

## Negative Outlook On Kazakhstan Leads To Negative Actions On Various Kazakh GREs

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MOSCOW (Standard & Poor's) April 29, 2008--Standard & Poor's Ratings Services said today that it revised its outlook to negative from stable on several sovereign and corporate government-related entities (GREs) and their subsidiaries: Kazakhstan Electricity Grid Operating Co. (JSC) (KEGOC); JSC NC KazMunayGas (KMG) and subsidiary JSC KazMunaiGas Exploration Production (KMG EP), along with KMG's subsidiary KazTransGas (KTG); Development Bank of Kazakhstan (DBK); Kazakh Agrarian Credit Corp. (KACC); Mortgage Guarantee Fund

of Kazakhstan (JSC) (MGFK); and Kazpost (JSC) We also revised the outlook on KMG subsidiary KazTransOil (KTO) to stable from positive. At the same time, we

lowered the Kazakhstan national scale ratings on KACC to 'kzAA-' from 'kzAA', on MGFK to 'kzA' from 'kzA+', and on Kazpost to 'kzA+' from 'kzAA-'. We also affirmed the 'BB+' long-term issuer credit and 'kzAA-' Kazakhstan national scale ratings on Kazakhstan Temir Zholy and its subsidiary JSC Kaztemirtrans. See the ratings list below for the entities affected.

The rating actions followed the revision of the outlook to negative from stable on the Republic of Kazakhstan (foreign currency BBB-/Negative/A-3; local currency BBB/Negative/A-3; Kazakhstan national scale rating 'kzAAA').

KMG, KEGOC, DBK, KACC, MGFC and Kazpost, are 100% government-owned entities, with public policy-based mandates from the state. We therefore apply

our GRE criteria to rate these entities. For all these entities, we use a top-down rating approach with relation to the state, reflecting their public-policy mandate and the strong likelihood that they will receive extraordinary government support in case of financial distress. This results in a higher rating than the entities' stand-alone credit quality warrants.

The outlook revisions on the above entities reflect our expectation that the ratings will move in line with the sovereign ratings. The negative outlooks on these entities reflect the negative outlook on the sovereign, as well as our continued expectation that they would receive extraordinary support from the Republic of Kazakhstan in case of financial distress.

The ratings and outlook on KMG's subsidiaries KMG EP and KTG are linked to that of the parent and will likely remain one and two notches, respectively, below the rating on the parent.

The outlook revision on KazTransOil to stable from positive highlights the limited potential ratings upside, given the negative outlook on the rating

on parent KMG. But the 'BB+' stand-alone credit quality of KTO offers some protection against ratings downside.

The affirmation of the rating on KTZ reflects our assessment of the

railway operator's stand-alone credit quality at 'BB+'. A negative change in the sovereign rating will therefore not automatically trigger a negative rating action on KTZ.

The rating on KTZ's subsidiary JSC Kaztemirtrans will continue to be pegged to the rating and outlook on its parent, KTZ.

#### RATINGS LIST

	To	From
Kazakhstan Electricity Grid Operating Co. (JSC)		
Corporate credit rating	BB+/Negative/--	BB+/Stable/--
JSC NC KazMunayGas		
Corporate credit rating	BBB-/Negative/--	BBB-/Stable/--
Kazakhstan national scale rating	kzAA	kzAA
JSC KazMunaiGas Exploration Production		
Corporate credit rating	BB+/Negative/--	BB+/Stable/--
KazTransGas		
Corporate credit rating	BB/Negative/--	BB/Stable/--
Development Bank of Kazakhstan		
Counterparty credit rating	BBB-/Negative/A-3	BBB-/Stable/A-3
Kazakh Agrarian Credit Corp.		
Issuer credit rating	BB+/Negative/B	BB+/Stable/B
Kazakhstan national scale rating	kzAA-	kzAA
Mortgage Guarantee Fund of Kazakhstan (JSC)		
Issuer credit rating	BB/Negative/--	BB/Stable/--
Kazakhstan national scale rating	kzA	kzA+
Kazpost (JSC)		
Issuer credit rating	BB/Negative/--	BB/Stable/--
Kazakhstan national scale rating	kzA+	kzAA-
KazTransOil		
Corporate credit rating	BB+/Stable/--	BB+/Positive/--
Kazakhstan Temir Zholy		
Corporate credit rating	BB+/Stable/--	BB+/Stable/--
Kazakhstan national scale rating	kzAA-	kzAA-
JSC Kaztemirtrans		
Corporate credit rating	BB+/Stable/--	BB+/Stable/--
Kazakhstan national scale rating	kzAA-	kzAA-

NB: This list does not include all ratings affected.

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