MECHEL

2010 First Half Results Presentation

October 5, 2010

Disclaimer

This presentation does not constitute or form part of and should not be construed as, an offer to sell or issue or the solicitation of an offer to buy or acquire securities of Mechel OAO (Mechel) or any of its subsidiaries in any jurisdiction or an inducement to enter into investment activity. No part of this presentation, nor the fact of its distribution, should form the basis of, or be relied on in connection with, any contract or commitment or investment decision whatsoever. Any purchase of securities should be made solely on the basis of information Mechel files from time to time with the U.S. Securities and Exchange Commission. No representation, warranty or undertaking, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or the opinions contained herein. None of the Mechel or any of its affiliates, advisors or representatives shall have any liability whatsoever (in negligence or otherwise) for any loss howsoever arising from any use of this presentation or its contents or otherwise arising in connection with the presentation.

This presentation may contain projections or other forward-looking statements regarding future events or the future financial performance of Mechel, as defined in the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. We wish to caution you that these statements are only predictions and that actual events or results may differ materially. We do not intend to update these statements. We refer you to the documents Mechel files from time to time with the U.S. Securities and Exchange Commission, including our Form 20-F. These documents contain and identify important factors, including those contained in the section captioned “Risk Factors” and “Cautionary Note Regarding Forward-Looking Statements” in our Form 20-F, that could cause the actual results to differ materially from those contained in our projections or forward-looking statements, including, among others, the achievement of anticipated levels of profitability, growth, cost and synergy of our recent acquisitions, the impact of competitive pricing, the ability to obtain necessary regulatory approvals and licenses, the impact of developments in the Russian economic, political and legal environment, volatility in stock markets or in the price of our shares or ADRs, financial risk management and the impact of general business and global economic conditions.

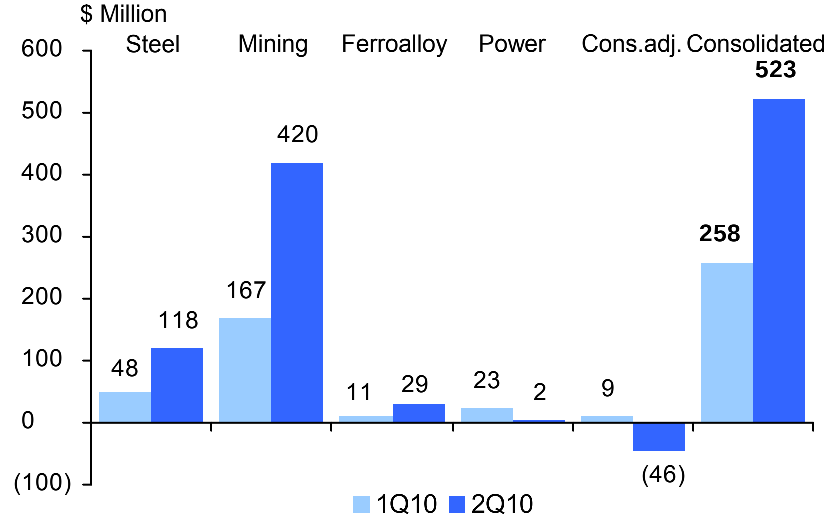
The information and opinions contained in this document are provided as at the date of this presentation and are subject to change without notice.

Financial Review

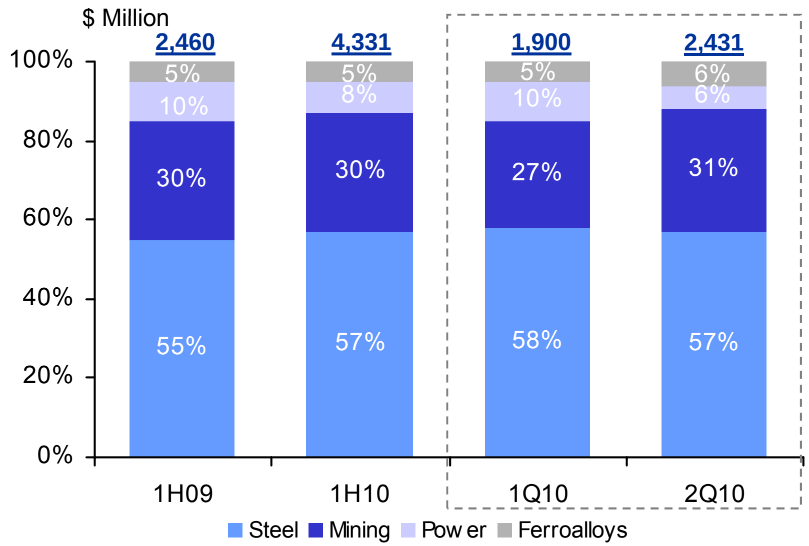
Segments Overview

- Upward dynamics in steel and mining led the 28% growth in consolidated revenue
- Export sales grew as markets continued to recover
- Gross margin up to 38% of the revenue
- EBITDA margin up to 22% of the revenue

