

**2005 Full Year Results Presentation
May 18, 2005**



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Introduction and Overview

Compelling investment case

Low-cost vertically integrated company, almost fully self-sufficient in key raw materials

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

NYSE-listed, Commitment to highest corporate governance standards



Strong platform for growth supported by conservative balance sheet

Track record of realizing synergies on the back of integration between subsidiaries

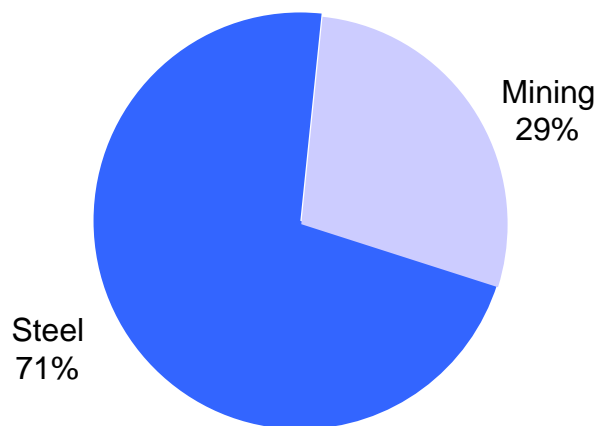
Able to increase production and lower costs with targeted capex



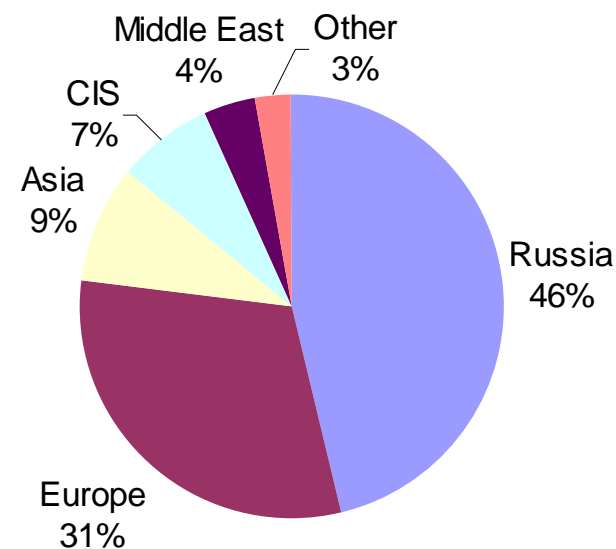
Highlights

- ◆ Net income was \$381.18 million in 2005 on revenues of \$3.80 billion
- ◆ Consolidated EBITDA margin of 19.1%
- ◆ Continuing high profitability of the mining segment
- ◆ Efficiency improvement programs in the steel segment yielding first results
- ◆ Maintained leadership in core products
 - 2nd largest coking coal producer and second largest exporter
 - 2nd largest long product producer

