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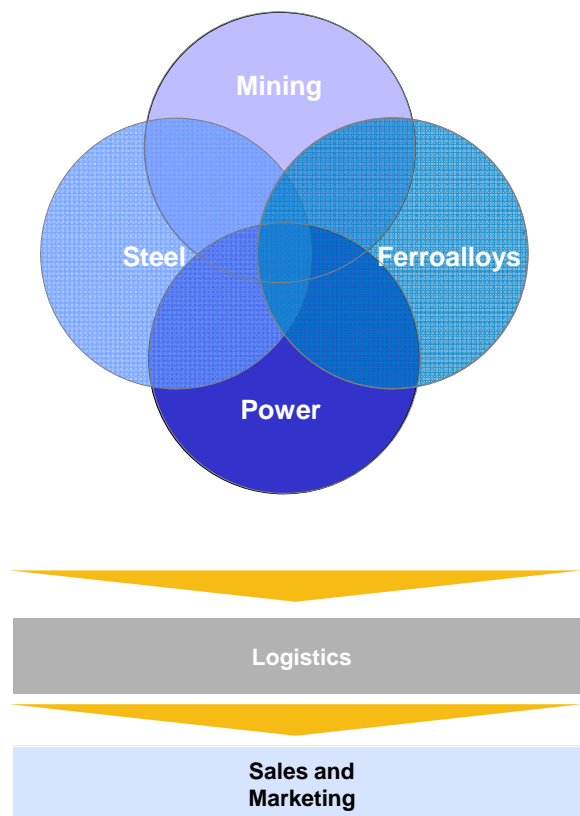
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Mechel at a Glance



Mechel Business Model



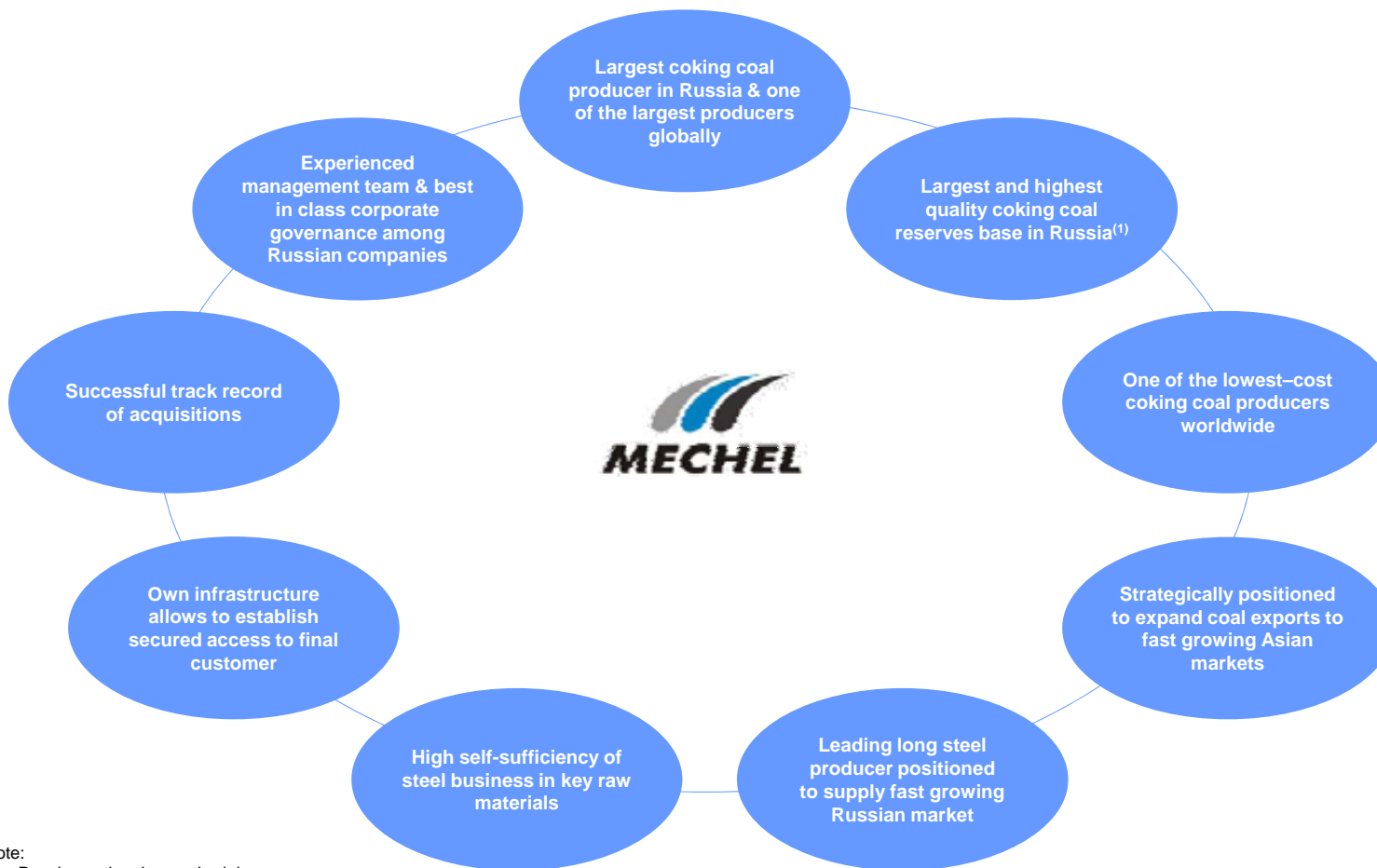
Financial and Operational Performance

US\$ mln	2006	2007	2008
Sales	4,398	6,684	9,951
EBITDA	1,068	1,659	2,047
EBITDA margin, %	24.3%	24.8%	20.6 %
Net Income	603	913	1,089
Net margin, %	13.7%	13.7%	10.9%

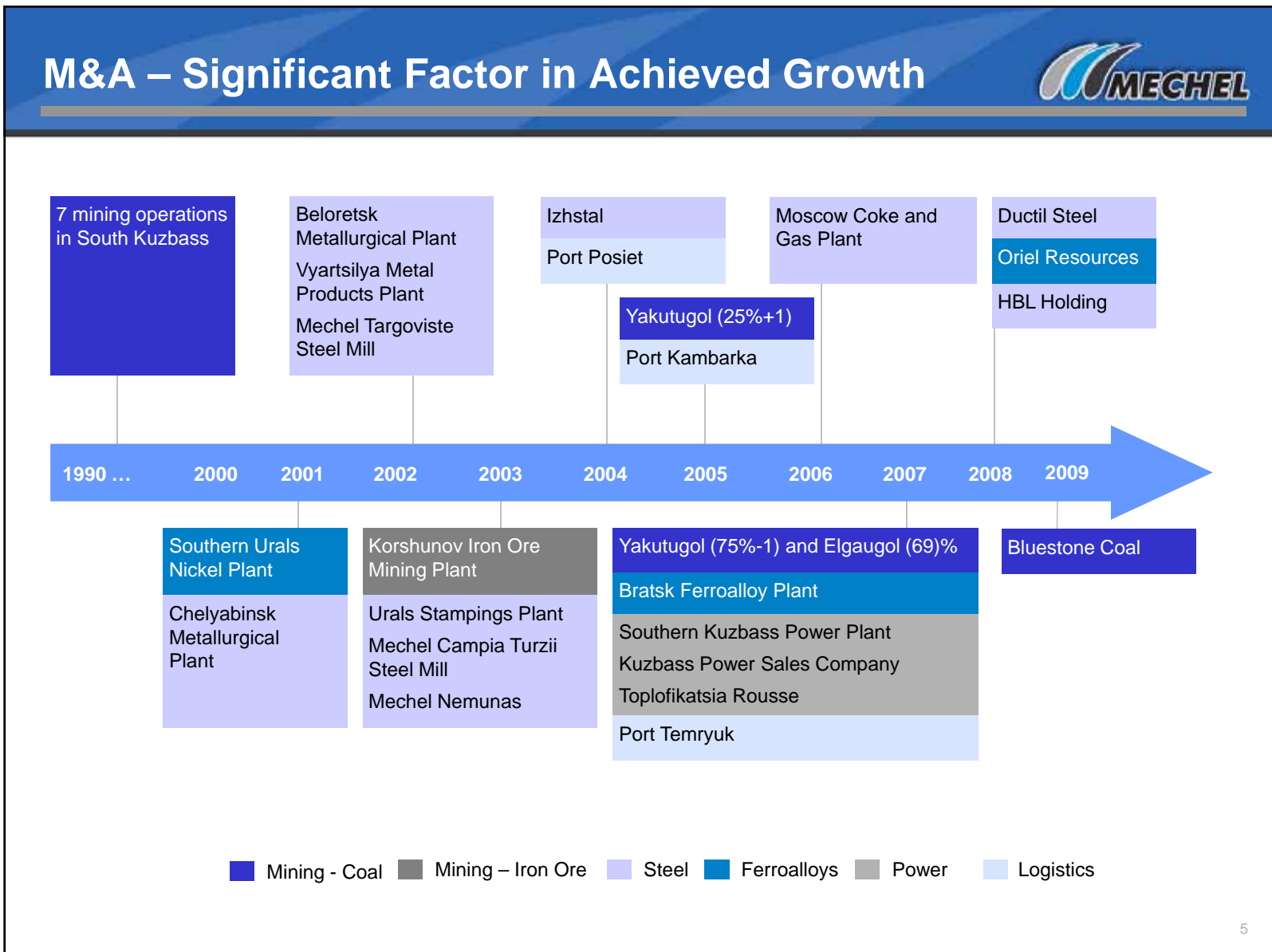
Products	9M 2009, thousand tonnes	3Q 2009, thousand tonnes	2Q 2009, thousand tonnes	3Q 2009 as compared to 2Q 2009, %
Coal	12,349	5,445	3,479	+ 57
Coking coal	6,567	3,739	1,786	+ 109
Steam coal	5,794	1,706	1,693	+ 0.7
Iron Ore Concentrate	3,170	1,216	1,073	+ 13
Chromium Ore Concentrate	138	75	25	+ 200
Nickel	11	4.3	4.1	+ 5
Ferrosilicon (65% and 75%)	63.1	22	20.5	+ 7.5
Ferrochromium (65%)	52.7	29.2	15.3	+ 91
Hardware	462	184	154	+ 19
Rolled Products	3,891	1,457	1,363	+ 7
Flat Products	240	91	82	+ 11
Long Products	2,296	812	805	+ 1
Billets	1,355	554	476	+ 16
Steel	3,972	1,477	1,395	+ 6
Coke (6%)	2,243	977	723	+ 35

