

**First Half 2007 Results Presentation
October 3, 2007**



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.

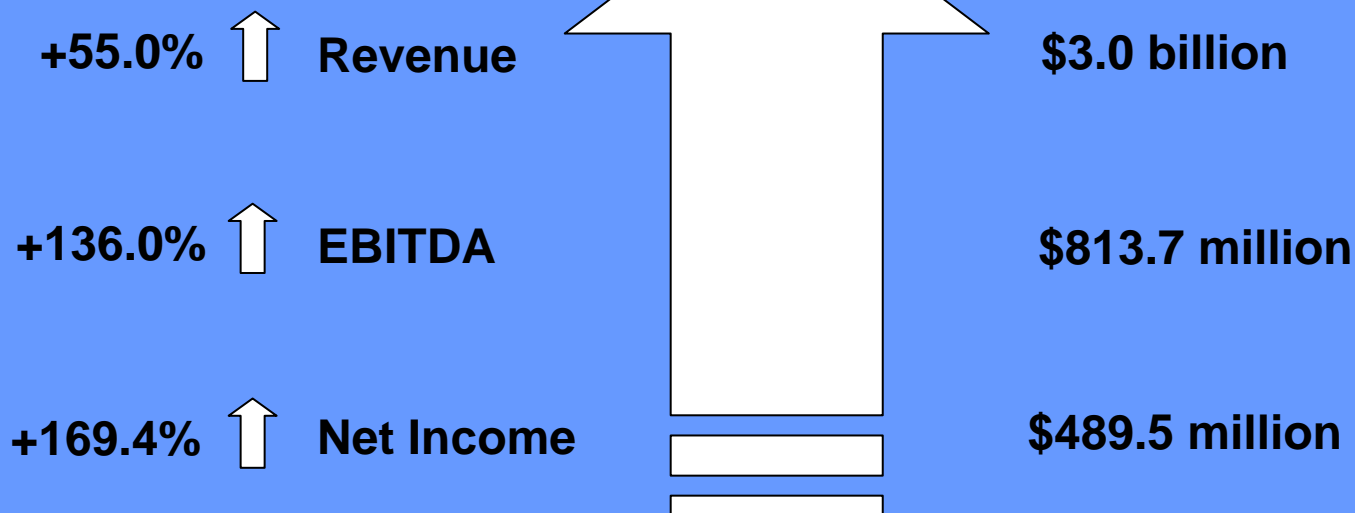
The information and opinions contained in this document are provided as at the date of this presentation and are subject to change without notice.



Mr. Igor Zyuzin
CEO
Mechel OAO

Record 1H07 Results

➤ Strong 1H07 vs. 1H06 financial results



➤ Well balanced strategy

➤ Strong Management

➤ Focus on shareholder value

Acquisitions to boost growth

➤ Southern Kuzbass Power Plant

- Designed electric power capacity of 550 MWt
- Additional margins by selling electricity and heat power
- Reduction of production costs by generating own electric power

➤ Bratsk Ferralloy Plant

- 13% of Russian ferrosilicon production
- Source of inexpensive electricity to support further growth
- Reduction of production costs in steel segment by using own ferrosilicon

➤ Seaport Temryuk-Sotra

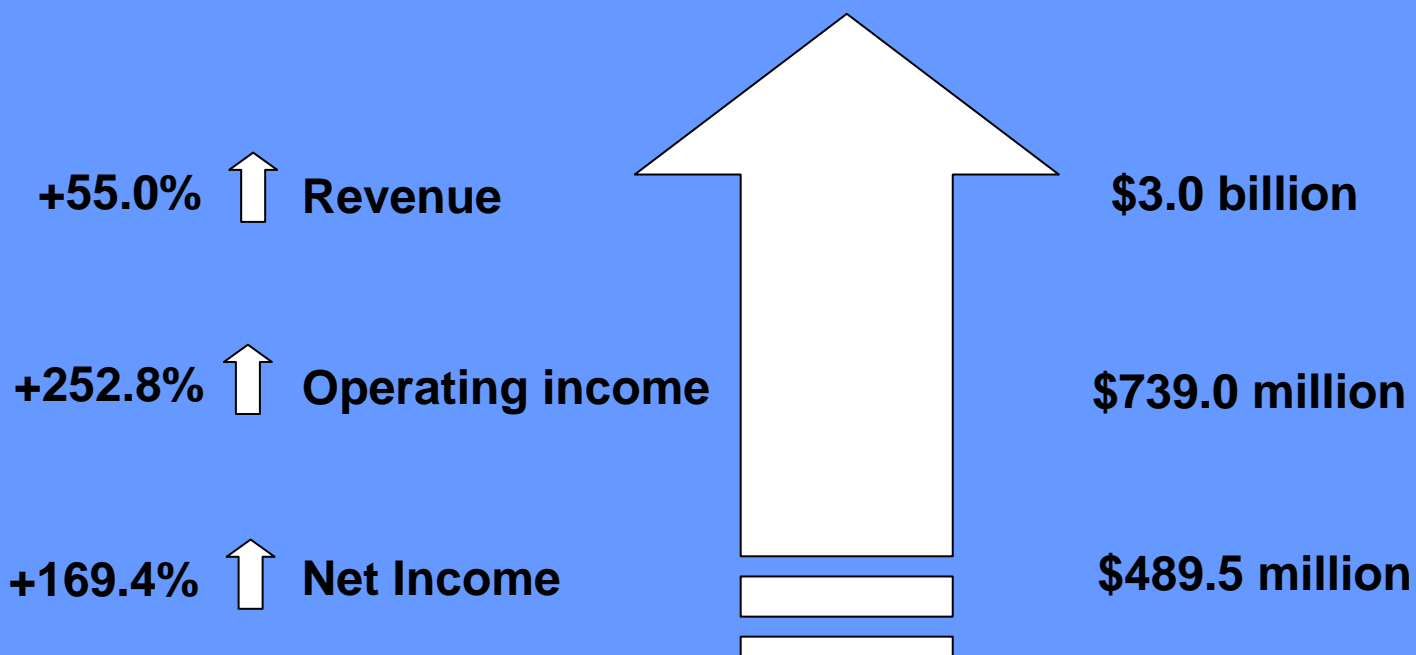
- Increased logistics flexibility on the Sea of Azov and Black Sea
- Export boost to Eastern Europe and Turkey
- Transportation assets to support output growth





