

**THIS ANNOUNCEMENT IS NOT FOR DISTRIBUTION TO ANY PERSON LOCATED OR RESIDENT IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DISTRIBUTE SUCH ANNOUNCEMENT.**

JSC NC “KazMunayGas” (“KMG” or the “Issuer”) and KazMunaiGaz Finance Sub B.V. (“KMG Finance”) announce a consent solicitation in relation to the outstanding notes issued by KMG detailed in the table below (each of the six series of notes referred to below, a “Series”, and all outstanding notes of all Series collectively, the “Notes”)

Description of Notes	Regulation S Global Note ISIN / Common Code	Rule 144A Global Note ISIN / Common Code / CUSIP	Amount Issued	Amount Outstanding	Early Consent Fee *
U.S.\$1,500,000,000 7.000% notes due 2020 (the “ <b>2020 Notes</b> ”)	XS0506527851 / 050652785	US48667QAE52 / 050653145 / 48667QAE5	U.S.\$1,500,000,000	U.S.\$1,371,437,000	U.S.\$2.50
U.S.\$1,250,000,000 6.375% notes due 2021 (the “ <b>2021 Notes</b> ”)	XS0556885753 / 055688575	US48667QAF28 / 055708223 / 48667QAF2	U.S.\$1,250,000,000	U.S.\$1,130,274,000	U.S.\$2.50
U.S.\$1,000,000,000 4.400% notes due 2023 (the “ <b>2023 Notes</b> ”)	XS0925015074 / 092501507	US46639UAA34 / 092527441 / 46639UAA3	U.S.\$1,000,000,000	U.S.\$406,564,000	U.S.\$2.50
U.S.\$500,000,000 4.875% notes due 2025 (the “ <b>2025 Notes</b> ”)	XS1132166031 / 113216603	US48667QAH83 / 113217545 / 48667QAH8	U.S.\$500,000,000	U.S.\$123,177,000	U.S.\$2.50
U.S.\$2,000,000,000 5.750% notes due 2043 (the “ <b>2043 Notes</b> ”)	XS0925015157 / 092501515	US46639UAB17 / 092527425 / 46639UAB1	U.S.\$2,000,000,000	U.S.\$512,249,000	U.S.\$2.50
U.S.\$1,000,000,000 6.000% notes due 2044 (the “ <b>2044 Notes</b> ”)	XS1134544151 / 113454415	US48667QAK13 / 113454202 / 48667QAK1	U.S.\$1,000,000,000	U.S.\$30,112,000	U.S.\$2.50

\* The applicable Early Consent Fee payable to a Noteholder on the Settlement Date (subject to the terms of the Memorandum) in respect of each Series of Notes (in each case per U.S.\$1,000 in principal amount of Qualifying Notes held by such Noteholder).

## Overview

The Issuer has today, in conjunction with KMG Finance, provided notices of meetings (the “**Notices of Meetings**”) to solicit proxies (the “**Solicitation**”) from the beneficial holders of the outstanding Notes (the “**Noteholders**”) to consider and, if thought fit, pass Extraordinary Resolutions (the “**Extraordinary Resolutions**”) at meetings of the Noteholders (the “**Meetings**”) in relation to certain consents and amendments (the “**Consents and Amendments**”) being sought to, (i) the terms and conditions of the 2020 Notes (the “**2020 Note Conditions**”), (ii) the terms and conditions of the 2021 Notes (the “**2021 Note Conditions**”), (iii) the terms and conditions of the 2023 Notes (the “**2023 Note Conditions**”), (iv) the terms and conditions of the 2025 Notes (the “**2025 Note Conditions**”), (v) the terms and conditions of the 2043 Notes (the “**2043 Note Conditions**”), (vi) the terms and conditions of the 2044 Notes (the “**2044 Note Conditions**”), which collectively with the 2020 Note Conditions, the 2021 Note Conditions, the 2023 Note Conditions, the 2025 Note Conditions, the 2043 Conditions and the 2044 Note Conditions are referred to as the “**Conditions**”), all as more fully described in the Consent Solicitation Memorandum (the “**Memorandum**”) dated 21 September 2017 (the “**Proposal**”).