Source: Company Information, audited consolidated US GAAP financial statements

Summary of Investment Highlights



Note:
1. Russian estimation methodology



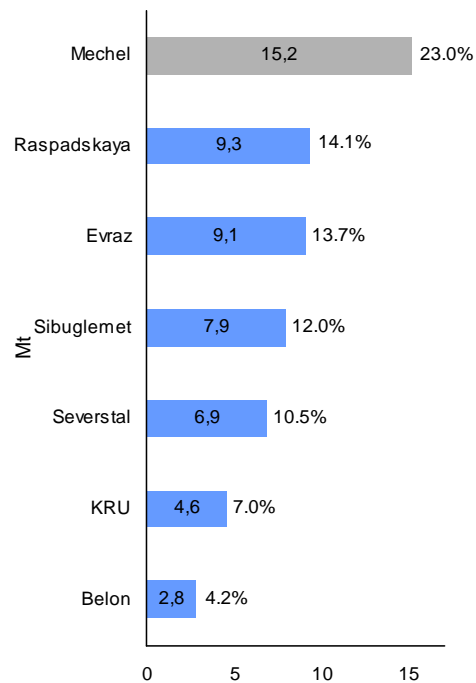
Broad Geographic Footprint Targeting Growth Markets



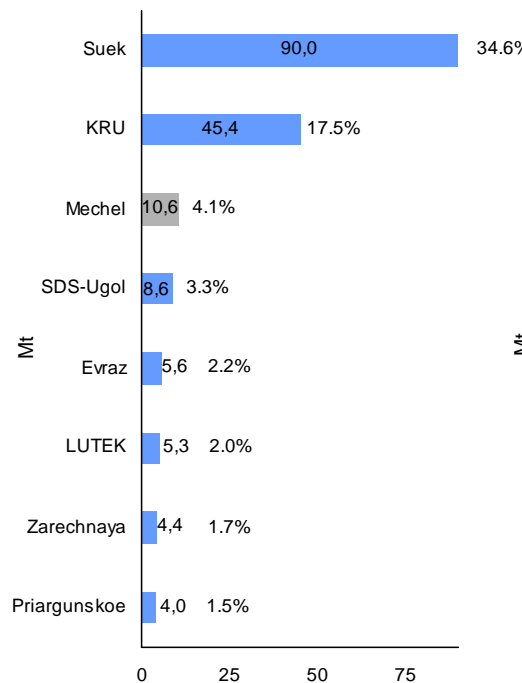
Largest Coking Coal Producer in Russia and One of the Largest Producers Globally



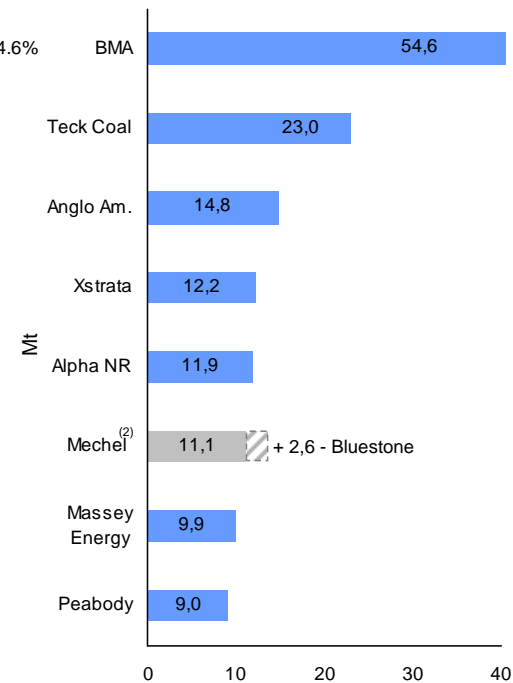
Russian Raw Coking Coal Production in 2008 ⁽¹⁾



Russian Raw Steam Coal Producers in 2008 ⁽¹⁾



World Major Coking Coal Concentrate Producers in 2008 ⁽¹⁾



Source: Central Dispatching Department of the Fuel and Energy Complex

Source: Company Analysis of Public Data

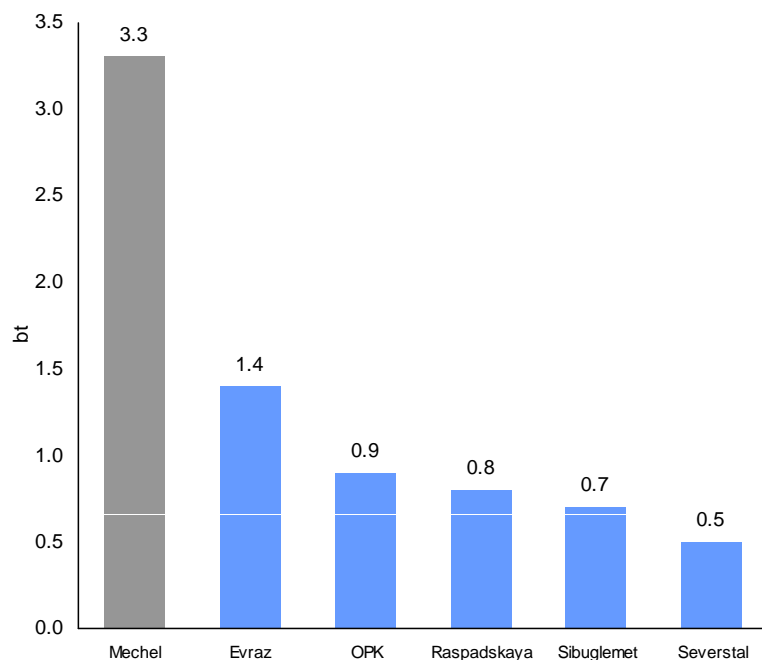
Notes:

1. Yakutugol and Southern Kuzbass production volumes are included into Mechel's numbers.
2. Excluding washing of third party coal

Largest and Highest Quality Coking Coal Reserves Base in Russia



Coking Coal Reserves of Key Russian Producers, bt

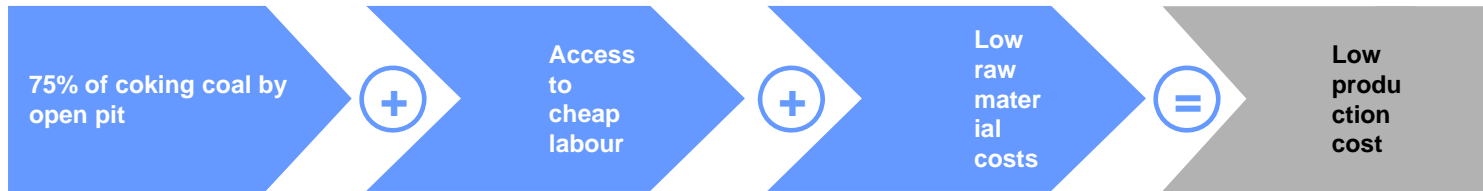


Source: Central Dispatching Department of Fuel and Energy Complex
 Indicated reserves – ABC1+C2 as per Russian estimation methodology

