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PRESS RELEASE

**PARIS CLUB DISCUSSES RUSSIA'S PROPOSAL
TO PREPAY UP TO US\$ 22 BN OF ITS DEBT**

During their monthly "tour d'horizon" held on 10 May 2006, the representatives of the Paris Club creditor countries had preliminary discussions on the offer made by the Russian Federation to prepay all of its remaining Paris Club debt, amounting to US\$ 22 billion.

Paris Club creditors welcomed this offer. They agreed to enter into negotiations during the June session of the Paris Club on a multilateral agreement that would include the main conditions for such a prepayment.

Afterwards, the decision to accept the prepayment will, according to the Paris Club rules, be taken by each creditor country. A majority of creditors have already indicated their willingness to accept Russia's proposal.

Background notes

1. The Paris Club of creditor countries was formed in 1956 and will celebrate its 50th Anniversary on 14 June 2006. It is an informal group of creditor governments from major industrialized countries. It holds negotiations with debtor countries to find coordinated and sustainable solutions to their payment difficulties and to agree on specific terms of restructuring of their debts. It also meets for a monthly "tour d'horizon" to overview pending issues concerning debtor countries.

2. The members of the Paris Club who are creditors of the Russian Federation are Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Italy, Japan, the Netherlands, Norway, Spain, Sweden, Switzerland, the United Kingdom and the United States of America.

Technical notes

1. The Russian Federation debt owed to Paris Club creditors as of 1 May 2006 was estimated at US\$ 22 billion.

2. On 13 May 2005, the Russian Federation has concluded a first prepayment agreement with the Paris Club, which led to the prepayment of US\$ 15 billion of debt during the summer of 2005.