

In 2010 Federal Grid Company managed to save 41.6 billion rubles as a result of its procurement activities



Federal Grid Company summarized the results of its procurement activities in 2010. All together about 2.5 thousand procurement activities in the total amount of about 400 billion rubles were carried out over the reporting period, out of which 72.5 % were carried out through open tenders exceeding the results of 2009 by 14 %. An economic effect in the amount of 41.6 billion rubles resulting from the maximum procurement price was obtained through these procurement activities. This amounted to 10% of the total procurement sum, which exceed the results of 2009 by 3 % and that of 2008 by 7 %. These monetary assets were allocated in addition for construction and upgrading of power facilities.

Over the last year it is possible to observe a positive growth dynamics in the average number of bidders taking part in the tenders carried out by Federal Grid Company, which proves an increase in the company's openness and transparency as well as an increase in the contractors' and suppliers' confidence towards Federal Grid Company. In 2009 an average number of bidders per one procurement tender was 3.22 bidders, in 2010 we had 4.51 bidders, an increase by 40 %.

Also in 2010 a time required for procurement activities was reduced in comparison with 2009 without reducing the time of information placement in the mass media for preparation of tender applications by tender bidders. On average this was reduced from 87 to 64 days.

The Board of Directors of JSC FGC UES has called extraordinary general shareholders' meeting

10.02.2011 The Board of Directors of JSC FGC UES ("Federal Grid" or the "Company") decided to call an extraordinary general shareholders' meeting in absentia. The agenda includes the transaction of interest between Federal Grid and JSC INTER RAO UES, with regards to

purchasing additional shares of JSC INTER RAO UES. The value of the transaction has been determined by the Board of Directors based on an evaluation carried out by the consortium of independent assessors. The date of the meeting (bulletin acceptance end date) is March 23, 2011. Address for sending voting bulletins: JSC "Registrar Company "STATUS", bld. 1, 32 Novorogozhskaya st., Moscow, 109544, Russia.

The list of the shareholders with the voting rights for this meeting was completed on February 9, 2011.

About Federal Grid Company

JSC "FGC UES" ("Federal Grid" or the "Company") is the operator and manager of Russia's unified electricity transmission grid system. With over 121,000 km of transmission lines and over 305 GVA of installed transformer capacity, it is the largest publicly traded electricity transmission company in the world.

Federal Grid's business is to provide transmission and connection services to the Russian wholesale electricity market. It maintains and develops the grid system and supervises grid facilities and infrastructure in 73 regions of Russia, in which it operates. Its customers are distribution grid companies, certain large commercial end customers and retail electricity supply companies. The Company operates in an exclusive, competition free environment, and is regulated by the Government of the Russian Federation.

At a regular board meeting of JSC FGC UES

10.02.2011 On February 9, 2011 the Board of Directors of JSC "FGC UES" ("Federal Grid" or the "Company") approved the termination (reduction) of participation of the Company in JSC OGC-1, JSC RusGydro, JSC OGC-2, JSC OGC-3, JSC OGC-4, JSC OGC-6, JSC TGC-1, JSC TGC-2, JSC Mosenergo, JSC Kvadra, JSC TGC-6, JSC Vozhskaya TGC (TGC-7), JSC TGC-9, JSC Fortum (TGC-10), JSC TGC-11, JSC Kyzbassenergo (TGC-12), JSC TGC-11 Holding, JSC Bashkirenergo, JSC Eniseisky TGC (TGC-13), JSC TGC-14, JSC Sangtudinskaya GES-1, JSC OES GruzRosenergo. The decision is subject to approval by the general shareholders' meeting of Federal Grid as the transaction of interest.

On a similar condition the board of Directors approved the participation of the Company in the authorised capital of JSC INTER RAO UES by purchasing additional ordinary shares of JSC INTER RAO UES, obtaining no more than 20 % minus one voting share as the Company and

no more 25 % of voting shares as the Group.

The value of the transaction has been determined by the Board of Directors based on an evaluation carried out by the consortium of independent assessors of CJSC Deloitte and Touche CIS, Institute of entrepreneurship problems Ltd, Nexia Pacioli Consulting Ltd. Credit Suisse provided the fairness opinion.

The Board of Directors has also issued voting recommendations for the Federal Grid representatives at the Board of Directors and shareholders' meeting of its 100% subsidiary (Index of Energy – FGC UES LLC), with regards to acquiring additional shares of JSC INTER RAO UES.

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