1H2011 RESULTS PRESENTATION

OCTOBER 11, 2011

MECHEL

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FINANCIAL HIGHLIGHTS

SEGMENTS OVERVIEW

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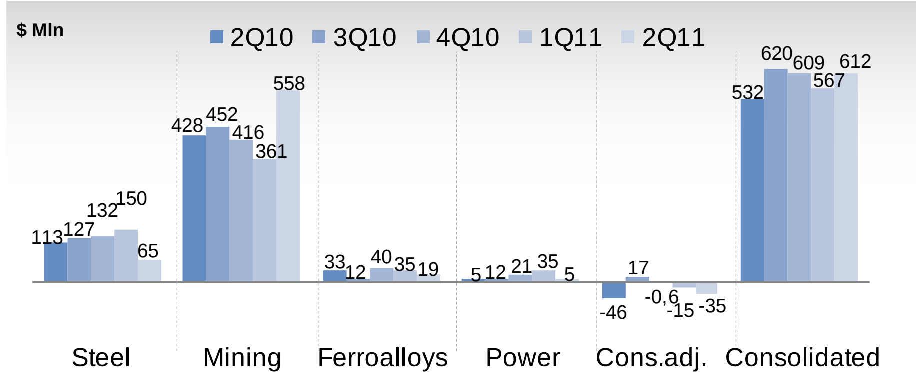
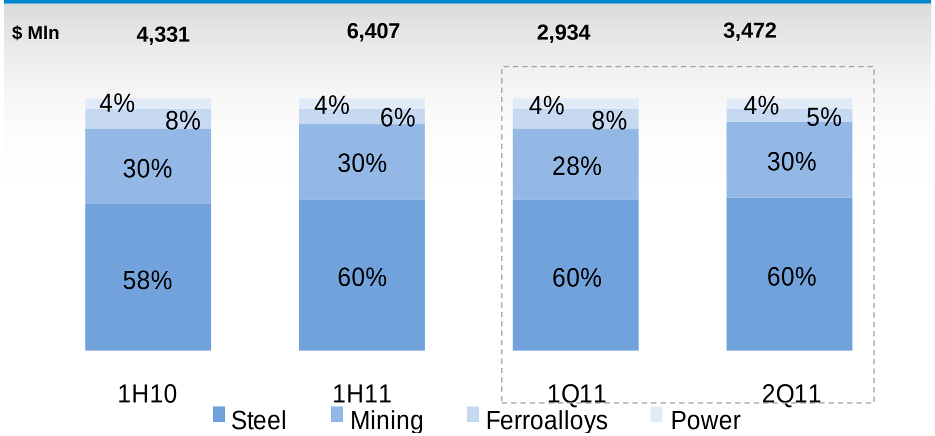
- Positive price dynamics increase the share of Steel division in 3rd party revenue in 1H2011
- Mining segment demonstrated highest revenue and EBITDA dynamics in Q2 – 33% and 54% of respective growth
- Mining Segment's share in consolidated EBITDA up from 62% in Q1 to 86% in Q2

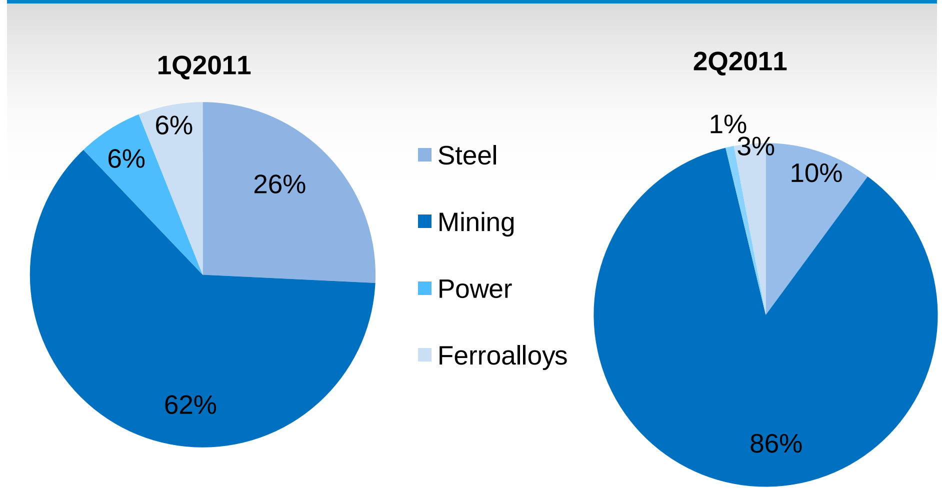
EBITDA[(1)] BY SEGMENTS



REVENUE FROM THIRD PARTIES



EBITDA BY SEGMENTS



(1) Adjusted EBITDA represents EBTIDA adjusted by forex gain/loss, interest income, net income on the disposal of non-current assets, amount attributable to non-controlling interests and gain/loss from remeasurement of contingent liabilities at fair value

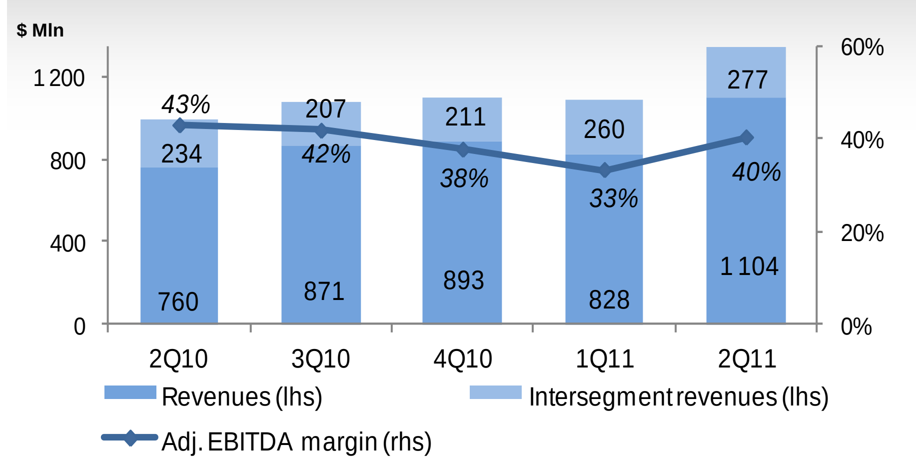
MINING SEGMENT PERFORMANCE

+ Dynamic improvement in financial results:
- EBITDA up 54% q-o-q
- EBITDA margin reaches 40% in 1Q 2011
- Lower FX gain behind Net Income 12% q-o-q increase to $326m

