



**MAGNITOGORSK  
IRON & STEEL  
WORKS**  
OPEN JOINT STOCK COMPANY

## *Organic Growth Strategy*



March – April 2008



# MMK at a Glance

## Geographic Location



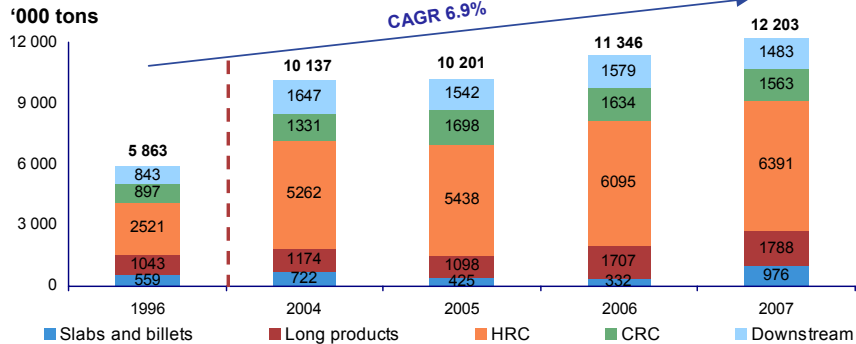
## Financial & Operational Indicators - MMK Group

	2004	2005	2006	2007	%, 06/07
Steel produced, mt <sup>(1)</sup>	11,3	11,4	12,5	13,3	6,4
Steel products output, mt <sup>(1)</sup>	10,1	10,2	11,3	12,2	8,0
Revenue, US\$ mln	4 829	5 380	6 424	8 197	27,6
EBITDA, US\$ mln	1 735	1 511	2 005	2 342	16,8
<i>EBITDA margin, %</i>	35,9	28,1	31,2	28,6	
Net income, US\$ mln.	1 232	947	1 426	1 772	24,3
<i>Net income margin, %</i>	25,5	17,6	22,2	21,6	
Comprehensive income, US\$ mln	1 232	947	1 444	2 368	64,0
Earnings per share, US\$	0,125	0,095	0,140	0,164	17,1

Source: US GAAP accounting statements

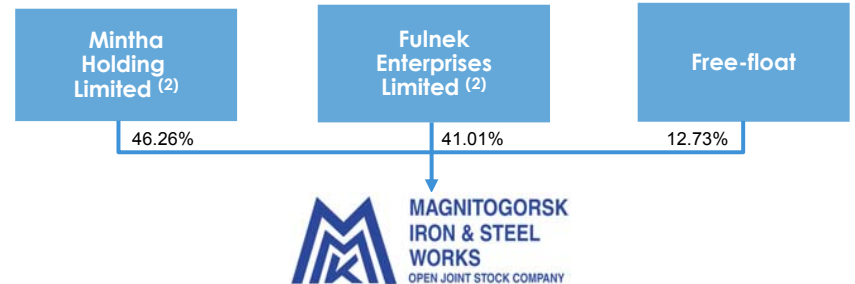
1. Only MMK's steel production and the steel products output

## Growth of the Steel Products Output



Source: MMK

## Share Equity Structure (1)



1. Data upon register closing as of 07.03.2008

2. Mr.V.F.Rashnikov, Chairman of the Board of Directors, MMK, is the beneficiary owner of MMK's ordinary shares, which belongs to Mintha Holding Limited and Fulnek Enterprises Limited.



# Declared strategy of MMK: performance in 2007

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## ✓ Expansion of downstream production

- *Sellable products output keeps on growing according to our estimates*
- *Crude steel and slabs output growth to meet the demand from plate mill coming on stream*
- *Significant product changes are bound in 2008*
- *Preparation for new plate mill commissioning moves on according to schedule*  
*Start-up – July 2009*
- *Realization of the high quality CR rolled steel goes according to schedule*  
*Start-up - 2010*

## ✓ Expansion on fast growing markets

- *Entry to the strong Turkish market to organically grow in flat rolled steel*
- *This expansion is in line with MMK growth strategy in the fast-growing markets*

## ✓ Target investments to boost profitability

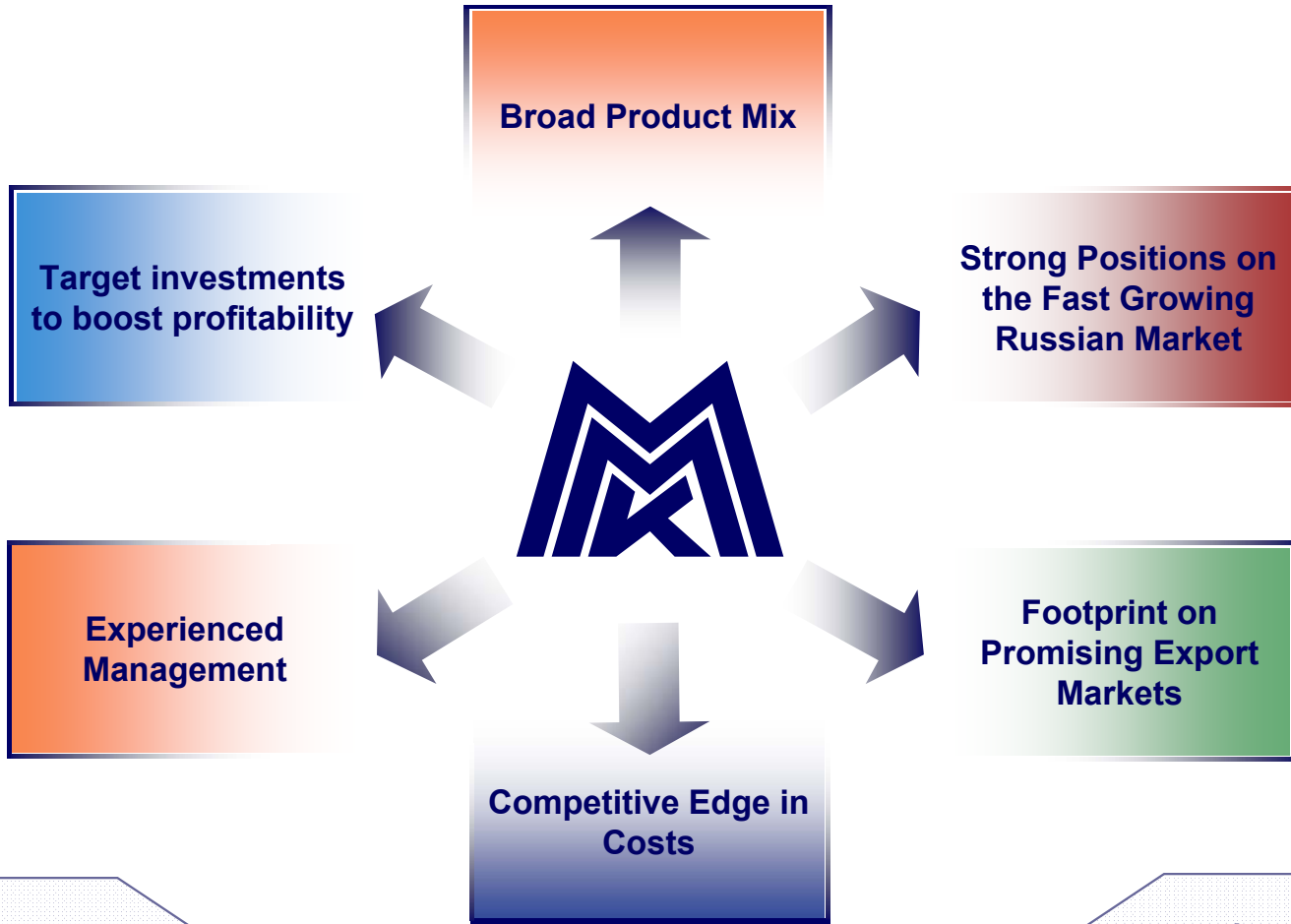
- *Heavy plate and CR automotive rolled steel*
- *Acquisition of Intercos-4 to start a project for downstream processing in order to meet the demand from the booming automotive industry and home appliances production*

## ✓ Secured raw material supplies

- *Long-term contracts with key raw material suppliers are in place and prove effective*
- *The decision has been made to develop Priorskol iron ore deposit. This will allow to be 100% self-sufficient in iron ore in the long term.*
- *Strategic alliance with Belon company. Supplies of high quality coal to MMK triple. Up to 80% requirement coverage by 2012.*



# Key Investment Factors



2007 financial results

Annexes



## Broad Product Mix

- ✦ MMK is the largest producer of steel and rolled products in Russia
- ✦ MMK produces the broadest range of products in Russia, from slabs to downstream, high added value products
- ✦ Diversified product mix allows flexibility to respond to demand changes
- ✦ With main focus flat products, MMK commissioned in 2006 state-of-the-art facilities to produce of 2 mtpy of long products
- ✦ Product mix is evolving with focus on downstream high value added products



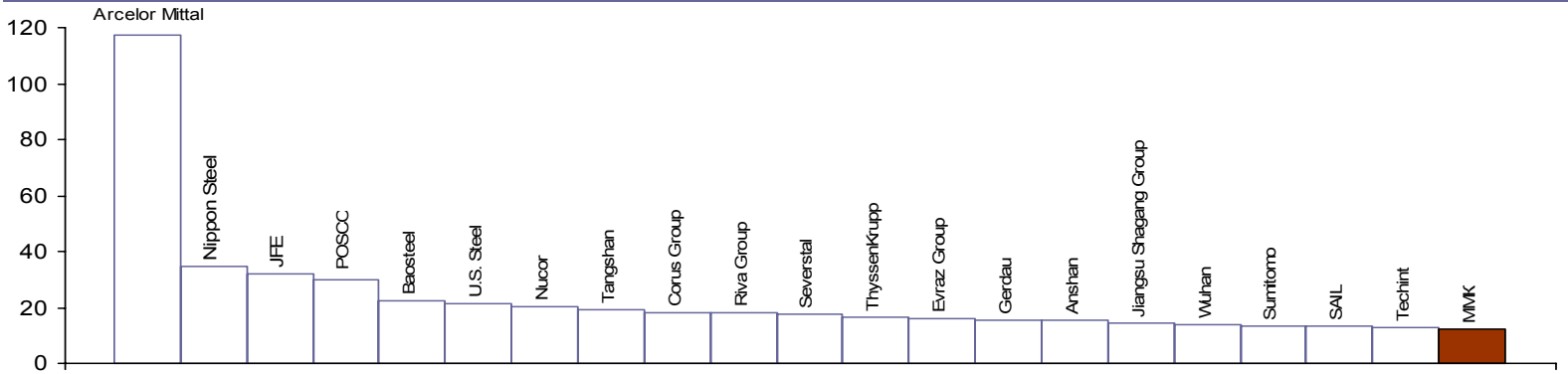
***“We view MMK’s competitive advantages as production excellence, supported by world-class facilities and a unique product mix with a high degree of high value-added products”***

