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January 30, 2009

Bulletin:

Russia-Based LenSpecSMU Ratings Unaffected By Plan To Restructure Subsidiary's Credit-Linked Notes

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FRANKFURT (Standard & Poor's) Jan. 30, 2009--Standard & Poor's Ratings Services said today the reported efforts by Russia-based property development group CJSC SSMO LenSpecSMU (LSS; B/Stable/B) to restructure the terms of the credit-linked notes (CLNs) issued by its subsidiary Golden Ring Finance S.A. and an associated offer to purchase CLNs at a discount has not affected the issuer credit rating or the 'B' issue rating and '4' recovery rating on the CLNs. Although LSS faces a downturn in the real estate market and a difficult environment for financing, we understand it has liquidity sources in place to cover immediate refinancing needs, even if the current debt offers are not successful. LSS' proactive treasury management in the form of a debt modification proposal and debt purchase offer does not, in Standard & Poor's opinion, constitute selective default under our criteria covering exchange offers and similar restructurings. However, a failure to address the challenge posed by the April 2009 put option attached to the CLNs and other 2009 debt maturities, or a significant deterioration in LSS' operating cash flows could weaken credit quality and put pressure on the ratings.

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