



Development Prospects

July 2007



By attending the meeting where this presentation is made, or by reading the presentation slides, you agree to be bound by the following limitations:

These materials contain statements about future events and expectations that are forward-looking statements. These statements typically contain words such as “expects” and “anticipates” and words of similar import. Any statement in these materials that is not a statement of historical fact is a forward-looking statement that involves known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. None of the future projections, expectations, estimates or prospects in this presentation should be taken as forecasts or promises nor should they be taken as implying any indication, assurance or guarantee that the assumptions on which such future projections, expectations, estimates or prospects have been prepared are correct or exhaustive or, in the case of the assumptions, fully stated in the presentation. We assume no obligations to update the forward-looking statements contained herein to reflect actual results, changes in assumptions or changes in factors affecting these statements.

Investment in the GDRs and the Shares will also involve certain risks. A summary of the material risks relating to the GDR's and shares is set out in the section headed “Risk Factors” in the prospectus. There may be additional material risks that are currently not considered to be material or of which the Company and its advisors or representatives are unaware. This document and its contents are confidential and are being provided to you solely for your information and may not be retransmitted, further distributed to any other person or published, in whole or in part, by any medium or in any form for any purpose. The opinions presented herein are based on general information gathered at the time of writing and are subject to change without notice. The Company relies on information obtained from sources believed to be reliable but does not guarantee its accuracy or completeness.

This presentation has not been approved by the UK Financial Services Authority. This presentation does not constitute an offer or invitation to sell, or any solicitation of any offer to subscribe for or purchase any securities, and nothing contained herein shall form the basis of any contract or commitment whatsoever. No reliance may be placed for any purposes whatsoever on the information contained in this presentation or on its completeness, accuracy or fairness. The information in this presentation is subject to verification, completion and change. In giving this presentation, neither the Company nor its respective advisers and/or agents undertake any obligation to provide the recipient with access to any additional information or to update this presentation or any additional information or to correct any inaccuracies in any such information which may become apparent.

Investors and prospective investors in the Securities of the Company are required to make their own independent investigation and appraisal of the business and financial condition of the Company and the nature of the Securities. Any decision to purchase Securities, if any, should be made solely on the basis of information contained in the offering circular or prospectus. No reliance may be placed for any purpose whatsoever on the information contained in this presentation, or any other material discussed verbally, or on its completeness, accuracy or fairness. This presentation does not constitute a recommendation regarding the Securities of the Company.

Any offer of Securities to the public that may be deemed to be made pursuant to this document in any EEA Member State that has implemented Directive 2003/71/EC (together with any applicable implementing measures in any Member State, the “Prospectus Directive”) is only addressed to qualified investors in that Member State within the meaning of the Prospectus Directive.

This document is an advertisement for the purposes of the applicable measures implementing the Prospectus Directive. A prospectus prepared pursuant to the Prospectus Directive is intended to be published, which, if published, can be obtained in accordance with the applicable rules.

This document is only being distributed to and is only directed at (i) persons who are outside the United Kingdom or (ii) to investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Order”) or (iii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as “relevant persons”). Any investment activity to which this communication may relate is only available to, and any invitation, offer, or agreement to engage in such investment activity will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

The information in this presentation is given in confidence and the recipients of this presentation should not engage in any behaviour in relation to qualifying investments or related investments (as defined in the Financial Services and Markets Act 2000 (FSMA) and the Code of Market Conduct made pursuant to FSMA) which would or might amount to market abuse for the purposes of FSMA.

Neither this presentation nor any copy of it may be taken or transmitted into, or distributed, directly or indirectly in, the United States of America, Canada or Japan, or distributed to any US Person (within the meaning of Regulation S under the Securities Act). This presentation is not an offer of securities for sale in the United States. The Securities have not been and will not be registered under the Securities Act and may not be offered or sold in the United States absent registration or an exemption from registration under the Securities Act. Subject to certain exceptions, the Securities may not be offered or sold within Canada or Japan or to any national, resident or citizen of Canada or Japan. Any failure to comply with these restrictions may constitute a violation of the U.S., Canadian or Japanese securities laws, as applicable. The distribution of this document in other jurisdictions may also be restricted by law, and persons into whose possession this document comes should inform themselves about, and observe, any such restrictions.

