

Social Programs

Employment benefits are another effective tool that the Company utilizes to increase the Company's social attractiveness and improve employee motivation, including non-material motivation.

| ATTRACTION AND RETENTION OF HIGHLY QUALIFIED PERSONNEL | OBJECTIVES | EMPLOYMENT BENEFITS |
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| | Motivating personnel for long-term employment | <ul style="list-style-type: none"> — Pension plan — Support programs for Company veterans — Rewards scheduled for anniversary and retirement dates — Rewards for pensioners scheduled for professional and anniversary dates |
| | Efficient rotation and relocation of personnel | <ul style="list-style-type: none"> — Housing rent compensation |
| | Contributing to the health and operating efficiency of personnel | <ul style="list-style-type: none"> — Voluntary medical insurance — Accident insurance — Compensation for wages lost due to temporary disability — Sanitarium and health resort treatment — Financial assistance related to illness |
| | Social support of personnel | <ul style="list-style-type: none"> — Financial assistance connected with scheduled leaves, marriages, childbirth, and funerals — Additional leave — Monthly payments to employees with many children or children with disabilities |

Employee housing improvement

Over the past two years Federal Grid Company has been making efforts to provide its employees with the quality housing. The project aims at attracting and retaining highly qualified personnel that play a key role in ensuring the UNEG reliability.

In February 2012, Russian Prime Minister Vladimir Putin approved the initiative to develop in the Company its own housing stock.

The Company worked out the 2012-2014 Corporate Housing Program that provides for acquiring/constructing 1,500 apartments with a total area of 81,000 square meters in 47 regions of the Russian Federation.

The source of funding for the program are the funds saved in the implementation of the Company's investment program, including funds resulted from the reduction in cost of contract work and improvement of procurement activities.

In 2011-2012, the Company created corporate housing stock (from ready-made building projects or housing under construction) in the number of more than 600 apartments in the Primorsk, Krasnoyarsk, Krasnodar, Stavropol, Trans-Baikal, Khabarovsk, Amur, Saratov and Tyumen Regions, in Yamal-Nenets Autonomous District and Khanty-Mansiisk Autonomous District, and the Chechen Republic.

In 2013, the implementation of the program will continue, and the housing geography will expand significantly through developing the corporate housing for the Company's employees in Leningrad, Kaluga, Belgorod, and Sverdlovsk Regions, the Republic of Dagestan, Adygea, Republic of Sakha (Yakutia), Buryatia, and in a number of other regions of Russia.

Corporate housing allows the Company to provide key, remote power facilities, as well as those under construction, of the Unified National Electric Grid with highly qualified specialists.

In May and August 2012, the Company commissioned 182 apartments in Adler, settlements Shahumian and Shepsi for the personnel of the Company's Sochi enterprise.

Corporate apartments were also given to the employees of Kubanenergo - Sochi Electric Grids. Thanks to the corporate housing, the Company has

managed to attract the best professionals from all over Russia for the construction and operation of the 2014 Olympic power facilities.

In early 2013, the Company is commissioning corporate housing for employees who ensure the operation of the Company's facilities in the cities of Grozny, Budennovsk, Nevinnomissk and Abinsk.

We are planning to build a house for the Company's employees in the village Mogocha, where there is one of the Company's innovative facilities - a transforming complex using a DC link. In the village of Tayozhnyi in the Krasnoyarsk Region a house is being built for employees engaged in making power delivery from the Boguchanskaya HPP. A corporate housing stock was built in Vladivostok, where the

Company's specialists are operating power supply facilities of Russkiy Island, the Eastern Siberia - Pacific Ocean oil pipeline and other energy facilities that provide a reliable power supply to the Primorsk Region.

The Company also implemented a long-term corporate assistance program to upgrade employees' housing conditions.

Employees who purchase an apartment of their own with the use of bank credits can apply to the Company for help in the form of compensation, loans and other financial instruments.

In 2012, this program benefited 386 employees, including 141 young specialists. During the entire period of the program (since February 2011) the Company has helped 708 employees, including 282 young specialists, purchase housing options of their own.

The Company compensates the cost of housing to its employees, whose working activity involves moving to another locality. In 2012, the number of

employees renting various accommodations with corporate support was 653, including 334 young specialists. Young specialists are eligible for this benefit for a period of the first three years. This program is one of the most important factors for attracting young specialists graduated from the universities of the country's leading energy institutions to work at the Company's power facilities.

Non-governmental Pension Programs

A non-governmental pension program for corporate employees was approved in 2004. The implementation of this program allows the Company to achieve the personnel rejuvenation effect, helps attract and retain the best industry professionals and provide social support to employees, even after retirement.

