

# Research

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## Various Rating Actions Taken On Russian Corporations Following The Downgrade Of Russia

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**OVERVIEW**

- On Jan. 26, 2015, Standard & Poor's lowered its foreign currency ratings on Russia to 'BB+/B' and assigned a negative outlook. The transfer and convertibility (T&C) assessment was revised to 'BB+'.
- As a result, we have reviewed our ratings on Russian corporations in the commodity exports, telecommunications, and infrastructure and utility sectors.
- We are consequently lowering our ratings on 14 companies and subsidiaries, affirming the ratings on 10 companies and subsidiaries, and revising several outlooks to negative.
- We are removing the ratings on these companies from CreditWatch where they were placed Dec. 30, 2014, following a similar action on the Russian sovereign.

MOSCOW (Standard & Poor's) Feb. 4, 2015--Standard & Poor's Ratings Services said today that it has taken various actions on Russian corporations in the commodity exports, telecom, and infrastructure and utility sectors following the downgrade of Russia on Jan. 26, 2015 (see "Russia Foreign Currency Ratings Lowered To 'BB+/B'; Outlook Negative" published on RatingsDirect). At the same time, we removed all the ratings from CreditWatch, where we placed them with negative implications on Dec. 30, 2014 (for a full list of rating actions see the Ratings List below).

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(We will be hosting a Webcast on Feb. 5, 2014, at 13:00 GMT (14:00 CET or 16:00 MSK) to discuss these rating actions. To register please go to: <http://ratings-events.standardandpoors.com/?elqPURLPage=644> )

The following actions are on our long- and short-term corporate credit ratings and issue ratings on debt, unless otherwise stated:

### Commodity producers (exporters):

- We lowered the foreign currency (FC) ratings on Gazprom OAO to 'BB+/B' from 'BBB-/A-3' and the local currency (LC) ratings to 'BBB-/A-3' from 'BBB/A-2'. The outlooks are negative.
- We lowered our ratings on Gazprom Neft JSC and OAO Novatek to 'BB+' from 'BBB-'. The outlooks are negative. We have also lowered our national scale ratings on these companies to 'ruAA+' from 'ruAAA'.
- We lowered our ratings on Oil Company Rosneft OJSC to 'BB+' from 'BBB-'. The outlook is negative.
- We affirmed our 'BBB-' and 'ruAAA' ratings on OAO LUKOIL and Uralkali OJSC. The outlooks are negative.
- We affirmed our 'BB+' and 'ruAA+' ratings on NLMK OJSC. The outlook is stable.
- At the same time, we revised our outlooks on OAO Severstal, Polyus Gold International Ltd., and Eurasia Drilling to negative from stable and affirmed our 'BB+' ratings.
- We also revised our outlook on Alrosa OJSC to negative from stable and affirmed our 'BB-/B' ratings.

### Telecom operators:

- We lowered our ratings on Mobile TeleSystems OJSC (MTS) to 'BB+' from 'BBB-'. The outlook is negative.
- We lowered our FC rating on MegaFon OJSC to 'BB+' from 'BBB-' and affirmed the 'BBB-' LC rating. The outlooks are negative. The 'ruAAA' Russia national scale rating was affirmed.
- We revised our outlook on Rostelecom OJSC to negative from stable and affirmed our 'BB+' rating.

### Infrastructure and utility companies:

- We lowered our FC rating on OAO AK Transneft to 'BB+' from 'BBB-' and the LC rating to 'BBB-' from 'BBB'. The outlooks are negative.
- We lowered our FC rating on Russian Railways JSC and its subsidiaries to 'BB+' from 'BBB-' and our LC ratings to 'BBB-' from 'BBB'. The outlooks are negative. We affirmed our 'ruAAA' national scale rating on Russian Railways.
- We lowered our ratings on JSC Federal Passenger Company to 'BB+' from 'BBB-'. The outlook is negative.
- We lowered our ratings on Federal Grid Co. of the Unified Energy System to 'BB+' from 'BBB-'. The outlook is negative. We also lowered our Russia national scale rating to 'ruAA+' from 'ruAAA'.
- We lowered our ratings on JSC Rosseti to 'BB+/B' from 'BBB-/A-3'. The outlook is negative. The Russia national scale rating was lowered to

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'ruAA+' from 'ruAAA'.

