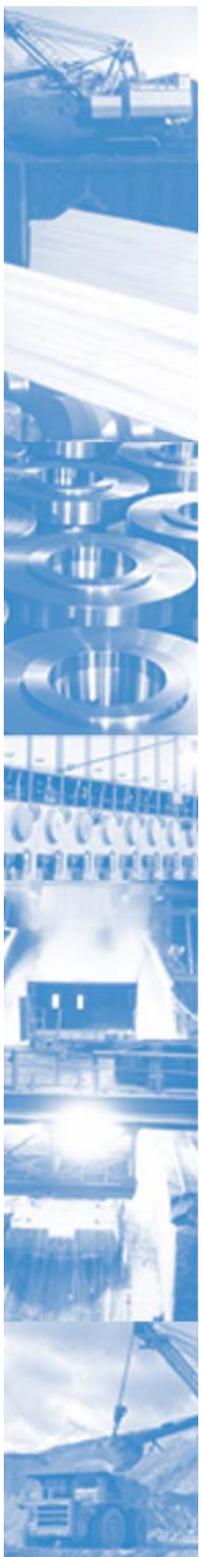




2009 First Half Results Presentation
November 9, 2009



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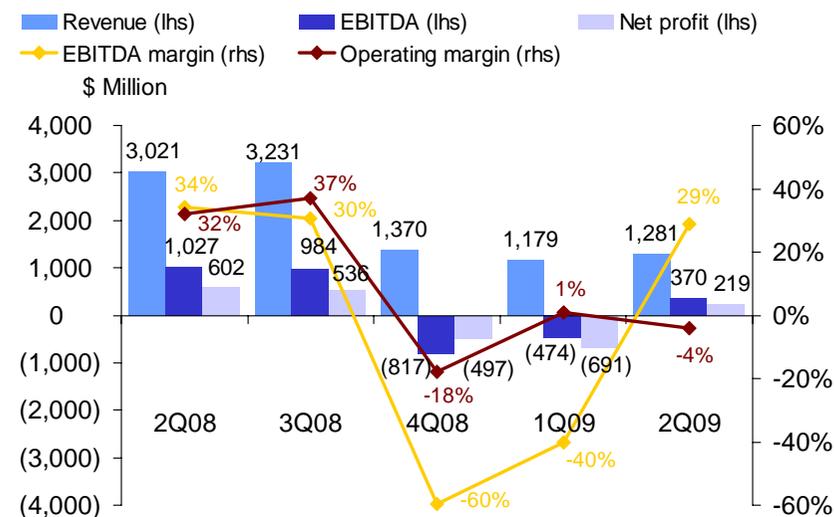
Financial Review



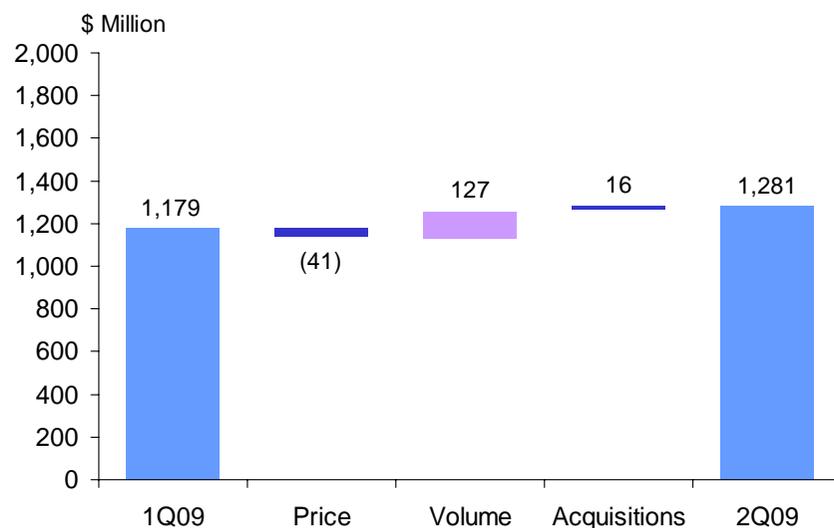
Improving Financial Performance

- ➔ Production and sales volumes grow
- ➔ Revenue increased by 9% in 2Q09
- ➔ \$219 mn net income in 2Q09
- ➔ EBITDA rose to \$370 mn in 2Q09