Subject to the terms of the Proposal and, unless such condition is waived by the Issuer, provided all Extraordinary Resolutions are passed and become effective in accordance with their terms and upon the

occurrence of the Effective Date (see “*Expected Timetable*” below), Noteholders who validly vote in favour of the Proposal in accordance with the Solicitation will be entitled to receive the applicable Early Consent Fee on the Settlement Date (see “*Early Consent Fee*” below). Noteholders are advised to refer to the Memorandum for meanings of capitalised terms used in this announcement, the full terms of the Solicitation and the procedures related thereto.

The Notices of Meetings convening the Meetings at the offices of Allen & Overy LLP at One Bishops Square, London E1 6AD, at which the Extraordinary Resolutions to approve the Proposal and its implementation will be considered and, if thought fit, passed, have been published in accordance with the Conditions.

The initial meeting (in respect of the 2020 Notes) will commence at 10:00 a.m. (London time) on 13 October 2017, with subsequent Meetings in respect of each other Series being held at 15 minute intervals thereafter or after the completion of the preceding Meeting (whichever is later).

## **Background to and Rationale for the Proposal**

### **General**

Following a successful issuance of the U.S.\$500,000,000 3.875% Notes due 2022, the U.S.\$1,000,000,000 4.75% Notes due 2027 and the U.S.\$1,250,000,000 5.75% Notes due 2047 (together, the “**2017 Notes**”) in 2017, KMG proposes to align the terms and conditions of certain of its outstanding series of Notes issued under KMG’s and KMG Finance’s Global Medium Term Note Programme with the terms and conditions of the 2017 Notes. Investors are referred to, and should carefully review, the Proposal in full, as set out under “Terms of the Consent Solicitation – General”.

KMG has discussed the Consents and Amendments contemplated by the Memorandum with Fitch Ratings Limited (“**Fitch**”), Moody’s Investor Services Limited (“**Moody’s**”) and Standard & Poor’s Credit Market Services Europe Limited (“**S&P**”). Based on these discussions, KMG expects that none of these rating agencies will downgrade or take any other negative action in respect of the credit ratings assigned to the Notes (Moody’s: Baa3; S&P: BB; and Fitch: BBB-) at this time as a result of the Consents and Amendments.

### **Summary of the Proposal**

*Set out below is a summary of the key changes that are the subject of the Proposal. It is not intended to be a full description of all the changes and Noteholders are referred to, and should carefully review, the Proposal in full, as set out under “Terms of the Consent Solicitation – General”.*

### **Redemption**

- Condition 6(d) (Redemption at the Option of Noteholders upon a Change of Status) The term “Change of Status” will be amended such that it will now apply if the Republic of Kazakhstan ceases to own or control at least 50% plus one share instead of 75% plus one share or 100% of KMG. Consent for this change is being sought in respect of the 2020 Notes, the 2021 Notes, the 2023 Notes and the 2044 Notes only. ***For the avoidance of doubt, consent for this change is not being sought in respect of the 2025 and the 2043 Notes.***

### **Definitions**

- A new definition of the term “Company” will be added to include entities not directly or indirectly controlled by KMG but consolidated with KMG in accordance with IFRS for financial statements purposes.
- The definition of Material Subsidiary will be amended such that (i) the balance sheet test for a Material Subsidiary will be determined by reference to 10% or more instead of 5% or more of Group assets, and (ii) the profit and loss statement test for a Material Subsidiary will be 10% or more instead of 5% or more of the Group’s EBITDA.

- The definition of Minority Company will be amended such that (i) the balance sheet test for a Minority Company will be determined by reference to 10% or more instead of 5% or more of Group assets, (ii) the profit and loss statement test for a Minority Company will be 10% or more instead of 5% or more of the Group's EBITDA and (iii) references therein to "Subsidiary" shall be replaced with references to "Company" as applicable.
- The definition of Consolidated KMG Net Indebtedness will be amended such that KMG shall be permitted to deduct cash and Temporary Cash Investments of any member of the Group instead of KMG and KMG Finance only.

