

**INFORMATION PROVIDED TO PERSONS ENTITLED TO TAKE PART IN THE
EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS
OF MECHEL STEEL GROUP OPEN JOINT STOCK COMPANY ON DECEMBER 20, 2004:**

Draft Resolution on Item 1 in the Agenda of the Extraordinary General Meeting of Shareholders of Mechel Steel Group OAO put to vote:

«1. Approval of a Major Transaction»

The Order of Approving of the Resolution:

The resolution has to be approved by the General Meeting of Shareholders by a three quarter majority of holders of the voting shares taking part in the General Meeting of Shareholders.

Draft Resolution on Item 1 put to vote:

«To approve a major transaction by Mechel Steel Group Open Joint Stock Company:

- **Parties (beneficiaries) of the transaction: Specialized State Authority of the Government of the Russian Federation, the Russian Federal Property Fund (hereinafter referred to as the Seller), and Mechel Steel Group OAO (hereinafter referred to as the Buyer);**
- **Price of the transaction: the amount sufficient to win the auction, however not to exceed the sum equivalent to US\$2.150.000.000.00 (USD two billion one hundred fifty million and 00 cents).**
- **Subject of transaction: The Buyer shall acquire 1.897.078.800 (one billion eight hundred ninety seven million seventy eight thousand eight hundred) registered non-documentary common shares of Magnitogorsk Iron and Steel Works Open Joint Stock Company (state registration number – 1-03-00078-A of November 5, 2002), being sold by the Seller at an auction to be conducted on December 22, 2004.**
- **Other essential conditions of the transaction: deposit to the Seller's account in the amount and at procedure determined in the information letter; filing an application in compliance with the form established by the Seller; conclusion of a Share Sale and Purchase Agreement in compliance with the appropriate legal procedure within five (5) days from the date of summing up the auction's results; payment for the shares by the Buyer in compliance with procedure and dates as established by the Share Sale and Purchase Agreement».**