



Federal Grid Company of Unified Energy System (FGC) Investor Presentation



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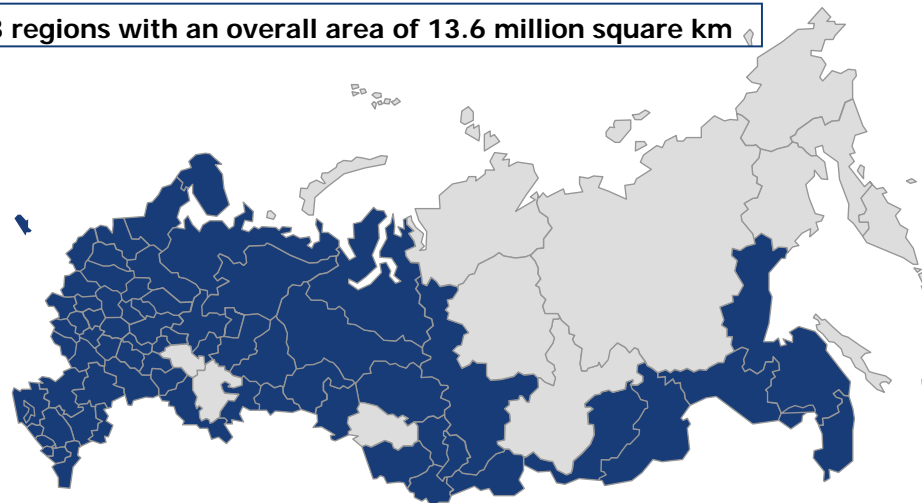
General Information

Key Facts

- ▶ FGC UES is a natural monopoly in the energy transmission sector, owning and managing the Unified National (all-Russian) Electric Grid (UNEG) – with voltages of 220 kW or higher
- ▶ FGC UES is one of the three largest transmission companies in the world (based on the length of transmission lines and transformer capacity)
- ▶ At present, the Company's revenues are generated by energy transmission payments and technological connections to grids
- ▶ Shareholder structure (as of June 30th, 2009):
Russian Federation – 77.66%; free float – 22.34%
- ▶ Chairman of the Company's Management Board: Oleg Budargin
- ▶ Ticker (MICEX): FEES
- ▶ Market capitalization (as of September 29th, 2009): RUR 414 bln
- ▶ P/BV (as of June 30th, 2009) %: 0.4

Regions covered by FGC UES

73 regions with an overall area of 13.6 million square km



Key financial indicators*	2008	1H 2009
Revenue, RUR mln	68,485	41,209
EBITDA, RUR mln	29,412	24,804
Loans and credits as of the end of the period, RUR mln	32,980	17,980
Market capitalization, RUR mln	141,882	310,295
Key performance indicators		
Overall length of lines, thousand km	118	118
Energy supply, KWh mln	472	219
Number of sub-stations	757	757
Installed transformer capacity, MVA	286,185	296,404

*Notes:

1) RAS reports

2) 2008 IFRS reports will be prepared on October 30th, 2009.

Strategic Goals

MISSION

To ensure the stable functioning, as well as the timely development, of the Unified National (all-Russian) Electric Grid (UNEG), to an adequate level based on domestic economic growth

Guaranteeing financial stability

- ▶ Transitioning to tariff regulation using the method of return on invested capital (RAB), beginning in 2010
- ▶ Realizing a cost optimization program
- ▶ Achieving profitability at the level of developed countries' grid companies
- ▶ Forming an optimal capital structure
- ▶ Increasing market capitalization and upgrading investor attractiveness

Ensuring the required reliability level for the UNEG

- ▶ Realizing a program to decrease electricity grid loss
- ▶ Decreasing the degree of physical wear to UNEG equipment
- ▶ Ensuring the optimal technical condition of equipment
- ▶ Ensuring a high level of industrial safety
- ▶ Using innovative solutions to implement production programs

Satisfying Russia's economic needs during UNEG development

- ▶ Providing for the technological connection of consumers to the UNEG
- ▶ Offering capacity to introduced power generation units
- ▶ Lifting grid restrictions
- ▶ Realizing national target programs (for example, the Sochi Olympics-2014 and APEC, etc.)
- ▶ Forming a reliable construction complex in the electrical grid property

Investment Highlights

FGC UES

Change in the tariff regulatory system

Financial stability and growth potential

Share liquidity

The Company is one of the most attractive investment opportunities in the Russian stock market

