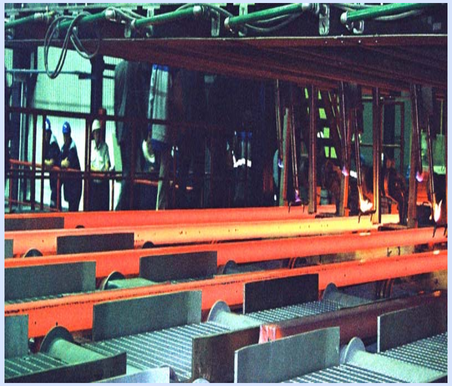


MECHEL

9 Months Results Presentation

December 18, 2008

Disclaimer

This presentation does not constitute or form part of and should not be construed as, an offer to sell or issue or the solicitation of an offer to buy or acquire securities of Mechel OAO (Mechel) or any of its subsidiaries in any jurisdiction or an inducement to enter into investment activity. No part of this presentation, nor the fact of its distribution, should form the basis of, or be relied on in connection with, any contract or commitment or investment decision whatsoever. Any purchase of securities should be made solely on the basis of information Mechel files from time to time with the U.S. Securities and Exchange Commission. No representation, warranty or undertaking, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or the opinions contained herein. None of the Mechel or any of its affiliates, advisors or representatives shall have any liability whatsoever (in negligence or otherwise) for any loss howsoever arising from any use of this presentation or its contents or otherwise arising in connection with the presentation.

This presentation may contain projections or other forward-looking statements regarding future events or the future financial performance of Mechel, as defined in the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. We wish to caution you that these statements are only predictions and that actual events or results may differ materially. We do not intend to update these statements. We refer you to the documents Mechel files from time to time with the U.S. Securities and Exchange Commission, including our Form 20-F. These documents contain and identify important factors, including those contained in the section captioned “Risk Factors” and “Cautionary Note Regarding Forward-Looking Statements” in our Form 20-F, that could cause the actual results to differ materially from those contained in our projections or forward-looking statements, including, among others, the achievement of anticipated levels of profitability, growth, cost and synergy of our recent acquisitions, the impact of competitive pricing, the ability to obtain necessary regulatory approvals and licenses, the impact of developments in the Russian economic, political and legal environment, volatility in stock markets or in the price of our shares or ADRs, financial risk management and the impact of general business and global economic conditions.

The information and opinions contained in this document are provided as at the date of this presentation and are subject to change without notice.

Mr. Igor Zyuzin

CEO

Mechel OAO

9M 2008 Financial Highlights

- ➢ Strong 9M 08 vs. 9M 07 financial results

+84.7% ↑	Revenue	$8.6 billion
+167.0% ↑	Operating income	$2.8 billion
+132.0% ↑	Net Income	$1.6 billion
+137.7% ↑	EBITDA	$2.9 billion

- ➢ Successful implementation of strategy
- ➢ Strong Management
- ➢ Focus on shareholder value

Mr. Vladimir Polin

Senior Vice President

Mechel OAO

9M 2008 Production Growth

Mining Segment Production

Product output, 9M 08	Thousand tonnes	9M08vs.9M07 %
Coal	20,702	54
Coking coal	12,409	95
Steam coal	8,293	17
Iron ore concentrate	3,620	-2.5

Steel Segment Production

Product output, 9M 08	Thousand tonnes	9M08vs.9M07 %
Hardware	604	16
Rolled products	4,313	11
Steel	4,745	4
Pig iron	2,781	-2
Coke	2,699	-8

9M 2008 Production Growth

Ferroalloy Segment Production

Product output, 9M 08	Thousand tonnes	9M08vs.9M07 %
Nickel	14	6
Ferrosilicon	67	-
Ferrochrome	48	-

Power Segment Production

Product	Units	9M 2008	9M08vs.9M07 %
Electric power generation	ths. kWh	3,108,359	55
Heat power generation	Gcal	4,098,027	-

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

Mechel Ferroalloys Segment

- **Ferronickel**
  - **Southern Urals Nickel Plant**
  - **Shevchenko Nickel Deposit**
- **Ferrochrome**
  - **Tikhvin Ferrochrome Smelter**
  - **Voskhod Chrome Mining Plant**
- **Ferrosilicon**
  - **Bratsk Ferroalloy Plant**

Ferronickel

Southern Urals Nickel Plant

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

CAPEX for 2008 - 2012	US$41,6 mln

Production:

	2005	2006	2007
Mine	**'000t**	**'000t**	**'000t**
Sakhara	1,114	1,118	1,236
Buruktal	902	1,240	1,591
Total ore production	2,015	2,359	2,827
Ferronickel production	**12.6**	**14.4**	**17.1**

