

**DRAFT RESOLUTION OF THE ANNUAL GENERAL MEETING OF
SHAREHOLDERS as of 06.06.2011:**

The 1st issue on the agenda:

«On approval of annual report of the Company».

Draft decision **«To approve 2010 annual report of Mechel OAO».**

The 2nd issue on the agenda:

«On approval of annual accounting statements including profit and loss account of the Company».

Draft resolution **«To approve 2010 annual accounting report including profit and loss account of Mechel OAO».**

The 3rd issue on the agenda:

«Distribution of profit including Company's dividend payment according to business year results».

Draft resolution: **«To pay dividends on ordinary registered book-entry shares based on the Company's results for the 2010 fiscal year estimated at RUR 8.73 per one share. Payment will be in cash by wire transfer not later than 60 days of the payment decision.**

To pay dividends on privileged registered book-entry shares based on the Company's results for the 2010 fiscal year estimated at RUR 26.21 per one share. Payment will be in cash by wire transfer not later than 60 days of the payment decision.

To allocate 2010 profit at a sum of RUR 42,928,913,531.54 as follows:

- dividend payment of placed Company's ordinary shares – **RUR 3,634,043,603.85**
- dividend payment of placed Company's privileged shares- **RUR 3,636,818,742.15**
- the 35,658,051,185.54 profit balance should remain not distributed».

The 4th issue on the agenda:

«On election of members of the Board of Directors of the Company».

Draft resolution: «To elect the Members of the Board of Directors of Mechel OAO»

- 1. Johnson, Arthur David**
- 2. Gusev, Vladimir Vassilievich**
- 3. Yevtushenko, Alexander Evdokimovich**
- 4. Zyuzin, Igor Vladimirovich**
- 5. Kozhukhovskiy, Igor Stepanovich**
- 6. Kolpakov Serafim Vassilyevich**
- 7. Mikhel, Yevgeny Valeryevich**
- 8. Proskurnya, Valentin Vassilyevich**
- 9. Roger Ian Gale».**

The 5th issue on the agenda

«Election of audit committee members of the Company».

Draft resolution: **«To elect audit committee members of Mechel OAO»**

- 1. Pavlovskaya-Moknatkina, Elena Vladimirovna**
- 2. Mikhailova, Natalya Grigoryevna**
- 3. Radishevskaya, Ludmila Eduardovna».**

The 6th issue on the agenda:

«On approval of Company's auditor».

Draft resolution: «To approve ZAO «ENERGY CONSULTING/Audit as auditor of Mechel Open Joint Stock Company».

The 7th issue on the agenda:

«Adoption of the new version of the Charter of Mechel Open Joint Stock Company».

Draft resolution: «Adopt the new version of the Charter of Mechel Open Joint Stock Company».

The 8th issue on the agenda:

«On Approval of a new version of Statement on Collective Executive Body (Board Management) of the Company».

Draft resolution: «To approve a new version of Statement on Collective Executive Body of Mechel Open Joint Stock Company».

The 9th issue on the agenda:

«On approval of a new version of Statement on the Company's Board of Directors».

Draft resolution: «To approve a new version of Statement on the Company's Board of Directors of Mechel Open Joint Stock Company».

The 10th issue on the agenda

«On approval of a new version of Statement on Company's sole executive body (General Director)».

Draft resolution: «To approve a new version of Statement on Company's sole executive body (General Director).

The 11th issue on the agenda:

“On approval of Transactions of Interest”

Draft resolution: «To approve conclusion of the guarantee agreement(s) as the transaction(s) of interest by Mechel OAO (hereafter «Company») on the terms and conditions as follows:

