

9. SHAREHOLDER CAPITAL AND SECURITIES



CHO OYU

Cho Oyu stands on the Tibet–Nepal border.

Cho Oyu is located in Himalayas. It is a part of Mahalangur Himalaya, 30 km west of the Everest. The height of the mountain is 8 201 m, it is the sixth 8000–er on the planet.

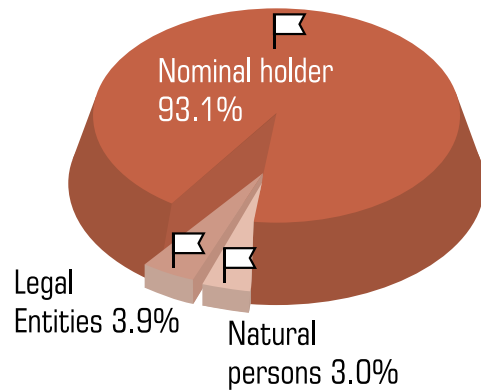
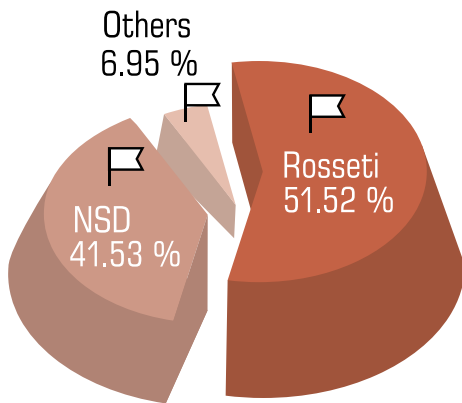
The Charter Capital of the Company has undergone no changes during 2013 and as of 31.12.2013 totaled RUR 8 743 048 571.1. The charter capital is represented

by 87 430 485 711 common shares with the nominal value of RUR 0.1 per each.

Shares	Number of shares	Nominal value
Outstanding common shares	87 430 485 711	RUR 0.1
Declared common shares	2 475 713 367	RUR 0.1

The overall number of accounts belonging to the registered shareholders and nominal holders as of 01.01.2013 totaled 16 873 accounts. The

number of accounts as of 01.01.2014 equaled 16 848 accounts. The structure of the Company's shareholder capital as of 31.12.2013 is as follows:



The largest holder of the Company's shares is Russian Grids (nominal holder – Depository and Corporate Technologies, OOO). It owns the controlling stock of the voting shares (51.52% of the char-

ter capital). A large block of shares is owned by the nominal holder – National Settlement Depository, NKO ZAO (41.53%). Other shareholders own 6.95% of the charter capital.

Holder	2013	
	Number of common shares	% of the charter capital
Depository and Corporate Technologies, OOO (nominal holder)	45 041 557 954	51,52%
National Settlement Depository, NKO ZAO (nominal holder)	36 314 240 286	41,53%



According to the data from our registrar (Registrar Company Status) the share of residents is 62.8% and the share of non-residents is 37.2%.

Number of shares*	Number of shareholder	% of overall number of shareholders	Number of shares	% of the shareholder capital
0	138	0,75	0	0,0
1-100	1605	8,72	92 008	0,00011
101-1 000	2594	14,09	1 066 720	0,00122
1 001-10 000	1772	9,62	6 166 811	0,00705
10 001-100 000	6951	37,75	219 083 812	0,25057
100 001-1 000 000	4682	25,43	1 436 303 587	1,64271
1 000 001-10 000 000	556	3,02	1 341 603 104	1,53440
10 000 001-100 000 000	88	0,48	2 521 443 171	2,88380
100 000 001-1 000 000 000	18	0,10	3 793 619 654	4,33880
Over 1 000 000 001	8	0,04	78 111 106 844	89,34134
	18 412	100,0	87 430 485 711	100,0

* Nominal holders disclosed information on end-holders on 30.04.2013 for the AGSM arranged on 13.06.2013).

