December 18, 2009

OJSC “Magnitogorsk Iron and Steel Works” (OJSC “MMK”) announces its consolidated financial results according to IAS for Q3 2009 ending September 30, 2009

HIGH EFFICIENCY AS A RESULT OF DEVELOPMENT STRATEGY

- MMK showed the highest sales growth in Q3 2009 compared to Russian peers – sales went up by 35% q-o-q
- EBITDA growth exceeded sales growth rate and amounted to almost 50%
- MMK is the only steel-making company to have worked without losses in 9M 2009
- Efficiency of MMK Group parent company continued to grow and reached record levels of EBITDA margin: 28% for Q3 2009 and 24% for 9M 2009
- MMK demonstrates the best EBITDA recovery rate to the level of 2008
- High profitability is the result of the investment programme aimed at increasing the share of HVA products for promising Russian and CIS markets
- Management revised upwards FY 2009 EBITDA and production estimates

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

<table>
<thead>
<tr>
<th></th>
<th>Q3 2009</th>
<th>Q2 2009</th>
<th>+/-</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales of MMK Group</td>
<td>1,404</td>
<td>1,038</td>
<td>35%</td>
</tr>
<tr>
<td>EBITDA *</td>
<td>309</td>
<td>207</td>
<td>49%</td>
</tr>
<tr>
<td>EBITDA margin of MMK Group</td>
<td>22%</td>
<td>20%</td>
<td>-</td>
</tr>
<tr>
<td>Profit for period of MMK Group</td>
<td>76</td>
<td>34</td>
<td>124%</td>
</tr>
</tbody>
</table>

* EBITDA calculations: operating income + share in results of associates + depreciation – impairment of investments in associates + loss on disposal of fixed assets

Redistribution of one-off items within H2 2009 put some pressure on MMK Q3 2009 financial results, yet this calls forth solid Q4 2009 results.

- MMK Group sales went up by 35% and amounted to USD 1,404 mln in 3Q 2009
- EBITDA equaled USD 309 mln which is USD 102 mln higher q-on-q
- EBITDA margin of MMK Group went up by 2% and equaled to 22% in 3Q 2009
- The company generated positive net profit in the amount of USD 76 mln in Q3 2009 which allowed to arrive at break-even level for 9M 2009

KEY HIGHLIGHTS OF MMK GROUP PARENT COMPANY (USD million)

<table>
<thead>
<tr>
<th></th>
<th>Q3 2009</th>
<th>Q2 2009</th>
<th>+/-</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales of MMK</td>
<td>1,323</td>
<td>867</td>
<td>53%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>374</td>
<td>200</td>
<td>87%</td>
</tr>
<tr>
<td>EBITDA margin of MMK</td>
<td>28.3%</td>
<td>23.1%</td>
<td>-</td>
</tr>
<tr>
<td>Profit for the period of MMK</td>
<td>152</td>
<td>50</td>
<td>204%</td>
</tr>
</tbody>
</table>

- Sales of the parent company (OJSC MMK) went up by 53% and amounted to USD 1,323 mln
- At the same time EBITDA grew by 87% and equaled USD 374 mln
- MMK retains leadership in steel segment among Russian peers. EBITDA margin of the parent company grew by 5% to the highest level in the sector – 28.3%
- Profit for the period increased by USD 102 mln and equaled to USD 152 mln
EFFECT OF THE GROUP

- Actual and expected losses of other companies of MMK Group had negative influence on consolidated income statement. In particular, a USD 47 mln reserve was build for doubtful accounts receivable of traders within MMK Group.

- One-off items expected to take place in H2 2009 were included into Q3 2009 results. This substantiates positive expectations for Q4 2009 financial results.

KEY Q3 2009 OPERATIONAL HIGHLIGHTS – MANAGEMENT COMMENTS

<table>
<thead>
<tr>
<th>Production, th. tons</th>
<th>Q3 2009</th>
<th>Q2 2009</th>
<th>+/-</th>
</tr>
</thead>
<tbody>
<tr>
<td>Crude steel</td>
<td>2,831</td>
<td>2,159</td>
<td>31%</td>
</tr>
<tr>
<td>Commercial products</td>
<td>2,601</td>
<td>1,919</td>
<td>36%</td>
</tr>
</tbody>
</table>

- Q3 2009 commercial products output grew by 36% compared to Q2 2009 and amounted to 2,601 th. tons, while crude steel output increased by 31%.

