
Success stories: foreign investors in Kazakhstan

Ideas for potential players

THE FOREIGN INVESTORS' COUNCIL
CHAIRLED BY THE PRESIDENT
OF THE REPUBLIC OF KAZAKHSTAN



СОВЕТ ИНОСТРАННЫХ
ИНВЕТОРОВ ПРИ ПРЕЗИДЕНТЕ
РЕСПУБЛИКИ КАЗАХСТАН



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Welcome

Those who have visited Kazakhstan had the opportunity to experience the energetic and dynamic environment of our country. Today Kazakhstan is a state with significant innovative and investment potential.

We have created all necessary conditions for foreign investors – a liberal market economy, favorable tax and customs regimes, and legislative protection for foreign investments. Entering the Customs Union with a combined consumer market of 170 million people opens new opportunities and horizons for investors to efficiently implement investment projects in Kazakhstan.

Today, around 8 thousand companies with foreign capital operate in Kazakhstan, including 270 companies from the Fortune-500 ranking, such as Chevron, Siemens, Microsoft, General Electric, Coca-Cola, Danone, Henkel, and many others.

Within the framework of the state program on Accelerated Industrial and Innovative development for 2010–2014, we started joint realization of large-scale investment projects in non-extractive industry sectors with investors from the USA, Germany, France, Japan, Turkey, South Korea, and other countries.

I believe this is the best evidence of investor confidence in the stable and long-term sustainable development of Kazakhstan and its economy.

This brochure demonstrates the stories of successful operations of foreign investors in Kazakhstan.

We are open for new projects and welcome investors with modern production and management technologies required for these projects, and that are willing to contribute to the development of Kazakhstan's economy. From our side we are committed to provide such investors with attractive terms for favorable business in Kazakhstan.

Welcome to our country!

Aset Issekeshev

Deputy Prime-Minister,
Minister of Industry and New Technologies of the Republic of Kazakhstan

Welcome to Kazakhstan

Kazakhstan at a glance

- ▶ Kazakhstan posted an annual GDP growth rate of about 9% during 2000–2009, with GDP in 2009 reaching US\$115.3 billion (US\$7,257 per capita). After a sharp decline of GDP growth from 8.9% in 2007 to 1.2% in 2009, Kazakhstan's economy demonstrated a positive trend for the first six months of 2010. In January–June 2010, GDP growth reached 8% and the government's annual forecast was raised to 5%.
- ▶ The country has a rich natural resource base. At present, Kazakhstan is a world leading producer of coal, copper, zinc, bauxite, uranium and chrome ore.
- ▶ The dominant source of national revenue remains the oil and gas and mining sectors, but Kazakhstan continues to diversify its economy.
- ▶ Kazakhstan benefits from robust FDI, given its investor-friendly approach. Since its independence Kazakhstan has attracted over US\$110 billion in FDI, half of which is attributable to the last three years.
- ▶ The country's proximity to the fast growing markets of Russia, China and Asia and developing infrastructure give it a competitive advantage.
- ▶ Kazakhstan is committed to regional and international cooperation and aims to become one of the top 50 most competitive economies in the world.

In response to the global economic instability of the last few years, the government introduced a stimulus package aimed at ensuring sustainability of the financial system; supporting the real estate and construction sector, as well as small and medium enterprises and agriculture; and investing in innovative projects and infrastructure. In October 2008 the government established the Samruk-Kazyna National Wellbeing Fund, as the operator of the government's economic stabilization program. Samruk-Kazyna accumulates shares of major national companies, development institutions and social entrepreneurship corporations – more than 400 companies in total.

In February 2010, President Nursultan Nazarbayev signed the Strategic Development Plan of the Republic of Kazakhstan 2020, which stated the country's five key development priorities: preparation for post-crisis development; diversification of the economy; human capital development; providing society with quality municipal and social services; strengthening interethnic harmony and stability of international relations. The goals and methods for further economic development were stated in the Program on the Accelerated Industrial Innovative Development of Kazakhstan for 2010–2014, based on which the more detailed Business Road Map 2020 and the Industrialization Map of Kazakhstan for 2010–2014 were prepared.

Within these programs, priority sectors for diversification were defined:

1. Agriculture and agro-products processing
2. The construction and construction materials industry
3. The oil refining and support services industry
4. Metallurgy and manufacturing of finished metal products
5. Chemicals and pharmaceuticals
6. The energy sector
7. Transportation
8. Telecommunications
9. Tourism
10. Mechanical engineering
11. Biotechnology and alternative energy

International rankings

According to the World Bank's Ease of Doing Business Index 2011, Kazakhstan holds 59th position, ahead of such countries as the Czech Republic, China, Russia and Ukraine. According to rankings in The Global Competitiveness Report 2010–2011 released by the World Economic Forum, Kazakhstan holds 72nd position.



Area: 2,724,900 square kilometres
(1,052,085 square miles)

Population: about 16 million people
as of 1 January 2010

Language: Kazakh is the official
language; Russian is a means of
inter-ethnic communication

Capital: Astana
(684,000 people as of 1 January 2010)

Currency: Kazakhstani tenge (KZT)

The uniqueness of Kazakhstan's economy is not the vast mineral resources but responsive and strong leadership. Kazakhstan gained independence 20 years ago and now, when "the transition period" is over, the country sets ambitious but at the same time attainable goals. The country has all the prerequisites to successfully achieve innovative industrialization: a vast and diversified mineral base, educated and diligent human capital, proximity to the fast growing markets of Russia, China and Asia, developing transport and telecommunication infrastructure – all these will contribute to diversification of the economy and enhancing its competitiveness.

The leadership of the country has been consistently proactive in establishing a friendly environment for foreign and domestic investors. The country was effectively managed through the crisis, providing a relevant response to ensure macroeconomic balance and the sustainable functioning of the banking system.

The history of independent Kazakhstan demonstrates the commitment of the leadership in realization of large scale projects that at first seemed unattainable. For example, building the new capital Astana over a reasonably short period of time demonstrates the willingness and ability of the country to attain set goals. We can be certain that Kazakhstan is a progressive country with a predictable bright future of innovative development and regional leadership.

Aigul Tulembayeva,
Doctor of Economics, Professor,
Al Farabi Kazakh National University

The success of the Kazakhstan economy since early 2000 to a certain extent is attributed to the rapid development of the banking system, with the pace of its growth higher than in other CIS countries. In mid 2000 the major Kazakhstan banks received high credit ratings and started extensive borrowings on international markets with the total external debt of the banking sector reaching 44 billion US dollars by the end of 2007 (or 40% of GDP). The fast growth of banking assets was accompanied by ambitious expansion of the banks' activities outside of Kazakhstan, predominantly in other CIS markets. The initial stage of the global crisis led to an increase in borrowing rates and a downgrade of credit ratings for Kazakhstan banks. The growing liabilities turned into challenging problems, given the lack of opportunity to refinance the debts. At the beginning of 2008, Kazakhstan's banking system turned from being the driving force of the economy into one of its greatest challenges.

The state could not let the banking sector deteriorate further and developed a bail-out program. State support of the banking system became possible due to the accumulation of reserves during the pre-crisis years: National Bank reserves (over 19 billion US dollars as of January 2009) and National Fund reserves (26 billion US dollars). Thus, accumulated state reserves accounted for 44% of GDP at the peak of the crisis.

Through Samruk-Kazyna, the operator of the Government's stabilization program, 716 billion KZT was invested into stabilization of the banking sector by March 2009 via direct support of 4 major banks, support of SMEs and the re-financing of mortgages. The banking system managed to operate sustainably through the crisis. Currently we witness regained confidence from the general population - the level of deposits has reached pre-crisis times. The major banks are in the process of completing their restructuring, as a result of which the external debt of the banking sector substantially downsized to 25 billion US dollars as of July 2010 (less than a quarter of total sovereign debt).

Vyacheslav Dodonov,
Doctor of Economics, the Kazakhstan
Institute for Strategic Studies under
the President of Kazakhstan



ArcelorMittal

ArcelorMittal is the world's leading steel company, present in more than 60 countries worldwide. Having led the consolidation of the world steel industry, the company ranks today as the only truly global steelmaker. ArcelorMittal is the leader in all major global markets, including automotive, construction, household appliances, and packaging. The company leads in R&D and technology, holds sizeable captive supplies of raw materials, and operates extensive distribution networks. Its industrial presence in Europe, Asia, Africa, and America gives the company exposure to all key steel markets, from emerging to mature. In 2009, ArcelorMittal had revenues of \$65.1 billion and crude steel production of 73.2 million tons, representing approximately 8% of world steel output.

