

October 24, 2007

Research Update:

Fingrid Oyj Downgraded To 'A+' On Expected Lower Ratios; Outlook Stable

Primary Credit Analyst:

Karin Erlander, London (44) 20-7176-3584; karin_erlander@standardandpoors.com

Secondary Credit Analysts:

Peter Kernan, London (44) 20-7176-3618; peter_kernan@standardandpoors.com

Swami Venkataraman, CFA, San Francisco (1) 415-371-5071; swami_venkataraman@standardandpoors.com

Table Of Contents

Rationale

Outlook

Ratings List

Research Update:

Fingrid Oyj Downgraded To 'A+' On Expected Lower Ratios; Outlook Stable

Rationale

On Oct. 24, 2007, Standard & Poor's Ratings Services lowered its long-term and short-term corporate credit ratings on Finnish electricity transmission operator Fingrid Oyj (Fingrid) to 'A+' and 'A-1', respectively, from 'AA-' and 'A-1+'. The outlook is stable.

The rating action reflects our expectations that the company's financial ratios will be weak for an extended period during which capital expenditures are projected to rise. Funds from operations (FFO) to interest and FFO to debt are expected to fall well below the 4x and 11% levels previously indicated for an 'AA-' rated utility with Fingrid's strong business risk profile.

Fingrid's investment plans, which include enhancement of the transmission grid and strengthening of cross-border connections, will lead to annual capital expenditures of more than €100 million, and result in negative free operating cash flow. Fingrid has accumulated a cash pool for this purpose, and has additional financial flexibility within the regulatory framework. However, in light of higher capital expenditures, expected tariff increases (following two consecutive cuts), are unlikely to be sufficient to raise Fingrid's financial profile to levels commensurate with a 'AA-' rating.

The ratings on Fingrid continue to reflect the utility's excellent market position as the monopoly electrical transmission grid company and system operator in Finland, its strong track record of network efficiency, a favorable cost-plus regulatory regime, as well as Fingrid's clear strategic focus on electricity transmission in Finland and enhancement of the Nordic electricity market.

Liquidity

Fingrid's liquidity remains sound. At Sept. 30, 2007, the company had €221 million in cash and cash equivalents, compared with €217 million in short-term debt, and an undrawn €250 million revolving credit facility. Long-term debt, including derivative liabilities, totaled €768 million. Fingrid repaid €138 million in capital loans in May 2007.

Outlook

The stable outlook reflects Fingrid's stable monopoly position and its flexible regulatory regime, both of which are likely to remain unchanged over the near term. The ratings could be raised if Fingrid's financial risk profile strengthens, the company's credit ratios show a sustainable recovery trend, and free operating cash flow turns positive over the next few years. Although unlikely, the ratings could be lowered if Fingrid increases capital

expenditures further and invests in operations or assets in such a way that its business risk profile is negatively affected.

Ratings List

	To	From
Corporate credit rating	A+/Stable/A-1	AA-/Stable/A-1+
CP	A1	A1-+

Additional Contact:

Infrastructure Finance Ratings Europe; InfrastructureEurope@standardandpoors.com

Ratings information is available to subscribers of RatingsDirect, the real-time Web-based source for Standard & Poor's credit ratings, research, and risk analysis, at www.ratingsdirect.com. It can also be found on Standard & Poor's public Web site at www.standardandpoors.com; select your preferred country or region, then Ratings in the left navigation bar, followed by Credit Ratings Search. Alternatively, call one of the following Standard & Poor's numbers: Client Support Europe (44) 20-7176-7176; London Press Office Hotline (44) 20-7176-3605; Paris (33) 1-4420-6708; Frankfurt (49) 69-33-999-225; Stockholm (46) 8-440-5914; or Moscow (7) 495-783-4017. Members of the media may also contact the European Press Office via e-mail on: media_europe@standardandpoors.com.

Copyright © 2007, Standard & Poors, a division of The McGraw-Hill Companies, Inc. (S&P). S&P and/or its third party licensors have exclusive proprietary rights in the data or information provided herein. This data/information may only be used internally for business purposes and shall not be used for any unlawful or unauthorized purposes. Dissemination, distribution or reproduction of this data/information in any form is strictly prohibited except with the prior written permission of S&P. Because of the possibility of human or mechanical error by S&P, its affiliates or its third party licensors, S&P, its affiliates and its third party licensors do not guarantee the accuracy, adequacy, completeness or availability of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. S&P GIVES NO EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE. In no event shall S&P, its affiliates and its third party licensors be liable for any direct, indirect, special or consequential damages in connection with subscribers or others use of the data/information contained herein. Access to the data or information contained herein is subject to termination in the event any agreement with a third-party of information or software is terminated.

Analytic services provided by Standard & Poor's Ratings Services (Ratings Services) are the result of separate activities designed to preserve the independence and objectivity of ratings opinions. The credit ratings and observations contained herein are solely statements of opinion and not statements of fact or recommendations to purchase, hold, or sell any securities or make any other investment decisions. Accordingly, any user of the information contained herein should not rely on any credit rating or other opinion contained herein in making any investment decision. Ratings are based on information received by Ratings Services. Other divisions of Standard & Poor's may have information that is not available to Ratings Services. Standard & Poor's has established policies and procedures to maintain the confidentiality of non-public information received during the ratings process.

Ratings Services receives compensation for its ratings. Such compensation is normally paid either by the issuers of such securities or third parties participating in marketing the securities. While Standard & Poor's reserves the right to disseminate the rating, it receives no payment for doing so, except for subscriptions to its publications. Additional information about our ratings fees is available at www.standardandpoors.com/usratingsfees.

Any Passwords/user IDs issued by S&P to users are single user-dedicated and may ONLY be used by the individual to whom they have been assigned. No sharing of passwords/user IDs and no simultaneous access via the same password/user ID is permitted. To reprint, translate, or use the data or information other than as provided herein, contact Client Services, 55 Water Street, New York, NY 10041; (1)212.438.9823 or by e-mail to: research_request@standardandpoors.com.