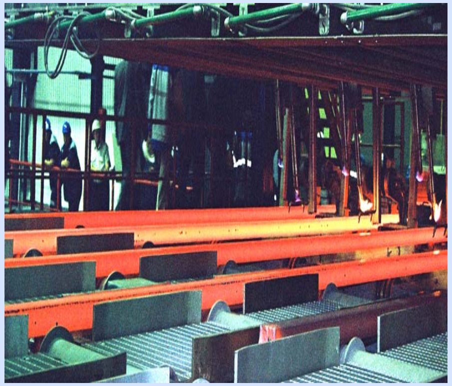

MECHEL

2005 First Half Results Presentation
October 17, 2005

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Introduction and Overview

Mechel at a glance

Low-cost vertically integrated producer, virtually self-sufficient in raw materials

Strong mining business: 2nd largest coking coal producer and largest exporter

NYSE-listed, best corporate governance practices

MECHEL

Strategy to increase segment value and overall efficiency

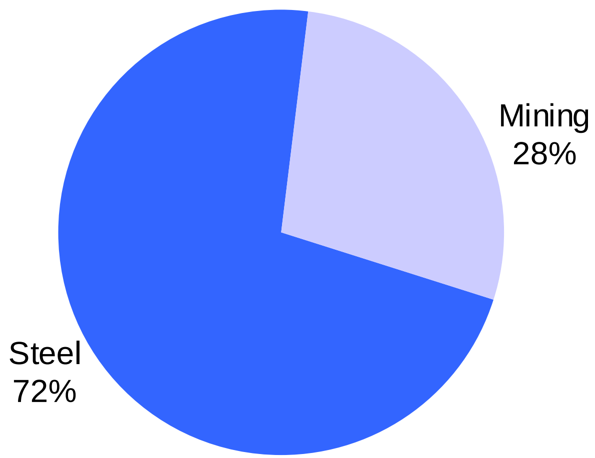
Track record of turning around assets and realizing synergies

Able to increase production and lower costs with targeted capex

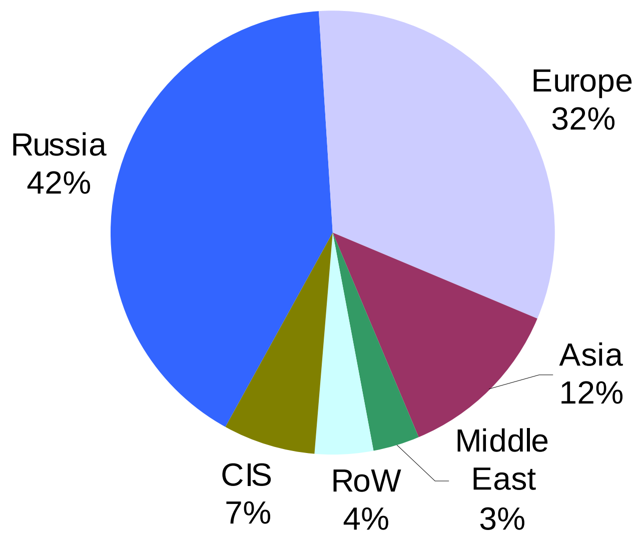
Highlights

- Net income was $243.6 million in 1H05 on revenues of $2.14 billion
- Consolidated EBITDA margin of 19.7%
- Acquisition of 25% +1 share stake in Yakutugol
  - Significant development opportunity for the mining segment, with access to a new region with substantial coal and iron ore reserves
- High profitability of the mining segment
- Efficiency improvement programs in the steel segment continued
- Maintained leadership in core products
  - 2nd largest coking coal producer and largest exporter
  - 2nd largest longs producer

