



Press release OJSC «AGMK»

**Open Joint Stock Company «Almalyk Mining and Metallurgical Company»  
is to raise 3 billion Uzbek Som through the second issue of corporate  
bonds with 2 year maturity**

28 July, 2004

Tashkent

The flagman of Uzbek economy – open joint stock company «Almalyk Mining and Metallurgical Company» (AGMK) is planning to raise 3 billion Uzbek Som (2,924,005 US Dollar equivalent at the exchange rate of 1025.99) through the second issue of corporate bonds maturing in August of 2006. This issue may become the biggest single issue by its size in the history of corporate bond market of Uzbekistan. Currently the prospectus is being reviewed by the Center for Securities Market (CSM) of Uzbekistan – the securities market regulator. Distribution is planned to start in August of 2004. The country's leading commercial bank – the National Bank of Uzbekistan (NBU), which was recognized by the CSM as the «Bond house of the year» in 2003, is mandated to act as an exclusive underwriter and payment agent of the planned issue. AGMK management believes that having NBU as the arranger of possibly the largest bond issue in the market will ensure its successful placement and attractive borrowing costs, given NBU's past success in the emerging Uzbek corporate bond market.

The most significant innovation of this issue is the introduction of competitive bidding system (bidding contest) that allows to determine the credit spread of AGMK bonds to the benchmark Central Bank of Uzbekistan (CBU) refinancing rate (18% at the time of press release). The contest will be open to all interested local and foreign investors. This system, which was introduced for the first time in Uzbekistan by the NBU this May, allows market forces determine issuer's borrowing cost. The floating interest rate, that will equal the CBU refinancing rate plus the spread determined at the contest, will be paid quarterly. Taking into account the solid financial standing and credit history of the issuer, positive trend in copper prices and the indicative interest expressed by both local and foreign investors in the issue, NBU investment bankers believe that the demand for AGMK bonds might exceed the available amount of UZS 3 billion.

AGMK is the sole copper producer in Uzbekistan and among the top three in CIS with production capacities of its operating deposits (Kalmakyr, Sarycheku)

enough to extract ore for more than 50 years. In 2003 the company produced 90,431 tons of copper and precious metals (gold and silver) worth UZS 64.9 billion. Over 60% of commodities are exported to more than 8 countries with major purchasers located in Europe, Turkey and Iran. Company also produces zinc, cadmium, sulphuric acid and other commodities. AGMK employs more than 23,000 people.

In accordance with national accounting standards, 2003 revenue equaled UZS 234,960.4 mln. (up 52% from 2002) and net income UZS 42,885.7 mln. (up 18% from 2002). The average exchange rate in 2003 was 971.5 UZS to 1 US Dollar.

Authorized equity capital of AGMK is 89,686.9 mln UZS and in accordance with the Cabinet of Ministers Decree №251 dated June 15 1998, shares of the enterprise were distributed in the following way:

- 51% is state-owned;
- 46.5% is for sale to foreign investors;
- 2.5% held by employees.

The key strategy of the enterprise for 2004-2006 is to increase production capacity and export volumes. The money raised by the bond issue will be partly used to upgrade the production infrastructure.

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*More detailed information about the upcoming issue can obtained from underwriter:*

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