Revenue breakdown by product, FY05



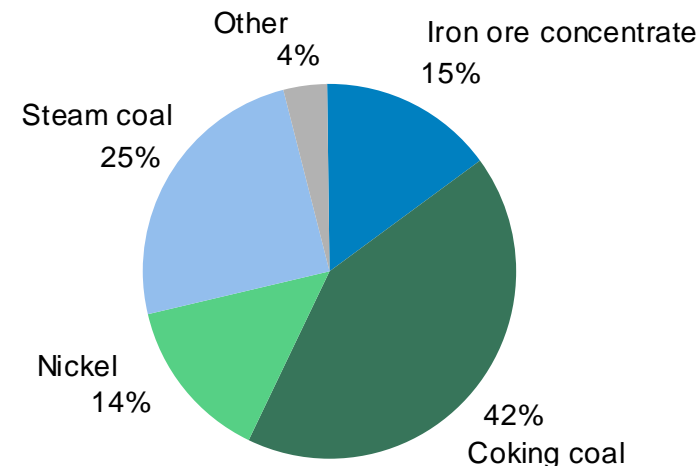
Revenue breakdown by region, FY05



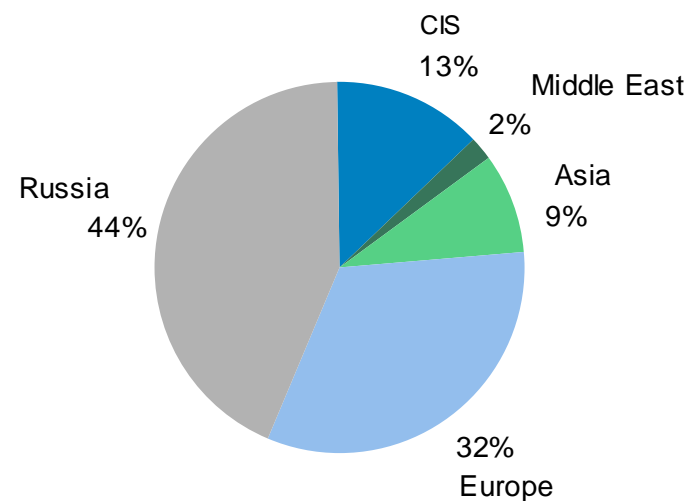
2005: Mining Segment

- ◆ Operating income of \$401.25 million on revenues of \$1.09 billion
 - Operating income growth of 4.5%
 - Revenue growth of 24.6%
- ◆ EBITDA margin of 42.5%. Mining segment EBITDA represented 64.1% of consolidated EBITDA
- ◆ 76.5% of segment revenues from 3rd party sales
- ◆ Strong output growth in iron ore concentrate, combined with the commissioning of the sinter plant at CMP, further strengthens our self-sufficiency in raw materials
- ◆ \$750 million of capex through 2010 to be directed to mining segment to enhance profitability and output

Revenue breakdown by product, 2005



Revenue breakdown by geography, 2005

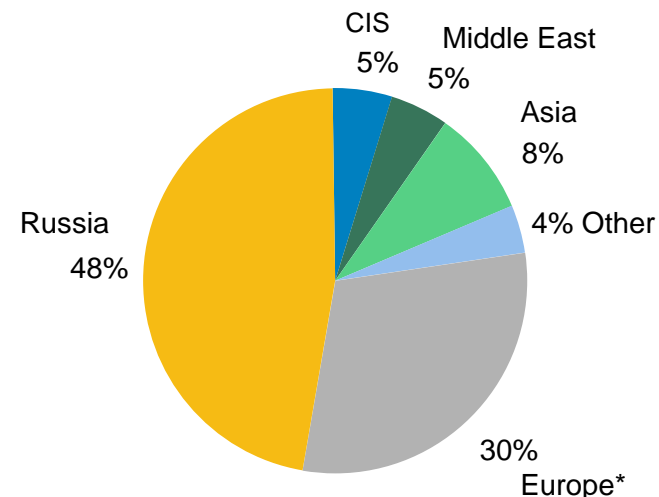


| Product | FY05, thousand tonnes | FY05 vs. FY04, % |
|----------------------|-----------------------|------------------|
| Coal | 15,646 | 0.0 |
| Coking coal | 8,583 | -8.0 |
| Steam coal | 7,063 | +12.0 |
| Iron ore concentrate | 4,522 | +17.0 |
| Nickel | 12.6 | -1.0 |

2005: Steel Segment

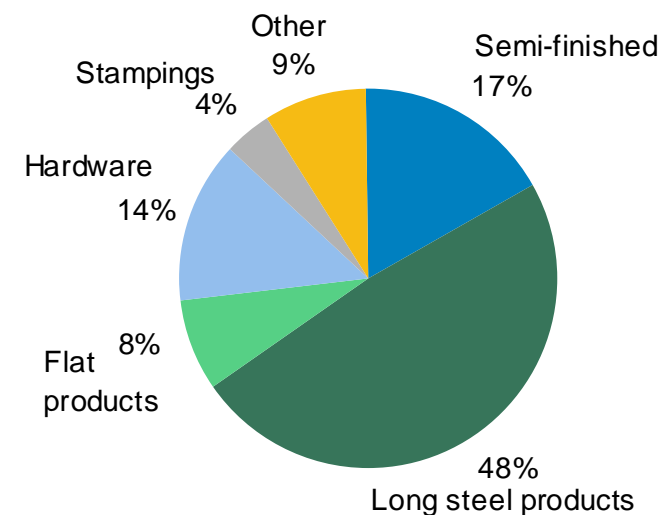
- ◆ Revenues of \$2.71 billion in 2005
- ◆ Steel segment EBITDA constituted 35.9% of consolidated EBITDA
- ◆ Efficiency and cost-saving programs stabilized margins through price downfalls of 2005
- ◆ \$350 million of capex throughout 2010 to be directed to steel segment to improve performance