- We lowered our ratings on RusHydro (OJSC) to 'BB/B' from 'BB+/B'. The outlook is stable. The Russia national scale rating was lowered to 'ruAA' from 'ruAA+'.
- We lowered our ratings on Interregional Distributive Grid Co. of Center JSC to 'BB-/B' from 'BB/B'. The outlook is stable. The Russia national scale rating was lowered to 'ruAA-' from 'ruAA'.
- We lowered our ratings on Moscow United Electric Grid Co. JSC to 'BB-' from 'BB'. The outlook is stable. The Russia national scale rating was lowered to 'ruAA-' from 'ruAA'.
- We revised our outlooks on AO Sovcomflot and DME Ltd. to negative from stable and affirmed the respective 'BB+' and 'BB+/B' ratings.

For the Russian exporters, the rating actions reflect our analysis of whether these companies could withstand a sovereign default and be rated higher than the sovereign. As a result of this analysis, we affirmed our ratings on LUKOIL, Uralkali, and NLMK, primarily to reflect our view that, even in a stress scenario, these companies' stressed foreign-currency-denominated revenues could allow them to continue servicing their foreign currency debt. We take into account their solid liquidity, including manageable debt maturity profiles compared with their cash balances, and free cash flow generation capacity. These companies join the list of other Russian companies, namely Norilsk Nickel and PhosAgro, which in our view, could survive a default of Russia.

At the same time, we lowered our ratings on Gazprom, Gazpromneft, and NOVATEK because we think these companies are unlikely to withstand a sovereign default. In the case of Gazprom and its subsidiary Gazprom Neft, this is largely because of likely negative intervention from the government, which these financially strong companies could be subject to if the sovereign runs into financial difficulty. NOVATEK does not pass our stress test primarily because of its focus on the Russian market and lower amount of hard currency revenues.

Our one-notch downgrade of Rosneft stems from our view that the company's stand-alone credit profile (SACP), which we continue to assess at 'bb', is weaker than that of Gazprom, Gazprom Neft, or NOVATEK. At the same time, we revised the outlook on Severstal to negative because the company has a lower share of exports than its peer NLMK.

We lowered our foreign currency ratings on Russian non-exporters previously rated 'BBB-' because we believe these companies would unlikely survive an event that restricts the free flow of cash, such as a moratorium on external debt repayment, limited access to foreign currency, or a sovereign default. That said, we affirmed our local currency ratings on some companies with little or no debt denominated in hard currency.

COMMODITY EXPORTERS:

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Gazprom OAO

The downgrade follows a similar action on Russia. Although we think that, on a stand-alone basis, Gazprom could withstand a sovereign default, we see a high likelihood of negative government intervention on the sovereign's hypothetical path to default. We continue to assess Gazprom's SACP at 'bbb-' and the likelihood of extraordinary support for Gazprom as "extremely high," based on Gazprom's "critical" role for, and very "strong" link with, the government. As per our criteria, a company that has strong linkages with the government cannot be rated higher than the sovereign. This is because we assume that the government could use its power to intervene negatively, which could include burdening the company with additional taxes, dividends, or other liabilities.

The negative outlook on Gazprom mirrors that on the sovereign rating.

Gazprom Neft JSC

The downgrade of Gazprom Neft follows that of Russia and Gazprom. Although we maintain our assessment of Gazprom Neft's SACP at 'bbb-', the rating continues to be capped by that on the parent Gazprom.

The negative outlook on Gazprom Neft mirrors that on Gazprom.

Oil Company Rosneft OJSC

The downgrade follows a similar action on the sovereign. We continue to see a "very high" likelihood that the Russian government would provide timely and sufficient extraordinary support to Rosneft if the company experiences financial distress. However, because we assess Rosneft's SACP at 'bb', the downgrade of Russia triggered the one-notch downgrade of Rosneft, according to our criteria for rating government-related entities (GREs).

The negative outlook on Rosneft mirrors that on the sovereign.

OAO LUKOIL

The affirmation reflects our view that LUKOIL could withstand a sovereign default and therefore could be rated one notch above the foreign currency rating and T&C assessment on Russia. We think LUKOIL's sizeable hard currency revenue stream from exports, and some flexibility on capital expenditures and dividends, could allow it to service its foreign currency debt even if Russia were to default. That said, we could change our approach if the company's hard currency liquidity resources declined while its hard currency short-term maturities increased.

