

Appendix-6.7.6 (2) Estimate of Incremental Number of Personnel

Airports	1995	2000	2005	2010	2015	2020
Aktole						
1. Passenger Movements after Change in Air Traffic System (Thousand)	154	696	1,237	2,028	2,818	3,609
2. Current Airport Staffing (Number of Personnel)	1182					
3. Estimated needed Staffing by Model(See Appendix-)	806	1,051	1,295	1,652	2,010	2,367
4. Incremental Personnels ((3)-(2))*0.3	-113	-39	34	141	248	355
5. Additional Personnel Expenses ((4)*0.129571) (Mil. Tenge)	-	-	4.4	18.3	32.2	46.8
Aktau	1995	2000	2005	2010	2015	2020
1. Passenger Movements after Change in Air Traffic System (Thousand)	281	384	486	681	875	1,070
2. Current Airport Staffing (Number of Personnel)	896					
3. Estimated needed Staffing by Model(See Appendix-)	864	910	956	1,044	1,132	1,220
4. Incremental Personnels ((3)-(2))*0.3	-10	4	18	44	71	97
5. Additional Personnel Expenses ((4)*0.129571) (Mil. Tenge)	-	0.5	2.3	5.8	9.2	12.6
Aktyubinsk	1995	2000	2005	2010	2015	2020
1. Passenger Movements after Change in Air Traffic System (Thousand)	69	93	117	188	259	330
2. Current Airport Staffing (Number of Personnel) ##	1,118					
3. Estimated needed Staffing by Model(See Appendix-)	768	779	790	822	854	886
4. Incremental Personnels ((3)-(2))*0.3	-105	-102	-98	-89	-79	-70
5. Additional Personnel Expenses ((4)*0.129571) (Mil. Tenge)	-	-	-	-	-	-
Almaty	1995	2000	2005	2010	2015	2020
1. Passenger Movements after Change in Air Traffic System (Thousand)	1,615	3,173	4,731	5,298	5,864	6,431
2. Current Airport Staffing (Number of Personnel)	2724					
3. Estimated needed Staffing by Model(See Appendix-)	1,466	2,170	2,873	3,129	3,385	3,641
4. Incremental Personnels ((3)-(2))*0.3	-377	-166	45	122	198	275
5. Additional Personnel Expenses ((4)*0.129571) (Mil. Tenge)	-	-	5.8	15.8	25.7	35.6
Atyrau	1995	2000	2005	2010	2015	2020
1. Passenger Movements after Change in Air Traffic System (Thousand)	167	225	283	389	496	602
2. Current Airport Staffing (Number of Personnel) ##	1,210					
3. Estimated needed Staffing by Model(See Appendix-)	812	838	865	913	961	1,009
4. Incremental Personnels ((3)-(2))*0.3	-119	-112	-104	-89	-75	-60
5. Additional Personnel Expenses ((4)*0.129571) (Mil. Tenge)	-	-	-	-	-	-
Pavlodar	1995	2000	2005	2010	2015	2020
1. Passenger Movements after Change in Air Traffic System (Thousand)	157	247	336	479	621	764
2. Current Airport Staffing (Number of Personnel)	804					
3. Estimated needed Staffing by Model(See Appendix-)	808	848	889	953	1,017	1,082
4. Incremental Personnels ((3)-(2))*0.3	1	13	25	45	64	83
5. Additional Personnel Expenses ((4)*0.129571) (Mil. Tenge)	-	1.7	3.3	5.8	8.3	10.8

#: Coefficient of 0.3 assumed as a variable factor of staffing.

##: Estimated by the model using passenger movements in 1998.

APPENDIX TO

CHAPTER 7

Appendix 7.1.2.a Decree No. 533 dated April 30, 1996

Provision of the Government of the Republic of Kazakhstan

On primary action to be taken to improve the financial and economic position of the National Joint Stock Company "Kazakhstan Airlines" and to restructure the company, the Republic of Kazakhstan decrees:

1. To the Committee Governing the State Property (GosKomImushestvo) to carry out the following:
 - To separate from the statutory fund of the National Joint Stock Company "Kazakhstan Airlines", the state's portfolio of the stocks of "Almaty City Airport" Joint Stock Company;
 - To separate from the statutory fund of the National Joint Stock Company "Kazakhstan Airlines" the state's portfolio of the stocks of the "Kazaviastroj" Joint Stock Company and to dispose it according to the existing legislation.
 - To separate from the National Joint Stock Company "Kazakhstan Airlines" the Academy of the Civil Aviation and to distinguish its legal position.
 - To carry out the reorganization procedure through external governing.
2. To appoint Mr. Bekturov R.S. as the Trustee of the National Joint Stock Company "Kazakhstan Airlines".
3. The general governing of the reorganization procedures to be undertaken by the Agency of the Reorganization of Enterprises under the State Committee of the Republic of Kazakhstan for Governing of the State Property (GosKomImushestvo) and by the public limited bank "Kazcommertzbank".
4. To delegate signing authorization for management contract of the National Joint Stock Company "Kazakhstan Airlines" to the trustee manager by the Chairmen of the Committee of Republic of Kazakhstan for Governing the State Property.
5. For the Joint Stock Company "Kazcommertzbank" to complete within a three month period a financial and technical audit of the National Joint Stock Company "Kazakhstan Airlines", with assistance from the "SH & E" company. The report should be presented to the Government of the Republic of Kazakhstan.
6. To the Agency for Reorganization of Enterprises under the State Committee for Governing of the State Property, on the basis of the audit, to present to the Government of the Republic of Kazakhstan a proposal to restructure the accounts receivable and accounts payable of the National Joint Stock Company "Kazakhstan Airlines".
7. For the State Committee for Governing of the State Property, Ministry of Transport and Communication of the Republic of Kazakhstan in conjunction with the Joint Stock

"Kazcommertzbank", on the basis of the audit report, to reorganize the National Joint Stock Company "Kazakhstan Airlines" by merging together all the subsidiaries except for the airports.

8. For the State Committee for Governing of the State Property in conjunction with the Joint Stock "Kazcommertzbank" Company to define within a week's time which social objects are to be transferred to the balance of local executive power bodies and to transfer these social objects within 30 days.
9. For the State Committee for Land Titling in cooperation with the Akims (the Governors Local Power Bodies) of the Almaty city and Almaty region to arrange the task of attaching of the titles on the land plots to the National Joint Stock Company "Kazakhstan Airlines" and airports.
10. Due to increasing responsibilities of the Department of the Civil Aviation for the Ministry of Transport and Communication of the Republic of Kazakhstan to increase the number of administration staff of the Ministry of Transport and Communication of the Republic of Kazakhstan by 20 employees effective June 1, 1996.
11. For the Ministry of Transport and Communication in cooperation with Ministry of Finance of the Republic of Kazakhstan to present within a month's time a proposal to create a Committee for Utilization of the Airspace and place civil aviation activity under the Ministry of Transport and Communication of the Republic of Kazakhstan.
12. The execution of these provisions is delegated to the First Deputy Prime Ministry of the Republic of Kazakhstan Mr. Isingar N.K.

Prime Minister of the Republic of Kazakhstan

A. Kajegeldin

Appendix 7.1.2.a - Attachment i - Decree 1030 dated August 20, 1996

The list of aircrafts passed to the authorized fund of " Air Kazakhstan " joint - stock company

Aircraft Type	Registration Number	Manufacturer Date	Age of Aircraft	Residual Value of Aircraft (Tenge)	Remaining Hours in Cycle	Comments
	2	3	4	5	6	7
IL - 86	86068	06.11.84	12	216,502,020	2,739	In maintenance since 4.96. No APU-10
IL - 86	86069	11.10.84	12	166,685,335	11	End of cycle since 3.93. No engines or APU
IL - 86	86116	28.03.91	5	175,851,468	1,080	In good condition
IL - 86	86101	19.12.88	8	57,902,975	11	In maintenance since 10.95. No engines or APU
IL - 86	86086	19.03.87	9	16,183,157	1	In maintenance since 10.93. No engines or APU
IL - 86	86071	01.03.85	11	167,587,042		In good condition
IL - 86	86077	16.12.85	11	167,159,166	717	In good condition
IL - 86 Total	7		8	751,369,143	1,820	
TU - 154	85240	31.10.77	19	39,367,871	172	In good condition, located in Akmola
TU - 154	85271	24.07.78	18	37,185,077	799	In good condition, located in Zhambyl
TU - 154	85194	21.02.77	19	30,287,995	4,245	In good condition
TU - 154	85464	12.03.82	14	57,496,320	7,547	The calendar date from 4.96
TU - 154	85221	19.07.77	19	-	186	In good condition
TU - 154	85276	24.05.78	18	-	3,845	In good condition
TU - 154	85173	27.09.76	20	-	4,996	In repair factory. # 411 Civil Aviation since 5.9 requires \$500,000 payment
TU - 154	85396	14.02.80	16	-	4,785	In good condition
TU - 154	85431	02.07.80	16	-	12,000	In good condition
TU - 154	85478	24.03.81	15	-	3,222	In good condition
TU - 154	85521	22.12.81	15	-	5,077	In good condition
TU - 154	85537	06.04.82	14	-	4,905	In good condition
TU - 154	85230	31.08.77	19	-	34	In good condition
TU - 154	85589	31.10.83	13	-	1,692	In good condition
TU - 154 Total	14		17	164,337,263	53,505	
TU - 154M	85719	14.02.92	4	139,402,282	3,574	Since 2.96 the second engine is absent
TU - 154M	85775	29.04.93	3	122,436,000	7,620	Since 9.95 the engines are absent
TU - 154M	85780	10.06.93	3	125,580,000	7,263	Since 5.96 the second engine is absent

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TU - 154M	85781	24.06.93	3	125,539,000	5,489	In good condition
TU - 154M Total	4		3	512,957,282	23,946	
TU - 134	65121			-	-	Since 12.95 the engines were removed
TU - 134	65130			-	2,354	In good condition
TU - 134	65115			-	95	Since 12.95 the engines are absent
TU - 134	65138			-		In good condition
TU - 134	65776			-		In good condition
TU - 134	65900			-		In good condition
TU - 134	65551			-		In good condition
TU - 134 Total	7		0	-	2,449	
IL - 76	76371	30.03.93	3	77,003,208	3,346	In good condition
IL - 76	76374	21.07.93	3	288,799,691	3,651	In good condition
IL - 76	76435	31.07.92	4	110,644,353	4,835	In good condition
IL - 76	76810	24.12.91	5	385,620,909	3,656	In good condition, under arrest in Maastracht, Holland, requires \$500,000 for release
IL - 76 Total	4		4	862,068,161	15,488	
YAK - 42	42407	04.01.92	4	740,178,952	3,612	Since 03.95 in maintenance due no spare part:
YAK - 42	42448	02.12.93	3	245,618,402	6,291	In good condition
YAK - 42	42558	07.09.93	3	46,939,048	5,153	In good condition
YAK - 42	42447	11.11.93	3	142,242,864	6,968	In good condition
YAK - 42 Total	4		13	1,174,979,266	22,024	
AN - 24 B	46342	15.11.69	27	-	6,312	In good condition
AN - 24 B	46334	30.09.69	27	-	3,475	The calendar term of service expired 09.94
AN - 24 B	47186	31.03.69	27	-	4,062	In good condition
AN - 24 B	46356	27.01.70	26	-	398	In good condition; possible to extend calendar
AN - 24 B	46396	04.08.70	26	-	4,358	In repair factory 412 CA from 14.09.
AN - 24 B	47277	30.09.70	26	-	5,056	In good condition

