

1. SHAREHOLDER LETTER

SHISHAPANGMA

Since Shishapangma is located in central Tibet within Chinese territory, the mountain was first conquered on May 02, 1964 by a Chinese expedition led by Xu Jing. It was the last 8000-meter peak to be climbed.

In 2000 and 2002 Maxut Zhumayev (Kazakhstan) climbed Shishapangma Central Peak (8 008 m) twice, during his second ascent he also conquered Shishapangma Main Peak (8 027 m).

On January 14, 2005 Piotr Morawski (Poland) and Simone Moro (Italy) made a first (calendar) winter ascent.

In 2011 an expedition from Donetsk climbed Shishapangma Central Peak (8 008 m).

For almost 50 years 21 people have died climbing Shishapangma, though it is one of the easiest eight-thousanders to climb.



Dear colleagues,

The year of 2013 has come to an end. Now I am confident to state that the Company has taken all necessary steps to minimize the negative impact on the Company's achievements. In 2013 we have successfully discharged our liabilities, provided a reliable and faultless supply to consumers and showed strong financial results. Investments worth billions of rubles were backed up by everyday meticulous work of thousands of our employees. Their professionalism helped the Company retain a leading position in the Urals and Prikamye grid sector. The year the Company left behind was full of projects focused on finding solutions to our strategic goals – provision of an

easier access to grid infrastructure, evolution of customer service, reconstruction of existing grids and construction of new facilities.

One of the most important facilities from our 2013 investment program was 110/10 kV Ras-sokha substation designed to supply expanding Ekaterinburg suburbs with electricity. The Company has completed the construction of networks to connect a new health center of the Middle Urals – Restorative Innovative Locomotorium Hospital. In the Perm region we completed the construction of 110/10/6 kV Zaostrovka substation and 110 kV lines to enable the output from a new power unit of Perm CHPP-9. In 2013 we strived to provide the customers with maximum comfort. The Company managed to improve the quality of services and professional competence of its employees. All divisions of the Company demonstrated a high operating efficiency.

Besides large-scale projects the track records of 2013 also include measures taken to provide an easier access to grid infrastructure for various consumers. One of the crucial achievements was support of a legislative initiative from the regional authorities. A new law on the decrease of administrative barriers during construction process helped reduce period for connection by 3 months on average. At present this good practices of the Sverdlovsk region shall be taken as an example for similar laws in the Perm and Chelyabinsk regions.

One more novelty that facilitated the reduction of connection terms was the implementation of the corporate roadmap. Using the map we have built a new model responsible for connection, improved customer service and efficient feedback. Throughout the year we opened several new Customer Centers on our service area. They began to operate in the Chelyabinsk, Sverdlovsk and Perm regions. On the whole, during 2013 the Company received over 100 thous. requests from consumers via existing communication channels.



Consumer Councils, formed during 2013 in the Sverdlovsk, Chelyabinsk and Perm regions, became one of efficient instruments for customer relations. Regional councils were formed by representatives from small and medium businesses, regional public associations, large industrial consumers, regional executive authorities responsible for energy sector. These new public associations improved the transparency of tariff requests, approved tariffs and increased efficiency of customer relations to solve issues related to the evolution of grid complex in the service area of the Company.

Operating results of the Company are closely interwoven with improved working conditions and increased production standards. Our senior managers nowadays pay a lot of attention to this part of work and discharge all liabilities of the employer. Sector professionals are people operating under arduous working conditions. And one of our key goals is to create favorable and comfortable conditions for technicians and engineers. We implement the program on upgrading production centers, special-purpose vehicles and equipment in production units. Social protection for our employees is stipulated in the collective agreement.

The Urals regional industry is among strongest in Russia. This industrial district is widely-known for its high rate of economic growth, sustainable industrial structure and high population density. Large ferrous and non-ferrous plants, machine-building, chemical and petrochemical industries are located in our service area, therefore, harmonious development of the grid sector is a vitally important goal for the Company.

Despite economic factors the Company should always be in the forefront, look for new ideas and approaches, improve our internal procedures and implement innovations. Our work determines the future of the economy and comfortable living of the local population.

On behalf of the Board of Directors and senior managers of the Company I would like to thank our shareholders for support and assistance as well as to express appreciation to our employees for good service and professionalism. The chosen course that proved its efficiency recently will certainly be a reliable basis for future goals desired by the shareholders.

Sincerely yours, V.N. Rodin, General Director (until 30.04.2014) and Board of Directors Chairperson (since 01.05.2014)