Parties to the transaction(s): ABN AMRO Bank N.V., Banque Cantonale Vaudoise Banque de Commerce et de Placements S.A., BNP PARIBAS (Suisse) S.A., BNP PARIBAS S.A., BNP PARIBAS UK HOLDINGS LIMITED, BANCII COMMERCIALE ROMANE S.A., Barclays Bank PLC, Barclays Capital Inc., Bayerische Landesbank AG, Calyon S.A., Credit Agricole S.A., Credit Agricole (Suisse) S.A., CITIGROUP Inc., Citibank N.A., COMMERZBANK AG, Credit Suisse (UK) Limited, CREDIT EUROPE BANK NV, DEUTSCHE BANK AG, KBC Bank N.V., KFW, DZ BANK AG, DEMIR HALK BANK (NEDERLAND) NV, DEUTSCHE ZENTRAL-GENOSSENSCHAFTSBANK, Frankfurt am main, ERSTE BANK DER OESTERREICHISCHEN SPARKASSEN AG, ERSTE GROUP BANK AG European Bank for Reconstruction and Development, ING Bank N.V., ING Bank Deutschland AG, ING Bank Slaski S.A., ING Belgium S.A., ING Belgium N.V., NATIXIS S.A., Nordea Bank AB, VTB Bank (Deutschland) AG, VTB Bank Europe Plc, Raiffeisen Zentralbank Osterreich AG, Raiffeisen Bank S.A., Societe Generale S.A., The Royal Bank of Scotland Plc, The Royal Bank of Scotland N.V, Standard Bank London Limited, UBS Limited, UBS AG, WestLB AG, UFJ Bank Nederland N.V., The Bank of Tokyo-Mitsubishi Ltd., Bank Austria Creditanstalt AG, Sumitomo Mitsui Banking Corporation Europe Limited., HSH Nordbank AG, HSBC Bank plc, VTB Bank (Austria) AG, VTB Bank (France) SA , INTESA SANPAOLO BANK IRELAND PLC, Dresdner Kleinwort Wasserstein AG, GarantiBank International N.V., LRP LANDESBANK RHEINLAND PFAIZ, Goldman Sachs International, Goldman Sachs (Asia) L.L.C., CATERPILLAR FINANCIAL SERVICES, Goldman Sachs & Co. oHG, J.P. Morgan Europe Limited, JPMorgan Chase Bank, Merrill Lynch International, Merrill Lynch Japan Securities Co. Ltd., Morgan Stanley & Co. International Limited, Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A., UniCredit Bank AG (formerly known as Bayerische Hypo- und Vereinsbank AG), EURASIAN DEVELOPMENT BANK, Hillside Apex Fund Limited, JP Morgan Bank International CB (LLC), ABN AMRO Bank CJSC, Alfa Bank OJSC, ICICI Bank Eurasia (LLC), Dresdner Bank CJSC, Morgan Stanley Bank LLC, BNP Paribas Bank CJSC, Citibank Commercial Bank CJSC, Commerzbank Eurasia CJSC, Bank Credit Suisse (Moscow) CJSC, Deutsche Bank LLC, Gazprombank (Switzerland) LTD, Gazprombank Open Joint-Stock Company, HSBC Bank (PP) LLC, UniCredit Bank Closed Joint-Stock Company, ING Bank (Eurasia) CJSC, Promsvyazbank Joint-Stock Commercial Bank CJSC, Raiffeisenbank CJSC, Renaissance Capital Commercial Bank LLC, TransCreditBank OAO, Bank Societe Generale Vostok Commercial Joint-

