

---

# **Board Of Directors Of ArmRosgazprom CJSC Approved Programme Of Issue Of Medium-T Bonds For Gasification Of Potential Subscribers.**

ArmInfo

21/5/2007

---

The Board of Directors of "ArmRosgazprom" CJSC has approved the bonded debt issue programme, the Company's press-service told ArmInfo. According to the developed programme, the volume of the first emission of bonds will make up 1 bln drams. The Company envisages to issue the medium-terms coupon bonds of 10,000 drams at par with 18-months redeem term. The annual interest rate of securities will make up about 9%, that exceeds the treasury curve by 3% on average. The coupon payments will be carried out every six months. The total volume of the issue will make up 100,000 bonds respectively.

As Ashot Malkhasyan, Financial Deputy Executive Director of ArmRosgasprom, told ArmInfo earlier, the issue program of the medium-term bonds is held to enable potential subscribers (PS) to set up a gas system. The finances invited from the market will go for gasification of about 37 thnd of PS. Priority will be given to socially insecure PS. About 4.8 bln AMD is required for the whole gasification project.

"Unfortunately, we are lacking the spare funds to finance gasification of PS. In this regard, we intend to enter the loan market and to maintain the first emission totaling to 1 bln AMD. In case of successful bond placement - which I am sure about, the company will issue loan bonds in a year and half," he pointed out.

As per experts' estimates, the PS's gasification program would have cost the company by 75 mln AMD more if it applied to commercial banks for a credit.

"The company has an unblemished crediting reputation - it has always fulfilled its obligations on timely and to full volume. The issue of bonds will even more consolidate the company's grounds in the bonds market. The effective debut in this segment will provide our company with considerable freedom of choice in strategic projects of business development and expansion," A. Malkhasyan pointed out.

The "Cascade Investment" Investment Company, which is in structure of the "Cascade Holding" and has an experience of bonds underwriting for "Cascade Credit" sister company and the ARARATBANK, is a consultant for emission and an underwriter. As per the bonds issue program, after the registration and primary placement are over, ArmRosgasprom's securities will undergo relevant procedures of listing at Armenian Exchange (ArmEx). The specialists think that entry of one of the biggest and solvent companies of Armenia in the open market will become an original locomotive of a secondary market of borrowing costs.

---