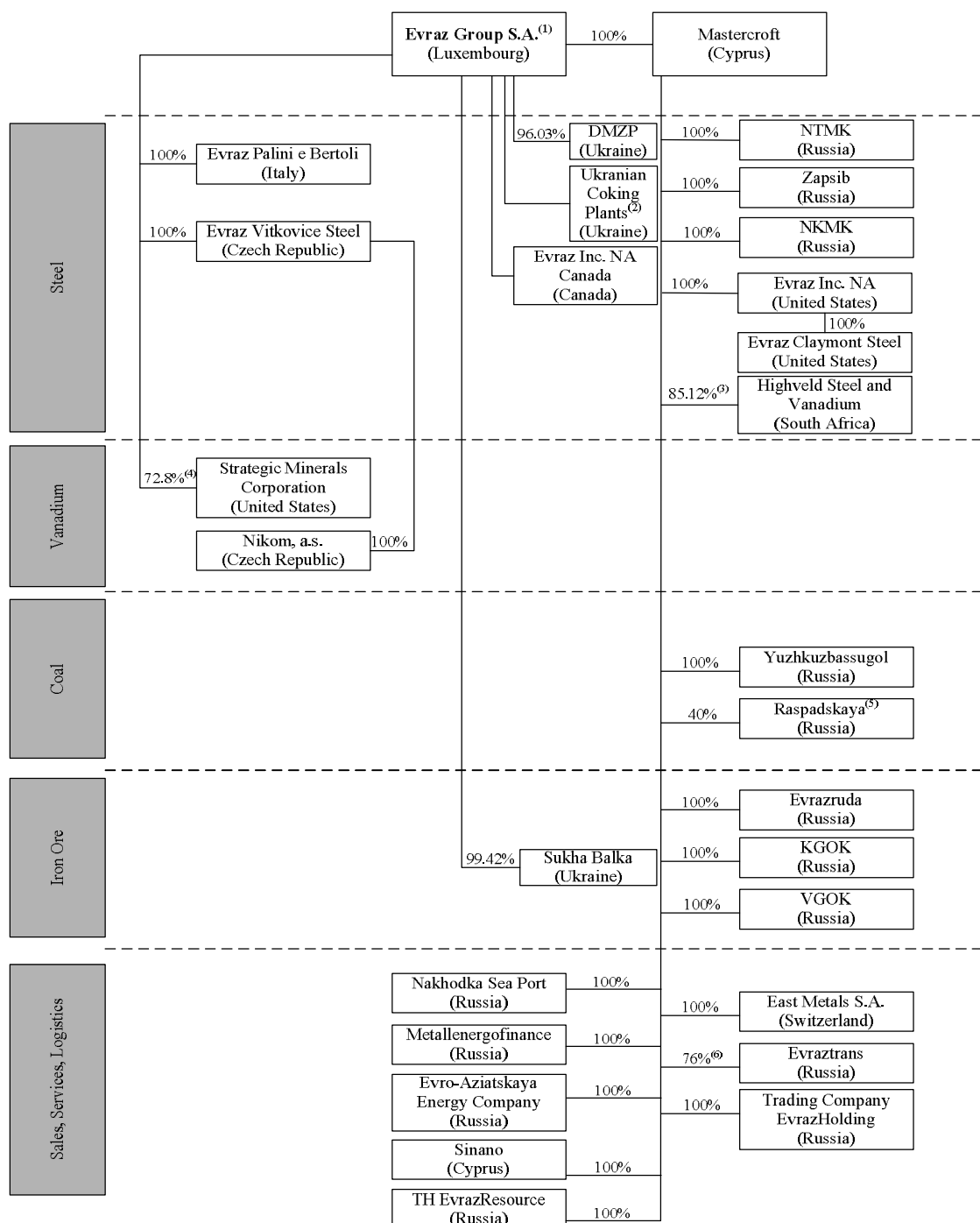
Evraz is one of the largest vertically integrated steel and mining businesses with operations based in the Russian Federation, the United States, Canada, Ukraine, Czech Republic, Italy and South Africa. Evraz produced approximately 17.7 million tonnes of crude steel in 2008. Management estimates that Evraz is the largest producer of steel and steel products in Russia, the largest producer of Russian long products, such as beams, rebars and rails, and among the 17 largest steel producers in the world, all measured by volume. In 2008, Evraz produced approximately 18.9 million tonnes of iron ore products and mined approximately 9.1 million tonnes of coking coal and 4.9 million tonnes of steam coal. Most of Evraz's iron ore and coking coal products are used in its steel making operations. Evraz also produced 11,010 tonnes of vanadium slag and 15,355 tonnes of vanadium alloys and chemicals in 2008. Evraz's total consolidated revenues for the year ended 31 December 2008 amounted to U.S.\$20,380 million, compared to U.S.\$12,859 million for the year ended 31 December 2007. Evraz's total assets as of 31 December 2008 amounted to U.S.\$19,448 million, compared to U.S.\$18,637 million as of 31 December 2007.

Evraz's principal assets as of the date of this document are:

- Nine steel plants: NTMK, located in Russia's Nizhny Tagil, Sverdlovsk region; ZapSib, the largest steel plant in Siberia and the eastern-most steel plant in the Russian Federation, located near Novokuznetsk, Kemerovo region; NKMK, located in Novokuznetsk; Evraz Vitkovice Steel, the largest platemaker in the Czech Republic; Rocky Mountain Steel and Claymont Steel (both are parts of Evraz Inc. North America); Evraz Inc. NA Canada (formerly IPSCO Canada, acquired in June 2008); Dnepropetrovsky Metallurgical Zavod (DMZ, acquired in December 2007), located in Ukraine; and Highveld Steel and Vanadium Corporation, located in South Africa and also a leading vanadium producer (acquisition completed in April 2007).
- Three steel rolling mills: Evraz Palini e Bertoli, located in Italy; Oregon Steel Portland and Camrose Pipe Corporation (both are parts of Evraz Inc. North America).
- Five iron ore mining and processing facilities: KGOK, located in Sverdlovsk region near NTMK; VGOK, located in the Sverdlovsk region near NTMK; Evrazruda, which operates mines in Kemerovo region, the Republic of Khakassia and south Krasnoyarsk Krai; Sukha Balka in Ukraine; and Mapochs Mine in the South Africa.
- One coal mining asset: Yuzhkuzbassugol, located in Novokuznetsk, Kemerovo region and fully acquired in June 2007.
- One of the world's leading producers of vanadium alloys and chemicals for the steel, chemical, and titanium industries: Strategic Mineral Corporation (Stratcor) ferrovanadium producer Nikom S.A., located in the Czech Republic.
- Various trading and logistical assets, including Nakhodka Sea Port, one of the largest ports in the Russian Far East and through which Evraz ships most of its exports and Evraztrans, which owns and operates rail cars in the Russian Federation for Evraz.

Evraz also owns a significant equity interest in a coking coal producer Rospadskaya.

The following chart presents Evraz's organisational structure.



Note:

- (1) Ownership interests represent the Company's effective interest as of the date of this document.
- (2) The Ukrainian Coking Plants consist of a 94.37% interest in Bagleykoks, a 98.65% interest in Dneprkoks and a 93.86% interest in Dneprodzerzhinsk.
- (3) The remaining shares in Highveld are traded on the Johannesburg Stock Exchange.
- (4) Most of the remaining shares of Stratcor are owned by Sojitz Corporation of Tokyo, Japan.
- (5) Accounted for on an equity basis. 20% of the shares in Raspadskaya are traded on the RTS and MICEX, the two stock exchanges in Russia, and the remaining shares are held by Raspadskaya's management.
- (6) The remaining shares of Evraztrans are held by the management of Evaztrans.

Evraz was founded in 1992 as limited liability company “Evrazmetall” (“EvrazMetal”). EvrazMetal was established by a group of Russian scientists and engineers led by Alexander Abramov (the “Original Group”) and specialised in marketing metal products and supplying raw materials and equipment to Russian and Ukrainian mining and metallurgical enterprises. In 1995, EvrazMetal and its affiliates expanded their operations into trading on international markets in partnership with Duferco S.A., an international metals trading company based in Italy.

In the mid-1990s, major metals traders on the Russian market (including the Original Group), as part of their trading activity, financed production at the steel plants (including NTMK and ZapSib) from which they bought steel. As a result, these traders became the largest creditors of both NTMK and ZapSib. In 1997, a group of creditors and the management of NTMK agreed on a debt-to-equity swap, as a result of which the Original Group, Duferco S.A. and ZAO Interural (another metals trading company) became NTMK’s major shareholders. The shares owned by Duferco S.A. and ZAO Interural were subsequently bought out by Evraz.

Evraz continued to acquire steel and mining assets and, at the end of 2002, Evraz’s management initiated a multi stage reorganisation in order to improve the legal and financial transparency of the group (in particular, to create a more transparent ownership structure and to facilitate financial reporting) and to enhance access to international financing. The Company was formed as Evraz’s parent company at the end of 2004.

Steel Business

Evraz’s steel business operates globally, with facilities in Russia, the European Union, North America, South Africa and the Ukraine. Evraz conducts its steel business primarily through its Russian subsidiaries, NTMK, ZapSib and NKMK, and its foreign subsidiaries, Evraz Vitkovice Steel, Rocky Mountain Steel, Claymont Steel, Evraz Inc. NA Canada, Dnepropetrovsky Metallurgical Zavod (DMZ), and Highveld Steel and Vanadium Corporation.

In 2008, Evraz sold 17.1 million tonnes of steel, with consolidated segment revenue of U.S.\$17,623 million in the year ended 31 December 2008, an increase from U.S.\$11,743 million in the year ended 31 December 2007.

The table below shows Evraz’s consolidated sales of its principal steel products in 2008, 2007 and 2006.

	Year ended 31 December					
	2008		2007		2006	
	<i>(thousand tonnes)</i>	%	<i>(thousand tonnes)</i>	%	<i>(thousand tonnes)</i>	%
Product⁽¹⁾						
<i>Construction sector</i>	5,233	30.7%	5,184	31.6%	4,152	26.1%
Rebars.....	1,946	11.4%	1,879	11.5%	1,580	9.9%
H-beams.....	1,157	6.8%	1,322	8.1%	1,022	6.4%
Channels.....	862	5.1%	741	4.5%	603	3.8%
Angles.....	493	2.9%	496	3.0%	399	2.5%
Wire rods	326	1.9%	253	1.5%	266	1.7%
Wire.....	181	1.1%	219	1.3%	207	1.3%
Other.....	268	1.6%	274	1.7%	75	0.5%
<i>Railway sector</i>	2,367	13.9%	2,281	13.9%	1,626	10.2%

Rails	1,170	10.0%	1,646	10.0%	1,098	6.9%
Wheels.....	158	0.9%	153	0.9%	141	0.9%
Other.....	499	2.9%	482	3.0%	387	2.4%
<i>Flat-rolled products</i>	<i>2,647</i>	<i>15.6%</i>	<i>2,170</i>	<i>13.2%</i>	<i>1,611</i>	<i>10.1%</i>
Commodity plate.....	1,738	10.2%	1,791	10.9%	1,611	10.1%
Specialty plate.....	533	3.1%	236	1.4%	–	–
Other.....	376	2.2%	143	0.9%	–	–
<i>Tubular products</i>	<i>1,000</i>	<i>5.9%</i>	<i>544</i>	<i>3.3%</i>	<i>14</i>	<i>0.1%</i>
Large diameter line pipe ...	441	2.6%	371	2.3%	–	–
ERW pipe and casing	121	0.7%	40	0.2%	–	–
Seamless pipe.....	124	0.4%	62	0.4%	–	–
Other.....	313	1.8%	71	0.4%	14	0.1%
<i>Other finished products ...</i>	<i>586</i>	<i>3.4%</i>	<i>713</i>	<i>4.4%</i>	<i>913</i>	<i>5.7%</i>
Rounds.....	209	1.2%	332	2.0%	457	2.9%
Grinding balls	189	1.1%	222	1.4%	204	1.3%
Mine uprights.....	69	0.4%	84	0.5%	80	0.5%
Other.....	119	0.7%	74	0.4%	172	1.0%
<i>Semi-finished products</i>	<i>5,188</i>	<i>30.5%</i>	<i>5,457</i>	<i>33.2%</i>	<i>7,602</i>	<i>47.7%</i>
Slabs	2,118	12.4%	2,624	16.0%	3,056	19.2%
Billets	1,861	10.9%	1,019	6.2%	2,570	16.1%
Pig iron	753	4.4%	1,045	6.4%	1,067	6.7%
Pipe blanks.....	443	2.6%	807	4.9%	905	5.7%
Other.....	12	0.1%	2	0.0%	4	0.0%
Total.....	17,021	100%	16,389	100%	15,918	100%

Note:

- (1) For the year in which Evraz acquires a particular subsidiary, data concerning such subsidiary is provided on a pro-rata basis for the period following its acquisition by Evraz.

In Russia, Evraz sells the majority of its steel products to the construction, railway, mining and pipe manufacturing industries. Evraz adjusts the product mix of its Russian and Ukrainian subsidiaries on a monthly basis depending on the demand and profitability of particular products. Sales outside Russia from Evraz's Russian and Ukrainian assets comprise primarily semi-finished products for re-rolling and finished products for construction and other industries. Evraz's Italian operator, Palini, sells high-quality plate products to the construction, shipbuilding and automotive industries. Evraz's facility in the Czech Republic, Vitkovice Steel, sells plates, sheet piles, sections and flame-cut shapes to customers in the construction, shipbuilding, machinery/machine building and pipeline industries, mainly in Europe. Evraz Inc. NA in the United States sells higher margin specialty and commodity steel products, such as plates, coiled plates, welded and seamless pipes for oil and gas applications, structural tubing, rail products and wire rod/bar, to a diverse customer base, mainly in North America. Evraz Claymont Steel sells custom discreet steel plates to customers in North America. Evraz Inc. NA Canada sells steel plates, as well as pipes for the oil and gas industry. Highveld sells plates, coil and sections predominantly in its domestic market of South Africa, with the remainder exported to niche markets globally.

CIS (Russia & Ukraine)

Evraz operates its Russian steel business out of three Russian subsidiaries: NTMK, ZapSib and NKMK.

Products

EvrAZ sells the majority of the steel products made by its Russian and Ukrainian subsidiaries to the construction, railway, mining and pipe manufacturing industries.

Construction sector

The principal products for the construction sector made by Evraz's Russian and Ukrainian subsidiaries include rebars, H-beams, channels, angles and wire rod. Evraz's principal construction sector market is in Russia. In terms of segment revenues, the construction market represents the largest market for steel products manufactured by Evraz's Russian and Ukrainian subsidiaries, comprising in 2008 approximately 40% of revenues attributable to Evraz's Russian and Ukrainian subsidiaries.

Rebars. Evraz produced approximately 26% of the total volume of rebars produced in Russia and accounted for approximately 23% of the total sales volume of rebars in Russia in 2008, in each case, according to Evraz's own estimates. Evraz's principal competitors in this sector are Mechel, Severstal, NSMMZ and MMK. Rebars are a commodity product, and market share depends primarily on price.

H-beams. Evraz is the dominant producer of H-beams in Russia, accounting for approximately 88% of total sales volumes of H-beams in Russia in 2008 according to Evraz's own estimates. Evraz's main competitor for sales of H-beams in Russia is Azovstal (located in Ukraine). Evraz's main export markets for its Russian-made H-beams are the Baltic countries, North America and the Middle East.

Channels. Evraz produces channels at NTMK, ZapSib, NKMK and DMZ. According to Evraz's own estimates, it accounted for approximately 49% of the total sales volume of channels in Russia in 2008. The balance was supplied by MMK, Severstal and various Ukrainian producers.

Angles. Evraz produced approximately 43% of the total volume of angles produced in Russia and accounted for approximately 36% of the total sales volume of angles in Russia in 2008, in each case, according to Evraz's estimates. Evraz, MMK and Severstal are the major producers of angles sold in Russia.

Wire rod. According to Evraz's own estimates, its sales of wire rod in Russia accounted for approximately 12% (including captive production) of the total sales volume of wire rod in Russia in 2008. Evraz's competitors in the wire rod market are various Russian and Chinese producers.

Railway sector

EvrAZ's Russian subsidiaries manufacture various products for the railway sector, including rails, wheels, rail fasteners, axle blanks, railcar uprights, Z sections and rough tyres. Evraz sells railway products primarily to Russian Railways, which, in 2008, accounted for 20% of the total volume of steel sold by Evraz's Russian subsidiaries in Russia (excluding intersegment sales). According to Evraz's own estimates, Evraz accounted for nearly 100% of sales of rails in Russia in 2008. In light of the significant underinvestment in the Russian railway system in the past and announced plans by Russian Railways to make significant investments in its network over the next several years, including on both infrastructure and rolling stock, Evraz expects significant demand for its railway related products in the next several years. Evraz sells to Russian Railways pursuant to multi-year contracts, which stipulate the setting of prices annually. Evraz's current contract with Russian Railways expires in 2010.

Rails. Evraz produces rails at NTMK and NKMK, which are the only producers of rails in Russia and currently the only suppliers to Russian Railways. Russian Railways is the primary Russian customer for Evraz's rails, accounting for approximately 78% of its total Russian sales of rails by volume in 2008. Evraz's Russian subsidiaries sell the remainder of rails largely to the growing industrial sector for internal transportation systems, and a small proportion are sold to urban transport authorities.

Wheels. Evraz produces railway wheels at NTMK. NTMK and Vyksunsky Metallurgical Plant (located in the Nizhny Novgorod region) are the only manufacturers of railway wheels in Russia. In 2008, Evraz accounted for approximately 28% of wheels sold in Russia, according to Evraz's own estimates. Russia imports the remaining railway wheels, some of which come from Ukraine.

Other. Evraz also produces other railway products, including rail fasteners, axle blanks, railcar uprights, Z sections and rough tyres. According to Evraz's own estimates, Evraz accounted for over 90% of sales of rail fasteners, axles, railcar uprights and Z sections in Russia in 2008.

Other finished products

Round rolls. According to Evraz's own estimates, its sales of round rolls (excluding wire rod) in Russia accounted for approximately 15% of the total sales volume of round rolls (excluding wire rod) in Russia in 2008. Round rolls (excluding wire rod) are sold almost exclusively to the Russian market.

Grinding balls and mine uprights. Grinding balls represent the major product that Evraz's Russian subsidiaries supply to the mining sector. Evraz sells grinding balls primarily to ore enrichment plants. Its major customer for these products is Mikhailovsky GOK, which is located in the Kursk region in central Russia, as well as Stoilensky GOK and Evraz's own mining operations. Evraz also produces mine uprights for the mining sector.

Other products. Evraz sells wire almost exclusively to the Russian market, as well as small volumes of plates and other products.

Semi-finished products

Billets, slab, pig iron and blooms. Evraz's Russian subsidiaries sell semi-finished products, including billets, slabs, pig iron (from its excess iron production) and blooms, primarily to their export markets. The majority of Evraz's sales have historically been of billets, but Evraz currently believes that it is also one of the world's largest producers of slab. Evraz's production facilities provide for flexible production of billets or slabs. Evraz benefits from this flexible product mix, which can be readily adjusted to reflect current demand in the market.

Pipe blanks. Evraz's Russian subsidiaries sell pipe blanks to pipe manufacturers for finishing. Sales of pipe blanks have generally decreased in recent years because Evraz's major customers of pipe blanks have increased their own production volumes of pipe blanks.

Marketing

Evraz's Russian subsidiaries produce steel for sale on the Russian market and for export. Their sales in Russia are typically of finished products, which generally provide higher margins than are available from sales of semi-finished products. Indeed, Evraz believes that it has a strong market position in Russia in many of its primary product markets.

The following table summarises Evraz's sales of steel produced by its Russian subsidiaries in the periods indicated.

	<u>Year ended 31 December</u>					
	<u>2008</u>		<u>2007</u>		<u>2006</u>	
	<i>(thousand tonnes)</i>	<i>(millions of U.S. dollars)</i>	<i>(thousand tonnes)</i>	<i>(millions of U.S. dollars)</i>	<i>(thousand tonnes)</i>	<i>(millions of U.S. dollars)</i>
Sales (excluding intersegment sales)						

Russian sales.....	6,693	6,129	7,559	5,002	6,966	3,428
Export sales	5,717	3,946	5,346	2,630	7,657	3,043
Total	12,410	10,075	12,905	7,632	14,623	6,471

Intersegment sales ⁽¹⁾ **123** **62** **51** **32** **42** **20**

Note:

(1) Intersegment sales exclude sales of semi-finished products to Palini, Vitkovice Steel and Evraz Inc. NA, which amounted to 988 thousand tonnes (U.S.\$ 857 million), 701 thousand tonnes (U.S.\$365 million) and 441 thousand tonnes (U.S.\$178 million) in 2008, 2007 and 2006, respectively.

Since 1 April 2005, Evraz has conducted its Russian and CIS sales through its wholly owned trading company OOO Trade House Evraz Holding (“TH EvrazHolding”). Prior to 1 April 2005, Evraz conducted its Russian and CIS sales of rails and other railway products through OAO Ferrotranstrade (“Ferrotranstrade”), which remains under common control with the Company. Sales to the construction industry, as well as sales of pipe, are made to independent regional distributors and “stockists”, who sell a range of products in smaller lots to end consumers. Sales to Russian Railways are made directly to Russian Railways, which is the principal customer for Evraz’s rails and most other railway products. The majority of Evraz’s Russian and CIS sales agreements require prepayment.

The following table sets out the Russian and Ukrainian consolidated sales product mix for Evraz’s Russian and Ukrainian subsidiaries for the periods indicated (by volume).

	<u>Year ended 31 December</u>		
	<u>2008</u>	<u>2007</u>	<u>2006</u>
	(share of total sales volume, as a percentage) ⁽¹⁾		
Semi-finished products, of which	41.4	18.7	22.6
Pipe blanks.....	3.6	10.2	12.9
Slabs.....	16.7	3.3	1.6
Other.....	21.1	5.2	8.1
Finished products, of which	58.6	81.3	77.4
Rails	10.0	13.3	13.0
Rebars.....	13.2	17.8	17.4
Beams.....	8.0	11.2	9.0
Wire rod and rounds	4.3	5.0	5.7
Channels	6.7	8.5	7.6
Angles	3.9	5.8	4.8
Other.....	12.5	19.7	19.9
Total	100.0	100.0	100.0

Note:

(1) Figures in this table take into account only third party sales and not intersegment sales.

Evraz’s Russian and Ukrainian subsidiaries’ exports

Evraz’s Russian and Ukrainian subsidiaries export primarily semi-finished products, as well as some finished products, mainly beams, rebars and plates. The semi-finished products that Evraz’s Russian and Ukrainian subsidiaries export have not historically been subject to protective trade barriers. See “Risk Factors—Risks Relating to Evraz’s Business and Industry—Evraz faces protective trade restrictions in the export of its steel products”. In 2008, exports of Evraz’s Russian and Ukrainian subsidiaries amounted to 42% of the total steel sales volume of its Russian and Ukrainian subsidiaries (including intersegment sales), the same as in 2007. Billets historically accounted for the largest share of export sales; however, in

an effort to emphasise slab production, Evraz has commissioned additional slab-casting capacity, and, consequently, the share of contribution of slabs to total exports has been increasing.

From October 2003 until the second half of 2007, Evraz's Russian and Ukrainian subsidiaries exported their products through Evraz's subsidiaries Ferrotrade Limited and East Metals S.A. (which acted as Ferrotrade Limited's agent). In the second half of 2007, Evraz reorganised this process, and since April 2007, all Russian and Ukrainian exports have been channeled solely through East Metals S.A.

The principal export markets for the products of Evraz's Russian and Ukrainian subsidiaries are the Far East and the Middle East. The following table sets out the distribution of the consolidated export sales (in terms of revenue) by country for the periods indicated of Evraz's Russian and Ukrainian subsidiaries.

	Year ended 31 December		
	2008	2007	2006
	<i>(share of total sales volume, as a percentage)</i>		
CIS	44	19	12
Taiwan	2	14	19
Iran	0	17	10
South Korea	4	15	5
Thailand.....	2	7	15
Philippines	1	6	6
Vietnam	1	3	3
Italy	2	3	6
Turkey	1	3	6
USA.....	16	2	8
China	1	2	3
Canada	6	1	–
Republic of South Africa	3	2	–
Austria.....	2	1	–
Germany	2	2	–
Other.....	13	3	7
Total.....	100	100	100

The following table sets out the product mix of consolidated export sales for Evraz's Russian and Ukrainian subsidiaries for the periods indicated (by volume). For the period 2006-2008, semi-finished products comprised on average approximately 79% of export sales of Evraz's Russian subsidiaries. From 2006 to 2008, the share of billets increased and the share of slabs decreased as a percentage of consolidated export sales for Evraz's Russian and Ukrainian subsidiaries.

	Year ended 31 December		
	2008	2007	2006
	<i>(share of total sales volume, as a percentage) ⁽¹⁾</i>		
Semi-finished products, of which	83.7	74.7	78.7
Billets	35.2	16.5	29.5
Slabs	37.3	43.3	38.4
Pig iron	11.1	14.6	10.8
Finished products, of which	16.3	25.6	21.3
H beams	4.4	6.8	4.7
Rebars.....	2.7	4.9	4.8
Wire rod and rounds	4.3	3.7	4.2

Plates	2.1	2.0	1.8
Other.....	2.8	8.2	5.8
Total.....	100.0	100.0	100.0

Note:

(1) Figures in this table take into account only third party sales and not intersegment sales.

Distribution

Russia

Evraz's customers in Russia are generally responsible for transportation costs, including from the steel plant to the designated delivery point. Delivery terms for Russian sales are free carrier ("FCA") to railway stations located adjacent to the steel plant site (in the case of NTMK and ZapSib) or nearby (in the case of NKMK, which ships from the same railway station as ZapSib). Within Russia, Evraz's Russian subsidiaries ship their products, including sales both to Russian and export customers, primarily by Russian Railways. Tariffs for rail shipments are set by Russian Railways and are regulated by Russian Railways and the FTS. Tariffs, which are generally adjusted on an annual basis, vary based on distance and other factors, including the extent to which Evraz uses its own railcars. Evraz's transportation subsidiary Evraztrans provides substantially all of Evraz's transportation services in Russia, including supplies of raw materials, intragroup transfers and shipments to Nakhodka Sea Port or other export transport transfer locations.

Exports of Evraz's Russian subsidiaries

With respect to the export sales of its Russian and Ukrainian subsidiaries to non-CIS destinations, Evraz is responsible for transportation costs from the designated off-take location (Smychka with respect to NTMK and Novokuznetsk and Severniy with respect to ZapSib and NKMK) to the relevant port or transport transfer location. Evraz ships a significant proportion of the exports of its Russian subsidiaries through its Nakhodka Sea Port, one of the largest ports in the Russian Far East, and which has an annual capacity of approximately 8.5 million tonnes. The majority of volumes of non-CIS sales attributable to Evraz's Russian subsidiaries were shipped through Nakhodka Sea Port in 2008. Evraz also ships production of its Russian subsidiaries through Vladivostok and other Russian posts (primarily Astrakhan and Novorossiysk) and ships some exports to end customers directly by rail. In 2004, Evraz purchased four vessels with a total deadweight capacity of 95,000 tonnes, which cover approximately 25% of Evraz's total shipping requirements and which Evraz uses to transport its products from Nakhodka to end customers. The acquisition of these vessels reduced Evraz's exposure to price and capacity fluctuations in the global shipping market.

Raw materials

The principal materials used by Evraz's Russian and Ukrainian subsidiaries in steel production include coking coal and coke, iron ore sinter and pellets, ferroalloys, scrap and refractory materials. As part of its strategy of increasing vertical integration, Evraz has sought to increase the share of these inputs that are obtained from other members of its consolidated group or from Raspadskaya, including from certain of its recent or planned acquisitions. Concluding such arrangements helps to ensure reliability of supply and helps to provide more stable pricing and, in the case of purchases from other members of its consolidated group, also enables Evraz to capture internally the margin on its supplies of these raw materials.

Coking coal and coke

For its Russian and Ukrainian subsidiaries, Evraz obtains coking coal primarily from Yuzhkuzbassugol, in which Evraz holds a 100% stake, and Rapsadskaya, in which it holds an equity interest. Evraz's Russian and Ukrainian subsidiaries obtained approximately 55% of their coking coal requirements from Yuzhkuzbassugol and Rapsadskaya in 2008. Production at Evraz's coal sites was sufficient to cover 89% of Evraz's total coking coal requirements in 2008. See “—Mining Business—Production Facilities—Coking Coal”.

Coke is the largest cost item in the blast furnace production process. Evraz's Russian and Ukrainian subsidiaries produce 100% of their requirements for coke. Evraz also sold approximately 1.6 million tonnes of coke to third parties in Russia and the CIS in 2008.

Iron ore

For its Russian and Ukrainian subsidiaries, Evraz obtains sinter and pellets primarily from Evrazruda, KGOK and VGOK, as well as from Mikhailovsky GOK (“MGOK”) which is not related to Evraz. Evraz's iron ore production in 2008 was sufficient to cover approximately 93% of its total iron ore requirements. As it has acquired control over additional iron ore assets, Evraz has sought to increase the share of these operations in its total iron ore consumption. Evraz's Russian and Ukrainian steel making facilities consumed approximately 6.9 million tonnes of concentrate, 5.5 million tonnes of pellets and 8.5 million tonnes of sinter in 2008. See “—Mining Business—Production Facilities—Iron Ore”.

The table below sets out the main suppliers of iron ore for Evraz's Russian and Ukrainian steel making operations for the periods indicated.

	Year ended 31 December					
	2008		2007		2006	
	<i>(thousand tonnes)</i>	<i>(share, as a percentage)</i>	<i>(thousand tonnes)</i>	<i>(share, as a percentage)</i>	<i>(thousand tonnes)</i>	<i>(share, as a percentage)</i>
<i>Internal Supply:</i>						
Evrazruda	5,405	26	5,476	27	5,654	27
KGOK.....	6,699	32	7,464	37	7,566	36
VGOK.....	2,346	11	2,703	13	2,198	10
Sukha Balka.....	395	2	—	—	—	—
<i>External Supply:</i>						
MGOK.....	2,364	11	2,521	12	2,735	13
Korshunovsky GOK.....	759	4	1,702	8	2,763	13
UGOK.....	1,473	7	—	—	—	—
Others.....	1,596	7	418	2	385	2
Total.....	21,038	100	20,284	100	21,301	100

Ferroalloys

For its Russian and Ukrainian subsidiaries, Evraz obtains ferroalloys primarily from Chelyabinsk Electrometallurgical Plant, Promspetskomplekt, Kosogorsky MZ and Ural-Siberian GMK.

Scrap

For its Russian and Ukrainian subsidiaries, Evraz obtains scrap from a number of third parties and obtains it internally from waste created by its blooming plants and rolling mills. The share of outside purchases of scrap is expected to increase because, in 2007, Evraz outsourced its drop-hammer workshops (located at ZapSib) to third parties.

Refractory materials

For its Russian and Ukrainian subsidiaries, Evraz purchases the refractory materials it requires from outside suppliers. Evraz's major suppliers of refractory materials are Spetsoborudovaniye i Materialy (located in Germany), as well as the Russian producers Magnesit, Pervouralsky Dinasovy Zavod and OAO Ogneupory.

Energy

The steelmaking process requires significant amounts of electricity and heat energy. See "Risk Factors—Risks Relating to Evraz's Business and Industry—Increased electricity and other energy prices, or disruption of supply of energy or electricity sources, could adversely affect Evraz's business".

Electricity. For its Russian subsidiaries, Evraz obtains electricity for producing steel from regional generation companies in Russia. In 2008, Evraz's Russian subsidiaries purchased approximately 8,620 million kWh of electricity, representing approximately 80% of their requirements, from local subsidiaries of UES as well as from other Russian generation companies. In 2008, Evraz's Russian subsidiaries obtained approximately 20% of their total electricity requirements from internal sources. Evraz's Ukrainian subsidiaries purchased approximately 509 million kWh of electricity in 2008. The average cost of electricity for its Russian and Ukrainian operations was 4.62 and 7.72 cents per kWh, respectively.

Natural gas. For its Russian subsidiaries, Evraz purchases natural gas from subsidiaries of Gazprom. Evraz's Russian subsidiaries consume natural gas in their blast furnaces and also in order to generate heat and electricity. Average natural gas tariffs for industrial consumers in Russia have increased significantly in recent years, reaching approximately RUR1,943 (approximately U.S.\$78.17) per thousand cubic metres in 2008, an increase of approximately 75.5% from the average price for industrial consumers in 2004. Average natural gas tariffs for Evraz's Ukrainian operations have reached approximately UAH1,173 (approximately U.S.\$222.7, based on the average exchange rate for 2008 of UAH5.27 as published by the National Bank of Ukraine) per thousand cubic metres in 2008.

Transportation

Transportation costs influence Evraz's Russian operations indirectly, as a component of raw material costs, as well as affect the prices Evraz can charge customers for its products and, thus, the competitiveness of the products with those of other producers. Costs associated with the transportation of raw materials have increased in recent years.

With respect to Evraz's Russian subsidiaries, Russian Railways is the main provider of rail transportation services for factory bound shipments of raw materials. The steel plants also operate their own transportation facilities for transportation over short distances, such as between stages of the production process and shipments of new materials and products to and from railway stations.

Tariffs for rail shipments are set by Russian Railways and are regulated by Russian Railways and the FTS, and generally adjusted on an annual basis. Evraztrans provided substantially all of Evraz's rail transportation services (including supplies of raw materials, intragroup transfers and shipments to Nakhodka Sea Port or other transport transfer locations).

EU

Evraz operates its EU steel business out of its European subsidiaries Evraz Palini e Bertoli and Evraz Vitkovice Steel.

Products

Evraz sells most of the steel products made by Palini and Vitkovice Steel to the construction, shipbuilding, machinery/machine-building and pipeline industries.

Construction, shipbuilding, machinery/machine-building and pipeline sectors

The principal products made at Palini and Vitkovice Steel for the construction, shipbuilding, machinery/machine-building and pipeline sectors include plate products, sheet piles, sections and flame-cut shapes. In 2008, in terms of segment revenues, the construction market comprised over half of steel revenues attributable to Palini and Vitkovice Steel, with the shipbuilding and machinery/machine building industries also being significant markets.

Plate products. According to Evraz's own estimates Evraz produced and sold approximately 11% of the total volume of plate products produced and sold in the EU in 2008. In 2008, Evraz's European subsidiaries produced approximately 34 thousand tonnes of downgraded plate products, comprising 3.0% of their total volume of plate production in 2008. Evraz's principal competitors in the plate products market are a number of large European steel companies.

Sheet piles. Vitkovice Steel produced approximately 12% of the total volume of sheet piles produced in Europe and accounted for approximately 20% of the total sales volume of sheet piles in Europe in 2008 in each case according to Evraz's own estimates. Vitkovice Steel's principal competitors in the sheet piles market are ArcelorMittal and HSP, both of which have significantly larger market shares than that of Vitkovice Steel.

Other products. In 2008, Vitkovice Steel also produced 161 thousand tonnes of sections and 30 thousand tonnes of flame-cut shapes.

Semi-finished products

In 2008, Vitkovice Steel produced and sold slabs, comprising a marginal percentage of total production and sales of slabs in the EU.

Marketing

Evraz sells goods made by its European subsidiaries primarily to European countries. Goods made at Palini and Vitkovice Steel are also exported to the Middle East, Russia and United States. Vitkovice Steel is one of the EU's major producers of heavy plates and is the sole producer of such products in the Czech Republic. It is also the sole producer of sheet piles for the European domestic market.

Evraz's sales in the EU are denominated in the euro, as are most of the production costs of Evraz's European subsidiaries, except for slabs, the sales of which are denominated in U.S. dollars. In the year ended 31 December 2008, sales in the EU accounted for 11% of Evraz's consolidated steel sales volume, as compared to 8% of Evraz's consolidated steel sales volume in 2007. In 2008, steel sales in the EU accounted for 11.6% of Evraz's consolidated steel sales revenues, as compared to 10.7% in 2007.

The following table summarises Evraz's sales of steel produced by its European subsidiaries in the periods indicated. Evraz's European subsidiaries predominantly conduct their sales within the EU.

<u>Year ended 31 December</u>		
<u>2008</u>	<u>2007</u>	<u>2006</u>
(thousand tonnes)	(thousand tonnes)	(thousand tonnes)

Sales⁽¹⁾ (excluding intersegment sales)			
Sales within EU	1,371	1,193	989
Export sales outside EU.....	136	90	147
Total	1,507	1,283	1,136
Intersegment sales	--	--	--

Note:

(1) For the year in which Evraz acquires a particular subsidiary, data concerning such subsidiary is provided on a pro-rata basis for the period following its acquisition by Evraz.

European sales of Evraz's European subsidiaries

Evraz's customers in Europe are located throughout the continent. In 2008, Germany, Italy and the Czech Republic were the three largest markets for Evraz in Europe, with sales spread relatively evenly between them. As Evraz's construction products in particular are commodity products, sales are heavily influenced by price, including transportation costs.

The following table sets out the European consolidated sales product mix for Evraz's European subsidiaries for the periods indicated (by volume). For the years 2008, 2007 and 2006, the European sales of Evraz's European subsidiaries were primarily comprised of plate products.

	Year ended 31 December		
	2008	2007	2006
	<i>(share of total sales volume, as a percentage)</i>		
Plate products.....	85	85	89
Sheet piles	11	10	6
Sections.....	2	3	4
Flame-cut shapes.....	2	2	2
Total⁽¹⁾	100	100	100

Note:

(1) For the year in which Evraz acquires a particular subsidiary, data concerning such subsidiary is provided on a full-year basis, rather than pro-rata for the period following its acquisition by Evraz.

Evraz's European exports

Plates, sheet piles and slabs are the principal export products of Evraz's European subsidiaries. Evraz's European subsidiaries export either directly or via a network of agents. Export sales of Evraz's European subsidiaries consist primarily of plate products.

Goods made at Palini and Vitkovice Steel are exported to the Middle East, Russia and United States.

The line pipe industry is the principal consumer of Vitkovice Steel exports. Palini does not have a principal customer for its exports.

Distribution

Sales within the EU

Customers are generally responsible for the transportation costs associated with sales within the EU of Evraz's European subsidiaries.

Palini ships its products mainly by truck, though it does use railway and water transport as an alternative means.

Vitkovice Steel ships its products primarily by rail using either railcars owned by Czech Railways or railcars owned by private-sector companies. The shipments are usually made to the main river or sea ports.

Exports of Evraz's European subsidiaries

Palini exports through San Giorgio and Monfalcone Port. Vitkovice Steel exports through sea ports at Szczecin, Gynia, Gdansk and Rijeka.

Raw materials

The principal material used by Palini in its production of rolled plates and rolled products is semi-finished products, nearly 100% of which come from NTMK. The principal materials used by Vitkovice Steel in steel production include pig iron, ferroalloys, scrap and refractory materials:

- pig iron is purchased mainly from ArcelorMittal Ostrava;
- ferroalloys are purchased from several suppliers in the Czech Republic and Slovakia;
- scrap is obtained from a number of third parties and obtains it internally from waste created by its mills; and
- refractory material is obtained from several suppliers in the Czech Republic and Slovakia.

Energy

The steelmaking and rolling processes require significant amounts of electricity and heat energy.

Electricity. Palini and Vitkovice Steel purchase electricity from their respective local markets, where prices for electricity have historically been higher than in the Russian market. For 2008, the average market cost of electricity purchased by Palini and Vitkovice Steel was 17.3 U.S. cents per kWh and 12.7 U.S. cents per kWh, respectively.

Natural gas. For its European subsidiaries, Evraz purchases natural gas on the market, where average natural gas tariffs historically have been higher than in the Russian market. For 2008, the average cost of natural gas amounted to U.S.\$509.1 per thousand cubic meters and U.S.\$485.1 per thousand cubic meters for Palini and Vitkovice Steel, respectively.

Transportation

Transportation costs influence Evraz's European operations indirectly, as a component of raw material costs, as well as affect the prices Evraz can charge customers for its products and, thus, the competitiveness of the products with those of other producers. Costs associated with the transportation of raw materials have increased in recent years.

With respect to Palini and Vitkovice Steel, Trenitalia and Czech rail, respectively, are the main providers of rail transportation services for factory-bound shipments of raw materials. The steel plants

also operate their own transportation facilities for transportation over short distances, such as between stages of the production process and shipments of new materials and products to and from railway stations. Each of Palini and Vitkovice Steel agrees transportation tariffs with its respective transport service providers.

North America

Evraz operates its North American steel business out of its North American subsidiaries Evraz Rocky Mountain Steel, Evraz Claymont Steel, Evraz Oregon Steel Portland and Camrose Pipe Corporation (all parts of Evraz Inc. North America ("EINA")), and Evraz Inc. NA Canada ("EICA") (formerly IPSCO Canada). The IPSCO Canada acquisition occurred on 12 June 2008. All figures below reflect information relating to IPSCO Canada from the acquisition date to the end of 2008.

Products

Evraz sells the majority of the steel products made by its North American subsidiaries EINA and EICA to the construction, tubular and railway sectors.

Construction sector

The principal products made at EINA and EICA for the construction sector include plates, rod and bar product, structural tubing and coiled plate.

Plates. According to Evraz's own estimates, EINA produced and sold approximately 9% of the total volume of plates produced and sold in North America. Evraz's principal competitors in the plates market are Mittal USA (a part of ArcelorMittal), SSAB and Nucor.

Rod and bar. According to Evraz's own estimates, EINA produced approximately 12% of the total sales volume of rod and reinforcement bar products produced in North America in 2008, while EICA sold less than 1% of the total sales volume in North America. Evraz's principal competitors in the rod and bar market are Ivaco, Gerdau and Mittal, Georgetown, which is currently shut down.

Other products. EINA and EICA also produced small amounts of structural tubing and coiled plate in 2008.

Railway sector

EINA and EICA manufacture various products for the railway sector, mainly rails. Evraz sales of railway products made at EINA accounted for approximately 17% of EINA's total sales revenue in 2008. EINA's main competitor in the rails market is Mittal USA, which, according to Evraz's own estimates, accounted for over half of all rail production in North America in 2008.

Pipe making

Large diameter line pipe. According to Evraz's own estimates, EINA produced and sold approximately 27.5% of the total volume of large diameter line pipe produced and sold in North America, while EICA produced and sold approximately 23% of the large diameter pipe sold in North America. Spiral weld pipe and long seam welded pipe comprise 31% and 69%, respectively, of EINA's large diameter line pipe sales, while spiral weld pipe comprises 100% of EICA's large diameter pipe sales.

Other welded and seamless pipes. According to Evraz's own estimates, EINA and EICA produced and sold approximately 2.9% and 7.4%, respectively, of the total volume of other welded and seamless pipes produced and sold in North America. Seamless pipe and electric resistance welded pipe

comprise 67% and 33%, respectively, of EINA's sales of other welded and seamless pipes. Casing and tubing and electric resistance welded pipe comprise 81% and 19%, respectively, of EICA's sales of other welded and seamless pipe.

Evraz's principal competitor in the other welded and seamless pipe market is Prudential Steel Ltd., a wholly owned subsidiary of Tenaris and U.S. Steel Corporation.

Marketing

Evraz sells goods made by EINA and EICA primarily within North America. The Company targets a diverse customer base located primarily west of the Mississippi River and in western Canada.

EINA's sales in North America are predominantly denominated in the U.S. dollar, as are most of its North American production costs. EICA's sales in North America are predominantly denominated in the Canadian dollar, as are most of its North American production costs. In the year ended 31 December 2008, steel sales in North America accounted for 16% of Evraz's consolidated steel sales volume and 25% of its consolidated steel sales revenue.

North American sales of EINA and EICA

Evraz's customers in North America are located throughout the United States and Canada. As Evraz's construction products in particular are commodity products, sales are heavily influenced by price, including transportation costs.

The following table sets out the North American consolidated sales product mix for EINA for 2008 (by volume). EINA sells a diverse range of products, primarily consisting of pipe and rail (in approximately equal proportions), plates and rod and bar.

	Year ended 31 December 2008
	<i>(share of total sales volume, as a percentage)</i>
Spiral and LD pipe	14
Welded and seamless pipe	9
Rail	23
Plates	33
Rod and bar	16
Structural tubing.....	4
Coiled plate	1
Total ⁽¹⁾	100

Note:

(1) Operational information on subsidiaries is not included for the period prior to their acquisition by Evraz.

The following table sets out the North American consolidated sales product mix for EICA for 2008 (by volume). EICA sells a diverse range of products, primarily consisting of pipe and rail (in approximately equal proportions), plates and rod and bar.

**Year ended
31 December
2008**

*(share of total
sales volume, as a
percentage)*

Large diameter line pipe	23
Casing and tubing	31
ERW pipes	11
Coils	20
Cut-to-length	11
Finished plate	4
Total ⁽¹⁾	100

Note:

(1) Operational information on subsidiaries is not included for the years prior to their acquisition by Evraz.

Evraz's North American exports

Evraz generally does not export the products it makes at EINA and EICA to locations outside North America.

Distribution

Transportation costs are generally passed on to the customer at break-even or very small margins.

In 2008, approximately 70% of the total volume of products manufactured at EINA and 39% of the total volume of products manufactured at EICA were shipped by rail, with the rest primarily shipped by truck.

Raw materials

The principal materials used by EINA and EICA in steel production include slabs, scrap, billets, coiled plate, HBI, pig iron and ferroalloys.

- slabs are obtained from Mittal and NTMK and are produced at EICA;
- scrap is obtained from multiple suppliers, arranged by the broker David J. Joseph for EINA ,and internally for EICA, as well as internally from waste created by their mills;
- billets are primarily produced at Evraz Rocky Mountain Steel , with purchases from external suppliers representing approximately 6% of billets used in 2008;
- coiled plate is obtained from Stelco, Nucor and SSAB; and
- HBI, pig iron and ferroalloys are obtained primarily through Evraz's materials broker David J. Joseph for EINA, with EICA sourcing these materials directly from a variety of suppliers.

Energy

The steelmaking process requires significant amounts of electricity and heat energy.

Electricity. EINA purchases electricity on its local market, where prices for electricity have historically been higher than in the Russian market. For 2008, the average market cost of electricity purchased by EINA was 6.2 U.S. cents per kWh.

Natural gas. For EINA, Evraz purchases natural gas on its local market and directly from natural gas suppliers at spot or for longer-term periods. For 2008, the average cost of natural gas for EINA amounted to U.S.\$312 per thousand cubic meters.

Transportation

Transportation costs influence EINA's and EICA's operations indirectly, as a component of raw material costs, as well as affect the prices Evraz can charge customers for its products and, thus, the competitiveness of the products with those of other producers.

South Africa

Evraz operates its South African steel business out of its South African subsidiary Highveld.

Products

Evraz sells the majority of the steel products made by Highveld to the construction and fabrication industries. According to Evraz's own estimates, Highveld is South Africa's second largest steelmaker by volume. Highveld mainly produces plates, coils and medium-to-heavy sections.

Marketing

Evraz sells the majority of the goods made by Highveld within South Africa, with the remainder exported to niche markets globally.

Highveld's sales in South Africa are denominated in the rand, as are most of Highveld's production costs. In the year ended 31 December 2008, steel sales in Africa accounted for 3.81% of Evraz's consolidated steel sales volume and sales in Africa accounted for 3.77% of its consolidated steel sales revenue.