ArcelorMittal Temirtau is the largest enterprise in Kazakhstan's mining and smelting sector. The company's steel plant has an annual capacity of over 4.5 million tons, supported by excellent infrastructure, captive coal and iron ore mines, and a reliable energy base. It produces hot and cold rolled steel, tin plate, galvanized steel and polymer-coated coils, welded pipes, coke, and chemical by-products.

The metallurgical complex was opened in 1960 and became part of ArcelorMittal in 1995. At that time, the steel plant was near closing. The production facilities were obsolete and there were no funds for raw materials or consumables. The traditional CIS supply chain had broken, plant employees had not been paid for several months, and the plant had lost its established market. It is no wonder the first years were the most challenging for the company. Nevertheless, it overcame all these difficulties.



From the beginning, ArcelorMittal has emphasized the following priorities: technical modernization, consolidation and development of the market, staff training, and corporate social responsibility.

During its 15 year journey, the company has operated in compliance with all legal frameworks of the state while simultaneously serving the people of the state and consistently investing in the operations and Kazakhstani cities in which the company's enterprises are located. Under ArcelorMittal's ownership, the company has played an increasingly active role in the development of the city and its citizens, the mining and steel industry, and the whole of Kazakhstan.

ArcelorMittal Temirtau invests in its own growth and technology as well as in Kazakhstan in general in order to:

- ▶ Preserve Kazakhstan as a key player in the regional/global steel market.
- ▶ Reduce dependence on imports and secure Kazakhstan's self sufficiency in steel.
- ▶ Implement the latest technology to ensure a clean environment.
- ▶ Increase revenues for the Kazakh Exchequer.

ArcelorMittal Temirtau is a member of the Foreign Investors' Council, playing an active role in encouraging further international investment in Kazakhstan through supporting economic, legal, and regulatory reforms. As one of the largest companies in the country, ArcelorMittal plays a key role in an industrialization program initiated in 2009 by the Government of the Republic of Kazakhstan. The company produces up to six percent of the country's GDP, employs more than 40,000 people, and is one of Kazakhstan's largest foreign investors. ArcelorMittal will continue to actively participate in this important governmental program.

At present, ArcelorMittal Temirtau is modernizing and upgrading its existing production facilities to increase annual capacity to six million tons of steel. In the future, ambitious plans include expanding steel plant production to produce up to 10 million tons per year.

ArcelorMittal Temirtau's position in the industry brings unique opportunities and unique responsibilities. Our future success partly depends on the wider world giving us the freedom and flexibility to succeed. We will earn its trust to do so by behaving responsibly.



In Kazakhstan, ArcelorMittal is committed to the principle of continuous improvement and seeks to strengthen its relationships with all of its stakeholders in order to contribute to a healthy, sustainable, and prosperous operating environment. Our commitment extends to securing the health, safety, and well-being of our people, supporting the communities in which we operate, and reducing our environmental impact.

The company has invested heavily in technology to reduce its environmental impact, develop cleaner processes, and lessen its carbon footprint. It is also working closely with the Kazakhstan government to find business solutions that improve energy efficiency and carbon emissions. Reducing methane emissions from its mining operations is an important area of focus as well.

Besides technical modernization, upgrading production facilities, and re-equipment, ArcelorMittal Temirtau places a high value on people and social well-being. Every year the company invests millions of dollars into social projects. ArcelorMittal Temirtau maintains resorts and children summer camps, stadiums, and medical institutions.

ArcelorMittal is transforming tomorrow by:

- ▶ **Investing in people.**
Making sure each and every person working on our behalf feels valued.
- ▶ **Making steel more sustainable.**
Using our expertise to develop cleaner processes and greener products.
- ▶ **Enriching our communities.**
Our presence plays an important role in all the communities in which we operate.



Doctor Frank Pannier, CEO, ArcelorMittal in Kazakhstan

General Information on ArcelorMittal in Kazakhstan

Established:	Metallurgical complex established in 1960; became part of ArcelorMittal in 1995
Employees:	40,000 people
Business:	The enterprise produces agglomerate, cast iron, and steel, including continuously cast slabs, hot and cold rolled metal, long steel products, tinned and black plates, galvanized rolled metal and polymers, coated rolled metal, welded pipes, and coke and chemical plant by-products ArcelorMittal Temirtau is comprised of the following operations: – An Integrated Steel Plant – 8 Coal Mines – 4 Iron Ore Mines
Location:	1, Republic Avenue, Temirtau 101 407, Kazakhstan
Website:	www.arcelormittal.com
Parent company:	ArcelorMittal

Cameco Corporation and JV Inkai

Cameco, with its head office in Saskatoon, Saskatchewan, is one of the world's largest uranium producers. Cameco's mining operations are located in Canada, the United States, and Kazakhstan. In 2009, the company provided approximately 16% of world uranium production. Cameco is also a major supplier of conversion and nuclear fuel services. The company's uranium products are used to generate electricity in nuclear energy plants around the world, providing one of the cleanest sources of energy available today. Cameco's shares trade on the Toronto and New York stock exchanges.

Joint Venture Inkai

It was fitting that while Kazakhstan entered 2010 as the world's top uranium producing country the Canadian-based Cameco Corporation had reason to celebrate this year's successful completion of the first stage of the Joint Venture Inkai, Kazakhstan's newest uranium production facility.

Cameco CEO Gerald W. Grandey, who has been honored to be a member of the Foreign Investors Council this past year, was at Inkai in early June where he joined officials from partner Kazatomprom at a ceremony marking the operation's official opening.

On the global stage, Cameco's CEO has made it clear to investors the importance of Kazakhstan and JV Inkai within the corporate goal of doubling Cameco's uranium production over the next eight years.



Main processing plant

Even in its early years as a publicly traded company when all production was centered in Canada, Cameco was interested in Kazakhstan's uranium potential. The first uranium development agreement between Cameco and Kazakhstan was signed in 1993.

The result of early exploration and development work was the formation of the joint venture between Cameco and Kazatomprom in 1999 to develop the significant uranium deposit at Inkai.

Now, more than a decade later, Inkai is taking its place as an important production center for both companies.

Located in the South Kazakhstan Oblast, Inkai consists of two production areas (blocks 1 and 2) and an exploration area (block 3) which is entering an appraisal period.

In 2009, mine production using environmentally-friendly in situ recovery (ISR) technology increased beyond the initial test mining phase as the main processing plant was completed, allowing uranium yellowcake (U_3O_8) to be milled and drummed on site.

The facility has been built and certified to the highest environmental, safety, and occupational health standards. In both 2007 and 2009, Inkai was recognized by Cameco as the company's top site in an internal safety evaluation of all its mines.

The vast majority of the 470 current employees on site are Kazakhstan nationals. Cameco has also invested more than US\$4m in community investments, centering around the village of Taikonur, where the money

Cameco Corporation and JV Inkai milestones in Kazakhstan, 1999–2005

1999	2000	2002	2004	2005
Joint venture receives exploration and mining licence	Joint venture receives subsoil use contract	Test mining begins	Joint venture approves the feasibility study	Regulatory authorities approve the environmental assessment and design plan for the processing facility

has helped rebuild the village school and medical station, and has improved the water system.

As Cameco looks to the future, a growing percentage of its production will be related to Inkai and Kazakhstan, making both Inkai and Kazakhstan important not only to Cameco, but to the world as around 90 new nuclear power plants, fuelled by uranium and generating clean electricity, are expected to begin production over the next 10 years.

Cameco sees its investment in Kazakhstan, through Joint Venture Inkai, as a success story for many reasons. First, it represents a successful marriage of western and Kazakh technologies and uranium expertise. Second, it provides

Cameco with a geographically diversified source of production and Kazakhstan with a diversified source of capital and customers for its uranium. Additionally, it demonstrates that strong relationships can be built between companies even though they may be headquartered halfway around the world from each other.

Building on the success of the Joint Venture Inkai, Cameco and Kazatomprom continue to work together to evaluate opportunities aimed at cooperating on uranium conversion.



