



Federal Grid Company Announces Q1 2014 RAS Financial Results

Moscow, 25 April 2014 - Federal Grid Company of Unified Energy System ("Federal Grid Company" or "the Company") (Moscow Exchange, LSE: FEES), part of the Russian Grids Group of companies and operator of Russia's Unified National Energy Grid ("UNEG"), today announces its financial results for Q1 2014 under Russian Accounting Standards (RAS).

The Company's RAS accounts do not consolidate the results of Federal Grid Company subsidiaries or affiliated companies that operate as independent legal entities.

Key financial performance:

- Revenue of RUB 41,508 million
- Cost of sales and SG&A of RUB 34,836 million
- Adjusted EBITDA* of RUB 27,522 million
- Gross profit of RUB 9,504 million
- Net profit of RUB 1,210 million
- Adjusted net profit* RUB of 2,645 million

** excluding adjustments to provisions for the impairment of accounts receivable*

Federal Grid Company's revenue for Q1 2014 increased by 11% year-on-year to RUB 41,508 million. This was primarily due to higher revenue from electricity transmission on the UNEG (in connection with the indexation of tariffs by 9.4% from 1 July 2013) and from technical connection services (primarily due to the completion of technical connection services contracts for two large customers: OJSC Kaspiiskiy TK-R and OJSC Pervouralskiy Novotrubniy Zavod)

Federal Grid Company's total costs increased by 10% year-on-year due to higher non-controllable costs (depreciation and property tax), which was compensated for by a decline in controllable costs.

Administrative expenses for 1Q 2014 (excluding an increase in property tax due to the phased repeal of the property tax concession for electricity transmission lines that took effect from 1 January 2013, in accordance with Federal Law #202-FZ dated 29 November 2012, on changes to the second part of the Russian Federation tax code) declined by 8% year-on-year, primarily due to the Company's efforts to control administrative and management costs.

Operating costs excluding administrative expenses also declined by 3% year-on-year (excluding depreciation), despite an increase in the number of UNEG facilities being serviced in connection with implementation of the Company's investment programme throughout 2013.

Adjusted earnings before interest, taxation, depreciation and amortisation (EBITDA) increased by RUB 3,173 million, or 13%, year-on-year and amounted to RUB 27,522 million for Q1 2014, primarily as a result of the higher operating profit and Federal Grid Company's successful cost optimisation efforts.

Federal Grid Company's RAS net income for Q1 2014 was RUB 1,210 million. Adjusted net profit supported by cash flows (adjusted for provisions for the impairment of accounts receivable) amounted to RUB 2,645 million for Q1 2014.

Balance sheet as of 31 March 2014

Assets

Federal Grid Company's total assets were largely unchanged in the first quarter of 2014, declining by just RUB 431 million (0.04%) from 31 December 2013 to RUB 1,213,860 million as of 31 March 2014. Non-current assets amounted to RUB 1,087,744 million, and current assets amounted to RUB 126,116 million.

Liabilities

Federal Grid Company's capital increased by RUB 1,210 million (0.14%) during the period due to the capitalisation of the Company's Q1 2014 net profit.

The Company's total debt (excluding interest) at the end of Q1 2014 remained virtually unchanged from 31 December 2013, amounting to RUB 282,349 million.

Federal Grid Company's short term liabilities as of 31 March 2014 declined by RUB 5,722 million, or 6.4%, from 31 December 2013. This was primarily due to payments of accounts payable to suppliers and contractors

The Company's 1Q 2014 results are evidence of the positive results of effective measures being taken to manage, and even reduce, controllable costs. This enables Federal Grid Company to increase the efficiency of its operations and to continue development of Russia's UNEG.

Federal Grid Company's financial statements for Q1 2014 under RAS can be found on the Company's website: http://www.fsk-ees.ru/eng/investors/financial_disclosure/ras_financial_reports/

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About Federal Grid Company

Federal Grid Company is part of OJSC Russian Grids is the operator and manager of Russia's unified electricity transmission grid system. The company operates over 135.1 thousand km of transmission lines and has over 334 MVA of installed transformer capacity. Based on the length of transmission lines and transformer capacity in place, Federal Grid is the largest publicly traded electricity transmission company in the world.

Federal Grid's business is to provide electricity transmission and technological connection services. It maintains and develops the grid system and supervises grid facilities and infrastructure in 75 regions of Russia, covering a territory of 14.8 million square kilometres. Its customers are regional

distribution companies, electricity suppliers and large industrial enterprises. The Company is a natural monopoly with 80.13% stake controlled by Russian Grids.

Federal Grid Company was incorporated in June 2002 as part of reorganisation of Russia's electrical power industry.

Federal Grid Company's common shares are included on Moscow Exchange under the ticker FEES and the Company's GDRs are listed on the London Stock Exchange and traded under the same FEES symbol.

In 2013 the Company's IFRS consolidated revenue was RUB 157,970 million, while adjusted EBITDA was RUB 92,551 million, and adjusted profit for the period was RUB 23,405 million.

Further information can be found at www.federal-grid.com