

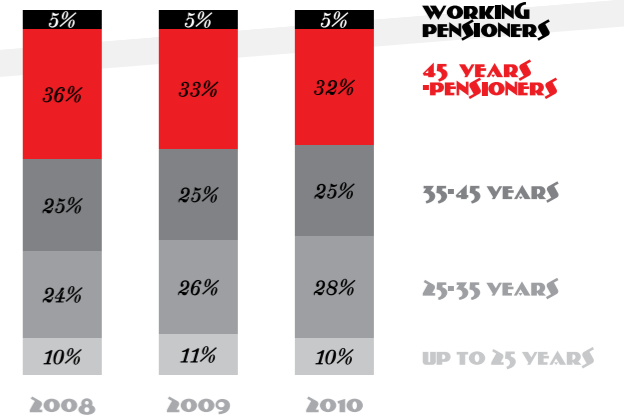
9.1. HR POLICY.



Our HR policy is a perspective system of goals and aims based on basic values and aimed at long-term development. Keeping in mind our current HR policy, on June 23, 2010 the BoD approved the Program of Personnel Endorsement and Development for 2010-2014 (protocol #71 dd. 25.06.2010) that covers the following spheres:

- Preservation of personnel potential: determination of a specific employee group that have a pivotal importance for the Company and perfection of motivation system and social programs, social partnership enhancement;
- Replacement of personnel potential: elaboration and implementation of measures taken to rejuvenate personnel, especially workers in our production units;
- Enhancement of personnel potential: arrangement of personnel reserve and development of training and retraining systems.

2008-2010 age structure dynamics shows a sustainable personnel rejuvenation. The share of employees up to 35 years grew by 4%. To retain the trend we regularly take various measures, including elaboration and implementation of schedules on the retirement of personnel with grounds for retirement and working pensioners, involvement of elderly professionals in teaching and implementation of new Regulations on Mentoring



According to the Program of Personnel Endorsement and Development we expect the following measures to be taken to improve qualification features:

- Preparation of 2010 education plan for each employee category, taking into account tactic and strategic corporate objectives;
- Determination of the procedure for selecting and assigning young personnel to local education institutions based on the Regulations on Targeted Education of Personnel graduated from high and technical schools;
- Enhancement of cooperation between the Company and education institutions;
- Facilitation of mentor system.



Education structure generally features an equal proportion of employees graduating from high and technical schools. During the reported period we implemented the Regulations on Personnel Education in a new version that stipulates a successful and united approach to education for all structural subdivisions. The Company determined the following training lines:

- On-site training for operational personnel;
- Obligatory external training, including our corporate training center;
- Additional educational programs for all personnel categories arranged on the initiative of department heads, HR departments and personnel itself.



Besides training at the corporate center, during the reported period our senior and middle officers as well as specialists and clerks were trained by educational institutions with licenses in energy industry, industrial, ecological and fire safety, labor protection (St. Petersburg, Ivanov and Kazan energy universities, UrFU, Perm State Technical University, etc.). Non-core staff is trained by various educational institutions of Ekaterinburg, Perm and Chelyabinsk, Moscow or St. Petersburg.

Targeted training of the personnel and students at high and technical schools as well as scholarship projects are integral and traditional components of personnel training.

DEVELOPING PERSONNEL RESERVE

Arrangement and evolution of personnel reserve is one of the most important HR directions. It is aimed at providing the Company with highly-skilled workers. The Program for Personnel Endorsement and Development determines as a top priority update and development of engineering and transmission personnel reserve (4 levels that depend upon occupied position).

