

REVIEW OF STOCK MARKETS

Before the opening of trading some moderately negative external background formed on the Russian market on 23 September. Last Friday, the U.S. S&P500 and DJIA indices finished lower by 0.7-1.2%. The sudden decision of the Fed to maintain the level of QE- 3 had only a short-term support to the markets and the speculation on the timing of the start and the pace of the exit strategy came out to the fore once again. As noted by the head of the Federal Reserve Bank of Kansas City, the only member of the FOMC, who voted against this decision, the indecision of the Fed is the source of confusion in the markets and may lead to loss of confidence in the Central Bank. In addition, the budgetary and debt problems of the United States are beginning to put pressure on markets – in the next few weeks the Congress needs to make decisions on the budget and debt ceiling. Asia-Pacific markets showed no single trend, and the U.S. index futures were slightly up: decreasing U.S. indices was offset with good statistics from China, where, according to preliminary data of HSBC, manufacturing PMI in September rose to a maximum of six months. November Brent traded near \$109 a barrel – at the level of our closing on Friday.

The MICEX Index and the major European indices in the first half of the day had a small, within half a percent, minus. Mixed European news had also pressure on the markets, in addition to negative closing of America. First, the German Chancellor Angela Merkel's party won the parliamentary elections, but the Conservatives bloc failed to win an absolute majority in the parliament, and the composition of the government is still open. Second, preliminary data on manufacturing activity in the Eurozone, Germany and France were worse than expected, the growth of the Eurozone composite PMI was provided only for the services sector. In the second half of the day selling in the markets got intensified after the turn of the U.S. futures market, and a decline in oil prices put further pressure on our market. The MICEX Index closed near the day's lows, which, in particular, was contributed by a moderately negative start of trading in the U.S.

According to the results of the trading the MICEX Index lost 0.62% to close trading at 1,467.62 points, the RTS Index fell by 0.79% to close at 1,451.43 points. The MicexPWR Sector Index 1.42%, reaching 1,129.26 points. On Western exchanges the European DJStoxx 600 Index fell by 0.50%, and the American S&P 500 Index decreased by 0.47%.

ELECTRIC POWER INDUSTRY NEWS

Competition has been revealed in Siberia

While the government tries to slow down the growth in electricity prices, requiring zero growth of rates, the energy market suddenly had a real fall. Generators, fearing new capacity commissioning, started the game on the decrease and brought down the price of the capacity in Siberia by almost 40%. As a result, the price for consumers here in 2014 could fall by 5%.

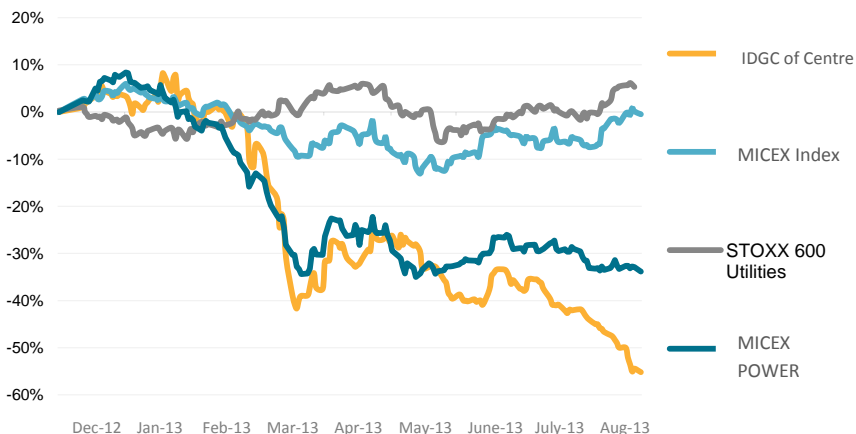
To read full text: <http://www.kommersant.ru/doc/2303357>

COMPANY NEWS

Kurskenergo is successfully implementing its investment program in 2013

To read full text: http://www.mrsk-1.ru/ru/press/news/branches/?id_4=88806

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change for the day	fr 31.12.12
MICEX	1 467.62	-0.62%	-0.48%
S&P 500	1 701.84	-0.47%	19.33%
FTSE 100	6 557.37	-0.59%	11.18%
DAX	8 635.29	-0.47%	13.44%
DJStoxx 600	312.62	-0.50%	11.78%
STOXX Utilities	272.75	-0.48%	5.32%
Nikkei	14 742.42	0.00%	41.82%
Sensex	19 900.96	-1.79%	2.44%
CSI300	2 472.29	1.64%	-2.01%
Bovespa	54 602.38	0.91%	-10.42%

Source: Bloomberg, Company calculations

Currency rates	Value	Change for the day	fr 31.12.12
Euro/USD	1.35	-0.07%	2.41%
USD/RUB	31.73	0.45%	4.48%
Euro/RUB	42.95	0.48%	6.77%

Source: Bloomberg, Company calculations

Raw	Value	Change for the day	fr 31.12.12
Gold, USD/oz	1 322.72	-0.24%	-21.05%
Brent*, USD/bbl	108.16	-0.97%	-2.66%

* - November futures

Source: Bloomberg, Company calculations

Shares of IDGC of Centre	Value
Last transaction, RUB	0.2689
Capitalisation**, billion RUB	11.35
Capitalisation**, million USD	357.75

Source: Central Bank of Russia, Company calculations

** - at the price of last transaction at MICEX

Russian indexes	Change for the day	from 31.12.12
MICEX-Power Index	-1.42%	-33.86%
Shares of IDGC of Centre**	-1.68%	-55.18%

Source: MICEX, Company calculations

Grid companies	Change** for the day	fr 31.12.12
JSC Russian Grids	-0.59%	-47.93%
FGC UES	-1.94%	-48.43%
IDGC of Volga	-4.83%	-57.26%
MOESK	-1.08%	-21.98%
IDGC of Northern Caucasus	-1.35%	-33.58%
IDGC of Centre and Volga Reg	-2.59%	-45.83%
IDGC of North-West	-5.27%	-44.74%
IDGC of Urals	-2.46%	-53.73%
IDGC of Siberia	-4.53%	-4.53%
IDGC of South	-1.44%	-35.45%
Lenenergo	-4.26%	-45.73%

Source: MICEX, Company calculations

** - at the price of last transaction at MICEX

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Tickers

Moscow Exchange

Bloomberg

Reuters

MRKC

MRKC.RX

MRKC.MM