- ▶ The effective regulatory system is legally determined by Government Provision №459 (as of June 18th, 2008) and Order №231-e of the Russian Federal Tariff Service (as of June 26th, 2008)
- ▶ Beginning in 2010, a key decision was adopted to transition the Company to a return on invested capital (RAB regulation) regulatory system
- ▶ Tariff increase*: in 2010: 53%; in 2011 – 45%; in 2012 – 40%
- ▶ Borrowed funds represent 2.5% of the total balance
- ▶ Current minimal debt level – Net Debt/EBITDA 0.4
- ▶ 2009 – 2011 investment program foresees introducing more than 127 thousand units of UNEG, including: 7.3 thousand km of transmission lines and 34,889 MVA of substations
- ▶ Free float of not less than 15%
- ▶ EV/Implied RAB not greater than 0.5*
- ▶ Company shares are included in the MSCI Emerging Markets & Russia indices
- ▶ Planned 2010 listing of global depository receipts (GDRs) on a foreign stock exchange

*Based on the Company's in-house evaluation. Regulator's decision expected prior to December 1st, 2009

Changes in Tariff Regulation

Key Principles of RAB Regulation

- ▶ The transmission tariff includes the justified return on invested capital in accordance with international best practice based on RAB methodology
- ▶ The initial RAB is defined based on the replacement value of assets net of amortization and inefficiency
- ▶ Incentives to upgrade operational efficiency during the 5 year regulatory period
- ▶ On an annual basis, regulated revenue is adjusted based on the actual inflation rate, the actual volume of services, growth in non-controllable expenses, the actual investment level and results on reliability indicators and customer service quality

Quantitative Parameters of RAB Regulation*


- ▶ Beginning in 2010, the Russian Government approved FGC UES' transition to RAB regulation
- ▶ Regulatory period: 5 years. Transition period – 3 years (2010 - 2012)
- ▶ Initial invested capital base (iRAB) – RUR 894.6 bln
- ▶ Return on invested capital:
 - ▶ Current capital: 2010 (2.5%) – 2011 (4.5%) – 2012 (8%)
 - ▶ New capital – 12% after tax
- ▶ 2010 tariff increase – 52.5%
- ▶ Return period: 35 years
- ▶ Regulatory rate of decrease on controllable operating expenses: 1 - 2.5% annually

*Based on the Company's in-house evaluation. Regulator's decision expected prior to December 1st, 2009

Borrowing and Leverage

- ▶ FGC UES' 2009 leverage – 6%
- ▶ FGC UES plans to increase its net debt from RUR 18 bln in 2009 up to not more than RUR 180 bln in 2012 (a 25% increase in leverage)
- ▶ FGC UES aims to cut the cost of borrowed capital and during the last 4 years, the Company has already significantly improved its credit ratings
- ▶ FGC UES' Board of Directors has adopted a decision to place a bond issue in the amount of RUR 50 bln to finance the 2009 – 2010 investment program
- ▶ Realization of complex measures to decrease the cost of capital:
 - Introduction of new RAB regulation system
 - Improved credit ratings (currently BBB from S&P, Baa2 from Moody's)
 - Attribution of Corporate Governance Score
 - Increasing the Company's transparency
 - GDR listing on foreign stock exchange(s)

FGC UES' credit ratings

	2004	2005	2006	2007	September 2009
STANDARD & POOR'S	B	B+	B+	BB+	BBB
 Moody's Investors Service			Baa2	Baa2	Baa2

