

## **Fitch Assigns Fingrid ‘AA-’ Rating**

Fitch Ratings-London-23 October 2007: Fitch Ratings has today assigned Fingrid Oyj (Fingrid) a Senior Unsecured Debt Rating of ‘AA’, a Long-term Issuer Default Rating (IDR) of ‘AA-‘ (AA minus) with a Stable Outlook, and a Short-term IDR of ‘F1+’. The rating of senior unsecured debt is one notch above the IDR, in line with Fitch’s methodology for incorporating recovery in debt instruments for the utilities sector.

“The ratings reflect Fingrid’s low business risk profile, which derives from its monopoly position, high operating reliability and almost wholly regulated income. The ratings are based on the assumption that Fingrid will continue to have a domestic geographical focus and therefore benefit from the relatively flexible and supportive regulatory framework in Finland. Any expansion outside the home market or a worsening of operating performance might negatively affect the rating,” says Julian Crush, Senior Director in Fitch’s Corporates group.

The ratings also reflect the assumption that there will be a continuance of the consensus between Fingrid, its main shareholders and customers and, therefore, a continued focus on effective core operations with low tariffs. Fitch notes Fingrid’s high transmission reliability and the fact that its tariffs have historically been among the lowest in Europe. This gives some comfort that the balance between Fingrid, its shareholders/customers and the regulator is unlikely to be disturbed in the short term.

Fingrid benefits from strong liquidity, with on-balance-sheet cash and cash equivalents of about EUR200m and a EUR250m undrawn revolver at June 2007. Liquidity is also supported by Fingrid’s ability to increase tariffs within the current regulatory system. The rating factors in Fingrid’s maintenance of liquidity reserves to finance at least one year of capital expenditure and debt maturities at all times.

A rating upgrade is unlikely in the short term given Fingrid’s high leverage compared with international peers, and its planned acceleration of capital expenditure during 2007-2012, partially consuming available cash balances.

The Stable Outlook expects Fingrid’s share ownership structure to remain broadly static, and that there will be no material worsening of the regulatory environment. Any deviation from this expectation may result in downward pressure on the rating.

Fingrid is the monopoly electricity transmission system operator and owner of Finland’s high voltage electricity assets and interconnectors. The company also owns a 20% stake in Nord Pool Spot AS, the Nordic electricity exchange. FYE06 revenue totalled EUR351m. Fingrid is 12% owned by the Finnish state, 25% by Fortum Power and Heat Oy, 25% by Pohjolan Voima Oy and 38% by institutional investors.

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