



Fitch Gives Federal Grid Company Sovereign-Level BBB/Stable International Credit Rating

Moscow, 28 October 2013 - 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 electricity transmission grid system, announces that the international credit rating agency Fitch Ratings has assigned the Company Long-term foreign currency Issuer Default Ratings (IDRs) of BBB with a Stable outlook.

The Long-term foreign currency IDRs include a two-notch uplift to reflect moderately strong links with its majority indirect shareholder, Russian Federation (BBB/Stable) through OJSC Russian Grids.

Federal Grid Company's standalone rating (BB+) takes into account the Company's monopoly position as the owner and operator of the national electricity transmission grid in the country, as well as an acceptable level of accounts receivable days, which is comparable to that of companies like Gazprom and Atomenergoprom. Fitch also viewed the Company's liquidity position and debt structure as manageable.

In addition, despite the Company's ambitious investment plans and its growing debt load, Fitch notes that Federal Grid Company's current financial indicators are stronger than those of many EU transmission system operators. However, Fitch views them as commensurate with Federal Grid Company's ratings due to the higher regulatory and business risks faced by the Company.

In its press release, Fitch identified the uncertainty inherent in the regulatory framework as one of the primary rating constraints for Federal Grid Company. Fitch believes that the frequent government interventions in the regulatory regime increase the Company's financial and business risks.

Factors that could lead to a positive rating action included: a significant improvement in Federal Grid Company's credit metrics and more predictable regulation. Factors that could have a negative impact on the rating included: a weakening relationship between Federal Grid Company and the Russian Federation, as well as a prolonged tariff freeze without an adjustment to the investment programme, which could lead to further growth in the Company's debt levels on a sustained basis and have a negative effect on Federal Grid Company's stand-alone credit profile.

Commenting on Fitch's decision, Acting Chairman of the Federal Grid Company's Management Board Andrey Murov said: "Receiving the high credit rating from one of the leading rating agencies Fitch is important for Federal Grid Company as it shows that balanced financial and economic policy that takes into account the government's support is the right way for the Company."

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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 131,000 km of transmission lines and has over 334.8 GVA 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 80,6% 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 2012 the Company's IFRS consolidated revenue was RUB 140,313 million, while adjusted EBITDA was RUB 82,133 million, and adjusted profit for the period was RUB 29,956 million.

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

Further information about Russian Grids can be found at <http://www.rugrids.ru/eng>.