

FITCH AFFIRMS 4 KAZAKH CORPORATES FOLLOWING SOVEREIGN ACTION

Fitch Ratings-London/Moscow-21 December 2010: Fitch Ratings has affirmed KazMunaiGaz National Company (NC KMG), Kazakhstan Temir Zholy (KTZ), Kazakhstan Electricity Grid Operating Company (KEGOC) and Mangistau Electricity Distribution Network Company's (MEDNC) Long-term foreign currency Issuer Default Ratings (IDRs). A full rating breakdown is provided below.

The rating actions reflect the agency's affirmation of Kazakhstan's Long-term foreign and local currency IDRs at 'BBB-' and 'BBB', respectively, and Short-term foreign currency IDR at 'F3' on 20 December 2010. The agency has revised the Outlooks on Kazakhstan's Long-term foreign and local currency IDRs to Positive from Stable (for further information, see 'Fitch Revises Kazakhstan's Outlook to Positive; Affirms 'BBB-', dated 20 December 2010, at www.fitchratings.com.)

The rating actions are as follows.

KazMunaiGaz National Company (NC KMG)

Long-term foreign currency IDR: affirmed at 'BBB-'; Outlook Stable

Long-term local currency IDR: affirmed at 'BBB'; Outlook Stable

Short-term foreign currency IDR: affirmed at 'F3'

Senior unsecured rating: affirmed at 'BBB-'

Kazakhstan Temir Zholy (KTZ)

Long-term foreign currency IDR: affirmed at 'BBB-'; Outlook Stable

Senior unsecured rating: affirmed at 'BBB-'

While NC KMG and KTZ continue to benefit from strong links with the government, full and timely financial support, which would allow continued rating alignment, is not certain without a significant portion of debt with explicit guarantees. Consequently, NC KMG and KTZ's ratings are affirmed with a Stable Outlook.

Kazakhstan Electricity Grid Operating Company (KEGOC)

Long-term foreign currency IDR: affirmed at 'BBB-'; Outlook revised to Positive from Stable

Long-term local currency IDR: affirmed at 'BBB'; Outlook revised to Positive from Stable

Short-term foreign currency IDR: affirmed at 'F3'

KEGOC's ratings continue to be aligned with the sovereign's given the state guarantees for a large part of its debt (56%). KEGOC is 100% state owned, and enjoys strong state support due to the strategic nature of Kazakhstan's national electricity transmission grid. Fitch views KEGOC's stand-alone business and financial profile as commensurate with a weak position within the 'BB' rating category.

Mangistau Electricity Distribution Network Company (MEDNC)

Long-term foreign currency IDR: affirmed at 'BB'; Outlook Stable

Foreign currency senior unsecured rating: affirmed at 'BB'

Short-term foreign currency IDR: affirmed at 'B'

Long-term local currency IDR: affirmed at 'BB+'; Outlook Stable

Local currency senior unsecured rating: affirmed at 'BB+'

National Long-term Rating: affirmed at 'AA-(kaz)'; Outlook Stable

MEDNC's ratings are linked to the sovereign's, but notched down to reflect that little indication has been given by MEDNC's parent, JSE Samruk-Energo (S-E: indirectly 100% state-owned) that it will provide timely financial assistance in case of need. Fitch anticipates that MEDNC's links with the government may weaken through its eventual sale, hence MEDNC's ratings are affirmed at

Stable Outlook. Fitch views the standalone business and financial profile of MEDNC as commensurate with a weak 'BB-' rating.

Contact

Primary Analyst (NC KMG)

Maxim Edelson
Director
+7 495 956 9901
Fitch Ratings Moscow
6 Gasheka Street
Moscow 125047

Primary Analyst (KTZ, KEGOC and MEDNC)

Josef Pospisil
Senior Director
+44 (0) 20 3530 1287
Fitch Ratings Limited
30 North Colonnade
London
E14 5GN

Committee Chairperson

Raymond Hill
Senior Director
+44 (0) 20 3530 1079

Media Relations: Anna Bykova, Moscow, Tel: + 7 495 956 9903, Email: anna.bykova@fitchratings.com; Peter Fitzpatrick, London, Tel: +44 20 3530 1103, Email: peter.fitzpatrick@fitchratings.com.

Additional information is available at www.fitchratings.com.

Note to Editors: Fitch's National ratings provide a relative measure of creditworthiness for rated entities in countries with relatively low international sovereign ratings and where there is demand for such ratings. National ratings are designed for use mainly by local investors in local markets and are signified by the addition of an identifier for the country concerned, such as 'AAA(kaz)' for National ratings in Kazakhstan. Specific letter grades are not therefore internationally comparable.

Applicable criteria, 'Corporate Rating Methodology', dated 13 August 2010, 'Notching for Sovereign Ownership and Sovereign Support - Guidelines for Local- and Foreign-Currency Notching' dated 14 May 2010 and 'Parent and Subsidiary Rating Linkage Criteria Report', dated 14 July 2010, are available at www.fitchratings.com.

Applicable Criteria and Related Research:

Corporate Rating Methodology

http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=546646

Notching for Sovereign Ownership and Sovereign Support - Guidelines for Local- and Foreign-Currency Notching

http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=528727

Parent and Subsidiary Rating Linkage Criteria Report

http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=534826

ALL FITCH CREDIT RATINGS ARE SUBJECT TO CERTAIN LIMITATIONS AND DISCLAIMERS. PLEASE READ THESE LIMITATIONS AND DISCLAIMERS BY FOLLOWING THIS LINK: [HTTP://FITCHRATINGS.COM/UNDERSTANDINGCREDITRATINGS](http://fitchratings.com/understandingcreditratings). IN ADDITION, RATING DEFINITIONS AND THE TERMS OF USE OF SUCH RATINGS ARE AVAILABLE ON THE AGENCY'S PUBLIC WEBSITE 'WWW.FITCHRATINGS.COM'. PUBLISHED

RATINGS, CRITERIA AND METHODOLOGIES ARE AVAILABLE FROM THIS SITE AT ALL TIMES. FITCH'S CODE OF CONDUCT, CONFIDENTIALITY, CONFLICTS OF INTEREST, AFFILIATE FIREWALL, COMPLIANCE AND OTHER RELEVANT POLICIES AND PROCEDURES ARE ALSO AVAILABLE FROM THE 'CODE OF CONDUCT' SECTION OF THIS SITE.