The following table summarises the sales of steel produced by Highveld in the periods indicated.

	<u>Year ended 31 December</u>		
	<u>2008</u> <i>(thousand tonnes)</i>	<u>2007</u> <i>(thousand tonnes)</i>	<u>2006</u> <i>(thousand tonnes)</i>
Sales⁽¹⁾ (excluding intersegment sales)			
Sales within South Africa.....	596	573	643
Export sales outside South Africa.....	72	158	160
Total	688	730	803
Intersegment sales	0	0	--

Note:

(1) For the year in which Evraz acquires a particular subsidiary, data concerning such subsidiary is provided on a pro-rata basis for the period following its acquisition by Evraz. Operational information on subsidiaries is not included for the years prior to their acquisition by Evraz.

South African sales of Highveld

The following table sets out the South African consolidated sales product mix for Highveld for the periods indicated (by volume).

	Year ended 31 December		
	2008	2007	2006
	<i>(share of total sales volume, as a percentage)</i>		
Plates.....	34	28	24
Coils.....	27	37	29
Sections.....	39	35	38
Total⁽¹⁾	100	100	100

Note:

(1) Operational information on subsidiaries is not included for the years prior to their acquisition by Evraz.

Evraz's South African exports

Highveld exports primarily sections, though it exports plates as well. In 2008, the main export destinations for products made at Highveld were Austria, the United States and the United Kingdom.

The following table sets out the product mix of consolidated export sales of Highveld for the periods indicated (by volume). In 2006 through 2008, Highveld exported primarily sections.

	Year ended 31 December		
	2008	2007	2006
	<i>(share of total sales volume, as a percentage)</i>		
Plates.....	15	18	22
Sections.....	85	82	78
Total⁽¹⁾	100	100	100

Note:

(1) Operational information on subsidiaries is not included for the years prior to their acquisition by Evraz.

Distribution

Highveld ships its products mainly by road (truck) to its domestic customers, though it does use railway transport as well. Highveld's exports are transported to ports mostly by rail, though a small portion is also transported by road (truck). From the ports, Highveld's exports are shipped to their final destinations by boat.

Raw materials

The principal materials used by Highveld in steel production include metallurgical coal, iron ore, ferroalloys, scrap and refractory materials.

- metallurgical coal is obtained from Shanduka, Anglo Coal and Total Coal;
- 100% of Highveld's iron ore requirements is obtained from Highveld's own ore deposit, Mapochs mine (see "—Mining Business");
- ferroalloy supplies are obtained from Transalloys and Silicon Smelters (see "—Production Facilities—Highveld Steel and Vanadium Corporation"); and

- scrap is obtained from a number of third parties and obtains it internally from waste created by its mills.
- For Highveld, Evraz obtains refractory materials from major global producers as well as several local suppliers. It obtains its refractory materials from Vereeniging Refractories, Vesuvius and Haraeus.

Energy

The steelmaking process requires significant amounts of electricity and heat energy.

Electricity. Highveld purchases electricity from its local market, where prices for electricity have historically been higher than in the Russian market. For 2008, the average market cost of electricity purchased by Highveld was 2.6 U.S. cents/kWh. ESKOM is the South African national power board, and, thus, Highveld's principal supplier of electricity. Highveld has experienced intermittent power outages in recent years.

Natural gas. Highveld purchases natural gas on its local market, where average natural gas tariffs historically have been higher than in the Russian market. Gascor Gas is the sole supplier of natural gas to Highveld. For 2008, the average cost of natural gas for Highveld amounted to U.S.\$89.8 per thousand cubic meters.

Transportation

Transportation costs influence Highveld's operations indirectly, as a component of raw material costs, as well as affect the prices Evraz can charge customers for its products and the competitiveness of the products with those of other producers.

Market share and competition

Both the Russian and international steel markets are highly competitive. Primary competitive factors include quality and price and the use of new technologies to expand the product range.

The Russian domestic steel market is characterised by high levels of competition for customers, raw materials and capital. While the Russian domestic market for flat products is dominated by MMK, Severstal and NLMK, Evraz maintains the leading position in the Russian market for long products. Its principal competitors in this market are Mechel, Severstal, Ural Steel and MMK. Evraz also faces competition from some Ukrainian steel producers whose product range is similar to that of Evraz. However, the generally comparable production costs of these Ukrainian companies is offset by higher transportation costs (except to western Russian regions) and the effect of the trade protections established in the Russian Federation that limit imports of certain Ukrainian steel products. The major competitors of Evraz in the export markets of its Russian subsidiaries are low-cost producers of semi-finished products located in Ukraine, Brazil and China.

The major competitors of Evraz's steel rolling mills, Palini and Vitkovice Steel, include the European plate producers Dillinger Huette, SSAB, Ruuki, Ilsenberger Grobblech, ThyssenKrupp, Krupp Steel, Voest Alpine Grobblech, Trametel, Valsider and Marcegaglia and the European sections producers Salzgitter, Celsa, Gallardo and Corus. Following accession of a number of Eastern European countries to the EU, Palini and Vitkovice Steel have been facing increasing competition from Czestochowa and U.S. Steel Kosice.

The major competitors of Evraz Inc. NA include the plate, rod and bar, coiled plate and rail producer Mittal USA, the plate, coiled plate and tubular producer IPSCO, the rod and bar producer Ivaco,

the structural tubing producers Maruichi American Corporation and Vest Industries, the rail producer Steel Dynamics and the tubular producers Jindal SAW, IVLA Spa and Wellspan. The major competitor of Highveld is the South African plate and coil producer AMSA.

Production Facilities

EvrAZ produces steel at NTMK, ZapSib and NKMK. In addition to these three steel plants, Evraz produces rolled products from semi-finished products (primarily slabs) at Palini and at Vitkovice Steel. Evraz also produces various steel products at Evraz Inc. NA, Evraz Inc. NA Canada and Highveld.

The following table sets forth the raw steel production capacity and production at each of these plants in the periods indicated.

	Annual design capacity	Production⁽¹⁾		
		Year ended 31 December		
		2008	2007	2006
		<i>(thousand tonnes)</i>		
NTMK, of which	5,732	5,194	5,835	5,597
Oxygen converters.....	3,712	3,451	3,817	3,687
Open hearth.....	2,020	1,743	2,018	1,910
ZapSib, of which	8,070	6,566	6,535	7,317
Oxygen converters.....	8,000	6,566	6,487	7,269
Electric arc furnace.....	70	–	48	48
NKMK, of which.....	1,500	1,322	1,457	1,440
Electric arc furnaces.....	1,500	1,322	1,457	1,440
Vitkovice Steel, of which.....	950	795	891	796
Oxygen converters.....	950	795	891	796
EvrAZ Inc. NA, of which ⁽²⁾	1,385	1,351	915	–
Electric arc furnaces.....	1,385	1,351	915	–
Highveld ⁽³⁾ , of which	1,100	781	855	–
Basic oxygen furnace (BOF).....	1,100	781	855	–
Total	18,737	16,009	16,488	15,150

Note:

- (1) Operational information on subsidiaries prior to their acquisition by Evraz is not included. Therefore, no historical information on Claymont Steel, DMZ, DeLong Steel and Evraz Inc. NA Canada is provided. For the year in which Evraz acquires a particular subsidiary, data concerning such subsidiary is provided on a full-year basis, rather than pro-rata for the period following its acquisition by Evraz.
- (2) Evraz acquired a 100% stake in Evraz Inc. NA in January 2007.
- (3) Evraz acquired a 24.9% stake in Highveld in June 2006, increasing its stake to 80.9% by September 2007.

NTMK

NTMK is located in Nizhny Tagil, Sverdlovsk region, approximately 140 kilometres north of Ekaterinburg and approximately 1,100 kilometres north-east of Moscow. Nizhny Tagil is one of the oldest mining and steel production centres in Russia. NTMK currently occupies an area of approximately 1,490 hectares, most of which it owns.

Facilities

NTMK is an integrated steel production plant. It consists of coke-chemical production facilities, four blast furnaces, steel making facilities (oxygen converters as well as open hearth furnaces), four continuous casters and seven rolling mills.

Production

In 2008, NTMK produced 4.81 million tonnes of pig iron, compared to 5.35 million tonnes in 2007 and 4.99 million tonnes in 2006; 5.19 million tonnes of steel, compared to 5.84 million tonnes in 2007 and 5.60 million tonnes in 2006; and 4.63 million tonnes of rolled products, compared to 5.24 million tonnes in 2007 and 5.07 million tonnes in 2006. NTMK's primary products are railway products (rails and wheels), construction products and pipe blanks, as well as semi-finished products. NTMK is also the world's biggest processor of vanadium-enriched titan ferrous ores with succeeding vanadium recovery in blast oxygen furnaces and in oxygen converters using special technologies. NTMK's production facilities have an annual production capacity of 4,015 thousand tonnes of raw steel.

Quality control

NTMK's products adhere to strict specifications and standards. NTMK's rolling mills and refractory manufacturing facility are certified under DIN EN ISO 9001:2000, and NTMK's products have received various Russian and foreign certifications, including certification of continuous casting slabs by Lloyd's Register.

ZapSib

ZapSib is the largest steel mill in the Siberian region and the eastern-most steel mill in the Russian Federation. It occupies an area of over 3,000 hectares and is located 25 kilometres from the city of Novokuznetsk, in the Kemerovo region.

Facilities

ZapSib is an integrated steel plant. It consists of coke-chemical production, sinter production, three blast furnaces, steel making facilities, a blooming plant, a continuous casting machine and four rolling mills.

Production

ZapSib concentrates its production on long products for the construction and engineering sectors, iron and steel casting, coke by-products, low hardenability steel wire cord, cold-resistant rebar (semi-finished products) and welding wire. In 2008, ZapSib produced 5.36 million tonnes of pig iron, compared to 5.25 million tonnes in 2007 and 5.95 million tonnes in 2006; 6.57 million tonnes of steel, compared to 6.54 million tonnes in 2007 and 7.32 million tonnes in 2006; and 5.89 million tonnes of rolled products, compared to 5.80 million tonnes in 2007 and 6.62 million tonnes in 2006. The decrease in steel production levels from 2006 to 2007 is largely attributable to the relining of blast furnace No. 1. ZapSib's production facilities have an annual production capacity of 7,580 thousand tonnes of raw steel.

Quality control

ZapSib operates a quality assurance system certified under ISO-9002, which it originally received in 1994 and renewed in 1997. ZapSib has also received a Lloyd's Register Quality Assurance Certificate of conformity to ISO 9001:2000, EN ISO 9001:2000 and BS EN ISO 9001:2000.

NKMK

NKMK is an integrated iron and steel plant located in the city of Novokuznetsk, Kemerovo region, occupying an area of over 325 hectares. NKMK is the leading rail producer in the Russian Federation, producing a full range of rails.

Facilities

NKMK's production facilities include a coke-chemical production plant, two blast furnaces, steel making facilities, a blooming plant, two continuous casting machines, rail production facilities and rolling mills.

Production

NKMK is the leading rail producer in Russia. In 2008, NKMK also produced 1.18 million tonnes of pig iron, compared to 1.47 million tonnes in 2007 and 1.81 million tonnes in 2006; 1.32 million tonnes of steel, compared to 1.46 million tonnes in 2007 and 1.44 million tonnes in 2006; and approximately 1.55 million tonnes of rolled products, compared to 1.8 million tonnes in each of 2007 and 2006. NKMK's production facilities have an annual production capacity of 1,475 thousand tonnes of raw steel.

Quality control

Quality control of NKMK is performed on the basis of its "Quality Policy". NKMK's Quality Policy sets out the following priorities: involvement of all personnel in quality management, improvement of consumer properties of metal products and reduction of production costs. The quality management system covers all stages of NKMK's production process. All railway products produced at NKMK are also certified by the Russian Railways certification system. NKMK holds an ISO 9001:2000 certificate. NKMK's production of rails and rail fasteners has also received a DIN EN ISO 9001:2000 certification.

Evraz Palini e Bertoli

Palini is a rolling mill operator located in San Giorgio di Nogaro (in the province of Udine), Italy.

In August 2005, Evraz acquired 75% plus one share of Palini for U.S.\$112 million. In October 2007, it raised its stake to 100% by exercising a call option to purchase for approximately U.S.\$69 million the remaining 25% stake less one share.

Facilities

Palini operates several of the largest production facilities in Central and Northern Italy. Since 1992, Palini has been producing steel plates using a Four-High Mill (Quarto). Another mill, the Two-High Mill (Duo), was built in 2005 in an effort to quicken production and complement the Four-High Mill's (Quarto) rolling process.

Production

Palini's production facilities have an annual production capacity of 500 thousand tonnes of plates of a wide range of sites and quality. In 2008, Palini produced 409 thousand tonnes of rolled products, compared to 433 thousand tonnes in 2007.

Quality control

Palini operates a quality assurance system certified under ISO 9001:2000. Palini's ISO 9001:2000 certificate satisfies requirements of major shipping organisations, such as R.I.N.A., LLOYD Register, Der Norske Veritas and Buro Veritas. Since 1992, Palini has produced steel plates complying with Italian D.M. 14/02/' 92 n. 55 standard.

Evraz Vitkovice Steel

Vitkovice Steel is a leading European manufacturer of rolled steel products, located in Ostrava, Czech Republic. It is one of Europe's top producers of heavy plates and is the dominant producer of such products in the Czech Republic.

In November 2005, Evraz paid CZK7.428 billion Czech koruna (approximately U.S.\$298 million at the exchange rate on the date of the sale) to acquire a 98.96% stake in Vitkovice Steel through a tender organised by its prior owner, OSINEK, a sole subsidiary of the National Property Fund of the Czech Republic. In August 2006, Evraz acquired the remaining 1.04% minority interest in Vitkovice Steel for cash consideration of U.S.\$3 million.

Facilities

Vitkovice Steel's production facilities currently consist of a steel plant producing slabs and ingots, two rolling mills, including one plate rolling mill, one heavy section mill and cut shapes production. In July 2006, Vitkovice Steel closed its second plate rolling mill, the 4.5 Two-High Mill (Duo), in order to comply with a condition contained in the Accession Treaty of the Czech Republic to the EU. This mill was entirely disassembled, and its pieces were sold separately.

Production

Vitkovice Steel's product mix consists of plates, sheet piles, sections and flame-cut shapes, which it provides to customers in the construction, shipbuilding, machinery/machine building and pipeline industries. Vitkovice Steel is the sole producer of sheet pile sections for the European domestic market.

The annual production capacity of Vitkovice Steel is 950 thousand tonnes of steel, of which 755 thousand tonnes, 140 thousand tonnes and 30 thousand tonnes comprise plate, sections and flame-cut shapes, respectively.

In 2008, Vitkovice Steel produced 802 thousand tonnes of steel, compared to 909 thousand tonnes in 2007; and 896 thousand tonnes of rolled products, compared to 943 thousand tonnes in 2007.

Quality control

Vitkovice Steel's quality control systems are subject to its internal quality control policy. Quality of its management systems was first certified by TÜV in 1993, and its most recent ISO 9001:2000 certificate was issued by TÜV in 2005. Vitkovice Steel holds a number of product and quality certificates, such as Construction Industry Product Conformance Certificates, the Manufacturer Quality Certificate for hot-rolled plates made of concast slab for Deutsche Bahn (DB), a Q1 Supplier Qualification Certificate and an Ultrasound Testing Equipment Certificate.

EINA (excluding Evraz Claymont Steel)

EINA (formerly Oregon Steel Mills Inc.) is headquartered in Portland, Oregon in the United States. It is one of the most diversified steel manufacturers in North America.

On 12 January 2007, Evraz acquired through a tender offer approximately 90.65% of the outstanding shares of Oregon Steel Mills Inc. Pursuant to U.S. legislation, following Evraz's acquisition of a controlling interest in Oregon Steel Mills Inc., all the untendered shares were converted into the right to receive U.S.\$63.25 in cash (the same price per share paid during the tender offer). As a result, Evraz effectively acquired a 100% ownership interest in Oregon Steel Mills Inc. Total cash consideration for the acquisition amounted to U.S.\$2,276 million, including U.S.\$10 million of transaction costs.

Facilities

EINA is organised into two business units: the Oregon Steel Division and the RMSM Division.

Oregon Steel Division. The Oregon Steel Division consists of plants located in Portland, Oregon (the “Portland Mill”) and Camrose, Alberta, Canada (the “Alberta Mill”). This division produces as-rolled and heat-treated steel plate, coil, welded pipe (both large and small diameter line pipe and casing) and structural tubing.

RMSM Division. The RMSM Division consists of the steelmaking and finishing facilities of the Rocky Mountain Steel Mills, located in Pueblo, Colorado (the “Pueblo Mill”). The Pueblo Mill contains a steel minimill which supplies steel for rail, rod and bar, and seamless tubular finishing mills.

Production

EINA has the capacity to produce over 2.3 million tonnes annually of higher margin specialty and commodity steel products, such as plate, coiled plate, welded and seamless pipe for oil and gas applications, structural tubing, rail and wire rods and bars.

In 2008, EINA produced 491 thousand tonnes of plate, compared to 540 thousand tonnes in 2007; 242 thousand tonnes of coiled plate, compared to 217 thousand tonnes in 2007; 439 thousand tonnes of welded and seamless pipe, compared to 482 thousand tonnes in 2007; 82 thousand tonnes of structural tubing, compared to 60 thousand tonnes in 2007; 460 thousand tonnes of rail, compared to 470 thousand tonnes in 2006; and 311 thousand tonnes of wire rods and bars, compared to 278 thousand tonnes in 2007.

Quality control

The Portland Mill is the first plate mill in North America to be ISO 9002 certified.

Evraz Claymont Steel

On 16 January 2008, Evraz, through its wholly-owned subsidiary, Titan Acquisition Sub, Inc., completed the purchase via tender offer of an estimated 93.4% stake in Claymont Steel. Evraz subsequently initiated a short-form merger for the minority shareholding in Evraz Claymont Steel (formerly Claymont Steel) pursuant to which each share of Evraz Claymont Steel common stock not tendered was converted into the right to receive U.S.\$23.50 (i.e., the price paid in the tender offer). As a result of the merger, Evraz Claymont Steel Inc. is now a 100% subsidiary of Evraz Inc. NA and an indirect wholly-owned subsidiary of Evraz. Total consideration for the 100% stake in Evraz Claymont Steel amounted to approximately U.S.\$420 million, including transaction costs of U.S.\$7 million.

Facilities

Evraz Claymont Steel Inc., located in Claymont, Delaware, is a carbon plate mini-mill specialising in the manufacture and sale of custom-order discrete steel plates in the U.S. and Canada. Claymont Steel operates out of a single manufacturing facility, which includes a 185-short-tonne (approximately 168 tonnes) electric arc furnace, a continuous slab caster and a 160-inch plate rolling facility.

Production

Evraz Claymont Steel Inc. is a niche manufacturer of custom-order carbon steel plates (of varying thickness, width and length) for use in a number of high-end applications, including bridges, railcars, tool and die and heavy machine and equipment.

The annual production capacity of Evraz Claymont Steel Inc. is approximately 486 thousand tonnes. In 2008, Evraz Claymont Steel produced approximately 377 thousand tonnes of casted steel, 313 thousand tonnes of plates and 23 thousand tonnes of cut shapes.

Quality Control

For each of the three categories of steel plate that Evraz Claymont Steel Inc. produces, it manufactures grades that meet the standards and specifications as set forth by the American Society for Testing and Materials, the American Iron and Steel Institute, the American Bureau of Shipping, the Canadian Standards Association and the American Association of State Highway Transportation Officials.

EICA

With plants in Calgary and Red Deer (both in the Canadian province of Alberta) and in Regina (in the Canadian province of Saskatchewan), EICA (formerly IPSCO Canada) is a leading North American producer of pipe for the oil and gas industry and steel plates.

In March 2008, Evraz entered into an agreement with SSAB, a Swedish steel company, to acquire IPSCO's Canadian plate and pipe business. IPSCO is a leading North American producer of steel plates, as well as pipes for the oil and gas industry.

Under the structure of the transaction, Evraz and OAO TMK ("TMK"), the Russian leading tubular player, acquired plate and pipe businesses for \$4,211 million (excluding transaction costs and working capital adjustment to purchase consideration paid by TMK, if any) comprising certain Canadian plate and pipe businesses and a U.S. metal scrap company (together – "IPSCO Inc."), and U.S. tubular and pipe businesses. Evraz has also entered into a back-to-back agreement with TMK and its affiliates, which consisted of an on-sale of the acquired U.S. tubular and pipe businesses, including 51% in NS Group, to TMK for \$1,250 million.

In addition, Evraz signed an option agreement that gave it the right to sell and gave TMK the right to buy 49% in NS Group for approximately \$511 million plus interest at an annual rate ranging from 10% to 12% accrued from June 12, 2008 to the date when the option is exercised. The option to buy 49% in NS Group was exercised in January 2009 for approximately U.S.\$508 million.

On June 12, 2008, the acquisition was completed. As a result, the net cost of the acquisition of 100% of IPSCO Inc. for Evraz amounted to \$2,450 million, including transaction costs of \$65 million and \$25 million of working capital adjustment to purchase consideration paid in October 2008. The financial position and the results of operations of IPSCO Inc. were included in Evraz's consolidated financial statements beginning June 12, 2008.

Facilities

EICA operates pipe mills in facilities in Calgary and Red Deer and a steel-making facility in Regina. It has an estimated annual capacity of over one million tonnes of steel products.

Production

EICA produced 85 thousand tonnes of ERW pipe, 155 thousand tonnes of LD pipe, 226 thousand tonnes of casing and tubing, 238 thousand tonnes of plate/coil and 6 thousand tonnes of structural tubing in 2008. EICA's production facilities have an annual production capacity of 960 thousand tonnes of raw steel.

Quality control

EICA has implemented various quality assurance programs pursuant to ISO 9001:2000, API Q1 Quality Policy, ABS Quality Policy and Lloyds Quality Policy.

Highveld Steel and Vanadium Corporation

Highveld is an integrated mining, vanadium, iron, steel and ferro-alloy producer. It is South Africa's second-largest steel maker. It is the primary producer of medium and heavy structural sections and thick plate in South Africa.

On 13 July 2006, Evraz acquired a 24.9% stake in Highveld for U.S.\$216 million from Anglo American. At this time, Evraz also entered into option agreements with Highveld's major shareholders, Anglo and Credit Suisse International ("Credit Suisse") to increase its stake in Highveld to 79% within the subsequent two years. On 4 May 2007, Evraz exercised its option to acquire a 29.2% stake in Highveld from Anglo American for U.S.\$238 million. In August 2007, Evraz increased its stake in Highveld to 56.01%, as a result of shares Evraz purchased in a voluntary offer made to existing Highveld shareholders in June and July of 2007. On 28 September 2007, Evraz increased its stake in Highveld to 80.9%, having exercised its option to purchase a 24.9% stake for U.S.\$219 million from Credit Suisse. The remaining shares are traded on the Johannesburg Stock Exchange.

In 2007, Highveld sold both its ferro-alloy divisions, Transalloys and Rand Carbide, as going concerns. In August 2008, in accordance with Evraz's commitments to the European Commission in connection with the acquisition of Highveld, Evraz sold Highveld's Vanchem operations, its 50% shareholding in SAJV and a non-dividend bearing equity interest in Highveld's Mapochs Mine (Proprietary) Limited. These holdings accounted for 100% of Highveld's ferrovandium and vanadium chemicals output.

Facilities

Highveld's steel production facilities include iron-production facilities, steel making facilities, four continuous casters and three rolling mills.

Production

Highveld is South Africa's second largest steelmaker. In 2008, Highveld produced 207 thousand tonnes of plates, 153 thousand tonnes of coil and 300 thousand tonnes of medium-to-heavy sections. In 2007, Highveld produced 198 thousand tonnes of plates, 209 thousand tonnes of coil and 330 thousand tonnes of medium-to-heavy sections. Highveld's production facilities have an annual production capacity of 1,100 thousand tonnes of raw steel.

Quality Control

Highveld's products adhere to strict specifications and standards. Highveld operates a quality assurance system certified under DIN EN ISO 9001:2000 and DIN EN ISO 14001:2004, and its products have received various South African and foreign certifications, including certification of its steelmaking, plates, strips, sections and bars by Lloyd's Register.

DMZ

DMZ, located in Dnepropetrovsk, Ukraine, is an integrated steel mill specialising in the manufacture and sale of pig iron, steel and rolled products.

In September 2008, Evraz has completed an acquisition from entities under common control with the Company of 100% of Palmrose Limited, a Cyprus-based holding company for assets in Ukraine,

including a 95.57% share holding in *Dnepropetrovsk Iron and Steel Works, OAO* (“DMZ”), a steel producer with a total annual capacity of 1.8 million tonnes of pig iron and 1.23 million tonnes of crude steel.

The acquisition consisted of two stages. In April 2008, Evraz completed an acquisition of 51.4% of shares of Palmrose Limited for cash in the amount of U.S.\$1,110 million. As a second stage, in September 2008, Evraz issued 4,195,150 shares in favour of Lanebrook Limited (Cyprus), the ultimate controlling party for Evraz assets, in exchange for 48.6% of Palmrose Limited. As a result in September 2008 Evraz became an owner of 100% share in Palmrose Limited.

Facilities

The production facilities of DMZ include three blast furnaces, three oxygen converters and three rolling mills.

Production

DMZ's total output in 2008 was 1.2 million tonnes of pig iron and 1.1 million tonnes of crude steel. DMZ's main products include I-beams, angles, channels, square billets, tube billets, crane and tram rails, sections for automobile rims and agricultural sections. In 2008, Evraz DMZ produced 717 thousand tonnes of billets, compared to 852 thousand tonnes in 2007; 273 thousand tonnes of long products, as compared to 340 thousand tonnes in 2007; and 1,167 thousand tonnes of pig iron, as compared to 1,575 thousand tonnes of pig iron in 2007. DMZ also produces a small amount of flat products. DMZ's production facilities have an annual production capacity of 1,400 thousand tonnes of raw steel.

Ukrainian Coking Plants

The Ukrainian Coking Plants comprise three coking plants located in Ukraine: Bagleykoks, OAO (“Bagleykoks”), Dneprkoks, OAO (“Dneprkoks”) and Dneprodzerzhinsk Coke Chemical Plant, OAO (“DKHZ”).

Evraz's acquisition of Palmrose Limited in September 2008 included the acquisitions of 94.37%, 98.65% and 93.86% share holdings in Bagleykoks, Dneprkoks, and Dneprodzerzhinsk DKHZ, respectively. The three Ukrainian coking plants have total annual capacity of 3.52 million tonnes of metallurgical coke.

Facilities

The Ukrainian Coking Plants purchase coal and process it in their respective coking plants into metallurgical coke, for onward sale to steelmakers.

Production

The total annual capacity of the three plants is estimated at 3.52 million tonnes of metallurgical coke. In 2008, Dneprkoks, Bagleykoks and Dneprodzerzhinsk produced approximately 620 thousand tonnes, 660 thousand tonnes and 588 thousand tonnes, respectively, of metallurgical coke. In 2007, Dneprkoks, Bagleykoks and Dneprodzerzhinsk produced approximately 715 thousand tonnes, 694 thousand tonnes and 634 thousand tonnes, respectively, of metallurgical coke.

Dneprkoks sells most of its coke production to DMZ, which is located adjacent to Dneprkoks. The Ukrainian Coking Plants, collectively, sell their coke production to various local steelmakers based in Eastern Europe.

The Ukrainian Coking Plants primarily transport their products via Ukrainian Railways.

Mining Business

Evraz conducts its mining business primarily through Evrazruda, KGOK, VGOK, Highveld, Yuzhkuzbassugol and Sukha Balka. Evraz also has an equity interest in Rapsadskaya coking coal producer.

In 2008, Evraz sold 21,740 thousand tonnes of iron ore products, of which 14,644 thousand tonnes consisted of intersegment sales. Substantially all of Evraz's mining segment sales consist of sales of iron ore. Some iron ore products purchased by the steel segment are subsequently resold to third parties. In 2008, sales of coal products by Yuzhkuzbassugol and Rapsadskaya were 8,462 thousand tonnes and 7,313 thousand tonnes, respectively. Evraz's mining operations had total sales revenue of U.S.\$3,634 million in 2008, of which U.S.\$2,344 million consisted of intersegment sales, a 91% increase from U.S.\$1,903 million in 2007, of which U.S.\$1,532 million consisted of intersegment sales.

Products

Evraz produces iron ore at Evrazruda, KGOK and VGOK. Evraz produces coking coal at Yuzhkuzbassugol and its equity investee Rapsadskaya, with Yuzhkuzbassugol also producing steam coal. Evraz primarily makes use of this iron ore and coking coal at its steel making facilities, and also makes some sales to third parties. Highveld's Mapochs Mine produces titaniferous magnetite ore. Ukraine's Sukha Balka produces iron ore.

Iron ore and coking coal are generally commodity products, and most customers make purchases on the basis of price, including transportation costs. Evraz processes iron ore into concentrate, sinter and pellets prior to sale. Iron ore produced at KGOK has a high vanadium content, and thus can only be used in large quantities where blast furnaces have been specially modified to support the high vanadium levels. The major customers for iron ore produced at KGOK are NTMK as ZapSib, NKMK and other steel plants in smaller quantities.

Marketing and Distribution

In addition to its internal sales, Evraz sells its mined products primarily to other customers located in Russia. The following table summarises Evraz's mining segment sales for the periods indicated.

	Year ended 31 December ⁽¹⁾					
	2008		2007		2006	
	<i>thousand tonnes</i>	<i>millions of U.S. dollars</i>	<i>thousand tonnes</i>	<i>millions of U.S. dollars</i>	<i>thousand tonnes</i>	<i>millions of U.S. dollars</i>
Iron ore sales (excluding intersegment sales)⁽²⁾						
Russian sales	954	117	1,000	95	1,244	79
Export sales	6,142	591	792	48	186	10
Total	7,096	708	1,792	143	1,430	89
Intersegment sales	14,677	1,505	15,685	1,287	15,418	1,011
Coal sales (excluding intersegment sales)						
Russian sales	1,895	194	785	44	—	—
Export sales	2,434	268	1,917	121	47	2
Total	4,329	461	2,702	165	47	2
Intersegment sales	7,374	790	3,753	219	789	25

Note:

- (1) For the year in which Evraz acquires a particular subsidiary, data concerning such subsidiary is provided on a pro-rata basis for the period following its acquisition by Evraz.
- (2) In addition, Evrazruda was acquired in March 2005 from an entity under common control. In accordance with IFRS, Evrazruda has therefore been consolidated with effect from 31 December 2001 as if it had been acquired at such date.

Sales

In Russia, Evraz sells its mining segment products to end customers, both internal and external. These customers are generally located near to Evraz's mines, due to the high transportation costs of mined products relative to the market prices. In 2008, intersegment sales of coal and iron ore amounted to 64.4% of mining segment sales, as compared to 80.2% in 2007. Currently only KGOK and VGOK sell significant volumes to third parties. These third-party sales were made directly from KGOK and VGOK, respectively, and not through trading companies.

Evraz does not currently export significant volumes of its mined products.

Production Facilities

The following table sets forth Evraz's production of iron ore in the periods indicated.

	Iron Content⁽¹⁾ (%, as of 2007)	Year ended 31 December		
		2008	2007	2006
		<i>(million tonnes)</i>		
<i>Evrazruda⁽²⁾</i>				
Mined ore	28.37	13.46	13.99	13.98
Primary concentrate ⁽³⁾	42.75	5.04	7.7	7.7
Concentrate ⁽⁴⁾	59.60	3.6	3.5	2.5
Sinter	54.09	1.8	2.01	3.1
<i>KGOK</i>				
Mined ore	15.47	47.35	52.67	51.20
Concentrate ⁽³⁾	61.81	8.63	9.46	9.43
Pellets	60.90	5.3	6.03	5.9
Sinter	54.18	2.85	3.05	3
<i>VGOK</i>				
Mined ore	28.03	4.33	4.65	4.40
Concentrate ⁽³⁾	64.0	1.66	1.75	1.67
Sinter	57.5	2.43	2.74	2.42

Note:

- (1) Represents total iron content.
- (2) Acquired in March 2005 from an entity under common control. In accordance with IFRS, Evrazruda has therefore been consolidated with effect from 31 December 2001 as if it had been acquired at such date.
- (3) Product used in the production of concentrate or sinter.
- (4) Marketable product.

Iron Ore

Evrazruda

Evrazruda, currently occupying a total area of 4,400 hectares, sells iron ore primarily to ZapSib and NKMK. Evraz acquired Evrazruda in March 2005 from an entity under common control, and therefore Evrazruda is consolidated with effect from 31 December 2001 as if it had been acquired at such date.

In 2008 and 2007, Evrazruda's output of finished iron ore product (concentrate and sinter) was 5.43 million tonnes and 5.51 million tonnes, respectively, of finished iron ore product (concentrate and sinter).

KGOK

Evraz estimates that KGOK is one of the largest ore mining enterprises in Russia. It is located in the Sverdlovsk region, approximately 150 kilometres away from NTMK, its primary consumer. In October 2007, Evraz became the sole owner of KGOK, having bought out in a mandatory buyout procedure KGOK's then minority shareholders.

KGOK produces sinter and pellets that are rich in vanadium oxide, which ultimately are loaded onto railcars and shipped to end consumers. These products have relatively high production costs, as the iron content of KGOK iron ore is very low, and the ore must therefore undergo enrichment and concentration. The high vanadium content of KGOK's ore leads to improved strength, ductility and anti-corrosion characteristics of steel, but also adversely affects the speed and effectiveness of the blast furnace smelting process.

In 2008 and 2007, KGOK's output was 8.16 million tonnes and 9.08 million tonnes, respectively, of finished iron ore product (concentrate and sinter). Approximately 17% of KGOK's total sales volumes in 2008 were to ultimate customers other than Evraz.

In October 2006, KGOK won an auction for the development licence (valid until November 2026) of the Sobsvtlenno-Kachkanarskoye magnetite and titanium deposit, which is located in the Sverdlovsk region, next to the Gusevogorsky deposit.

VGOK

VGOK is located near Nizhny Tagil, approximately 10 kilometres from NTMK and 180 kilometres north of Ekaterinburg and is one of the largest mining enterprises in the Urals. In March 2007, Evraz made a voluntary offer to VGOK's minority shareholders, which, following the voluntary offer and a mandatory buyout procedure, resulted in Evraz becoming VGOK's sole shareholder in October 2007.

VGOK supplies sinter to Evraz's steel plants, primarily NTMK, and also makes sales to third parties. Approximately 70% of the iron ore used in producing sinter consists of VGOK's own production and by-products of the blast furnace process at NTMK, and the balance is purchased from other producers, primarily Bogoslovskoye RU, an iron ore mine located nearby. In 2008 and 2007, VGOK's output of iron ore was 2.48 million tonnes and 2.74 million tonnes, respectively, of finished iron ore product (concentrate and sinter).

Sukha Balka

Evraz's acquisition of Palmrose Limited in September 2008 included the acquisition of a 99.25% share holding in *Sukha Balka, OAO* ("*Sukha Balka*"), an iron ore mining and processing complex with a total annual production capacity of 3.75 million tonnes of iron ore. Sukha Balka operates two underground iron ore mines with 30 years of estimated reserve life. Its reserves are estimated at 107 million tonnes. In 2008, it sold 2.63 million tonnes of iron ore, as compared to 2.85 million tonnes in 2007 and 3.03 million tonnes in 2006. Sukha Balka transports its product primarily by rail (Ukrainian Railways), though a portion of its exports is shipped by sea. Customers generally pay transportation costs.

Coking Coal

Yuzhkuzbassugol

Yuzhkuzbassugol, located in Novokuznetsk in the Kemerovo region, is the largest coking coal producer in Russia. It is also a producer of steam coal. Yuzhkuzbassugol was founded in September 1969, uniting 25 coal mines, three concentration plants and a number of auxiliary production and servicing organisations under one management structure. Evraz is the sole owner of the coal producer, having purchased a 50% stake on 30 December 2005 from Crondale Overseas Limited (“Crondale”), an entity under common control with Evraz, for U.S.\$675 million and a second 50% stake in June 2007 from Yuzhkuzbassugol’s managers. Consideration for the June 2007 transaction was U.S.\$871 million (including transaction costs of U.S.\$9 million). In addition, on 21 January 2008, Evraz announced a mandatory buyout of minority shares in Kuznetskaya Coal Enrichment Plant, a subsidiary of Yuzhkuzbassugol. The buyout was completed on 30 June 2008, with Yuzhkuzbassugol now owning 100% of this subsidiary.

Yuzhkuzbassugol produces both coking coal and steam coal. As of March 2007, its total proved and probable reserves were estimated to be 572 million tonnes, according to the international consulting firm IMC Economic and Energy Consulting (“IMC”). Coking coal represents 64% of Yuzhkuzbassugol’s total production by volume and 12% of Russia’s total coking coal production. It supplies its coking coal to most of the leading steel and by-product coke plants in Russia and the CIS. ZapSib and NKMK are major consumers of Yuzhkuzbassugol’s production.

In 2008, Yuzhkuzbassugol produced 13,031 thousand tonnes of coal, as compared to 11,976 thousand tonnes and 16,137 thousand tonnes in 2007 and 2006, respectively. In 2008, 2007 and 2006, coking coal represented 64.4%, 56.3% and 66.5%, respectively, of Yuzhkuzbassugol’s total coal production, with the remaining production in the form of steam coal. In 2008, 2007 and 2006, Yuzhkuzbassugol satisfied approximately 37.6%, 35.4% and 46.8%, respectively, of Evraz’s demand for coal.

Yuzhkuzbassugol has been the site of several explosions in recent years. On 19 March 2007, over 100 people were killed in a methane explosion at the Ulyanovskaya mine, and, on 24 May 2007, 39 were killed in a methane explosion at the Yubileinaya mine. In each of these incidents, Rostekhnadzor, the Russian industrial-safety regulator, implicated dozens of Yuzhkuzbassugol officials for intentionally disabling the mine’s safety systems. In addition, on 8 February 2006, one person was killed in a methane explosion and subsequent fire at the Tomskaya mine; on 9 February 2005, 25 people were killed in an explosion at the Esaulskaya mine; and, on 10 April 2004, 47 died in a rockslide and explosion at the Taizhina mine. Following the March 2007 explosion, operations were not resumed at the Ulyanovskaya mine until September 2007; similarly, following the May 2007 explosion, operations were not resumed at the Yubileinaya mine until November 2007.

Raspadskaya

Raspadskaya is a vertically integrated coal producer that conducts business through nine key subsidiaries located in the Kuznetsky coal basin (“Kuzbass”) in the Kemerovo oblast of the Russian Federation. It is one of Russia’s largest coking coal producers (based on production volume), consisting of several different types of coking coal, and has the largest reserves of high quality coking coal in Russia according to estimates of IMC, an independent mining consultant.

Raspadskaya commenced operations in 1973 and, in 1991, was privatised and organised as a closed joint-stock company. Currently, Evraz holds a 40% stake in Raspadskaya, through its acquisition in March 2004 of a 50% ownership interest in Corber. Corber is a joint venture created for the purpose of

exercising joint control over the business activities of Raspadskaya and other subsidiaries of Corber. At the time of Evraz's investment in Corber, the joint venture owned a 72.03% stake in Raspadskaya; however, its interest ultimately reached 98.02% through a series of subsequent purchases. In November 2006, Raspadskaya successfully completed an IPO, placing 18% of its share capital with both Russian and non-Russian investors and acquiring a listing on RTS and MICEX.

Raspadskaya produced approximately 9.41 million tonnes and 13.55 million tonnes of coking coal in 2008 and 2007, respectively.

Evraz's Reserves

Most of Evraz's ore reserves have been evaluated according to international and/or Russian methodologies.

International reporting methodologies classify a deposit as either a mineral resource or an ore reserve. Mineral resources are further divided into three categories: an *inferred mineral resource* (whose geological characteristics can be estimated with a low level of confidence), an *indicated mineral resource* (whose geological characteristics can be estimated with a reasonable level of confidence) and a *measured mineral resource* (whose geological characteristics can be estimated with a high level of confidence). Ore reserves are divided into *probable ore reserves*, which is the economically mineable part of an indicated and, in some circumstances, measured mineral resource and *proved ore reserves*, which is the economically mineable part of a measured mineral resource. The application of "modifying factors" is required for a mineral resource to become an ore reserve.

Russian reporting methodologies classify deposit as either "explored", "evaluated" or "probable". Explored and evaluated deposits are further classified into four classes: *Category A reserves* (explored deposits that meet certain criteria with a relatively high level of certainty); *Category B reserves* (explored deposits whose boundaries have been determined with less accuracy than Category A reserves); *Category C1 reserves* (explored deposits characterised by a lower degree of accuracy than Category B reserves); and *Category C2 reserves* (evaluated deposits characterised by a lower degree of accuracy than Category C1 reserves). Deposits that do not meet the standards for classification as A, B, C1 or C2 reserves may be classified as probable deposits in categories P1, P2 or P3. Category A and Category B Russian reserves roughly correlate to proved reserves, and C1 Russian reserves roughly correlate to probable reserves.

Evraz has also consulted with certain international consulting firms in relation to its other reserves. Such consultants assisted Evraz in reviewing the methodology and data used by Evraz's mining operations and used to develop the Russian reserves estimates. Evraz believes that, as with most Russian properties, the exploration, sampling and ore body definition was generally consistent with standard practice for the industry. Based on its review of the resource estimates, the volume of exploration data, the operating history and past experience in Russia, Evraz believes that the resource estimates, on which it based its estimates of the ore reserves, are reasonable. Estimates of ore reserves are based only on that portion of the deposit that meets accepted international industry standard guidelines for classification as proved and probable reserves.

Evraz's reserves are based on drilling and geological data, and represent the part of the mineral resources that could be legally and economically extracted or produced at the time of the reserve estimation. Russian subsoil licences are issued for defined boundaries and for specific periods. However, under the Subsoil Law, licences are required to be extended by the relevant authorities at their scheduled termination at the initiative of the subsoil user if the extension is necessary to finish production in the field, provided that the licensee has not violated the conditions of the licence. As Evraz currently plans to extend its licences at their scheduled termination and believes that it will be entitled to do so, its reserves are stated based on the maximum projected useful lives of the relevant fields. However, there can be no

assurance that Evraz will be able to extend its licences, or that its licences will not be withdrawn prior to their scheduled expiration. See “Risk Factors—Risks Relating to Evraz’s Business and Industry—Evraz’s licences may be suspended, amended or terminated prior to the end of their terms or may not be renewed”.

Evraz holds a total of 41 exploration and production licences with respect to its mining operations in Russia and which expire between 2012 and 2026 (except for one held by Yuzhkuzbassugol which expires in 2053). Rospadskaya also has two exploration and production licences, which expire in 2014 and 2023. None of Evraz’s mining licences has ever been revoked or suspended.

Iron ore reserves

The table below summarises Evraz’s iron ore reserves according to international and Russian methodologies as at the dates indicated. Reserves at VGOK have not yet been evaluated according to international methodologies. The correlation between total proved and probable and A, B and C1 iron ore reserves may differ in the deposits that have not yet been evaluated. Moreover, the correlation may vary at different times for the same deposits.

Mine	International Reserves Classification	Russian Reserves Classification				Average Iron content ⁽²⁾ (%)
	Total proved and probable ⁽¹⁾	A	B	C1	Total	
		<i>(thousand tonnes)</i>				
Evrazruda ^{(3) (5)}	445,726	2,193	125,464	319,938	447,595	37.04
KGOK ⁽³⁾⁽⁵⁾	996,459	60,174	974,133	5,069,769	6,104,076	16.2
Gusevogoroskoye field ...	996,459	–	454,039	2,367,738	2,821,777	15.7
Sobstvenno-Kachkanarskoye field ⁽⁴⁾ ..	–	60,174	520,094	2,702,031	3,282,299	16.6
VGOK ⁽⁶⁾	–	N/A	N/A	N/A	74,424	32.5
Abakanskoye ⁽³⁾⁽⁵⁾	118,276	–	14,055	93,954	108,009	30.92
Sukha Balka ⁽⁵⁾⁽⁷⁾	81,641	–	52,676	532,525	585,201	58.00

Note:

- (1) Limitations of the data available to Evraz do not permit a separation of proved and probable reserves.
- (2) Estimated.
- (3) Data according to international methodologies are presented as of 1 October 2007.
- (4) In October 2006, KGOK won an auction for the licence to this field.
- (5) Data according to Russian methodologies are presented as of 30 June 2009.
- (6) With respect to VGOK, this table contains the total amount of Russian reserves and does not classify them into the categories A, B or C1. Data presented for VGOK are as of 1 July 2007.
- (7) Data according to international methodologies are presented as of 31 December 2007.

Evraz believes that the present iron ore reserves are sufficient to fulfil management’s 20-year, 18-year and 20-year production plan for Evrazruda, KGOK (not taking into consideration reserves from Sobstvennoye-Kachkanarskoye field) and VGOK, respectively.

Coal reserves

The table below summarises Evraz’s coal reserves, including its equity investee Rospadskaya, according to international and Russian reserves methodologies as at the dates indicated. The correlation between proved and probable and A, B and C1 coal reserves may vary at different times for the same deposits.

International Reserves	Russian Reserves Classification			
------------------------	---------------------------------	--	--	--

Mine	Classification			A	B	C1	Total A, B and C1	Average sulphur content ⁽¹⁾	Average ash content ⁽¹⁾
	Proved	Probable	Total proved and probable						
				<i>(thousand tonnes)</i>				<i>(%)</i>	<i>(%)</i>
Yuzhkuzbassugol ⁽²⁾⁽³⁾	296,706	255,882	552,588	453,543	962,165	1,638,544	3,054,252	0.32-0.99	8.0-15.6
Raspadskaya ⁽⁴⁾	N/A	N/A	N/A	337,540	766,703	1,221,141	2,325,384	0.32-0.99	8.0-15.6

Note:

- (1) Estimated.
- (2) Data according to Russian methodologies are presented as of 30 June 2009.
- (3) The licences for two developing mines, Kazankovskaya and Kureinskaya, are held by ZAO Kazankovskaya. A 50% shareholding in ZAO Kazankovskaya is held by Yuzhkuzbassugol, and the other 50% shareholding is held by MMK. Total A, B and C1 reserves of Kazankovskaya and Kureinskaya mines amounted to 39,527 thousand tonnes, of which 29,523 thousand tonnes are classified as A reserves, 5,012 thousand tonnes are classified as B reserves and 4,992 thousand tonnes are classified as C1 reserves. The figures for Russian Reserves for Yuzhkuzbassugol include the reserve figures for the Kazankovskaya and Kureinskaya mines. International reserves data for Yubileinaya Mine includes coking coal only.
- (4) Accounted for in Evraz's consolidated financial statements on the equity basis.

Vanadium Business

Evraz is the only producer of vanadium-rich ore in Russia and is one of the largest producers of vanadium slag globally. Vanadium is widely used in the production of high-strength steels, titanium and chemical and petrochemical products. Vanadium-rich ore is mined at KGOK. NTMK processes much of this ore, leading to the release of vanadium slag as a by-product, which NTMK, in turn, sells to third parties, primarily to Tula Vanadium and Chusovskoy in Russia, but also to some customers in China. Evraz also produces and sells various vanadium products at Highveld, Stratcor and Nikom. The acquisitions of Highveld, Stratcor and Nikom provide Evraz with vanadium-processing capabilities and technical know-how and should allow it to extract higher margins and cash flows from vanadium products. However, in September 2008, Evraz disposed of VanChem, a vanadium processing unit of Highveld.