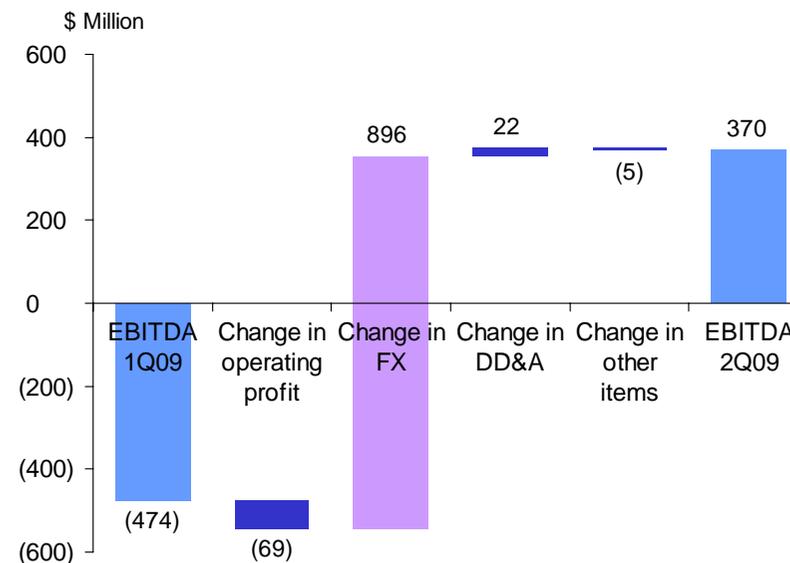
Revenue, EBITDA and Net profit



Revenue Dynamics



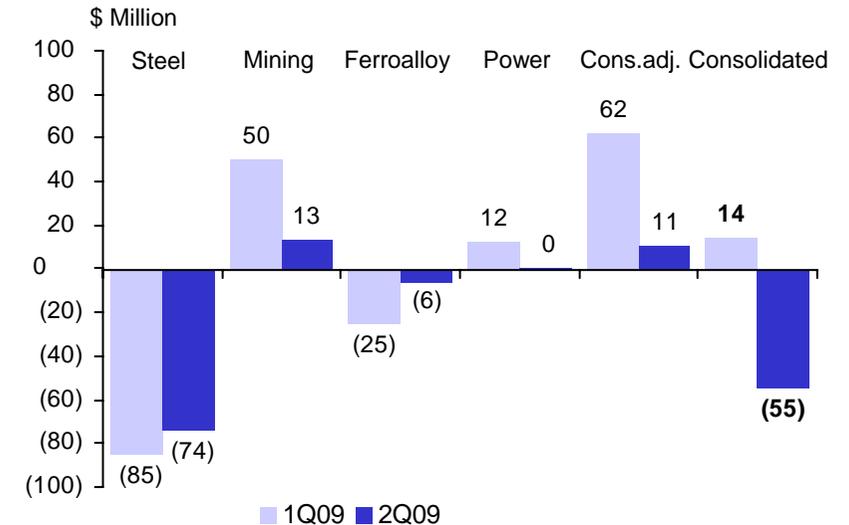
EBITDA Bridge



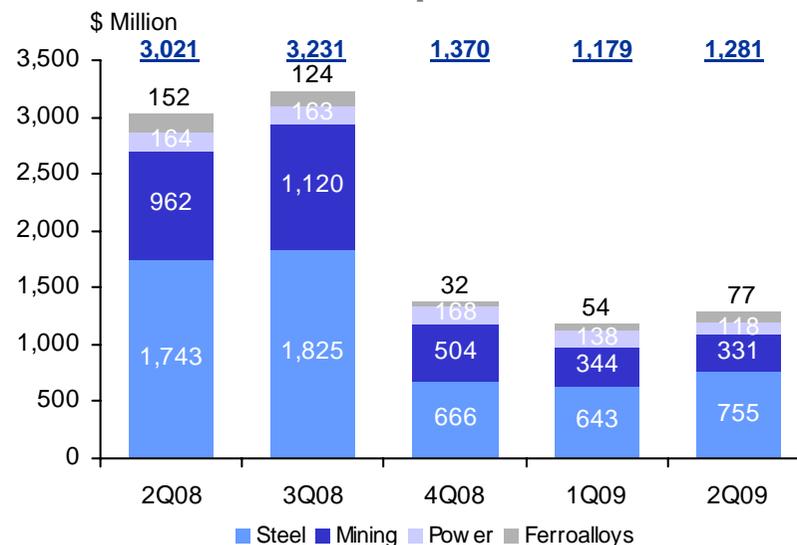
Segments Overview

- ➔ High degree of diversification and vertical integration helps mitigate risk and provides stability
- ➔ Despite market and production downturn Mining segment demonstrates positive result
- ➔ Ferroalloys segment leads recovery

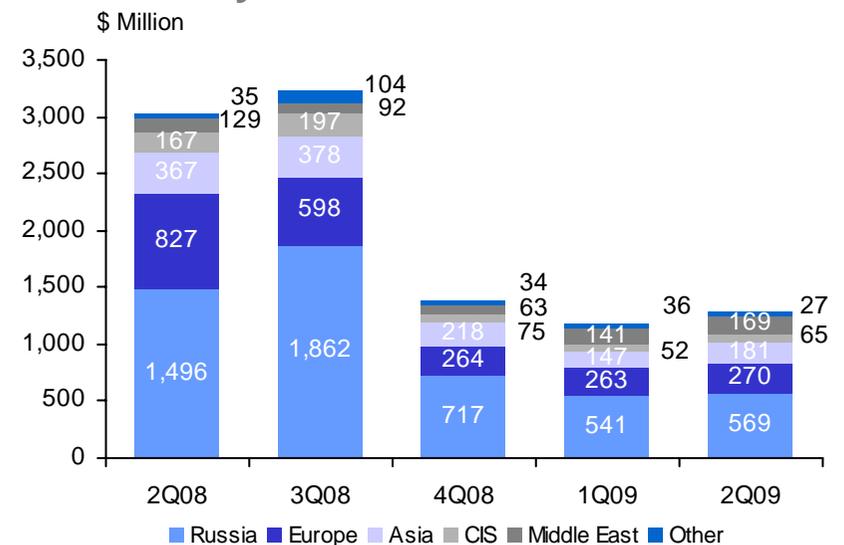
Operating profit by segments



Revenue from third parties



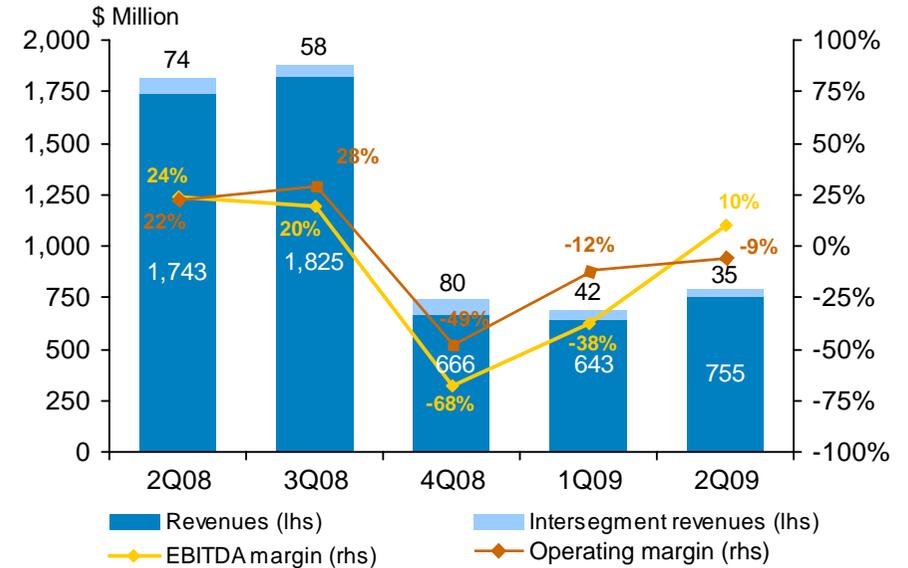
Revenue by market



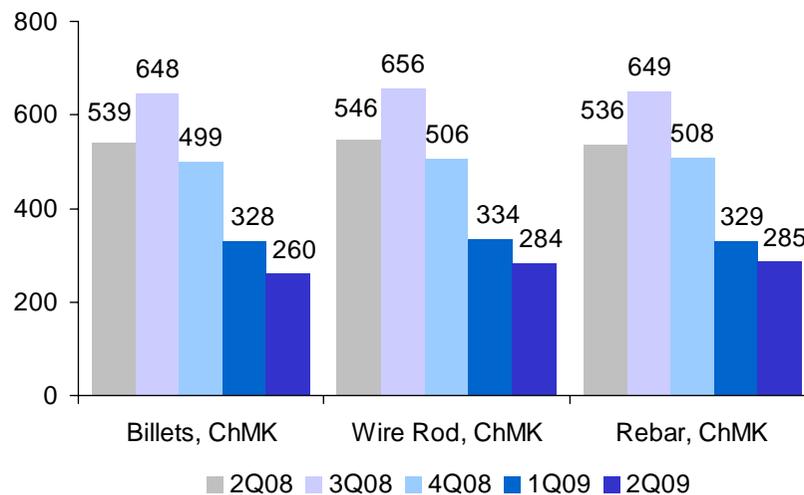
Steel Segment Performance

- Revenue grew 17% to \$755 mn in 2Q09 vs 1Q09
- 1.5x growth in gross profit to \$84 mn
- Continuous improvement in operating result
- SG&A expenses fell by 12% q-o-q
- EBITDA \$79 mn in 2Q09
- Cash costs down 20%

