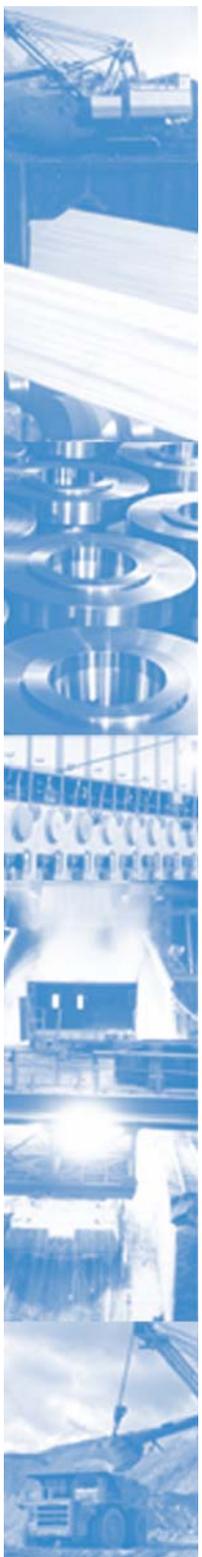




2008 First Quarter Results Presentation
July 14, 2008



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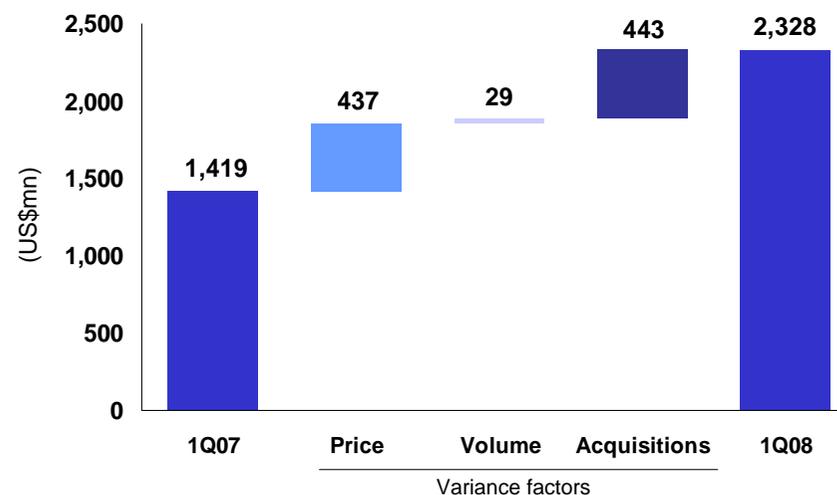


Financial Review

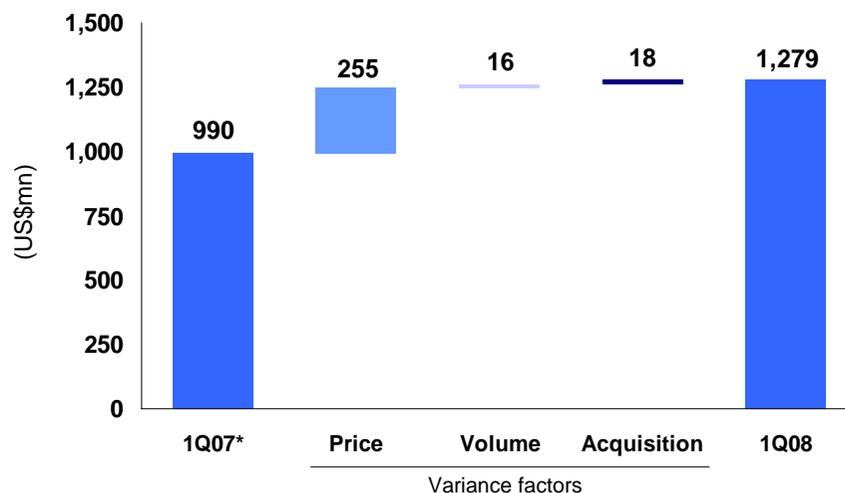
Sales Overview

- ◆ Mechel benefited from higher sales prices across both mining and steel segments
- ◆ Acquisitions completed last year in the mining and power segments contributed \$443 mn or 49% to consolidated revenue growth

