

**CONCLUSION**  
**In respect of a major transaction of Mechel PAO**

1.	Transaction name	<p>The transaction consists of the following interrelated transactions:</p> <p>1) A Unified amendment agreement dd. April 20<sup>th</sup> 2020 (hereinafter referred to as the Unified amendment agreement) that includes the amendment agreements to the following agreements:</p> <p>(a) Suretyship agreement No. 84-85/13-B-II-2 dd. June 18<sup>th</sup> 2013;</p> <p>(б) Suretyship agreement No. 2612-195-K-1-II dd. March 14<sup>th</sup> 2016;</p> <p>(в) Suretyship agreement No. 2612-195-K-2-II dd. March 14<sup>th</sup> 2016;</p> <p>(г) Suretyship agreement No. 2612-195-K-3-II-9 dd. June 14<sup>th</sup> 2016;</p> <p>(д) Suretyship agreement No. 2612-195-K-II dd. June 25<sup>th</sup> 2012;</p> <p>(е) Suretyship agreement No. 2612-195-K-4-II dd. March 14<sup>th</sup> 2016;</p> <p>(ж) Suretyship agreement No. 2612-196-K-3-II dd. December 25<sup>th</sup> 2015;</p> <p>(з) Suretyship agreement No. 2612-196-K-II dd. June 25<sup>th</sup> 2012;</p> <p>(и) Suretyship agreement No. 2612-196-K-1-II dd. December 25<sup>th</sup> 2015;</p> <p>(к) Suretyship agreement No. 2612-196-K-2-II dd. December 25<sup>th</sup> 2015;</p> <p>(л) Suretyship agreement No. 2612-200-K-II-1 dd. June 14<sup>th</sup> 2013;</p> <p>(м) Suretyship agreement No. 2613-172-K-II-1 dd. April 23<sup>rd</sup> 2013;</p> <p>(н) Suretyship agreement No. 2613-173-K-II-1 dd. April 23<sup>rd</sup> 2013;</p> <p>(о) Suretyship agreement No. 2615-187-K-II-1 dd. July 9<sup>th</sup> 2015;</p> <p>(п) Suretyship agreement No. 2615-188-K-II-1 dd. July 9<sup>th</sup> 2015;</p> <p>(р) Suretyship agreement No. 49/11-P-II dd. March 15<sup>th</sup> 2011; and</p> <p>(с) Suretyship agreement No. 4211-051-II dd. September 30<sup>th</sup> 2011</p> <p>Hereinafter referred to as the <b>"Suretyship agreement"</b></p> <p>2) Amendment agreement No.6 dd. April 20<sup>th</sup> 2020 to the Share Pledge Agreement No. 84-85/13-B-3-7 dd. December 25<sup>th</sup> 2015 under which the collateral are 1,866,712 pieces of ordinary shares of BMP AO (state registration number of issue is 1-01-30269-D)</p> <p>3) Amendment agreement No.6 dd. April 20<sup>th</sup> 2020 to the Share Pledge Agreement No. 84-85/13-B-3-5 dd. December 25<sup>th</sup> 2015 under which the collateral are 790,493 pieces of ordinary shares of CMP PAO (state registration number of issue is 1-01-00080-A)</p> <p>4) Amendment agreement No.8 dd. April 20<sup>th</sup> 2020 to the Share Pledge Agreement No. 2613-172-K-3/2 dd. June 28<sup>th</sup> 2013 under which the collateral are 266,911 pieces of ordinary shares of Izhtal PAO (state registration number of issue is 1-02-30078-D)</p> <p>5) Amendment agreement No.6 dd. April 20<sup>th</sup> 2020 to the Share Pledge Agreement No. 84-85/13-B-3-8 dd. December 25<sup>th</sup> 2015 under which the collateral are 131,463 pieces of ordinary shares of Urals Stampings Plant PAO (state registration number of issue is 1-01-32341-D)</p> <p>6) Amendment agreement No.8 dd. April 20<sup>th</sup> 2020 to the Share Pledge Agreement No. 2613-172-K-3/1 dd. June 28<sup>th</sup> 2013 under which the collateral are 136 942 pieces of ordinary shares of Urals Stampings Plant PAO (state registration number of issue is 1-01-32341-D)</p> <p>7) Amendment agreement No. dd. April 20<sup>th</sup> 2020 to the Share Pledge Agreement No. 84-85/13-B-3-9 dd. May 22<sup>nd</sup> 2017 under which the collateral is 3,644,450,001 piece of ordinary shares of Mechel Mining AO (state registration number of issue is 1-03-55367-E)</p> <p>8) Amendment agreement No.6 dd. April 20<sup>th</sup> 2020 to the Pledge agreement on the pledge of stakes in the authorized capital dd. December 25<sup>th</sup> 2015 under which the collateral is a 25 % stake of the authorized capital of BFP OOO (OGRN 1033800845760)</p> <p>Hereinafter (clauses 2-8) referred to as the <b>"Pledge agreements"</b></p>
2.	Transaction parties	<p>-Gazprombank (Joint Stock Company) – the <b>"Creditor"</b> / <b>"Bank"</b>;</p> <p>- Mechel (Public Joint Stock Company) – the <b>"Surety"</b>, <b>"Pledgor"</b></p> <p>HC Yakutugol AO; Southern Kuzbass PAO; Trade Port Posyet AO; Urals Stampings Plant PAO; CMP PAO; BMP AO; Mechel Coke OOO; Mechel Service OOO; MECHEL ENERGO OOO - <b>Beneficiaries</b></p>
3.	Transaction subject	<p>In accordance with the Amendment agreements to the Pledge agreements and the Unified amendment agreement to the Suretyship agreements, the Parties agreed to introduce amendments and modifications to the Pledge agreements and Suretyship agreements under which the pledges and suretyships are provided to secure for the obligations of the beneficiaries under their Credit agreements with Bank GPB (JSC).</p>
4.	Transaction amount (bn. RUB)	<p>exceeds 71.5 billion rubles but not less than 150 billion rubles</p>
5.	Transaction amount as compared to the book value of the Company assets	<p>The transaction is related to the possibility of alienation by the company of the property (suretyship, pledge) the price of which is equal to or exceeds 25 percent of the book value of the assets of the Company defined based on the data reflected in in the accounting (financial) statements as of the most recent accounting date.</p>