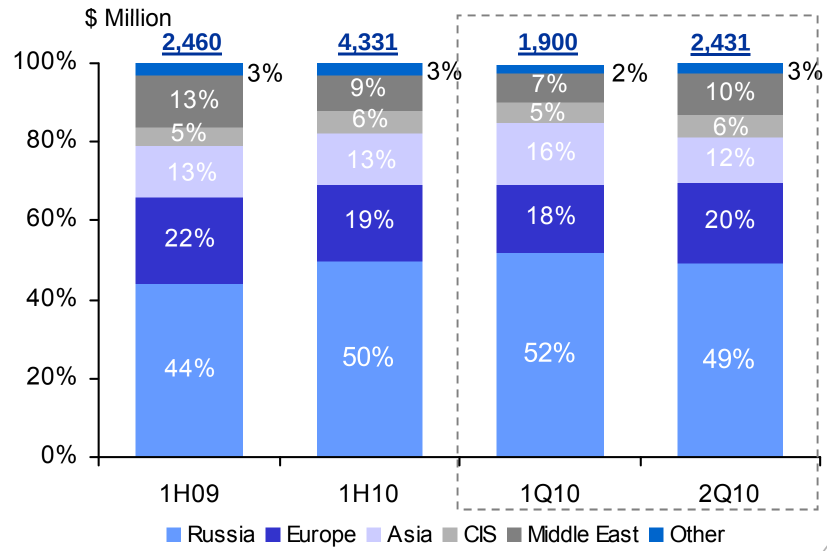
EBITDA by segments



Revenue from third parties



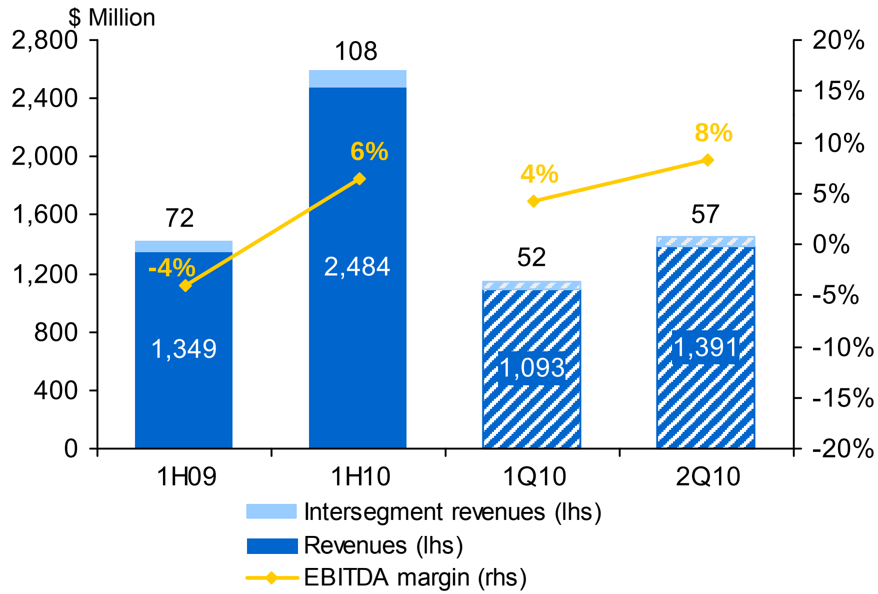
Revenue by market



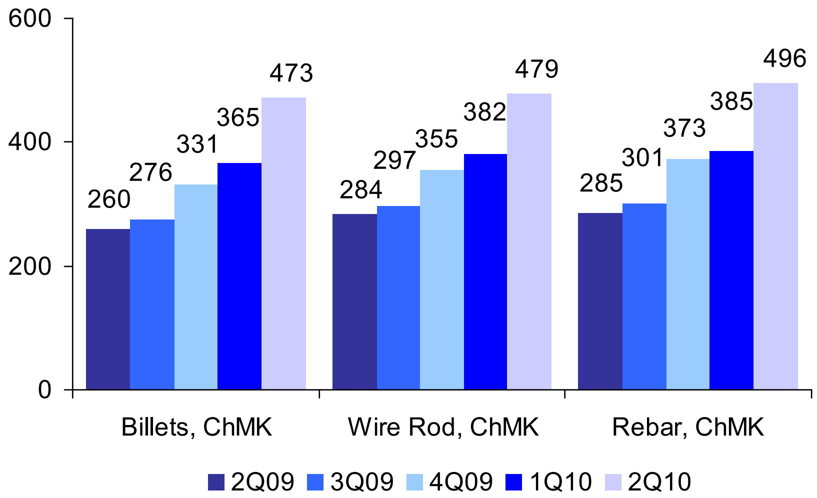
Steel Segment Performance

- Revenue grew 27% to $1.4 bn in 2Q10
- 57% of the Group's revenue
- Growth of cash costs reflects rising raw material prices
- EBITDA up 2.5x to $118 mn in 2Q10
- Negative net result of $27 mn affected by FX loss of $79 mn in 2Q10