***Analyst of Credit Suisse***



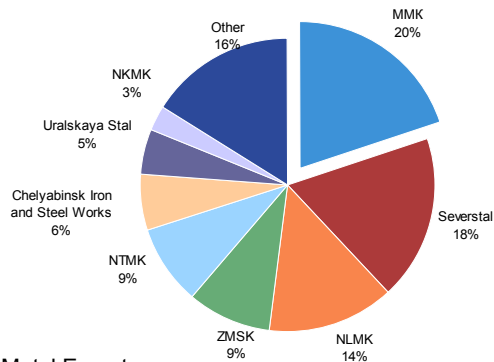
# Market Position

## One of the Largest Steel Producers in the World, mt



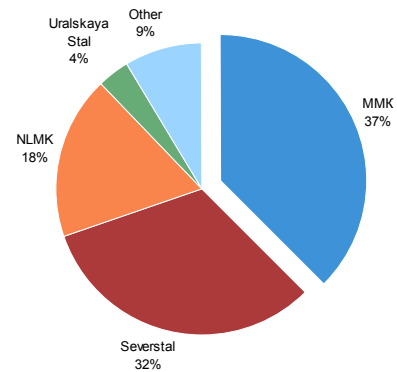
Source: IISI

## Leader of Rolled Steel Output in Russia, 2007



Source: Metal Expert

## Leader of Flat Steel Output in Russia, 2007

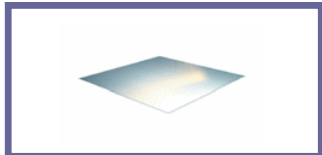


**BROAD PRODUCT MIX**

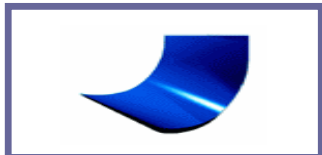


# Broad Product Mix

## Output of Main Products in 2007



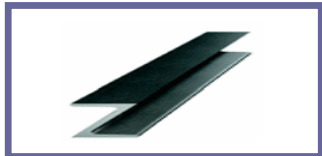
Hot rolled sheet  
6.39 m tons (52.4%)



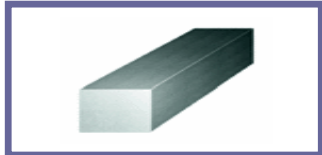
Cold rolled sheet  
1.56 m tons (12.8%)



Long products  
1.79 m tons (14.7%)



Downstream products  
1.49 m tons (12.2%)



Billets and slabs  
0.98 m tons (8.0%)

## Leading Position in High Added Value Production

Products	MMK's share in Russia's total	% of MMK's production	Market position
HR flat products	42%	52%	1
CR flat products	35%	13%	2
Galvanized flat products	24%	3%	2
CR narrow strip	53%	3%	1
Tinplate	100%	2%	1
Special sections	54%	2%	1
Polymer (colour) coated rolled products	23%	1%	3

Source: MMK, Chermet



## Strong Positions on the Russian Market

- ✦ MMK's geographic position is the key factor to determine its orientation towards satisfying the demand of the fast growing Russian market
- ✦ MMK is strategically placed in the highest steel consumption region of Russia
- ✦ The share of domestic sales is constantly growing and will reach at least 65%
- ✦ The product mix will allow MMK to meet the demand of Russia's various industrial sectors
- ✦ The Russian market absorbs all of MMK's long products and downstream products
- ✦ The entire gain in production level due to modernization (apprx.3 m tons) will be shipped to the domestic market



***“Thanks to its diversified product mix, MMK is exposed to all of the domestic market's major segments.. MMK also enjoys strong links to the construction market, which accounts for over 20% of its domestic sales, as well as the mechanical engineering and automotive industries, which we think could come alive in the future”***

***Analyst of Troika Dialog***

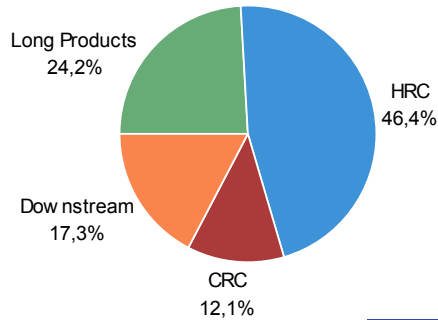




# Sales Structure

## Domestic Market, 2007 <sup>(1)</sup>

% of supplies, tons

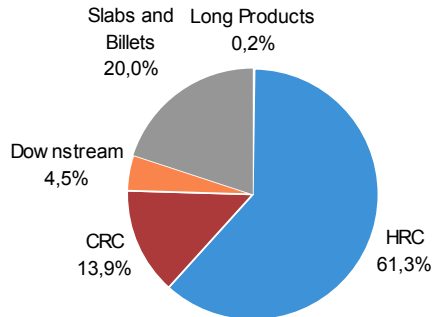


**Total: 7,327 kt**

Source: MMK, data on OAO MMK  
1. Domestic market includes Russia and CIS

## Export, 2007

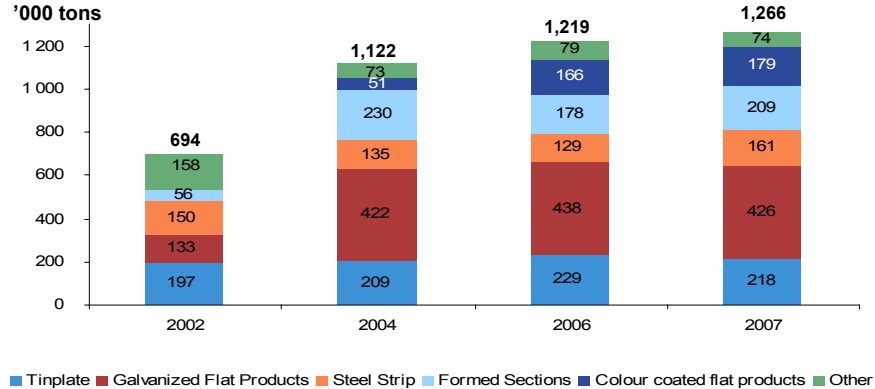
% of supplies, tons



**Total: 4,876 kt**

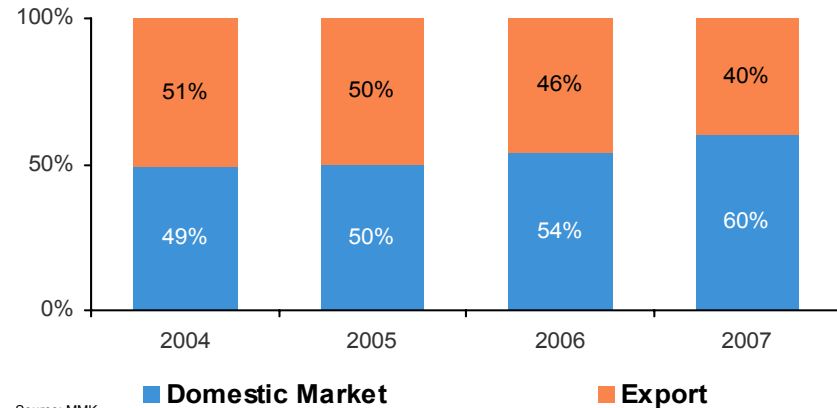
Source: MMK

## Growth of Downstream Products Sales in Russia and CIS, 2002-2007



Source: MMK

## Growth of Domestic Sales in Physical Terms



Source: MMK

**STRONG POSITIONS ON THE RUSSIAN MARKET**



# MMK: Domestic Market Trends

## Goal and Strategy of Domestic Sales

- Building a network of metal service centers
- Growing shipments to large consumers
- Vertical integration with steel products consumers
- Increasing share of downstream products in the product mix

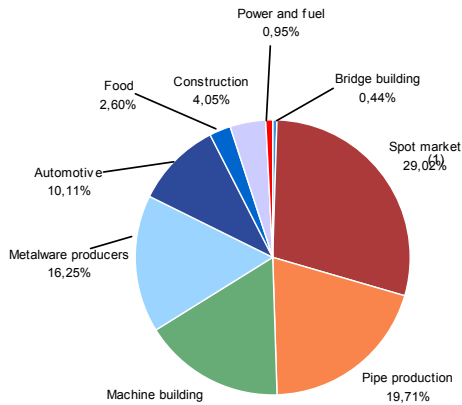
Growing demand from pipe manufacturers

Construction industry growth

Expected growth of demand from other industries

Increased consumption of downstream products

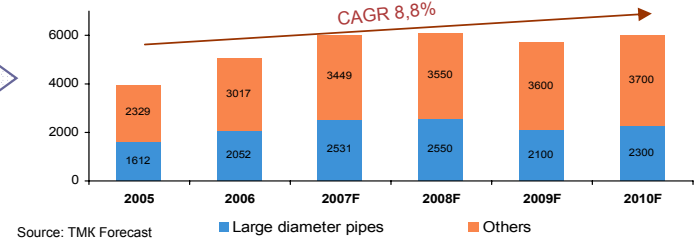
## MMK Shipments breakdown by Industries, 2007



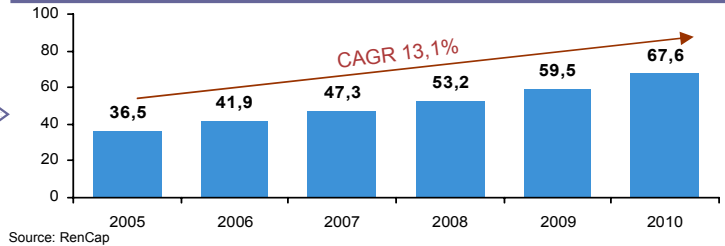
Source: MMK

1. Up to 60% of spot market's products in used in the construction sector

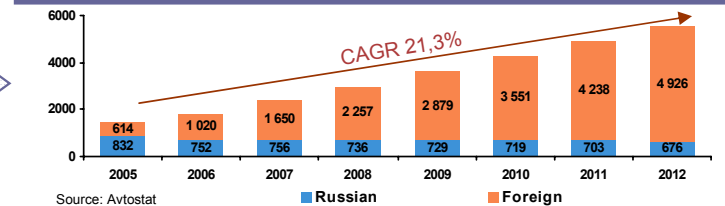
## Russian Oil & Gas Pipe Consumption, th.t



## Real Estate Construction Volume, min m<sup>2</sup>



## Car Consumption in Russia, th. units



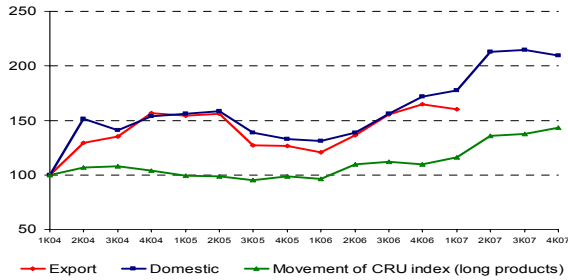
- High economic growth rates in Russia
- Goods with highest value added are sold in the Russian market
- Growing demand for high quality galvanized and polymer coated rolled products

