

Federal Grid Company Starts the Placement of New Shares.

Moscow, 27 September 2011 - Open Joint Stock Company Federal Grid Company of Unified Energy System ("Federal Grid Company" or the "Company", ticker symbol: MICEX, RTS, LSE: FEES) announces the beginning of the placement of additional ordinary registered non-documentary shares. The funds received due to the placement of the issue will be used to finance the Company's investment program.

The decision to increase the Company's capital via the placement of additional ordinary registered shares was approved at the Company's Board of Directors meeting on July 29th, 2011.

The total number of additional ordinary registered shares of JSC FGC UES is 10,321,601,853 shares with a nominal value of 50 kopecks per share, totaling RUR 5,160,800,926.5. Payment terms – cash funds. On September 8th, the Federal Service for Financial Markets of the Russian Federation approved the decision to issue additional securities (ordinary shares) and the associated prospectus of securities of JSC FGC UES. February 3rd, 2012 is defined as the placing expiry date.

The placement price (including for the persons having preemptive rights to acquire additional shares) is 50 kopecks per share. The placement price is equal to the nominal value of shares according to the current legislation of the Russian Federation. Placement method – open subscription.

All Company shareholders have the preemptive right to acquire additional shares in proportion to the quantity of ordinary registered shares owned by them. The list of the specified persons is made on the basis of registered shareholders as of July, 29th, 2011 (being the date the Company's Board of Directors approved the placing of additional shares).

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About Federal Grid Company

JSC "FGC UES" ("Federal Grid" or the "Company") is the operator and manager of Russia's unified electricity transmission grid system. With over 121,000 km of transmission lines and over 305 GVA of installed transformer capacity, it is the largest publicly traded electricity transmission company in the world.

Federal Grid's business is to provide transmission and connection services to the Russian wholesale electricity market. It maintains and develops the grid system and supervises grid facilities and infrastructure in 73 regions of Russia, in which it operates. Its customers are regional distribution companies, retail electricity supply and large industrial enterprises. The Company operates in an exclusive, competition free environment, and is regulated by the Government of the Russian Federation.

The Company's revenue is mainly driven by the transmission tariff set by the Regulator, the FST. From 1 January 2010 a new RAB (Regulatory Asset Base) tariff framework, designed to stimulate investment and operating efficiency, was introduced. The RAB tariff will be reviewed every five years, with the initial five year period to expire at the end of 2014.

The Company was incorporated in June 2002 as part of reorganization of Russia's electrical power industry. The Russian government is the largest shareholder with a 79.48% stake.

Federal Grid's common shares are included on the RTS and MICEX stock exchanges under the ticker FEES. The Company's GDRs are listed on the London Stock Exchange and traded under the symbol FEES.