

ACCOUNTING BALANCE SHEET
as of December 31, 2006

| | | | |
|---------------------------------|--|-----------------------------|--------------|
| Organization: Mechel OAO | Form No. 1 per OKUD | CODES | |
| Taxpayer Identification Number | Date (year, month, day) | 2007 | 03 27 |
| | per OKPO | 14 582 388 | |
| | INN | 7703370008/997550001 | |
| Line of business | per OKVED | 74.14,65.23.1 | |
| Legal status | Type of ownership | 47 | 34 |
| Open Joint Stock Company | Private | per OKOPF/OKFS | |
| Measurement unit: | RUR thou. | per OKEI | |
| Location (address): | 1 Krasnoarmeyskaya St, 125993, Moscow | | |
| | Date of approval | | |
| | Date of dispatch/receipt | | |

| ASSETS | Item code | Reporting year beginning | Reporting year end |
|---|------------|--------------------------|--------------------|
| 1 | 2 | 3 | 4 |
| I. Fixed Assets | | | |
| Intangible assets | 110 | 62 495 | 47 370 |
| Plant and equipment | 120 | 17 381 | 10 342 |
| Construction in progress | 130 | 265 | 265 |
| Income-bearing investments in tangible assets | 135 | - | - |
| Long-term investments | 140 | 26 312 961 | 62 041 067 |
| Deferred tax assets | 145 | 104 714 | 93 622 |
| Other fixed and non-current assets | 150 | 15 | 15 |
| Subtotal for Section I | 190 | 26 497 831 | 62 192 681 |
| II. Working Assets | | | |
| Reserves | 210 | 61 659 | 58 183 |
| raw materials, materials, and other similar items of material value | 211 | 284 | 127 |
| livestock in breeding and fattening | 212 | - | - |
| costs of work in progress | 213 | 26 466 | 2 762 |
| finished products and goods for re-sale | 214 | - | - |
| goods shipped | 215 | - | - |
| prepaid expenses | 216 | 34 909 | 55 294 |
| other reserves and expenses | 217 | - | - |
| Input value-added tax | 220 | 6 185 | 880 |
| Accounts receivable (maturing in over 12 months after the reporting date) | 230 | - | 198 |
| including: purchasers and contractors 62 | 231 | - | - |
| advance payments, account 60 | 232 | - | 198 |
| Accounts receivable (maturing within 12 months after the reporting date) | 240 | 449 520 | 122 779 |
| including purchasers and contractors 62 | 241 | 261 128 | 34 638 |
| sundry debtors and creditors, account 76 | 242 | 28 508 | 727 |
| advance payments, account 60,76 | 243 | 132 568 | 61 970 |
| taxes and collections, account 68 | 244 | 27 119 | 24 903 |
| social insurance expenses, account 69 | 245 | - | - |
| other debtors, account 71,73,75 | 246 | 197 | 541 |
| Short-term investments | 250 | 864 635 | - |
| Cash | 260 | 17 769 | 5 975 |
| including: | | | |
| cash in hand | 261 | 392 | 404 |
| accounts in RUR (account 51) | 262 | 17 311 | 4 791 |
| accounts in foreign currency (account 52) | 263 | 66 | 6 |
| Transfers in transit (account 57) | 264 | - | - |
| Special bank accounts | 265 | - | 774 |
| Other working assets | 270 | - | - |
| Subtotal for Section II | 290 | 1 399 768 | 188 015 |
| BALANCE | 300 | 27 897 599 | 62 380 696 |

| LIABILITIES | Item code | Reporting year beginning | Reporting year end |
|-------------|-----------|--------------------------|--------------------|
| 1 | 2 | 3 | 4 |

| | | | |
|---|------------|-------------------|-------------------|
| III. Capital and Reserves | | | |
| Charter capital | 410 | 4 162 707 | 4 162 707 |
| Treasury stock | 411 | - | - |
| Surplus capital | 420 | 6 023 340 | 6 023 340 |
| Reserve capital | 430 | 208 135 | 208 135 |
| Including: | | | |
| statutory reserves required by law | 431 | - | - |
| reserves required by constitutive documents | 432 | 208 135 | 208 135 |
| Retained profit of reporting year (uncovered loss) | 470 | 8 763 441 | 37 883 779 |
| Subtotal for Section III | 490 | 19 157 623 | 48 277 961 |
| IV. Long-Term Liabilities | | | |
| Loans and credits | 510 | 8 383 202 | 13 541 398 |
| Deferred tax liabilities | 515 | 2 246 | 1 219 |
| Other long-term liabilities | 520 | - | - |
| Subtotal for Section IV | 590 | 8 385 448 | 13 542 617 |
| V. Short-Term Liabilities | | | |
| Loans and credits | 610 | 281 360 | 514 546 |
| Accounts payable | 620 | 73 168 | 45 572 |
| Including | | | |
| suppliers and contractors | 621 | 7 070 | 18 630 |
| employees | 622 | 18 162 | 14 507 |
| state-run extra budgetary funds | 623 | 805 | 515 |
| taxes and collections payable | 624 | 3 335 | 8 113 |
| trade account advance payments received, account 62 | 625 | 561 | 104 |
| sundry debtors and creditors, account 76 | 626 | 42 666 | 3 217 |
| other creditors 71,73,79,55 | 627 | 569 | 486 |
| Accrued income due to partners (founders) | 630 | - | - |
| Unearned income | 640 | - | - |
| Provisions for anticipated payments | 650 | - | - |
| Other short-term liabilities | 660 | - | - |
| Subtotal for Section V | 690 | 354 528 | 560 118 |
| BALANCE | 700 | 27 897 599 | 62 380 696 |

STATEMENT OF ASSETS RECORDED ON OFF BALANCE SHEET ACCOUNTS

| Item | Item code | Reporting year beginning | Reporting year end |
|---|-----------|--------------------------|--------------------|
| 1 | 2 | 3 | 4 |
| Leased assets | 910 | - | - |
| including under leasing arrangements | 911 | - | - |
| Inventories in custody | 920 | - | - |
| Goods on commission | 930 | - | - |
| Bad debt written off to loss | 940 | - | - |
| Received security of obligations and payments | 950 | - | - |
| Granted security of obligations and payments | 960 | 3 611 469 | 1 137 211 |
| Housing stock depreciation | 970 | - | - |
| Depreciation of on-site improvements and other similar facilities | 980 | - | - |
| Received intangible assets in use | 990 | - | - |

Chief Executive
Officer

(signature)

I. V. Zyuzin

(name)

Chief Accountant

(signature)

E. L. Kryazhevskikh

(name)