Note: data as of the end of the year
Source: Standard & Poors, Moody's

Credit portfolio

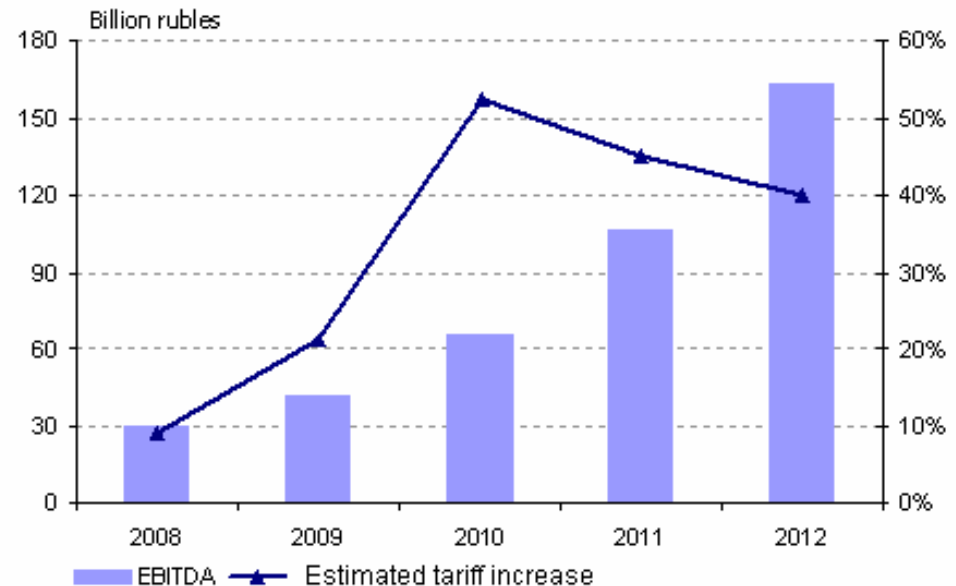
	Redemption date	Amount of debt, RUR mln
Series 02 bonds	22.06.2010	7,000
Series 04 bonds	05.10.2011	6,000
Series 05 bonds	01.12.2009	4,980

- ▶ Ruble-denominated debt
- ▶ FGC UES' bonds are included in the Russian Central Bank's Lombard List

EBITDA and Tariff Growth (Forecast)

- ▶ Beginning in 2010 – following the transition to a new regulatory system – tariff increases will be based on EBITDA growth
- ▶ EBITDA under RAB regulation is strictly defined by the rate of return and the RAB amortization period (asset base size depends on the Company's investment program)
- ▶ In 2010-2012 tariff growth will be smoothed out by a decreased rate of return for the Initial RAB

Projected Tariff and EBITDA Growth



- ▶ A key decision was adopted to increase the 2010 tariff by approximately 53%

Key Financials (RAS)

Financial indicator (VAT not included), RUR mln	1H 2008	1H 2009	Change, %
Revenue from sales	33,548	41,209	23%
Revenue from electricity transmission services*	32,473	39,798	23%
Revenue from other activities **	1,075	1,411	31%
Net income	2,516	8,682	245%

* Tariff for energy transmission (RUR/MW per month) **2008** – 48,170.26 ; **2009** – 58,159.01

** Revenues from technical connection, property rent, etc.

2009 – 2011 * financials' forecast

	RUR mln		
	2009	2010	2011
Revenue from electricity transmission	85,390	116,025	164,966
Cost of services	74,755	81,957	95,389
EBITDA	39,167	65,478	107,085
Net profit	6,874	19,112	42,155

* Forecast by the Company's management based on RAB parameters:

Size of invested capital (base) – RUR 894.6 bln.

Rate of return (after tax): on already invested capital - 2010 – 2.5 %; 2011 – 4.5 %; 2012 - 8%; on new capital – 12%

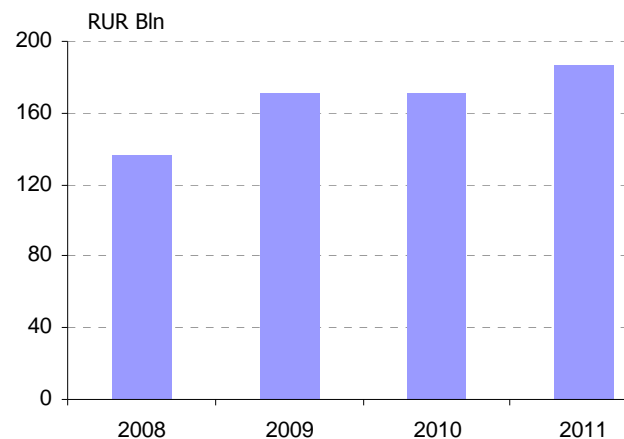
Actual tariff growth in 2010 – 52.5%

Payback period – 35 years

Investment Program Implementation

- ▶ FGC UES' total planned investment for 2009-2011 is RUR 527 bln
- ▶ RAB regulation will allow the investment program to be financed through:
 - Re-investing equity on payback conditions
 - Intensively using debt
- ▶ Additional financing sources – paying for technological connections to the grids