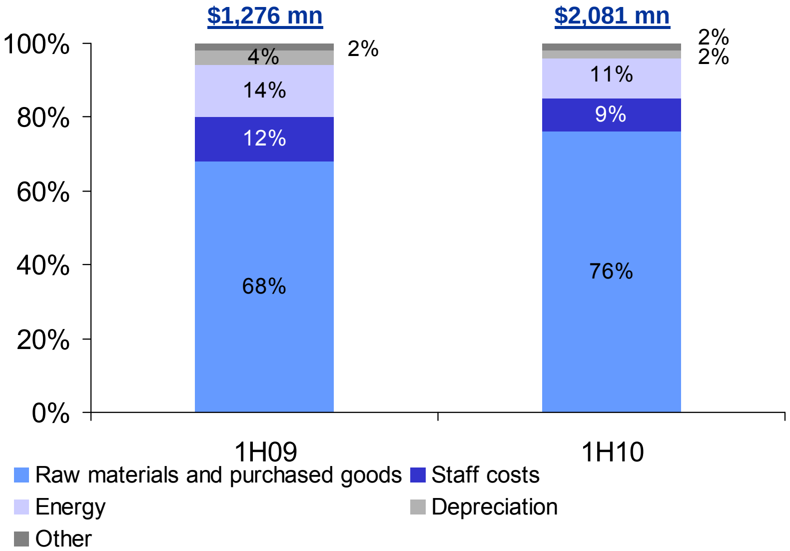
Revenue, EBITDA



Cash costs, US$/tonne



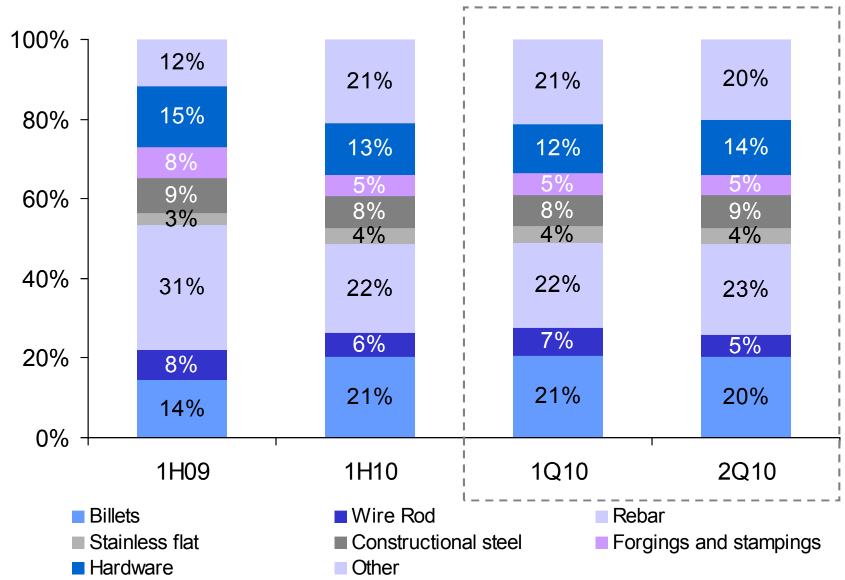
COS structure



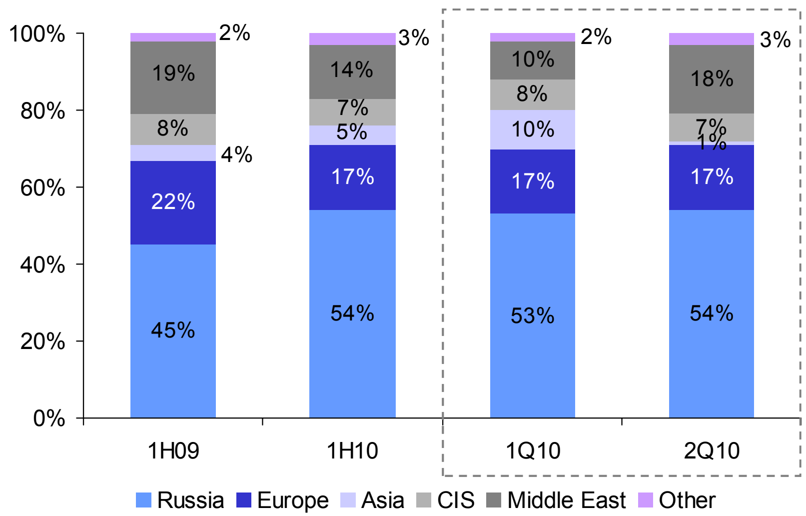
Steel Segment Performance

- Healthy price trends across all main products
- Flexibility in export sales allowed to change sales markets quickly
- Resale of 3rd party products reached 21% of revenue in 2Q10
- Improved sales mix to benefit from high value-added products

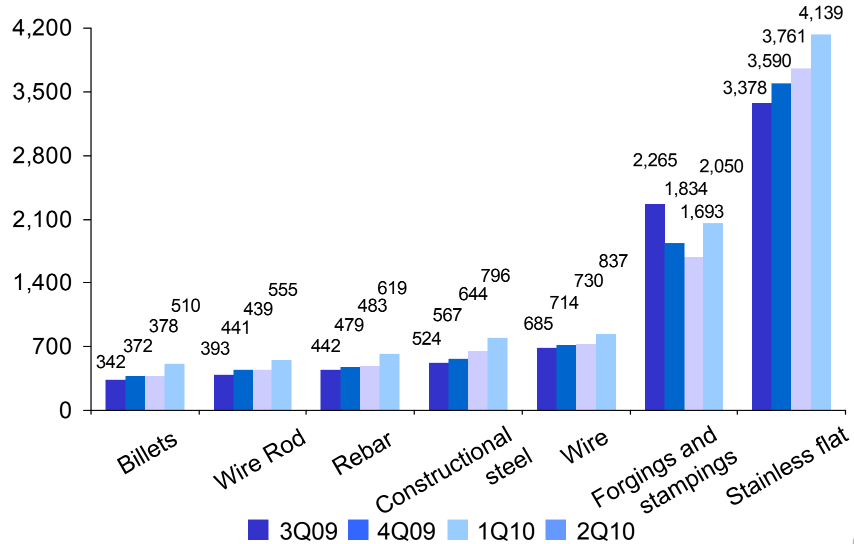
External sales structure



Revenue breakdown by region



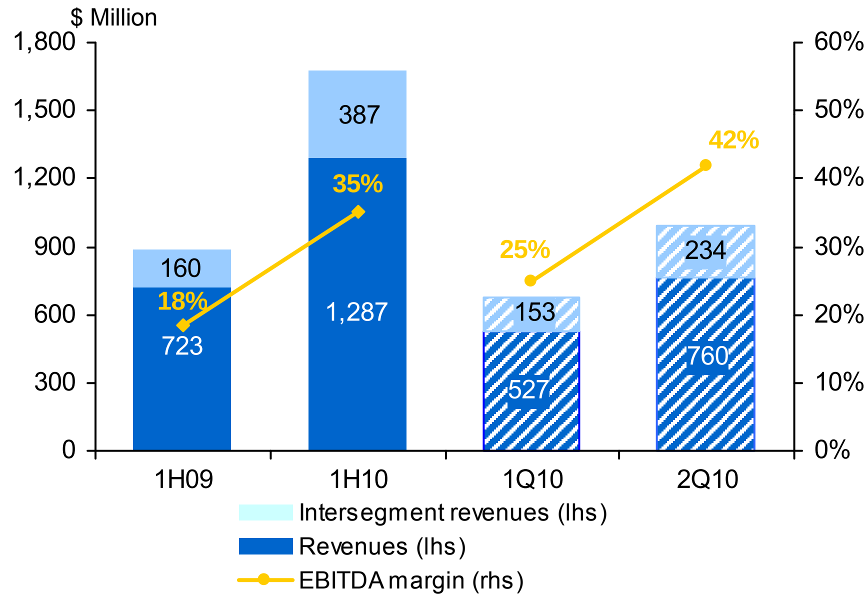
Average sales prices FCA, US$/tonne



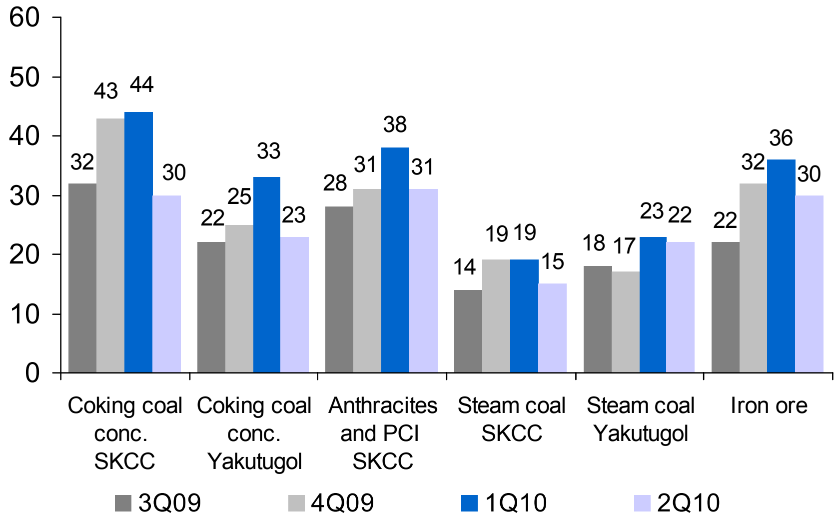
Mining Segment Performance

- Overall improvement in financial results as the markets are moving to pre-crisis levels:
  - Revenue up 44% q-o-q
  - EBITDA margin at 42% in 2Q10
  - Net profit up 63% q-o-q
- Cash cost for all major products decreased following the production growth and cost control
- Operating expenses fell to 20% of the revenue

