

Research Update:

Finnish Electricity Transmission System Operator Fingrid 'AA-/A-1+' Ratings On Watch Neg On Similar Action On Sovereign

Primary Credit Analyst:

Gustav Liedgren, Stockholm (46) 8-440-5916;gustav_liedgren@standardandpoors.com

Secondary Contact:

Alf Stenqvist, Stockholm (46) 8-440-5925;alf_stenqvist@standardandpoors.com

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Overview

- On Dec. 5, 2011, we placed our 'AAA/A-1+' ratings on the Republic of Finland on CreditWatch with negative implications.
- In accordance with our criteria for government-related entities, on Dec. 8, 2011, we placed our 'AA-' long-term and 'A-1+' short-term corporate credit ratings on Finnish electricity transmission system operator Fingrid on CreditWatch with negative implications.
- The CreditWatch placement reflects our opinion that a downgrade of the sovereign would likely result in our lowering the ratings on Fingrid.

Rating Action

As previously announced, on Dec. 8, 2011, Standard & Poor's Ratings Services placed its 'AA-' long-term, 'A-1+' short-term corporate credit, and 'AA-' senior unsecured debt ratings on Finnish transmission system operator Fingrid Oyj on CreditWatch with negative implications. At the same time, the short-term 'K-1' Nordic national scale rating was affirmed.

Rationale

We revised the outlook on Fingrid because we revised the outlook on the Republic of Finland (AAA/Watch Neg/A-1+) (see "Finland's 'AAA' Long-Term Rating Placed On CreditWatch Negative" published Dec. 5, 2011, on RatingsDirect on the Global Credit Portal).

The ratings on Fingrid continue to reflect the company's stand-alone credit profile (SACP), which we assesses at 'a', as well as our opinion that, as a government-related entity (GRE), there is a "high" likelihood that the Finnish state would provide timely and sufficient extraordinary support to Fingrid in the event of financial distress.

Our opinion of a "high" likelihood of government support is based on our assessment of Fingrid's:

- "Very important" role as Finland's monopoly transmission system operator, with a clear strategic importance to the government in ensuring electricity transmission stability, developing the transmission grid, and enhancing the Nordic electricity market.
- "Strong" link to the Republic of Finland, reflecting the government's 53% shareholding in Fingrid and our understanding that it has no intentions

to sell its stake in the medium to long term.

CreditWatch

The CreditWatch placement reflects that on the Republic of Finland. In accordance with our rating methodology for GREs and for nonsovereign ratings that exceed sovereign ratings on governments in the European Monetary Union, we could lower the ratings on Fingrid by one notch, if at all, in line with our guidance for a potential sovereign downgrade.

In addition, as part of the review, we will also consider possible unforeseen consequences of any deterioration of country risk factors on Fingrid's SACP or its link to and role for the government.

We aim to resolve the CreditWatch on Fingrid upon resolution of the CreditWatch on the Republic of Finland, which we expect to do within the coming three months. We could affirm the ratings on Fingrid if we affirm sovereign rating.

Related Criteria And Research

All articles listed below are available on RatingsDirect on the Global Credit Portal, unless otherwise stated.

- Rating Government-Related Entities: Methodology And Assumptions, Dec. 9, 2010
- Standard & Poor's Puts Ratings On Eurozone Sovereigns On CreditWatch With Negative Implications, Dec. 5, 2011
- Credit FAQ: Factors Behind Our Placement Of Eurozone Governments On CreditWatch, Dec. 5, 2011

Ratings List

CreditWatch/Outlook Action

	To	From
Fingrid Oyj		
Long-Term Corporate Credit Rating	AA-/Watch Neg	AA-/Stable
Short-Term Corporate Credit Rating	A-1+/Watch Neg	A-1+
Senior Unsecured	AA-/Watch Neg	AA-
Commercial Paper	A-1+/Watch Neg	A-1+

Ratings Affirmed

Fingrid Oyj	
Nordic National Scale Rating	K-1

Additional Contact:

Industrial Ratings Europe;CorporateFinanceEurope@standardandpoors.com

Complete ratings information is available to subscribers of RatingsDirect on

the Global Credit Portal at www.globalcreditportal.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) 783-4009.

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