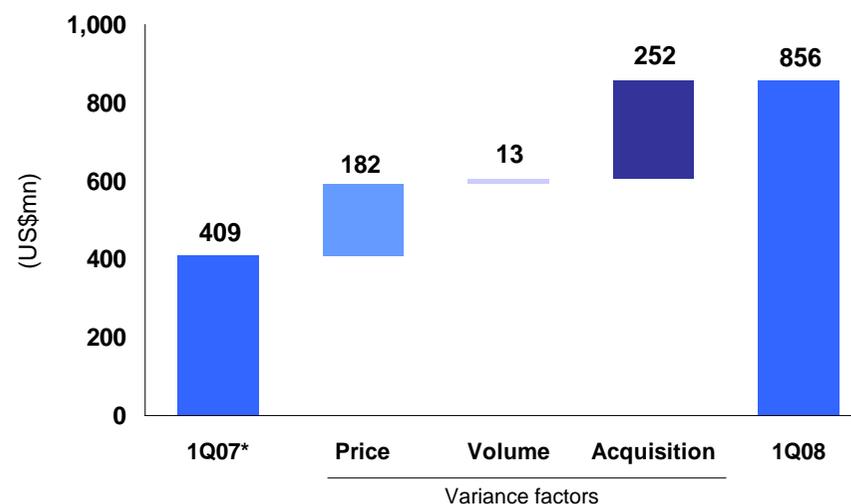
Consolidated revenue



Steel segment revenue



Mining segment revenue

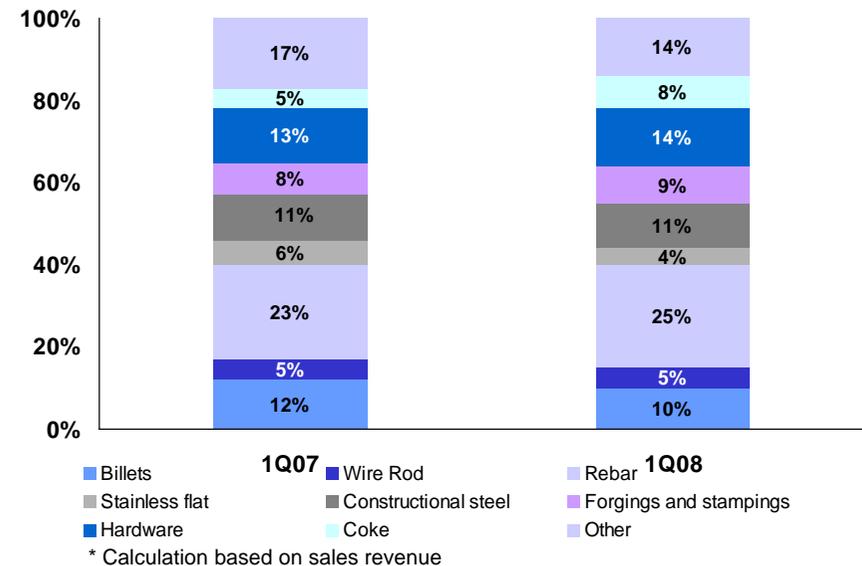


* Results are recalculated to reflect separate reporting for the power segment

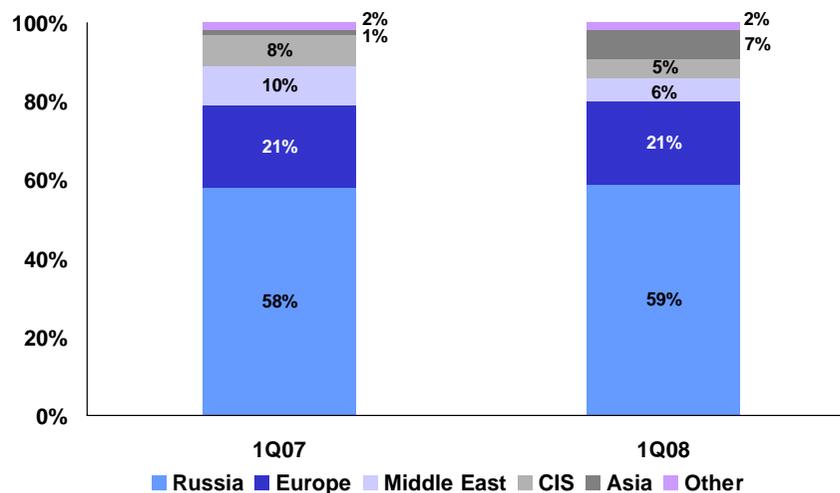
Steel Sales: Structure and Prices

- ◆ 29% growth in revenue from external customers
- ◆ Growth of higher margin products share in sales - meaningful contribution from investments
- ◆ Gross margin increased to 28%

