

ACCOUNTING BALANCE SHEET
as of December 31, 2007

Organization: **Mechel OAO**
 Taxpayer Identification Number
**commercial operations and management consultations,
 investments in securities**
 Line of business
 Legal status **Open Joint Stock Company** Type of ownership **Private**
 Measurement unit: **RUR thous.**
 Location (address): **1 Krasnoarmeyskaya St, 125993, Moscow**

Form No. 1 per OKUD
 Date (year, month, day)
 per OKPO
 INN
 per OKVED
 per OKOPF/OKFS
 per OKEI

| CODES | | |
|-----------------------------|-----------|-----------|
| 0710001 | | |
| 2008 | 03 | 25 |
| 14 582 388 | | |
| 7703370008/997550001 | | |
| 74.14,65.23.1 | | |
| 47 | 34 | |
| 384 | | |

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 | 47 370 | 32 246 |
| Plant and equipment | 120 | 10 342 | 641 |
| Construction in progress | 130 | 265 | - |
| Income-bearing investments in tangible assets | 135 | - | - |
| Long-term investments | 140 | 54 966 254 | 84 437 431 |
| Deferred tax assets | 145 | 93 622 | 280 892 |
| Other fixed and non-current assets | 150 | 15 | 1 753 |
| Subtotal for Section I | 190 | 55 117 868 | 84 752 963 |
| II. Working Assets | | | |
| Reserves | 210 | 58 183 | 40 534 |
| raw materials, materials and other similar items of material value | 211 | 127 | 2 |
| livestock in breeding and fattening | 212 | - | - |
| costs of work in progress | 213 | 2 762 | 2 575 |
| finished products and goods for re-sale | 214 | - | - |
| goods shipped | 215 | - | - |
| prepaid expenses | 216 | 55 294 | 37 957 |
| other reserves and expenses | 217 | - | - |
| Input value-added tax | 220 | 880 | 17 921 |
| Accounts receivable (maturing in over 12 months after the reporting date) | 230 | 198 | 221 |
| including: purchasers and contractors 62 | 231 | - | - |
| advance payments, account 60 | 232 | 198 | 221 |
| Accounts receivable (maturing within 12 months after the reporting date) | 240 | 122 355 | 3 372 848 |
| including purchasers and contractors 62 | 241 | 34 638 | 95 144 |
| sundry debtors and creditors, account 76 | 242 | 727 | 3 227 688 |
| advance payments, account 60,76 | 243 | 61 546 | 26 268 |
| taxes and collections, account 68 | 244 | 24 903 | 22 232 |
| social insurance expenses, account 69 | 245 | - | 322 |
| other debtors, account 71,73,75 | 246 | 541 | 1 194 |
| Short-term investments | 250 | - | - |
| Cash | 260 | 5 975 | 3 365 |
| including: | | | |
| cash in hand | 261 | 404 | 21 |
| accounts in RUR (account 51) | 262 | 4 791 | 2 024 |
| accounts in foreign currency (account 52) | 263 | 6 | 6 |
| Transfers in transit (account 57) | 264 | - | - |
| Special bank accounts | 265 | 774 | 1 314 |
| Other working assets | 270 | - | - |
| Subtotal for Section II | 290 | 187 591 | 3 434 889 |
| BALANCE | 300 | 55 305 459 | 88 187 852 |

Auditor

| 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 | 30 808 578 | 55 996 232 |
| Subtotal for Section III | | 490 | 41 202 760 | 66 390 414 |
| IV. Long-Term Liabilities | | | | |
| Loans and credits | | 510 | 13 541 398 | 8 784 865 |
| Deferred tax liabilities | | 515 | 1 219 | 2 024 |
| Other long-term liabilities | | 520 | - | - |
| Subtotal for Section IV | | 590 | 13 542 617 | 8 786 889 |
| V. Short-Term Liabilities | | | | |
| Loans and credits | | 610 | 514 546 | 12 943 680 |
| Accounts payable | | 620 | 45 536 | 65 564 |
| Including | | | | |
| suppliers and contractors | | 621 | 18 594 | 54 911 |
| employees | | 622 | 14 507 | 7 552 |
| state-run extra budgetary funds | | 623 | 515 | 117 |
| taxes and collections payable | | 624 | 8 113 | 307 |
| trade account advance payments received, account 62 | | 625 | 104 | 158 |
| sundry debtors and creditors (account 76) | | 626 | 3 217 | 2 420 |
| other creditors 71,73,79,55 | | 627 | 486 | 99 |
| Accrued income due to partners (founders) | | 630 | - | 1 305 |
| Unearned income | | 640 | - | - |
| Provisions for anticipated payments | | 650 | - | - |
| Other short-term liabilities | | 660 | - | - |
| Subtotal for Section V | | 690 | 560 082 | 13 010 549 |
| BALANCE | | 700 | 55 305 459 | 88 187 852 |

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 | - | 77 094 |
| 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 | 1 137 211 | 48 376 998 |
| Housing stock depreciation | 970 | - | - |
| Depreciation of on-site improvements and other similar facilities | 980 | - | - |
| Received intangible assets in use | 990 | - | - |

Head <signed> **Stanislav A. Ploschenko** Chief Accountant <signed> **Tatyana A. Kalyadina**
 (signature) (name) (signature) (name)

March 25, 2008

<Affixed is the corporate stamp of Mechel OAO>

Auditor
S. P. Rudakov