1H07 Financial Highlights

➤ Strong 1H07 vs. 1H06 financial results



➤ Well balanced strategy

➤ Strong Management

➤ Focus on shareholder value



Mr. Vladimir Polin
CEO

Mechel Management OOO

Segment Modernization

Comprehensive Production Modernization Program

Efficiency enhancing projects realized:

- Commissioning of a new continuous casting machine at Romanian steel plant **Mechel Targoviste**
- Commissioning of a modern equipment complex to produce high-tensile stabilized reinforcing wire at **Beloretsk Metallurgical Plant**
- Commissioning of new mining machines at the following operations:

- **Southern Kuzbass
Coal Company**

- **Korshunov Mining
Plant**

- **Southern Urals
Nickel Plant**



- improved product quality
- reduced production costs
- increased output
- increased profitability



1H2007 Production Growth

Mining Segment production

Product output, 1H07	Thousand tonnes	1H07vs.1H06 %
Coal	8,870	10
Coking coal	4,223	(6)
Steam coal	4,647	29
Iron ore concentrate	2,376	(1)
Nickel	8.4	20

Steel Segment production

Product output, 1H07	Thousand tonnes	1H07vs.1H06 %
Hardware	336	17
Rolled products	2,527	11
Flat products	226	17
Long products	1,534	26
Steel	2,987	4
Pig iron	1,865	8
Coke	1,935	80



Expansion of Mechel's sales network

Trading company Mechel-Service established new retail and service sites to meet high demand for construction rolled products

Targets achieved:

- Increased sales volumes of steel products to end customers
- Expansion of sales geography
- Additional margins on sold products
- Capturing growth in Russia's remote regions