Information contained in this document does not constitute a public offer or an advertisement of the Securities in Russia, is not an offer, or an invitation to make offers, to purchase Securities in Russia, and must not be passed on to third parties or otherwise be made publicly available in Russia. The GDRs have not been and will not be registered in Russia and are not intended for “placement” or “circulation” in Russia.

75 Years of Outstanding Performance



Development Strategy



1929 – 1992

Soviet Era: Building the business

- Construction of the factory began in 1929. Pig iron production started in 1932
- First facilities were built in record-setting time for the steel industry
- By 1936 MMK produced 20% of total Soviet iron ore
- In 1950s -1970s the capacities were significantly rebuilt. Numerous innovative technologies of steel processing were developed and introduced
- In 1991 new technologies were introduced with the first oxygen converter shop featuring 2 converters

1992 – 1997

New Russia: Privatisation

- First stage of privatisation took place in 1992
- Development of the company strategy and beginning of meaningful capital investments
- Hot-rolling mill 2000 completed in 1994

1997 – Present

Investment: Market-leading production facilities

- Victor F. Rashikov becomes General Director of the company in 1997
- Third converter launched in 1999
- US GAAP audited consolidated financial statements since 2000
- 17 placements of Ruble Bonds and 2 placements of Eurobonds
- Final stage of privatisation – 22 December 2004
- MMK shares are traded on Russian stock exchanges since 2006
- New technologies were implemented including electric arc furnaces from 1997 to 2006
- Total capex of US\$2.6 bln during 1997 – 2006
- Steel products output more almost doubled in 1996-2006 from 5.9 mln tonnes to 11.3 mln tonnes
- USD 1 billion was raised in the course of IPO at London Stock Exchange on 24.04.2007.



**Iron ore production:
since May 15, 1931 – 412,2 million tons**

**Sinter production:
since September 26, 1936 – 592,0 million tons**

**Coke production (6% humidity):
since December 28, 1931 – 378,5 million tons**

**Hot metal production:
since February 1, 1932 – 519,4 million tons**

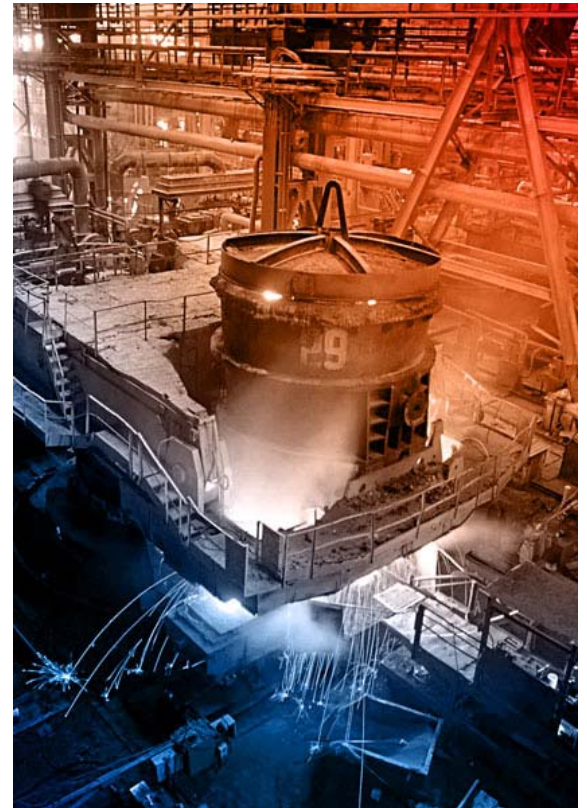
**Steel production:
since July 8, 1933 – 674,3 million tons**

**Flat products :
since July 27, 1933 – 539,7 million tons**



75 Years of Efficient Operation

Development Strategy





Strategy and Mission

On 13.07.2007 the Board of Directors of OJSC MMK approved an updated strategic development plan



Mission

Production and sales of prime quality steel products to satisfy the requirements of our customers and to make enough profit for bringing the company to the world leading level and carrying out a reasonable social policy.

Main Goal

Maintaining of the long-term competitive position in the world steel market.