The negative outlook on LUKOIL mirrors that on Russia.

OAO NOVATEK

The downgrade reflects the lowering of the sovereign ratings rather than our view of NOVATEK's stand-alone credit quality. We believe that in the event of a sovereign default, NOVATEK's capacity to service its obligations, in particular debt denominated in foreign currency, could be materially impaired.

Importantly, the company sells all of its gas and a portion of its liquids in the domestic market. We therefore believe that a severe sovereign stress would hamper its operations to a greater extent than companies where the majority of revenues come from exports. We note that NOVATEK's share of export revenues will likely increase meaningfully in the coming years as production from its joint ventures, Sever, Energia, and Terneftegaz, ramps up. Consequently, we will periodically review this stress test, particularly if sanctions were lifted. NOVATEK's current placement on the sanction list is, in our view, an obstacle to current and future access to capital for Yamal or other projects.

The negative outlook mirrors that on Russia.

#### OAO Severstal

Although we affirmed our ratings on Severstal, we revised the outlook to negative from stable. This reflects our view that Severstal cannot be rated higher than the T&C assessment on Russia, as per our criteria, because it generates only one-third of its revenues from exports.

At the same, we continue to assess Severstal's SACP at 'bb+', reflecting the company's high margins, low and decreasing debt leverage, and sound liquidity.

#### NLMK OJSC

The rating affirmation and stable outlook on Russian steel producer NLMK reflect our view that the company could withstand a sovereign default. This is because more than half of the company's revenues are generated from exports in hard currency, whereas its costs are largely in local currency. NLMK has significantly benefited from the Russian ruble devaluation, which has further supported its already high margins and strong credit ratios. The company also has a material liquidity cushion.

#### Eurasia Drilling Co.

The outlook revision follows the rating action on Russia. As per our criteria, Eurasia, being a non-exporter, cannot be rated higher than the sovereign rating and the T&C assessment on Russia. Therefore, we revised the outlook on Eurasia Drilling to negative, which mirrors the outlook on Russia. We maintain our assessment of Eurasia's SACP at 'bb+', supported by the company's strong credit metrics and leading positions in the Russian oilfield services market.

#### Alrosa OJSC

The outlook revision reflects the negative outlook on Russia, indicating that the rating could be lowered if Russia is downgraded.

Our assessment of Alrosa's SACP remains unchanged at 'b+'. We continue to see a "moderate" likelihood that the Russian government would provide timely and sufficient extraordinary support to Alrosa in the event of financial distress.

#### Polyus Gold International Ltd.

The outlook revision primarily reflects our view that Polyus Gold cannot be rated higher than the 'BB+' T&C assessment on Russia because it does not currently export its products. It also takes into account the heightened risk

that Polyus, whose assets are in Russia where it also generates all its revenues, might be susceptible to Russia's economic slowdown over the medium term. In our view, the demand for gold is less likely to be affected by deterioration of the domestic economy. However, the company has a limited track record of exporting its products and maintaining cash balances in offshore accounts.

We could lower the rating on Polyus over the coming 12 months if the sovereign rating were lowered, with potential implications on Polyus' liquidity. Moreover, we would consider a downgrade if Polyus' adjusted ratio of funds from operations to debt dropped below 30%, without near-term prospects of improvement, or if its discretionary cash flow was negative. This could be triggered by a deviation from Polyus' currently moderate financial policy, such as through a material acquisition or dividend.

#### Uralkali OJSC

The rating affirmation on Uralkali reflects two major factors:

- First, we believe that Uralkali should be able to withstand a hypothetical sovereign default scenario, as described in "Ratings Above The Sovereign--Corporate And Government Ratings: Methodology And Assumptions," published Nov. 19, 2013. Those criteria allow us to rate Uralkali up to one notch above the sovereign credit rating and T&C assessment. This reflects, among other factors, the company's strong export focus, with about 75% of revenues from exports. We also consider that most of its cash will likely remain in dollars.
- Second, we assume that Uralkali's EBITDA will be high (at least \$1.65 billion) in 2015 and 2016, helped by a weak ruble, which cuts costs substantially; virtually flat export potash prices; and volumes of at least 10.5 million tons (compared with 12 million in 2014). The lower volumes take into account our assumption that the S-2 mine, where operations stopped at the end 2014 because of a brine inflow, will not be producing. Moreover, we believe the company will reduce leverage in 2015 to below the maximum set in its financial policy. As a result, net debt to EBITDA should be below 2x, after likely exceeding this level in 2014. We also anticipate strong discretionary cash flow from 2015 and the retention of large cash dollar balances at all times, while the company proactively refinances much of the significant debt maturing in 2015 and 2016 with long-term committed bank lines.