Gerald W. Grandey, CEO, Cameco



Main processing plant at night

General Information on Cameco Corporation and JV Inkai

Established:	1999
Employees:	90% of the nearly 500 employees are Kazakhstani nationals
Business:	JV Inkai is owned by Cameco (60%) and KazAtomProm (40%) US\$350m invested by Cameco by early 2010 Reserves of 51,800 tonnes U (134.7m pounds of U ₃ O ₈) The plant capacity (mine and mill): 2,000 tonnes U (5.2m pounds U ₃ O ₈) ISO 14001 certified as well as BSI OHSAS 18001 certification
Location:	Business office located in Almaty, Kazakhstan
Website:	www.cameco.com
Parent company:	Cameco

Cameco Corporation and JV Inkai milestones in Kazakhstan, 2006–2010

2006	2007	2009	2010
Inkai achieves international health, safety, and environmental certifications	Inkai wins Cameco's award for safety for the first time	Inkai enters commercial production – Cameco's funding of social contributions in Kazakhstan reaches US\$4m – Inkai wins Cameco's award for safety a second time in three years	Main processing plant achieves state commissioning approval



Chevron: Successful partnerships in Kazakhstan

Partnerships in Kazakhstan

With the formation of the Tengizchevroil Joint Venture in 1993, Chevron became the first major western oil company with activities in Kazakhstan. Since then, Chevron has made more than US\$14b in capital investments to support its Kazakhstani projects.

Chevron has a 50 percent interest in the Tengizchevroil Joint Venture in western Kazakhstan. In 2008, the Chevron-led joint venture completed a US\$7.4b expansion project which increased crude oil production by about 80 percent. During 2009, TCO production averaged 530,000 barrels per day of liquids and over 670 million cubic feet per day of gas. The joint venture is currently considering plans for another expansion to increase production.

In 1997, Texaco, which later merged with Chevron, acquired a 20 percent stake in the Karachaganak Field, Kazakhstan's second-largest producing petroleum reserve and one of the world's largest oil and gas condensate reserves. In 2009, total daily production at the Karachaganak Field averaged 230,000 barrels of liquids and 880 million cubic feet of natural gas.

Chevron is the largest private shareholder in the Caspian Pipeline



President Nazarbayev at Tengiz expansion inauguration
June, 2008

Consortium (CPC) which operates an export pipeline from western Kazakhstan to the Black Sea port of Novorossiysk in Russia. The pipeline is critical to Kazakhstan's infrastructure for exporting energy. The CPC pipeline transported an average of 740,000 barrels of crude oil per day in 2009.

In 2003, Chevron opened a US\$25m polyethylene pipe plant in Atyrau, the first such facility in Kazakhstan. The plant's productivity has more than doubled, from its original capacity of 6,500 tons to 15,000 tons of pipe per year. Using new technology, plant capacity is being expanded to produce

2,000 tons of finished products which can be used domestically or exported.

Another Chevron project will be a new plant in Atyrau to produce up to 30,000 modern, durable gate valves annually for the nation's utility infrastructure.

Health, Environment and Safety

Protecting people and the environment is one of Chevron's core values.

Chevron and its partners have invested heavily in protecting the environment. Over the last 10 years, Tengizchevroil has invested more than US\$2.2b in environmental protection programs. The joint venture's Gas Utilization Project ended routine flaring in 2009, providing substantial benefits by both reducing greenhouse gas emissions and increasing energy supplies. Such investments in environmental protection have enabled TCO to reduce natural gas flaring volumes by 95 percent since the year 2000.

TCO celebrated an important safety milestone in June 2010, achieving more than 27 million work-hours without an employee day-away-from-work injury.

From the very first days of operation, the staff of the Atyrau Polyethylene



Participants of Chevron funded 8th Republican Contest of Children's Ecological Drawings and Plain Air, 2010



Pipe Plant has worked without a day-away-from-work injury. Plant employees continue to achieve excellent results, thanks to continuous safety training and weekly safety audits. The plant has achieved 900,000 work-hours, or more than seven years, of incident-free operation.

Economy

Chevron contributes to Kazakhstan's economy through employee salaries, purchases of goods and services from national suppliers, tariffs and fees paid to state-owned companies, and royalties paid to the government.

Since 1995, TCO has spent more than US\$8.3b on Kazakh goods and services.

The implementation of the local vendor development program has enabled Karachaganak Petroleum Operating to work with a large number of national companies. Since 2005, Karachaganak Petroleum has procured goods and services worth more than US\$2b from Kazakh companies.

Since 1993, the percent of TCO employees and contractors who are Kazakhstan citizens has grown from 50 percent to 84 percent. Additionally, Kazakhstanis make up 77 percent of managerial, supervisory, and specialist positions.

All 120 managers and staff at Chevron's Polyethylene Pipe Plant are Kazakhstan citizens.

Chevron applies the most up-to-date equipment, technology, methods, and expertise to its oil and gas business in Kazakhstan. The company applies all of its technologies with the goal of increasing reserves and production, accelerating development, and reducing costs. Chevron's national workers are exposed to the latest developments in oil field operations.

Community Engagement

Chevron and its partners also invest in the communities in which we operate through strategically focused programs and projects. Our focus is on building human and institutional capacity, local economies, and long-term relationships with the communities in which we operate.

TCO has invested more than US\$600m to fund social projects in the Atyrau Oblast for the community and its employees. In 2009, TCO increased its Egilik social infrastructure program (which means "benefit" in Kazakh) to US\$20m per year in order to complete the US\$45m project of rebuilding the water system in Kulsary city from 2009–2011.

In 2010, TCO's Community Investment Program planned approximately US\$800,000 in projects to help improve the quality of health, education, and training in the Atyrau Oblast.



Zamira Kanapyanova, Kazakhstan Country Manager, Chevron Corporation

General information on Chevron

Established:	Kazakhstan operations were established in 1993
Business:	Chevron Munaigas in Almaty, Kazakhstan, oversees the company's 50 percent interest in the Tengizchevroil Joint Venture; 20 percent interest in the Karachaganak Integrated Organization; 15 percent interest in the Caspian Pipeline Consortium, and 100 percent owned polyethylene pipe plant in Atyrau. Chevron's Almaty office also oversees other Chevron activities in the Eurasia region
Location:	Chevron Munaigas, 240 G, Furmanov Street, CDC Center One, 8th Floor, Almaty, 050059, Kazakhstan
Website:	Chevron.com
Parent company:	Chevron Corporation

Chevron milestones in Kazakhstan

1993	1997	2001	2001	2003	2008
Chevron and the Republic of Kazakhstan establish the Tengizchevroil Joint Venture to develop the Tengiz and Korolev Fields in western Kazakhstan. Chevron has a 50 percent interest in the joint venture	Texaco acquires a 20 percent interest in Karachaganak	Chevron Corporation and Texaco Inc merge	Caspian Pipeline Consortium begins exporting oil to western markets	Chevron's Polyethylene Pipe Plant opens	Sour Gas Injection and Second Generation Plant expansion completed at Tengiz

Eurasian Natural Resources Corporation (ENRC)

Today **ENRC** has established itself as one of the world's leading natural resources groups, and is well positioned to take a leading role in the global mining industry.

Operating in Kazakhstan, China, Russia, Africa and Brazil, and incorporating mining assets, processing and refining facilities, power generation capability and logistical and sales support functions, ENRC is now firmly established as a world-class business.

The Group is comprised of six divisions: the Ferroalloys Division, the Iron Ore Division, the Alumina & Aluminium Division, the Energy Division, the Other Non-ferrous Division and the Logistics Division supported by central Sales & Marketing operation.

Assets in the Republic of Kazakhstan comprise: Kazchrome, Zhairem GOK, SSGPO, Aluminium of Kazakhstan, Kazakhstan Aluminium Smelter (KAS), Eurasian Energy Corporation (EEC) and ENRC Logistics.

Other assets, notably the Other Non-ferrous Division, are mainly located in Africa, and include the copper and cobalt assets of the Central African Mining and Exploration Company (CAMEC), Chambishi Metals PLC and a 50.5% stake of Camrose Resources Limited (Camrose).

ENRC also owns Serov Group, a ferroalloys producer in Russia, Bahia Minerals BV and Mineração Minas Bahia SA (MIBA), iron ore mining projects in Brazil, a 50% stake in the Xinjiang Tuoli Taihang Ferroalloy Company in China (Tuoli), a 14.35% interest in Northam Platinum Limited, a major platinum producer in South Africa.