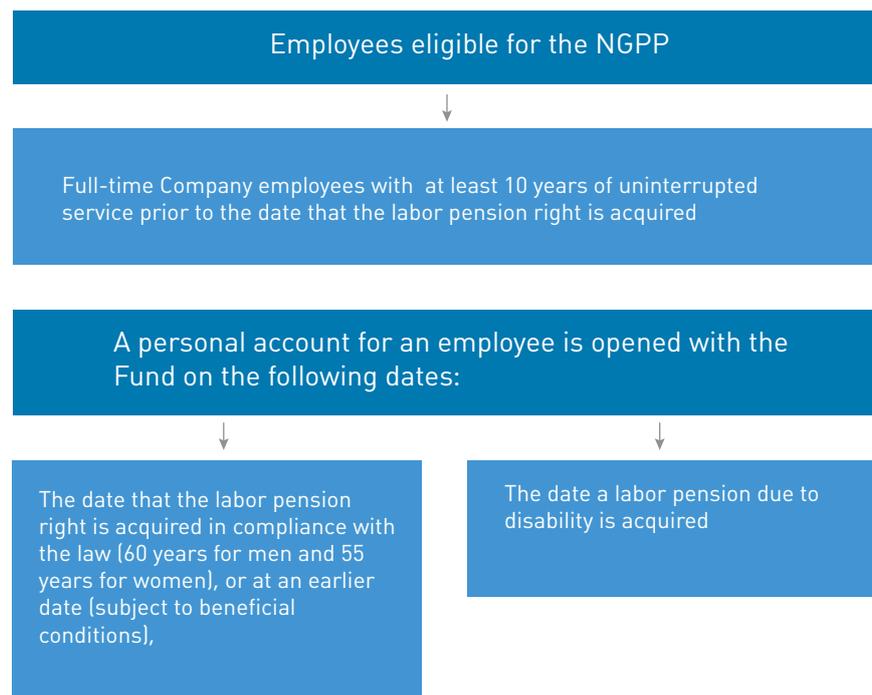
The Program's main principles are:

- Unified approach to organizing a non-governmental pension fund scheme in Federal Grid Company;
- Differentiated approach to the non-governmental pension amount;

- Rewarding employees for their services to Federal Grid Company and the electric power industry, and for their continuous and conscientious work.

Since the program launch (from 2004 to 2012), non-governmental pension from Federal Grid Company funds has been provided to 3,628 employees.

In accordance with norms of the Regulation on Non-Governmental Pension Provision to Federal Grid Company employees, a total of RUR 320,735,413 was transferred to the non-governmental pension fund of the power industry in 2012.





Help to flood victims in the Krasnodar Region

The flood in Krymsk, in the south of the Krasnodar Region, which happened at the beginning of July 2012, damaged homes and property of 22 employees of the Company's branch — Kubanskoye PMES. Federal Grid Company took all necessary steps to ensure that daily life of the affected employees went back to normal as soon as possible. The employees who had their properties suffered from the Krymsk flood received non-repayable subsidies to construct, purchase and repair their housing. The total amount of

non-repayable subsidies comprised more than RUR 24 million.

The assistance program for affected employees was developed in Federal Grid Company on the initiative of the Chairman of the Management Board Oleg Budargin who personally controlled the program implementation since the first days and until the fulfillment of social obligations taken by the Company. During this period, he met twice with the affected employees and their families.

Charity projects

The spending limit for charitable purposes is approved by the Board of Directors of Federal Grid Company in the annual business plan. The decision to provide charitable aid to legal entities on each request received in the head office is taken by the Management Board of Federal Grid Company. In accordance with the conditions of

charitable donation contracts, in 2012, Federal Grid Company sent letters to all donation recipients and requested to provide reports on the expenditure of funds under the relevant contracts.

In 2012, the Company donated a total of more than RUR 138 million to help numerous sports, cultural, scientific and charitable organizations.

Donations have been provided to the following legal entities: Regional Charitable Public Organization of Invalids and Pensioners of Chernobyl of the Ministry of Fuel and Energy, the Charity Aid Fund to People Who Have Found Themselves in a Difficult Situation "Step Forward", a non-profit organization Joint Hockey Club "Dynamo", the Development Fund of the Moscow Power Engineering Institute and other.

The amount spent by the Company to provide aid to physical persons in 2012 comprised RUR3.7 million. Separately, by the decision of the Management Board of Federal Grid Company, twenty employees of the Kubanskoye PMES facility (one of the Company's branches) who had properties suffered from the Krymsk flood received non-repayable subsidies to upgrade their housing conditions. The total amount of non-repayable subsidies comprised more than RUR24 million. Furthermore, Company employees collected more than RUR 5 million to aid the people of Krymsk.