**FURTHER EXPANSION OF DISTRIBUTION
NETWORK PLANNED**



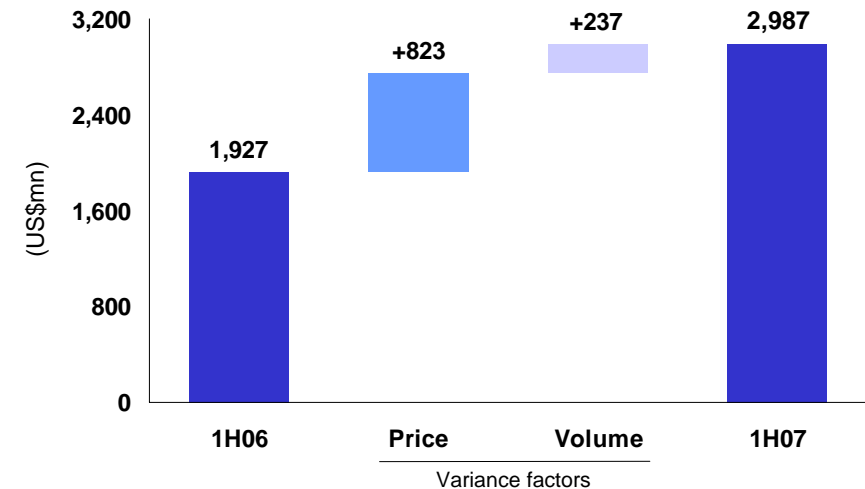


Mr. Stanislav Ploschenko
Acting CFO
Mechel OAO

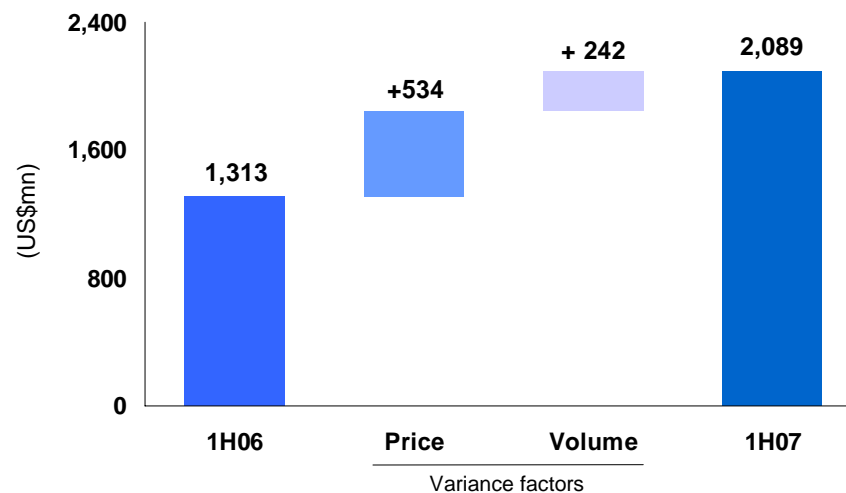
Sales Overview

- ◆ Company benefited from higher sales prices across both segments
- ◆ Increased steel sales volumes
- ◆ Increased proportion of high value-added product sales in steel segment