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Aircraft Type	Registration Number	Manufacturer Date	Age of Aircraft	Residual Value of Aircraft (Tenge)	Remaining Hours in Cycle	Comments
AN - 24 B	47284	30.10.70	26	-	5,289	In good condition
AN - 24 B	47833	03.10.71	25	-	7,104	In good condition
AN - 24 B	47832	13.10.71	25	-	6,868	In good condition
AN - 24 B Total	9		25	-	42,922	
AN - 24 PV	46492	25.11.72	24	-	7,291	In good condition
AN - 24 PV	46500	18.01.73	23	-	7,438	In good condition, is in Sri - Lanka
AN - 24 PV	46655	27.02.74	22	-	9,379	In good condition
AN - 24 PV	46611	25.05.73	23	-	8,236	In good condition, is in Sri - Lanka
AN - 24 PV	46644	24.10.73	23	-	9,354	In good condition, is in Sri - Lanka
AN - 24 PV	46664	30.05.74	22	-	9,834	In good condition, is in Irkutsk
AN - 24 PV	46695	18.11.74	22	-	1,081	In good condition
AN - 24 PV	47802	31.03.71	25	-	5,976	In good condition
AN - 24 PV	47822	30.08.71	25	-	6,868	In good condition
AN - 24 PV	46626	28.07.73	23	-	5,804	In good condition
AN - 24 PV	46535	28.02.75	21	-	8,005	In repair factory 412 CA from 13.12.
AN - 24 PV	46672	28.06.74	22	-	7,601	In good condition
AN - 24 PV	47293	30.11.70	26	-	3,341	In good condition
AN - 24 PV	47299	29.01.71	25	-	3,571	In good condition, is in Africa
AN - 24 PV	47350	28.05.76	20	-	1,042	In good condition, is in Africa
AN - 24 PV Total	15		23	-	94,821	
AN - 26	26020	30.09.80	16	-	518	In good condition
AN - 26	26033	19.02.80	16	-	5,141	In good condition
AN - 26	26054	26.03.81	15	-	5,980	In good condition, is in Guinea
AN - 26	26075	20.10.81	15	-	2,169	In good condition
AN - 26	26579	28.01.84	12	-	4,943	In good condition
AN - 26	26649	28.01.79	17	-	4,139	In good condition
AN - 26 Total	6		91	-	22,890	
Grand Total	70		17	3,465,711,115	279,865	

Appendix 7.1.2.b Executive Summary - Interim Audit Findings

In accordance with the decree No 533 of 30 April 1996, the NAC "Kazakhstan Auje Zholy" was placed under the financial management of a trustee of the Kazkommertbank. The trustee conclusions and recommendations are as follows:

1. Geopolitical Location:

Kazakhstan is the ninth largest country in the world, in the center of Europe and Asia, and linking the culture of these two geographic areas. Because the country's highway and rail system is not developed, the air transportation market is of particular significance.

2. Legal and Organizational Mismanagement:

One hundred percent of the shares of Kaz Air belong to the State Property Committee. In accordance with the October 7, 1993 decree, all of the subsidiaries were to be transformed into Joint Stock Companies and the State Share of all Joint Stock Companies had to be transferred to Kaz Air. This transaction only occurred with ten of the subsidiaries.

Therefore, Kaz Air is not a holding company as it should include the subsidiary companies.

3. Paradoxes of Management:

Kaz Air is not a holding company. There is also no integration of management. The current organizational structure cannot control financial operations and manage all the subsidiaries.

In addition, there were legislative violations in the creation of the subsidiaries. There was also no Financial Director in the Kaz Air.

4. Heritage:

In each subsidiary, fixed assets were 90% of total assets and more than 50% of the fixed assets were obsolete. Of the fixed assets, more than 45% are buildings and other facilities. Two thirds of the buildings were built in the 1996's and 1970's and are "worn out". Almost all runways need reconstruction. In general, all buildings also need reconstruction. Most of the fleet consists of obsolete and aged aircraft. Sixty percent of the fleet, excluding general aviation, need repair. There are no engines, etc. Only three of the seven IL86 fleet are serviceable. Among the three serviceable IL86 fleet, one has only 2500 hours remaining in the cycle and the other two have less than 700 hours.

In conclusion, 85% of Kaz Air's fixed assets and fleet are obsolete, and have virtually no remaining market value.

5. Agency and Commercial Agreements:

The basis of the airline business is the sale of air transportation. The National Air Carrier made agreements as follows:

The right to sign and authorize agreements was dispersed among several people,

even though there was a special Department of Agreement. Agreements were entered into without due legal consideration. Many of these agreements sustained big financial losses.

The advice of the Legal Department was not taken into account.

6. Financial Issues:

The cash receipts of the Company are distributed to 48 different bank accounts. Thirty are in Kazakhstan and 18 are under the control of representatives outside of Kazakhstan. Of the foreign accounts, three are in Austria (ATS, USD & DM), two are in Germany (USD and DM), and three in Turkey (USD & TRL).

The division of financial resources (28 subsidiaries) creates an uncontrollable financial situation. Sixty five percent of the revenues of the National Air Carrier are attributed to the ALTK in Almaty and thirty five percent to the eighteen regional air carriers. During the winter, the average monthly cash flow for the ALTK was \$ 120 million tenge. In the regional airlines, the average monthly cash flow during the winter 8 million tenge. Due to the absence of an effective financial accounting system, there was a deficit (negative cash flow). The estimated current monthly deficit is \$ 4.8 M USD.

The airline does not have reliable information about its financial resources, therefore these are all estimates. It is impossible to define the debt of the National Air Carrier to Air Navigation, Euro Control and international airports.

The National Air Carrier debt to non EEC countries is \$ 4,697,555 USD, the debt to EEC countries is \$ 447,065 USD, and the 1995/1996 debt to the Alexander Hauden Insurance Company is \$ 2,639,518 USD. The debt for insurance on the Government fleet is \$ 617,022 USD. The debt of international representatives of the Company for services in International Airports is estimated at \$ 2,905,159 USD. In short, the list of the international debts of the National Air Carrier totals \$ 11,306,314 USD.

It is very difficult to get information. There are obstacles in the subsidiary companies, who do not want to give out this information.

7. Analysis of Effectiveness of the Route Network and Pricing

The main methodology problem in the National Air Carrier is that there is no Main Department responsible for calculating route effectiveness (profitability). There are no price controls.

Such an important issue as Pricing has substantial drawbacks. Profitability was calculated based only on average costs per hour. Average cost is only one factor in calculating total route costs. There are a lot of costs which are not calculated. Average cost per hour is only 20 % of the total. When profitability is calculated at 35 % (route contribution), it is actually only 6 % to 7 %. For 1995, the difference between estimated and actual costs was 13 %; in 1994 it was 30 %.

Therefore, existing tariffs are contributing to unprofitable flights.

8. Charters:

The National Air Carrier operates both scheduled and charter flights. Currently, its is impossible to cease operating charters because other airlines offer charter flights. One hundred percent of Kaz Air's charters are unprofitable.

Moreover, all charter flights are in debt, either never paid or paid in arrears. The monthly debt on Kaz Air and subsidiary charters during January to May, 1996 was as follows:

Month	Amount in Tenge
January	(97,248,216)
February	(102,041,906)
March	(114,468,910)
April	(109,070,549)
May	(32,215,690)
Total	(455,045,271)

9. Loss of Market Share:

The economic stability of the National Air Carrier depends on market share. The airline has actually lost market share in CIS and international markets. The trend in 1995 and 1996 was that as the load factor on scheduled flights declined, the load factor on competitive charter flights increased. Cargo market share is also down and the number of charter flights has increased.

The reasons are as follows:

There is no qualified or professional staff in the National Air Carrier to organize tourist business.

Charter competitors have a stable schedule without delays and cancellations.

Charter competitors offer lower prices and undermine the charter tariff policy of the NAC.

All the charter licenses for competitors have been granted by the CAD who fully control the air transportation market in Kazakhstan. The unprofessional international policy of the NAC and lack of government support has created a situation where the National Air Carrier loses share to competitors such as Transaero, Lufthansa, KLM, Austrian Airlines, SAN, etc.

10. Short Term Restructuring Measures:

I. GAVS and subsidiaries which should be divested and no longer a part of the National Air Carrier (GAVS, Kaz Avia Snab, regional avias of Akmola, Aktyubinsk, Shimkent, Karaganda, Kokchetau, Mangistau, Vostok, Irtysh, Kostanai).

II. Create a new National Air Carrier to operate in International, CIS, and domestic markets. All Avias (subsidiaries) should be integrated within the new airline. This should include the ALTK (Almaty based airline), as well as all facilities

related to the airline business, e.g. scheduling department, parking for the aircraft at the airport, fuel tanks in the airport, and all other infrastructure, e.g. buildings.

III. All the rest of the subsidiaries should be divided between two new airlines, one domestic; the other general aviation. In the creation of a new air carrier, there are two major stages. The first entails transferring the assets of other airlines and airports to the new carrier. However, the runways and airport buildings should not be included.

a) In the second stage, the airports should be taken out.

b) The National Air Carrier should operate until the time when the new National Air Carrier takes over.

11. Necessary Conditions for Normal Operations of the New National Air Carrier:

I. Reasonable Government and State policy to protect the domestic air transportation; the possibility of other airlines of other airlines to compete with the National Air Carrier.

II. Investments into the new airline to refurbish the fleet, create a progressive accounting system and purchase a system for ticket sales.

III. Protective policy for the new National Air Carrier which would include the following:

The new airline will not pay for air navigation within Kazakhstan; simultaneously the Air Navigation charges for other airlines will be raised to the European level of charges.

In order to make competition for airport charges fair, Western carriers would be charged the world levels for the National Air Carrier would be lower.

The Medical Facility should belong to the New National Air Carrier because the examination of crews is vital importance to the airline.

The Almaty Centre of communications and automated telephone stations which previously belonged to Kaz Air and now is a part of Kaz Air Navigation, should be returned to the airline.

Appendix 7.1.2.c - Decree No. 1030 Dated August 20, 1996

Decree of the Government of the Republic of Kazakhstan about Measures on Economic Stabilization of Civil Aviation in the Republic of Kazakhstan (RK)

The Government of the RK notes that the air transportation market is strategically important and in the national interests of the RK. During 1995 and 1996, the financial situation of the National Joint Stock Company Kaz Air (NJSC Kaz Air) deteriorated sharply. The airline is in deep economic crisis. Audit results indicate that non compensatory pricing is contributing to the operation of unprofitable routes. Capacity in 1996 decreased by 21% from the previous year and was three times lower than 1990 levels.

Fixed assets are aged or obsolete. The book value of the fleet, engines and spare parts is only 10% of its original value. The liabilities are more than 9.3 billion tenge and assets are 5.7 billion tenge. The monthly cash flow is 130 million tenge which is insufficient to cover current monthly expenses of 195 million tenge.

There are no integrated management information and financial systems. The airline company consists of many independent subsidiaries which pursue local interests to the detriment of the airline as a whole. NJSC Kaz Air actually lost market share in its international passenger and cargo markets. The previous management entered into several agreements which were unprofitable for the company.

With the objective and priority of strengthening and developing civil aviation, as well as creating a competitive national air carrier to represent the interests of the RK internationally, the Government of the RK DECREES:

1. To the State Property Committee of the RK:

To create a closed joint stock company "Air Kazakhstan" in accordance with the order established by the legislation.

To recommend BEKTOROV, R.S. as Chairman of the CSJC "Air Kazakhstan" at the first shareholder meeting.

To stop the ownership, use and control of State property (assets) set out in Appendices 1,2 and 3 by the joint stock companies (Kaz Air subsidiary companies).

To define the share of the State property in the "Authorized Fund" of the CJSC "Air Kazakhstan".

To contribute the property into the "Authorized Fund" of the CISC "Air Kazakhstan" according to Appendices 1 and 2.

Appendix 2 may be amended by the State Property Committee of the RK (Mr. Kalmurzayev, S.S.)

To transfer the State property to the CJSC "Air Kazakhstan" under conditions of a property lease, according to Appendix 3.

Chairmen of the regional branches of the State Property Committee and managers of the regional air subsidiaries are responsible for maintaining the State property (assets) in accordance with Appendix 4. The State Property Committee and the

Ministry of Transport, along with the Presidents of the Regional Airlines should transfer the above mentioned assets to CJSC "Air Kazakhstan" within 20 days.

