

Rating Action: Moody's downgrades KazMunaiGas NC (and 3 subsidiaries) and FCC. Outlook negative for 9 Kazakh GRIs

Global Credit Research - 13 May 2009

KazMunaiGas NC (and subsidiaries), FCC, KTZ, Kazpost, KEGOC outlooks changed to negative

London, 13 May 2009 – Moody's Investors Service today took a number of rating actions on Kazakh Government-Related Issuers ("GRI") reflecting the downgrade of the Local Currency rating of the Government of Kazakhstan to Baa2 from Baa1 on 12 May 2009 and the change of outlook of the sovereign ratings to negative from stable. The various actions are as follows:

- The ratings of KazMunaiGas NC, Kaztransgas, Intergas Central Asia and Kaztransoil are downgraded to Baa2 from Baa1. Their outlooks are changed to negative from stable; The rating of KazMunayGas E&P is unchanged at Baa2 but the outlook is changed to negative from stable.
- The rating of Food Contract Corporation (FCC) is downgraded to Baa3 from Baa2. The outlook is changed to negative from stable. The downgrade reflects that despite high support providing substantial uplift from BCA (itself weakly positioned) we think the rating cannot match that of the sovereign.
- The ratings of Kazakhstan Temir Zholy (KTZ) at Baa2, Kazakhstan Electricity Grid Operating Company (KEGOC) at Baa2 and Kazpost at Baa3 are not affected but the outlooks are changed to negative from stable.
- The ratings of Kaztemirtrans at Ba1 and Kazatomprom at Baa3 are not affected by the action on the sovereign ratings. The outlooks of Kaztemirtrans and Kazatomprom remain stable.

All Baseline Credit Assessments (BCA) remain unchanged.

The change of outlooks to negative reflects the fact that a downgrade of the sovereign rating would expectedly imply a downgrade of the GRI.

The principal methodology used in these rating actions is the Application of Joint Default Analysis to Government Related Issuers, April 2005, which can be found at moodys.com in the Credit Policy & Methodologies directory, in the Ratings Methodologies sub-directory. Other methodologies and factors related to the various industries that may have been considered in the process of rating these issuers can also be found in the Credit Policy & Methodologies directory.

The last rating actions on these issuers were:

- On 24 May 2006 when Moody's upgraded Food Contract Corporation to Baa2 from Baa3 with a stable outlook
- On 17 November 2006 when Moody's assigned a Baa1 rating with a stable outlook to Kaztransgas
- On 28 November 2006 when Moody's upgraded Intergas Central Asia to Baa1 with a stable outlook
- On 15 December 2006 when Moody's upgraded Kaztransoil to Baa1 with a stable outlook
- On 3 May 2007 when Moody's assigned a Baa1 with stable outlook to KazMunaiGas NC
- On 27 December 2007 when Moody's assigned a Baa2 with a stable outlook to KazMunaiGas Exploration and Production
- On 4 February 2009 when Moody's assigned a Baa3 with stable outlook to Kazpost
- On 27 February 2009 when Moody's downgraded KEGOC to Baa2 with a stable outlook
- On 27 April 2009, when Moody's downgraded KTZ to Baa2 with a stable outlook.

Credit Opinions on the various GRIs will be updated shortly. Please refer to Moodys.com.

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