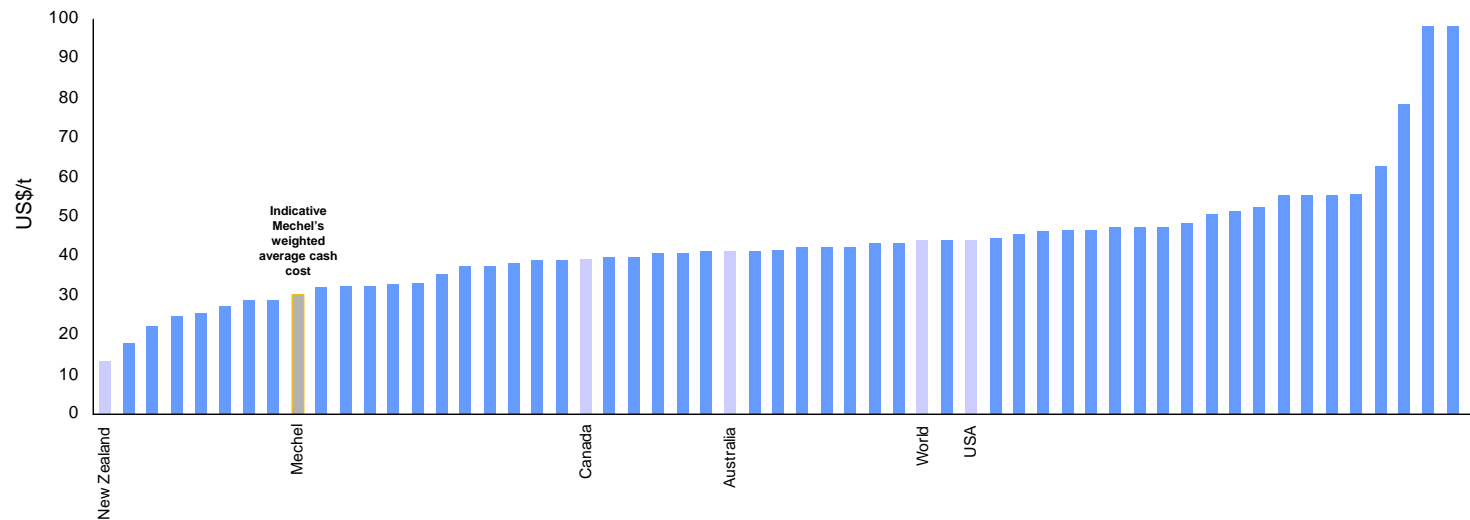
Mechel Coking Coal Reserves Structure

Russian grade	International grade	Amount	% of total
ZH	Hard-coking	2,078.6 mt	63%
K	Hard-coking	265.5 mt	8%
KO	Semi-hard coking	147.9 mt	4.5%
KS	Semi-soft coking	77.2 mt	2.3%
OS	Semi-hard coking	253.3 mt	7.7%
Other coking coal grades		478.7 mt	14.5%

One of the Lowest-cost Coking Coal Producers Worldwide

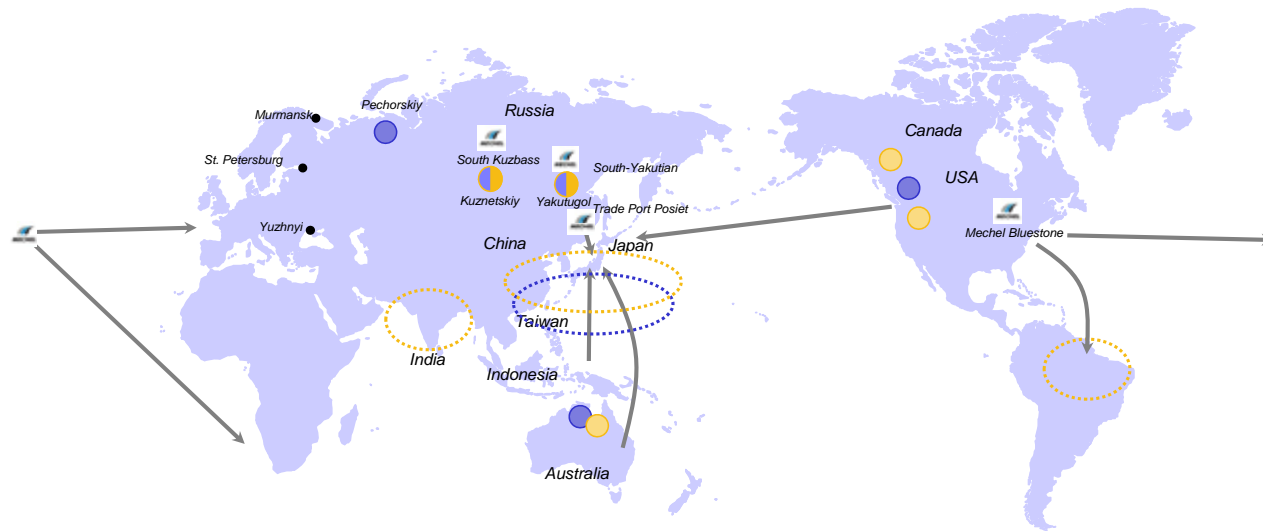


Coking Coal Concentrate Cash Costs in 2008, EXW, US\$/t



Source: AME, Company data

Strategically Positioned to Expand Coal Exports to Main and Fast Growing Seaborn Markets

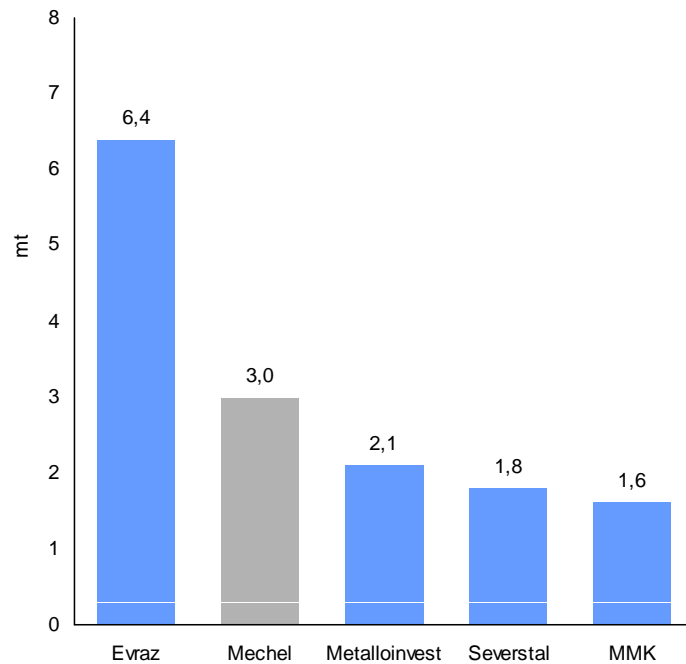


- Major coking coal producing countries
- Major steam coal producing countries
- Major coking coal consuming countries
- Major steam coal consuming countries
- Major coal seaborne transport routes

Leading Long Steel Producer Positioned to Supply Fast Growing Russian Market



2nd Largest Finished Long Products Producer in Russia ⁽¹⁾ (2008)








Source: Metal Expert

Notes:

1. By volume

Leading Producer of Carbon and Specialty Steel Used in the Construction Industry

	Production Volume in 2008, Kt	Russian Production Share	Rank	Use
 Rebar	1,310	23%	2	Construction
 Wire rod*	715	31%	1	Hardware production, construction
 High-endurance wire	62	47%	1	Construction
 Spring wire	49	62%	1	Machinery, furniture
 Stainless long products*	16	36%	1	Machinery
 Tool steel*	7.9	35%	1	Machinery
 High speed steel*	1.1	50%	1	Railways, construction

Source: Company Information, Metal Expert, Chermet

* - Jan-Sept 2008

Own Infrastructure Allows to Establish Secured Access to Final Customer



Compelling Strategy

Mechel Business Model

Mining

Steel

Ferroalloys

Power

Logistics

Sales and Marketing

Strategic Objectives

- 1**
Enhance market positions

- ◆ Development of existing reserves base
 - ◆ Increase output of high value-added steel products and optimize production mix
- 2**
Maintain high degree of vertical integration

- ◆ Expand internal logistics capabilities
 - ◆ Exploit synergies and economies of scale
 - ◆ Maintain flexibility to source raw materials internally
- 3**
Continued cost improvement

- ◆ Asset modernization and operating efficiency improvements
 - ◆ Cost cutting initiatives
- 4**
Continued expansion into high growth markets

- ◆ Increase sales of coking coal to high growth international markets
 - ◆ Further development of domestic steel sales capabilities
 - ◆ Active monitoring of domestic and global M&A opportunities





Yakutugol and Elga Deposit Projects – Expanding Coal Presence



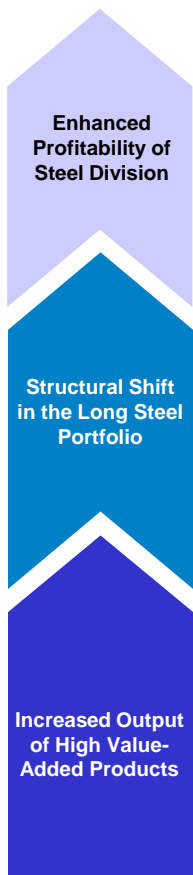
Enlarged market positions & enhanced margins

Quality shift in production volumes & product mix

Development of one of the largest untapped high quality coal deposits globally

Yakutugol	Elga Deposit
 	 
<ul style="list-style-type: none"> ◆ Coal reserves: 186 mt 	<ul style="list-style-type: none"> ◆ Coal reserves: 2.2 bt
<ul style="list-style-type: none"> ◆ Coal type: premium hard coking coal 	<ul style="list-style-type: none"> ◆ Coal type: premium hard coking coal, semi soft and steam coal
<ul style="list-style-type: none"> ◆ 2008 production: 11.5 mt 	<ul style="list-style-type: none"> ◆ Expected full annual capacity: 30 mt
<ul style="list-style-type: none"> ◆ Expansion plans: increase coal production volumes up to 13 mt p.a. 	<ul style="list-style-type: none"> ◆ Expansion plans: Construction of a 315 km railway link to BAM
	<ul style="list-style-type: none"> ◆ Identified capex on railroad construction and deposit development in 2008-2011: US\$1,645 mln