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

MECHEL

Ferrochrome

Tikhvin Smelting Plant

- Located in Tikhvin, 200 km south east of St Petersburg, Russia
- Phase 1 (2007– 2010) - an estimated production capacity of 148ktpa HC FeCr
- Phase 2 (2011 - onwards) - full production capacity of 180ktpa HC FeCr
- Ferrochrome production commenced in April 2007
- 4 x 22.5MVA semi-closed submerged arc AC furnaces (3 are in operation)
- Tikhvin's chromite ore supply is mostly imported until Voskhod chrome project is brought to its full capacity

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% Cr_2O_3, a 9.5% increase of contained chrome content over the PAS
- Inferred resources of 1.57 million tonnes at 41.05% Cr_2O_3, a six-fold increase of contained chrome content over the PAS

Ferrosilicon

Bratsk Ferroalloy Plant

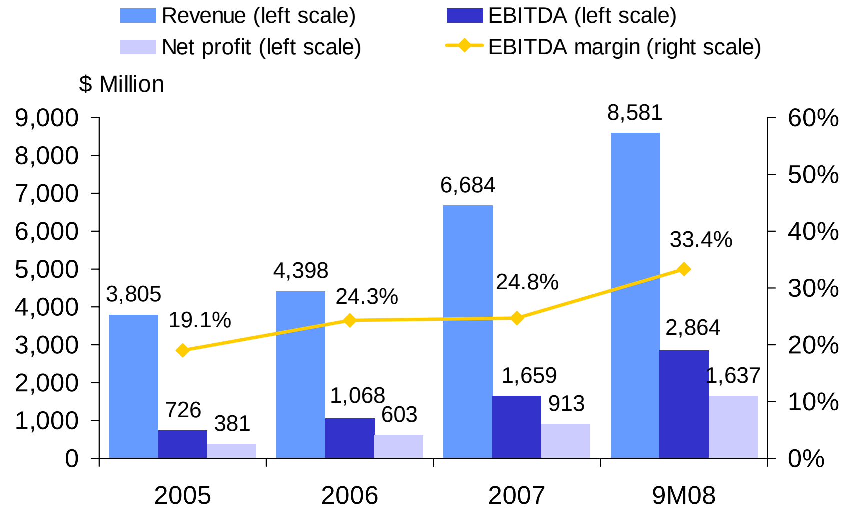
- 16% of Russian ferrosilicon production (87,000t in 2007), capacity of 90,000 t
- Supply of ferroalloys to steel subsidiaries producing high-margin products
- Access to inexpensive electric power supply from Bratsk GES
- Steady demand from steel producers – c.5-6 kg of FeSi in every tonne of produced worldwide

Financial Review

Solid Financial Performance

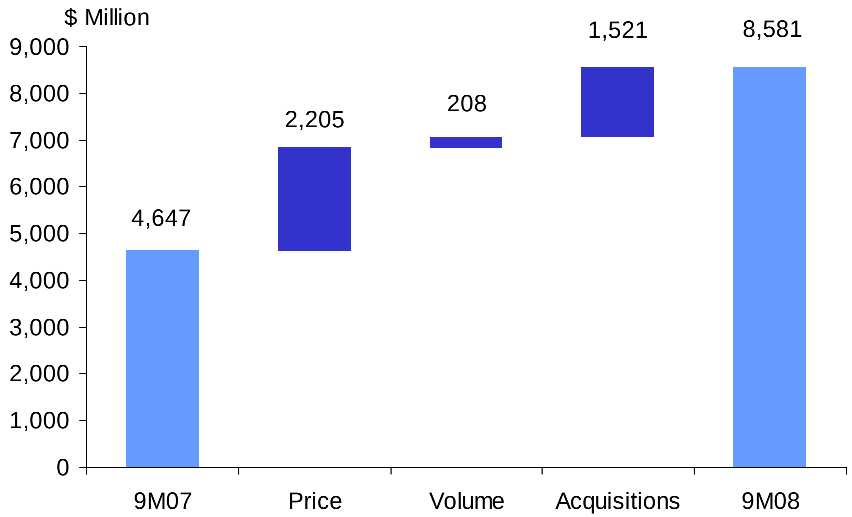
- Mechel benefited from higher sales prices across both mining and steel segments and efficiencies from the consolidation of acquired operations:
  - Revenues grew by 85% in 9M08 y-o-y to $8.6 billion
  - EBITDA increased by 138% to $2.9 billion
  - The record EBITDA margin of 33%
- ROE over 50%

Revenue, EBITDA and Net profit



- Revenue increased over $3.9 billon y-o-y due to the following factors:
  - 56% due to price increases
  - 5% due to organic volume growth
  - 39% due to acquisitions (Yakutugol, Ductil and Oriel Resources)

