MMK Q2 2009 RESULTS HIGHLIGHTS

MAXIMUM EFFICIENCY AND FURTHER GROWTH POTENTIAL

➢ Sales increased by 8% in Q2 2009 while EBITDA grew by 109%
➢ EBITDA margin equaled to 20%, which is the highest margin among other Russian names in the sector
➢ MMK was the first company among its peers to become positive on the net income line
➢ The results prove the efficiency of actions taken by MMK management
➢ MMK focuses on high value added products; no commercial slabs are produced
➢ Shipments to highly profitable domestic market account for the largest share of MMK revenue

KEY HIGHLIGHTS OF MMK GROUP CONSOLIDATED INCOME STATEMENT (USD million)

<table>
<thead>
<tr>
<th></th>
<th>Q2  2009</th>
<th>Q1 2009</th>
<th>+/-</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales of MMK Group</td>
<td>1 038</td>
<td>965</td>
<td>73</td>
</tr>
<tr>
<td>EBITDA *</td>
<td>207</td>
<td>99</td>
<td>108</td>
</tr>
<tr>
<td>EBITDA margin of MMK Group</td>
<td>20%</td>
<td>10%</td>
<td>10%</td>
</tr>
<tr>
<td>Profit for the period of MMK Group</td>
<td>59</td>
<td>-110</td>
<td>169</td>
</tr>
</tbody>
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* EBITDA calculations: operating income + share in results of associates + depreciation – impairment of investments in associates + loss on disposal of fixed assets

➢ Sales of MMK Group in Q2 2009 went up by 8% and amounted to USD 1.038 mln
➢ EBITDA equaled to USD 207 mln which is USD 108 mln higher compared to Q1 2009
➢ EBITDA margin of MMK Group in Q2 2009 doubled and amounted to 20%
➢ The Company generated positive net income in the amount of USD 59 mln which is USD 169 mln higher than Q1 2009 results

THE PARENT COMPANY OF MMK GROUP (OJSC “MMK”) ACHIEVES THE BEST RESULTS IN THE SECTOR

<table>
<thead>
<tr>
<th></th>
<th>Q2  2009</th>
<th>Q1 2009</th>
<th>+/-</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales of MMK</td>
<td>867</td>
<td>824</td>
<td>43</td>
</tr>
<tr>
<td>EBITDA</td>
<td>200</td>
<td>160</td>
<td>40</td>
</tr>
<tr>
<td>EBITDA margin of MMK</td>
<td>23.1%</td>
<td>19.4%</td>
<td>3.7%</td>
</tr>
<tr>
<td>Profit for the period of MMK</td>
<td>50</td>
<td>-55</td>
<td>105</td>
</tr>
</tbody>
</table>

➢ Sales of the parent company went up by 5% and amounted to USD 867 mln
➢ EBITDA grew by 25% and equaled to USD 200 mln
➢ Profitability of the parent company MMK remains the highest in the sector with EBITDA margin at 23.1%
➢ Net income increased by USD 105 mln and became positive
KEY Q2 2009 OPERATIONAL HIGHLIGHTS – MANAGEMENT COMMENTS

<table>
<thead>
<tr>
<th>Production, thousand tons</th>
<th>Q2 2009</th>
<th>Q1 2009</th>
<th>+/-</th>
</tr>
</thead>
<tbody>
<tr>
<td>Crude steel</td>
<td>2 159</td>
<td>2 070</td>
<td>4%</td>
</tr>
<tr>
<td>Commercial products</td>
<td>1 919</td>
<td>1 917</td>
<td>0%</td>
</tr>
</tbody>
</table>

- Production of commercial products in Q2 2009 changed insignificantly compared to Q1 2009 figure and amounted to 1.919 mln tons.
- In Q2 2009 MMK increased production of high value added products:
  - output of cold-rolled sheet grew by 47%,
  - output of downstream products increased by 36%,
  - no commercial billets and slabs were produced.

**MMK retains leadership in Russia**

The domestic market remains the priority market for MMK. The volume of domestic shipments amounted to 55% of total sales in Q2 2009. In money terms shipments to Russia and CIS accounted to 64% of Group sales.