- MMK increased HVA products output due to commissioning of new facilities:
  - output of cold-rolled sheet grew by 19%
  - output of downstream products increased by 29%

- The share of HVA products in Q3 2009 production accounted for 28% of total output and amounted to 735 th. tons, which is 29% higher q-on-q and is equal to Q3 2008 production.

MMK remains the leader in Russia in terms of crude steel and finished products output. 9M 2009 crude steel production amounted to 7.060 mln tons, production of commercial products equaled 6.437 mln tons. Shipments to the domestic market in 9M 2009 amounted to 3.6 mln tons and accounted for 56% of total sales. Sales to the domestic market and CIS equaled to 64% of total sales (in money term).

Cash-flow statement highlights

Due to more intensive revenue growth over operational costs, MMK increased operating profit to USD 82 mln in Q3 2009 from USD 17 mln in Q2 2009.

The generated funds were used to finance CAPEX programme, replacing borrowed funds, as well as to optimize the credit portfolio.

Cash outflow to investments into property, plant & equipment declined considerably to USD 296 mln in Q3 2009 compared to USD 571 mln in Q2 2009, particularly due to completion of Plate Mill 5000.

The efficient working capital management policy made it possible to gain leadership in inventories turnover and to balance accounts receivable and payable as much as possible (the balance of accounts receivable and payable stands at USD 2 mln only).

Balance sheet highlights

MMK maintains one of the strongest balances in the sector. Debt amount is the least among the Russian steel companies. The balance sheet is characterized by high level of stability: equity accounts for 71% of total assets, debt to equity ratio stands at 16%, which are the best indicators in the Russian steel sector.

Total debt went down by 9% from the beginning of 2009 and amounted USD 1,569 mln.

The Company continued to follow the conservative financial policy, bringing down short term debt. Short term debt decreased by 8% in Q3 2009 and equaled USD 830 mln, particularly due to repayments of short and expensive credits (such as VTB credit of USD 128 mln, Türkiye Garanti Bankası A.Ş. credit for MMK-Atakas project of USD 81.9 mln). The share of short term debt in total debt structure continued to decrease and equaled 53% (75% in the beginning of 2009 and 56% at the end of Q2 2009).

Out of USD 830 mln of short term debt, USD 261 mln was represented by a bridge facility of international banks for MMK-Atakas financing. Upon completion of MMK-Atakas long-term financing in November 2009 the bridge
facility was cancelled. In addition, USD 312.5 mln of short term debt is represented by revolving credit facilities of traders affiliated with MMK Group. Thereby, net short term debt amounted to USD 220 mln.

MMK management expects Total Debt/EBITDA ratio to be around 2x based on FY 2009 results.

**MMK BUSINESS KEEPS ON DEVELOPING INTENSIVELY AND SUGGESTS A NUMBER OF DRIVERS FOR FURTHER SHAREHOLDERS' VALUE GROWTH**

- MMK will consolidate Belon’s financial results starting from Q4 2009.
- MMK guaranteed full sufficiency in coking coal for short-term and medium-term perspective: through 5-year contract with Holding Company “SDS” (coking base grades), through supplies from Belon (fat coal grades).
- The company adheres to its organic growth strategy: development of production at Plate Mill 5000, construction of Cold-Rolling Mill 2000 (automotive steel) and realization of MMK-Atakas project in the course of 2010.
- The company closed long-term financing for MMK-Atakas project in the Middle East – the key export region for MMK.
- Should market conditions show further improvement, current production facilities of MMK at its site in Russia only allow to increase finished steel output by 50%.
- MMK investments are intended to further replace regular hot-rolled products from the production portfolio with HVA products, such as thick plate (Plate Mill 5000), cold-rolled steel, galvanized and color-coated steel products.
- Commissioning of the Continuous Slab Casting Machine №6 at the end of 2009 and of the Secondary Steel Treatment Unit in the beginning of 2010, will make it possible to develop production of plates with X120 strength characteristics, and to bring Plate Mill 5000 to its designed capacity.

Q4 2009 finished steel products output is forecast at 2.3 mln tons. The optimal geographical sales distribution and the increasing HVA share make it possible to expect further price growth for main MMK products in Q4 2009 compared to Q3 2009.

These factors, as well as exclusion of the one-off items from other members of MMK Group, make it possible to expect EBITDA growth in Q4 2009 considerably exceeding sales growth rate.

**Financial statement for Q3 2009 results under IAS is to be found at:** http://www.mmk.ru/rus/shareholders/b_reports/index.wbp

The presentation of the Q3 2009 results under IAS is to be found at: http://www.mmk.ru/rus/shareholders/presentations/index.wbp

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.