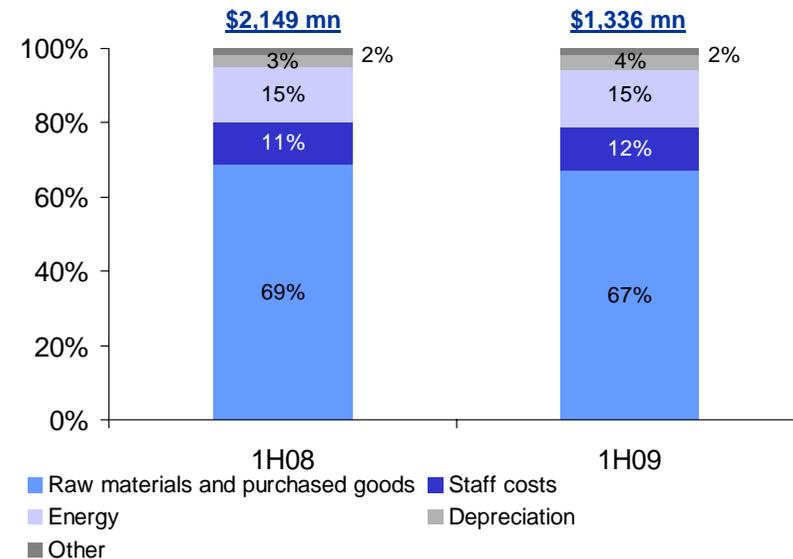
Revenue, EBITDA



Cash costs, US\$/tonne



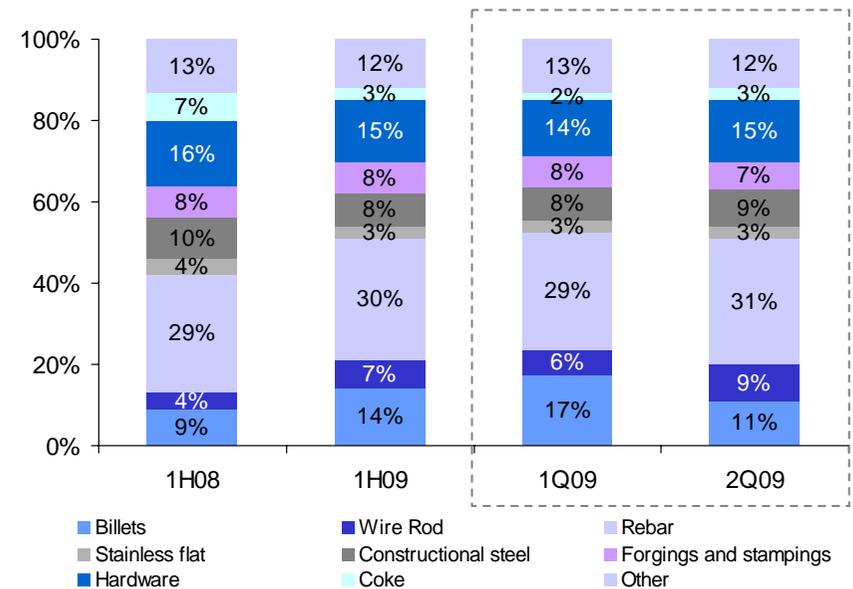
COS structure



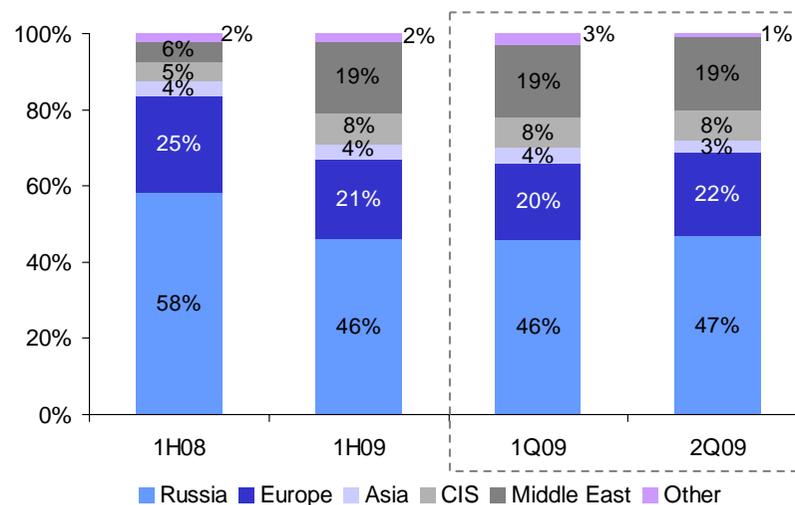
Steel Segment Performance

- 59% of the Group's revenue in 2Q09
- Focus on production of higher-margin products
- Own distribution helps fast production recovery and growth of market share in Russia and Europe
- Increase in physical sales volumes across all major products