Revenue breakdown by product, 1H05



Revenue breakdown by region, 1H05



1H05: Mining Segment Accomplishments

- Operating income of $310.8 million on revenues of $594.1 million
  - Operating income growth of 67.7%
  - Revenue growth of 64.0%
- EBITDA margin of 53.9%. Mining segment EBITDA represented 75.7% of total consolidated EBITDA
- Acquisition of a stake in Yakutugol, output of 9 million tonnes, of which 5.4 tonnes is coking coal
- Acquisition of additional 1.15 billion coal reserves in new license areas
- Strong segment output growth

Product	**1H05, thousand tonnes**	**1H05 vs. 1H04, %**
Coal	7,525	+3.0
Coking coal	4,134	-1.5
Steam coal	3,392	+9.0
Iron ore concentrate	2,224	+17.0
Nickel	5.6	-13.0

1H05: Steel Segment Accomplishments

- Revenues increased 24.3% to $1.6 billion in 1H05
- Steel segment EBITDA constituted 24.3% of consolidated EBITDA
- Efficiency and cost-saving programs underway
- Commissioning of the second line of the sinter plant

Product	1H05, thousand tonnes	1H05 vs. 1H04, %
Coke	1,360	-7.0
Pig iron	1,844	-1.0
Steel	3,088	+2.0
Rolled products	2,423	+2.0
Hardware	296	+13.0

2005 Strategy

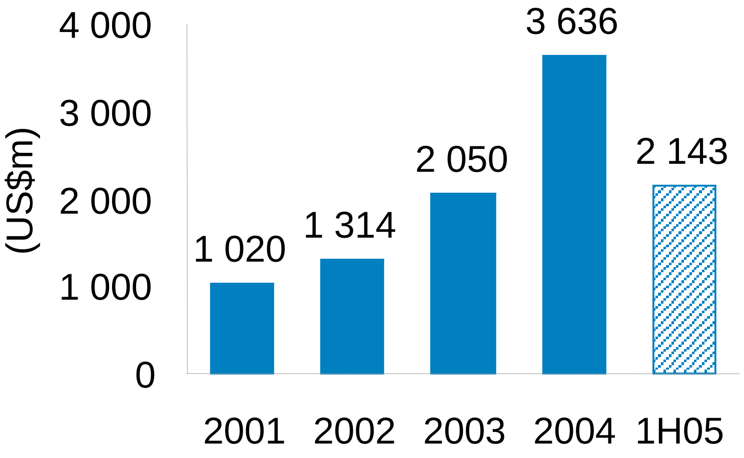
Management to focus on profitability of operations

- Expansion of the mining segment
  - — Work to sustain high profitability of the mining segment
- Cost control and efficiency are primary goals going forward
- Focus on improving profitability of steel operations
- Improved integration between subsidiaries
- Improvement of the product mix towards higher-value quality flat products, options to be presented to the Board of Directors end 2005 – early 2006