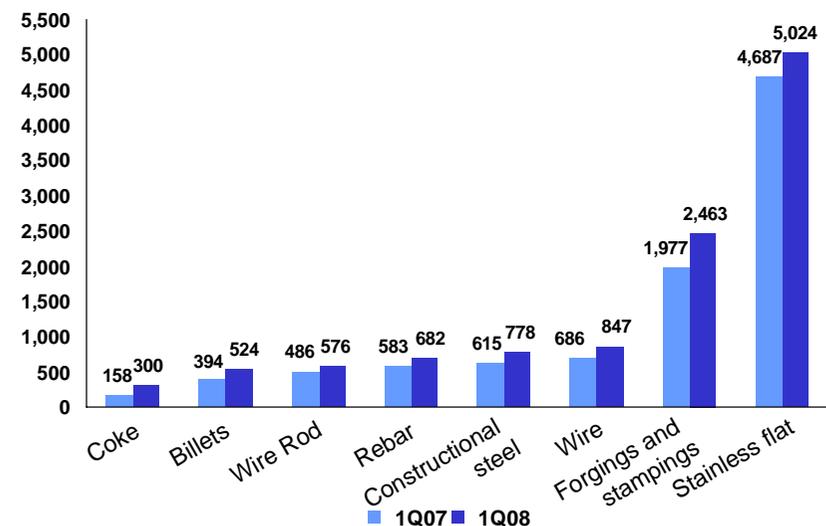
Sales structure*



Revenue breakdown by region



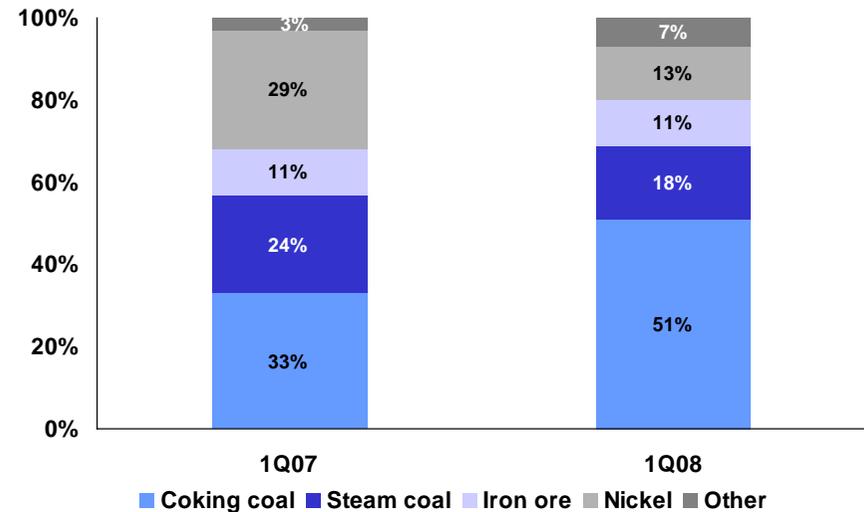
Average sales prices FCA, US\$/tonne



Mining Sales: Structure and Prices

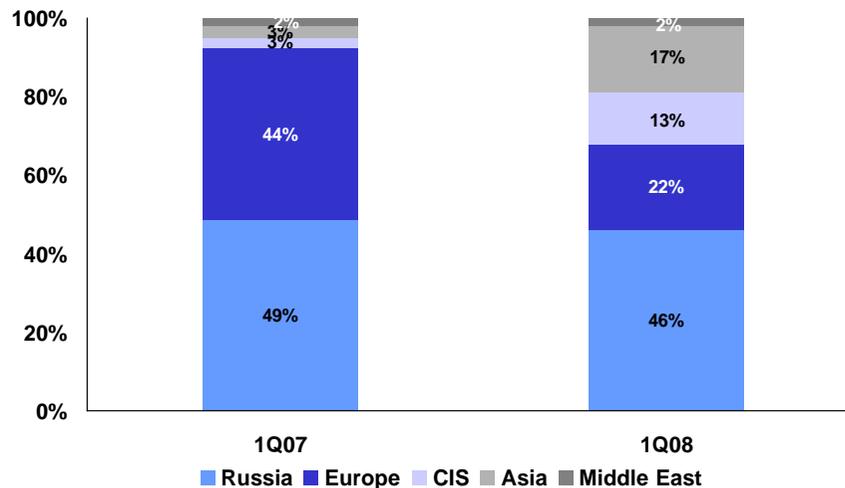
- ◆ Gross Margin increased to 58%
- ◆ Coking coal sales exceed 50% of the revenue from 3rd parties
- ◆ Expansion into the fast growing markets of Asia and Pacific