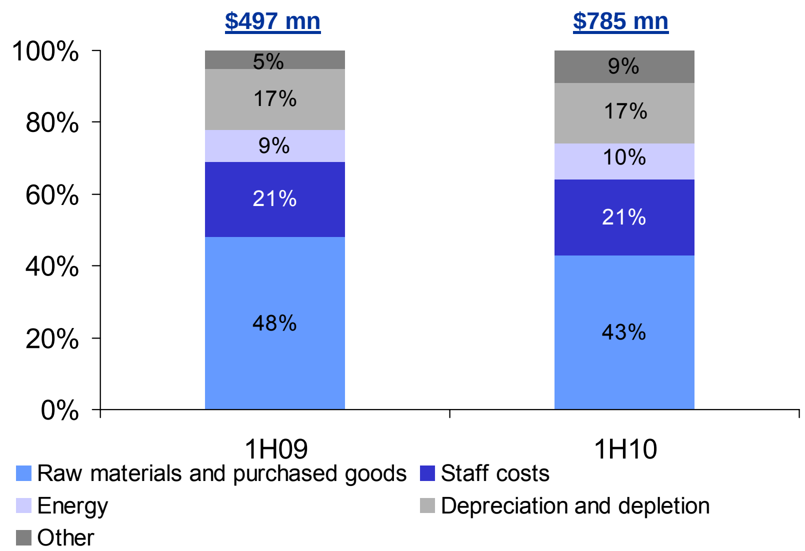
Revenue, EBITDA



Cash costs, US$/tonne



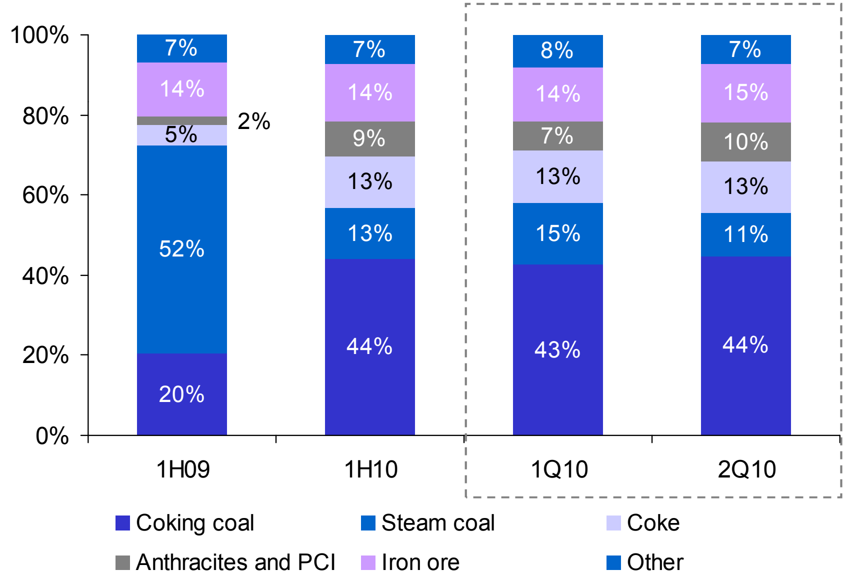
COS structure



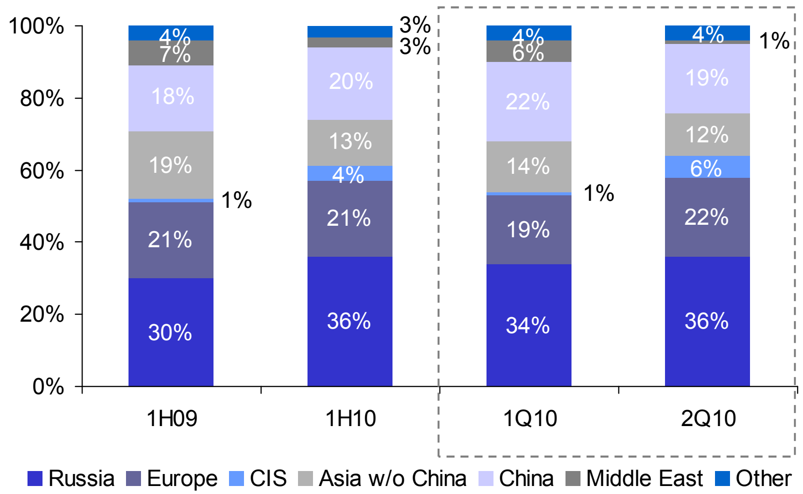
Mining Segment Performance

- Strong upward price trends across all products
- Coking concentrate sales volumes up 17% in 2Q10 as production volumes reached pre-crisis level
- Sales of PCI increased 3x
- Recovery in European market increase its sales in the revenue