**STRONG POSITIONS ON THE RUSSIAN MARKET**

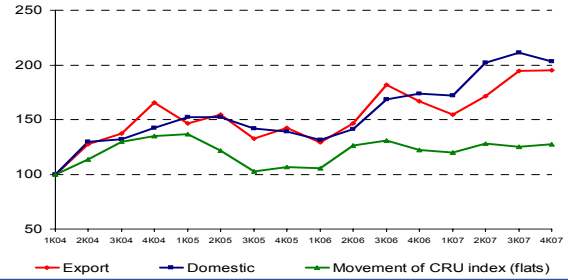


# Price Development: MMK vs CRU index

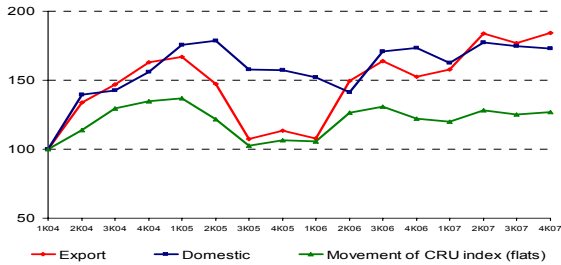
### Long products, %



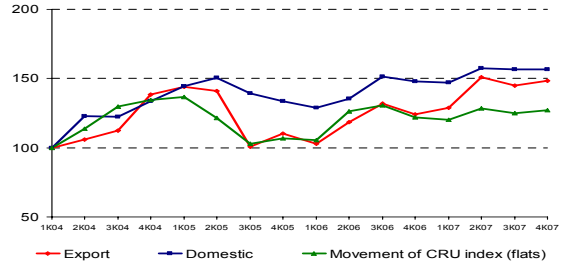
### Plates, %



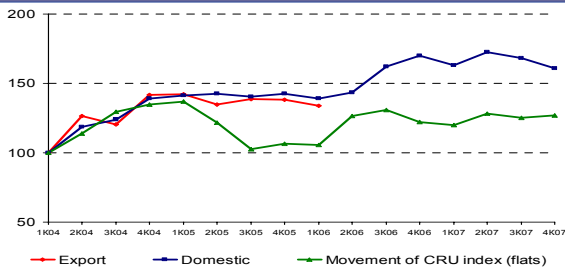
### HR coils, %



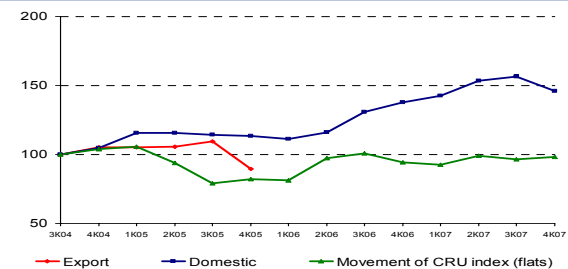
### CR products, %



### Galvanized products, %



### Coated products, %



Source: MMK, CRU

**STRONG POSITIONS ON THE RUSSIAN MARKET**



## Footprint on Promising Export Markets

*“(MMK) is ideally positioned for work on the growing markets of Russia and the Middle East. MMK’s strong focus on the Middle East promises good income from presence in yet another growth market”*

*Analyst of Morgan Stanley*

- ✦ The Company efficiently manages its export sales flow
- ✦ MMK key markets are the fast growing markets of the Middle East, Asia and Far East
- ✦ MMK expands its presence on the most promising markets by building greenfield steel plants and steel service centres



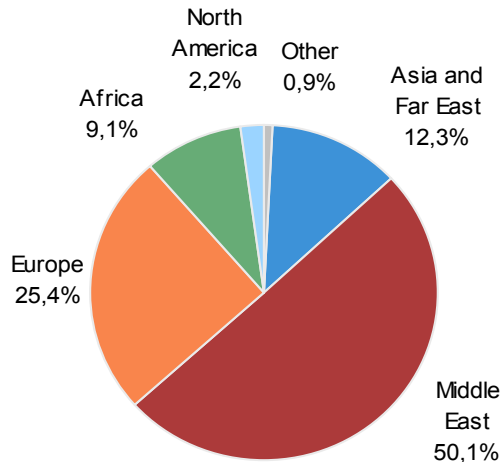


# Goal and Strategy of International Sales

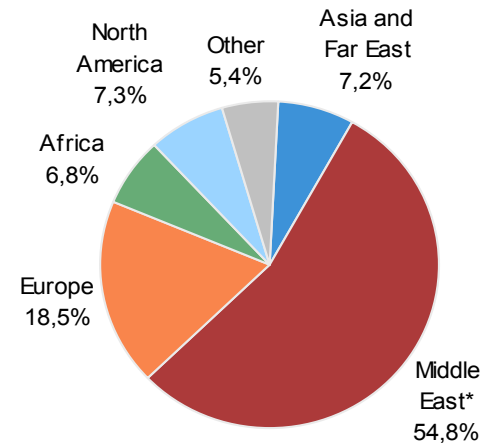
## Goal: Maintain Competitive Position on the International Market

- Export shipments of 4.5 m tons from the MMK site in Magnitogorsk
- MMK's presence on the fast growing markets, including the Middle East, and advanced, traditionally high priced markets of the industrialized countries

Export structure, 2007



Export structure, 2013



\* Including shipments from the Turkey plant



# Access to the Fast Growing Turkish Market

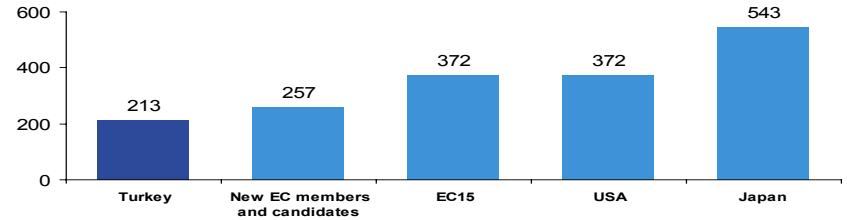
## Location in Turkey



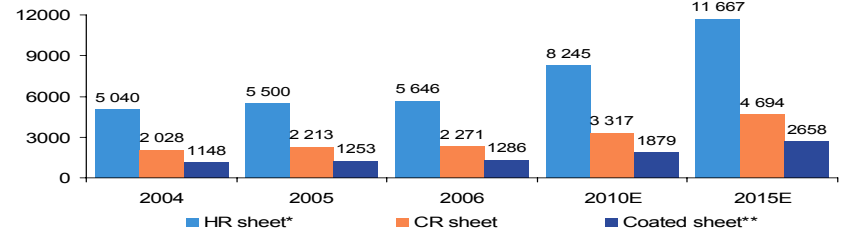
## MMK – Atakas Project

- Production capacity:
  - 2,300 ktpy of HR sheet
  - 750 ktpy of CR sheet
  - 900 ktpy of galvanized coils
  - 400 ktpy of polymer coated sheet
- 2 service centres:
  - 340 ktpy
  - 340 ktpy
- Construction time: 3 years
- IRR: 24,3%

## Per capita steel consumption in 2006, kg

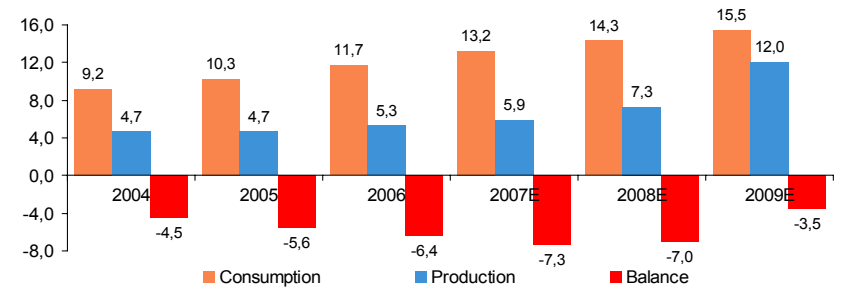


## Consumption by product, kt



\* Exclusive of plate \*\* Exclusive of tinplate

## Flat products production/consumption balance, kt



Source: Lehman Brothers report



## Competitive Edge in Costs

- ⊕ Low cost position of Russian steelmakers remains the investment appeal
- ⊕ MMK's labour productivity is the highest in the Russian steel sector
- ⊕ MMK receives dividends from modernized assets
- ⊕ A significant part of the investment program is aimed at costs reduction
- ⊕ MMK is practically self-sufficient in terms of electric power supply

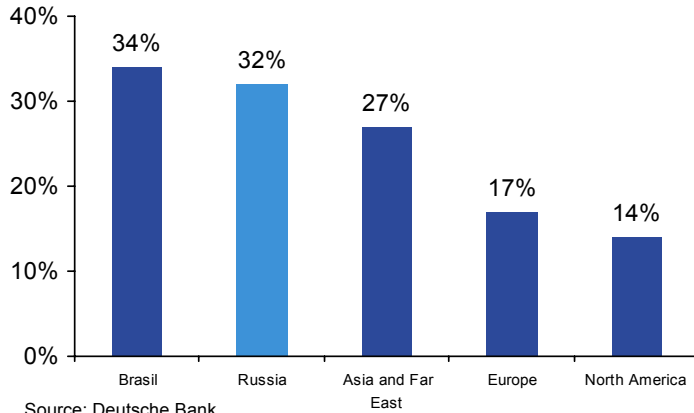


***“Product positioning within Russia gives good exposure to higher quality growth markets (auto and pipe) in coming years. Large single site production and energy self sufficiency allow for cost containment”***  
***Analyst of ABN AMRO***

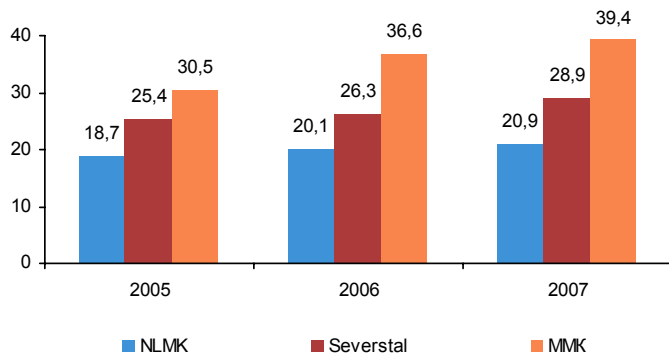


# Competitive Edge in Costs

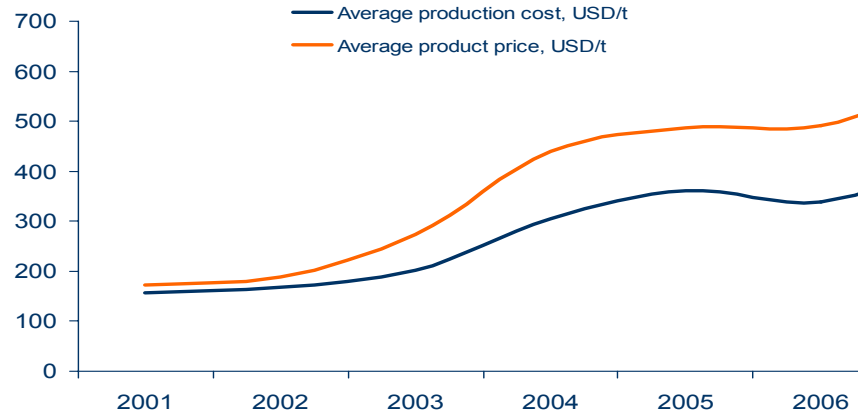
Average EBITDA Margin in Steel Sector, %



