

**AUDITOR'S OPINION**

To the Shareholders of Mechel OAO  
On the Financial Statements of Mechel Open  
Joint Stock Company following the results of its  
activities for the year 2008

**BDO**

**BDO Unicon**  
Auditors and Consultants

## **AUDITOR'S OPINION**

### **ON THE FINANCIAL STATEMENTS OF MECHEL OPEN JOINT STOCK COMPANY FOLLOWING THE RESULTS OF ITS ACTIVITIES FOR THE YEAR 2008**

BDO Unicon ZAO has audited the financial statements of Mechel OAO (hereinafter, the "Company") for the year 2008 in accordance with Contract No. Yu-0120-0544-08 of May 05, 2008, concluded based on the resolution of the Company's General Shareholders' Meeting on approving BDO Unicon ZAO the official auditor of the Company (Minutes No. 1 of June 30, 2008).

#### **Basic Information on BDO Unicon ZAO**

BDO Unicon ZAO is registered by Tax Inspectorate No. 26 in and for the Southern Administrative District of the City of Moscow of the RF Ministry for Taxes and Levies.

Certificate Series 77, No. 006870804, on registration in the Uniform State Register of Legal Entities under Primary State Registration No. 1037739271701, is issued on January 29, 2003.

Certificate Series 77 No. 006871546, on the state registration of changes introduced into the entity's constituent documents, is issued by Interregional Inspection No. 46 in and for the City of Moscow of the Federal Tax Service under registration number 2037726023498 on September 17, 2003.

Location: Section 11, Bldg. 1, 125 Warshavskoye Shosse, Moscow, 117545.

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CEO – Andrey Yu. Dubinskiy

BDO Unicon ZAO holds License for Audit Practice No. E 000547 dated June 25, 2002, issued by the Russian Federation Finance Ministry, valid until June 26, 2012.

BDO Unicon ZAO is an independent national audit company and a member firm of the worldwide BDO network.

BDO Unicon ZAO is a corporate member of the professional audit association, Non-Profit Partnership "The Institute of Professional Accountants of Russia" (Certificate series D No. 01866/00 valid until December 31, 2009), accredited at the RF Ministry of Finance in accordance with Order No. 574 of December 29, 2006 (Certificate No. 8 on accreditation of the professional audit association at the RF Ministry of Finance).

The authority to sign this Auditor's Opinion rests with the Senior Partner, Vladislav Yu. Pogulyaev, based on Power of Attorney No. 21-01/2009-Yu of January 1, 2009.

Auditor Natalya A. Kurganskaya, Director for audit by the resource group for auditing practices, headed the audit of the Company.

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## **Basic Information on Mechel OAO**

Mechel Open Joint Stock Company is registered with Interregional Inspection No. 46 in and for the City of Moscow of the Federal Tax Service on July 19, 2005, Certificate of Registration Series 77 No. 006840046; and re-registered with Inspection No. 14 in and for the City of Moscow of the Federal Tax Service in connection with the change of the entity's location, Certificate of Registration Series 77 No. 009106720.

Location of the Company: 1 Krasnoarmeyskaya St, 125993 Moscow.

1. We have audited the following accompanying financial statements for 2008, on 89 pages:

- Accounting Balance Sheet (Form No. 1), on 3 pages;
- Profit and Loss Statement (Form No. 2), on 2 pages;
- Equity Changes Statement (Form No. 3), on 2 pages;
- Cash Flow Statement (Form No. 4), on 2 pages;
- Supplement to Accounting Balance Sheet (Form No. 5), on 14 pages; and
- Explanatory Note, on 66 pages.

The foregoing financial statements are prepared by the Company's management in accordance with the standards established by the Russian Federal Law "On Accounting" No. 129-FZ of November 21, 1996 (as subsequently amended), Accounting Regulations, Order of the RF Finance Ministry "On Organizations' Accounting Statement Forms" No. 67n of July 22, 2003, and other Russian Federation statutory documents regulating the procedure to maintain accounting and prepare financial statements.

Responsibility for organization of the accounting and compliance with the Russian Federation legislation in conducting business operations rests on the Company's Chief Executive Officer Igor V. Zyuzin.

Responsibility for developing accounting policy, maintaining accountancy, and timely presenting complete and reliable financial statements rests on the Company's Chief Accountant, Tatyana A. Kalyadina.

Our responsibility is to express an opinion on reliability, in all material respects, of the submitted financial statements based on the conducted audit.

It was not the objective of our audit to issue an opinion on full compliance of the Company's operations with the Russian Federation legislation or to assess the management's efficiency in running the Company.

Our opinion may not be considered by any user of the financial statements as expression of our certainty in continuation of the Company's future activities.

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2. We conducted our audit in accordance with the Federal Law “On Auditing Activity” No. 119-FZ of August 7, 2001, (as subsequently amended) the Federal Law “On Auditing Activity” No. 307-FZ of December 30, 2008, the Federal Audit Rules (Standards) approved by the Russian Government Resolution No. 696 of 23 September 2002 (as subsequently amended); and the internal audit standards and methodologies.

In conducting our audit, we guided ourselves by the Internal Rules (Standards) of the professional audit association, Institute of Professional Auditors of Russia.

The audit was planned and conducted to obtain a reasonable assurance that the financial statements contain no material distortions.

The audit included examining, on a sample test basis, evidences supporting the amounts and disclosures in the financial statements on financial and business operations. The audit also included assessing compliance with the accounting principles and rules used in preparing the financial statements, examining significant estimates made by the Company’s management, and assessment of the financial statements presentation.

We believe that our audit provides a reasonable basis for our opinion on reliability, in all material respects, of the accompanying annual financial statements.

3. In our opinion, the financial statements of the Company present reliably, in all material respects, its financial position as of December 31, 2008, and the results of its financial and business operations for the period from January 1, 2008, up to and including December 31, 2008, in accordance with the requirements of the Russian Federation legislation for preparation of financial statements.

March 03, 2009.

Senior Partner

<SIGNED>

**V. Yu. Pogulyaev**

<Affixed is the corporate stamp  
of BDO Unicon>

Auditor

<SIGNED>

**N. A. Kurganskaya**

<Affixed is the corporate stamp  
of BDO Unicon>

Qualification Certificate for General Audit from the RF Finance Ministry No. K 019561, issued based on the Resolution of the Central Audit Certifying and Licensing Commission of the RF Finance Ministry dated August 30, 2001, the valid term have been extended for an unlimited period from November 15, 2004 (Minutes No. 96 of the CACLC of the RF Finance Ministry).

Total number of pages bound 93 pages.

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**ACCOUNTING BALANCE SHEET**  
as of December 31, 2008

Form No.1 per OKUD

Date (year, month, day)

Organization: **Mechel OAO**

per OKPO

Taxpayer Identification Number

INN/KPP

Line of business **commercial operations and management consultations, investments into securities**

per OKVED

Legal status / Type of ownership

**Open Joint Stock Company** / **Private**

per OKOPF/OKFS

Measurement unit: **RUR thous.**

per OKEI

Location (address):

