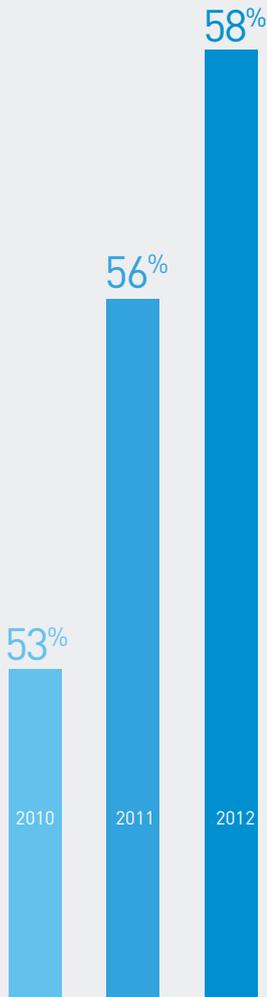


Dynamics of the Share of Employees with Higher Education



The best students of specialized higher educational institutions will be attracted to participate in the Youth Round Table not only on the basis of recommendations of the educational institutions, but also based on the results of qualifying tests.

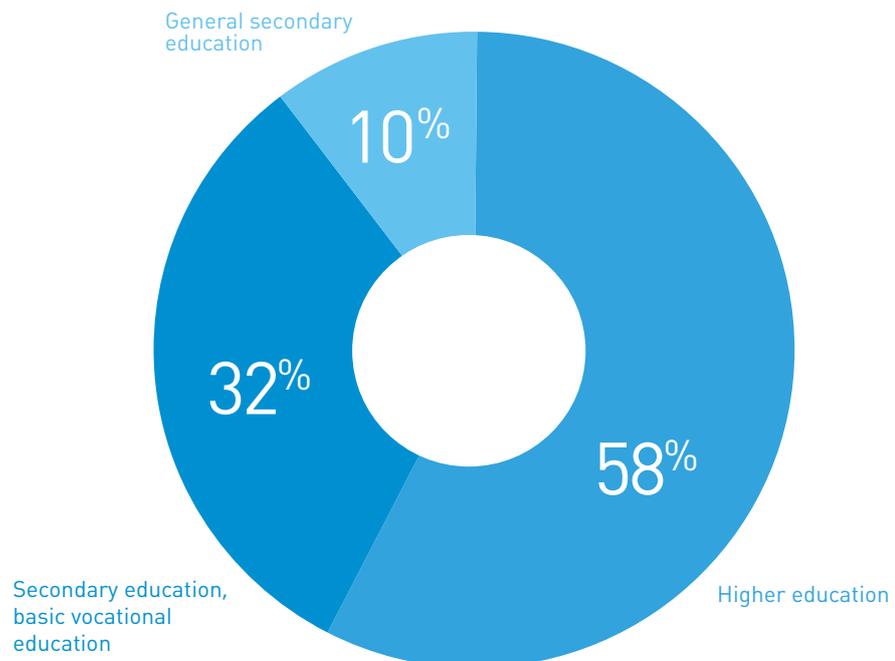
During the summer season of 2013, unlike previous periods, it is planned to attract student construction teams of Federal Grid Company to more qualified, professionally-oriented works for future power engineers.

Staff Training

The Company imposes high requirements on the level of education and skills. Major changes in qualitative indicators which characterize the structure of Federal Grid Company's staff, are associated with an increase in the educational level of employees.

According to the results of 2012, the share of employees with secondary special education was 32%, while the share of employees with higher education increased by 2% to 58%.

Educational Level of Employees



Qualified personnel is the Company's fundamental requirement to provide for the reliability of the unified energy system. That is why the Company's HR policy is targeted at the development of a comprehensive system of occupational training for the needs of the Company and for the industry on the whole.

A continuous interaction with the personnel, intended to provide for the preparedness of the Company employees to perform their professional functions, the maintenance and advancement of the personnel qualification is conditioned by the requirements of the federal bylaws and regulations. To comply with these requirements, the Company provides for occupational training using its own personnel training centers and cooperating with external educational establishments, including the training centers owned by subsidiary and dependent companies of JSC Russian Grids.

In 2012 the number of employees engaged in different types of occupational training comprised 11 987, with 9657 of them trained at

the Company's training centers equipped with advanced facilities and training sets.

A network of training centers covers all regions of the Company operations. A training center has been built in Sochi to advance the qualification of the personnel engaged in ensuring the reliable supply of power during the test competitions and during the 2014. This center is used to train employees of different categories according to the approved training programs.

The training of the personnel in the Company-owned training centers allows for managing the quality of training of the production personnel in accordance with the Company requirements, as well as for the adjustment of qualification advancement programs and for the development of new and the optimization of the existing programs, optimizing the costs and time resources used during training.

In order to attract the talented and active young specialists to participate in finding solutions for the innovation and modernization of the power

grid complex, the Company implements large-scale initiatives, including innovation forums, round tables and training projects for the young specialists.