## **Record Date**

Noteholder consent is being sought to approve, with retroactive effect, the fixing by the Issuer of the Record Date (see "*Expected Timetable*" below) in respect of the Proposal at 3 October 2017 notwithstanding the requirements of the Trust Deeds. The Record Date is used to determine which DTC Participants will be allowed to vote on the Proposal, and only those Direct Participants in DTC appearing on the omnibus proxy issued by DTC on the Record Date will be entitled to submit Forms of Sub-Proxy. The Trust Deeds provide that the record date for the purposes of any meeting may not be more than ten days prior to the time fixed for such meeting.

## **Early Consent Fee**

Noteholders who validly submit an Electronic Voting Instruction or who validly submit a Form of Sub-Proxy, as applicable, in favour of the relevant Extraordinary Resolution that is received by the relevant Tabulation Agent on or prior to the Early Consent Expiration Time and who have not validly revoked their Electronic Voting Instruction or Form of Sub-Proxy, as applicable, will be entitled to receive the applicable Early Consent Fee, provided that all Extraordinary Resolutions that are the subject of the Proposal are duly passed (unless such condition is waived by the Issuer) and become effective in accordance with their terms and the Effective Date has occurred.

**The Early Consent Fee will be paid as consideration for the relevant Noteholders' approval of the relevant Extraordinary Resolution, and, unless such condition is waived by the Issuer, are subject to the passing of the Extraordinary Resolutions relating to all six Series. Unless such Condition is waived by the Issuer, no Early Consent Fee shall be payable to any Noteholder to the extent any one or more Extraordinary Resolutions is not duly passed at the relevant Meeting or, as the case may be, Adjourned Meeting, notwithstanding that any other Extraordinary Resolution was duly passed at the relevant Meeting or, as the case may be, Adjourned Meeting.**

## **Revocation of instructions**

Noteholders who have submitted Electronic Voting Instructions or Forms of Sub-Proxy, as applicable, have a right to revoke such instruction in the following circumstances only: (i) if required by law or permitted by the relevant Trust Deed (as applicable); or (ii) if KMG and KMG Finance consider that any modification or amendment (excluding any material modification or amendment to the relevant Extraordinary Resolution which may not be made during the relevant Meeting notice period) is materially prejudicial to Noteholders compared with the initial terms of the Proposal and Solicitation, as more fully described in the Memorandum.

## Expected Timetable (assuming the Meeting is not adjourned)

<b>Event</b>	<b>Date and Time</b>
<b>Launch Date/Announcement of the Solicitation</b>  <i>Announcement of the Solicitation and each Notice of Meeting given to Noteholders of each Series through the Clearing Systems.</i>  Memorandum made available to Noteholders via the Tabulation Agent (free of charge).	21 September 2017
<b>Record Date</b>  <i>Record Date in respect of DTC Notes. Only Direct Participants in DTC at this time and date will be entitled to submit a Form of Sub-Proxy.</i>	5:00 p.m. (EST) / 10:00 p.m. (London time) on 3 October 2017
<b>Early Consent Expiration Time and Early Consent Date</b>  <i>Deadline for Noteholders to deliver or procure delivery of Electronic Voting Instructions or Forms of Sub-Proxy in favour of the relevant Extraordinary Resolution to the Tabulation Agent to be eligible to receive the applicable Early Consent Fee.</i>	5:00 p.m. (EST)/ 10:00 p.m. (London time) on 4 October 2017
<b>Final Consent Expiration Time and Final Consent Date</b>  <i>Deadline for Noteholders to deliver or procure delivery (of Electronic Voting Instructions or Forms of Sub-Proxy in favour of the relevant Extraordinary Resolution to the Tabulation Agent to be eligible to vote but not to receive the Early Consent Fee).</i>  <i>Latest time for Noteholders to appoint the Tabulation Agent (or its nominee) as proxy to attend the relevant Meeting and vote in respect of the applicable Extraordinary Resolution or to appoint another proxy to attend and vote at the relevant Meeting in accordance with the provisions of the relevant Trust Deed and the relevant Notice of Meeting.</i>	11:00 a.m. (EST) / 4:00 p.m. (London time) on 10 October 2017
<b>Date of the Meetings</b>	13 October 2017
<b>Announcement of results</b>  <i>The announcement via the Clearing Systems of the results or notice of adjournment of the Meetings, as the case may be.</i>	13 October 2017, or as soon as reasonably practicable after the Meetings
<b>Effective Date</b>  <i>If all Extraordinary Resolutions are passed, without requiring any adjourned meetings, the date on which all Proposed Supplemental Trust Deeds and the Trustee Consent Letter shall be executed and delivered and become effective.</i>	Not later than 2 days after all Extraordinary Resolutions have been passed
<b>Settlement Date</b>  <i>Settlement in respect of the Early Consent Fee.</i>	On or about 20 October 2017

