

Address to shareholders

Dear shareholders,

In April 2020, our company's management was able to get the approval of our major lenders who hold 88% of our debt, for the conditions of a 10-year restructuring deal. This was indisputably vital for us, as even in 2017, as our previous debt restructuring with state-owned banks came into force, putting off payments on the main body of debt until 2020, we understood that we will have to return to the negotiating table as soon as the debt maturity deadline came near, and we did not conceal that understanding. Over these three years, our financial payments totaled 167.4 billion rubles. We wanted to come to our new restructuring deal prepared as best we could, but the heavy financial load which prevented us from sufficient investment into production, as well as declining prices for our key product — coking coal — prompted us to rethink our strategy. As it became clear that we will not be able to bring in additional financing to develop our Elga project any time soon, we decided to sell Elgaugol and the Ulak-Elga railway and use these funds toward debt repayment. This helped us to significantly decrease our debt to VTB Bank and Gazprombank and make a restructuring deal with conditions acceptable for the Group.

As per these new agreements, the debt maturity is extended by seven years, with the option of extending it for another three years if the company upholds its payment schedule. Loan collaterals and interest rates remained the same.

This restructuring is vital for the company's future, it will improve Mechel's financial situation, ensuring debt repayment and enabling us to invest in developing our current projects, which means increased shareholder value.

In order to complete the restructuring process, we need the majority of our minority shareholders to approve the loan and collateral transactions. Unless those are approved, the restructuring will cease to be in force.

On behalf of Mechel PAO's Board of Directors and Management Board, we call on you to vote in favor of the restructuring conditions that will be presented for approval on the annual general shareholder meeting to be held on June 30.

The company's financial stability and growth of shareholder value is now in your hands.

Every shareholder vote counts!

Respectfully,

Chairman of the Board of Directors



Igor Zyuzin

Chief Executive Officer, Head of Management Board



Oleg Korzhov