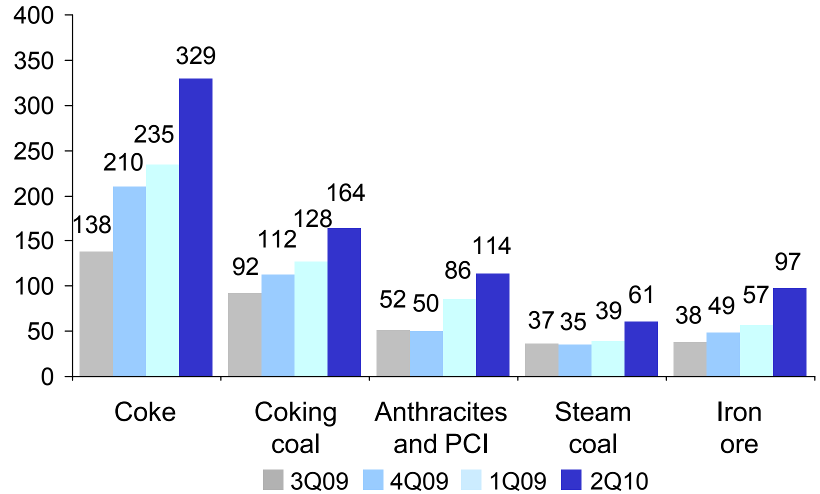
External sales structure



Revenue breakdown by region



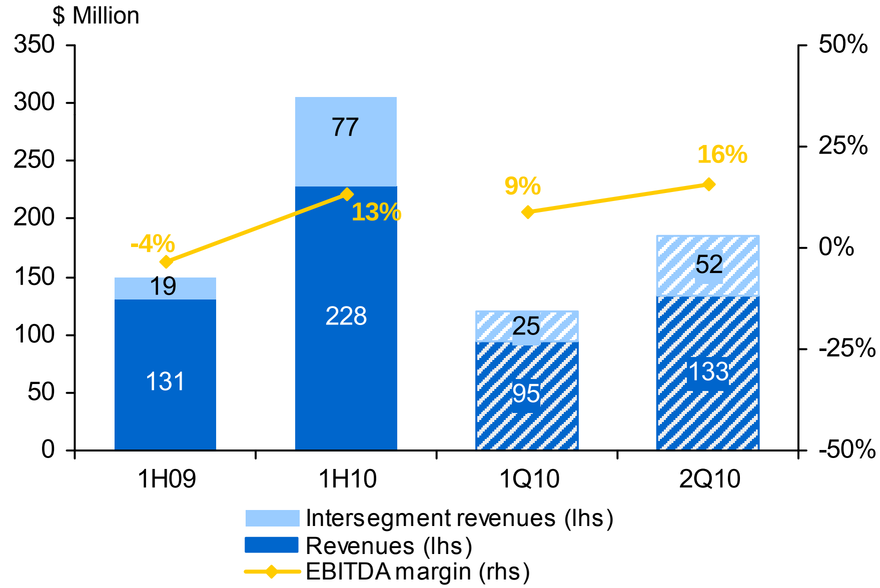
Average sales prices FCA, US$/tonne



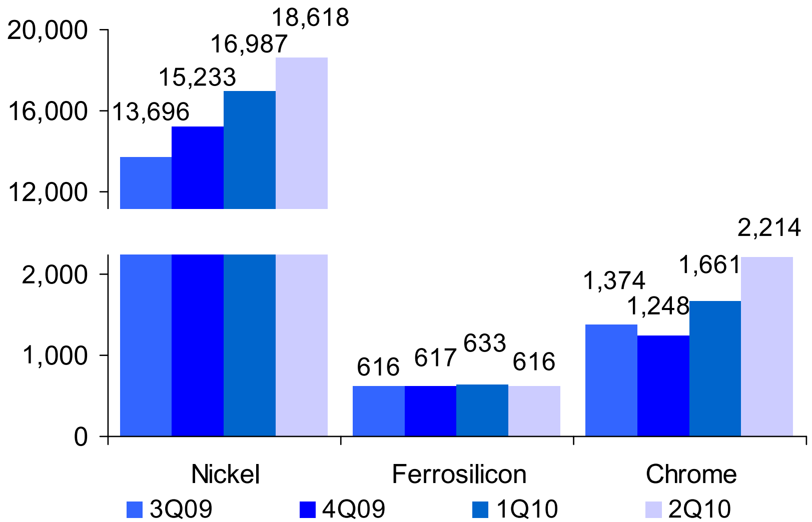
Ferroalloys Segment Performance

- 2x growth in intersegment revenue as a result of recovery in steel production
- Gross margin reached 18% in 2Q10
- Ni and Cr cash cost grew on the back of rising raw material prices
- EBITDA up 2.7x to $29 mn in 2Q10

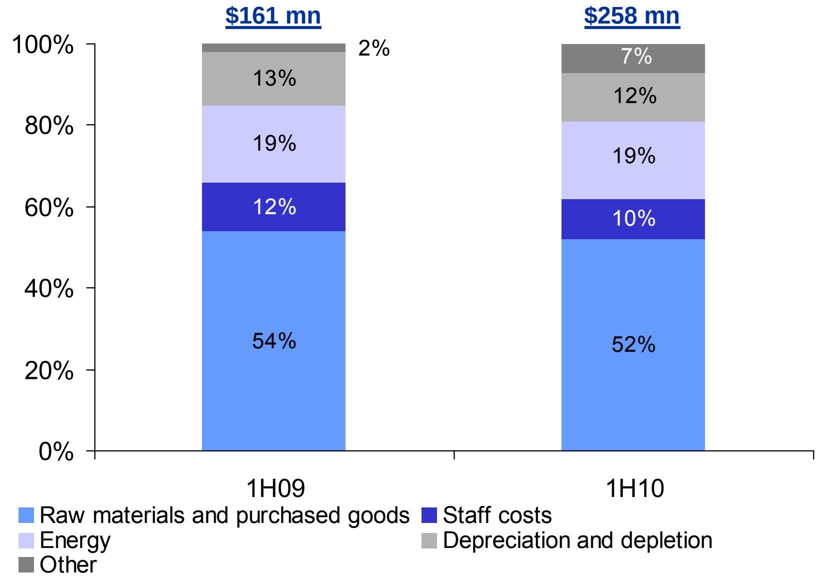
Revenue, EBITDA



Cash costs, US$/tonne



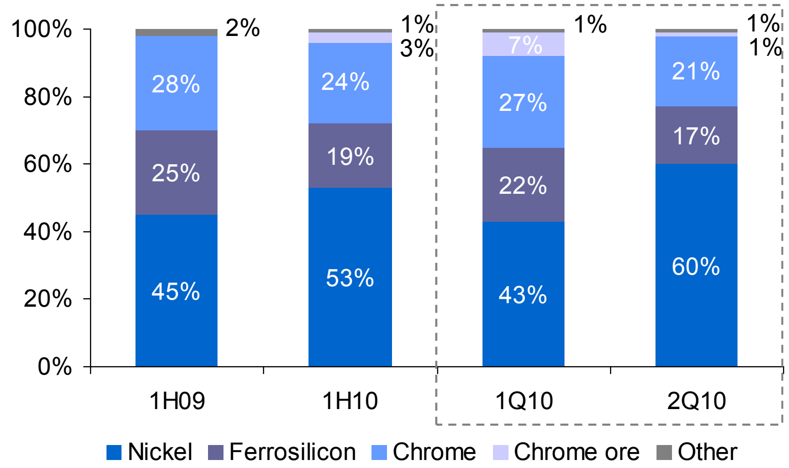
COS structure



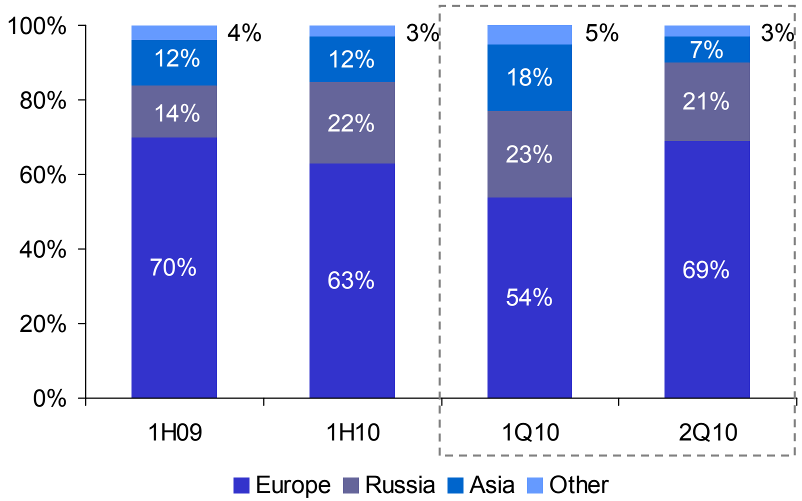
Ferroalloys Segment Performance

- Strong upward price trends q-o-q:
  - Ni up 20%
  - FeSi up 24%
  - Cr up 41%
- Sales of Ni formed 60% of segment's revenue from 3d parties in 2Q10
- European share grew on higher Ni sales
- Share of sales to China reached 4% in 1H10

