

JSC FGC UES issued 2008 RAR accounting reports

April 15, 2009, Moscow – Open joint stock company Federal Grid Company of the Unified energy system (JSC FGC UES: FEES) prepared 2008 accounting reports in accordance with the Russian accounting regulations (RAR).

These accounting reports do not include financial results of subsidiary and affiliated companies of JSC FGC UES that carry out their activity as independent legal entities. Financial results of subsidiary and affiliated companies will be included in 2008 IFRS consolidated financial statements.

Profit and loss account for 2008

FGC UES 2008 sales increased by RUR 7.1 billion (12%) and amounted to RUR 68.5 billion resulting from power transmission tariff increase by 9%, including average monthly tariff amounted to 48,170 RUR/MW in 2008 as compared to 44,072 RUR/MW in 2007.

2008 cost structure did not change significantly as compared to 2007; cost increase in 2008 by 13% up to RUR 58.9 billion as compared to 2007 resulted mainly from increase of cost of power transmission services within the UNEG by RUR 6.947 billion that is comparable to increase of income from power transmission services within the UNEG.

Net profit growth by 94% up to RUR 4.5 billion was due to increase of income resulted from JSC RAO UES of Russia restructuring; including in respect of sale of assets – JSC RKS shares, discount income under promissory notes of JSC Bank VTB and interest on deposits of JSC RAO UES of Russia.

2008 accounting balance sheet

During 2008 total assets of JSC FGC UES increased by RUR 423 billion as of the end of 2008 amounted to RUR 723.9 billion. Out of total assets, fixed assets amounted to RUR 511.6 billion that meant increase by RUR 271.6 billion (13%), and current assets amounted to RUR 212.3 billion that exceeded their level as of the beginning of the year by RUR 151.6 billion (149%).

Increase in assets mainly resulted from assets merged in during JSC RAO UES of Russian restructuring as well as from financial investments transferred to JSC FGC UES as a successor of JSC RAO UES of Russia.

Increase of the authorized capital of JSC FGC UES by RUR 396 billion (219%) up to RUR 576.8 billion resulted from placement of two additional issues of shares:

- Issue for the amount of RUR 57.4 billion placed in favor of JSC RAO UES of Russia and the Russian Federation;
- Issue for the amount of RUR 338.6 billion placed through conversion of shares of JSC State Holding merged in upon JSC RAO UES of Russian restructuring into shares of JSC FGC UES.

Additional capital increase by RUR 31.5 billion (149%) from RUR 21 billion up to 52.6 billion resulted from share premium; additional capital of the merged in companies and revaluation.

Long-term liabilities were reduced by RUR 4.4 billion (19%) from RUR 23 billion in 2007 down to RUR 18.6 billion in 2008 due to resolution on redemption of bonds.

Short-term liabilities were reduced by RUR 29.7 billion (43%) from RUR 68.8 billion in 2007 down to RUR 39 billion in 2008 mainly due to redemption of debts of affiliated companies including settlements under agency agreements with MSK merged into JSC FGC UES on 01.07.08.

In 2008 JSC FGC UES investment program was financed for the amount of RUR 136 billion that exceeded the level of 2008 financing by 61.2 billion (82%). In 2008 source of financing of the investment program were as follows: equity capital (83%), the federal budget (15%); and borrowings (2%).

JSC FGC UES Profile

The open joint-stock company Federal Grid Company of Unified Energy System (JSC FGC UES) is incorporated in accordance with the restructuring program designed for the Russian Federation power industry as organization performing the Unified national (All-Russia) electric grid (UNEG) management with intent of its maintenance and development. State registration of JSC FGC UES took place on June 25, 2002.

JSC FGC UES grid facilities are placed in 73 regions of the Russian Federation, which have total land of 13.6 million sq. km and population of about 140 million people. The Company provides for operation of 120 thousand km of transmission lines and 796 substations of total transformation capacity of more than 310 thousand MVA with voltage in the range of 110-1150 kV.

In accordance with the effective edition of the Charter, the Charter capital of JSC FGC UES equals RUR 238 173 731 077.50 that is split into 476 347 462 155 of ordinary registered uncertified shares with nominal value of RUR 0.50 each. The State is the major shareholder owning 77.7% of the Company. 22.3% of the placed shares of the Company are circulated publicly.

On October 30, 2008 it was decided to increase the Charter capital of JSC FGC UES through placement of additional ordinary shares in the amount of 146,500,000,000 (one hundred forty billion five hundred million) shares with nominal value of RUR 0.50 each for the total amount of RUR 73,250,000,000 (seventy three billion two hundred fifty million). Placement of shares of the additional issue was started in January 2009. End date of the share placement – 27 July 2009. Shares are placed through public offering.

Gross revenues of the Company under 2008 RAR statements amounted to RUR 68.5 billion, net profit amounted to RUR 4.5 billion.

Ordinary shares of JSC FGC UES are traded in quotation lists “B” on RTS, and are encoded as FEES on the classical market, as FEESG on stock market; and as FEES on MICEX stock exchange.

JSC FGC UES Web-site www.fsk-ees.ru

IR contacts

Head of IR Department
Alexander Dyuzhinov

Tel: + 7 (495) 710-93-33 (ext. 24-36)
Mobile: + 7 (926) 961-85-06
Mobile: +7 (906) 077-38-90
E-mail: ir@fsk-ees.ru