**1 Krasnoarmeyskaya St, 125993, Moscow**

CODES		
0710001		
2009	02	27
14582388		
7703370008/997550001		
74.14,65.23.1		
47	34	
384		

Date of approval -

Date of dispatch/receipt -

ASSET	Item Code	Disclosures	Reporting year beginning	Reporting year end
1	2	3	4	5
<b>I. Fixed Assets</b>				
<b>Intangible assets, including</b>	110	5,I.1	32 246	19 076
rights for intellectual (industrial) property	111		-	-
patents, licenses, trademarks and other rights and assets analogous to the above-listed	112		32 246	17 121
computer programs	113		-	1 955
other intangible assets	114		-	-
corporate goodwill	115		-	-
<b>Research and development, including:</b>	116	5,III.1	-	-
used results of R&D	121		-	-
incomplete R&D	118	5,III.2	-	-
<b>Plant and equipment, including:</b>	120	5,II.2	641	934
land plots and nature facilities used	121		-	-
buildings and structures	122		-	-
machines and equipment	123		641	887
means of transportation	124		-	-
<b>Construction in progress, including:</b>	130	5,II.7	-	-
incompletely constructed facilities	121		-	-
equipment for installation	132		-	-
acquisition of plant and equipment	133		-	-
<b>Income-bearing investments in tangible assets</b>	135	5,II.6	-	-
<b>Long-term financial investments, including:</b>	140	5,IV.1	84 437 431	183 726 091
contributions to charter capitals of other organizations	141		149 443	149 443
contributions to charter capitals of subsidiaries	142		84 287 988	183 576 648
contributions to charter capitals of dependent organizations	143		-	-
long-term loans received	144		-	-
other long-term financial investments	145		-	-
<b>Deferred tax assets</b>	150	5,VII.4	280 892	3 367 553
<b>Property transferred to operational management</b>	151		-	-
<b>Assets of geological exploration</b>	160		-	-
<b>Prepaid expenses to be written off in over 12 months</b>	171		-	10 089
<b>Long term receivables, including:</b>	172		221	167
trade receivables			-	-
<b>Interest-free loans granted for more than 12 months</b>	173		-	-
<b>Other fixed assets material for recording them in the balance sheet</b>	175		-	-
<b>Other fixed assets</b>	180		1 753	-
<b>Subtotal for Section I</b>	<b>190</b>		<b>84 753 184</b>	<b>187 123 910</b>
<b>II. Current Assets</b>				
<b>Inventories</b>	210	5,V.1	2 577	23
including:				
raw materials, materials and other similar items of material value	211		2	12

livestock in breeding and fattening	212		-	-
costs of work in progress	213		2 575	11
finished products and goods for re-sale	214		-	-
goods shipped	215		-	-
low-value instruments of labor	217		-	-
other inventories and expenses	218		-	-
<b>Prepaid expenses to be written off within 12 months</b>	219		37 957	59 047
<b>Input value-added tax</b>	220		17 921	6 725
<b>Short-term receivables,</b> including:	240	5,VI.1	3 372 848	154 502
purchasers and customers	241		95 144	53 354
notes receivable	242		-	-
outstanding from subsidiaries	243		-	-
outstanding from dependent companies	244		-	-
indebtedness of partners related to their charter capital contribution	245		-	-
advance payments	246		26 268	92 228
budget settlements	247		22 232	-
other receivables	248		3 229 204	8 920
<b>Short-term investments</b> including:	250	5,IV.1	-	-
short-term loans	251		-	-
other financial investments	252		-	-
<b>Cash</b> including:	260		3 365	64 842
settlement accounts	261		2 024	64 639
accounts in foreign currency	262		6	173
letters of credit and other cash means of restricted use	263		1 314	18
cash in hand	264		21	12
other cash	265		-	-
<b>Other types of current assets material for recording them in the balance sheet</b>	265		-	-
<b>Other current assets</b>	270		-	-
<b>Subtotal for Section II</b>	<b>290</b>		<b>3 434 668</b>	<b>285 139</b>
<b>BALANCE (the sum of lines 190 + 290)</b>	<b>300</b>		<b>88 187 852</b>	<b>187 409 049</b>

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LIABILITIES	Item code	Disclosures	Reporting year beginning	Reporting year end
1	2	3	4	5
<b>III. Capital and Reserves</b>				
<b>Charter capital</b>	410	φ.3.IV.	4 162 707	4 162 707
Treasury stock	411		-	-
Surplus capital	420		6 023 340	6 023 340
including:		φ.3.I.		
revaluation gain (loss)	421		-	-
capital paid-in in excess of par value	422		6 023 340	6 023 340
Reserve capital	430		208 135	208 135
including:		φ.3.III.		
statutory reserves required by law	431		-	-
reserves required by constitutive documents	432		208 135	208 135
Retained profit (uncovered loss)	470		55 996 232	93 100 557
including:				
retained profit of preceding years	471		22 608 044	55 996 232
retained profit of reporting year	472		33 388 188	37 104 325
<b>Subtotal for Section III</b>	<b>490</b>		<b>66 390 414</b>	<b>103 494 739</b>
<b>IV. Long-Term Liabilities</b>				
<b>Loans and credits</b> including:	510	5,VI.4	8 784 865	15 082 436
long-term credits	511	5,VI.5	-	-
long-term loans	512		8 784 865	15 082 436
current liabilities under long-term credits (loans)	513		-	-
<b>Deferred tax liabilities</b>	515	5,VII.4	2 024	18 012
<b>Reserves for contingent liabilities</b>	520	5,VII.2	-	-
Other types of long-term liabilities material for recording them in the balance sheet	525		-	-
<b>Other long-term liabilities</b>	530		-	-
<b>Subtotal for Section IV</b>	<b>590</b>		<b>8 786 889</b>	<b>15 100 448</b>
<b>V. Short-Term Liabilities</b>				
<b>Loans and credits</b> including:	610	5,VI.4	12 943 680	61 758 225
short-term credits	611		-	-

short-term loans	612		12 943 680	61 758 225
<b>Payables</b>	620	5.VI.4	65 390	7 049 159
including:				
suppliers and contractors	621		54 911	6 499 125
notes payable	622		-	-
outstanding to subsidiaries	623		-	-
outstanding to dependent companies	624		-	-
arrears to employees	625		7 552	9 190
arrears to state-run extra budgetary funds	626		117	128
taxes and collections payable	627		307	537 819
advance payments received	628		158	51
other creditors	629		2 345	2 846
<b>Accrued income due to partners (founders)</b>	630		1 305	6 478
<b>Deferred VAT</b>	635		174	-
<b>Unearned income</b>	640	5.VII.1	-	-
including:				
funds for earmarked financing	641		-	-
<b>Provisions for anticipated payments</b>	650	5.VII.2	-	-
<b>Other short-term liabilities material for recording them in the balance sheet</b>	655		-	-
<b>Other short-term liabilities</b>	660		-	-
<b>Subtotal for Section V</b>	<b>690</b>		<b>13 010 549</b>	<b>68 813 862</b>
<b>BALANCE (the sum of lines 490 + 590 + 690)</b>	<b>700</b>		<b>88 187 852</b>	<b>187 409 049</b>

<b>REFERENCE: Statement of assets and liabilities recorded on off balance sheet accounts</b>				
<b>Leased fixed assets</b>	910	5.II	77 094	144 840
including under leasing arrangements	911		-	-
fixed assets leased accounted on the lessee's balance	912		-	-
total leasing payables	913		-	-
total leasing receivables	914		-	-
<b>Land plots in permanent use</b>	918		-	-
<b>Housing stock depreciation</b>	919		-	-
<b>Inventories in custody</b>	920	5.V.1	-	-
<b>Goods on commission</b>	930	5.V.1	-	-
<b>Bad debt written off to loss</b>	940	5.VII	-	-
<b>Received security of obligations and payments</b>	950	5.VII	-	-
<b>Granted security of obligations and payments</b>	960	5.VII	48 376 998	79 326 932
including:				
for security of own obligations	961		-	-
for security of third parties' obligations	962		-	-
<b>Third parties' security granted under credits and loans provided by the company</b>	970	5.VIII	-	-
<b>Depreciation of land improvement facilities and other similar facilities</b>	980		-	-
<b>Received intangible assets in use</b>	990	5.I	-	-
<b>Contingent assets</b>	995	5.VII.3	-	-
<b>Contingent liabilities of low or mid probability</b>	996	5.VII.3	-	-
<b>Inventories not owned by the company</b>	997	5.V	-	-
<b>Inventories accepted for processing</b>	998	5.V	-	-
<b>Securities not owned by the company</b>	999		-	-
			-	-

Head

(signature)

**Igor V. Zyuzin**

(printed name)

Chief Accountant

(signature)

**Tatyana A. Kalyadina**

(printed name)

**PROFIT AND LOSS STATEMENT**  
for 12 months of 2008

	Form No. 2 per OKUD	CODES		
		<b>0710002</b>		
Date (year, month, day)		<b>2009</b>	<b>02</b>	<b>27</b>
Organization <b>Mechel OAO</b>	per OKPO	<b>14582388</b>		
Taxpayer Identification Number	INN/KPP	<b>7703370008/997550001</b>		
Line of business <b>commercial operations and management consultations, investments in securities</b>	per OKVED	<b>74.14,65.23.1</b>		
Legal status / Type of ownership <b>Open Joint Stock Company / Private</b>	per OKOPF/OKFS	<b>47</b>	<b>34</b>	
Measurement unit: <b>RUR thous.</b>	per OKEI	<b>384</b>		