In accordance with the power grid development strategy, the Company's 2013-2014 priorities include the implementation of a concept for the unified personnel training system targeted at improving the reliability and developing the electric power industry.

We are confident that the training provided by the Company training centers and the training centers owned by JSC Russian Grids will contribute to further growth of the occupational potential of the Company employees to achieve the strategic and tactic goals of the power industry companies, as the training is accomplished on the basis of universal quality standards, using advanced equipment and specialized power grid testing fields, and by experts who know what personnel competencies are lacking.

Training and Further Education

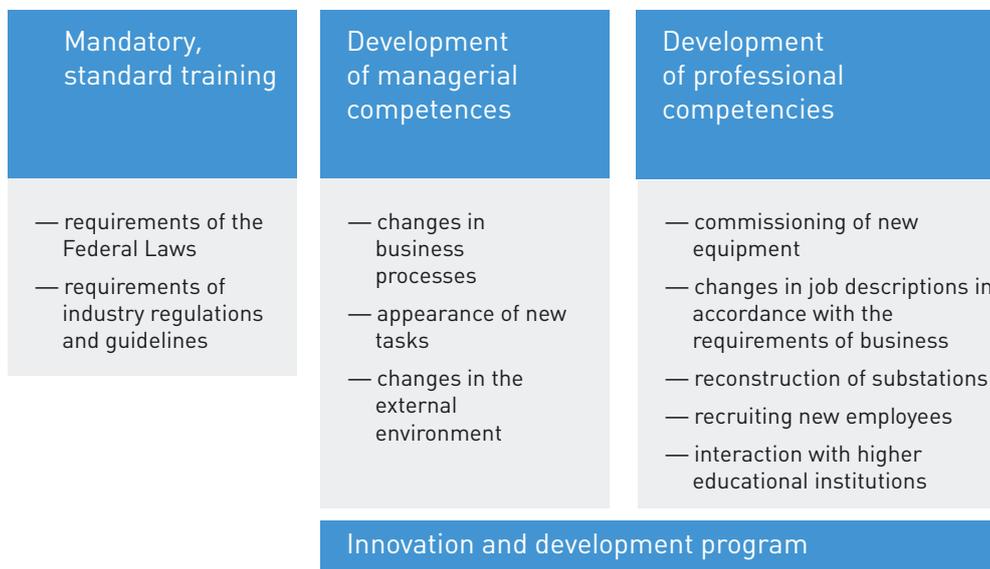
Federal Grid Company seeks to reproduce highly qualified cadres and create human resource capacity which is able to ensure innovative development of the Company. As part of

the corporate training system the Company uses effective, high-quality forms and directions for further training and development of personnel.



Yelizaveta Nikolova, Head of the Personnel Training Center

Structure of the Training System



In 2012, 11,987 people were involved in various forms of training and development, an increase by 18% or by 2,176 people compared to 2011.

Percentage of trained production staff was 80% (9,657 people) of total number of trained personnel.

The average number of training hours per employee per year by categories of employees for 2012

Industrial - production personnel

50
hours/person

Administrative and managerial personnel and maintenance personnel

28
hours/person

In 2012 as part of the formation of a single training system for personnel of power grid complex in collaboration with IDGC Holding, the following measures were held:

- more than two thousand employees of Federal Grid Company and IDGC Holding took part in a joint training event in the framework of the "Day of Knowledge" on the theme "Review and Analysis of the Causes of Technological Failures that Occurred through the Fault of the Staff";
- grid-wide emergency response exercise with the participation of staff of Training Center of Federal Grid Company, operational and maintenance personnel of MES Volga, MES Urals, and IDGC Holding was organized and held.

A joint training was held on the following programs:

- "Fire Safety and Labor Protection at Power Grid Plants" as part of the cooperation with TMS of Rostechnadzor;

- "Failures in the work of HV transmission lines caused by the intense icing and gust-and-glaze loadings";
- "Improving procurement system of Federal Grid Company";
- "Organizing the interaction between press services of Federal Grid Company and IDGC Holding and mass media, as well as other target audiences in the process of formation of a unified power grid complex";
- Alignment meeting for managers which are responsible for working with the staff in the branches of Federal Grid Company, SDCs of IDGC Holding;
- "The integration of innovative development programs of Federal Grid Company and IDGC Holding" (in cooperation with the Skolkovo Moscow School of Management).

Managers and professionals of the Company one time every 3-5 years undergo mandatory training on the programs of FCEI "Educational and Methodical Study" of Rostekhnadzor in the following areas:

1. labor protection at power grid enterprises;
2. the rules and regulations of work with electricity generating equipment. The safe conduct of work related to the technical operation and maintenance of electrical and electro-mechanical equipment;

3. fire safety at power grid enterprises;
4. fire-technical minimum at power grid enterprises;
5. power grid construction. Organizing and providing construction and internal technical supervision for domestic power plants;
6. environmental safety of power grid enterprises;
7. industrial safety at power grid enterprises;

In 2012, 750 employees of Federal Grid Company, as well as 1,014 employees of the equipment suppliers and 3,510 persons of outside contractors underwent training on the program of FCEI "Training and methodical study" of Rostekhnadzor.