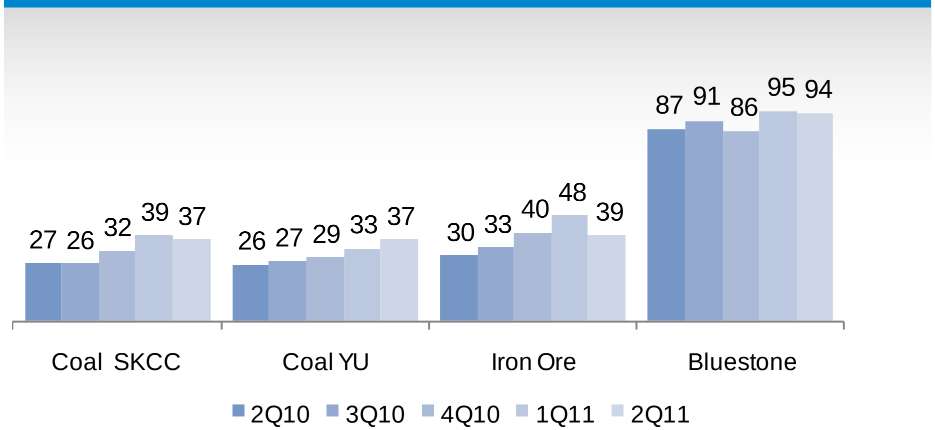
+ Cash costs decreased across all operations with exception of Yakutugol

+ Release of inventory accumulated during 4Q2010 and 1Q2011 at higher cost due to the sub-optimal mining efficiencies related to the washing plant shutdown temporarily drove the cash cost per tonne $2 up at Yakutugol. Ruble appreciation added another $2 .

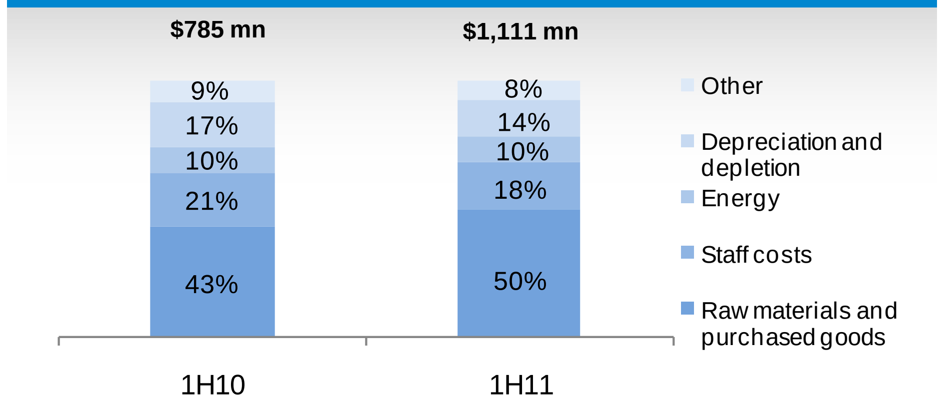
REVENUE, EBITDA[1]



CASH COSTS, US$/TONNE



COS STRUCTURE



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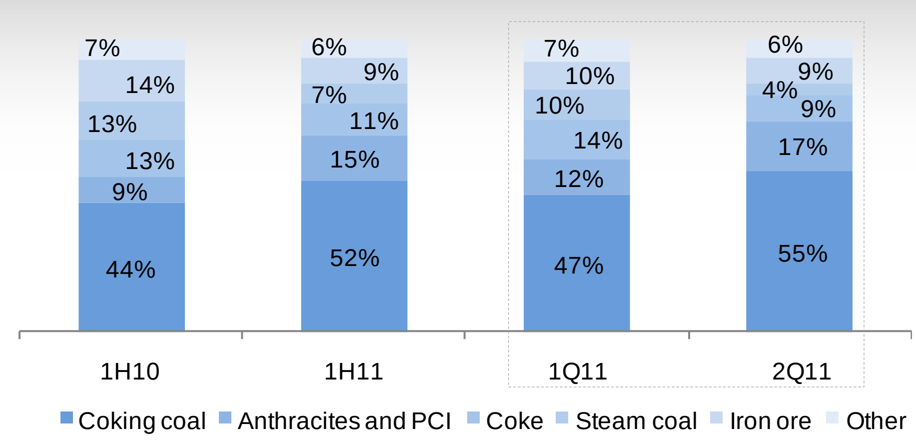
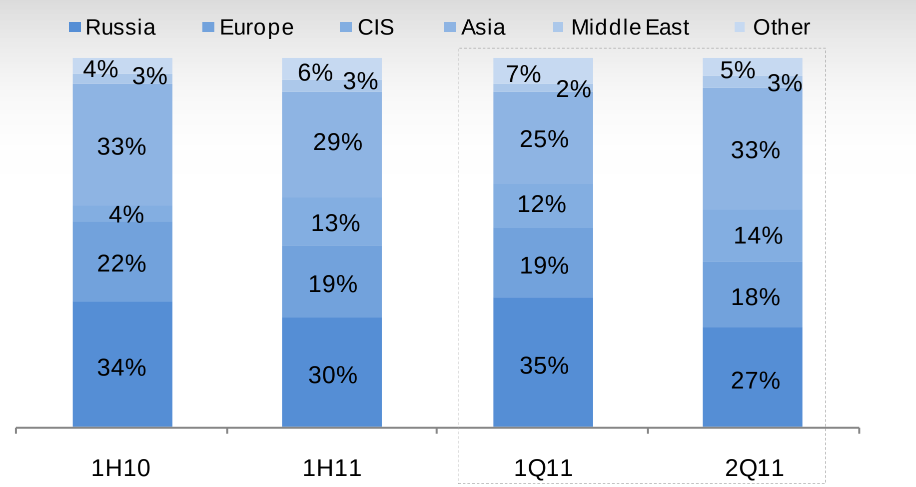
MINING SEGMENT PERFORMANCE