Universal Mill - Structural Shift in Long Steel Products Portfolio



Overview



- ◆ Universal Mill will be built at Chelyabinsk Metallurgical Plant
- ◆ A 20-year agreement (2010-2030) to supply RZD with high-quality rails up to 100 meters in length signed in February 2008
- ◆ Supply of up to 400k tpa of high-durability rails suitable for high-speed, low temperature operation under the agreements

Key Project Characteristics

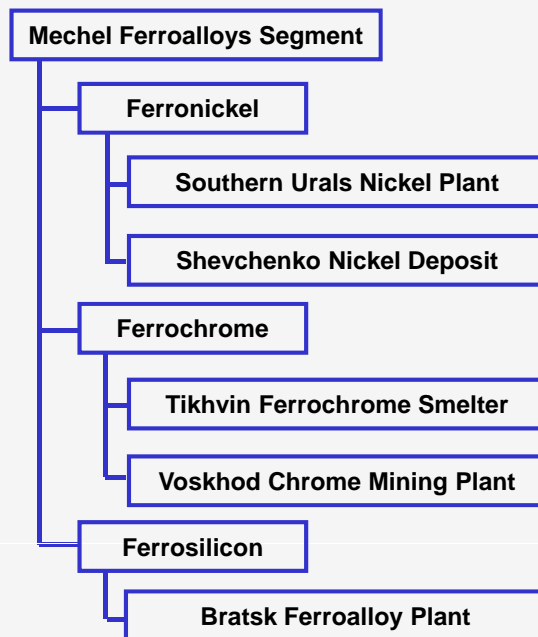
Capacity, mt	Up to 1 mt
Products	<ul style="list-style-type: none"> ◆ High-speed and low-temperature rails ◆ H-beams, shapes and grooves for port construction
CAPEX required	US\$700 mln
Project Implementation Horizon	2008 – 2011
Target consumers	RZhd, Construction companies

New Business Segment - Ferroalloys



Overview

- ◆ Mechel is the only steel manufacturer in the world who has own production facilities for the most essential ferroalloys
- ◆ 2nd largest nickel producer in Russia
- ◆ Most comprehensive producer of alloys in Russia: ferrochrome, ferronickel, ferrosilicon



Ferronickel

Southern Urals Nickel Plant

- ◆ Two open-pit nickel ore mines (Sakhara, Buruktal)
- ◆ Nickel production plant in Orsk

Production:

Mine	2006	2007	2008
	'000t	'000t	'000t
Sakhara	1,118	1,236	1,026
Buruktal	1,240	1,591	1,436
Total ore production	2,359	2,827	2,462
Ferronickel production	14.4	17.1	16.2

Shevchenko Nickel Deposit

- ◆ Located in Northern Kazakhstan close to Southern Urals Nickel Plant
- ◆ Project is a greenfield
- ◆ Plans for development are to be determined

Ferroalloys



Ferrochrome

Tikhvin Smelting Plant

- Located in Tikhvin, 200 km south east of St Petersburg, Russia
- Ferrochrome production commenced in April 2007
- 4 x 22.5MVA semi-closed submerged arc AC furnaces
- Phase 1 (2007– 2010) - an estimated production capacity of 148ktpa HC FeCr
- Phase 2 (2011 - onwards) - full production capacity of 180ktpa HC FeCr
- Expected feed of 330ktpa chrome ore and concentrate by Phase 1 and feed of 400ktpa by Phase 2

Voskhod Chrome Mining Plant

- The deposit is located in the North-West Kazakhstan, approximately 110 km from Akhtubinsk
- Production started in September 2008
- Annual output of 1.2 million tonnes of Cr ore and 0.9 million tonnes of chrome concentrate
- Indicated resource of 19.51 million tonnes at 48.47% Cr₂O₃, a 9.5% increase of contained chrome content over the PAS
- Inferred resources of 1.57 million tonnes at 41.05% Cr₂O₃, a six-fold increase of contained chrome content over the PAS
- Extension to the Voskhod contract license area awarded, which includes the Karaagash deposit with Russian C2 and P1 classified resources of some 7.8 million tonnes

Ferrosilicon

Bratsk Ferroalloy Plant

- 15% of Russian ferrosilicon production (91,110t in 2008), capacity of 90,000 t
- Supply of ferroalloys to steel subsidiaries producing high-margin products
- Access to inexpensive electric power supply from Bratsk GES
- Steady demand from steel producers – c.5-6 kg of FeSi in every tonne of produced worldwide



Mechel-Service



Mechel is the only Russian steel producer having its own unique retail sales network – **Mechel-Service**:

- ◆ Total number of sales units - 65
- ◆ Over 50 offices in 40 major Russian cities
- ◆ International sales offices in 4 countries
- ◆ Sales agents in 15 foreign countries
- ◆ Expanding of sales network to Western Europe by acquisition of HBL Holding
- ◆ Over 12,000 of clients
- ◆ Daily sales of over 4,000 tonnes of steel
- ◆ Constant cash flow from sales even in severe market environment
- ◆ Further development along enhancing and extending range of its services



Bluestone Acquisition



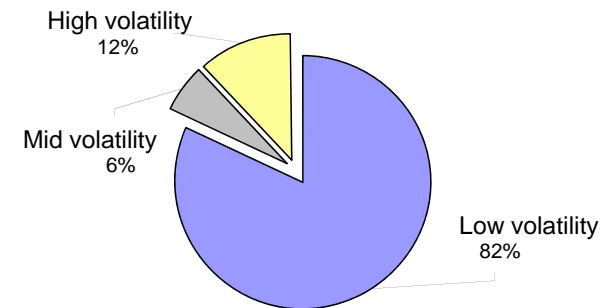
Bluestone Coal Group

- ◆ A privately-owned company based in West Virginia. Sole owner of the company is Justice family.
- ◆ 8 surface mines and 5 underground mines with current production of 3,0 mln tonnes per year that can be increased to 6,9 mln tonnes.
- ◆ Ash content is within the range 3,0 – 6,5 (Yakutugol K9 concentrate – 10,1, Southern Kuzbass OS concentrate – 11,2)
- ◆ JORC reserves and resources - **458.5** mln tonnes
 Proved Reserves - 261,0 mln tonnes
 Inferred Resources - 197,5 mln tonnes
- ◆ Reserves are planned to be increased up to 860 mln tonnes
- ◆ High coal quality, only coal cleaning is necessary
- ◆ All CAPEX necessary to grow up the production have been made till 2009. 5 year CAPEX plan is \$130 mln.
- ◆ Low debt level (\$135 mln. out of which \$40 mln. is working capital loans)

Main operation figures of the Company

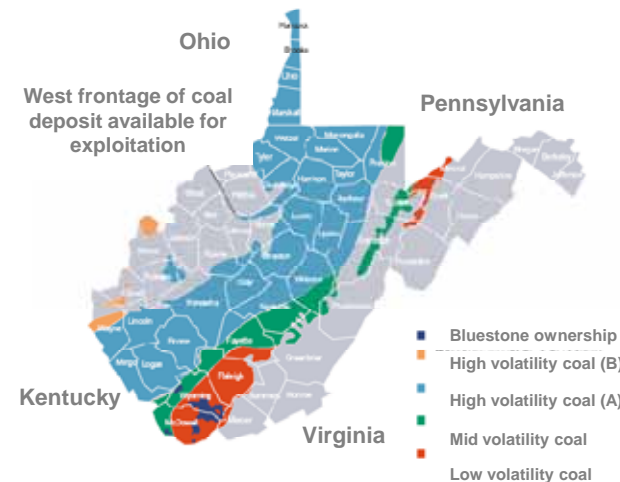
	2006	2007	2008
Production, mln. tonn	2,4	2,5	2,6
Sold, mln. tonn	2,4	2,5	2,5
Average price, \$/t (FCA)	68,62	63,03	129,42
Revenue, \$ mln.	164,5	157,3	326,8
EBITDA, \$ mln.	37,4	37,0	84,0
<i>EBITDA margin, %</i>	<i>23%</i>	<i>24%</i>	<i>26%</i>

Coal reserves structure



Low and mid vol coal enjoys a price premium of 10-15%

Reserves layout





Financial Highlights

Improving Financial Performance



Revenue, EBITDA and Net profit

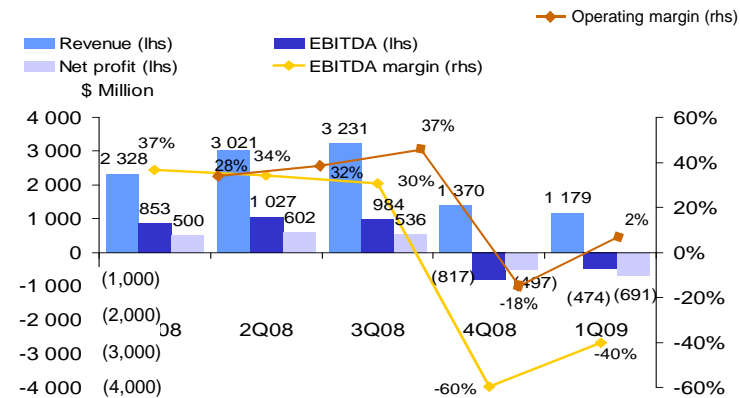
Improved gross result:

- gross margin grew to 32%
- gross profit rose by 9% to \$375 mln

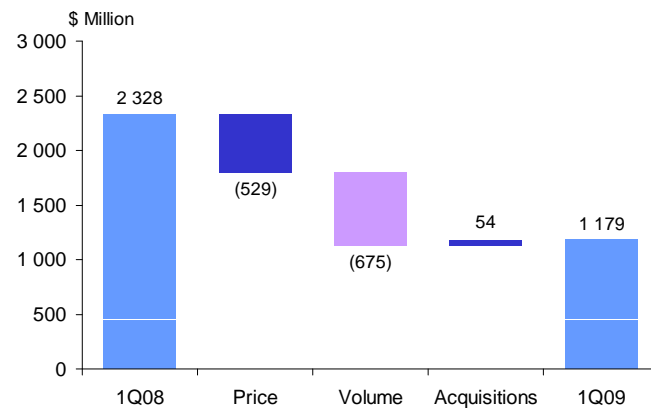
Operating result turned positive \$14 mln

SG&A expenses fell from 43% to 31%

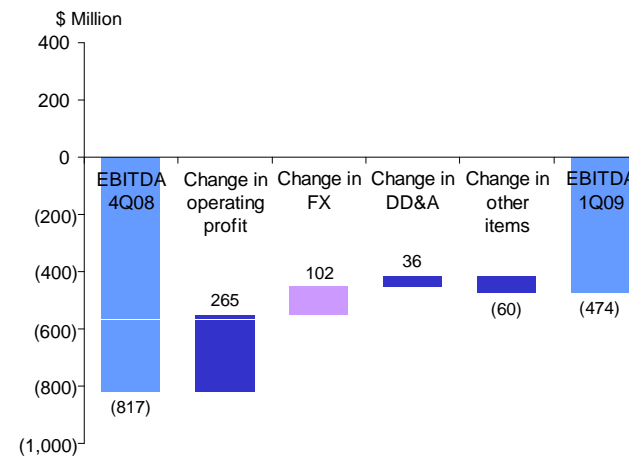
Net result and EBITDA affected by \$592 mln FX loss



Revenue Dynamics



EBITDA Bridge



Segments Overview

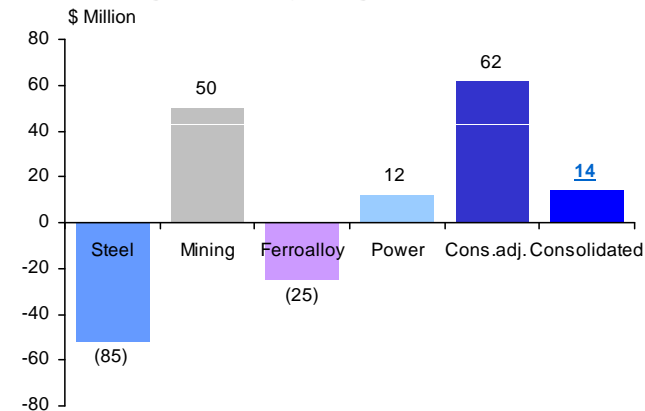


High degree of diversification and vertical integration helps mitigate risk and provides stability

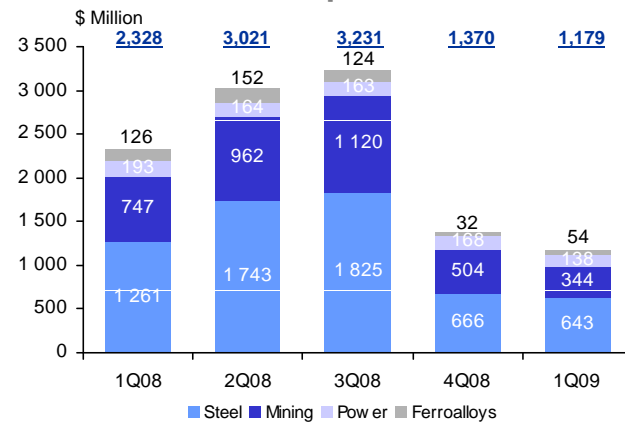
Despite market and production downturn Mining segment demonstrate positive result

Increase in export sales from 41% in the 4Q08 to 48% in 1Q09

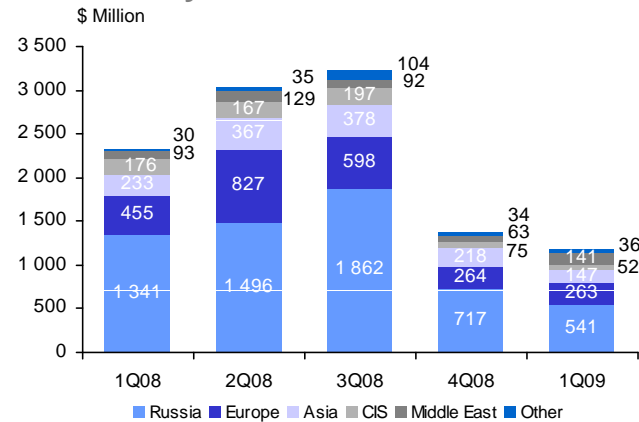
Operating profit by segments



Revenue from third parties



Revenue by market

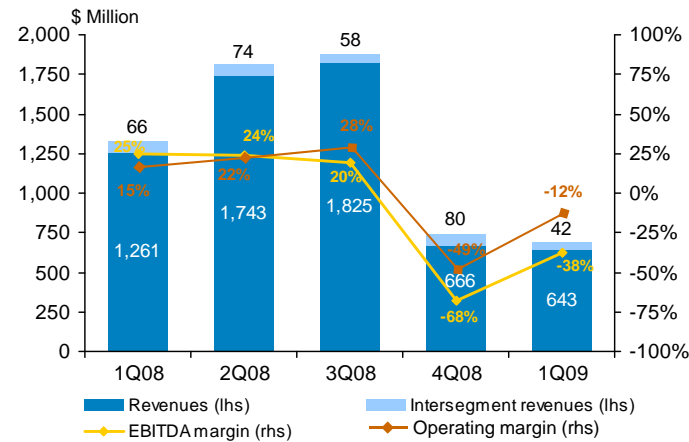


Steel Segment Performance

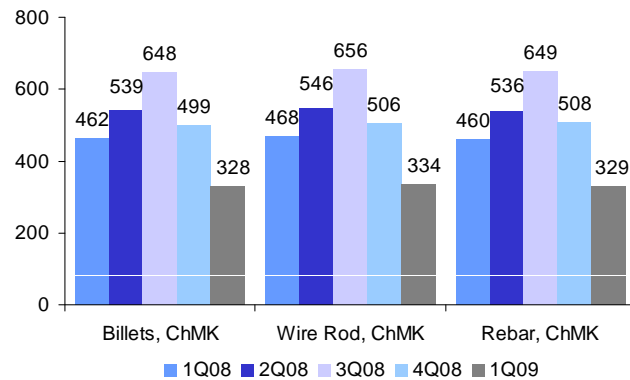


Revenue virtually stable at \$643 mln
 28% fall in COGS
 Increase in physical sales volumes across all major products
 SG&A expenses fell to 20% of the revenue
 Despite a \$236 mln FX loss EBITDA loss halved

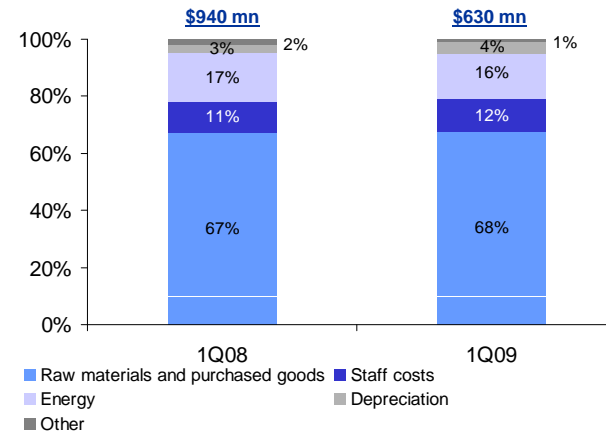
Revenue, EBITDA




Cash costs, US\$/tonne



COS structure



Steel Segment Performance



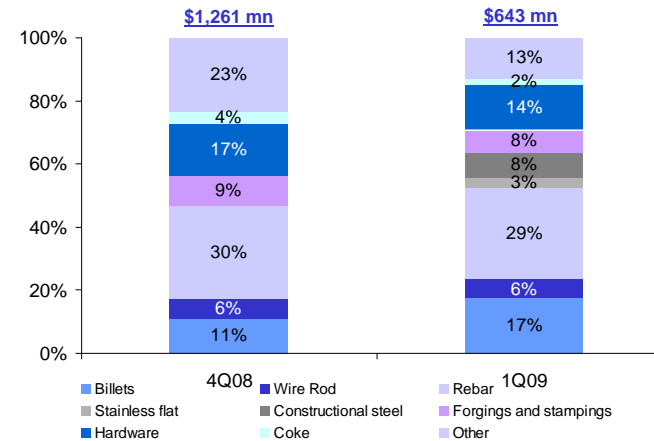
55% of the Group's revenue

Increase in export sales supports production

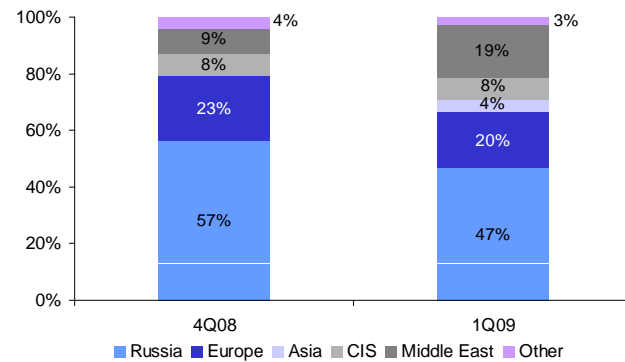
Increased sales of high quality constructional and stainless help on margin while increased sales of semi-finished help on volume