Goal: Strengthening of MMK's leading position in the domestic sales market and increase of domestic sales up to 10 mt by 2013

Strategies

Establishing of service center network

- Central region
- Volga region
- Urals region
- Siberian region
- North-West region
- Republic of Belarus

Vertical integration with steel consumers

- Bringing the sales volumes of OJSC MMK-METIZ up to 1 million tons

Increase of shipments to large customers

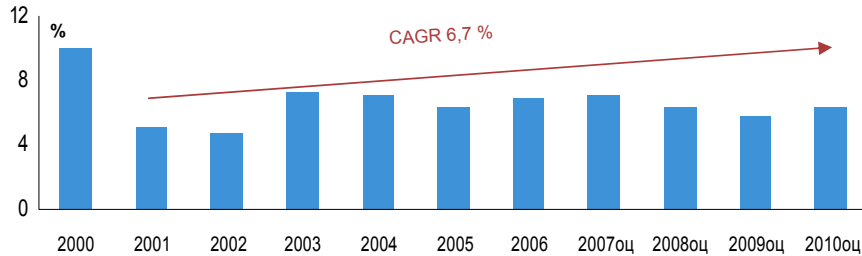
- Pipe production
- Automotive sector
- Machine building
- Construction

Increase of share of high-value-added products in the product mix

- In 2006 the share of high-value-added products amounted to 82% of the total MMK's output (11.3 Mtpy).
- By 2013 it is planned to increase the share of high-value-added products up to 85,4 % of the total output (15.0 Mtpy).

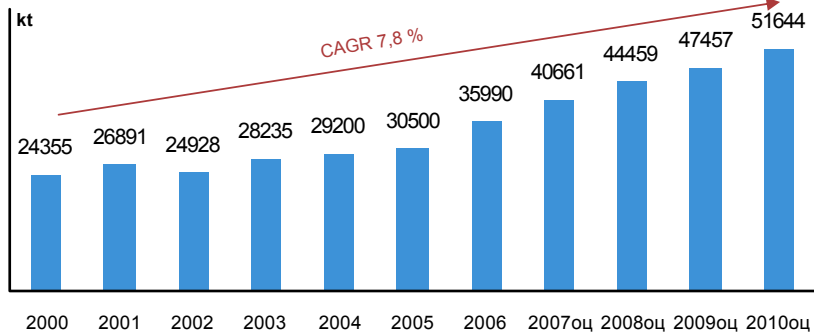


Russian DGP growth



Source: calculations are based on the data of State Committee of the Russian Federation for Statistics

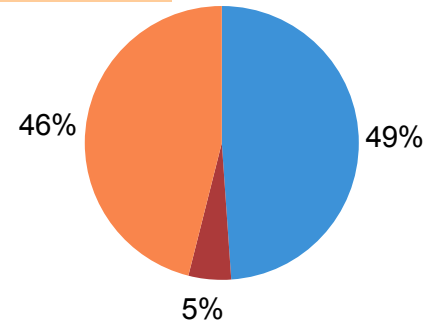
Growth of Russian steel consumption



Source: calculations are based on IISI data

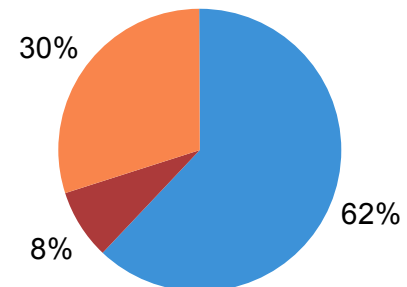
Break-down of sales by markets

2006 (11,3 mt)



■ domestic market, % ■ CIS, % ■ export market, %

2013 (15,0 mt)



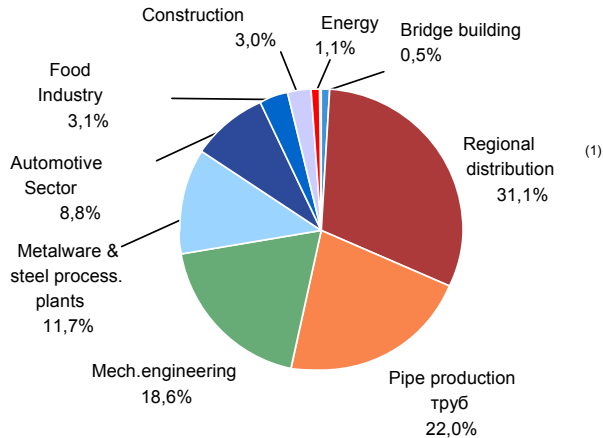
- Sustainable growth of steel consumption in Russia.

