

**RECOMMENDATIONS OF THE COMPANY'S BOARD OF DIRECTORS ON THE
DISTRIBUTION OF PROFIT, INCLUDING THE AMOUNT OF DIVIDEND ON THE
COMPANY SHARES AND PROCEDURE TO PAY IT BASED ON THE 2016 FINANCIAL
YEAR RESULTS.**

To recommend the General Shareholders' Meeting to make decision not to pay out dividends on ordinary registered non-documentary shares.

To recommend the General Shareholders' Meeting to make decision to pay out dividends on preferred registered non-documentary shares in the amount of 10 rubles 28 kopeks per share.

To propose to the General Shareholders' Meeting to set the date of compiling the list of persons entitled to receive dividends on preferred registered non-documentary shares, - 11 July 2017.

To recommend the General Shareholders' Meeting to approve distribution of the part of the accumulated profits from previous years as follows:

- dividend payment in respect of placed preferred shares of the Company amounted to – **1 426 421 086, 20 RUB**
- to cover the loss for 2016 - 7 872 869 111, 52 RUB
- profit balance of 18 232 323 119, 96 RUB to be left undistributed "

Notes:

Number of preferred shares: 138 756 915 shares

Number of ordinary shares: 416,270,745 shares

The above calculations are based on the following assumptions:

Profit for the year 2016 attributable to shareholders of Mechel IFRS in rubles: **7 126 000 000,00**

Loss for the year 2015 attributable to shareholders of Mechel IFRS in rubles: **115 163 000 000,00**