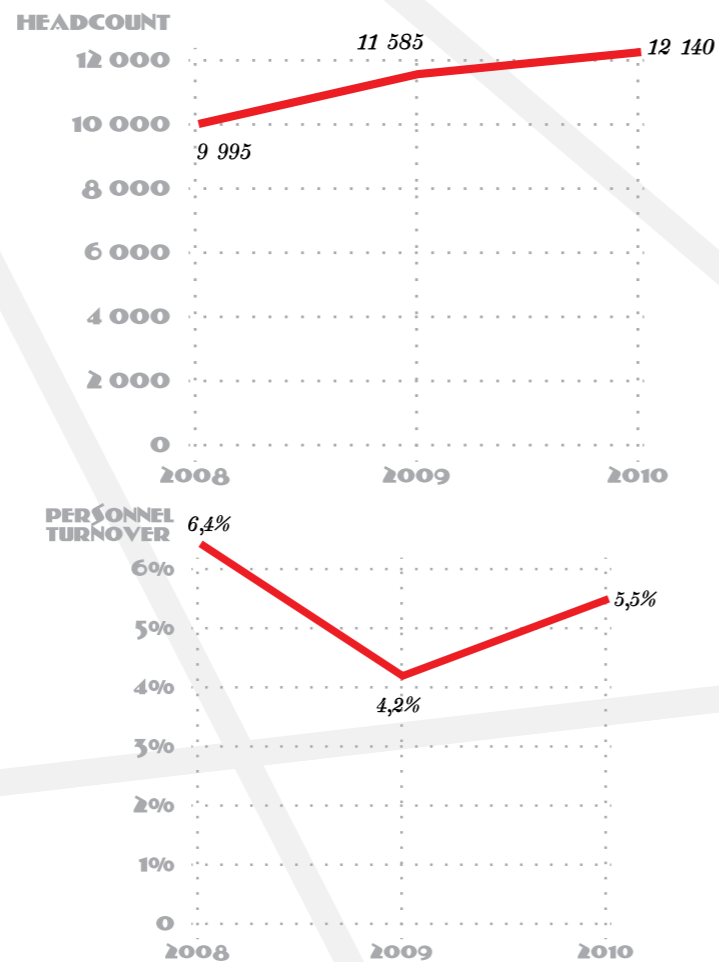
In 2010 according to the Program there was a range of trainings for reserve candidates - 2-week energy efficiency courses in Germany as well as other trainings and core courses. As a result of such targeted involvement of middle and operating managers, 7 managers were appointed to Level 1 positions, including rotation in HQ and branch subdivisions.

PERSONNEL STRUCTURE

Changes in personnel structure and headcount mirror general trends of energy sector reforms. In 2010 we recruited staff due to active acceptance of grid objects into maintenance and exploitation.

Personnel availability level is 98%, staff turnover is stable and low for the last years.

As of 2010 our personnel structure consists of 19% senior and middle officers, 37% specialists and clerks and 44% workers. The breakdown has undergone no significant changes and is optimal at the time. At the same time, the share of workers dominates in the personnel structure due to technological processes requiring immense labor costs. Age structure demonstrates predominance of employees belonging to the categories of up to 35 years and 45-pensioners.





SOCIAL POLICY

Our social policy is one of the most important spheres in our HR policy aimed at securing personnel social stability using various social programs. The key objectives of our social program are:

- personnel and family care as well as veteran care;
- creation of socially responsible corporate image with a view to attract and retain highly-skilled workers;
- creation of favorable working atmosphere;
- provision of decent living for our pensioners.

Our social program stipulates important social projects, their implementation and financial resources. It includes:

1. Voluntary medical insurance.
2. Personal accident and sickness insurance.
3. Medical services at aid posts.
4. Personnel treatment, including health resorts.
5. Health-promotion campaign for children.
6. Non-state pension coverage.
7. Various events for personnel and their families.
8. Veteran and youth care.
9. Discounts, guarantees and compensations paid to the personnel as is stipulated by the Collective agreement.

9.2. WELFARE AND CHARITY

One of the key directions that consolidated our reputation in the eyes of the public and business community as socially responsible and efficient company was charity projects. Our branches and subsidiaries participated in welfare and charity. During the reported period our plans were focused on:

RENAISSANCE OF SPIRITUAL AND HISTORICAL CENTERS

Supported by IDGC of Urals Ekaterinburg Eparchy and Revival of the Urals Orthodox Sanctuaries Fund implement a long-term renovation program for Sverdlovsk orthodox temples. In the Perm region we continued our close cooperation with Belaya Gora Charity Fund facilitating renovation of Krestovozdvizhensk Cathedral being a part of Belogorsk friary. Also we co-financed the restoration of a federal monument (Episcopal metochion of Mitrophan Voronezhsky Krest Temple).