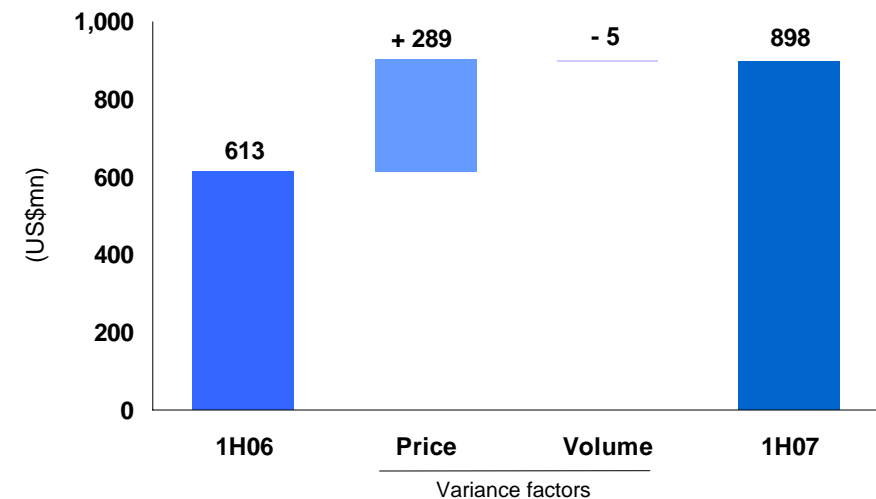
Consolidated revenue



Steel segment revenue



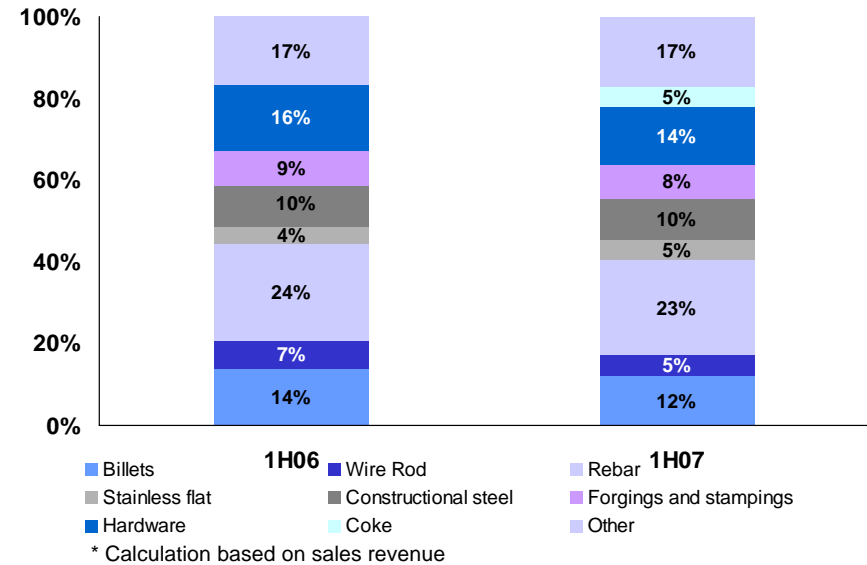
Mining segment revenue



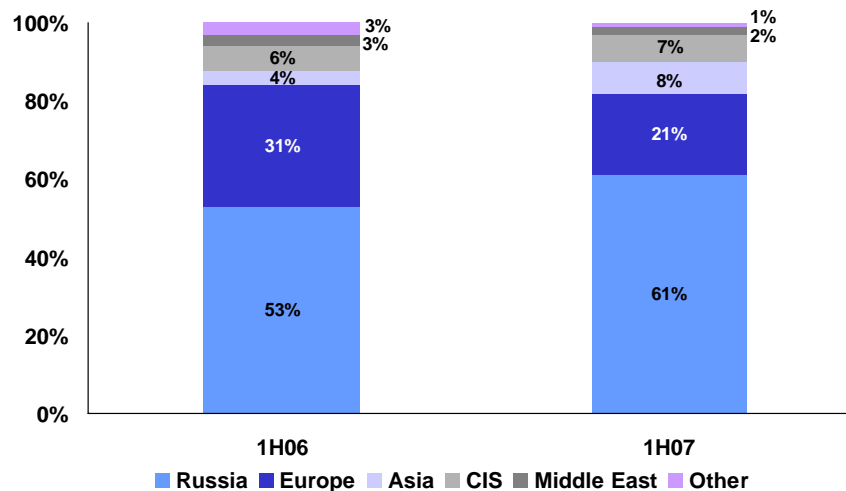
Steel Sales: Structure and Prices

- ◆ Improved sales mix to include greater percentage of higher-margin products
- ◆ Growing contribution from investments

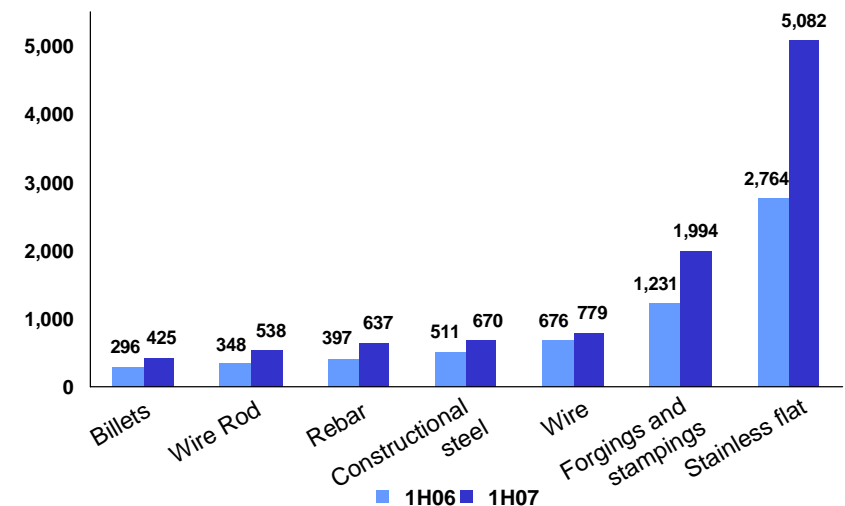
Sales structure*



Revenue breakdown by region



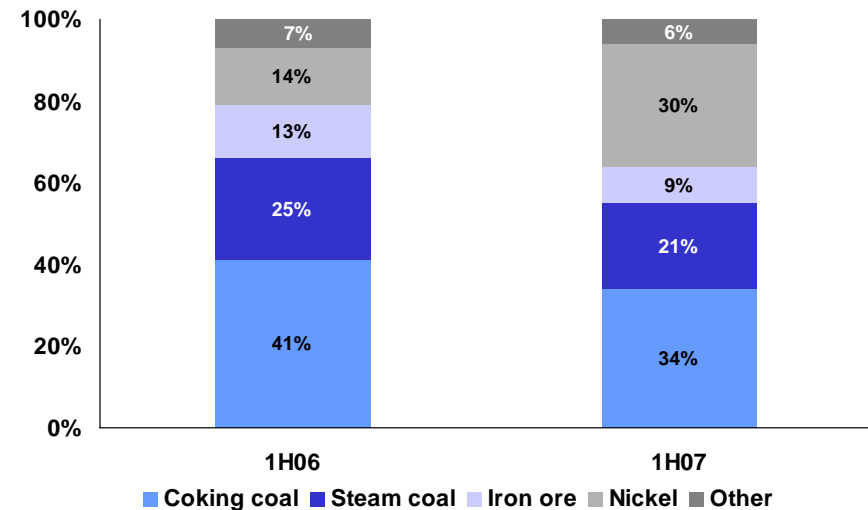
Average sales prices FCA, \$/tonne
Domestic market



Mining Sales: Structure and Prices

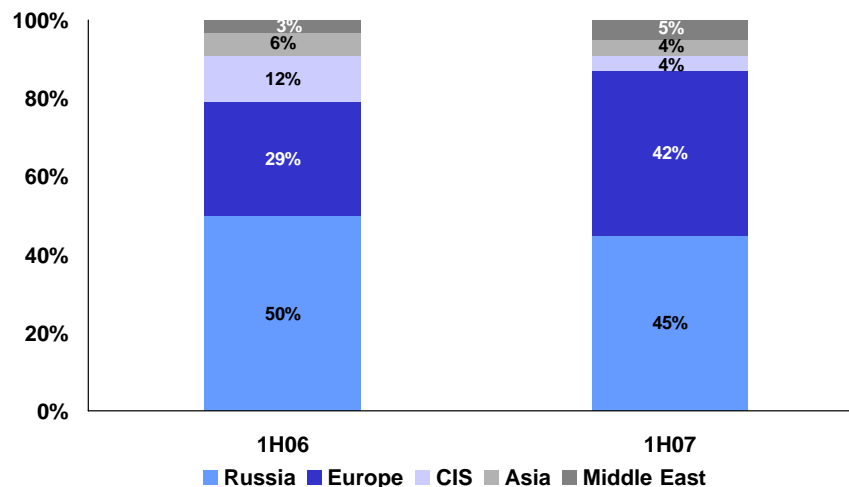
- ◆ Strong coal and iron ore prices
- ◆ Further growth of sales to Europe
- ◆ Privatization of power generation companies gives additional steam coal supply opportunity