2. To bestow upon "Air Kazakhstan" the status of National Air Carrier with the following mandate. Providing transportation or related services of:
 - International and domestic passengers and air mail
 - Charter passenger flights
 - Cargo flights
 - Airport passenger and baggage service
 - Ground handling services (aircraft)
 - Catering
 - Aeronautical documentation
 - Aircraft maintenance
 - Sales
 - Training and certification for flying and technical personnel
 - Medical, safety, and emergency supplies
 - Supplying fuel and other motor oils

3. To the Ministry of Transport and Communications of the RK:
 - Within two weeks time, the Ministry must develop a "regulation" regarding the National Air Carrier. The regulation should take into consideration the interests of the State when implementing passenger and cargo flights. When regulating issues relating to Civil Aviation, the State should consider the interests of the National Carrier.
 - With an objective of creating a competitive environment, and improving and "protecting" the air travel market, the Ministry must also support private airlines, permitting them to operate competitive scheduled services.

4. The State Committee of the RK on Price and Anti-Trust Policy are responsible for ensuring that the aeronautical fees which the airports charge "Air Kazakhstan" are just and reasonable.

5. By September 10th, the State Property Committee, together with the Ministry of Transport, must complete the separation of the designated regional airports from the airline. Because of the economic and strategic importance of these airports, they will become open joint stock companies. (Cities of Aktyubinsk, Akmola, Aktau, Atyrau, Karaganda, Kustanay, Pavlodar, Petropavlovsk, Uralsk, and Shimkent).

In the remaining States, airports will not be separated from the airline companies, which will provide the following services:

- agricultural services
- aerial survey
- passenger and cargo transportation on domestic routes

6. To the Agency of Enterprise Reorganization of the State Property Committee of the RK:
 - Within 30 days, the Agency must submit a proposal to reorganize NJSC Kaz Air.
 - To assign to Kazakhstan Auje Zholy the liabilities of the Regional Airlines.
 - To appoint Mr. Nazamutdinov as an Authorized Manager of the NJSC Kaz Air and Mr. Zhusupov as his Deputy Manager.
7. Points 2 and 7 of the Decree of the RK of April 30, 1996, No. 533, "About urgent measures on financial, economic strengthening of Kaz Air" are no longer in effect.
8. Within one month the Ministry of Justice and the Ministry of Transport must create legislation in accordance with the Present Decree.
9. The Ministry of Transport and Communications of the RK has appointed the consulting firm of SH&E as consultants to NJSC "Air Kazakhstan". In addition, the financial management of "Air Kazakhstan" will be undertaken by the joint stock company "Kazkommertsbank."
10. The Deputy Prime Minister Mr. Shtoika is in charge of implementing the Present Decree.

The Prime Minister

Kazhegeldin

Appendix 7.1.2.c Attachment II - Decree 1020 of August 20, 1996 - Assets transferred to the airline, airports and regional carriers

1.	Name of entity	Assets, passed to Joint stock Air Company	Assets, passed to airport and regional air carrier
	Almaty center of maintenance & technical operations		
	Buildings and land	Administrative complex; Building of chief mechanic's department; Building of avionics repairs; Warehouse of department of material and technical supply; Hangar; Oxygen station; Pump station; Storage batteries building; Building of basic meteorological laboratory.	
	Maintenance and Related Shops	Shop of routine technical maintenance; Shop of avionics repair; Services shop; Shop of active technical maintenance; Shop of active technical maintenance of inbound (transit) planes; Shop acquisition and processing air data; Maintenance shop (some preparation activity supplies); Repairs shop; IL-86 maintenance shop (hangar).	
	Air engines	Air engines and APUs, spare engines for choosen planes (TU-154, TU-134, IL-86, IL-76);	
	Fleet of vehicles	5 vehicles, 3 buses, 5 trucks, 6 tractors	

Name of entity	Assets, passed to Joint stock company Air Company	Assets, passed to airport and regional air carrier
2. Almaty Airport Buildings, erections, lots of land	<p>Medical and sanitary building (staff); Flight Crew (Operations) building; Stewards (Flight Attendant) building;</p> <p>Special automobiles</p>	<p>Airport building; Headquarters building; International air transportation building; Administrative personnel building; Boiler complex; Parking area; Buildings and lots of "Trade house";</p> <p>Administrative personnel building Boiler complex; Parking area; Buildings and lots of "Trade house"; Building of social sphere; Accounting building (air side facility maintenance);</p> <p>Runway; Taxiway; Apron; Road way (roadways); Water supply means; Car-port for special automobiles; Hotel; All auto transport units</p>

3.	Name of entity	Assets, passed to Joint stock company Air Company	Assets, passed to airport and regional air carrier
	Karaganda Avia		
	Buildings and land	<p>Complex of maintenance supply; Hangar, Administrative building. Agency apartments with internal infrastructure. It is in the building of the old terminal and occupies half of the building, it is an independent structure unit with its own balance, equipment and payments for communal services.</p>	<p>Terminal building; Pavilion of luggage issue; Apron; Terminal building; Pavilion of luggage issue (baggage claim) Apron; Special auto transport building; Aerodrome service; Taxiways (#1, 2, 3); Drainage network Road ways; Sewerage pump station; Paved runway; Hotel;</p>
	Maintenance supply	Maintenance supply complex	Old terminal building without agency (ticket issuance).
	Vehicles fleet	2 vehicles, 3 buses	15 buses, 10 vehicles
	Special autotransport		All autotransport units
	Air engines	Air engines, spare engines and APUs for planes (TU-154, IL-76, AN-24)	Air engines and APUs for AN-24

Name of entity	Assets, passed to Joint stock company Air Company	Assets, passed to airport and regional air carrier
4. Ayrzu Avia	Buildings and lots of land	Terminal building; Sterile area in the terminal building; Flight crew building; Diesel station; Stores of material-technical supply (4 units); Hangar for AN-2; Paved runway; Taxiways and apron; Objects of housing and communal services; Trailers (2 units); Administrative building; Hotel; Maintenance depot complex.
Vehicles fleet	3 trailers	4 vehicles and 6 buses
Special autotransport	1 van	All autotransport units; 50% of autotransport are the property of joint-stock company "ATMA"
Air engines	Air engines, spare engines and APUs for planes AN-24 and helicopters MI-8MT	Air engines reserve engines and auxiliary power units for planes AN-24, AN-2 and helicopters MI-8MT

5.	Name of entity	Assets, passed to Joint stock company Air Company	Assets, passed to airport and regional air carrier
	Shimkent Avia		
	Buildings and lots of land	<p>Maintenance depot complex</p> <p>Welding complex of maintenance supply;</p> <p>Chief mechanic department's shop;</p> <p>Sparking plugs shop;</p> <p>Painting shop;</p> <p>Administrative building;</p> <p>Agency apartments with internal infrastructure;</p> <p>Pilots house;</p> <p>Hangars-warehouse (4 units);</p> <p>Administrative building of commanders;</p> <p>Storage batteries building;</p>	<p>Terminal building;</p> <p>Air traffic control building;</p> <p>Store and cloak-room of the transport department;</p> <p>Complex of Buildings and warehouse of lubricant and fuel;</p> <p>Special transport building with administrative body;</p> <p>Security Building;</p> <p>Fire fighting department;</p> <p>Medical and sanitary parts and labor union building;</p> <p>Catering;</p> <p>Civil defense and personnel department's building;</p> <p>Building and garages of aerodrome service;</p> <p>Air traffic control unit;</p> <p>Building and garages of aerodrome services;</p> <p>Air traffic control unit;</p> <p>Boiling room, station of biological purification;</p> <p>Building of water well;</p> <p>Everyday service building;</p> <p>Runway;</p> <p>Apron;</p> <p>Taxiway;</p> <p>Water pipelines and buildings;</p> <p>Building and in Ilich village;</p> <p>Housing and communal services building</p>
	Maintenance depot	Maintenance supply complex	
	Vehicles fleet	3 vehicles, 4 buses	4 buses and 5 vehicles.
	Special autotransport		All autotransport units; Tractors fleet.
	Air engines	Air engines and APUs for chosen airplane's fleet and all, spare engines for chosen planes	Air engines and APUs for the rest plane' fleet

Name of entity	Assets, passed to joint stock company Air Company	Assets, passed to airport and regional air carrier
6. Vostok-Avia		
Buildings and, lots of land	<p>Maintenance supply building; Transport sector; Agency building with internal infrastructure; Training complex; Garages; Auxiliary services building with canteen; Warehouse of the material-technical supply department Building of air engine mantling</p>	<p>Headquarters building; Buildings of ground services; Sanitary division building; Personnel department' building; Acrodrome service brigades' building; Material-technical supply service's building; Boiling room, water supply station, pump and diesel stations; Different services' stores (4 units); Terminal on 200 seats; Building of automobiles garage of special autotransport; Hangars (5 units) Objects of the housing and communal services; Club; Zone of rest (sanitarium); Paved runway; Apron #1,2 Taxway; Hotel</p>
Maintenance supply	Maintenance depot complex	
Vehicles fleet	3 vehicles, 1 KAVZ bus	4 vehicles, 12 buses
Special autotransport		All special auto transport units; Tractors;
Air engines	Air engines and APUs for chosen fleet and all spare air engines	Air engines and APUs for the rest of the fleet

Name of entity	Assets, passed to Joint stock Air Company	Assets, passed to airport and regional air carrier
7. Kustanay Avia	<p>Maintenance supply building; Hangar for planes AN-24; Technical brigades building; Spare parts store; Flight crews building; Agency building with internal infrastructure; Garage; Training complex;</p>	<p>Hangar for AN-12; Building of technical brigades for AN-2 Centralized fuel supply system; Special transport service; Board feeding shop; External water-pipe; External heating; Heat line; External sewerage; Electricity network; External cable network; Light-signal equipment; Paved runway; Apron for AN-24; Apron for TU-154 Taxi ways with asphalt covering; Dispensary Hotel Terminal; Terminal sterile area; Fire fighting hangar; Sport hall; Canteen building; Mechanical hangar; Diesel station building; Purification buildings; Charged parking area; "Yagodka" café</p>
Maintenance supply	Maintenance supply complex	
Vehicles fleet	3 cars, 3 buses	8 buses and tractor fleet;
Special autotransport		All transport units; tractor fleet
Air engines	Air engines and APUs for chosen aircrafts' fleet and all spare engines for chosen aircrafts	Air engines and APUs for the remaining planes' fleet

	Name of entity	Assets, passed to Joint stock company Air Company	Assets, passed to airport and regional air carrier
8.	Akmola Avia Buildings and lots of land	Maintenance depot building; Flight crew building; Administrative building; Training complex	Terminal building; Hotel which accommodates 122 people; Chief mechanic department's service; Service of the special motor transport; Building of medical and sanitary part; Material and technical stuff store (1 unit); Garage for 20 vehicles;
			Boiling sewerage, pump-drainage service; Canteen on 100 seats; Runway; Taxiway; Apron; Roads; Bureau-laboratory; Carpenters' workshop.
	Maintenance supply	Maintenance supply complex	Aerodrome complex
	Vehicles fleet	3 cars, 5 buses	9 cars, 10 buses
	Special motor transport		All special motor transport units; Tractors fleet.
	Air engines	Air engines and APUs for chosen aircrafts' fleet and all spare engines for chosen aircrafts	Air engines and APUs for the remaining planes' fleet

9.	Name of entity	Assets, passed to joint stock company Air Company	Assets, passed to airport and regional air carrier
	Burundai Avia		
	Buildings and lots of land	<p>Maintenance supply building, Administrative building, Storage batteries' building, Air traffic control department's building;</p>	<p>Terminal on 100 seats, Aggregate service building, Boiling room, Electricity voltage transformation station; Repairs-construction direction's warehouse of the material-technical supply departments; Chief mechanic department's service; Special motor transport's service; Security's building, Other buildings, Runway, Taxiways, Poultry farm on 22000 laying hens; shop, Club, Basis of rest, Housing and communal services' objects; Lubricant and fuel stores;</p>
	Maintenance supply	Maintenance supply complex	
	Vehicles fleet	2 cars, 2 buses	2 cars, 2 buses
	Special motor transport		All special motor transport units; Tractors fleet.
	Air engines	Air engines and APUs for chosen aircrafts' fleet and all spare engines for chosen aircrafts	Air engines and APUs for the remaining planes' fleet