- Positive price dynamics across coking coal, iron ore and coke
- 3rd parties anthracites and PCI sales volumes up by 98% q-o-q increasing to 17% of Segment's Revenue in Q2
- Coking coal sales are 55% of Segment's Revenue in Q2 - up by 24% q-o-q as production at Yakutugol recovered
- Steam coal sales dwindle as production shifted to metallurgical coal
- Sales to Asian markets increase to 33% of Segment's Revenue in Q2 as Yakutugol's HCC returned to the market

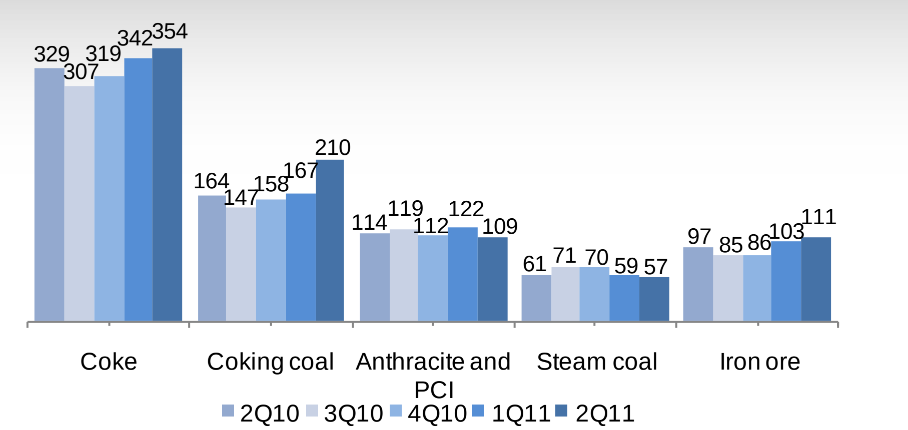
EXTERNAL SALES STRUCTURE



REVENUE BREAKDOWN BY REGION



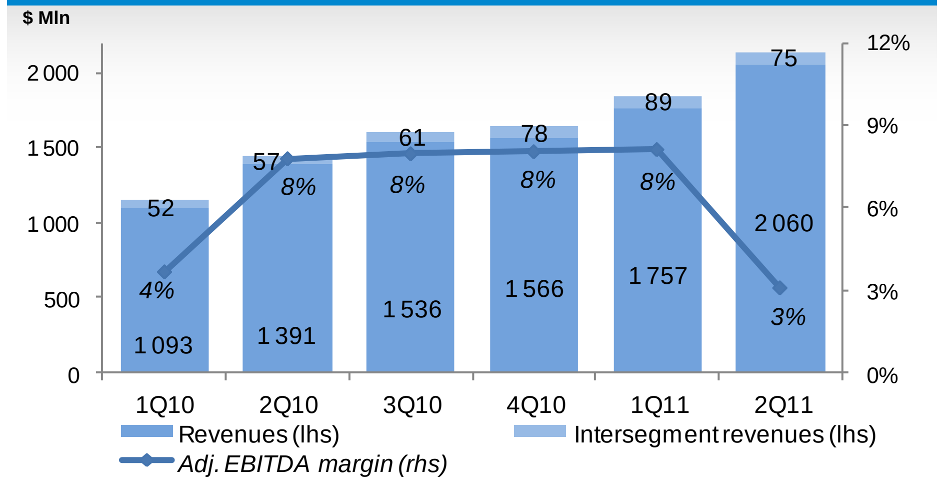
AVERAGE SALES PRICES FCA, US$/TONNE



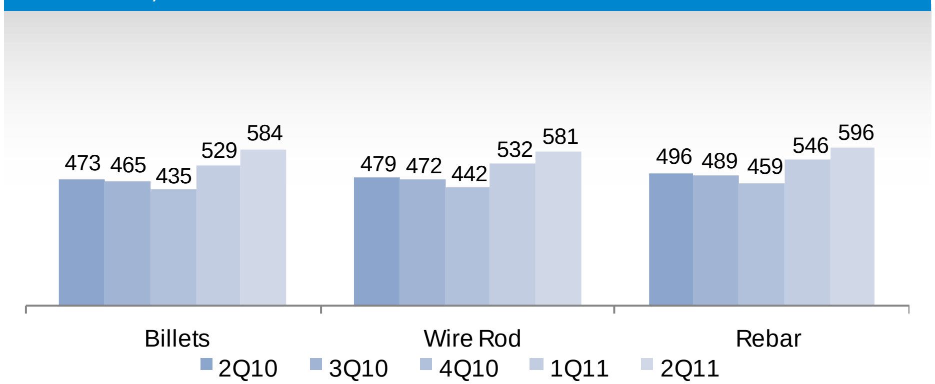
STEEL SEGMENT PERFORMANCE

- Segment' revenue up 17% to \$2.1 bn q-o-q on growing prices and volumes.
- Cash costs under pressure:
  - Significant growth of raw material prices
  - Shutdown of blast furnace for scheduled maintenance
  - Ruble appreciation
- EBITDA down 56% q-o-q to \$65m

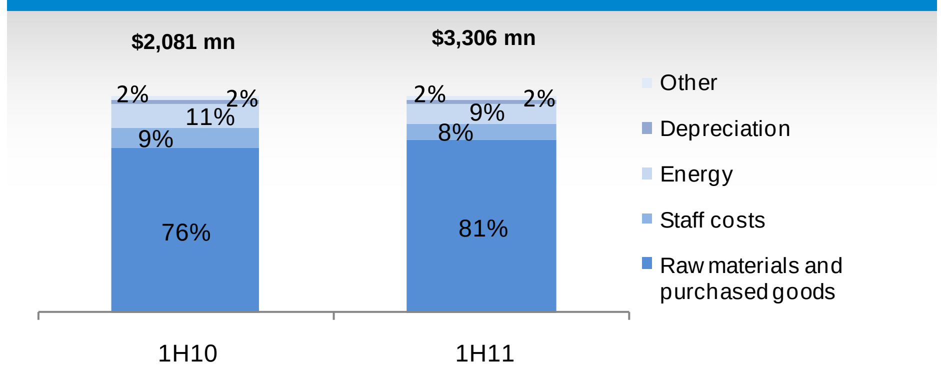
REVENUE, EBITDA[(1)]