Monthly average labor productivity (in comparable structures), t/person



MMK Production Costs and Prices, USD/ton



MMK maintains its competitive edge thanks to the following factors:

- ✓ Low share of wages in costs
- ✓ High labour productivity
- ✓ Self-sufficiency in terms of power supply (cheap power)
- ✓ An ongoing program of modernization and costs optimization
- ✓ Wastes recycling
- ✓ Up-to-date production assets
- ✓ Strategic location





# Outlook for the Raw Materials Markets in 2008

## Coal

- Russia has own strategic coal reserves covering the requirements of Russian steel producers
- Despite the growth in coal consumption, the Russian coal market is balanced with a significant potential of export decrease

Coal concentrate		
Russia	2006	2007
Production, mt	47.6	49.0
Consumption, mt	38.7	40.1

## Iron Ore

- Russian iron ore production exceeds the current requirements of Russian steel producers for these raw materials
- In 1Q of 2008 iron ore prices were stable due to agreements concluded earlier

Iron ore		
Russia	2006	2007
Production, mt	97.3	99.2
Consumption, mt	86.1	84.5

## Scrap

- Even given permanent scrap consumption growth, Russian steel producers retain the flexibility to switch over to consumption of currently exported scrap



# Consumption and Prices of Major Raw Materials

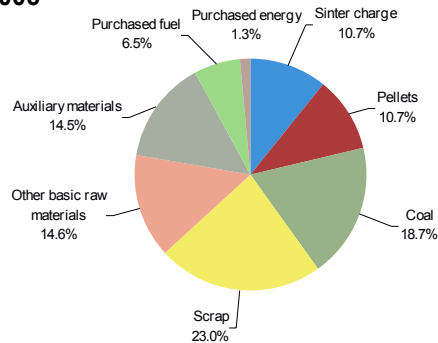
## Consumption and price of major raw materials

	2004	2005	2006	2007
<b>Quantity (kt)</b>				
Iron ore (sinter charge)	7,725	7,452	8,215	7,386*
Iron ore (pellets)	6,384	6,378	5,834	5,813
Coking Coal	7,900	7,440	7,324	7,189
Scrap	2,051	2,411	3,798	5,046
<b>Price per ton (US\$ /t)</b>				
Iron ore (sinter charge)	49.8	56.1	40.4	49.0
Iron ore (pellets)	83.8	89.4	56.7	76.0
Coking Coal	65.8	96.1	78.8	95.0
Scrap	125.6	140.3	187.2	245.0

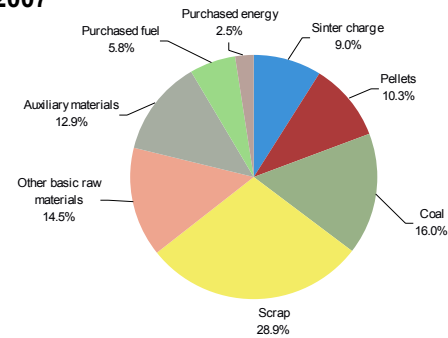
Source: MMK  
\* - excluding supplies from Bakalskoe RU

## MMK Material Costs Breakdown, US\$

2006



2007



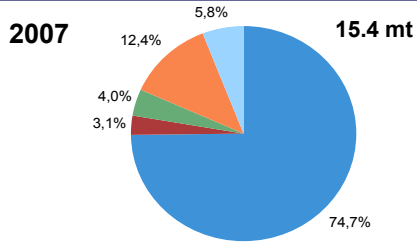
Note  
1. Only MMK costs constituting more than 90% of the Group's costs

**COMPETITIVE EDGE IN COSTS**

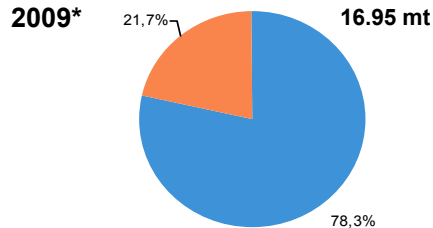


# Raw-materials sufficiency

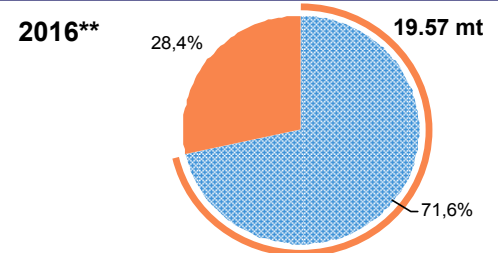
## Iron-ore Supplies



■ SSGPO ■ Mihailovsky GOK ■ Lebedinsky GOK  
■ Self Sufficiency ■ Others



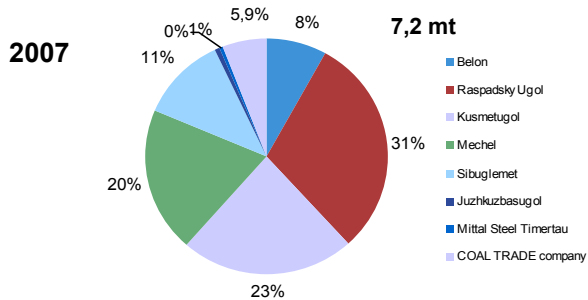
\* - Own supplies increase due to increase of shipments from Bakalsk RU own deposits and slag processing



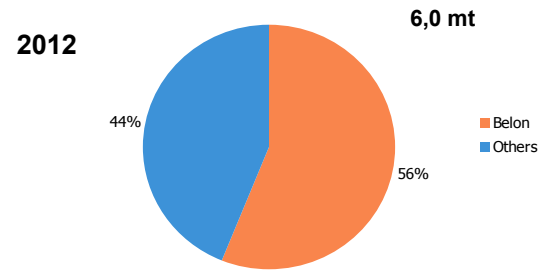
■ SSGPO ■ Self Sufficiency

\*\* - Switch to iron ore supplies from Prioskolsk GOK are possible in case of positive economic feasibility and favorable market situation. Thus MMK will be 100% self sufficient in iron ore.

## Coal Concentrate Supplies



■ Belon ■ Raspadsky Ugol ■ Kusmetugol ■ Mechel ■ Sibuglemt ■ Juzhkuzbasugol ■ Mittal Steel Timertau ■ COAL TRADE company



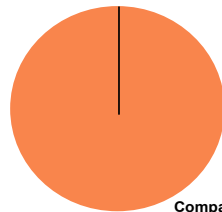
■ Belon ■ Others

## Scrap Supplies

2007-2016

2007 – 5,0 mt  
2016 – 5,6 mt

● Self sufficiency for iron ore, coal and scrap



Company Profit;  
100%

Source: MMK

**COMPETITIVE EDGE IN COSTS**



# Strategic Alliance of MMK and Belon

In March 2008 MMK acquired 50% of ONARBAY ENTERPRISES LIMITED holding 82.6% of Belon for \$230.4 mln



Belon Group's coal reserves - 446 mt

Steam coal: 267 mt (60%)

Coking coal: 179 mt (40%)

Production in 2007 – 4.6 mt

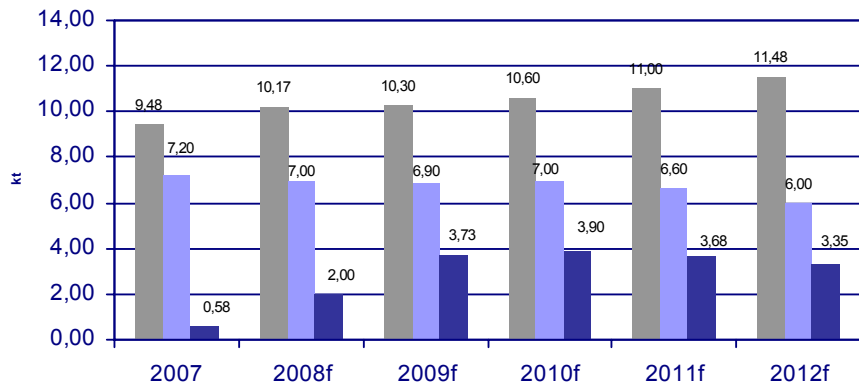
## Investment program to raise scale and efficiency Belon Group

- ✓ Production growth up to 10.8 mt by 2012.
- ✓ x2.5 growth of coal concentrate production by 2012 up to 10 mt (including coking coal concentrate up to 5 mt)
- ✓ Discontinuance of coal purchases for beneficiation plants, thus boosting the company's margins;
- ✓ Compliance with current standards of industrial safety

## Transaction's Upsides for MMK

- Guaranteed supplies of required volumes of deficit coking coal grades
- Improved composition of coal charge
- Reduced consumption of coke (by 15.8 kg per ton of pig iron by 2010)
- Annual costs savings in the Coke and Chemical and the Blast Furnace Divisions amounting to 35 - 40 mln US\$

MMK's Requirement for Coking Coal Concentrate, mt



- MMK's pig iron production
- Coking coal concentrate requirement
- Use of Belon's coking coal concentrate in the MMK's Coke and Chemical Division (based on 55.8% in charge)

Note: Improvement of MMK Blast Furnace Smelting Technology (Pulverized Coal Injection, installation of Paul Wurth bell-less top charging devices and use of stabilized sinter) will allow to reduce specific coke consumption by 2012.



# Development of Prioskol Iron Ore Deposit

In November, 2006, MMK won a tender to develop Prioskol Iron Ore Deposit.  
In December of 2007 MMK's Board of Directors passed a resolution on setting up a branch of MMK in the Belgorod Region to implement the project.

## Deposit Characteristics

The Prioskolsky Deposit is the largest deposit of rich iron ores and ferruginous quartzites in the Kursk Magnetic Anomaly (KMA).

The deposit's confirmed reserves comprise **45 m tons of rich ore** (Fe-50,31 %) and **2.1 bn tons of ferruginous quartzites** (Fe-33,5 %)

## Project Parameters

Production capacity: 35 mtpy of crude ore  
Commercial products (sinter ore, pellets, concentrate): 15 mtpy  
Construction time: 3 years  
Capex: USD 1.8 bn  
IRR: 19%.