ENRC currently employs over 70,000 people, of which 65,000 are located in Kazakhstan.

During the successful IPO at the London Stock Exchange in 2007, ENRC attracted unprecedented US\$3.1bn and entered FTSE 100 Index in March 2008.

Today ENRC is in the top 30 of FTSE 100 companies, and the seventh largest metals and mining company in the world by market capitalization, following BHP, Vale, Rio Tinto, Anglo American, Xstrata and Antofagasta.

The divisional structure of the Group supports the development of increasingly diversified mining resources. The integrated business model serves to optimise efficiencies throughout production, processing, distribution and sales. Such integration helps to maintain lower production costs. Six operating divisions include four principal mining and refining operations supported by two divisions which satisfy the associated



Kazakhstan Aluminium Smelter (KAS)

energy and transportation demands. A Sales and Marketing operation provides the global coordination of the sales function.

ENRC is the world's largest producer of ferrochrome, on a chrome content basis, and one of the world's significant exporters of iron ore and alumina by volume. The Group is also one of the largest electricity providers in Kazakhstan. Last year ENRC contributed about 3% of GDP of Kazakhstan.

In March this year the Group announced that its looks to invest about US\$5.8bn over the next 5 years into the expansion of existing assets and the development of new ones. Most of it, around US\$5.3bn, is to be invested in Kazakhstan.

ENRC milestones in Kazakhstan, 1995–2008

1995	1996	1999	2004	2006	2007	2008
The Ferroalloy Division is established as Kazchrome is formed as a joint stock company. Its mining operations initially comprised of Kazchrome's Donskoy GOK and Kazmarganets GOK	<p>The Iron Ore Division is established through the acquisition of SSGPO (Sokolov-Sarbai Mining Production Association).</p> <p>The Alumina and Aluminium Division is established through the merger of several mining and energy-producing enterprises and an alumina refinery.</p> <p>The Energy Division is established through the acquisitions of the EEC power station, and the division's open pit coal mine and maintenance business.</p>	The Logistics Division is established	The Group acquires Zhairem GOK. Construction of a new aluminium smelter begins.	Assets are re-organised into a single group of companies. The holding company is incorporated in England and Wales.	ENRC floats on the London Stock Exchange, with a market capitalisation on Admission of approximately GB£6.8bn	<p>March – ENRC becomes a member of the FTSE 100 on the London Stock Exchange.</p> <p>April – The Group acquires the controlling interest in the Serov Group (a ferrochrome producer in eastern Russia) and certain related entities.</p>



Aluminium of Kazakhstan

In June–July 2010 ENRC launched a number of investment projects in Kazakhstan, which are of a substantial importance for the economy of the regions and the country as a whole. One of them is the completion of the second stage of Kazakhstan Aluminium Smelter (KAS), one year ahead of schedule, which brings total capacity to 250,000 tonnes of primary aluminium per year.

At the moment the company is also constructing an Anode plant, which will further strengthen the position of the Group in aluminium production market.

Other recently commissioned projects include a rolling plant at SSGPO, first stage of an agglomeration shop at Aksu Ferroalloy Plant and the overburden

stripping equipment at Vostochny open pit mine of Eurasian Energy Corporation (EEC).

One of the other significant projects in ENRC CAPEX programme is the construction of a Direct Current (DC) smelting facility at Aktobe, currently underway. The new state-of-the-art facility will incorporate four DC furnaces with a total production capacity of 440,000 tonnes per annum of high-carbon ferrochrome. This project will allow the company to strengthen its leading position in the ferroalloys market worldwide. Significant environmental and safety improvements are also expected as a result of this project.

In addition, the company is currently reconstructing existing Aksu Power station units 2 and 6 (EEC), with 325MW capacity each. This will help ENRC to increase its power generating capacity and improve ecological and health and safety performance.

ENRC is known in Kazakhstan for being a socially orientated and responsible business, working extensively for the benefit of its employees and the communities in which the Group operates. Over the past three years ENRC has invested about US\$110m in social programmes annually.



Felix Vulis, CEO, ENRC PLC

General Information on ENRC

Established: 2007

Employees: over 70 000 people, of which 65 000 are located in Kazakhstan

Business: ENRC is a leading diversified natural resources group with integrated mining, processing, energy, logistical and marketing operations. The Group is comprised of six divisions: the Ferroalloys Division, the Iron Ore Division, the Alumina & Aluminium Division, the Energy Division, the Other Non-ferrous Division and the Logistics Division supported by central Sales & Marketing operation.

Location: Karaganda, Aktobe, Kostanai, Pavlodar regions, Astana and Almaty. Also incorporates assets in Russia, China, Brazil and Africa.

Website: www.enrc.com

ENRC milestones in Kazakhstan, 2008–2010

2008	2009	February 2010	April 2010	August 2010	September 2010
May – The Group completes the acquisition of 50% of Bahia Mineração Limitada, a Brazilian company focused on the development of an iron ore deposit, and a 50% stake in Xinjiang Tuoli Taihang Ferro-Alloy Co. LTD, a Chinese ferroalloys producer	February – A 25% interest in Shubarkol Komir JSC, a major thermal coal producer in Kazakhstan, is acquired. November – The Group diversifies further with the acquisition of CAMEC, a copper and cobalt producer in the DRC.	The Group acquires a 90% interest in Chambishi Metals PLC, a processing facility in Zambia, together with a 100% interest in Comit Resources FZE, a Dubai-based marketing and sales company that historically has handled Chambishi's copper and cobalt sales	The Group further diversifies through the purchase of a 12.2% interest in Northam Platinum Limited, a major platinum producer in South Africa	50.5% of Camrose Resources Limited ('Camrose') acquired. Camrose's assets are high quality copper and cobalt exploitation licences located in the DRC.	The Group acquires the outstanding 50% interest in Bahia Minerals BV and secures an option to purchase 100% of the outstanding shares of Block V Limited and Caera Minerals Limited, which together with Greystone Mineracao do Brasil Limitada ('Greystone'). Greystone holds an iron ore mineral licence adjoining the BMBV project area.

HSBC Bank Kazakhstan

HSBC Bank Kazakhstan is part of the HSBC Group, one of the world's largest banking and financial services companies. With approximately 8,000 offices in 88 countries across the globe, HSBC is well positioned to serve all of our clients' financial requirements.

After more than 18 years of independence, Kazakhstan has earned a reputation for being a success story in Central Asia. The features that differentiate Kazakhstan from its Central Asian neighbors include its continuous efforts to build a strong economy based on democracy, implementation of new legislation, and a commitment to further intensify its economic and political reforms.

Its political and macroeconomic stability, combined with tremendous oil and other natural resource reserves, have provided a basis for ensuring Kazakhstan a place in the global economy and attracting western businesses to promote investment growth and establish their presence in Kazakhstan. Rapidly growing GDP is another major factor attracting investors to Kazakhstan. In general, the financial stability and improving macroeconomic situation provide grounds for viewing Kazakhstan as a leader among its other Central Asian neighbors, making it an appealing investment prospect.

HSBC has been operating in Kazakhstan since 1998. Its first office was located on Dostyk Avenue in Almaty and consisted of 30 staff who provided a small range of services to personal and corporate customers. The bank remained relatively small during this time, servicing a small but profitable portfolio of clients.

Since 2007, the bank has undergone a period of significant expansion. New branches were opened in Astana, Atyrau, and Aktau in addition to a second branch in Almaty. Today, HSBC Kazakhstan is an established provider of financial services, offering a range of retail and wholesale banking solutions for personal, corporate, and institutional clients.

Corporate and Institutional Banking with a focus on leading international business remains central to the HSBC Bank Kazakhstan business model, though this is now part of an organization that includes Personal Financial Services, HSBC Securities Services, and Global Banking and Markets.

HSBC Bank Kazakhstan is well known as a leading international bank with an excellent reputation amongst large corporate companies and leading international businesses. Our corporate business also caters to corporate clients, offering lending and trade finance solutions. Significant investments have been made in both the bank's people and infrastructure, enabling HSBC Bank Kazakhstan to offer first-class relationship management services backed by world-class processes and on-line capabilities.

Personal Financial Services (PFS) was launched in 2008 and has doubled in size over the past two years. With an expanding branch presence and a rapidly growing client base, PFS is able to provide supplementary support to our corporate businesses to ensure our clients are provided with a full range of solutions. HSBC Bank Kazakhstan's personalized banking and wealth management services offer exclusive benefits and privileges to a pool of esteemed customers.