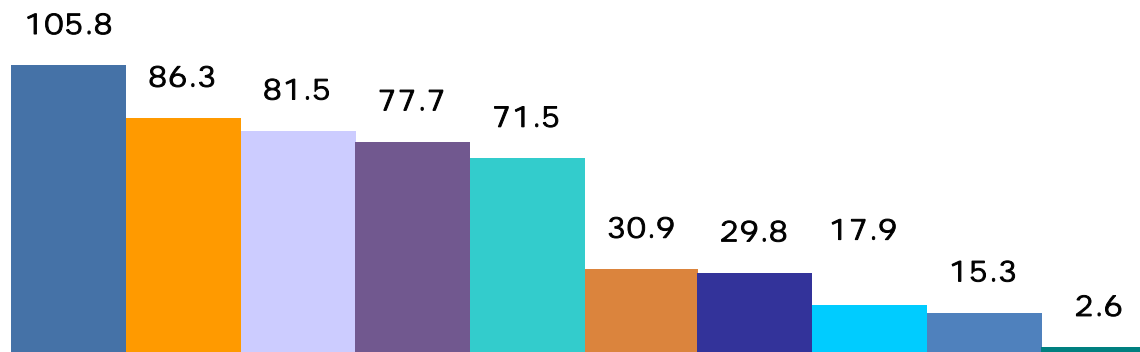
Investment program



Planned investment sources of FGC UES in 2009-2011 (inclusive of VAT), thousand RUR

	2009	2010	2011
FGC own funds	41,455,475	68,091,690	95,493,216
Funds from the federal budget including funds channelled for the federal purpose-oriented program for the Far East and Sochi	42,823,257	4,316,100	2,553,000
Funds received from sale of RAO UES assets	45,700,000	39,283,916	-
Pay for technical connection	20,422,036	19,775,600	16,018,300
Credits and loans	18,950,384	39,485,237	72,261,892
Total investment program	169,351,151	170,952,543	186,326,409