Sales structure*

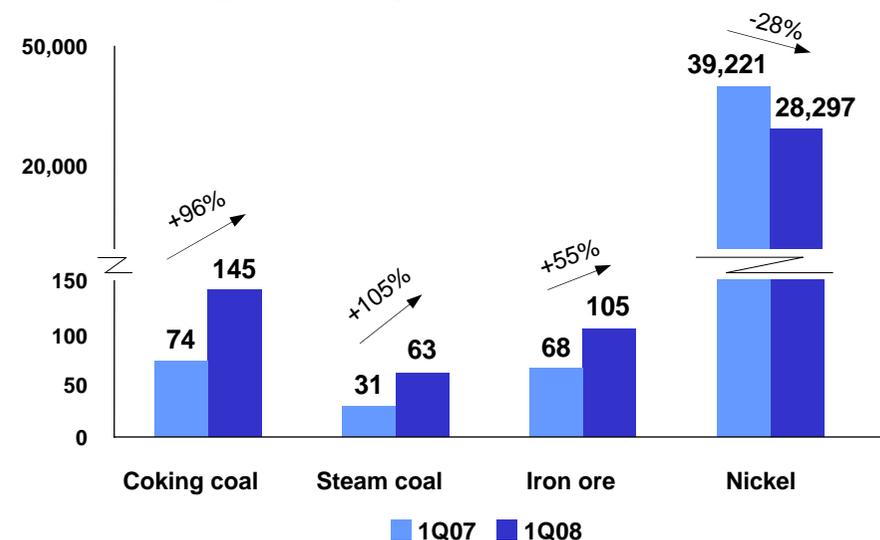


* Calculation based on sales revenue

Revenue breakdown by region



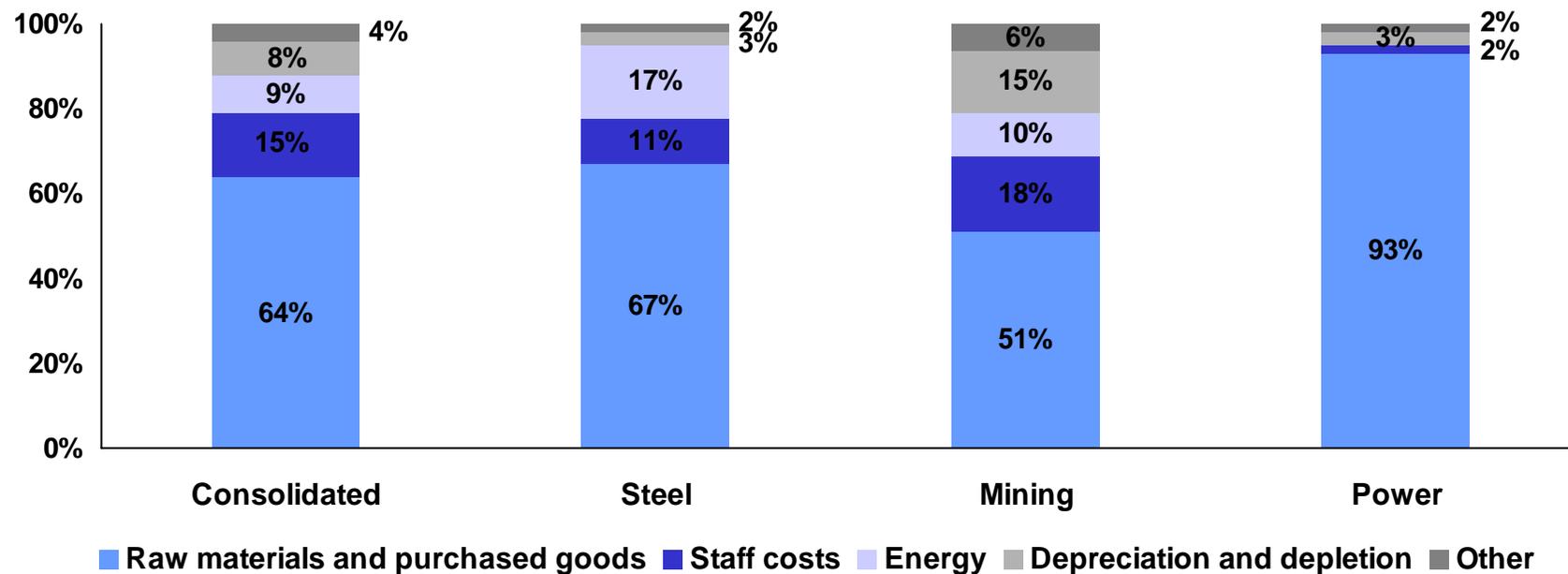
Average sales prices FCA, US\$/tonne



Cost Structure

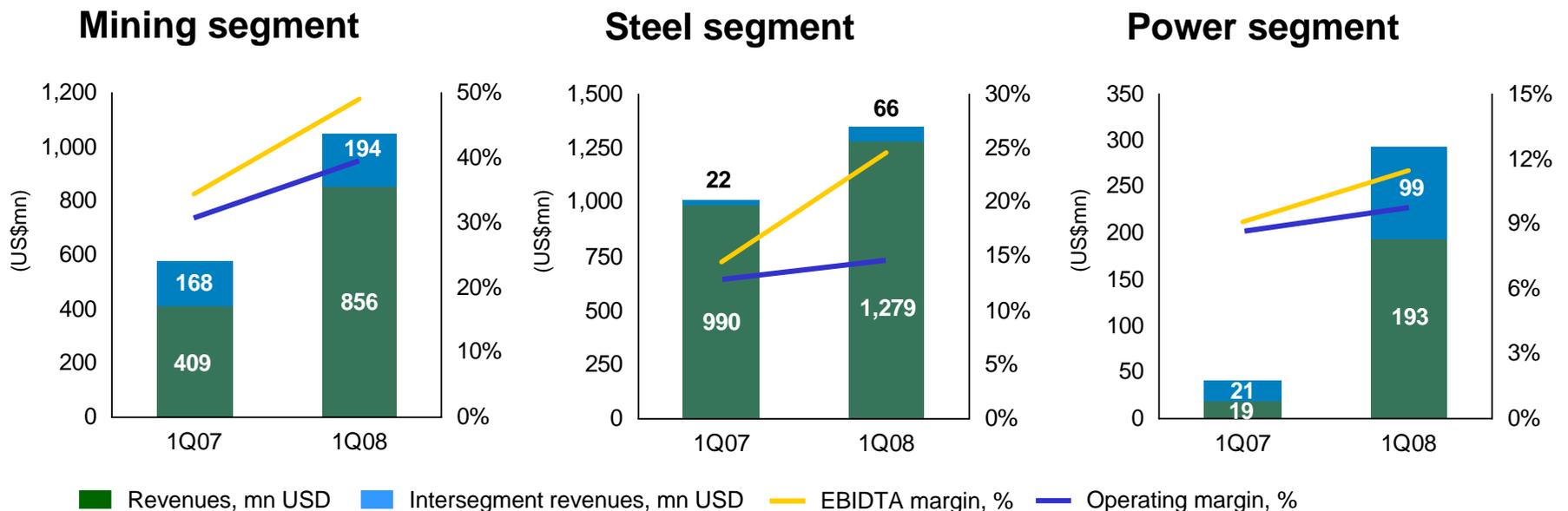
- ◆ Growing benefits of vertical integration into power and raw materials