CASH COSTS, US\$/TONNE



COS STRUCTURE



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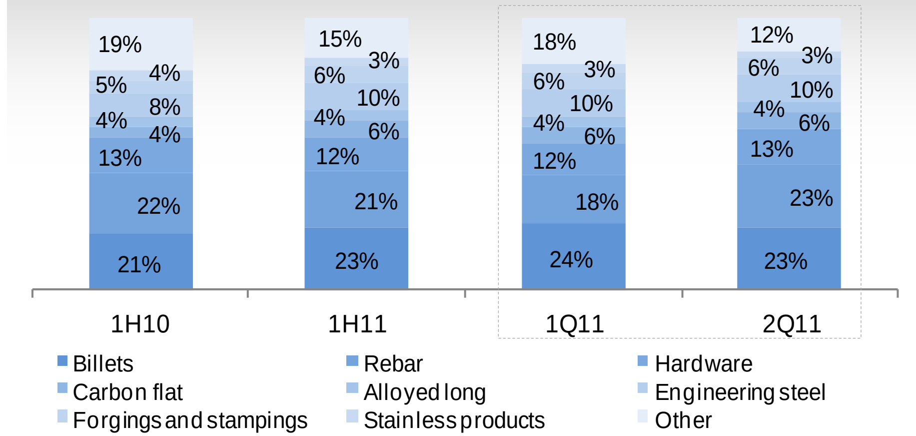
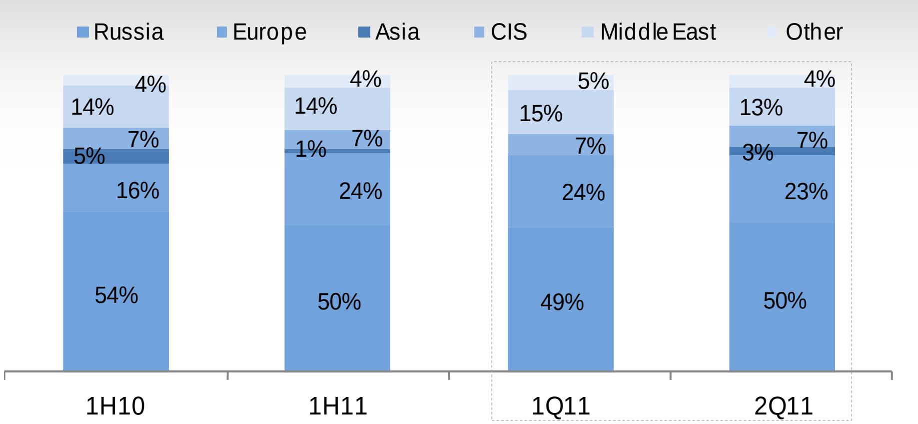
STEEL SEGMENT PERFORMANCE

- Improved pricing environment across most of our steel products q-o-q
- Sales volumes up as MSG grows distribution and the investment program shows result:
  - Rebar – up 46%
  - Stainless flat steel – up 18%
- 36% of Segment's Revenue in Q2 generated by resale operations
- Continued increase of Europe's share in Segment Sales – from 16% in 1H10 to 24% in 1H11

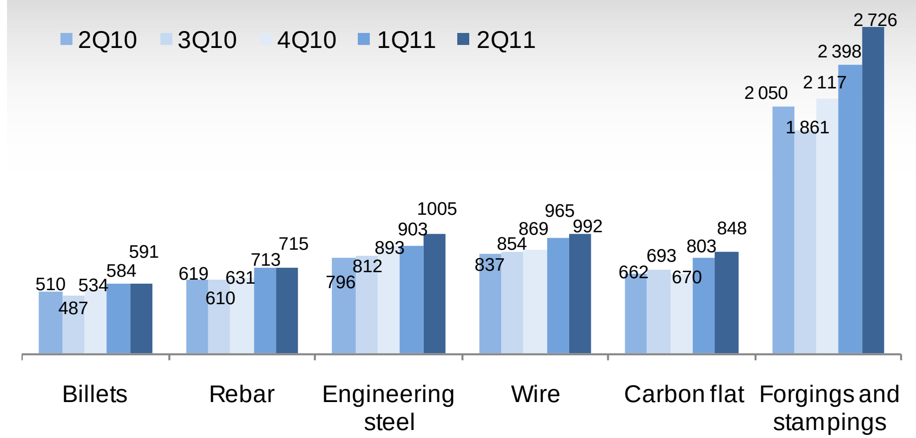
EXTERNAL SALES STRUCTURE



REVENUE BREAKDOWN BY REGION



AVERAGE SALES PRICES FCA, US$/TONNE



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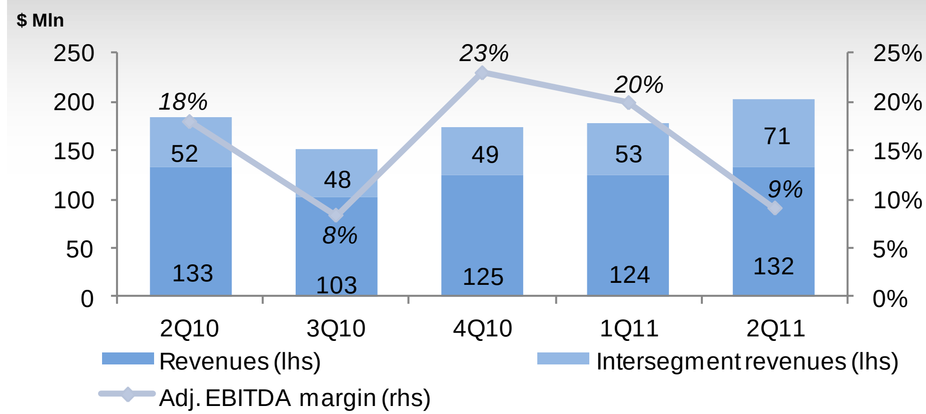
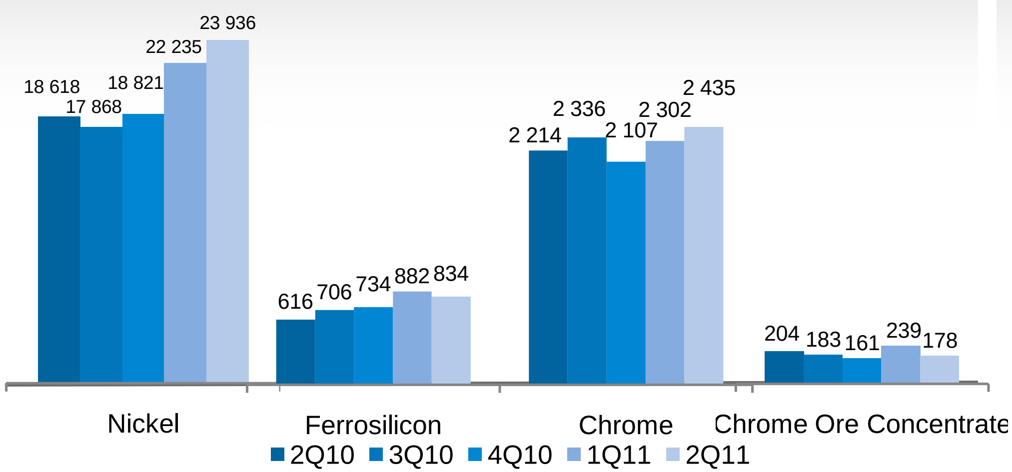
FERROALLOYS SEGMENT PERFORMANCE