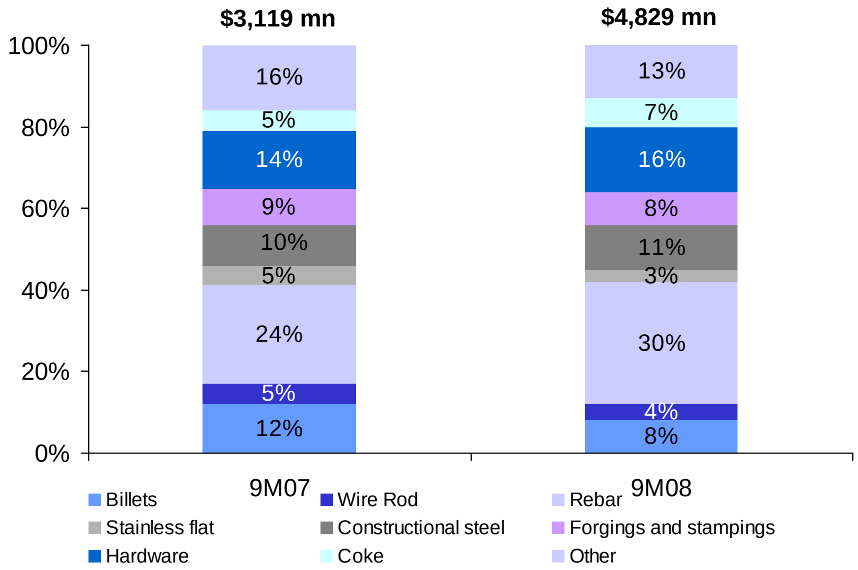
Revenue Dynamics



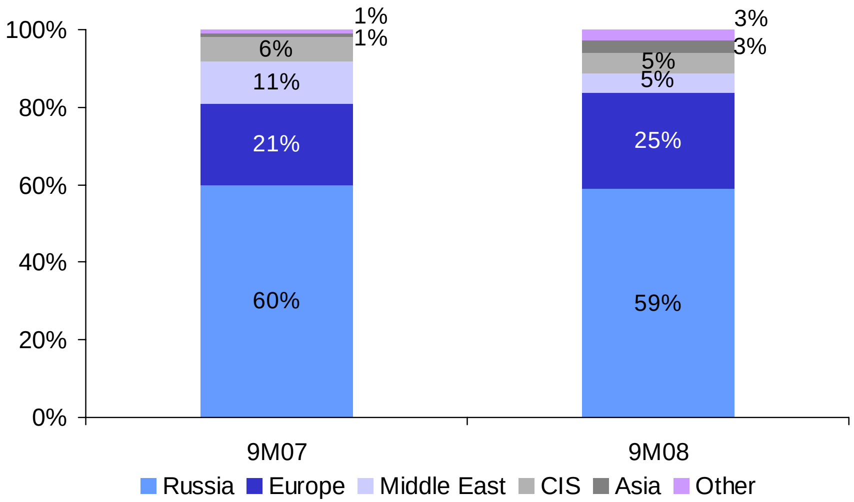
Steel Segment Performance

- 55% growth in revenue from external customers
- Continuing commitment to modernisation and focus on an increasing share of higher margin, higher value added production
- Gross margin increased to 33%
- Higher sales to Europe through new acquisitions.
- Continuing development of direct sales network
- EBITDA/tonne of steel – increase to $239 in 9M08 from $127 in 9M07