Item	Disclosures	Reporting year	Same period, previous year	
Description	Code			
1	2	3	4	
5				
<b>Operating Income and Expenses (Net) proceeds from sales of goods, products, work, and services (exclusive of VAT, excises and similar mandatory levies) including:</b>	010	7,I	<b>7 672 640</b>	<b>2 022 852</b>
(Net) proceeds from sales of goods, products, work, and services (exclusive of VAT, excises and similar mandatory levies) for export	011		12 760	1 711 134
own products			-	-
purchased goods			-	-
works performed			-	-
services provided			12 760	1 711 134
other sales			-	-
(Net) proceeds from sales of goods, products, work, and services (exclusive of VAT, excises and similar mandatory levies) to domestic market	012		7 659 880	311 717
own products			-	-
purchased goods			-	-
works performed			-	-
services provided			5 750 023	311 717
other sales			1 909 857	-
<b>Cost of goods, products, work, and services sold, including:</b>	020	7,II.	<b>(1 929 836)</b>	<b>(74 995)</b>
Cost of goods, products, work, and services sold for export	021		(11 647)	(30 756)
own products			-	-
purchased goods			-	-
works performed			-	-
services provided			(11 647)	(30 756)
other costs			-	-
Cost of goods, products, work, and services sold to domestic market	022		(1 918 189)	(44 238)
own products			-	-
purchased goods			-	-
works performed			-	-
services provided			(8 332)	(44 238)
other costs			(1 909 857)	-
Gross profit	029		5 742 804	1 947 857
Commercial expenses	030	7,III.	-	-
Management expenses	040	7,III.	(1 004 045)	(811 940)
Sales profit (loss)	050		4 738 759	1 135 917
<b>Other income and expenses</b>				
Interest receivable	060	7,IV.	-	152 204
Interest payable	070	7,IV.	(3 020 979)	(1 118 506)
Income from participation in other entities	080	7,IV.	-	-
Depreciation of assets of discontinued operations	090	12,IV.	-	-
Other income	100	7,IV.	102 113 053	37 356 568
Other expenses	110	7,IV.	(58 836 576)	(4 316 620)
<b>Profit (loss) before taxes</b>	140		<b>44 994 257</b>	<b>33 209 563</b>
Deferred tax assets	141	7,VII.	3 086 661	187 270
Deferred tax liabilities	142	7,VII.	(15 988)	(805)
Current profit tax	150	7,VII.	-	(7 823)
Uniform tax on imputed income	151		-	-
Restated profit tax for past periods	152		20 639	(7 823)
Other similar payments from income	155		(23)	(17)

<b>Net profit (loss) of the reporting period</b>	190		48 085 546	33 388 188
REFERENCE:				
Standing tax liabilities (additional tax expense)	200	7,VII.	11 567 804	998 717
Contingent loss from income tax	201	7,VII.	18 263 668	8 739 028
Standing tax assets	202		24 187 884	-
Contingent gain from income tax	203		8 590 794	-
Basic profit (loss) per share	210	7,VIII.	-	-
Diluted profit (loss) per share	220	7,VIII.	-	-

<b>BREAKDOWN OF CERTAIN PROFIT AND LOSS ITEMS</b>					
Item			Disclosures	Reporting year	Same period, previous year
Description		Code			
1	2	3	4	5	6
Penalties, fines, and forfeits admitted or regarding which court judgments (arbitration awards) were received on their levy	210	-	(57)	-	(21)
Profit (loss) of previous years	220	9 545	(74 491)	-	(2 539)
Recovery of losses caused by non-performance or improper performance of obligations	230	-	-	-	-
Exchange rate differences	240	1 323 582	(12 240 999)	890 670	(332 488)
Deductions to evaluation reserves	250	X	-	X	-
Relief of past-limitation payables and receivables	260	-	-	-	-
	270	-	-	-	-

Head

(signature)

**Igor V. Zyuzin**

(printed name)

Chief Accountant

(signature)

**Tatyana A. Kalyadina**

(printed name)

## EQUITY CHANGES STATEMENT

For the period from January to December 2008

	Form No. 3 per OKUD	CODES	
	Date (year, month, day)	<b>0710003</b>	
Organization <b>Mechel OAO</b>		<b>2009</b>	<b>2</b>
Taxpayer Identification Number	INN	<b>14582388</b>	
Line of business <b>commercial operations consultations and investments in securities</b>	per OKVED	<b>7703370008</b>	
Legal status / Type of ownership <b>Open Joint Stock Company</b> / <b>Private</b>	per OKOPF/OKFS	<b>74.14,65.23.1</b>	
Measurement unit: <b>RUR thous.</b>	per OKEI	<b>47</b>	<b>34</b>
		<b>384</b>	

### I. Changes in Owner's Equity

Item	Charter Capital	Surplus Capital	Reserve Capital	Retained Profit (Uncovered Loss)	Total	
Description	Code					
1	2	3	4	5	6	
7	8	9	10	11	12	
Balance as of December 31 of the year preceding the reporting year	010	4162707	6023340	208135	37883779	48277961
<b>2007</b> (preceding year)						
Changes in accounting policy	015	X	X	X	(7 075 201)	(7 075 201)
Revaluation of fixed assets	020	X	-	X	-	-
Change in the deferred taxes from revaluation	025	X	X	X	-	-
Balance as of January 1 of the preceding year	030	4 162 707	6 023 340	208 135	30 808 578	41 202 760
Exchange rate difference connected with formation of charter capital	035	X	-	X	X	-
Net profit	040	X	X	X	33 388 188	33 388 188
Dividends	050	X	X	X	(8 200 534)	(8 200 534)
Allocations to the reserve fund	060	X	X	-	-	-
Adjustment of surplus capital due to fixed asset retirement	061	X	-	X	-	-
Increase of the capital due to:	062	-	-	-	-	-
Issuance of additional shares	063	-	-	X	X	-
Increase of the par value of shares	064	-	-	X	-	-
Reorganization of the legal entity	065	-	X	X	-	-
Decrease of the capital due to:	070	-	-	-	-	-
Decrease of the par value of shares	071	-	-	X	-	-
Decrease of the number of shares	072	-	X	X	X	-
Reorganization of the legal entity (split-up, spin-off)	073	-	X	X	-	-
Balance as of December 31 of the preceding year	080	4 162 707	6 023 340	208 135	55 996 232	66 390 414
<b>2008</b> (reporting year)						
Changes in accounting policy	090	X	X	X	-	-
Revaluation of fixed assets	091	X	-	X	-	-
Change in the deferred taxes from revaluation	092	X	X	X	-	-
Balance as of January 1 of the reporting year	093	4162707	6023340	208135	55 996 232	66 390 414
Exchange rate difference connected with formation of charter capital	101	X	-	X	X	-
Net profit	102	X	X	X	48 085 547	48 085 547
Dividends	103	X	X	X	(10 981 222)	(10 981 222)
Allocations to the reserve fund	104	X	X	-	-	-
Adjustment of surplus capital due to fixed asset retirement	110	X	-	X	-	-

1	2	3	4	5	6	7
Increase of the capital due to:	120	-	-	-	-	-
Issuance of additional shares	121	-	-	X	X	-
Increase of the par value of shares	122	-	-	X	-	-
Reorganization of the legal entity	123	-	X	X	-	-
Decrease of the capital due to:	130	-	-	-	-	-
Issuance of additional shares	131	-	-	X	-	-
Increase of the par value of shares	132	-	X	X	X	-
Reorganization of the legal entity	133	-	X	X	-	-
Balance as of December 31 of the reporting year	140	4 162 707	6 023 340	208 135	93 100 557	103 494 739

## II. Net Assets

Item		Balance as at the preceding year end	Balance as at the reporting period end
Description	Code		
1	2	3	4
Net assets	200	66 390 414	103 494 739

## III. Reserves

Item		Balance as at the preceding year end	Credited	Used (debited)	Balance as at the reporting period end
Description	Code				
1	2	3	4	5	6
<b>Statutory reserves:</b>	310				
(name of the reserve)					
Data for the preceding year	311	-	-	-	-
Data for the reporting year	312	-	-	-	-
<b>Reserves created in accordance with constitutive documents:</b>	320				
(name of the reserve)					
Data for the preceding year	321	208135	-	-	208135
Data for the reporting year	322	208135	-	-	208135

