

## **Federal Grid Company EGM approves transaction with INTER RAO UES**

29.03.2011

Moscow, 29 March 2011 – JSC "Federal Grid Company of Unified Energy System" ("Federal Grid" or the "Company", ticker symbol: FEES on MICEX, RTS and LSE) announces that on 23 March 2011 an Extraordinary General Meeting of Shareholders (EGM) was held in accordance with the decision of the Company's Board of Directors of 9 February 2011 to convene the EGM.

Shareholders approved the related party transaction and the terms thereof between Federal Grid and INTER RAO UES (the "Transaction") for the acquisition of additional issued ordinary shares of INTER RAO UES in exchange for stakes in various electricity generating companies.

Pursuant to the approval, the Company will acquire a maximum of 1,470 billion additional shares of INTER RAO UES. Federal Grid will acquire the additional shares in exchange for its stakes in the following companies: OGK-1, RusHydro, OGK-2, OGK-3, OGK-4, OGK-6, TGK-1, TGK-2, Mosenergo, Quadra, TGK-6, Volga TGK (TGK-7), TGK-9, Fortum (TGK-10), TGK-11, Kuzbassenergo (TGK-12), TGK-11 Holding, Bashkirenergo, Yenisei TGK (TGK-13), TGK-14, Sangtudinsky HPP-1 and GrusRosenergo.

The total value of the Transaction will be up to approximately RUB 78.65 billion (circa US\$ 2.77 billion).

In a separate transaction, LLC Index Energetiky – FGC UES, a wholly-owned subsidiary of Federal Grid, will acquire a maximum of 413.62 billion additional issued ordinary shares of INTER RAO UES in exchange for its stakes in various electricity generating companies for a total value of approximately RUB 22.13 billion (circa US\$ 0.78 billion).

As a result of both transactions, Federal Grid will own a stake of up to 20% minus one share and jointly with its affiliates, including LLC Index Energetiky – FGC UES, up to a total of 25% shares in INTER RAO UES.

The list and value of the shares in generation companies to be sold by the Federal Grid group were approved by the Board of Directors of Federal Grid based on evaluation carried out by a consortium of independent appraisers, namely Deloitte, Institute for Enterprise Issues and Nexia Pachioli Consulting. Credit Suisse provided the Board of Directors of Federal Grid with a financial fairness opinion on both transactions. **Xenon Capital Partners** was the financial adviser to Federal Grid in relation to the transactions.