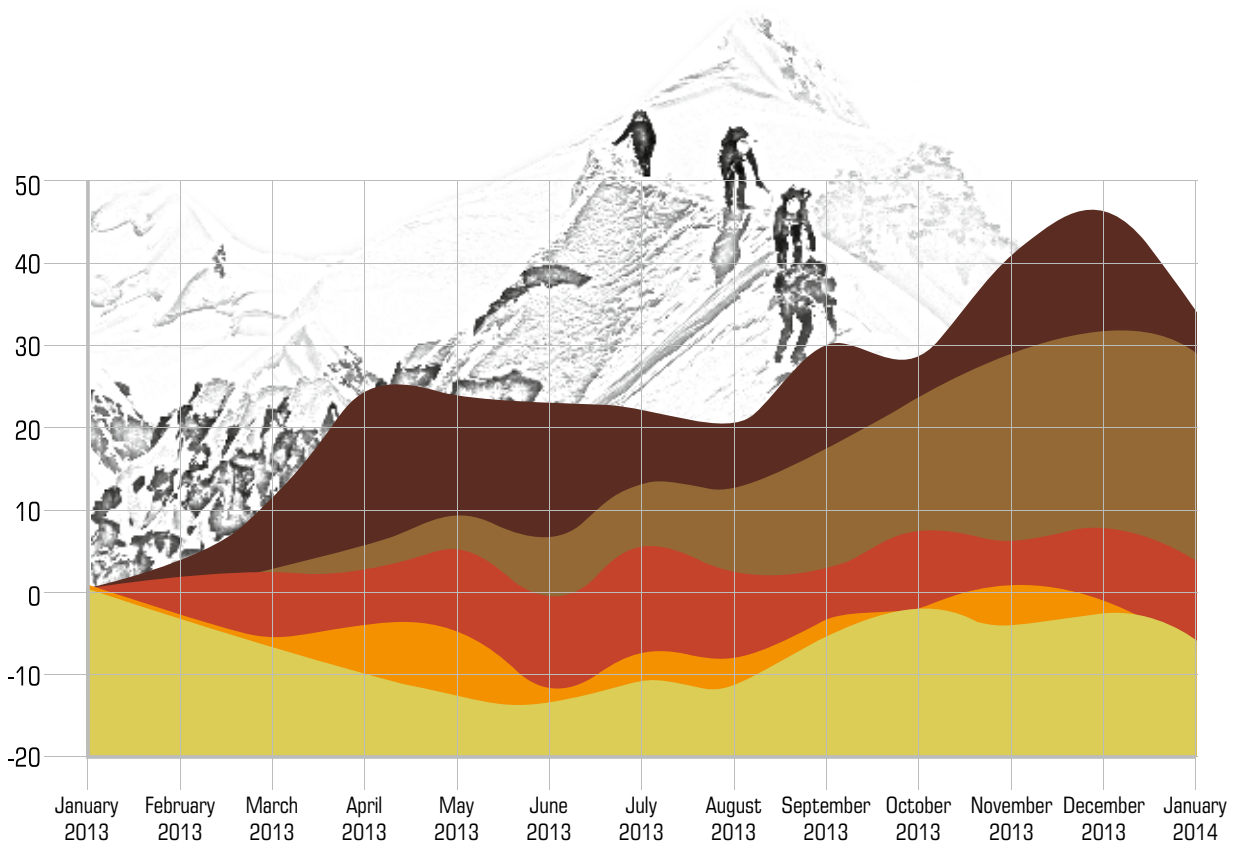
The structure of the shareholder capital is characterized by the concentration of large blocks of shares among large shareholders. Thus, according to the data above, the structure analysis shows that 89.3% of the shareholder capital belong to 8 large shareholders (0.04% of overall number of shareholders), owning over 1 bln. shares. 4.3% of the shareholder capital belong to 18 shareholders (0.1%), owning 100 mln. – 1 bln. shares. 2.9% of the shareholder capital belong to 88 shareholders (0.48%), owning 10– 100 mln.

shares. The shareholders, owning 1–10 mln. shares, have 1.5% of the shareholder capital. The rest of the shareholders own approx. 2% of the shareholder capital.

In 2013 common shares were traded on MICEX, Quotation List A2 (ticker MRKU).

International indices FUTSEE 100, Hang Seng, NASDAQ 100, N225JAP and Russian MICEX in January – December 2013 (according to the data from the exchanges).