Stock Bank CJSC, Joint-Stock Commercial Savings Bank of the Russian Federation OJSC, Standart Bank CJSC, Uralsib Bank OJSC, Uglemetbank OJSC, UBS Bank LLC, WestLB Vostok Bank CJSC, Bank of Moscow Joint-Stock Commercial Bank (OJSC), VTB Bank (OJSC), State Corporation “Bank for Development and Foreign Economic Affairs (Vnesheconombank)”, Rabo Invest Financial Company LLC, Eurasian Development Bank, BNP Paribas SA (including its London branch), Credit Europe Bank N.V. (including its branch in Malta), Commerzbank Aktiengesellschaft (including its London branch), Demir-Halk Bank (Nederland) N.V., Eurasian Financial Services Plc, Fortis Bank (Nederland) N.V. (including its London branch), Garanti Bank, Hillside Apex Fund (under Thames River Capital LLP management), ICICI Bank UK Plc, ING Bank N.V., Natixis (including its London branch), Raiffeisen-Boerenleenbank (Rabobank International), Raiffeisen Zentralbank Österreich AG, BNP PARIBAS Bank ZAO, ING BANK(EURASIA) CJSC (Closed Joint-Stock Company), The Royal Bank of Scotland (Closed Joint-Stock Company), Nordea Bank Open Joint-Stock Company, COMMERZBANK (EURASIA) Closed Joint-Stock Company, Commercial and Investment Bank KALION RUSBANK Closed Joint-Stock Company, Natix Bank Closed Joint-Stock Company, Raiffeisen Bank Closed Joint-Stock Company, Bank Societe Generale Vostok Commercial Joint-Stock Bank (Closed Joint-Stock Company), Law Debenture Trust Corporation plc., TMF Trustee Limited, Capita Trust Company Limited, Citibank N.A. (including its London branch), SKB-Bank OAO, SACE S.p.A. Servizi Assicurativi Del Commercio Estero; UniCredit MedioCredito Centrale S.p.A.; BNP Paribas S.A., BNP Paribas; MILAN BRANCH; The Export-Import Bank of China; China Export & Credit Insurance Corporation; Euler Hermes Kreditversicherungs-AG; Industrial Development Corporation of South Africa limited; Export Credit Insurance Corporation of South Africa Limited; Oesterreichische Kontrollbank Aktiengesellschaft; Nedbank Capital; Nedbank Limited; Export Guarantee and Insurance Corporation (EGAP); Japan Bank for International Cooperation JBIC); Export Development Canada (EDC); Nippon Export and Investment Insurance (NEXI); Export-Import Bank of the United States, Nedbank Group Limited, Nedbank Capital Division, NomosBank OAO, the Central Bank of the Russian Federation (Bank of Russian), HSH Nordbank AG, ZENIT Bank OAO, Banco Santander (Brasil) S.A., Santander Consumer Bank, Banco Itaú BBA S.A., Banco Itaú BBA International, S.A., Banco Itaú BBA International S.A., Banco Nacional de Desenvolvimento Econômico e Social – BNDES, Banco Cargil S.A., BANCO BNP PARIBAS BRASIL S.A., Banco Standard de Investimentos S.A., All-Russian Regional Development Bank OAO, European Bank for reconstruction and development (EBRD), Khanty-Mansi Bank OAO, Moscow Credit Bank OAO, The International Bank for Economic Co-operation, Bancpost S.A., The National Bank of the Republic of «NBK – Bank» OAO, GLOBEKSBANK ZAO», BINBANK OAO, Urals Bank for Reconstruction and Development OAO and Banca Commerciale Romana (hereinafter referred to collectively or specifically as the Creditor) and Mechel Open Joint-Stock Company (hereinafter referred to as the “Guarantor”).

Beneficiaries of the transaction(s): Mechel Trans Limited Liability Company, MECHEL TRANS UKRAINE Limited Liability Partnership, Sea Transport Agency – Temryuk Limited Liability Company, Mechel Temryuk Port Limited Liability Company, Mechel Energo Limited Liability Company, Kuzbass Power Sales Open Joint-Stock Company, Southern Kuzbass National Regional Power Plant Open Joint-Stock Company, Metallurgshakhtspsstroy Closed Joint-Stock Company, Beloretsk Metallurgical Plant Open Joint-Stock Company, Belkanpromimpex Closed Joint-Stock Company, Beloretsk Trading House Open Joint-Stock Company, BMK-Invest Closed Joint-Stock Company, Open Joint-Stock Company “Southern Kuzbass Coal Company, Tomusinskoe Power Authority Open Joint-Stock Company, Vzryvprom Uga Kuzbass Open Joint-Stock Company, Tomusinsky Open-Pit Mine Open Joint-Stock Company, Mezhdurechinsky Information House Limited Liability Company, Shakhuchastok Uregulsky Limited Liability Company, Transkol Limited Liability Company, Chelyabinsk Metallurgical Plant Open Joint-Stock Company, Resurs Open Joint-Stock Company, Chelyabinsk Coke Products Plant Limited Liability Company, Specialized Plant for Spare Parts and Interchangeable Equipment Limited Liability Company, Metallurgical equipment maintenance Limited Liability Company, Yakutugol Holding Open Joint-Stock Company, Yakutugol Trading House Limited Liability Company, MASprom Limited Liability Company, Kubnerstroi Limited Liability Company, Sakha-Deutsch Diamant Limited Liability Company, Neryungri carbase Limited Liability Company, Korshunov Mining Plant Open Joint-Stock Company, Dushkachan Recreation Centre Limited Liability Company, Southern Urals Nickel Plant Open Joint-Stock Company, Mechel Trade House Limited Liability Company, Vyartsilya Hardware Plant Closed Joint-Stock Company, Urals Stampings Open Joint-Stock Company, Mechel International Holdings GmbH, Mechel Targoviste S.A., UAB «Mechel Nemunas», Inter-Rail Transport Limited, Mechel Metal Supply Limited, Littel Echo Invest Corp., Mechel Campia Turzii S.A., Mechel Casa de Comert SRL, Mechel Trading AG, Ductil Steel S.A, SC Trans Service Srl, SC AMC Service Srl, SC UPS Srl,