## Project's Strengths

- ✓ The capacity of Prioskol Plant and reserves of the deposit can cover MMK requirement for iron ore materials for a period of over 60 years.
- ✓ Convenient geographic location enabling it to be used for both supplies to MMK's main site and foreign projects.
- ✓ The possibility of products sales to third parties (including international consumers).
- ✓ The deposit is ready for development.
- ✓ Iron-containing minerals quality is high (up to 70.1% Fe in concentrate) and is suitable for DRI production





## Target investments to boost profitability

- ⊕ MMK focuses its activity on steel making, investing in quality and technology
- ⊕ The implementation of the investment programme will enhance MMK's competitive ability in the long term
- ⊕ The investment programme is perfectly balanced to reduce costs, maintain the existing capacity and diversify into new unique products
- ⊕ The entire gain in production from MMK's investment program (abt. 3 m tons) will consist of downstream high value added products for the growing Russian market



**“MMK shares offer a good combination of improving medium term returns, relative valuation upside and leading market position in the attractive segments of downstream domestic market”**

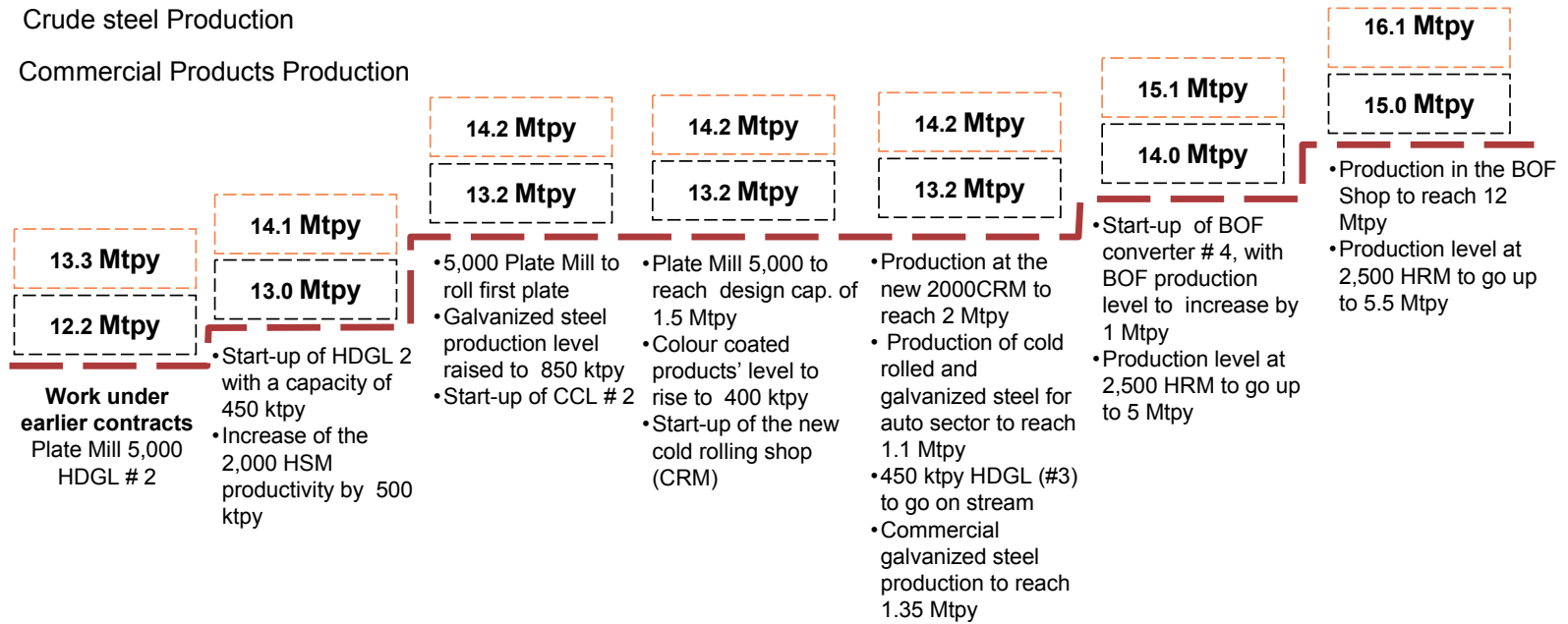
**Analyst of Goldman Sachs**



# Creating the most efficient steel production in Russia

  Crude steel Production

  Commercial Products Production



**Increased Efficiency + Increased Capacity**

**Note:**  
1. Expected capacity expansion based on management assessments according to MMK's current Capex budget



# Key Projects: Plate Mill and Automotive CR Sheet

Only 8 companies ( located in Germany, France and Japan) are able to produce plate with comparable characteristics

The implementation of the Project will allow to produce high quality auto body sheet meeting the requirements of the leading international auto makers (GM, Ford, Toyota, etc )

## PLATE PRODUCTION

- Project completion time under SMS Demag contract: 32 months
- Investments: USD 1.4 billion

Contractual schedule:

- Nov. 7, 2006: signing of the contract
- Nov. 2007: foundation works
- April 2008: construction of the building
- July 2008: erection and installation
- May 2009: functional tests
- July 2009: rolling of the first plate

## AUTO BODY SHEET PRODUCTION

- On 13.07.07 a contract was signed with SMS Demag
- Time for equipment manufacturing and installation: apprx 36 months
- Capex: USD1.4 billion
- Negotiations with major international banks re arrangement of financing for the delivery contract
- Commissioning: scheduled for 2010, design capacity to be reached in 2011

### 5,000 MM Plate Mills: MMK vs Severstal

Characteristics	MMK <sup>(1)</sup>	Severstal
Year of start-up	2009	1989
Capacity, mtpy	1.5	0.6
Width, mm	Up to 4800	Up to 4400
Thickness, mm	8-160	12-300
Rolling force, kt	12	9
Length, m	24	18
Strength class	Up to X120	Up to X80

### Main Characteristics

Capacity, kt	2000
Width, mm	850-1880
Thickness, mm	0.28 – 3.0
Steel grades	HSLA, IF-HSS, BH, two-phase, multiphase, TRIP