In 2008, Evraz sold 26,897 tonnes of vanadium equivalent, as compared to 22,100 thousand tonnes in 2007. Vanadium segment revenues increased by 106.9% to U.S.\$1,206 million in 2008 compared to U.S.\$583 million in 2007. The increase is mainly attributable to the acquisitions of Highveld and Nikom (a subsidiary of Evraz Vikovice Steel) and to higher average prices for vanadium products in 2008 against 2007.

Products

Evraz produces ferrovanadium at Nikom; vanadium pentoxide, various alloys products in vanadium equivalent and the proprietary product Nitrovan® vanadium at Stratcor; and vanadium slag at both NTMK and Highveld.

Marketing and Distribution

	Year ended 31 December		
	2008	2007	2006
	<i>(tonnes)</i>	<i>(tonnes)</i>	<i>(tonnes)</i>
NTMK,.....	10,032	10,837	10,696
East Metals S.A./Ferrotrade Limited/TC Evraz Holding.....	4,002	1,965	–
Highveld, HochVanadium, of which.....	5,361	3,744	–

	Year ended 31 December		
	2008	2007	2006
	<i>(tonnes)</i>	<i>(tonnes)</i>	<i>(tonnes)</i>
Vanadium slag.....	166	–	–
Ferrovandium	5,195	3,744	–
<i>Nikom</i>	32	–	–
<i>Stratcor</i>	4,297	4,968	5,416
Nitrovan®	2,244	2,988	2,749
Vanadium aluminum	688	729	617
Oxides.....	687	673	773
Ferrovandium	548	438	1,131
Liquid chemicals	132	137	146
Other products.....	0	0	0
Total Sales ⁽¹⁾	23,724	21,514	16,112

Note:

⁽¹⁾ The figures for total sales do not include the amounts of vanadium products sold within the group. In the year ended 31 December 2008, 10,996 tonnes of vanadium products (consisting of 8,639 tonnes of vanadium slag, 10 tonnes of Oxides and 2,347 tonnes of FeV) were sold within the group.

In 2008, Russian-produced vanadium slag was not used internally by Evraz, but rather was sold to third parties, mostly to Tula Vanadium and Chusovskoy in Russia and to some customers in China.

Vanadium products produced Stratcor are used within Evraz and also sold to third parties. Highveld sells a portion of its vanadium slag to Stratcor and to VanChem, and the remainder is sold to HochVanadium for conversion into FeV by Treibacher pursuant to a repurchase agreement.

In 2008 and 2007, Highveld sold 1,146 tonnes and 1,319 tonnes, respectively, of vanadium equivalent in slag to the Stratcor subsidiary Vametco.

In 2008, 99.8% of Stratcor’s vanadium production was sold to third parties.

With respect to its U.S.-based customers, Stratcor ships its vanadium products mainly by road (truck) and rail.

Market Share and Competition

Evraz’s principal competitors in the vanadium products market are Golf Chemical Alloys, Treibacher, Glencore and its affiliate Xstrata.

Production Facilities

Evraz produces vanadium products at Stratcor and Nikom.

Stratcor

Stratcor is one of the world’s leading producers of vanadium alloys and chemicals and is a major supplier of vanadium and tungsten products to the steel, chemical and titanium industries. It is headquartered in Danbury, Connecticut in the United States, owns plants in the United States and South Africa and bases its sales staff in Pittsburgh, Pennsylvania in the United States.

In August 2006, the Company acquired a 72.84% stake in Stratcor. Most of the remaining shares are owned by Sojitz Corporation of Tokyo, Japan.

Facilities

Stratcor has two wholly-owned subsidiaries: (i) Stratcor, Inc., which has a plant in Hot Springs, Arkansas in the United States (the “Hot Springs Plant”); and (ii) Vametco Minerals Corporation (“Vametco”), which operates a vanadium mine and mill in Brits, South Africa (approximately 30 miles west of Pretoria).

Production

The Hot Springs Plant produces high-purity vanadium pentoxide, vanadium trioxide, ammonium metavanadate and various other vanadium chemicals and oxides. Stratcor sells the products made at the Hot Springs Plant to customers in the chemicals industry, as well as uses them as raw materials in the production of Stratcor® ferrovanadium and vanadium-aluminum, which, in turn, are used by the steel and titanium industries. Vametco’s principal product is Nitrovan® vanadium, a proprietary vanadium-nitrogen product that efficiently strengthens steel and that Stratcor exports to steelmakers worldwide. In 2008, Stratcor produced 4,579 tonnes of vanadium pentoxide, 128 tonnes of liquid chemicals, 650 MTV of vanadium aluminum (pursuant to a tolling agreement), 530 tonnes of FeV (pursuant to a tolling agreement) and 2,373 tonnes of Nitrovan® vanadium.

Quality control

Stratcor’s vanadium plants in the United States and South Africa adhere to the company’s Quality Commitment. Stratcor has a quality assurance system in accordance with ISO 9001:2000.

Nikom

On 20 December 2007, Evraz acquired a 100% stake in Nikom, a ferrovanadium producer located in the Czech Republic, for cash consideration of U.S.\$43 million. Nikom has one processing facility, which it uses to process vanadium received from Tula Vanadium into ferrovanadium. In 2008, Nikom produced 2,615 tonnes of FeV.

Insurance

Evraz has obtained insurance for its steel production facilities that it believes covers property risks at industry standard levels under the Property Master Program (which covers Evraz Inc. NA, Highveld, Stratcor, Vametco and Palini & Bertoli). Coverage under the Property Master Program, which is valid until April 1, 2010, was obtained from AIG and Allianz.

Evraz has obtained insurance for its Russian iron ore mining facilities that it believes covers property risks at industry standard levels. Following standard industry practice, Evraz does not insure its coal mining assets as such insurance is very limited in coverage, very expensive and not available for some risks. Evraz has obtained insurance for its chemical facility in the United States, Stratcor, that it believes covers property and business interruption risks at industry standard levels. Most of Evraz’s insurance policies are on balance reinsured with underwriters possessing an A-class rating.

Evraz maintains obligatory insurance policies required by relevant law and employees’ insurance policies required by the terms of collective bargaining agreements at all of its facilities.

Legal Proceedings

Evraz has been and continues to be the subject of legal and arbitration proceedings and adjudications from time to time. Save for the matters specifically disclosed in this section “Legal Proceedings”, neither the Company nor any of its subsidiaries is the subject of any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Evraz

is aware) during the previous 12 months which may have, or have had in the recent past, significant effects on Evraz's financial position or profitability.

Evraz, together with several other corporations and individuals, was named as a defendant in a civil action related to bankruptcy proceedings at KGOK that occurred between 1999 and 2003, prior to Evraz's acquisition of KGOK and alleged conversion and violations of the United States Racketeer Influenced and Corrupt Organisations Act ("RICO"). This law suit was filed in November 2004 in the United States District Court for the District of Delaware (the "District Court"). The plaintiffs seek damages in excess of \$500 million.

On 26 April 2005, the plaintiffs filed another suit with the Delaware Chancery Court (the "Chancery Court") against the same defendants, including Evraz, based on the same factual allegations. However, in October 2005, the Chancery Court granted the defendant's motion to stay the action pending the developments of the litigation between the parties in the District Court. In April 2006, the District Court dismissed the claim based on a decision that the plaintiffs' claim arises from the conduct of business in Russia and, therefore, the Russian jurisdiction is an adequate forum for the plaintiffs' claim, however, did not issue an injunction sought by the defendants that would bar plaintiffs from pursuing any additional litigations in the United States. Upon getting such a decision in the District Court, the plaintiffs filed an appeal on that decision and the defendants cross-appealed on the injunction issue. The plaintiffs made another attempt to continue the proceeding in the Chancery Court, which was not upheld: in August 2006 the Chancery Court has issued his opinion denying the plaintiffs' motion to lift the stay. In May 2007 the plaintiffs' appeal was dismissed.

As a result, the federal action under the RICO statute is over. Until recently the case was before the District Court exclusively on the narrow issue of whether to grant the injunction barring the plaintiffs from pursuing their claims in any other courts of the United States, including the pending action in the Chancery Court. The injunction issue was fully briefed in the District Court in October 2007.

On 14 May 2009 Judge Sleet of the Delaware District Court issued a decision, granting the defendants' motion for permanent injunction precluding the plaintiffs from relitigating the same case in other U.S. courts. Judge Sleet also denied the plaintiffs' motion for supplemental briefing and ordered the case to be closed.

The plaintiffs are currently appealing this decision to the Third Circuit Court of Appeals, just as they previously unsuccessfully appealed Judge Sleet's initial dismissal of their case. Unless this appeal is successful, the plaintiffs will not be able to continue their stayed (i.e. frozen) action in the Delaware Court of Chancery.

Stratcor, Evraz's subsidiary, together with IBM Corporation, Anglo American Plc., Gold Fields Ltd., UBS AG and some other companies, acts as a defendant in an action filed in 2004. Plaintiffs allege that the defendants engaged in a conspiracy with the Apartheid-era government of South Africa in violation of international law and participated in genocide, expropriation and other wrongful acts. Plaintiffs sought unspecified compensatory damages and exemplary damages of \$10,000 million. Evraz's potential losses under this litigation were limited to the net assets of Stratcor being \$81 million as of December 31, 2008. On March 9, 2009, the court dismissed that action based upon the plaintiffs' failure to prosecute the case; however, the court's decision is subject to appeal.

DMZ n.a. Petrovsky and TH EvrazResourse Ukraine, both members of Evraz, are defendants in a number of civil actions related to their alleged failure to pay for goods supplied to them by YUGOK. The total amount of the YUGOK claims was in excess of U.S.\$200 million. The courts for the first instance have awarded judgments totalling approximately U.S.\$109 million to YUGOK. The courts of appeal

supported the decision of the courts for the first instance. DMZ n.a. Petrovsky and TH EvrazResource Ukraine are now contesting the decisions of the courts of appeal in the Higher Business Court of Ukraine.

Environmental Matters

The key environmental objective of Evraz is the consistent reduction of waste emissions and introduction of modern, environment-friendly technologies. A large amount of obsolete equipment, which failed to meet environmental standards, has already been withdrawn as part of the re-equipment and modernisation program at Evraz's production facilities.

Evraz believes that it holds all necessary environmental licences, including licences for the use of water resources, water discharges, air emissions, waste disposal and waste management, for operations at its facilities. Evraz's costs of environmental compliance include (i) payments for air and water discharges as well as waste which are within the limits set out in its licences and (ii) payments for discharge and waste in excess of these limits.

Evraz is subject to requirements to conduct reclamation and restoration activities at some of its operating facilities. Evraz has made commitments to restore certain parcels of land at its steel plants and mining sites. In order to implement this obligation, it made provisions in respect of these expenditures of approximately U.S.\$153 million, U.S.\$134 million and U.S.\$38 million as of 31 December 2008, 2007 and 2006, respectively, based on the present discounted value of expected restoration costs.

With respect to its Russian subsidiaries, Evraz incurred expenses for environmental protection measures per Russian statutory accounts of U.S.\$186 million, U.S.\$198 million and U.S.\$150 million in 2008, 2007 and 2006, respectively.

Evraz has conducted a number of environmental improvements at its steel-making facilities in recent years that have reduced emissions, including a significant reduction in the volume of air discharges. At NTMK, these reductions were accomplished, in part, by commissioning three continuous casting machines as well as a reconstructed water processing plant, lowering production of NTMK's open hearth plant, reconstructing a blast furnace and a coke battery and closing NTMK's open hearth furnaces. At ZapSib, Evraz managed to reduce air emissions through the reconstruction of its blast furnaces and a steel converter and the commissioning of two continuous casting machines. At NKMK, Evraz closed its open hearth furnaces in April 2007, leading to the improvement of the ecological situation in Novokuznetsk. In 2007, Evraz also carried out a number of environmental improvements at its iron ore processing facilities, including the construction of a water drainage plant at Evrazruda and the upgrade of aspiration installations at Evrazruda, KGOK and VGOK. With the closure of NTMK's open hearth furnaces in 2009 Evraz no longer operates any open hearth furnaces. See “—Mining Business—Production facilities”.

Research and Development

Evraz regularly seeks to improve the operations at its facilities, principally by improving operating efficiency, reliability and capacity. Most such efforts constitute incremental improvements to current activities and, as a result, are undertaken in connection with regular operational maintenance and monitoring. Where appropriate, Evraz seeks to register any rights to intellectual property that may result from these efforts. Evraz does not believe that its research and development activities are significant to its results of operations.

Employees

The table below sets out the number of employees of Evraz as of 31 December 2008, 2007 and 2006.

Company	2008	2007	2006
<i>Steel segment</i>			
NTMK (Russia).....	17,522	29,621	29,511
ZapSib (Russia).....	17,002	25,360	28,750
NKMK (Russia).....	7,521	8,754	12,295
DMZ (Ukraine).....	6,763	–	–
Palini ⁽¹⁾ (Italy).....	148	129	123
Vitkovice Steel ⁽²⁾ (Czech Republic).....	1,469	1,681	1,576
Evraz Inc North America ⁽³⁾ (United States).....	2,579	2,219	–
Evraz Inc Canada (Canada).....	1,778	–	–
Dneprkok (Ukraine).....	1,600	–	–
Bagleykoks (Ukraine).....	2,028	–	–
Dneprodzerzhinsk (Ukraine).....	1,694	–	–
Other.....	15,905	292	367
<i>Mining segment</i>			
Evrazruda ⁽⁴⁾ (Russia).....	9,272	10,606	11,464
KGOK (Russia).....	6,738	8,658	9,665
VGOK (Russia).....	4,986	6,378	7,011
Yuzhkuzbassugol ⁽⁵⁾ (Russia).....	18,467	19,018	20,400
Sukha Balka (Ukraine).....	4,505	–	–
Mine 12 ⁽⁶⁾ (Russia).....	1,202	1,335	1,368
Neryungri Ugol ⁽⁷⁾ (Russia).....	–	–	466
Other.....	2,792	202	866
<i>Vanadium segment</i>			
Highveld ⁽⁸⁾ (South Africa).....	2,415	3,466	3,842
Stratcor ⁽⁹⁾ (United States).....	559	572	568
<i>Other operations</i>			
Nakhodka Sea Port (Russia).....	2,622	2,724	2,876
Evraz Holding (Russia).....	818	843	854
Other ⁽¹⁰⁾	737	4,674	2,449
Total⁽¹¹⁾.....	131,122	126,562	130,041

Note:

- (1) Evraz acquired Palini in August 2005.
- (2) Evraz acquired Vitkovice Steel in November 2005.
- (3) Evraz acquired Evraz Inc. NA (formerly Oregon Steel Mills Inc.) in January 2007.
- (4) Evraz acquired Evrazruda in March 2005 from an entity under common control. In accordance with IFRS, Evrazruda has therefore been consolidated with effect from 31 December 2001 as if it had been acquired at such date.
- (5) Evraz acquired a 50% stake in Yuzhkuzbassugol in December 2005 and the remaining 50% stake in Yuzhkuzbassugol in June 2007.
- (6) Evraz acquired control over Mine 12 in March 2005.
- (7) Evraz disposed of its stake in Neryungri Ugol in 2006.
- (8) Evraz acquired a 24.09% stake in Highveld in June 2006 and, by the end of September 2007, had an 80.9% interest in the company. Information in this row reflects employees in both Highveld's steel and vanadium businesses.
- (9) Evraz acquired a 72.84% stake in Stratcor in August 2006.
- (10) Includes some operations classified for accounting purposes in the steel or mining segment.

As of the date of this document, Evraz has approximately 119 thousand employees.

Evraz is currently seeking to optimise its personnel structure, primarily through a controlled reduction in the number of its employees, outsourcing non-production activities and reducing administrative staff. While Evraz's productivity (as measured by tonnes of production per employee) is below western European standards, Evraz's production facilities in Russia are the principal employers in

their respective towns and regions, and reductions in the workforce are generally constrained by relevant Russian labour legislation as well as other political and social considerations. For these reasons, Evraz manages reductions in the number of personnel it employs gradually and in a controlled manner. In 2009, Evraz expects to reduce its workforce by 20,786 employees (including 16,929 employees in Russia) as part of its effort to optimise its human resources.

Russian production facilities

Over 70% of employees of Evraz's Russian production facilities were members of trade unions at the end of 2008. Each of Evraz's Russian production facilities enters into collective bargaining arrangements with its trade unions bi-annually. The current agreements, which are based generally on the tariff agreement for the Russian steel and mining sectors (to which Evraz is a signatory), provide for an increase in employee wages within the approved budgets and contain no restrictions on layoffs.

There have been no strikes or other cases of industrial action at Evraz's Russian production facilities since Evraz acquired each of these facilities. Evraz offers attractive employment opportunities – including above-average salaries – in the respective regions where its subsidiaries operate. Evraz's management maintains a good working relationship with the trade unions.

Evraz makes defined contributions to state pension funds for its employees in accordance with relevant Russian legislation, and also provides pension and other post-employment benefits to its employees in accordance with collective bargaining agreements. Defined benefit pensions and other post-employment benefits consist of regular lifetime pension payments and lump-sum amounts payable at the retirement date. These benefits generally depend on years of service, level of compensation and amount of pension payment under the collective bargaining agreement. Evraz pays these benefits when they fall due for payment.

Production facilities outside Russia

The number of unionised employees at Evraz's production facilities outside of Russia varies depending on the facility and its country of location. At the end of 2008, 26.5% and 65% of employees at Palini and Vitkovice Steel, respectively, were members of a trade union; 53% of Evraz Inc. NA's employees, 76% of Evraz Inc. NA Canada and none of Evraz Claymont Steel's employees were unionized, while 47% of Stratcor's U.S. staff and 78% of Vametco's employees belonged to a trade union; and 85% of Highveld's staff had union membership. Each of Evraz's production facilities outside of Russia enters into collective bargaining arrangements with its trade unions either bi-annually, in the case of Palini, or every 3-5 years, in the case of the other facilities. There have been no strikes or other cases of industrial action at Evraz's production facilities outside Russia since Evraz acquired each of these facilities.

Employee Benefits

The total amount set aside by Evraz Group S.A. in 2008 to provide pension, retirement and similar benefits to its employees was U.S.\$332 million.

Contractual Commitments

As at 31 December 2008, Evraz had contractual commitments for the purchase of production equipment and construction works for an approximate amount of U.S.\$393 million. Evraz intends to fund these commitments from cash on hand and cash generated from operations. See Note 31 to the Audited Consolidated Financial Statements of Evraz Group S.A. for the financial year ended 31 December 2008, incorporated by reference herein.

RELATED PARTY TRANSACTIONS

For a discussion of related party transactions, see Note 11 to the Unaudited Interim Condensed Consolidated Financial Statements of Evraz Group S.A. for the Six-Month Period ended 30 June 2009, Note 16 to the Consolidated Financial Statements of Evraz Group S.A. for the financial year ended 31 December 2008, Note 17 to the Consolidated Financial Statements of Evraz Group S.A. for the financial year ended 31 December 2007 and Note 14 to the Consolidated Financial Statements of Evraz Group S.A. for the financial year ended 31 December 2006, incorporated by reference herein.

To facilitate the issuance of the Bonds, Morgan Stanley International plc ("Morgan Stanley") offered, in connection with the Bond Offering, certain institutional investors the opportunity to borrow GDRs during the term of the Bonds. To enable Morgan Stanley to make this facility available, Lanebrook agreed to loan to Morgan Stanley up to 22 million GDRs in the Company (the "Loaned GDRs") pursuant to a stock lending agreement (the "Stock Lending Agreement") entered into with Morgan Stanley as borrower on 8 July 2009.

On 12 August 2009, the Company and Lanebrook entered into a novation agreement (the "Novation Agreement") whereby the Company assumed all rights and obligations (the "Assumed Rights and Obligations") of Lanebrook under the Stock Lending Agreement. Against the contribution in kind by Lanebrook of the Assumed Rights and Obligations, the Company issued 7,333,333 new ordinary shares to Lanebrook, being equal to the number of shares underlying the 21,999,999 Loaned GDRs which had been loaned to Morgan Stanley prior to the novation.

The issue of the new ordinary shares was approved at an Extraordinary General Meeting of the Company's shareholders held on 31 July 2009. As a result, the Company was substituted for Lanebrook as lender of the Loaned GDRs under the Stock Lending Agreement. The Novation Agreement also terminated the collateral arrangements between Lanebrook and Morgan Stanley and identical collateral arrangements were established between the Company and Morgan Stanley.

Other than certain purchase and sale transactions entered into since 30 June 2009 in the ordinary course of Evraz's activities with Rospadskaya, YUGOK and certain other entities of the nature described in Note 11 to the Unaudited Interim Condensed Consolidated Financial Statements of Evraz Group S.A. for the Six-Month Period ended 30 June 2009 and Note 16 to the Consolidated Financial Statements of Evraz Group S.A. for the financial year ended 31 December 2008, Evraz has entered into no related party transactions since 30 June 2009.

PRINCIPAL SHAREHOLDERS

The table below sets forth certain information regarding the ownership of the Company according to the Company's share register as of the latest practicable date of this document:

Shareholder	Percentage of Shares
Lanebrook Limited ⁽¹⁾	71.24%
The Bank of New York Depository (Nominees) Limited ⁽²⁾	28.76%
Including shares owned by Lanebrook Limited in the form of GDRs ⁽³⁾	1.15%
Total	100.0%

Notes:

- (1) Includes one share held by TMF Corporate Services S.A., a Luxembourg independent management company of the Issuer.
- (2) The Bank of New York Mellon serves as Depository for the Company's GDR programme.
- (3) To facilitate the issuance of the Bonds, Morgan Stanley offered, in connection with the Bond Offering, certain institutional investors the opportunity to borrow ordinary shares represented by GDRs in Evraz during the term of the Bonds by means of a stock loan of GDRs beneficially owned by Lanebrook Limited (the "Loaned GDRs"). At an Extraordinary General Meeting of Evraz's shareholders held on July 31, 2009, the Company was granted the appropriate corporate authorisations to issue new ordinary shares to Lanebrook in an amount equal to the number of shares underlying the Loaned GDRs. Evraz then effected a novation of the stock lending arrangements, whereby Evraz was substituted for Lanebrook as lender of the Loaned GDRs. In connection with this novation, Evraz issued 7,333,333 new shares to Lanebrook. Based upon the Company's share register, and information provided by Lanebrook Limited, Lanebrook Limited holds an interest of approximately 72.39% of the shares of the Company.

Lanebrook has informed the Company that Lanebrook is controlled by Greenleas International Holdings Limited and Crosland Global Limited. Mr. Alexander Abramov, Evraz's Chairman of the Board of Directors, has a beneficial interest in 66.7% of Crosland Global Limited (which represents a 24.15% beneficial interest in the Company) and Mr. Alexander Frolov, Evraz's Chief Executive Officer and member of the Board of Directors, has a beneficial interest in 33.3% of Crosland Global Limited (which represents a 12.05% beneficial interest in the Company). Crosland Global Limited has a beneficial interest in 50% of Lanebrook (which represents a 36.20% beneficial interest in the Company). The Company is aware of information published in the media suggesting that Greenleas International Holdings Limited is controlled by Mr. Roman Abramovich. However, Lanebrook has not provided the Company with any information regarding such holding. None of the Company's current shareholders has voting rights which differ from those of any other holders of the Company's shares.

For a description of the measures in place to ensure that control is not abused, see "Directors and Management—Corporate Governance".

To the extent known to the Company, there are no arrangements the operation of which may result in a change of control of the Company.

DIRECTORS AND MANAGEMENT

Directors

The Company's directors are:

<u>Name</u>	<u>Year of Birth</u>	<u>Position</u>
Alexander Abramov	1959	Chairman
Otari Arshba	1955	Director
Gennady Bogolyubov	1962	Director
James Campbell	1949	Director
Philippe Delaunois	1941	Director
Alexander Frolov	1964	Director
Olga Pokrovskaya	1969	Director
Terry Robinson	1944	Director
Eugene Shvidler	1964	Director
Eugene Tenenbaum	1964	Director

Alexander Abramov was elected Evraz's Chairman of the Board of Directors effective 1 December 2008. He has served in similar roles with Evraz or its predecessors since founding EvrazMetal, the predecessor of Evraz, in 1992, and was a member of the Original Group. Until 1 January 2006, he served as both Chairman of the Board of Directors and Chief Executive Officer ("CEO"); he continued to serve as Chairman of the Board until 1 May 2006. Mr. Abramov is also a member of the board of directors of NTMK and ZapSib. Mr. Abramov previously worked at the Institute of High Temperatures of the USSR Academy of Sciences. Mr. Abramov graduated from the Moscow Institute of Physics and Technology with a first-class honours degree in 1982, and he holds a Ph.D. in Physics and Mathematics. Mr. Abramov is a Bureau member of the Council of Entrepreneurs and a member of the Council of Entrepreneurs set up by the Russian government. Through an indirect interest in Lanebrook, Mr Abramov has a beneficial interest in approximately 24.15 % of the outstanding shares of Evraz. See "Principal Shareholders".

Otari Arshba has been a member of the Board of Directors since May 2005. Mr. Arshba joined the Original Group in 1998, and, until December 2003, served as Evraz's Senior Vice President for Corporate Communications. Mr. Arshba worked in the state security apparatus of the Russian Federation until 1994. Mr. Arshba graduated with distinction from the Felix Dzerzhinsky KGB Higher School, and holds a Ph.D. in Political Science from the Russian Academy of Government Service. In December 2003, Mr. Arshba was elected a deputy of the State Duma. Russian law provides that a deputy of the Duma may not hold positions in the management bodies of business entities (such as the Company). However, Mr. Arshba has received a letter from the Secretariat of the Head of the Duma stating that the Secretariat does not object to Mr Arshba's participation in Evraz's Board of Directors on an unpaid basis.

Gennady Bogolyubov has been a member of the Board of Directors since December 2008. Mr. Bogolyubov is currently the Chairman of the Supervisory Board of Ukrainian commercial bank PrivatBank. Since 2003, he has been a member of the Supervisory Board of Ukrnafta, Ukraine's oil and natural gas extracting, processing and supplying company. In February 2008, he was elected Chairman of the Board of Directors of Consolidated Minerals Limited, a manganese ore and other non-ferrous metals ore producing company in Australia. Mr. Bogolyubov graduated from Dnipropetrovsk Engineering and Construction Institute in Ukraine with a degree in Industrial and Civil Construction.

James Campbell has been a member of the Board of Directors since April 2005. Mr. Campbell is currently the Chairman of Minara Resources Ltd. (formerly Anaconda Nickel) in Australia. Between

1999 and 2002, he was an executive director of Anglo American plc; Chairman of Anglo Coal (formerly Amcoal) and AngloBase Divisions; and a non-executive director of Anglo Platinum, AngloGold and De Beers Centenary AG. He is the acting Chairman of Highveld Steel and Vanadium Corporation. Mr. Campbell received a B.Sc. in Mathematical Physics from Queen's University, Belfast and an M.A. in Engineering Management from the University of Cambridge. Mr. Campbell is currently Chairman of the Strategy Committee.

Philippe Delaunois has been a member of the Board of Directors since January 2007. Mr. Delaunois was involved in the Belgian steel industry for 35 years, starting as a field engineer in the long products mills. Between 1981 and 1999, he held management positions and served as CEO (from 1987-1999) at Cockerill Sambre, the Belgian steel group. He was a director of several Belgian and international companies, including CFE (construction and dredging), Mobistar (cellular telephones), Cumerio (copper) and Shanks plc (waste management). Between 1990 and 1993, Mr. Delaunois served as President of Union Wallonne des Entreprises and as Honorary Consul of Austria for the Province of Hainaut and Namur. He has been awarded the Order of Leopold (Belgium) and the Chevalier de la Légion d'Honneur (France). Mr. Delaunois is currently Chairman of the Remuneration Committee.

Alexander Frolov has been a member of the Board of Directors since 2005 and was elected Evraz's CEO effective 18 January 2007. Mr. Frolov joined the Original Group in 1994, and subsequently held various positions at EvrazMetal and Evraz. Mr. Frolov served as Evraz's Chief Financial Officer from 2002 through 2004 and as Senior Executive Vice President from 2004 through April 2006, responsible for the functions of strategy and business development, finance, corporate affairs and communications, business processes, human resources, legal affairs and information technology. From May 2006 until December 2008, Mr. Frolov served as Chairman of the Board of Directors. Prior to joining Evraz, Mr. Frolov worked as a research fellow at the I.V. Kurchatov Institute of Atomic Energy. Mr. Frolov graduated from the Moscow Institute of Physics and Technology with a first-class honours degree in 1987, and he received a Ph.D. in Physics and Mathematics in 1991 from the Moscow Institute of Physics and Technology. Through an indirect interest in Lanebrook, Mr Frolov has a beneficial interest in approximately 12.05 % of the outstanding shares of Evraz. See "Principal Shareholders".

Olga Pokrovskaya has been a member of the Board of Directors since August 2006. Since July 2006, Ms. Pokrovskaya has served as head of corporate finance at Millhouse LLC. Beginning in 1997, Ms. Pokrovskaya held several key finance positions with Sibneft, including head of corporate finance. From 1991 to 1997, she worked as a senior audit manager at the accounting firm Arthur Andersen. Ms. Pokrovskaya graduated with honours from the State Financial Academy in 1991. Since January 2008, Ms. Pokrovskaya has been serving as a member of the board of directors of Highland Gold.

Terry Robinson has been a member of the Board of Directors since April 2005. Terry Robinson is a qualified chartered accountant and has 40 years international business experience. He spent 20 years at Lonrho PLC, the international mining and trading group, for the last 10 years of which he served as a main board director. Since 1998, he has been variously occupied with international business recovery engagements and investment projects including natural resources in the U.K., Russia, the CIS and Brazil. He is an independent non-executive director of Toronto listed Katanga Mining Limited, a company with copper and cobalt mining operations in the Democratic Republic of the Congo, and is also an independent and senior non-executive director of Highland Gold Mining Limited, a London AIM listed company. He is a member of the Institute of Chartered Accountants of England and Wales' non executive director special interest group. Mr. Robinson is currently Chairman of Evraz's Audit Committee and a member of Evraz's Strategy Committee.

Eugene Shvidler has been a member of the Board of Directors since August 2006. He currently serves as head of Millhouse LLC. Mr. Shvidler served as Senior Vice President of Sibneft from 1995 to 1998 and as President of Sibneft from 1998 to 2005. Prior to that, he was a member of the international

tax group at Deloitte & Touche in New York from 1992 until 1994. Mr. Shvidler is a graduate of the I. M. Gubkin Moscow Institute of Oil and Gas with a specialty in applied mathematics and received an MBA in Finance and an M.S. in International Tax from Fordham University in 1991. Since January 2008, Mr. Shvidler has been serving as a member of the board of directors of Highland Gold. Mr Shvidler has a beneficial interest in approximately 3.43 % of the outstanding shares of Evraz through an indirect interest in Lanebrook. See "Principal Shareholders".

Eugene Tenenbaum has been a member of the Board of Directors since August 2006. Mr. Tenenbaum is currently Managing Director of Millhouse Capital UK Ltd and serves on the Board of Chelsea FC Plc. He served as Head of Corporate Finance for Sibneft in Moscow from 1998 through 2001. Mr. Tenenbaum joined Salomon Brothers in 1994 as Director for Corporate Finance where he worked until 1998. Prior to that, he spent five years in Corporate Finance with KPMG in Toronto, Moscow and London, including three years (1990-1993) as National Director at KPMG International in Moscow. Mr. Tenenbaum was an accountant in the Business Advisory Group at Price Waterhouse in Toronto from 1987 until 1989. Mr. Tenenbaum is a chartered accountant and holds a bachelors degree in Commerce and Finance from the University of Toronto. Since January 2008, Mr. Tenenbaum has been serving as a member of the board of directors of Highland Gold.

Senior Management

Members of Evraz's senior management, other than its executive director, Mr. Frolov, are:

Giacomo Baizini (1970) is Vice President of Corporate Affairs and Chief Financial Officer. Mr. Baizini joined Evraz Holding in Moscow in 2005. Between 1998 and 2005, Mr. Baizini was a consultant with McKinsey's Milan and Tokyo offices. From 1994 to 1998, Mr. Baizini was a consultant with JMAC, a major Japanese consulting firm. Mr. Baizini holds a degree in physics from Oxford University.

Pavel Tatyandin (1974) is Senior Vice President, International Operations. Prior to joining Evraz in 2001, Mr. Tatyandin worked for OAO Financial Corporation Adamant. He holds a master's degree in economics from Moscow State University. Mr. Tatyandin has a beneficial interest in 29,825 shares of Evraz, represented by 89,475 GDRs.

Leonid Kachur (1961) is Senior Vice President responsible for Business Support and Interregional Relations, joining Evraz in 1993. Mr. Kachur holds a master's degree in engineering. Mr. Kachur has a beneficial interest in 305,150 shares of Evraz, represented by 915,450 GDRs.

Vladimir Bruev (1955) is Vice President of Iron Ore. Mr. Bruev joined Evraz in 2004. Prior to joining Evraz, Mr. Bruev held a variety of positions with MGOK and Sokolov-Sarbajsk GOK. Mr. Bruev graduated from the Industrial University in Kazakhstan.

Natalia Cheltsova (1974) is Vice President responsible for Legal Affairs. Ms. Cheltsova joined the Company in 2006. Prior to joining Evraz, she worked at the Russian pulp and paper major Ilim Pulp Group from 1997 through 2006, initially as Legal Advisor and from 1999 as Director, Legal Affairs. Ms. Cheltsova graduated from the Law Faculty of St. Petersburg State University with honours in 1996. She received a Ph.D. in Law from the Moscow Humanitarian University in 2005.

Igor Gaponov (1974) is Vice President of Information Technologies. He joined Evraz in 2002. Previously he worked for UNICON/MS Consulting group and Deltek Systems Inc. in McLean, USA. He graduated from Moscow State Academy of Management in 1997.

Daniel Harris (1954) is Vice President of Vanadium. Mr. Harris joined Evraz in 2007. Between 1997 and 2007, Mr. Harris held various senior management positions at Strategic Minerals Corporation. Previously, Mr. Harris worked at Union Carbide Corporation in a number of operations and management

positions. Mr. Harris graduated from the University of Nevada in 1977 with a degree in chemical engineering.

Natalia Ionova (1966) is Vice President of Human Resources. Mrs. Ionova, who joined Evraz in 2006, is responsible for HR policy and recruiting. Prior to joining Evraz, she held various supervisory positions in the HR departments of "Russian Gold" and "NDK Merkury". She graduated from the Management Faculty of the Russian State University of Physical Training, Sports and Tourism (RGUFG) in 1987. She holds a PhD degree in Psychology.

Timur Yanbukhtin (1964) is Vice President of Business Development and Strategic Planning. He joined Evraz in 2002. Prior to joining Evraz, he worked at OOO Yandex, Alfa Bank, Salomon Brothers and Pioneer Investments. Mr. Yanbukhtin received a master's degree in economics from Yale University in 1994. Mr. Yanbukhtin has a beneficial interest in 14,100 shares of Evraz, represented by 42,300 GDRs.

Alexey Ivanov (1975) is Vice President, Head of Siberia Division. He joined Evraz in 2002. Prior to his appointment as Head of Siberia Division, Mr. Ivanov held the position of Director of Controlling. In 2002 Mr. Ivanov graduated from INSEAD. He has been a member of CIMA since 2004. Mr. Ivanov holds a finance degree from the Financial Academy of the Government of the Russian Federation.

Dmitry Sotnikov (1979) is Vice President, Head of Urals Division. He joined Evraz in 2002. Prior to his appointment as Head of Urals Division, Mr. Sotnikov held the position of Deputy Vice President for Business Unit Steel and Director for Project Management. Mr. Sotnikov has a master's degree in economics from Moscow State University and a master's degree in economics from Russian Economics School. In 2006 he obtained a PhD in economics from Moscow State University.

Alexander Kuznetsov (1978) is Vice President for Strategic and Operational Planning. He joined Evraz in 2002. Prior to his appointment as Vice President for Strategic and Operational Planning, Mr. Kuznetsov held the position of Director of Strategic Planning and Investment Analysis. Mr. Kuznetsov graduated from the Moscow Institute of Physics and Technology with a first-class honours degree in 2001. He also received an M.A. in Economics from the New Economic School in 2002.

The business address of all of the Company's directors and senior managers is 1 Allée Scheffer, L2520 Luxembourg.

Corporate Governance

Evraz's main corporate governance objectives are:

- to achieve the goal of a proper balance between entrepreneurship and control, as well as between performance and compliance with the rules and standards of corporate governance;
- to facilitate performance-driven management, but also to provide mechanisms for leadership ensuring integrity and transparency in the decision-making process; and
- to encourage and enable the Board and management to pursue objectives in the best interests of Evraz, its shareholders and other stakeholders, and particularly to create long-term value for shareholders.

Evraz implements strict internal rules and procedures compliant with applicable corporate governance requirements. In 2007, Evraz launched a new set of corporate codes and internal policies.

In April 2007 the Board approved the Corporate Governance Code, the Code of Business Conduct, and the Code of Ethics, as well as the Dividend Policy, the policy governing general shareholders meetings, the policy governing the Board and the management remuneration policy later that year. These documents serve as a supplement to applicable laws and regulations and Evraz's Articles. All of these documents are available via Evraz's website.

Since Evraz's shares are not admitted to trading on the Luxembourg Stock Exchange it is not required to comply with the Ten Principles of Corporate Governance of the Luxembourg Stock Exchange (the "Ten Principles") and as a Luxembourg company Evraz is not required to comply with the UK Combined Code on Corporate Governance (the "Combined Code").

Nonetheless, other than in respect of the establishment of a nomination committee, Evraz complies in all material respects with the recommendations and guidelines of the Ten Principles. The Company does not have a nomination committee as this is not a mandatory requirement under Luxembourg law. Rather, under Evraz's policy governing the Board of Directors, the Board as a whole, including the independent non-executive directors, is responsible for considering new appointments to the Board.

Additionally, Evraz strives to comply with certain principles of the Combined Code. Accordingly, the Board includes three independent non-executive directors, although it does not have a majority of independent non-executive directors, and has established an audit committee and a remuneration committee, both of which include independent non-executive directors although a majority of the members of these committees are not independent. Further, the Chairman of the Board is not an independent director since, in contrast to the requirements of the Combined Code, it is not a requirement under either the Ten Principles or Luxembourg law that the Chairman be independent.

The Company believes that its director nomination process and the composition of its audit and remuneration committees are appropriate in light of the composition of its Board and its shareholding structure.

Members of the Board of Directors are elected by a majority vote of shareholders at the annual general meeting. Directors are elected for one-year terms as provided for by the Articles. The Directors' yearly terms expire annually on the date of the annual general meeting of shareholders and Directors are typically appointed or reappointed on the same date. Directors may be re-elected an unlimited number of times. The Board of Directors currently consists of ten members, three of whom are deemed to be independent pursuant to criteria adopted by the Board of Directors on 25 April 2007. Messrs. James Campbell, Philippe Delaunois and Terry Robinson serve on the Board of Directors pursuant to agreements. These agreements have a duration of one year and provide for identical terms for payment and level of compensation and reimbursement of certain expenses. The Company does not provide for any benefits upon termination of any directorship. The Company also provides directors and officers' liability insurance to each of its directors.

On 25 April 2005, the Board of Directors adopted a number of resolutions that establish the general parameters of the Company's procedures for the management and conduct of its business. These include:

(i) So long as the Board of Directors is able to conclude that it has "Independent Directors" (having regard to Section A.3.1 of the Combined Code on Corporate Governance, as the same may be amended from time to time, or any successor provision), it is the intention of the Board of Directors that any "transaction with a related party" by the Company or any of its consolidated subsidiaries with a value of more than €30 million, except with respect to intra-group loans, shall require the affirmative vote of a majority of such Independent Directors. For these purposes, a "transaction with a related party" is defined

by reference to Chapter 11 of the UK Listing Rules, as amended, which currently defines such a transaction as (i) a transaction (other than a transaction of a revenue nature in the ordinary course of business) between a company, or any of its subsidiary undertakings, and a related party; (ii) any arrangements pursuant to which a company, or any of its subsidiary undertakings, and a related party each invests in, or provides finance to, another undertaking or asset; or (iii) a transaction (other than a transaction of a revenue nature in the ordinary course of business) between a company, or any of its subsidiary undertakings, and any person who, or other entity which, exercises significant influence over the company. For the avoidance of doubt, any transaction between members of the group comprising the Company and its consolidated subsidiaries or any transaction between any member of such group and any other person who would be a related party only because of an interest held in that person through one or more members of such group is not considered a "transaction with a related party" pursuant to a resolution of the Board of Directors.

(ii) It is the intention of the Board of Directors to instruct consolidated subsidiaries of the Company that approval of the Board of Directors shall be required for any consolidated subsidiary of the Company to make any acquisition or disposal of assets or businesses valued at more than €30 million other than in the ordinary course of business; to undertake any borrowings from, loans to or guarantees or the granting of security in respect of the financial obligations of or obligations owed to any third party, valued at more than €30 million; and for any purchase of shares in any of the Company's consolidated subsidiaries. The Board of Directors resolved that the approval of the Board of Directors shall not be required for any transactions between members of Evraz's consolidated group.

The Articles of the Company provide that transactions with a value of up to €30 million only require the approval of the CEO.

In the Company's corporate governance code, the Board of Directors has established criteria by which to assess whether a director is an independent director, taking into consideration the character and judgement of each member of the Board of Directors. Directors are considered independent if there are no relationships or circumstances which are likely to affect, or could appear to affect, their judgement. Such relationships or circumstances include the following: (i) the director has been an employee of Evraz within the last five years; (ii) the director has, or has had within the last three years, a material business relationship with the Company either directly, or as a partner, shareholder, director or senior employee of a body that has such a relationship with the Company; (iii) the director has received or receives additional remuneration from the Company apart from a director's fee, participates in the Company's share option or a performance-related pay scheme or is a member of the Company's pension scheme; (iv) the director has close family ties with any of the Company's advisers, directors or senior employees; (v) the director holds cross-directorships or has significant links with other directors through involvement in other companies or bodies; (vi) the director represents a significant shareholder; or (vii) the director has served on the board for more than nine years from the date of such director's first election. If the Board of Directors determines that a director is independent notwithstanding the existence of such relationships or circumstances, the Board of Directors must state its reasons for doing so.

The Board of Directors may alter the foregoing procedures by passing an ordinary resolution, and the Company would expect to issue an explanatory press release if these procedures are altered in any material respect.

Remuneration Committee

The Remuneration Committee consists of Mr. Philippe Delaunois (acting as chairman), Mr. Alexander Abramov, Ms. Natalia Ionova, Mr. Eugene Tenenbaum and Mr. James Campbell, and Mr. Dmitry Melnikov has been appointed as secretary of the Remuneration Committee. The Remuneration Committee is authorised to carry out its functions as described or provided for in the Articles as well as

any other functions as may, from time to time, be delegated to it by the Board of Directors. These responsibilities include determining and coordinating with the Board the policy on remuneration of the Chairman, the executive directors, the CEO and the senior managers and carrying out performance evaluations for the purpose of setting the annual compensation of such directors and officers; making recommendations respecting long-term incentive plans, including the use of equity-based plans; and reviewing and discussing with the Board plans for development and succession planning of the CEO and the senior managers. See "The Company—Board of Directors".

Audit Committee

The Audit Committee consists of Mr. Terry Robinson (acting as chairman), Ms. Olga Pokrovskaya and Mr. John Heywood (an independent financial advisor), and Mr. Alexey Melnikov has been appointed as Secretary of the Audit Committee. The Audit Committee is authorised to carry out its functions as described or provided for in the Articles as well as any other functions as may, from time to time, be delegated to it by the Board of Directors relating to such matters as internal and external audit, financial reporting, internal control and risk management and the appointment, compensation, retention and oversight of the Company's independent auditors. See "The Company—Board of Directors". The Audit Committee recommends the auditor for approval by the Board of Directors.

Strategy Committee

The Strategy Committee consists of Mr. James Campbell (acting as chairman), Mr. Terry Robinson, Mr. Pavel Tatyatin and Mr. Timur Yanbukhtin and Mr. Ivan Osadchy has been appointed as Secretary of the Strategy Committee. The Strategy Committee is authorised to carry out its functions as described or provided for in the Articles as well as any other functions as may, from time to time, be delegated to it by the Board of Directors. These responsibilities include analysing the global market; reviewing the performance of enterprises that are members of Evraz; developing priorities with respect to investment projects; reviewing Evraz's long-term growth strategy; and reviewing the standardisation of equipment operations in mining sectors and the technical development of management and training. See "The Company—Board of Directors".

Evraz Ukraine Committee

The Evraz Ukraine Committee consists of Mr Igor Kolomoysky (acting as chairman), Mr Alexander Frolov and Mr Eugene Shvidler and Mr Dmitry Melnikov has been appointed as secretary of the committee. The Evraz Ukraine Committee elaborates Evraz's strategy with respect to its assets in Ukraine and the competitiveness of its products in the Ukrainian market. It also promotes Evraz's investment goals in Ukraine, facilitates interaction between Evraz and Ukrainian officials and oversees the process of selecting financial institutions and external advisers in Ukraine.

Management of Subsidiaries

In order to achieve integrated control over the activities of its operating facilities, Evraz established EvrazHolding LLC ("EvrazHolding") and Evraz Overseas SA ("Evraz Overseas") as centralised management companies. EvrazHolding oversees management of Evraz's Russian assets; Evraz Overseas oversees management of Evraz's assets outside of Russia. EvrazHolding is consolidated into the Annual Financial Statements on the basis of a currently exercisable option agreement to acquire the shares in EvrazHolding.

In October 2008, ZSMK, NTMK, Nakhodka Sea Port and NKMK renewed the appointment of EvrazHolding as their management company, in each case for a period of three years. In March 2009, VGOK, Evrazruda and KGOK extended the appointment of EvrazHolding as their management company,

in each case until March 2011. In April 2009, EvrazEK extended the appointment of EvrazHolding as its management company until April 2010. The management contracts transfer all executive powers that are not under direct control of the relevant board of directors or shareholders' meetings to EvrazHolding.

Evraz Overseas was set up by Evraz in April 2007 and may engage in the following activities: investing in securities; conducting leasing operations; engaging in sales as well as providing services to the group's companies, including administrative services, accounting and consultation on commercial, strategic and legal issues; sale/purchase and management of property.

EvrazHolding acts as the sole executive body of each of the companies that it manages, which responsibilities include entering into transactions on behalf of each company (within the limits provided for in the legislation), operating its bank accounts (provided that management of each of the companies it manages signs the relevant payment instructions) and representing it before various state and judicial agencies. Management is exercised by an officer of EvrazHolding acting under a power of attorney. Payments received by EvrazHolding are applied fully against its operating expenses and reflected fully in the appropriate line item of Evraz's consolidated financial statements.

The Board of Directors determines the strategies to be employed by Evraz, and EvrazHolding, in turn, implements these strategies with respect to each company that it manages, subject to approval by the boards of directors of such companies. Decisions by EvrazHolding are subject to the corporate governance procedures that have been adopted by the Board of Directors, as discussed above. EvrazHolding has established standard procedures for the companies it manages, including procedures related to budgeting, the approval of investments and capital expenditures and management information systems.