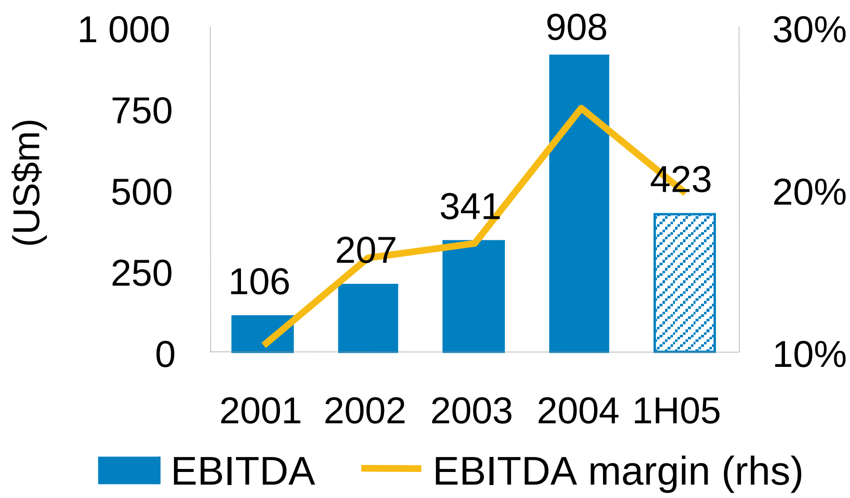
Financial Review

Strong financial performance

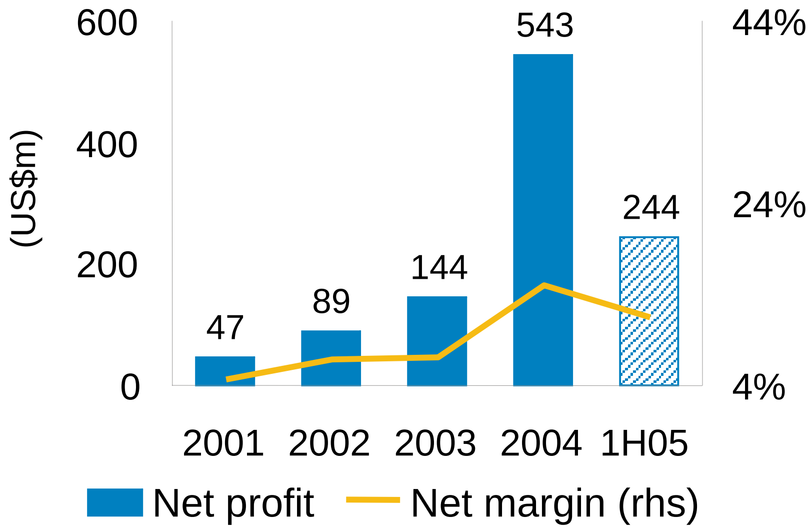
Revenues



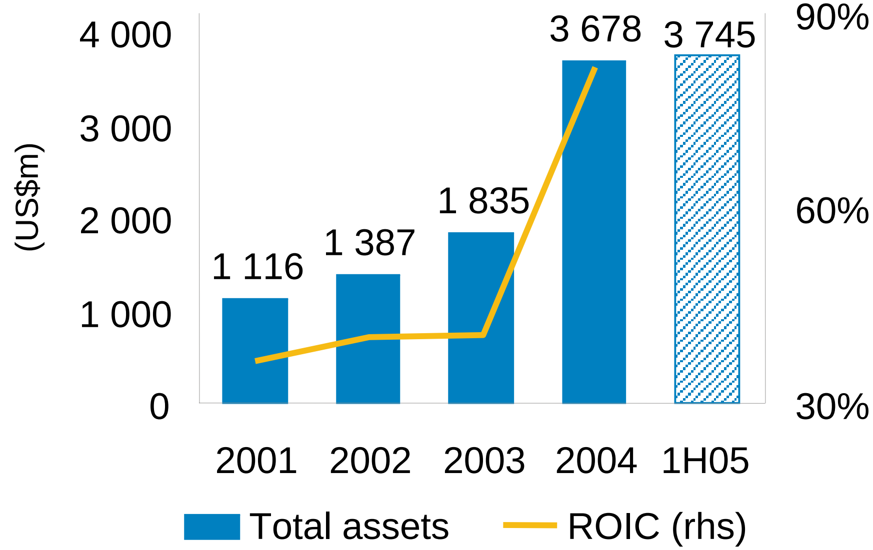
EBITDA*



Net profit *



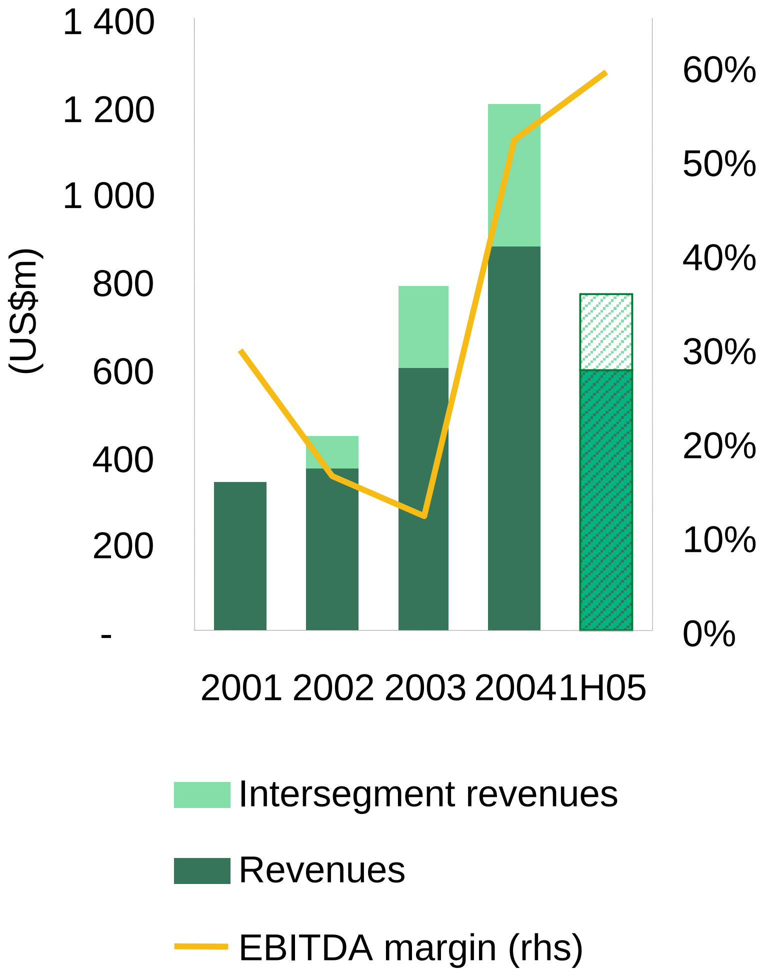
Total assets



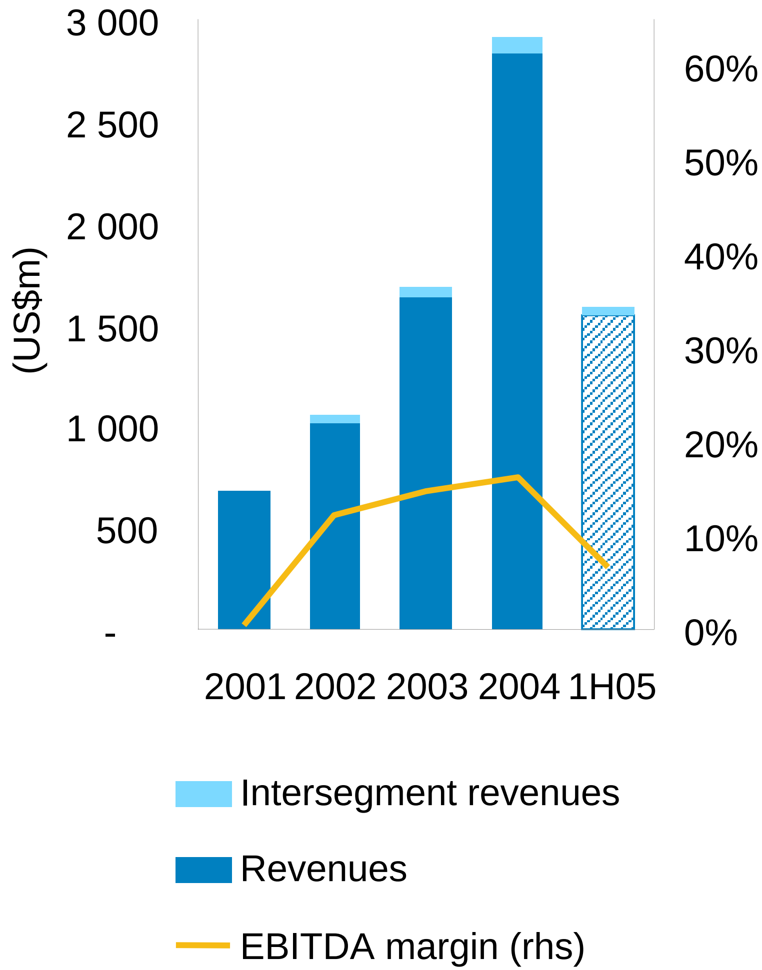