The share of high value products shipments increased from 21% in Q1 2009 to 30% in Q2 2009 and accounted for 40% of total sales.

**Export sales**

MMK export sales are diversified to minimize the adverse impact of separate market volatility. So, sales generated from shipments to Asia and Far East in H1 2009 accounted for 14% of total sales. In particular, sales to China amounted to 7% of total sales.

**Profit for the period and cash flow generation**

MMK achieved positive operational profit and profit for the period. The company continues generating positive operational cash flow.

**MMK continues investing to develop the production of new products and achieve maximum profitability, maintaining one of the strongest balance sheets in the sector. Investments made account for high efficiency of MMK operations and serve as drivers for future growth.**

**Capital Expenditures**

Despite the unfavourable macroeconomic situation MMK continued investing into strategically important projects. Q2 2009 CAPEX amounted to USD 571 mln thus totaling to USD 929 mln for H1 2009. The investments made were in general related to completing the construction of Plate Mill 5000 and colour coating line #2.

**Balance sheet highlights**

While implementing the investment program, MMK management maintains one of the strongest balances in the sector. Debt burden is the least among the Russian steel companies.

Total debt stands at USD 1.6 bln, while net debt equals to USD 865 mln. In Q2 2009 total debt continued decreasing, while short-term debt dropped by 20% due to premature repayment of credit facilities of Russian banks.

It is worthwhile mentioning the decrease of the short-term part of total debt – down to 56% at the end of Q2 2009 from 75% in the beginning of 2009. Besides, revolving credit facilities of traders affiliated with MMK for financing steel shipments account for 22% of the short-term debt.

The balance sheet is characterized by a high level of stability: equity accounts for 71% of total assets, the debt to equity ratio stands at 17.6%, which are the best ratios in the Russian steel sector. The debt / EBITDA (for last 12 months) ratio stands at 1.78.

MMK management continues to optimize the structure and the cost of debt. So, the Company prematurely repaid the credit of Gazprombank in the amount of RUR 5.8 bln in June 2009 and the credit of VTB in the amount of RUR 4 bln in August 2009.
GROWTH DRIVERS FOR Q3 2009

➢ Production is expected to grow by 35% compared to Q2 2009.

➢ The rolling capacities utilization rate to grow up to 94% compared to Q3 2008. MMK expects 100% utilization rate in September.

➢ Shipments to the domestic market are expected to increase by more than 30%. The domestic market remains the priority to MMK as it provides for high levels of profitability and sales.

➢ MMK keeps on increasing the share of high value added products in its production portfolio, which provides for high profitability and allows to level price fluctuations on both domestic and export markets.*

* In July 2009 MMK commissioned colour coating line #2 (CCL-2) with designed capacity of 200 thousand tons p.a. and Plate Mill 5000 with designed capacity of 1.5 mln tons of high quality plate p.a. for production of large diameter pipes to meet the demand of oil and gas companies. As of today, the Company has mastered rolling of plate with the x70 characteristics. After commissioning the continuous slab casting machine #6 and secondary steel treatment unit (which are parts of the Plate Mill 5000 complex) in Q4 2009, rolling of plate with x120 characteristics will begin.

Commissioning of the Plate Mill 5000 and colour coating line #2 is another step in MMK strategy to drive up the share of high value added products to 54% by 2013.

The strategy to increase the share of high value added products, continued investments in developing unique products on domestic market, as well as effective actions taken by MMK management allow to expect further improvement of Q3 2009 economic results compared to Q2 2009.

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Financial statement for Q2 2009 results under IAS is to be found at:
http://www.mmk.ru/eng/inrelations/b_reports/index.wbp

The presentation of the Q2 2009 results under IAS is to be found at:
http://www.mmk.ru/eng/inrelations/presentations/index.wbp

Information on MMK:

The Magnitogorsk Iron and Steel Works OJSC (MMK) is among the world’s largest steel producers and is one of the leaders of Russia’s steel industry. The Company is a large steel producing complex encompassing the entire production chain, from preparation of iron ore to downstream processing of rolled steel. MMK turns out a broad range of steel products with a predominant share of value added goods. In 2008 the Company produced 12m tonnes of crude steel and 11m tonnes of commercial products. MMK Group sales stood at USD 10.550bln.