

CONCLUSION
In respect of a major transaction of Mechel PAO

1.	Transaction name	The transaction consists of the following interrelated transactions: 1. Amendment agreement No.1 dd. April 21 st 2020 to surety agreement dd. July 12 th 2018. 2. Secondary share pledge agreement dd. April 21 st 2020 (subject of the secondary pledge: 1,475,372 pieces, which accounts for 46.66 percent minus 1 (One) ordinary share in the authorized capital of CMP PAO with a par value of 1.00 ruble each (state registration number of the issue 1-01-00080-A); 3. Secondary share pledge agreement dd. April 21 st 2020 (subject of the secondary pledge: 136,942 pieces, which accounts for 25 percent plus 1 (One) ordinary share in the authorized capital of the Urals Stampings Plant PAO with a par value of 1.00 ruble each (state registration number of the issue 1-01-32341-D); 4. Secondary share pledge agreement dd. April 21 st 2020 (subject of the secondary pledge: 5,466,675,001 piece, which accounts for 37.5 percent plus 1 (One) share in the authorized capital of Mechel Mining AO with a par value of 4.58 rubles each (state registration number of the issue 1-03-55367-E); 5. Suretyship agreement No. 5041-П/2 dd. April 21 st 2020. 6. Secondary share pledge agreement No. 5041-Д3А/1 dd. April 21 st 2020 (subject of the secondary pledge: 3,644,450,001 piece, which accounts for 25% plus 1 (One) share in the authorized capital of Mechel Mining AO with a par value of 4.58 rubles each (state registration number of the issue 1-03-55367-E); 7. Secondary share pledge agreement No. 5041-Д3А/2 dd. April 21 st 2020 (subject of the secondary pledge: 1,866,711 piece, which accounts for 25 percent plus 1 (One) share share in the total volume of common shares of Beloretsk metallurgical plant AO, with a par value of 1 (One) ruble each (state registration number of the issue 1-01-30269-D); 8. Amendment agreement No.2 to the suretyship agreement dd. July 12 th 2018 (planned for conclusion)
2.	Transaction parties	Mechel (Public joint stock company) - Surety / Company/ Pledgor VTB Bank (Public joint stock company) – Credit manager /Bank /Pledgee / Creditor <i>Beneficiaries:</i> Borrowers – Chelyabinsk Metallurgical Plant (Public joint stock company) (hereinafter referred to as CMP PAO), Coal Company Southern Kuzbass (Public joint stock company (hereinafter referred to as Southern Kuzbass PAO)
3.	Transaction subject	Transactions 1-4 and 8 are to secure for the fulfillment of the obligations of CMP PAO under the Syndicated credit agreement dd. July 12 th 2018; Transactions 5-7 are to secure for the fulfillment of the obligations of Southern Kuzbass PAO under Credit agreement No. 5041 dd. April 21 st 2020.
4.	Transaction amount (bn. RUB)	exceeds 71.5 billion rubles but not less than 230 rubles
5.	Transaction amount as compared to the book value of the Company assets defined based on the accounting (financial) statements as of the most recent accounting date	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.
6.	Other significant conditions	The suretyships are joint and several and provided for CMP PAO until March 6 th 2033 and for Southern Kuzbas PAO until April 10 th 2025.
7.	Persons interested in the transaction	- 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).
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	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. 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.

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. Documents were signed between CMP PAO and the Bank (hereinafter referred to as the “Restructuring documents”) to introduce amendments and modifications to the Credit agreement dd. July 12th 2018 under which suretyships and pledges had been previously provided by the Company as well.</p> <p>The Restructuring agreement came into force on May 7th 2020.</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 agreement of CMP PAO:</p> <ul style="list-style-type: none"> - changing the indebtedness repayment schedule (2020 – 2022), a grace period for the principal repayment is until May 2022 and determining a new credit repayment period (2022 – 2027) with a possibility of prolongation for three more years; - Reducing the load upon the cash flow of CMP PAO 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; - determining the new thresholds for financial indicators to comply with the respective plans of Mechel Group. <p>Besides, according to the terms and conditions of the Restructuring documents, the interest rates under credit agreements of CMP PAO remain unchanged.</p> <p>The new schedule for the repayment of the indebtedness of CMP PAO 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 CMP PAO of its obligations towards the Creditor. After the approval of the transactions related to the provision of security it will become possible to disburse funds under the credit agreement of CMP PAO for further repayment to the Bank of the indebtedness of the Company in full scale and therefore the indebtedness of the Company under the bank credits will be repaid.</p> <p>Should the transaction fail to be approved, the Restructuring documents lose their force and the terms and conditions of the previous credit agreement of CMP PAO with the Bank that was in force prior to the Restructuring documents signing resume to be effective again. It means that the indebtedness of CMP PAO is subject to being repaid to the Creditor based on the previously existing conditions, i.e. during the period of 2020 – 2022 at the moment of the Restructuring documents cancellation. As a result, CMP PAO may face a material overdue indebtedness that it is not able to repay.</p> <p>In view of the above, the Creditor will demand the Company (as the surety) fulfill the obligations 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 credit of CMP PAO by 2% per annum.</p> <p>In case of such events the consequences will be as follows:</p> <ul style="list-style-type: none"> - The Company and Mechel Group will get a material overdue financial indebtedness; - claims of other creditors of the Company and Mechel Group for an accelerated repayment of the financial indebtedness (cross default); - blocking of all financial flows of the Company and Mechel Group and suspension of the entire operational activities; - bankruptcy of the Company and Mechel Group enterprises. <p>Besides, a credit agreement was concluded between Southern Kuzbass PAO and the Creditor on April 21st 2020 (hereinafter referred to as the CA SK) for the purpose of refinancing the credits of Southern Kuzbass PAO that had been previously provided by PJSC Sberbank, the rights (claims) under which were acquired by Creditor in November 2019 (hereinafter referred to as the previous credits of Sberbank).</p> <p>The terms and conditions of the CA SK provide for the following as compared to the terms and conditions of the previous credits of Sberbank:</p> <ul style="list-style-type: none"> - decreasing the interest rate under the contract from 3MLibor + 7% to 1MLibor + 5,6%; - constant repayment schedules (the repayment date under CA SK is April 10th 2022); - determining the new thresholds for financial indicators to comply with the respective plans of Mechel Group. <p>Besides, the volume of the security provided by the Company and mentioned in clause 1 remains unchanged.</p> <p>In accordance with the terms and conditions of the CA SK, funds provision is possible after the approval of transactions 5-7 mentioned in clause 1 and provided that other conditions precedent for the funds usage are complied with.</p>
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