- ◆ Tight control over production costs helps to curb inflationary pressure
- ◆ Visible effect of cost-cutting at newly acquired assets

COS structure



Segment Operations

- ◆ Record operating results across all segments
- ◆ EBITDA/tonne of steel – increase to \$210.8
- ◆ Steel segment operating income increased by 51% to \$198 mn
- ◆ Strong coal and iron ore prices pushed operating profit in the mining segment up 2.4x to \$416 mn
- ◆ EBITDA margin in mining segment grew to 49%

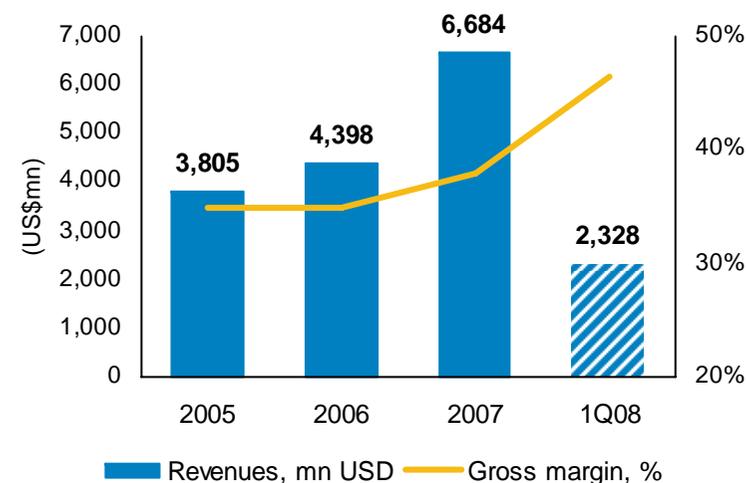


NOTE: EBITDA margin is calculated by dividing reported EBITDA by total revenues, including intersegment revenues