- MMK is continuously strengthening its position in the domestic market by increasing the share of domestic sales in the sales structure on an annual basis

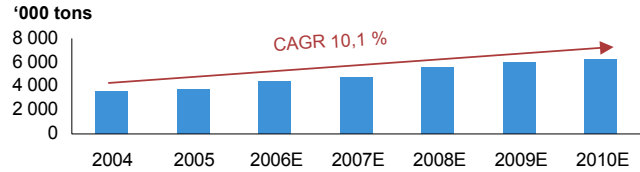


MMK Shipments by Sector, 2006

% of shipments in metric tons

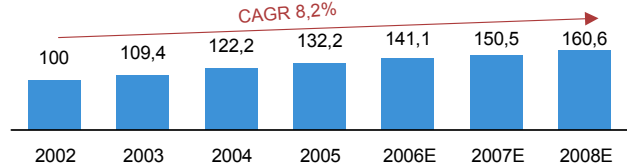


Forecast of pipes consumption in Russia



Source: Rosstat, Metall Expert, UBS estimates

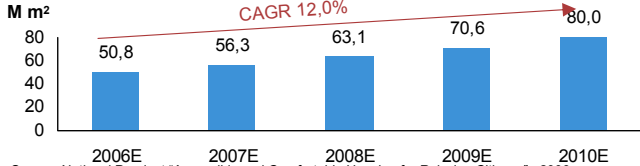
Mechanical Engineering and Steel Fabrication, growth index ⁽¹⁾



Sources: data of Min. of Econ. Devt and Trade for 2005

1. Приведено к 100 по отношению к 2002 году

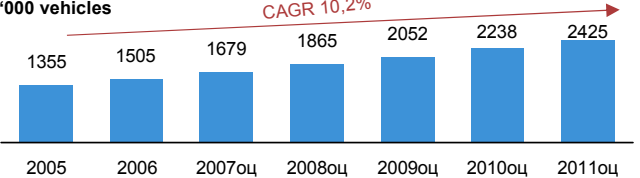
Housing Construction in Russia ⁽¹⁾ in 2006-2010E



Source: National Project "Accessible and Comfortable Housing for Russian Citizens", 2006

1. Data on housing real estate

Automotive Sector in Russia, 2005-11E

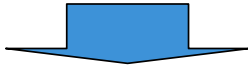


Source: MMK

1. Construction sector accounts for up to 60% of regional distribution



Objective: Maintaining MMK's Competitive Position on the International Market



Strategies

Construction of a steel mill in Turkey for production and processing of hot rolled and cold rolled products

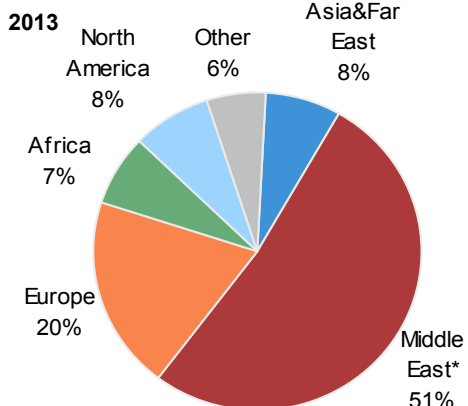
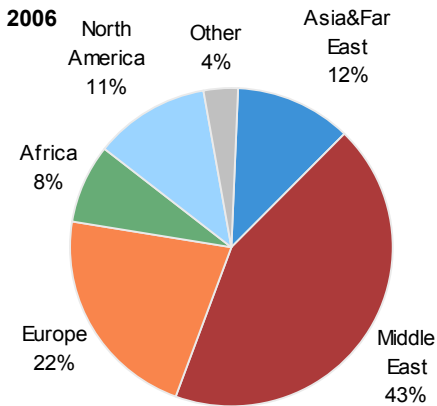
Sale of up to 5 Mtpy for export from the Magnitogorsk site

