

Federal Grid Company Announces 9M 2013 RAS Financial Results

Moscow, 30 October 2013 - Federal Grid Company of Unified Energy System ("Federal Grid Company" or "the Company") (Moscow Exchange, LSE: FEES) announces its financial results for the first nine months of 2013 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 114,673 million
- Adjusted EBITDA* of RUB 71,832 million
- Gross profit of RUB 24,975 million
- Adjusted net profit* of RUB 13,590 million

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

Federal Grid Company's revenue for 9 months 2013 increased year-on-year by 13.0%, amounting to RUB 114,673 million, driven by an increase in revenue from electricity transmission services on the Unified National Electric Grid (UNEG).

Operating costs including administrative expenses increased year-on-year by 16.7%, reaching RUB 98,410 million, driven by growth of RUB 7,948 million (17.8%) in depreciation charges related to new UNEG facilities commissioned under the Company's investment programme and by a revaluation of fixed assets as of 31 December 2012. Operating costs were also higher due to a 2.9-fold increase in property tax (up RUB 1,809 million) in connection with 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.

Adjusted earnings before interest, taxation, depreciation and amortisation (EBITDA) increased by RUB 8,154 million (12.1%) year-on-year to RUB 71,832 million, driven primarily by an increase in the Company's operating profit (excluding depreciation costs).

Federal Grid Company's RAS accounts for 9M 2013 recorded a loss of RUB 3,802 million, which was primarily due to marking to market the value of LLC Index Energetiki – FSK UES promissory notes following a decline in the price of OJSC INTER RAO UES shares on Index Energetiki's balance sheet, as well as the creation of provisions on accounts receivable related to a seasonal increase in counterparty indebtedness.

The Company's adjusted net profit supported by operating cash flows (excluding net impairments on accounts receivable) for 9M 2013 was RUB 13,590 million.

Balance sheet as of 30 September 2013

Assets

Federal Grid Company's total assets increased by RUB 31,671 million (2.8%) during 9M 2013, and at the end of the period stood at RUB 1,154,666 million. This included non-current assets of RUB 1,042,840 million, and current assets of RUB 111,826 million.

Non-current assets grew by RUB 31,173 million (3.1%), driven primarily by an increase in construction works in progress of RUB 37,812 million (12.8%), in line with the Company's active implementation of its investment programme, while advances on non-current assets decreased by RUB 7,720 million (down 12%).

Federal Grid Company's current assets increased by RUB 497 million (0.5%) during 9M 2013 due to growth of RUB 14,290 million (60.3%) in short term investments, and a RUB 1,097.8 million (16.5%) rise in reserves, which was balanced by a RUB 12,187 million decline (down 20.1%) in accounts receivable.

Federal Grid Company's capital decreased by RUB 424 million (minus 0.05%) during the period due to the effect of the 9M 2013 loss of RUB 3,801 million, balanced by an increase in registered share capital of RUB 3,377 million following the FFMS registration of a 2012 additional share issue.

The Company's loans and borrowings (excluding accrued interest) increased by RUB 25,850 million in 9M 2013 and amounted to RUB 238,349 million as of 30 September 2013. During the nine month period, Federal Grid Company repaid a loan in the amount of RUB 25,000 million, and placed infrastructure bonds in the amount of RUB 56,000 million in order to finance its investment program.

Federal Grid Company's financial statements for 9M 2013 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. 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 kilometers. 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 reorganization 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