

Frequently asked questions:

1. What is the purpose of including the question of transactions approval and Charter approval into the agenda of the annual meeting of shareholders of Mechel PAO (further on referred to as the Company)?

In accordance with the terms and conditions for Mechel Group debt restructuring (this information is reflected in more detail in the next question and in presentation “VTB BANK AND GAZPROMBANK DEBT RESTRUCTURING 2020” published on the web-site of the Company), the company undertook as follows:

1) Approve the new edition of the suretyship agreements and share pledge agreements and/or introduce amendments into the documents signed (being signed) between Mechel PAO and Bank-creditors (GPB and VTB) to secure for the obligations of its subsidiaries, which, in accordance with the effective legislation of the Russian Federation, is a series of major related party transactions.

2) Introduce amendments to the Charter of Mechel PAO to exclude the provisions previously introduced into the Company Charter (in 2016) based on respective request of the banks-creditors, to ensure additional control over the activities of the Company, including the competency of the Board of Directors, related to the procedure of decision making, as well as to bring the Charter provisions to compliance with the legislation (the amendments are of technical character).

2. What is the result of the debt restructuring for the Company and its shareholders?

During the negotiations with the bank-creditors (VTB and GPB) the Company management managed to agree the new restructuring terms and conditions satisfactory for the Group and to sign the documents to introduce respective amendments into the credit and security related documentation. The new restructuring of the credit agreements with VTB and GPB came into force on May 7th 2020 as soon as Mechel Group had met all contingency conditions.

The following are the main restructuring terms and conditions:

- The previous schedule for indebtedness repayment was changed (2020 – 2022) and a new seven years’ period was defined for the credits repayment (with a possibility of prolongation for three more years);
- The load upon the consolidated cash flow of the Group was reduced by means of spreading the repayment schedule by years and gradual increasing of the repayment amounts during the new period of the indebtedness repayment;
- New thresholds were determined for financial indicators to comply with the respective plans of Mechel Group;

Besides, according to the terms and conditions of the new Restructuring, the interest rates and the volume of the security under the credit agreements of Mechel Group remain unchanged.

The new schedule for the credits repayment is determined based on the forecasted operational and financial indicators of Mechel Group, in accordance with the respective development plans for 2020 – 2029

The Restructuring documents that came into force form a necessary basis for further stable development of Mechel Group and improvement of its financial position, and investments into the implementation of its plans for production upgrading and extension.

The new Restructuring provides for further approval of the credit transactions and transactions related to the provision of security and pledges to secure for the fulfillment by Mechel Group of its obligations towards the banks-creditors.

3. What is the position of the Board of Directors of the Company?

It is recommended by the Board of Directors to pass resolutions on all the questions of the agenda of the annual shareholders’ meeting. According to the best practices of corporate governance, for the purpose of

consideration of the major related party transactions, the Board of Directors of the Company approved the conclusions in respect of the major transactions and feasibility of such transactions confirming that the transactions are in the best interest of the Company.

4. Who may participate in the forthcoming Annual General Shareholders' Meeting?

The owners of the shares and depository receipts of Mechel PAO as of the date of the register closure – June 5th 2020.

5. Why is it so important for minor shareholders to take part in the meeting?

In accordance with the effective legislation, controlling shareholders (the way this term is used in the RF Federal Law "On Joint Stock Companies") may not vote in respect of the approval of related party transactions, in particular in respect of transactions related to suretyship/pledge of the property of a parent company to secure for the obligations of its subsidiaries. So, the debt Restructuring may be approved only by majority of not related shareholders.

6. How to take part in the shareholders' meeting?

One may take part in the meeting as follows:

- A) Fill in a bulletin in a correct way, sign it and send it to the Company. It is also possible to use the bulletin for voting in electronic format, respective instruction is published on the web-site.
- B) Fill in a voting card in a correct way, having provided all necessary data about yourself and send it to the depository bank in which a depot account of the depository programs is opened.

7. Where can I get additional information on the debt Restructuring?

All the materials related to the debt Restructuring can be found on the Company web-site http://www.mechel.ru/shareholders/corporate_governance/shareholders_meeting/ (English version of the web-site http://www.mechel.com/shareholders/corporate_governance/shareholders_meeting/).

It is also possible to contact our Public and Investor Relations Department: +7-495-221-8888, e-mail: ir@mechel.com.

8. What if the questions put to vote are not approved by annual shareholders' meeting?

Should the transactions fail to be approved, the new Restructuring lose its force and the terms and conditions of the previous credit agreements of Mechel Group that were in force prior to the new Restructuring resume to be effective again. It means that the indebtedness under the credits of the Groups is subject to being repaid based on the previously existing conditions, i.e. during the period of 2020 – 2022. At the moment of the new Restructuring cancellation Mechel Group will face a material overdue indebtedness that it is not able to repay. In view of the above, the banks-creditors will demand the Company (as the surety) fulfill the obligations of the Group enterprises (the borrowers) and will enforce the property of the borrowers and the Company (as the pledger). What is more, the creditors will get the right to increase the interest rate under the credits of Mechel Group by 2% per annum, if the approval does not happen within the timelines provided for by credit and security related documentation.

Failure to comply with the restructuring terms and conditions may result in a bankruptcy of the Company and of Mechel Group companies.