10.	Name of entity	Assets, passed to joint stock company Air Company	Assets, passed to airport and regional air carrier
	Akyubinsk Avia		
	Buildings and lots of land	4 trailers; Agency is located in the downtown. Separate building with its own balance; Garage (2 units)	Terminal; Garage (2 units) Boiling room; Electricity voltage transformation station; Warehouse of the material-technical supply departments; Chief mechanic department's service; Special motor transport's service;
			Security's building; Flight crew's building; Control point building; Housing and communal services' objects; Aerodrome service.
	Vehicles fleet	1 RAF van, 1 buses, 1 cars.	4 cars, 8 buses
	Special motor transport		All special motor transport units; Tractor's fleet
	Air engines	Air engines and APUs for chosen aircrafts' fleet and all spare engines for chosen aircrafts	Air engines and APUs for the remaining planes' fleet

	Name of entity	Assets, passed to Joint stock company Air Company	Assets, passed to airport and regional air carrier
11.	Main agency of air services	Complex of building with infrastructure, communication channels with telecommunication system SITA, seats reservation system (Gabriel, Sirena)	
12.	Aktau Avia, Petropavlovsk Avia, Uralsk Avia, Zhezkazgan Avia, Pavlodar Avia, Semci Avia, Kokshetau Avia, Zhambul Avia, Kyzyl-Orda Avia	Carrying services sale's agency	

Appendix 7.1.2.c Attachment III - Decree 1030 of August 20,1966

List of Property passed to the " Air Kazakhstan " joint - stock company in accordance with the property renting agreement

Airline name	Assets, passed on the balance with right to use for the joint - stock company " Air Kazakhstan "	Assets passed to the airport and the regional carrier
1	2	3
1. Almaty airport Parking positions Combustible goods	Capacities # 5,6,7	60 aircraft stands capacities #1-4, 8-10
2. Karagandaavia Parking positions Combustible goods		23 aircraft stands the whole complex
3. Atyrauavia Parking positions Combustible goods		the total quantity - 14 the whole complex of fuel provision
4. Shimkentavia Parking positions Combustible goods		the total quantity - 25 the fuel provision complex with railway deadlock
5. Vostokavia Parking positions Combustible goods		the total quantity - 20 the fuel provision complex with railway deadlock
6. Kustanaiaavia Parking positions Combustible goods		the total quantity - 19 the fuel provision complex with railway deadlock
7. Akmolaavia Parking positions Combustible goods		the total quantity - 31 the fuel provision complex with railway deadlock
8. Burundaiavia Parking positions Combustible goods		the total quantity - 23 the fuel provision complex railway deadlock
9. Aktuybinskavia Parking positions Combustible goods		the total quantity - 22 fuel provision complex with railway deadlock
10. Aktauavia,		the whole complex of fuel provision

**List of Property passed to the " Air Kazakhstan " joint - stock company in accordance
with the property renting agreement**

Airline name	Assets, passed on the balance with right to use for the joint - stock company " Air Kazakhstan "	Assets passed to the airport and the regional carrier
Petropavlovskavia		
Uralskaya		
Zhezkazganavia		
Pavlodaravia		
Semeiavia		
Kokshetauavia		
Zhambylavia		
Kzylordaavia		
11. Almaty centre of the technical operation and aviation technique maintenance	Land lots of the technical houses # 1, 5, 8, 9 of the total square - 30 ha the plot of 1 ha square under section	
12. Kazaviasnab	Building constructions complex with infrastructure on airline' s balance	

Appendix 7.1.2.c Attachment IV - Decree 1030 of August 20, 1996

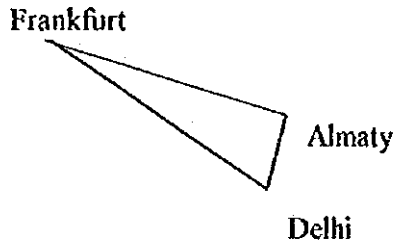
The list of the territorial committees ' s chairmen of the state committee on state property management and the regional airlines' s managers who are responsible for the state property of the regional airlines' s safety

The regional airlines name	Full name of the responsible persons	Position	Oblast
1	2	3	4
Kaz Air	Hasenov S. S.	Almaty urban territorial committee's chairman	Almaty
	Nazamutdinov I. G.	Manager empowered of Kaz Air	Almaty
Training centre and airlines maintenance	Hasenov S.S.	Almaty urban territorial committee's chairman	Almaty
	Ponomarev U. T.	Leader of training centre and airline maintenance	
Akmolavia	Esifov S. S.	Akmola territorial committee's chairman	Akmola
	Peshkov M. P.	Director of " Akmolaavia "	
Aktuybinsk airline	Imankulov I. I.	Aktuybinsk territorial committee's chairman	Aktuybinsk
	Bekmuhambetov A. A.	Director of " Aktuybinsk airlines "	
Atyrauavia	Duysenov B. T.	Atyrau territorial committee's chairman	Atyrau
	Nikolaev V. D.	Director of " Atyrauavia "	
Burundaiavia	Kurmashev K. K.	Almaty territorial committee's chairman	Almaty
	Ahmetov T. E.	Director of " Burundaiavia "	
Turgavia	Nurseitova G.T.	Turgai territorial committee's chairman	Turgai
	Kim U. M.	Director of " Turgavia "	
Zhezkazgan United Air Squadron	Zhumabekov B. K.	Zhezkazgan territorial committee's chairman	Zhezkazgan
	Igilikov R.	Commanding officer of Air Squadron	
Zhambylavia	Abilekov K. S.	Zhambyl territorial committee's chairman	Zhambyl
	Iskakov B.	Director of " Zhambylavia "	
Karagandaavia	Roze B. E.	Karaganda territorial committee's chairman	Karagandaavia
	Kruch B. A.	Director of " Karagandaavia "	

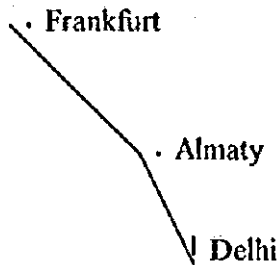
The regional airlines name	Full name of the responsible persons	Position	Oblast
Kustanaiavia	Abenov D. T.	Kustanaiavia territorial committee's chairman	Kustanay
Kzylordaavia	Tychkov A. A.	Director of " Kustanaiavia "	Kzyl - Orda
	Kaliev S. I.	Kzyl-Orda territorial committee's chairman	
Kokshetauavia	Duisenbaev Zh. T.	Director of " Kzylordaavia "	Kokshetau
	Dauletaliyev M. N.	Kokshetau territorial committee's chairman	
	Kudryavtsev V. D.	Director of " Kokshetauavia "	
Petropavlovskavia	Zhakupov K. Zh.	South - Kazakhstan territorial committee's chairman	South - Kazakhstan
	Polyakov V. D.	Director of " Petropavlovskavia "	
Irtyshtavia	Sultanov I. H.	Pavlodar territorial committee's chairman	Pavlodar
Semeiavia	Pogozhev Y. P.	Director of "Irtyshtavia "	Semipalatinsk
	Ainabekov M. K.	Semipalatinsk territorial committee's chairman	
	Esenguzhanov N. M.	Director of " Semeiavia "	
Taldykorganavia	Alishpanov M. Zh.	Taldykorgan territorial committee's chairman	Taldykorgan
	Donesbaev K. Zh.	Director of " Taldykorganavia "	
Vostokavia	Zverkov B. A.	East - Kazakhstan territorial committee's chairman	East - Kazakhstan
Akzhol	Malygin V. N.	Director of " Vostokavia "	West - Kazakhstan
	Balgabaeva I. D.	West - Kazakhstan territorial committee's chairman	
	Amangaliyev O. I.	Director of " Akzhol "	
Shimkentavia	Arzymbetov Zh. A.	North - Kazakhstan territorial committee's chairman	North - Kazakhstan
Mangistau airlines	Azhmoldaev U.	Director of " Shimkentavia "	Mangistau
	Nogaev S. K.	Mangistau territorial committee's chairman	
	Shaihyislamov B. Sh.	Mangistau united crew	

The regional airlines name	Full name of the responsible persons	Position	Oblast
The main agency of air services	Hasenov S. S.	Almaty urban territorial committee's chairman	Almaty
	Alimov R. V.	Director of " the main agency of air services "	
Stepnogorsk airport	Esilov S. S.	Akmola territorial committee's chairman	Akmola
	Kalyukaev A.B.	Director of Stepnogorsk airport	
Balhash airport	Zhumabekov B. K.	Zhezkazgan territorial committee's chairman	Zhezkazgan
Kazaviasnab	Abeuov A. B.	Director of Balhash airport	Almaty
	Hasenov S. S.	Almaty urban territorial committee's chairman	
Kazaviastroi	Ioffe A. M.	Director of " Kazaviasnab "	Almaty
	Hasenov S. S.	Almaty urban territorial committee's chairman	
Training centre	Tsybenko V. F.	Director of " Kazaviastroi "	Aktuybinsk
	Imankulov I. I.	Aktuybinsk territorial committee's chairman	
	Onishyenko V. M.	Director of " Training centre "	

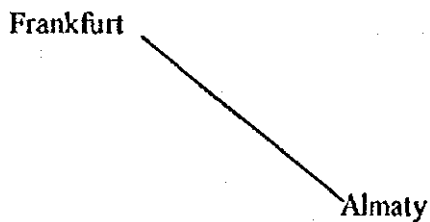
Appendix 7.2.3 Bilateral Agreements Rights of Freedom



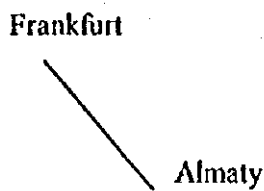
First Freedom - Right to fly over second nation. India - Kazakhstan and Germany Kazakhstan bilaterals would allow aircraft of either India or Germany to fly over Kazakhstan.



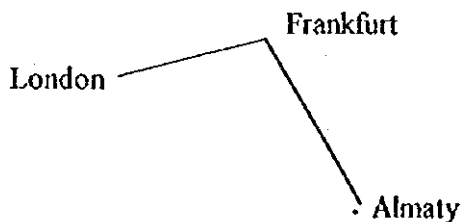
Second Freedom - Enable airline to land in second nation for technical reason such as refueling or repairs. Aircraft of either India or Germany may land at Almaty for technical stop but passengers or cargo would not loaded or unloaded.



Third Freedom - Enables airline of first country to carry passengers and cargo from first nation to second nation. Kazakhstan - Germany bilateral would permit Kaz Air to carry passengers and cargo from Almaty to Frankfurt.

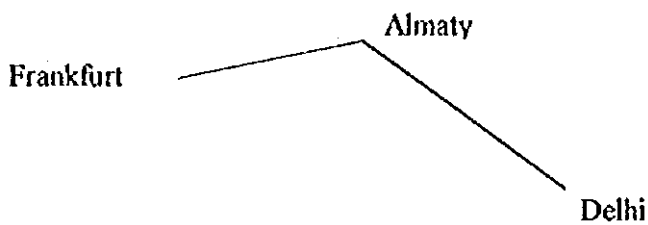


Fourth Freedom - Enables airline of first country to pick up passengers and cargo in second country for transport to first country. Kazakhstan - Germany bilateral would permit Kaz Air to carry passengers and cargo from Frankfurt to Almaty.