Sales structure*

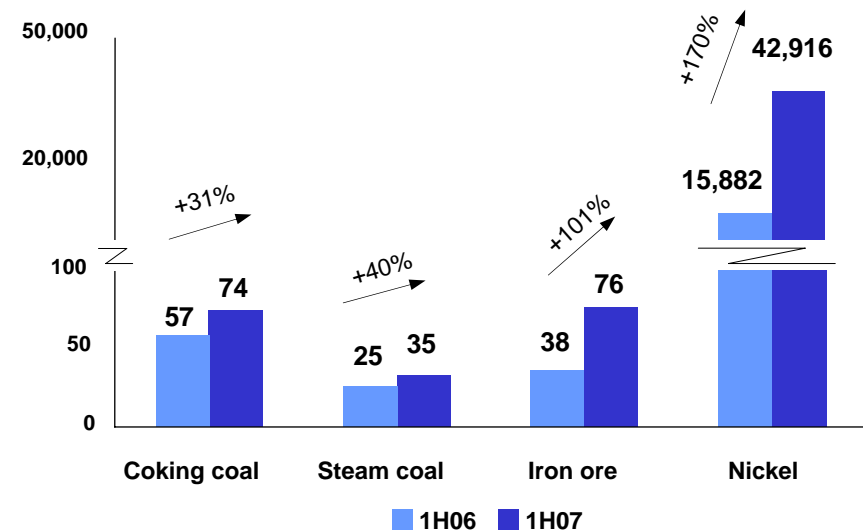


* Calculation based on sales revenue

Revenue breakdown by region



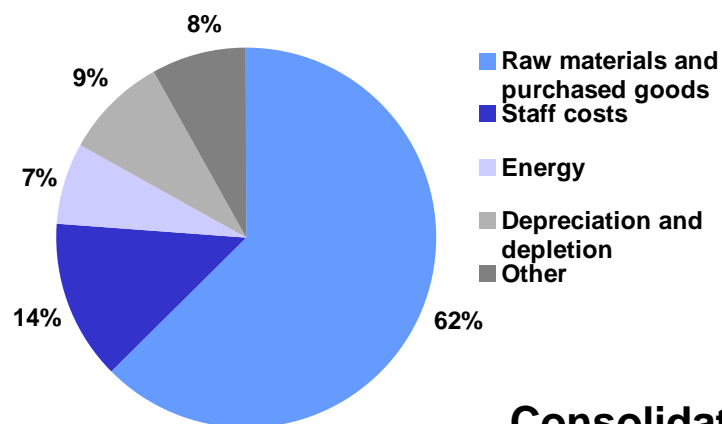
Average sales prices FCA, \$/tonne



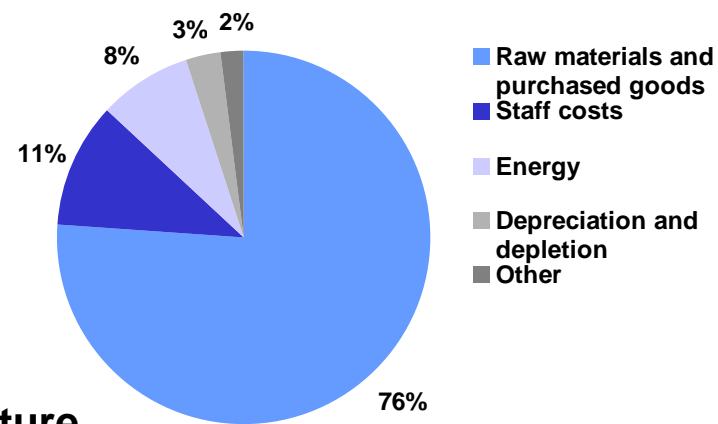
Cost Structure

- ◆ Improved gross margin in both segments
- ◆ Selling expenses as a percentage of sales decreased to 8.51% from 11.27% y-o-y as a result of sales structure changes
- ◆ G&A expenses fell to 5.61% from 6.24% y-o-y

