

September 22, 2009
Moscow

Citi acted as Joint Lead Arranger and Bookrunner of Severstal's RUB 15 billion Bonds issue

Deal marks successful reopening of debt capital market for Russian metals & mining industry with 3.7 times oversubscription.

ZAO Citibank acted as Joint Lead Arranger and Bookrunner of Severstal's Bonds issue with nominal amount of RUB 15 billion. The total book exceeded RUB 55 billion and closed more than 3.7 times oversubscribed with over 150 investors participated. Due to strong oversubscription the deal was successfully priced at 14%, considerably below the initial price guidance of 15.5-16.5% p.a. The volume of Bonds issue was increased from RUB 10 to 15 billion.

Severstal RUB 15 billion Bonds issue series BO-01 with 3-year maturity and 2-year put option was admitted to trading on August 31, 2009. The coupon is paid semi-annually. Severstal Bonds issue was listed on the Moscow Interbank Currency Exchange (MICEX). The settlement of the issue is on September 22, 2009. Secondary trading starts on the following day. The Bonds issue is expected to be included into Central Bank of Russia's Lombard list shortly afterwards.

Eugene Belin, Head of Fixed Income, Currencies and Commodities for Citi Russia, CIS and Israel, commented: "We congratulate our client Severstal on the great success of their first RUB commercial paper issue. The great demand for this bond and the wide investor participation, both from domestic and international investors, augurs well for Severstal should it decide to raise more money in the domestic market. This issue underlines the growing importance of the domestic RUB bond market for some of the capital needs of the leading Russian companies. Citi is committed to providing an excellent service to Russian companies in domestic and international capital markets. Citi acted as one of the leads in the domestic RUB bond market this year for Gazprom, OGK-5 and EBRD amongst others, each time achieving a very successful placement."