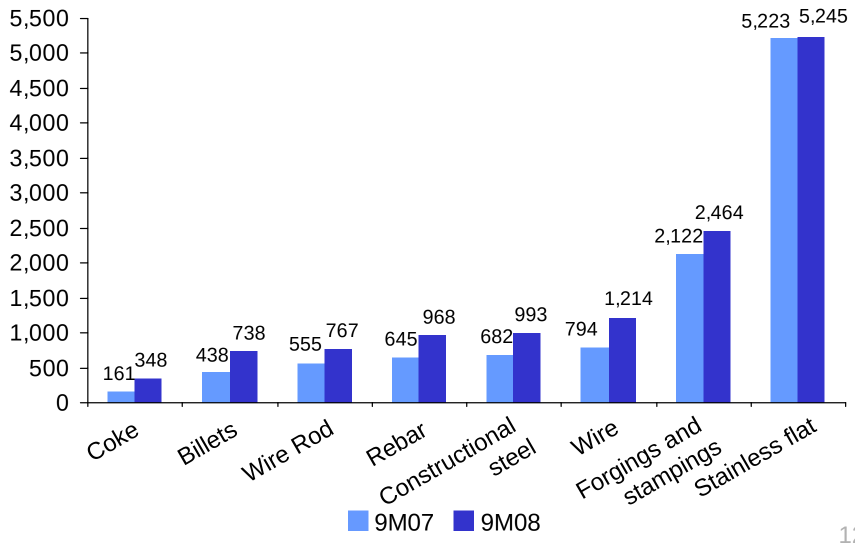
External sales structure



Revenue breakdown by region



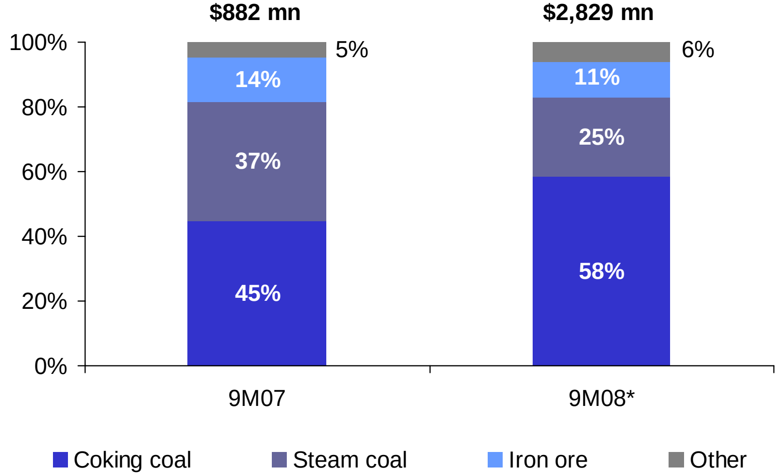
Average sales prices FCA, US$/tonne



Mining Segment Performance

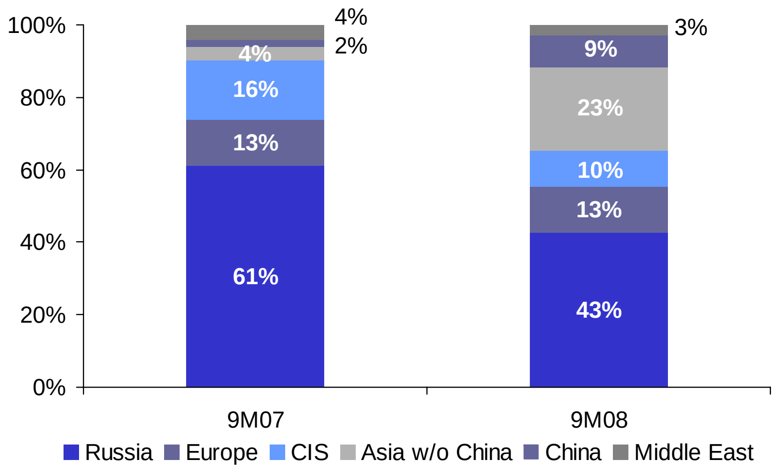
- Record pricing in both coking and steam coal supported revenue growth
- 3x growth in revenue to $2.8 billion
- Gross Margin increased to 68%
- Coking coal sales reached 58% of revenue from 3rd parties
- Flexibility to change output between steam and coking coal to adapt to demand trends in the marketplace
- Increased internal consumption of steam coal as a result of acquisitions in the Power segment provides additional production visibility and support