Consolidating MMK's presence on fast-growing markets, incl. Middle East, and high-end, traditionally high-priced markets of the developed countries



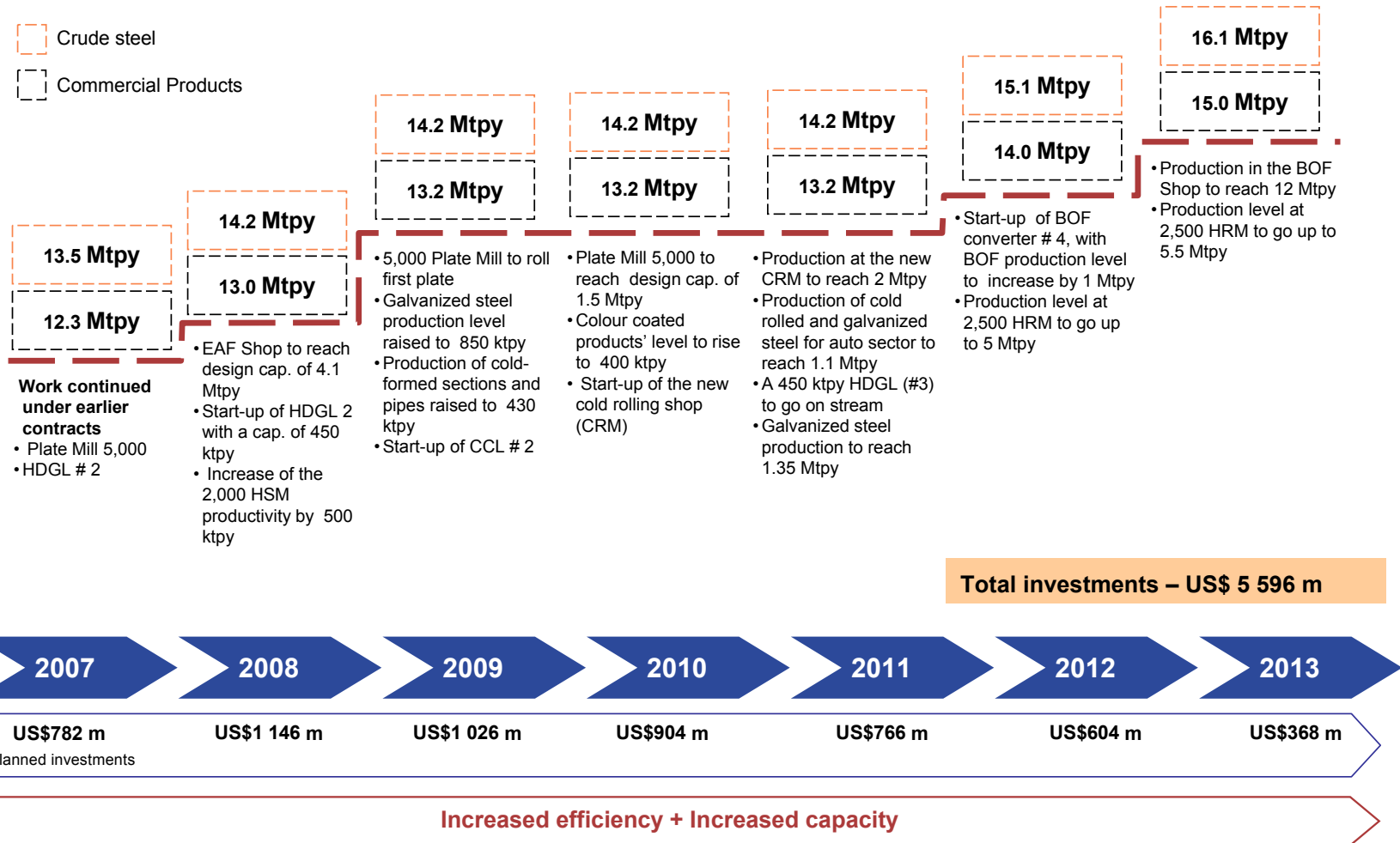
ОАО MMK & Atakas Group

- Commercial products: 2.6 Mtpy
- Project implementation time: 3 years
- Project cost: \$1.1 bn
- Payback period: 5.6 years
- IRR – 24.9%



