

## Consolidated Income Statement

|                                                                                         |             | <b>Year ended<br/>December 31,<br/>2007</b> |
|-----------------------------------------------------------------------------------------|-------------|---------------------------------------------|
|                                                                                         | <u>Note</u> | <u></u>                                     |
| <b>Sales</b>                                                                            |             |                                             |
| Sales - external                                                                        |             | 15 352 404                                  |
| Sales - to related parties                                                              | 11          | <u>150 984</u>                              |
|                                                                                         | 4           | <u>15 503 388</u>                           |
| Cost of sales                                                                           |             | <u>(10 821 582)</u>                         |
| <b>Gross profit</b>                                                                     |             | 4 681 806                                   |
| General and administrative expenses                                                     |             | (766 890)                                   |
| Distribution expenses                                                                   |             | (942 533)                                   |
| Other taxes and contributions                                                           |             | (154 070)                                   |
| Share of associates' profit/(loss)                                                      |             | 6 240                                       |
| Net (loss)/gain from securities operations                                              | 6           | 25 564                                      |
| Loss on disposal of property, plant and equipment                                       |             | (35 525)                                    |
| Net other operating (expenses)/income                                                   | 7           | <u>(7 266)</u>                              |
| <b>(Loss)/profit from operations</b>                                                    |             | 2 807 326                                   |
| Impairment of non-current assets                                                        | 8           | (28 895)                                    |
| Negative goodwill                                                                       | 29          | 12 223                                      |
| Net other non-operating (expenses)/income                                               | 9           | <u>(58 676)</u>                             |
| <b>(Loss)/profit before financing and taxation</b>                                      |             | 2 731 978                                   |
| Interest income                                                                         |             | 166 639                                     |
| Interest expense                                                                        |             | (325 580)                                   |
| Foreign exchange difference                                                             |             | <u>3 206</u>                                |
| <b>(Loss)/profit before income tax</b>                                                  |             | 2 576 243                                   |
| Income tax expense                                                                      | 10          | <u>(700 153)</u>                            |
| <b>(Loss)/profit from continuing operations</b>                                         |             | <u>1 876 090</u>                            |
| Profit from discontinued operations                                                     | 28          | <u>433</u>                                  |
| <b>(Loss)/profit for the year</b>                                                       |             | <u><u>1 876 523</u></u>                     |
| Attributable to:                                                                        |             |                                             |
| shareholders of OAO Severstal                                                           |             | 1 849 531                                   |
| non-controlling interests                                                               |             | <u>26 992</u>                               |
| Weighted average number of shares outstanding<br>during the period (millions of shares) |             | <u><u>1 007.7</u></u>                       |
| Basic and diluted (loss)/earnings per share (US dollars)                                |             | <u><u>1.84</u></u>                          |