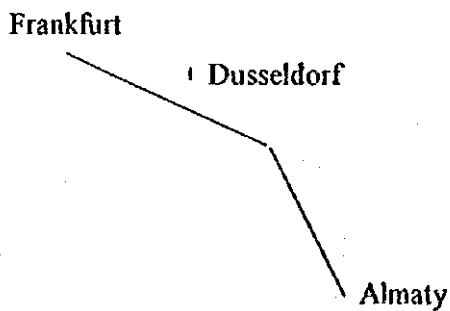


Fifth Freedom - Allows airline of the first country to carry passenger and cargo between second country and designated third country. Kazakhstan - Germany and Kazakhstan - UK bilaterals could give permission to Kaz Air to carry passengers and cargo between Frankfurt and London.

Appendix 7.2.3 Bilateral Agreements Rights of Freedom



Sixth Freedom - Allows airline of the first country to carry passengers and cargo between a second country to a third country via a designated point in the second country. The airline of the first country must have 3rd and 4th freedom rights with the second and third countries. Sixth freedom rights may have capacity and traffic limitations. Kaz Air could carry traffic from Frankfurt to Delhi via Almaty.



Cabotage - Provides the airline of one country with the right to carry domestic passengers between two points within a second country. A Kazakhstan - Germany bilateral with cabotage rights would permit Kaz Air 3rd and 4th rights between Kazakhstan and Germany, and cabotage in Germany. In this case, Kaz Air could carry local passengers and cargo between Dusseldorf and Frankfurt.

Appendix 7.3.1 Comparison of Kaz Air Performance with Comparable World Carriers

Rank	Airline	Sales \$5 Million '95	Passenger Fleet '95	Total Employees '95	Revenue Passenger KM Millions '95	Available Seat KM Millions '95	Passengers Revenue Per Millions '95 Employee	RPK Per Employee	ASK Per Employee	Passengers Per Employee	Load Factor '95
101	ValJet Airlines	367.8	42	2,350	4,223.3	6,138.5	5.18	\$156,492	1,797,143	2,612,126	2,203
102	Air Algerie	363.9	40	9,424	2,973.9	4,202.2	3.61	\$38,618	315,567	445,905	383
103	Malev Hungarian	359.6	30	3,465	2,396.0	3,938.8	1.63	\$103,766	691,486	1,136,752	470
104	Hawaiian Airlines	346.9	32	2,053	5,761.5	7,463.1	4.93	\$168,972	2,806,381	3,635,208	2,399
105	Spanair	337.9	15	1,345	5,357.9	7,380.0	3.15	\$251,224	3,983,569	5,487,009	2,342
107	GSA Czech Airlines	326.0	22	3,891	2,640.0	3,964.0	1.49	\$83,780	678,489	1,018,752	383
108	Mexicana Spa	316.8	18	1,452	1,517.0	2,708.9	2.52	\$218,172	1,044,766	1,865,653	1,737
109	Maersk Air	316.5	23	1,268	1,786.9	2,468.1	1.66	\$249,607	1,409,227	1,946,446	1,309
110	Sempati Air	305.2	24	3,440	3,380.0	5,007.4	3.52	\$88,732	982,558	1,455,642	1,024
112	Air Mauritius	290.8	8	1,670	3,213.3	4,739.4	0.68	\$174,132	1,924,132	2,837,952	407
113	Cyprus Airways	287.8	12	1,845	2,735.3	4,107.1	1.24	\$155,989	1,482,547	2,226,047	672
114	Eurowings	286.2	29	1,250	1,104.4	1,934.2	1.80	\$228,938	883,520	1,547,320	1,440
115	Air Lanka	285.3	9	5,082	3,931.3	5,600.1	1.15	\$56,139	773,573	1,101,956	226
116	Airtours International	276.1	18	1,162	12,289.7	13,116.0	4.41	\$237,594	10,576,334	11,287,443	3,795
117	Middle East Airlines	271.9	17	4,128	1,834.0	3,415.3	0.79	\$65,867	444,283	827,343	191
118	Ethiopian Airlines	270.2	19	3,266	1,721.5	2,942.7	0.75	\$82,731	527,097	901,021	230
121	Icelandair	260.7	11	1,361	2,585.8	3,547.1	1.13	\$191,550	1,899,927	2,606,209	830
122	World Airways	259.5	15	803	1,865.3	2,630.9	0.36	\$323,139	2,322,895	3,276,298	442
123	Reno Air	259.1	24	1,348	3,495.9	5,549.0	4.00	\$192,246	2,593,398	4,116,504	2,964
124	Air Malta	253.1	12	1,763	1,652.5	2,578.0	1.01	\$143,562	937,309	1,462,260	571
125	Skywest Airlines	251.7	60	2,000	993.1	2,018.5	2.34	\$125,850	496,550	1,009,247	1,170
	Average Per Carrier	299.7	23	2,588.9	3,212.3	4,545.2	2.25	\$115,752	1,240,822	1,755,679	1,199.5
	Kazakhstan Airlines	180.2	200	21,000	4,041.0	7,099.3	1.83	\$8,581	192,429	358,062	87

Source: Airline Business

Appendix 7.3.7 International Flights Displayed from Almaty

September 1996 OAG

To	Via	Carrier	Weekly Flights
Athens, Greece	Frankfurt	LH	5
Atlanta, Georgia	Amsterdam	KL	1
	Frankfurt	LH	5
Barbados	Frankfurt	LH/DE	1
Barcelona, Spain	Amsterdam	KL	2
	Frankfurt	LH	5
Basel	Amsterdam	KL	2
	Frankfurt	LH	4
Belgrade	Frankfurt	LH	5
Berlin	Vienna	OS	2
	Frankfurt	LH	5
Bermuda	Frankfurt	LH/DE	1
Bilbao	Frankfurt	LH	5
Birmingham	Amsterdam	KL	1
Bologna	Vienna	OS	2
		VO/OS	
Boston	Frankfurt	LH	5
	Amsterdam	KL	2
Bremen	Frankfurt	LH	5
	Amsterdam	KL	2
Bristol	Frankfurt	LH	5
	Amsterdam	KL	2
Brussels	Vienna	OS	2
	Frankfurt	LH	5
Bucharest	Frankfurt	LH	5
Buenos Aires	Frankfurt	LH	3
Calgary	Frankfurt	LH	5

Appendix 7.3.7 International Flights Displayed from Almaty

September 1996 OAG

To	Via	Carrier	Weekly Flights
Cancun	Frankfurt	LH/DE	1
Cape Town	Frankfurt	LH	5
Caracas	Amsterdam	KL	1
Cardiff	Amsterdam	KL	2
Casablanca	Amsterdam	KL	2
	Frankfurt	LH	3
Catania	Frankfurt	LH	3
Chicago	Amsterdam	KL	2
	Vienna	OS	2
	Frankfurt	LH	5
Cologne	Vienna	OS	2
		VO/OS	
	Frankfurt	LH	5
	Istanbul	TK	4
Copenhagen	Amsterdam	KL	2
	Vienna	OS	2
	Frankfurt	LH	5
Curacao	Amsterdam	KL	1
		KL/LM	
Dallas	Frankfurt	LH	5
Detroit	Amsterdam	KL	2
Dresden	Frankfurt	LH	5
Dublin	Frankfurt	LH	5
Dusseldorf	Vienna	OS	2
		VO/OS	
	Frankfurt	LH	5
Faro Portugal	Frankfurt	LH	2

Appendix 7.3.7 International Flights Displayed from Almaty

September 1996 OAG

To	Via	Carrier	Weekly Flights
Florence Italy	Vienna	OS	2
		VO/OS	
Geneva	Amsterdam	KL	2
	Vienna	OS	2
	Frankfurt	LH	5
Glasgow	Frankfurt	LH	1
Gothenburg	Amsterdam	KL	2
Gran Canaria	Frankfurt	LH	1
Graz	Frankfurt	LH	5
		LH/VO	
Guatemala Cty	Amsterdam	KL	2
Hamburg	Amsterdam	KL	2
	Frankfurt	LH	5
Helsinki	Moscow	UN/AY	4
Heraklion	Frankfurt	LH	1
Houston	Amsterdam	KL	2
	Frankfurt	LH	5
Ibiza	Frankfurt	LH/DE	1
Innsbruck	Frankfurt	LH	5
		VO/LH	
Izmir	Frankfurt	LH	5
Johannesburg	Frankfurt	LH	5
Kiel	Frankfurt	LH	5
Klagenfurt	Frankfurt	LH	5
		VO/LH	
Lagos	Frankfurt	LH	3
Lanzarote	Frankfurt	LH/DE	1
Leipzig	Frankfurt	LH	5
Linz	Frankfurt	LH	5

Appendix 7.3.7 International Flights Displayed from Almaty

September 1996 OAG

To	Via	Carrier	Weekly Flights
Lisbon	Amsterdam	KL	2
London		Y6	3
	Amsterdam	KL	2
		UK	
	Vienna	OS	2
	Frankfurt	LH	5
	Istanbul	TK	4
Los Angeles	Frankfurt	LH	5
Luxembourg	Frankfurt	LH	5
Lyon	Amsterdam	KL	2
	Frankfurt	LH	5
Madrid	Amsterdam	KL	2
	Frankfurt	LH	5
Malaga	Frankfurt	LH	5
Malmo	Amsterdam	KL	2
Malta	Frankfurt	LH	5
Manchester	Frankfurt	LH	5
Mexico City	Amsterdam	KL	2
	Frankfurt	LH	4
Miami	Frankfurt	LH	5
Milan	Amsterdam	KL	2
	Vienna	OS	2
	Frankfurt	LH	5
Munich	Amsterdam	KL	2
	Vienna	OS	2
	Frankfurt	LH	5
Munster	Frankfurt	LH	5
Naples Italy	Frankfurt	LH	5
New York	Vienna	OS	2

Appendix 7.3.7 International Flights Displayed from Almaty

September 1996 OAG

To	Via	Carrier	Weekly Flights
New York	Frankfurt	LH	5
Nice	Amsterdam	KL	2
Nuremberg	Amsterdam	KL	2
	Frankfurt	LH	5
Oslo	Amsterdam	KL	2
	Frankfurt	LH	5
Palma Mallorc	Frankfurt	LH	5
Panama City	Amsterdam	KL	1
Paris	Amsterdam	KL	2
	Vienna	OS	2
	Frankfurt	LH	5
Pisa	Frankfurt	LH	5
Porto	Amsterdam	KL	2
	Frankfurt	LH	5
Prague	Amsterdam	KL	2
	Vienna	OS	2
	Frankfurt	LH	5
	Moscow	UN/OK	6
Punta Cana	Frankfurt	LH/DE	1
Riga	Frankfurt	LH	5
Rio d Janeiro	Frankfurt	LH	4
Rome	Amsterdam	KL	2
	Vienna	OS	2
	Frankfurt	LH	5
St Lucia	Frankfurt	LH/DE	1
Salzburg	Frankfurt	LH	5
San Francisco	Frankfurt	LH	5
San Jose	Frankfurt	LH	5
Santiago	Frankfurt	LH	3

Appendix 7.3.7 International Flights Displayed from Almaty

September 1996 OAG

To	Via	Carrier	Weekly Flights
St Domingo	Frankfurt	LH/DE	1
San Paulo	Frankfurt	LH	5
Sofia	Frankfurt	LH	5
Stavanger	Amsterdam	KL	2
Stockholm	Frankfurt	LH	5
Stuttgart	Vienna	OS	1
		VO/OS	
	Frankfurt	LH	5
Tallinn	Frankfurt	LH	2
Tenerife	Frankfurt	LH	1
Thessaloniki	Frankfurt	LH	5
Tirana	Frankfurt	LH	2
Toronto	Frankfurt	LH	5
Toulouse	Frankfurt	LH	4
Tunis	Frankfurt	LH	5
Turin	Frankfurt	LH	5
Valencia Spn	Frankfurt	LH	5
Vancouver	Frankfurt	LH	5
Venice	Vienna	OS	2
		VO/OS	
	Frankfurt	LH	5
Warsaw	Frankfurt	LH	5
Washington DC	Amsterdam	KL	2
	Vienna	OS	2
	Frankfurt	LH	5
Zurich	Amsterdam	KL	2
	Vienna	OS	2
	Frankfurt	LH	5