* Excluding MMK gain

Segment operations

Mining segment



Steel segment

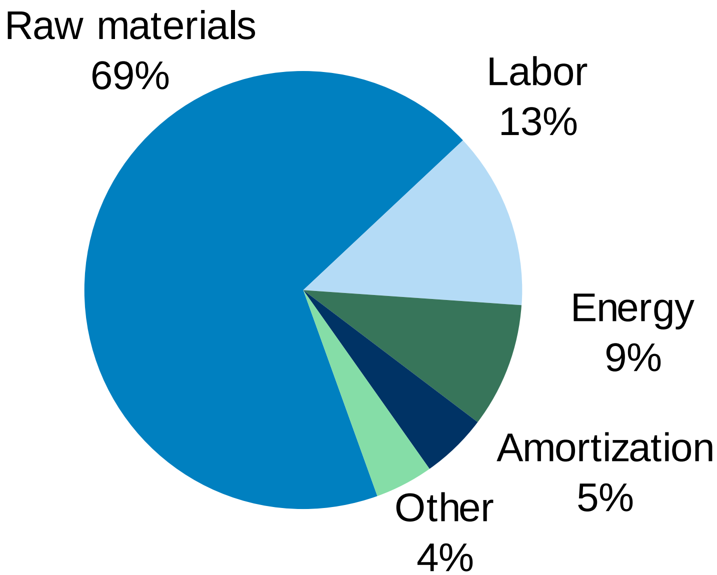


Maintain focus on cost control

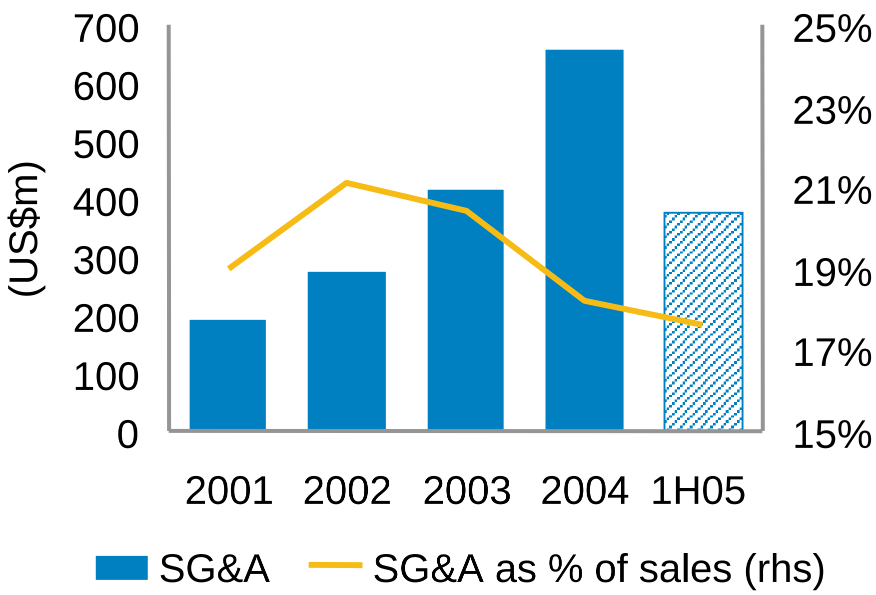
Tight control over our cost base remains strategic priority

- Continued integration between subsidiaries expected to reduce costs
- Decreasing SG&A expenses as percent of sales
- Own generation of electrical energy through cogeneration facilities
- Own logistics and port infrastructure

COGS breakdown, 1H05



SG&A expenses



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