

**DISTRIBUTION OF OAO «MECHEL» INCOME
INCLUDING DIVIDENDS CALCULATION AND PAYMENT TERMS
BASED ON FINANCIAL RESULTS OF REPORTING YEAR 2004**

Total net distributable income for 2004 : 9 582 468 482,97 RR

| No. | Distribution areas | Amount (RR) |
|------------|---|-------------------------|
| 1. | Reserves | 16 651 373 |
| 2. | Dividends attributable to outstanding shares | 5 702 909 206,5 |
| 3. | Retained earnings for 2004 | 3 862 907 903,47 |
| | Total net distributable income | 9 582 468 482,97 |

**CALCULATION OF DIVIDENDS AMOUNT, attributable to common shares of OAO
“Mechel”
for reporting year 2004**

| No | Basic figures | Unit | Amount , quantity |
|-----------|---|-----------------------|------------------------------|
| 1. | Total dividends to be paid | RR | 5 702 909 206,5 |
| 2. | Total number of OAO «Mechel» shares according to shareholders' register as of the date of the List of entities authorised to participate in Annual Stockholders' Meeting (27.05.2005 г.) | pcs | 416 270 745 |
| 3. | Amount of dividends per 1 share with nominal value of 10 RR to be approved by Board of Directors | RR per 1 share | 13,7 |

The payment is to be made in cash by bank transfer not later than December 31, 2005.

Senior vice-president - Finances

S.V.Ardentova