The negative outlook reflects risks to our base case and modest rating leeway, notably since we believe Uralkali's credit metrics were weak for the rating in 2014.

#### TELECOM OPERATORS:

##### Mobile TeleSystems (OJSC) (MTS)

The downgrade and assignment of a negative outlook follow the rating action on the sovereign, and reflect that we do not expect MTS to be able to withstand a sovereign default. This is because MTS does not have any export revenues; it generates about 90% of its revenues in Russia. That said, we maintain our

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assessment of MTS' SACP at 'bbb-', supported by a "satisfactory" business risk profile and a "modest" financial risk profile.

### MegaFon OJSC

The lowering of our foreign currency rating on MegaFon follows the rating action on Russia and the downward revision of our T&C assessment. As a non-exporter, MegaFon cannot be rated higher than the sovereign, according to our criteria. At the same time, we have affirmed the 'BBB-' local currency rating because we believe that MegaFon will be able to service its local currency liabilities in case of a sovereign default. MegaFon's foreign-currency-denominated debt, whose share is low, is related to facilities backed by export credit agencies and long-term funding for equipment purchases. In our view, the repayment of this debt is unlikely to be accelerated in such a scenario. In addition, MegaFon has meaningful hard currency cash balances outside Russia, which we assume the company will keep.

Nonetheless, we note the strength of MegaFon's metrics, with above-average profitability, adjusted debt to EBITDA of about 1.0x, and a solid liquidity position, supported by significant cash balances and availability of committed lines. MegaFon generates positive FOCF, and we do not foresee any debt increase in our base case, even assuming a marginal weakening of credit metrics related to weaker Russian economic growth.

### Rostelecom OJSC

The affirmation reflects our assessment of Rostelecom's SACP at 'bb+', which continues to reflect the company's leading positions in the Russian fixed-line telephony market and moderate debt leverage. However, we revised the outlook to negative because of our view that the company could not withstand a sovereign default. In our view, Rostelecom might not have sufficient liquidity in a sovereign default scenario to service its debt obligations.

## INFRASTRUCTURE AND UTILITY COMPANIES:

### OAo AK Transneft

The downgrade follows a similar action on Russia. We continue to see an "extremely high" likelihood that the Russian government would provide timely and sufficient extraordinary support to Transneft in the event of financial distress, and we assess Transneft's SACP at 'bbb'.

The foreign currency rating on Transneft will continue to be capped by the foreign currency long-term sovereign rating and T&C assessment on Russia. The local currency rating on Transneft will remain in line with the long-term local currency rating on Russia.

The negative outlook reflects that on the sovereign. In accordance with our criteria for GREs and rating above the sovereign, a one-notch downgrade of Russia will result in a similar rating action on Transneft, all else being equal.

### Russian Railways JSC

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The downgrade follows a similar action on Russia. We continue to see an "extremely high" likelihood that the Russian government would provide timely and sufficient extraordinary support to Russian Railways in the event of financial distress, and assess the company's SACP at 'bbb-'.

The negative outlook reflects that on the sovereign. In accordance with our criteria for GREs and rating above the sovereign, a one-notch downgrade of Russia will result in a similar rating action on Russian Railways, all else being equal. We assume that the foreign currency rating on the company will remain capped by the foreign currency long-term sovereign rating and T&C assessment on Russia. The local currency rating on Russian Railways will stay in line with the long-term local currency sovereign rating.

We could revise the outlook to stable if the outlook on the sovereign rating were revised to stable.

JSC Federal Passenger Company (FPC)

The downgrade follows a similar action on Russia. We continue to see a "high" likelihood that the Russian government would provide timely and sufficient extraordinary support to FPC in the event of financial distress, and assess the company's SACP at 'bb+'.

The negative outlook reflects our expectation that the ratings on FPC will remain capped by the foreign currency sovereign ratings on Russia. In accordance with our criteria for GREs and rating above the sovereign, the lowering of the foreign currency sovereign ratings by one notch will result in a similar rating action on FPC.

