



REVIEW OF STOCK MARKETS

Before the opening of trading there was negative news background on the Russian market. On Thursday, the U.S. President signed a decree giving the right to impose sanctions on the main sectors of the Russian economy, if, in his words, Russia continues to escalate the situation in Ukraine. In addition, he announced sanctions against a number of Russian officials, business representatives and Bank Rossiya. In turn, the EU expanded its sanctions list to those which the EU considers involved in the events in the Crimea, and decided to cancel the EU-Russia Summit in Sochi on June 3. At the same time the EU chairman said that the possible targeted sanctions in case of further actions of Russia in Ukraine will affect all economic spheres of cooperation. Taking into account the expansion of the threat of sanctions against Russia, S&P and Fitch, having reaffirmed Russia's rating at "BBB", lowered the Russian Federation rating outlook to "negative" from "stable". Against this background, the positive dynamics of the U.S. and Asia-Pacific markets paled into insignificance, which responded to the good statistics on applications for U.S. unemployment benefits and leading economic indicators – on Thursday the DJIA and S&P500 indices rose by 0.6-0.7%, on Friday MSCI Asia Pacific added around half a percent, excluding Japan, where exchanges were closed for the holiday.

The MICEX Index fall on morning lows exceeded 3.7%, RTS due to weakening of the ruble – 4.5%. Of the total market dynamics a 12% collapse in Novatek shares stood alone on news that its shareholder Mr. G. Timchenko had been included in the sanctions list of the U.S. Treasury. After some moderately positive start of trading in Europe, where the mood of investors was mainly determined by the growth of the U.S. market on Thursday, the MICEX Index was able to reduce the loss to 2%. In addition to European optimism our market was also supported by a statement of the Russian President that Russia would refrain from retaliatory sanctions against the United States. At the end of the day the rate of decline of the MICEX Index fell to a percent after the S&P500 index updated its historical maximum at the beginning of the trading session.

Dynamics of the MicexPWR Sector Index most of the day looked a little better than the market at the expense of more moderate sales in core index securities of the sector and shares of FGC, which had a foothold in positive territory in the second half of the day. Nevertheless, at the end of the trading session the loss of the MicexPWR Index exceeded the loss of the MICEX Index through increasing sales in stocks of RusHydro and collapse in shares of Russian Grids at the last minute of trading. On Western exchanges the European DJStoxx 600 Index gained 0.07%, and the American S&P 500 Index lost 0.29%.

ELECTRIC POWER INDUSTRY NEWS

The State Duma in the second reading approved price cut for connection to the electricity grid for small businesses

The State Duma plenary on Friday passed the second reading of a government bill to reduce the cost of connection to the electricity grid for small and medium businesses.

To read full text: <http://www.bigpowernews.ru/news/document55395.phtml?1&q=>

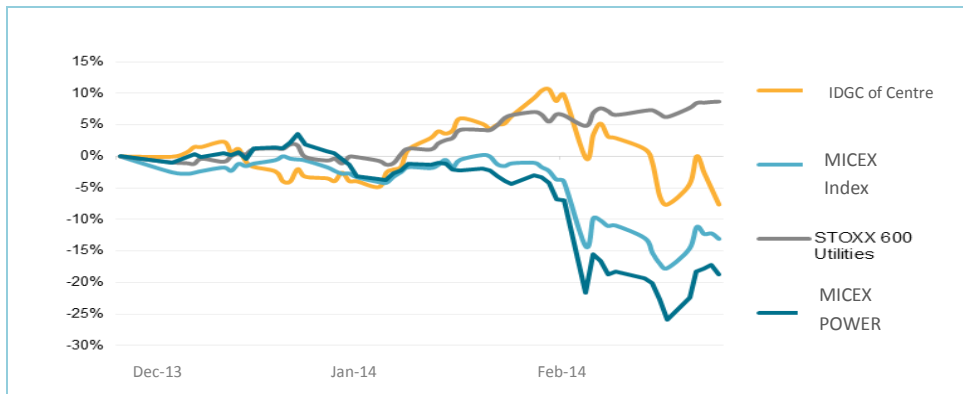
COMPANY NEWS

Bryansk Region Governor Nikolay Denin met with Bryanskenergo's Director Roman Stefanov

They discussed matters relating to the operation of Bryanskenergo through autumn-winter peak loads, consolidation of power grid assets, reliability, quality and long-term energy development in the region.

To read full text: http://www.mrsk-1.ru/ru/press/news/branches/?id_4=89197

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change for the day fr 31.12.13	
MICEX	1 307,34	-1,00%	-13,08%
S&P 500	1 866,52	-0,29%	0,98%
FTSE 100	6 557,17	0,23%	-2,84%
DAX	9 342,94	0,50%	-2,19%
DJStoxx 600	327,91	0,07%	-0,11%
STOXX Utilities	302,54	0,05%	8,70%
Nikkei	14 224,23	0,00%	-12,69%
Sensex	21 753,75	0,06%	2,75%
CSI300	2 158,80	3,44%	-7,35%
Bovespa	47 380,94	0,22%	-8,01%

Source: Bloomberg, Company calculations

Currency rates	Value	Change for the day fr 31.12.13	
Euro/USD	1,38	0,13%	0,04%
USD/RUB	36,11	-0,27%	10,32%
Euro/RUB	49,96	-0,90%	11,10%

Source: Bloomberg, Company calculations

Raw	Value	Change for the day fr 31.12.13	
Gold, USD/oz	1 334,69	0,52%	11,07%
Brent*, USD/bbl	106,92	0,44%	-2,73%

* - April futures
Source: Bloomberg, Company calculations

Shares of IDGC of Centre	Value
Last transaction, RUB	0,2019
Capitalisation**, billion RUB	8,52
Capitalisation**, million USD	236,06

Source: Central Bank of Russia, Company calculations

Russian indexes	Change for the day from 31.12.13	
MICEX-Power Index	-1,83%	-18,71%
Shares of IDGC of Centre**	-2,65%	-7,64%

Source: MICEX, Company calculations

Grid companies	Change** for the day fr 31.12.13	
JSC Russian Grids	-5,05%	-39,51%
FGC UES	3,38%	-29,35%
IDGC of Volga	-1,45%	-22,26%
MOESK	-2,16%	-30,55%
IDGC of Northern Caucasus	0,33%	-2,27%
IDGC of Centre and Volga Reg	0,65%	1,53%
IDGC of North-West	-0,28%	-12,25%
IDGC of Urals	2,33%	-31,00%
IDGC of Siberia	-5,00%	-46,10%
IDGC of South	-4,58%	-22,31%
Lenenergo	-1,70%	-5,13%

Source: MICEX, Company calculations
** - at the price of last transaction at MICEX

IDGC of Centre
127018, Russia, Moscow,
2nd Yamskaya, 4
+7 (495) 747 92 92
<http://mrsk-1.com/en/investors/>

IR Division
+7 (495) 747 92 92, ext. 33-34
ir@mrsk-1.ru

Tickers
Moscow Exchange
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