Revenue by region, 2005



Note: * including sales to Glencore

Revenue by product, 2005



| Product | FY05, thousand tonnes | FY05 vs. FY04, % |
|-----------------|-----------------------|------------------|
| Hardware | 557 | +0.0 |
| Rolled products | 4,600 | -2.0 |
| Steel | 5,899 | -5.0 |
| Pig iron | 3,349 | -14.0 |
| Coke | 2,589 | -12.0 |

2006: Strategy

Management focus on profitability of operations

Mining

- ◆ Expand the mining segment, both through organic growth and acquisitions
- ◆ Maintain control over costs

Steel

- ◆ Focus on improving profitability of steel operations through cost control and efficiency gains as primary goals going forward

Sales

- ◆ Diversification of the sales structure to give impetus to value-added, hardware products sales

Corporate

- ◆ Strive to implement best corporate governance practices





Changes in shareholder's structure

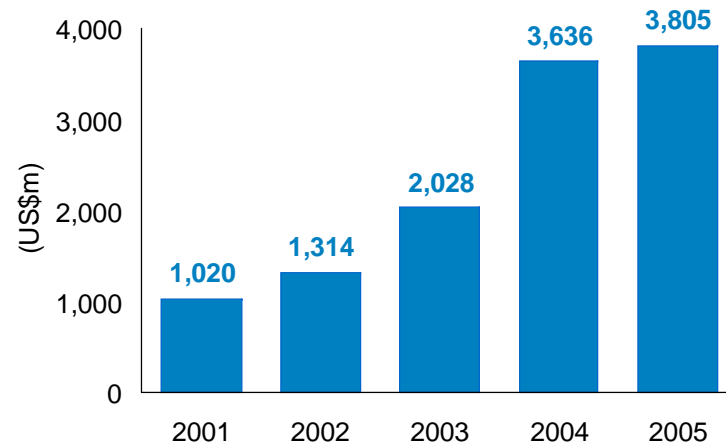
- ◆ Mr. Zyuzin, Chairman of the Board, has agreed to purchase a 42.2% stake from Mechel's CEO, Mr. Iorich
- ◆ Freefloat increased to 23%
- ◆ As of May 1st Mr. Zyuzin holds 47.1% with a goal to retain at least a 51% stake
- ◆ During 2006, current CEO Mr. Iorich will gradually transition his responsibilities to Mechel's current Chief Operating Officer, Mr. Ivanushkin
- ◆ Mr. Ivanushkin has been a key part of Mechel's successful growth story and member of the senior management team for more than 6 years