We could revise the outlook to stable if the outlook on the sovereign rating were revised to stable.

Federal Grid Co. of the Unified Energy System (FGC)

The downgrade follows a similar action on Russia. We continue to see a "very high" likelihood that the Russian government would provide timely and sufficient extraordinary support to FGC in the event of financial distress, and assess the company's SACP at 'bb+'.

The negative outlook reflects our expectation that the ratings on FGC will continue to be capped by the foreign currency sovereign ratings on Russia. In accordance with our criteria for GREs, the lowering of the foreign currency sovereign ratings by one notch will likely result in a similar rating action on FGC, all else being equal.

JSC Rosseti

The downgrade follows a similar action on Russia. We continue to see a "very high" likelihood that the Russian government would provide timely and sufficient extraordinary support to Rosseti in the event of financial distress, and assess the company's SACP at 'bb-'.

The negative outlook mirrors that on Russia. In line with our criteria for



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GREs, if the local currency sovereign rating is lowered by one notch, all else being equal, it will result in a similar rating action on Rosseti.

### RusHydro (OJSC)

The downgrade follows a similar action on Russia. We continue to see a "moderately high" likelihood that the Russian government would provide timely and sufficient extraordinary support to RusHydro in the event of financial distress.

The stable outlook reflects RusHydro's good competitive position, supported by its low cost base, thanks to a significant hydro generation asset base, proven access to capital markets, and the "moderately high" likelihood of extraordinary financial support from the government. These factors, we believe, should offset the execution and funding risks associated with the group's ambitious investment program, negative FOCF, pressure from the regulatory framework, and weak profitability of its thermal power generation subsidiary RAO Energy System of East.

Given that we assess RusHydro's SACP at 'bb', we expect RusHydro to maintain a Standard & Poor's-adjusted debt-to-EBITDA ratio of less than 3.0x over the next two years, as well as adequate liquidity and some flexibility in its investment program.

In accordance with our criteria for GREs, if the local currency long-term sovereign rating is lowered by one notch, this is unlikely to result in a similar rating action on RusHydro, all else being equal.

### Interregional Distributive Grid Co. of Center JSC (IDGC of Center)

The downgrade follows a similar action on Russia. We continue to see a "moderate" likelihood that the Russian government would provide timely and sufficient extraordinary support to IDGC of Center in the event of financial distress.

The stable outlook reflects our opinion that the risks related to IDGC of Center's negative FOCF generation, sizable investment program, ability to collect receivables, and cost overruns will be mitigated by the company's moderate projected leverage, adequate liquidity management, and state support. We assume the company will maintain its adequate liquidity and debt maturity profiles. The outlook also reflects our expectations that the company will remain largely state controlled over the medium term, and that its strategic importance to the local governments it serves will not diminish.

In accordance with our criteria for GREs, if the local currency long-term sovereign rating is lowered by one notch, this is unlikely to result in a similar rating action on IDGC of Center, all else being equal.

Given the SACP assessment of 'bb-', we expect IDGC of Center will maintain a Standard & Poor's-adjusted debt-to-EBITDA ratio of less than 3.0x, with very temporary deviations of up to 3.5x.

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Moscow United Electric Grid Co. JSC (MOESK)

The downgrade follows a similar action on Russia. We continue to see a "moderate" likelihood that the Russian government would provide timely and sufficient extraordinary support to MOESK in the event of financial distress, and assess the company's SACP at 'bb-'.

The stable outlook reflects our view that MOESK's strong competitive position, currently low financial leverage, and demonstrated access to local capital markets should offset the risks associated with an ambitious capital expenditure program and projected negative cash flow generation. We also assume MOESK will maintain both adequate liquidity and its debt maturity profile. To be in line with an SACP of 'bb-', we expect MOESK's Standard & Poor's-adjusted debt-to-EBITDA ratio to be less than 3.0x on a sustainable basis, with very temporary deviations of up to 3.5x.

In accordance with our criteria for GREs, if the local currency long-term sovereign rating is lowered by one notch, this is unlikely to result in a similar rating action on MOESK, all else being equal.