On September 1 2010, HSBC Bank Kazakhstan acquired the retail banking assets of the Royal Bank of Scotland's Kazakhstan business. Under the terms of the agreement, HSBC acquired personal customer loan and credit card portfolios, together with four branches, 80 ATMs, and two support offices.

Simen Munter, HSBC's CEO in Kazakhstan noted that "This acquisition reflects HSBC's positive view of Kazakhstan's long term prospects, not least because of its trade flows with China. We have been in Kazakhstan for 12 years and today's deal significantly increases our platform for growth by doubling our network and growing our customer base fivefold."

Today, HSBC Bank Kazakhstan employs over 750 people and is a top foreign exchange house in Kazakhstan according to KASE (May 2010). HSBC's Global Banking and Markets business is one of the largest of its kind in the world. It combines sophisticated global coverage with detailed knowledge of local markets. Our services are offered through a network of 87 treasury sites in more than 60 countries and territories worldwide. HSBC Bank Kazakhstan may provide Global Banking and Markets products both within HSBC Bank Kazakhstan and also via offshore booking through HSBC Bank Plc.

As a recognized market leader, HSBC Securities Services in Kazakhstan delivers a comprehensive range of services to institutional clients including banks, global custodians, and cross-border institutional broker-dealers. Strong relationships with market authorities enable the business to influence, monitor, and analyze changes in a market and report the impact to clients, ensuring they are up-to-date with the latest market developments. In May 2010, HSBC Security Services was awarded Best Sub-Custodian in Kazakhstan in the Global Finance World's Best Sub-Custodian Banks awards, 2010.

HSBC's Corporate Social Responsibility function ensures that our business is managed responsibly and sensitively for long-term success. HSBC's goal is not, and never has been, profit at any cost because we know that tomorrow's success depends on the trust we build today. We address the expectations of our customers, shareholders, employees, and other stakeholders. Being one of the world's biggest banks means the decisions we make can have a big impact. We aim to lend and invest responsibly, avoiding projects where the



Simen Munter, CEO, HSBC Bank Kazakhstan

potential for social and environmental damage outweighs the economic benefits. At HSBC, we strongly believe that education and children are crucial to the development and prosperity of every country. By supporting these two spheres, we seek to help Kazakhstan in building confidence in the future.

General Information on HSBC Bank Kazakhstan

Established:	1997
Employees:	over 750
Business:	Personal Financial Services, HSBC Securities Services, Corporate Banking, Global Banking and Markets
Location:	Al Farabi Avenue, 77/7 Almaty, Kazakhstan, 050040 Essentai Towers
Website:	www.hsbc.kz
Parent company:	HSBC Holdings PLC

METRO Cash & Carry in Kazakhstan

METRO Cash & Carry – the name stands for a great success story in modern commerce. For more than 45 years, the company has been serving professional customers with a range of products specially tailored to meet their needs.

The company's merchandise is outstanding in its diversity, quality, and exceptional value. Above all, the company's unparalleled expertise in providing fresh food products sets it apart from its competitors. Customers select their own purchases and take the goods with them. With this concept, METRO Cash & Carry opened for business in 1964, in Germany. The company has since grown to become the international leader in self-service wholesale, operating more than 670 outlets in 31 countries. METRO Cash & Carry generates over 80 percent of its turnover outside of Germany. Each year, the company opens around 40 new wholesale stores. The emerging markets of Asia and Eastern Europe are the main focus of this international expansion strategy.

The key to the company's dynamically successful internationalization is its high-performance business concept, which can be flexibly adapted to specific national and local customer needs. In China, specialties such as dim sum are as much a part of the product range as köfte is in Turkey and plum pudding is in England. Close cooperation with regional producers and suppliers builds trust and increases the level of acceptance METRO Cash & Carry enjoys at each of its locations. The wholesale stores employ almost exclusively nationals of the countries in which they operate – a policy that applies to all positions, including management. Despite widely



METRO store in Astana

varying local requirements, METRO Cash & Carry succeeds again and again in applying this model for success in new markets.

“We see strong potential for METRO Cash & Carry in Kazakhstan. We plan to open four wholesale stores in Almaty, Karaganda, and Shymkent by the end of this year. Further expansion will target the largest cities in Kazakhstan during the first stage. All in all, our development vastly depends on our core customers – hotels, restaurants, cafes, traders, service companies, and offices. We will do everything possible to satisfy their core daily business needs, and they will guide us in our growth and development” – says Stephen Kreeger, General Director of “METRO Cash & Carry” in Kazakhstan.

METRO Cash & Carry Kazakhstan lives up to its social responsibility not only as a reliable taxpayer and employer, but also as a pioneer in supporting local suppliers. In developing its own business, the company contributes to Kazakhstan's progress. Hence, it sources over 90% of its merchandise from local

suppliers, producers, importers, and distributors. In cooperating with over 400 suppliers, METRO Cash & Carry supports the development of modern trade infrastructure along its entire supply chain in Kazakhstan. It helps build direct supply sources, reduces waste, and supports farmers in getting better prices for their produce while simultaneously providing better quality products to its customers.

Even today, a large proportion of goods spoil on the way to consumers due to outdated supply chains and the absence of refrigeration technology. The transfer of know-how represents a significant contribution to the improvement of the food supply. In other countries as well, METRO Cash & Carry combines business success with social responsibility. In India and Vietnam, for example, METRO Cash & Carry has initiated training programs for local farmers. In cooperation with the German Investment and Development Company (DEG), 40,500 sheep farmers and 1,150 fishing crews in India are receiving training in animal husbandry and food product processing.



First Store opening in Astana with President of the Republic of Kazakhstan Nursultan Nazarbayev



Stephen Kreeger, Managing Director, METRO Cash & Carry in Kazakhstan

This year in Astana, METRO Cash & Carry started the “neighborhood minimarket” program for the support and development of small and medium-sized businesses – the first such program in Central Asia. This program has already been successfully implemented in Europe, Russia, and Ukraine.

The main objectives of the program are developing enterprises, employing the local workforce during the expansion of large retailers and supermarkets, improving sanitation, upgrading the service of small outlets etc.

Located on approximately five hectares owned by the company, METRO typically offers its professional customers everything they need under one roof. The high quality merchandise consists of a wide variety of 13,000 food and 12,000 non-food products, including an extensive range of local, national, and international specialties sold at favourable wholesale prices.

General Information on METRO Cash & Carry

Established:	September 2008
Employees:	415
Business:	Wholesale trade
Location:	Alatau Grand Business Center, 28 B Timiryazev St., Almaty 050040, Kazakhstan
Website:	www.metro.com.kz
Parent company:	METRO Cash & Carry International (Düsseldorf, Germany, over 100,000 employees)

METRO Cash & Carry milestones in Kazakhstan

1964	2008	2009	2010
The first METRO self-service wholesale store opens in Mülheim/Ruhr, Germany	MCC signed a Letter of Intent with the Ministry of Industry and Trade of the Republic of Kazakhstan	MCC opens its first store in Astana	MCC plans 4 store openings: 2 in Almaty; 1 in Karaganda; 1 in Shymkent

Philip Morris International: holder of the first foreign investor's license in Kazakhstan

Philip Morris International (PMI), the world's largest international tobacco company, is represented in Kazakhstan by its affiliate, Philip Morris Kazakhstan LLP (PMK). PMK operates a state-of-the-art factory in the Almaty region and has six regional branches throughout the country. These branches are focused on the sales and distribution of PMK's products.

Since 1993, PMI has invested over US\$320m in Kazakhstan. It was one of the first investors in the country and is particularly proud of the fact that it holds Foreign Investor License № 1 from the state. A major portion of PMI's investment went towards the construction of a greenfield factory in the Almaty region, which began operations in 2000.

Currently PMK manufactures a wide range of international brands for domestic sale in Kazakhstan and export to other Central Asian countries. In addition, six local heritage brands are produced here.

PMK is the largest taxpayer among companies in the tobacco industry in Kazakhstan. Since the acquisition of the Almaty Tobacco Factory through the end of 2009, PMK has paid over US\$915m in taxes and duties.