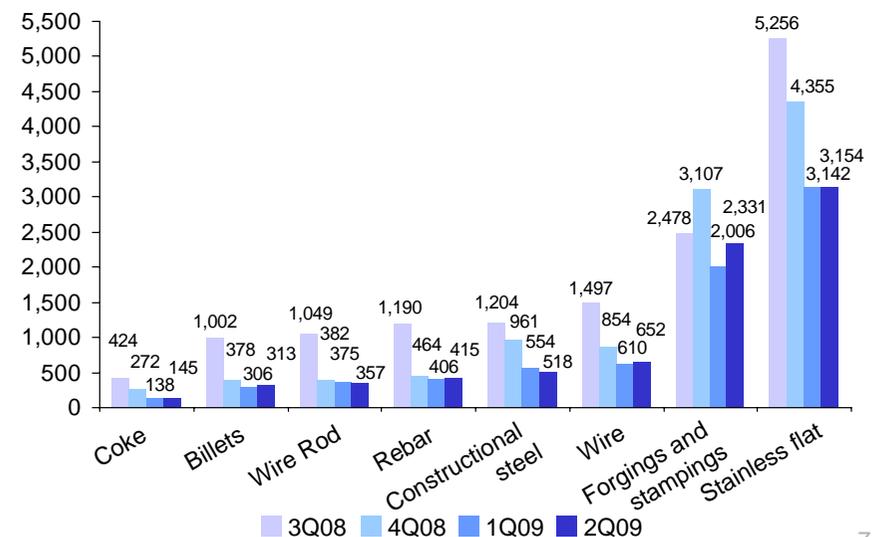
External sales structure



Revenue breakdown by region



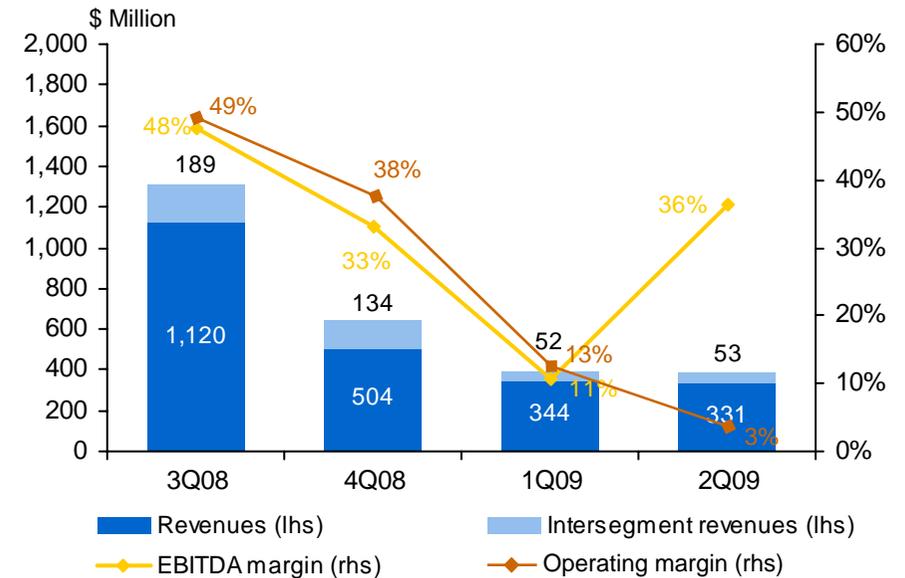
Average sales prices FCA, US\$/tonne



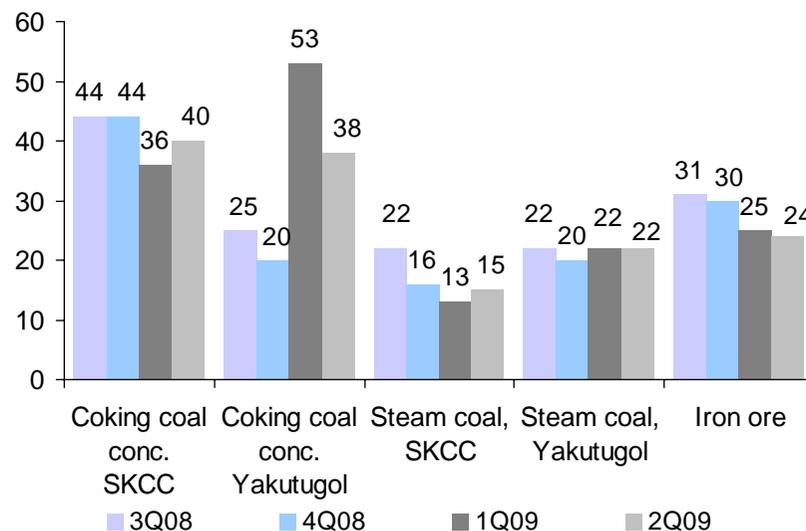
Mining Segment Performance

- Despite sharp fall in average prices the gross margin still at 48% of revenue
- Cash costs fall back at Yakutugol as production restores
- EBITDA grew 233% to \$139 mn in 2Q09
- As seaborne market returns, production of coking concentrate increased 19% q-o-q
- Bluestone added \$16 mn to sales