AO Sovcomflot

The outlook revision follows our rating action on Russia and our review of Sovcomflot's liquidity in the context of its large vessel newbuilding program and the resulting ongoing funding needs, and its regular or mandatory debt repayments, which combined weigh on the company's liquidity profile. We currently assess Sovcomflot's liquidity profile as "adequate," as defined in our criteria. We note, however, that Sovcomflot's liquidity is highly dependent on the company performing in line with our base-case scenario and that it has ready, uninterrupted access to ship financing, in particular given the accelerating capital expenditure requirements for vessels due for delivery in 2015-2017.

We understand that Sovcomflot is taking proactive measures to bolster its liquidity sources, such as a rollover of bullet loans to extend its debt maturity profile, disposals of ageing vessels, securing financing for vessels on order, and spreading out its payment schedule to shipyards. We believe that these measures, if completed, will improve the company's liquidity coverage, which is essential, in particular, if its performance were below that in our base case.

The negative outlook reflects that on the sovereign rating and Sovcomflot's tightening liquidity coverage. We could lower the rating on Sovcomflot if we lowered the rating on Russia, all else remaining equal. We could also lower the rating if we saw a lower likelihood of support for Sovcomflot from the government or if Sovcomflot's SACP deteriorated, such that the ratio of liquidity sources to uses fell to less than 1.2x. This could happen, for example, if Sovcomflot were unlikely to retain ready access to ship financing, experienced delays in obtaining necessary funding, or generated significantly lower EBITDA than in our base case, due for instance to lower-than-anticipated charter rates.

DME Ltd.

The outlook revision is to reflect the negative outlook on Russia and indicates that we could lower the rating on DME if we revised the T&C assessment downward. It also reflects the increased risk of declining passenger numbers at the airport as a result of the economic slowdown in Russia, which could lead to weaker profitability for DME in the next 12-18 months. We consider that the depreciation of the ruble, primarily against the U.S. dollar and the euro, is likely to continue to dampen Russian consumer demand for travelling abroad, as has been the case in recent months. Our updated forecast for DME in 2015 anticipates a decline of about 15% in international passengers at Domodedovo and domestic passenger growth staying flat, translating into an overall passenger traffic decline of about 8%. An advantage for DME is that it generates about 45% of its revenues in foreign currency, helping it to service foreign-currency-denominated debt, and the lion's share of its cash balances is held at foreign banks.

We could lower the ratings on DME and its subsidiaries in the next 12 months if we were to revise the T&C assessment on Russia downward and there were no clear signs of stabilization in the country's economy. These factors would indicate to us limited prospects for improvement in traffic growth at the airport, and therefore a weaker operating performance. We could also downgrade DME if it we believed that its ratio of funds from operations to debt could fall below 45% on a sustained basis.

We could revise the outlook to stable if we revised the outlook on Russia to stable. We view the likelihood of an upgrade as limited in the short term, due to the political and regulatory risks associated with doing business in Russia.

#### RELATED CRITERIA AND RESEARCH

##### Related Criteria

- Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- General Criteria: Standard & Poor's National And Regional Scale Mapping Tables, Sept. 30, 2014
- Key Credit Factors For The Telecommunications And Cable Industry, June 22, 2014
- Key Credit Factors For The Transportation Cyclical Industry, Feb. 12, 2014
- Key Credit Factors For The Metals And Mining Downstream Industry, Dec. 20, 2013
- Key Credit Factors For The Oil And Gas Exploration And Production Industry , Dec. 12, 2013
- Corporate Methodology, Nov. 19, 2013
- Corporate Methodology: Ratios And Adjustments, Nov. 19, 2013
- Methodology: Industry Risk, Nov. 19, 2013
- Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- Key Credit Factors For The Transportation Infrastructure Industry, Nov. 19, 2013
- Ratings Above The Sovereign--Corporate And Government Ratings:

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Methodology And Assumptions, Nov. 19, 2013

- Group Rating Methodology, Nov. 19, 2013
- Methodology For Linking Short-Term And Long-Term Ratings For Corporate, Insurance, And Sovereign Issuers, May 7, 2013
- Methodology: Management And Governance Credit Factors For Corporate Entities And Insurers, Nov. 13, 2012
- Methodology: Business Risk/Financial Risk Matrix Expanded, Sept. 18, 2012
- Rating Government-Related Entities: Methodology And Assumptions, Dec. 9, 2010
- Stand-Alone Credit Profiles: One Component Of A Rating, Oct. 1, 2010
- Use Of CreditWatch And Outlooks, Sept. 14, 2009
- Criteria Guidelines For Recovery Ratings On Global Industrial Issuers' Speculative-Grade Debt, Aug. 10, 2009
- 2008 Corporate Criteria: Rating Each Issue, April 15, 2008