## IV. Shares

Item	Code	Ordinary		Preferred inconvertible		Preferred* inconvertible		Total
		Quantity	Par value	Quantity	Par value	Quantity	Par value	Amount
1	2	3	4	5	6	7	8	9
Issued shares	410							
including:								
fully paid	411							
partly paid	412							
unpaid	413							
Treasury shares (at par)	420							
Shares owned by subsidiaries (at par)	430							
Shares owned by dependent companies (at par)	440							
Shares owned by other shareholders	450							
Shares authorized but not placed	460							

Note: \* To be recorded, if any

Head

(signature)  
February 27, 2009

Igor V. Zyuzin  
(printed name)

Chief Accountant

(signature)

Tatyana A. Kalyadina  
(printed name)

## CASH FLOW STATEMENT

For January to December 2008

	Form No. 4	per OKUD	CODES	
Organization: <b>Mechel OAO</b>	Date (year, month, day)	2009	2	27
Taxpayer Identification Number	per OKPO	14582388		
Line of business <b>commercial operations and management consultations, investments in securities</b>	per OKVED	74.14,65.23.1		
Legal status / Type of ownership <b>Open Joint Stock Company</b> / <b>Private</b>	per OKOPF/OKFS	47	34	
Measurement unit: <b>RUR thous.</b>	per OKEI	384		

Item	Code	Reporting year	Same period, previous year
Description	Code	3	4
1	2	3	4
<b>Balance of cash at the beginning of the reporting year</b>	010	3 365	5 975
<b>Cash flows from current operations</b>			
Cash received from buyers and customers, including:	100	1 246 350	398 841
advances received	101	21 837	
Other receipts	110	3 819 102	724 246
Cash used for:	120	(17 328 416)	(10 383 191)
payment for acquired goods, works, services, materials and other current assets	150	(1 144 968)	(748 836)
advances paid	151	(1 170 651)	(226 576)
wages and salaries	160	(300 216)	(291 077)
payments to state-run extra budgetary funds	161	(12 073)	
payment of dividends and interest	170	(12 295 838)	(7 581 494)
payment of taxes and duties	180	(471 055)	(802 707)
payment of other expenses	190	(1 933 616)	(732 501)
<b>Net cash flows from current operations</b>	200	(12 262 964)	(9 260 105)
<b>Cash flows from investment operations</b>			
Proceeds from sale of fixed assets and other non-current assets	210	61 009	-
Proceeds from sale of securities and other financial investments	220	-	-
Dividends received	230	4 690 618	-
Interest received	240	-	152 204
Proceeds from repayment of loans extended to other organizations	250	-	2 492 000
Advances paid	260	-	-
Other receipts	270	40 432	106
Cash for acquisition of subsidiaries	280	(575 970)	
Acquisition of fixed assets, income-bearing investments in tangible assets and intangible assets	290	-	(386)
Acquisition of securities and other financial investments	300	(44 201 074)	(1 027 655)
Loans extended to other organizations	310	-	-
Other payments	320	-	-
<b>Net cash flows from investment operations</b>	340	(39 984 985)	1 616 269

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1	2	3	4
<b>Cash flows from financing operations</b>			
Proceeds from issuance of shares or other equities	350	-	-
Proceeds from loans and credits extended by other organizations	360	54 305 073	8 956 395
Budgetary appropriations and other earmarked financing	370	-	-
Other receipts	380	-	-
Repayment of loans and credits (without interest)	390	(2 624 434)	(1 315 168)
Financial lease payments	400	-	-
Other payments	410	-	-

<b>Net cash flows from financing operations</b>	420	51 680 639	7 641 227
Net inflow (outflow) of cash and its equivalents	430	(567 310)	(2 609)
<b>Balance of cash at the end of the reporting period</b>	440	64 842	3 365
Effect of changes in the exchange rate of foreign currencies against ruble	450	628 787	11

Head

\_\_\_\_\_  
(signature)

**Igor V. Zyuzin**

\_\_\_\_\_  
(printed name)

Chief Accountant

\_\_\_\_\_  
(signature)

**Tatyana A. Kalyadina**

\_\_\_\_\_  
(printed name)

**SUPPLEMENT TO ACCOUNTING BALANCE SHEET**

**For January to December 2008**

Form No. 5 per OKUD

		CODES		
		0710005		
		2009	2	27
		14582388		
		7703370008/997550001		
		74.14.65.23.1		
		47	34	
		384		

Organization: **Mechel OAO** per OKPO

Taxpayer Identification Number \_\_\_\_\_ per OKVED

Line of business: **commercial operations consultations and investments in securities** per OKVED

Legal status: \_\_\_\_\_ / Type of ownership \_\_\_\_\_ per OKOPF/OKFS

Measurement unit: **RUR thous.** per OKEI

**5.1 Intangible Assets**

**5.1.1. Intangible Assets by Categories**

Item		Code	Depreciated book value as at the preceding reporting year end	Depreciated book value as at the reporting period end
Description	1			
Intangible assets total:		100	33 506	19 076
Intellectual property items (exclusive rights for intellectual property results)		110	33 506	19 076
including:				
Patent-holder's rights to inventions, industrial prototypes, useful models		111	-	-
Right-holder's rights to computer software, databases		112	-	1 955
Right-holder's rights to integrated circuit topologies		113	-	-
Owner's rights to trade marks and service marks, names of places of origin of goods		114	33 506	17 121
Patent-holder's rights to selection fruits		115	-	-
Computer programs		120	-	-
Corporate goodwill		130	-	-
Research and development		140	-	-
including:				
Research and development in progress		141	-	-
Research and development completed		142	-	-
		143	-	-
Other intangible assets		150	-	-

## 5.1.2. Intangible Assets History

Item Description	Code	At the reporting year beginning		Received	Depreciated book value of retired assets	Accrued depreciation	At the reporting period end	
		Acquisition cost	Accrued depreciation				Acquisition cost	Accrued depreciation
1	2	3	4	5	6	7	8	9
<b>Total</b>	130	81 377	49 131	2 133	-	15 303	83 510	64 434
Intellectual property items (exclusive rights to intellectual property results) including:	131	81 377	49 131	2 133	-	15 303	83 510	64 434
Patent-holder's rights to inventions, industrial prototypes, useful models	132	-	-	-	-	-	-	-
Right-holder's rights to computer software, databases	133	-	-	2 133	-	178	2 133	178
Right-holder's rights to integrated circuit topologies	134	-	-	-	-	-	-	-
Owner's rights to trade marks and service marks, names of places of origin of goods	135	81 377	49 131	-	-	15 125	81 377	64 256
Patent-holder's rights to selection fruits	136	-	-	-	-	-	-	-
Computer programs	137	-	-	-	-	-	-	-
Corporate goodwill	138	-	-	-	-	-	-	-
Research and development in progress	139	-	-	-	-	-	-	-
Research and development completed	140	-	-	-	-	-	-	-
Other intangible assets	145	-	-	-	-	-	-	-

## 5.1.3. Intangible Assets with the Transferred Rights for Using Them

Item Description	Code	At the reporting year beginning	At the reporting period end
		3	4
1	2		
	150		
	151		
	152		
	153		

## 5.1.4. Useful Lives and Depreciation Methods

Item Description	Code	Useful lives	Depreciation methods
			4
1	2	3	
Owner's exclusive right to trade marks and service marks, names of places of origin of goods	160		
Trade mark, Certificate No. 100070	160	76	Straight-line method
Trade mark, Certificate No. 100071	160	76	Straight-line method
Trade mark, Certificate No. 124790	160	103	Straight-line method
Trade mark, Certificate No. 285609	160	115	Straight-line method
Trade mark, Certificate No. 285610	160	115	Straight-line method
Trade mark, Certificate No. 285611	160	115	Straight-line method
Trade mark, Certificate No. 285626	160	115	Straight-line method
Trade mark, Certificate No. 285627	160	115	Straight-line method
Trade mark, Certificate No. 88202	160	58	Straight-line method
Trade mark, Certificate No. 88203	160	58	Straight-line method
Trade mark, Certificate No. 88705	160	56	Straight-line method
Trade mark, Certificate No. 88706	160	56	Straight-line method
Trade mark, Certificate No. 88876	160	58	Straight-line method
Trade mark, Certificate No. 94623	160	68	Straight-line method
Trade mark, Certificate No. 99372	160	76	Straight-line method
Right-holder's exclusive rights to computer software, databases	160		
Internal Control System - automated system	160	24	Straight-line method
	161		
	162		
	163		

