



5 March 2011

Almaty

KAZAKHSTAN KAGAZY NOTES AND REPORTS ABOUT RESTRUCTURING OF FINANCIAL OBLIGATIONS

Kazakhstan Kagazy JSC (hereinafter the “Group” or the “Company”) hereby comments on the press release, issued by Development Bank of Kazakhstan (hereinafter – DBK) on 4 March 2011.

Borrowers to DBK are two subsidiaries, members of Kazakhstan Kagazy Group - Paragon Development LLP and Astana Contract JSC. Kazakhstan Kagazy JSC is not a direct Borrower to DBK.

Hereby the Group confirms that it will fully interact and cooperate in the process of inspection made by DBK and law authorized agencies on fact of misuse of loan funds mentioned by DBK in public. Also in parallel to this, the Group initiated arrangement for own internal investigation in order to assist the process. The Group does not interrupt negotiation process with DBK and intends to continue it in order to achieve satisfactory for both parties results.

The Company also would like to highlight the fact that it continues the financial restructuring process with creditors. The total debt amount is 238 mln. US dollars, i.e.: 103 mln. US dollars - bond loan (46% of the total debt of the Group); loan to Alliance Bank JSC - 39,630 mln. US dollars (16% of the total debt of the Group); loan to EBRD - 36 mln. US Dollars (14% of the total debt of the Group); and a loan to DBK - 59 mln. US dollars (24% of the total debt of the Group).

To date the Group restructured loan to Alliance Bank and part of the bond issue, which in monetary terms amounts to 76 mln. US dollars or 32% of the total debt of the Group.

The main objective of the debt restructuring of the Group is full repayment of the principal, without its reduction, with extension of its maturity period, taking into account the feasibility of the Group to service the debt.

Bond loan is serviced with cash flow of the paper business and the current situation with DBK, from the Group opinion, should not have a negative impact on the performance of the obligations to the bondholders.

For more information, please visit www.kazakhstankagazy.com or contact:

Kazakhstan Kagazy
Nelli Kim
Public Relations
Tel: +7 3272 44 87 96
n.kim@kagazy.kz