

## Federal Grid Company publishes its RAS results for 9M of 2010

November 2, 2010, Moscow – Open Joint Stock Company Federal Grid Company of the Unified Energy System (Federal Grid Company; ticker symbol: FEES) prepared its financial statements for 9M of 2010 in accordance with Russian Accounting Standards (RAS).

In these accounting statements the financial results of subsidiaries and dependent companies of Federal Grid Company which operate as independent legal entities are not consolidated.

### **Profit and Loss Account for 9M of 2010**

**RUR bln.**

	30.09.2009	30.09.2010	Change, %
Income	61.9	83.5	34.9
Cost of sales (including general administrative expenses)	49.4	59.0	19.4
Operating income	12.5	24.5	96.0
Profit (loss) before tax	16.9	26.9	59.2
EBITDA*	36.6	51.9	41.8
Net profit (loss)	12.6	18.8	49.2

\* earnings before interest, taxes, depreciation and amortization

Federal Grid Company income for 9M of 2010 increased by RUR 21.6 bln. (34.9%) as compared to the similar period of the previous year and totaled RUR 83.5 bln. This change resulted mainly from transmission tariff increase as compared to the previous year level.

Cost of sales (including general administrative expenses) for 9M of 2010 increased by RUR 9.6 bln. (19.4%) as compared to the similar period of the previous year and totaled RUR 59.0 bln. due to commissioning of new capacities, growth of the standard conventional units of equipment and increase in depreciation expenses in the result of revaluation of the Company's fixed assets.

Earnings before interest, taxes, depreciation and amortization (EBITDA) for 9M of 2010 increased by 41.8% as compared to the similar period of the previous year and totaled RUR 51.9 bln. Principal drivers behind EBITDA increase are the increase of profit before tax and growth of depreciation expenses due to commissioning of new capacities in the result of realization of the Company's Investment program.

Based on the results of financial and economic activity during 9M of 2010 Federal Grid Company received net profit of RUR 18.8 bln. which is RUR 6.2 bln (49.2%) higher than the same index for 9 months of 2009. Net profit increase resulted mainly from growth of income from power transmission via the UNEG.

### **Balance Sheet as of 30 June 2010**

**RUR bln**

	01.01.2010	30.09.2010	Change, %
Assets	746.3	805.7	8.0
Non-current assets, including:	523.7	580.0	10.8
Fixed assets	237.4	234.3	(1.3)
Financial investments	67.0	77.2	15.2
Current assets, including:	222.6	225.6	1.3
Accounts receivable	137.7	155.5	12.9

Short-term financial investments	69.1	31.5	(54.4)
Equity and liabilities	746.3	805.7	8.0
Equity and reserves	665.3	724.2	8.9
Shareholders' equity	576.8	616.8	6.9
Non-current liabilities (borrowings and loans)	6.0	36.0	500.0
Current liabilities	73.6	42.9	(41.7)

### **Assets**

Total assets of Federal Grid Company during 9M of 2010 increased by 59.4 bln. and as of the end of the reporting period amounted to RUR 805.7 bln. including non-current assets of RUR 580.0 bln. and current assets of RUR 225.6 bln.

Non-current assets increase for 9M of 2010 in the amount of RUR 56.3 bln. (10.8%) resulted mainly from increase in:

- construction in progress by RUR 49.5 bln. due to realization of the Company Investment program;
- long-term financial investments by RUR 10.2 bln. mainly due to conversion of non-interest bearing obligations into interest bearing notes and reclassification of long-term accounts receivable into long-term financial investments.

Increase in the Federal Grid Company current assets during 9M of 2010 in the amount of RUR 3.0 bln. can be attributed to the following factors:

- increase in inventory by RUR 2.2 bln. Including materials and supplies by RUR 1.8 bln. due to growth of materials purchased for non-contracted repair works;
- decrease in long-term accounts receivable by RUR 13.7 bln., including RUR 12.1 bln. due to conversion of non-interest bearing obligations into interest bearing notes and reclassification of long-term accounts receivable into long-term financial investments, and also due to payment of JSC Mobile GTPP promissory notes;
- increase in short-term accounts receivable by RUR 31.6 bln. due to increase in advance payments under investment program realization by RUR 7.4 bln. and also due to early payment under the contract on purchase of JSC Bank VTB promissory notes for RUR 19.0 bln.;
- decrease in short-term financial investments by RUR 37.6 bln. (54,4%) resulted from reducing value of Federal Grid Company deposit accounts by RUR 11.6 bln. and payment of promissory notes of JSC Bank VTB and JSC Alfa-Bnk in the amount of RUR 26.0 bln.;
- increase in value of Federal Grid Company settlement accounts by RUR 20.5 bln. resulted from receipt of funds under additional issue of shares in the amount of RUR 11.2 bln.

