May 13, 2005

Club de Paris
Paris Club

PRESS RELEASE

**PARIS CLUB AGREES ON RUSSIA'S OFFER
TO PREPAY US$ 15 BN OF ITS DEBT**

The representatives of the Paris Club creditor countries met on May 13, 2005 with the representatives of the Russian Federation to examine the offer made by the Russian Federation to prepay US$ 15 bn of its debt. The prepayment will be made at par and offered *pari passu* to all creditors.

The prepayment offer is the largest ever made by a Paris Club debtor country to its Paris Club creditors and will translate into major savings for the Russian Federation in the years to come.

Paris Club creditors welcomed the Russian Federation's offer, made six years after Russia's last Paris Club rescheduling, granted in August 1999. The prepayment offer confirms Russia's status as a Paris Club success story.

Participation in the prepayment programme is voluntary. An overwhelming majority of creditors have indicated that they are likely to accept Russia's offer.

Payments to creditors are expected to begin in June and to end no later than August 20, 2005.

www.clubdeparis.org

Background notes

1. The Paris Club was formed in 1956. It is an informal group of creditor governments from major industrialized countries. It meets on a monthly basis in Paris with debtor countries in order to agree with them on restructuring their debts.

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.

3. The delegation of the Russian Federation was headed by Mr Serguey STORCHAK, Director, Department of International Financial Relations, Government Debt and Government Financial Assets at the Ministry of Finance. The meeting was chaired by Mr Jean-Pierre JOUYET, Chairman of the Paris Club.

Technical notes

1. The Russian Federation debt owed to Paris Club creditors as of March 31, 2005 was estimated at US$ 40 billion.