Mechel Carbon AG, Posiet Trade Port Open Joint-Stock Company, Izhstal Open Joint-Stock Company, Izhstal Auto Limited Liability Company, Izhstal-TNP Limited Liability Company, Kasly Ornamental Casting Plant Limited Liability Company, Kambarka Port Open Joint-Stock Company, Mechel Service Limited Liability Company, Mechel Service Kazakhstan TOO, Mechel Service România SRL, VtorResurs Limited Liability Company, VtorResurs Youzhny Limited Liability Company, VtorMet Production and Commercial Firm Limited Liability Company, Mechel Steel Management Limited Liability Company, Moscow Coke and Gas Plant Open Joint-Stock Company, Fincom Invest Limited Liability Company, Mechel Materials Limited Liability Company, PromMet Limited Liability Company, Bratsk Ferroalloy Plant Limited Liability Company, Romantika Limited Liability Company, ORIEL RESOURCES LIMITED, DELIZEA FINANCE LIMITED, WESTERVIEW FINANCE LIMITED, ORIEL (ANATOLIA) LIMITED, RHAPSYL LIMITED, BROOK AUDLEY RESOURCES, IPH POLYCHROM HOLDINGS, LUCKSTONE CORPORATION, North-Western Ferroalloy Company Open Joint-Stock Company, Tikhvin Smelting Plant Closed Joint-Stock Company, Muzbel TOO, Kazakhstan Nickel TOO, Geoinvest AO, Voskhod Trading TOO, Voskhod Chrome TOO, Voskhod Oriel TOO, Mechel Mining OAO, Mechel Mining Management Limited Liability Company, Mechel Ferroalloys Management Limited Liability Company, Mechel Engineering Limited Liability Company, Mechel Vanino Port Limited Liability Company, Pugachev Pit Limited Liability Company, SKY-EXTRA Limited Liability Company, HBL Holdings GmbH, HBL Stahlhandel GmbH & Co. KG, HBL Stahlhandel GmbH & Co. KG, Warendorfer Stahlhandel GmbH & Co. KG, Coers Stahlhandel GmbH & Co. KG, Staßfurter Stahlhandel GmbH & Co. KG, HBL Stahlhandel Bremen GmbH & Co. KG, (HBL Geschäftsführungs-GmbH, HBL Edelstahlcenter GmbH & Co. KG, Eisen Lothringen Stahlhandel GmbH & Co. KG, HBL Baustahl Service GmbH & Co. KG, HBL Steel+Logistic Center GmbH&Co. KG, EKOS PLUS Limited Liability Company, Far East Integrated R&D, Engineering and Design Institute for Coal Industry Open Joint-Stock Company, Mechel Repair Service Limited Liability Company, Mechel Service Global B.V, Mechel Mining Chrome TOO, Mechel Bluestone Inc, Greenhill Cooperatief U.A, Mechel Customer Joint Directorate Limited Liability Company, Bluestone Industries, Inc., Bluestone Coal Corporation, Bluestone Oil Corporation, Double-Bonus Coal Company, Energy Plus, Inc., James River Construction Company, Keystone Service Industries, Inc., National Resources, Inc, Landgraaf Realty Company, Mill Creek Coal LLC, Second Sterling Corp, Dynamic Energy, Inc., JCJ Coal Group, LLC, Bluestone Coal Sales Corporation, Justice Energy Company, Inc., Red Fox Coal LLC, Justice Highwall Mining, Inc., James C. Justice Companies, LLC, M & P Services, Inc., Pay Car Mining, Inc., Frontier Coal Company, NUFAC Mining Company, Inc., Voskhod Ferrochrome TOO, Galenia Investments (SPV) Ltd, Caroleng Investments (SPV) Ltd, Mechel Reparatii Targoviste SRL, Mechel Sarmarul S.R.L., Mechel Business Service Limited Liability Company, Mechel Service Italy S.R.L., SotsResurs Closed Joint-Stock Company, MECHEL SERVICE BULGARIA EOOD, Mechel Service SRB DOO, Maritime Cargo Shipments Limited Liability Company, Mechel East Europe Metallurgical Division S.R.L., Union Bandstahl GmbH, HBL Stahlhandel Rheine GmbH & Co. KG, Rheine, HBL Stahlhandel Nord GmbH & Co. KG, Bremen, Mecheltrans East Limited Liability Company, PartnerPortfolioInvest Limited Liability Company, Mechel Service Belgium BVBA, Mechel Service France SAS, Bluestone Equipment Management Inc., Mecheltrans Management Limited Liability Company, Mechel Service UK Limited, Mechel Service Czech Republic s.r.o, SC Donau Commodities SRL, Ramateks Metal Sanayi ve Ticaret A.Ş., Mechel Service Hungary Kft., FEMAX, a.s., WNL Staal BV, GENNETTI LIMITED, Coke Invest Limited Liability Company, Landi Limited, Heating Network Company of Southern Kuzbass Limited Liability Company, Mechel TETs Posiet Limited Liability Company, S.C. Laminorul S.A., Toplofikatsia Ruse EAD, Rossene Holdings Limited, Mechel Trans Auto Limited Liability Company, Shakhtspetsstroi Limited Liability Company, ZMZ Energo Limited Liability Company, Skyvega Holding Limited, Skyblock Limited, Lakecroft Limited, Naphtali Holdings Limited, ZONELINE Limited and Radswill Limited (hereinafter collectively or individually referred to as the “Borrower”).