Financial Review

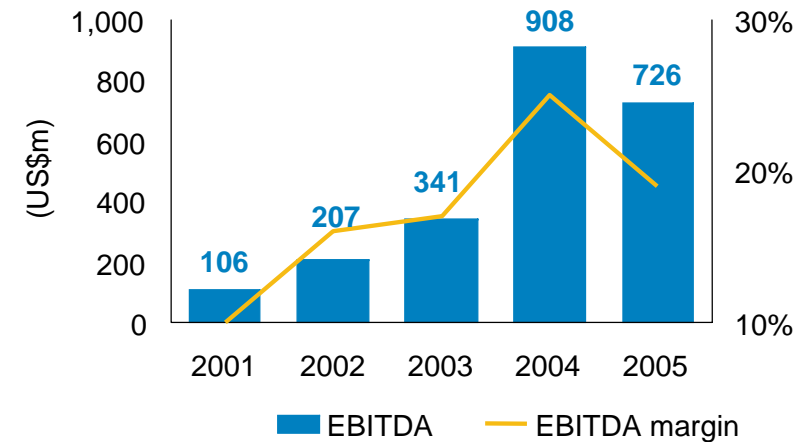


2005: Financial performance

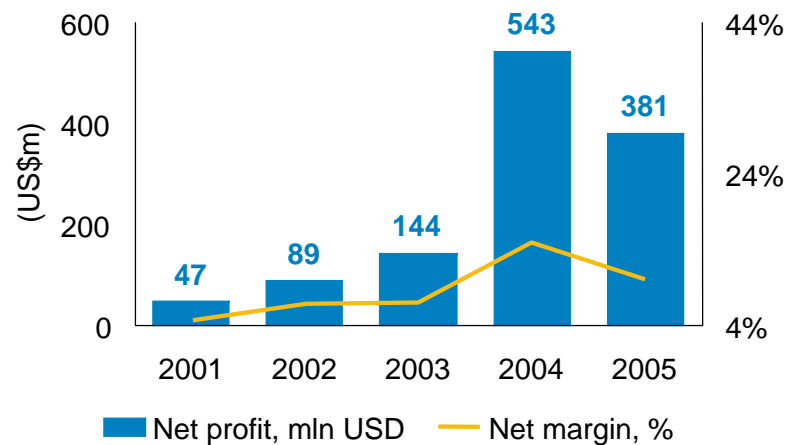
Revenues



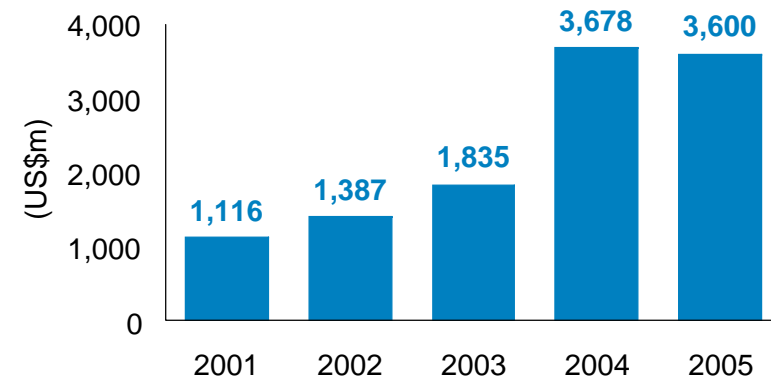
EBITDA*



Net profit *



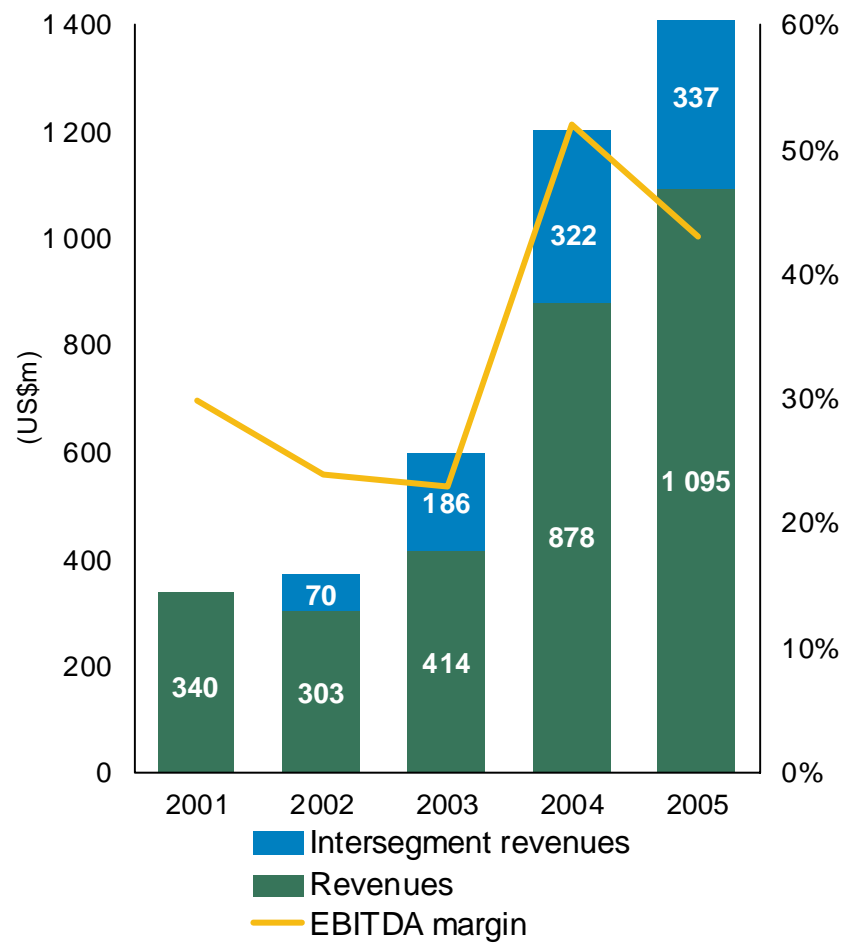
Total assets



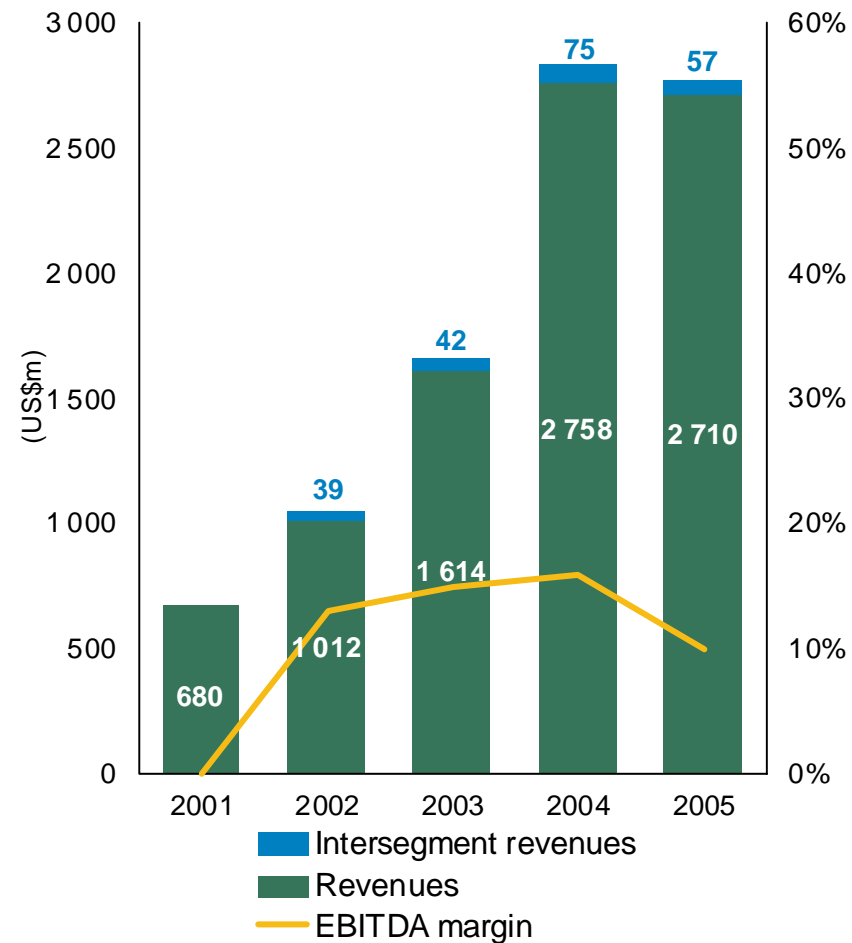
* Excluding MMK gain

Segment operations

Mining segment



Steel segment

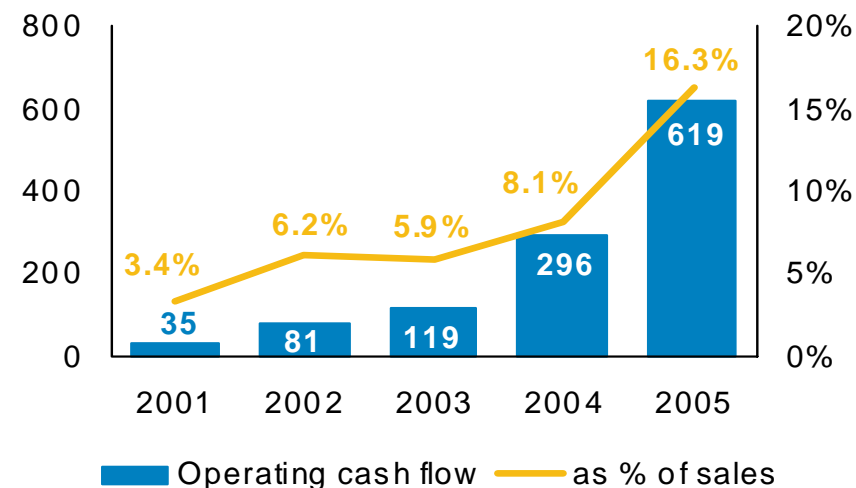


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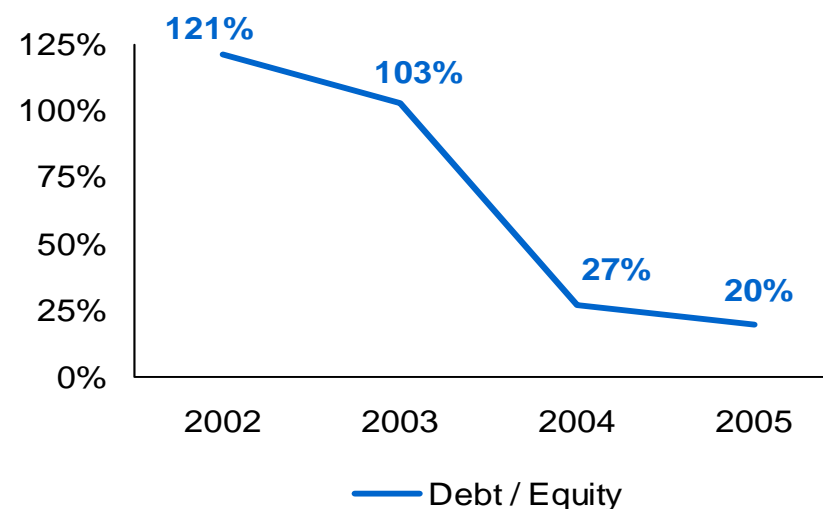