SUPPORT OF EDUCATION, CULTURE AND ART

The Urals Pearl Charity Fund and we supported Perm Academic Opera and Ballet Theatre. Besides, we co-financed a monument to A.S. Popov, Russian radio inventor (Perm). With our support energy faculty of Perm State Technical University encouraged its prominent students.

SUPPORT OF UNPROTECTED POPULATION STRATUM

We have long-term programs aimed at supporting less protected population stratum – pensioners, invalids and large families. The Company traditionally finances Victory Day events all over its service area. In 2010 Sverdlovenergo and Permenergo supported regional veteran organizations during the celebrations devoted to the 65th anniversary of Victory in Great Patriotic War.



CHILD CARE

During the reported period the Company supported preschools, educational and social centers for children (residential schools in Berezovsky, Bulanash, orphan home in Nizhnyaya Tura, etc.). In the Perm region we support Sodeistvie Charity Fund that promotes social projects aimed at creation of conditions for youth job placement, additional education, healthy life-style promotion.



CORPORATE VOLUNTEERING

Development of corporate volunteering among our personnel occupies a special place in our charity practices. During the reported period we arranged several social projects: “IDGC of Urals is a territory for the good” (children clothing, hygiene products and toys collected for orphan homes), “Donating blood you save someone’s life” (donor event among the personnel), “The brightest New Year’s Tree” (charity event for the Sverdlovsk cancer infant center, orphan homes and residential schools). IDGC of Urals, OAO received a thank-you letter signed by the Governor and Government of the Sverdlovsk region for social and charity activity during 2010.

9.3. PR AND GR

IDGC of Urals pays a lot of attention to the evolution of its reputation as a key component of strategic management. The Company painstakingly implements its information policy adhering to long-term communications strategy and united reputation policy principles of IDGC Holding, OAO. The key sphere is interaction with mass media with a view to form a positive reputation, increase information influence and promote the interests of the Company. In 2010 there were 5 240 Company’s messages distributed via mass media (target - 4 500 messages, completion – 116%). 89% of the messages were initiated by our PR department. Positive and neutral messages were over 98% of all messages. High portion of messages initiated by our PR department demonstrates that the Company controls its image and it explains low portion of negative messages.

IDGC of Urals occupies leading positions in information activity among energy sector companies: it initiated over 80% of all messages. Key topics of the messages in 2010 were investment program implementation, repair results, operations during complicated natural phenomena (flood, thunder storms, etc.) as well as post-incident restoration of supply. These topics were disclosed in 70% of all messages. 10% covered our social activities and 7% shed light upon our corporate governance and stock market.





Injury prevention is our separate activity sphere. In 2010 under PR-program "Caution: Electricity!" our specialists arranged 520 lessons devoted to electrical safety in schools of the Sverdlovsk, Chelyabinsk and Perm regions. In addition, there were electric tests for primary schoolchildren on the rules of electrical safety and special certificates. There were special lessons and audio-visual aids for teachers dealing with life safety fundamentals. Mass media published 453 articles on electric injury prevention and observation of network protective zone rules. Regional radio stations and TV channels broadcast our audio and video clips on electric injury prevention among adults and children (587 broadcasts). 2400 visual aids devoted to infant electric injury prevention were posted on school stands, 2 500 book-markers on the rules of conduct near transmission lines and household equipment handling rules were also distributed among schoolchildren. Supported by the Ministry of Education of the Chelyabinsk region we arranged 300 stationary electric safety stands in all secondary schools of Chelyabinsk, Zlatoust, Chebarkul, Troitsk and rural areas.

We pay a lot of attention to the promotion of energy saving and energy-saving technologies. In 2010 IDGC of Urals and Energy-Saving Institute of the Sverdlovsk region reprinted a college textbook on energy-saving fundamentals (edited by N.I. Danilov and Y.M. Schelokov) and a high-school textbook on resource and energy usage prepared for elective course on energy saving. It was presented on 2nd annual exhibition "Children have the best" (Moscow, central exhibition hall).

The Company is very active in PR and GR. In 2010 we signed an agreement on social and economic cooperation between the Government of the Sverdlovsk region and IDGC of Urals. The subject of the agreement was cooperation for solving social, economic and ecological tasks within the framework of local strategic development, creation of conditions for efficient operations as well as growing contribution to social and economic regional development. Similar document was signed by the Perm administration.