Appendix 7.3.8 International Air Fares - Kazakhstan Airlines
Effective May 01, 1996

City Pair/Routing	Tariff in USD *					
	CIS Citizens			Non CIS Citizens		
	Fare Basis	One Way	Round Trip	Fare Basis	One Way	Round Trip
Budapest - Almaty	YR	300	500	YN	600	800
	YR3M	-	400	YN3M	-	700
	YR1M	-	300	YN1M	-	600
	YRGA10	-	230	YNGC10	-	500
	YRGA20	-	220	YNGC20	-	480
	YRAX1M	-	240	YNAX1M	-	500
Budapest - Atyrau	YRZZ1M	-	250	YNZZ1M	-	400
	YR	190	290	YN	300	450
	YR3M	-	245	YN3M	-	405
	YR1M	-	200	YN1M	-	360
	YRGA10	-	180	YNGC10	-	300
	YRGA20	-	170	YNGC20	-	285
Vienna - Almaty	YRAX1M	-	190	YNAX1M	-	320
	YRZZ1M	-	170	YNZZ1M	-	250
	YR	300	500	YN	600	800
	YR3M	-	400	YN3M	-	700
	YR1M	-	300	YN1M	-	600
	YRGA10	-	230	YNGC10	-	500
YRGA20	-	220	YNGC20	-	480	
YRAX1M	-	240	YNAX1M	-	500	
YRZZ1M	-	220	YNZZ1M	-	440	

Appendix 7.3.8 • International Air Fares - Kazakhstan Airlines
Effective May 01, 1996

City Pair/Routing	Tariff in USD *					
	CIS Citizens			Non CIS Citizens		
	Fare Basis	One Way	Round Trip	Fare Basis	One Way	Round Trip
Vienna - Atyrau	YR	190	290	YN	300	450
	YR3M	-	245	YN3M	-	405
	YR1M	-	200	YN1M	-	360
	YRGA10	-	180	YNGC10	-	300
	YRGA20	-	170	YNGC20	-	285
	YRAX1M	-	190	YNAX1M	-	320
Budapest - Almaty - Points in Kazakhstan	YRZZ1M	-	170	YNZX1M	-	250
	-	-	-	YNEE1M	-	620
Vienna - Almaty - Points in Kazakhstan	-	-	-	YNEE1M	-	620
Budapest - Almaty - Beijing	-	-	-	YNEE1M	-	700
	-	-	-	YNEE	-	800
Budapest - Almaty - Delhi	-	-	-	YNEE1M	-	650
	-	-	-	YNEE	-	700
Budapest - Almaty - Meshhed	-	-	-	YNEE1M	-	650
	-	-	-	YNEE	-	700

Appendix 7.3.8 International Air Fares - Kazakhstan Airlines
Effective May 01, 1996

City Pair/Routing	Tariff in USD *					
	CIS Citizens			Non CIS Citizens		
	Fare Basis	One Way	Round Trip	Fare Basis	One Way	Round Trip
Budapest - Almaty - Urumqi		-		YNEEIM	-	650
		-		YNEE	-	700
Almaty - Delhi	YR	240	280	YN	340	390
	YRGAIM	-	195	YNGCIM	-	275
Almaty - Frankfurt	YR	345	625	YN	-	1125
	YR3M	-	500	YN3M	-	900
	YR1M	-	470	YN1M	-	850
Almaty - Hanover	YR	330	580	YN	530	960
	YR3M	-	460	YN3M	-	770
	YR1M	-	485	YN1M	-	730
Aktjubinsk - Hanover	YR	270	460	YN	400	720
	YR3M	-	570	YN3M	-	570
	YR1M	-	340	YN1M	-	540
Delhi - Atyrau	YR	160	190	YN	160	190
Atyrau - London	YR	170	310	YN	170	310

Appendix 7.3.8 International Air Fares - Kazakhstan Airlines
Effective May 01, 1996

City Pair/Routing	Tariff in USD *					
	CIS Citizens			Non CIS Citizens		
	Fare Basis	One Way	Round Trip	Fare Basis	One Way	Round Trip
Delhi - London	YR	220	400	YN	220	400
Almaty - London	YR	290	550	YN	290	550
Almaty - Beijing	YR	280	500	YN	460	655
	YRGA10	-	350	YNGC10	-	500
Almaty - Sharjah	YR	210	440	YN	270	520
	YR3M	-	380	YN3M	-	450
	YR1M	-	320	YN1M	-	380
	YRGA1M	150	185	YNGC1M	-	280
Almaty - Istanbul	YR	250	450	YN	400	600
	YRGA1M	-	350	YN1M	-	-
Aktau - Istanbul	YR	190	340	YN	320	430
	YRGA1M	-	270	YN1M	-	-
Almaty - Tehran	YR	160	320	YN	200	400
	YR3M	-	290	YN3M	-	360
	YR1M	-	260	YN1M	-	320
	YRGA	-	200	YNGC	-	260

Appendix 7.3.8 International Air Fares - Kazakhstan Airlines
Effective May 01, 1996

City Pair/Routing	Tariff in USD *						
	CIS Citizens			Non CIS Citizens			
	Fare Basis	One Way	Round Trip	Fare Basis	One Way	Round Trip	
Almaty - Tel Aviv	YR	440	870	YN	440	870	
	YR6M	-	740	YN6M	-	740	
	YR3M	-	650	YN3M	-	650	
	YR1M	-	590	YN1M	-	590	
	YRGA	-	700	YNGC	-	700	
	YRGA6M	-	590	YNGC6M	-	590	
	YRGA3M	-	520	YNGC3M	-	520	
	YRGA1M	350	470	YNGC1M	350	470	
	Aktau - Tel Aviv	YR	380	760	YN	380	760
		YR6M	-	630	YN6M	-	630
YR3M		-	540	YN3M	-	540	
YR1M		-	480	YN1M	-	480	
YRGA		-	610	YNGC	-	610	
YRGA6M		-	500	YNGC6M	-	500	
Almaty - Ulgii	YRGA3M	-	430	YNGC3M	-	430	
	YRGA1M	300	380	YNGC1M	300	380	
	YR	90	150	YN	195	225	
Ust-Kamenogorsk - Ulgii	YR	45	75	YN	75	125	
Almaty - Urumqi	YR	110	200	YN	140	260	

Appendix 7.4.2 Airline Simulation - Traffic and Revenue by Route (Weekly)

Route/City pair	Pgr Per Day	Pgr Per Week	Prop AN24		Sub Jet TU134	Small Yak 42	Mediu m TU154		Large B757	Load Factor	Weekly		Revenue (Weekly USD)	
			50	76			120	160			220	Seats		Pgrs
Ashgabad-Almaty	5	36	1								50	36	4,070.2	
Almaty-Ashgabad	6	45	1								50	43	4,748.0	
Aktau-Astrahan	16	109			1						120	102	7,752.0	
Astrahan-Aktau	10	70			1						120	70	5,291.3	
Almaty-Dushanbe	94	658			7						840	658	57,575.0	
Dushanbe-Almaty	77	539			7						840	539	47,162.5	
Almaty-Kokchetau-Ekaterinburg	6	44		1							76	44	6,115.1	
Ekaterinburg-Kokchetau-Almaty	7	49		1							76	49	6,761.5	
Almaty-Ust Kamenogorsk-Irkutsk	6	39		1							76	39	2,260.6	
Irkutsk-Ust Kamenogorsk-Almaty	7	49		1							76	49	2,820.9	
Almaty-Uralsk-Kaliningrad	15	103			1						120	102	14,055.6	
Kaliningrad-Uralsk-Almaty	6	43			1						120	43	5,925.4	
Almaty-Uralsk-Kiev	7	46		1							76	46	9,338.8	
Kiev-Uralsk-Almaty	6	41		1							76	41	8,347.9	
Aktau-Mahachkala	6	45	1								50	43	3,612.5	
Mahachkala-Aktau	6	40	1								50	40	3,371.9	
Aktau-Mineral-vody	4	31	1								50	31	1,991.3	
Min. Vody-Aktau	3	21	1								50	21	1,342.9	
Almaty-Zhambul-Aktau-Min Vody	20	140					1				160	136	26,560.8	
Min Vody-Aktau-Zhambul-Almaty	20	140					1				160	136	26,560.8	
Almaty-Shimkent-Atyrau-Min Vody	9	63		1							76	63	11,598.3	
Min Vody-Atyrau-Shimkent-Almaty	8	56		1							76	56	10,309.6	
Aktyubinsk-Uralsk-Moscow	18	126	3								150	126	12,354.2	
Moscow-Uralsk-Aktyubinsk	16	112	3								150	112	10,981.5	
Almaty-Akmola-Moscow	44	308					3				480	308	55,495.4	
Moscow-Akmola-Almaty	46	322					3				480	322	58,018.0	
Almaty-Moscow	102	715					7				1,120	715	113,853.2	
Moscow-Almaty	92	641					7				1,120	641	102,085.8	
Karaganda-Moscow	54	378					3				480	378	51,040.8	

Appendix 7.4.2 Airline Simulation - Traffic and Revenue by Route (Weekly)

Route/City pair	Pgr Per Day	Pgr Per Week	Prop AN24	Sub Jet TUI34	Small Yak 42	Mediu m TUI54	Large B757	Load Factor	Weekly		Revenue (Weekly USD)
									Seats	Pgrs	
									50	76	
Moscow-Karaganda	49	342				3		71%	480	342	46,163.5
Kostanai-Uralsk-Moscow	21	144	4					72%	200	144	13,952.8
Moscow-Uralsk-Kostanai	19	134	4					67%	200	134	15,133.1
Almaty-Kokchetau-Omsk	4	28	1					56%	50	28	3,084.7
Omsk-Kokchetau-Almaty	4	31	1					62%	50	31	3,441.7
Almaty-Novosibirsk	8	56		1				74%	76	56	5,181.5
Novosibirsk-Almaty	7	49		1				64%	76	49	4,533.8
Omsk-Almaty	6	40		1				52%	76	40	3,526.5
Almaty-Omsk	7	49		1				64%	76	49	4,343.4
Almaty-Aktau-Samara	12	84		2				55%	152	84	16,904.2
Samara-Aktau-Almaty	10	70		2				46%	152	70	14,086.8
Almaty-Akyubinsk-St.Petersburg	28	196		3				85%	228	194	32,232.8
St.Petersburg-Akyubinsk-Almaty	29	203		3				85%	228	194	32,232.8
Almaty-Tashkent	19	133		2				85%	152	129	6,886.1
Tashkent-Almaty	17	119		2				78%	152	119	6,342.5
Ayrau-Dushanbe	21	142	4					70%	200	140	15,946.0
Dushanbe-Ayrau	20	140	4					71%	200	142	16,173.8
Shirnent-Dushanbe	56	392	7					85%	350	298	18,965.6
Dushanbe-Shirnent	36	252	7					72%	350	612	39,015.0
Total CIS	1,088	7,610	44	26	18	28	0	72%	10,816	7,840	965,473.3
Akmola-Almaty	49	343	14					49%	700	343	23,193.7
Almaty-Akmola	47	329	14					47%	700	329	22,247.0
Aktau-Almaty	65	455		7				85%	532	452	61,540.8
Almaty-Aktau	40	280		7				53%	532	280	38,105.8
Aktau-Ayrau	29	203	7					58%	350	203	5,708.4
Ayrau-Aktau	26	182	7					52%	350	182	5,117.8
Aktau-Uralsk	10	70	2					70%	100	70	3,989.5
Uralsk-Aktau	7	52	2					52%	100	52	2,960.6

Appendix 7.4.2 Airline Simulation - Traffic and Revenue by Route (Weekly)

