

Russia-Based Development Group CJSC SSMO LenSpecSMU Proposed RUR2 Bil. Unsecured Notes Rated 'B'; Recovery Rating '4'

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FRANKFURT (Standard & Poor's) Dec. 11, 2009--Standard & Poor's Rating Services said today that it assigned its 'B' global scale issue rating and 'ruA' Russia national scale rating to the proposed Russian ruble (RUR) 2 billion (\$65 million) senior unsecured notes to be issued by Russia-based construction and development group CJSC SSMO LenSpecSMU (LSS; B/Stable/B, Russia national scale 'ruA'). We also assigned a recovery rating of '4', indicating Standard & Poor's expectation of average (30%-50%) recovery in the event of a payment default. The corporate credit ratings on LSS are unchanged.

The issue rating on the \$100 million (\$24.4 million currently outstanding) credit-linked notes (CLNs) issued by Golden Ring Finance S.A. and guaranteed by LSS, is unchanged at 'B', the same level as the corporate credit rating on the guarantor company. The recovery rating is also unchanged at '4', indicating our expectation of average (30%-50%) recovery.

The rating on the new notes issue is based on preliminary information and is subject to our satisfactory review of final documentation. In the event of any changes to the amount or terms of the bond, the recovery and issue ratings will be subject to further review.

RECOVERY ANALYSIS

The proposed RUR2.0 billion notes are an unsecured obligation of LSS. We assume that these notes rank pari passu with the CLNs and other unsecured debt issued or guaranteed by LSS.

The cover of the unsecured debt is at the low end of the rating range. Downward pressure on the unsecured debt ratings is possible should the share of secured debt in the capital structure increase. Material ruble depreciation versus the U.S. dollar could depress estimated recoveries to below the rating range. The recovery prospects are based on a discrete-asset based valuation of about RUR13.5 billion (\$385 million). Recovery and issue ratings take into account the unsecured nature of the rated issues and the Russian jurisdiction, which we see as relatively creditor unfriendly.

In addition, the LenSpecSMU group has RUR580 million outstanding under the RUR1.5 billion unsecured bonds issue with a Russia national scale rating of 'ruA', and about \$100 million equivalent in unrated bank debt.

For full details of our recovery analysis, see article titled "CJSC SSMO LenSpecSMU Recovery Rating Profile," published Dec. 11, 2009, on RatingsDirect.

RATINGS LIST

(New rating)

CJSC SSMO LenSpecSMU

RUR2 bil. (proposed) notes

Senior Unsecured	B
Russia National Scale	ruA
Recovery Rating	4

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Complete ratings information is available to RatingsDirect on the Global Credit Portal subscribers at www.globalcreditportal.com and RatingsDirect subscribers at www.ratingsdirect.com. All ratings affected by this rating action can be found on Standard & Poor's public Web site at www.standardandpoors.com. Use the Ratings search box located in the left column. Alternatively, call one of the following Standard & Poor's numbers: Client Support Europe (44) 20-7176-7176; London Press Office (44) 20-7176-3605; Paris (33) 1-4420-6708; Frankfurt (49) 69-33-999-225; Stockholm (46) 8-440-5914; or Moscow (7) 495-783-4011.

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