Investment Program Structure

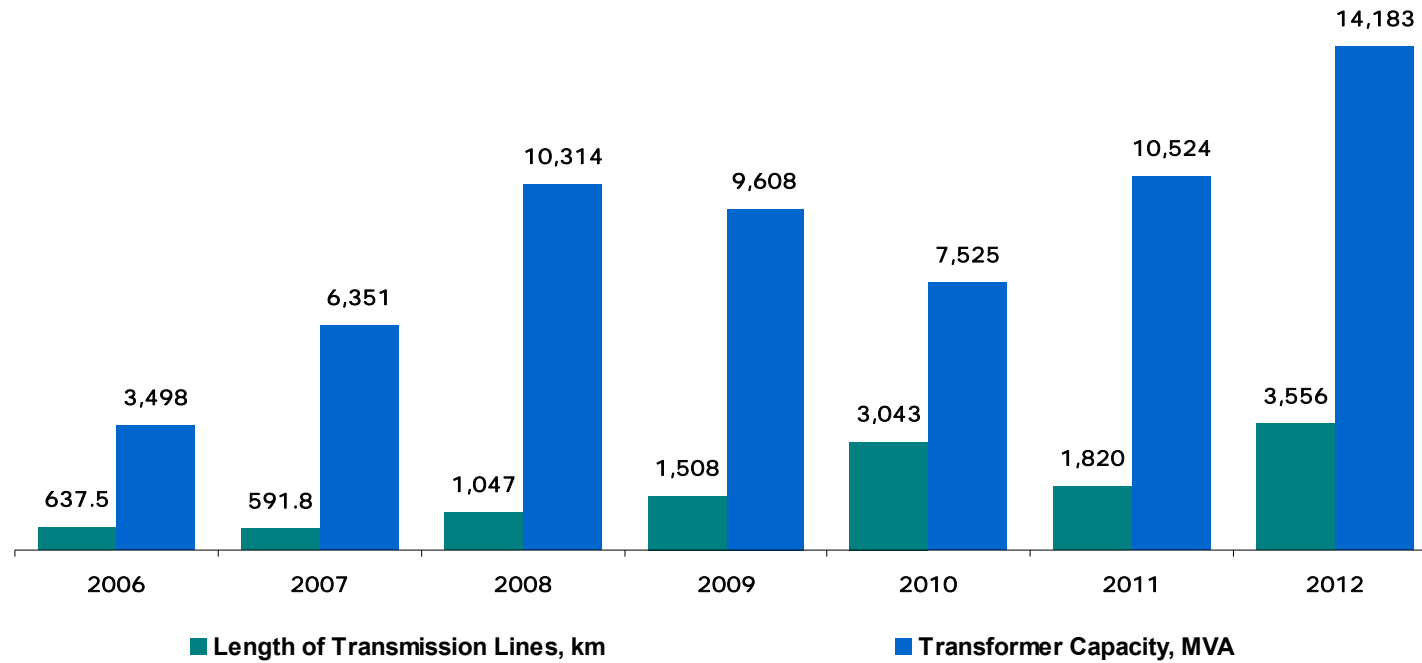


- Renewal of fixed assets
- Development of grids not participating in other Agreements
- Increasing reliability of power supply in Moscow, St. Petersburg and Tyumen
- Provisions on the capacity to NPPs, HPPs and TPPs
- Agreements with regional administrations (excluding Moscow, St. Petersburg and Tyumen)
- Federal target program - Development of Technological management, Information management and Additional Target Programs
- Federal target program for the Russian Far East
- Technological connection
- Federal target program (Sochi)
- Other



FGC UES plans to invest RUR 519,362.1 mln in 2010-2012

Investment Program: New Capacity Implementation



2008-2012 investment program implementation will increase FGC UES' facilities by 10%

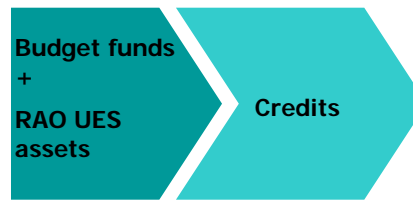
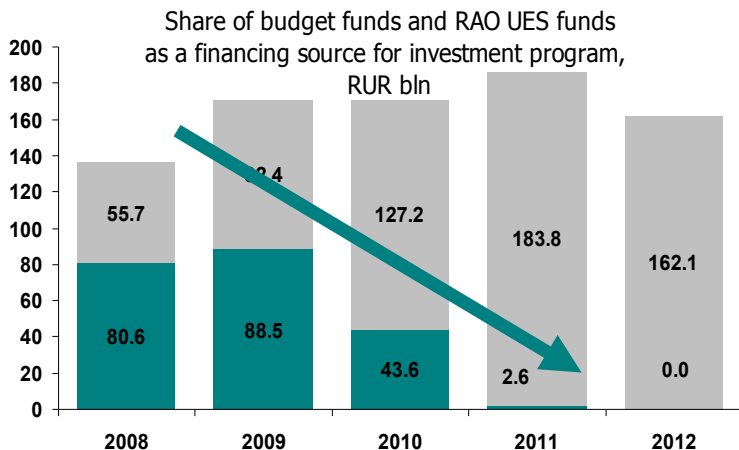
Changes in Investment Program Sources

During the transition to RAB, budget funds and RAO UES funds will be replaced with credits

Since 2009 to 2012:

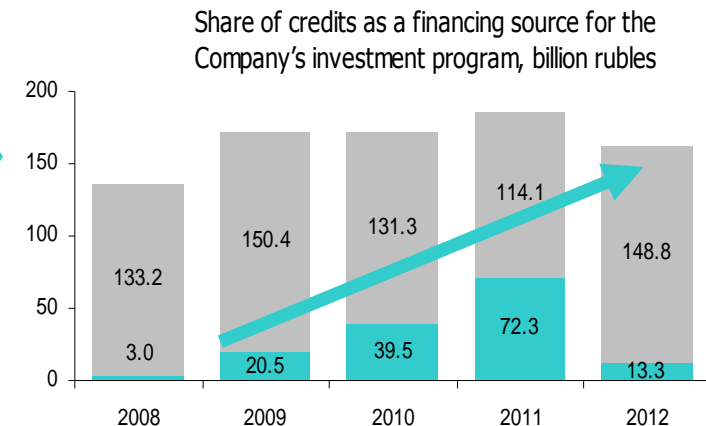
Budget + RAO UES funds* = RUR 134.6 bln

Credits = RUR 145.5 bln



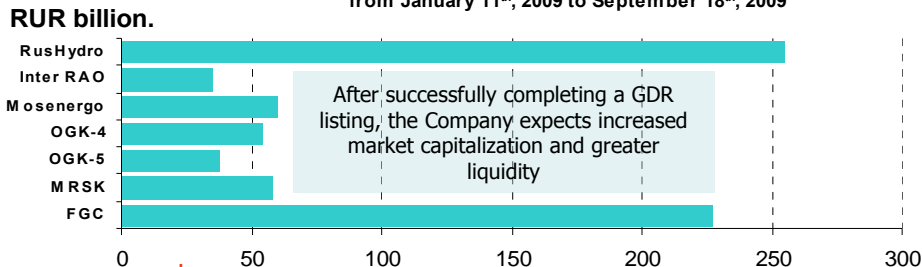
*) Total RAO UES funds from 2008 - 2010: RUR 145 bln

