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Bulletin:

French Holding Company Wendel's Ratings And Outlook Unchanged, But Pressure Remains

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PARIS (Standard & Poor's) Oct. 2, 2008--Standard & Poor's Ratings Services said today that its ratings and outlook on French holding company Wendel (BBB-/Negative/A-3) were unchanged amid the ongoing deterioration of financial markets and recent additional fall in share prices of some of its investments, notably Compagnie de Saint-Gobain (BBB+/Stable/A-2) and Legrand S.A. (BBB/Stable/A-2), which have fallen by 14% and 17%, respectively, since mid-August. The dismal equity market conditions continue to pressure Wendel's ratings and have challenged its capacity to return to a loan-to-value (LTV) ratio below 40% by year-end 2008 (computed on spot values). Nevertheless, we believe that the company can still achieve the targeted leverage reduction through ongoing portfolio rotation. In addition, Wendel's liquidity remains adequate, underpinned by the long-term nature of its debt and current ample cash balances (an estimated €1.5 billion of available cash).

The negative outlook continues to reflect Wendel's current excessive leverage. We expect Wendel to take further action to return to an adjusted LTV ratio strictly below 40% by the end of 2008. We also expect the company to continue reducing its leverage and to operate with an adjusted LTV below 35% over the medium to long term. Moreover, we will continue to closely monitor the share price development of the group's key investments and the subsequent effects on Wendel's portfolio value in the coming months.

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