Mechel Service and HBL contributes 30% to the segment's revenue

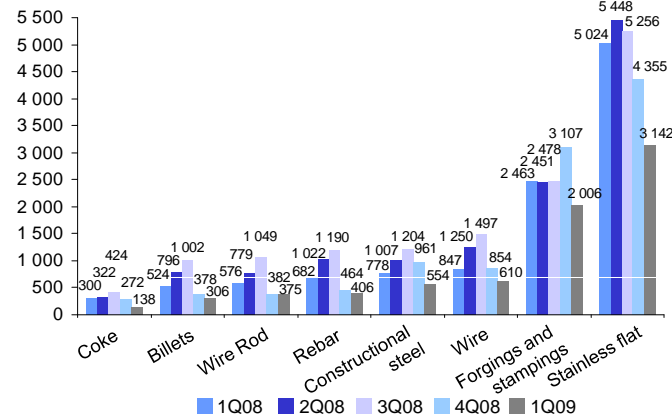
External sales structure



Revenue breakdown by region



Average sales prices FCA, US\$/tonne



Mining Segment Performance



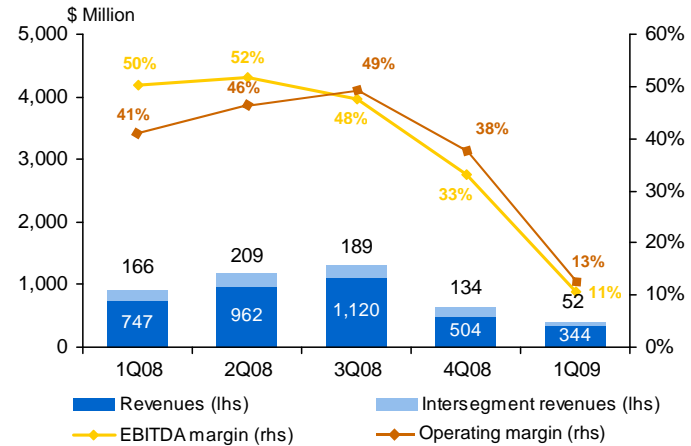
Despite sharp fall in prices the gross margin still at 53% of revenue

Cash cost of coking coal concentrate at Yakutugol temporarily rose as a result of sharp production decrease

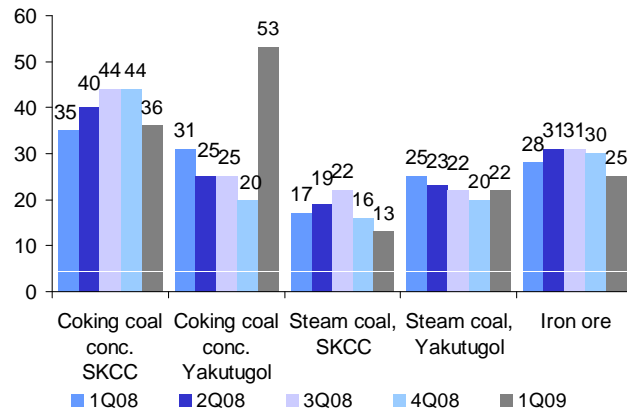
Cash cost at SKCC and KMP falls as production revives

Production of steam coal at Yakutugol increased by 14% in 1Q09 to the 4Q08

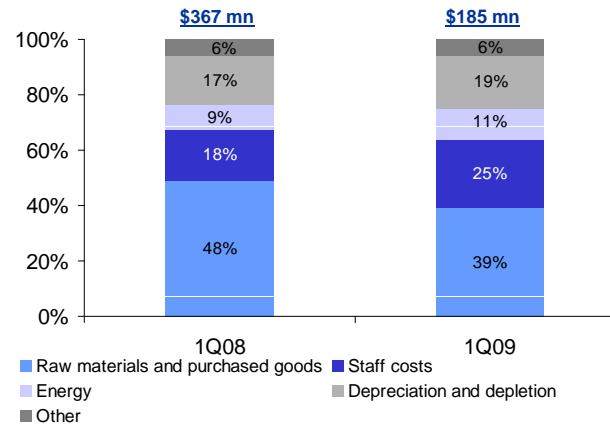
Revenue, EBITDA



Cash costs, US\$/tonne



COS structure



Mining Segment Performance



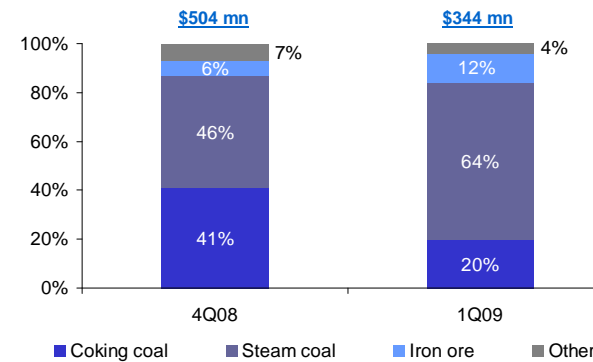
Iron ore prices gain support

Sales of iron ore concentrate increased supported by demand in China

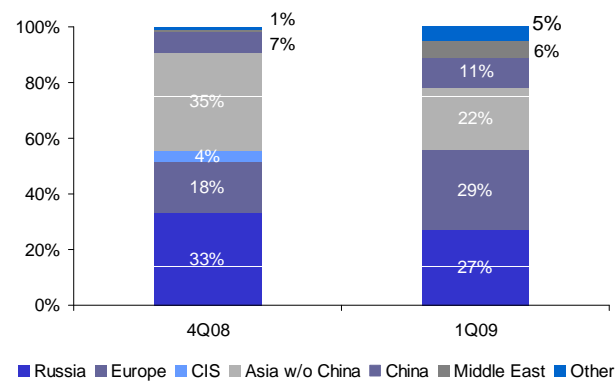
Change in geography of sales support positive result:

- Share of Russia fell to 27%
- Growth of sales of coal and iron ore to China
- Increase in steam coal sales to Europe

