



**Rating Action: MOODY'S PLACES KAZAKHSTAN TEMIR ZHOLY FINANCE BV'S (P) Baa1 RATING UNDER REVIEW FOR POSSIBLE UPGRADE.**

Global Credit Research - 08 May 2006

Milan, May 08, 2006 -- Moody's Investors Service placed the provisional debt rating of (P)Baa1, with positive outlook, assigned to the Senior Unsecured Notes to be issued by Kazakhstan Temir Zholy Finance BV (KTZ BV) on review for possible upgrade. This follows an earlier decision by Moody's to place the Republic of Kazakhstan's foreign currency ceiling and bond ratings of Baa3, with positive outlook, on review for possible upgrade.

The Notes are guaranteed by JSC Kazakhstan Temir Zholy (KTZ), the monopoly operator of the rail network in Kazakhstan and the country's leading provider of freight services and passenger services, and its main operative subsidiaries: JSC Kazzheldortrans (KZDT) and JSC Lokomotiv ("Lokomotiv"), whose activities are to operate, respectively, all freight cars and locomotive fleet of KTZ group.

The (P) Baa1 rating for KTZ BV's proposed senior unsecured notes pierced Kazakhstan's country ceiling of Baa3 with positive outlook, in accordance with Moody's rating methodology updated in January 2005. The rating input factors under this methodology are: (1) KTZ's A3 local currency issuer rating; (2) the Baa3 Kazakhstan country ceiling; (3) the Kazakhstan's low moratorium risk; and, (4) a moderately high risk for KTZ as a railroads company to be affected by any such moratorium.

The rating action reflects the impact of the sovereign rating action: an upgrade of the Kazakhstan country ceiling ratings would lead to an upgrade of the provisional rating, notwithstanding a change from positive to stable of KTZ's A3 Local Currency issuer.

COMPANY SUMMARY

KTZ BV is a finance company incorporated in the Netherlands and jointly owned by KTZ (0.36%) and by its subsidiary KZDT (99.64%).

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