Philip Morris International has always been committed to building the capacity of its local staff as well as creating the best possible working environment in every country in which it operates. Kazakhstan is no

exception. The company has invested more than US\$15m in the training and professional development of its employees. Each employee attends various on-the-job and off-the-job trainings and educational seminars on ongoing basis. This has allowed local talent to replace key positions formerly filled by expatriates. Today there are only three foreign nationals among PMK's staff of approximately 1,000 employees. At the same time, there are more than 20 Kazakhstani citizens working in managerial and directorship positions at Philip Morris International affiliates outside of Kazakhstan. In 2010, PMK's accomplishments in employee professional development were recognized through an award given by



Philip Morris Kazakhstan LLP office in Kazakhstan



Philip Morris Kazakhstan LLP production facilities



*Aibat Akhmetalimov, Managing Director,
Philip Morris Kazakhstan LLP*

the American Chamber of Commerce for “Most Innovative Development Program in Kazakhstan”.

PMK is an active participant in charitable activities. Over the past 15 years, the company has contributed more than US\$6m to local charitable programs.

Philip Morris Kazakhstan is proud of the Honorary Diploma it received in 2000 from the President of the Republic of Kazakhstan for “Charitable Contributions and Sponsorship of Humanitarian and Cultural Activities”.

In 2007, the American Chamber of Commerce in Kazakhstan presented PMK with its “Community Service” award, recognizing PMK’s Corporate Social Responsibility programs as the top in the country.

Today PMK’s charitable activities focus on three main areas:

- ▶ Contributions to local communities in which the company operates (Ily and Enbekshikazakh districts in the Almaty region);
- ▶ Vocational training support for the unemployed; and
- ▶ Projects aimed at the social integration of physically impaired citizens.

Social contributions in the Almaty Region are governed by the principles of annual Memorandums of Understanding between PMK, regional authorities, and local NGOs. PMI believes that socially-responsible business should be based on a true partnership among business, authorities, and institutes of civil society.

The year 2010 marks the 10-year anniversary of the completion of PMK’s greenfield factory. Philip Morris International is confidently opening a new chapter of its history in Kazakhstan, a country with vast economic potential and a bright future.

**General Information
on Philip Morris Kazakhstan LLP**

Established:	1993
Employees:	1000
Business:	Tobacco industry
Location:	040700 Kazakhstan, Almaty Oblast, Ily district, Otegen Batyr Village, Zhansugurov Street 1
Website:	www.pmi.com
Parent company:	Philip Morris International

The Royal Bank of Scotland

We are a flexible global bank that delivers in a fast-moving world. Our commitment is to 'Make it happen'.

The **RBS Group** is one of the world's leading financial services companies, providing a range of retail, corporate, and institutional banking services, including financial markets, consumer finance, insurance, and wealth management.

Global Banking & Markets (GBM) is the investment banking arm of the RBS Group which provides financing and risk management products to large corporates and financial institutions around the world. Our business offers solutions to our clients and brings together an extensive range of capabilities, including debt and equity financing, risk management, and corporate finance advisory services. Solutions are developed and delivered via our committed experts, all of whom have deep client and sector knowledge.

Across GBM, we are committed to our clients and demonstrate this by building close relationships that help them achieve their objectives. They benefit from our strengths in execution and distribution, as well as our international reach. We make it a priority to listen to our clients and fully understand their business and the environment in which they operate. As a result, we can provide access to a broad range of products and services suitable to their needs. Through our worldwide network spanning Europe, the Middle East, Africa, Asia Pacific, and the Americas, we have a presence in all major financial hubs. From single trades to complex international deals, we have the capability to support clients whatever their ambitions may be.

The Royal Bank of Scotland Group is one of the world's foremost financial services companies. We work closely with our personal, commercial,



and large corporate and institutional customers to address their financial needs. The Group's brands include The Royal Bank of Scotland and RBS Coutts internationally, NatWest in the UK, Citizens and Charter One in the United States, as well as other well known financial services providers.

Welcome to RBS (Kazakhstan)

Our goal is your financial success. Our drive and operational strength can help you achieve it.

RBS led a consortium which acquired ABN AMRO in October 2007. By combining a number of ABN AMRO businesses with the RBS Group, we have become even stronger. We now serve the vast majority of leading companies listed in the UK, western Europe, the US, and Hong Kong. We have the global scope and expertise you need to make your ambitions a reality. Our local

knowledge means we also understand your requirements as a business, corporation, financial institution, or personal customer. We design our products and services according to your needs and aspirations – wherever you are in the world.

RBS (Kazakhstan) has been the successor of ABN AMRO Bank Kazakhstan since July 17, 2008. This follows the global acquisition of ABN AMRO in October 2007 by an RBS-led Consortium. RBS (Kazakhstan) will build on its already strong position as one of the leading foreign banks in Kazakhstan offering investment and commercial banking products. In 1994, we became the first foreign bank to begin licensed operations in Kazakhstan. Now, RBS (Kazakhstan) has a geographic coverage with branches in the commercial capital Almaty, the nation's capital Astana, and in Atyrau.

RBS (Kazakhstan) is an integral part of RBS Group core network for corporate and institutional clients, and our commitment to our people and our businesses in Kazakhstan will be undiminished. With RBS, being the first international bank in Kazakhstan, the combined Global Banking & Markets and Global Transaction Services businesses in Kazakhstan will continue to build on our local presence of over 15 years during which we have achieved leading market positions and established close banking



relationships with both Kazakh and international companies. The corporate and investment banking businesses are maintained from a regional footprint across the country, including Astana and Atyrau, and directed from our recently opened new Head Office in Almaty. Leveraging its banking license, a significant local balance sheet and an experienced local team, RBS continues to be a leading bank in Kazakhstan.

Credentials

- ▶ RBS (Kazakhstan) has a long-standing history in arranging debt capital market transactions for Kazakh issuers and is consistently ranked among the top Arrangers of Fixed Income issues and Syndicated Loans
- ▶ The company has been recognized many times as the Best Debt House in Central Asia and Kazakhstan by
- ▶ Euromoney's Awards for Excellence
- ▶ RBS (Kazakhstan) has been awarded the Banker Deals of the Year award for our role in the largest ever IPOs from Kazakhstan
- ▶ The company has been ranked number one for bond and equity issues for companies operating in the Kazakhstan oil and gas sector

RBS (Kazakhstan) Products and Services

- ▶ Bi-Lateral Lending Solutions
- ▶ Syndicated Loans
- ▶ Global Commodity Finance Products

- ▶ Cross-Border Structured Finance
- ▶ Bridge Financing
- ▶ Traditional Trade Products (Letters Of Credit, Collections, Guarantees)
- ▶ Trade Advisory Services
- ▶ Trade Financing Solutions (Discounting & Negotiation)
- ▶ Supply Chain Solutions (Receivable Purchase)
- ▶ Payments and Collection
- ▶ Centralized Reporting and Payment Initiation
- ▶ Delivery Channels
- ▶ Reconciliation and Remote Authorization of Outgoing Payments
- ▶ In-Country Liquidity Management
- ▶ FX Spot Operations
- ▶ E-Trading Solutions for Clients (Deal Station)
- ▶ FX Forwards, Swaps, and Non-Deliverable Forwards (NDF)
- ▶ Prime Brokerage/Dealing in Government Securities
- ▶ FX Options – Vanilla and Exotic Structures (Pioneered First Ever Currency Option on US\$/KZT)
- ▶ Cross Currency Swaps
- ▶ Interest Rate Swaps: Vanilla and Exotic Swaps
- ▶ Structured Notes
- ▶ Structured Deposits
- ▶ Commodity Derivatives



*Rudi Geerdink,
Country Executive, RBS (Kazakhstan)*

General Information on RBS (Kazakhstan)

Established:	1994
Business:	Banking, Financing, Investments
Location:	Almaty, Astana, Atyrau
Website:	www.rbs.kz
Parent company:	RBS N.V.

RBS (Kazakhstan) milestones

1994	1996	2000	2003	2008	2010
RBS (Kazakhstan) becomes the first foreign bank to begin licensed operations in Kazakhstan	The first Ratings Advisory and US\$200m Debut Eurobond for the Republic of Kazakhstan is issued	RBS (Kazakhstan) becomes the first international bank to open a branch outside of Almaty – in Atyrau	The first Astana Branch is opened	The name of the company is re-registered to the present JSC SB "RBS (Kazakhstan)"	A new head office is opened in the Almaty Financial District

Siemens in Kazakhstan

Siemens AG (Berlin and Munich) is a global powerhouse in electronics and electrical engineering, operating in the industry, energy and healthcare sectors. For over 160 years, Siemens has stood for technological excellence, innovation, quality, reliability and internationality. The company is the world's largest provider of environmental technologies, generating €23 billion – nearly one-third of its total revenue – from green products and solutions. At the end of September 2009, Siemens had around 405,000 employees worldwide. In Kazakhstan, the company operates in three economic sectors: Industry, Energy and Healthcare.