**Product unparalleled in Russia = Sales growth = Significant margin's growth**

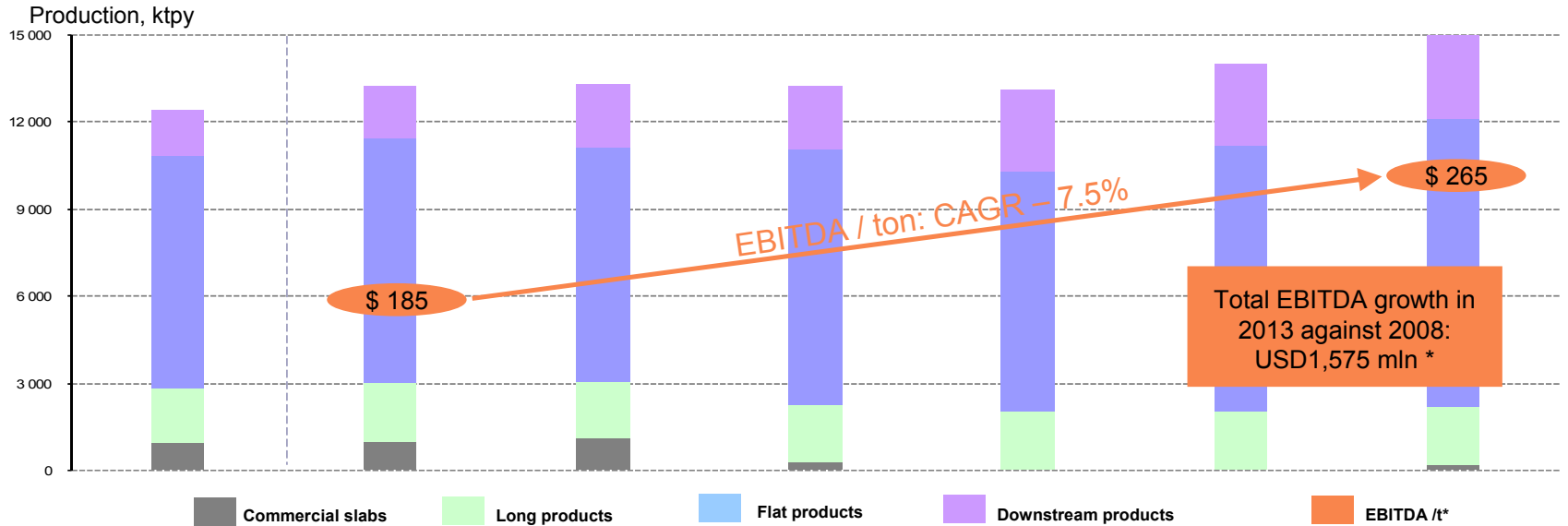
Source: MMK

**TARGET INVESTMENTS TO BOOST PROFITABILITY**

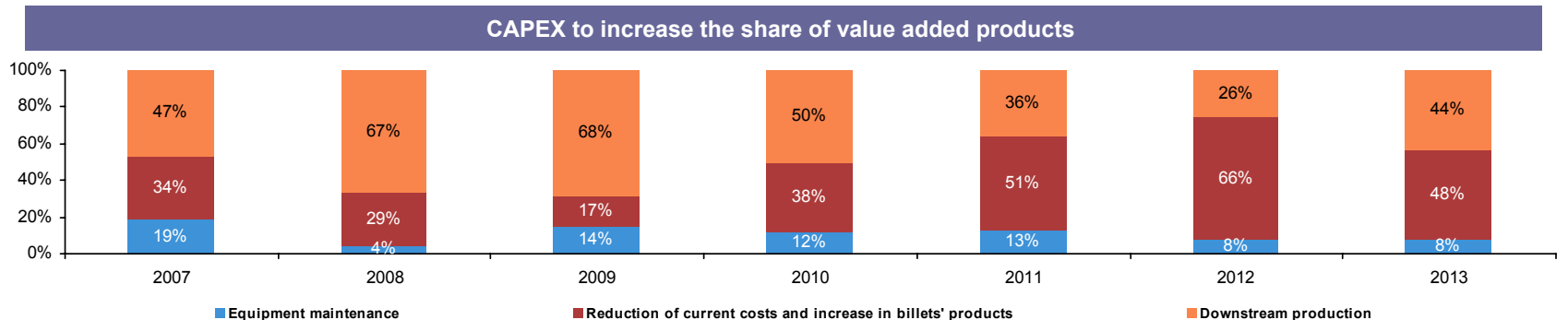




# Investments into Improving Performance



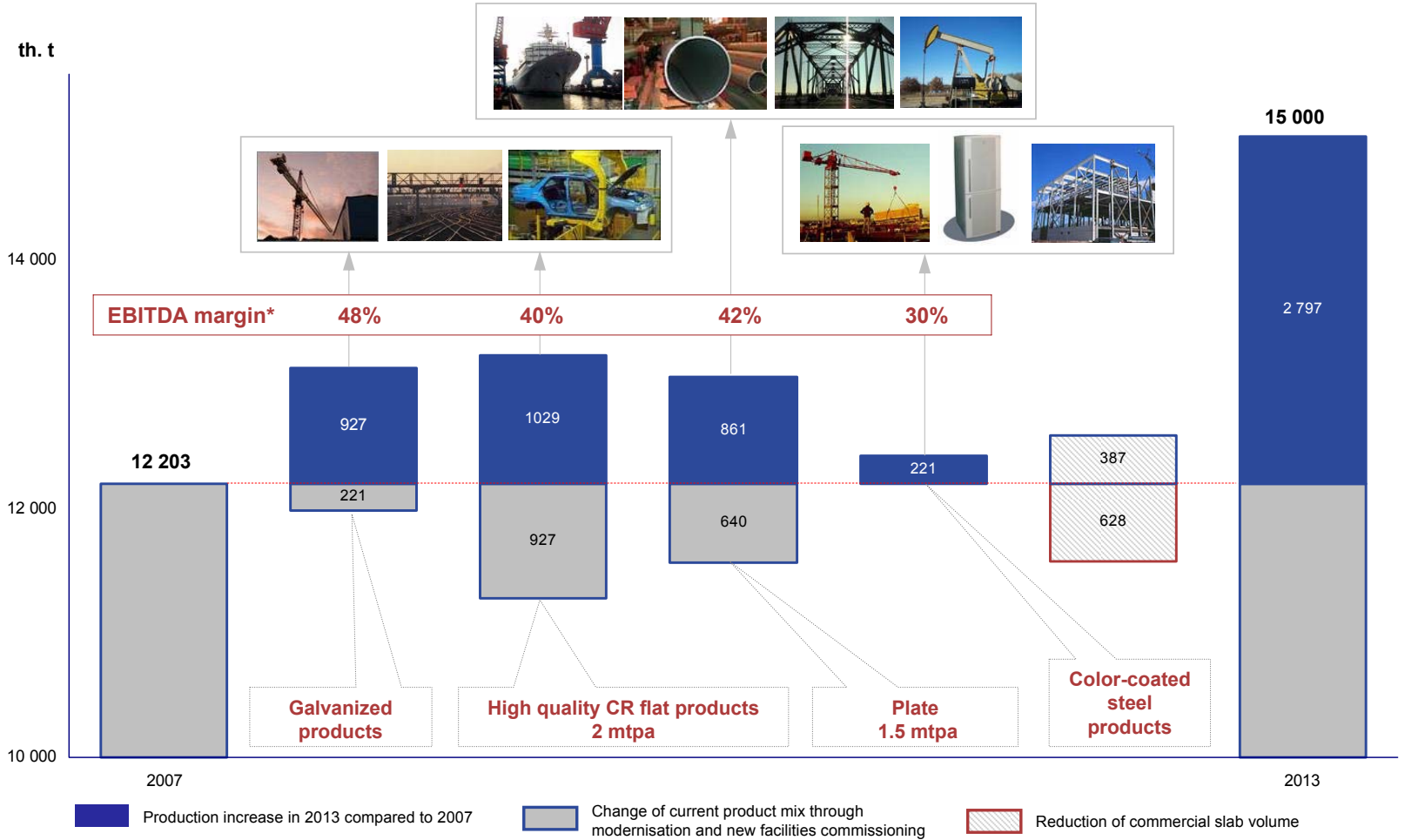
\* - Calculation made on estimate prices and costs for 2008. Going forward the costs and prices are fixed



TARGET INVESTMENTS TO BOOST PROFITABILITY



# Higher profitability through organic growth



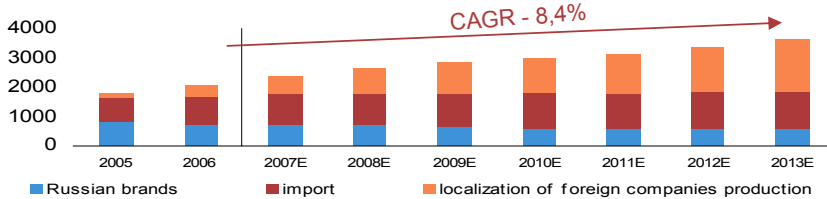
\* - in 2007 prices

**TARGET INVESTMENTS TO BOOST PROFITABILITY**

# Intercos-IV Project

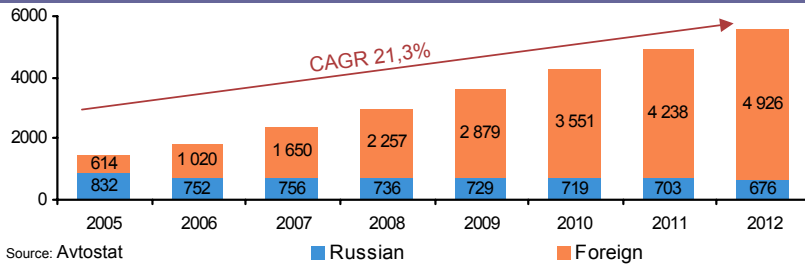
## Cars output in Russia, 2005-13

thousand vehicles



Source: Companies forecast, ASM-Holding, forecast of ING

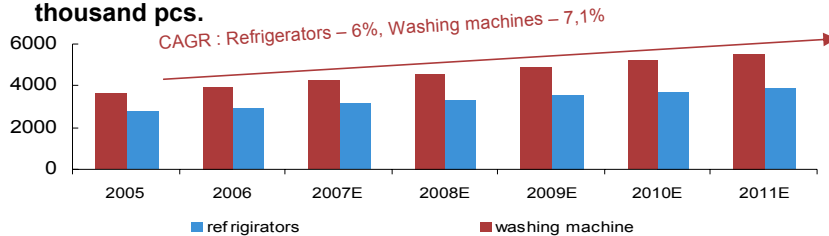
## Car Consumption in Russia, th. units



Source: Avtostat

## Home appliances market in Russia, 2005-11

thousand pcs.



Source: Euromonitor, Forecasts of EIU

## Project location



## Project parameters

**Goal:** Sales of up to 300 ktpy of MMK cold rolled and galvanized steel products in the North-West Region of Russia by means of creating production facilities for stamped and stamp-welded components for auto makers and white goods producers.

**1 stage:** Acquisition of a 75% stake in CJSC Intercos-IV for RUB 509 m.

**2 stage:** Construction of a steel service center and a stamping plant in Kolpino, Leningrad Region, designed to process up to 300 ktpy of cold rolled and galvanized products.

Construction time is 2.5 years.

TARGET INVESTMENTS TO BOOST PROFITABILITY



## Experienced Management

- ⊕ MMK is headed by a unique management team with rich production experience.
- ⊕ The average work record of MMK top managers is over 24 years



**“Having invested heavily in sufficient upgrades of its asset base since the beginning of 1990-s the company today boasts to be one of the most modern integrated single-site steel complexes in Russia equipped with a skilful operating team”.**

**Analyst of Goldman Sachs**



# Exceptional Management Team



**Victor F. Rashnikov**  
Chairman of MMK's Board of Directors,  
President of MMK Managing Company  
Work record with MMK: 40 years



**Vladimir I. Shmakov**  
Vice President for Finance and  
Economics  
Work record with MMK: 24 years



**Guennadi S. Senichev**  
Chairman of MMK's Management Board  
Vice President for Operations, Managing Director  
Work record with MMK: 35 years



**Rafkat S. Takhautdinov**  
Vice President for Strategic Planning  
Work record with MMK: 28 years



**Serguei V. Krivoschekov**  
Vice President for Property Management  
Work record with MMK: 24 years



**Marina A. Zhemchueva**  
Chief Accountant  
Work record with MMK: 26 years



**Arkady V. Chernov**  
Head of Staff of the President of MMK  
Managing Company  
Work record with MMK: 31 years

## Management Team Achievements

- Total modernization of production facilities
- Steel products output nearly doubled in 1996-2006 from 5.9 m to 11.3 m tons
- US GAAP audited consolidated financial statements since 2001
- Installation of a state-of-the-art MIS on the largest production site
- MMK has been one of the first Russian steel producers to enter the international financial markets
- High corporate governance standards

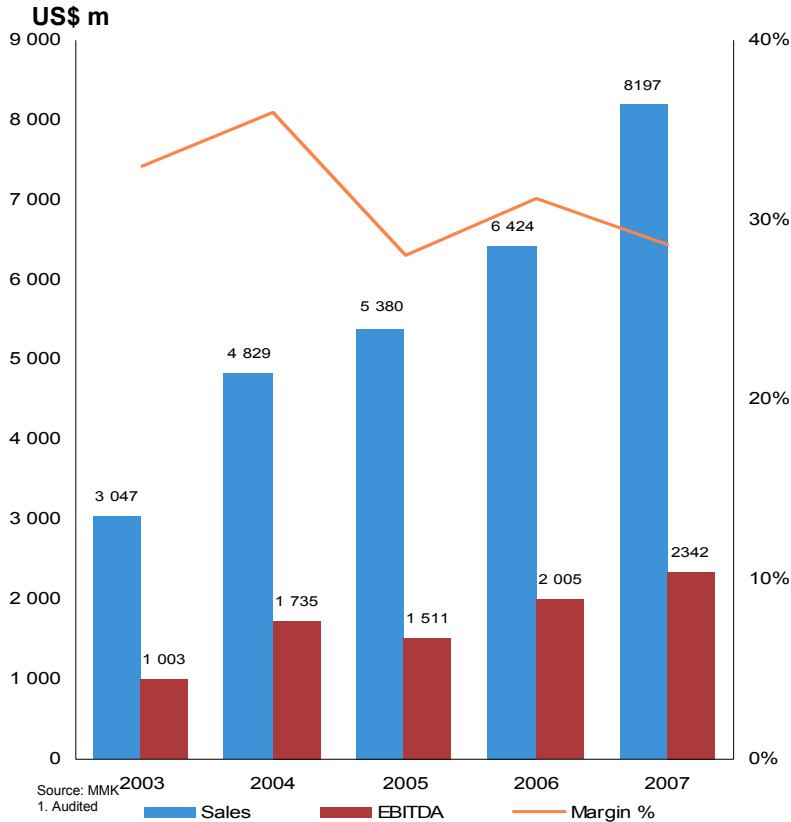


# **2007 FINANCIAL RESULTS**



# Key EBITDA Drivers

## Sales and EBITDA Dynamics



**Strong Domestic Demand**

**Growing Exposure to Domestic Markets**

**Favourable Steel Price Dynamics**

**Projects for New Products and Costs Reduction**

**Raw Material Prices & Payroll**

- Attractive Russian economy driving strong steel demand growth
- Growing demand for high value-added and customised products especially from the pipe-making, construction, energy and automobile industries
- Increased demand for large diameter pipe plate and coated steel
- In 2007 domestic sales amounted to 66% of the total sales vs. 62% in 2006 and 61% in 2005
- Higher share of domestic sales allows MMK to further benefit from the favourable domestic price environment
- Strategic relationships with key customers and limited exposure to spot sales
- Both Russian and international steel prices are high and showed a positive trend in 2007
- Domestic market price premium remains high
  - High market concentration and growth in demand
  - Higher costs related to imports (eg. tariffs, logistical costs and other transport-related expenses)
- Value-added projects
  - launch of galvanizing and coating facilities
- Cost reduction projects
  - reconstruction of sinter plants and blast furnaces
- Growth of COGS, which mostly depended of prices for raw materials growth in 2007 was compensated by MMK's increased revenues thanks to rising production levels and higher steel prices.