The Issuer will make (or cause to be made) announcements in connection with the Consent Solicitation in accordance with applicable law by delivery of notices to the Clearing Systems for communication to Direct Participants and through RNS, the news distribution service operated by the London Stock Exchange plc. Copies of all announcements, notices and press releases may also be obtained from the Tabulation Agent at its address and telephone number as set forth below. Delays may be experienced in respect of notices delivered to the Clearing Systems and Noteholders are urged to contact the Solicitation Agents or the Tabulation Agent for the relevant announcements during the course of the Consent Solicitation, the contact details for which are set forth below.

### **Solicitation Agents**

Any questions from any person (other than persons located and/or resident in Kazakhstan) regarding the terms of the Proposal or the Solicitation may be directed to the Solicitation Agents at the addresses and telephone numbers specified below:

#### **SOLICITATION AGENTS**

##### **CITIGROUP GLOBAL MARKETS LIMITED**

Citigroup Centre  
Canada Square  
London E14 5LB  
United Kingdom

Attention: Liability Management Group  
Tel: +44 20 7986 8969  
Email: [liabilitymanagement.europe@citi.com](mailto:liabilitymanagement.europe@citi.com)

##### **UBS AG, LONDON BRANCH**

5 Broadgate  
London EC2M 2QS  
United Kingdom

In Europe and Asia:  
Attention: Liability Management Group  
Tel: +44 (0) 20 7568 2133  
Email: [ol-liabilitymanagement-eu@ubs.com](mailto:ol-liabilitymanagement-eu@ubs.com)

In the Americas:  
Attention: Liability Management Group  
Collect: +1 (203) 719-4210  
Toll free: +1 (888) 719-4210

### **Tabulation Agent**

Noteholders may obtain copies of the Memorandum, the Notices of Meetings and any announcements in connection with the Solicitation from the Tabulation Agent:

<b>TABULATION AGENT</b>
<p><b>Lucid Issuers Services Limited</b> Tankerton Works 12 Argyle Walk London WC1H 8HA United Kingdom</p> <p>Attention: David Shilson / Alexander Yangaev By telephone: +44 207 704 0880 By email: <a href="mailto:kmg@lucid-is.com">kmg@lucid-is.com</a></p>

Neither the Solicitation Agents, the Tabulation Agent, Citicorp Trustee Company Limited (the “**Trustee**”), KMG nor KMG Finance takes any responsibility for the contents of this announcement and none of KMG, KMG Finance, the Solicitation Agents, the Tabulation Agent, the Trustee or any of their respective directors, employees or affiliates makes any representation or recommendation whatsoever regarding the Solicitation, or any recommendation as to whether Noteholders should provide their consent in the Solicitation. This announcement must be read in conjunction with the Memorandum. This announcement and the

Memorandum contain important information which should be read carefully before any decision is made with respect to the Solicitation. If any Noteholder is in any doubt as to the action it should take, it is recommended to seek its own advice, including as to any tax consequences, from its stockbroker, bank manager, solicitor, accountant or other independent adviser.

Within the United Kingdom, this announcement is directed only at persons having professional experience in matters relating to investments who fall within the definition of “investment professionals” in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (“relevant persons”). The investment or investment activity to which this announcement relates is only available to and will only be engaged in with relevant persons and persons who receive this announcement who are not relevant persons should not rely or act upon it.

This announcement is not a solicitation of consent with respect to any Notes and does not constitute an invitation to participate in the Solicitation in or from any jurisdiction in or from which, or to or from any person to or from whom, it is unlawful to make such invitation under applicable securities laws. The Consent Solicitation is being made solely pursuant to the Memorandum, which sets forth a detailed statement of the terms of the Solicitation.

The distribution of this announcement in certain jurisdictions may be restricted by law. Persons into whose possession this announcement comes are required to inform themselves about, and to observe, any such restrictions.