Value of the transaction(s): maximum suretyship under the transaction(s) shall not exceed the amount of 90 000 000 000 roubles (or its foreign currency equivalent as per application of the exchange rate of the Central Bank of the Russian Federation as of transaction date) per one Borrower and conform to the market.

Credit Goal: financing of Borrower’s charter activity.

Subject and other essential terms of the transaction(s): The Guarantor shall be jointly and severally liable to the Creditor for the Borrower’s performance of any of its obligations under the agreement

entered into between the Creditor and the Borrower to repay the principal and pay the interest and other fees and penalties according to the terms and within the maturity period thereof: maximum interest rate shall not exceed 16.00% (sixteen percent) per annum, considering all payments (commission, commission for obligation and other payments); maturity period shall not exceed 15 years.

Disbursement time under Credit Agreement shall not exceed 15 year.

Credit payment procedure: credit must be paid no later than within Credit Agreement term of expiry

Interest payment procedure: the interests must be paid on outstanding debt under Credit Agreement according to the scheme, defined by the Credit Agreement;

Mechel's OAO sole executive body is authorized to approve with the Creditor the credit agreement terms, suretyship agreement (guarantee) as well as the further changes within principal obligation terms of (credit agreement) and suretyship agreement (guarantee) not connected with the changes in its initial conditions of the (credit amount, credit terms, interest rate, interest payment procedure, credit payment procedure, changes in payment (including fines)) without additional approvals on behalf of the General Meeting of Shareholders stipulated by the procedure established in accordance with the legislation and Mechel's OAO Articles of Association.

2. To approve Mechel OAO (the "Company") entering into (a) suretyship agreement(s) as (a) related party transaction(s) on the following terms and conditions:

Parties (beneficiaries):

- TransCreditBank OAO, OGRN 1027739048204 (the "Bank" / "Creditor");
- Mechel OAO, OGRN 1037703012896 (the "Surety");
- Southern Kuzbass Coal Company OAO, OGRN 1024201388661 (the "Debtor" / "Borrower").