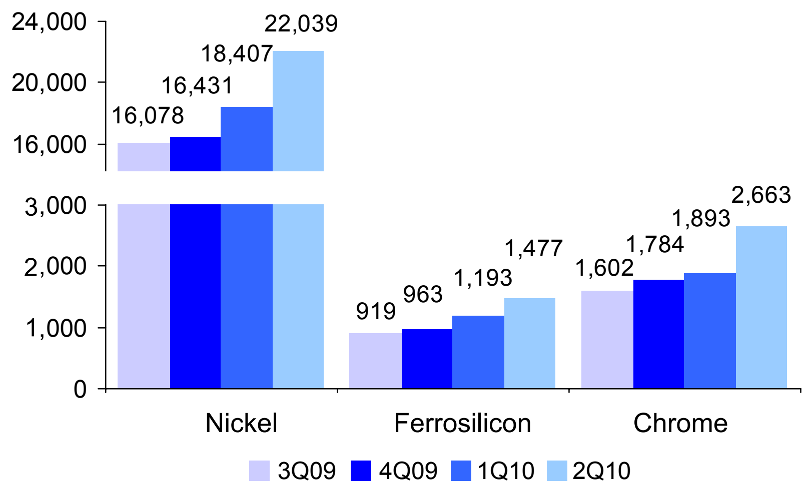
External sales structure



Revenue breakdown by region



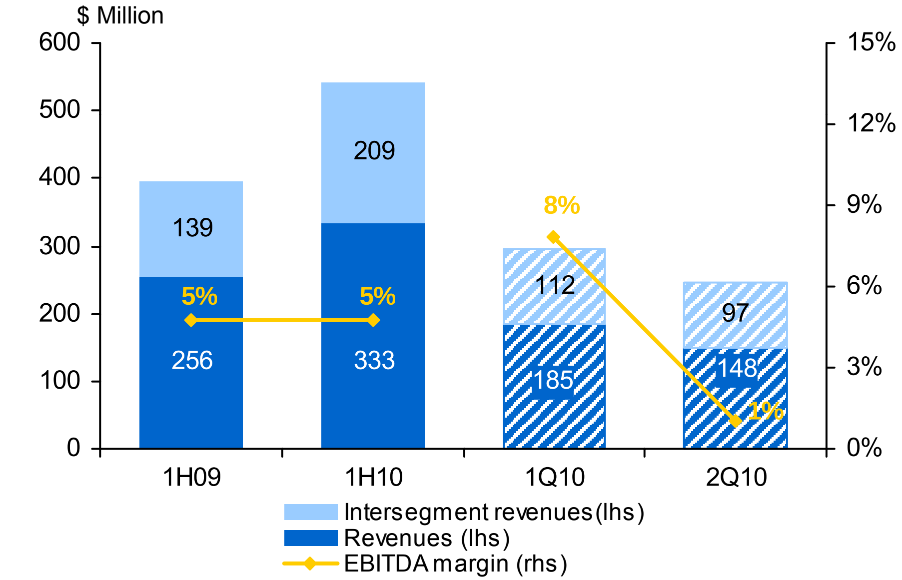
Average sales prices FCA, US$/tonne



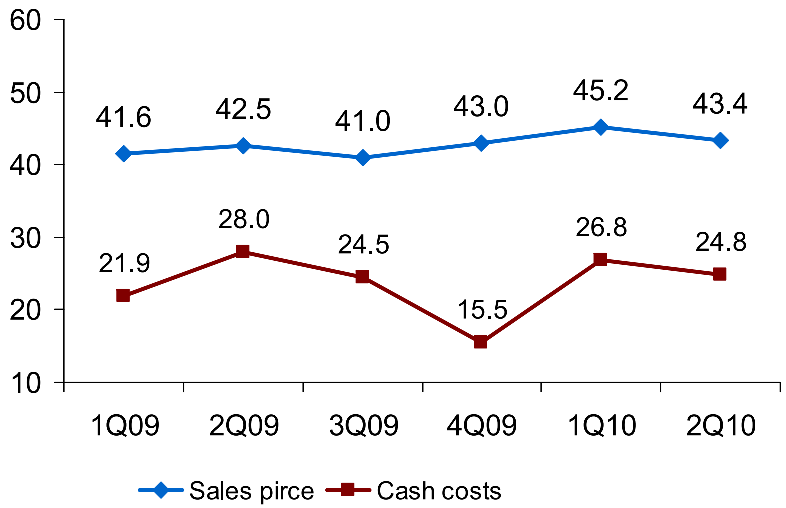
Power Segment Performance

- Sales decrease 20% in 2Q10 due to seasonal factors
- Cash costs slid 7% supporting the level of gross margin at 27%
- S&D expenses fell 24% helping to keep operations marginally profitable

