

RatingsDirect®

Ratings Lowered On Six Russian Government-Related Entities After Sovereign Downgrade; Outlooks Negative

Primary Credit Analyst:

Alexander Griaznov, Moscow (7) 495-783-4109; alexander.griaznov@standardandpoors.com

Secondary Contacts:

Sergei Gorin, Moscow (7) 495-783-4132; sergei.gorin@standardandpoors.com

Elena Anankina, CFA, Moscow (7) 495-783-4130; elena.anankina@standardandpoors.com

- On April 25, 2014, we lowered our foreign currency and local currency ratings on the Russian Federation to 'BBB-' and 'BBB', respectively.
- We are today lowering the ratings on several Russian government-related entities (GRES), given their role and links with the state.
- The negative outlooks on all these entities mirror the negative outlook on Russia.

MOSCOW (Standard & Poor's) April 28, 2014--Standard & Poor's Ratings Services today lowered various ratings on six Russian government-related entities (GRES) following the downgrade of the Russian Federation. These companies are: Russian Railways JSC, Oil Company Rosneft OJSC, OAO AK Transneft, Gazprom OAO, Federal Grid Co. of the Unified Energy System, and OJSC Federal Passenger Company (see "Ratings List" for full details).

The rating actions follow our recent downgrade of the Russian Federation (see "Russia Foreign Currency Ratings Lowered To 'BBB-/A-3' On Risk Of Marked Deterioration In External Financing; Outlook Neg," published on April 25, 2014, on RatingsDirect). The credit ratings on these entities are directly influenced by the ratings on the sovereign, given their role and links with the state.

Our ratings on the GRES factor in our expectation of extraordinary government support or negative intervention by the government. In turn, our long-term

Ratings Lowered On Six Russian Government-Related Entities After Sovereign Downgrade; Outlooks Negative

sovereign rating on Russia captures our view of the government's ability to provide timely and sufficient extraordinary support, or the government's incentive to exercise negative influence. We base our opinion on our view of the "strong" or "very strong" links these GREs have with Russia. At this stage, we do not see any change in those GREs' stand-alone credit profiles or their roles and links with the state.

RELATED CRITERIA AND RESEARCH

Related criteria

- Corporate Methodology, Nov. 19, 2013
- Methodology: Management And Governance Credit Factors For Corporate Entities And Insurers, Nov. 13, 2012
- Rating Government-Related Entities: Methodology And Assumptions, Dec. 9, 2010

Related research

- Russia Foreign Currency Ratings Lowered To 'BBB-/A-3' On Risk Of Marked Deterioration In External Financing; Outlook Neg, April 25, 2014

RATINGS LIST

Downgraded; Ratings Affirmed

	To	From
Russian Railways JSC		
Corporate Credit Ratings		
Foreign Currency	BBB-/Negative/--	BBB/Negative/--
Local Currency	BBB/Negative/--	BBB/Negative/--
Oil Company Rosneft OJSC		
Corporate Credit Ratings		
Foreign And Local currency	BBB-/Negative/--	BBB/Negative/--
OAO AK Transneft		
Corporate Credit Ratings		
Foreign Currency	BBB-/Negative/--	BBB/Negative/--
Local Currency	BBB/Negative/--	BBB+/Negative/--
Gazprom OAO		
Corporate Credit Ratings		
Foreign Currency	BBB-/Negative/A-3	BBB/Negative/A-2
Local Currency	BBB/Negative/A-2	BBB/Negative/A-2
Federal Grid Co. of the Unified Energy System		
Corporate Credit Ratings		
Foreign And Local Currency	BBB-/Negative/--	BBB/Negative/--

Ratings Lowered On Six Russian Government-Related Entities After Sovereign Downgrade; Outlooks Negative

OJSC Federal Passenger Company

Corporate Credit Ratings

Foreign And Local Currency

BBB-/Negative/--

BBB/Negative/--

Additional Contact:

Industrial Ratings Europe; Corporate_Admin_London@standardandpoors.com

Complete ratings information is available to subscribers of RatingsDirect at www.globalcreditportal.com and at spcapitaliq.com. All ratings affected by this rating action can be found on Standard & Poor's public Web site at www.standardandpoors.com. Use the Ratings search box located in the left column. Alternatively, call one of the following Standard & Poor's numbers: Client Support Europe (44) 20-7176-7176; London Press Office (44) 20-7176-3605; Paris (33) 1-4420-6708; Frankfurt (49) 69-33-999-225; Stockholm (46) 8-440-5914; or Moscow 7 (495) 783-4009.

Copyright © 2014 Standard & Poor's Financial Services LLC, a part of McGraw Hill Financial. All rights reserved.

No content (including ratings, credit-related analyses and data, valuations, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of Standard & Poor's Financial Services LLC or its affiliates (collectively, S&P). The Content shall not be used for any unlawful or unauthorized purposes. S&P and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED, OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages.

Credit-related and other analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact. S&P's opinions, analyses, and rating acknowledgment decisions (described below) are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P does not act as a fiduciary or an investment advisor except where registered as such. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives.

To the extent that regulatory authorities allow a rating agency to acknowledge in one jurisdiction a rating issued in another jurisdiction for certain regulatory purposes, S&P reserves the right to assign, withdraw, or suspend such acknowledgement at any time and in its sole discretion. S&P Parties disclaim any duty whatsoever arising out of the assignment, withdrawal, or suspension of an acknowledgement as well as any liability for any damage alleged to have been suffered on account thereof.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain nonpublic information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, www.standardandpoors.com (free of charge), and www.ratingsdirect.com and www.globalcreditportal.com (subscription) and www.spcapitaliq.com (subscription) and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at www.standardandpoors.com/usratingsfees.