

The Company's Mission and Strategy

Federal Grid Company is a strategically important, reliable, efficient and dynamically developing company focused on maintaining the UNEG integrity, providing uninterrupted and high quality services to consumers and promoting both shareholder and investor prosperity.

Our Mission

The Company's mission is to ensure reliable Unified National Electric Grid (UNEG) operation and development for the economic growth of Russia and uninterrupted power supply to consumers across all Russian regions.

Our Strategy

Company Priorities

Results

1. Reliability	A 19.5% decrease in the specific accident rate (for every 1,000 cases) compared with 2008 Upgrading reliability , page 50
2. Quality of services	An increase in the number of consumers for energy transmission services and in the number of technological connection contracts with customers and distribution grid companies by 50% respectively, compared with 2011 Technological Connection , page 46
3. Development of PGC scientific potential	RUR2.9 billion invested in R&D in 2012 R&D , page 113
4. Grid infrastructure development	Commissioning 3,643 km of overhead power transmission lines and of 17,827 MVA of transformer capacity in 2012 Investment Activities , page 58
5. Competitive tariff rates	Conservative 11% tariff growth in 2012 (starting 1 July) and by 9% in 2013-2014 (annually starting 1 July). Tariff Regulation , page 127
6. Adequate ROI for investors	The return on initially invested capital grew from 3.9% in 2010 to 6.5% in 2012 Tariff Regulation , page 127

↓ 19.5%

DECREASE IN THE SPECIFIC ACCIDENT RATE IN 2012 (COMPARED WITH 2008)

The Company's strategic goals to upgrade reliable UNEG operation include the following:

Ensuring the preparedness of power transmission lines and UNEG equipment for reliable consumer power supply; provisions for the functioning of the wholesale electricity and capacity market, and for the parallel operation of the UNEG of Russia and foreign energy systems;

Ensuring the UNEG reliability and efficiency due to the visibility and controllability of all grid elements;

Increasing the response and reducing the time required to eliminate accidents and other extraordinary conditions at UNEG facilities;

Developing a diagnostic system for UNEG facilities;

Developing the structure for operating and engineering control over UNEG facilities;

Ensuring efficient UNEG operation due to the justified optimization of main electrical connection schemes and a reduction in areas occupied by facilities, as well as a decrease in auxiliary power consumption;

Overcoming the tendency for the aging of power grids and power grid equipment via modernization of the above, the optimization of re-construction work and technical re-equipment, and by using extended service life of equipment;

Accomplishing the automation of UNEG substations, the implementation and development of advanced technical condition control systems, of automated systems for diagnostics and the monitoring of process equipment and of relay protection and emergency automatics;

Upgrading operation processes, maintenance and repair; providing occupational training for operations and repair personnel, taking into account the implementation of new technologies and innovative equipment;

Implementing the Unified Technical Policy in the PGC of the UNEG, to improve power supply reliability to end consumers, to cut capital invested in facilities, and to reduce costs associated with achieving the Company's strategic goals.

The Company's Competitive Advantages

Vast experience in the field of successful corporate governance and operations management;
A team of experienced power industry managers;
Adequate risk management;
State support;
Successful experience cooperating with market regulators;
Strong connections with equipment suppliers and contractors.

... Translate into Achieving the Company's Strategic Goals:

Competitive electric energy transmission tariff rate;
Power supply reliability;
Infrastructure development for economic growth;
Increasing investment attractiveness;
Technological development;
Sustainable development.