

QUARTERLY REPORT

*"Interregional Distribution Grid Company of Centre",
Joint-Stock Company
Issuer's code: 10214-A*

FOR QUARTER III, 2011

Location: 4/2 Glukharev lane, Moscow, 129090 Russian Federation

The information containing in this quarterly report is subject to disclosure in accordance with the legislation of the Russian Federation on securities.

General Director

Date: November 11, 2011.

_____ D.O. Gudzhoyan
signature

Chief Accountant – Head of Financial and Tax Accounting and Reporting Department

Date: November 10, 2011.

_____ S.Y. Puzenko
signature

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Internet website used by the issuer for the information disclosure, containing in this quarterly report: www.mrsk-1.ru/ru/information/quarterly-reports/2011/index.php

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Introduction

Grounds of the issuer's obligation to fulfill information disclosure in the form of the quarterly report

The issuer performed registration of securities prospectus in relation to securities.

March 20, 2008 the Federal Financial Markets Service performed the state registration of the Prospectus of IDGC Center, JSC.

This quarterly report contains estimations and forecasts of the authorized governance bodies of the issuer concerning future events and/or actions, prospects of development of the economy sector, in which the issuer carries out its primary activity, and results of activity of the issuer, including plans of the issuer, probability of occurrence of the certain events and fulfillment of certain actions. Investors should not fully rely on estimations and forecasts of governance bodies of the issuer as actual results of activity of the issuer in the future can differ from those predicted for many reasons. Purchase of securities of the issuer is connected with the risks described in this quarterly report.

I. Brief data on the persons forming a part of the governance bodies of the issuer, data on bank accounts, on the auditor, appraiser and the financial adviser of the issuer, and also on other persons who signed the quarterly report

1.1. The persons who are a part of the governance bodies of the issuer

Issuer's Board of Directors

Full name	Year of birth
Alexey Yuryevich Perepelkin (Chairman)	1970
Svetlana Alexandrovna Balaeva	1973
Alexander Markovich Branis	1977
Dmitry Olegovich Gudzhoyan	1977
Madina Valeryevna Kaloeva	1980
Mikhail Yuryevich Kurbatov	1981
Alexander Albertovich Popov	1955
Alexey Vladimirovich Sergutin	1961
Alexandr Grigoryevich Starchenko	1968
Roman Alexeyevich Filkin	1983
Alexander Viktorovich Shevchuk	1983

Issuer's Sole Executive Body

Full name	Year of birth
Dmitry Olegovich Gudzhoyan	1977

Issuer's collegial executive body

Full name	Year of birth
Dmitry Olegovich Gudzhoyan (Chairman)	1977
Dmitry Alexandrovich Andryushin	1977
Dmitry Igorevich Gotlib	1979
Ivan Petrovich Kleymenov	1960
Rustem Leronovich Nabiullin	1961
Konstantin Nikolayevich Orlov	1977
Olga Vladimirovna Tkacheva	1961
Sergey Anatolievich Schumacher	1955

1.2. Data on bank accounts of the issuer

Information on the credit organization

Full company name: **"Bank of Moscow " Joint-Stock Commercial Bank (Open Joint-Stock Company)**

Abbreviated company name: **"Bank of Moscow ", JSC**

Location: **107996, Moscow, Rozhdestvenka Street, 8/5, bld.3**

Taxpayer identification number: **7702000406**

BIC: **044525219**

Number of the account: **40702810800120001813**

Correspondent account: **30101810500000000219**

Type of the account: **ruble settlement account**

Information on the credit organization

Full company name: **"TransCreditBank", Open Joint-Stock Company**

Abbreviated company name: **"TransCreditBank", OJSC**

Location: **105066, Moscow, Novaya basmannaya Street, 37A**

Taxpayer identification number: **7722080343**

BIC: **044525562**

Number of the account: **40702810300000006996**

Correspondent account: **0101810600000000562**

Type of the account: **ruble settlement account**

Information on the credit organization

Full company name: **VTB Bank branch (joint-stock company) in Belgorod city**

Abbreviated company name: **VTB Bank branch (JSC) in Belgorod city**

Location: **190000, St. Petersburg, Bolshaya Morskaya 29**

Taxpayer identification number: **7702070139**

BIC: **041403757**

Number of the account: **40702810616000001807**

Correspondent account: **30101810400000000757**

Type of the account: **ruble settlement account**

Information on the credit organization

Full company name: **Joint-Stock Commercial Savings Bank of the Russian Federation (Open Joint-Stock Company)**

Abbreviated company name: **Savings Bank of Russia, JSC**

Location: **117997, Moscow, Vavilov street, 19**

Taxpayer identification number: **7707083893**

BIC: **044525225**

Number of the account: **40702810540020002105**

Correspondent account: **30101810400000000225**

Type of the account: **ruble settlement account**

Information on the credit organization

Full company name: **"Alpha-Bank", Open Joint-Stock Company**

Abbreviated company name: **"Alpha-Bank", OJSC**

Location: **107078, Moscow, Kalanchevskaya Street, 27**

Taxpayer identification number: **7728168971**

BIC: **044525593**

Number of the account: **40702810801100001161**

Correspondent account: **3010181020000000593**

Type of the account: **ruble settlement account**

Information on the credit organization

Full company name: **VTB Bank branch (joint-stock company) in Belgorod city**

Abbreviated company name: **VTB Bank branch (JSC) in Belgorod city**

Location: **190000, St. Petersburg, Bolshaya Morskaya 29**

Taxpayer identification number: **7702070139**

BIC: **041403757**

Number of the account: **40702840216000000265**

Correspondent account: **30101810400000000757**

Type of the account: **hard currency settlement account**

Information on the credit organization

Full company name: **VTB Bank branch (joint-stock company) in Belgorod city**

Abbreviated company name: **VTB Bank branch (JSC) in Belgorod city**

Location: **190000, St. Petersburg, Bolshaya Morskaya 29**

Taxpayer identification number: **7702070139**

BIC: **041403757**

Number of the account: **40702840016008000564**

Correspondent account: **30101810400000000757**

Type of the account: **hard currency settlement account**

Information on the credit organization

Full company name: **Gazprombank (joint-stock company)**

Abbreviated company name: **GPB (JSC)**

Location: **117420, Moscow, Nametkina Street 16, bld. 1**

Taxpayer identification number: **7744001497**

BIC: **044525823**

Number of the account: **40702810300000004749**

Correspondent account: **30101810200000000823**

Type of the account: **ruble settlement account**

Information on the credit organization

Full company name: **Joint-stock commercial bank "ROSBANK" (joint-stock company)**

Abbreviated company name: **JSC "JSCB "ROSBANK"**

Location: **107078, Moscow, Mashki Poryvaevoy Street 11**

Taxpayer identification number: **7730060164**

BIC: **044525256**

Number of the account: **40702810000000019885**

Correspondent account: **3010181000000000256**

Type of the account: **ruble settlement account**

Information on the credit organization

Full company name: *Closed Joint-Stock Company "Raiffeisenbank"*

Abbreviated company name: *ZAO Raiffeisenbank*

Location: *129090, Moscow, Troitskaya Street 17, bld. 1*

Taxpayer identification number: *7744000302*

BIC: *044525700*

Number of the account: *40702810300001411928*

Correspondent account: *30101810200000000700*

Type of the account: *ruble settlement account*

1.3. Data on the auditor(s) of the issuer

Auditor (auditors) conducting independent audit of the accounting and financial (accounting) statements of the issuer on the grounds of the contract concluded with him as well as the provision relating to an auditor (auditors) approved (selected) for the audit of the annual (financial) statements of the issuer following the results of the current or completed financial year:

Auditor that performed the audit of financial statements of IDGC of Centre for the last financial year - 2010:

Full company name: *Closed Joint-Stock Company "BDO"*

Abbreviated company name: *CJSC "BDO"*

Location: *Legal address: section 1, bld. 1, Varshavskoe shosse, 125, Moscow, 117587; Mail address: bld. 7, Dubininskaya St., 53, Moscow, 115054.*

Taxpayer identification number: *7716021332*

Primary State Registration Number (OGRN): *1037739271701*

Phone: *(495) 797-5665*

Fax: *(495) 797-5660*

E-mail: *info@bdo.ru*

License for realization of the auditor activity

Authority which issued the license: *Ministry of Finance of the Russian Federation*

Number: *E 000547*

Date of issue: *25.06.2001*

Date of expiry: *25.06.2012*

Data on the Auditor's membership in self-regulating organisations of auditors

Full name: *Non-commercial partnership "Auditor Chamber of Russia" (NP ACR)*

Location

Bld. 3, the 3rd Syromyatnichesky Lane 3/9, Moscow, 105120 Russia

Supplementary information:

Organisation registration number of CJSC "BDO" 10201018307 in the register of auditors and auditing organisations – members of SRO NP ACR

Data on membership of the auditor in boards, associations or other professional professional associations (organisations):

CJSC "BDO" is a participant of the Association of the Russian Banks, member of Non-Commercial Partnership "Self-regulated organisation of the association of the Russian Assessment Masters", Association of Managers (AMR).

Financial year (years) within which the auditor conducted independent audit of the issuer's accounting and financial (accounting) statements.

Year
2010

Factors which can influence independence of auditors of the issuer, including the information on presence of the essential interests connecting auditors (officials of auditors) with the issuer (officials of the issuer)

Factors which can influence independence of auditors of the issuer, including the information on presence of the essential interests connecting auditors (officials of auditors) with the issuer (officials of the issuer): none.

The procedure of selection of the auditor of the issuer

Presence of the procedure of the tender connected with selection of the auditor, and its main terms:
The candidate of the Auditor of the issuer is defined as a result of the Competitive Selection of the auditor by the issuer. For participation in the Competition, the auditor organizations should meet the following requirements:

- *not to be in the process of liquidation;*
- *absence of the decision on abeyance of activity adopted in accordance with the procedure stipulated by the Code of the Russian Federation on Administrative Offences, at the date of consideration of the Application Form for participation in the Competition;*
- *not to have debts under the accrued taxes, tax collections and other obligatory payments to the budgets of any level or the state unappropriated funds as of the last calendar year, the amount of which exceeds twenty five percent of the balance sheet asset of the participant according to the accounting reports as of the last completed reporting period;*
- *not to fall under terms (in relation to the Company and subsidiaries and affiliates of IDGC Holding, JSC) enlisted in item 1 of the Article 8 of the Federal Law "On Auditing activities".*
- *and others.*

Procedure of nomination of the candidate of the auditor for approval at the meeting of shareholders (participants), including the governance bodies who made the corresponding decision:
In accordance with the Article 47 of the Federal Law «On joint-stock companies» approval of the Auditor of the Company is related to the competence of the General meeting of shareholders.

Having considered the proposal of the Committee for Audit on the auditor's candidate of IDGC of Centre, JSC (minutes of the meeting of the Committee for Audit No. 04/10 dated April 23, 2010) at the meeting dated May 04, 2010 (minutes No.10/10) the Board of Directors of the Company took the decision to recommend the General meeting of shareholders to approve CJSC "BDO" as the auditor of IDGC of Centre, JSC for audit of financial and economic activity.

CJSC "BDO" is approved as the issuer's auditor for 2010 at the annual General meeting of shareholders of IDGC of Centre, JSC dated June 22, 2010 (minutes No. 01/10 dated June 24, 2010).

Information on the works performed by the auditor within the frameworks of special audit engagements:

Works within the frameworks of special audit engagements were not performed by the auditor.

The procedure of determination of the remuneration amount to the auditor, actual remuneration amount paid by the issuer to the auditor following the results of each from five last completed financial years, for which the auditor conducted independent audit of the accounting and financial (accounting) statements of the issuer:
The procedure of payment and amount of monetary remuneration to the auditor organizations and individual auditors for carrying out the audit (including the obligatory) and rendering associated services are defined by contracts of rendering auditor services and may not be attached to performance of any requirements of the audited persons about the contents of the conclusions which can be made as a result of the audit.

The amount of payment for the auditors' services of the issuer approved by the general shareholders meeting of the issuer for obligatory annual check and acknowledgement of the annual financial reports of the issuer shall be determined by the issuer's Board of Directors. By the decision of the Board of Directors of the Company (minutes No.16/10 dated July 30, 2010) the amount of payment

for the auditors' services (CJSC "BDO") on the audit of the issuer's statements in accordance with the Russian Accounting Standards in 2010 is 4,557 mln Rubles, including VAT. The remuneration was paid to the auditor in full.

Information on deferred and back payments for services rendered by auditors:
There are no deferred and back payments for services rendered by auditors.

The Auditor that performed IFRS reporting for 2010:

Full company name: **KPMG, Closed Joint-Stock Company**
Abbreviated company name: **KPMG, CJSC**
Location: **123317, Moscow, Presnenskaya Embankment, 10**
Taxpayer identification number: **7702019950**
Primary State Registration Number (OGRN): **1027700125628**

Phone: **(495) 937-4477**
Fax: **(495) 937-4499**
E-mail: **moscow@kpmg.ru**

License for realization of the auditor activity
Authority which issued the license: **Ministry of Finance of the Russian Federation**
Number: **E003330**
Date of issue: **17.01.2003**
Date of expiry: **17.01.2013**

Data on the Auditor's membership in self-regulating organisations of auditors
Full name: **Non-commercial partnership "Auditor Chamber of Russia" (NP ACR)**
Location

Bld. 3, 3/9, the 3rd Syromyatnichesky Lane, Moscow, 105120, Russia

Supplementary information:

Organisation registration number 10301000804 in the register of auditors and auditing organisations – members of SRO NP ACR

Data on membership of the auditor in boards, associations or other professional entities (organizations):

KPMG, CJSC is a member of the following professional associations:

- **Association of the European Business;**
- **Russian-British Chamber of Commerce;**
- **American Chamber of Commerce in Russia;**
- **Japanese Business Club;**
- **International Forum of Leaders of Business;**
- **Union of German Economy in the Russian Federation;**
- **Russian-American Business Council;**
- **French Club;**
- **Canadian-Eurasian Business Association of Russia;**
- **Auditor Chamber of Russia;**
- **Association of the International Community of Nizhny Novgorod;**
- **Association of Russian Banks;**
- **National Corporate Governance Council;**
- **Institute of Professional Bookkeepers and Auditors.**

Financial year (years) conducted independent audit of the accounting and financial (accounting) statements of the issuer

Year

2006
2007
2008
2009
2010

Factors which can influence independence of auditors of the issuer, including the information on presence of the essential interests connecting auditors (officials of auditors) with the issuer (officials of the issuer)

Factors which can influence independence of auditors of the issuer, including the information on presence of the essential interests connecting auditors (officials of auditors) with the issuer (officials of the issuer): none

The procedure of selection of the auditor of the issuer

Presence of the procedure of the tender connected with selection of the auditor, and its main terms:

The candidate of the Auditor of the issuer is defined as a result of the Competitive Selection of the auditor by the issuer.

