

**PAO “SEVERSTAL”**

Issue of U.S.\$500,000,000 3.85 per cent. Loan Participation Notes due 2021

by Steel Capital S.A.

a *société anonyme* incorporated in Luxembourg with limited liability whose registered office is at 2, Boulevard Konrad Adenauer, L-1115 Luxembourg, registered with the Register of Commerce and Companies of Luxembourg under number B116975

for the sole purpose of financing a Loan to PAO “SEVERSTAL”

under a U.S.\$4,500,000,000 Programme for the Issuance of Loan Participation Notes (the “Programme”)

**Part A - Contractual Terms**

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 14 February 2017 which constitutes a base prospectus (the “**Base Prospectus**”) for the purposes of the Directive 2003/71/EC, as amended (the “**Prospectus Directive**”). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Base Prospectus. Full information on Severstal, the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus is available for viewing at [www.centralbank.ie](http://www.centralbank.ie) and copies may be obtained from the Issuer at 2, Boulevard Konrad Adenauer, L-1115 Luxembourg.

<b>1</b>	(i) Issuer:	Steel Capital S.A.
	(ii) Borrower:	PAO “SEVERSTAL”
<b>2</b>	Series Number:	5
<b>3</b>	Specified Currency:	United States dollar (“ <b>U.S.\$</b> ”)
<b>4</b>	Aggregate Principal Amount of Notes:	U.S.\$ 500,000,000
<b>5</b>	Issue Price:	100 per cent. of the Aggregate Principal Amount
<b>6</b>	(i) Specified Denominations:	U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof
	(ii) Calculation Amount:	U.S.\$1,000
<b>7</b>	(i) Closing Date:	27 February 2017
	(ii) Interest Commencement Date:	Closing Date
<b>8</b>	Issue Date	27 February 2017
<b>9</b>	Maturity Date:	27 August 2021
<b>10</b>	Interest Basis:	3.85 per cent. Fixed Rate (further particulars specified in paragraph 18 below)
<b>11</b>	Redemption/Payment Basis:	Redemption at par
<b>12</b>	Change of Interest Basis:	Not Applicable
<b>13</b>	Date of Board approval for issuance of Notes and borrowing of Loan obtained:	1 February 2017 and 15 November 2016, respectively
<b>14</b>	Method of distribution:	Syndicated
<b>15</b>	Financial Centres in respect of Condition 7.2 (Payment on Business Days):	New York City

- 16** Specified Currency and Principal Amount of Loan:
- (i) Specified Currency: U.S.\$
- (ii) Principal Amount: U.S.\$500,000,000
- 17** Put/Call Options: Call Option (further particulars specified below)

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE UNDER THE LOAN**

- 18** Fixed Rate Note Provisions: Applicable
- (i) Rate of Interest: 3.85 per cent. per annum payable semi-annually in arrear in equal instalments
- (ii) Interest Payment Date(s): 27 February and 27 August in each year (not adjusted) commencing 27 August 2017
- Business Centre(s): New York and Moscow
- (iii) Fixed Coupon Amount: U.S.\$ 19.25 per Calculation Amount
- (iv) Broken Amount: Not Applicable
- (v) Day Count Fraction: 30/360
- (vi) Determination Date(s): Not Applicable
- 19** Floating Rate Note Provisions: Not Applicable

**PROVISIONS RELATING TO REDEMPTION**

- 20** Final Redemption Amount of each Note: U.S.\$1,000 per Calculation Amount
- 21** Early Redemption Amount(s) per Calculation Amount payable if the Loan should become repayable under the Loan Agreement prior to the Maturity Date: U.S.\$1,000
- 22** Call Option: Applicable
- (i) Early Redemption Amount U.S.\$1,000 per Calculation Amount plus accrued interest, if any, to the Redemption Date
- (ii) Make Whole Premium 50 basis points
- (iii) Call Option Period As set out in Condition 6.4
- (iv) Treasury Publisher U.S. Federal Reserve
- (v) Reference Treasury UST 1.875% due 31 January 2022
- (vi) Business Centre New York
- (vii) Financial Adviser Citigroup Global Markets Limited
- 23** Put Option: Not Applicable

**DISTRIBUTION**

- 24** (i) If syndicated, names of Managers: Citigroup Global Markets Limited  
J.P. Morgan Securities plc  
ING Bank N.V., London Branch  
Société Générale
- (ii) Stabilising Manager: Citigroup Global Markets Limited

**25** If non-syndicated, name of Dealer: Not Applicable

**GENERAL PROVISIONS APPLICABLE TO THE NOTES**

**26** Form of Notes: Registered Notes

**27** Payment Time: 10 a.m. (Relevant Time) one Business Day

**LISTING AND ADMISSION TO TRADING APPLICATION**

These Final Terms comprise the final terms required to list and have admitted to trading on the Main Securities Market of the Irish Stock Exchange the issue of Notes described herein pursuant to the U.S.\$4,500,000,000 Programme for the Issuance of Loan Participation Notes by Steel Capital S.A. for the sole purpose of financing a Loan to PAO "SEVERSTAL".