External sales structure

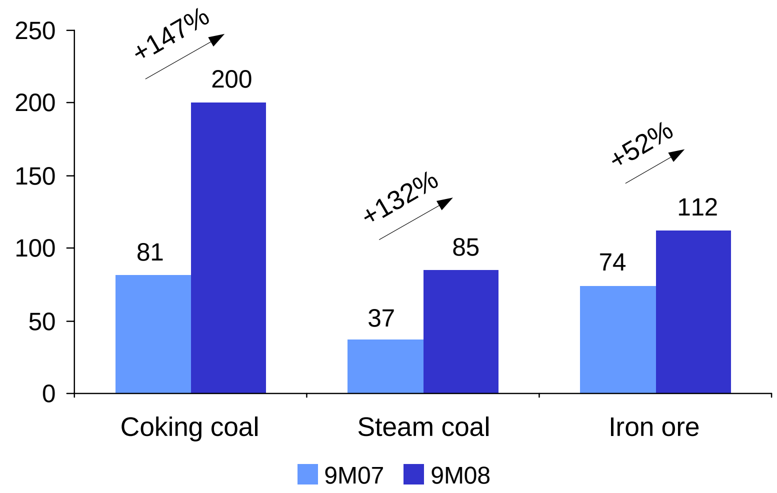


(*) Includes results of Yakutugol which was acquired in 4Q07

Revenue breakdown by region



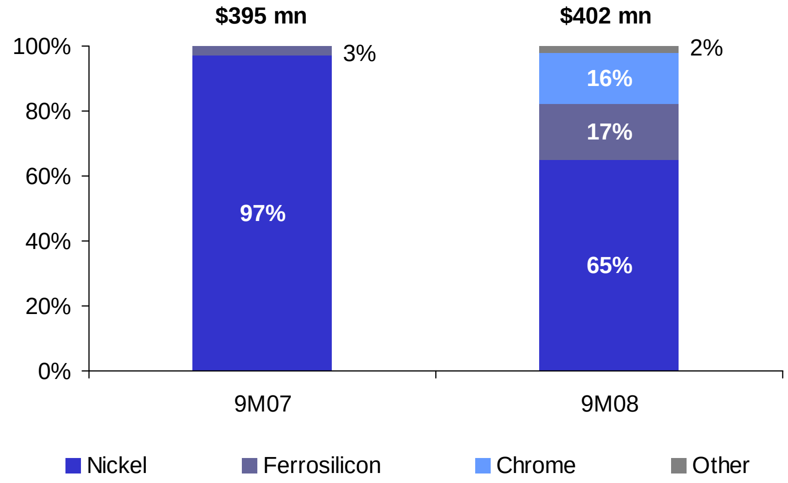
Average sales prices FCA, US$/tonne



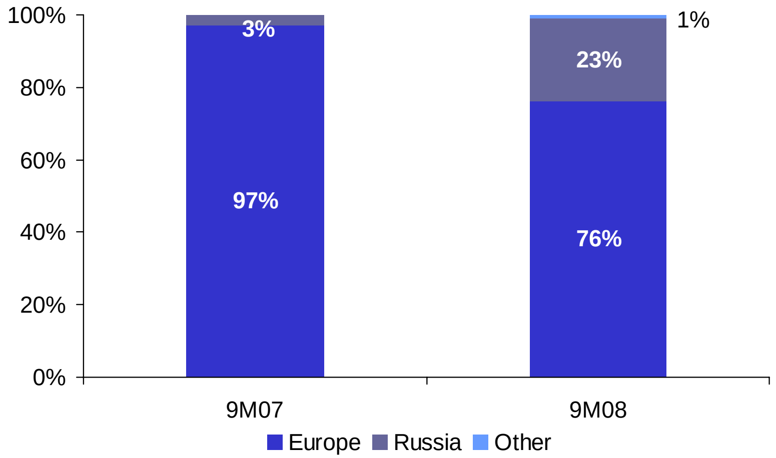
Ferroalloys Segment Sales

- Acquired reserves of chromites and nickel mark expansion towards a more comprehensive ferroalloys business
- Additional product diversification
- Increased vertical integration with the steel segment through complete self-sufficiency of stainless steel operations in main ferroalloys
- Ferroalloys accounted for 5% of revenues in 9M08
- Expected growth of revenue and margins when Voskhod mine is fully operational