For participation in the Competition, the auditor organizations should meet the following requirements:

- *not to be in the process of liquidation;*
- *absence of the decision on abeyance of activity adopted in accordance with the procedure stipulated by the Code of the Russian Federation on Administrative Offences, at the date of consideration of the Application Form for participation in the Competition;*
- *not to have debts under the accrued taxes, tax collections and other obligatory payments to the budgets of any level or the state unappropriated funds as of the last calendar year, the amount of which exceeds twenty five percent of the balance sheet asset of the participant according to the accounting reports as of the last completed reporting period;*
- *not to fall under the terms (in relation to the Company and subsidiaries and affiliates of IDGC Holding, JSC) enlisted in clause 1 of Article 8 of the Federal Law "On Auditing activities".*

Procedure of nomination of the candidate of the auditor for approval at the meeting of shareholders (participants), including the governance bodies which made the corresponding decision:

Candidacy of an auditor involved for audit of the combined financial reporting of IDGC of Centre, JSC in compliance with the International Financial Reporting Standards is not submitted for approval of the General meeting of shareholders.

Information on the works performed by the auditor within the frameworks of special audit engagements:

Works within the frameworks of special audit engagements were not performed by the auditor.

The procedure of determination of the remuneration amount to the auditor, actual remuneration amount paid by the issuer to the auditor following the results of each from five last completed financial years, for which the auditor conducted independent audit of the accounting and financial (accounting) statements of the issuer:

Amount of remuneration and procedure of payment for the auditor's services that conducted audit of the financial reporting is determined in the contract concluded between the Company and the auditor.

Under the concluded contract, for audit of the reporting for 2006 the issuer paid to the auditor (CJSC "KPMG") – 4,012 mln RUB, including VAT, including for audit of RAS reporting – 2,242 mln RUB, including VAT, for audit of IFRS reporting – 1,77 mln RUB, including VAT.

Under the concluded contract, for audit of the reporting for 2007 the issuer paid to the auditor (CJSC "KPMG") – 4,963 mln RUB, including VAT, including for audit of RAS reporting – 2,444 mln RUB, including VAT, for audit of IFRS reporting – 2,519 mln RUB, including VAT.

For audit of the compound reporting drawn up in accordance with IFRS for 2007 and taking into

account the Companies affiliated to the issuer in the 1st quarter 2008, under the concluded contract the issuer paid to the auditor (CJSC "KPMG") 18,585 mln RUB, including VAT.

Under the concluded contract, for audit of the reporting for 2008 drawn up in accordance with RAS the issuer paid to the auditor (CJSC "KPMG") 12,980 mln RUB, including VAT. Under the concluded contract, for audit of the reporting for 2008 drawn up in accordance with IFRS the issuer paid to the auditor (CJSC "KPMG") 6,962 mln RUB, including VAT.

Under the concluded contract, for audit of the reporting for 2009 drawn up in accordance with IFRS the issuer paid to the auditor (CJSC "KPMG") 19,000 mln RUB, including VAT.

Under the concluded contract, for audit of the reporting for 2010 drawn up in accordance with IFRS the issuer paid to the auditor (CJSC "KPMG") 9,251 mln RUB, including VAT.

Information on deferred and back payments for services rendered by auditors:

There are no deferred and back payments for services rendered by auditors.

The Auditor that was elected at the Annual General Meeting of Shareholders of IDGC of Centre, JSC on 17.06.2011 to perform the audit following the results of 2011:

Full company name: *"RSM Top Audit", Limited Liability Company*

Abbreviated company name: *"RSM Top Audit" LLC*

Location:

Legal address: Russia, 119285, Moscow, Pudovkina street 4

Postal address: Russia, 119017, Moscow, B. Ordynka 54, building 2

Taxpayer identification number: *7722020834*

Primary State Registration Number (OGRN): *1027700257540*

Phone: *(495) 363-2848*

Fax: *(495) 981-4121*

E-mail: *mail@top-audit.ru*

License for realization of the auditor activity

No license to perform audit, a member of the self-regulatory organization

Data on the Auditor's membership in self-regulating organisations of auditors

Full name: *Non-commercial partnership "Russian Collegium of Auditors"*

Location

107045 Russia, Moscow, Kolokolnikov Lane2/6

Supplementary information:

Non-commercial partnership "Russian Collegium of Auditors" is a self-regulatory association of auditors, accredited at the Ministry of Finance of Russia (Order of the Ministry of Finance of Russia No. 145 dated from 16.07.02, Certificate of Russian Collegium of Auditors accreditation No.5 dated from 17.07.02).

"RSM Top Audit" LLC registration number is 10305006873

Data on membership of the auditor in boards, associations or other professional entities (organizations):

"RSM Top Audit" LLC is a founder and full member of the Institute of Professional Bookkeepers and Auditors, member of Auditor Chamber of Russia (ACR):

Financial year (years) conducted independent audit of the accounting and financial (accounting) statements of the issuer

Year
2011

Factors which can influence independence of auditors of the issuer, including the information on presence of the essential interests connecting auditors (officials of auditors) with the issuer (officials of the issuer)

Factors which can influence independence of auditors of the issuer, including the information on presence of the essential interests connecting auditors (officials of auditors) with the issuer (officials of the issuer): none.

The procedure of selection of the auditor of the issuer

Presence of the procedure of the tender connected with selection of the auditor, and its main terms:

The candidate of the Auditor of the issuer is defined as a result of the Competitive Selection of the auditor by the issuer.

For participation in the Competition, the auditor organizations should meet the following requirements:

- ***not to be in the process of liquidation;***
- ***absence of the decision on abeyance of activity adopted in accordance with the procedure stipulated by the Code of the Russian Federation on Administrative Offences, at the date of consideration of the Application Form for participation in the Competition;***
- ***not to have debts under the accrued taxes, tax collections and other obligatory payments to the budgets of any level or the state unappropriated funds as of the last calendar year, the amount of which exceeds twenty five percent of the balance sheet asset of the participant according to the accounting reports as of the last completed reporting period;***
- ***not to fall under the terms enlisted in clause 1 of Article 8 of the Federal Law "On Auditing activities".***

Procedure of nomination of the candidate of the auditor for approval at the meeting of shareholders (participants), including the governance bodies who made the corresponding decision:

In accordance with Article 47 of the Federal Law "On Joint Stock Companies" the approval of the Auditor is within the competence of the General Meeting of Shareholders.

The Board of Directors of the Company at the meeting on May 3, 2011 (Minutes # 11/11 of 06.05.2011) reviewed the proposal of the Audit Committee on the candidacy of an auditor of IDGC of Center, JSC and decided to recommend to the General Meeting of Shareholders for the audit of financial and economic activities to approve the auditor of IDGC of Center, JSC - "RSM Top-Audit" LLC.

At the Annual General Meeting of Shareholders of IDGC of Center, JSC, on June 17, 2011 (Minutes # 01/11 of 21.06.2011) "RSM Top-Audit" LLC was approved as the auditor of the issuer for 2011.

Information on the works performed by the auditor within the frameworks of special audit engagements:

Works within the frameworks of special audit engagements were not performed by the auditor.