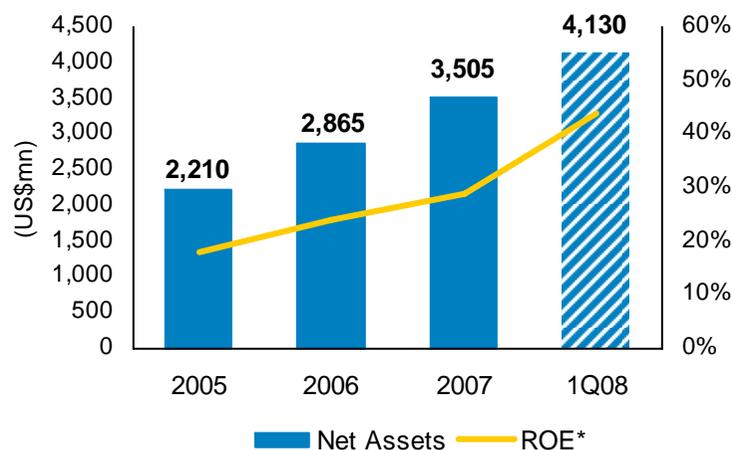
Financial Performance Analysis

- ◆ Best operational results in Mechel's history
- ◆ Net Income for 1Q08 exceeds the result for 1H07
- ◆ ROE over 44%
- ◆ Positive market trends ensure further growth

Revenue – Gross margin

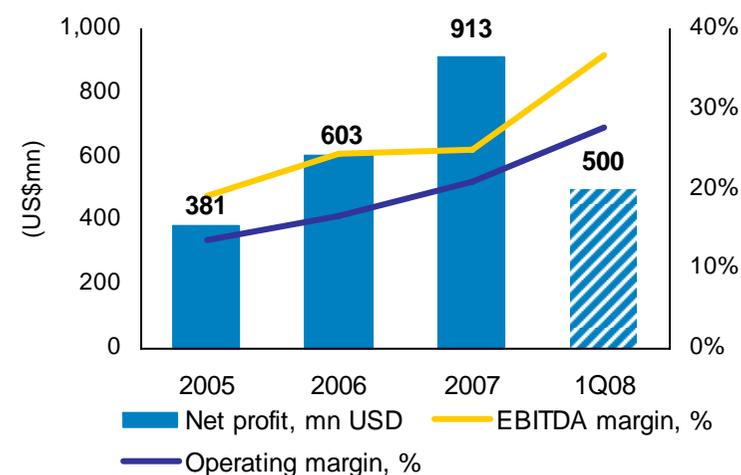


Net Assets, ROE



* annualised for 1Q08

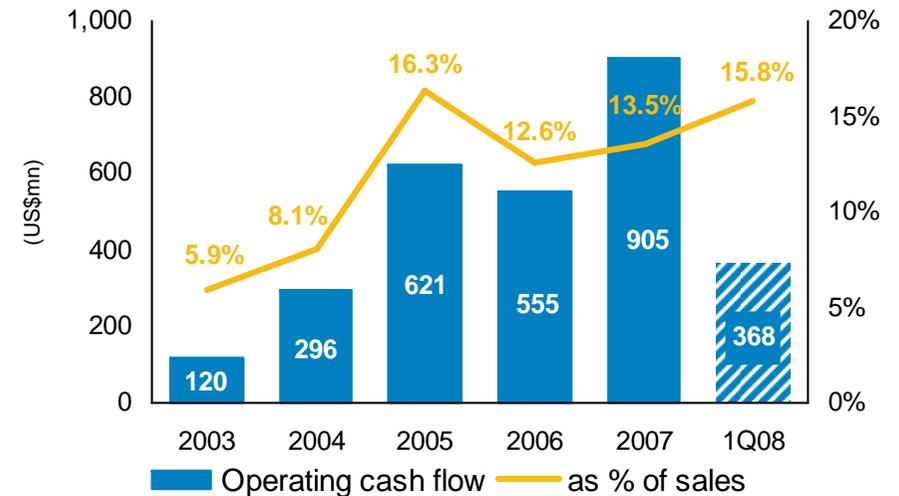
Net Profit, EBITDA margin and Operating margin



