

### 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

### Table Of Contents

---

Overview

Rating Action

Rationale

CreditWatch

Related Criteria And Research

Ratings List

## Research Update:

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

## 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](http://www.globalcreditportal.com). All ratings affected by this rating action can be found on Standard & Poor's public Web site at [www.standardandpoors.com](http://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.

Copyright © 2011 by Standard & Poors Financial Services LLC (S&P), a subsidiary of The McGraw-Hill Companies, Inc. All rights reserved.

No content (including ratings, credit-related analyses and data, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of S&P. The Content shall not be used for any unlawful or unauthorized purposes. S&P, its affiliates, and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Parties are not responsible for any errors or omissions, regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs) in connection with any use of the Content even if advised of the possibility of such damages.

Credit-related analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact or recommendations to purchase, hold, or sell any securities or to make any investment decisions. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P's opinions and analyses do not address the suitability of any security. S&P does not act as a fiduciary or an investment advisor. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain credit-related analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, [www.standardandpoors.com](http://www.standardandpoors.com) (free of charge), and [www.ratingsdirect.com](http://www.ratingsdirect.com) and [www.globalcreditportal.com](http://www.globalcreditportal.com) (subscription), and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at [www.standardandpoors.com/usratingsfees](http://www.standardandpoors.com/usratingsfees).