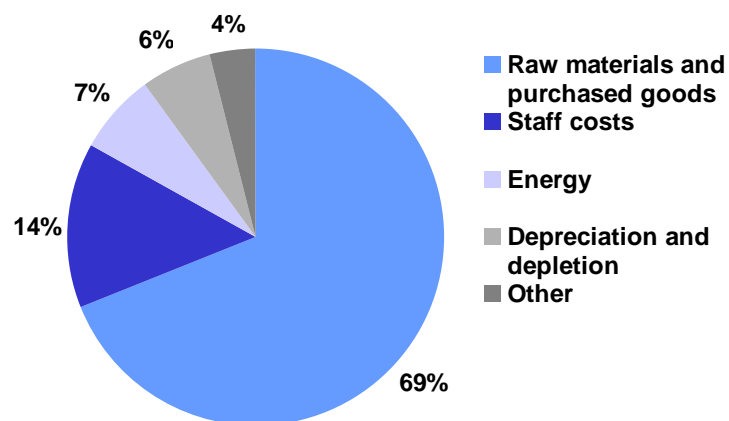
Mining segment COS structure



Steel segment COS structure



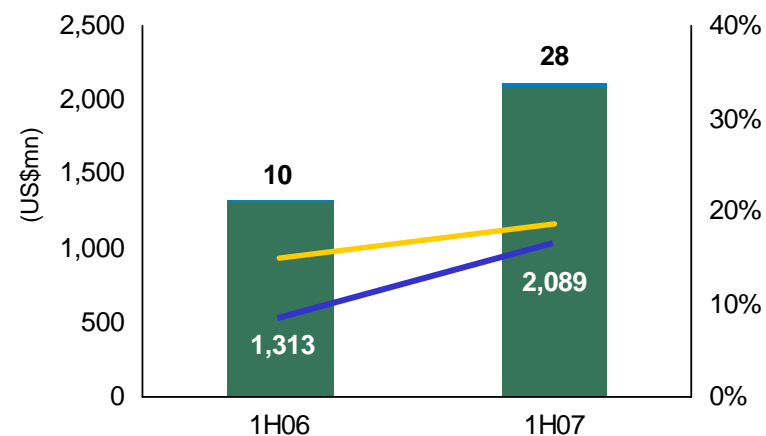
Consolidated COS structure



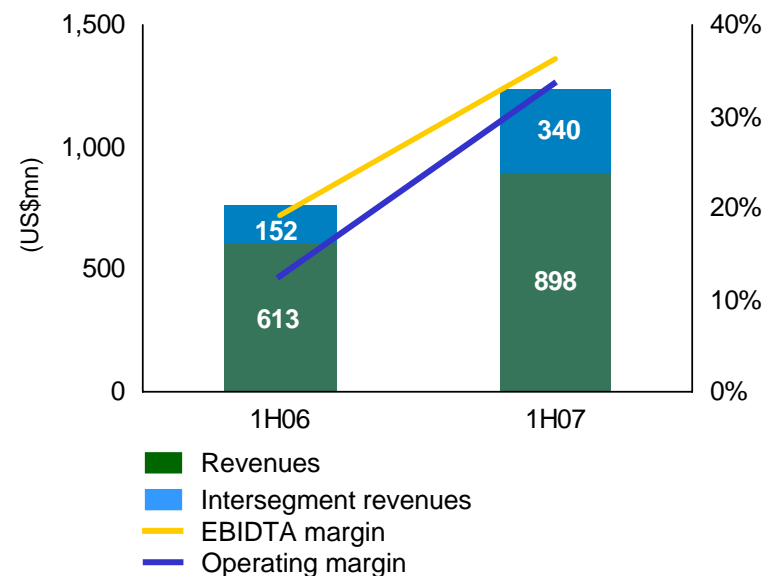
Segment Operations

- ◆ Growth of EBITDA margin in both segments
- ◆ 3x increase in mining segment operating margin
- ◆ 2x increase in steel segment operating margin
- ◆ Higher synergies from stronger vertical integration

Steel segment



Mining segment



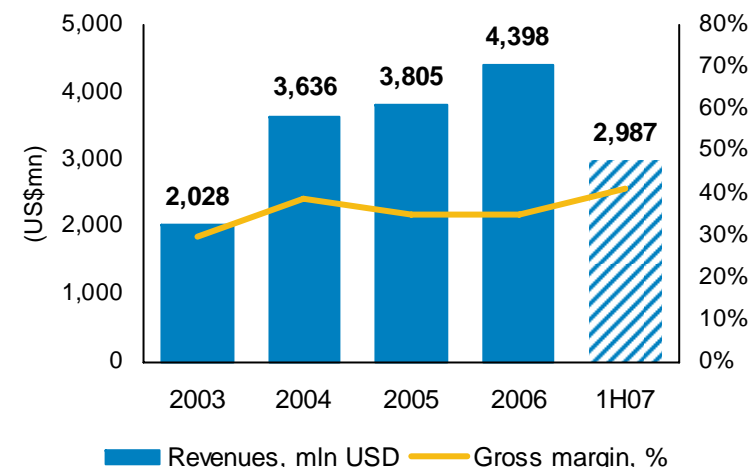
NOTE: EBITDA margin calculated by dividing reported EBITDA by total revenues, including intersegment revenues



