

Federal Grid Company Announces 1H 2012 RAS Financial Results

Moscow, August 1, 2012 – Federal Grid Company of Unified Energy System (“Federal Grid Company” or “the Company”) (MICEX-RTS, LSE: FEES) today announces its financial results for H1 2012 to Russian Accounting Standards (RAS).

Key financials:

- Revenue of RUB 66,356 million
- EBITDA of RUB 42,080 million
- Gross profit of RUB 15,862 million
- Net profit (loss) of RUB (19) million
- Adjusted net profit supported by operating cash flows of RUB 11,443 million

Federal Grid Company's revenue for H1 2012 was RUB 66,356 million.

Operating costs including administrative expenses for H1 2012 increased by RUB 12,135 million, or 29% year-on-year (y-o-y), to RUB 54,646 million due to higher depreciation charges from commissioning of new facilities under the Company's investment programme.

Earnings before interest, taxation, depreciation and amortisation (EBITDA) were RUB 42,080 million.

Federal Grid Company's other income in H1 2012 fell by RUB 44,954 million, or 34% y-o-y, to RUB 88,703 million. The Company's other costs in H1 2012 fell by RUB 43,202 million, or 31% y-o-y, to RUB 97,749 million. These changes were due to the inclusion in the Company's H1 2011 accounts of the exchange of shares in generating companies for shares in INTER RAO UES.

Federal Grid's net loss for H1 2012 was RUB 19 million. This was due to reduced sales revenue as a result of higher depreciation charges on newly commissioned facilities under the Company's investment programme and provisions for doubtful debts and non-cash operations as a result of the transaction with INTER RAO UES.

Adjusted net profit supported by operating cash flows of RUB 11,443 million

Balance sheet as of 30 June 2012

Assets

Federal Grid Company's total assets increased by RUB 25,486 million during H1 2012 and at the end of the period stood at RUB 1,062,979 million. These include non-current assets of RUB 957,300 million and current assets of RUB 105,679 million.

Non-current assets grew by RUB 37,799 million (+4%), driven principally by higher volumes of incomplete construction under the Company's investment programme.

Current assets declined by RUB 12,313 million (-10%), due to a reduction in receivables and short-term financial investments (repayment of promissory notes).

Liabilities

Federal Grid Company's capital increased by RUB 2,201 million (+0.3%) during the period due to an increase of RUB 2,219 million in the Company's charter capital as a result of registration with the Federal Financial Markets Service of an additional share issue in 2011 and a reduction in the uncovered loss of RUB 130 million.

The Company's long-term debt (loans and borrowings) as of 30 June 2012 increased by RUB 20,000 million to RUB 150,000 million, while short-term obligations grew by RUB 2,341 million, representing increases of 15% and 32%, respectively, since 31 December 2011. This was mainly due to raising of new long-term loans and bond placements to finance the Company's approved investment programme.

Commenting on the results for H1 2012, Federal Grid Company First Deputy Chairman of the Management Board Andrey Kazachenkov said:

Following the tariff revision in April 2011, which saw a change in the start of the tariff year from 1 January to 1 July, Federal Grid Company has successfully maintained a balanced financial policy, with sufficient capital to finance the Company's ongoing operating and investment activity.

In April 2012 the Company successfully placed a RUB 10 billion domestic bond with a coupon rate of 8.1%, increasing the Company's overall bonds in issue to RUB 115 billion.

In accordance with the Russian Government's decision in Q2 2012, procedures are underway for the powers of the sole executive body of Holding MRSK to be transferred to the Federal Grid Company. This agreement was signed 11 July 2012.

These measures will increase the reliability and economic efficiency of the Russian electricity sector as a whole, make more transparent the processes of tariff formation and of connecting customers to the network, and will increase the investment attractiveness of both companies.

Federal Grid Company's financial statements for H1 2012 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 the operator and manager of Russia's unified electricity transmission grid system, including high voltage transmission lines, and holds the status of a natural monopoly.

The Company's assets include over 124,000 km of transmission lines and 854 substations with over 322 GVA of 35-750 volt transformer capacity. Based on the length of transmission lines and installed transformer capacity, Federal Grid is the largest publicly traded electricity transmission company in the world.

Federal Grid Company'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 73 regions of Russia, covering a territory of 13.6 million square kilometres. Its customers are regional distribution companies, electricity suppliers and large industrial enterprises.

Since 1 January 2010, Federal Grid Company has operated under a 5-year regulatory asset base (RAB) model.

The Company was incorporated in June 2002 as part of reorganisation of Russia's electrical power industry. The largest shareholder, with a 79.55% stake, is the Russian Federation Government.

Federal Grid Company's ordinary shares are listed on the MICEX-RTS stock exchange under the ticker FEES and the Company's GDRs are traded on the London Stock Exchange under the same FEES symbol. The Company's shares are included in the MSCI Emerging Markets and MSCI Russia indices.

In 2011 the Company's IFRS revenue for 2011 was RUB 139,571 million (up 23% compared to 2010), adjusted EBITDA as RUB 83,760 million (a 24% increase from 2010), and adjusted net profit was RUB 38,241 million (up 37% on 2010).

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