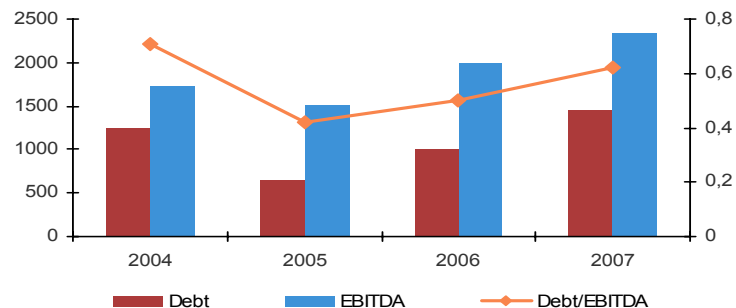


# Key Financials

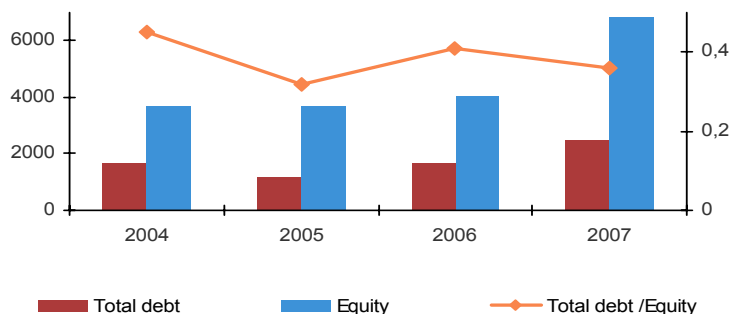
Key Financials					
US\$ m	2003	2004	2005	2006	2007
Sales	3,047	4,829	5,380	6,424	8,197
% of growth	48.3	58.5	11.4	19.4	27.6
EBITDA	1,003	1,735	1,511	2,005	2,342
margin, %	32.9	35.9	28.0	31.2	28.6
Net income	608	1,232	947	1,426	1,772
Capex	217	407	580	725	1,257
% of sales	7.1	8.4	10.8	11.3	15.3
Operating cash flow	585	1,010	1,255	1,130	1,331
% EBITDA	58.3	58.2	83.1	56.4	56.8

Source: MMK Group US GAAP Consolidated Financial Statements

## Debt / EBITDA



## Total debt/ Equity

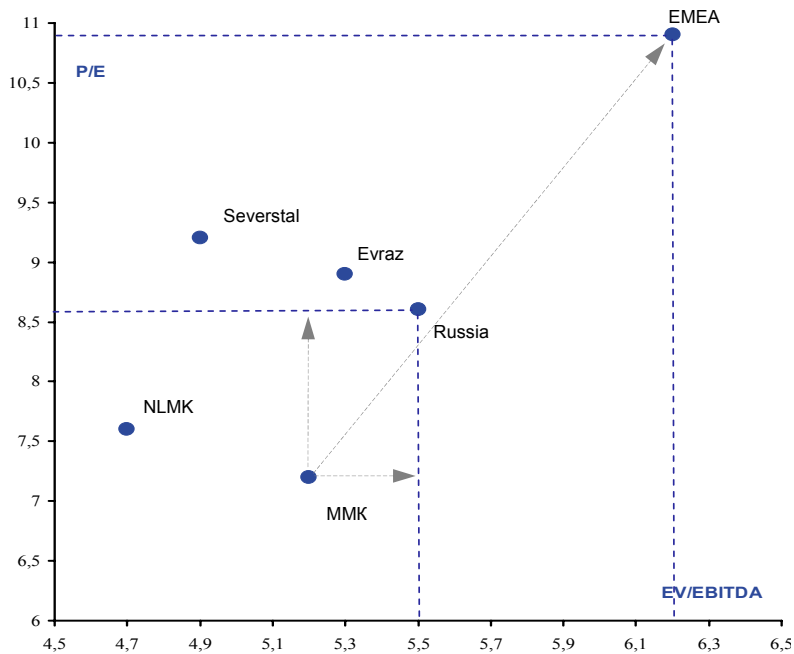






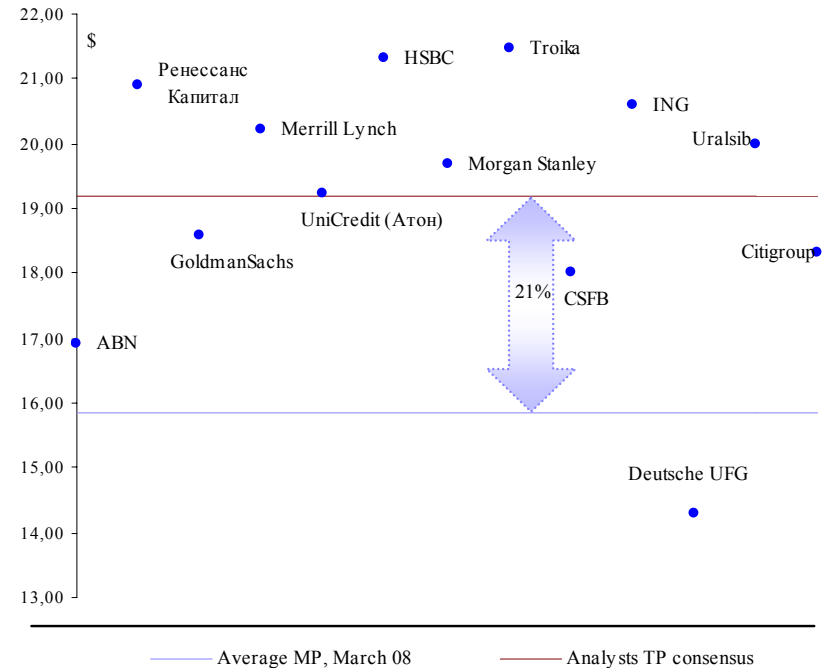
# Market valuation of MMK growth potential

MMK P/E and EV/EBITDA compared with industry average



Source: MMK

Analysts TP premium over monthly average MMK MP

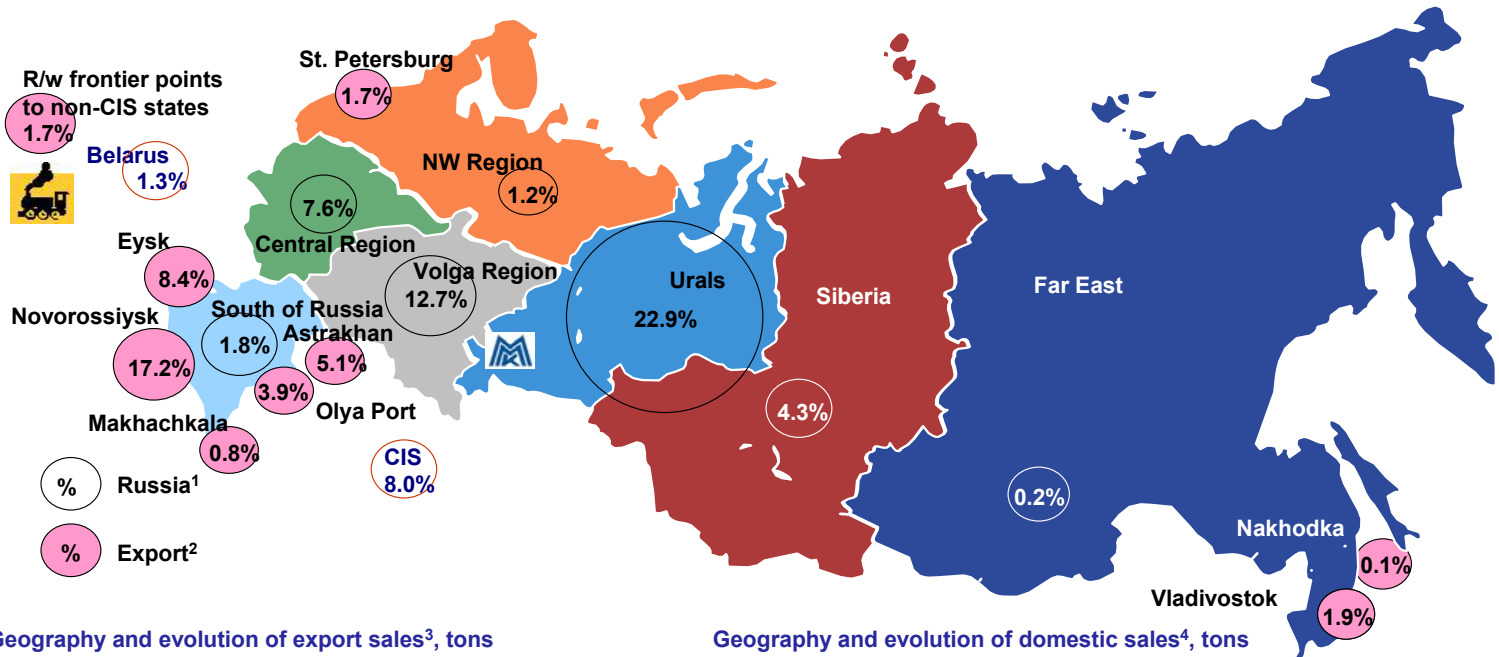




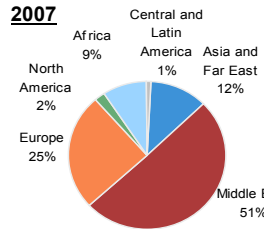
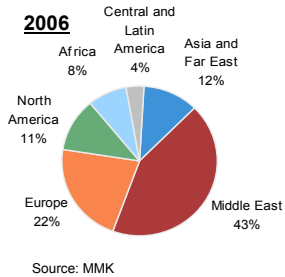
# ANNEXES



# Sales Geography, 2007



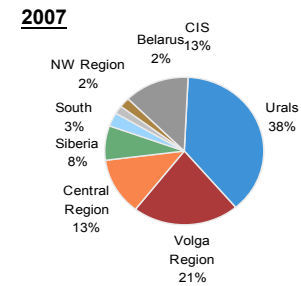
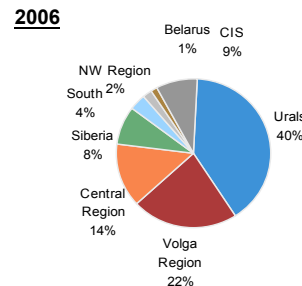
Geography and evolution of export sales<sup>3</sup>, tons



**Notes:**

1. Region share in OJSC MMK's total sales in physical terms
2. Port share in OJSC MMK's total shipment in physical terms.
3. Region share in OJSC MMK's total export sales in physical terms
4. Region share in OJSC MMK's total export sales in Russia and CIS in physical terms