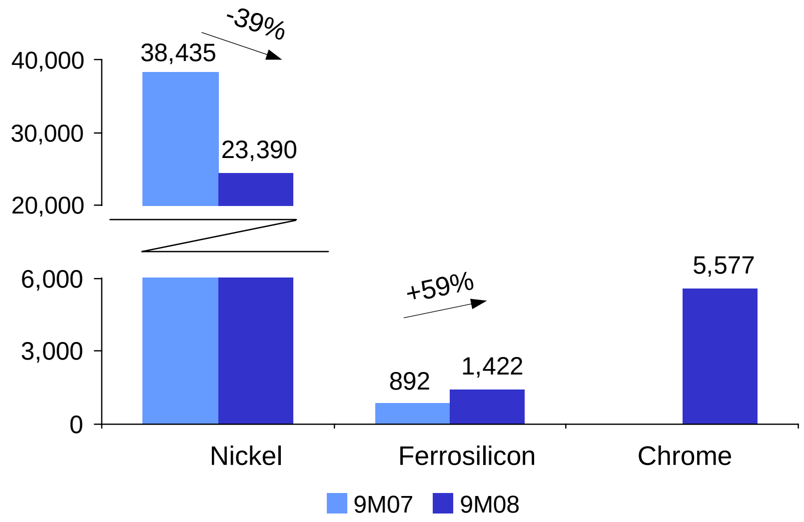
External sales structure



Revenue breakdown by region



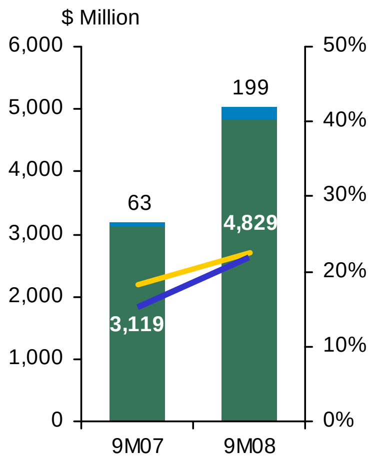
Average sales prices FCA, US$/tonne



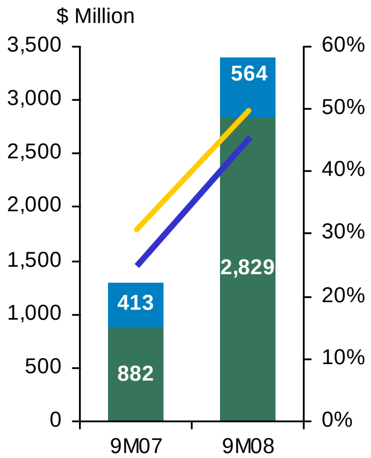
Diversified Revenues and EBITDA

- High degree of diversification and vertical integration helps mitigate risk and provides stability
- Revenues and cash flows are well-balanced in the key segments:
  - Mining - 59% of consolidated EBITDA and Net Income
  - Steel - 40% of consolidated EBITDA and Net Income
- EBITDA in Steel segment doubled to $1.1 bln
- Doubled revenue in the Power segment
- Diversity is further supported by a wide range of end products in all key segments and a very broad customer base

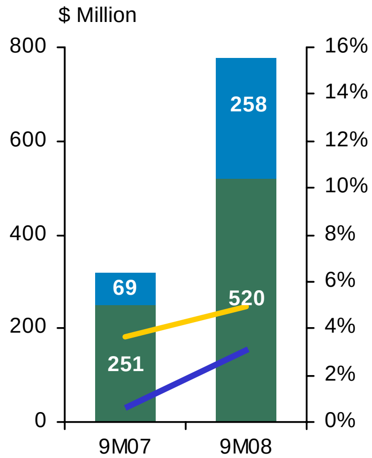
Steel segment



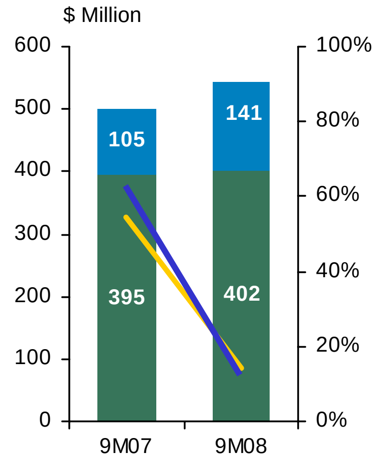
Mining segment



Power segment



Ferroalloys segment



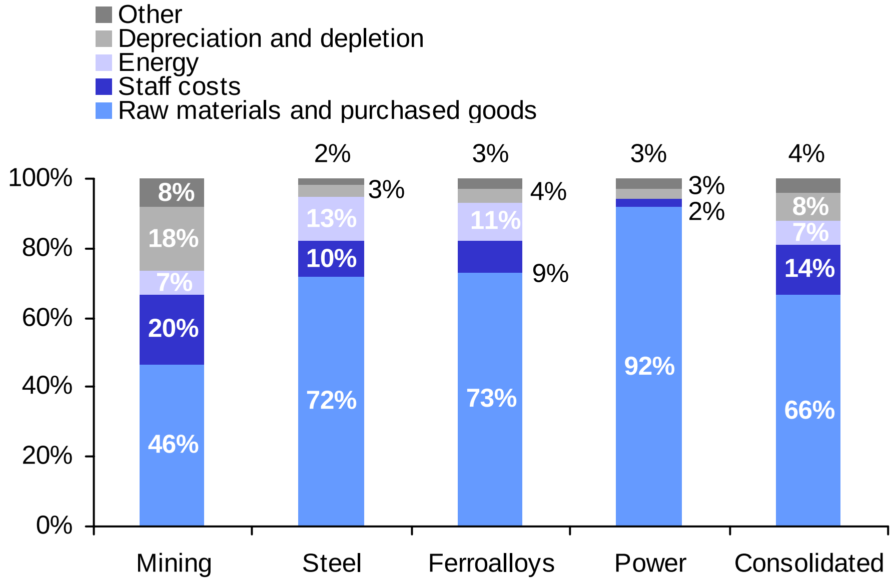
Revenues, mn USD   Intersegment revenues, mn USD   EBIDTA margin, %   Operating margin, %

NOTE: EBITDA margin is calculated by dividing reported EBITDA by total revenues, including intersegment revenues