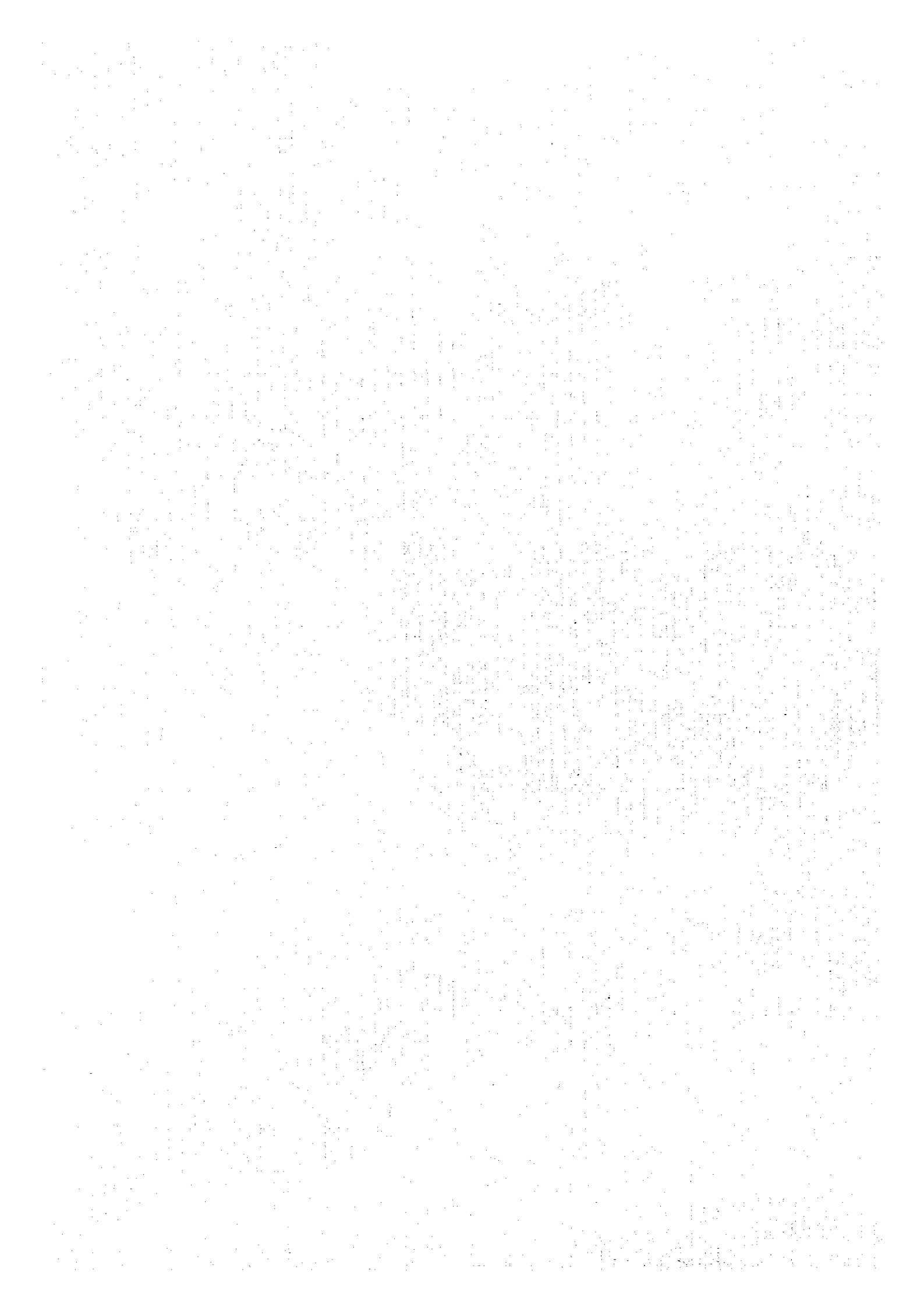
Route/City pair	Psg'r Per Day	Psg'r Per Week	Prop AN24	Sub Jet TUI34	Small YaK 42	Mediu in TUI54	Large B757	Load Factor	Weekly		Revenue (Weekly USD)
									Seats	Psgrs	
Almaty-Arkalyk	16	112	3					75%	150	112	8,263.4
Arkalyk-Almaty	15	106	3					71%	150	106	7,826.0
Aktyubinsk-Almaty	14	98		2				64%	152	98	11,030.9
Almaty-Aktyubinsk	16	112		2				74%	152	112	12,606.7
Almaty-Atyrau	43	301		7				57%	532	301	43,705.2
Atyrau-Almaty	46	322		7				61%	532	322	46,754.4
Almaty-Ekibastuz	6	45		1				59%	76	45	2,922.1
Ekibastuz-Almaty	8	56		1				74%	76	56	3,638.5
Almaty-Karaganda	60	420	14					60%	700	420	23,528.0
Karaganda-Almaty	63	441	14					63%	700	441	24,704.4
Kokchetau-Aktyubinsk-Aktau	6	42	1					84%	50	42	5,252.7
Aktau-Aktyubinsk-Kokchetau	7	49	1					85%	50	43	5,315.2
Almaty-Kokchetau	11	79			1			66%	120	79	66,778.9
Kokchetau-Almaty	12	82			1			68%	120	82	6,921.8
Almaty-Kostanai	48	336		7				63%	532	336	33,137.7
Kostanai-Almaty	51	357		7				67%	532	357	35,208.8
Kostanai-Shimkent	10	71	2					71%	100	71	6,175.7
Shimkent-Kostanai	10	70	2					70%	100	70	6,069.0
Almaty-Kzyl-Orda	19	133	4					67%	200	133	8,751.4
Kzyl-Orda-Almaty	20	140	4					70%	200	140	9,200.7
Almaty-Pavlodar	66	462					7	55%	840	462	31,463.6
Pavlodar-Almaty	70	490					7	58%	840	490	33,370.5
Almaty-Petropavlovsk	22	157	4					78%	200	157	14,818.3
Petropavlovsk-Almaty	23	163	4					82%	200	163	15,438.4
Semipalatinsk-Almaty	41	286	7					82%	350	286	16,419.1
Almaty-Semipalatinsk	36	249	7					71%	530	376	21,628.6
Almaty-Shimkent	110	767	21					75%	1,050	767	35,653.3
Shimkent-Almaty	106	744	21					71%	1,050	744	34,588.3
Almaty-Uralsk	14	98		2				64%	152	98	13,472.8

Appendix 7.4.2 Airline Simulation - Traffic and Revenue by Route (Weekly)

Route/City pair	Psg Per Day	Psg Per Week	Prop AN24	Sub Jet TUI34	Small YaK 42	Mediu m TUI54	Large B757	Load Factor	Weekly		Revenue (Weekly USD)
									Seats	Psgs	
Uralsk-Almaty	13	91		2				60%	152	91	12,510.5
Almaty-Ust-Kamenogorsk	44	311		7				58%	532	311	18,692.8
Ust-Kamenogorsk-Almaty	68	476		7				85%	532	452	27,190.8
Almaty-Zhambul	30	210	7					60%	350	210	6,849.4
Zhambul-Almaty	27	189	7					54%	350	189	6,164.4
Total Domestic	1,425	9,977	172	66	16	0	0	64%	15,716	10,072	818,915.8
Almaty-Urumqi-Beijing	26	182			2			57%	320	182	45,092.3
Beijing-Urumqi-Almaty	29	203			2			65%	320	203	50,295.3
Ayrau-Delhi-Almaty	18	126			1			79%	160	126	30,448.0
Delhi-Almaty-Ayrau	25	136			1			85%	160	136	32,864.5
Almaty/Aktau-Hanover	192	1,344					5	85%	1,100	935	401,961.5
Hanover-Aktau/Almaty	107	749					5	68%	1,100	749	321,999.1
Almaty-Frankfurt	41	287					1	85%	220	187	83,234.4
Frankfurt-Almaty	25	175					1	80%	220	175	77,893.2
Almaty/Aktau-Istanbul	107	749					5	68%	1,100	749	217,218.4
Istanbul-Aktau/Almaty	106	742					5	67%	1,100	742	215,188.3
Almaty-Karachi	24	168				1		85%	160	136	25,948.8
Karachi-Almaty	22	154				1		85%	160	136	25,948.8
Almaty-Sharjah	97	679				5		85%	800	679	162,934.7
Sharjah-Almaty	76	532				5		67%	800	532	127,660.2
Total International	895	6,226	0	0	18	22	22	73%	7,720	5,667	1,818,687.7
Grand Total	3,408	23,813	216	92	34	46	22	69%	34,252	23,579	3,603,076.8
Annualized	177,214	1,238,260	11,252	4,784	1,768	2,392	1,144	69%	1,781,104	1,226,113	187,359,995

APPENDIX TO

CHAPTER 8



Appendix-8.3.6 (1)

THE SAFETY REGULATION GROUP OF THE UNITED KINGDOM'S CIVIL AVIATION AUTHORITY

A. ROLE

The Safety Regulation Group's role is to ensure that UK civil aviation standards are set and achieved in cooperation with those regulated, while minimizing the regulatory burden. It must satisfy itself that: aircraft are properly designed, manufactured, operated and maintained; airlines are competent; flight crews, air traffic controllers and aircraft maintenance engineers are fit and competent; licensed aerodromes are safe to use; and that general aviation activities meet required safety standards.

B. ORGANIZATION

1. Operating Standards Division
2. Design & Manufacturing Division
3. Licensing Standards Division
4. Medical Division
5. Business Service Division
6. Technical Services Division

C. RESOURCES AND FINANCIAL PERFORMANCE 1995

1. Total staff: 746 persons. Average salary and benefits per staff member: \$ 71,000.
2. Revenues: US\$ 86.3 million^{**}; Expenditures: US\$ 83.7 million^{**}; Operating profit margin: 3.1%

^{**} Exchange Rate: UK pound 1.00 = US\$ 1.65

D. REGULATORY UNIVERSE 1995

UNIVERSE COMPONENT	QUANTITY
Civil Aircraft Register (1994)	15,000
Certified Air Operators (1994)	242
Approved Maintenance Organizations	508
Licensed Aerodromes	143
Licensed Pilots	65,000 (12,000 commercial)
Licensed Aircraft Maintenance Engineers	4,000
Licensed Air Traffic Controllers	1,800

E. MAJOR TRANSACTIONS 1995

TRANSACTION COMPONENT	QUANTITY
Aircraft Certificates	6872
Aircraft leases	41
Simulator Evaluations	69
Examiner Approvals	623
Air Displays	549
Air Traffic Controller Licenses Issued (1994)	52

Flight Crew Licensing Transactions	14,028
Aircraft Maintenance Engineer Licensing Transactions	446
Medical Examinations (1994)	25,402

F. ADVISORY & CONSULTATIVE BODIES

1. Airworthiness Requirements Board
2. Safety Regulation Finance Advisory Committee
3. Operations Advisory Committee
4. Standing Advisory Committee on Pilot Licensing
5. Research Advisory Committee

Appendix-8.3.6 (2)

THE ECONOMIC REGULATION GROUP OF THE UNITED KINGDOM'S CIVIL AVIATION AUTHORITY

A. ROLE

The Economic Regulation Group regulates airlines, air travel organizers and airports. It also acts as expert advisor to the Government on a number of economic matters on airlines and airports and collects, analyses and publishes statistical information on airlines and airports. ERG's principal task is promoting air transport user interests by encouraging a diverse and competitive industry and, where appropriate, through schemes to protect passengers from the consequences of financial failure.

B. ORGANIZATION

1. Economic Policy Division
2. Licensing and Financing Division
3. Economics, Statistics, Airports Policy, Aviation Data and Surveys Division

C. RESOURCES AND FINANCIAL PERFORMANCE 1995

1. Total staff: 129 persons *. Average salary and benefits per staff member: \$55,200.
2. Revenues: US\$ 13.4 million**; Expenditures: US\$ 12.2 million**; Operating profit margin: 9.5%

* Approximately 60 of these staff members are involved in Air Travel Organizer Licensing, an activity in which the CAD of Kazakhstan is unlikely to become significantly involved for some time.