**5.II. Fixed Assets**

**5.II.1. Available Fixed Assets**

Item		Depreciated book value at the reporting year beginning	Depreciated book value at the reporting period end
Description	Code		
1	2	3	4
Total:	200	640	932
Depreciable fixed assets	210	640	408
including:			
Buildings	211	-	-
Structures and transfer devices	212	-	-
Machines and equipment	213	588	362
Means of transportation	214	-	-
Production tools and implements	215	31	26
Productive livestock	216	-	-
Perennial plantations	217	-	-
Social facilities	218	-	-
<i>other essential types of fixed assets</i>			
Other types of fixed assets	219	21	20
Assets with unlimited useful lives, non-depreciable	220	-	524
including:			
Land plots	221	-	-
Natural resources used	222	-	-
<i>other essential types</i>			
Other types of fixed assets	229	-	524
Productive livestock below useful age	230	-	-
Perennial plantations below useful age	231	-	-
<i>other essential types</i>			
Other types of fixed assets	239	-	-

**5. II. 2. Fixed Assets Revaluation**

Item		Balance at the reporting year beginning		Revaluation		Balance at the reporting period end	
Description	Code	Acquisition (replacement) cost	Depreciation	Allocated to surplus capital	Allocated to retained profit	Replacement cost	Depreciation
1	2	3	4	5	6	7	8
By types of assets	240						
		-	-	-	-	-	-
<b>Total</b>		-	-	-	-	-	-



#### 5.II.4. Special Regimes for Fixed Assets Utilization

Item		As at the reporting year beginning		As at the reporting period end	
Description	Code	Acquisition (replacement) cost	Accrued depreciation	Acquisition (replacement) cost	Accrued depreciation
1	2	3	4	5	6
Real estate requiring state registration to be shown in the balance sheet	267	-	-	-	-
<i>including the essential types</i>		-	-	-	-
Real estate requiring state registration to be shown off the balance sheet	268	-	-	-	-
<i>including the essential types</i>		-	-	-	-
Rented fixed assets to be shown in the balance sheet	269	-	-	-	-
<i>including the essential types</i>		-	-	-	-
Rented fixed assets , to be shown off the balance sheet	270	77 094	-	144 840	-
<i>Premises and property under Contract No. FD 62-08 dated 01.07.08 (FI)</i>		54 852	-	125 083	-
<i>Parking under Contract No.258/m-07 dated 01.11.07 (FI)</i>		5 887	-	8 288	-
<i>Motor transport under Contract No.288 dated 27.11.07(FI)</i>		16 355	-	7 770	-
Fixed assets leased to be shown in the balance sheet	271	-	-	-	-
<i>including the essential types</i>		-	-	-	-
Fixed assets leased, to be shown off the balance sheet	272	-	-	-	-
<i>including the essential types</i>		-	-	-	-
Fixed assets mothballed	273	-	-	-	-
<i>including the essential types</i>		-	-	-	-

## 5.II.5. Useful Lives and Depreciation Methods

Item	Code	Rated useful life	Depreciation methods
Description	1	2	3
Buildings	274		-
Structures and transfer devices	275		-
Machines and equipment	276	8,50	Straight-line method
Means of transportation	277		-
Production tools and implements	278	10,00	Straight-line method
Productive livestock	279		-
Perennial plantations	280		-
Social facilities	281		-
<i>other essential types of fixed assets</i>			-
Land improvement facilities	282		-
<i>other essential types of fixed assets</i>			-
Other types of fixed assets	283	22,50	Straight-line method

## 5.II.6 Income-Bearing Investments in Tangible Assets

Item	Code	As at the reporting year beginning	Acquisitions	Disposals	As at the reporting period end
Description	1	2	3	4	5
Property for lease	286				
<i>including the types of assets</i>					
Depreciation of income-bearing Investments in tangible assets	287				
<i>including the types of assets</i>					

## 5.II.7. Capital Investments in Fixed assets

Item	Code	Balance at the reporting year beginning	Costs during the reporting period	Commissioned	Retirement	Balance at the reporting period end
Description	1	2	3	4	5	6
Total	300	-	619	619	-	-
Incomplete construction	301	-	-	-	-	-
<i>by types of assets</i>						
Equipment for installation	310	-	-	-	-	-
<i>by types of assets</i>						
Acquisition of fixed assets	320	-	619	619	-	-
<i>Acquisition of land plots</i>		-	-	-	-	-
<i>Acquisition of nature facilities</i>		-	-	-	-	-
<i>Machines and equipment (except office equipment)</i>		-	619	619	-	-

## 5.III. Research and Development (R&amp;D), Natural Resources Development

## 5.III.1. Positive Results of R&amp;D

Types of work		Availability at the reporting year beginning	Acquisitions	Written off		Availability at the reporting period end	Period of the results utilization	
Description	Code			As expenses for ordinary activities	On other grounds		Total	Remained
1	2	3	4	5	6	7	8	9
Total	310	-	-	-	-	-	-	-
including:								
Scientific research	311	-	-	-	-	-	-	-
Development and engineering	312	-	-	-	-	-	-	-
Technological works	313	-	-	-	-	-	-	-
Other works	316	-	-	-	-	-	-	-

## 5.III.2. Expenses Related to R&amp;D in progress

Types of work		Availability at the reporting year beginning	Costs incurred in the reporting period	Written off			Availability at the reporting year end
Description	Code			Generated no positive result	Accepted for accounting as intangible assets	Transferred for accounted as completed	
1	2	3	4	5	6	7	8
Total	320	-	-	-	-	-	-
including:							
Scientific research	321	-	-	-	-	-	-
Development and engineering	322	-	-	-	-	-	-
Technological works	333	-	-	-	-	-	-
Other works	339	-	-	-	-	-	-

## 5.III.3. Expenses Related to Development of Natural Resources

Item		Balance at the reporting year beginning	Received	Written off	Balance at the reporting period end
Description	Code				
1	2	3	4	5	6
<b>Expenses for natural resources development - Total</b>	<b>370</b>				
including:					
<i>by types of work</i>					
Completed natural resources development yielded positive result	380				
including:					
<i>by types of work</i>					
Expenses for natural resources development yielded no result and allocated in the reporting period to other expenses	390				
including:					
<i>by types of work</i>					
Item		Code	During the reporting period	During the same period of the preceding year	
Description					
1	2	3	4		
Expenses related to natural resources development written off as expenses for ordinary activities	400				
<i>by types of work</i>					
Expenses related to natural resources development allocated in the reporting period to other expenses as yielded no result	410				

## 5.IV. Financial Investments

## 5.IV.1. Availability and History of Financial Investments

Item		As at the reporting year beginning	Acquisitions	Disposals	As at the reporting period end	Methods of financial investments evaluation during outflow*
Description	Code					
1	2	3	4	5	6	7
<b>Long-term - Total</b>	420	84 437 431	269 957 598	176 929 836	177 465 193	
Contributions to charter (share) capitals of other entities - Total	421	803 479	1 588 566	24 032	2 368 012	
including:						
subsidiary and controlled companies	422	-	-	-	-	
dependent business companies	423	-	-	-	-	
State and municipal securities	424	-	-	-	-	
Securities of other issuers - Total	425	83 633 953	268 369 032	176 905 803	175 097 181	
including:						
debt securities (bonds, bills)	426	-	-	-	-	
Other	430	-	-	-	-	
<b>Long-term Financial Investments with current market value:</b>	440	82 028 385	138 869 617	167 915 656	52 982 346	
Contributions to charter (share) capitals of other entities	441	-	-	-	-	
including:						
subsidiary and controlled companies	442	-	-	-	-	
dependent business companies	443	-	-	-	-	
State and municipal securities	444	-	-	-	-	
Securities of other issuers - Total	445	82 028 385	138 869 617	167 915 656	52 982 346	
including:						
debt securities (bonds, bills)	446	-	-	-	-	
Other	450	-	-	-	-	
Long-term Financial Investments for which it is impossible to determine their market value:	460	2 409 046	131 087 981	9 014 180	124 482 848	
	461	-	-	-	-	