Federal budget funds from 2008 - 2010: RUR 70 bln

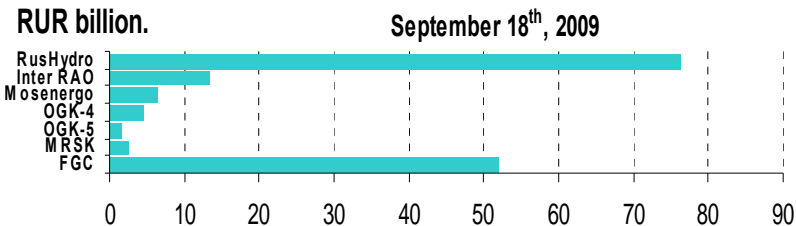


Share Liquidity

Market capitalization based on weighted average MICEX prices for the period from January 11th, 2009 to September 18th, 2009

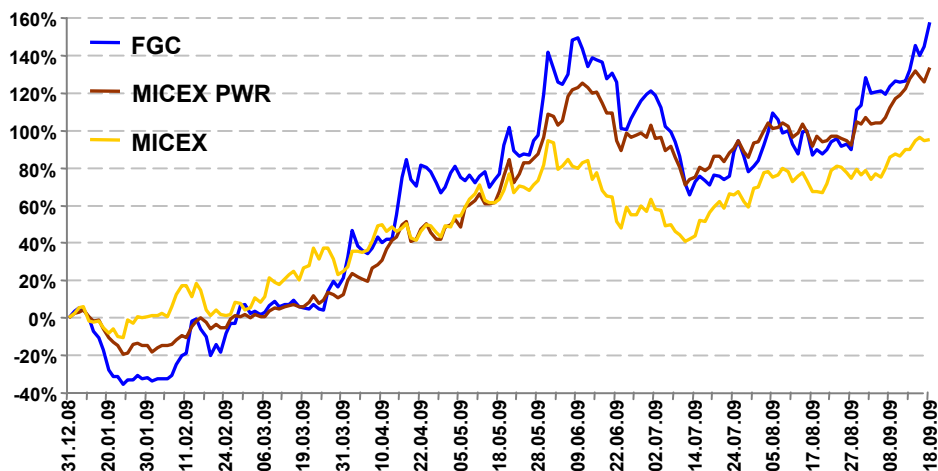


Trading volume for the period from January 11th, 2009 to September 18th, 2009

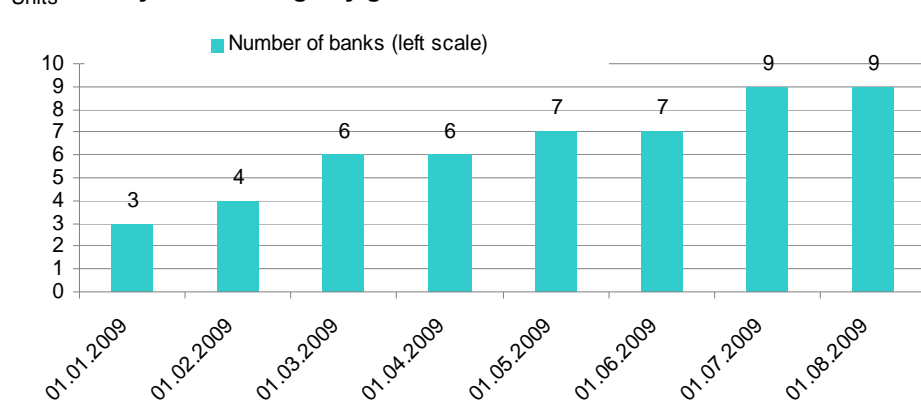


The Company has the largest market capitalization of any energy sector company, and including FGC UES shares in both the MSCI Emerging Market and MSCI indices helped make FGC UES' shares one of the most attractive security instruments on the Russian stock market

The Company plans to get a listing on one of the leading foreign stock exchanges



Units Analytical coverage by global investment banks**



According to data from the MICEX Stock Exchange

**As of August 20th, 2009, the following investment banks provide analytical coverage of the Company: VTB Capital, Alfa, Morgan Stanley, Citi, Troika, Uralsib, Credit Suisse, Merrill Lynch and Goldman Sachs.

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