The procedure of determination of the remuneration amount to the auditor, actual remuneration amount paid by the issuer to the auditor following the results of each from five last completed financial years, for which the auditor conducted independent audit of the accounting and financial (accounting) statements of the issuer:

The order of payment and amount of remuneration to audit companies and individual auditors for audit (including mandatory) and the provision of accompanying services is defined by audit services agreements and cannot be dependent on the fulfillment of any requirements of audited persons on the content of conclusions that can be drawn from the audit. The amount of payment to the auditor of the issuer, approved by the General Meeting of Shareholders of the issuer for a mandatory annual audit and confirmation of the annual financial statements of the issuer is determined by the Board of Directors of the issuer. The decision of the Board of Directors (Minutes # 17/11 of 08.01.2011) defined the size of the auditor's fee ("RSM Top-Audit" LLC) for the audit of the issuer in accordance with RAS for 2011 in the amount of 2.714 mln RUB, including VAT.

Information on deferred and back payments for services rendered by auditors:

There are no deferred and back payments for services rendered by auditors.

Services (works) which are not connected directly with the audit of the financial reporting in the current and past financial year were not conducted by the auditors.

1.4. Data on the appraiser (appraisers) of the issuer

Full name: *Elman Bagirovich Arzumanov*

The appraiser works on the grounds of the employment agreement with the legal entity

Phone: *(495) 363-2848*

Fax: *(495) 981-4121*

E-mail: *mail@top-audit.ru*

Information on the legal entity, with which the appraiser concluded the employment agreement

Full company name: *Limited liability company "Auditing and consulting firm "Top-Audit"*

Abbreviated company name: *ACF "Top-Audit" Ltd*

Location: *119017 Moscow, B. Ordynka street, 54, bld. 2*

Taxpayer identification number: *7733059640*

Primary State Registration Number (OGRN): *1027739441553*

Data on membership of the appraiser in self-regulatory organizations of appraisers

Full name: *Non-commercial partnership "Self-regulated interregional association of specialists-appraisers" (NP "SIASA")*

Location

125315 Russia, Moscow, Leningradsky prospect 72 bld. 4 of. 2404

Date of registration of the appraiser in the register of self-regulated organization of appraisers:

25.01.2008

Registration number: *1636*

Information on appraisal services rendered by this appraiser:

Re-appraisal of fixed assets for adoption of management resolutions

Full name: *Alexey Sergeevich Sergeev*

The appraiser works on the grounds of the employment agreement with the legal entity

Phone: *(495) 363-2848*

Fax: *(495) 981-4121*

E-mail: *mail@top-audit.ru*

Information on the legal entity, with which the appraiser concluded the employment agreement

Full company name: *Limited liability company "Auditing and consulting firm "Top-Audit"*

Abbreviated company name: *ACF "Top-Audit" Ltd*

Location: *119017 Moscow, B. Ordynka street, 54, bld. 2*

Taxpayer identification number: *7733059640*

Primary State Registration Number (OGRN): *1027739441553*

Data on membership of the appraiser in self-regulatory organizations of appraisers

Full name: *Non-commercial partnership "Self-regulated interregional association of specialists-appraisers" (NP "SIASA")*

Location

125315 Russia, Moscow, Leningradsky prospect 72 bld. 4 of. 2404

Date of registration of the appraiser in the register of self-regulated organization of appraisers:

25.01.2008

Registration number: 1637

Information on appraisal services rendered by this appraiser:

Re-appraisal of fixed assets for adoption of management resolutions

Full name: ***Egor Yaroslavovich Shablya***

The appraiser works on the grounds of the employment agreement with the legal entity

Phone: (812) 703-4041

Fax: (812) 703-3008

E-mail: ***mail@ipp.spb.ru***

Information on the legal entity, with which the appraiser concluded the employment agreement

Full company name: ***Limited liability company "Institute of problems of entrepreneurship"***

Abbreviated company name: ***IPE Ltd.***

Location: ***Russia, 191119, Saint-Petersburg, Marat street, 92***

Taxpayer identification number: ***780211554456***

Primary State Registration Number (OGRN): ***1027800561458***

Data on membership of the appraiser in self-regulatory organizations of appraisers

Full name: ***All-Russian public organization "Russian society of appraisers"***

Location

107078, Russia, Moscow, the 1st Basmanny pereulok 2A of 5

Date of registration of the appraiser in the register of self-regulated organization of appraisers:

10.01.2008

Registration number: ***002794***

Information on appraisal services rendered by this appraiser:

Re-appraisal of fixed assets for adoption of management resolutions

Full name: ***Sergey Yurievich Dmitriev***

The appraiser works on the grounds of the employment agreement with the legal entity

Phone: (495) 933-7301

Fax: (495) 787-0601

E-mail: ***hr@deloitte.ru***

Information on the legal entity, with which the appraiser concluded the employment agreement

Full company name: ***Closed Joint-stock company "Deloit Touche Tomatsu"***

Abbreviated company name: ***DTT, JSC***

Location: ***103009, Moscow, Tverskaya street, 16/2***

Taxpayer identification number: ***7703097990***

Primary State Registration Number (OGRN): ***1027700425444***

Data on membership of the appraiser in self-regulatory organizations of appraisers

Full name: ***All-Russian public organization "Russian society of appraisers"***

Location

107078, Russia, Moscow, the 1st Basmanny pereulok 2A of 5

Date of registration of the appraiser in the register of self-regulated organization of appraisers:
07.11.2007

Registration number: **001403**

Information on appraisal services rendered by this appraiser:

Re-appraisal of fixed assets for adoption of management resolutions

Full name: ***Alexey Vladimirovich Voronkin***

The appraiser works on the grounds of the employment agreement with the legal entity

Phone: ***(495) 933-7301***

Fax: ***(495) 787-0601***

E-mail: ***hr@deloitte.ru***

Information on the legal entity, with which the appraiser concluded the employment agreement

Full company name: ***Closed Joint-stock company "Deloit Touche Tomatsu"***

Abbreviated company name: ***DTT, JSC***

Location: ***103009, Moscow, Tverskaya street, 16/2***

Taxpayer identification number: ***7703097990***

Primary State Registration Number (OGRN): ***1027700425444***

Data on membership of the appraiser in self-regulatory organizations of appraisers

Full name: ***Non-commercial partnership "Association of specialists-appraisers"***

Location

125315 Russia, Moscow, Leningradsky prospect 72 bld. 4 of. 2404

Date of registration of the appraiser in the register of self-regulated organization of appraisers:
20.03.2009

Registration number: ***2882***

Information on appraisal services rendered by this appraiser:

Re-appraisal of fixed assets for adoption of management resolutions

1.5. Data on advisers of the issuer

The issuer did not attract financial consultants

1.6. Data on other persons who signed the quarterly report

Full name: ***Puzenko Svetlana Yurievna***

Year of birth: ***1960***

Principle place of works:

Organization: ***IDGC of Centre, JSC***

Position: ***Chief Accountant – Head of Financial and Tax Accounting and Reporting Department***

II. Main information on financial and economic condition of the issuer

2.1. Indicators of financial and economic activities of the issuer

Unit of measure: *thousand Rubles*

Indicator	2010, 9 months	2011, 9 months
The issuer's net asset value	45 085 968	50 961 858
Relation of attracted funds against capital and reserves, %	51	52.9
Relation of short-term liabilities against capital and reserves, %	20.5	18.2
Coverage of payments on debt servicing, %	38.5	60.4
Overdue debt level, %	19	15.7
Accounts receivable turnover, times	5.4	6.2
Dividend share in profit, %	0	12.96
Labor efficiency, thousand RUB/persons	1 549.527	1 668.017
Depreciation against revenue volume, %	7.4	7.6

For calculation of these indicators, the method recommended by the Regulations for disclosing the information by issuers of issue securities approved by the Order of the Federal financial markets service of 10.10.2006 No.06-117/pz-n (as amended) was used.