■ N225GP ■ NASDAQ100 ■ FUTSEE-100 ■ ZHC5 ■ MICEX

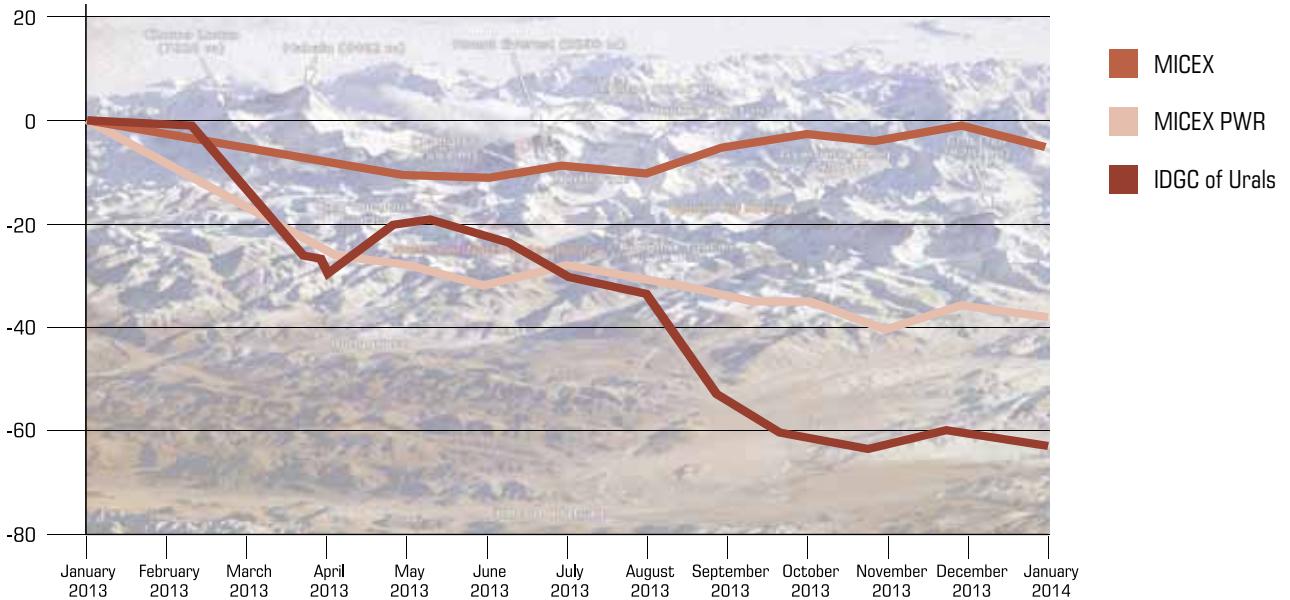


In 2013 the Russian stock market demonstrated a sideways trend. Stock markets in USA and Japan showed a reverse situation – continuous upward movements throughout the year. In 2013 FUTSEE 100, NASDAQ 100 and N225JAP have grown up by 4%, 29% and 34% correspondingly, while MICEX and Hang Seng have lost 6% and 7%.

market demonstrates that a sideways trend lasts for over 2 years. During 2013 Russian economy showed no uplifts. Since the stock market is a partial reflection of the economy, there is no place for long-term bullish trend on the market. Therefore, investment activity on the Russian stock market stays low and large foreign investors show a very weak interest towards Russian shares.

On the whole, a broad view on the Russian stock

The Company's shares vs MICEX and MICEX PWR indices in 2013.



During 2013 MICEX PWR decreased by almost 40%. Quotes of the majority of Russian utilities also dropped down due to the impact of a sector negative background. According to the data from Thomson One, foreign portfolio investments in the sector lowered down to 1.5% of overall investments in Russia by the end of 2013. Analyst coverage and “buy” recommendations on the sector were also considerably reduced. The key reason for such a negative attitude to sector shares is regular changes of rules of play:

- RAB reboot resulting in the loss of RAB status for a number of companies and review of RAB parameters for others;
- 2014 tariff freeze;
- review of investment programs, etc.

Investors also fear to invest in the sector due to the risk of dilution of interest from possible

additional share issues to finance investment programs as well as low TSR (total shareholder return) due to no or small dividends and limited quote growth.

During 2013 the Company's quotes had a bearish trend. In 1Q 2013 the Company has successfully placed its debut RUR 3 bln. commercial papers. Also during the year mass media occasionally wrote on a possible privatization of several subsidiary companies of Russian Grids that facilitated the quotes of grid sector companies.

According to the data from MICEX overall trading volume of the Company's shares totaled RUR 394.2 mln. or 2 603.2 mln. shares (as of 2012 • RUR 1 002.3 mln. and 4 869.0 mln. shares). As of 2013 the market capitalization of the Company totaled RUR 5.6 bln. (as of 2012 – RUR 18.4 bln.).

	2012	2013
Trading volume, RUR mln.	1 002.3	394.2
Trading volume, mln. shares	4 869.0	2 603.2
Number of transactions	15 291	10 264
Minimal annual price, RUR	0.1405	0.054
Maximum annual price, RUR	0.2646	0.241
Average weighted price at the year-end, RUR	0.21071	0.0635
Market capitalization at the year-end, RUR	18 420 729 034.45	5 550 961 537.79



The Company's dividend history for the last 6 years:

The dividend policy of the Company is based on the balance of interest between the Company and its shareholders at the determination of the dividend amount as well as respect and strict adherence to the observation of shareholder rights stipulated by the Russian legislation, the Charter and our internal documents. It is aimed at increasing our investment attractiveness and market capitalization.

According to the approved dividend policy principles (BoD protocol #73 dd. 31.08.2010) dividends are distributed from the net profit (without revaluation of financial investments) following its distribution to obligatory reserves, investment program as well as clearing off of the operating losses shown in previous years. Besides, conditions, stipulated underneath,

should be obligatorily fulfilled while deciding on the dividend payout:

- There should be net profit without revaluation of financial investments;
- Debt/EBITDA ratio as of the year end should not exceed 3;
- Set reliability and service quality indicators should be achieved.

To view the Regulations on the Company's dividend policy (BoD Protocol #73 dd. 03.09.2010), please, visit our official web-site (Section Founding and Internal Documents).

On June 13, 2013 the AGSM decided to pay RUR 156 501 thous. as dividends. The amount of dividend per share totaled RUR 0.00179. Accrued dividends were paid out within the terms set forth by the legislation.

Profit distribution		2012	2011	2010	2009	2008	2007
Net profit, RUR thous., including:		625 814	2 548 050	1 684 773	1 053 267	861 352	4 008
Reserve fund		31 291	127 402,5	84 239	52 553	43 068	-
Enterprise development		438 022	2 175 842	1 355 729	1 000 714	818 284	-
Discharge of losses		-	-	-	-	-	-
Dividends,	RUR thous.	156 501	244 805	244 805	-	-	4 008
	% of the net profit	25,0%	9,6%	14,5%	-	-	100%
Amount of dividend per share, RUR		0,00179	0,0028	0,0028	-	-	0,0015941