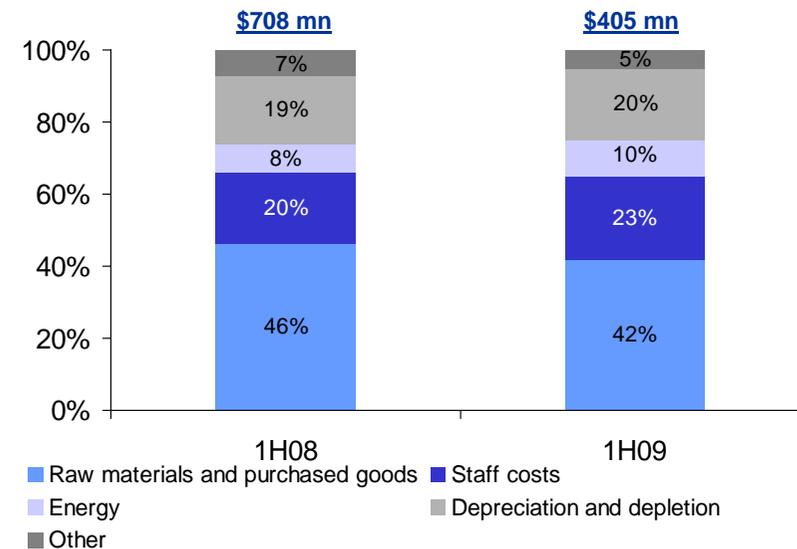
Revenue, EBITDA



Cash costs, US\$/tonne



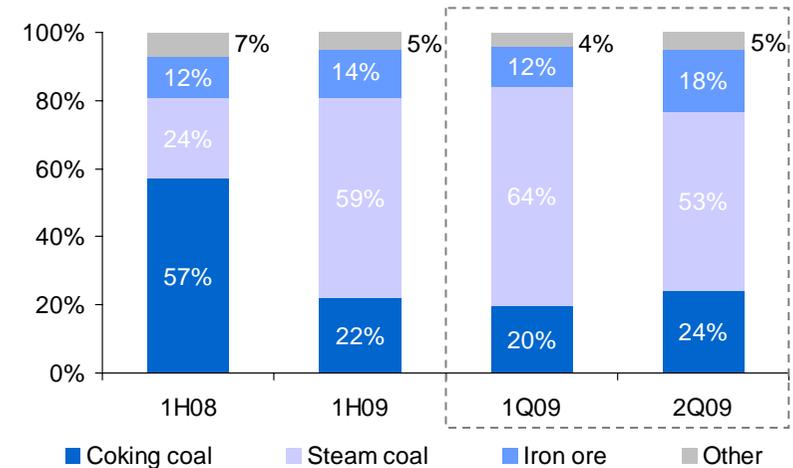
COS structure



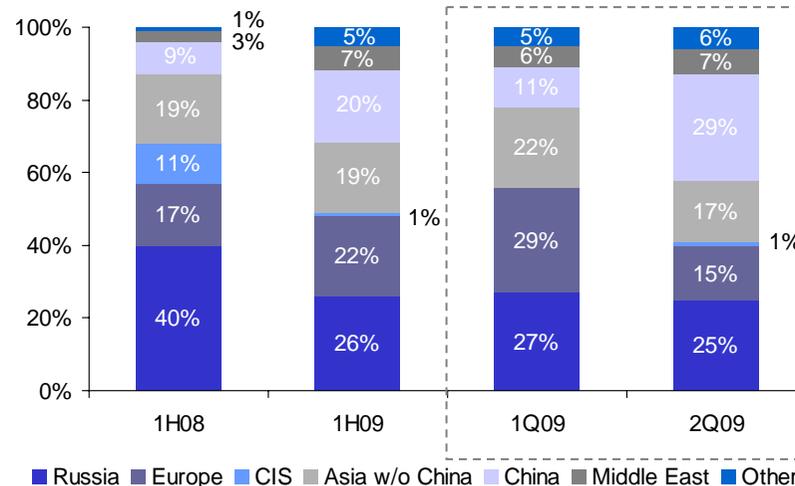
Mining Segment Performance

- ➔ Flexibility to change output to adapt to demand trends in the marketplace
- ➔ As markets restore coking coal sales are up 19%, iron ore sales up 43%, steam coal sales down 21% q-o-q
- ➔ Change in geography of sales supports positive result:
 - ➔ Share of Russia fell to 26% y-o-y
 - ➔ Growth of coal and iron ore sales to China
 - ➔ Increase in steam coal sales to Europe y-o-y

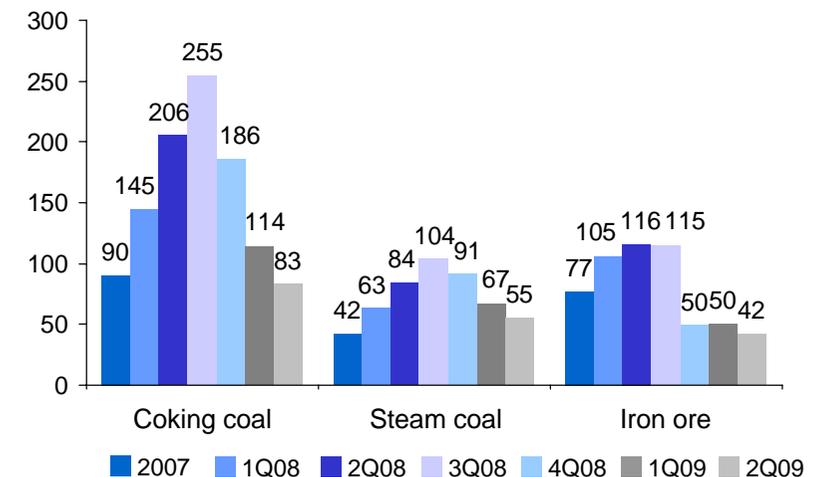
External sales structure



Revenue breakdown by region



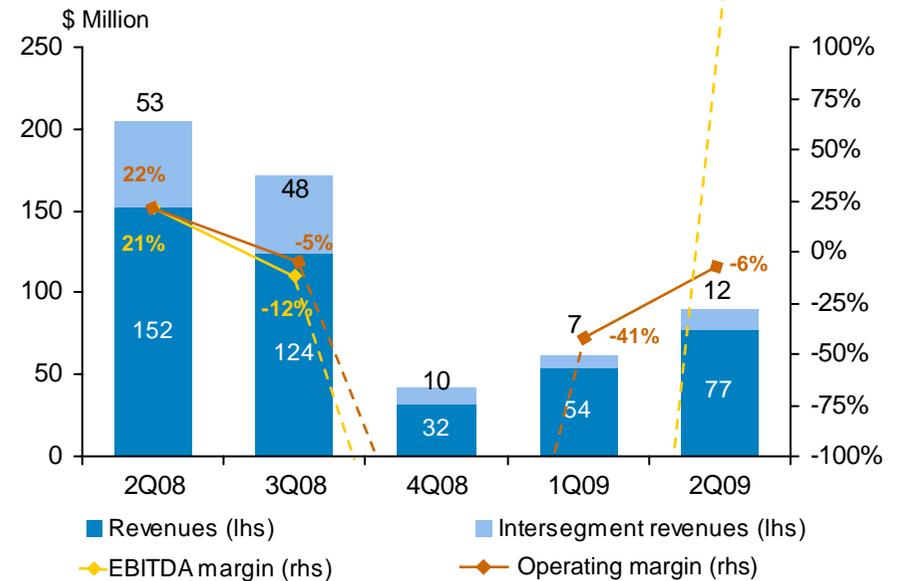
Average sales prices FCA, US\$/tonne



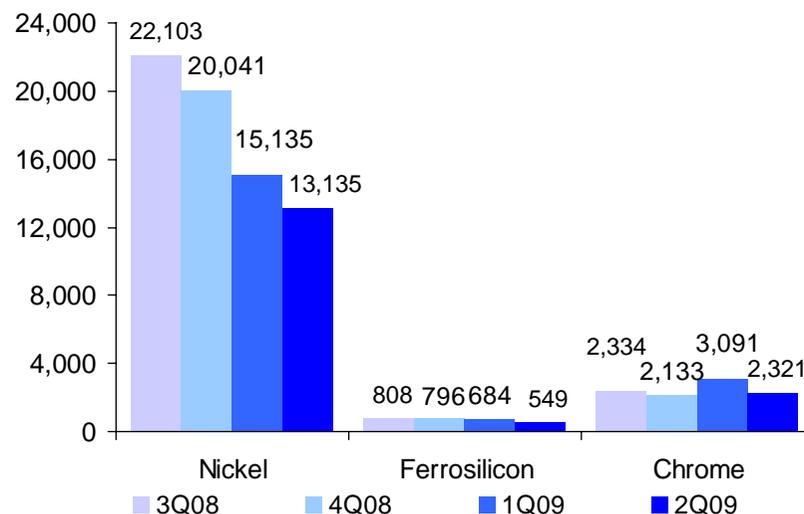
Ferroalloys Segment Performance

- ➔ Revenue increased by 43% q-o-q
- ➔ Gross margin turns positive as operations restore and prices stabilize
- ➔ SG&A expenses fell to 11% of the revenue in 2Q09 from 17% in 1Q09
- ➔ S&D expenses down by 37% q-o-q
- ➔ Operating loss reduced 4.5x to \$6 mn after a 5x reduction in 1Q09