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Item		As at the reporting year beginning	Acquisitions	Disposals	As at the reporting period end	Methods of financial investments evaluation during outflow*
Description	Code					
1	2	3	4	5	6	7
<b>Short-term - Total</b>	470	-	-	-	-	
Contributions to charter (share) capitals of other entities - Total	471	-	-	-	-	
State and municipal securities	472	-	-	-	-	
Securities of other issuers - Total	473	-	-	-	-	
including:						
debt securities (bonds, bills)	474	-	-	-	-	
Other	480	-	-	-	-	
<b>Short-term Financial Investments, with current market value:</b>	490	-	-	-	-	
Contributions to charter (share) capitals of other entities	491	-	-	-	-	
State and municipal securities	492	-	-	-	-	
Securities of other issuers - Total	493	-	-	-	-	
including:						
debt securities (bonds, bills)	494	-	-	-	-	
Other	495	-	-	-	-	
Short-term Financial Investments, for which it is impossible to determine their market value:	497	-	-	-	-	

Note: \* F - FIFO value assessment  
S - evaluation of average acquisition cost  
K - evaluation based on each unit's acquisition cost

## 5.IV.2. Adjustments of Financial Investments (FI) evaluation

Item						
Description	Code	As at the reporting year beginning	Credit	Debit	Retirement during FI write off	As at the reporting period end
1	2	3	4	5	6	7
<b>Long-term</b>						
Difference between current market value of financial investments and their previous evaluation	500	-	90 611 583	25 276 552	-	-
<i>IZHSTAL OAO</i>		-	584 784	224 587	-	-
<i>Korshunov Mining Plant OAO</i>		-	13 541 104	-	-	-
<i>Southern Kuzbass Coal Company OAO</i>		-	74 716 493	2 266 827	-	-
<i>CMP OAO</i>		-	1 769 201	22 048 610	-	-
<i>ORIEL RESOURCES PLC/ ORIEL RESOURCES LIMITED</i>		-	-	736 528	-	-
Difference between current value of debt securities and their initial cost	510	-	-	-	-	-
<i>including the groups (types)</i>		-	-	-	-	-
Reserve for depreciation of financial investments for which it is impossible to determine their market value	520	-	-	-	-	-
<i>including the groups (types)</i>		-	-	-	-	-
<b>Short-term</b>						
Difference between current market value of financial investments and their previous evaluation based on which their value was determined	530	-	-	-	-	-
<i>including the groups (types)</i>		-	-	-	-	-
Difference between current value of debt securities and their initial cost	540	-	-	-	-	-
<i>including the groups (types)</i>		-	-	-	-	-
Reserve for depreciation of financial investments, which have no market value	550	-	-	-	-	-
<i>including the groups (types)</i>		-	-	-	-	-

## 5.IV.3. Financial Investments with Restricted Right of Use

Item					
Description	Code	Balance at the reporting year beginning	Received	Written off	Balance at the reporting period end
1	2	3	4	5	6
<b>Long-term</b>					
Financial Investments under pledge	560			-	0
<i>including the groups (types)</i>				-	
Financial Investments transferred to third parties (except sale)	570			-	
<i>including the groups (types)</i>				-	
<b>Short-term</b>					
Financial Investments, under pledge	580			-	
<i>including the groups (types)</i>				-	
Financial Investments transferred to third parties (except sale)	590			-	
<i>including the groups (types)</i>				-	

## 5.IV.4. Information on Loans Granted

Item						
Description of borrower	Code	Loan amount as of then reporting date	Repayment term	Annual interest rate	Security	Repayment method (A, B, C, D)*
1	2	3	4	5	6	7
Total:	600	-				
Long-term loans		-				
Short-term loans		-				

Note.\*  
A- periodic repayment;  
B- repayment of all interest and principal amount at the end of the term;  
C- periodic repayments of interest with repayment of principal amount at the end of the term;  
D- Other methods

## 5.V. Inventories

## 5.V.1. Inventories Availability and Flow

Item		As at the reporting year beginning	Acquisitions**	Disposals**	As at the reporting period end	Methods of inventory evaluation during outflow***
Description	Code	3	4	5	6	7
Total:	610	2 576	-	-	23	C
Raw materials	611	1	-	-	12	C
including those pledged*:	612	-	-	-	-	C
Component parts	613	-	-	-	-	C
Work in progress	614	2 575	-	-	11	C
Finished products	615	-	-	-	-	C
Goods purchased	616	-	-	-	-	C
Goods shipped	617	-	-	-	-	C
Low-value instruments of labor	618	-	-	-	-	C
Other inventories and expenses	620	-	-	-	-	C

Note:\* To be disclosed by each item, if any.

\*\* Information to be disclosed by entities with ordinary operational cycle exceeding 12 months.

\*\*\* F - FIFO value assessment

L - LIFO value assessment

S - evaluation of average acquisition cost

K - evaluation based on each unit's acquisition cost

## 5.V.2. Reserves for Impairment of Tangible Assets Value

Item		As at the reporting year beginning	Impairment of Tangible Assets Value	Reserve re-establishment	Write off during reserves outflow	Balance at the reporting period end
Description	Code	3	4	5	6	7
Total	650	-	-	-	-	-
<i>by groups (types) of reserves</i>						

## 5.VI. Accounts Receivable and Accounts Payable

## 5.VI.1. Accounts Receivable

Item		As at the reporting year beginning	Appearance**		Retirement**			Balance as at the reporting period end
Description	Code		As the result of business operations	Interest, fines, and other charges	Repayment	Provision for doubtful debts	Write off	
1	2	3	4	5	6	7	8	9
<b>Short-term</b>								
Buyers and customers	660	95 144	3 173 371	-	3 215 162	-	-	53 354
including essential amounts:								
Fincom-Invest		14 009	-	-	14 009	-	-	-
Mechel Management OOO		47 000	25	-	47 010	-	-	15
Urals Stampings Plant OAO		297	47 130	-	43 732	-	-	3 695
CMP OAO		27 532	502 513	-	509 892	-	-	20 152
IZHSTAL OAO		-	55 638	-	52 418	-	-	3 220
Yakutugol HC OAO		-	192 009	-	188 346	-	-	3 663
Korshunov Mining Plant OAO		-	51 973	-	49 240	-	-	2 734
Mechel Coke		-	92 182	-	86 398	-	-	5 783
BMP OAO		-	89 094	-	84 625	-	-	4 469
Advances paid	670	26 268	36 357 693	-	36 291 733	-	-	92 228
Interest-free loans	671	-	-	-	-	-	-	-
Taxes and duties paid in excess	672	22 232	33 985 435	-	34 007 667	-	-	-
other essential items		-	-	-	-	-	-	-
Other	680	3 229 204	298 762 957	-	301 983 241	-	-	8 920
<b>Total</b>	<b>690</b>	<b>3 372 848</b>	<b>372 279 456</b>	<b>-</b>	<b>375 497 802</b>	<b>-</b>	<b>-</b>	<b>154 502</b>
<b>Long-term</b>								
Buyers and customers	691	-	-	-	-	-	-	-
including essential amounts:								
Receivables under leasing arrangements	700	-	-	-	-	-	-	-
Advances paid	701	221	-	-	54	-	-	167
Interest-free loans	702	-	-	-	-	-	-	-
other essential items		-	-	-	-	-	-	-
Other	710	-	-	-	-	-	-	-
<b>Total</b>	<b>720</b>	<b>221</b>	<b>-</b>	<b>-</b>	<b>54</b>	<b>-</b>	<b>-</b>	<b>167</b>
<b>Out of total receivables:</b>								
outstanding from subsidiaries	721	-	-	-	-	-	-	-
outstanding from dependent companies	722	-	-	-	-	-	-	-

Note: \* Information to be disclosed by each item of receivables.