- Revenue from 3rd parties up by 6% q-o-q to $132 mn
- Intersegment revenue grew by 34% q-o-q as the Steel Segment increased output of stainless and alloyed steel
- Cash cost dynamics:
  - Ni cost up 7% on rising coke prices
  - Cr cost up 6% on higher concentrate price
  - Cr Ore Concentrate cost down 25% on higher volumes and lower energy use
  - FeSi cost down 5% on lower electricity tariff
- Q2 EBITDA down to 10% of the revenue

REVENUE, EBITDA(1)



CASH COSTS, US$/TONNE



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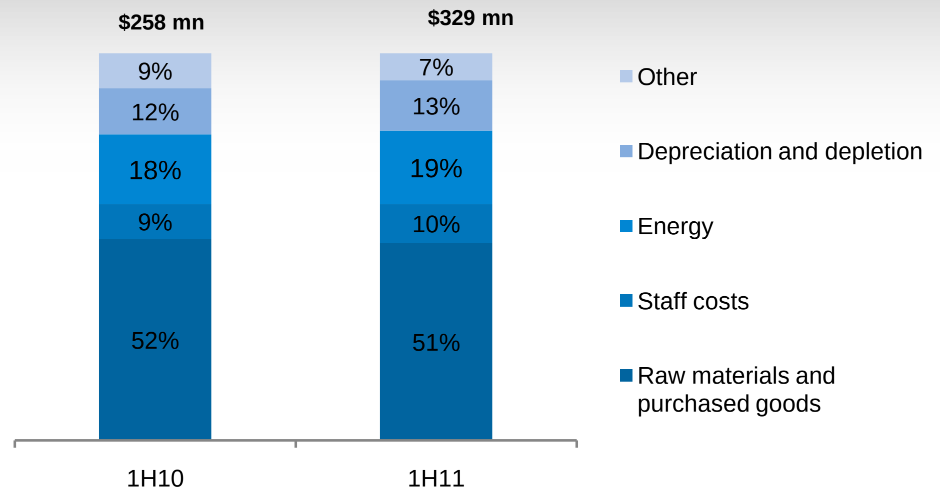

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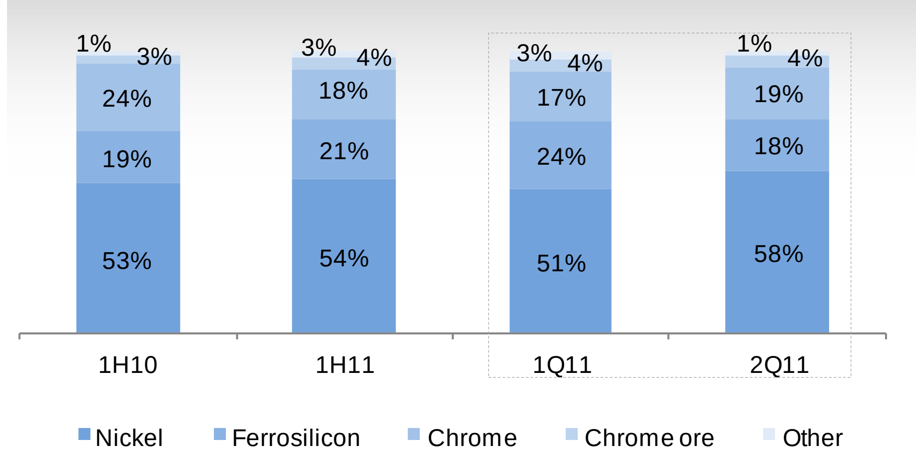
FERROALLOYS SEGMENT PERFORMANCE

- Generally downward price trend
- Cr 3rd party sales up 29% as mining at Voskhod ramped up
- FeSi 3rd party sales volumes down14% as one furnace idled for a complete revamp
- Ni volumes carry-over from the Q1 result in a 28% sales growth.
- Europe's share up to 61% of revenue in Q2 on higher Ni and Cr sales