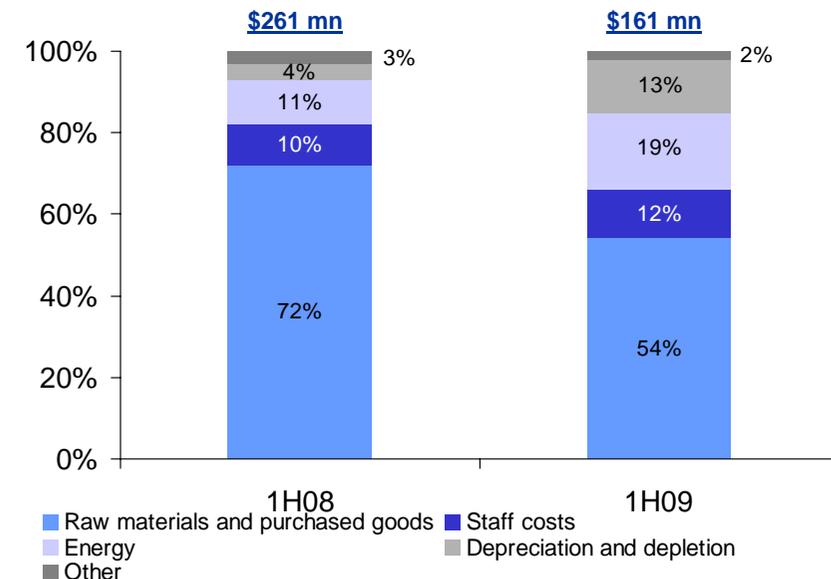
Revenue, EBITDA



Cash costs, US\$/tonne



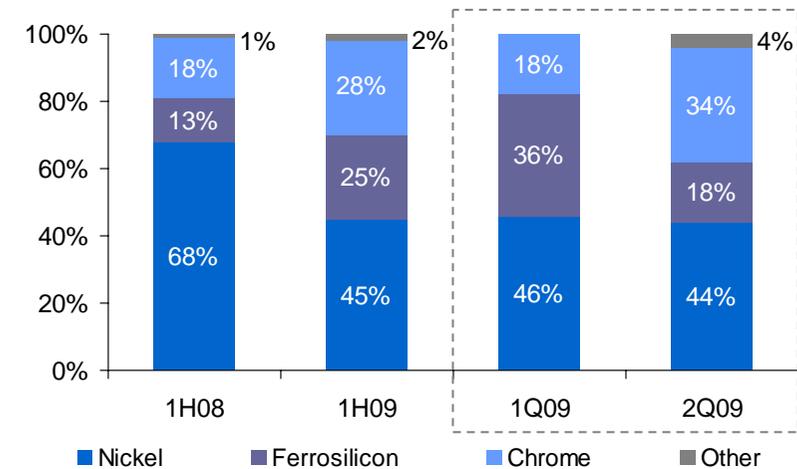
COS structure



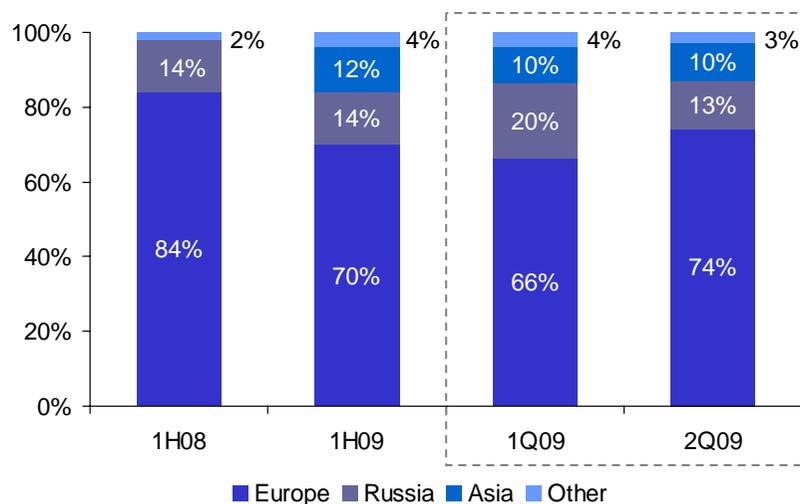
Ferroalloys Segment Performance

- ➔ Recovery in nickel prices and full control over FeCr production chain help to restore production and exceed the pre-crisis level
- ➔ Share of chrome sales reached 34% of segment revenue in 2Q09
- ➔ As production restores, share of export sales goes up to 87%
- ➔ Increased sales help to sell the overhang stock