Net assets value of the issuer is calculated according to order of estimation of net assets cost of the joint-stock companies approved by Order of the Ministry of Finance of the Russian Federation and Federal Commission for the Securities Market of 29.01.2003 No.10n, No.03-6/pz.

*The relation of the amount of the borrowed funds to the capital and reserves, % - (Long-term liabilities as of the end of the reporting period + Short-term liabilities as of the end of the reporting period) / capital and reserves as of the end of the reporting period * 100*

*The relation of the amount of short-term liabilities to the capital and reserves, % - Short-term liabilities as of the end of the reporting period / capital and reserves as of the end of the reporting period * 100*

*Cover of payments on debt service, thousand rubles - (Net profit for the reporting period depreciation charges for the reporting period - dividends) / (liabilities which are subject to repayment in the reporting period + interest subject to payment in the reporting period) * 100*

*Level of the deferred debt, % - the deferred debts as of the end of the reporting period / (Long-term liabilities as of the end of the reporting period + Short-term liabilities as of the end of the reporting period) * 100*

Turnaround rate of debt receivable, times - the receipt from the goods, products, works, services / (debt receivable as of the end of the period under report – debt of participants (founders) under contributions to the authorized capital as of the end of the period under report).

*Share of dividends in profit, % - Dividends under ordinary shares following the results of the completed fiscal year / Net profit following the results of the completed fiscal year - dividends under preferred shares following the results of the completed fiscal year * 100*

Labor productivity, rubles / people - Proceeds / Average number of employees

*Amortization to volume of proceeds, % - Depreciation charges / Proceeds * 100.*

The analysis of solvency and financial position of the issuer on the basis of the economic analysis of the given indicators:

Net asset value (NAV) of the issuer during the analyzed period exceeded amount of the authorized capital that is the main indicator of stability of financial condition of the enterprise. Besides, for the last quarter, net asset value increased in comparison with the last date under reporting by 5 876 mln Rubles.

Relation of the amount of the involved funds to the capital and reserve characterize leverage ratio and show the degree of its usage in total amount of funds invested into the enterprise. In comparison with the similar period of the last year this indicator increased from 51,0% to 52,9%, that comes from growth of the share of borrowed funds.

Level of paying capacity and financial stability of organization depends on rate of accounts receivable turnover, which characterizes the organization performance. As of 30.09.2011 accounts receivable turnover is 6,2; increase of the figure relating to the same figure as of 30.09.2010 is

connected with increase of accounts receivable amount by 0,7%.

Labor productivity - a measure of the amount of output per one employee. Labor productivity for 9 months 2011 is higher than that for the same period of the last year by 7,4%, which is connected with the proceeds growth by 16,1%.

2.2. Market capitalization of the issuer

Market capitalization is calculated as multiplying number of shares of the relevant category (type) by the market price of one share disclosed by the trade organizer at securities market and determined in accordance with the Procedure of calculation of equity securities market price and investments units of unit investment funds admitted to circulation through trade organizers approved by the Order of Federal Securities Commission of Russia N 03-52/ps dated 24.12.2003.

Indicator	3 q. 2011
Market capitalization, RUB.	33 208 632 759

Information on trade organizer at securities market, on the grounds of which data calculation of the market capitalization is carried out, as well as other additional information on public circulation of securities at the issuer's discretion:

Closed JSC "Moscow Interbank Currency Exchange", 13, Bolshoy Kislovsky Lane, Moscow, Telephone: +7 (495) 234-48-11, Fax: +7 (495) 705-96-22.

The issuer's shares are admitted to circulation at "RTS", OJSC, bld. 1, Vozdvizhenka St., 4/7, Moscow, Telephone: +7(495) 705-9031, Fax: +7(495) 733-9703.

The information on the market capitalization of the issuer is presented for each completed fiscal year and as of the date of termination of the last completed reporting period:

Period	Market capitalization of the issuer, thousand rubles	
	MICEX Stock Exchange, CJSC, thousand rubles	RTS, OJSC*, thousand rubles
2010	55 980 990	211 057
1 Q 2011	52 996 182	52 932 433
2 Q 2011	37 839 941	47 399 349
3 Q 2011	33 208 633	37 554 548

* - Per RTS, OJSC data, <http://www.rts.ru/a22999>

2.3. Liabilities of the issuer

2.3.1. Accounts payable

The structure of the accounts payable of the issuer

For 9 months of 2011.

Unit of measure: *thousand Rubles*

Accounts payable	Maturity	
	Up to one year	Over one year
Accounts payable to suppliers and contractors	4 902 087	0
Including the deferred one	716 927	x
Accounts payable to the organization personnel	444 797	0
Including the deferred one	0	x

Accounts payable to the budget of state and non-budgetary funds	731 930	0
Including the deferred one	0	x
Credits	672 750	14 520 000
Including the deferred one	0	x
Loans, total	0	0
Including the deferred one	0	x
Including the bonded loans	0	0
Including the delayed bonded loans	0	x
Other accounts payable	2 447 988	307 096
Including the deferred one	133 393	x
Total	9 199 552	14 827 096
Including the deferred one	850 320	x

If there is overdue account payable, including under credit contracts or loan agreement as well as under debt securities (bonds, bills, other) issued by the issuer, reasons of non-fulfillment or consequences for the issuer which occurred or can occur in future by virtue of the mentioned non-fulfilled liabilities, including sanctions imposed on the issuer as well as the term (assumed term) of redemption of the overdue accounts payable are indicated:

Overdue accounts payable is incurred by counter non-fulfillment of liabilities on the part of retail companies.

Creditors who owe at least 10% of the total accounts payable

Full company name: ***Joint-Stock Commercial Savings Bank of the Russian Federation (joint-stock company)***

Abbreviated company name: ***Savings Bank of Russia, JSC***

Location: ***117997, Russia, Moscow, Vavilov St., 19***

Taxpayer identification number: ***7707083893***

Primary State Registration Number (OGRN): ***1027700132195***

Amount of accounts payable, thousand rubles: ***7 868 125 390***

Amount and conditions of the deferred accounts payable (interest rate, delayed damages, penalties): ***no***

This creditor is ***not*** an affiliate of the issuer.

Full company name: ***Joint-Stock Commercial Bank "ROSBANK" (joint-stock company)***

Abbreviated company name: ***JSC JSCB "ROSBANK"***

Location: ***11, Masha Poryvaeva St., Moscow, 107078, Russia***

Taxpayer identification number: ***7730060164***

Primary State Registration Number (OGRN): ***1027739460737***

Amount of accounts payable, rubles: ***3 800 000 000***

Amount and conditions of the deferred accounts payable (interest rate, delayed damages, penalties): ***no***

This creditor is ***not*** an affiliate of the issuer.

2.3.2 Credit history of the issuer

The issuer's fulfillment of obligations on credit contracts and/or loan agreements, the amount of principal debt on which is 5 or more percent of the balance value of the issuer's assets for the date of the last completed reporting quarter prior to conclusion of the relevant contract as well as other credit contracts and/or loan agreements, that the issuer considers essential for it, which have been existing within the last 5 completed financial years or for each completed financial year, if the issuer performs activity less than 5 years, and existing for the date of the reporting quarter.

In case the issuer performed bond issue, the issuer's fulfillment of obligations on each bond issue, which par value is 5 or more percent of the balance value of the issuer's assets for the end date of the last completed quarter prior to the state registration of the report of bond issue results is described, and in case bond allocation is not completed or the state registration of the report of bond issue results is not performed by other reasons – for the end date of completed quarter prior to the state registration of bond issue.