Proceedings against Directors and Management

At the date of this document, no member of the Company's Board of Directors or Management for at least the last five years:

- has had any convictions in relation to offences of fraud or dishonesty;
- has held an executive function in the form of a senior manager or a member of the administrative management or supervisory bodies, of any company at the time of or preceding any bankruptcy, receivership or liquidation; or
- has been subject to any official public incrimination and/or sanction by any statutory or regulatory authority (including any designated professional body) nor has ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company.

Remuneration of Directors and Management

The aggregate amount of remuneration paid by Evraz to the Company's non-executive directors as a group during the year ended 31 December 2008 was U.S.\$1.6 million in salary. The aggregate amount of remuneration paid by Evraz to its key management personnel, including its executive director and senior management of its subsidiaries, as a group (51 individuals) during the year ended 31 December 2008 was approximately U.S.\$49.4 million in salary and bonuses. EvrazHolding paid substantially all of the remuneration awarded to the directors and senior management, except with respect to the senior management of Yuzhkuzbassugol, which does not have a management agreement with EvrazHolding.

There are no potential conflicts of interest between any duties to the Company and the private interests and/or other duties of any of the Company's directors, executive officers or senior managers.

The remuneration of the directors is determined by the general meeting of shareholders. At the annual general meeting of shareholders held on 15 May 2009, the remuneration for all directors of the Company (with the exception of Otari Arshba, who does not receive any remuneration in respect of his services) was fixed at an annual level of U.S.\$150,000. Directors who serve as a chairman or member of one or more board committees will receive additional compensation, with those serving as a chairman receiving an additional U.S.\$50,000 per year and those serving as a member receiving an additional U.S.\$24,000 per year. The Company's CEO, Alexander Frolov, will receive the same remuneration as all other directors plus a bonus, subject to the discretion of the Remuneration Committee of the Company.

Certain members of the Board of Directors and of senior management have beneficial interests in shares of the Company (see "—Directors" and "—Senior Management", above). Additionally, certain Directors and members of senior management were entitled to participate in the Company's share-based compensation schemes. As of the date of this document, all existing awards of share options to Directors and members of senior management have either vested and been exercised or have lapsed and as result none of the Directors or members of senior management currently owns any share options. See Note 24 to the Audited Consolidated Financial Statements of Evraz Group S.A. for the financial year ended 31 December 2008, incorporated by reference herein, for more information on Evraz's share based compensation schemes.

THE COMPANY

Set out below is a summary of certain information concerning the share capital of the Company, including a description of certain rights of the holders thereof, and related provisions of the articles of association of the Company, as amended (the "Articles"). This information is not exhaustive and reference should be made to the Articles and to the laws of Luxembourg.

General

Evraz was incorporated under the laws of the Grand Duchy of Luxembourg on 31 December 2004 as a *société anonyme* for an unlimited period. Copies of its constitutional documents were filed for the first time with the Luxembourg Register of Commerce and Companies on 26 January 2005 and were published in the Mémorial C Recueil des Sociétés et Associations, No. 440, dated 12 May 2005. The registered office of the Company is located at 1, Allée Scheffer, L-2520, Luxembourg, and its telephone number is +352 24 14 33 1. The Company is registered with the Luxembourg Register of Commerce and Companies under number B105615. Since the Company's incorporation, the Articles have been amended several times by general meetings of the Company's shareholders with the last amendments made on 12 August 2009.

The Company conducts its business either directly (with respect to its foreign assets) or through its wholly-owned subsidiary Mastercroft (with respect to assets located in Russia).

Objects

The Company generally may engage in any business or activity which, in the judgement of the Board of Directors, is profitable or enhances the value of the Company's undertakings in any of its properties or assets and which is consistent with the objects as set forth in Article 4 of the Articles.

This Article 4 is set out in full below:

"The company shall have as its business purpose the holding of participations, in any form whatsoever, in Luxembourg and foreign companies, the acquisition by purchase, subscription, or in any other manner as well as the transfer by sale, exchange or otherwise of stock, bonds, debentures, notes and other securities of any kind, entering into leases, including financial leases, dealing in commodities that are not securities, acquisition of assets generally, selling assets generally, giving security, giving and receiving indemnities and security.

The company may participate in the establishment and development of any financial, industrial or commercial enterprises, including trusts and unincorporated associations, and may render any assistance by way of loans, guarantees, security or otherwise to subsidiaries, affiliated companies or parent companies. The company may borrow in any form and proceed to the issuance of bonds.

The company may carry on any business or activity whatsoever which may seem to the Board of Directors capable of being advantageously carried on in connection or in conjunction with or as ancillary to any of the foregoing or activities which the Board of Directors may consider expedient with a view to rendering profitable or enhancing directly or indirectly the value of the Company's undertaking in any of its properties or assets.

In general, it may take any controlling and supervisory measures and carry out any operation which it may deem useful in the accomplishment and development of its purpose."

Share capital

At its incorporation on 31 December 2004, the Company had a share capital of €31,000, constituting 15,500 shares, each with a par value of €2. On 5 April 2005, the general meeting of shareholders of the Company resolved to increase the share capital by €214,408,650 to € 214,439,650, by the creation and the issue of 107,204,325 additional shares. These additional shares were fully subscribed for by Crosland Global Limited and paid for by a contribution in kind of all of Crosland Global Limited's assets and all its liabilities. Following this subscription, the share capital was immediately reduced by €30,998 by the cancellation of 15,499 shares held by the Company in its portfolio. On 17 May 2005, an authorized share capital of an amount of €314,408,652 represented by 157,204,326 shares of €2.00 each was created. On 7 June 2005, the Company issued 9,700,000 additional shares in connection with its offer, listing and admission to trading of GDRs on the London Stock Exchange. Due to the exercise of share options, the Company's share capital increased by 595,280 shares in 2006 and by 810,047 shares in 2007.

As of 1 January 2008, the Company's issued and paid share capital amounted to € 236,619,306, represented by 118,309,653 shares. In 2008, the Company's share capital increased by 4,195,150 shares, all subscribed by Lanebrook Limited and paid for by a contribution in kind. As at 31 December 2008, the Company's issued and paid share capital amounted to € 245,009,606, represented by 122,504,803 shares. As of 1 January 2009, the Company's issued and paid share capital amounted to € 245,009,606, represented by 122,504,803 shares and as of 30 June 2009, the Company's issued and paid share capital amounted to €264,520,300, represented by 132,260,150 shares.

As of 13 July 2009, the Company's authorised share capital amounted to €314,408,652, represented by 157,204,376 shares with a par value of €2 per share, and its issued and paid share capital amounted to €276,641,516, represented by 138,320,758 shares with a par value of €2 per share.

As of the date of this document, the Company's authorised share capital amounts to €514,408,652, represented by 257,204,326 shares with a par value of €2 per share and its issued and paid share capital amounts to €291,914,242, represented by 145,957,121 shares with a par value of € 2 per share. The Company does not hold any treasury shares. All of the Company's share capital is fully paid up. No preferred shares are authorised or outstanding. All shares of the Company are in registered form. There are no certificates representing the shares. The Company's shares were created pursuant to the Luxembourg law of 10 August 1915 on commercial companies. The registrar is TMF Corporate Services S.A., 1, Allée Scheffer, L-2520 Luxembourg.

The share capital of the Company may be increased or reduced by resolution of the shareholders in general meeting acting in accordance with the conditions prescribed for the amendment of the Articles of Association of the Company (the "Articles"). The Board of Directors is authorised to issue further shares with or without an issue premium so as to bring the total capital of the company up to the total authorised share capital, in whole or in part, from time to time as it is in its discretion may determine, and to accept subscriptions for such shares within a period of five years as from the publication of the notarial deed of 31 July 2009 granting such power to it. The period or extent of this authority may be extended by resolution of the shareholders in general meeting from time to time, in the manner required for amendment of the Articles. The Board of Directors is authorised to determine the conditions attaching to any subscription for the new shares from time to time. The Board of Directors is also authorised to issue such shares without the shareholders having any preferential subscription rights.

Within the above limitations, the Board of Directors is also authorised to issue options giving holder of such options the right to subscribe for one or more shares having a par value of two euro (€2) each without reserving to the existing shareholders a preferential right of subscription. The Board of Directors is authorised to issue said options, in whole or in part, from time to time, with or without an issue premium, within the limit of the authorised capital. The Board of Directors is authorised to determine the conditions under which the options will be granted. The Board of Directors may subject the exercise of the options to such conditions as it in its discretion may determine, including restrictions as to disposal of the shares issued upon exercise of the option by an option holder. The Board of Directors may determine the subscription price subject to article 26-5(1) of the law on commercial companies, and the price to be paid in consideration of the option, if any.

The Company has adopted a share option plan for its non-employee directors and certain other employees.

Form and transfer of shares

The shares of the Company may be in registered or bearer form at the option of the shareholder. Ownership of registered shares is established by an entry into a register of the registered shares, which shall be maintained at the registered office of the Company.

The shares are not divisible. There are no provisions in the Articles limiting the transferability of the shares and the shares are, therefore, freely transferable.

In accordance with Luxembourg law, registered shares are transferred by a declaration of transfer into the register of registered shares. Bearer shares are transferred by delivery of the share certificate.

Repurchase by the Company of its own shares

According to Luxembourg law the Company and its subsidiaries may acquire the Company's own shares subject to the following conditions:

- authorisation given by the general meeting of shareholders, which shall determine the terms and conditions of the proposed acquisition and in particular the maximum number of shares to be acquired, the duration of the period for which the authorisation is given and which may not exceed five years and, in case of acquisition for value, the maximum and the minimum consideration;
- the acquisition, including shares previously acquired by the Company and held by it in its portfolio as well as shares acquired by a person acting in its own name but on behalf of the Company must not have the effect of reducing the net assets below the aggregate of the subscribed capital and the reserves which may not be distributed under law or the Articles of Association;
- only fully paid-up shares may be included in the transaction.

The extraordinary general meeting held on 31 July 2009 authorised the Company and its subsidiaries to repurchase shares or GDRs representing up to 10% of the issued shares in the Company, at a price being no less than €1 per share and no more than, in the case of GDRs, 125% of the reference price of the GDRs on the London Stock Exchange. The reference price will be deemed to be the average of the final listing prices per GDR on the London Stock Exchange during 30 consecutive days on which the relevant stock exchange is open for trading preceding the three trading days prior to the date of purchase (the "Maximum GDR Price") and, in the case of shares, the Maximum GDR Price multiplied by

the number of GDRs (currently 3) representing one share, and on such terms as shall be determined by the board of directors of the Company, provided such purchase, acquisition or receipt is in conformity with Article 49-2 of the Luxembourg law of 10 August 1915 on commercial companies, as amended and with applicable laws and regulations, such authorisation being granted for a period ending on the fifth anniversary of the date of this extraordinary general meeting.

General meeting of shareholders

The general meetings of shareholders shall be held in the place specified in the convening notice. According to Article 15 of the Articles, the annual general meeting of shareholders is to be held on 20 June in each year (or where such day is a legal holiday on the next following business day) at twelve noon.

The annual general meeting of shareholders shall hear the reports of the Board of Directors and of the auditor(s) on the annual accounts and the consolidated accounts and shall discuss these accounts. After adoption of the annual accounts the annual general meeting shall vote specifically as to whether discharge is given to the directors and statutory auditor(s). Such discharge shall be valid only if the balance sheet contains no omission or false information concealing the true situation of the Company and, with regard to any acts carried out which fall outside the scope of the Articles, if they have been specifically indicated in the convening notice.

The Board of Directors as well as the statutory auditor(s) may convene general meetings. They shall be obliged to convene a general meeting to be held within one month where shareholders representing one-tenth of the corporate capital request it.

The Board of Directors may adjourn any meeting while in session for up to four weeks. It must do so at the request of shareholders holding at least 20% of the share capital. Any adjournment will annul any decisions taken at such meeting.

Convening notices for every general meeting of shareholders should contain the agenda and should take the form of announcements published twice, with a minimum interval of eight days, and at least eight days before the meeting, in the "Mémorial, Recueil des Sociétés et Associations" (the "Mémorial") and in a Luxembourg newspaper. Notice by mail should be sent a minimum of eight days before the meeting to registered shareholders. Where all the shares are in registered form, the convening notice may be issued only by registered letter.

Under Luxembourg Company Law one or more shareholders holding at least 10% of the subscribed capital may request that one or more additional items be put on the agenda of any general meeting of shareholders. Such request shall be sent to the registered office by registered mail, at last five days prior to the meeting.

In addition, the corporate governance code of the Company provides that any shareholder holding at least 5% of the share capital may suggest items to the Board of Directors for the agenda of the annual general meeting. Such suggestions should reach the Board of Directors at least two months prior to the meeting.

Shareholders are entitled to vote in person or by proxy. There are no conditions for admission to a general meeting of shareholders other than proof of identity and being a shareholder of record or duly appointed corporate representative or the holder of a duly executed proxy.

Voting rights

Each share confers the right to cast one vote at the general meeting of shareholders. There are no restrictions, either under Luxembourg law or in the Articles, on the right of non-residents of Luxembourg

or foreign owners to hold or vote the shares, other than those also imposed on residents. Depending on their subject matter, resolutions are passed by a simple or qualified majority.

Financial statements and the statutory auditor

According to Article 14 of the Articles, the financial year of the Company coincides with the calendar year. In accordance with Luxembourg law, the Company is obliged to publish its accounts on an annual basis following the requisite holding of the annual meeting of shareholders.

The Company will be supervised by one or several statutory auditor(s). The statutory auditor(s) are appointed by the general meeting of shareholders which will fix their number and their term of office, which may not exceed six years. The Company has one statutory auditor, Ernst & Young S.A., with registered office at 7, Parc d'Activité Syrdall, L-5365, Munsbach, registered with the Registry of Commerce in Luxembourg under number B47771. The mandate of the statutory auditor will expire immediately after the annual general meeting to be held in 2010. The Company also publishes consolidated financial statements which are subject to an audit by an independent auditor appointed by the general meeting of shareholders.

Each year at least 5% of the net profits shall be allocated to a special reserve; this allocation ceases to be compulsory when the reserve has reached an amount equal to one-tenth of the corporate capital, but again becomes compulsory if the reserve falls below this amount. The balance of the net profit is at the discretion of the general meeting of shareholders. The Board of Directors may, subject to certain legal restrictions, authorise the payment of interim dividends. See "—Dividends".

Amendment of Articles

An extraordinary general meeting of shareholders may amend the Articles of Association of the Company. This meeting may only validly deliberate where at least half of the corporate capital is present or represented and the agenda indicates the proposed amendments to the Articles and where applicable, the text of those which concern the objects or the form of the Company. If the deliberation quorum is not met a second meeting may be convened by publishing two notices in the *Mémorial* and in two Luxembourg newspapers, with a minimum interval of 15 days between notice publications, at least 15 days before the meeting. The second meeting may deliberate validly regardless of the proportion of the capital present or represented. Resolutions, in order to be adopted, must be approved by two-thirds of the votes validly cast. However the nationality of the Company may only be changed or the commitments of its shareholders increased only with the unanimous consent of all shareholders and bondholders.

Liquidation

A resolution to liquidate the Company may only occur pursuant to a resolution adopted by the general meeting of shareholders in accordance with the conditions set forth for amendment of the Articles. If the Company is dissolved, the liquidation will be carried out by one or more liquidators, who may be either physical or legal persons, appointed by the general meeting of shareholders. The general meeting of shareholders will also specify the powers and remuneration of the liquidators. After all of the debts and liabilities of the Company have been paid and any future debts and liabilities provided for, the balance is payable to shareholders in proportion to their shareholdings.

Board of directors

Pursuant to the Articles, the Board of Directors is vested with the broadest powers to perform all acts of administration and disposition in compliance with the corporate objects of the Company. All powers not expressly reserved by Luxembourg law or by the Articles to the general meeting of

shareholders fall within the remit of the Board of Directors. The Board of Directors may, subject to certain legal restrictions, authorise the payment of interim dividends. See "—Dividends".

The Board of Directors shall consist of seven to ten members, as may be determined by the general meeting of shareholders. The members of the Board of Directors are elected by the general meeting of shareholders, and the general meeting of shareholders may revoke their mandate at any time. The Board of Directors may be appointed for a period not exceeding one year. In the event of a vacancy on the Board of Directors the remaining directors may fill the vacancy on a provisional basis, with the next general meeting of shareholders to make a permanent appointment.

The number, remuneration and the term of the directors are determined by the general meeting of shareholders.

Pursuant to the Article 9 of the Articles, the Company will be bound to third parties (i) in transactions whose value is less than or equal to €30,000,000 by the signature of the CEO (as defined below); (ii) in transactions whose value is greater than €30,000,000 by either (a) the signature of the CEO, provided that the Board of Directors approves such transaction and expressly authorises the CEO to sign the document, or (b) the joint signatures of two directors, provided that the Board of Directors approves such transaction and expressly authorises such directors to sign the relevant documents.

Directors may participate in a meeting of the Board of Directors by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear and speak to each other, and such participation in a meeting will constitute presence in person at the meeting.

Resolutions signed by all members of the Board of Directors will be as valid and effectual as if passed at a meeting duly convened and held. Such signatures may appear on a single document or multiple copies of an identical resolution and may be evidenced by letter, telefax or similar communication.

Committees

The Board of Directors may designate a remuneration committee, an audit committee and one or more other committees. Each committee designated by the Board of Directors consists of such number of directors as from time to time may be fixed by the Board of Directors, and may also include individuals who are not directors. The Board of Directors may also designate one or more directors as alternate members of any such committee, who may replace any absent or disqualified member or members at any meeting of such committee. Thereafter, members (and alternate members, if any) of each such committee may be designated by the Board of Directors. Any such committee may be abolished or re-designated from time to time by the Board of Directors. Each member (and each alternate member) of any such committee shall hold office until his or her successor shall have been designated or until his or her earlier death, resignation or removal.

The Board of Directors may designate a remuneration committee which shall perform such duties as may be assigned to it from time to time by the Board of Directors. These duties include a consultative role in all matters relating to the award and exercise of stock options by any member of the Board of Directors and all matters relating to the remuneration of the management and employees of the Company. The remuneration committee shall keep itself informed as to market levels of compensation and, based on its evaluations, recommends compensation levels and systems to the Board of Directors.

The Board of Directors may designate an audit committee which shall perform such duties as may be assigned to it from time to time by the Board of Directors in its terms of reference relating to such matters as the oversight of audit functions, financial reporting and internal control principles. The

committee shall have a consultative role in relation to the appointment, compensation, retention and oversight of the Company's independent auditors.

Any other committee formed by the Board of Directors, except as otherwise provided in the Articles, shall have and may exercise such powers of the Board of Directors as may be provided by resolution or resolutions of the Board of Directors.

The Board of Directors may from time to time request the members of the remuneration committee, the audit committee or any other committee to consider certain matters and report on their findings to the Board of Directors.

Any committee formed by the Board of Directors shall not have the power or authority: (a) to approve or adopt any action or matter expressly required by the applicable laws of Luxembourg to be submitted to the shareholders for approval; or (b) adopt, amend or repeal any provision of the Articles. Each committee may fix its own rules of procedure and may meet at such place (within or outside Luxembourg), at such time and upon such notice, if any, as it shall determine from time to time. Each committee may keep minutes of its proceedings and shall report such proceedings to the Board of Directors at the meeting of the Board of Directors next following any such proceedings. Except as may be otherwise provided in the resolution creating such committee, at all meetings of any committee the presence of members (or alternate members) constituting a majority of the total membership of such committee shall constitute a quorum for the transaction of business. The act of the majority of the members present at any meeting at which a quorum is present shall be the act of such committee. Any action required or permitted to be taken at any meeting of any such committee may be taken without a meeting, if all members of such committee shall consent to such action in writing and such writing or writings are filed with the minutes of the proceedings of the committee. The members of any such committee shall act only as a committee, and the individual members of such committee shall have no power as such.

Members of any committee designated by the Board of Directors may participate in a meeting of such committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this provision shall constitute presence in person at such meeting. In the event of the absence or disqualification of a member of any committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he, she or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member.

Any member (and any alternate member) of any committee may resign at any time by delivering written notice of resignation, signed by such member, to the chairman of the Board of Directors. Unless otherwise specified therein such resignation shall take effect upon delivery. Any member (and any alternate member) of any committee may be removed from his or her position as a member (or alternate member, as the case may be) of such committee at any time, either for or without cause, by resolution adopted by the Board of Directors.

If any vacancy occurs in any committee, by reason of disqualification, death, resignation, removal or otherwise, the remaining members (and any alternate members) shall continue to act, and any such vacancy may be filled by the Board of Directors.

Officers

The Board of Directors may give special powers relating to the daily management of all or part of the business of the Company to one or more proxyholders (*fondés de pouvoir*). Any such proxyholder

shall not be required to be a director or a shareholder. The granting of such special powers to a member of the Board of Directors is subject to the prior authorisation of a general meeting of the shareholders. The Board of Directors shall determine the scope of the powers, the conditions for withdrawal and the remuneration attached to these delegations of authority including the authority to sub-delegate. In particular the Board of Directors shall designate the following:

- (i) An "*administrateur délégué / délégué à la gestion journalière*" to whom the day-to-day management of the Company shall be entrusted and who is called the "Chief Executive Officer". The Chief Executive Officer is the primary operating officer of the Company and is responsible for the day-to-day general management of the Company's management. He shall see that all order and resolutions of the Board of Directors of the Company and of any committee established by the Board of Directors are carried into effect and shall perform all those duties incidental to the office of Chief Executive Officer as may be from time to time, prescribed by the Board of Directors.
- (ii) A "Chief Financial Officer" who shall (a) provide for the custody of the funds or other property of the Company and shall keep a separate book account of the same to the credit of the Company; (b) collect and receive or provide for the collection and receipt of moneys earned by or in any manner due or received by the Company; (c) deposit all funds in his or her custody as Chief Financial Officer in such banks or places of deposit as the Board of Directors may from time to time designate; (d) whenever so required by the Board of Directors, render an account showing his or her transactions as Chief Financial Officer and the financial condition of the Company; and (e) in general discharge such other duties as may from time to time be assigned by the Board of Directors.

The Board of Directors has all powers to create new positions as it may from time to time deem appropriate.

Dividends

The payment of dividends is subject to compliance with the Luxembourg Companies Act and the Articles. Annual dividends may only be paid out of profits or retained earnings as shown in the adopted annual statutory financial statements. The profits must first be used to set up and maintain the legal reserve required by Article 72 of the Luxembourg Companies Act and must then be set off against certain financial losses. Thereafter, the General Meeting may determine to withhold profits as further reserves. In so far as any profits have not been allocated to reserves, they form part of the freely distributable reserves, which the General Meeting may elect to pay out in the form of a dividend.

No distribution can be made when, at the close of the preceding financial year, the net assets are, or after such distribution would fall, below the sum of the subscribed capital plus unavailable (i.e., non-distributable) reserves such as the legal reserve.

The Luxembourg Companies Act provides that an interim dividend may be paid provided that the articles of association authorise the board of directors to do so, which the Articles do. In addition, the Luxembourg Companies Act provides that any such payment shall be subject to the following conditions:

1. Interim accounts must be drawn up and show that sufficient funds are for distribution.
2. The amount to be distributed may not exceed the profits made since the end of the last financial year for which the annual accounts have been approved, plus any profits carried forward and

sums withdrawn from reserves available for this purpose, less losses carried forward and any sums to be allocated to a reserve pursuant to the law or the articles of association.

3. The decision of the board of directors to pay an interim dividend may not be taken more than two months after the date of the relevant interim accounts, and no decision with respect to the payment of an interim dividend may be made less than six months after the end of the preceding financial year or before the approval of the annual accounts relating to such financial year. If a first interim dividend has been paid, the decision to pay a second interim dividend may not be made until at least three months after the date of the decision to pay the first interim dividend.

4. The statutory or independent auditor must verify that the amount of interim dividend does not exceed the amount of distributable profits and submit a report to this effect to the board of directors.

Should interim dividend payments exceed the total amount of the annual dividend subsequently decided by the general meeting, such dividends shall, to the extent of any overpayment, be considered as an advance on the next dividend payment.

When a dividend is declared a shareholder has a right to be paid that particular dividend either on the date fixed for the payment of the dividend or, if no date is fixed, immediately after its declaration.

Article 2277 of the Luxembourg civil code provides that claims that arise on a yearly or more frequent basis, which are generally considered to include dividends, are prescribed after a period of five years. As a result, five years following the date fixed for the payment of dividends, or, if no date has been fixed, five years after the dividends have been declared, any amounts not claimed revert to the Company.

Potential mandatory offer rules

The directive of the European Parliament and of the Council of the European Union (the "Council") on takeover bids (the "Take-Over Directive") was adopted by the Council on 30 March 2004 and became effective on 20 May 2004. The Directive applies to all companies governed by the laws of a European Union member state of which all or some securities are admitted to trading on a regulated market in one or more member states. Pursuant to the Take-Over Directive, when a person, together with any persons acting in concert with such person, acquires securities in a company such that, when added to any existing holdings and the holdings of persons acting in concert with him, directly or indirectly give such persons control of that company, the person acquiring such securities is required to make a public offer to all the holders of those securities for all their holdings at an equitable price. The laws of the member state in which the company has its registered office will determine what percentage of the voting rights in that company is regarded as conferring control over the company and the method of calculation of such percentage. Under the Luxembourg law of 19 May 2006 implementing the Take-Over Directive (the "Luxembourg Takeover Law") Luxembourg determines the threshold as being 33 1/3% of the voting rights attached to issued shares.

Significant ownership of Shares

Although the Company is required by LR 18.4.7 R of the FSA's Listing Rules to consider its own obligations under DTR 5 (Votesholder and Issuer Notification Rules), because the underlying shares are not admitted to trading on a regulated market in the EEA, no obligation is imposed under the laws of Luxembourg or under the FSA's Disclosure and Transparency Rules (to the extent applicable to the Company) on holders of shares or GDRs to notify the Company of their holdings in the Company.

TERMS AND CONDITIONS OF THE BONDS

The following, subject to amendment, and save for the paragraphs in italics, is the text of the Terms and Conditions of the Bonds.

The issue of U.S.\$650,000,000 7.25 per cent. Convertible Bonds due 2014 (the "**Bonds**", which expression shall, unless otherwise indicated, include any Optional Bonds (as defined below) and any Further Bonds (as defined below)) was (save in respect of any Further Bonds) authorised by a resolution of the board of directors of Evraz Group S.A. (the "**Issuer**") passed on 22 June 2009. The Bonds are constituted by a trust deed dated 13 July 2009 (the "**Trust Deed**") between the Issuer and BNY Corporate Trustee Services Limited (the "**Trustee**", which expression shall include any person or persons for the time being appointed as the trustee or trustees under the Trust Deed) as trustee for the holders (as defined below) of the Bonds. The statements set out in these Terms and Conditions (the "**Conditions**") are summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bonds. The Bondholders (as defined below) are entitled to the benefit of, and are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and those provisions applicable to them which are contained in the Paying, Transfer and Conversion Agency Agreement dated 13 July 2009 (the "**Agency Agreement**") relating to the Bonds between the Issuer, the Trustee and The Bank of New York Mellon (the "**Principal Paying, Transfer and Conversion Agent**", which expression shall include any successor as Principal Paying, Transfer and Conversion Agent under the Agency Agreement), the Paying, Transfer and Conversion Agents for the time being (such persons, together with the Principal Paying, Transfer and Conversion Agent, being referred to below as the "**Paying, Transfer and Conversion Agents**", which expression shall include their successors as Paying, Transfer and Conversion Agents under the Agency Agreement) and The Bank of New York (Luxembourg) S.A. in its capacity as registrar (the "**Registrar**", which expression shall include any successor as registrar under the Agency Agreement). Copies of the Trust Deed and the Agency Agreement are available for inspection at the office of the Trustee at One Canada Square, London E14 5AL, and at the specified offices of the Paying, Transfer and Conversion Agents and the Registrar. The Registrar's registered office is at Aerogolf Center, 7A Hoehenhof, L-1736 Senningerberg, Luxembourg.

The Issuer is a corporation incorporated with limited liability in the Grand-Duchy of Luxembourg as a *société anonyme* registered with the Register of Commerce and Companies under number B 105615. Its registered office is at 1, Allée Scheffer, L-2520, Grand-Duchy of Luxembourg.

Capitalised terms used but not defined in these Conditions shall have the meanings attributed to them in the Trust Deed unless the context otherwise requires or unless otherwise stated.

1. **Form, Denomination, Title and Status**

(a) *Form and Denomination*

The Bonds are in registered form, serially numbered, in principal amounts of U.S.\$100,000 each and integral multiples thereof ("**authorised denominations**").

(b) *Title*

Title to the Bonds will pass by transfer and registration as described in Condition 4. The holder (as defined below) of any Bond will (except as otherwise required by law or as ordered by a court of competent jurisdiction) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it or its theft or loss (or that of the related certificate, as applicable) or

anything written on it or the certificate representing it (other than a duly executed transfer thereof) and no person will be liable for so treating the holder.

(c) *Status*

The Bonds constitute direct, unconditional, unsubordinated and (subject to Condition 2) unsecured obligations of the Issuer ranking *pari passu* and rateably, without any preference among themselves, and equally with all other existing and future unsecured and unsubordinated obligations of the Issuer save for such obligations that may be preferred by provisions of law that are mandatory and of general application.

2. **Negative Pledge**

So long as any of the Bonds remains outstanding (as defined in the Trust Deed), the Issuer will ensure that no Relevant Indebtedness (as defined below) of the Issuer or any of its Material Subsidiaries, and no guarantee or indemnity by the Issuer or any of its Material Subsidiaries of any Relevant Indebtedness of any other person, will be secured by any mortgage, charge, lien, pledge or other security interest (each a "**Security Interest**") upon, or with respect to, all or any of the present or future business, undertaking, assets or revenues (including any uncalled capital) of the Issuer or any of its Material Subsidiaries (other than a Permitted Security Interest) unless the Issuer shall, before or at the same time as the creation of the relevant Security Interest, take any and all action necessary to ensure that:

- (i) all amounts payable by it under the Bonds and the Trust Deed are secured by such Security Interest equally and rateably with the Relevant Indebtedness or guarantee or indemnity, as the case may be, to the satisfaction of the Trustee; or
- (ii) such other Security Interest or guarantee or indemnity or other arrangement (whether or not including the giving of a Security Interest) is provided either (A) as the Trustee shall in its absolute discretion deem not materially less beneficial to the interests of the Bondholders or (B) as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders,

save that a Material Subsidiary of the Issuer may have outstanding a Security Interest in respect of Relevant Indebtedness and/or guarantees or indemnities given by it in respect of Relevant Indebtedness of any other person (without the obligation to provide a Security Interest or guarantee or indemnity or other arrangement in respect of the Bonds and the Trust Deed as aforesaid) where such Security Interest is in respect of a company or other entity becoming a Subsidiary of the Issuer after 13 July 2009 and where such Security Interest exists at the time that company or other entity becomes a Subsidiary of the Issuer (provided that such Security Interest was not created or assumed in contemplation of such company or other entity becoming a Subsidiary of the Issuer and that the principal amount of such Relevant Indebtedness is not subsequently increased).

"**Permitted Security Interest**" means any Security Interest granted in respect of any Project Financing, provided that the Security Interest is solely on the property, income, assets or revenues of the project for which the financing was incurred provided that (i) the recourse of the holder of the Relevant Indebtedness in question is limited solely to the property, income, assets or revenues subject to such Security Interest, and (ii) no such Security Interest shall extend to any other property, income, assets or revenues of the Issuer or the relevant Material Subsidiary.

"Project Financing" means any financing of all or part of the costs of the acquisition, construction, development or operation of any asset or project if the person or persons providing such financing limits its recourse solely to the asset or project financed and the revenues derived from such asset or project.

"Relevant Indebtedness" means any present or future indebtedness (whether being principal, interest or other amounts) in the form of or evidenced by notes, bonds, debentures, loan stock or other similar instruments, whether issued for cash or in whole or in part for a consideration other than cash, and which are, or are capable of being, quoted, listed or ordinarily dealt in or traded on any stock exchange, over-the-counter or other securities market.

3. Definitions

In these Conditions, unless otherwise provided:

"Additional Ordinary Shares" has the meaning provided in Condition 6(c).

"Additional GDRs" has the meaning provided in Condition 6(c).

"Affiliate" of any specified person means any other person, directly or indirectly controlling, controlled by, or under direct or indirect common control with, such specified person. For purposes of this definition, "control" (including, with correlative meanings, the terms "controlling", "controlled by" and "under common control with"), as applied to any person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such person, whether through the ownership of voting securities, by contract or otherwise; provided that beneficial ownership of 20 per cent. or more of the Capital Stock with voting power of a person shall be deemed to be control.

"Bondholder" and **"holder"** mean the person in whose name a Bond is registered in the Register (as defined in Condition 4(a)).

"business day" means, in relation to any place, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are generally open for business in that place.

"Capital Stock" means, with respect to any person, any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents (however designated, whether voting or nonvoting) of such person's equity, including any preferred stock of such person and depositary receipts representing such equity, whether now outstanding or issued after the Closing Date, including without limitation, all series and classes of such Capital Stock but excluding any debt securities convertible into such Capital Stock.

"Clearstream, Luxembourg" means Clearstream Banking, *société anonyme*.

"Closing Date" means 13 July 2009.

"Control" means the holding, ownership, acquisition or control of, or the right to acquire, hold, own or control, more than 50 per cent. of the Voting Stock of the relevant entity and "controlled" shall be construed accordingly.

"Conversion Commencement Date" means 11 September 2009.

"Conversion Date" has the meaning provided in Condition 6(h).

"**Conversion Notice**" has the meaning provided in Condition 6(h).

"**Conversion Period**" has the meaning provided in Condition 6(a).

"**Conversion Price**" has the meaning provided in Condition 6(a).

"**Conversion Right**" has the meaning provided in Condition 6(a).

"**Current Market Price**" means, in respect of an Ordinary Share at a particular date, the average of the daily Volume Weighted Average Price of a GDR (divided by the number of Ordinary Shares represented by a GDR on the relevant dealing day) on each of the five consecutive dealing days ending on the dealing day immediately preceding such date; provided that if at any time during the said five-dealing-day period the Volume Weighted Average Price shall have been based on a price ex-Dividend (or ex- any other entitlement) and during some other part of that period the Volume Weighted Average Price shall have been based on a price cum-Dividend (or cum- any other entitlement), then:

- (a) if the Ordinary Shares to be issued or transferred and delivered do not rank for the Dividend (or entitlement) in question, the Volume Weighted Average Price on the dealing days on which the Ordinary Shares shall have been based on a price cum-Dividend (or cum- any other entitlement) shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of any such Dividend or entitlement per Ordinary Share as at the date of first public announcement of such Dividend (or entitlement) in any such case, determined on a gross basis and disregarding any withholding or deduction required to be made on account of tax and disregarding any associated tax credit or
- (b) if the Ordinary Shares to be issued or transferred and delivered do rank for the Dividend (or entitlement) in question, the Volume Weighted Average Price on the dealing days on which the Ordinary Shares shall have been based on a price ex-Dividend (or ex- any other entitlement) shall for the purpose of this definition be deemed to be the amount thereof increased by an amount equal to the Fair Market Value of any such Dividend or entitlement per Ordinary Share as at the date of first public announcement of such Dividend (or entitlement) in any such case, determined on a gross basis and disregarding any withholding or deduction required to be made on account of tax and disregarding any associated tax credit,

and provided further that if on each of the said five dealing days the Volume Weighted Average Price shall have been based on a price cum-Dividend (or cum- any other entitlement) in respect of a Dividend (or other entitlement) which has been declared or announced but the Ordinary Shares to be issued or transferred and delivered do not rank for that Dividend (or other entitlement) the Volume Weighted Average Price on each of such dates shall for the purposes of this definition be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of any such Dividend or entitlement per Ordinary Share as at the date of the first public announcement of such Dividend or entitlement in any such case, determined on a gross basis and disregarding any withholding or deduction required to be made on account of tax and disregarding any associated tax credit,

and provided further that, if the Volume Weighted Average Price of an Ordinary Share is not available on one or more of the said five dealing days (disregarding for this purpose the proviso to the definition of Volume Weighted Average Price), then the average of such Volume Weighted Average Prices which are available in that five-dealing-day period shall be used (subject to a

minimum of two such prices) and if only one, or no, such Volume Weighted Average Price is available in the relevant period the Current Market Price shall be determined in good faith by an Independent Financial Adviser.

"Custodian" means BNY (Nominees) Limited, or its successor from time to time as Custodian pursuant to the Deposit Agreement.

"dealing day" means a day on which the Relevant Stock Exchange or relevant market is open for business and on which the GDRs, Securities or Spin-Off Securities (as the case may be) may be dealt in (other than a day on which the Relevant Stock Exchange or relevant market is scheduled to or does close prior to its regular weekday closing time).

"Depositary" means The Bank of New York Mellon, or its successor from time to time as Depositary pursuant to the Deposit Agreement.

"Deposit Agreement" means the deposit agreement dated 7 June 2005 between the Depositary and the Issuer, as amended, supplemented and/or replaced from time to time.

"Dividend" means any dividend or distribution to Shareholders (including a Spin-Off) whether of cash, assets or other property, and however described and whether payable out of share premium account, profits, retained earnings or any other capital or revenue reserve or account, and including a distribution or payment to holders upon or in connection with a reduction of capital (and for these purposes a distribution of assets includes without limitation an issue of Ordinary Shares, GDRs or other Securities credited as fully or partly paid up by way of capitalisation of profits or reserves), provided that:

- (a) where a Dividend in cash is announced which is to be, or may at the election of a Shareholder or Shareholders be, satisfied by the issue or delivery of Ordinary Shares or other property or assets, or where a capitalisation of profits or reserves is announced which is to be, or may at the election of a Shareholder or Shareholders be, satisfied by the payment of cash, then the Dividend in question shall be treated as a Cash Dividend of the greater of an amount equal to (i) such cash amount and (ii) the Current Market Price of such Ordinary Shares or, as the case may be, Fair Market Value of such other property or assets (as at the date of the first public announcement of such Dividend or capitalisation (as the case may be) or if later, the date on which the number of Ordinary Shares (or amount of property or assets, as the case may be) which may be issued or transferred and delivered is determined);
- (b) any issue of Ordinary Shares falling within Condition 6(b)(ii) shall be disregarded;
- (c) a purchase or redemption or buy back of Ordinary Shares or GDRs by the Issuer or any of its Subsidiaries shall not constitute a Dividend unless, the weighted average price per Ordinary Share or GDR (before expenses) on any one day (a **"Specified Share Day"**) in respect of such purchases or redemptions or buy backs (translated, if not in the Relevant Currency, into the Relevant Currency at the Prevailing Rate on such day) exceeds by more than 5 per cent. the average of the closing prices of the Ordinary Shares or GDRs, as the case may be, on the Relevant Stock Exchange (as published by or derived from the Relevant Stock Exchange) on the five dealing days immediately preceding the Specified Share Day or, where an announcement (excluding, for the avoidance of doubt for these purposes, any general authority for such purchases, redemptions or buy backs approved by a general meeting of Shareholders or any notice convening such a meeting of Shareholders) has been made of the intention to purchase, redeem or buy back Ordinary

Shares or GDRs at some future date at a specified price, on the five dealing days immediately preceding the date of such announcement, in which case such purchase, redemption or buy back shall be deemed to constitute a Dividend in the Relevant Currency to the extent that the aggregate price paid (before expenses) in respect of such Ordinary Shares or GDRs, as the case may be, purchased, redeemed or bought back by the Issuer or, as the case may be, any of its Subsidiaries (translated where appropriate into the Relevant Currency as provided above) exceeds the product of (i) 105 per cent. of the average closing price of the Ordinary Shares or GDRs, as the case may be, determined as aforesaid and (ii) the number of Ordinary Shares or GDRs, as the case may be, so purchased, redeemed or bought back (and for the purpose of this paragraph (c), the closing price of an Ordinary Share on any day shall be the closing price of a GDR on such day on the Relevant Stock Exchange (as published by or derived from the Relevant Stock Exchange), divided by the number of Ordinary Shares represented by an GDR on such day); and

- (d) if the Issuer or any of its Subsidiaries shall purchase, redeem or buy back any depositary or other receipts or certificates representing Ordinary Shares (other than GDRs), the provisions of paragraph (c) shall be applied in respect thereof in such manner and with such modifications (if any) as shall be determined in good faith by an Independent Financial Adviser.

"EEA Regulated Market" means a regulated market as defined in Article 4.1(14) of Directive 2004/39/EC of the European Parliament and of the Council on Markets in financial instruments.

"equity share capital" means, in relation to any entity, its issued share capital excluding any part of that capital which, neither as respects dividends nor as respects capital, carries any right to participate beyond a specific amount in a distribution.

"Euroclear" means "Euroclear Bank S.A./N.V."

"Event of Default" has the meaning provided in Condition 10.

"Evraz" means the Issuer and its direct and indirect consolidated Subsidiaries.

"Excepted Person" means any and all of (i) Lanebrook Limited; (ii) any persons or persons acting together directly or indirectly beneficially owning Capital Stock of Lanebrook Limited; (iii) the legal representatives of any of the foregoing and the trustees of bona fide trusts of which all or any of the foregoing are the only beneficiaries; or (iv) any entity controlled by of any of the foregoing persons.

"Fair Market Value" means, with respect to any property on any date, the fair market value of that property as determined in good faith by an Independent Financial Adviser provided that (i) the Fair Market Value of a Cash Dividend shall be the amount of such Cash Dividend; (ii) the Fair Market Value of any other cash amount shall be the amount of such cash; (iii) where Securities, Spin-Off Securities, options, warrants or other rights are publicly traded in a market of adequate liquidity (as determined by an Independent Financial Adviser), the Fair Market Value (a) of such Securities or Spin-Off Securities shall equal the arithmetic mean of the daily Volume Weighted Average Prices of such Securities or Spin-Off Securities and (b) of such options, warrants or other rights shall equal the arithmetic mean of the daily closing prices of such options, warrants or other rights, in the case of both (a) and (b) during the period of five dealing days on the relevant market commencing on such date (or, if later, the first such dealing day such Securities, Spin-Off Securities, options, warrants or other rights are publicly traded) or such

shorter period as such Securities, Spin-Off Securities, options, warrants or other rights are publicly traded; (iv) where Securities, Spin-Off Securities, options, warrants or other rights are not publicly traded (as aforesaid), the Fair Market Value of such Securities, Spin-Off Securities, options, warrants or other rights shall be determined in good faith by an Independent Financial Adviser, on the basis of a commonly accepted market valuation method and taking account of such factors as it considers appropriate, including the market price per GDR, the dividend yield of an Ordinary Share, the volatility of such market price, prevailing interest rates and the terms of such Securities, Spin-Off Securities, options, warrants or other rights, including as to the expiry date and exercise price (if any) thereof. Such amounts shall in the case of (i), be translated into the Relevant Currency (if declared or paid or payable in a currency other than the Relevant Currency) at the rate of exchange used to determine the amount payable to Shareholders who were paid or are to be paid or are entitled to be paid the Cash Dividend in the Relevant Currency; and in any other case, shall be translated into the Relevant Currency (if expressed in a currency other than the Relevant Currency) at the Prevailing Rate on that date. In addition, in the case of (i) and (ii), the Fair Market Value shall be determined on a gross basis and any withholding or deduction required to be made on account of tax and any associated tax credit shall be disregarded.

"Final Maturity Date" means 13 July 2014.

"Free Float" means the aggregate holding of GDRs by holders that own (together with any other person or persons with whom they act in concert) GDRs representing less than 5 per cent. of the total number of issued ordinary shares, as determined by the Independent Financial Adviser acting reasonably and in good faith, in consultation with the Issuer.

"Further Bonds" means any further Bonds issued pursuant to Condition 18 and consolidated and forming a single series with the then outstanding Bonds.

"GDRs" means a Regulation S GDR (as defined in the Deposit Agreement) issued by the Depositary under the Regulation S Facility (as defined in the Deposit Agreement) pursuant to the Deposit Agreement and representing an Ordinary Share or Ordinary Shares (or a fraction of an Ordinary Share) from time to time, with each GDR representing one-third of an Ordinary Share as at the Closing Date.

"IFRS" means the International Financial Reporting Standards as in effect from time to time.

"Indebtedness" means with respect to any person at any date of determination (without duplication):

- (a) all indebtedness of such person for borrowed money;
- (b) all obligations of such person evidenced by bonds, debentures, notes or other similar instruments;
- (c) all obligations of such person in respect of letters of credit or other similar instruments (including reimbursement obligations with respect thereto);
- (d) all obligations of such person to pay the deferred and unpaid purchase price of property, assets or services, which purchase price is due more than 120 days after the earlier of the date of placing such property in service or taking delivery and title thereof or the completion of such services;

- (e) all capitalised lease obligations of such person;
- (f) all indebtedness of other persons guaranteed or indemnified by such person to the extent such Indebtedness is guaranteed or indemnified by such person;
- (g) to the extent not otherwise included in this definition, net obligations under any currency or interest rate hedging agreements; and
- (h) any amount raised under any other transaction (including, but without limitation to, any forward sale or purchase agreement) having the economic or commercial effect of a borrowing.

For the avoidance of doubt Indebtedness of any person does not include trade account payables arising solely in the ordinary course of business of such person and maturing in less than 120 days (other than promissory notes and similar obligations incurred for the purpose of a borrowing).

"Independent Financial Adviser" means an independent investment bank or financial institution of international repute appointed by the Issuer and approved in writing by the Trustee or, if the Issuer fails to make such appointment and such failure continues for a reasonable period (as determined by the Trustee in its sole discretion) and the Trustee is indemnified and/or secured and/or prefunded to its satisfaction against the costs, fees and expenses of such adviser and otherwise in connection with such appointment, appointed by the Trustee following notification to the Issuer.

"Interest Payment Date" has the meaning provided in Condition 5(a).

"Lanebrook Bonds" means U.S.\$200,000,000 aggregate principal amount of Bonds issued to Lanebrook Limited and its Affiliate on the Closing Date.

"London Stock Exchange" means the London Stock Exchange plc.

"Material Subsidiary" means at any relevant time a direct or indirect Subsidiary of the Issuer:

- (a) whose total consolidated assets represent not less than 10 per cent. of the total consolidated assets of the Issuer, or whose gross consolidated revenues represent not less than 10 per cent. of the gross consolidated revenues of the Issuer (determined by reference to the most recent publicly available annual or interim financial statements of the Issuer, prepared in accordance with IFRS and the latest financial statements of the Subsidiary of the Issuer); or
- (b) to which is transferred all or substantially all the assets and undertakings of a Subsidiary of the Issuer which immediately prior to such transfer is a Material Subsidiary.

A certificate signed by two directors of the Issuer on behalf of the Issuer or from the Auditors of the Issuer that, in their opinion a Subsidiary of the Issuer is or is not or was or was not at any particular time a Material Subsidiary shall, in the absence of manifest error, be conclusive and binding on the Trustee and the Bondholders and the Trustee shall be entitled to rely on such certificate, without liability to any person.

"Optional Bonds" means any additional Bonds issued pursuant to the option referred to in the Trust Deed to increase the principal amount of the Bonds.

"Optional Redemption Date" has the meaning provided in Condition 7(b).

"Optional Redemption Notice" has the meaning provided in Condition 7(b).

"Ordinary Shares" means fully paid ordinary shares in the capital of the Issuer currently with a par value of €2 each.

a **"person"** includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, government, state or agency of a state or political subdivision thereof (in each case whether or not being a separate entity).

