

Bulletin:

Vattenfall Ratings Unaffected By Write-Offs And Provisions On Closure Of German Nuclear Plants

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STOCKHOLM (Standard & Poor's) June 22, 2011--Standard & Poor's Ratings Services said today that its ratings on Sweden-based multi-utility Vattenfall AB (A/Negative/A-1) are not immediately affected by a company announcement that it would need to write off the book value of two German nuclear power plants if the German parliament approves a government proposal to shut down the country's nuclear power plants.

Vattenfall said it would also need to increase provisions for handling nuclear fuel and dismantling the two plants (Brunsbüttel, 66.7% ownership, and Krümmel, 5%).

According to the company, the combined effect on its operating profit would be about Swedish krona 10 billion, which would be charged to the income statement in the second quarter of 2011.

The charges would have no immediate cash effect. We note, however, that the increased provisions would add to Vattenfall's already high adjusted debt and slightly weaken the company's adjusted credit measures, which we would see as negative for its credit profile.

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