The Siemens Industry Sector offers products and solutions to customers working in production, transport and building. The sector consists of the following departments: Industrial Automation, Drive Technologies, Industrial Solutions, Mobility, Building Automation, and OSRAM. Using comprehensive technologies for process equipment and software, as well as extensive sectoral solutions, the Industry Sector improves the performance and efficiency of its customers in industry and infrastructure.

The Energy Sector at Siemens primarily offers its products to power suppliers and industrial facilities, especially those in the oil and gas industry. The sector is a leader in all six areas of the power market: Fossil Power Generation, Renewable Energy, Oil and Gas, Energy Service, Power Transmission, and Power Distribution. The company's extensive service network brings the sector even closer to its customers.

Siemens' activities in the Healthcare Sector consist of three departments responsible for innovative products and integrated solutions, as well as consulting and IT services in health.



Siemens office in Almaty

The sector offers a unique and extensive portfolio of medical services from case definition and image transmission to laboratory diagnostics and IT-based processing.

In Kazakhstan, Siemens has implemented a number of projects which affect national infrastructure. Among the company's key successes is the Siemens Mobility Division, which completed a turn key project to equip a postal sorting center for KazPost JSC. Siemens has also supplied components for 22 passenger locomotives for NC Kazakhstan Temir Zholy JSC. Additionally, the company has successfully delivered equipment and integrated solutions for Aluminium of Kazakhstan, Kazatomprom JSC and ArcelorMittal in Temirtau. Another noteworthy project is the high-voltage frequency converter supplied to the Kegatch oil field for KazTransOil JSC by Siemens' Industrial Automation division.

The company's OSRAM lamps illuminate the Baiterek independence complex, the Senate building, Supreme Court and many other public buildings in

Astana, as well as municipal and residential complexes throughout Kazakhstan. OSRAM is in the process of implementing projects to highlight key features of the 2011 Asian Games – the ice stadium in Astana and the Chimbulak ski slopes in Almaty.

Additionally, Siemens has implemented several energy-efficient projects in Kazakhstan. During the first stage of upgrading Kazakhstan's national power distribution system, for example, Siemens supplied high-voltage equipment and computerized 68 substations for KEGOC JSC in order to secure a stable power supply.

Another outstanding project is the Ermensay substation 220/110/10 kV in Almaty. For the first time complete switchgear with hexafluorated sulfur insulation 220 kV was delivered to Kazakhstan. It is also for first time that equipment will be assembled in Kazakhstan by using of the Project Management experience of the local engineers in relay protection and automation.

Siemens' Oil & Gas division has successfully partnered with key oil and gas companies in Kazakhstan. In 2006, the company installed two 45 MW gas turbines on the Kalamkas gas field for MangistauMunaiGas. Siemens has also prolonged a project to service two gas turbines previously set up by the Caspian Pipeline Consortium. Another project of importance is the delivery and mounting of a system of automatic control, monitoring and fire protection for a pipeline in West Kazakhstan.

In 2009, Siemens supplied Kazakhstan with some of the most advanced medical equipment in Central Asia – in particular, a magnetic resonance tomography unit (MRT 3 Tesla Verio) for the Diagnostic Centre in Astana. The unit allows for detailed 3D imaging of the human body, while remaining convenient for the patient. At the end of 2009, Siemens Kazakhstan began operating a Diagnostics division. By this time, the company had an established network of partners and had already implemented its first projects in Astana, Aktau and Pavlodar.

As a member of the Kazakhstan community, Siemens LLP works in the areas of social responsibility, business ethics and environmentally-friendly technologies. The company continues to implement its *Generation 21* initiative, a comprehensive long-term education program for talented children and young adults. In 2008, seven gifted Kazakhstani students received the Werner von Siemens award for achievements in science and technology. Some of these winners have become Siemens employees. This program was supported by Kazakhstan Satpayev National Technical University, the Almaty Institute of Energy and Communication, Kazakhstan-German University, Eurasian Gumilev University, and the Atyrau Institute of Oil and Gas.

Additionally, Siemens LLP takes part in annual charity fairs and supports the *Caring Hands* project, which provides assistance for Almaty Child Care Centre No. 3. For the second year, Siemens has donated funds to the Kazakh Kurmangazy National Conservatory in Almaty. The company is also one of the sponsors for the *Year of Germany* (motto: *Germany in Kazakhstan, 2010*), an extensive, year-long program that introduces Kazakhstanis to the culture and economy of Germany through a series of events.



Kay Zwingenberger, Director and Chief Executive Officer of Siemens LLP in Kazakhstan

General Information on Siemens LLP

Established:	April 1994
Employees:	Over 200
Business:	Electronics and Electrical Engineering
Location:	Khan-Tengri Business Centre 117/6 Dostyk Ave. Almaty, 050059
Website:	www.siemens.kz
Parent company:	Siemens AG (Munich and Berlin), over 405,000 employees

Siemens LLP Milestones in Kazakhstan

1994	1999	2000–2007
Representative office of Siemens AG is opened in Kazakhstan	Siemens LLP affiliate is established	Regional offices are opened in Astana, Atyrau, Temirtau, Pavlodar and Aktau

TeliaSonera: Contributing to a world with better opportunities

TeliaSonera provides network access and telecommunication services that help people and companies communicate in an easy, efficient, and environmentally friendly way. We are now present in 20 countries, including Kazakhstan, with around 50 million subscriptions in our consolidated operations and over 100 million in associated companies. TeliaSonera is currently the fifth largest telecommunication company in Europe by market capitalization.

TeliaSonera provides telecommunication services in the Nordic and Baltic countries, the emerging markets of Eurasia, and in Spain. In Eurasia, TeliaSonera has majority holdings in leading mobile operators in seven markets: Kazakhstan (Kcell), Azerbaijan (Azercell), Uzbekistan (Ucell), Tajikistan (Tcell), Georgia (Geocell), Moldova (Moldcell), and Nepal (Ncell). We are also minority owners of MegaFon in Russia and Turkcell in Turkey (including Turkcell's subsidiaries in Ukraine and Belarus).

TeliaSonera is a company with over 100 years experience in telecommunications and is recognized as an industry leader. We are proud of our heritage as pioneers of the telecom industry – a position we have achieved by being innovative, reliable, and customer-friendly. We act in a responsible way, based on a firm set of values and business principles. Our services form a major part of people's daily lives – for business, education, and pleasure.

Working together with the major vendors in the Nordic region, it was TeliaSonera who invented and introduced the mobile phone technology that now serves as the basis for telecommunication all over the world. TeliaSonera launched the world's first mobile network in Sweden in 1956.

The first competitor mobile network was established only seven years later, in 1963.

But history doesn't stop here – we want to be recognized as an industry leader in the future as well. Today, TeliaSonera continues building on its heritage by introducing the next generation of mobile technology, 4G. In December 2009, TeliaSonera introduced 4G services in the capitals of Sweden and Norway, and became the first operator in the world to commercially launch the technology.

TeliaSonera is an international company with a global strategy, but wherever we operate we act as a local company.

We have a strong track record of creating value in Eurasia. In the early 1990s, we were already founding partners in some of the mobile operations in this region. Being part of TeliaSonera means that our operations across the world are able to benefit from our rich expertise, knowledge, and know-how in order to implement pioneering technologies at an early stage.

TeliaSonera in Kazakhstan

We are a significant long-term industrial investor in Kazakhstan through our subsidiary, GSM Kazakhstan/Kcell, and play an important role as an infrastructure builder, employer, and taxpayer in the country. Since its establishment in 1998, Kcell has invested more than US\$1.5b in Kazakhstan and paid an additional US\$1.4b in taxes. In addition to this, Kcell has directly and indirectly created around 40,000 jobs in Kazakhstan.

We have a long history of success as a result of fair and ethical business practices. Kcell is today the leading mobile operator in Kazakhstan with an unrivalled track record for more than a decade. We have been driving the development of Kazakhstan's mobile communication market by bringing in the most modern telecommunication technologies and industry knowledge. This is the reason why today half of Kazakhstan's population prefers Kcell's services.



