Swedish Region Of Västra Götaland Long-Term Rating Raised To 'AAA' On Strong Profile; Off Watch; Outlook Stable

Primary Credit Analyst:
Gabriel Forss, Stockholm (46) 8-440-5933; gabriel_forss@standardandpoors.com

Secondary Contact:
Carl Nyrerod, Stockholm (46) 8-440-5919; carl_nyrerod@standardandpoors.com

- In our view, the Swedish Region of Västra Götaland's profile is characterized by a very favorable debt position, strong liquidity, and supportive macroeconomic structure.
- We are raising our long-term credit rating on Västra Götaland to 'AAA' from 'AA+' and removing it from CreditWatch, where it was previously placed with positive implications.
- The stable outlook reflects our view that Västra Götaland has ample debt capacity to handle its forecast build-up of debt, with which it plans to finance an expanding capital expenditure program.

STOCKHOLM (Standard & Poor's) Nov. 22, 2010--Standard & Poor's Ratings Services said today that it raised its long-term credit rating on Sweden's Region of Västra Götaland to 'AAA' from 'AA+' and removed it from CreditWatch, where it was placed with positive implications on Sept. 20, 2010, as a consequence of new rating criteria for rating local and regional governments. At the same time, we affirmed the 'A-1+' short-term issuer credit rating and 'K-1' Nordic national scale rating. The outlook is stable.

"The ratings on Västra Götaland reflect its very favorable debt position, strong liquidity position, and an economic structure that we view as strong in an international context," said Standard & Poor's credit analyst Gabriel Forss.

In addition, we think Sweden's stable and supportive local and regional government system further supports the ratings. We have also factored into our assessment of the ratings a moderate build-up of debt to finance the region's expanding capital expenditure program: We note that a period of high investments is imminent, which could require a moderate degree of debt financing. This capital expenditure relates to regional infrastructure and property maintenance, in addition to an expected acquisition of a local transport company. At the end of 2013, we expect the region's tax-supported debt ratio to have increased to about 20% of consolidated revenues, a significant increase from the current level, but still modest given the region's ample debt capacity.

"The stable outlook reflects our expectation of a build-up of debt to finance the region's upcoming capital spending," said Mr. Forss.

Additional Contact:
International Public Finance Ratings Europe; PublicFinanceEurope@standardandpoors.com

Complete ratings information is available to RatingsDirect subscribers on the Global Credit Portal 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.