Name of liability	Name of creditor (lender)	Amount of main debt	Currency	Credit (loan) term / Payments period	Late fulfillment of liability in payment of amount of main debt and /or fixed interests, overdue time period, days
Opening of credit line contract No. 50/08-P dated 28.03.2008	GPB (JSC)	1 300 000 000	RUB	18 months/ 28.09.2009	no
The Contract on Crediting in the form of overdraft No. 51/08-P dated 28.03.2008	GPB (JSC)	700 000 000	RUB	12 months/ 27.03.2009	no
Agreement No. 1157 on general conditions of conclusion of transactions dated 28.03.2008	GPB (JSC)	800 000 000	RUB	with prolongation 36 months/ 28.03.2011	no
Crediting contract No. RK 053/08 dated 28.03.2008	"ROSBANK" JSCB (OJSC)	5 000 000 000	RUB	58 months/ 01.02.2013	no
Crediting contract (credit line) No. 32-260/15/567-08-KP dated 28.03.2008	"Bank of Moscow" (JSC)	1 300 000 000	RUB	6 months/ 24.09.2008	no
Credit agreement No. RBA/4698 dated 28.03.2008	"Raiffeisenbank" (CJSC)	1 400 000 000	RUB	15 months/ 28.06.2009	no
Credit contract No. CL-1099/08 dated 28.03.2008	"Nordea Bank" (JSC) (till 16.09.2009 "ORGRESBANK" (JSC))	2 000 000 000	RUB	36 months/ 28.03.2011	no

From the date of establishment (17.12.2004) the Company has not concluded other credit contracts under which liabilities amount exceeds 5% of the assets balance sheet value as of the last reporting date prior to the contract conclusion.

As of 30.09.2011 the debt of IDGC of Centre, JSC on the abovementioned contracts was 15 192 749 556,43 Rubles and the liabilities amount for each valid credit contract does not exceed 5% of the assets balance sheet value for the reporting date.

The Company did not issue bonds for the period since the moment of formation of IDGC of Centre, JSC before the date of the end of the reporting quarter.

2.3.3. Liabilities of the issuer from the maintenance given to the third parties

Unit of measure: *Rubles*

Indicator	2011, 9 months
Total amount of the issuer's liabilities out of security provided by it	852 204 716.64
including total amount of liabilities of third parties according to which the issuer provided third parties with security, including in the form of pledge or guarantee	852 204 716.64

The issuer's obligations out of security provided the third persons for the period from the date of the current financial year start and till the date of the reporting quarter end, including in the form of pledge or guarantee, which amount to not less than 5 percent from the balance value of the issuer's assets for the end date of the last completed reporting period prior to security provision.

There were no specified circumstances within this reporting period

From the moment of its establishment up to 30.09.2011 the issuer did not have liabilities out of security provided to third persons in the form of a pledge or guarantee, which are not less than 5 percent of book value of assets.

2.3.4. Other liabilities of the issuer

There are no other liabilities which were not reflected in the accounting balance which can be significantly affect the financial position of the issuer, its liquidity, sources of financing and conditions of their use, results of activity and charges

2.4. The purposes of issue and direction of use of the funds received as a result of placement of issue securities

Within the reporting period the issuer did not implement placement of the securities by subscription.

2.5. The risks connected with purchase of placed (or being in the process of placement) issue securities

The issuer's policy in the field of risk management:

In accordance with the Risk Management Policy (Minutes of the Board of Directors #13/10 of 15.06.2011) IDGC of Centre defined the following tasks and objectives of its risk management:

1. Provide reasonable assurance to achieve the strategic objectives
 - Identification and evaluation of material nature of events affecting the achievement of strategic objectives;
 - Provision of preventive measures to minimize probability and negative impact of risks on targets;
 - Strategic planning with risks taken into account;
 - Timely provision of information to the General Director (Management) of the issuer and interested parties about the presence of threats and opportunities;
 - Monitoring of activities to control risks.
2. Preservation of assets and maintenance of business efficiency
 - Identification, assessment and management of business processes risks;
 - Provide information about risks when taking management decisions;
 - Formation of the matrix of risk controls;

- Creation and management of key risk indicators (KRI);
 - Elimination of fraud.
 - 3. Ensuring continuity of electricity transmission
 - Establishing programs to respond to risky situations;
 - Regulation of processes to isolate impact of risky events;
 - Coordination, provision and evaluation of timely response to emergencies.
- The implementation of the risk management Policy is based on the following basic principles:
- System approach. Management of all types of risks is carried out on all the key areas of activity and at all levels of governance of the issuer.
 - Responsibility for risk management. Each employee of the issuer as one of his objectives considers risk management within his competence, knowledge and information available.
 - Cross-functional interaction. The process of managing cross-functional (cross-process) risks (risks affecting targets of several functions (business processes)) based on the collective decisions taken jointly, based on information available with various departments (members and leaders of business processes).
 - A single information channel. Information provision of the risk management system makes it possible to promptly and fully inform about risks of decision makers.
 - Splitting decision-making levels. Decisions about minimizing risks taken on different levels, depending on the significance of risks. Boundaries to determine the level of decision-making are set based on risk appetite of the issuer.
 - Binding to targets. Risk management is carried out based on the goals at the issuer's strategy and goals of specific processes and functions.
 - Movement of risks from the bottom up and top down. Flow of information about risks for decision-making is carried out from lower management levels to higher. Decisions to minimize risks and control over risk management extends from higher management levels to lower ones.
 - Cost-effectiveness of risk management. Risk Management System provides cost-effective measures to manage risk. Reducing risk is done due to economic viability.
 - Monitoring the effectiveness of risk management. Effectiveness of risk management through monitoring of key risk indicators (KRI) that are developed for each priority area of risk management.

The risk management policy creates the requirements for risk management process and system architecture of risk management and establishes the composition of accountability within the system operation.

2.5.1. Industrial risks

The most significant events (changes) in the branch of the electric power industry for the issuer are:

- transition to a new system of tariff regulation;
- adoption of the Federal Law "On energy saving and on raising of energy efficiency and on alteration of certain legislative acts of the Russian Federation" (dated 23.11.2009 No.261-FZ).

The Unified operating company IDGC of Centre, JSC (UOC) was formed during the reform of the power engineering industry. Transformation into UOC allowed the issuer to increase control level and to ensure efficiency and reliability of operation of electric grid complex of its responsibility zone.

Starting from 01.01.2011 the tariff rates regulation in all the divisions in the service area of the issuer is performed based on Return on Asset Base method (RAB). The start of the RAB regulation implementation was during the period of the complicated economic situation in the country. The global financial crisis of 2008 affected the state of the industry, causing the following negative consequences:

- overall reduction in electricity consumption in 2009, offset by only up to 2010;
- rise in the cost of borrowed funds.

In connection with the above mentioned consequences at present it is difficult to forecast in details the probability and correlation of risks connected with change of tariff regulation system.

In addition, as part of the crisis management measures of the Government of the Russian Federation in 2009 the following measures were identified, which are still being implemented up to this day:

- putting restraints on the growth of tariffs on product (services) of natural monopolies in comparison with the earlier planned schedule;

- implementation of the mechanisms of financing of investment programs of natural monopolies not so much at the expense of increase of tariffs, as at the expense of increase of inner efficiency of the companies themselves, decrease of expenses, restriction of increase of salary of workers and remunerations of management;
- establishment of reduced tariffs on technological connection to the electric networks for small businesses.