"Prevailing Rate" means, in respect of any currencies on any day, the spot rate of exchange between the relevant currencies prevailing as at or about 12 noon (London time) on that date as appearing on or derived from the Relevant Page or if such a rate cannot be determined at such time, the rate prevailing as at or about 12 noon (London time) on the immediately preceding day on which such rate can be so determined.

"Record Date" has the meaning provided in Condition 8(c).

"Reference Date" means, in relation to a Retroactive Adjustment, the date as of which the relevant Retroactive Adjustment takes effect or, in any such case, if that is not a dealing day, the next following dealing day.

"Register" has the meaning provided in Condition 4(a).

"Relevant Currency" means U.S. dollars or, if at the relevant time or for the purposes of the relevant calculation or determination, the EEA Regulated Market of the London Stock Exchange is not the Relevant Stock Exchange, the currency in which the GDRs are quoted or dealt in on the Relevant Stock Exchange at such time.

"Relevant Date" means, in respect of any Bond, whichever is the later of (i) the date on which payment in respect of it first becomes due and (ii) if any amount of the money payable is improperly withheld or refused the date on which payment in full of the amount outstanding is made or (if earlier) the date on which notice is duly given by the Issuer to the Bondholders in accordance with Condition 17 that, upon further presentation of the Bond, where required pursuant to these Conditions, being made, such payment will be made, provided that such payment is in fact made as provided in these Conditions.

a **"Relevant Event"** shall occur if (a) any person or persons, acting together, (other than one or more Excepted Persons) acquires or acquire Control of the Issuer (for the avoidance of doubt any alteration or change in the percentage of Voting Stock in the Issuer held by any one or more Excepted Persons, shall not constitute the acquisition of Control pursuant to this paragraph (a)); or (b) for any period of at least 30 consecutive calendar days the number of ordinary shares represented by the GDRs comprising the Free Float is equal to or less than the higher of 10 per cent. of the total number of issued Ordinary Shares (including Ordinary Shares represented by outstanding GDRs) and two times the number of Ordinary Shares represented by the GDRs underlying the outstanding Bonds from time to time (excluding the Lanebrook Bonds) determined by reference to the initial Conversion Price.

"Relevant Event Notice" has the meaning provided in Condition 6(g).

"Relevant Event Period" means the period commencing on the occurrence of a Relevant Event and ending 60 calendar days following the occurrence of the Relevant Event or, if later, 60 calendar days following the date on which the Relevant Event Notice is given to Bondholders as required by Condition 6(g).

"Relevant Event Put Date" has the meaning provided in Condition 7(d)(i).

"Relevant Event Put Exercise Notice" has the meaning provided in Condition 7(d)(i).

"Relevant Page" means the relevant page on Bloomberg or such other information service provider that displays the relevant information.

"Relevant Stock Exchange" means the EEA Regulated Market of the London Stock Exchange or if at the relevant time the GDRs are not at that time listed and admitted to trading on the EEA Regulated Market of the London Stock Exchange, the principal stock exchange or securities market on which the GDRs are then listed, admitted to trading or quoted or dealt in.

"Retroactive Adjustment" has the meaning provided in Condition 6(c).

"Securities" means any securities including, without limitation, Ordinary Shares, or options, warrants or other rights to subscribe for or purchase or acquire Ordinary Shares.

"Shareholders" means the holders of Ordinary Shares.

"Specified Date" has the meaning provided in Conditions 6(b)(vii), for the purposes of that Condition only and Condition 6(b)(viii), for the purposes of that Condition only.

"Spin-Off" means:

- (a) a distribution of Spin-Off Securities by the Issuer to Shareholders as a class; or
- (b) any issue, transfer or delivery of any property or assets (including cash or shares or securities of or in or issued or allotted by any entity) by any entity (other than the Issuer) to Shareholders as a class pursuant to any arrangements with the Issuer or any of its Subsidiaries.

"Spin-Off Securities" means equity share capital of an entity other than the Issuer or options, warrants or other rights to subscribe for or purchase equity share capital of an entity other than the Issuer.

"Subsidiary" of any person means (a) any corporation more than 50 per cent. of the outstanding voting power of the Capital Stock of which is owned or controlled, directly or indirectly, by such person or by one or more other Subsidiaries of such person, or by such person and one or more other Subsidiaries thereof, (b) any limited partnership of which such person or any Affiliate of such person is a general partner, (c) any other person in which such person, or one or more other Subsidiaries of such person, or such person and one or more other Subsidiaries, directly or indirectly, has more than 50 per cent. of the outstanding partnership or similar interests or has the power, by contract or otherwise, to direct or cause the direction of the policies, management and affairs thereof or (d) any person whose financial statements are required by IFRS to be consolidated into the financial statements of such person.

"UK Listing Authority" means the Financial Services Authority in its capacity as competent authority for the purposes of the Financial Services and Markets Act 2000.

"U.S. Dollar Equivalent" means with respect to any amount denominated in a currency other than U.S. Dollars, at any time for the determination thereof, the amount of U.S. Dollars obtained by converting such other currency involved into U.S. Dollars at the spot rate for the purchase of U.S. Dollars with such other currency as most recently published under "Currency Rates" in the section of the *Financial Times* entitled "Currencies, Bonds & Interest Rates".

"U.S.\$", "United States dollars" and "dollars" means the lawful currency of the United States of America.

"Volume Weighted Average Price" means, in respect of a GDR, Security or, as the case may be, a Spin-Off Security on any dealing day, the order book volume-weighted average price of a GDR, Security or, as the case may be, a Spin-Off Security published by or derived (in the case of a GDR) from Bloomberg page VAP or (in the case of a Security (other than GDRs) or Spin-Off Security) from the principal stock exchange or securities market on which such Securities or Spin-Off Securities are then listed or quoted or dealt in, if any or, in any such case, such other source as shall be determined to be appropriate by an Independent Financial Adviser on such dealing day, provided that if on any such dealing day such price is not available or cannot otherwise be determined as provided above, the Volume Weighted Average Price of a GDR, Security or a Spin-Off Security, as the case may be, in respect of such dealing day shall be the Volume Weighted Average Price, determined as provided above, on the immediately preceding dealing day on which the same can be so determined.

"Voting Stock" means, with respect to any entity, any and all Capital Stock of such entity which affords the holder the right to vote in the election of directors, managers or trustees of such entity.

References to any act or statute or any provision of any act or statute shall be deemed also to refer to any statutory modification or re-enactment thereof or any statutory instrument, order or regulation made thereunder or under such modification or re-enactment.

References to any issue or offer or grant to Shareholders or Existing Shareholders **"as a class"** or **"by way of rights"** shall be taken to be references to an issue or offer or grant to all or substantially all Shareholders or Existing Shareholders, as the case may be, other than Shareholders or Existing Shareholders, as the case may be, to whom, by reason of the laws of any territory or requirements of any recognised regulatory body or any other stock exchange or securities market in any territory or in connection with fractional entitlements, it is determined not to make such issue or offer or grant.

In making any calculation or determination of Current Market Price or Volume Weighted Average Price, such adjustments (if any) shall be made as an Independent Financial Adviser considers appropriate to reflect any changes in the number of Ordinary Shares represented by a GDR or any consolidation or sub-division of the Ordinary Shares or any issue of Ordinary Shares by way of capitalisation of profits or reserves, or any like or similar event.

For the purposes of Conditions 6(b), (c), (h) and (i) and Condition 11 only, (a) references to the **"issue"** of Ordinary Shares shall include the transfer and/or delivery of Ordinary Shares, whether newly issued and allotted or previously existing or held by or on behalf of the Issuer or any of its Subsidiaries, and (b) Ordinary Shares held by or on behalf of the Issuer or any of its respective Subsidiaries (and which, in the case of Condition 6(b)(iv) and (vi), do not rank for the relevant right or other entitlement) shall not be considered as or treated as **"in issue"**.

References in these Conditions to listing on the London Stock Exchange (or like or similar references) shall be construed as admission to the Official List of the UK Listing Authority and

(in the case of the GDRs) admission to trading on the EEA Regulated Market of the London Stock Exchange and (in the case of the Bonds) admission to trading on the Professional Securities Market of the London Stock Exchange.

4. Registration and Transfer of Bonds

(a) *Registration*

The Issuer will cause a register (the "**Register**") to be kept at the specified office of the Registrar outside the United Kingdom on which will be entered the names and addresses of the holders of the Bonds and the particulars of the Bonds held by them and of all transfers, redemptions and conversions of Bonds.

A duplicate of the Register will be maintained at the registered office of the Issuer in Luxembourg.

(b) *Transfer*

Bonds may, subject to the terms of the Agency Agreement and to Conditions 4(c) and 4(d), be transferred in whole or in part in an authorised denomination by lodging the relevant Bond (with the form of application for transfer in respect thereof duly executed by the transferor and transferee and duly stamped where applicable) at the specified office of the Registrar or any Paying, Transfer and Conversion Agent.

No transfer of a Bond will be valid unless and until entered on the Register. A Bond may be registered only in the name of, and transferred only to, a named person (or persons, not exceeding four in number).

The Registrar will within seven business days, in the place of the specified office of the Registrar, of any duly made application for the transfer of a Bond, register the transfer in the Register and deliver a new Bond to the transferee (and, in the case of a transfer of part only of a Bond, deliver a Bond for the untransferred balance to the transferor) at the specified office of the Registrar or (at the risk and, if mailed at the request of the transferee or, as the case may be, the transferor otherwise than by ordinary mail, at the expense of the transferee or, as the case may be, the transferor) mail the Bond by uninsured mail to such address as the transferee or, as the case may be, the transferor may request.

(c) *Formalities Free of Charge*

Such transfer will be effected without charge subject to (i) the person making such application for transfer paying or procuring the payment of any taxes, duties and other governmental charges in connection therewith, (ii) the Registrar being satisfied with the documents of title and/or identity of the person making the application and (iii) such reasonable regulations as the Issuer may from time to time agree with the Registrar and the Trustee (and as initially set out in the Agency Agreement).

(d) *Closed Periods*

Neither the Issuer nor the Registrar will be required to register the transfer of any Bond (or part thereof) (i) during the period of 15 days ending on and including the day immediately prior to the Final Maturity Date or any earlier date fixed for redemption of

the Bonds pursuant to Condition 7(b); (ii) in respect of which a Conversion Notice has been delivered in accordance with Condition 6(b); (iii) in respect of which a Bondholder has exercised its right to require redemption pursuant to Condition 7(d); or (iv) during the period of 15 days ending on (and including) any Record Date in respect of any payment of interest on the Bonds.

5. Interest

(a) *Interest Rate*

The Bonds bear interest from (and including) the Closing Date at the rate of 7.25 per cent. per annum calculated by reference to the principal amount thereof and payable quarterly in arrear in equal instalments on 13 January, 13 April, 13 July and 13 October in each year (each an "**Interest Payment Date**"), commencing with the Interest Payment Date falling on 13 October 2009.

Where interest is required to be calculated for any period which is not an Interest Period, it will be calculated on the basis of a 360 day year consisting of 12 months of 30 days each, and in the case of an incomplete month, the number of days elapsed.

"**Interest Period**" means the period beginning on (and including) the Closing Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.

(b) *Accrual of Interest*

Each Bond will cease to bear interest (i) where the Conversion Right shall have been exercised by a Bondholder, from the relevant Conversion Date or (ii) where such Bond is redeemed or repaid pursuant to Condition 7 or Condition 10, from the due date for redemption or repayment thereof unless, upon due presentation thereof, payment of principal is improperly withheld or refused, in which event interest will continue to accrue at the rate specified in Condition 5(a) (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant holder, and (b) the day seven days after the Trustee or the Principal Paying, Transfer and Conversion Agent has notified Bondholders of receipt of all sums due in respect of all the Bonds up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions).

6. Conversion of Bonds

(a) *Conversion Period and Conversion Price*

Subject to and as provided in these Conditions, each Bond shall entitle the holder to convert such Bond into GDRs (a "**Conversion Right**").

The number of GDRs to be issued on exercise of a Conversion Right shall be determined by dividing the principal amount of the Bonds to be converted by the conversion price (the "**Conversion Price**") in effect on the relevant Conversion Date. The number of Ordinary Shares to be issued to the Custodian shall be determined by multiplying the

number of GDRs to be issued and delivered on exercise of the relevant Conversion Right by the number of Ordinary Shares represented by a GDR on such Conversion Date.

The initial Conversion Price is U.S.\$21.12 per GDR. The Conversion Price is subject to adjustment in the circumstances described in Condition 6(b) and the expression "**Conversion Price**" shall be construed accordingly).

A Bondholder may exercise the Conversion Right in respect of a Bond by delivering such Bond, together with a duly completed Conversion Notice, to the specified office of any Paying, Transfer and Conversion Agent in accordance with Condition 6(h) whereupon the Issuer shall (subject as provided in these Conditions) issue the relevant number of Ordinary Shares, credited as fully-paid, to the Depositary or its nominee and procure the delivery, to or as directed by the relevant Bondholder of the relevant number of GDRs, as provided in this Condition 6.

Subject to and as provided in these Conditions, the Conversion Right in respect of a Bond may be exercised, at the option of the holder thereof, at any time subject to any applicable fiscal or other laws or regulations and as hereinafter provided) from the Conversion Commencement Date to the close of business (at the place where the relevant Bond is delivered for conversion) on the date falling 7 London business days prior to the Final Maturity Date (both days inclusive) or, if such Bond is to be redeemed pursuant to Condition 7(b) prior to the Final Maturity Date, then up to the close of business (at the place aforesaid) on the 7th London business day before the date fixed for redemption thereof pursuant to Condition 7(b), unless there shall be default in making payment in respect of such Bond on such date fixed for redemption, in which event the Conversion Right shall extend up to the close of business (at the place aforesaid) on the date on which the full amount of such payment becomes available for payment and notice of such availability has been duly given in accordance with Condition 17 or, if earlier, the Final Maturity Date; provided that, in each case, if the final such date for the exercise of Conversion Rights is not a business day at the place aforesaid, then the period for exercise of Conversion Rights by Bondholders shall end on the immediately preceding business day at the place aforesaid.

Conversion Rights may not be exercised (i) following the giving of notice by the Trustee pursuant to Condition 11 or (ii) in respect of a Bond in respect of which the relevant holder has exercised its right to require the Issuer to redeem pursuant to Condition 7(d).

Conversion Rights may not be exercised by a Bondholder in circumstances where the relevant Conversion Date would fall during the period commencing on the Record Date in respect of any payment of interest on the Bonds and ending on the relevant Interest Payment Date (both days inclusive).

The period during which Conversion Rights may (subject as provided below) be exercised by a Bondholder is referred to as the "**Conversion Period**".

Conversion Rights may only be exercised in respect of the whole of an authorised denomination. Where Conversion Rights are exercised in respect of part only of a Bond, the old Bond shall be cancelled and a new Bond for the balance thereof shall be issued in lieu thereof without charge but upon payment by the holder of any taxes, duties and other governmental charges payable in connection therewith and the Registrar will within seven business days, in the place of the specified office of the Registrar, following the relevant Conversion Date deliver such new Bond to the Bondholder at the specified

office of the Registrar or (at the risk and, if mailed at the request of the Bondholder otherwise than by ordinary mail, at the expense of the Bondholder) mail the new Bond by uninsured mail to such address as the Bondholder may request.

GDRs will only be issued in respect of any exercise of Conversion Rights in such numbers as represent upon the relevant Conversion Date an integral number of Ordinary Shares. Fractions of GDRs will not be issued in any circumstances. No cash payment or other adjustment will be made in lieu of any GDRs or fractions of GDRs which are not issued or delivered as a result of the foregoing sentence. However, if the Conversion Right in respect of more than one Bond is exercised at any one time such that GDRs to be delivered on conversion or pursuant to Condition 6(c) are to be registered in the same name, the number of such GDRs to be delivered in respect thereof shall be calculated on the basis of the aggregate principal amount of such Bonds being so converted and rounded down to the nearest whole number of GDRs.

The Issuer will procure that GDRs to be issued on conversion will be issued and delivered to the holder of the Bonds completing the relevant Conversion Notice or his nominee in both book-entry form within 10 London and Luxembourg business days following the relevant Conversion Date through the facilities of Euroclear or Clearstream, Luxembourg as provided in these Conditions. The Depositary shall be entitled to rely on the instructions of the Issuer or its agent as to the number of GDRs to be issued and delivered to the relevant Bondholder or its nominee, and shall not be responsible or liable to the Trustee or Bondholders or any other persons arising as a result of relying on any such instructions.

Interest will accrue on Bonds in respect of which Conversion Rights are exercised up to (but excluding) the relevant Conversion Date and interest accrued to such date shall be payable by the Issuer by no later than 3 New York business days following the relevant Conversion Date by transfer to a U.S. dollar account maintained by the payee with a bank in New York City in accordance with instructions given by the relevant Bondholder in the relevant Conversion Notice.

(b) *Adjustment of Conversion Price*

Upon the happening of any of the events described below, the Conversion Price shall be adjusted as follows:

- (i) If and whenever there shall be a consolidation or subdivision in relation to the Ordinary Shares, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such consolidation or subdivision by the following fraction:

$$\frac{A}{B} \times \frac{C}{D}$$

where:

A is the aggregate number of Ordinary Shares in issue immediately before such consolidation or subdivision, as the case may be; and

B is the aggregate number of Ordinary Shares in issue immediately after, and as a result of, such consolidation or subdivision, as the case may

be;

- C is the number of Ordinary Shares represented by a GDR following or as a result or consequence of such consolidation or subdivision in respect of the Ordinary Shares; and
- D is the number of Ordinary Shares represented by a GDR immediately prior to such consideration or subdivision, as the case may be.

Such adjustment shall become effective on the date the consolidation or subdivision, as the case may be, takes effect.

- (ii) If and whenever the Issuer shall issue any Ordinary Shares credited as fully paid to the Shareholders by way of capitalisation of profits or reserves, including any share premium account or capital redemption reserve, (other than (1) where any such Ordinary Shares are or are to be issued instead of the whole or part of a Dividend in cash which the Shareholders would or could otherwise have elected to receive or (2) where the Shareholders may elect to receive a Dividend in cash in lieu of such Ordinary Shares), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such issue by the following fraction:

$$\frac{A}{B} \times \frac{C}{D}$$

where:

- A is the aggregate number of Ordinary Shares in issue immediately before such issue of Ordinary Shares;
- B is the aggregate number of Ordinary Shares in issue immediately after such issue of Ordinary Shares;
- C is the number of Ordinary Shares represented by a GDR following or as a result or consequence of such issue of Ordinary Shares; and
- D is the number of Ordinary Shares represented by a GDR immediately prior to such issue of Ordinary Shares.

Such adjustment shall become effective on the date of issue of such Ordinary Shares.

- (iii) If and whenever the Issuer shall pay or make any Dividend to Shareholders, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to the Effective Date by the following fraction:

$$\frac{A - B}{A}$$

where:

- A is the Current Market Price of one Ordinary Share on the Effective Date; and

B is the portion of the Fair Market Value of the aggregate Dividend attributable to one Ordinary Share, with such portion being determined by dividing the Fair Market Value of the aggregate Dividend by the number of Ordinary Shares entitled to receive the relevant Dividend (or, in the case of Dividend consisting of a purchase, redemption or buy back of Ordinary Shares, GDRs or any other depositary receipts or certificates representing Ordinary Shares by or on behalf of the Issuer or any Subsidiary of the Issuer, by the number of Ordinary Shares in issue immediately following such purchase, redemption or buy back, and treating as not being in issue any Ordinary Shares, or any Ordinary Shares represented by GDRs or other depositary receipts or certificates representing Ordinary Shares, purchased, redeemed or bought back).

Such adjustment shall become effective on the Effective Date or, if later, the first date upon which the Fair Market Value of the relevant Dividend is capable of being determined as provided herein.

"**Effective Date**" means, in respect of this paragraph (b)(iii) the first date on which the GDRs are traded on the Relevant Stock Exchange ex the entitlement corresponding to the relevant Dividend relating to the Ordinary Shares or, in the case of a purchase, redemption or buy back of Ordinary Shares, GDRs or any other depositary or receipts or certificates representing Ordinary Shares, the date on which such purchase, redemption or buy back is made or, in the case of a Spin-Off, on the first date on which the GDRs are traded ex-the relevant Spin-Off on the Relevant Stock Exchange.

For the purposes of the above, Fair Market Value shall (subject as provided in paragraph (a) of the definition of "**Dividend**" and in the definition of "**Fair Market Value**") be determined as at the Effective Date.

(iv) If and whenever the Issuer shall issue Ordinary Shares to Shareholders as a class by way of rights, or shall issue or grant to Shareholders as a class by way of rights, any options, warrants or other rights to subscribe for or purchase Ordinary Shares, or any Securities which by their terms of issue carry (directly or indirectly) rights of conversion into, or exchange or subscription for, any Ordinary Shares (or shall grant any such rights in respect of existing Securities so issued), in each case at a price per Ordinary Share which is less than 95 per cent. of the Current Market Price per Ordinary Share on the Effective Date, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to the Effective Date by the following fraction:

$$\frac{A + B}{A + C}$$

where:

A is the number of Ordinary Shares in issue on the Effective Date;
B is the number of Ordinary Shares which the aggregate consideration (if any) receivable for the Ordinary Shares issued by way of rights,

or for the Securities issued by way of rights, or for the options or warrants or other rights issued by way of rights plus the additional consideration (if any) receivable upon (and assuming) the exercise of such options, warrants or rights at the initial subscription, purchase or acquisition price, would purchase at such Current Market Price per Ordinary Share on the Effective Date; and

C is the number of Ordinary Shares to be issued or, as the case may be, the maximum number of Ordinary Shares which may be issued upon exercise of such options, warrants or rights calculated as at the date of issue of such options, warrants or rights or upon conversion or exchange or exercise of rights of subscription or purchase in respect thereof at the initial conversion, exchange, subscription or purchase price or rate.

Such adjustment shall become effective on the Effective Date.

"**Effective Date**" means, in respect of this paragraph (b)(iv), the first date on which the GDRs are traded on the Relevant Stock Exchange ex the entitlement corresponding to the relevant rights, options or warrants relating to the Ordinary Shares.

(v) If and whenever the Issuer shall issue any Securities (other than Ordinary Shares or options, warrants or other rights to subscribe for or purchase any Ordinary Shares) to Shareholders as a class by way of rights or grant to Shareholders as a class by way of rights any options, warrants or other rights to subscribe for or purchase any Securities (other than Ordinary Shares or options, warrants or other rights to subscribe for or purchase Ordinary Shares), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to the Effective Date by the following fraction:

$$\frac{A - B}{A}$$

where:

A is the Current Market Price of one Ordinary Share on the Effective Date; and

B is the Fair Market Value on the Effective Date of the portion of the rights attributable to one Ordinary Share.

Such adjustment shall become effective on the Effective Date.

"**Effective Date**" means, in respect of this paragraph (b)(v), the first date on which the GDRs are traded on the Relevant Stock Exchange ex the entitlement corresponding to the relevant Securities, option or warrants relating to the Ordinary Shares.

(vi) If and whenever the Issuer shall issue (otherwise than as mentioned in paragraph (b)(iv) above) wholly for cash or for no consideration any Ordinary Shares (other than Ordinary Shares issued on conversion of the Bonds or on the exercise of any

rights of conversion into, or exchange or subscription for or purchase of, Ordinary Shares) or issue or grant (otherwise than as mentioned in paragraph (b)(iv) above) wholly for cash or for no consideration any options, warrants or other rights to subscribe for or purchase any Ordinary Shares (other than the Bonds, which term shall for this purpose include any Optional Bonds and any Further Bonds), in each case at a price per Ordinary Share which is less than 95 per cent. of the Current Market Price per Ordinary Share on the date of the first public announcement of the terms of such issue or grant, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to the Effective Date by the following fraction:

$$\frac{A + B}{A + C}$$

where:

- A is the number of Ordinary Shares in issue immediately before the issue of such Ordinary Shares or the grant of such options, warrants or rights;
- B is the number of Ordinary Shares which the aggregate consideration (if any) receivable for the issue of such Ordinary Shares or, as the case may be, for the Ordinary Shares to be issued or otherwise made available upon the exercise of any such options, warrants or rights, would purchase at such Current Market Price per Ordinary Share; and
- C is the number of Ordinary Shares to be issued pursuant to such issue of such Ordinary Shares or, as the case may be, the maximum number of Ordinary Shares which may be issued upon exercise of such options, warrants or rights calculated as at the date of issue of such options, warrants or rights.

Such adjustment shall become effective on the Effective Date.

"Effective Date" means, in respect of this paragraph (b)(vi), the date of issue of such Ordinary Shares or, as the case may be, the grant of such options, warrants or rights.

- (vii) If and whenever the Issuer or any Subsidiary of the Issuer or (at the direction or request of or pursuant to any arrangements with the Issuer or any Subsidiary of the Issuer) any other company, person or entity (otherwise than as mentioned in paragraphs (b)(iv), (b)(v) or (b)(vi) above) shall issue wholly for cash or for no consideration any Securities (other than the Bonds, which term shall for this purpose include any Optional Bonds and exclude any Further Bonds which by their terms of issue carry (directly or indirectly) rights of conversion into, or exchange or subscription for, Ordinary Shares (or shall grant any such rights in respect of existing Securities so issued) or Securities which by their terms might be redesignated as Ordinary Shares, and the consideration per Ordinary Share receivable upon conversion, exchange, subscription or redesignation is less than 95 per cent. of the Current Market Price per Ordinary Share on the date of the first public announcement of the terms of issue of such Securities (or the terms of

such grant) the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to the Effective Date by the following fraction:

$$\frac{A + B}{A + C}$$

where:

- A is the number of Ordinary Shares in issue immediately before such issue or grant;
- B is the number of Ordinary Shares which the aggregate consideration (if any) receivable for the Ordinary Shares to be issued or otherwise made available upon conversion or exchange or upon exercise of the right of subscription attached to such Securities or, as the case may be, for the Ordinary Shares to be issued or to arise from any such redesignation would purchase at such Current Market Price per Ordinary Share; and
- C is the maximum number of Ordinary Shares to be issued or otherwise made available upon conversion or exchange of such Securities or upon the exercise of such right of subscription attached thereto at the initial conversion, exchange or subscription price or rate or, as the case may be, the maximum number of Ordinary Shares which may be issued or arise from any such redesignation;

provided that if at the time of issue of the relevant Securities or date of grant of such rights (as used in this paragraph (b)(vii), the "**Specified Date**") such number of Ordinary Shares is to be determined by reference to the application of a formula or other variable feature or the occurrence of any event at some subsequent time (which may be when such Securities are converted or exchanged or rights of subscription are exercised or, as the case may be, such Securities are redesignated or at such other time as may be provided) then for the purposes of this paragraph (b)(vii), "C" shall be determined by the application of such formula or variable feature or as if the relevant event occurs or had occurred as at the Specified Date and as if such conversion, exchange, subscription, purchase or acquisition or, as the case may be, redesignation had taken place on the Specified Date.

Such adjustment shall become effective on the Effective Date.

"**Effective Date**" means, in respect of this paragraph (b)(vii), the date of issue of such Securities or, as the case may be, the grant of such rights.

- (viii) If and whenever there shall be any modification of the rights of conversion, exchange, subscription, purchase or acquisition attaching to any such Securities (other than the Bonds, which term shall for this purpose include any Optional Bonds and any Further Bonds) as are mentioned in paragraph (b)(vii) above (other than in accordance with the terms (including terms as to adjustment) applicable to such Securities upon issue) so that following such modification the consideration per Ordinary Share receivable has been reduced and is less than 95 per cent. of the Current Market Price per Ordinary Share on the date of the first

public announcement of the proposals for such modification the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to the Effective Date by the following fraction:

$$\frac{A + B}{A + C}$$

where:

- A is the number of Ordinary Shares in issue on the dealing day immediately before such modification;
- B is the number of Ordinary Shares which the aggregate consideration (if any) receivable for the Ordinary Shares to be issued or otherwise made available upon conversion or exchange or upon exercise of the right of subscription, purchase or acquisition attached to the Securities so modified would purchase at such Current Market Price per Ordinary Share on the date of the first public announcement of the proposals for the relevant modification or, if lower, the existing conversion, exchange or subscription, purchase or acquisition price or rate of such Securities; and
- C is the maximum number of Ordinary Shares which may be issued or otherwise made available upon conversion or exchange of such Securities or upon the exercise of such rights of subscription, purchase or acquisition attached thereto at the modified conversion, exchange, subscription, purchase or acquisition price or rate but giving credit in such manner as an Independent Financial Adviser shall consider appropriate for any previous adjustment under this paragraph (b)(viii) or paragraph (b)(vii) above;

provided that if at the time of such modification (as used in this paragraph (b)(viii) the "**Specified Date**") such number of Ordinary Shares is to be determined by reference to the application of a formula or other variable feature or the occurrence of any event at some subsequent time (which may be when such Securities are converted or exchanged or rights of subscription, purchase or acquisition are exercised or at such other time as may be provided) then for the purposes of this paragraph (b)(viii), "C" shall be determined by the application of such formula or variable feature or as if the relevant event occurs or had occurred as at the Specified Date and as if such conversion, exchange subscription, purchase or acquisition had taken place on the Specified Date.

Such adjustment shall become effective on the Effective Date

"**Effective Date**" means, in respect of this paragraph (b)(viii), the date of modification of the rights of conversion, exchange or subscription, purchase or acquisition attaching to such Securities.

- (ix) If and whenever the Issuer or any Subsidiary of the Issuer or (at the direction or request of or pursuant to any arrangements with the Issuer or any Subsidiary of the Issuer) any other company, person or entity shall offer any Securities in connection with which Shareholders as a class are entitled to participate in

arrangements whereby such Securities may be acquired by them (except where the Conversion Price falls to be adjusted under paragraphs (b)(ii), (b)(iii), (b)(iv), (b)(vi) or (b)(vii) above or (b)(x) below (or would fall to be so adjusted if the relevant issue or grant was at less than 95 per cent. of the Current Market Price per Ordinary Share on the relevant dealing day) or under sub-paragraph (b)(v) above) the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before the Effective Date by the following fraction:

$$\frac{A - B}{A}$$

where:

- A is the Current Market Price of one Ordinary Share on the Effective Date; and
- B is the Fair Market Value on the Effective Date of the portion of the relevant offer attributable to one Ordinary Share.

Such adjustment shall become effective on the Effective Date.

"**Effective Date**" means, in respect of this paragraph (b)(ix), the first date on which the GDRs are traded on the Relevant Stock Exchange ex the entitlement corresponding to the relevant rights relating to the Ordinary Shares.

- (x) If a Relevant Event shall occur, then upon any exercise of Conversion Rights where the Conversion Date falls during the Relevant Event Period the Conversion Price (the "**Relevant Event Conversion Price**") shall be determined as set out below:

$$RECP = OCP / (1 + (CP \times c/t))$$

where:

- RECP = means the Relevant Event Conversion Price
- OCP = means the Conversion Price in effect on the relevant Conversion Date
- CP = means 28 per cent. (expressed as fraction)
- c = means the number of days from and including the date the Change of Control occurs to but excluding the Final Maturity Date
- t = means the number of days from and including the Closing Date to but excluding the Final Maturity Date.

- (xi) If the Issuer (after consultation with the Trustee) determines that an adjustment should be made to the Conversion Price as a result of one or more circumstances not referred to above in this paragraph (b) (even if the relevant circumstance is specifically excluded from the operation of paragraphs (b)(i) to (b)(x) above), the Issuer shall, at its own expense and acting reasonably, request an Independent Financial Adviser to determine as soon as practicable what adjustment (if any) to

the Conversion Price is fair and reasonable to take account thereof and the date on which such adjustment (if any) should take effect and upon such determination such adjustment (if any) shall be made and shall take effect in accordance with such determination, provided that an adjustment shall only be made pursuant to this paragraph (b)(xi) if such Independent Financial Adviser is so requested to make such a determination not more than 21 days after the date on which the relevant circumstance arises and if the adjustment would result in a reduction to the Conversion Price.

Notwithstanding the foregoing provisions:

- (a) where the events or circumstances giving rise to any adjustment pursuant to this paragraph (b) have already resulted or will result in an adjustment to the Conversion Price or where the events or circumstances giving rise to any adjustment arise by virtue of any other events or circumstances which have already given or will give rise to an adjustment to the Conversion Price or where more than one event which gives rise to an adjustment to the Conversion Price occurs within such a short period of time that, in the opinion of the Issuer, a modification to the operation of the adjustment provisions is required to give the intended result, such modification shall be made to the operation of the adjustment provisions as may be determined in good faith by an Independent Financial Adviser to be appropriate to give the intended result;
- (b) such modification shall be made to the operation of these Conditions as may be determined in good faith by an Independent Financial Adviser to be appropriate (i) to ensure that an adjustment to the Conversion Price or the economic effect thereof shall not be taken into account more than once and (ii) to ensure that the economic effect of a Dividend is not taken into account more than once; and
- (c) for the avoidance of doubt, the issue of Ordinary Shares pursuant to the exercise of Conversion Rights shall not result in an adjustment to the Conversion Price.

For the purpose of any calculation of the consideration receivable or price pursuant to paragraphs (b)(iv), (b)(vi), (b)(vii) and (b)(viii), the following provisions shall apply:

- (a) the aggregate consideration receivable or price for Ordinary Shares issued for cash shall be the amount of such cash;
- (b) the aggregate consideration receivable or price for Ordinary Shares to be issued or otherwise made available upon the conversion or exchange of any Securities shall be deemed to be the consideration or price received or receivable for any such Securities and (y) the aggregate consideration receivable or price for Ordinary Shares to be issued or otherwise made available upon the exercise of rights of subscription attached to any Securities or upon the exercise of any options, warrants or rights shall be deemed to be that part (which may be the whole) of the consideration or price received or receivable for such Securities or, as the case may be, for such options, warrants or rights which are attributed by the Issuer to such rights of subscription or, as the case may be, such options, warrants or rights or, if no part of such consideration or price is so attributed, the Fair Market Value of such rights of subscription or, as the case may be, such options, warrants or rights as at the relevant date of first public announcement as referred to in paragraphs (b)(vi), (b)(vii) or (b)(viii), as the case may be, plus in

the case of each of (x) and (y) above, the additional minimum consideration receivable or price (if any) upon the conversion or exchange of such Securities, or upon the exercise of such rights or subscription attached thereto or, as the case may be, upon exercise of such options, warrants or rights and (z) the consideration receivable or price per Ordinary Share upon the conversion or exchange of, or upon the exercise of such rights of subscription attached to, such Securities or, as the case may be, upon the exercise of such options, warrants or rights shall be the aggregate consideration or price referred to in (x) or (y) above (as the case may be) divided by the number of Ordinary Shares to be issued upon such conversion or exchange or exercise at the initial conversion, exchange or subscription price or rate;

- (c) if the consideration or price determined pursuant to (a) or (b) above (or any component thereof) shall be expressed in a currency other than the Relevant Currency, it shall be converted into the Relevant Currency at the Prevailing Rate on the relevant Effective Date (in the case of (a)) above or the relevant date of the first public announcement (in the case of (b) above);
- (d) in determining the consideration or price pursuant to the above, no deduction shall be made for any commissions or fees (howsoever described) or any expenses paid or incurred for any underwriting, placing or management of the issue of the relevant Ordinary Shares or Securities or options, warrants or rights, or otherwise in connection therewith and
- (e) the consideration or price shall be determined as provided above on the basis of the consideration or price received, receivable, paid or payable regardless of whether all or part thereof is received, receivable, paid or payable by or to the Issuer or another entity.

(c) *Retroactive Adjustments*

If the Conversion Date in relation to the conversion of any Bond shall be after the date on which any consolidation or sub-division as is mentioned in paragraph (b)(i) above becomes effective, or after the record date or other due date for the establishment of entitlement for any such issue, distribution, grant or offer (as the case may be) as is mentioned in paragraph (b)(ii), (b)(iii) (b)(iv), (b)(v) or (b)(ix) above, or after the date of the first public announcement of the terms of any such issue or grant as is mentioned in paragraph (b)(vi) and (vii) above or of the terms of any such modification as mentioned in paragraph (b)(viii) above, but before the relevant adjustment to the Conversion Price becomes effective under paragraph (b) above (such adjustment, a "**Retroactive Adjustment**"), then the Issuer shall (conditional upon the relevant adjustment becoming effective) procure that there shall be issued to the converting Bondholder, in accordance with the instructions contained in the Conversion Notice, such additional number of GDRs (if any) (the "**Additional GDRs**") as, together with the GDRs issued on conversion of the relevant Bond (together with any fraction of a GDR not so issued), is equal to the number of GDRs which would have been required to be issued or delivered on conversion of such Bond if the relevant adjustment to the Conversion Price had been made and become effective immediately prior to the relevant Conversion Date, and the Issuer shall issue and allot to the Custodian such additional number of Ordinary Shares ("**Additional Ordinary Shares**") as are represented by such Additional GDRs.

(d) *Decision of an Independent Financial Adviser*

If any doubt shall arise as to whether an adjustment falls to be made to the Conversion Price or as to the appropriate adjustment to the Conversion Price, and following consultation between the Issuer and an Independent Financial Adviser, a written determination of such Independent Financial Adviser in respect thereof shall be conclusive and binding on all parties, save in the case of manifest error.

(e) *Share or Option Schemes*

No adjustment will be made to the Conversion Price where Ordinary Shares or other Securities (including rights, warrants and options) are issued, offered, exercised, allotted, appropriated, modified or granted to, or for the benefit of, employees or former employees (including Directors holding or formerly holding executive office or the personal service company of any such person) or their spouses or relatives, in each case, of the Issuer or any of its Subsidiaries or any associated company or to a trustee or trustees to be held for the benefit of any such person, in any such case pursuant to any share or option scheme.

(f) *Rounding Down and Notice of Adjustment to the Conversion Price*

On any adjustment, the resultant Conversion Price, if not an integral multiple of U.S.\$0.01, shall be rounded down to the nearest whole multiple of U.S.\$0.01. No adjustment shall be made to the Conversion Price where such adjustment (rounded down if applicable) would be less than one per cent. of the Conversion Price then in effect. Any adjustment not required to be made and/or any amount by which the Conversion Price has been rounded down, shall be carried forward and taken into account in any subsequent adjustment, and such subsequent adjustment shall be made on the basis that the adjustment not required to be made had been made at the relevant time and/or, as the case may be, that the relevant rounding down had not been made.

Notice of any adjustments to the Conversion Price shall be given by the Issuer to Bondholders in accordance with Condition 17 and to the Trustee promptly after the determination thereof.

(g) *Relevant Event*

Within 5 Luxembourg business days following the occurrence of a Relevant Event, the Issuer shall give notice thereof to the Trustee and to the Bondholders in accordance with Condition 17 (a "**Relevant Event Notice**"). Such notice shall contain a statement informing Bondholders of their entitlement to exercise their Conversion Rights as provided in these Conditions and their entitlement to exercise their rights to require redemption of their Bonds pursuant to Condition 7(d).

The Relevant Event Notice shall also specify:

- (i) all information material to Bondholders concerning the Relevant Event;
- (ii) the Conversion Price immediately prior to the occurrence of the Relevant Event and the Conversion Price applicable pursuant to Condition 6(b)(x) during the Relevant Event Period on the basis of the Conversion Price in effect immediately prior to the occurrence of the Relevant Event;

- (iii) the closing price of the GDRs as derived from the Relevant Stock Exchange as at the latest practicable date prior to the publication of the Relevant Event Notice;
- (iv) the last day of the Relevant Event Period;
- (v) the Relevant Event Put Date; and
- (vi) such other information relating to the Relevant Event as the Trustee may reasonably require.

The Trustee shall not be required to take any steps to ascertain whether a Relevant Event or any event which could lead to a Relevant Event has occurred or may occur and will not be responsible or liable to Bondholders or any other person for any loss arising from any failure by it to do so.

(h) Procedure for exercise of Conversion Rights

Conversion Rights may be exercised by a Bondholder during the Conversion Period by delivering the relevant Bond to the specified office of any Paying, Transfer and Conversion Agent, during its usual business hours, accompanied by a duly completed and signed notice of conversion (a "**Conversion Notice**") in the form (for the time being current).

A Bondholder exercising Conversion Rights shall, as a pre-condition to receiving GDRs, also be required to comply with any relevant provisions of the Deposit Agreement, including the provision of such confirmations, certificates and undertakings and compliance with such other formalities as may be required pursuant to the Deposit Agreement or requested by the Depository (the "**Deposit Requirements**"). Such Bondholder will also be required to certify (a "**Deposit Certificate**") to the Issuer and the Depository that it:

- (i) is, or at the time the Ordinary Shares are deposited and at the time the GDRs will be issued, will be, the beneficial owner of the Ordinary Shares represented by the GDRs;
- (ii) is located outside the United States (within the meaning of Regulation S under the United States Securities Act of 1933, as amended (the "Act")); and
- (iii) purchased such Bond in a transaction made in accordance with Rule 903 or Rule 904 of Regulation S.

If a converting Bondholder shall fail to provide a Deposit Certificate or if a converting Bondholder shall fail to comply with any Deposit Requirements, the purported exercise of Conversion Rights shall be invalid.

Conversion Rights shall be exercised subject in each case to any applicable fiscal or other laws or regulations applicable in the jurisdiction in which the specified office of the Paying, Transfer and Conversion Agent to whom the relevant Conversion Notice is delivered is located.

If delivery of the relevant Bond, Conversion Notice and Deposit Certificate is made after the end of normal business hours or on a day which is not a business day in the place of the specified office of the relevant Paying, Transfer and Conversion Agent, such delivery

shall be deemed for all purposes of these Conditions to have been made on the next following such business day.

The form of Conversion Notice and Deposit Certificate for the time being current is obtainable from the specified office of any Paying, Transfer and Conversion Agent.

Any determination as to whether a Conversion Notice has been duly completed and properly delivered shall be made by the relevant Paying, Transfer and Conversion Agent and shall save in the case of manifest error, be conclusive and binding on the Issuer, the Trustee, the Depositary and the relevant Bondholder.

A Conversion Notice, once delivered, shall be irrevocable.

The conversion date in respect of a Bond (the "**Conversion Date**") shall be the Luxembourg business day immediately following the date of the delivery of the Bonds, the Conversion Notice and the Deposit Certificate and compliance with any Deposit Requirements.

A Bondholder exercising a Conversion Right must pay directly to the relevant authorities any taxes and capital, stamp, issue and registration and transfer taxes and duties arising on conversion (other than any taxes or capital, stamp, issue and registration and transfer taxes and duties payable in the United Kingdom, Luxembourg or Belgium in respect of the issue or transfer and delivery of any Ordinary Shares and GDRs (including any Additional Ordinary Shares and any Additional GDRs), which shall be paid by the Issuer). Such Bondholder must also pay all, if any, taxes arising by reference to any disposal or deemed disposal of a Bond or interest therein in connection with such conversion.

Neither the Trustee nor the Depositary shall be responsible for determining whether such taxes or capital, stamp, issue and registration and transfer taxes and duties are payable or the amount thereof and neither of them shall be responsible or liable for any failure by the Issuer to pay such taxes or capital, stamp, issue and registration and transfer taxes and duties.

The Issuer will pay all costs, fees and expenses of the Depositary in connection with the issue to and deposit with the Depositary of its nominee of the relevant Ordinary Shares (including any Additional Ordinary Shares) and of the Depositary and the Custodian in connection with the issue of the relevant GDRs (including any Additional GDRs) pursuant to the Deposit Agreement on conversion. The Issuer will also pay all costs, fees and expenses, including those of the Depositary and the Custodian in connection with the delivery of the relevant GDRs (including any Additional GDRs) in book-entry form through the facilities Euroclear and Clearstream, Luxembourg as specified in the relevant Conversion Notice).

Following the exercise of Conversion Rights in accordance with these Conditions, the Issuer will issue and allot to the Depositary or to its order with effect from the relevant Conversion Date (or, as the case may be, the relevant Reference Date), the relevant number of Ordinary Shares in respect of the GDRs (or, as the case may be, the relevant number of Additional Ordinary Shares in respect of any Additional GDRs) to be issued in respect of such exercise, and shall enter the name of the Depositary or its nominee in the Issuer's register of shareholders as the holder of such number of Ordinary Shares (or, as the case may be, Additional Ordinary Shares).

The Issuer shall procure that the Depositary shall issue the relevant GDRs (or Additional GDRs, as the case may be) to be issued upon exercise of Conversion Rights and shall issue and deliver such GDRs (or Additional GDRs, as the case may be) in book-entry form through the facilities of GDRs to such account with Euroclear or Clearstream, Luxembourg as specified by the relevant Bondholder in the relevant Conversion Notice by not later than 10 London and Luxembourg business days following the relevant Conversion Date (or, as the case may be, 10 London and Luxembourg business days following the relevant Reference Date).

(i) *Ranking and Entitlement*

(i) Ordinary Shares issued upon conversion of the Bonds will be fully paid and will in all respects rank pari passu with the fully paid Ordinary Shares in issue on the relevant Conversion Date or, in the case of Additional Ordinary Shares, on the relevant Reference Date, except in any such case for any right excluded by mandatory provisions of applicable law and except that such Ordinary Shares or, as the case may be, Additional Ordinary Shares will not rank for (or, as the case may be, the relevant holder shall not be entitled to receive) any rights, distributions or payments the record date or other due date for the establishment of entitlement for which falls prior to the relevant Conversion Date or, as the case may be, the relevant Reference Date.

(ii) GDRs issued upon conversion of the Bonds will in all respects rank pari passu with all other GDRs then in issue, except that GDRs or, as the case may be, Additional GDRs so issued will not rank for any rights, distributions or payments for which the record date or other due date for the establishment of the corresponding entitlement in respect of the Ordinary Shares represented by such GDRs or, as the case may be, Additional GDRs falls prior to the relevant Conversion Date or, as the case may be, the relevant Reference Date.

(j) *Purchase or Redemption of Ordinary Shares or GDRs*

The Issuer or any Subsidiary of the Issuer may exercise such rights as it may from time to time enjoy to purchase or redeem or buy back any shares of the Issuer (including Ordinary Shares) or any GDRs or any other depositary or other receipts or certificates representing Ordinary Shares without the consent of the Bondholders or any other person.

(k) *No duty to Monitor*

The Trustee shall not be under any duty to monitor whether any event or circumstance has happened or exists which may require an adjustment to be made to the Conversion Price and will not be responsible or liable to the Bondholders for any loss arising from any failure by it to do so.

(l) *GDRs*

Where there is any change to the number of Ordinary Shares represented by a GDR, such modification shall be made to the operation of these Conditions and, where appropriate, such adjustment shall be made to the Conversion Price, as is determined in good faith by an Independent Financial Adviser to be appropriate.

References in this Condition 6 to the issue of Ordinary Shares or the issue or grant by way of rights, options, warrants or other rights to subscribe for or purchase any Ordinary Shares shall be construed to include circumstances where such Ordinary Shares are to be represented by and/or such issue or grant is made by the Issuer in respect of GDRs be issued or to be issued by the Depositary and representing such Ordinary Shares, and the provisions of this Condition 6 shall be construed accordingly with such (if any) modifications as an Independent Financial Adviser shall determine to be appropriate, by reference, where appropriate, to the number of Ordinary Shares represented by such GDRs.