* With output from Turkey plant

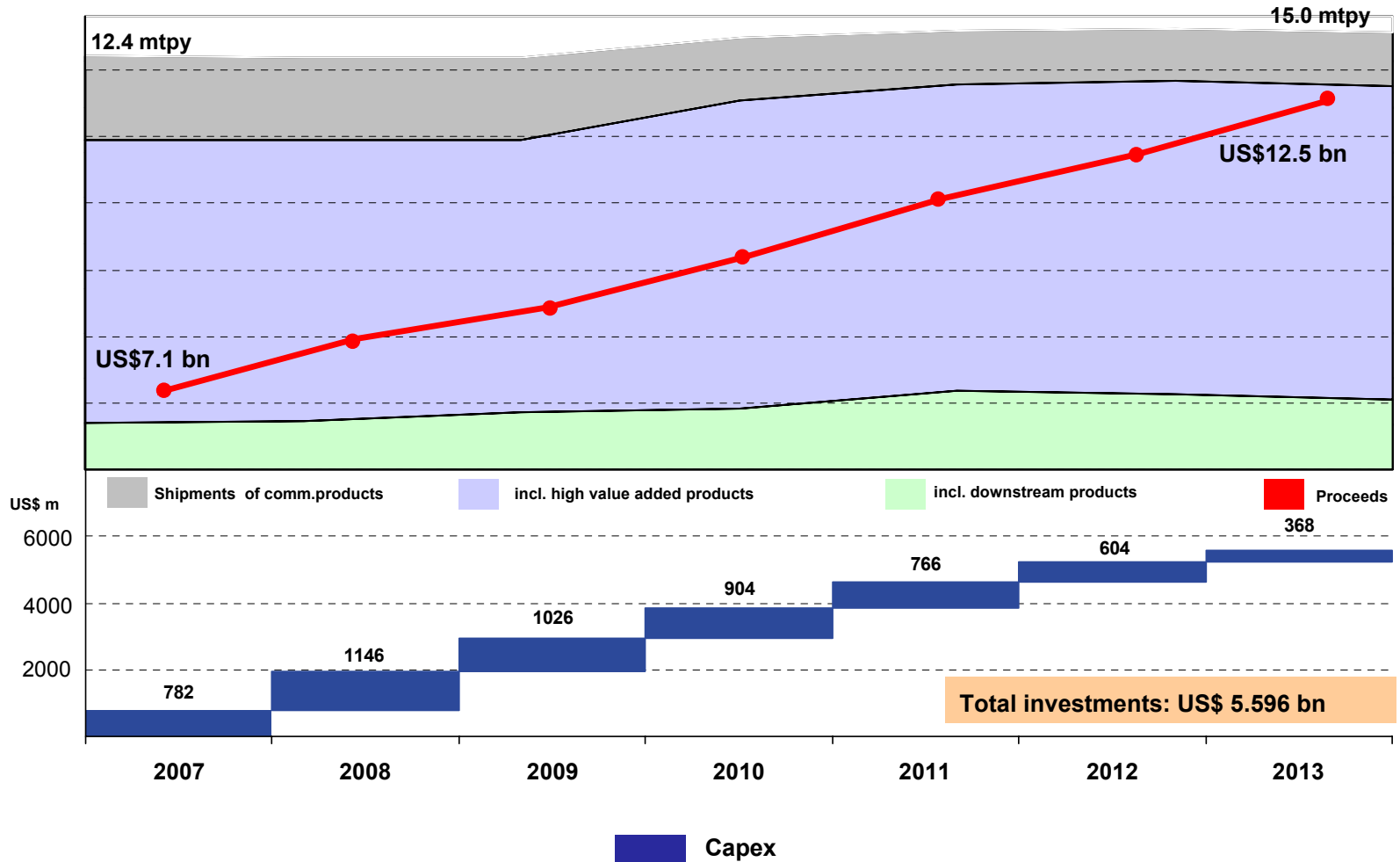
Investments Geared to Creating the Most Efficient Steel Production in Russia: Stages of Growth ⁽¹⁾



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



Investments to Raise Production Efficiency



Investments to Boost Margins: 5,000 mm Plate Mill



Only 8 global steel producers (in Germany, France and Japan) are able to produce plate with comparable characteristics

Overview

Current status

- A contract signed with the supplier, SMS Demag
- Tentative time for manufacture and installation of equipment : 32 months
- Capex: USD 1 bn
- Work underway with leading international banks for arranging financing of the Plate Mill equipment supply contract with cover from Hermes ECA
- Start-up scheduled for 2009, with design cap. to be reached in 2010.