The abovementioned measures significantly increases the probability of underfunding of current investment program of the issuer, in this connection the issuer realizes the program on internal costs saving and optimization of financial flow.

Adoption of the Federal Law on energy efficiency supposes energy saving in Russian economy-wide average on 10% that can be compensated by means of diversification of the issuer's business, as in part of integration of territorial and municipal network assets, so as in part of composition of services provided.

According to the issuer's estimation, now deterioration of the situation in the industry may be connected with:

1. The operational (industrial) risks, connected with physical deterioration, infringement of terms of operation and drastic change of parameters of the equipment operation. Occurrence of these risks may lead to damage (failures) and destruction of constructions.

The unsatisfactory condition of the equipment due to its physical deterioration and obsolescence is a principal cause of occurrence of industrial risks, the main of which are:

- risk of down-grade performance of obligations under contracts on rendering services on delivery of electric energy;
- risk of failures with partial or full electric power not delivered with corresponding adverse social consequences.

Actions of the issuer on this risk management:

The probability of failure of electrical facilities is at average level therewith at the realization of risks the consequences for activities of the issuer may fluctuate from insignificant up to medium. For the purpose of minimizing of consequences of production risks, all the main industrial facilities of the issuer are insured. Besides, a complex of measures on maintenance of reliability of the equipment and constructions is carried out by the issuer, namely:

1. Fixed parameters of repair program and investment program regarding changes and reconstruction (up to 50% of total volume of investment program) are fulfilled in the volume necessary for ensuring of power supply continuity);
2. The structure and amount of volume of purchase of spare parts is constantly optimized;
3. The tender selection of the service and supplying organizations was implemented for the purpose of improvement of quality of these services and materials, the responsibility of counterparts and decrease in specific expenses;
4. For maintenance of the system reliability, the emergency control automatics were implemented and are modernized according to the modern requirements.
5. To decrease deterioration level, re-equipment of grid capacities is carried out on the basis of implementation of the innovative power equipment;
6. The automated asset management system is being implemented. Its aim is to optimize processes of operation, maintenance service and repairs of grid assets and also to put in order the investment activity of the issuer.

Risk management in the field of observance of requirements of industrial safety in the total structure of management of the issuer and its DGC industrial risks is provided by observance of the federal laws in the field of industrial safety and the system of industrial inspection over observance of the industrial safety requirements at the specified enterprises functioning on its basis.

2. The risks connected with state regulation of tariffs for services, rendered by the issuer

Activities on delivery of the electric power through distribution grids and also technological connection to electric networks are regulated by the State. Thus, adoption by the regulatory bodies of tariff rates for services of the issuer directly influences volumes of the received proceeds. Even at RAB implementation, the role of the respective authorities in the process of tariff formation is still preserved. Besides, currently the Government of the Russian Federation realizes the policy of containment of increase of tariffs on product (services) of natural monopolies – in particular, according to resolution of the Government of the Russian Federation # 1172 dated from 29.12.10 "On

approval of the rules of the wholesale electricity market and power ...", in 2011, the growth of tariffs for electricity transmission should be limited to the level of 15% starting from 01.05.2011. In pursuance of this resolution, in the second and third quarters of 2011 all the divisions of the Company have performed the revision of tariff-making. Political restriction of growth of tariffs for electricity transmission in 2012 is projected at 6% to the rates in effect as of October 1, 2011.

In addition, the changes to existing legislation in the field of pricing in the electricity industry are expected, providing change of approaches to the establishment of tariffs based on the return on invested capital in the conditions of limiting the growth rates.

In this connection, there are risks of:

- lack of funds to finance the issuer's own costs;
- reduction of investment programs;
- increase in credit load.

In addition, the risks of tariff regulation are:

- Reduction of volumes of proceeds in connection with changes of actual structure of delivery of the electric power by the voltage levels concerning that adopted at approval of tariffs;
- Occurrence of additional charges connected with:
 - providing benefits for technological connection services of consumers below 15 kW;
 - repeating non-regulated prices for electricity purchase to compensate for transmission losses;
 - transition of consumers connected to electrical equipment leased by the Company relating to the UNPG to direct agreements with FGC UES;
 - existence of cross subsidizing. Presence of cross subsidizing does not allow establishing economically proved tariffs by voltage levels; in this connection initialization by consumers of judicial claims is possible.

The following measures are applied to eliminate the given risks:

1. Work with Federal Service for tariffs and bodies of regulation of tariffs of the Russian Federation entities on economic substantiation of the expenses included in tariffs, also including the shortfall in income of the previous periods into the tariff rates, on amending the legislation of the Russian Federation in the sphere of pricing on services of natural monopolies for the purpose of the account of interests of the distributive network companies is held at establishment of tariffs for electric energy in the retail market;
2. Development and coordination of long-term programs of development of regions of the zones of activity of issuer's divisions with regional and local authorities with signing Agreements in which volumes of sources of financing of investment programs, in particular, are coordinated;
3. Regular work on reduction of the issuer's costs and investment program optimization is held;

3. Environmental risks

Ecological risks can rise from the sources of permanent and single action. Sources of the permanent action include hazardous emissions of stationary installations (in respect to the issuer – insignificant), as well as transport systems – movable sources. In the process of startup, warm-up, entrance and departure of motor vehicles there is emission of carbon, nitrogen, carbon hydride and soot. But according to the results of measuring maximum-single emission do not exceed accepted values in surface air at the sanitary protection zone limit. To prevent possible negative impacts on the environment the issuer performs control over toxicity of burnt transport gases. On this ground environmental risks connected with emissions of polluting agents in the atmosphere are minimal and, besides, with insignificant consequences for the issuer's activity in case of their implementation.

Environmental risks can be expressed in possibility of leakage of transformer oil at substations providing that there are no oil-receiving devices at surface water run-offs into a river or lake, it can cause pollution of water of fish economic importance with oil products. In the consequence of these infringements of nature protection law high fines can be imposed on the issuer in accordance with the Federal law. Probability of these risks is estimated as insignificant with insignificant consequences for the issuer's activity.

Environmental policy approved by the Board of Directors of the issuer serves as the instrument for reduction of environmental risks. The issuer bears serious expenses for environmental policy implementation: so in 2010 – 24 308,57 thousand Rubles, for 9 months 2011 – 16 651,01 thousand Rubles.

Environmental policy of the issuer aims to increase the environmental security level for the account of ensuring of reliable and environmentally safety transport and power distribution, complex approach to use of natural power resources. Much attention is paid to work on handling with hazardous

waste – observance of rules of storage, transportation, recycling – this considerably reduces influence of toxic agents on soil and in consequence on human health.

Reduction of environmental risks is contributed by multi-year program implemented by IDGC of Centre on change of oil circuit breakers to vacuum ones in distribution grids of 6-10 kV, including installation of reclosers, this reduces technological cycles of dielectric oils and excludes their penetration in the environment and necessity to bear expenses for recycling of used oils. Effectiveness of change of oil circuit breakers to vacuum ones consists in the following: noiselessness, clean, serviceability, grounded by low energy release in the arc and absence of oil slobbering and gas exhaust at short-circuit current; absence of pollution of the environment.

In the course of implementation of measures provided by perspective program of technical re-equipping and reconstruction the issuer changes elements and electric equipment sites to upgrading, which construction ensures high environmental safety of production.

