

## **FITCH TAKES RATING ACTIONS ON 6 RUSSIAN CORPORATES ON SOVEREIGN OUTLOOK REVISION**

Fitch Ratings-London/Moscow-22 January 2010: Fitch Ratings has today affirmed the Long-term foreign currency Issuer Default Ratings (IDRs) of six Russian companies, whilst simultaneously revising their rating Outlooks to Stable from Negative.

The rating actions follow Fitch's revision earlier today of the Russian Federation's ratings Outlook to Stable, and the affirmation of Russia's Long-term foreign and local currency Issuer Default Ratings (IDRs) at 'BBB'.

The rating actions are as follows:

### **JSC Russian Railways (RZD)**

Long-term foreign currency IDR: affirmed at 'BBB'; Outlook revised to Stable from Negative

Long-term local currency IDR: affirmed at 'BBB'; Outlook revised to Stable from Negative

Local currency senior unsecured rating: affirmed at 'BBB'

Short-term foreign currency IDR: affirmed at 'F3'

Short-term local currency IDR: affirmed at 'F3'

National Long-term rating: affirmed at 'AAA(rus)'; Outlook Stable

National senior unsecured rating: affirmed at 'AAA(rus)'

RZD's ratings are aligned with those of the Russian Federation, reflecting its 100% state ownership and strategic importance. The rating alignment further captures state involvement in tariff-setting, overall financial planning, direct equity injections, funding by government-controlled banks and the provision of subsidies for the freight and loss-making passenger transportation divisions. Direct subsidies are set to represent an increasing proportion of EBITDAR (10% in FY08), further strengthening RZD's links with the state, but also its reliance on the government.

### **OJSC Transcontainer (Transcontainer)**

Long-term foreign currency IDR: affirmed at 'BB+'; Outlook revised to Stable from Negative

Long-term local currency IDR: affirmed at 'BB+'; Outlook revised to Stable from Negative

Short-term foreign currency IDR: affirmed at 'B'

Short-term local currency IDR: affirmed at 'B'

Senior unsecured rating: affirmed at 'BB+'

National Long-term rating: affirmed at 'AA(rus)'; Outlook revised to Stable from Negative

Transcontainer's ratings reflect the strong strategic and operational ties between Transcontainer and its parent, the state-owned Russian railway monopoly, JSC Russian Railways (RZD). In line with Fitch's Parent-Subsidiary Rating linkage methodology, Transcontainer's Long-term IDRs have been notched down two levels from those of RZD.

### **Sukhoi Civil Aircraft JSC (SCAC)**

Long-term foreign currency IDR: affirmed at 'BB'; Outlook revised to Stable from Negative

Long-term local currency IDR: affirmed at 'BB'; Outlook revised to Stable from Negative

Short-term foreign currency IDR: affirmed at 'B'

Short-term local currency IDR: affirmed at 'B'

Senior unsecured rating: affirmed at 'BB'

National Long-term rating: affirmed at 'AA-(rus)'; Outlook revised to Stable from Negative

National Short-term rating: affirmed at 'F1+(rus)'

The ratings of Sukhoi Civil Aircraft JSC's (SCAC) are driven by the strong links to its ultimate majority (75% minus one share) shareholder, the Russian Federation and the strategic nature of its flagship product, the Super Jet 100 (SSJ100), to the state. The ratings of SCAC are notched down from those of the sovereign as a result of purely verbal representations from state officials regarding

the support SCAC can rely on from the Russian government for additional equity injections over and above what has already been contributed.

#### JSC RusHydro

Long-term foreign currency IDR: affirmed at 'BB+'; Outlook revised to Stable from Negative  
National Long-term rating: affirmed at 'AA(rus)'; Outlook revised to Stable from Negative  
RusHydro's ratings are notched down by one notch from the sovereign's due to its state ownership, the strategic importance of the company to the state, and a degree of reliance by the company on investment funding from the state.

#### ОАО АК Якутскэнерго (YE)

Long-term foreign currency IDR: affirmed at 'BB'; Outlook revised to Stable from Negative  
Long-term local currency IDR: affirmed at 'BB'; Outlook revised to Stable from Negative  
National Long-term rating: affirmed at 'AA-(rus)'; Outlook revised to Stable from Negative

YE's ratings are notched down by three notches from the Russian Federation's rating due to state ownership, the strategic importance of the company to the state, direct federal subsidisation, and its reliance on state-controlled banks for the majority of debt funding and liquidity.

#### ОАО Gazprom (Gazprom)

Long-term foreign currency IDR: affirmed at 'BBB'; Outlook revised to Stable from Negative  
Long-term local currency IDR: affirmed at 'BBB'; Outlook revised to Stable from Negative  
Short-term foreign currency IDR: affirmed at 'F3'  
Senior unsecured rating: affirmed at 'BBB'  
Gaz Capital S.A.'s debt issuance programme: affirmed at 'BBB'

Gazprom's ratings are based on its standalone profile. However, state ownership and the influence of the state on Gazprom's business environment have an indirect influence on both its financial and business profile.

Applicable Criteria available on Fitch's website at [www.fitchratings.com](http://www.fitchratings.com): "Corporate Rating Methodology" dated November 24, 2009 and Parent and Subsidiary Rating Linkage (Fitch's Approach to Rating Entities Within a Corporate Group Structure) dated 19 June, 2007

For further information on the sovereign rating action, please see the 22 January 2010 comment, entitled 'Fitch Revises Russia's Outlook to Stable; Affirms at 'BBB'', which is available on the agency's public website at [www.fitchratings.com](http://www.fitchratings.com).

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Note to Editors: Fitch's National ratings provide a relative measure of creditworthiness for rated entities in countries with relatively low international sovereign ratings and where there is demand for such ratings. The best risk within a country is rated 'AAA' and other credits are rated only relative to this risk. National ratings are designed for use mainly by local investors in local markets and are signified by the addition of an identifier for the country concerned, such as 'AAA(rus)' for National ratings in Russia. Specific letter grades are not therefore internationally comparable.

Additional information is available at [www.fitchratings.com](http://www.fitchratings.com).

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