Personnel Training Centers

Established in 2011 in all regions of operation of Federal Grid Company corporate network of its own personnel training centers (hereinafter - PTC) provided a unified educational space to

train production personnel with the use of common standards and training programs.

In 2012 on the basis of PTC, 6,713 people were trained, accounting for 56% of the total number of trained personnel for 2012.

All personnel training centers are provided with simulator complexes designed for the specifics of electric power grids of each branch and maximally simulated the possibility of the operational and information center of operator. In 2013-2014, it is planned to complete construction of educational power grid polygons, equipped with primary equipment of training substations, fragments of power transmission lines (transformer, switches, circuit breakers and poles), microprocessor-based panels of PRA and ECA.

In 2012 in addition to planned emergency response and firefighting exercises in simulation classes of PTC two grid-wide emergency response drills were organized and conducted:

- involving staff of PTC of Federal Grid Company, operational and maintenance personnel of MES Volga, MES Urals, IDGC Holding;
- a large-scale emergency response exercise under the direct supervision of the representative of the Ministry of Energy of the Russian Federation was held in the branch of Federal Grid Company - MES Urals.





On June 20, 2012 Chairman of the Management Board of Federal Grid Company Oleg Budargin took part in the solemn opening ceremony of the Center of Professional Development and Retraining for professionals of power grid complex, created on the base of the St. Petersburg State Polytechnic University (SPU). The Company involved in reconstruction of a three-storey building of the Center with area of 1.5

thousand sq. m. - indoor space is completely renovated and equipped with the latest equipment for practical training on effective power transmission and distribution, relay protection and automation in electric power grids of 110-500 kV, line surge protection and protection lines from the impact of thunderstorms. Each year, more than 1,000 people can be trained and improve their skills in the Center.

Days of Knowledge

In 2012, an educational project "Days of Knowledge", which launched in Federal Grid Company in April 2011, was developed further. The project is aimed at systematic and continuous professional development of employees of Federal Grid Company, ensuring professional mobility of the personnel, adapting new employees, as well as creating a knowledge management system.

Days of Knowledge is a program of internal employee training on various current themes in the form of audio and video conferences, webinars, as well as with the use of remote training

technologies, so that the project can be participated by all branches of Federal Grid Company. Both employees of Federal Grid Company which possess the necessary skills and work experience and employees of outside companies act as experts. On the corporate portal of Federal Grid Company, there is a special section where every employee can find information on upcoming classes, read educational materials of held or planned seminars, ask a question or leave feedback for the project organizers and trainers.

In 2012, as part of the "Day of Knowledge" 368 training events were held, which were attended by 10,011 people.

Remote Training

In 2012, the Company continued work on the development of an automated remote training system (hereafter - RTS). The system completed experimental industrial pilot operation, during which proved its relevance among the Company's employees, the ability to improve control of the training quality and retraining of employees, as well as the performance of the reduction of direct and organizational costs for staff training and employee development in the conditions of geographically distributed Company.

In the course of the experimental industrial pilot operation additional requirements to the functionality of RTS were collected. Currently they are under finalization and the preparation to put the system into operation is carried out.



In 2012, the Company's experts tested and prepared for the introduction of RTS courses on the following themes:

- work in ARTS;
- elimination of technological failures;
- introduction to energy industry;
- rules of work with personnel;
- switching in electrical installations.

RTS courses certified by Rostekhnadzor are prepared for mass use for the following programs:

- first aid treatment,
- fire-technical minimum,
- basics of industrial safety,
- occupational safety and health for office employees,
- occupational safety and health for managers and professionals.

To form a plan for further development of training courses, studies of the needs of remote training among employees of Federal Grid Company was organized during 2012.

Improving the competence of the Company's employees on innovative areas of work

Federal Grid Company uses three basic mechanisms to enhance professional skills and managerial competences of personnel on innovative areas of work:

- Project for services staff training and operation of microprocessor devices of PRA, ECA and APCS of concrete manufacturers. The practice of sending production staff overseas to undertake foreign internships to study the best innovative practices in the field of management and innovative technologies;
- standard programs to improve professional skills and training programs for managerial staff of the branches of MES and PMES in personnel training centers (PTC);
- annual integrated programs, youth roundtables, innovative forums, as well as corporate seminars and trainings for young people and top and mid-level management.

In 2012, as part of the cooperation with the Skolkovo Moscow School of Management the following programs were implemented:

- youth roundtables as part of the St. Petersburg International Economic Forum - 2012 and the Baikal Economic Forum;
- a joint training program "Integration of Innovative Development Programs of Federal Grid Company and IDGC Holding;
- integrated program - a strategic personnel reserve of Federal Grid Company.