Favourable Cost Structure

- Growing benefits of vertical integration into power and raw materials
  - Ability to source internally 100% of coking coal, nickel, ferrosilicon and iron ore for our steel operations
  - 50% of group's electricity needs could be covered internally
  - With expansion into the ferrochrome segment, we are able to cover 100% of FeCr needs for its stainless steel production
- High degree of vertical integration ensures margin sustainability on a consolidated basis.
- Immediate reduction in operating costs at newly acquired assets

Cost structure in 9M08

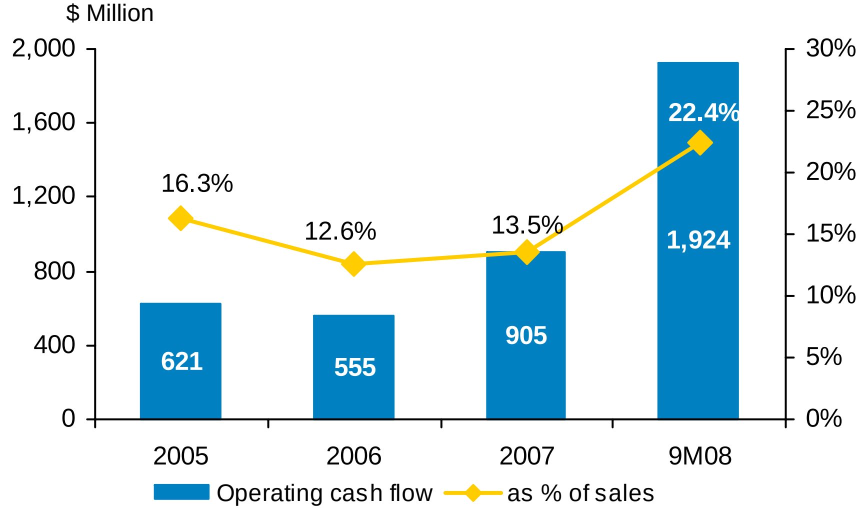


- Cash cost per tonne:
  - SKCC $39 and Yakutugol $27 for coking coal concentrate, SKCC $19 and Yakutugol $23 for steam coal, $28 for iron ore
  - Cash costs in coal are among the lowest in the industry due to:
    - 75% of coking coal production coming from open pit mines
    - Tight control over production costs at the existing assets and fast integration of newly acquired assets.

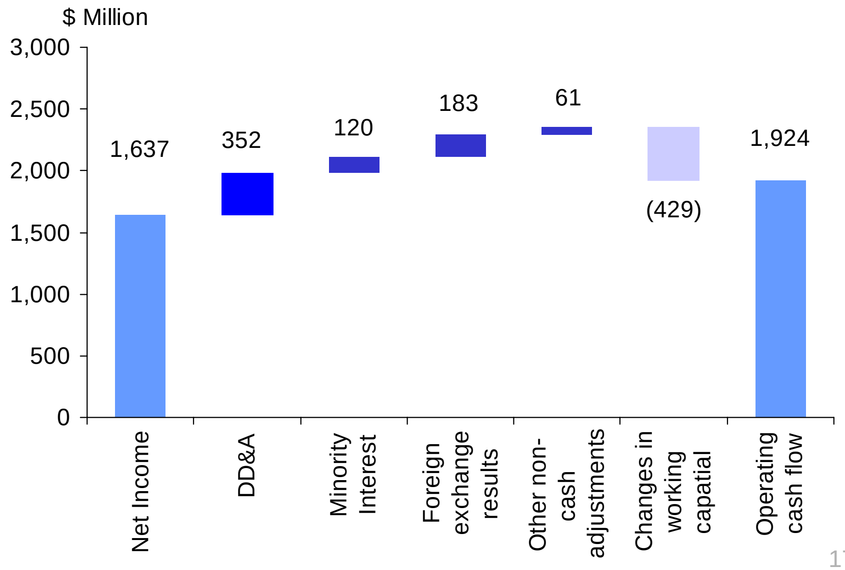
Increasing Cash Generation Capacity

- Strong improvement in cash flow generation
  - Operating cash flow of $1.9 billion in 9M08 exceeded the 2007 full-year
  - Disciplined approach to capital expenditure led to growing free operating cash flow of over $950 million
  - Following revision of capital expenditure plans Mechel expects to continue to generate strong free operating cash flow, despite challenging market conditions
  - Control over working capital despite rapidly increasing operations.
- Commitment to repay short-term debt out of operating cash flow