\*\* Recommended for disclosure by entities with significant period between appearance and retirement of receivables

5.VI.2. Overdue Accounts Receivable

Item		Amount of debt under contract	Book value (less the reserve)	Date of appearance of overdue receivable
Description	Code			
1	2	3	4	5
<i>By major debtors</i>	730			
<b>Total</b>		-	-	-

5.VI.3. Reserve for Doubtful Debts

Item		Balance at the reporting year beginning	Reserve creation	Reserve write off	Balance at the reporting period end
Description	Code				
1	2	3	4	5	6
<i>By types of receivables</i>	740				
Reserve for doubtful debts related to receivables on the RF territory in RUR		-	-	-	-
Reserve for doubtful debts related to receivables on the Republic of Belarus territory in RUR		-	-	-	-
Reserves related to receivables from buyers and customers on the CIS territory in RUR		-	-	-	-
Reserves for doubtful debts related to notes (buyers' own notes) in RUR		-	-	-	-
Reserves related to receivables from buyers for commitment's goods (works, services) in RUR		-	-	-	-
Reserves for doubtful debts related to settlements for operational lease in RUR		-	-	-	-
Reserves for doubtful debts of buyers and customers on the Republic of Belarus territory in foreign currency		-	-	-	-
Reserves for doubtful debts of buyers and customers on the CIS territory in foreign currency		-	-	-	-
Reserves for doubtful debts of buyers and customers in the far-abroad countries in foreign currency		-	-	-	-
Reserves for doubtful debts related to notes (buyers' own notes) in foreign currency		-	-	-	-
Reserves for doubtful debts of buyers and customers for commitment's goods (works, services) in foreign currency		-	-	-	-
Reserves for doubtful debts related to settlements for operational lease in foreign currency		-	-	-	-
Reserves for doubtful debts of buyers and customers on the RF territory in nominal currency units		-	-	-	-
Reserves for doubtful debts of buyers and customers on the Republic of Belarus territory in nominal currency units		-	-	-	-
Reserves for doubtful debts of buyers and customers on the CIS territory in nominal currency units		-	-	-	-
Reserves for doubtful debts of buyers and customers for commitment's goods (works, services) in nominal currency units		-	-	-	-
Reserves for doubtful debts related to settlements for operational lease in nominal currency units		-	-	-	-
<b>Total:</b>		-	-	-	-

5. VI. 4. Accounts Payable

Item	Code	Balance at the reporting year beginning	Appearance**		Retirement**		Reposting receivables from long-term to short term receivables	Balance At the reporting period end
			As the result of business operations	Interest, fines, and other charges	Repayment	Write off		
1	2	3	4	5	6	7	8	9
<b>Long-term</b>								
Credits	750	-	-	-	-	-	-	-
<i>Including major creditors</i>		-	-	-	-	-	-	-
loans	760	8 784 865	10 086 534	591 202	706 594	-	3 673 572	15 082 436
<i>Including major creditors</i>		-	-	-	-	-	-	-
<i>Mechel-Finance Agreement: Interest-Bearing Loan Agreement No. 421/M-08 dated 19.12.08</i>		-	3 404 100	6 339	-	-	-	3 410 439
<i>Mechel Hardware Agreement: Interest-Bearing Loan Agreement No.1F dated 26.12.07</i>		481 527	-	20 817	502 344	-	-	-
<i>Mechel Trading House Agreement: Interest-Bearing Loan Agreement No. 91830289 dated 06.10.08</i>		-	1 000 000	15 515	-	-	-	1 015 515
<i>Mechel Trading House Agreement: Interest-Bearing Loan Agreement No. 91730221 dated 26.12.07</i>		500 548	-	40 000	-	-	540 548	-
<i>Little Echo Agreement: Earmarked Loan Agreement No. 111/M-06 dated 11.08.2006</i>		1 187 483	38 412	48 217	32 743	-	1 241 369	-
<i>Gazprombank JSCB ZAO Agreement: Agreement No.005/M-06 dated 01.03.2006</i>		5 000 000	-	-	-	-	-	5 000 000
<i>Mechel Trading LTD, Zug, Schaan Branch Agreement: Loan Agreement No.123/M-06 dated 04.09.06. (% short-term)</i>		881 779	72 694	-	47 541	-	906 932	-
Payables under leasing arrangements, Total	770	-	-	-	-	-	-	-
<i>Including major creditors</i>		-	-	-	-	-	-	-
<i>Including future leasing payments in the next reporting period</i>	775	-	-	-	-	-	-	-
<i>Including major creditors</i>		-	-	-	-	-	-	-
Other	780	2 024	18 735	-	2 747	-	-	18 012
<b>Total</b>	790	8 784 865	10 086 534	591 202	706 594	-	3 673 572	15 082 436
Out of total long-term payables:								
outstanding to subsidiaries	791	-	-	-	-	-	-	-
outstanding to dependent companies	792	-	-	-	-	-	-	-
<b>Short-term</b>								
Settlements with suppliers and contractors	800	54 911	45 358 597	77 889	38 992 273	-	-	6 499 125
<i>Including major creditors</i>		-	-	-	-	-	-	-
<i>Mechel Management OOO Agreement: Reimbursement of Expenses under Contract No.033 with Deloitte and Touche</i>		9 821	-	-	9 821	-	-	-
<i>Fincom-invest OOO Agreement: 27P.127-06 dated 29.12.06 work places lease</i>		17 740	-	-	17 740	-	-	-
<i>Fincom-invest OOO Agreement: 27P.269-07 dated 01.08.07- work places lease</i>		11 398	14 839	-	26 237	-	-	-
<i>Zoneline Limited Agreement: Securities Purchase and Sale Agreement dated 28.10.08</i>		-	6 338 731	-	-	-	-	6 338 731
Notes payable	801	-	-	-	-	-	-	-
<i>by contractors</i>		-	-	-	-	-	-	-
Arrears to employees	802	7 552	-	-	-	-	-	9 190
Settlements with budget and extra budgetary funds	803	424	815 442	(2 314)	298 319	-	-	537 946
<i>including related to:</i>								
profit tax	804	-	815 442	(2 314)	298 319	-	-	485 170
VAT	805	-	200 457	16	183 276	-	-	17 197
property tax	806	-	18	-	11	-	-	7
excises	807	-	-	-	-	-	-	-
mineral extraction tax	808	-	-	-	-	-	-	-
uniform social tax	809	384	14 381	6	14 307	-	-	464
insurance contributions to the RF Pension Fund	810	40	9 101	-	9 089	-	-	52
other taxes	811	-	98 077	-	63 021	-	-	35 056
Advance payments received	820	158	21 965	-	22 072	-	-	51
Credits	821	-	35 178 962	11 120 773	2 163 380	-	-	44 136 375
Loans	822	12 943 680	4 778 527	3 557 114	3 149 234	-	508 216	17 621 850
<i>other essential items</i>		-	-	-	-	-	-	-
Other	830	2 344	306 763 831	1	306 763 330	-	-	2 846
<b>Total</b>	840	13 009 043	392 917 220	14 753 464	351 388 582	-	508 216	68 807 383
Out of total short-term payables:								
outstanding to subsidiaries	841	-	-	-	-	-	-	-
outstanding to dependent companies	842	-	-	-	-	-	-	-

\*\* Recommended for disclosure by entities with significant period between appearance and retirement of payables