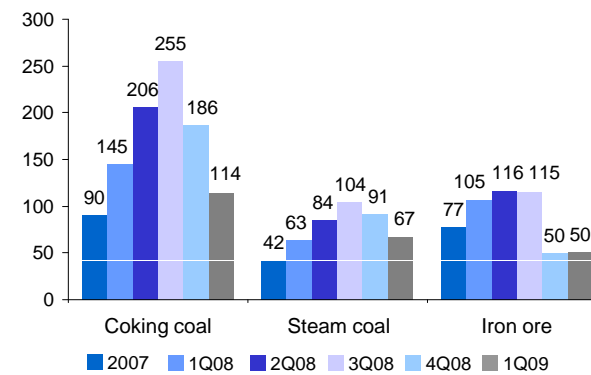
External sales structure



Revenue breakdown by region



Average sales prices FCA, US\$/tonne



Ferroalloys Segment Performance

Revenue increased by almost 70%

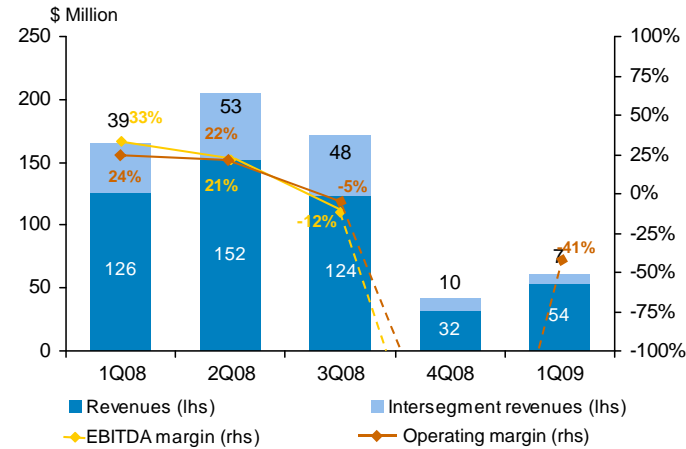
Chrome sales increased 127%, FeSi – 97%

SG&A expenses fell to 17% of the revenue from 41% in the 4Q08

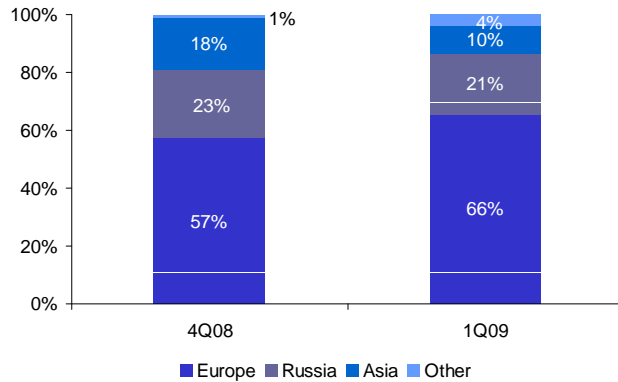
Operating loss reduced 5 x to \$25 mln

Increased export sales help to sell the overhang stock

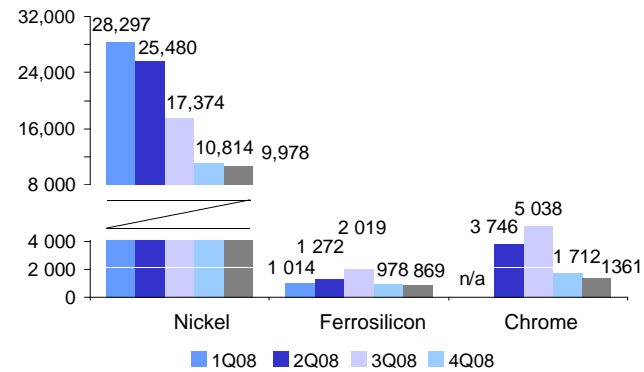
Revenue, EBITDA



Revenue breakdown by region



Average sales prices FCA, US\$/tonne



Power Segment Performance



Winter season helps the sales – gross margin at healthy 30%

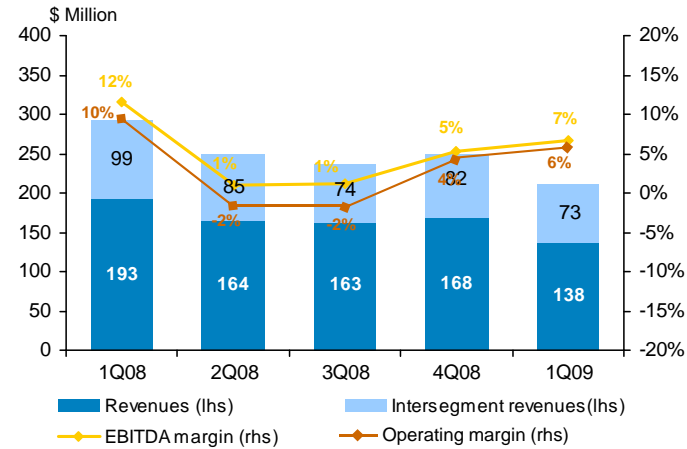
SG&A expenses fell from 32% to 24% of revenue

Reduction of cash cost q-o-q ensures high margins

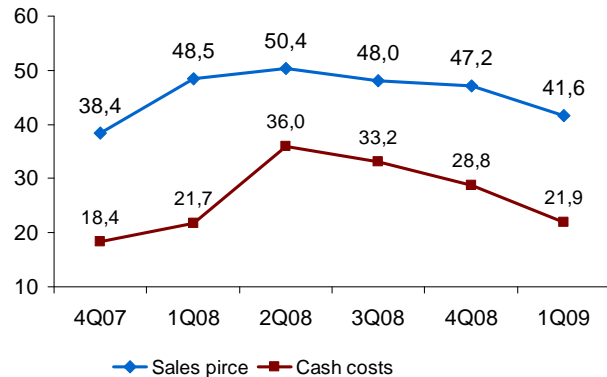
EBITDA and operating margins improved

Internal sales represent 35% of the segment's revenue

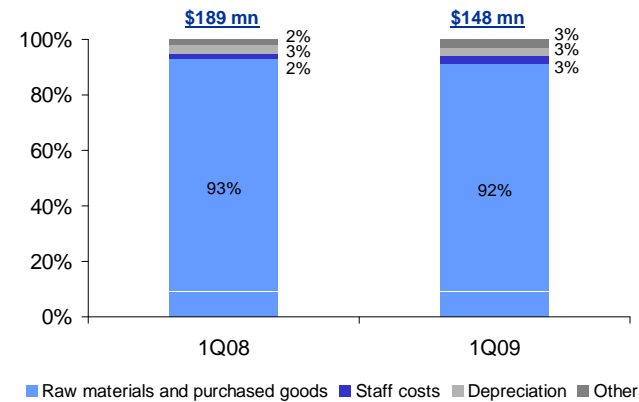
Revenue, EBITDA



Average electricity sales prices and cash costs, US\$/MWh



COS structure



Cash Generation Capacity

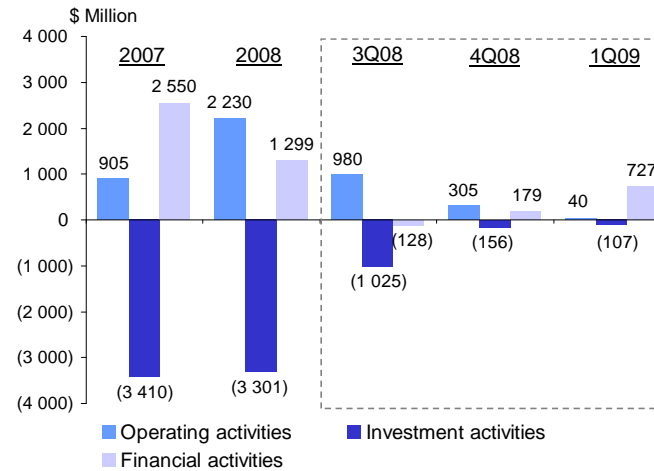


Release of \$129 mln from the working capital helped to maintain the cash flow positive

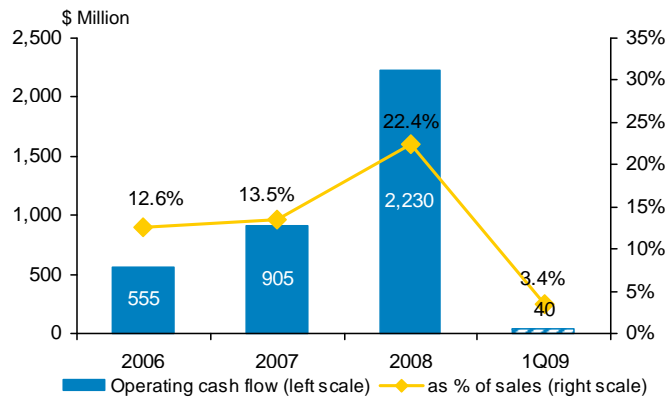
Investment CAPEX is financed through long-term debt instruments

Additional financing from Russian banks helps to refinance the portfolio and increase cash balance to \$953 mln

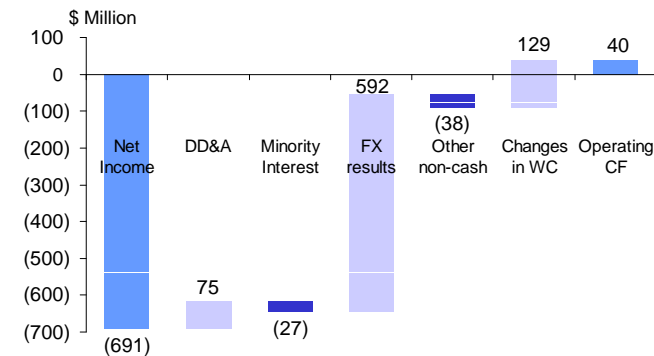
Net Cash Flow



Operating cash flow



Operating Cash Flow Bridge



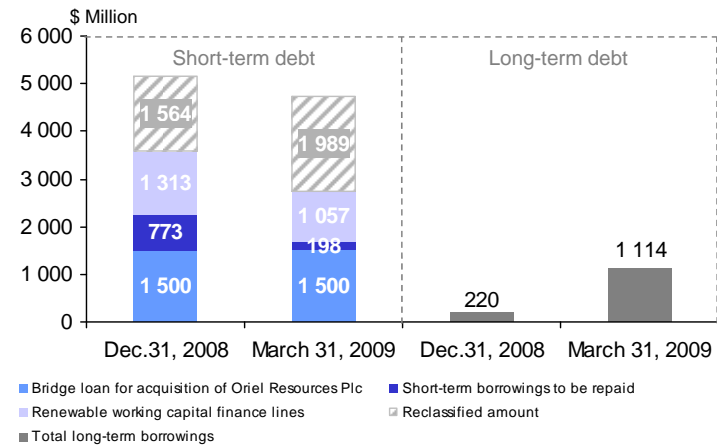
Debt Profile

Current cash - \$725 mln – sufficient to secure working capital and repayment financing

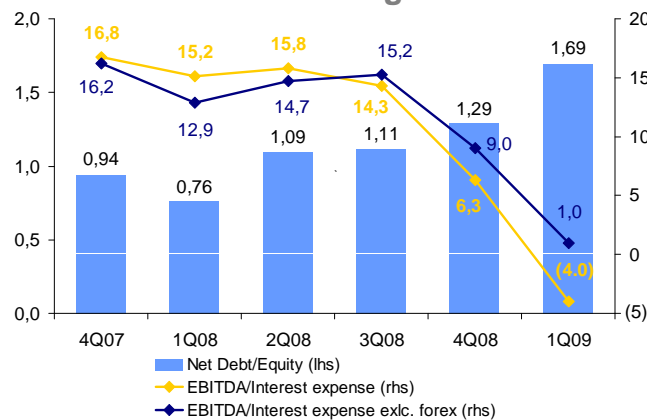
Additional liquidity source – RUR 30 bln 1-year registered commercial papers