Operating cash flow



Operating Cash Flow Bridge, 9M08

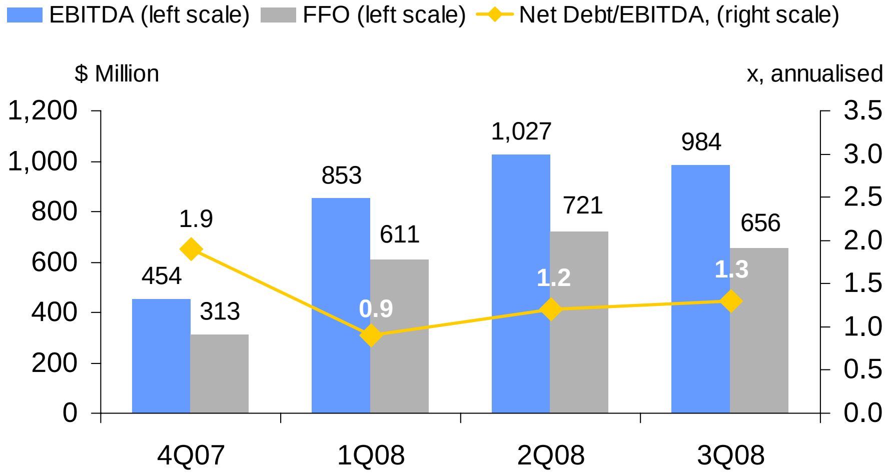


Post Acquisition Debt Metrics Recovery

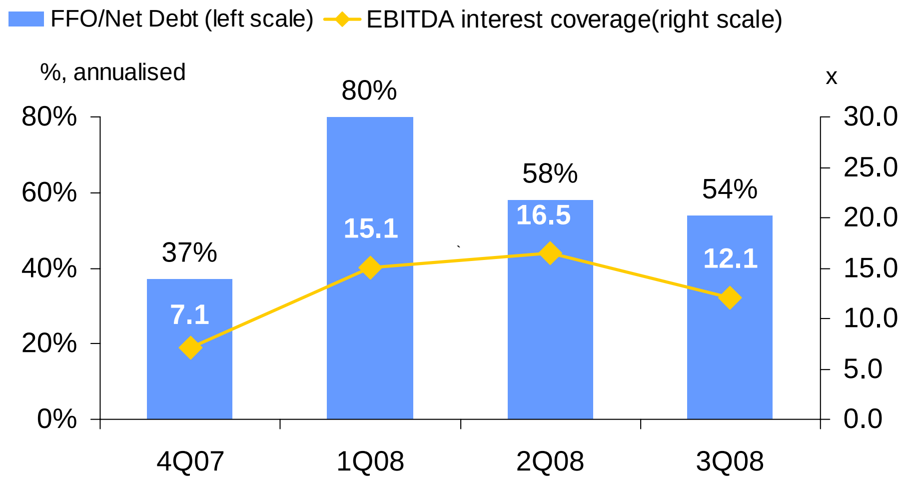
MECHEL

- Mechel's financial policy is to maintain Net Debt-to-EBITDA of below 2.0x
- Insignificant Net Debt to EBITDA dynamics despite sizable acquisitions.
- Committed long-term financing of capex
- Ample working capital financing
- Increased cash flows from acquired operation and excellent performance of the existing assets helped to quickly recover ratios:
  - Annualised Net Debt-to-EBITDA was 1.3x in 9M08
  - Annualised FFO-to-Net Debt was 54% in 3Q08
  - EBITDA interest coverage was 12.1x in 3Q08

EBITDA, FFO and Net Debt/EBITDA



FFO/Net Debt, EBITDA Interest Coverage



Debt Profile

Short-term maturities as of Sept. 30, 2008

$ Million	Q408	Q109	Q209	Q309
Short-term debt and current portion of long-term debt[1]	642[2]	2,046	285	179
Including bridge loan		1,500		

(1) Includes $765 mn of revolving credit lines

(2) $443.5 mn were repaid and/or refinanced as of December 18, 2008

Long-term maturities as of Sept. 30, 2008

$ Million	4Q09	2010	2011	2012	Thereafter
Long-term debt	163	596	620	492	62.0

Financial Results Overview

US$ million unless otherwise stated	9M08	9M07	Change, %
Revenue	8,581	4,647	85%
Cost of sales	(4,233)	(2,830)	50%
Operating income	2,808	1,052	167%
EBITDA	2,864	1,205	138%
EBITDA margin	*33.4%*	*25.9%*	
Net Income	1,637	706	132%
Net Income margin	*19.1%*	*15.2%*	
EPS (USD per share)	3.94	1.7	132%
Sales volumes*, ‘000 tonnes			
Mining segment	16,087	11,026	46%
Steel segment	4,924	4,801	3%

* Includes sales to the external customers only