Related Research

- Russia Foreign Currency Ratings Lowered To 'BB+/B'; Outlook Negative, Jan. 26, 2015

RATINGS LIST

Ratings Affirmed; Outlook Action

	To	From
OAO LUKOIL Uralkali OJSC Corporate Credit Rating Russia National Scale	BBB-/Negative/-- ruAAA	BBB-/Watch Neg /-- ruAAA/Watch Neg/--
OAO Severstal Corporate Credit Rating Russia National Scale	BB+/Negative/-- ruAA+	BB+/Stable/-- ruAA+
Rostelecom OJSC AO Sovcomflot Polyus Gold International Ltd. Corporate Credit Rating	BB+/Negative/--	BB+/Stable/--
Alrosa OJSC Corporate Credit Rating	BB-/Negative/B	BB-/Stable/B
Eurasia Drilling Co. Corporate Credit Rating Russia National Scale	BB+/Negative/B ruAA+	BB+/Stable/B ruAA+
DME Ltd. Corporate Credit Rating	BB+/Negative/B	BB+/Stable/B

Ratings Affirmed

NLMK OJSC

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Corporate Credit Rating	BB+/Stable/--	
Russia National Scale	ruAA+	
Downgraded		
	To	From
Gazprom OAO		
Corporate Credit Rating		
Foreign currency	BB+/Negative/B	BBB-/Watch Neg/A-3
Local currency	BBB-/Negative/A-3	BBB-/Watch Neg/A-2
Gazprom Neft JSC		
Corporate Credit Rating	BB+/Negative/--	BBB-/Watch Neg/--
Russia National Scale	ruAA+	ruAAA/Watch Neg/--
OAo NOVATEK		
Corporate Credit Rating	BB+/Negative/--	BBB-/Watch Neg/--
Russia National Scale	ruAA+	ruAAA/Watch Neg/--
Oil Company Rosneft OJSC		
Corporate Credit Rating	BB+/Negative/--	BBB-/Watch Neg/--
OAo AK Transneft		
Corporate Credit Rating		
Foreign currency	BB+/Negative/--	BBB-/Watch Neg/--
Local currency	BBB-/Negative/--	BBB-/Watch Neg/--
Russian Railways JSC		
Corporate Credit Rating		
Foreign currency	BB+/Negative/--	BBB-/Watch Neg/--
Local currency	BBB-/Negative/--	BBB-/Watch Neg/--
Russia National Scale	ruAAA	ruAAA
MegaFon OJSC		
Corporate Credit Rating		
Foreign Currency	BB+/Negative/--	BBB-/Watch Neg/--
Local Currency	BBB-/Negative/--	BBB-/Watch Neg/--
Russia National Scale	ruAAA	ruAAA/Watch Neg/--
Federal Grid Co. of the Unified Energy System		
Corporate Credit Rating	BB+/Negative/--	BBB-/Watch Neg/--
Russia National Scale	ruAA+	ruAAA/Watch Neg/--
JSC Rosseti		
Corporate Credit Rating	BB+/Negative/B	BBB-/Watch Neg/A-3
Russia National Scale	ruAA+	ruAAA/Watch Neg/--
Mobile TeleSystems (OJSC)		
Corporate Credit Rating	BB+/Negative/--	BBB-/Watch Neg/--
JSC Federal Passenger Company		

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Corporate Credit Rating	BB+/Negative/--	BBB-/Watch Neg/--
RusHydro (OJSC)		
Corporate Credit Rating	BB/Stable/B	BB+/Watch Neg/B
Russia National Scale	ruAA	ruAA+/Watch Neg/--
Interregional Distributive Grid Co. of Center JSC		
Corporate Credit Rating	BB-/Stable/B	BB/Watch Neg/B
Russia National Scale	ruAA-	ruAA/Watch Neg/--
Moscow United Electric Grid Co. JSC		
Corporate Credit Rating	BB-/Stable/--	BB/Watch Neg/--
Russia National Scale	ruAA-	ruAA/Watch Neg/--

NB: This list does not include all the ratings affected.

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