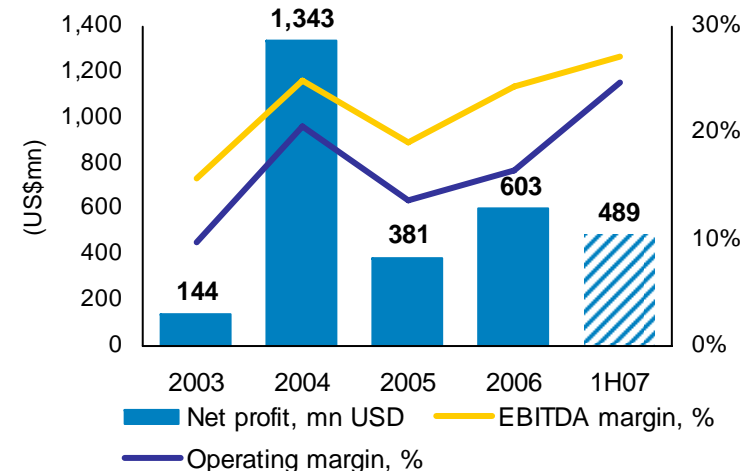
Financial Performance Analysis

- ◆ Strong positive trend in revenue and profitability growth
- ◆ Benefits of capital expenditure program
- ◆ Positive macroeconomic factors that support the trend started in 2006 has lead to a favorable and stable market outlook

Revenue – Gross margin



Net Profit, EBITDA margin and Operating margin

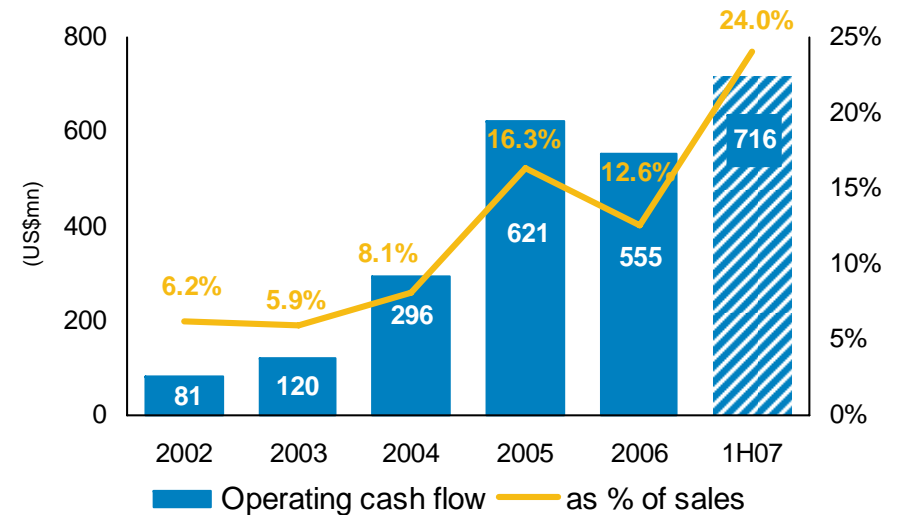


Strong Balance Sheet to Support Growth

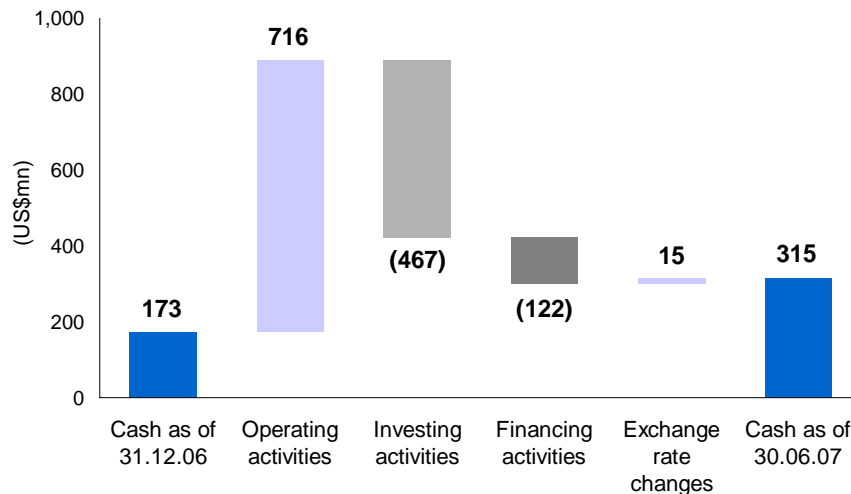


- ◆ Strong operating cash flow provides flexibility to:
 - Fund capex program
 - Expand current operations
 - Reduce short-term debt
 - Fund M&A