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6.	Other significant conditions	The effective period of the agreement is until March 31 <sup>st</sup> 2033
7.	Persons interested in the transaction	<p>1) Mr. Khachaturov, a BD member of Mechel PAO; The following are the grounds for the interest of the above mentioned interested person making such person a related party: - Mr. Khachaturov, a BD member of Mechel PAO, is at the same time a Board member of Gazprombank (Joint Stock Company) (that is a transaction party).</p> <p>2) Mr. Darbinyan, a Board member of Mechel PAO; The following are the grounds for the interest of the above mentioned interested person making such person a related party: - Mr. Darbinyan is at the same time a Board member of Mechel PAO and a BD member of CMP PAO (that is the beneficiary of the transaction).</p>
8.	Transaction purpose	Provision of security in respect of obligations of the beneficiaries belonging to the group of entities of Mechel PAO on more advantageous terms and conditions that provide for, inter alia, the prolongation of the timelines for the obligations fulfillment.
9.	Possible consequences of the major transaction for the Company and its activities	<p>In case of complete or partial non-fulfillment or undue fulfillment by Borrowers (any of the Borrowers) of the secured obligations under the credit agreements (any of the credit agreements), the Pledgor shall be entitled to enforce the collateral, in accordance with the legislation of the Russian Federation and the terms and conditions of the Pledge agreements.</p> <p>In case of non-fulfillment or undue fulfillment by Borrowers of the secured obligations, in accordance with the terms and conditions of the Credit agreements, the Creditor shall be entitled to demand the fulfillment of such obligations by Surety in full scale.</p>
10.	Assessment of the feasibility of the major transaction conclusion	<p>The above mentioned transaction reduces the risks of negative financial consequences for the Company and for Mechel Group, including the consequences described in clause 9 above.</p> <p>The documents were signed by Beneficiary and the Bank (hereinafter referred to as the “Restructuring documents”) on April 20<sup>th</sup> 2020 to introduce amendments and modifications to the previously concluded Credit agreements under which suretyships and pledges had been previously provided by the Company as well.</p> <p>The terms and conditions of the Restructuring documents provide for the following as compared to the terms and conditions of the previously signed credit agreements between the Beneficiaries and the Creditor:</p> <ul style="list-style-type: none"> <li>- Changes to the indebtedness repayment schedule (2020 – 2022) and determining a new seven years’ period for credits repayment (with a possibility of prolongation for three more years);</li> <li>- Reducing the load upon the cash flow of the Beneficiaries due to the distribution of the repayment schedule by years and a gradual increasing of the repayment amounts during the new repayment period of the indebtedness repayment;</li> <li>- determining the new thresholds for financial indicators to comply with the respective plans of Mechel Group;</li> </ul> <p>Besides, according to the terms and conditions of the Restructuring documents, the interest rates under credit agreements of the Beneficiaries remain unchanged and the volume of the security was not increased.</p> <p>The new schedule for the repayment of the Beneficiaries’ indebtedness owed to the Creditor is determined based on the forecasted operational and financial indicators of Mechel Group, in accordance with the respective development plans for 2020 – 2029.</p> <p>The Restructuring documents that came into force from a necessary basis for further stable development of Mechel Group and improvement of its financial position, implementation of its plans for production upgrading and extension, including provision of necessary resources for investments into the above mentioned purposes.</p> <p>The Restructuring documents provide for further approval of the transaction related to the provision by the Company of security and pledges to secure for the fulfillment by Beneficiaries of their obligations towards the Creditor.</p> <p>Should the transaction fail to be approved, the Restructuring documents lose their force and the terms and conditions of the previous credit agreements of the Beneficiaries with the Bank that were in force prior to the Restructuring documents signing resume to be effective again. It means that the indebtedness of the Beneficiaries is subject to being repaid to the Creditor based on the previously</p>

		<p>existing conditions, i.e. during the period of 2020 – 2022 at the moment of the Restructuring documents cancellation. As a result, the Beneficiaries will face a material overdue indebtedness that they are not able to repay.</p> <p>In view of the above, the Creditor will demand the Company (as the surety) fulfills the obligations of the Beneficiary as well as will enforce the property of the Company (as the pledger). What is more, the Creditor will get the right to increase the interest rate under the credits of the Beneficiary by 2% per annum.</p> <p>In case of such events the consequences will be as follows:</p> <ul style="list-style-type: none"><li>- The Company and Mechel Group will get a material overdue financial indebtedness;</li><li>- claims of other creditors of the Company and Mechel Group for an accelerated repayment of the financial indebtedness (cross default);</li><li>- blocking of all financial flows of the Company and Mechel Group and suspension of the entire operational activities;</li><li>- bankruptcy of the Company and Mechel Goup enterprises.</li></ul> <p>In view of the above, the approval of the transaction is absolutely feasible and:</p> <ul style="list-style-type: none"><li>- is a necessary condition to enforce the Restructuring documents and to ensure further functioning of the Company and of Mechel Group;</li><li>- is completely in the best interest of the Company and its shareholders and makes it possible to avoid the worst negative consequences (bankruptcy) for the Company and Mechel Group in general.</li></ul>
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