Note:
1. Based on MMK's current plans

5,000 mm Plate Mill: MMK and Severstal

Characteristics	MMK ⁽¹⁾	Severstal
Start-up date	2009	1989
Capacity, Mtpy	1.5	0.6
Width, mm	Up to 4,850	Up to 4,400
Gauge, mm	8-160	12-300
Rolling force, '000 t	12	9
Length, m	24	18
Strength	Up to X120	Up to X80



Source: MMK



Investments to Boost Margins: Auto Body Sheet



When implemented, the project will allow to produce premium quality auto sheet to standards of the global automakers (GM, Ford, Toyota , etc.)

Overview

Current status

- A contract signed with the supplier, SMS Demag on the July 13, 2007
- Tentative time for manufacture and installation of equipment : 36 months
- Capex: US\$ 1.1 bn
- Work underway with leading international banks for arranging financing of the equipment supply contract
- Start-up scheduled for 2010, with design capacity to be reached in 2011.

Key characteristics

Capacity, ktpy	2,000
Width, mm	850-1,880
Gauge, mm	0.28 – 3.0
Steel grades	HSLA, IF-HSS, BH, dual-phase, multi-phase, TRIP



Note
1. Based on MMK's current plans

Source: MMK

On 13.07.2007 the following contracts were signed as part of the Investment Program

Project / Design capacity	Supplier	Project goal	Commissioning/ Design cap. reached	Tentative cost, USD '000
Secondary steel treatment unit (BOF Shop) At least 2 Mtpy	SMS - MEVAC	Serial casting of pipe grade steel and steel for production of premium quality auto body sheet	2 nd Q of 2009 / 3 rd Q of 2009	88,950
Revamping of the 2,500 mm Hot Strip Mill 5 Mtpy	NKMZ	Bring the mill productivity to 5 Mtpy; expand the range of sizes and steel grades produced; secure production of quality coils for cold rolling and sheet coating; customized cutting of hot rolled coils to end users' standards	2010 / 2011	700,000
Cold Rolling Complex / 2 Mtpy	SMS Demag	Increase the share of cold rolled and galvanized products in MMK's product mix; broaden the range of steel grades for cold rolled steel; supply of high quality auto sheet to automakers, incl. coated sheet	July of 2010 / 2011	1,100,000
Colour Coating Line (# 2) 200 Ktpy	FATA HUNTER	Improve products' quality and range through production of colour coated sheet with special film protection, steel for white goods, with an option of applying decorative film and embossing micro-geometric patterns	January of 2009 / March of 2009	60,000

Strategy of Uninterrupted Raw Materials Supply

Comments



- 10-year contract for supply of agreed volumes of ore materials from Sokolovsko-Sarbaisky Mine
- Development of the local iron ore base, including Bakal Mine Administration and captive mine in Magnitogorsk which will allow to cover over 20% of requirement for iron ore materials.
- Development of the Prioskol Iron Ore Deposit with reserves of over 2 bn tons and planned output of 25 Mtpy of crude ore.



- 5-year contracts with ООО Kuzmetugol, Rospadsky Ugol, TD Mechel, ZAO Sibuglemet
- Integration with the existing coal mining enterprises of the Kuzbas and Karaganda coal basins.
- ZAO Kazankovskaya Coal Mine, MMK's affiliate, owns a license for the development of the Kureinskoye coking coal mine.



