

## Share Capital

As of 31 December 2012, the share capital of Federal Grid Company amounted to 630,193,329,370 rubles divided into 1,260,386,658,740 ordinary shares with a nominal value of 50 kopecks each.

As of 31 December 2012, the number of authorised shares amounted to 1,346,805,823,831 ordinary shares with a nominal value of 50 kopecks each and a total nominal value of 673,402,911,915.5 rubles. Authorised ordinary shares have the same rights as outstanding ordinary shares.

No preferred shares have been issued.

In November 2012, the Company's Board of Directors adopted a resolution to increase the Company's share capital by a placement of additional ordinary shares with the total value of 4,082,034,991.5 rubles via open subscription. On 11 March 2013, an additional ordinary share issue was completed with a price of 50 kopecks per share. During the additional share issue, 6,754,357,256 shares (82.7% of the total number of securities from the additional issue subject to placement) were placed. As a result of the placement, the Company received 3,250 million rubles in cash and other assets at the cost of 127 million rubles. The main participant in the additional share issue was the Russian Federation, which invested in the Company's share capital in the amount of 3,247 million rubles.

As of 31 December 2012, 79.55% of the Company's shares were owned by the Government of the Russian Federation, represented by the Federal Agency for State Property Management;

18.31% of shares were owned by legal entities; and 2.14% were owned by individuals.

### Market quotations for the Company's shares

In 2012, shares of the power industry sector performed significantly worse than the market as a whole, with the industry indicator MicexPWR decreasing by 16.8% during the reporting period. The negative dynamics with the indicator outpacing the market as a whole is related to continuing regulatory pressure and the uncertainty of development prospects for the power industry sector. The Company's shares were subject to fluctuation during the year due to continuing regulatory uncertainty and concluded the year with a significant decline in quoted prices – 28.5% for the year.

The price of Federal Grid Company's shares on the stock exchange as of 28 December 2012 amounted to 0.20104 rubles, which is 19% lower than the consensus analyst forecast, which indicates the growth potential for the Company's shares.

Detailed information on the Company's shares is available at the official website in the section [Investors / Share Information](#).

### Depository receipts program

On 30 June 2008, Federal Grid Company launched a Depository Receipts Program (GDR), not subject to listing procedures (Regulation S and Rule 144A). In 2011, the Company performed a technical listing of depository receipts on the primary exchange of the London Stock Exchange, where trading of Federal Grid Company's GDRs was launched on 28 March 2011.

As of 31 December 2012, the volume of the depository receipts program amounted to 1.4 million receipts, or 0.058% of the Company's charter capital. The maximum number of GDR's which the Company can issue stands at 2,511,896,256.

Detailed information on trading of the Company's depository receipts is available at the official website in the section [Investors / Share Information / GDR Program](#).

Current information on the GDR program can also be accessed at the official website of the London Stock Exchange at [www.londonstockexchange.com](http://www.londonstockexchange.com), under Federal Grid Company ticker symbol – FEES.

### Dividend policy

In accordance with Russian legislation and the Charter of Federal Grid Company, the source for dividend payments is the Company's net profit, which is determined on the basis of the Company's annual statutory accounts.

According to 2012 published statutory financial statements of Federal Grid Company, the Company's net loss for the reporting year amounted to 24,502 million rubles. The main factors behind this loss were negative results from the revaluation of financial investments into stock with market quotations, accrual of allowance for doubtful debtors and impairment of promissory notes.

A resolution on the payment of dividends for 2012 will be adopted by the Company's Annual General Meeting of Shareholders in 2013. The shareholders have proposed to adopt a resolution not to pay dividends on the Company's ordinary shares for 2012.

Detailed information on dividends paid by the Company is available at the official website in the section [Investors / Dividends](#).

## Operating Activities

### Electric energy transmission services

The principal activity of Federal Grid Company is the transmission of electricity via the Russian Unified National Electric Grid (the "UNEG"). Payments for this type of services are the main financing source for the revenue side of the Company's budget.

According to Russian legislation, electric energy transmission services through the the UNEG are monopoly-type activities and are regulated by the Russian Government. The price for electric energy transmission services is determined via respective tariffs set by the Russian Federal Tariff Service, taking into account normative technological losses of energy during the UNEG transmission for the respective subject of the Russian Federation, as adopted by the Russian Ministry of Energy.

Since 2010, within the framework of measures to upgrade investor attractiveness for the power industry, tariffs for Federal Grid Company on services related to the transmission of electric energy via the the UNEG are set based on the method of return on invested capital (RAB regulation). The change in method ensured a significant increase in the tariff growth rate.

Over four years, the volume of electric energy transmission services provided by the Company increased more than 100%, reaching 136,558,888 thousand rubles in 2012, according to the Company's IFRS consolidated financial statements.

The number of our customers constantly increases. In 2012, the number of consumers for electric energy transmission services provided by the Company amounted to 207 organisations (having connections to the the UNEG).

Detailed information on electric energy transmission services, provided by the Company, is available at the official website in the section [Operations / Energy transmission](#).