**RESPONSIBILITY**

The Issuer and Severstal accept responsibility for the information contained in these Final Terms.

Signed on behalf of the Issuer

By:

Name:  **Kailash Ramassur**

Title: Director

Signed on behalf of Severstal

By:

Name:

Title:

By:

Name:  **Anja Hammes**

Title: Director

Signed on behalf of the Issuer

By:

Name:

Title: Director

Signed on behalf of Severstal

By: *[Signature]*

Name: *Elena Petrenko*

Title: *Senior Manager, Treasury*

By:

Name:

Title: Director

## Part B – Other Information

### 1 LISTING

- |       |   |   |
|-------|---|---|
| (i)   | Listing:  | Irish Stock Exchange  |
| (ii)  | Admission to trading:                                       | Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List (the “ <b>Official List</b> ”) and trading on its regulated market (the “ <b>Main Securities Market</b> ”) with effect from 27 February 2017. |
| (iii) | Estimate of total expenses related to admission to trading: | €500  |

### 2 RATINGS

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|----------|--|
| Ratings: | <p>The Notes to be issued have been rated:</p> <p>Standard &amp; Poor’s Credit Market Services France SAS: “BBB-”</p> <p>Fitch Ratings Limited: “BBB-”</p> <p>Standard &amp; Poor’s Credit Market Services France SAS, a division of The McGraw-Hill Companies, Inc (“S&amp;P”) and Fitch Ratings Ltd (“Fitch”) are established in the European Community and registered under Regulation (EC) No 1060/2009.</p> <p>A rating must be issued by a credit rating agency established in the European Community and registered under the Regulation (EC) No 1060/2009 (the “<b>CRA Regulation</b>”) unless the rating is provided by a credit rating agency that operated in the European Community before 7 June 2010 and which has submitted an application for registration in accordance with the CRA Regulation and such application for registration has not been refused.</p> |
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### 3 INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE OFFER

Save as discussed in “Subscription and Sale”, so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.

### 4 YIELD

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|----------------------|--|
| Indication of yield: | <p>3.85 per cent.</p> <p>The yield is calculated at the Closing Date on the basis of the Issue Price. It is not an indication of future yield.</p> |
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### 5 ESTIMATED TOTAL EXPENSES

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|---------------------------|-------------------------------|
| Estimated total expenses: | Approximately U.S.\$3,000,000 |
|---------------------------|-------------------------------|

### 6 OPERATIONAL INFORMATION

- |                              |              |
|------------------------------|--------------|
| ISIN Code (Reg S Notes):     | XS1567051443 |
| ISIN Code (Rule 144A Notes): | US85805RAD08 |
| Common Code (Reg S Notes):   | 156705144    |

Common Code (Rule 144A Notes):	156705250
Rule 144A CUSIP number:	85805RAD0
Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking société anonyme or DTC and the relevant identification number(s):	Not Applicable
Names and addresses of initial Paying Agent(s):	<p>Citibank, N.A., London Branch Citigroup Centre Canada Square Canary Wharf London E14 5LB</p> <p>Citibank, N.A., New York Branch 111 Wall Street 15<sup>th</sup> Floor Zone 8 New York NY 10005 U.S.A.</p>
Names and addresses of additional Paying Agent(s) (if any):	Not Applicable

## 7 THE LOAN

### Terms of the Loan

(i)	Principal Amount of the Loan:	U.S.\$500,000,000
(ii)	Specified Currency:	U.S.\$
(iii)	Put Settlement Date:	Not Applicable
(iv)	Repayment Date:	27 August 2021
(v)	Early Redemption Amount:	U.S.\$1,000 per U.S.\$1,000 of principal amount
(vi)	Make Whole Premium:	50 basis points
(vii)	Put/Call Options:	Call Option
(viii)	Treasury Publisher	U.S. Federal Reserve
(ix)	Reference Treasury	UST 1.875% due 31 January 2022
(x)	Business Centre	New York
(xi)	Financial Adviser	Citigroup Global Markets Limited

### Interest

Fixed Rate Loan Provisions		Applicable
(i)	Interest Commencement Date:	27 February 2017
(ii)	Rate of Interest:	3.85 per cent. per annum payable semi-annually in arrear in equal instalments
(iii)	Interest Payment Date(s):	27 February and 27 August in each year (not adjusted) commencing 27 August 2017
(iv)	Fixed Amount:	U.S.\$19.25 per U.S.\$1,000 in principal amount

(v)	Broken Amount:	Not Applicable
(vi)	Day Count Fraction:	30/360
(vii)	Determination Date(s):	Not Applicable
	Floating Rate Note Provisions:	Not Applicable