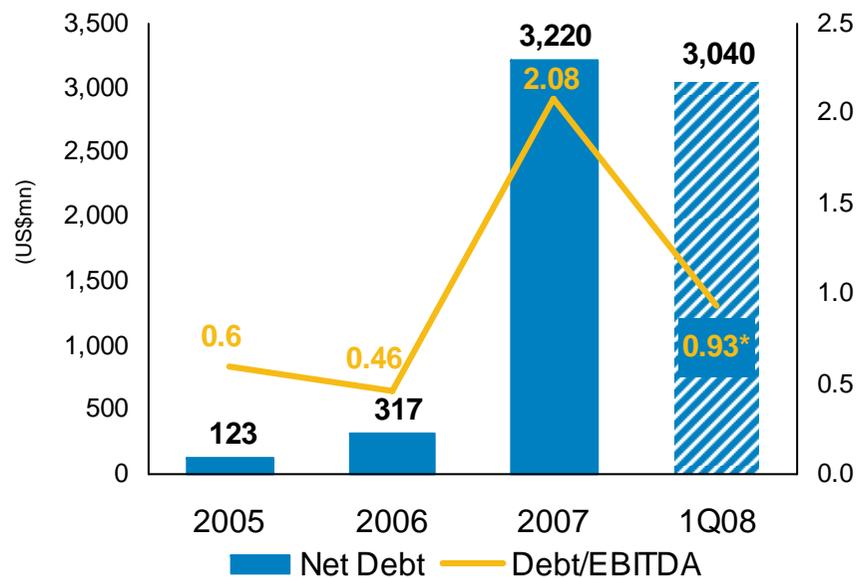
Solid Financial Position

- ◆ Stable operating cash flow sufficient to finance investment program
- ◆ Strong balance sheet provides flexibility to finance additional growth

Operating cash flow

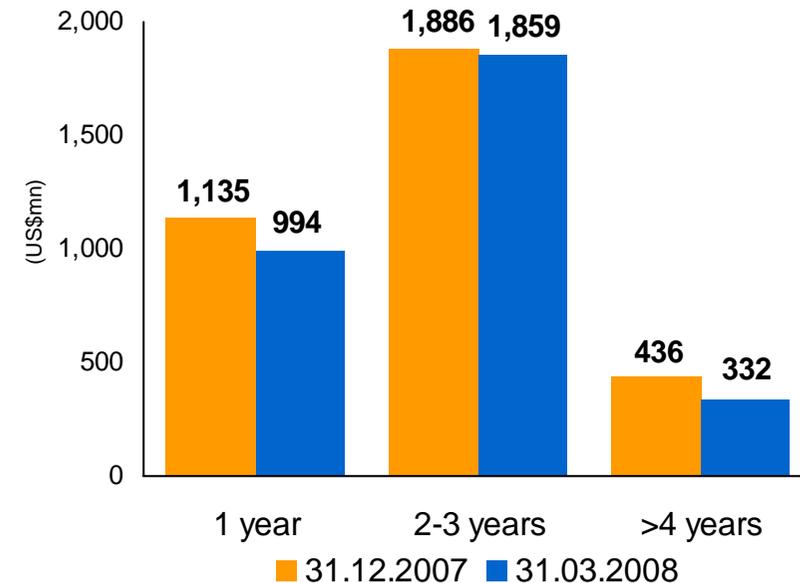


Debt to EBITDA ratio



* annualised

Maturity Profile



First Quarter 2008 Results Overview

US\$ million unless otherwise stated	1Q08	1Q07	Change, %
Revenue	2,328	1,419	64%
Cost of sales	(1,245)	(873)	43%
Operating income	642	302	113%
EBITDA	853	340	151%
<i>EBITDA margin</i>	36.6%	24.0%	
Net Income	500	191	162%
<i>Net Income margin</i>	21.5%	13.4%	
EPS (USD per share)	1.20	0.46	161%
Sales volumes*, '000 tonnes			
Mining segment	5,309	3,860	38%
Steel segment	1,676	1,644	2%

* Includes sales to the external customers only