TeliaSonera head office in Stockholm



TeliaSonera 4G modem



Lars Nyberg, CEO and President of TeliaSonera

Kcell operates with respect to local culture and traditions and with the principle of giving back to society. The company has been driving the concept of socially responsible business in Kazakhstan. Every year, Kcell implements approximately 40 social programs and projects in the fields of education, culture, and sports, investing millions of US\$ into the social sphere. The company also develops special services for people with limited capabilities.

TeliaSonera is a well respected player and good corporate citizen with a local approach and values its position as being a guest in Kazakhstan. By combining local expertise and international experience we, together with our local partner, are developing our business to further strengthen our leadership in Kazakhstan's mobile communications

market. The Republic of Kazakhstan is one of the leading economies and driving forces in Central Asia, where the Government of Kazakhstan demonstrates its firm commitment in developing cross border relationships and strengthening the economy by creating a business climate that attracts domestic and foreign investments. Therefore, Kazakhstan is an important regional hub for TeliaSonera's operations in this part of the world.

We are a long-term investor in Kazakhstan, building our success on high quality networks and services. TeliaSonera is committed to continue investing in the development of the telecommunication infrastructure and services in Kazakhstan, including 3G and beyond – thereby contributing to the future prosperity of the country and its citizens.

General Information on GSM Kazakhstan/Kcell

Established:	1998
Employees:	approximately 1,400
Business:	Telecommunication / Mobile Communication Services
Location:	Head office in Almaty, representative offices in all major cities of Kazakhstan
Website:	www.kcell.kz
Parent company:	TeliaSonera AB (51% through its subsidiary Fintur Holdings B.V.), JSC Kazakhtelecom (49%)

TeliaSonera milestones in Kazakhstan

1998	1999	2000	2008	2009
"GSM Kazakhstan OJSC Kazakhtelecom LLP" (Kcell) was founded as a limited liability partnership with the state-owned fixed-line operator JSC Kazakhtelecom	Kcell started commercial operations in the GSM 900 standard	Kcell subscription base exceeded 200,000	Kcell obtained GSM 1800 license and implemented GPRS/EDGE technology and such services as MMS, WAP, mobile internet – for the first time in Kazakhstan	Kcell subscription base exceeded 7 million. The Kcell mobile network covered all Kazakhstani settlements with a population of over 5,000 inhabitants



The Foreign Investors' Council chaired by the President of the Republic of Kazakhstan

The Foreign Investors' Council (FIC)

was established to promote direct dialogue between the Government of Kazakhstan and foreign investors. The mission of the FIC is to improve the investment climate in Kazakhstan for the benefit of foreign investors as well as local and national companies. The body is also tasked with promoting economic development in Kazakhstan.

FIC's main objectives include developing and submitting recommendations to the President and the Government of Kazakhstan on fundamental investment and economic development issues including:

- ▶ Key areas of investment policy
- ▶ Enhancement of the investment climate
- ▶ Improvement of the legal and regulatory framework for investments
- ▶ Improvement of investment and legal conditions for diversifying the economy and developing the non-extractive sector and small and medium enterprises
- ▶ Further integration into the global economy
- ▶ Strategies for attracting further foreign investment
- ▶ Implementation of major international investment programs and projects

FIC joint Working Groups

The FIC holds the following joint Working Groups between government officials, representatives of international organizations, and foreign companies:

- ▶ Investment Image Enhancement Working Group
- ▶ Legal Working Group
- ▶ Taxation Working Group
- ▶ Oil & Gas Working Group
- ▶ Operations Working Group

FIC Working Groups analyze different aspects of investment activities and provide relevant recommendations to Council members and state bodies.

The Committee on Investments

The Committee on Investments of the Ministry of Industry and New Technologies of the Republic of Kazakhstan is the executive body of the FIC. The Committee on Investments is in charge of the FIC operations and performs in this regard the following functions:

- ▶ Organizing and conducting FIC plenary and interim sessions
- ▶ Monitoring and controlling the implementation of decisions outlined in the minutes of FIC plenary and interim sessions
- ▶ Analyzing the structure of FIC, developing proposals on accepting new FIC members
- ▶ Providing administrative support to FIC activities
- ▶ Analyzing FIC activities and its joint working groups
- ▶ Examining, developing and implementing proposals aimed at improving FIC efficiency

The Committee on Investments contacts

Location: Suite 17, 20th floor, Transport Tower, Kabanbai Batyr Street 010000, Astana, Republic of Kazakhstan
Tel.: +7 (7172) 242 168
+7 (7172) 241 540
+7 (7172) 241 539
Fax: +7 (7172) 243 845
Email: committee@fic.kz

Kazakhstan Foreign Investors' Council Association (KFICA)

The Kazakhstan Foreign Investors' Council Association was established at the initiative of foreign members of the FIC as the official Secretariat representing foreign members.

KFICA assists foreign FIC members in their role of advising the Government of Kazakhstan and provides them with ongoing informational, logistical, and technical support. KFICA plans and organizes FIC Plenary and Interim Sessions in cooperation with the Committee on Investments as well as other government counterparts. It also coordinates regular meetings and activities for the five joint FIC Working Groups and develops partner relations on behalf of its foreign members with government officials, state agencies, foreign businesses, diplomatic communities, and media and business associations.

Kazakhstan Foreign Investors' Council Association (KFICA) contacts

Location: Samal-2, Building 58, Block V, Office 25, 1st floor 050008, Almaty, Republic of Kazakhstan
Tel.: +7 (727) 258 8066
Fax: +7 (727) 250 6105
Email: info@fic.kz

Website: www.fic.kz

About KAZNEX INVEST

KAZNEX INVEST the national agency for exports and investment was established on 2 April 2010. KAZNEX INVEST promotes the export of non-extractive industry products and specializes in the attraction and support of direct foreign investment in priority sectors of the economy. KAZNEX INVEST is a state funded organization which provides services on a free of charge basis. KAZNEX INVEST is a member of the United Nations Conference on Trade and Development (UNCTAD) of the World Trade Organization (WTO).

KAZNEX INVEST's client group includes:

1. Current and prospective exporters of non-extractive industry products
2. Current buyers of Kazakhstan's products
3. Initiators of investment projects in priority sectors of the economy
4. Prospective foreign investors

KAZNEX INVEST's export support services include:

- ▶ Education of entrepreneurs on export activities
- ▶ Diagnostics of an enterprise's export capacities
- ▶ Identification of products with export potential
- ▶ Identification of relevant export markets
- ▶ Support in search of prospective buyers for export products
- ▶ Organization of trade missions, meetings with buyers, business forums
- ▶ Support in concluding export contracts
- ▶ Identification of optimal transport routes for delivery of exported products
- ▶ Partial compensation of costs in support of export transactions
- ▶ Support in access to markets for humanitarian procurement

KAZNEX INVEST's services in support of foreign investment include:

- ▶ Identification of investment projects that require financing
- ▶ Support in search of prospective foreign investors
- ▶ Organizing meetings and business forums between initiators of an investment project and foreign investors
- ▶ Support in concluding investment agreements
- ▶ Foreign investors advisory support

KAZNEX INVEST provides support to businesses operating in priority sectors of the economy: metallurgy, information and telecommunication technologies, nuclear and chemical sector, alternative energy, machinery, construction, pharmaceuticals, biotechnology, agriculture, light industry, tourism, space.

KAZNEX INVEST organizes road shows for prospective foreign investors, meetings with the Kazakhstan government and the business community and provides information and advisory support.

For more details please visit www.kaznex.kz

KAZNEX INVEST contacts

Location:	Ansar Business Center, 2nd floor Sagynak Str. 25 010000, Astana, Republic of Kazakhstan Tel.: +7 (7172) 799 393 Fax: +7 (7172) 799 393 Email: info@kaznex.kz
Website:	www.kaznex.kz

Kazakhstan Foreign Investors' Council Association

Kazakhstan Foreign Investors' Council Association (KFICA) was established at the initiative of foreign members of the Foreign Investors' Council (FIC) chaired by the President of the Republic of Kazakhstan as the official Secretariat representing the FIC foreign members. KFICA assists FIC foreign members in their role of advising the President and the Government of the Republic of Kazakhstan on matters related to foreign investment issues.

For further information on FIC and KFICA please visit www.fic.kz

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