## 5.VI.5. Description of Credits and Loans

Item		Amount	Term		Interest rate, %	Method of repayment (A, B, C, D)*	Currency of liability
Description	Code		Total	Remained until repayment date			
1	2	3	4	5	6	7	8
Credits	850	1 500 000					
<i>including major credits</i>		-					
<i>ROYAL BANK OF SCOTLAND PLC Facility Agreement unnumbered dated 20.03.08</i>		1 500 000	11	3		B	USD
Loans	860	67 804 837					
<i>including major loans</i>		-					
<i>Mechel-Finance Interest-Bearing Loan Agreement No. 92730012 dated 29.08.07</i>		1 099 950	24	8	8	B	RUR
<i>Mechel Trading House Interest-Bearing Loan Agreement No. 91730123 dated 24.08.07</i>		1 100 000	24	8	8	B	RUR
<i>Mechel Trading House Interest-Bearing Loan Agreement No. 1Φ dated 26.12.07</i>		481 000	24	12	8	B	RUR
<i>Mechel Trading House Interest-Bearing Loan Agreement No. 91730221 dated 26.12.07</i>		500 000	24	12	8	B	RUR
<i>CMP OAO Interest-Bearing Loan Agreement No. 191/M-07/759a/07 dated 06.09.07</i>		649 600	24	8	8	B	RUR
<i>Southern Kuzbass OAO Interest-Bearing Loan Agreement No. 187/M-07 dated 29.08.07</i>		620 000	24	8	8	B	RUR
<i>Moscow Coke and Gas Plant Interest-Bearing Loan Agreement No. 197/M-06 dated 20.11.06</i>		299 590	37	11	8	B	RUR
<i>Mechel International Holdings AG Loan Agreement No. 13.155-05/843-05 dated 12.07.05</i>		199 000	52	10	6	B	USD
<i>Mechel-Finance Interest-Bearing Loan Agreement No. 421/M-08 dated 19.12.08</i>		3 404 100	24	24	10,4	B	RUR
<i>Mechel Trading House Interest-Bearing Loan Agreement No. 91830282 dated 26.09.08</i>		600 000	24	21	8,8	B	RUR
<i>Mechel Trading House Interest-Bearing Loan Agreement No. 91830289 dated 06.10.08</i>		1 000 000	24	21	8,8	B	RUR
<i>Mechel Trading House Interest-Bearing Loan Agreement No. 91830317 dated 17.11.08</i>		613 800	24	23	8,8	B	RUR
<i>CMP OAO Interest-Bearing Loan Agreement No. 420/M-08 dated 19.12.08</i>		700 000	37	24	10,4	B	RUR
<i>CMP OAO Interest-Bearing Loan Agreement No. 422/M-08 dated 19.12.08</i>		488 873	36	24	10,4	B	RUR
<i>Southern Kuzbass OAO Interest-Bearing Loan Agreement No. 960 YuK/08 dated 25.06.08</i>		500 000	24	18	8,6	B	RUR
<i>Littel Echo Earmarked Loan Agreement No. 719/05 dated</i>		15 700	64	18	6	B	USD
Notes payable	870	-					
<i>including by types of notes</i>		-					
Bonds issued	880	5 000 000					
<i>including by types of bonds</i>		-					
<i>Gazprombank JSCB ZAO Agreement No. 005/M-06 dated</i>		5 000 000	85	54		B	RUR

Note:\* A- periodic repayment,

B- repayment of all interest and principal amount at the end of the term;

C- periodic repayments of interest with repayment of principal amount at the end of the term;

D- Other methods

## 5.VI.6. Expenses Related to Credits and Loans

Item		Long-term credits and loans	Short-term credits and loans
Description	Code		
1	2	3	4
Expenses related to credits. Total:	890	-	-
written off to operational expenses		-	-
included in the value of assets		-	-
Expenses related to loans. Total:	895	1 012 303	14 203 203
written off to operational expenses		1 013 086	14 134 685
included in the value of assets		(783)	68 518
Out of total expenses related to loans and credits:	900	1 012 303	14 203 203
interest accrued		768 870	2 174 275
other expenses		243 433	12 028 928
Average weighted rate*	910		

Note: \* To be calculated in compliance with the requirements set forth in par. 29 of RAS 15/01

**5.VII. Contingent Liabilities and Assets****5.VII.1. Unearned Income**

Item		Balance at the reporting year beginning	Accrued	Spent	Balance at the reporting period end
Description	Code				
1	2	3	4	5	6
Total:	920	-	-	-	-
Non-repayable receipt of assets	921	-	-	-	-
Disposal of real estate before its registration	922	-	-	-	-
Exchange rate differences related to short-term financial investments and receivables	923	-	-	-	-
Deficiencies recovered	924	-	-	-	-
Other	930	-	-	-	-

**5.VII.2. Reserves for Future Expenses**

Item		Balance at the reporting year beginning	Accrued	Spent	Reestablished	Balance at the reporting period end
Description	Code					
1	2	3	4	5	6	7
<b>Estimated expenditures</b>	940	-	-	-	-	-
including:						
Settlements with employees	941	-	-	-	-	-
Repair of fixed assets	942	-	-	-	-	-
Works related to seasonal nature of production	943	-	-	-	-	-
<i>other essential items</i>		-	-	-	-	-
Other	950	-	-	-	-	-
<b>Contingent liabilities</b>	960	-	-	-	-	-
including:						
warranty liabilities and reclamation	961	-	-	-	-	-
liquidation liabilities	962	-	-	-	-	-
litigations	963	-	-	-	-	-
tax authorities' claims following tax inspections	964	-	-	-	-	-
Reserves for discontinued operations	965	-	-	-	-	-
Reserves for budgetary funds granted	966	-	-	-	-	-
other essential items		-	-	-	-	-
Other Contingent liabilities	970	-	-	-	-	-
<b>Out of total reserve for contingent liabilities:</b>	980	-				
Reserve created on account of expenses for ordinary activities	981	-				
Created on account of other expenses	982	-				
Included in asset value	983	-				
Unused (accrued in excess) amount of reserve	984	-				

## 5.VII.3. Contingencies

Item		Contingency's probability		
Description of contingency's consequences	Code	Amount	Level of probability (V, H, A, L*)	Quantification
1	2	3	4	5
<b>Contingent liabilities</b>	985			
warranty liabilities and reclamation	986			
litigations	987			
tax authorities' claims following tax inspections	988			
guarantees of third parties' obligations	989			
positive difference between book value of pledged assets and book value of liability	990			
related to discontinued operations	991			
<i>other essential items</i>				
Other Contingent liabilities	995			
<b>Contingent assets</b>	1000			
by essential types				

Note : \* V - very high probability;  
H - high probability;  
A - average probability;  
L - low probability.

## 5.VII.4 Deferred Taxes

Item		Deductible temporary differences	Deferred tax assets	Taxable temporary differences	Deferred tax liabilities
Description	Code				
1	2	3	4	5	6
Balance at the preceding reporting period end	1010	353 203	84 769	4 765	1 144
Changes resulting from revaluation of fixed assets	1011	-	-	-	-
Balance at the reporting period beginning	1013	1 170 384	280 892	8 432	2 024
Income	1014	14 921 809	3 581 234	78 064	18 735
Expenditure	1015	(2 060 739)	(494 577)	(11 446)	(2 747)
Result of tax rates change	1012	-	-	-	-
Result of correction of past years errors	1016	-	-	-	-
Permanent differences between value of assets and liabilities	1017	-	-	-	-
Write off with no tax consequences	1018	-	-	-	-
Balance at the reporting period end	1019	14 031 454	3 367 549	75 050	18 012

## 5. VIII. Security

Item		Balance at the reporting year beginning	Balance at the reporting period end
Description	Code		
1	2	3	4
Received -- Total:	1020	-	-
including:			
notes	1021	-	-
letters of credit related to performed shipment	1022	-	-
letters of credit related to non-performed shipment	1023	-	-
guarantees	1024	-	-
bank guarantees	1026	-	-
endorsements by notes	1027	-	-
including:			
fixed assets	1028	-	-
Inventories	1029	-	-
securities and other financial investments	1030	-	-
Other essential types of property	1031	-	-
<i>other essential types</i>			
Other security	1035	-	-
Granted for own liabilities -- Total	1036	-	-
including:			
notes	1037	-	-
property pledged	1038	-	-
including:			
fixed assets	1039	-	-
Inventories	1040	-	-
securities and other financial investments	1041	-	-
Other essential types of property	1042	-	-
<i>other essential types</i>			
Other security	1045	-	-
Granted for third parties' liabilities -Total	1050	48 376 998	79 326 932
including :			
guarantees	1051	48 376 998	79 326 932
property pledged	1052	-	-
endorsements by notes	1053	-	-
<i>other essential types</i>			
Other	1055	-	-
Security granted to third parties for the organization's future liabilities	1060	-	-
including by type of security			
Guarantees granted by third parties for the organization's effective liabilities	1070	-	-
including by type of security			

5. IX. Expenses Related to Ordinary Operations (with a breakdown by cost items)

Item		Reporting year	Preceding year
Description	Code		
1	2	3	4
Material costs	1080	5 726	3 027
Labor costs	1090	285 903	323 762
Social benefits	1100	21 535	21 486
Depreciation	1110	15 629	15 826
Other costs	1120	2 602 524	522 644
Total cost items	1121	2 931 317	886 744
Change in balances (increase [+], decrease [-]):	1130	33 743	(17 524)
Work in progress	1131	2 564	(187)
Future expenses	1132	31 179	(17 337)
Provisions for anticipated payments	1133	-	-

Head

\_\_\_\_\_  
 (signature) **Igor V. Zyuzin**  
 (printed name)

February 27, 2009

Chief Accountant

\_\_\_\_\_  
 (signature) **Tatyana A. Kalyadina**  
 (printed name)