Strong balance sheet to support growth

- ◆ Sound cash flow generation
- ◆ Strong balance sheet
- ◆ US\$123m net debt position provides significant financial flexibility to:
 - Fund capex program
 - Pursue value enhancing M&A opportunities
 - Pay dividends in line with the new dividend policy

Operating cashflow



Debt / equity

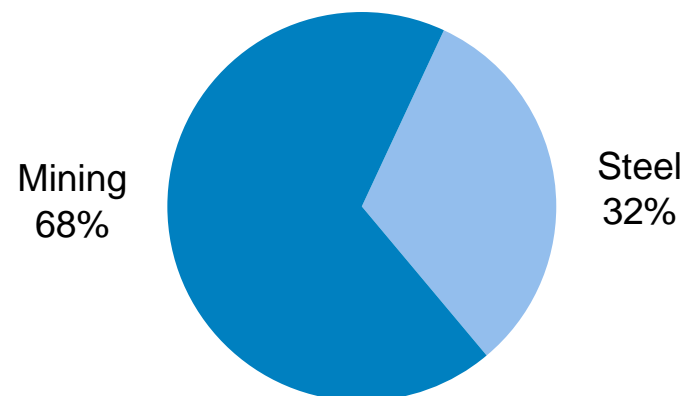


Disciplined approach to spending

2006-2010 Capex program

| | US\$m | Comments |
|---------------|--------------|--|
| Mining | | |
| Coal | 680 | <ul style="list-style-type: none"> ◆ Mine development: Olzherassky, Erunakovskaya-1, Sibirginsky ◆ Construction of Sibirginsky washing plant ◆ Mining equipment |
| Iron ore | 70 | <ul style="list-style-type: none"> ◆ Mine development: Krasnoyarskoye |
| Steel | 350 | <ul style="list-style-type: none"> ◆ Concaster ◆ Coke battery ◆ Maintenance |
| TOTAL | 1,100 | |

2006-2010 Capex breakdown



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