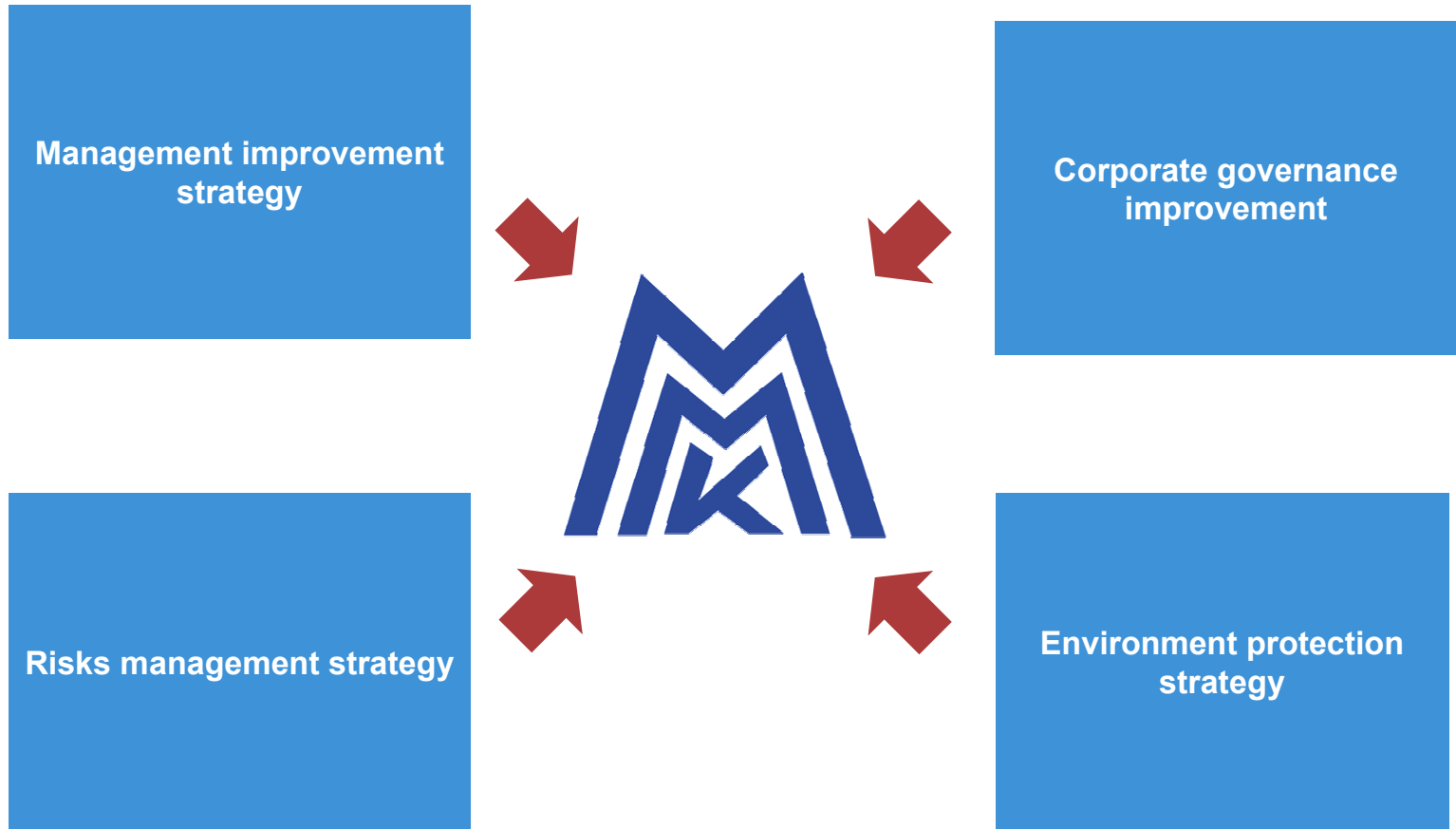
- 100% of MMK's requirement for scrap is met by an affiliate, ZAO Profit, a leader among scrap processors in Russia
- Installation of captive DRI facilities as a substitute for scrap



- Maximized self-supply of electric power
- Plans for a consistent reduction of power consumption



Strategy of investments in HR, information systems and environment protection



Contact persons for additional information:

Press Secretary

Elena Azovtseva

email: azovtseva@mmk.ru

phone: +7 3519 24 9082

Head of Investor Relations Service

Evgeny Kovtunov

email: kovtunov@mmk.ru

phone: +7 3519 24 9355

fax: +7 3519 24 9360