EXTERNAL SALES STRUCTURE



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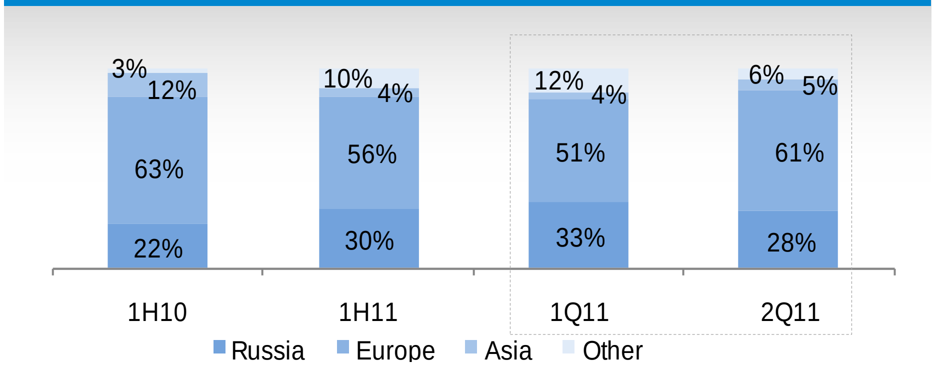
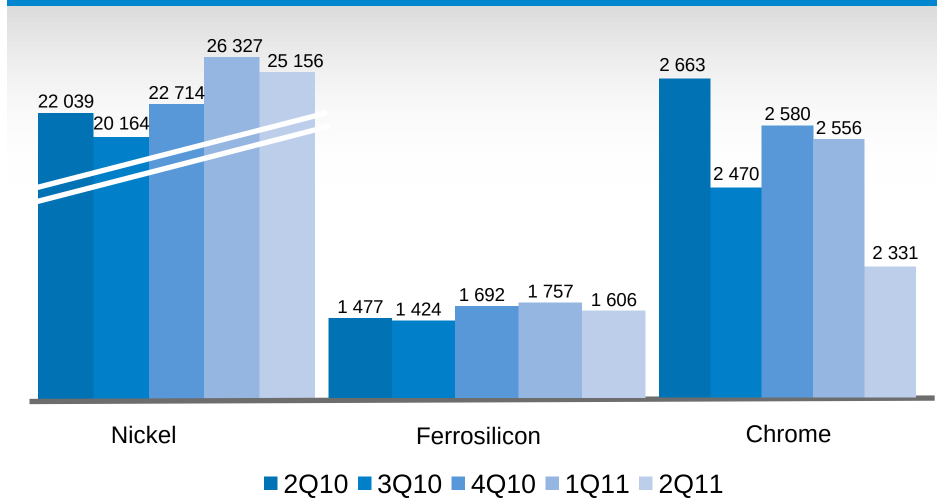


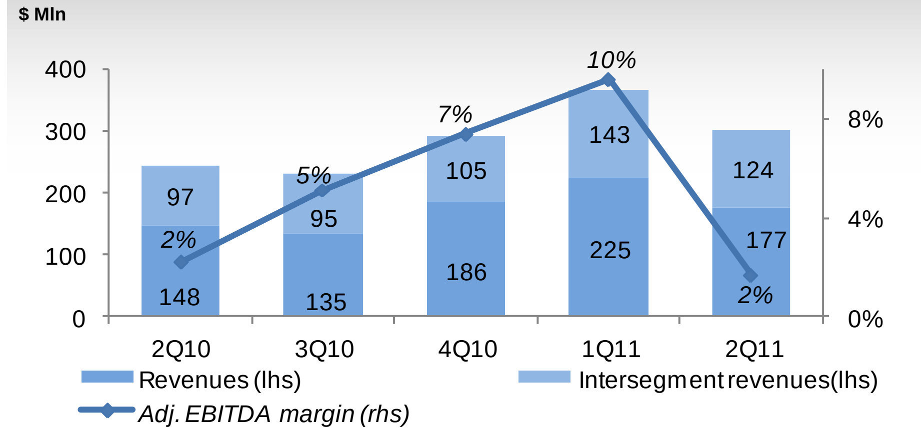
AVERAGE SALES PRICES FCA, US$/TONNE



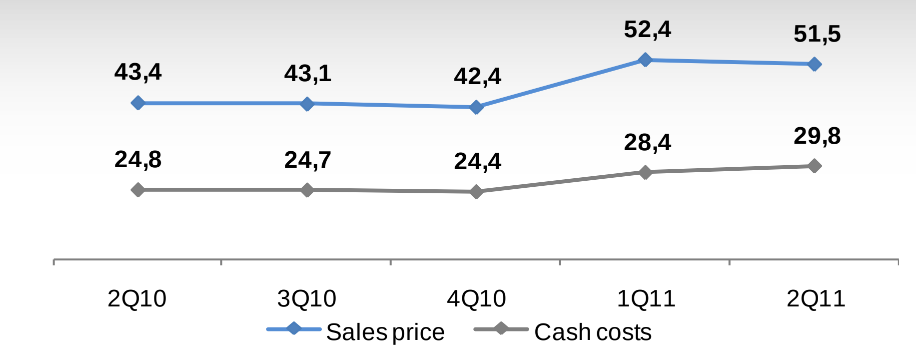
POWER SEGMENT PERFORMANCE

- Low season resulted in a 21% q-o-q drop in sales.
- Cash costs under control despite rising raw material prices
- EBITDA down to $5m

REVENUE, EBITDA(1)



AVERAGE ELECTRICITY SALES PRICES AND CASH COSTS (RUSSIA), US$/MWH



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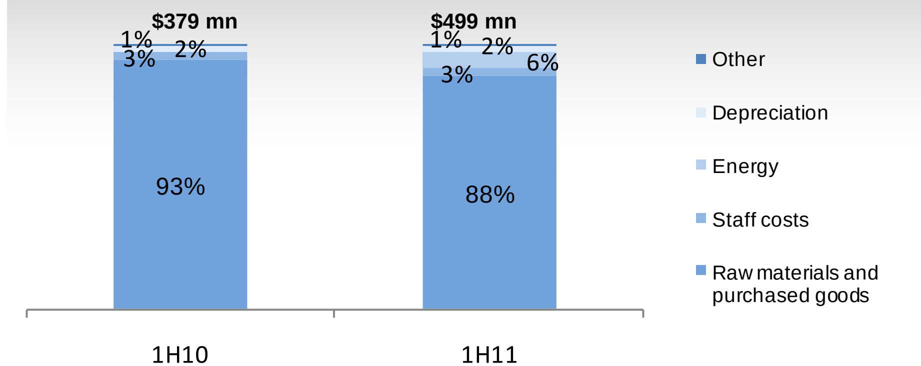

