

**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 2017 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 **16 rubles 66 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, - 18 July 2018.

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 – **2 311 690 203, 90 RUB**
- to cover the loss for 2016 - 15 204 268 696, 65 RUB
- profit balance of 8 589 233 330, 93 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 2017 attributable to shareholders of Mechel IFRS in rubles: **11 557 000 000,00**

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