### **Equity and Liabilities**

For the reporting period Federal Grid Company equity and reserves increased by RUR 58.9 bln. (8.9%). The increase resulted from growth in the Charter capital of the Company due to registration of issue of shares in the amount of RUR 40.0 bln. and net profit of RUR 18.8 bln. earned during 9M of 2010.

As of 30.09.2010 the non-current liabilities (borrowings and loans) of Federal Grid Company increased by RUR 30.0 bln. This increase resulted from placement of the Company shares of series 06, 08, and 10.

As of 30.09.2010 the Company's current liabilities decreased by RUR 30.7 bln. (58.7%) due to write-off of payables under funds received from shareholders under additional issue of shares in Other Accounts Payable in the amount of RUR 40.0 bln., recognition of payables under additional issue of shares in the amount of RUR 11.2 bln., and also repayment of the bond issue.

*Commenting on financial results for 9M of 2010 the First Deputy Chairman of the Company Management Board noted:*

*“Net profit of RUR 18.8 bln. is the main result for 9M of 2010; EBITDA increased by 41.8% as compared to the similar period of the previous year. For the reporting period of 2010 Federal Grid Company had successfully placed its bonds for the amount of RUR 30 bln. This placement became the largest public offering in the history of the RUR corporate bonds market. In general the Company sustains high liquidity level and low financial leverage. The Company views the results of its financial and economic activity for the reporting period under new tariff regulation system as positive and maintains high level of liquidity and financial stability”; meanwhile the Company is financed with its own capital for 89.9%. Federal Grid Company is a natural monopoly, and its development and results define development of the industry. In part of the Unified National Electric Grid development the Company has priority goals of enhancing reliability of the system operation, its upgrading, strengthening internal constrains, providing for power output of new generation sources, connecting power plants under construction and new customers.*

*Given the transfer of the Russian economy to innovative development, the Company strategic goal is to enhance reliability, quality and efficiency of power supply to its customers through modernization of the UES of Russia electric grids based on innovative technologies transforming them into intelligent core of engineering infrastructure.*

RAS financial statements for 9M of 2010 are available at the Federal Grid Company web-site in Financial Performance/ RAS Financial Reports section at [http://www.fsk-ees.ru/investors\\_finance\\_ffrs.html](http://www.fsk-ees.ru/investors_finance_ffrs.html)

### **Federal Grid Company Profile**

Open Joint Stock Company Federal Grid Company of the Unified Energy System (Federal Grid Company, ticker symbol: FEES) was created in accordance with the Program of Russian power sector reform, as the monopoly operator of the Unified National (All-Russian) Electric Grid (UNEG) – with the aim of its maintenance and development. The Company was established on June 25th, 2002.

The Company has grid facilities in 73 regions of the Russian Federation, spanning the area of 13.6 million square km. The Company ensures functioning of 118 thousand km of power transmission lines and 761 substations with total transformer capacity of more than 298 thousand MVA under 35-750 kV voltage.

The Company's charter capital amounts RUR 616,780,666,776 and is divided into 1,233,561,333,552 ordinary shares with a par value of RUR 0.50 each. The Russian State is the Company's largest shareholder and holds 79.11% of shares. 20.89 % of the Company's outstanding shares are free-float.

According to RAS statements, for 9M of 2010, the Company's total income equaled RUR 83.5 bln., net profit amounted RUR 18.8 bln.

The Company's ordinary shares are traded on the B quotation list on RTS under the ticker symbol: FEES on the classical market and under the ticker symbol: FEESG on the stock exchange market, and also under the ticker symbol: FEES on the MICEX Stock Exchange.

The Company's web site is: [www.fsk-ees.ru](http://www.fsk-ees.ru)

### **Investor Relations**

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