(m) *Consolidation, Amalgamation or Merger*

In the case of any consolidation, amalgamation or merger of the Issuer with any other corporation (other than a consolidation, amalgamation or merger in which the Issuer is the continuing corporation), or in the case of any sale or transfer of all, or substantially all, of the assets of the Issuer, the Issuer will forthwith give notice thereof to the Trustee and to the Bondholders in accordance with Condition 17 of such event and take such steps as shall be required by the Trustee to ensure that each Bond then outstanding will be convertible into the class and amount of shares and other securities and property receivable upon such consolidation, amalgamation, merger, sale or transfer by a holder of the number of Ordinary Shares which would have become liable to be issued or transferred and delivered upon exercise of Conversion Rights immediately prior to such consolidation, amalgamation, merger, sale or transfer. The above provisions of this Condition 6(m) will apply, *mutatis mutandis* to any subsequent consolidations, amalgamations, mergers, sales or transfers.

7. **Redemption and Purchase**

(a) *Final Redemption*

Unless previously purchased and cancelled, redeemed or converted as herein provided, the Bonds will be redeemed at their principal amount on the Final Maturity Date. The Bonds may only be redeemed at the option of the Issuer prior to the Final Maturity Date in accordance with Condition 7(b).

(b) *Redemption at the Option of the Issuer*

On giving not less than 30 nor more than 60 days' notice (an "**Optional Redemption Notice**") to the Trustee and to the Bondholders in accordance with Condition 17, the Issuer may redeem all but not some only of the Bonds on the date (the "**Optional Redemption Date**") specified in the Optional Redemption Notice at their principal amount, together with accrued but unpaid interest to such date if, prior to the date the relevant Optional Redemption Notice is given, Conversion Rights shall have been exercised and/or purchases (and corresponding cancellations) and/or redemptions effected in respect of 85 per cent. or more in principal amount of the Bonds originally issued (which shall for this purpose include any Further Bonds and any Optional Bonds).

(c) *Optional Redemption Notice*

Any Optional Redemption Notice shall be irrevocable. Any such notice shall specify (i) the Optional Redemption Date, (ii) the Conversion Price, the aggregate principal amount of the Bonds outstanding and the closing price of the GDRs as derived from the Relevant

Stock Exchange, in each case as at the latest practicable date prior to the publication of the Optional Redemption Notice and (iii) the last day on which Conversion Rights may be exercised by Bondholders.

(d) *Redemption at the option of Bondholders*

(i) *Relevant Event*

Following the occurrence of a Relevant Event, the holder of each Bond will have the right to require the Issuer to redeem that Bond on the Relevant Event Put Date at its principal amount, together with accrued and unpaid interest to (but excluding) such date. To exercise such right, the holder of the relevant Bond must deliver such Bond to the specified office of any Paying, Transfer and Conversion Agent, together with a duly completed and signed notice of exercise in the form for the time being current obtainable from the specified office of any Paying, Transfer and Conversion Agent (a "**Relevant Event Put Exercise Notice**"), at any time during the Relevant Event Period. The "**Relevant Event Put Date**" shall be the fourteenth calendar day after the expiry of the Relevant Event Period.

Payment in respect of any such Bond shall be made by transfer to a U.S. dollar account maintained by the payee with a bank in New York City as specified by the relevant Bondholder in the Relevant Event Put Exercise Notice.

A Relevant Event Put Exercise Notice, once delivered, shall be irrevocable and the Issuer shall redeem all Bonds the subject of Relevant Event Put Exercise Notices delivered as aforesaid on the Relevant Event Put Date.

(ii) *De-listing Event*

Following the occurrence of a De-listing Event, the holder of each Bond will have the right to require the Issuer to redeem that Bond on the De-listing Event Put Date at its principal amount, together with accrued and unpaid interest to (but excluding) such date. To exercise such right, the holder of the relevant Bond must deliver such Bond to the specified office of any Paying, Transfer and Conversion Agent, together with a duly completed and signed notice of exercise in the form for the time being current obtainable from the specified office of any Paying, Transfer and Conversion Agent (a "**De-listing Event Put Exercise Notice**"), at any time during the De-listing Event Period. The "**De-listing Event Put Date**" shall be the fourteenth calendar day after the expiry of the De-listing Event Period.

Payment in respect of any such Bond shall be made by transfer to a U.S. dollar account maintained by the payee with a bank in New York City as specified by the relevant Bondholder in the De-listing Event Put Exercise Notice.

A De-listing Event Put Exercise Notice, once delivered, shall be irrevocable and the Issuer shall redeem all Bonds the subject of De-listing Event Put Exercise Notices delivered as aforesaid on the De-listing Event Put Date.

The Issuer shall give notice or procure that notice is given to the Trustee and the Bondholders in accordance with Condition 17 (a "**De-listing Event Notice**")

within 14 calendar days of the first day on which it becomes aware of the occurrence of a De-listing Event. The De-listing Event Notice shall contain a statement informing Bondholders of their entitlement to exercise their Conversion Rights as provided in these Conditions and their entitlement to exercise their rights to require redemption of their Bonds pursuant to this Condition 7(d). The De-listing Event Notice shall also specify:

- (i) the Conversion Price and the closing price of the GDRs as derived from the Relevant Stock Exchange as at the latest practicable date prior to the publication of such notice;
- (ii) the last day of the De-listing Event Period;
- (iii) the De-listing Event Put Date; and
- (iv) such other information relating to the De-listing Event as the Trustee may reasonably require.

A "**De-listing Event**" shall occur if, for whatever reason: (i) the GDRs cease to be listed on the London Stock Exchange, or (ii) trading of the GDRs on the London Stock Exchange is suspended for a period of 10 consecutive dealing dates or, in circumstances where such suspension is requested by the Issuer in connection with a corporate reorganisation, a period of 60 consecutive dealing days.

"**De-listing Event Period**" means the period commencing on the occurrence of a De-listing Event and ending 60 calendar days following the occurrence of the De-listing Event or, if later, 60 calendar days following the date on which the De-listing Event Notice is given to Bondholders as required by this Condition 7(d)(ii).

(e) *Purchase*

Subject to the requirements (if any) of any stock exchange on which the Bonds may be admitted to listing and trading at the relevant time and subject to compliance with applicable laws and regulations, the Issuer or any Subsidiary of the Issuer may at any time purchase any Bonds in the open market or otherwise at any price. Such Bonds may be held, reissued, resold or, at the option of the Issuer or the relevant Subsidiary, surrendered to the Principal Paying, Transfer and Conversion Agent for cancellation.

(f) *Cancellation*

All Bonds which are redeemed or in respect of which Conversion Rights are exercised will be cancelled and may not be reissued or resold. Bonds purchased by the Issuer or any of its Subsidiaries shall be surrendered to the Principal Paying, Transfer and Conversion Agent for cancellation and such Bond may not be reissued or re-sold.

(g) *Multiple Notices*

If more than one notice of redemption is given pursuant to this Condition 7, the first of such notices to be given shall prevail.

8. Payments

(a) *Principal*

Payment of principal in respect of the Bonds and payment of accrued interest payable on a redemption of the Bonds (other than on an Interest Payment Date) will be made to the persons shown in the Register at the close of business on the Record Date, subject to surrender (or in the case of partial payment only, endorsement) of the relevant Bond, at the specified office of any Paying, Transfer and Conversion Agent.

(b) *Interest and other amounts*

(i) Payments of interest due on an Interest Payment Date will be made to the persons shown in the Register at close of business on the Record Date.

(ii) Payments of all amounts other than as provided in Condition 8(a) and (b)(i) will be made as provided in these Conditions.

(c) *Record Date*

"Record Date" means the seventh business day, in the place of the specified office of the Registrar, before the due date for the relevant payment.

(d) *Payments*

Each payment in respect of the Bonds pursuant to Condition 8(a) and (b)(i) will be made by transfer to a U.S. dollar account maintained by the payee with a bank in New York City.

Payment instructions (for value on the due date or, if that is not a business day in New York City, for value the first following day which is a business day in New York City) will be initiated on the business day in New York City preceding the due date for payment or, in the case of payments referred to in Condition 8(a), if later, on the business day in the place of the specified office of the Paying, Transfer and Conversion Agent to which the relevant Bond is surrendered as specified in Condition 8(a) (for value the next following business day in New York City).

(e) *Payments subject to fiscal laws*

All payments in respect of the Bonds are subject in all cases to any applicable fiscal or other laws and regulations, but without prejudice to Condition 10.

(f) *Delay in payment*

Bondholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due (i) as a result of the due date not being a payment business day, (ii) if the Bondholder is late in surrendering the relevant Bond (where such surrender is required pursuant to these Conditions as a precondition to payment).

(g) *Business Days*

In this Condition 8, "payment business day" means a day which is a business day in New York City and (where surrender of the relevant Bond is required pursuant to these

Conditions as a precondition to payment) in the place of the specified office of the Paying, Transfer and Conversion Agent to whom the relevant Bond is surrendered.

(h) *Paying, Transfer and Conversion Agents, etc.*

The initial Paying, Transfer and Conversion Agents and Registrar and their initial specified offices are listed below. The Issuer reserves the right under the Agency Agreement at any time, with the prior written approval of the Trustee, to vary or terminate the appointment of any Paying, Transfer and Conversion Agent and appoint additional or other Paying, Transfer and Conversion Agents, provided that it will (i) maintain a Principal Paying, Transfer and Conversion Agent and (ii) maintain a Paying, Transfer and Conversion Agent with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other European Union Directive implementing the conclusions of the ECOFIN council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive and (iv) maintain a Registrar with a specified office outside the United Kingdom. Notice of any change in the Paying, Transfer and Conversion Agents or the Registrar or their specified offices will promptly be given by the Issuer to the Bondholders in accordance with Condition 17.

(i) *No charges*

Neither the Registrar nor the Paying, Transfer and Conversion Agents shall make or impose on a Bondholder any charge in relation to any payment or conversion in respect of the Bonds.

(j) *Fractions*

When making payments to Bondholders, if the relevant payment is not of an amount which is a whole multiple of the smallest unit of the relevant currency in which such payment is to be made, such payment will be rounded down to the nearest unit.

9. Taxation

All payments made by or on behalf of the Issuer in respect of the Bonds will be made subject to and after any deduction or withholding for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of Luxembourg or any political subdivision or any authority thereof or therein having power to tax which is required to be made by law.

The Issuer will not be required to pay any additional or further amounts in respect of such deduction or withholding.

10. Events of Default

The Trustee at its discretion may, and if so requested in writing by the holders of at least one-fifth in principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution of the Bondholders shall (subject in each case to being indemnified and/or secured and/or prefunded to its satisfaction), give notice to the Issuer that the Bonds are, and they shall accordingly forthwith become, immediately due and repayable at their principal amount, together with accrued interest in any of the following events ("**Events of Default**"):

- (a) if default is made in the payment of any interest due in respect of the Bonds or any of them and the default shall continue for a period of five London business days;
- (b) if default is made in the payment of any principal due in respect of the Bonds or any of them;
- (c)
 - (i) if default is made in the performance, or if there is a breach, of any covenant or agreement of the Issuer under the Bonds or the Trust Deed (other than a default in the performance, or breach, of a covenant or agreement which is specifically dealt with in paragraphs (a), (b) or (c)(ii)) and such default or breach shall continue for a period of 30 days after written notice has been given, by certified mail, (A) to the Issuer by the Trustee or (B) to the Issuer and the Trustee by holders of at least one-fifth in aggregate principal amount of the outstanding Bonds; or
 - (ii) if default is made in the performance or breach of the provisions described in Condition 2.
- (d) if any default in the payment of the principal, premium, if any, or interest on any Indebtedness (as extended by any applicable grace period) shall have occurred, under any of the agreements, deeds, indentures or instruments under which the Issuer, or any Material Subsidiary then has outstanding Indebtedness, in excess of U.S.\$20 million (or its U.S. Dollar Equivalent) in the aggregate;
- (e) obligations of the Issuer under the Bonds and the Trust Deed shall for any reason cease to be, or shall for any reason be asserted in writing by the Issuer not to be, in full force and effect and enforceable in accordance with its terms;
- (f) if one or more judgments, orders or decrees of any court or regulatory or administrative agency for the payment of money in excess of U.S.\$20 million (or its U.S. Dollar Equivalent), either individually or in aggregate, shall be rendered against the Issuer or any Material Subsidiary or any of their respective properties and shall not be discharged and (if applicable) there shall have been a period of 30 consecutive days during which a stay of enforcement of such judgment or order, by reason of an appeal or otherwise, shall not be in effect;
- (g) if any holder or holders of at least U.S.\$20 million (or its U.S. Dollar Equivalent) in aggregate principal amount of Indebtedness of the Issuer, or any Material Subsidiary after a default under such Indebtedness notifies the Trustee in writing of the intended sale or disposition of any assets of the Issuer or any Material Subsidiary that have been pledged to or for the benefit of such holder or holders to secure such Indebtedness or shall commence proceedings, or take any action (including by way of set-off, distress, execution or other similar process, including appointment of a receiver, administrative receiver, manager or similar officer), to retain in satisfaction of such Indebtedness or to collect on, seize, dispose of or apply in satisfaction of Indebtedness, assets of the Issuer or any Material Subsidiary (including funds on deposit or held pursuant to lock-box or other similar arrangements);
- (h) if (i) proceedings are initiated against the Issuer or any Material Subsidiary under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or an application is made (or documents filed with a court) for the appointment of an

administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed in relation to the Issuer, or any Material Subsidiary or, as the case may be, in relation to the whole or any part of the undertaking or assets of any of them or an encumbrancer takes possession of the whole or any part of the undertaking or assets of any of them, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or any part of the undertaking or assets of any of them, and (ii) in any such case (other than the appointment of an administrator) unless initiated by the relevant company, is not discharged within 14 days; or

- (i) if any event occurs which, under the laws of any relevant jurisdiction, has or may have in the Trustee's opinion, an analogous effect to any of the events referred to in paragraphs (d) to (h) above.

provided that, in the case of any Event of Default described in paragraph (c) above, the Trustee has certified that the Event of Default is, in its opinion, materially prejudicial to the interests of the Bondholders.

11. Undertakings

Whilst any Conversion Right remains exercisable, the Issuer will, save with the approval of an Extraordinary Resolution or with the prior written approval of the Trustee where, in its opinion, it is not materially prejudicial to the interests of the Bondholders to give such approval:

- (a) not issue or pay up any Securities, in either case by way of capitalisation of profits or reserves, other than:
 - (i) by the issue of fully paid Ordinary Shares to Shareholders and other holders of shares in the capital of the Issuer which by their terms entitle the holders thereof to receive Ordinary Shares or other shares or securities on a capitalisation of profits or reserves; or
 - (ii) by the issue of Ordinary Shares paid up in full (in accordance with applicable law) and issued wholly, ignoring fractional entitlements, in lieu of the whole or part of a cash dividend; or
 - (iii) by the issue of fully paid equity share capital (other than Ordinary Shares) to the holders of equity share capital of the same class and other holders of shares in the capital of the Issuer which by their terms entitle the holders thereof to receive equity share capital (other than Ordinary Shares); or
 - (iv) by the issue of Ordinary Shares or any equity share capital to, or for the benefit of, any employee or former employee, director or executive holding or formerly holding executive office of the Issuer or any of its Subsidiaries or any associated company or any personal service company of any such person or to trustees or nominees to be held for the benefit of any such person, in any such case pursuant to an employee, director or executive share or option scheme whether for all employees, directors, or executives or any one or more of them,

unless, in any such case, the same constitutes a Dividend or is otherwise taken into account for the purposes of determining whether an adjustment should be made to the Conversion Price; or

- (b) not modify the rights attaching to the Ordinary Shares with respect to voting, dividends or liquidation nor issue any other class of equity share capital carrying any rights which are more favourable than the rights attaching to the Ordinary Shares but so that nothing in this Condition 11(b) shall prevent:
 - (i) any consolidation, reclassification or subdivision of the Ordinary Shares; or
 - (ii) any modification of such rights which is not, in the determination in good faith of an Independent Financial Adviser, materially prejudicial to the interests of the holders of the Bonds; or
 - (iii) any issue of equity share capital where the issue of such equity share capital results, or would, but for the provisions of Condition 6(f) relating to roundings and minimum adjustments or the carry forward of adjustments or, where comprising Ordinary Shares, the fact that the consideration per Ordinary Share receivable therefore is at least 95 per cent. of the Current Market Price per Ordinary Share, otherwise result, in an adjustment to the Conversion Price; or
 - (iv) any issue of equity share capital or modification of rights attaching to the Ordinary Shares, where prior thereto the Issuer shall have instructed an Independent Financial Adviser to determine in good faith what (if any) adjustments should be made to the Conversion Price as being fair and reasonable to take account thereof and such Independent Financial Adviser shall have determined in good faith either that no adjustment is required or that an adjustment resulting in a decrease in the Conversion Price is required and, if so, the new Conversion Price as a result thereof and the basis upon which such adjustment is to be made and, in any such case, the date on which the adjustment shall take effect (and so that the adjustment shall be made and shall take effect accordingly);
- (c) procure that no Securities (whether issued by the Issuer or any Subsidiary of the Issuer or procured by the Issuer or any Subsidiary of the Issuer to be issued or issued by any other person pursuant to any arrangement with the Issuer or any Subsidiary of the Issuer) issued without rights to convert into, or exchange or subscribe for, Ordinary Shares shall subsequently be granted such rights exercisable at a consideration per Ordinary Share which is less than 95 per cent. of the Current Market Price per Ordinary Share at the close of business on the last dealing day preceding the date of the first public announcement of the proposed inclusion of such rights unless the same gives rise (or would, but for the provisions of Condition 6(f) relating to roundings or the carry forward of adjustments, give rise) to an adjustment to the Conversion Price and that at no time shall there be in issue Ordinary Shares of differing nominal values, save where such Ordinary Shares have the same economic rights;
- (d) not make any issue, grant or distribution or take any action, and shall procure that no action is taken, that would otherwise result in an adjustment to the Conversion Price to below any minimum level permitted by applicable laws or regulations or that would otherwise result in the Ordinary Shares to be issued and represented by GDRs to be issued on exercise of Conversion Rights not being able to be lawfully issued and fully paid;

- (e) not reduce its issued share capital, share premium account, or any uncalled liability in respect thereof, or any non-distributable reserves, except:
 - (i) pursuant to the terms of issue of the relevant share capital; or
 - (ii) by means of a purchase or redemption of share capital of the Issuer to the extent permitted by applicable law; or
 - (iii) by way of transfer to reserves as permitted under applicable law; or
 - (iv) where the reduction does not involve any distribution of assets; or
 - (v) solely in relation to a change in currency in which the nominal value of the Ordinary Shares is expressed; or
 - (vi) to create distributable reserves; or
 - (vii) where the reduction is permitted by applicable law and the Trustee is advised by an Independent Financial Adviser, acting as an expert, that the interests of the Bondholders will not be materially prejudiced by such reduction; or
 - (viii) where the reduction is permitted by applicable law and results in (or would, but for the provisions of Condition 6(f) relating to roundings or the carry forward of adjustments, result in) an adjustment to the Conversion Price or is otherwise taken into account for the purposes of determining whether such an adjustment should be made,

provided that, without prejudice to the other provisions of these Conditions, the Issuer may exercise such rights as it may from time to time be entitled pursuant to applicable law to purchase, redeem or buy back its Ordinary Shares and any depositary or other receipts or certificates representing Ordinary Shares without the consent of Bondholders;

- (f) if any offer is made to all (or as nearly as may be practicable all) Shareholders (or all (or as nearly as may be practicable all) Shareholders other than the offeror and/or any associates of the offeror to acquire the whole or any part of the issued Ordinary Shares and/or GDRs, or if any person proposes a scheme with regard to such acquisition, give notice of such offer or scheme to the Bondholders at the same time as any notice thereof is sent to the Shareholders (or as soon as practicable thereafter) that details concerning such offer or scheme may be obtained from the specified offices of the Paying, Transfer and Conversion Agents and, where such an offer or scheme has been recommended by the board of directors of the Issuer, or where such an offer has become or been declared unconditional in all respects or such scheme has become effective, use its reasonable endeavours to procure that a like or substantially like offer or scheme is extended to the holders of any GDRs issued during the period of the offer or scheme arising out of the exercise of the Conversion Rights by the Bondholders and/or to the holders of the Bonds;
- (g) use its reasonable endeavours to ensure that the GDRs issued upon exercise of Conversion Rights will, as soon as is practicable, be admitted to listing and to trading on the Relevant Stock Exchange and will be listed, quoted or dealt in, as soon as is practicable, on any other stock exchange or securities market on which the GDRs may then be listed or quoted or dealt in;

- (h) for so long as any Bond remains outstanding, use its reasonable endeavours to ensure that the issued and outstanding GDRs shall be admitted to listing on the Relevant Stock Exchange;
- (i) maintain the GDR facility in accordance with the Deposit Agreement such that GDRs can be issued and delivered as and when required to satisfy Conversion Rights;
- (j) on or prior to the Conversion Commencement Date (i) obtain a listing of the Bonds on the London Stock Exchange and (ii) obtain and thereafter at all times maintain for so long as any of the Bonds remains outstanding, a "block listing" on the London Stock Exchange of a sufficient number of GDRs to enable all GDRs that may be issued on conversion of the Bonds and on the exercise of all other rights of subscription, conversion or exchange, to be admitted, on issue, to listing on the London Stock Exchange without any other formality or requirement (other than of a purely administrative nature), including the obligation to publish a prospectus pursuant to the Listing Rules of the UK Listing Authority;
- (k) convene a General Meeting of its Shareholders to be held not later than 15 Luxembourg business days prior to the Conversion Commencement Date for the purpose of approving an authorised share capital sufficient in amount and duration to enable the issue of Ordinary Shares (without pre-emptive rights) on conversion of the Bonds and on the exercise of all other rights of subscription, conversion or exchange to be satisfied in full and thereafter at all times keep available for issue free from pre-emptive rights out of its authorised but unissued capital sufficient authorised but unissued Ordinary Shares to enable the exercise of the Conversion Rights in respect of all outstanding Bonds, and all rights of subscription and exchange for Ordinary Shares, to be satisfied in full; and
- (l) if, after 13 July 2009,
 - (i) any Subsidiary of the Issuer shall provide a guarantee or indemnity in respect of any Relevant Indebtedness of the Issuer; or
 - (ii) the Issuer shall provide a guarantee or indemnity in respect of any Relevant Indebtedness of any Subsidiary of the Issuer (other than a Subsidiary established solely for the purposes of acting as a finance vehicle for any member of Evraz),

other than in any such case any Rouble Denominated Relevant Indebtedness provided that at the time such guarantee or indemnity is provided the aggregate principal amount outstanding of all such Rouble Denominated Relevant Indebtedness in respect of which a guarantee or indemnity has been provided by the Issuer or any Subsidiary of the Issuer as provided above shall not exceed RR 20,000,000,000, procure that before or at the same time as such guarantee or indemnity is provided, the relevant Subsidiary enters into a guarantee in favour of the Trustee and the Bondholders, in form and substance satisfactory to the Trustee, pursuant to which it will guarantee (on a joint and several basis with any other Subsidiary that shall or shall have provided a guarantee pursuant to this Condition) the due and punctual performance of all the obligations of the Issuer under the Bonds and the Trust Deed (other than in respect of the exercise of Conversion Rights).

"RR" and "Roubles" means the lawful currency of the Russian Federation.

"Rouble Denominated Relevant Indebtedness" means any Relevant Indebtedness that is denominated and payable in Roubles, but other than where the amount payable shall be determined by reference to any other currency, other than Rouble or by reference to any commodity or index or variable benchmark.

The Issuer has undertaken in the Trust Deed to deliver to the Trustee annually a certificate of two directors of the Issuer, as to there not having occurred an Event of Default or Potential Event of Default since the date of the last such certificate or if such event has occurred as to the details of such event. The Trustee will be entitled to rely on such certificate and shall not be obliged to monitor compliance by the Issuer with the undertakings set forth in this Condition 11, nor be liable to any person for not so doing.

12. Prescription

Claims against the Issuer for payment in respect of the Bonds shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of such payment.

Claims in respect of any other amounts payable in respect of the Bonds shall be prescribed and become void unless made within 10 years following the due date for payment thereof.

13. Replacement of Bonds

If any Bond is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of any Paying, Transfer and Conversion Agent subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence and indemnity as the Issuer may require. Mutilated or defaced Bonds must be surrendered before replacements will be issued.

14. Meetings of Bondholders, Modification and Waiver, Substitution

(a) Meetings of Bondholders

The Trust Deed contains provisions for convening meetings of Bondholders to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by the Issuer or the Trustee and shall be convened by the Issuer if requested in writing by Bondholders holding not less than 10 per cent. in principal amount of the Bonds for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution will be one or more persons holding or representing a clear majority in principal amount of the Bonds for the time being outstanding, or at any adjourned meeting one or more persons being or representing Bondholders whatever the principal amount of the Bonds so held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to modify the maturity of the Bonds or the dates on which interest is payable in respect of the Bonds, (ii) to reduce or cancel the principal amount of, or interest on, the Bonds or to reduce the amount payable on redemption of the Bonds or (iii) to modify or cancel the Conversion Rights, (iv) to increase the Conversion Price other than in accordance with these Conditions, (v) to change the currency of any payment in respect of the Bonds, (vi) to change the governing law of the Bonds, the Trust Deed or the Agency Agreement (other than in the case of a substitution of the Issuer (or any previous substitute or substitutes) under Condition 14(c)), (vii) to modify the provisions concerning the quorum required at

any meeting of Bondholders or the majority required to pass an Extraordinary Resolution, in which case the necessary quorum will be one or more persons holding or representing not less than two-thirds, or at any adjourned meeting not less than one-half, in principal amount of the Bonds for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Bondholders (whether or not they were present at the meeting at which such resolution was passed).

The Trust Deed provides that a resolution in writing signed by or on behalf of the holders of not less than 90 per cent. of the aggregate principal amount of Bonds outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Bondholders duly convened and held.

(b) *Modification and Waiver*

The Trustee may agree, without the consent of the Bondholders, to (i) any modification of any of the provisions of the Trust Deed, any trust deed supplemental to the Trust Deed, the Agency Agreement, any agreement supplemental to the Agency Agreement, the Bonds or these Conditions which in the Trustee's opinion is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of law, and (ii) any other modification to the Trust Deed, any trust deed supplemental to the Trust Deed, the Agency Agreement, any agreement supplemental to the Agency Agreement, the Bonds or these Conditions (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed, any trust deed supplemental to the Trust Deed, the Agency Agreement, any agreement supplemental to the Agency Agreement, the Bonds or these Conditions which is, in the opinion of the Trustee, not materially prejudicial to the interests of the Bondholders. The Trustee may, without the consent of the Bondholders, determine any Event of Default or a Potential Event of Default (as defined in the Trust Deed) should not be treated as such, provided that in the opinion of the Trustee, the interests of Bondholders will not be materially prejudiced thereby. Any such modification, authorisation or waiver shall be binding on the Bondholders and, if the Trustee so requires, such modification shall be notified to the Bondholders promptly in accordance with Condition 17.

(c) *Substitution*

The Trustee may, without the consent of the Bondholders, agree any substitution as provided in, and for the purposes of, Condition 11(g) or to the substitution in place of the Issuer (or any previous substitute or substitutes under this Condition) as the principal debtor under the Bonds and the Trust Deed of any Subsidiary of the Issuer subject to (a) the Bonds being unconditionally and irrevocably guaranteed by the Issuer, and (b) the Bonds continuing to be convertible or exchangeable into GDRs as provided in these Conditions *mutatis mutandis* as provided in these Conditions, with such amendments as the Trustee shall consider appropriate provided that in any such case, (x) the Trustee being satisfied that the interests of the Bondholders will not be materially prejudiced by the substitution, and (y) certain other conditions set out in the Trust Deed being complied with. In the case of such a substitution the Trustee may agree, without the consent of the Bondholders, to a change of the law governing the Bonds and/or the Trust Deed provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Bondholders. Any such substitution shall be binding on the Bondholders and shall be notified promptly to the Bondholders.

(d) *Entitlement of the Trustee*

In connection with the exercise of its functions (including but not limited to those referred to in this Condition) the Trustee shall have regard to the interests of the Bondholders as a class and, in particular but without limitation, shall not have regard to the consequences of the exercise of its trusts, powers or discretions for individual Bondholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory, and the Trustee shall not be entitled to require, nor shall any Bondholder be entitled to claim, from the Issuer or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Bondholders.

15. Enforcement

The Trustee may at any time, at its discretion and without notice, take such proceedings against the Issuer as it may think fit to enforce the provisions of the Trust Deed and the Bonds, but it shall not be bound to take any such proceedings or any other action in relation to the Trust Deed or the Bonds unless (i) it shall have been so directed by an Extraordinary Resolution of the Bondholders or so requested in writing by the holders of at least one-quarter in principal amount of the Bonds then outstanding, and (ii) it shall have been indemnified and/or secured to its satisfaction. No Bondholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing.

16. The Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including relieving it from taking proceedings unless indemnified and/or secured and/or prefunded to its satisfaction. The Trustee is entitled to enter into business transactions with the Issuer and any entity related to the Issuer without accounting for any profit. The Trustee may rely without liability to Bondholders on a report, confirmation or certificate or any advice of any accountants, financial advisers or investment bank or other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee shall be obliged to accept and be entitled to rely on any such report, confirmation or certificate or advice where the Issuer procures delivery of the same pursuant to its obligation to do so under any provision of these Conditions or the Trust Deed and such report, confirmation or certificate or advice shall be binding on the Issuer, the Trustee and the Bondholders in the absence of manifest error.

17. Notices

All notices to Bondholders will be valid if published in one leading daily newspaper in the United Kingdom (which is expected to be the Financial Times) or, if this is not possible, in one other leading English language daily newspaper with general circulation in Europe and (so long as the Bonds are listed on the London Stock Exchange and the Rules of the London Stock Exchange so permit or require) given by filing a notice with a Regulatory Information Service approved by the UK Listing Authority. The Issuer shall also ensure that all notices are duly published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Bonds are for the time being listed. Any such notice shall be deemed to have been given on the date of such publication or, if required to be published in more than one newspaper or in more than one manner, on the date of the first such publication in all the required

newspapers or in each required manner. If publication as provided above is not practicable, notice will be given in such other manner, and shall be deemed to have been given on such date, as the Trustee may approve.

18. Further Issues

The Issuer may from time to time without the consent of the Bondholders create and issue further notes, bonds or debentures either having the same terms and conditions in all respects as the outstanding notes, bonds or debentures of any series (including the Bonds) or in all respects except for the first payment of interest on them and the first date on which conversion rights may be exercised and so that such further issue shall be consolidated and form a single series with the outstanding notes, bonds or debentures of any series (including the Bonds) or upon such terms as to interest, conversion, premium, redemption and otherwise as the Issuer may determine at the time of their issue. Any further notes, bonds or debentures forming a single series with the outstanding notes, bonds or debentures of any series (including the Bonds) constituted by the Trust Deed or any deed supplemental to it shall, and any other notes, bonds or debentures may, with the consent of the Trustee, be constituted by a deed supplemental to the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Bondholders and the holders of notes, bonds or debentures of other series in certain circumstances where the Trustee so decides.

19. Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Bonds under the Contracts (Rights of Third Parties) Act 1999.

20. Governing Law and Jurisdiction

(a) *Governing law*

The Trust Deed, the Agency Agreement and the Bonds, and any non-contractual obligations arising out of or in connection with them, are governed by, and shall be construed in accordance with, English law.

The application of Articles 86 to 94-8 of the law of 10 August 1915 relating to commercial companies, as amended, of The Grand Duchy of Luxembourg to the Bonds is excluded.

(b) *Jurisdiction*

The courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Trust Deed or the Bonds or any non-contractual obligations arising out of or in connection with the Trust Deed or the Bonds and accordingly any legal action or proceedings arising out of or in connection with the Trust Deed or the Bonds ("**Proceedings**") may be brought in such courts. The Issuer has in the Trust Deed irrevocably submitted to the jurisdiction of such courts and has waived any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This submission is made for the benefit of the Trustee and each of the Bondholders and shall not limit the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in

any other jurisdiction (whether concurrently or not) to the extent permitted by applicable law.

(c) *Agent for Service of Process*

The Company agrees that the process by which any Proceedings in England are begun may be served on it by being delivered to Law Debenture Corporate Services Limited at Fifth Floor, 100 Wood Street, London, EC2V 7EX or, if different, at its registered office from time to time as notified by the Issuer to the Trustee and the Bondholders. Nothing herein or in the Trust Deed shall affect the right to serve process in any other manner permitted by law.

SUMMARY OF PROVISIONS RELATING TO THE BONDS WHILE IN GLOBAL FORM

The Global Bonds

The Bonds will be represented on issue by the Global Bond (deposited with, and registered in the name of a nominee for, a common depository for Euroclear and Clearstream, Luxembourg).

Beneficial interests in the Global Bond may be held only through Euroclear or Clearstream, Luxembourg at any time. See "Clearing and Settlement—Book-Entry Procedures for the Global Bond". By acquisition of a beneficial interest in the Global Bond, the purchaser thereof will be deemed to represent, among other things, that it is located outside the United States.

No service charge will be made for any registration of transfer or exchange of Bonds, but the Registrar may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith. Except in the limited circumstances described below, owners of beneficial interests in the Global Bond will not be entitled to receive physical delivery of the Bonds in definitive registered form. The Bonds are not issuable in bearer form.

In the event that a Global Bond is exchanged for Bonds in definitive registered form, such Bonds in definitive registered form shall be issued in denominations of U.S.\$100,000 and integral multiples of U.S.\$1,000 in excess thereof. Bondholders who hold Bonds in the relevant clearing system in amounts that are not integral multiples of U.S.\$100,000 or U.S.\$1,000 in excess thereof may need to purchase or sell, on or before the relevant Exchange Date (as defined below), a principal amount of Bonds such that their holding is an integral multiple of U.S.\$100,000 or U.S.\$1,000 in excess thereof.

Amendments to Terms and Conditions

Each Global Bond contains provisions that apply to the Bonds that it represents, some of which modify the effect of the above Terms and Conditions of the Bonds. The following is a summary of those provisions:

Payments. Payments of principal in respect of Bonds evidenced by the Global Bond will be made against presentation and, if no further payment falls to be made in respect of the Bonds, surrender of the Global Bond to or to the order of the Principal Paying, Transfer and Conversion Agent or such other Agent as shall have been notified to the relevant Bondholder for such purpose.

Notices. So long as any Bonds are represented by the Global Bond and the Global Bond is held on behalf of Euroclear or Clearstream, Luxembourg, notices to the holders of such Bonds may be given by delivery of the relevant notice to the relevant clearing system for communication by it to entitled accountholders in substitution for notification, as required by the Conditions, except that the Issuer shall also ensure that all notices are duly published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority in which the Bonds are for the time being listed and/or admitted to trading.

Meetings. The holder of the Global Bond will be treated as having one vote in respect of each U.S.\$1 principal amount of Bonds represented by the Global Bond. The Trustee may allow to attend and speak (but not to vote) at any meeting of Bondholders any accountholder (or representative of any such person) of a clearing system with an interest in the Bonds represented by the Global Bond on confirmation of entitlement and proof of his identity.

Trustee Powers. In considering the interests of Bondholders while the Global Bond is held on behalf of a clearing system, the Trustee may, to the extent it considers it appropriate to do so in the circumstances, (a) have regard to any information as may have been made available to it by or on behalf

of the relevant clearing system or its operator as to the identity of its accountholders (either individually or by category) with entitlements in respect of Bonds and (b) consider such interests on the basis that such accountholders were the holders of the Bonds represented by the Global Bond.

Redemption or Purchase and Cancellation. Cancellation of any Bond following its redemption or purchase will be effected by reduction in the principal amount of the Bonds in the Register.

Redemption at the Option of the Issuer. The options of the Issuer provided for in Condition 7(b) shall be exercised by the Issuer giving notice to the Bondholders within the time limits set out in, and containing the information required by, that Condition.

Redemption at Option of the Bondholders. The Bondholders' put option in Condition 7(d) may be exercised by the holder of the Global Bond giving notice to the Principal Paying, Transfer and Conversion Agent of the principal amount of Bonds in respect of which the option is exercised and presenting the Global Bond for endorsement or exercise within the time limits specified in such Condition and the principal amount of the Bonds will be reduced in the Register accordingly.

Conversion. Subject to the requirements of Euroclear and Clearstream, Luxembourg, the Conversion Right attaching to the Bonds represented by the Global Bond may be exercised by the presentation of one or more Conversion Notices together with related Deposit Certificates duly completed by or on behalf of a holder of a book-entry interest in such Bond together with the Global Bond to the Principal Paying, Transfer and Conversion Agent or such other Agent as shall have been notified to the holder of the Global Bond for such purpose for annotation and the principal amount of the Bonds will be reduced in the Register accordingly. The provisions of Condition 6 of the Bonds will otherwise apply.

Enforcement. For the purposes of enforcement of the provisions of the Trust Deed against the Trustee, the persons named in a certificate of the holder of the Bonds represented by the Global Bond shall be recognised as the beneficiaries of the trusts set out in the Trust Deed to the extent of the principal amount of their interest in the Bonds set out in the certificate of the holder as if they were themselves the holders of Bonds in such principal amounts.

Prescription. Claims against the Issuer in respect of principal and interest on the Bonds while the Bonds are represented by the Global Bond shall be prescribed and become void unless made within 10 years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in the Conditions) in respect of such payment.

Claims in respect of any other amounts payable in respect of the Bonds shall be prescribed and become void unless made within 10 years following the due date for payment thereof.

Exchange for Individual Certificates.

Exchange

Owners of beneficial interest in the Bonds in respect of which the Global Bond is issued will be entitled to have title to the Bonds registered in their names and to receive individual definitive registered Bonds if (1) either Euroclear or Clearstream, Luxembourg (or any other clearing system as shall have been designated by the Issuer and approved by the Trustee on behalf of which the Bonds evidenced by this Global Bond may be held) is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so.

On or after the Exchange Date, the Issuer will deliver, or procure the delivery of, an equal aggregate principal amount of duly executed and authenticated definitive Bonds in registered form,

printed in accordance with any applicable legal and stock exchange requirements and in, or substantially in, the form set out in the Trust Deed. Such definitive Bonds will be registered in the name of the accountholders at Clearstream, Luxembourg and Euroclear which previously had Bonds credited to the accounts.

"Exchange Date" means a day falling not less than 60 days after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Registrar is located.

INFORMATION REGARDING THE TRUSTEE

BNY Corporate Trustee Services Limited is a professional trustee company, which is providing its services in relation to the Bonds on an arm's length basis in consideration of a fee. Under the terms of the Trust Deed, the power of appointing new trustees is vested in the Company, but a trustee so appointed must in the first place be approved by an Extraordinary Resolution of Bondholders. The Bondholders have the power, exercisable by Extraordinary Resolution, to remove any trustee or trustees. In addition, BNY Corporate Trustee Services Limited, or any other trustee duly appointed, may retire at any time upon giving not less than three months' prior notice in writing to the Issuer. The removal or retirement of any trustee is only effective if following the retirement there remains a trustee (being a trust corporation) in office after such removal or retirement. If a trustee (being the only trustee which is a trust corporation) has given notice of its desire to retire, or has been removed by an Extraordinary Resolution of the Bondholders, and no appointment of a trust corporation as new trustee has become effective within three months of the date of such notice or Extraordinary Resolution, the trustee shall have the power of appointing such new trustee. However, no such appointment by the trustee shall take effect unless previously approved by an Extraordinary Resolution of Bondholders.

The Trust Deed also provides, *inter alia*, that the Trustee may act and/or rely on the opinion or advice of or a certificate of any information obtained from any lawyer, banker, valuer, surveyor, broker, auctioneer, accountant or other expert (whether or not addressed to the Trustee), notwithstanding that such opinion, advice, certificate or information contains a monetary or other limit on the liability of any of the above mentioned persons in respect thereof.

TERMS AND CONDITIONS OF THE GDRS

The following terms and conditions (subject to amendment and excepting sentences in italics) will apply to the Global Depositary Receipts, and will be endorsed on each Global Depositary Receipt certificate:

The Global Depositary Receipts ("**GDRs**") represented by this certificate are each issued in respect of one third of an ordinary share of par value EUR2.00 each (the "**Shares**") in EVRAZ GROUP S.A. (the "**Company**") pursuant to and subject to an agreement to be dated on or about 7 June 2005, and made between the Company and The Bank of New York Mellon in its capacity as depositary (the "**Depositary**") for the "Regulation S Facility" and for the "Rule 144A Facility" (such agreement, as amended from time to time, being hereinafter referred to as the "**Deposit Agreement**"). Pursuant to the provisions of the Deposit Agreement, the Depositary has appointed BNY Nominees Limited as Custodian (the "**Custodian**") to receive and hold on its behalf any relevant documentation respecting certain Shares (the "**Deposited Shares**") and all rights, interests and other securities, property and cash deposited with the Custodian which are attributable to the Deposited Shares (together with the Deposited Shares, the "**Deposited Property**"). The Depositary shall hold Deposited Property for the benefit of the Holders (as defined below) as bare trustee in proportion to their holdings of GDRs. In these terms and conditions (the "**Conditions**"), references to the "Depositary" are to The Bank of New York Mellon and/or any other depositary which may from time to time be appointed under the Deposit Agreement, references to the "Custodian" are to BNY Nominees Limited or any other custodian from time to time appointed under the Deposit Agreement and references to the "Main Office" mean, in relation to the relevant Custodian, its head office in the city of London or such other location of the head office of the Custodian in the United Kingdom as may be designated by the Custodian with the approval of the Depositary (if outside the city of London) or the head office of any other custodian from time to time appointed under the Deposit Agreement.

The GDRs will upon issue be represented by interest in a Regulation S Master GDR, evidencing Regulation S GDRs, and by interests in a Rule 144A Master GDR, evidencing Rule 144A GDRs (as each such term is defined in the Deposit Agreement). The GDRs are exchangeable in the circumstances set out in "Summary of Provisions Relating to the GDRs while in Master Form" for a certificate in definitive registered form in respect of GDRs representing all or part of the interest of the Holder in the relevant Master GDR.

References in these Conditions to the "Holder" of any GDR shall mean the person or persons registered on the books of the Depositary maintained for such purpose (the "**Register**") as holder. These Conditions include summaries of, and are subject to, the detailed provisions of the Deposit Agreement, which includes the forms of the certificates in respect of the GDRs. Copies of the Deposit Agreement are available for inspection at the specified office of the Depositary and each Agent (as defined in Condition 17) and at the Main Office of the Custodian. Terms used in these Conditions and not defined herein but which are defined in the Deposit Agreement have the meanings ascribed to them in the Deposit Agreement. **Holders of GDRs are not party to the Deposit Agreement which specifically disallows application of the Contracts (Rights of Third Parties) Act 1999 and thus, under English Law, have no contractual rights against, or obligations to, the Company or Depositary. However, the Deed Poll executed by the Company in favour of the Holders provides that, if the Company fails to perform the obligations imposed on it by certain specified provisions of the Deposit Agreement, any Holder may enforce the relevant provisions of the Deposit Agreement as if it were a party to the Deposit Agreement and was the "Depositary" in respect of that number of Deposited Shares to which the GDRs of which he is the Holder relate. The Depositary is under no duty to enforce any of the provisions of the Deposit Agreement on behalf of any Holder of a GDR or any other person.**

1. Withdrawal of Deposited Property and Further Issues of GDRs

- 1.1 Any Holder may request withdrawal of, and the Depositary shall thereupon relinquish, the Deposited Property attributable to any GDR upon production of such evidence of the entitlement of the Holder to the relative GDR as the Depositary may reasonably require, at the specified office of the Depositary or any Agent accompanied by:
- (i) a duly executed order (in a form approved by the Depositary) requesting the Depositary to cause the Deposited Property being withdrawn to be delivered at the Main Office of the Custodian, or (at the request, risk and expense of the Holder, and only if permitted by applicable law from time to time) at the specified office located in New York, London or Luxembourg of the Depositary or any Agent, or to the order in writing of, the person or persons designated in such order;
 - (ii) the payment of such fees, taxes, duties, charges and expenses as may be required under these Conditions or the Deposit Agreement;
 - (iii) the surrender (if appropriate) of GDR certificates in definitive registered form properly endorsed in blank or accompanied by proper instruments of transfer satisfactory to the Depositary to which the Deposited Property being withdrawn is attributable; and
 - (iv) the delivery to the Depositary of a duly executed and completed certificate substantially in the form set out in Schedule 4, Part B, to the Deposit Agreement, if Deposited Property is to be withdrawn or delivered in respect of surrendered Rule 144A GDRs.

The Deposit Agreement is entered into by the Company and The Bank of New York Mellon which will act as Depositary for the Regulation S Facility and the Rule 144A Facility. Deposited Property means and includes the Deposited Shares and all and any rights, interests and other securities, property and cash for the time being held by the Custodian or the Depositary or their respective agents and attributable to the Deposited Shares pursuant to the provisions of the Deposit Agreement together with any right of the Depositary or the Custodian to receive Deposited Shares or any such rights, interests and securities, property and case as aforesaid other than any right of the Depositary or the Custodian against any Pre-Release (as defined in Clause 3.9 of the Deposit Agreement) to receive any Shares, cash or GDRs pursuant to the contract governing the Pre-Release.

- 1.2 Upon production of such documentation and the making of such payment as aforesaid for withdrawal of the Deposited Property in accordance with Condition 1.1, the Depositary will direct the Custodian, by tested telex, facsimile or SWIFT message, within a reasonable time after receiving such direction from such Holder, to deliver at its Main Office to, or to the order in writing of, the person or persons designated in the accompanying order:
- (i) a certificate (if any) for, or other appropriate instrument of title (if any) to or evidence of a book-entry transfer in respect of the relevant Deposited Shares, registered in the name of the Depositary or its nominee and accompanied by such instruments of transfer in blank or to the person or persons specified in the order for withdrawal and such other documents, if any, as are required by law for the transfer thereof; and

- (ii) all other property forming part of the Deposited Property attributable to such GDR, accompanied, if required by law, by one or more duly executed endorsements or instruments of transfer in respect thereof; provided however that the Depositary may make delivery at its specified office in New York of any Deposited Property which is in the form of cash;

PROVIDED THAT the Depositary (at the request, risk and expense of any Holder so surrendering a GDR):

- (b) will direct the Custodian to deliver the certificates for, or other instruments of title to, or book-entry transfer in respect of, the relevant Deposited Shares and any document relative thereto and any other documents referred to in sub-paragraphs 1.2(i) and (ii) of this Condition (together with any other property forming part of the Deposited Property which may be held by the Custodian or its agent and is attributable to such Deposited Shares); and/or
- (c) will deliver any other property forming part of the Deposited Property which may be held by the Depositary and is attributable to such GDR (accompanied, if required by law, by one or more duly executed endorsements or instruments of transfer in respect thereof);

in each case to the specified office located in New York or London of the Depositary (if permitted by applicable law from time to time) or at the specified office in Luxembourg of any Agent as designated by the surrendering Holder in the order accompanying such GDR.