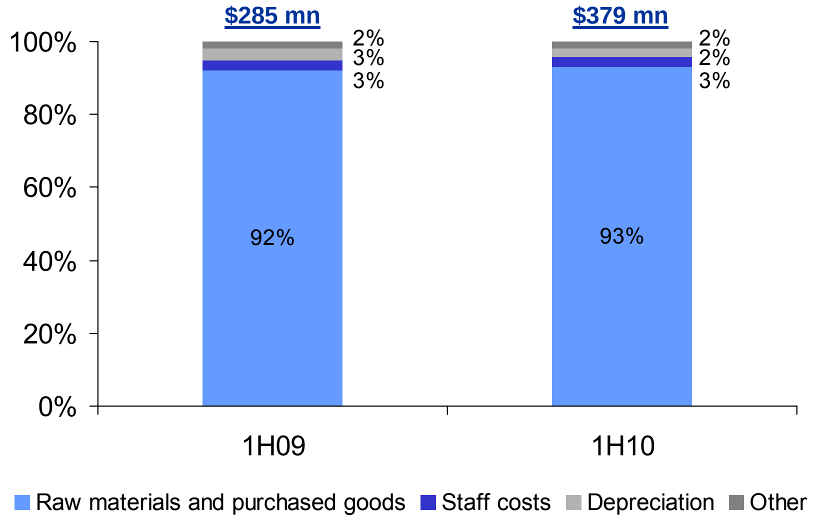
Revenue, EBITDA



Average electricity sales prices and cash costs, US$/MWh



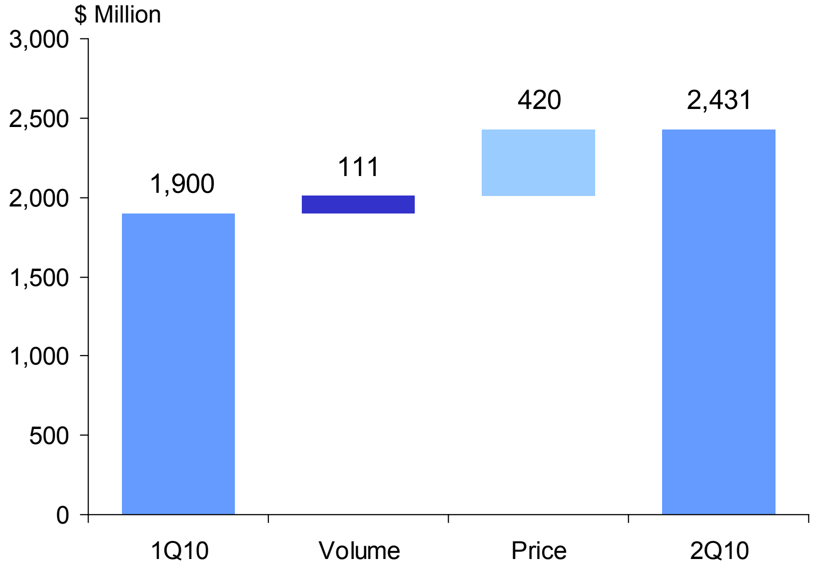
COS structure



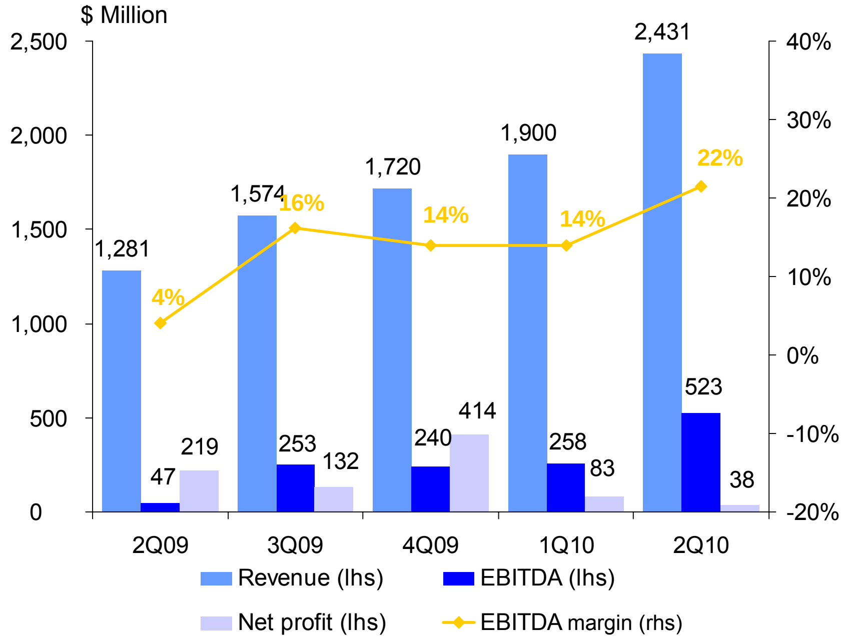
Improving Financial Performance

- Considerable revenue growth driven by continued markets' recovery
- Improved financial performance in 2Q10:
  - Revenue increased by 28% to $2.4 bn
  - 1.4x growth in Gross Income
  - 2x increase in EBITDA to $523 mn
- FX loss of $182 mn resulted in decline of Net Income to $38 mn in 2Q10