Imminent restructuring of \$2.7 bln debt including Oriel bridge with repayment till December 2012

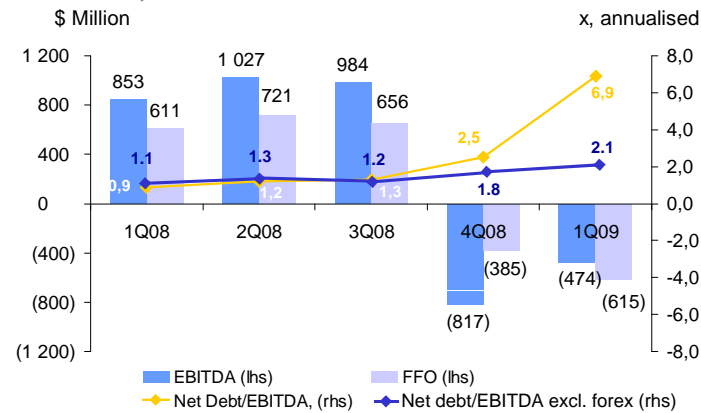
Debt profile

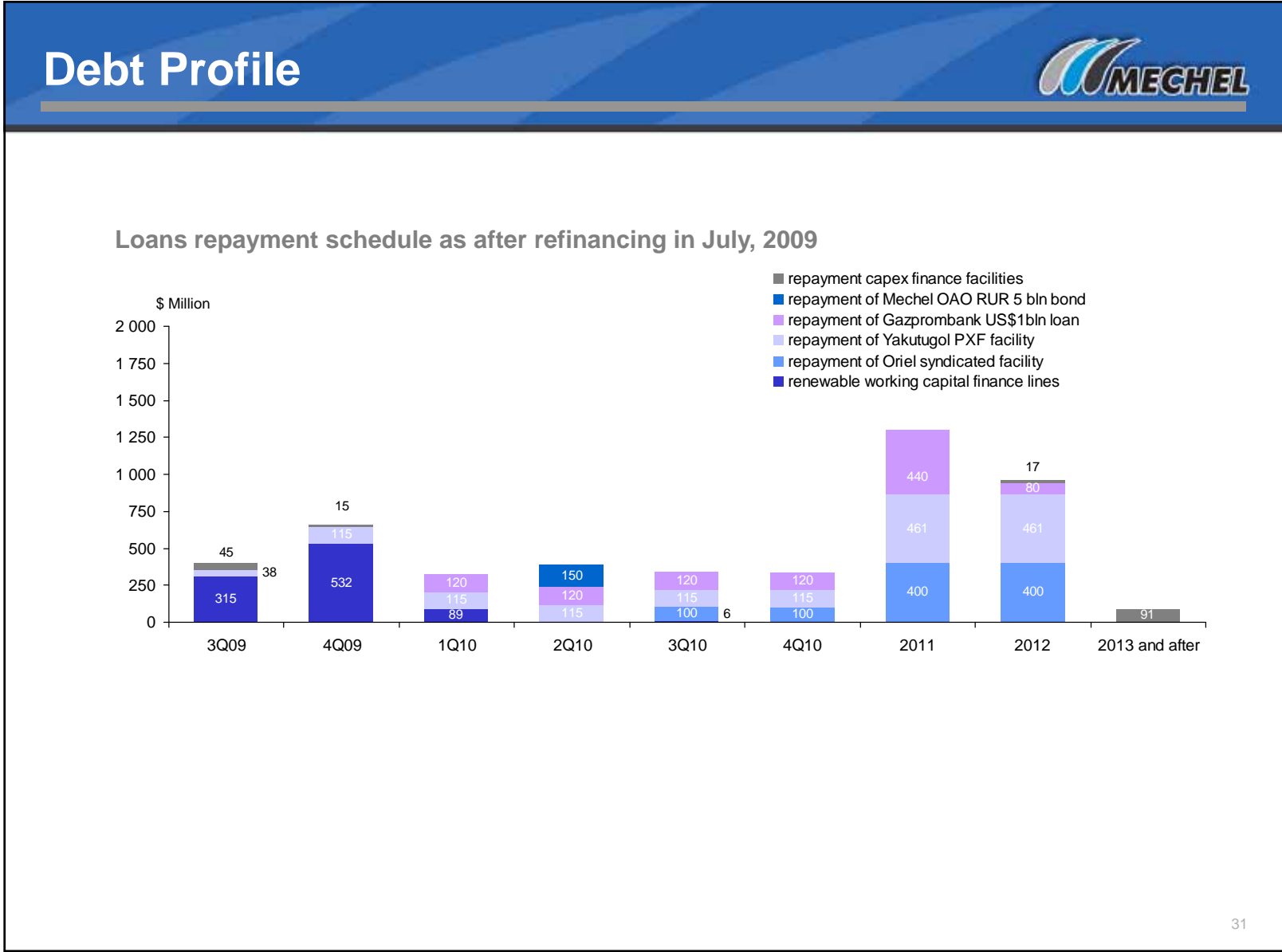


Net Debt/Equity, EBITDA Interest Coverage



EBITDA, FFO and Net Debt/EBITDA





Financial Results Overview



US\$ million unless otherwise stated	1Q09	4Q08	Change, %
Revenue	1,179	1,370	-14%
Cost of sales	(804)	(1,027)	-22%
Gross margin	31.8%	25.0%	
Operating profit	14	(251)	105%
Operating margin	1.2%	18.3%	
EBITDA	(474)	(817)	42%
EBITDA margin	-40.2%	-59.7%	
Net Income	(691)	(497)	-39%
Net Income margin	-58.6%	-36.3%	
EPS (USD per share)	-1.7	-1.2	42%
Sales volumes*, '000 tonnes			
Mining segment	4,302	3,530	22%
Steel segment	1,245	1,040	20%

* Includes sales to the external customers only

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Vertically Integrated Mining and Metals Platform



Mining	Steel	Ferroalloys	Transportation/Logistics		Power
<p>Coal/Coke</p> <ul style="list-style-type: none"> Southern Kuzbass: 4 open pit and 3 underground mines, 4 washing plants, 1 coke plant Yakutugol and Elgaugol operations: 1 washing and 1 coke plant Bluestone Coal: 8 open pit and 5 underground mines Controls 26% of coal washing capacity in Russia Holds 16% in Mezhdurechye <p>Iron ore</p> <ul style="list-style-type: none"> Korshunov GOK, Irkutsk region 3 open-pit iron ore mines <p>Limestone</p> <ul style="list-style-type: none"> Pugachev limestone quarry, Urals 	<p>Domestic assets</p> <ul style="list-style-type: none"> Chelyabinsk Metallurgical Plant (ChMP) Izhstal Beloretsk Metallurgical Plant Vyartsilya Metal Products Plant Urals Stampings Plant <p>International assets</p> <ul style="list-style-type: none"> Mechel Targoviste (Romania) Mechel Campia Turzii (Romania) Otelu Rosu plant (Romania) Buzau plant (Romania) Mechel Nemunas (Lithuania) 	<p>Ferrochrome</p> <ul style="list-style-type: none"> Tikhvin Smelter, near St. Petersburg <p>Chrome ore</p> <ul style="list-style-type: none"> Voskhod Chrome mine in Kazakhstan <p>Ferrosilicon</p> <ul style="list-style-type: none"> Bratsk Ferroalloys Plant <p>Ferronickel</p> <ul style="list-style-type: none"> Southern Urals Nickel Plant <p>Nickel ore</p> <ul style="list-style-type: none"> 1 open-pit mine in Chelyabinsk region 1 open-pit mine in Orenburg region Shevchenko nickel deposit in Kazakhstan 	<p>Mining</p> <p>Domestic sales</p> <ul style="list-style-type: none"> Mechel Trading House <p>International sales</p> <ul style="list-style-type: none"> Mechel Trading AG <p>Coal and iron ore</p> <ul style="list-style-type: none"> Railway and by ship <p>Nickel</p> <ul style="list-style-type: none"> Rail to ChMP or to St. Petersburg/ Kaliningrad for export <p>Mecheltrans</p> <ul style="list-style-type: none"> Own 4,150 railcars 25.8 mt of Mechel's cargo transported in 2007 <p>Port Posiet</p> <ul style="list-style-type: none"> Processed 1.7 mt of cargo in 2007, mostly coal Used primarily for shipments to Japan and South Korea 	<p>Steel</p> <p>Domestic</p> <ul style="list-style-type: none"> Mechel Trading House and Mechel-Service <p>International</p> <ul style="list-style-type: none"> Mechel Trading AG Offices in 4 countries Agents in 15 countries Romanian sales through subsidiaries of Mechel Campia Turzii and Mechel Targoviste <p>Transportation</p> <ul style="list-style-type: none"> Mostly railway 	<p>Total Power Generating Capacity of 1,200 MW ⁽¹⁾</p> <p>Assets</p> <ul style="list-style-type: none"> Southern Kuzbass Power Plant 554 MW Urals Stampings Plant 3.5 MW Toplofikatsia Rousse 400 MW ⁽¹⁾ Chelyabinsk Metallurgical Plant 230 MW Moscow Coke and Gas Plant 30 MW <p>Integrated power business with its own raw material resources, power generating facilities and extensive client base</p>

Source: Company Information

Notes:

- Based on installed generating capacity of Toplofikatsia Rousse