- 1.3 Delivery by the Depositary, any Agent and the Custodian of all certificates, instruments, dividends or other property forming part of the Deposited Property as specified in this Condition will be made subject to any laws or regulations applicable thereto.
- 1.4 The Depositary may, in accordance with the terms of the Deposit Agreement and upon delivery of a duly executed order (in a form reasonably approved by the Depositary) and a duly executed certificate substantially in the form of (a) Schedule 3 of the Deposit Agreement by or on behalf of any investor who is to become the beneficial owner of the Regulation S GDRs or (b) Schedule 4, Part A of the Deposit Agreement by or on behalf of any investor who is to become the beneficial owner of Rule 144A GDRs from time to time execute and deliver further GDRs having the same terms and conditions as the GDRs which are then outstanding in all respects (or the same in all respects except for the first dividend payment on the Shares corresponding to such further GDRs) and, subject to the terms of the Deposit Agreement, the Depositary shall accept for deposit any further Shares in connection therewith, so that such further GDRs shall form a single series with the already outstanding GDRs. References in these Conditions to the GDRs include (unless the context requires otherwise) any further GDRs issued pursuant to this Condition and forming a single series with the already outstanding GDRs.

The certificate to be provided in the form of Schedule 3 of the Deposit Agreement certifies among other things that the person providing such certificate is located outside the United States. The certificate to be provided in the form of Schedule 4, Part A, of the Deposit Agreement certifies among other things that the person providing such certificate is a qualified institutional buyer (as defined in Rule 144A under the Securities Act (a "QIB")) or is acting for the account of another person and such person is a QIB and in either case will comply with restrictions on transfer.

- 1.5 Any further GDRs issued pursuant to Condition 1.4 which correspond to Shares which have different dividend rights from the Shares corresponding to the outstanding GDRs will correspond to a separate temporary global Regulation S GDR and/or Rule 144A GDR. Upon becoming fungible with outstanding GDRs, such further GDRs shall be evidenced by a Master Regulation S GDR and a Master Rule 144A GDR (by increasing the total number of GDRs evidenced by the relevant Master Regulation S GDR and the Master Rule 144A GDR by the number of such further GDRs, as applicable).
- 1.6 The Depositary may issue GDRs against rights to receive Shares from the Company (or any agent of the Company recording Share ownership). No such issue of GDRs will be deemed a "Pre-Release" as defined in Condition 1.7.
- 1.7 Unless requested in writing by the Company to cease doing so, and notwithstanding the provisions of Condition 1.4, the Depositary may execute and deliver GDRs or issue interests in a Master Regulation S GDR or a Master Rule 144A GDR, as the case may be, prior to the receipt of Shares (a "**Pre-Release**"). The Depositary may, pursuant to Condition 1.1, deliver Shares upon the receipt and cancellation of GDRs, which have been Pre-Released, whether or not such cancellation is prior to the termination of such Pre-Release or the Depositary knows that such GDR has been Pre-Released. The Depositary may receive GDRs in lieu of Shares in satisfaction of a Pre-Release. Each Pre-Release will be (a) preceded or accompanied by a written representation from the person to whom GDRs or Deposited Property are to be delivered (the "**Pre-Releasee**") that such person, or its customer, (i) owns or represents the owner of the corresponding Deposited Property or GDRs to be remitted (as the case may be), (ii) assigns all beneficial right, title and interest in such Deposited Property or GDRs (as the case may be) to the Depositary in its capacity as such and for the benefit of the Holders, (iii) will not take any action with respect to such GDRs or Deposited Property (as the case may be) that is inconsistent with the transfer of beneficial ownership (including without the consent of the Depositary, disposing of such Deposited Property or GDRs, as the case may be), other than in satisfaction of such Pre-Release, (b) at all times fully collateralised with cash or such other collateral as the Depositary determines in good faith will provide substantially similar liquidity and security, (c) terminable by the Depositary on not more than five (5) business days' notice, and (d) subject to such further indemnities and credit regulations as the Depositary deems appropriate. The number of GDRs which are outstanding at any time as a result of Pre-Release will not normally represent more than 30 per cent. of the total number of GDRs then outstanding; provided, however, that the Depositary reserves the right to change or disregard such limit from time to time as it deems appropriate and may, with the prior written consent of the Company, change such limits for the purpose of general application. The Depositary will also set dollar limits with respect to such transactions hereunder with any particular Pre-Releasee hereunder on a case by case basis as the Depositary deems appropriate. The collateral referred to in sub-paragraph (b) above shall be held by the Depositary as security for the performance of the Pre-Releasee's obligations in connection herewith, including the Pre-Releasee's obligation to deliver Shares and/or other securities or GDRs upon termination of a transaction anticipated hereunder (and shall not, for the avoidance of doubt, constitute Deposited Property hereunder).

The Depositary may retain for its own account any compensation received by it in connection with the foregoing including, without limitation, earnings on the collateral.

The person to whom a Pre-Release of Rule 144A GDRs or Rule 144A Shares is to be made pursuant to this Condition 1.7 shall be required to deliver to the Depositary a duly executed and completed certificate substantially in the form set out in Schedule 4 Part A of the Deposit Agreement. The person to whom any Pre-Release of Regulation S GDRs or Regulation S Shares is to be made pursuant to this Condition 1.7

shall be required to deliver to the Depositary a duly executed and completed certificate substantially in the form set out in Schedule 3 of the Deposit Agreement.

2. Suspension of Issue of GDRs and of Withdrawal of Deposited Property

The Depositary shall be entitled, at its reasonable discretion, at such times as it shall determine, to suspend the issue or transfer of GDRs (and the deposit of Shares) generally or in respect of particular Shares. In particular, to the extent that it is in its opinion practicable for it to do so, the Depositary will refuse to accept Shares for deposit, to execute and deliver GDRs or to register transfers of GDRs if it has been notified by the Company in writing that the Deposited Shares or GDRs or any depositary receipts corresponding to Shares are listed on a U.S. Securities Exchange or quoted on a U.S. automated inter dealer quotation system unless accompanied by evidence satisfactory to the Depositary that any such Shares are eligible for resale pursuant to Rule 144A. Further, the Depositary may suspend the withdrawal of Deposited Property during any period when the Register, or the register of shareholders of the Company is closed or, generally or in one or more localities, suspend the withdrawal of Deposited Property or deposit of Shares if deemed necessary or desirable or advisable by the Depositary in good faith at any time or from time to time, in order to comply with any applicable law or governmental or stock exchange regulations or any provision of the Deposit Agreement or for any other reason. The Depositary shall (unless otherwise notified by the Company) restrict the withdrawal of Deposited Shares where the Company notifies the Depositary in writing that such withdrawal would result in ownership of Shares exceeding any limit under any applicable law, government resolution or the Company's constitutive documents or would otherwise violate any applicable laws. The Depositary is entitled to refuse to allow the cancellation of one or more GDRs and the withdrawal of the Deposited Shares represented by such GDRs if such cancellation and withdrawal would require the Depositary to transfer from the GDR facility a fraction of a Share.

3. Transfer and Ownership

The GDRs are in registered form, each corresponding to one third of one Share. Title to the GDRs passes by registration in the Register and accordingly, transfer of title to a GDR is effective only upon such registration. The Depositary will refuse to accept for transfer any GDRs if it reasonably believes that such transfer would result in violation of any applicable laws. The Holder of any GDR will (except as otherwise required by law) be treated by the Depositary and the Company as its beneficial owner for all purposes (whether or not any payment or other distribution in respect of such GDR is overdue and regardless of any notice of ownership, trust or any interest in it or any writing on, or theft or loss of any certificate issued in respect of it) and no person will be liable for so treating the Holder.

So long as Rule 144A GDRs are "restricted securities" within the meaning of Rule 144 under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), interests in such Rule 144A GDRs corresponding to the Master Rule 144A GDR may be transferred to a person whose interest in such Rule 144A GDRs is to be represented by the Master Regulation S GDR only upon receipt by the Depositary of written certifications (in the forms provided in the Deposit Agreement) from the transferor and the transferee to the effect that such transfer is being made in accordance with Rule 903 or Rule 904 of Regulation S under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"). Issuance of Rule 144A GDRs, including in connection with the transfer of an interest in Regulation S GDRs to a person whose interest is to be represented by the Master Rule 144A GDR, shall be subject to the terms and conditions of the Deposit Agreement, including delivery of the duly executed and completed written certificate and agreement required under the Deposit Agreement by or on behalf of each person who will be the beneficial owner of such Rule 144A GDRs certifying that such person is a QIB and agreeing that it will comply with the restrictions on transfer set forth therein and to payment of the fees, charges and taxes provided therein.

4. Cash Distributions

Whenever the Depositary shall receive from the Company any cash dividend or other cash distribution on or in respect of the Deposited Shares (including any amounts received in the liquidation of the Company) or otherwise in connection with the Deposited Property, the Depositary shall, as soon as practicable, convert the same into United States dollars in accordance with Condition 8. The Depositary shall, if practicable in the opinion of the Depositary, give notice to the Holders of its receipt of such payment in accordance with Condition 23, specifying the amount per Deposited Share payable in respect of such dividend or distribution and the earliest date, determined by the Depositary, for transmission of such payment to Holders and shall as soon as practicable distribute any such amounts to the Holders in proportion to the number of Deposited Shares corresponding to the GDRs so held by them respectively, subject to and in accordance with the provisions of Conditions 9 and 11; PROVIDED THAT:—

- (a) in the event that the Depositary is aware that any Deposited Shares are not entitled, by reason of the date of issue or transfer or otherwise, to such full proportionate amount, the amount so distributed to the relative Holders shall be adjusted accordingly; and
- (b) the Depositary will distribute only such amounts of cash dividends and other distributions as may be distributed without attributing to any GDR a fraction of the lowest integral unit of currency in which the distribution is made by the Depositary, and any balance remaining shall be retained by the Depositary beneficially as an additional fee under Condition 16.1(iv).

5. Distributions of Shares

Whenever the Depositary shall receive from the Company any distribution in respect of Deposited Shares which consists of a dividend or free distribution of Shares, the Depositary shall cause to be distributed to the Holders entitled thereto, in proportion to the number of Deposited Shares corresponding to the GDRs held by them respectively, additional GDRs corresponding to an aggregate number of Shares received pursuant to such distribution. Such additional GDRs shall be distributed by an increase in the number of GDRs corresponding to the Master GDRs or by an issue of certificates in definitive registered form in respect of GDRs, according to the manner in which the Holders hold their GDRs; PROVIDED THAT, if and in so far as the Depositary deems any such distribution to all or any Holders not to be reasonably practicable (including, without limitation, due to the fractions which would otherwise result or to any requirement that the Company, the Custodian or the Depositary withhold an amount on account of taxes or other governmental charges) or to be unlawful, the Depositary shall (either by public or private sale and otherwise at its discretion, subject to all applicable laws and regulations) sell such Shares so received and distribute the net proceeds of such sale as a cash distribution pursuant to Condition 4 to the Holders entitled thereto.

6. Distributions other than in Cash or Shares

Whenever the Depositary shall receive from the Company any dividend or distribution in securities (other than Shares) or in other property (other than cash) on or in respect of the Deposited Property, the Depositary shall distribute or cause to be distributed such securities or other property to the Holders entitled thereto, in proportion to the number of Deposited Shares corresponding to the GDRs held by them respectively, in any manner that the Depositary may deem equitable and practicable for effecting such distribution; PROVIDED THAT, if and in so far as the Depositary deems any such distribution to all or any Holders not to be reasonably practicable (including, without limitation, due to the fractions which would otherwise result or to any requirement that the Company, the Custodian or the Depositary withhold an amount on account of taxes or other governmental charges) or to be unlawful, the Depositary shall deal with the securities or property so received, or any part thereof, in such way as the Depositary may

determine to be equitable and practicable, including, without limitation, by way of sale (either by public or private sale and otherwise at its discretion, subject to all applicable laws and regulations) and shall (in the case of a sale) distribute the resulting net proceeds as a cash distribution pursuant to Condition 4 to the Holders entitled thereto.

7. Rights Issues

If and whenever the Company announces its intention to make any offer or invitation to the holders of Shares to subscribe for or to acquire Shares, securities or other assets by way of rights, the Depositary shall as soon as practicable give notice to the Holders, in accordance with Condition 23, of such offer or invitation, specifying, if applicable, the earliest date established for acceptance thereof, the last date established for acceptance thereof and the manner by which and time during which Holders may request the Depositary to exercise such rights as provided below or, if such be the case, specifying details of how the Depositary proposes to distribute the rights or the proceeds of any sale thereof. The Depositary will deal with such rights in the manner described below:—

- (i) if and to the extent that the Depositary shall, at its discretion, deem it to be lawful and reasonably practicable, the Depositary shall make arrangements whereby the Holders may, upon payment of the subscription price in euro or other relevant currency together with such fees, taxes, duties, charges, costs and expenses as may be required under the Deposit Agreement and completion of such undertakings, declarations, certifications and other documents as the Depositary may reasonably require, request the Depositary to exercise such rights on their behalf with respect to the Deposited Shares and to distribute the Shares, securities or other assets so subscribed or acquired to the Holders entitled thereto by an increase in the numbers of GDRs corresponding to the Master GDRs or an issue of certificates in definitive registered form in respect of GDRs, according to the manner in which the Holders hold their GDRs; or
- (ii) if and to the extent that the Depositary shall at its discretion, deem it to be lawful and reasonably practicable, the Depositary will distribute such rights to the Holders entitled thereto in such manner as the Depositary may at its discretion determine; or
- (iii) if and to the extent that the Depositary deems any such arrangement and distribution as is referred to in paragraphs (i) and (ii) above to all or any Holders not to be lawful and reasonably practicable (including, without limitation, due to the fractions which would otherwise result or to any requirement that the Company, the Custodian or the Depositary withhold an amount on account of taxes or other governmental charges) or to be unlawful, the Depositary (a) will, PROVIDED THAT Holders have not taken up rights through the Depositary as provided in (i) above, sell such rights (either by public or private sale and otherwise at its discretion subject to all applicable laws and regulations) or (b) may, if such rights are not transferable, in its discretion, arrange for such rights to be exercised and the resulting Shares or securities sold and, in each case, distribute the net proceeds of such sale as a cash distribution pursuant to Condition 4 to the Holders entitled thereto.
- (iv) (a) Notwithstanding the foregoing, in the event that the Depositary offers rights pursuant to Condition 7(i) (the "**Primary GDR Rights Offering**"), if authorised by the Company to do so, the Depositary may, in its discretion, make arrangements whereby in addition to instructions given

by a Holder to the Depositary to exercise rights on its behalf pursuant to Condition 7(i), such Holder is permitted to instruct the Depositary to subscribe on its behalf for additional rights which are not attributable to the Deposited Shares represented by such Holder's GDRs ("**Additional GDR Rights**") if at the date and time specified by the Depositary for the conclusion of the Primary GDR Offering (the "**Instruction Date**") instructions to exercise rights have not been received by the Depositary from the Holders in respect of all their initial entitlements. Any Holder's instructions to subscribe for such Additional GDR Rights ("**Additional GDR Rights Requests**") shall specify the maximum number of Additional GDR Rights that such Holder is prepared to accept (the "**Maximum Additional Subscription**") and must be received by the Depositary by the Instruction Date. If by the Instruction Date any rights offered in the Primary GDR Rights Offering have not been subscribed by the Holders initially entitled thereto ("**Unsubscribed Rights**"), subject to Condition 7(iv)(c) and receipt of the relevant subscription price in euro or other relevant currency, together with such fees, taxes, duties, charges, costs and expenses as it may deem necessary, the Depositary shall make arrangements for the allocation and distribution of Additional GDR Rights in accordance with Condition 7(iv)(b).

- (b) Holders submitting Additional GDR Rights Requests shall be bound to accept the Maximum Additional Subscription specified in such Additional GDR Request but the Depositary shall not be bound to arrange for a Holder to receive the Maximum Additional Subscription so specified but may make arrangements whereby the Unsubscribed Rights are allocated *pro rata* on the basis of the extent of the Maximum Additional Subscription specified in each Holder's Additional GDR Rights Request.
- (c) In order to proceed in the manner contemplated in this Condition 7(iv), the Depositary shall be entitled to receive such opinions from Luxembourg counsel and U.S. counsel as in its discretion it deems necessary which opinions shall be in a form and provided by counsel satisfactory to the Depositary and at the expense of the Company and may be requested in addition to any other opinions and/or certifications which the Depositary shall be entitled to receive under the Deposit Agreement and these Conditions. For the avoidance of doubt, save as provided in these Conditions and the Deposit Agreement, the Depositary shall have no liability to the Company or any Holder in respect of its actions or omissions to act under this Condition 7(iv) and, in particular, the Depositary will not be regarded as being negligent, acting in bad faith, or in wilful default if it elects not to make the arrangements referred to in Condition 7(iv)(a).

The Company has agreed in the Deposit Agreement that it will, unless prohibited by applicable law or regulation, give its consent to, and if requested use all reasonable endeavours (subject to the next paragraph) to facilitate, any such distribution, sale or subscription by the Depositary or the Holders, as the case may be, pursuant to Conditions 4, 5, 6, 7 or 10 (including the obtaining of legal opinions from counsel reasonably satisfactory to the Depositary concerning such matters as the Depositary may reasonably specify).

If the Company notifies the Depositary that registration is required in any jurisdiction under any applicable law of the rights, securities or other property to be distributed under Condition 4, 5, 6, 7 or 10 or the securities to which such rights relate in order for the Company to offer such rights or distribute such securities or other property to the Holders or owners of GDRs and to sell the securities corresponding to such rights, the Depositary will not offer such rights or distribute such securities or other property to the Holders or sell such securities unless and until the Company procures the receipt by the Depositary of an opinion from counsel reasonably satisfactory to the Depositary that a registration statement is in effect or that the offering and sale of such rights or securities to such Holders or owners of GDRs are exempt from registration under the provisions of such law. Neither the Company nor the Depositary shall be liable to register such rights, securities or other property or the securities to which such rights relate and they shall not be liable for any losses, damages or expenses resulting from any failure to do so.

If at the time of the offering of any rights, at its discretion, the Depositary shall be satisfied that it is not lawful or practicable (for reasons outside its control) to dispose of the rights in any manner provided in paragraphs (i), (ii), (iii) and (iv) above, the Depositary shall permit the rights to lapse. The Depositary will not be responsible for any failure to determine that it may be lawful or feasible to make such rights available to Holders or owners of GDRs in general or to any Holder or owner of a GDR or Holders or owners of GDRs in particular.

8. Conversion of Foreign Currency

Whenever the Depositary shall receive any currency other than United States dollars by way of dividend or other distribution or as the net proceeds from the sale of securities, other property or rights, and if at the time of the receipt thereof the currency so received can in the judgement of the Depositary be converted on a reasonable basis into United States dollars and distributed to the Holders entitled thereto, the Depositary shall as soon as practicable itself convert or cause to be converted by another bank or other financial institution, by sale or in any other manner that it may reasonably determine, the currency so received into United States dollars. If such conversion or distribution can be effected only with the approval or licence of any government or agency thereof, the Depositary shall make reasonable efforts to apply, or procure that an application be made, for such approval or licence, if any, as it may deem desirable. If at any time the Depositary shall determine that in its judgement any currency other than United States dollars is not convertible on a reasonable basis into United States dollars and distributable to the Holders entitled thereto, or if any approval or licence of any government or agency thereof which is required for such conversion is denied or, in the opinion of the Depositary, is not obtainable, or if any such approval or licence is not obtained within a reasonable period as determined by the Depositary, the Depositary may distribute such other currency received by it (or an appropriate document evidencing the right to receive such other currency) to the Holders entitled thereto to the extent permitted under applicable law, or the Depositary may in its discretion hold such other currency for the benefit of the Holders entitled thereto. If any conversion of any such currency can be effected in whole or in part for distribution to some (but not all) Holders entitled thereto, the Depositary may at its discretion make such conversion and distribution in United States dollars to the extent possible to the Holders entitled thereto and may distribute the balance of such other currency received by the Depositary to, or hold such balance for the account of, the Holders entitled thereto, and notify the Holders accordingly.

9. Distribution of any Payments

9.1 Any distribution of cash under Condition 4, 5, 6, 7 or 10 will be made by the Depositary to Holders on the record date established by the Depositary for that purpose (such date to be as close to the record date set by the Company as is reasonably practicable) and, if practicable in the opinion of the Depositary, notice shall be given promptly to Holders in accordance with

Condition 23, in each case subject to any laws or regulations applicable thereto and (subject to the provisions of Condition 8) distributions will be made in United States dollars by cheque drawn upon a bank in New York City or, in the case of the Master GDRs, according to usual practice between the Depositary and Clearstream, Euroclear or DTC, as the case may be. The Depositary or the Agent, as the case may be, may deduct and retain from all moneys due in respect of such GDR in accordance with the Deposit Agreement all fees, taxes, duties, charges, costs and expenses which may become or have become payable under the Deposit Agreement or under applicable law or regulation in respect of such GDR or the relevant Deposited Property.

- 9.2 Delivery of any securities or other property or rights other than cash shall be made as soon as practicable to the Holders on the record date established by the Depositary for that purpose (such date to be as close to the record date set by the Company as is reasonably practicable), subject to any laws or regulations applicable thereto. If any distribution made by the Company with respect to the Deposited Property and received by the Depositary shall remain unclaimed at the end of three years from the first date upon which such distribution is made available to Holders in accordance with the Deposit Agreement, all rights of the Holders to such distribution or the proceeds of the sale thereof shall be extinguished and the Depositary shall (except for any distribution upon the liquidation of the Company when the Depositary shall retain the same) return the same to the Company for its own use and benefit subject, in all cases, to the provisions of applicable law or regulation.

10. Capital Reorganisation

Upon any change in the nominal or par value, sub-division, consolidation or other reclassification of Deposited Shares or any other part of the Deposited Property or upon any reduction of capital, or upon any reorganisation, merger or consolidation of the Company or to which it is a party (except where the Company is the continuing corporation), the Depositary shall as soon as practicable give notice of such event to the Holders and at its discretion may treat such event as a distribution and comply with the relevant provisions of Conditions 4, 5, 6 and 9 with respect thereto, or may execute and deliver additional GDRs in respect of Shares or may require the exchange of existing GDRs for new GDRs which reflect the effect of such change.

11. Withholding Taxes and Applicable Laws

- 11.1 Payments to Holders of dividends or other distributions on or in respect of the Deposited Shares will be subject to deduction of Luxembourg and other withholding taxes, if any, at the applicable rates.
- 11.2 If any governmental or administrative authorisation, consent, registration or permit or any report to any governmental or administrative authority is required under any applicable law in Luxembourg in order for the Depositary to receive from the Company Shares or other securities to be deposited under these Conditions, or in order for Shares, other securities or other property to be distributed under Condition 4, 5, 6 or 10 or to be subscribed under Condition 7 or to offer any rights or sell any securities represented by such rights relevant to any Deposited Shares, the Company has agreed to apply for such authorisation, consent, registration or permit or file such report on behalf of the Holders within the time required under such laws. In this connection, the Company has undertaken in the Deposit Agreement to the extent reasonably practicable to take such action as may be required in obtaining or filing the same. The Depositary shall not be obliged to distribute GDRs representing such Shares, Shares, other securities or other property deposited under these Conditions or make any offer of any such rights or sell any securities corresponding to any such rights with respect to which such authorisation, consent, registration or permit or such report has not been obtained or filed, as the case may be, and shall have no duties

to obtain (but shall, where assistance is reasonably requested by the Company, and such assistance does not require the Depositary to take any action in conflict with market practice or in a capacity other than its capacity as Depositary, at the expense of the Company make reasonable endeavours to assist the Company to obtain) any such authorisation, consent, registration or permit, or to file any such report.

12. Voting Rights

- 12.1 Holders will have the right to instruct the Depositary with respect to the exercise of voting rights with respect to the Deposited Shares, but not in relation to any fraction of a Deposited Share. The Company has agreed to notify the Depositary of any resolution to be proposed at a General Meeting of the Company and the Depositary will vote or cause to be voted the Deposited Shares in the manner set out in this Condition 12. The Company has agreed with the Depositary that it will promptly provide to the Depositary sufficient copies, as the Depositary may reasonably request, of notices of meetings of the shareholders of the Company and the agenda therefor as well as written requests containing voting instructions by which each Holder may give instructions to the Depositary to vote for or against each and any resolution specified in the agenda for the meeting, which the Depositary shall send to any person who is a Holder on the record date established by the Depositary for that purpose (which shall be the same as the corresponding record date set by the Company for the Shares or as near as practicable thereto) as soon as practicable after receipt of the same by the Depositary in accordance with Condition 23. The Company has also agreed to provide to the Depositary appropriate proxy forms to enable the Depositary to appoint a representative to attend the relevant meeting and vote on behalf of the Depositary.
- 12.2 In order for each voting instruction to be valid, the voting instructions form must be completed and duly signed by the respective Holder (or in the case of instructions received from the clearing systems should be received by authenticated SWIFT message) in accordance with the written request containing voting instructions and returned to the Depositary by such record date as the Depositary may specify.
- 12.3 The Depositary will exercise or cause to be exercised the voting rights in respect of the Deposited Shares in accordance with the voting instructions it has received, so that, as appropriate, all Deposited Shares will be voted for or against, or the relevant portion of the Deposited Shares will be voted for and the relevant portion of the Deposited Shares will be voted against, any resolution specified in the agenda for the relevant meeting.
- 12.4 If the Depositary is advised in the opinion referred to in Condition 12.7 below that it is not permitted by Luxembourg law to exercise the voting rights in respect of the Deposited Shares differently (so that a portion of the Deposited Shares may be voted for a resolution and a portion of the Deposited Shares may be voted against a resolution) the Depositary shall, if the opinion referred to in Condition 12.7 below confirms it to be permissible under Luxembourg law, calculate from the voting instructions that it has received from all Holders (x) the aggregate number of votes in favour of a particular resolution and (y) the aggregate number of votes opposed to such resolution and cast or cause to be cast in favour of or opposed to such resolution the number of votes representing the net positive difference between such aggregate number of votes in favour of such resolution and such aggregate number of votes opposed to such resolution.
- 12.5 The Depositary will only endeavour to vote or cause to be voted the votes attaching to Shares in respect of which voting instructions have been received, except that if no voting instructions are received by the Depositary from a Holder (either because no voting instructions are returned to the Depositary by such Holder or because the voting instructions are incomplete, illegible or

unclear) with respect to any or all of the Deposited Shares represented by such Holder's GDRs on or before the record date specified by the Depositary, such Holder shall be deemed to have instructed the Depositary to give a discretionary proxy to a person designated by the Company with respect to such Deposited Shares, and the Depositary shall give a discretionary proxy to a person designated by the Company to vote such Deposited Shares, PROVIDED THAT no such instruction shall be deemed given, and no such discretionary proxy shall be given, with respect to any matter as to which the Company informs the Depositary (and the Company has agreed to provide such information in writing as soon as practicable) that (i) the Company does not wish such proxy to be given, or (ii) such matter materially and adversely affects the rights of holders of Shares.

- 12.6 If the Depositary is advised in the opinion referred to in Condition 12.7 below that it is not permissible under Luxembourg law or the Depositary determines that it is not reasonably practicable to vote or cause to be voted such Deposited Shares in accordance with Conditions 12.3, 12.4 or 12.5 the Depositary shall not vote or cause to be voted such Deposited Shares.
- 12.7 Where the Depositary is to vote in respect of each and any resolution in the manner described in Conditions 12.3, 12.4 or 12.5 above the Depositary shall notify the chairman of the board of directors of the Company (the "**Chairman**") and appoint a person designated by the Chairman as a representative of the Depositary to attend such meeting and vote the Deposited Shares in the manner required by this Condition. The Depositary shall not be required to take any action required by this Condition 12 if it has requested but not received prior to taking such action an opinion from the Company's legal counsel (such counsel being reasonably acceptable to the Depositary) at the expense of the Company to the effect that the voting arrangements contemplated in this Condition are valid and binding on Holders under Luxembourg law and the statutes of the Company and that the Depositary is permitted to exercise votes in accordance with the provisions of this Condition 12 and that in doing so the Depositary will not be deemed to be exercising voting discretion.
- 12.8 By continuing to hold GDRs, all Holders shall be deemed to have agreed to the provisions of this Condition as it may be amended from time to time in order to comply with applicable Luxembourg law.
- 12.9 The Depositary shall not, and the Depositary shall ensure that the Custodian and its nominee, if any, do not, vote or attempt to exercise any right to vote that attaches to the Deposited Shares, other than in accordance with instructions given in accordance with this Condition.

13. Recovery of Taxes, Duties and Other Charges

The Depositary shall not be liable for any taxes, duties, charges, costs or expenses which may become payable in respect of the Deposited Shares or other Deposited Property or the GDRs, whether under any present or future fiscal or other laws or regulations, and such part thereof as is proportionate or referable to a GDR shall be payable by the Holder thereof to the Depositary at any time on request or may be deducted from any amount due or becoming due on such GDR in respect of any dividend or other distribution. In default thereof, the Depositary may for the account of the Holder discharge the same out of the proceeds of sale on any Stock Exchange on which the Shares may from time to time be listed, and subject to all applicable laws and regulations, of any appropriate number of Deposited Shares or other Deposited Property and subsequently pay any surplus to the Holder. Any such request shall be made by giving notice pursuant to Condition 23.

14. Liability

- 14.1 In acting hereunder the Depositary shall have only those duties, obligations and responsibilities expressly specified in the Deposit Agreement and these Conditions and, other than holding the Deposited Property for the benefit of Holders as bare trustee, does not assume any relationship of trust for or with the Holders or owners of GDRs or any other person.
- 14.2 Neither the Depositary, the Custodian, the Company, any Agent, nor any of their agents, officers, directors or employees shall incur any liability to any other of them or to any Holder or owner of a GDR or any other person with an interest in any GDRs if, by reason of any provision of any present or future law or regulation of Luxembourg or any other country or of any relevant governmental authority, or by reason of the interpretation or application of any such present or future law or regulation or any change therein, or by reason of any other circumstances beyond their control, or in the case of the Depositary, the Custodian, the Agent or any of their agents, officers, directors or employees, by reason of any provision, present or future, of the constitutive documents of the Company, any of them shall be prevented, delayed or forbidden from doing or performing any act or thing which the terms of the Deposit Agreement or these Conditions provide shall or may be done or performed; nor shall any of them incur any liability to any Holder or owner of GDRs or any other person with an interest in any GDRs by reason of any exercise of, or failure to exercise, any voting rights attached to the Deposited Shares or any of them or any other discretion or power provided for in the Deposit Agreement. Any such party may rely on, and shall be protected in acting upon, any written notice, request, direction or other document believed by it to be genuine and to have been duly signed or presented (including a translation which is made by a translator believed by it to be competent or which appears to be authentic).
- 14.3 Neither the Depositary nor any Agent shall be liable (except for its own wilful default, negligence or bad faith or that of its agents, officers, directors or employees) to the Company or any Holder or owner of GDRs or any other person, by reason of having accepted as valid or not having rejected any certificate for Shares or GDRs or any signature on any transfer or instruction purporting to be such and subsequently found to be forged or not authentic or for its failure to perform any obligations under the Deposit Agreement or these Conditions.
- 14.4 The Depositary and its agents may engage or be interested in any financial or other business transactions with the Company or any of its subsidiaries or affiliates, or in relation to the Deposited Property (including without prejudice to the generality of the foregoing, the conversion of any part of the Deposited Property from one currency to another), may at any time hold or be interested in GDRs for its own account, and shall be entitled to charge and be paid all usual fees, commissions and other charges for business transacted and acts done by it as a bank, and not in the capacity of Depositary, in relation to matters arising under the Deposit Agreement (including, without prejudice to the generality of the foregoing, charges on the conversion of any part of the Deposited Property from one currency to another and on any sales of property) without accounting to Holders or any other person for any profit arising therefrom.
- 14.5 The Depositary shall endeavour to effect any such sale as is referred to or contemplated in Conditions 5, 6, 7, 10, 13 or 21 or any such conversion as is referred to in Condition 8 in accordance with the Depositary's normal practices and procedures but shall have no liability (in the absence of its own wilful default, negligence or bad faith or that of its agents, officers, directors or employees) with respect to the terms of such sale or conversion or if such sale or conversion shall not be reasonably practicable.

- 14.6 The Depositary shall not be required or obliged to monitor, supervise or enforce the observance and performance by the Company of its obligations under or in connection with the Deposit Agreement or these Conditions.
- 14.7 The Depositary shall have no responsibility whatsoever to the Company, any Holders or any owner of GDRs or any other person as regards any deficiency which might arise because the Depositary is subject to any tax in respect of the Deposited Property or any part thereof or any income therefrom or any proceeds thereof.
- 14.8 In connection with any proposed modification, waiver, authorisation or determination permitted by the terms of the Deposit Agreement, the Depositary shall not, except as otherwise expressly provided in Condition 22, be obliged to have regard to the consequence thereof for the Holders or the owners of GDRs or any other person.
- 14.9 Notwithstanding anything else contained in the Deposit Agreement or these Conditions, the Depositary may refrain from doing anything which could or might, in its opinion, be contrary to any law of any jurisdiction or any directive or regulation of any agency or state or which would or might otherwise render it liable to any person and the Depositary may do anything which is, in its opinion, necessary to comply with any such law, directive or regulation.
- 14.10 The Depositary may, in relation to the Deposit Agreement and these Conditions, act or take no action on the advice or opinion of, or any certificate or information obtained from, any lawyer, valuer, accountant, banker, broker, securities company or other expert whether obtained by the Company, the Depositary or otherwise, and (subject to Condition 14.13 below) shall not be responsible or liable for any loss or liability occasioned by so acting or refraining from acting or relying on information from persons presenting Shares for deposit or GDRs for surrender or requesting transfers thereof.
- 14.11 Any such advice, opinion, certificate or information (as discussed in Condition 14.10 above) may be sent or obtained by letter, telex, facsimile transmission, telegram or cable and (subject to Condition 14.13 below) the Depositary shall not be liable for acting on any advice, opinion, certificate or information purported to be conveyed by any such letter, telex or facsimile transmission although (without the Depositary's knowledge) the same shall contain some error or shall not be authentic.
- 14.12 The Depositary may call for and shall be at liberty to accept as sufficient evidence of any fact or matter or the expediency of any transaction or thing, a certificate, letter or other communication, whether oral or written, signed or otherwise communicated on behalf of the Company by a director of the Company or by a person duly authorised by a Director of the Company or such other certificate from persons specified in Condition 14.10 above which the Depositary considers appropriate and the Depositary shall not be bound in any such case to call for further evidence or be responsible for any loss or liability that may be occasioned by the Depositary acting on such certificate.
- 14.13 The Depositary shall have no obligation under the Deposit Agreement except to perform its obligations as are specifically set out therein without wilful default, negligence or bad faith.
- 14.14 The Depositary may delegate by power of attorney or otherwise to any person or persons or fluctuating body of persons, whether being a joint Depositary of the Deposit Agreement or not and not being a person to whom the Company may reasonably object, all or any of the powers, authorities and discretions vested in the Depositary by the Deposit Agreement and such delegation may be made upon such terms and subject to such conditions, including power to sub-

delegate and subject to such regulations as the Depositary may in the interests of the Holders think fit, provided that no objection from the Company to any such delegation as aforesaid may be made to a person whose financial statements are consolidated with those of the Depositary's ultimate holding company. Any delegation by the Depositary shall be on the basis that the Depositary is acting on behalf of the Holders and the Company in making such delegation. The Company shall not in any circumstances and the Depositary shall not (provided that it shall have exercised reasonable care in the selection of such delegate) be bound to supervise the proceedings or be in any way responsible for any loss, liability, cost, claim, action, demand or expense incurred by reason of any misconduct or default on the part of any such delegate or sub-delegate. However, the Depositary shall, if practicable and if so requested by the Company, pursue (at the Company's expense and subject to receipt by the Depositary of such indemnity and security for costs as the Depositary may reasonably require) any legal action it may have against such delegate or sub-delegate arising out of any such loss caused by reason of any such misconduct or default. The Depositary shall, within a reasonable time of any such delegation or any renewal, extension or termination thereof, give notice thereof to the Company. Any delegation under this Condition which includes the power to sub-delegate shall provide that the sub-delegate shall be required to provide the services sub-delegated in substantially the same manner as such services are required to be provided under the Deposit Agreement and the delegate shall, within a specified time of any sub-delegation or amendment, extension or termination thereof, give notice thereof to the Company and the Depositary.

- 14.15 The Depositary may, in the performance of its obligations hereunder, instead of acting personally, employ and pay an agent, whether a solicitor or other person, to transact or concur in transacting any business and do or concur in doing all acts required to be done by such party, including the receipt and payment of money.
- 14.16 The Depositary shall be at liberty to hold or to deposit the Deposit Agreement and any deed or document relating thereto in any part of the world with any banking company or companies (including itself) whose business includes undertaking the safe custody of deeds or documents or with any lawyer or firm of lawyers of good repute, and the Depositary shall not (in the case of deposit with itself, in the absence of its own negligence, wilful default, or bad faith or that of its agents, directors, officers or employees) be responsible for any losses, liability or expenses incurred in connection with any such deposit.
- 14.17 Notwithstanding anything to the contrary contained in the Deposit Agreement or these Conditions, the Depositary shall not be liable in respect of any loss or damage which arises out of or in connection with its performance or non-performance or the exercise or attempted exercise of, or the failure to exercise any of, its powers or discretions under the Deposit Agreement except to the extent that such loss or damage arises from the wilful default, negligence or bad faith of the Depositary or that of its agents, officers, directors or employees.
- 14.18 No provision of the Deposit Agreement or these Conditions shall require the Depositary to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity and security against such risk of liability is not assured to it.
- 14.19 For the avoidance of doubt, the Depositary shall be under no obligation to check, monitor or enforce compliance with any ownership restrictions in respect of GDRs or Shares under any applicable Luxembourg law as the same may be amended from time to time. Notwithstanding the generality of Condition 3, the Depositary shall refuse to register any transfer of GDRs or any

deposit of Shares against issuance of GDRs if notified by the Company, or the Depositary becomes aware of the fact, that such transfer or issuance would result in a violation of the limitations set forth above.

14.20 No disclaimer of liability under the Securities Act is intended by any provision of the Deposit Agreement.

15. Issue and Delivery of Replacement GDRs and Exchange of GDRs

Subject to the payment of the relevant fees, taxes, duties, charges, costs and expenses and such terms as to evidence and indemnity as the Depositary may require, replacement GDRs will be issued by the Depositary and will be delivered in exchange for or replacement of outstanding lost, stolen, mutilated, defaced or destroyed GDRs upon surrender thereof (except in the case of the destruction, loss or theft) at the specified office of the Depositary or (at the request, risk and expense of the Holder) at the specified office of any Agent.

16. Depositary's Fees, Costs and Expenses

16.1 The Depositary shall be entitled to charge the following remuneration and receive the following remuneration and reimbursement (such remuneration and reimbursement being payable on demand) from the Holders in respect of its services under the Deposit Agreement:

- (i) for the issue of GDRs (other than upon the issue of GDRs pursuant to the Offering) or the cancellation of GDRs upon the withdrawal of Deposited Property: U.S.\$5.00 or less per 100 GDRs (or portion thereof) issued or cancelled;
- (ii) for issuing GDR certificates in definitive registered form in replacement for mutilated, defaced, lost, stolen or destroyed GDR certificates: a sum per GDR certificate which is determined by the Depositary to be a reasonable charge to reflect the work, costs and expenses involved;
- (iii) for issuing GDR certificates in definitive registered form (other than pursuant to (ii) above): the greater of U.S.\$1.50 per GDR certificate (plus printing costs) or such other sum per GDR certificate which is determined by the Depositary to be a reasonable charge to reflect the work plus costs (including but not limited to printing costs) and expenses involved;
- (iv) for receiving and paying any cash dividend or other cash distribution on or in respect of the Deposited Shares: a fee of U.S.\$0.02 or less per GDR for each such dividend or distribution;
- (v) in respect of any issue of rights or distribution of Shares (whether or not evidenced by GDRs) or other securities or other property (other than cash) upon exercise of any rights, any free distribution, stock dividend or other distribution: U.S.\$5.00 or less per 100 outstanding GDRs (or portion thereof) for each such issue of rights, dividend or distribution;
- (vi) for transferring interests from and between the Regulation S Master GDR and the Rule 144A Master GDR: a fee of U.S.\$0.05 or less per GDR;
- (vii) a fee of U.S.\$0.02 or less per GDR for depositary services, which shall accrue on the last day of each calendar year and shall be payable as provided in paragraph

(viii) below, *provided however* that no fee will be assessed under this provision to the extent a fee of U.S.\$0.02 per GDR was charged in such calendar year pursuant to sub-paragraph (iv) above; and

- (viii) any other charge payable by the Depositary, any of the Depositary's agents, including the Custodian, or the agents of the Depositary's agents, in connection with the servicing of Deposited Shares or other Deposited Property (which charge shall be assessed against Holders as of the date or dates set by the Depositary and shall be payable at the sole discretion of the Depositary by billing such Holders for such charge or deducting such charge from one or more cash dividends or other cash distributions,

together with all expenses (including currency conversion expenses), transfer and registration fees, taxes, duties and charges payable by the Depositary, any Agent or the Custodian, or any of their agents, in connection with any of the above.

- 16.2 The Depositary is entitled to receive from the Company the fees, taxes, duties, charges costs and expenses as specified in a separate agreement between the Company and the Depositary.

17. Agents

- 17.1 The Depositary shall be entitled to appoint one or more agents (the "**Agents**") for the purpose, *inter alia*, of making distributions to the Holders.
- 17.2 Notice of appointment or removal of any Agent or of any change in the specified office of the Depositary or any Agent will be duly given by the Depositary to the Holders.

18. Listing

The Company has undertaken in the Deposit Agreement to use its best endeavours to maintain, so long as any GDR is outstanding, a listing for the GDRs on the Official List of the UK Listing Authority and admission to trading on the market for listed securities of the London Stock Exchange.

For that purpose the Company will pay all fees and sign and deliver all undertakings required by the UK Listing Authority or the London Stock Exchange in connection with such listings. In the event that the listing on the Official List of the UK Listing Authority and admission to trading on the market for listed securities of the London Stock Exchange is not maintained, the Company has undertaken in the Deposit Agreement to use its best endeavours with the reasonable assistance of the Depositary (provided at the Company's expense) to obtain and maintain a listing of the GDRs on any other internationally recognised stock exchange in Europe.

19. The Custodian

The Depositary has agreed with the Custodian that the Custodian will receive and hold (or appoint agents approved by the Depositary to receive and hold) all Deposited Property for the account and to the order of the Depositary in accordance with the applicable terms of the Deposit Agreement which include a requirement to segregate the Deposited Property from the other property of, or held by, the Custodian PROVIDED THAT the Custodian shall not be obliged to segregate cash comprised in the Deposited Property from cash otherwise held by the Custodian. The Custodian shall be responsible solely to the Depositary PROVIDED THAT, if and so long as the Depositary and the Custodian are the same legal entity, references to them separately in these Conditions and the Deposit Agreement are for convenience only and that legal entity shall be responsible for discharging both functions directly to the Holders and

the Company. The Custodian may resign or be removed by the Depositary by giving 90 days' prior notice, except that if a replacement Custodian is appointed which is a branch or affiliate of the Depositary, the Custodian's resignation or discharge may take effect immediately on the appointment of such replacement Custodian. Upon the removal of or receiving notice of the resignation of the Custodian, the Depositary shall promptly appoint a successor Custodian (approved (i) by the Company, such approval not to be unreasonably withheld or delayed, and (ii) by the relevant authority in Luxembourg, if any), which shall, upon acceptance of such appointment, and the expiry of any applicable notice period, become the Custodian. Whenever the Depositary in its discretion determines that it is in the best interests of the Holders to do so, it may, after prior consultation with the Company, terminate the appointment of the Custodian and, in the event of any such termination, the Depositary shall promptly appoint a successor Custodian (approved (i) by the Company, such approval not to be unreasonably withheld or delayed, and (ii) by the relevant authority in Luxembourg, if any), which shall, upon acceptance of such appointment, become the Custodian under the Deposit Agreement on the effective date of such termination. The Depositary shall notify Holders of such change immediately upon such change taking effect in accordance with Condition 23. Notwithstanding the foregoing, the Depositary may temporarily deposit the Deposited Property in a manner or a place other than as therein specified; PROVIDED THAT, in the case of such temporary deposit in another place, the Company shall have consented to such deposit, and such consent of the Company shall have been delivered to the Custodian. In case of transportation of the Deposited Property under this Condition, the Depositary shall obtain appropriate insurance at the expense of the Company if and to the extent that the obtaining of such insurance is reasonably practicable and the premiums payable are of a reasonable amount.

20. Resignation and Termination of Appointment of the Depositary

- 20.1 The Company may terminate the appointment of the Depositary under the Deposit Agreement by giving at least 120 days' prior notice in writing to the Depositary and the Custodian, and the Depositary may resign as Depositary by giving at least 120 days' prior notice in writing to the Company and the Custodian. Within 30 days after the giving of either such notice, notice thereof shall be duly given by the Depositary to the Holders in accordance with Condition 23 and to the UK Listing Authority and the London Stock Exchange.

The termination of the appointment or the resignation of the Depositary shall take effect on the date specified in such notice; PROVIDED THAT no such termination of appointment or resignation shall take effect until the appointment by the Company of a successor depositary under the Deposit Agreement and the acceptance of such appointment to act in accordance with the terms thereof and of these Conditions, by the successor depositary. The Company has undertaken in the Deposit Agreement to use its best endeavours to procure the appointment of a successor depositary with effect from the date of termination specified in such notice as soon as reasonably possible following notice of such termination or resignation. Upon any such appointment and acceptance, notice thereof shall be duly given by the Depositary to the Holders in accordance with Condition 23 and to the UK Listing Authority and the London Stock Exchange.

- 20.2 Upon the termination of appointment or resignation of the Depositary and against payment of all fees and expenses due to the Depositary from the Company under the Deposit Agreement, the Depositary shall deliver to its successor as depositary sufficient information and records to enable such successor efficiently to perform its obligations under the Deposit Agreement and shall deliver and pay to such successor depositary all property and cash held by it under the Deposit Agreement. The Deposit Agreement provides that, upon the date when such termination of appointment or resignation takes effect, the Custodian shall be deemed to be the Custodian thereunder for such successor depositary, and the resigning Depositary shall thereafter have no

obligation under the Deposit Agreement or the Conditions (other than liabilities accrued prior to the date of termination of appointment or resignation or any liabilities stipulated in relevant laws or regulations).

21. Termination of Deposit Agreement

- 21.1 Either the Company or the Depositary but, in the case of the Depositary, only if the Company has failed to appoint a replacement Depositary within 90 days of the date on which the Depositary has given notice pursuant to Condition 20 and Clause 11 of the Deposit Agreement that it wishes to resign, may terminate the Deposit Agreement by giving 90 days' prior notice to the other and to the Custodian. Within 30 days after the giving of such notice, notice of such termination shall be duly given by the Depositary to Holders of all GDRs then outstanding in accordance with Condition 23.
- 21.2 During the period beginning on the date of the giving of such notice by the Depositary to the Holders and ending on the date on which such termination takes effect, each Holder shall be entitled to obtain delivery of the Deposited Property relative to each GDR held by it, subject to (i) the provisions of Condition 1.1 and compliance by it with Condition 1, (ii) payment by the Holder of the charge specified in Condition 16.1(i) and Clause 10.1.1(a) for such delivery and surrender, and (iii) payment by the Holder of any sums payable by the Depositary and/or any other expenses incurred by the Depositary (together with all amounts which the Depositary is obliged to pay to the Custodian) in connection with such delivery and surrender, and otherwise in accordance with the Deposit Agreement.
- 21.3 If any GDRs remain outstanding after the date of termination, the Depositary shall as soon as reasonably practicable sell the Deposited Property then held by it under the Deposit Agreement and shall not register transfers, shall not pass on dividends or distributions or take any other action, except that it will deliver the net proceeds of any such sale, together with any other cash then held by it under the Deposit Agreement, *pro rata* to Holders of GDRs which have not previously been so surrendered by reference to that proportion of the Deposited Property which is represented by the GDRs of which they were the Holders prior to such sale. After making such sale, the Depositary shall be discharged from all obligations under the Deposit Agreement and these Conditions, except its obligation to account to Holders for such net proceeds of sale and other cash comprising the Deposited Property without interest.