Subject, value and other material terms and conditions:

The Surety undertakes to be jointly and severally liable to the Bank for improper performance of the Debtor's obligations under Credit Line Agreement No. K2600/10-0709ЛВ/Д000 (the "Facility Agreement") to where the Debtor acts as a Borrower and the Bank acts a Creditor on the following terms and conditions:

The Creditor shall grant cash (a loan) to the Borrower by way of opening a credit line in the amount and in the manner as set out in the Facility Agreement, and the Borrower shall repay the loan amount and relevant interest as well as other amounts as set out in the Facility Agreement.

The total loan amount shall not exceed **6,189,000,000 (Six billion one hundred eighty-nine million) (loan ceiling) Rubles. Indebtedness ceiling** shall be:

- From 07.02.2011 to 31.03.2011 – 1,106,000,000 (One billion one hundred six million) Rubles,
- From 01.04.2011 to 30.06.2011 – 1,892,000,000 (Один billion восемьсот девяносто два million) Rubles,
- From 01.07.2011 to 30.09.2011 – 2,872,000,000 (Two billion eight hundred seventy-two million) Rubles,
- From 01.10.2011 to 31.12.2011 – 3,688,000,000 (Three billion six hundred eighty-eight million) Rubles,
- From 01.01.2012 to 31.03.2012 – 4,638,000,000 (Four billion six hundred thirty-eight million) Rubles,
- From 01.04.2012 to 30.06.2012 – 5,348,000,000 (Five billion three hundred thirty-eight million) Rubles,
- From 01.07.2012 – 6,189,000,000 (Six billion one hundred eighty-nine million) Rubles.

The loan shall be granted in parts (tranches) by way of crediting of monies to the Borrower's account. The Loan shall be granted during the period starting from the facility Agreement date through 31 December 2012 (as mentioned in the Facility Agreement – the "loan granting period").

The loan shall be granted for 5 (Five) years. Early repayment (in whole or in part) shall be possible subject to 14 days' prior notice from the Borrower to the Creditor.

The loan shall be repaid in parts according to the following schedule:

Amount to be repaid	Repayment date
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258,000,000 (Two hundred fifty-eight million) Rubles	on the 5 th business day of each month starting from February 2014 through December 2015
255,000,000 (Two hundred fifty-five) Rubles	on the loan repayment date

The Borrower shall pay simple interest to the Creditor at the rate of 9.65% (Nine point sixty-five per cent) per annum.

Interest shall be paid for the actual number of days when the loan is used (всеми частями кредита) in the interest period (which is one calendar month) on the last business day of the relevant interest period as well as on the loan repayment date. Interest for the first month shall be paid by the Borrower on the date of the first tranche. When repaying the loan (including early repayment), the Borrower shall pay interest to the Creditor accrued for the period through the loan repayment date.

On the facility Agreement date, the Borrower shall pay a fee of **30,945,000 (Thirty million nine hundred forty-five thousand) Rubles** for opening of a loan account for the Creditor to monitor the indebtedness, в размере.

In case of nonperformance or improper performance by the Debtor of its obligations under the Primary Agreement, the Surety shall perform the Debtor's obligations within 5 business days of the Bank's request.

In case of delayed performance of the above request from the Bank, the Surety shall be liable as set out in the Facility Agreement for circumstances when the Debtor (Borrower) fails to perform or properly perform its obligations.

Should the Borrower fail to repay the loan (in whole or in part) or to repay it in full within the time limits established by the Facility Agreement (including the time limits established by the Facility Agreement for early repayment of the loan as claimed by the Creditor), the Creditor shall be entitled to claim payment by the Borrower of a penalty at the rate of 0.04 (Zero point zero four) per cent of the outstanding loan amount for each day of delay, including the first one.

In case of delayed payment by the Borrower of interest or fee for opening of the loan account, the Creditor shall be entitled to claim payment by the Borrower of a penalty at the rate of 0.04 (Zero point zero four) per cent of the relevant overdue amounts for each day of delay including the first one.

Should the Borrower decide to repay the loan (in whole or in part) earlier than the relevant term fixed by the Facility Agreement with no 14 days' prior notice provided to the Creditor (except for circumstances when early repayment is possible according to the Facility Agreement), the Creditor shall be entitled to claim payment by the Borrower of a penalty at the rate of 0.9% (Zero point nine per cent) of the repaid amount.

