



Rating Action: OJSC Gazprom

Moody's downgrades Gazprom's ratings to Baa1; Outlook Stable

Moscow, April 03, 2009 -- Moody's Investors Service has today downgraded the senior unsecured issuer and debt ratings of OJSC Gazprom ("Gazprom" or "the company"), the Russian integrated gas company majority owned by the Russian state, to Baa1 from A3. The outlook on the ratings is stable.

The downgrade of Gazprom reflects Moody's view that the economic drivers of the financial profiles of Gazprom and the Russian state are strongly correlated. In particular, movements in oil and gas prices and changes in the health of the Russian economy are factors similarly impacting the fortunes of both parties. As a result, Moody's is reflecting in Gazprom's rating the fact that the circumstances that might lead to transitions in the risk profile of Gazprom are the same factors that would place strains on, or positively impact, the Russian state's finances. Moody's therefore no longer believes it is appropriate to assign a rating to Gazprom higher than that of the Russian Federation's rating of Baa1.

Today's rating action does not reflect any changes in our view of Gazprom's stand-alone credit risk profile, equivalent to a Ba1, or our assessment of the high degree of support Moody's assumes the Russian state would provide if necessary to Gazprom given its strategic importance to the state which explains the uplift assigned to the final rating.

Moody's furthermore notes that the agency continues to factor into Gazprom's stand-alone risk profile the potential impact of providing support to Gazprombank notwithstanding the earlier decision by Gazprom to deconsolidate the bank. Gazprom's stand-alone profile takes into account the inherent strength of the company's business, leading market positions and financial wherewithal tempered by other factors including support for the lower rated bank as well as other challenges associated with operating in Russia. (For additional information on Moody's rating rationales in assigning Gazprom's rating and that of Gazprombank, please refer to the Credit Opinions on Moodys.com.)

The stable outlook reflects that of the Russian Federation, as, given the high support assumption, Gazprom's ratings remain sensitive to changes in sovereign credit quality. A one-notch change in the sovereign rating would result in a commensurate change in the company's ratings, assuming no other changes to the other rating factors. Similarly, a material change in the state support assumption for the company would also negatively impact Gazprom's ratings.

Moody's previous rating action on Gazprom was on 15 December 2008, when the agency changed the outlook on Gazprom's ratings to stable from positive reflecting the change in the outlook on the Baa1 rating of the Russian Federation to stable from positive.

The principal methodologies used in the rating of Gazprom are "The application of Joint Default Analysis to Government Related Issuers" and "The Global Integrated Oil & Gas Industry Rating Methodology" published in October 2005, which can be found at www.moodys.com in the Credit Policy & Methodologies directory, in the Ratings Methodologies subdirectory. Other methodologies and factors that may have been considered in the process of rating this issuer can also be found in the Credit Policy & Methodologies directory.

Gazprom headquartered in Moscow, Russia, is the world's largest integrated gas company focused on the production, refining and transportation of Russian gas to both domestic, Commonwealth of Independent States (CIS), Baltic and European markets. It also owns and operates the Unified Gas Supply System (UGSS) in Russia, which is the largest gas transportation, storage and processing system in the world, comprising of nearly 158,500 kilometers of high-pressure trunk pipelines and 25 underground gas storage facilities and is the leading exporter of gas to Western Europe.

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