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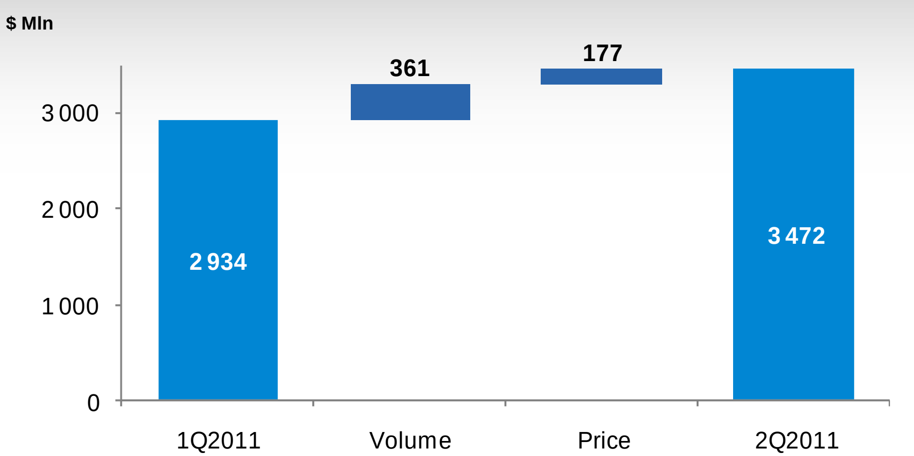
STABLE FINANCIAL PERFORMANCE

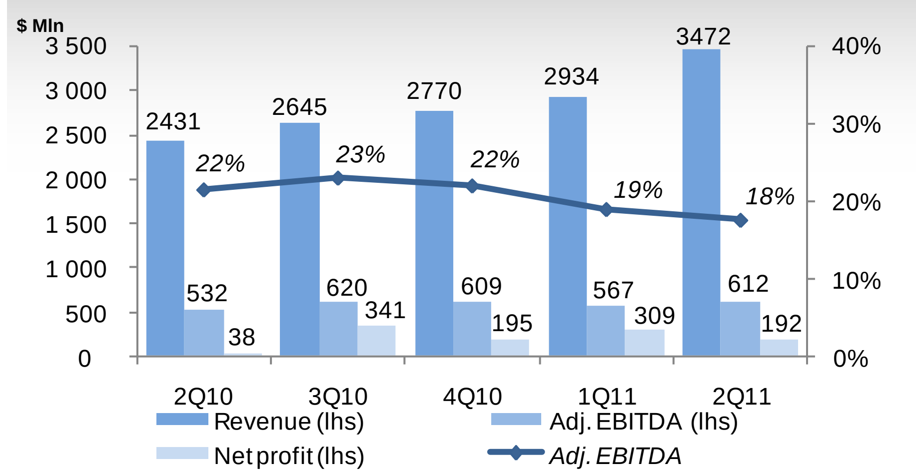
Improvement in 2Q2011 financial performance q-o-q:

- ✚ Revenue – up 18% q-o-q to $3.5 bn
  - gross margin flat q-o-q at 34%
- ✚ EBITDA[(1)] - up 8% q-o-q to $612 mn
  - margin flat at 18%
- ✚ Net Income – down 38% q-o-q to $192
  - FX gain $11m in Q2 vs $153m in Q1

REVENUE DYNAMICS



REVENUE, EBITDA[(1)] AND NET PROFIT



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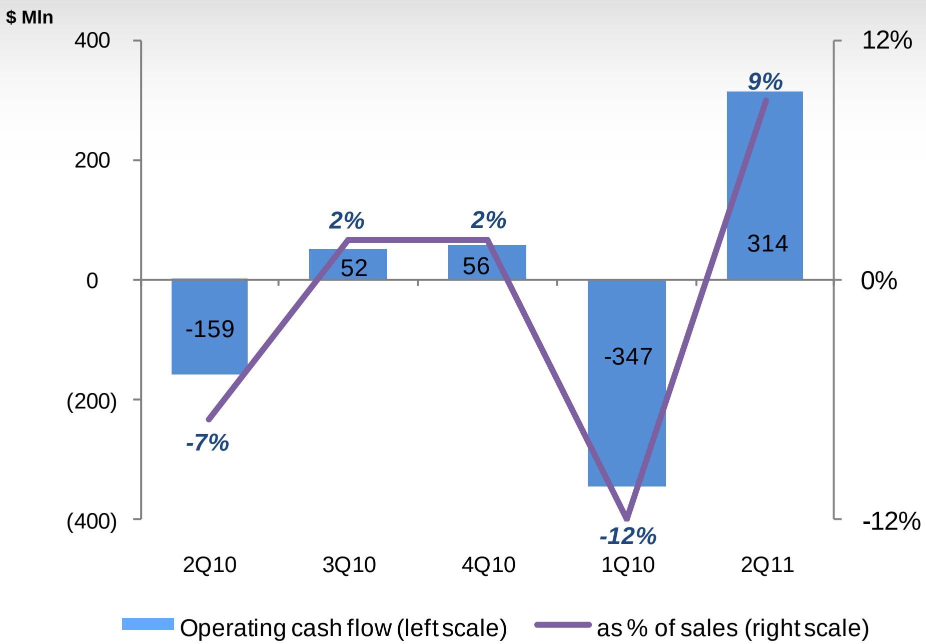
CASH GENERATION CAPACITY

Operating cash-flow improved significantly to post $314m on higher coal and steel sales:

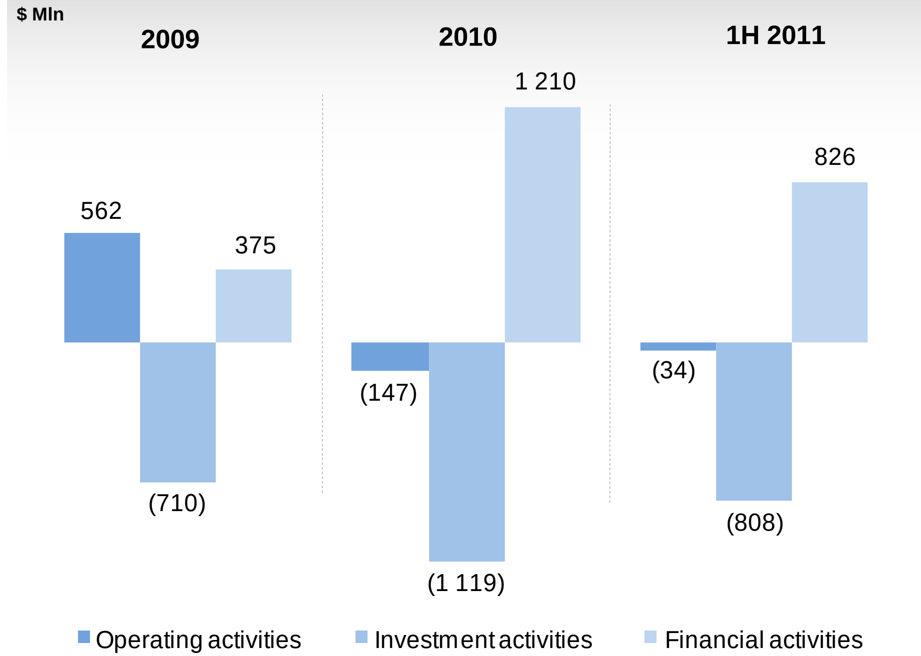
- higher PCI, anthracite and HCC sales as washing plant at Yakutugol resumed operation
- improved stock turnover at MSG as construction season began

