

# 2012 Share Performance

Global equity markets closed higher in 2012, with MSCI World, a developed market index, up 13.2% and MSCI EM, which looks at emerging economies, gaining 15.1%. The key upside market factor was that the world's largest Central Banks adopted an active policy, aimed at stimulating the global economy. In particular, the ECB and the People's Bank of China cut interest rates, the U.S. Federal Reserve launched a new quantitative easing program, the ECB announced the unlimited redemption of Euro-zone countries' government bonds, and the Central Banks of England and Japan expanded their asset re-purchase programs.

Resolving the Greek problem has also positively influenced market dynamics - the second tranche of aid to Greece and domestic government reforms removed the threat of Greece being removed from the Euro-zone, the consequences of which experts compared to the Lehman Brothers' collapse that triggered the previous global financial crisis.

The Russian market grew 5.2% on the basis of the MICEX index, which is far below the growth rate of the MSCI World and MSCI EM indices. The market faced pressure from weak oil prices which at year end rose 3.5%, as well as from the deterioration of Russian economic prospects.

Electricity sector equities were major under-performers; the 2012 MicexPWR industry index decreased 16.8%. The indicator's decline, which was large compared with the market, was due to continued regulatory pressure and uncertain prospects within the sector.

## Electricity sector, Federal Grid Company's shares



Federal Grid Company's share prices were subject to fluctuations during the year due to continued regulator uncertainty and the year ended with a substantial decline in the share price, 28.5%. In the beginning of the year, the Company's stock dynamics looked much better than the MICEXPWR index, as the Company showed a strong trend with financial indicators, as well as due to the fact that its share in final energy tariffs was minimal. Negative dynamics in April-May 2012 were the result of news flow on the establishment of the National Electrical Grid Company and the participation of Rosneftegaz in unifying grid assets, as well as the decision to place the Company in the list of strategic companies.

Further volatile dynamics for the Company's stock price could be attributed to reduced risks of grid company consolidation on the basis of Rosneftegaz and continued uncertainty surrounding the final scenario for the merger between Federal Grid Company and IDGC Holding till mid-November, when the Russian President signed an order to establish JSC Russian Grids, which resulted in a partial recovery of the Company's stock quotation. In late December, the discussion of delay in privatization process affected quotation of the Company's shares.

As of 28 December 2012, Federal Grid Company's share price on the Stock Exchange stood at RUR0.20104, which is 19% below analyst consensus, pointing to further upside potential for the Company's shares.

## Federal Grid Company Share Performance

		2012	2011	2010
Volume	units	619,919,120,000	476,111,513,800	307,017,566,700
	RUR	147,513,331,183	159,370,754,044	105,717,431,921
Number of deals	units	2,698,318	2,043,606	1,137,379

Source: JSC Moscow Stock Exchange (<http://rts.micex.ru/>)

## Key Parameters of Federal Grid Company Share Trading

		2012	2011	2010
Low	RUR	0.1513	0.21111	0.282
High	RUR	0.3768	0.481	0.389
Period end	RUR	0.20104	0.2811	0.369
Number of shares	million shares	1,260,387	1,255,948	1,233,561
Capitalization at year end	RUR, million	253,904.89	351,163.1	452,717.01

Source: JSC Moscow Stock Exchange (<http://rts.micex.ru/>)

Detailed information on trading in the Company's shares and depository receipts is available on its web site in Investors / Share Information / Performance Chart