

Rating Action: MOODY'S UPGRADES KAZAKHSTAN TEMIR ZHOLY'S FOREIGN CURRENCY RATINGS FROM Baa1 TO A3 FOLLOWING UPGRADE OF KAZAKHSTAN'S FOREIGN CURRENCY GOVERNMENT BOND RATING.

Global Credit Research - 12 Jun 2006

Milan, June 12, 2006 -- Moody's Investors Service has today upgraded the JSC National Company Kazakhstan Temir Zholy's (KTZ) foreign currency issuer rating from Baa1 to A3, following an earlier decision by Moody's to upgrade Republic of Kazakhstan's foreign currency government bond rating to Baa2 from Baa3 and, consequently, the long term foreign currency country ceiling for bonds to A2 from Baa1.

The outlook on all KTZ's ratings is stable.

In accordance with Moody's GRI rating methodology, KTZ's rating reflects the combination of the following inputs:

- Baa1 local currency rating of the Kazakhstan government
- Baseline credit assessment ("BCA") of 5 (on a scale of 1 to 6, where 1 represents lowest credit risk)
- Medium default dependence
- High support

Moody's assessments of KTZ's baseline credit risk, default dependence, and government support remain unchanged at this stage. The ratings upgrade therefore solely reflects the impact of the sovereign ratings upgrade, as applied through Moody's GRI rating methodology.

COMPANY SUMMARY

Based in Astana City, (Kazakhstan), KTZ is both the monopoly operator of the rail network in Kazakhstan, and the country's leading provider of freight services and passenger services.

Frankfurt
Michael West
Managing Director
Corporate Finance Group
Moody's Deutschland GmbH
JOURNALISTS: 44 20 7772 5456
SUBSCRIBERS: 44 20 7772 5454

Milan
Marco Vetulli
Vice President - Senior Analyst
Corporate Finance Group
Moody's Investors Service
JOURNALISTS: 44 20 7772 5456
SUBSCRIBERS: 44 20 7772 5454

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