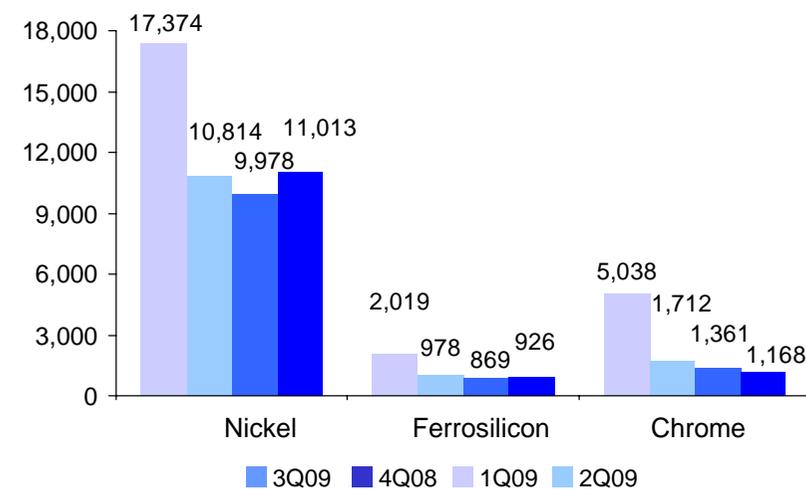
External sales structure



Revenue breakdown by region



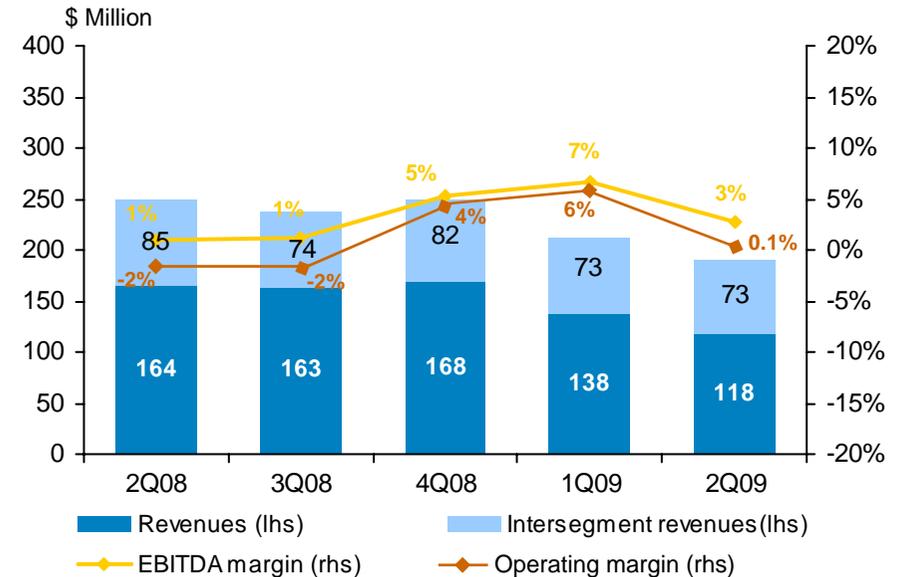
Average sales prices FCA, US\$/tonne



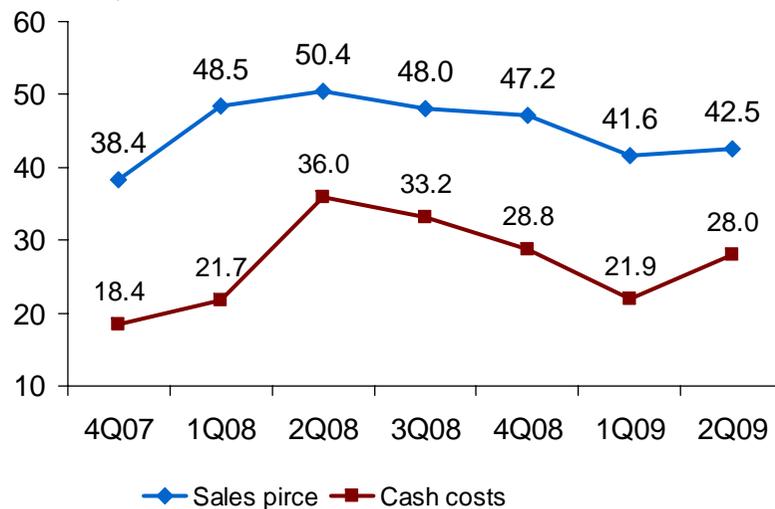
Power Segment Performance

- ➔ Sales decrease 14% as warmer season approaches
- ➔ S&D expenses fell 15% helping to keep operations marginally profitable
- ➔ Share of intra-group sales increase to 38% as production in other segments restores

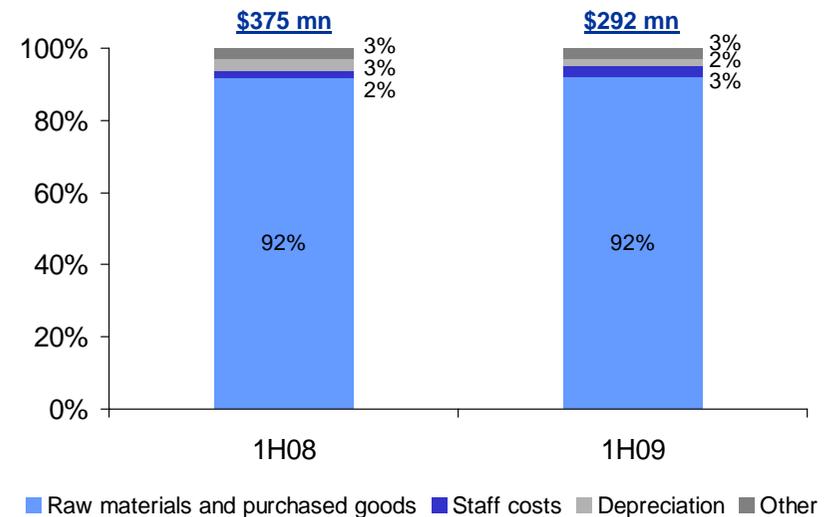
Revenue, EBITDA



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



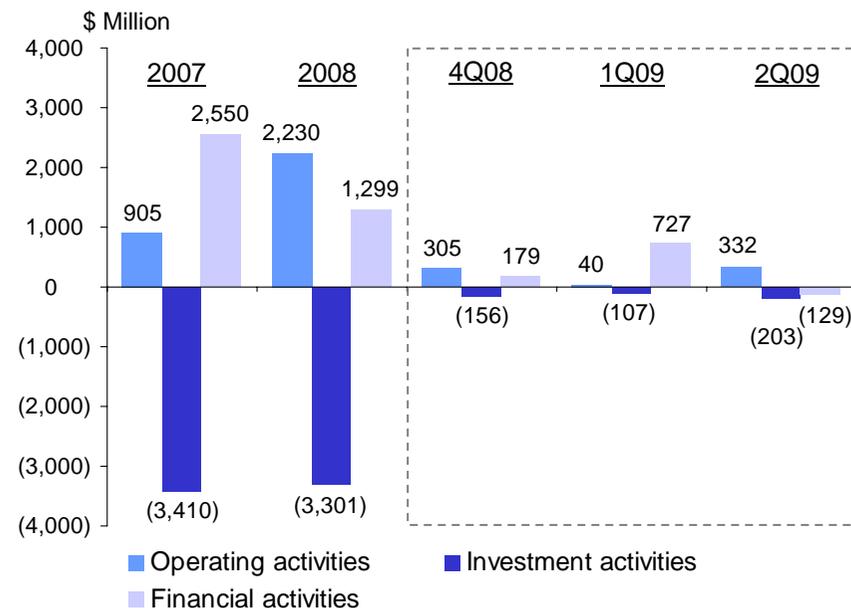
COS structure



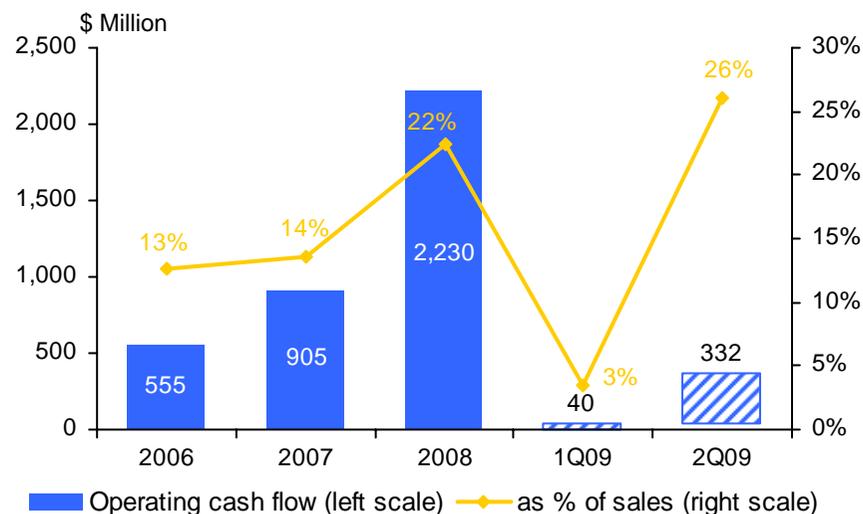
Cash Generation Capacity

- ➔ Operating CF jumped 8x to \$332 mn in 2Q09
- ➔ Investment CAPEX is financed through long-term debt instruments
- ➔ \$270 mn recovered from receivables and inventory
- ➔ \$129 mn debt repaid out of operating cash flow in 2Q09
- ➔ \$822 mn cash balance as of the end of 1H09