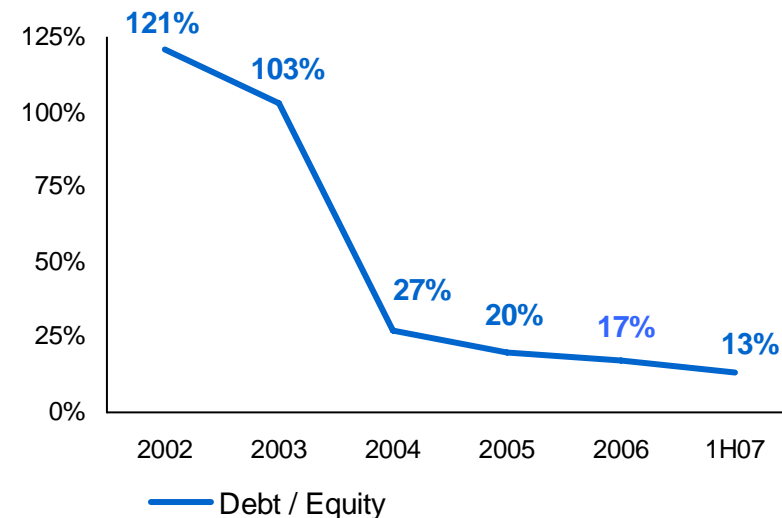
Operating cash flow



Cash Flow



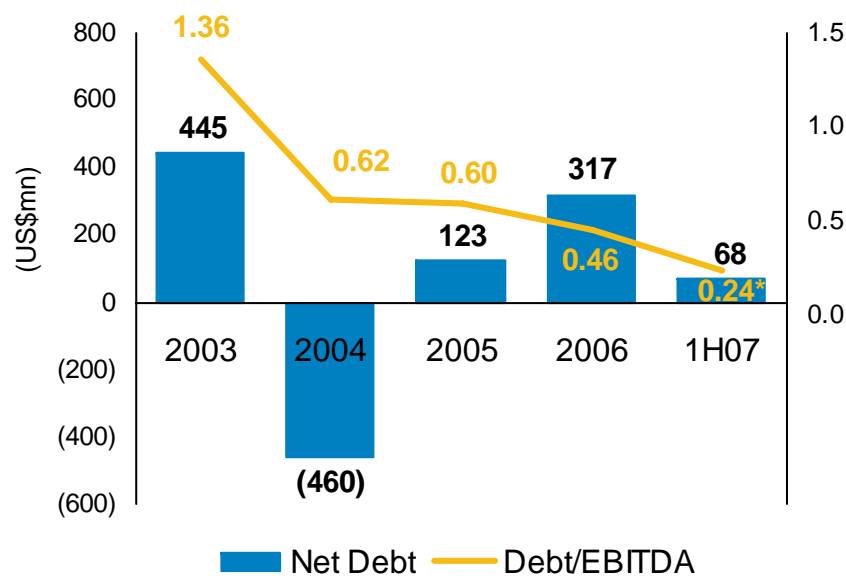
Debt / equity



Solid Financial Position

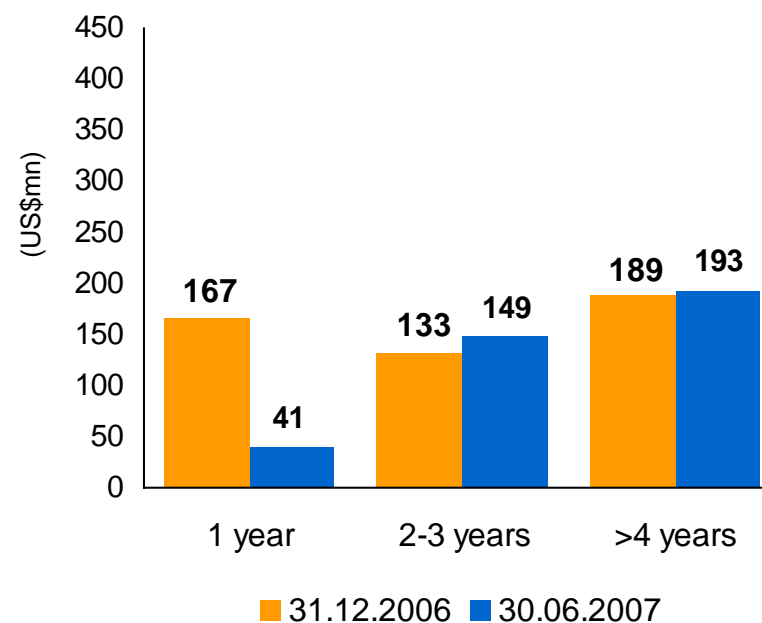
- ◆ Share of Unsecured Debt increased to 91% at 30 June 2007 from 57% at 31 December 2006
- ◆ Debt/EBITDA ratio of 0.24 is one of the lowest in the industry
- ◆ Flexibility to pursue value enhancing M&A opportunities and fund capex

Debt to EBITDA ratio



* annualised

Maturity Profile



1H 2007 Results Overview

\$ million unless otherwise stated	1H07	1H06	Change, %
Revenue	2,987	1,927	55%
Cost of sales	(1,761)	(1,319)	34%
Operating income	739	209	253%
EBITDA	814	345	136%
<i>EBITDA margin</i>	27.2%	17.9%	
Net Income	489	182	169%
<i>Net Income margin</i>	16.4%	9.4%	
EPS (USD per ADR)	3.53	1.35	162%
Sales volumes, '000 tonnes			
Mining segment	7,798	8,221	- 5%
Steel segment	3,287	2,428	35%