22. Amendment of Deposit Agreement and Conditions

All and any of the provisions of the Deposit Agreement and these Conditions (other than this Condition 22) may at any time and from time to time be amended by agreement between the Company and the Depositary in any respect which they may deem necessary or desirable. Notice of any amendment of these Conditions (except to correct a manifest error) shall be duly given to the Holders by the Depositary, and any amendment (except as aforesaid) which shall increase or impose fees payable by Holders or which shall otherwise, in the opinion of the Depositary, be materially prejudicial to the interests of the Holders (as a class) shall not become effective so as to impose any obligation on the Holders until the expiration of three months after such notice shall have been given. During such period of three months, each Holder shall be entitled to obtain, subject to and upon compliance with Condition 1, delivery of the Deposited Property relative to each GDR held by it upon surrender thereof, payment of the charge specified in Condition 16.1(i) for such delivery and surrender and otherwise in accordance with the Deposit Agreement and these Conditions. Each Holder at the time when such amendment so becomes effective shall be deemed, by continuing to hold a GDR, to approve such amendment and to be bound by the terms thereof in so far as they affect the rights of the Holders. In no event shall any amendment impair

the right of any Holder to receive, subject to and upon compliance with Condition 1, the Deposited Property attributable to the relevant GDR.

For the purposes of this Condition 22, an amendment shall not be regarded as being materially prejudicial to the interests of Holders if its principal effect is to permit the creation of GDRs in respect of additional Shares to be held by the Depositary which are or will become fully consolidated as a single series with the other Deposited Shares PROVIDED THAT temporary GDRs will represent such Shares until they are so consolidated.

23. Notices

- 23.1 Any and all notices to be given to any Holder shall be duly given if personally delivered, or sent by mail (if domestic, first class, if overseas, first class airmail) or air courier, or by telex or facsimile transmission confirmed by letter sent by mail or air courier, addressed to such Holder at the address of such Holder as it appears on the transfer books for GDRs of the Depositary, or, if such Holder shall have filed with the Depositary a written request that notices intended for such Holder be mailed to some other address, at the address specified in such request.
- 23.2 Delivery of a notice sent by mail or air courier shall be effective three days (in the case of domestic mail or air courier) or seven days (in the case of overseas mail) after dispatch, and any notice sent by telex transmission, as provided in this Condition, shall be effective when the sender receives the answerback from the addressee at the end of the telex and any notice sent by facsimile transmission, as provided in this Condition, shall be effective when the intended recipient has confirmed by telephone to the transmitter thereof that the recipient has received such facsimile in complete and legible form. The Depositary or the Company may, however, act upon any telex or facsimile transmission received by it from the other or from any Holder, notwithstanding that such telex or facsimile transmission shall not subsequently be confirmed as aforesaid.
- 23.3 So long as GDRs are listed on the Official List of the UK Listing Authority and admitted to trading on the market for listed securities of the London Stock Exchange and the rules of the UK Listing Authority or the London Stock Exchange so require, all notices to be given to Holders generally will also be published in a leading daily newspaper having general circulation in the UK (which is expected to be the *Financial Times*).

24. Reports and Information on the Company

- 24.1 The Company has undertaken in the Deposit Agreement (so long as any GDR is outstanding) to furnish the Depositary with six copies in the English language (and to make available to the Depositary, the Custodian and each Agent as many further copies as they may reasonably require to satisfy requests from Holders) of those communications that it makes generally available to its shareholders, including but not limited to any communications that may be required by law or regulation or in order to maintain a listing for the GDRs on the Official List of the UK Listing Authority and admission to trading on the market for listed securities of the London Stock Exchange, or another stock exchange, in accordance with Condition 18, as soon as practicable following the publication or availability of such communications. For the avoidance of doubt, such communications shall include any financial statements prepared in respect of the maintenance of such listing. If such communication is not furnished to the Depositary in English, the Depositary shall, at the Company's expense, arrange for an English translation thereof to be prepared.

- 24.2 The Depositary shall upon receipt thereof give due notice to the Holders that such copies are available upon request at its specified office and the specified office of any Agent.
- 24.3 For so long as any Shares or GDRs representing such Shares are "**restricted securities**" within the meaning of Rule 144(a)(3) under the Securities Act, during any period in which it is neither a reporting company under, and in compliance with the requirements of, Section 13 or 15(d) of the Exchange Act nor exempt from the reporting requirements of the Exchange Act by complying with the information furnishing requirements of Rule 12g3-2(b) thereunder, the Company has agreed in the Deposit Agreement and the Deed Poll to provide, at its expense, to any Holder, owner of GDRs or of the Master GDRs or the beneficial owner of an interest in such GDRs, and to any prospective purchaser of GDRs or Shares designated by such person, upon request of such owner, beneficial owner, Holder or prospective purchaser, the information required by Rule 144A(d)(4)(i) and otherwise to comply with Rule 144A(d)(4). If at any time the Company is neither subject to and in compliance with Section 13 or 15(d) of the Exchange Act nor exempt pursuant to Rule 12g3-2(b) under the Exchange Act, the Company shall immediately so notify the Depositary and the Depositary may so notify Holders in writing at the Company's expense. The Company has authorised the Depositary to deliver such information as furnished by the Company to the Depositary during any period in which the Company informs the Depositary it is subject to the information delivery requirements of Rule 144A(d)(4) to any such Holder, owner of GDRs, beneficial owner of an interest in GDRs or holder of Shares or prospective purchaser at the request of such person. The Company has agreed to reimburse the Depositary for its reasonable expenses in connection with such deliveries and to provide the Depositary with such information in such quantities as the Depositary may from time to time reasonably request. Subject to receipt, the Depositary will deliver such information, during any period in which the Company informs the Depositary it is subject to the information delivery requirements of Rule 144(A)(d)(4), to any such holder, beneficial owner or prospective purchaser but in no event shall the Depositary have any liability for the contents of any such information.

25. Copies of Company Notices

The Company has undertaken in the Deposit Agreement to transmit to the Custodian and the Depositary on or before the day when the Company first gives notice, by mail, publication or otherwise, to holders of any Shares or other Deposited Property, whether in relation to the taking of any action in respect thereof or in respect of any dividend or other distribution thereon or of any meeting or adjourned meeting of such holders or otherwise, such number of copies of such notice and any other material (which contains information having a material bearing on the interests of the Holders) furnished to such holders by the Company (or such number of copies of an English translation of the originals if the originals were prepared in a language other than English) in connection therewith as the Depositary may reasonably request. If such notice is not furnished to the Depositary in English, either by the Company or the Custodian, the Depositary shall, at the Company's expense, arrange for an English translation thereof (which may be in such summarised form as the Depositary may deem adequate to provide sufficient information) to be prepared. Except as provided below, the Depositary shall, as soon as practicable after receiving notice of such transmission or (where appropriate) upon completion of translation thereof, give due notice to the Holders which notice may be given together with a notice pursuant to Condition 9.1, and shall make the same available to Holders in such manner as it may determine.

26. Moneys held by the Depositary

The Depositary shall be entitled to deal with moneys paid to it by the Company for the purposes of the Deposit Agreement in the same manner as other moneys paid to it as a banker by its customers and shall not be liable to account to the Company or any Holder or any other person for any interest thereon, except

as otherwise agreed and shall not be obliged to segregate such moneys from other moneys belonging to the Depository.

27. Severability

If any one or more of the provisions contained in the Deposit Agreement or in these Conditions shall be or become invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained therein or herein shall in no way be affected, prejudiced or otherwise disturbed thereby.

28. Governing Law

- 28.1 The Deposit Agreement and the GDRs are governed by, and shall be construed in accordance with, English law except that the certifications set forth in Schedules 3 and 4 to the Deposit Agreement and any provisions relating thereto shall be governed by and construed in accordance with the laws of the State of New York. The rights and obligations attaching to the Deposited Shares will be governed by Luxembourg law. The Company has submitted in respect of the Deposit Agreement and the Deed Poll to the jurisdiction of the English courts and the courts of the State of New York and any United States Federal Court sitting in the Borough of Manhattan, New York City and has appointed an agent for service of process in London and the Borough of Manhattan, New York City.
- 28.2 The Company has irrevocably appointed Law Debenture Corporate Services Limited as its agent in England to receive service of process in any Proceedings in England based on the Deed Poll and appointed the Corporation Service Company as its agent in New York to receive service of process in any Proceedings in New York. If for any reason the Company does not have such an agent in England or New York, as the case may be, it will promptly appoint a substitute process agent and notify the Holders and the Depository of such appointment. Nothing herein shall affect the right to serve process in any other manner permitted by law.
- 28.3 The courts of England are to have jurisdiction to settle any disputes (each a "**Dispute**") which may arise out of or in connection with the GDRs and accordingly any legal action or proceedings arising out of or in connection with the GDRs ("**Proceedings**") may be brought in such courts. Without prejudice to the foregoing, the Depository further irrevocably agrees that any Proceedings may be brought in any New York State or United States Federal Court sitting in the Borough of Manhattan, New York City. The Depository irrevocably submits to the non-exclusive jurisdiction of such courts and waives any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum.
- 28.4 These submissions are made for the benefit of each of the Holders and shall not limit the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdictions (whether concurrently or not).
- 28.5 In the event that the Depository is made a party to, or is otherwise required to participate in, any litigation, arbitration, or Proceeding (whether judicial or administrative) which arises from or is related to or is based upon any act or failure to act by the Company, or which contains allegations to such effect, upon notice from the Depository, the Company has agreed to fully cooperate with the Depository in connection with such litigation, arbitration or Proceeding.

28.6 The Depositary irrevocably appoints The Bank of New York Mellon, London Branch, (Attention: The Manager) of 48th Floor, One Canada Square, London E14 5AL as its agent in England to receive service of process in any Proceedings in England based on any of the GDRs. If for any reason the Depositary does not have such an agent in England, it will promptly appoint a substitute process agent and notify the Holders of such appointment. Nothing herein shall affect the right to serve process in any other manner permitted by law.

SUMMARY OF PROVISIONS RELATING TO THE GDRS WHILE IN GLOBAL FORM

The GDRs will initially be evidenced by (i) a single Master Regulation S GDR in registered form and (ii) a single Master Rule 144A GDR in registered form. The Master Regulation S GDR has been deposited with The Bank of New York Mellon, London branch as common depositary for Euroclear and Clearstream, Luxembourg and registered in the name of The Bank of New York Depositary (Nominees) Limited. The Master Rule 144A GDR will be registered in the name of Cede & Co., as nominee for DTC, and will be held by The Bank of New York Mellon as Custodian for DTC. The Master Regulation S GDR and the Master Rule 144A GDR (collectively the "**Master GDRs**") contain provisions which apply to the GDRs while they are in master form, some of which modify the effect of the Conditions of the Global Depositary Receipts set out in this Offering Circular. The following is a summary of certain of those provisions. Unless otherwise defined herein, the terms defined in the Conditions shall have the same meaning herein.

The Master GDRs will only be exchanged for certificates in definitive registered form representing GDRs in the circumstances described in (i), (ii), (iii) or (iv) below in whole but not in part. The Depositary will irrevocably undertake in the Master GDRs to deliver certificates evidencing GDRs in definitive registered form in exchange for the relevant Master GDR to the Holders within 60 days in the event that:

- (i) Euroclear or Clearstream, Luxembourg, in the case of the Master Regulation S GDR, or DTC (or any successor to DTC), in the case of the Master Rule 144A GDR advises the Company in writing that it is unwilling or unable to continue as depositary and a successor depositary is not appointed within 90 calendar days; or
- (ii) Euroclear or Clearstream, Luxembourg, in the case of the Master Regulation S GDR, or DTC, in the case of the Master Rule 144A GDR, is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so, and, in each case, no alternative clearing system satisfactory to the Depositary is available within 45 days; or
- (iii) in the case of Master Rule 144A GDR, DTC or any successor ceases to be a "clearing agency" registered under the Exchange Act; or
- (iv) the Depositary has determined that, on the occasion of the next payment in respect of the GDRs, the Depositary or its agent would be required to make any deduction or withholding from any payment in respect of the GDRs which would not be required were the GDRs represented by certificates in definitive registered form, provided that the Depositary shall have no obligation to so determine or to attempt to so determine.

Any exchange shall be at the expense (including printing costs) of the relevant GDR holder.

A GDR evidenced by an individual definitive certificate will not be eligible for clearing and settlement through DTC, Euroclear or Clearstream, Luxembourg.

Upon any exchange of a Master GDR for certificates in definitive registered form, or any exchange of interests between the Master Rule 144A GDR and the Master Regulation S GDR pursuant to Condition 3, or any distribution of GDRs pursuant to Conditions 5, 7 or 10 or any reduction in the number of GDRs represented thereby following any withdrawal of Deposited Property pursuant to Condition 1,

the relevant details shall be entered by the Depositary on the register maintained by the Depositary whereupon the number of GDRs represented by the Master GDR shall be reduced or increased (as the case may be) for all purposes by the amount so exchanged and entered on the register, provided always that, if the number of GDRs represented by a Master GDR is reduced to zero, such Master GDR shall continue in existence until the obligations of the Company under the Deposit Agreement and the obligations of the Depositary pursuant to the Deposit Agreement and the Conditions have terminated.

Payments, Distributions and Voting Rights

Payments of cash dividends and other amounts (including cash distributions) will, in the case of GDRs represented by the Master Regulation S GDR, be made by the Depositary through Euroclear and Clearstream, Luxembourg and, in the case of GDRs represented by the Master Rule 144A GDR, will be made by the Depositary through DTC, on behalf of persons entitled thereto upon receipt of funds therefore from the Company. A free distribution or rights issue of Shares to the Depositary on behalf of the Holders will result in the record maintained by the Depositary being marked up to reflect the enlarged number of GDRs represented by the relevant Master GDR.

Holders of GDRs will have voting rights as set out in the Terms and Conditions of the GDRs.

Surrender of GDRs

Any requirement in the Terms and Conditions of the GDRs relating to the surrender of a Regulation S GDR to the Depositary shall be satisfied by the production by Euroclear or Clearstream, Luxembourg, and relating to the surrender of a Rule 144A GDR to the Depositary shall be satisfied by the production by DTC, on behalf of a person entitled to an interest therein, of such evidence of entitlement of such person as the Depositary may reasonably require, which is expected to be a certificate or other documents issued by Euroclear or Clearstream, Luxembourg, in the case of the Master Regulation S GDR, or by DTC in the case of the Master Rule 144A GDR. The delivery or production of any such evidence shall be sufficient evidence, in favour of the Depositary, any Agent and the Custodian of the title of such person to receive (or to issue instructions for the receipt of) all money or other property payable or distributable in respect of the Deposited Property represented by such GDRs.

Notices

For as long as the Master Regulation S GDR is registered in the name of the common depositary for Euroclear and Clearstream, Luxembourg and the Master Rule 144A GDR is registered in the name of DTC (or its nominee), notices to Holders may be given by the Depositary by delivery of the relevant notice to Euroclear and Clearstream, Luxembourg with respect to the Master Regulation S GDR and to DTC with respect to the Master Rule 144A GDR for communication to persons entitled thereto in substitution for delivery of notices in accordance with Condition 23. So long as GDRs are listed on the Official List maintained by the UKLA and admitted for trading on the London Stock Exchange, and the UKLA or the London Stock Exchange so requires, notices shall also be published in a leading newspaper having general circulation in the United Kingdom (which is expected to be the *Financial Times*).

The Master GDRs shall be governed by and construed in accordance with English law.

GDR PRICE HISTORY

The table below sets out, for the periods indicated, the reported high and low closing sales prices per GDR on the London Stock Exchange, the principal market for the GDRs. As at 4 September 2009, the closing price in U.S. dollars per GDR on the London Stock Exchange was U.S.\$23.40.

<i>Quarter ending</i>	<i>Price per GDR in U.S.\$</i>	
	<i>High</i>	<i>Low</i>
2009		
30 June	25.50	7.50
31 March	14.44	6.40
2008		
31 December	42.00	3.7
30 September	119.00	34.50
30 June	131.25	84.50
31 March	100.75	62.00
2007		
31 December	89.50	60.10
30 September	66.00	39.00
30 June	42.99	32.50
31 March	35.95	25.00
2006		
31 December	26.80	22.00
30 September	25.00	20.00
30 June	27.45	19.00
31 March	25.50	18.00

Source: The website of the London Stock Exchange at www.londonstockexchange.com.

Information about the past and further performance of the GDRs and their volatility can be obtained from the website of the London Stock Exchange.

In relation to the year ended 31 December 2008, Evraz paid an interim dividend of U.S.\$8.25 per Ordinary Share (U.S.\$2.75 per GDR).

In relation to the year ended 31 December 2007, Evraz paid a final dividend of U.S.\$4.20 per Ordinary Share (U.S.\$1.40 per GDR) on and an interim dividend of U.S.\$4.80 per Ordinary Share (U.S.\$1.60 per GDR).

In relation to the year ended 31 December 2006, Evraz paid a final dividend of U.S.\$3.30 per Ordinary Share (U.S.\$1.10 per GDR) and an interim dividend of U.S.\$1.95 per Ordinary Share (U.S.\$0.65 per GDR).

According to the Dividend Policy adopted on 18 December 2008, Evraz normally expects to pay dividends not exceeding 25 per cent. of its annual consolidated net income, as calculated under IFRS.

However, at the Annual General Meeting of the Company's shareholders held on 15 May 2009, Evraz's shareholders approved the proposal not to pay a final dividend for 2008.

INFORMATION REGARDING THE GDR DEPOSITARY

The Depositary is a state-chartered New York banking corporation and a member of the United States Federal Reserve System, subject to regulation and supervision principally by the United States Federal Reserve Board and the New York State Banking Department. The Depositary was constituted in 1784 in the State of New York. It is a wholly owned subsidiary of The Bank of New York Mellon Corporation, a New York bank holding company. The principal office of the Depositary is located at One Wall Street, New York, New York 10286. Its principal administrative offices are located at 101 Barclay Street, New York, New York 10286. A copy of the Depositary's Articles, as amended, together with copies of The Bank of New York Mellon Corporation's most recent financial statements and annual report are available for inspection at the principal office of the Depositary located at One Wall Street, New York, NY 10286 and at The Bank of New York Mellon, One Canada Square, London E14 5AL.

TAXATION OF THE GDRS

The following summary of certain Luxembourg and United Kingdom tax consequences of ownership of GDRs is based upon laws, regulations, decrees, rulings, income tax conventions (treaties), administrative practice and judicial decisions in effect at the date of this document. Legislative, judicial or administrative changes or interpretations may, however, be forthcoming that could alter or modify the statements and conclusions set forth herein. Any such changes or interpretations may be retroactive and could affect the tax consequences to holders of the GDRs. This summary does not purport to be a legal opinion or to address all tax aspects that may be relevant to a holder of GDRs. Each prospective holder is urged to consult its own tax adviser as to the particular tax consequences to such holder of the ownership and disposition of GDRs, including the applicability and effect of any other tax laws or tax treaties, and of pending or proposed changes in applicable tax laws as of the date of this document, and of any actual changes in applicable tax laws after such date.

Grand Duchy of Luxembourg

The following is a general discussion of certain Luxembourg tax consequences of the acquisition, ownership and disposal of GDRs by purchasers resident or non-resident in Luxembourg. The discussion is based on laws currently in force and as applied in practice on the date of this document, all of which are subject to change, possibly with retroactive effect. The information provided below does not purport to be a complete or exhaustive summary of the tax laws and practice currently applicable in Luxembourg. Prospective investors should therefore consult their own tax advisors regarding the tax consequences of investing in the GDRs in their own particular circumstances.

Luxembourg tax residency of the GDR holders

A holder of GDRs will not become resident, or be deemed to be resident, in Luxembourg by reason only of the holding of the GDRs, or the execution, performance, delivery and/or enforcement of the GDRs.

Withholding tax on dividends paid on shares

Dividends paid by the Company to individuals or holders who are undertakings with a collective character are subject to withholding tax at a rate of 15% of the gross dividend. The withholding tax rate may be reduced pursuant to a double tax treaty existing between Luxembourg and the country of residence of the relevant GDR holder or under the Luxembourg participation exemption rules. Withholding tax is withheld by the Company at the source.

Luxembourg tax treatment of dividends

Taxation of Luxembourg residents

Luxembourg resident companies (organismes à caractère collectif)

Dividend income received on the GDRs by Luxembourg resident undertakings with a collective character who are not tax exempt will, in principle, be fully subject to corporate income tax and municipal business tax at the aggregate rate of 28.59% (in the city of Luxembourg). Dividends received by a Luxembourg resident undertaking with a collective character may be tax exempt to the extent the requirements of article 166 of the Luxembourg Income Tax Law ("LITL") are met or may benefit from a 50% exemption of dividend income from tax under article 115(15)a of the LITL. Expenses relating to dividends (e.g. interest charges incurred in financing the acquisition of the GDRs) are generally

deductible from total dividend and interest income received during the tax year only to the extent they exceed the exempted income, subject to recapture rules.

Luxembourg resident individuals

Dividends received on the GDRs by Luxembourg resident individuals will, in principle, be fully subject to personal income tax. However, they may benefit from a 50% exemption from tax under article 115(15)a of the LITL.

Taxation of Luxembourg non-residents

Non-resident GDR holders (whether individuals or undertakings with a collective character) who receive dividends will not be subject to Luxembourg taxation, unless such dividend income is attributable to an enterprise or part thereof which is carried on through a permanent establishment, a permanent representative or a fixed base of business in Luxembourg.

Taxation of capital gains realized upon disposal of GDRs

Taxation of Luxembourg residents

Luxembourg resident companies (organismes à caractère collectif)

Subject to the exemptions described below, capital gains realized upon the disposal of GDRs by Luxembourg resident undertakings with a collective character will be fully subject to corporate income tax and municipal business tax at the aggregate rate of 28.59% (in the city of Luxembourg).

Capital gains realized upon the disposal of GDRs may be tax exempt if, at the time of the disposal, the transferor holds or undertakes to hold the qualifying stake for an uninterrupted period of at least twelve months (this qualifying stake may not be lower than 10% of the issued capital or below an acquisition price of €6 million during this twelve-month period) and the GDR holder is a Luxembourg resident fully taxable undertaking with a collective character which is listed in annex 10 of article 166 (19) of the LITL, a fully taxable resident limited company which is not listed in annex 10 of article 166 (10) of the LITL, a domestic permanent establishment of an undertaking with a collective character that is covered by article 2 of the EU Council Directive of 23 July 1990 on the common tax treatment applicable to parent companies and subsidiaries of different Member States, a domestic permanent establishment of a limited company that is resident in a state with which Luxembourg has concluded a double taxation treaty or a domestic permanent establishment of a limited company or a cooperative company which is a resident in the state member of the European Economic Area other than a European Union Member State. For purposes of this exemption a shareholding held through a tax transparent entity (as understood for Luxembourg tax purposes) is considered as a direct shareholding in proportion to the fraction held in the assets of this entity. The exempt amount of the capital gain realized upon a disposal of GDRs is reduced by the sum of the excess expenses and capital losses deducted from the holder's taxable basis over previous years.

Luxembourg resident individuals

Capital gains arising from the disposal of GDRs less than six months after acquisition (speculative gains) are taxable as miscellaneous income, and consequently added to other income of the taxpayer in determining their taxable basis. These speculative gains are subject to the progressive income tax table (up to a maximum of 38% plus an unemployment fund contribution thereon at a rate of 2.5%). In the case of a substantial shareholding (i.e. at least 10%) in a limited liability, capital gains arising from the

disposal of GDRs are always subject to tax in Luxembourg, even if the disposal of the GDRs occurs more than six months after the acquisition date.

Taxation of Luxembourg non-residents

Capital gains arising upon disposal of GDRs by a non-resident individual or an undertaking with a collective character who is a non-Luxembourg holder of GDRs who realizes a gain on disposal thereof (and who does not have a permanent establishment, a permanent representative or a fixed base of business in Luxembourg to which GDRs are attributable) and who is not resident in a country that has concluded a double tax treaty with Luxembourg that allocates the right of taxation to the country of residence of the holder, will only be subject to Luxembourg taxation if such holder has (together with his or her spouse and underage children) directly or indirectly held more than 10% of the capital of the Company at anytime during the past five years and either (1) the disposal of GDRs occurs before their acquisition or within six months from their acquisition, or (2) such holder has been a resident of Luxembourg for tax purposes for at least 15 years and has become a non-resident within the five years preceding the realization of the gain.

Net wealth tax

Luxembourg net wealth tax will not be levied on holders of GDRs, unless such holders are Luxembourg fully taxable resident undertakings with a collective character or foreign entities of the same type that have a permanent establishment, a permanent representative or a fixed base of business in Luxembourg with which the holding of the GDRs is connected.

Resident holders of GDRs may be exempt from net wealth tax subject to the conditions set forth in § 60 of the Law of October 16, 1934 on the valuation of assets (Bewertungsgesetz), as amended.

Other taxes

No registration tax will be payable by a holder of GDRs upon the disposal of GDRs by sale or exchange.

Luxembourg inheritance tax may be levied on the transfer of GDRs upon the death of a Luxembourg resident holder.

Luxembourg gift tax will be levied in the event that a gift of GDRs is made pursuant to a notarial deed signed before a Luxembourg notary.

United Kingdom

The comments below are of a general nature and are (save where otherwise stated) based on current United Kingdom tax law and on the practice of HM Revenue & Customs as published and in effect at the date of this document, each of which is subject to change, possibly with retrospective effect. This summary only covers the principal U.K. tax consequences for the absolute beneficial owners of GDRs and of any dividends paid in respect of them (in circumstances where the dividends paid are regarded for U.K. tax purposes as that person's own income, and not the income of another person) who are resident and (in the case of individuals only) ordinarily resident and domiciled solely in the U.K. for U.K. tax purposes ("**UK Holders**").

In addition, this summary: (a) only addresses the principal U.K. tax consequences for U.K. Holders who hold the GDRs as capital assets and does not address the tax consequences which may be

relevant to certain other categories of UK Holders, for example, brokers, dealers or traders in shares, or securities; (b) does not address the U.K. tax consequences for UK Holders that are insurance companies, collective investment schemes, tax-exempt organisations, persons who benefit from special exemptions from U.K. taxation or persons connected with the Company; (c) assumes that the UK Holder does not control or hold, and is not beneficially entitled to, either alone or together with one or more associated or connected persons, directly or indirectly, 10% or more of the share capital or voting power of the Company; (d) assumes that there will be no register in the U.K. in respect of the Shares or the GDRs; (e) assumes that the UK Holder is, for U.K. tax purposes, beneficially entitled to the Shares underlying the GDRs and to the dividends on those Shares; and (f) assumes that the UK Holder has not (and is not deemed to have) acquired the GDRs by virtue of an office or employment; (g) assumes that the Shares will not be held by, and that the GDRs will not be issued by, a depositary incorporated in the U.K. and (h) assumes that neither the Shares nor the GDRs will be paired with shares issued by a company incorporated in the U.K.

The following is intended only as a general guide and is not intended to be, nor should it be considered to be, legal or tax advice to any particular UK Holder. Potential investors should satisfy themselves as to the overall tax consequences, including, specifically, the consequences under U.K. tax law and HM Revenue & Customs practice, of the acquisition, ownership and disposal of GDRs in their own particular circumstances, by consulting their own tax advisers.

Taxation of Dividends

The Company is not required to make any deduction from payments of dividends for or on account of U.K. tax.

As described above under “– Luxembourg Tax Considerations–Taxation of dividend income–Withholding tax,” when the Company pays dividends it will generally be required to withhold 15% of the gross amount of the dividends paid, and to account for that amount to the Luxembourg tax authorities. UK Holders may be able to obtain relief at source (or a refund) from the Luxembourg tax authorities in respect of an amount equal to 5.0% of the gross amount of the dividend under the double taxation convention between the U.K. and Luxembourg.

UK Holders who are individuals will, in general, be subject to U.K. income tax on the gross amount of any dividends paid on their GDRs on the aggregate amount of any dividend received and a non-refundable tax credit equal to 10 per cent. of the gross dividend (or one-ninth of the dividend received). UK Holders who are subject to U.K. income tax at the dividend ordinary rate (currently, 10%) will have no further U.K. income tax to pay in respect of the dividend. U.K. holders who are subject to U.K. income tax at the dividend upper rate (currently, 32.5%) should generally be entitled to a credit against their liability to pay U.K. income tax in respect of Luxembourg tax withheld by the Company from the payment of the dividend which has not been relieved or refunded as described above. However, any excess of Luxembourg tax withheld over the U.K. tax payable on the aggregate amount of the dividend will generally not be refundable.

With effect from 6 April 2010, the highest rate of U.K. income tax charged on dividends will increase to 42.5%. This rate will apply to the extent that a UK Holder receives dividends in circumstances in which the dividends, when aggregated with the balance of the UK Holder's income for the relevant tax year, exceed £150,000. These proposals will not affect UK Holders within the charge to UK corporation tax.

Dividends received by UK Holders who are within the charge to U.K. corporation tax may be exempt from U.K. corporation tax. If the dividends are not so exempt, such U.K. Holders should generally be entitled to a credit against their liability to pay U.K. corporation tax in respect of

Luxembourg tax withheld by the Company from the payment of the dividend which has not been relieved or refunded as described above. However, any excess of Luxembourg tax withheld over the U.K. tax payable on the aggregate amount of the dividend will generally not be refundable.

Taxation of Capital Gains

The disposal or deemed disposal of the Shares or GDRs by a UK Holder may give rise to a chargeable gain or an allowable loss, for the purposes of U.K. taxation of capital gains (where the UK Holder is an individual) and U.K. corporation tax on chargeable gains (where the UK Holder is within the charge to U.K. corporation tax), depending on their circumstances and subject to any available allowance, exemption or relief.

In addition, individuals who dispose or are treated as having disposal of Shares or GDRs while they are temporarily resident outside the U.K. may, subject to certain conditions, be required to bring gains or losses (as the case may be) resulting from such disposal or receipt, into account for U.K. capital gains tax purposes in the tax year in which they again become resident or ordinarily resident in the U.K.. Any gains or losses in respect of currency fluctuations over the period of holding the Shares or GDRs would also be brought into account on a disposal.

For individual UK Holders, the principal factors that will determine the extent to which a gain will be subject to capital gains tax ("**CGT**") are: (a) the extent to which they realise any other capital gains in the tax year in which the disposal takes place; (b) the extent to which they have incurred and not previously utilised capital losses in that or any earlier year; and (c) the extent to which the annual allowance of U.K. tax-free gains in the tax year in which the disposal takes place is available to such U.K. Holder to mitigate that gain (the "**Annual Exemption**"). The Annual Exemption for individuals is £10,100 for the 2009-2010 tax year and, under current legislation, this exemption is, unless the U.K. Parliament decides otherwise, increased annually in line with the rate of increase in the retail price index (rounded up to the nearest £100).

A UK Holder that is within the charge to corporation tax with respect to its capital gains is entitled to an indexation allowance which applies to reduce capital gains to the extent that (broadly speaking) they arise due to inflation. That indexation allowance may reduce a chargeable gain but not create any allowable loss for U.K. corporation tax purposes.

Stamp Duty and Stamp Duty Reserve Tax

No U.K. stamp duty or U.K. stamp duty reserve tax will be payable on the issue of the GDRs or their delivery into DTC, Euroclear and Clearstream.

No U.K. stamp duty or U.K. stamp duty reserve tax will be payable in respect of any dealings in the GDRs once they are issued into DTC, Euroclear and Clearstream where such transfer is effected in electronic book entry form in accordance with the procedures of DTC, Euroclear or Clearstream and not by any written instrument of transfer.

Inheritance Tax

U.K. inheritance tax may be chargeable on the death of or, in certain circumstances, a gift of Shares or GDRs by the owner of Shares or GDRs, where the owner is an individual who is domiciled or is deemed to be domiciled in the U.K. For U.K. inheritance tax purposes, a transfer of assets at less than full market value may be treated as a gift and particular rules and rates apply to gifts where the donor reserves or retains some benefit.

TAXATION OF THE BONDS

The following summary of certain Luxembourg and United Kingdom tax consequences of ownership of Bonds is based upon laws, regulations, decrees, rulings, income tax conventions (treaties), administrative practice and judicial decisions in effect at the date of this document. Legislative, judicial or administrative changes or interpretations may, however, be forthcoming that could alter or modify the statements and conclusions set forth herein. Any such changes or interpretations may be retroactive and could affect the tax consequences to holders of the Bonds. This summary does not purport to be a legal opinion or to address all tax aspects that may be relevant to a holder of Bonds. Each prospective holder is urged to consult its own tax adviser as to the particular tax consequences to such holder of the ownership and disposition of Bonds, including the applicability and effect of any other tax laws or tax treaties, and of pending or proposed changes in applicable tax laws as of the date of this document, and of any actual changes in applicable tax laws after such date.

Grand Duchy of Luxembourg

The following is a general discussion of certain Luxembourg tax consequences of the acquisition, ownership and disposal of Bonds by purchasers resident or non-resident in Luxembourg. The discussion is based on laws currently in force and as applied in practice on the date of this document, all of which are subject to change, possibly with retroactive effect. The information provided below does not purport to be a complete or exhaustive summary of the tax laws and practice currently applicable in Luxembourg. Prospective investors should therefore consult their own tax advisors regarding the tax consequences of investing in the Bonds in their own particular circumstances.

Luxembourg tax residency of the Bondholders

A Bondholder will not become resident, or be deemed to be resident, in Luxembourg by reason only of the holding of the Bonds, or the execution, performance, delivery and/or enforcement of the Bonds.

Withholding tax

Except as provided by Luxembourg laws implementing the Directive (as defined below under “European Union”) and the 10% Luxembourg Tax as discussed below, under Luxembourg tax law currently in effect, there is no withholding tax on payments of interest (including accrued but unpaid interest) on the Bonds.

The Directive and several related accords concluded between Luxembourg and certain dependent or associated territories of the European Union in furtherance of the Directive were implemented in Luxembourg by two laws dated 21 June 2005 (the “Laws”).

Under the Laws, a Luxembourg Paying Agent is required to withhold tax on interest and other similar income paid by it to (or under certain circumstances, to the benefit of) an individual resident in another Member State of the European Union or in certain European Union dependent or associated territories, unless the beneficiary of the interest payments opts for the procedure of exchange of information or for the tax certificate procedure. The same treatment is applicable to payments of interest and other similar income made to certain so-called “residual entities” within the meaning of article 4.2 of the Directive established in a Member State of the European Union or in certain European Union dependant or associated territories.

The withholding tax rate is currently set at 20%, and shall increase to 35% beginning 1 July 2011. The withholding tax system will only apply during a transitional period, the ending of which depends on the conclusion of certain agreements relating to information exchange with certain third countries.

Interest payments made by a Luxembourg Paying Agent to Luxembourg individual residents or foreign entities that secure interest payments on behalf of such individuals are subject to a 10% withholding tax (“10% Luxembourg Withholding Tax”). The 10% Luxembourg Withholding Tax represents the final tax liability on interest received for Luxembourg resident individuals receiving the interest payment in the course of their private wealth.

Taxation of the Bondholders

Taxation of Luxembourg non-residents

Subject to the rules mentioned under “Withholding tax” above, Bondholders who are non-residents of Luxembourg and who have neither a permanent establishment nor a permanent representative nor a fixed base of business in Luxembourg with which the holding of the Bonds is connected are not liable to any Luxembourg income tax, whether they receive payments of principal, payments of interest (including accrued but unpaid interest), payments received upon redemption or repurchase of the Bonds or realise capital gains on the sale of any Bonds.

Taxation of Luxembourg residents—General

Bondholders who are residents of Luxembourg, or non-resident Bondholders who have a permanent establishment, a permanent representative or a fixed base of business in Luxembourg with which the holding of the Bonds is connected, must, for income tax purposes, include any interest received in their taxable income subject to the following discussion. They will not be liable to any Luxembourg income tax on repayment of principal.

Luxembourg resident individuals

Pursuant to the Luxembourg law of 23 December 2005, Luxembourg resident individuals can opt to self-declare and pay the 10% Luxembourg Withholding Tax on interest payments made by a Paying Agent located in a European Union Member State other than Luxembourg, a Member State of the European Economic Area or in a state or territory which has concluded an international agreement directly related to the Directive.

Luxembourg resident individual Bondholders holding Bonds as part of their private wealth are not subject to taxation on capital gains upon the disposal of the Bonds, unless the disposal of the Bonds precedes their acquisition or the Bonds are disposed of within six months of their date of acquisition.

Upon the sale, redemption or disposal of the Bonds, accrued but unpaid interest will be subject to the 10% Luxembourg Withholding Tax.

If Bonds are held by a Luxembourg resident individual Bondholder as a business asset, they are subject to Luxembourg tax as described below under “Luxembourg resident companies”. If the 10% Luxembourg Withholding Tax has been levied, it can be credited against their final income tax liability.

Luxembourg resident companies (organismes à caractère collectif).

Bondholders who are Luxembourg resident undertakings with a collective character that are not tax exempt or foreign entities of the same type that have a permanent establishment, a permanent representative or a fixed base of business in Luxembourg with which the holding of the Bonds is

connected, must include in their taxable income any interest and the difference between the sale or redemption price (including accrued but unpaid interest) and the lower of the cost or book value of the Bonds sold or redeemed. These Bondholders are not liable for any Luxembourg income tax on repayment of principal upon redemption of the Bonds.

Net Wealth Tax

Luxembourg net wealth tax will not be levied on Bondholders, unless such holders are Luxembourg fully taxable resident undertakings with a collective character or foreign entities of the same type that have a permanent establishment, a permanent representative or a fixed base of business in Luxembourg with which the holding of the Bonds is connected.

Other Taxes

There is no Luxembourg registration tax, stamp duty or any other similar tax or duty payable in Luxembourg by Bondholders as a consequence of the issuance of the Bonds, nor will any of these taxes be payable as a consequence of a subsequent sale, transfer, repurchase or redemption of the Bonds or upon conversion of Bonds.

No Luxembourg estate or inheritance tax is levied on the transfer of the Bonds upon death of a Bondholder in cases where the deceased was not a resident of Luxembourg for inheritance tax purposes.

Luxembourg gift tax will be levied in the event that a gift is made pursuant to a notarial deed signed before a Luxembourg notary.

Tax neutrality regime related to the conversion of Bonds for GDRs

As a general rule, a conversion of securities is considered for Luxembourg tax purposes as a sale at fair market value of the securities followed by the acquisition of the securities they were converted into.

Capital gains realized upon a conversion of Bonds for GDRs by Luxembourg resident individual Bondholders acting in the course of the management of their private wealth, are not subject to income tax, unless Bonds are converted within six months of their acquisition.

The conversion of Bonds for GDRs may be performed under a tax neutrality regime by Luxembourg resident Bondholders who are undertakings with a collective character or foreign entities of the same type that have a permanent establishment, a permanent representative or a fixed base of business in Luxembourg with which the holding of the Bonds is connected and resident individuals acting in the course of the management of their business activity. The price and acquisition date of GDRs received upon conversion will for tax purposes correspond to the price and acquisition date of the converted Bonds.

Renunciation of the tax neutrality regime

The tax neutrality regime is optional and if Bondholders renounce tax neutrality, the following tax treatment applies.

Capital gains realized upon the conversion of Bonds for GDRs by Luxembourg resident individual Bondholders, who act in the course of their business activity are subject to income tax on the difference between the value of the GDRs and the lower of the cost or book value of the converted Bonds.

Except where the Bondholder is tax exempt, capital gains realized upon the conversion of Bonds for GDRs by Luxembourg Bondholders who are undertakings with a collective character or foreign

entities of the same type that have a permanent establishment, a permanent representative or a fixed base of business in Luxembourg with which the holding of the Bonds is connected, are subject to corporate tax on the difference between the value of GDRs and the lower of the cost or book value of the converted Bonds.

United Kingdom

The following is a discussion of certain U.K. withholding tax, stamp duty and stamp duty reserve tax considerations relating to the Bonds and is not intended to be exhaustive. It is based on current United Kingdom tax law and on the practice of HM Revenue & Customs as published and in effect at the date of this document and does not discuss any other United Kingdom tax considerations relating to the Bonds, including but not limited to their acquisition, holding or disposal.

In addition, this discussion assumes: (a) that there will be no register in the U.K. in respect of the Bonds, the Shares or the GDRs; and (b) that neither the Shares nor the GDRs will be paired with shares issued by a company incorporated in the U.K.

Prospective holders of Bonds should consult their own tax advisors as to the consequences, both under the tax law of the country of which they are resident for tax purposes and the tax law of the U.K., of acquiring, holding and disposing of the Bonds and receiving payments of interest, principal and/or other amounts under the Bonds.

Withholding tax

The Company will not be required to withhold any U.K. tax from payments of principal on the Bonds.

The Company will not be required to withhold any U.K. tax from payments of interest on the Bonds unless that interest has a U.K. source. The Company does not currently expect that any such interest will have a U.K. source for these purposes.

Stamp duty and Stamp Duty Reserve Tax

No U.K. stamp duty will be payable on the issue of the Bonds in global form or on the issue of the Bonds in definitive form.

No U.K. stamp duty will be payable on a transfer of the Bonds, provided that such a transfer is not effected by way of a written instrument of transfer.

No U.K. stamp duty reserve tax will be payable on the issue of the Bonds or on an agreement to transfer the Bonds.

Provision of Information

Persons in the U.K. by or through whom interest is paid to, or by whom interest is received on behalf of, an individual may, in certain circumstances, be required to provide information to HM Revenue & Customs regarding the payment and the individual concerned (including as to the identity of the individual). These provisions will apply whether the individual is resident in the U.K. or elsewhere. In certain circumstances, the information may be exchanged with tax authorities in other jurisdictions.

Bondholders and potential investors are advised to consult their professional advisors concerning possible taxation or other consequences of purchasing, holding, selling or otherwise disposing of the Bonds under the laws of their country of incorporation, establishment, citizenship,

residence or domicile. The above statements on taxation are based on the laws and practices in force at the date of this document. As is the case with any investment, there can be no guarantee that the tax position or proposed tax position at the time of an investment will endure indefinitely.

INDEPENDENT AUDITORS

The Annual Financial Statements of Evraz Group S.A. incorporated by reference in this document were audited by Ernst & Young LLC, Sadovnicheskaya Nab. 77, bld. 1, Moscow 115035, Russian Federation, as stated in their audit reports appearing in the 2008 Report, the 2007 Report and the 2006 Report.

Ernst & Young LLC is a member of the Russian Chamber of Auditors (*Auditorskaya Palata Rossii*).

GENERAL INFORMATION

GDRs

1. The GDRs have been accepted for clearance through Euroclear, Clearstream, Luxembourg and DTC. The Common Code reference number, ISIN and CUSIP numbers for the Regulation S GDRs are 022005715, US30050A2024 and 30050A202, respectively. The Common Code, ISIN and CUSIP numbers of the Rule 144A GDRs are 022005618, US30050A1034 and 30050A103, respectively. The new Regulation S GDRs and Rule 144A GDRs will retain the same ISIN, CUSIP and Common Code reference number as the Company's existing GDRs.
2. The Company has obtained all necessary consents, approval, authorisations or other orders for the issue of the GDRs and the other documents entered into by the Company in connection with the issue of the GDRs in Luxembourg.
3. The issue of the GDRs and their offer, sale and listing was approved by the Board of Directors of the Company on 22 June 2009.
4. Application has been made for the GDRs to be admitted to the Official List and to trading on the regulated market of the London Stock Exchange. So far as the Company is aware, the existing GDRs representing its shares are not admitted to trading on any other regulated market or exchange. It is expected that admission of the GDRs will be granted on or before 10 September 2009. Transactions will normally be effected for settlements in U.S. dollars and for delivery on the third business day after the day of the transaction.
5. Except as described in the 9 July 2009 press release titled "Evraz Raises Approximately U.S.\$900 million from Concurrent Convertible Bond and Equity Offerings", incorporated by reference herein, there has been no significant change in the financial or trading position of Evraz since 30 June 2009, such date being the date of the Company's latest interim financial statements which are incorporated by reference herein.
6. Copies in English of the following documents may be inspected at the offices of Skadden, Arps, Slate, Meagher & Flom (UK) LLP, 40 Bank Street, Canary Wharf, London E14 5DS, United Kingdom, during usual business hours on any weekday (Saturday, Sunday and public holidays excepted) for one year from the date of this document:
 - (a) the articles of incorporation of the Company; and
 - (b) the Unaudited Interim Condensed Consolidated Financial Statements for the Six-Month Period ended June 30, 2009, prepared in accordance with IFRS; and
 - (c) the Annual Financial Statements prepared in accordance with IFRS and audited in accordance with International Standards on Auditing for the years ended 31 December 2008, 2007 and 2006, together with the reports of Ernst & Young LLC contained therein.
7. The Company prepares annual and interim consolidated financial statements in accordance with IFRS.
8. The estimated total expenses related to the admission of the GDRs to the Official List and to trading on the regulated market of the London Stock Exchange and the admission of the Bonds to the Official List and to trading on the Professional Securities Market are £525,000 (approximately U.S.\$860,338).

BONDS

1. The Bonds have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The Common Code reference number and the ISIN for the Bonds are 043972103 and XS0439721035, respectively.
2. The Company has obtained all necessary consents, approval, authorisations or other orders for the issue of the Bonds and the other documents to be entered into by the Company in connection with the issue of the Bonds in Luxembourg.
3. The issue of the Bonds and their offer, sale and listing was approved by the Board of Directors of the Company on 22 June 2009.
4. Application has been made for the Bonds to be admitted to the official list and to trading on the Professional Securities Market of the London Stock Exchange. It is expected that admission of the Bonds will be granted on or before 10 September 2009. Transactions will normally be effected for settlements in U.S. dollars and for delivery on the third business day after the day of the transaction.
5. There has been no material adverse change in the prospects of Evraz since 31 December 2008, such date being the date of its last published audited financial statements.
6. Copies in English of the following documents may be inspected at the offices of the Principal Paying and Transfer Agent during usual business hours on any weekday (Saturday, Sunday and public holidays excepted) for one year from the date of this document:
 - (a) the articles of incorporation of the Issuer; and
 - (b) the Annual Financial Statements prepared in accordance with IFRS and audited in accordance with International Standards on Auditing for the years ended 31 December 2008, 2007 and 2006, together with the reports of Ernst & Young LLC contained therein.
7. The Company prepares annual and interim consolidated financial statements in accordance with IFRS.
8. The estimated total expenses related to the admission of the GDRs to the Official List and to trading on the regulated market of the London Stock Exchange and the admission of the Bonds to the Official List and to trading on the Professional Securities Market are £525,000 (approximately U.S.\$860,338).
9. The Principal Paying, Transfer and Conversion Agent is The Bank of New York Mellon, One Canada Square, London E14 5AL.