

**NEWSLETTER**  
**(Russia/CIS)**

**EUROBOND DEBUT ISSUE BY BELARUS**

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On August 3, 2010 Republic of Belarus placed first ever Eurobond issue, listed on Luxembourg Stock Exchange, raising US\$600 million.

It is a fixed rate bond with an interest of 8.75%, paid semi annually (on February 3 and August 3) and maturing on August 3, 2015. The first payment is due on February 3, 2011. Later in August Belarus placed an additional US\$400 million Eurobond issue, taking the total of the raised funds to US\$1 billion. The issue was rated “B+” (preliminary long-term senior unsecured debt rating) by Standard & Poor's Ratings Services and an equivalent “B1” by Moody's Investors Service.

BNP Paribas, Deutsche Bank, The Royal Bank of Scotland and Russian OAO Sberbank were appointed the lead arrangers of the issue. Belarusbank acted as the co-arranger. And White & Case, Allen & Overy and CIS-based Magisters law firm acted as legal consultants of Belarus and the arrangers.

To enable the Eurobond offering, the President of the Republic of Belarus Alyaksandr Lukashenka issued on May 13 2010 a Decree (No. 1/11637, “On the Issuance of the Sovereign Bonds by the Republic of Belarus”), authorizing the Belarusian government to offer during the years 2010 and 2011 up to US\$2 billion worth of securities, with a maturity of at least five years. Following the Presidential Decree, on May 20, 2010 the Belorussian government adopted Resolution (No. 758, “On the Issuance of the Long-Term Sovereign Bonds in 2010”) authorizing the offering of US\$1 billion worth bonds during the year 2010. The Eurobond fundraising plans were announced by Belarus several years earlier but shelved in November 2008 till the current issue.

This Eurobond successful offering is an important step for Belarus economy. It is the first international bond issue by Belarus State, and moreover it is the first ever international securities offering by any Belarusian issuer (however it is not

the first offering of sovereign debt by former Soviet Union countries on Luxembourg Stock Exchange, which lists already bonds from Russian Federation and Ukraine). This Belarus state placement could pave the way for Belarusian corporations interested in fundraising on international capital markets.

Furthermore, the Belarusian government has never previously been required to meet the level of the public disclosure as it did for the Eurobond issuance purposes. Such disclosure included, inter alia, a detailed reference to the effect of the current world economy crisis on the national economy and its fiscal position, and the measures government has taken with this respect. It is expected that the level of disclosure provided by the Belorussian government in the Eurobond offering will result in adoption of higher transparency standards by Belarusian corporations, as well as in developing cooperation with foreign investors, and in improvement of the investment climate in the country.

Current success of the Eurobond placement sets a strategic precedent for the Belorussian economy development and provides an important step towards further integration of Belarus into the international business community.

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