Geography and evolution of domestic sales<sup>4</sup>, tons

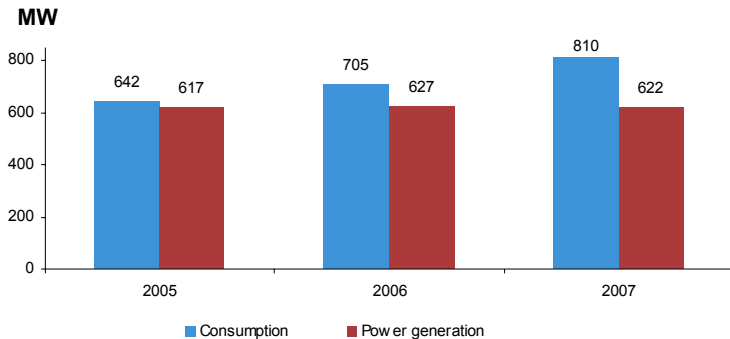


**STRONG POSITIONS ON THE RUSSIAN MARKET**



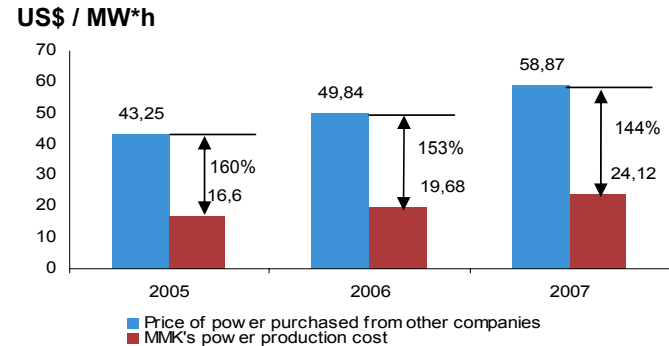
# Power and Gas Self-Sufficiency

## Power Balance



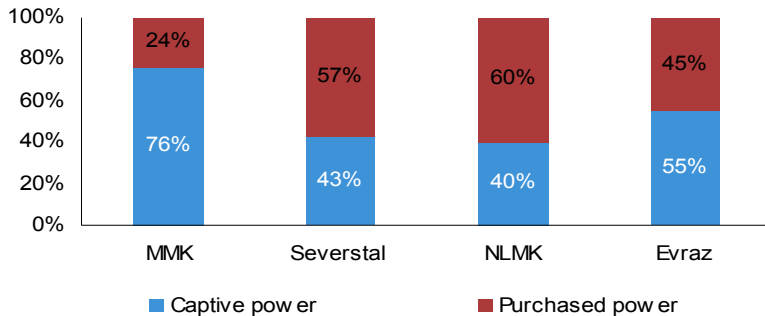
Source: MMK

## MMK's Power Production Cost against Power Purchase Price



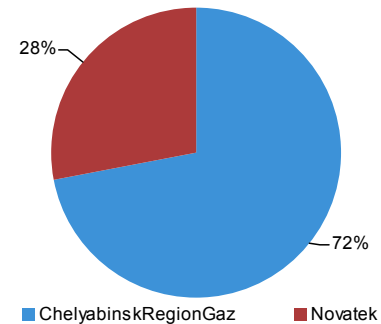
Source: MMK

## Power Self-Sufficiency (1)



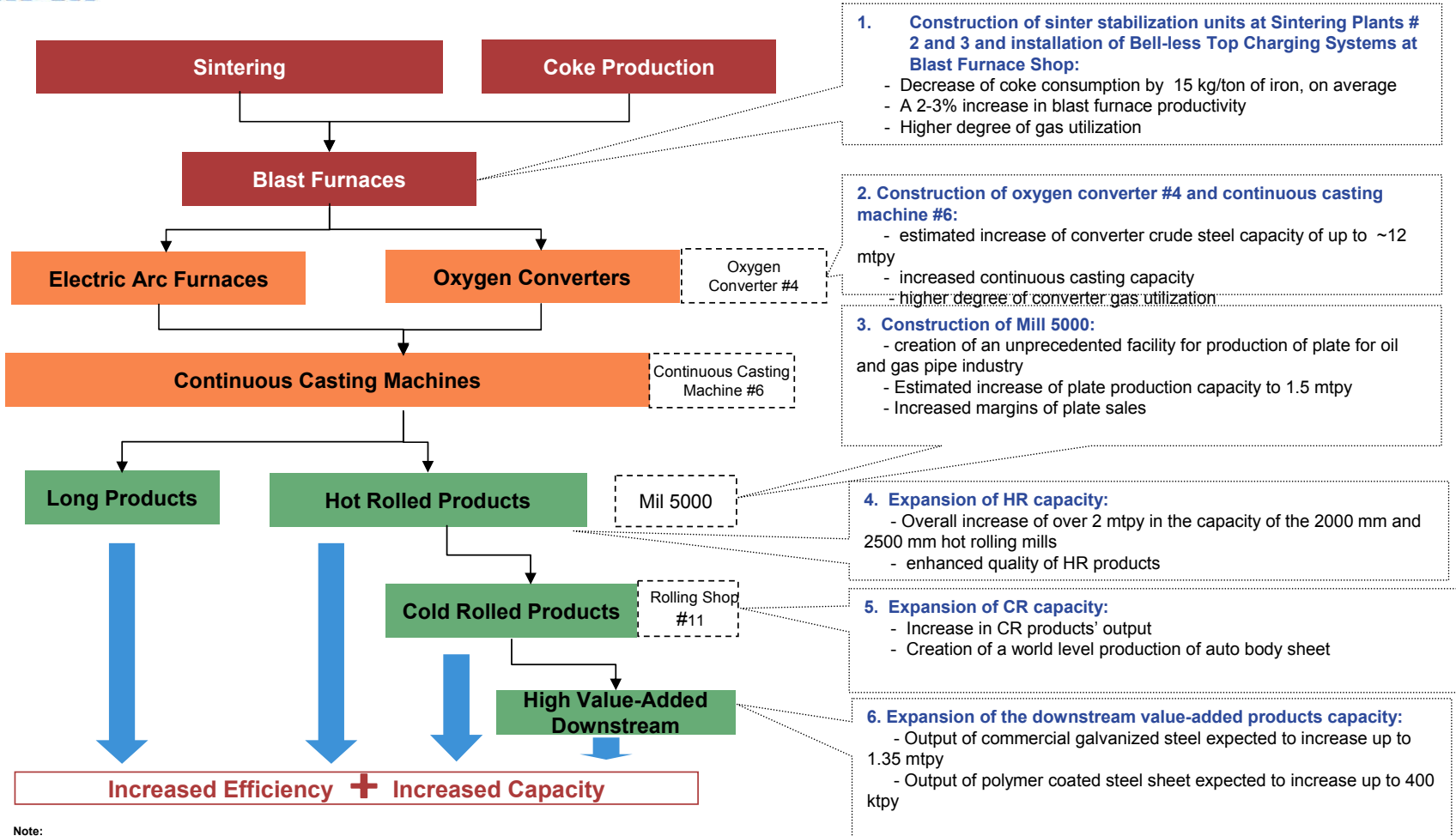
Source: MMK, annual reports and companies' issue prospects

## Natural Gas Supplies to OAO MMK





# A Comprehensive Investment Program for 2007-2013

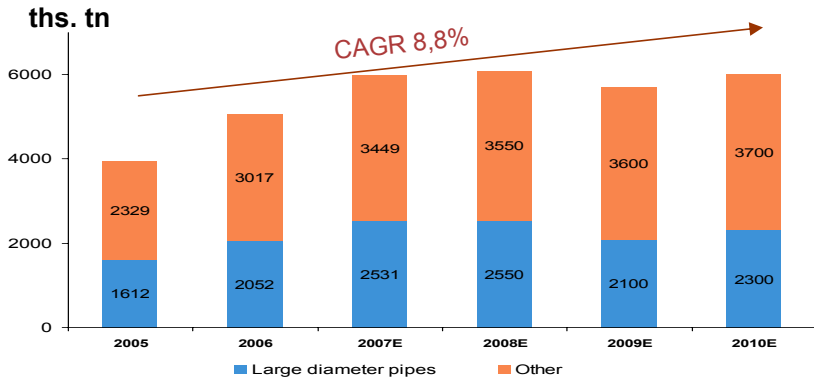


**Note:**  
Expected capacity expansions based on management assessments according to MMK's current Capex budget



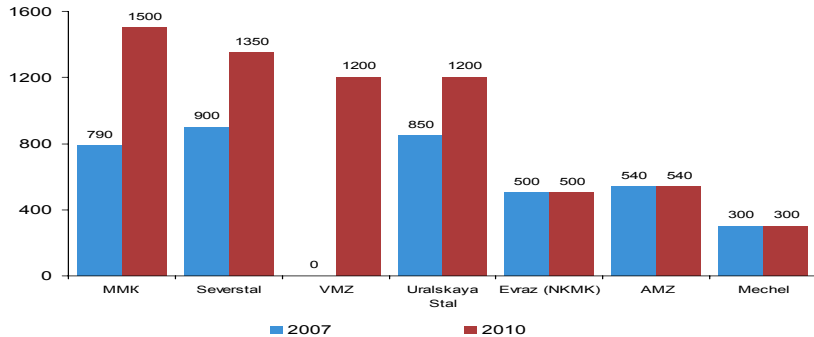
# Strong positions in Russia's fast growing pipe making sector

## Pipe Consumption Forecast in Russia



Source: MMK Forecast

## Largest Plate Mill Facilities in Russia, kt



Source: MMK

According to announced plans

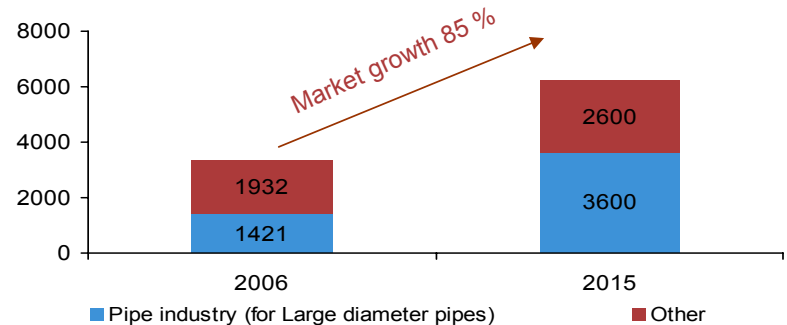
Start-up of the 1.5 mtpy 5000 mm Plate Mill in in 2009, completion of the 2500 mm Mill revamping

## Pipeline Projects in Russia up to 2015

Projects	Period	Length of pipeline (km)	Tonnage (mt)
Gazprom projects	2006-2015	30 879	23,8
Transneft projects	2006-2015	5 539	4,3
<b>Total</b>		<b>36 418</b>	<b>28,1</b>

Source: MMK

## Forecast of heavy plates consumption in Russia, kt



Источник: MMK



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