GR targeting enables us to obtain support of our initiatives from the regional administrations. Thus, in 2010 the Perm administration supported our initiative to create a pilot project on complex metering system. The Government of the Sverdlovsk region repeatedly declared on supporting our initiative to create united grid area in the region and emphasized our contribution to social sphere and own training materials. On our service area we successfully implement agreements on grid evolution. Regional executive heads regularly attend our object-launching events. Thus, in 2010 Mikhail Yurevich, the Chelyabinsk Governor, visited 110/10/10 kV "Massivnaya" substation and participated in the launch of 110/10 kV "Granitnaya" substation. Aleksandr Misharin, the Sverdlovsk Governor, participated in the launch of 110/10/6 kV "90th GOELRO anniversary" substation.



Exhibitions are important parts of developing brand communications, our marketing as a leading service gridco as well as shaping and supporting MRSK Holding's image. In 2010 we participated in 11 large exhibitions, including: Innoprom-2010 (arranged by the Russian Government initiative), International Specialized exhibition "Russian Grids – 2010" (our representatives co-presented the Company as a part of the united delegation of IDGC Holding). During the exhibition we signed contracts with Polimer Apparat, ZAO on voltage suppressor delivery and with Energy+21, ZAO on supporting and rod polymeric insulator.

In 2010 we arranged cooperation with the All-Russia Fund for Small and Medium-sized Businesses (Opora Rossii, OOO). Within the frameworks of the cooperation agreement dd. October 28, 2009, concluded between IDGC Holding and Opora Rossii, our branches concluded similar agreements with regional offices of the fund. The key directions for execution of the agreements are cooperation in terms of creation of favorable conditions for the evolution of small and medium-sized businesses; optimization of relations between gridcos and small and medium-sized businesses during connection processes, facilitation of arrangement of united open information area between businesses and gridcos.

The Company pays a lot of attention to building internal communications. In 2010 we produced 12 corporate newspaper issues. Articles were mainly devoted to measures on improvement of working conditions, acquisition of new equipment and vehicles, management initiatives, activities of the Veterans Council and Young Professional Council



In 2010 we arranged the celebration of 65th anniversary of the Victory and honoring of our veterans devoted to Power Engineer's Day and 90th anniversary of GOELRO plan. For the Victory anniversary the Company printed a book devoted to our veterans ("These sundry faces..."). The book obtained an award "The Book of the Year" (established by Ekaterinburg Major Library).

9.4. ECOLOGY POLICY

During the reported year the Company continued its activities aimed at air and water protection, land conservation and decrease in pollutant effects. In 2010 we took the following measures:

- Air protection (development of emission limit drafts, laboratory analysis over air quality and level of physical effects);
- Protection and sound water use (laboratory analysis of ground-water quality, launch of cold-water metering on artesian wells);
- Protection and sound land use (ecological control over land near landfills, biochemical waste analysis).

Obligatory payments for negative environmental impact is the key legislative requirement.



	Payments for negative environmental impact RUR thous.			
	2007	2008	2009	2010
Permenergo	1 628	1 774	1 698	1 878
Air pollution payments	8	7	7	5
Waste disposal payments	1 620	1 767	1 691	1 873
Chelyabenergo	1 471	2 064	1 495	1 193
Air pollution payments	34	20	15	1
Waste disposal payments	1 437	2 044	1 480	1 192
Sverdlovenergo	376	829	1 368	1 411
Air pollution payments	23	34	10	21
Waste disposal payments	353	629	938	1 150
Waste water disposal	0	166	420	240
IDGC of Urals	3 475	4 667	4 561	4 482
Air pollution payments	65	61	32	27
Waste disposal payments	3 410	4 440	4 109	4 215
Waste water disposal	0	166	420	240

Ecological expenses include various environmental activities, waste and sewage disposal, elaboration of environmental protection projects.

	Ecological expenses (direct and indirect), RUR thous.			
	2007	2008	2009	2010
Permenergo	2 661	2 246	3 843	4 641
Chelyabenergo	1 570	903	3 378	3 072
Sverdlovenergo	7 030	6 307	6 155	9 195
IDGC of Urals	11 261	9 456	13 376	16 908



Under high voltage, 1980-s