Investments of 808 mln dollars in 1H2011 financed entirely by long-term debt

OPERATING CASH FLOW



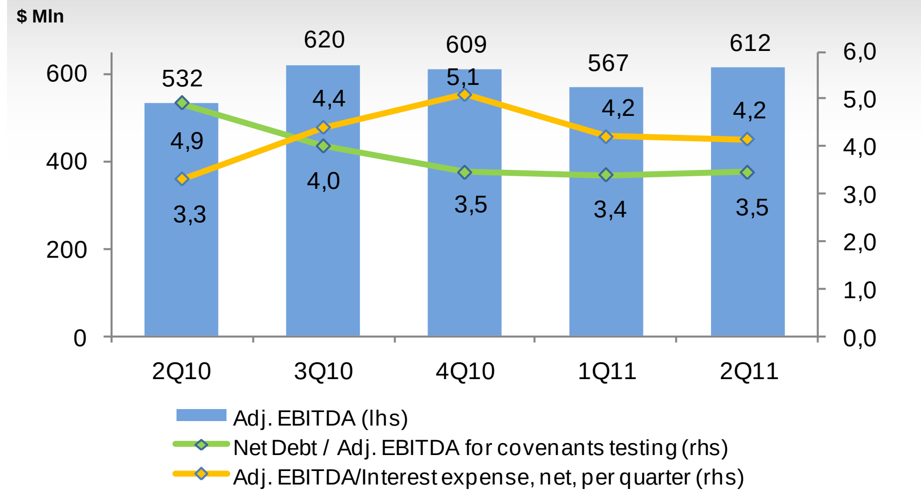
NET CASH FLOW



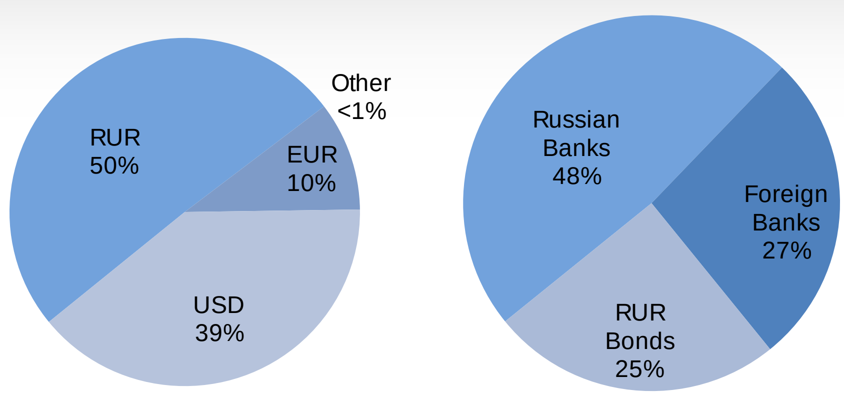
DEBT PROFILE

- Substantial part of repayments shifted to 2012
- Over **$1.7bn** in cash and available credit lines sufficient to meet scheduled repayments in 2011
- Credit portfolio evenly split between RUR, $ and EUR reflecting revenue in these currencies
- Debt covenant of Net Debt/EBITDA renegotiated to a level of 3.5:1 till end of 2011

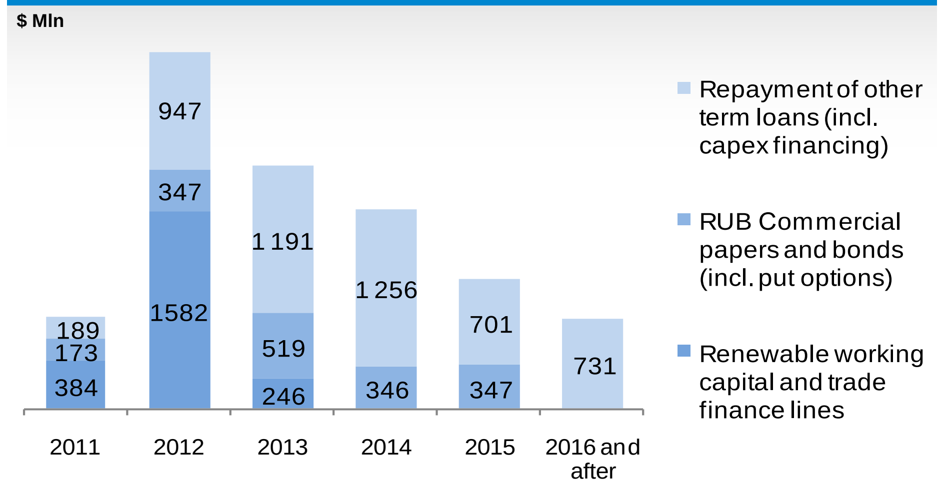
FINANCIAL RATIOS



DEBT PROFILE AS AT AUGUST 31, 2011



LOANS REPAYMENT SCHEDULE AS AT AUGUST 31, 2011



FINANCIAL RESULTS OVERVIEW

US$ MILLION UNLESS OTHERWISE STATED	2Q11	1Q11	CHANGE, %
Revenue	3,472	2,934	18.3%
Cost of sales	(2,288)	(1,913)	19.6%
Gross margin	34.1%	34.8%	
Operating profit	476	448	6.3%
Operating margin	13.7%	15.3%	
Adjusted EBITDA[1]	612	567	7.9%
Adjusted EBITDA[1] margin	17.6%	19.3%	
Net Income	192	309	- 37.9%
Net Income margin	5.5%	10.5%	

Sales volumes[2], ‘000 tonnes			
Mining segment	5,648	4,890	15.5%
Steel segment	2,230	2,024	10.2%

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(2) Includes sales to the external customers only