** Exchange Rate: UK pound 1.00 = US\$ 1.65

D. REGULATORY UNIVERSE 1995

UNIVERSE COMPONENT	QUANTITY
Licensed Air Operators (1996)	173

Licensed Aerodromes	43
UNIVERSE COMPONENT	QUANTITY
Route Licenses*	200
Air Travel Organizers Licenses (ATOL's)	1169

* Mainly for routes outside of the European Community. Possession of an air operator's license allows certain automatic access rights to most routes in the Community.

E. MAJOR TRANSACTIONS 1995

TRANSACTION COMPONENT	QUANTITY
Route Licence Applications	120
First-time ATOL Applications	432
First-time ATOL Granted	297

F. ADVISORY & CONSULTATIVE BODIES

Air Transport Users Council

**A MODEL TECHNICAL COOPERATION PROJECT FOR THE
DEVELOPMENT OF THE AIR TRANSPORTATION
REGULATORY REGIME OF THE REPUBLIC OF KAZAKHSTAN**

1. BACKGROUND

During the time of the former USSR, Aeroflot was responsible for most regulatory functions. After the termination of the USSR, the 12 newly created CIS republics concluded the "Agreement on Civil Aviation and Airspace Utilization" on 30 December, 1991. Under this agreement, a governing "Council on Aviation and Airspace Utilization" (CAAU) was established with each contracting state being represented by senior officials from their respective Ministries of Civil Aviation and Defence. The Interstate Aviation Committee (now commonly referred to as the MAK committee) was established concurrently as a permanent operating executive body to implement the Agreement and any pursuant CAAU decisions. The primary role of the MAK committee is safety regulation and most of the expertise has come from Russia. The authority to regulate air safety for Kazakhstan was delegated to the MAK Committee by Presidential Decree Number 899 on 31 August, 1992

The Civil Aviation Department (CAD) of the Ministry of Transport and Communications (MOTC) was formed in January, 1994 with its primary responsibilities being regulation and policy advice to the government. As a newly created organization with a staffing level of less than 20 persons, the CAD experienced considerable difficulties in fulfilling its mandate.

Presidential Decree Number 2687 promulgated on 20 December, 1995 provided Kazakhstan with its National Civil Aviation Law. (This cannot strictly be called the National Civil Aviation Law because it has received no legislative approval but it has the force of law until such approval has been received). Articles 6 and 7 call for the establishment of a Committee on Airspace Utilization and Civil Aviation (CAUCA) under the MOTC, which would replace the existing CAD, have expanded responsibilities and be staffed to approximately 65 persons.

Through a prime ministerial decree promulgated on 30 April, 1996, the authorized staff strength of the existing CAD was increased to 40 persons effective 1 June, 1996. Within a few 3 months thereafter, the Government was to decide whether this should be expanded into the CAUCA. As of mid-October, 1996, this decision was still pending.

Also, as of mid-October, 1996, the CAD had increased its actual staff strength to 28 persons and recruitment was ongoing to fill the additional 12 vacancies. This process has been hampered by the low salary scales available to governmental employees.

Even with additional employees, much still needs to be done. Most of the division heads have prior aviation experience, but not in regulatory or policy-making functions in a developed country with a market-based economy. Many of their staff are young and fairly recent graduates with little work experience.

While the Civil Aviation Law exists, very few regulations pursuant to that law have been promulgated and are being enforced. The CAD has no civil aircraft registry. It has no register of licensed aviation personnel. The air carrier certification process is at best perfunctory. There are known to be numerous passenger and cargo charter operators based in Kazakhstan which are not certified. Finally, the CAD is currently unable to conduct any effective monitoring of compliance with air safety standards and recommended practices.

The problem of a lack of an effective air transportation regulatory regime for Kazakhstan is compounded by the fact that all CIS states have experienced, to varying degrees, the economic and social disruptions which followed the sudden demise of the USSR. This has meant that the MAK committee has suffered from its own severe resourcing problems which have significantly inhibited its effectiveness.

In addition to the normal air safety and economic regulatory functions, the CAD has also been assigned regulatory responsibilities for aviation security and for the managing the utilization of the national airspace. It is also the governmental organization responsible for coordinating international civil aviation activities.

2. RATIONALE AND PURPOSE

It is clear that if the CAD is to fulfill its mandate in promoting a safe and economically viable air transportation sub-sector in Kazakhstan, then it will need considerable assistance over an extended period of time.

The purpose of this document is to outline an indicative technical cooperation project which, if implemented, would help ensure the rapid, effective and sustainable development of the CAD and the Air Transportation Regulatory Regime. The intended audience is the Government of Kazakhstan and the community of Official Development Organizations with interests in Kazakhstan.

3. DEVELOPMENT OBJECTIVE

To transform the Civil Aviation Department (CAD), Ministry of Transport and Communications of the Republic of Kazakhstan into a separately incorporated Civil Aviation Authority (CAA), which is fully state-owned and will:

- effectively and efficiently manage the Safety, Economic and Security regulation of the air transportation sub-sector of Kazakhstan; and
- be financially self-sustainable from licensing/certification revenues rather than from the general revenues of the Government.

While the effectiveness of the Interstate Agreement on Civil Aviation and Airspace Utilization has been inhibited by limited resources, it is basically a sound instrument which essentially fulfills the role of a regional version of the 1944 Chicago Convention, through which the International Civil Aviation Organization was created. It is desirable that the implementation of this Agreement should be progressively devolved from the MAK committee to the regulatory organizations of the participating states. This should be done, however, within the framework of the Agreement to realize the efficiencies to be gained from regulatory harmonization.

4. GUIDING PRINCIPLES FOR ASSISTANCE

Because of the acute funding constraints which adversely affect all governmental operations in Kazakhstan and the extensive developmental needs of the CAD, it is clear that the funding of the necessary technical assistance will need to come from established multilateral and bilateral Official Developmental Assistance (ODA) programs. The demands on those programs are continuously increasing as are pressures from donors to ensure the cost-effective management of those programs. In recognition of these realities, the Government of Kazakhstan acknowledges that the provision of such assistance should be governed by the following criteria:

- the air transportation regulatory regime should balance the needs of the general public, consumers and the air transportation community;
- the regime should be based on the principles and best practices currently in use in developed countries with market-based economies (e.g. compatibility with the regulation of other transportation modes, harmonization with the air transportation regulatory systems of other states, consultation and cooperation with industry in conducting regulatory functions, and cost-benefit testing of new or amended regulations);
- regulatory organizations should be: cost-effective, financially self-sustaining, and staffed on the merit principle;
- regulations, regulatory procedures and regulatory methods will, to the maximum extent possible, be adopted from other states and amended to fit the social and economic environment of Kazakhstan, rather than be entirely developed anew;
- any assistance will be designed and funded on a phased basis, such that the continuation of funding will be conditional upon the achievement of predetermined performance milestones; and
- The results of the program will be made available to the other contracting states to the Agreement on Civil Aviation and Airspace Utilization.

5. TECHNICAL COOPERATION PROJECT OUTLINE

Outputs

1. A complete set of regulations pursuant to the Presidential Decree Number 2687 of 20 December, 1996 and guidance material in Russian and English for developing, amending and canceling regulations, including consultative mechanisms.
2. Computerized data bases to record and allow continuous updating of the records for all of the following for Kazakhstan:
 - registered civil aircraft;
 - licensed aviation personnel;
 - licensed aircraft operators;
 - airports licensed for civil air transportation operations;
 - air traffic control units;
 - aircraft or component type certifications; and
 - continuing airworthiness certifications.
3. Guidance material in Russian and English for:
 - Safety Regulation in terms of: personnel licensing, aircraft registration, aircraft and component type certification, continuing airworthiness, air operator certification, licensing of airports, licensing of aircraft maintenance bases, licensing of training institutions, compliance monitoring, and enforcement.
 - Economic regulation, as appropriate, of air carriers, airports and air navigation services.
 - Security regulation to safeguard of aircraft, passengers, airports and other aviation facilities against illegal acts.
 - Airspace management.
 - The conduct and coordination of international civil aviation activities.

- The conduct of the major administrative functions (financial administration, personnel administration, general administration, etc.) in a small civil aviation authority.
4. An integrated plan for the development and incorporation of the Civil Aviation Department, covering the functions of Safety Regulation, Economic Regulation, Security Regulation, Airspace Management, International Coordination and Internal Administration in terms of:
 - organizational roles and objectives
 - services provided and related revenues;
 - main production processes;
 - costed resource requirements in terms of staff, equipment and services;
 - job descriptions;
 - staff development;
 - funding sources;
 - patriation of regulatory and other functions from the CIS Interstate Aviation Committee; and
 - air transportation community consultative structures.
 5. Governmental enabling decrees promulgated to authorize the air regulations, and implementation of the development and incorporation plan.
 6. Skill enhancement through on-job-training for CAD counterpart staff members.
 7. Skill enhancement through overseas training for CAD staff members

Timing

Phase 1

Outputs Number 1 to 6 inclusive must be completed within a 9 month period from project commencement.

Phase 2

The Overseas Training Program may not commence until after promulgation of the enabling decrees following Output Number 5. The duration of the program should be one year or less.

Phase 3

Progress in implementing the organizational development plan must be evaluated in country approximately 6 months after completion of Phase 1. The duration of the evaluation should be 2 weeks or less.

Inputs**A. Inputs to be funded by overseas development assistance agencies**

INPUT	ESTIMATED COST (US\$'s)
1. Eleven international experts & five translators	1,055,518
2. Expert assignment travel	64,000
3. Two local administrative support staff	4,800
4. Local automobile transportation	17,850
5. Overseas training	68,750
6. Four computers with ancillary equipment & software	36,000
7. Office furnishings	4,000
8. Fax & photocopier	1,200
9. One set of technical documentation	1,500
10. Miscellaneous supplies & services (telephones, stationery, etc.)	3,500
Contingencies & inflation (6% of items 1 to 10 inclusive)	75,427

TOTAL 1,332,545

B. Inputs provided by the Government of Kazakhstan

1. Qualified professional counterpart staff.
2. Office space with maintenance and cleaning services.
3. Customs clearances for all imported project equipment
4. Visas & security clearances for all project staff.
5. In-country air travel for project staff.
6. Air fares for overseas training of national staff.

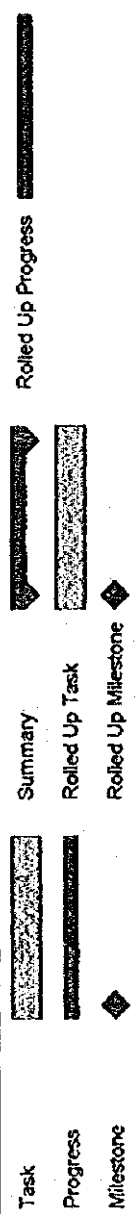
Schedules

The summary schedule for the indicative project appears in Attachments I.

Overseas Training Program

A model overseas training program appears as Attachment II.

Appendix 8.4 (1) Attachment 1



Project: Kazakhstan Civil Aviation Dep.
Date: 18/12/96

Technical Cooperation Project for developing the Civil Aviation Department, Ministry of Transport & Communications, Republic of Kazakhstan

OVERSEAS TRAINING PROGRAM

TRAINING COURSE/STUDY TOUR	APPROXIMATE DURATION
Study tour for one professional staff member from each of the Safety, Economic & Security divisions (plus one interpreter)	2 weeks
Study tour for Director CAD and one professional from each of the Airspace Management & International Affairs divisions (plus one interpreter)	2 weeks
Study tour for one personnel officer and one financial officer from the Internal Administration division	2 weeks
Flight Safety Officer course (2 persons)	4 weeks
Airworthiness Officer course (2 persons)	4 weeks
Aviation Security Officer course (2 persons)	2 weeks
Air Transport Economics Officer course (2 persons)	4 weeks
Civil Aviation Management course (2 persons)	2 weeks

Notes

1. The study tours should be conducted in a well regarded and financially self-sustaining Civil Aviation Authority in a developed country.
2. The estimated durations do not include travel time.