In case of nonperformance by the Borrower of its obligations *to ensure that monies are credited to the current accounts of the Borrower, Surety (Mechel OAO) and Mechel Group's affiliates as consolidated in the US GAAP financials, opened with the Creditor in the amount at least twenty-five per cent of the quarterly average loan indebtedness within each period three months long starting from the month following the month when the loan was granted*], the Creditor shall be entitled to claim payment by the Borrower of a penalty at the rate of 0.2% (Zero point two) per cent p.a. on the indebtedness balance as of the start of the business day for the actual number of calendar days of the period of nonperformance. The Borrower shall pay the above penalty within the business day following receipt by the Borrower of the Creditor's relevant claim.

Should the Borrower fail to repay the loan (in whole or in part) or to repay it in full within the time limits fixed by the Facility Agreement (including the time limits fixed for early repayment of the loan as claimed by the Creditor) or fails to comply with the time limits for payment of interest or fee for opening of a loan account, the Creditor shall be entitled to debit appropriate amounts as well as penalties as set out in the Facility Agreement from the Borrower's accounts without further authorization.

Should the Borrower fail to perform its obligations under the Facility Agreement, the Creditor shall be entitled to claim reimbursement of all losses in full. The losses can be recovered in full in addition to the penalties as set out in the Facility Agreement.

The Suretyship shall cover **all** the Bank's claims to the Debtor as of the moment of actual fulfillment, including: principal debt, interest, fees, compensation, penalties etc. as set out in the Facility Agreement; as well as reimbursement of litigation costs to collect the debt and the Bank's losses caused by nonperformance or improper performance of obligations under the Primary Agreement, including those caused by termination thereof as well as repayment by the Debtor of all the amounts received under the Primary Agreement in case of its invalidation".

3. To approve Guarantee Agreement (hereinafter the « Guarantee Agreement») concluded by Mechel Open Joint Stock Company (hereinafter the «Company») as a transaction which the Company is interested in under the following conditions:

a) Guarantee Agreement Parties (hereinafter the «Parties»):

- Company acts as a surety (guarantee);
- Mechel Steel OOO (based in Russia) or the Company's any other affiliate as a debtor (the "Debtor"); and
- Psarko Investments Limited (Cyprus), a company which acts as a creditor (beneficiary) (hereinafter the Creditor).

b) Beneficiary parties

- Debtor; and
- Creditor.

c) Guarantee Agreement Subject:

granting of suretyship (guarantee) in favour of the Creditor pursuant to which the Company is obliged before the Creditor to perform Debtor's guarantees under Purchase/sale agreement of 1 999 ordinary shares of «A» class with 1(one) euro nominal value each of Daveze Limited company (Cyprus) (hereinafter the «Company») (hereinafter jointly the «Company's shares») made between the Creditor acting as the Seller and the Debtor acting as the Buyer (hereinafter the – «Purchase/sale agreement»)

d) Secured obligations and alienated property cost:

Debtor's obligations under Purchase/sale agreement (including full and timely payment of Company's shares estimated at a sum not prevailing 537 000 000 (five hundred and fifty seven million) US dollars) as well as all fines and penalties paid in case of obligation failure or untimely obligation performance by the Debtor and all other Debtor's obligations in terms of compensation for all expenses and charges connected in particular with Creditor's rights realization envisaged by Purchase/sale agreement).

e) Company's obligations under Guarantee agreement

The Company jointly with the Debtor is responsible under Guarantee Agreement.

f) Guarantee period:

Guarantee Agreement shall be effective till May 12, 2014.

g) Cession of Creditor's rights in favour of the third parties:

This Guarantee Agreement envisages the cession of Creditor's rights under Guarantee Agreement in favour of any third parties. As according to this cession of rights (in case of its realization) the third party becomes a Creditor under Guarantee Agreement, the Company is obliged to act as the as a surety (guarantee) before such third party following the terms stipulated by Guarantee Agreement in the volume which will be effective within such right transfer and the Company's executives are authorized to sign on behalf of the Company any documents connected with such cession and requisite for its performance and execution

h) Governing law:

This Guarantee Agreement shall be governed by and construed in accordance with English and Welsh law.