Revenue Dynamics



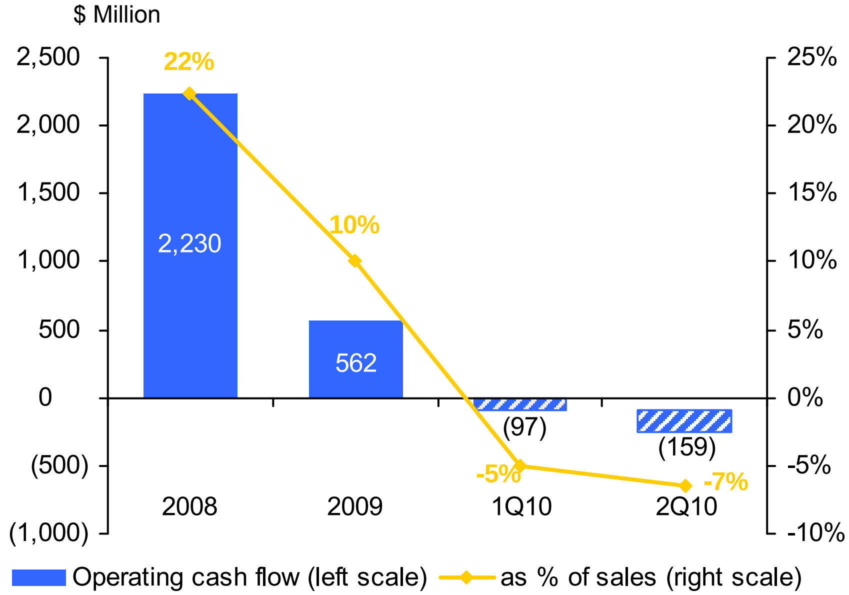
Revenue, EBITDA and Net profit



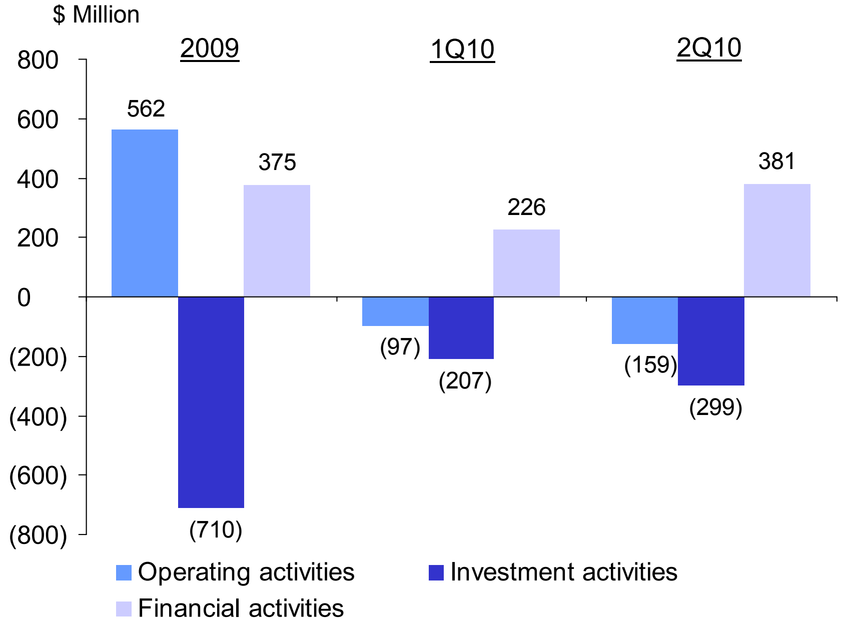
Cash Generation Capacity

- 2Q10 Negative Operating CF of $159 mn as $515 mn reinvested in working capital to facilitate growth of sales
- Improved economics and liquidity allowed to progress with main investment projects as planned
- $274 mn cash balance as of June 30, 2010

Operating cash flow



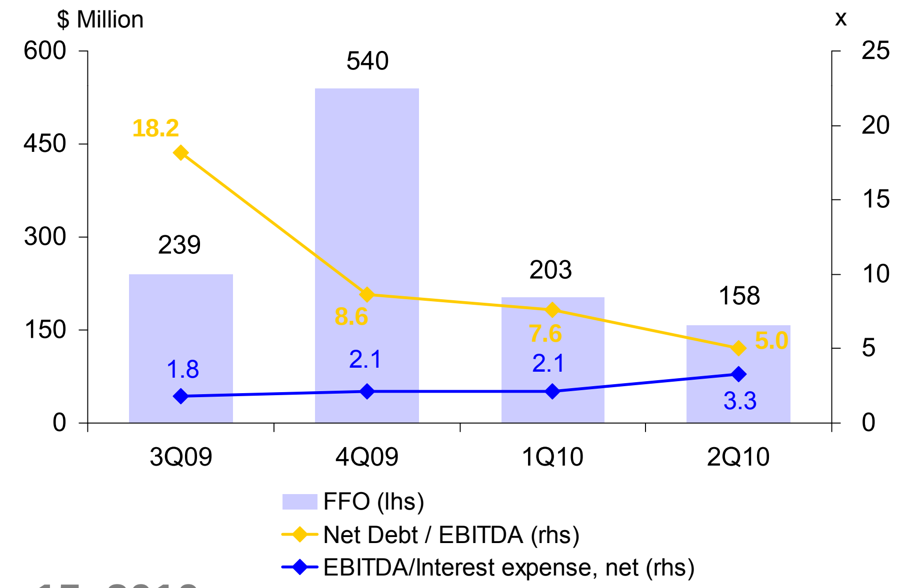
Net Cash Flow



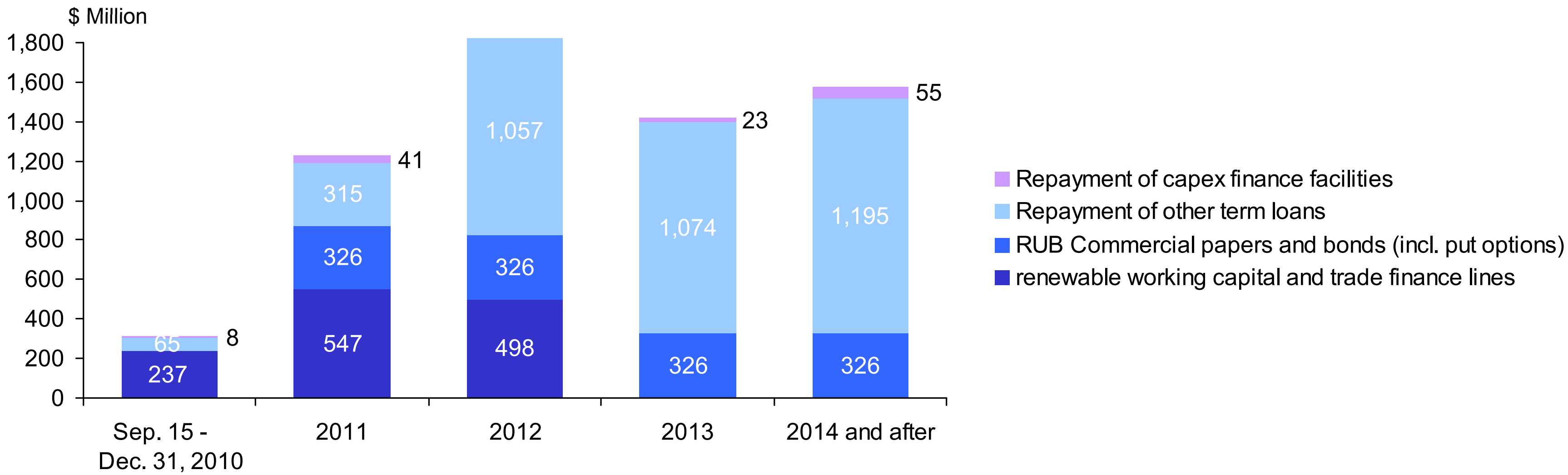
Debt Profile

- $700 mn of short-term debt extended into the 2H2011 upon a successful refinancing of a syndicated facility in September 2010
- $590 mn of unutilized committed short-term and long-term facilities as of October 1, 2010
- Working capital requirements fully covered with existing loan commitments in 2010

FFO, Net Debt/EBITDA and Interest coverage



Loans repayment schedule as at September 15, 2010



Financial Results Overview

US$ million unless otherwise stated	2Q10	1Q10	Change, %
Revenue	2,431	1,900	28%
Cost of sales	(1,504)	(1,256)	20%
Gross margin	*38.1%*	*33.9%*	
Operating profit	408	148	176%
Operating margin	*16.8%*	*7.8%*	
EBITDA	523	258	103%
EBITDA margin	*21.5%*	*13.6%*	
Net Income	38	83	-54%
Net Income margin	*1.6%*	*4.3%*	
Sales volumes*, ‘000 tonnes			
Mining segment	4,852	4,725	3%
Steel segment	1,724	1,665	4%

* Includes sales to the external customers only