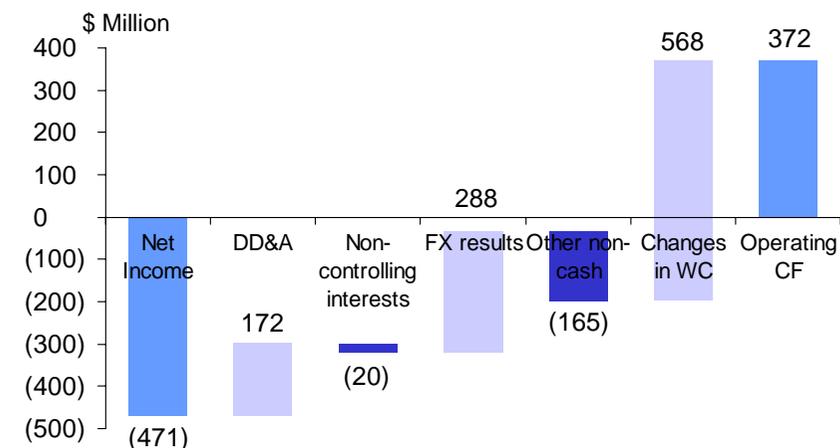
Net Cash Flow



Operating cash flow



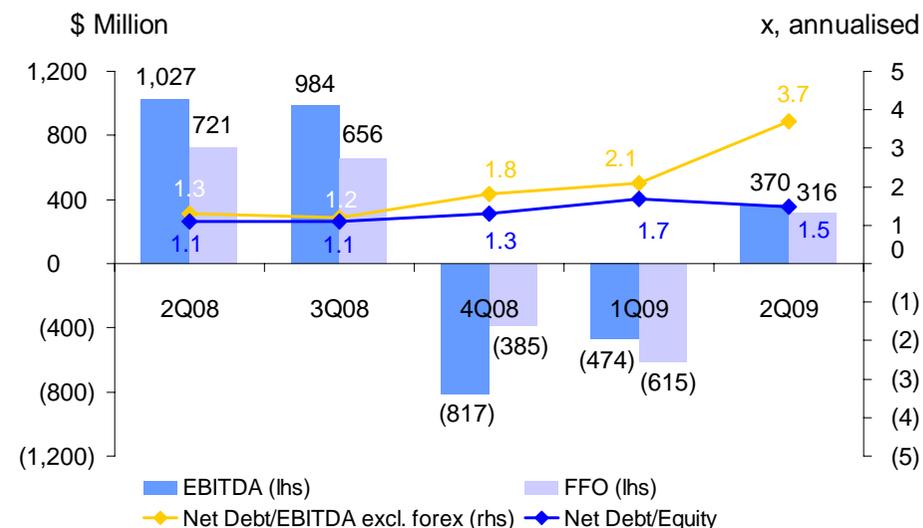
Operating Cash Flow Bridge



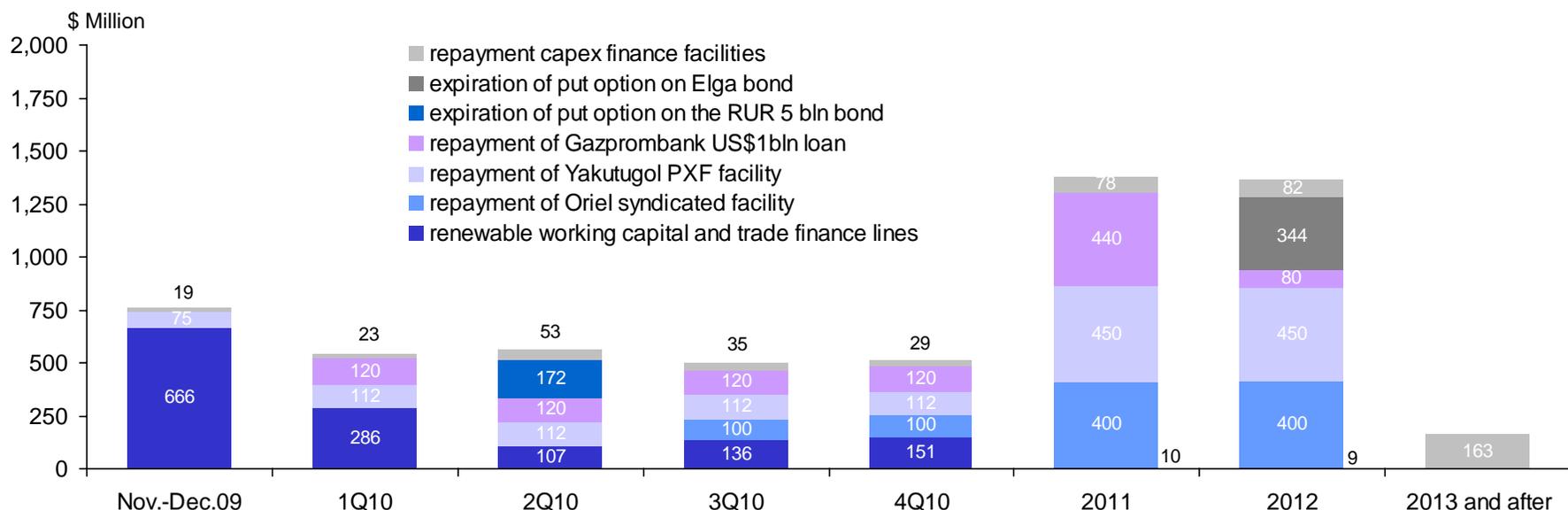
Debt Profile

- ➔ \$3.1 bln debt successfully refinanced in July 2009
- ➔ RUB 10 bln in bonds raised to resume financing of Elga project
- ➔ With ca. \$660 mn cash in accounts, RUB 50 bln in commercial paper and over \$400 mn in available credit lines current debt profile looks sustainable

EBITDA, FFO and Net Debt



Loans repayment schedule as of November 1st, 2009



Financial Results Overview

US\$ million unless otherwise stated	2Q09	1Q09	Change, %
Revenue	1,281	1,179	9%
Cost of sales	(970)	(804)	21%
Gross margin	24.3%	31.8%	
Operating profit (loss)	(55)	14	-493%
Operating margin	-4.3%	1.2%	
EBITDA	370	(474)	-178%
EBITDA margin	28.9%	-40.2%	
Net Income (loss)	219	(691)	-132%
Net Income margin	17.1%	-58.6%	
EPS (USD per share)	0.5	-1.7	-129%
Sales volumes*, '000 tonnes			
Mining segment	4,321	4,302	0.4%
Steel segment	1,545	1,245	24%

* Includes sales to the external customers only