4. Risks of receiving less incomes than one is due, connected with payment from retailers or decrease in their level of power consumption in comparison with the target level

The main issuer's buyers are the retail companies, which carry out delivery of electric energy to end users. Accordingly, the main risk connected with buyers is the probability of increase in the debt receivable in connection with infringement by payment discipline of end users of electric energy and occurrence of necessity of attraction of additional credit resources. During certain periods, there is risk of insufficiency of money resources on the issuer's accounts in connection with presence of time cash breaks between reception of money resources from the marketing company and necessity of financing of current operations. The foregoing risk probability decreased a little bit in the first half of 2010, but, nevertheless, it still draws attention at present. For minimization of the probability of the given risk and its consequences, the financial management of the issuer develops the well-thought credit policy, on management of debt receivable directed to optimization of its amount and collection of debt. The issuer performs as well active claim-related work on debt collection, implements policy of conclusion of direct contracts with electric power consumers.

As the proceeds of the issuer are influenced by dynamics of power consumption of regions of IDGC of Centre's divisions' activity zone, there is a risk of receiving less incomes than one is due in connection with decrease in electric power consumption by separate large consumers in relation to the target level. At present this risk probability is estimated as low, with consequences for the issuer's activity from medium to heavy.

To reduce this risk probability and minimize its consequences the issuer implements a complex of measures on expansion of sales markets and diversification of package of services rendered to electric power consumers.

5. Risks connected with construction by large consumers of the alternative grid facilities

Construction by large consumers of alternative power grid facilities can lead in the future to reduction of the volume of services rendered by the issuer on delivery of electric energy. This risk probability is estimated as insignificant with unessential consequences for the issuer's activity.

For leveling this risk, the issuer carries out active work with consumers directed to formation of mutually advantageous relations.

Additional actions of the issuer for reduction of the designated risks:

- increase of operational efficiency by realization of programs on decrease in industrial costs and saving;
- carrying out of works on increase in the share of long-term contracts at rendering services on delivery of electric energy in the total amount of the concluded contracts;
- carrying out by the issuer of the well thought-out financial policy.

6. Risk of uncertainty of limiting volumes of rendering services on transmission of electric energy.

The risk of uncertainty of the limiting volumes of rendering services consists in:
- absence in some RF entities and municipal formations of actual economic development plans with indication of the behavior of growth of power consumption for a certain period;
- probability of reduction of electric power consumption over the Russian economy in whole in connection with the adoption of the Federal Law "On energy saving and on raising of energy efficiency and on alteration of certain legislative acts of the Russian Federation" (dated 23.11.2009 No.261-FZ);
- reduction of electric power consumption due to start of economic recession.

The specified circumstances make it impossible to perform exact forecasting of volumes of investments into the sector capable to satisfy an increasing demand for electric energy in medium-term and long-term prospect. Also these circumstances can result in fall of profitable component of the issuer's budget

within the long-term perspective. Basically, the given risk influences performance of obligations on rendering services on delivery of the electric power. This risk probability is estimated as medium with medium consequences for the issuer's activity. Minimization of the given risk is carried out by means of the following actions:

- work with the state bodies of the Russian Federation entities and institutions of local government on formation of plans of economic development of the region in the medium-term and long-term prospect;
- justification of tariffs for delivery of electric energy in the authorized state bodies in view of the investment component aimed at increase of the capacity of the electric grid facilities;
- implementation of diversification of the issuer's services portfolio with it further transformation into power service company rendering among all services related to increase of energy efficiency.

7. Risks connected with shortage of qualified specialists in the industry

At present inflow of qualified personnel in the industry is reducing. Keeping the current reduction rates the issuer can confront with shortage of qualified personnel in the region of the issuer's presence. This risk is estimated as average within the long-term period with consequences for the issuer's activity varying from insignificant up to medium. For the purposes of minimization of this risk probability the issuer performs the following measures:

- support of industrial secondary special and higher industrial institutions in the region of the issuer's presence including creation of financial support of implementation of the program on training of specialists in the field of electric power with subsequent guaranteed employment of trained specialists;
- implementation of a series of programs intended to increase of motivation and reduction of volumes of staff turnover including implementation of a series of non-material motivation methods, constructive interaction with trade unions (conclusion of collective agreements).

8. The risks connected with possible change of prices for component parts and services used by the issuer in the activity (separately in the internal and external markets), and their influence on activity of the issuer and execution of obligations under securities.

In the process of the issuer's activity, the issuer can run the risks connected with increase of the prices for component parts, equipment and other material resources. The given risks are caused basically, by the inflationary processes and can be minimized by the following actions:

- increase of operational efficiency on the basis of realization of programs on decrease in industrial costs (creation of the competitive environment in the sphere of works and products purchases, optimization of expenses for repairs and operational needs and capital construction, etc.);
- centralization of purchasing activity (scale effect with purchases);
- increase in share of purchasing of equipment and parts of Russian production (reduction of dependence on foreign currency fluctuations).

In opinion of the issuer, influence of the given risks on activity of the issuer (under condition of their minimization on the part of the issuer) under conditions of the economic crisis at the current rate of inflation processes is medium at medium probability of risks.

9. The risks connected with possible change of the prices for services of the issuer (separately in the internal and external markets), and their influence on activity of the issuer and execution of obligations under securities

The issuer does not carry out and does not plan to carry out activity in the external market and the issuer purchases a small deal of parts and equipment abroad. Therefore, risks connected with possible aggravation of the situation in the issuer's industry in the external market; risks connected with possible change of prices for component parts and services used by the issuer in its activity in the external market as well as risks connected with change of prices in external markets cannot influence the issuer's activity.

Risks of failure of the issuer to fulfill obligations before holders of equity securities (dividends paid for ordinary shares for 2010) in virtue of change of the industry market is minimal. There are no issuer's obligations relating to payment of dividends to holders of preference shares and payment interests and redemption of bonds.

2. Country and regional risks

Country risks

Currently the sovereign rating of the Russian Federation remains at the level «BBB» (Fitch, Standard & Poor's) and «Baa1» (Moody's). Along with this the outlook level varies from "stable" to "positive".

Financial problems or aggravated perception of risks of investment in the countries with a developing economy lowered the volume of foreign investments into Russia and rendered negative influence on the Russian economy. Besides, as Russia makes and exports great volumes of natural gas and oil, the Russian economy is especially vulnerable to changes of the world prices for natural gas and oil, and falling of the price for natural gas and oil can slow down or shake development of the Russian economy. Besides, dynamics of growth of prices for consumer products in the country remains to be the problem. All these events can limit access of the issuer to the capital and render adverse influence on purchasing capacity of consumers of the issuer's products. Also at present the Government of the Russian Federation commenced to implement policy of containment of growth of tariffs for products and services of natural monopolies, this can result in shortage of financing of the issuer's investment program.

Probability of these risks is estimated as medium with consequences for the issuer's activity varying from average to severe.

Within the framework of minimization of the foregoing risks the issuer performs work on reduction of internal costs and optimization of the investment program as well as implements factored policy in the field of taking out borrowed funds.

The main political risks of the issuer's activity (in terms of the country risks) are: probability of change of the current policy of the Government of the country, which can impact the industry on the whole. In case of above said events, the following consequences of the issuer's activity are forecasted: establishing a level of tariff lower than the economically grounded level, nationalization of the issuer's assets, radical change of the current model of management of distribution grids with possible decentralization / recentralization of IDGC.

At present probability of these risks is estimated as low with consequences for the issuer's activity from average to severe.

Political risks are beyond the control of the issuer because of their scale, but within the framework of their minimization the issuer leads active work with superior and regulating organizations in common interests of the industry development.

Regional

risks

The issuer performs its activity on the territory of the Central Federal District of the Russian Federation being an economically developed region of the country, the center of financial and political activity.

According to the Investment Rating of Regions of Russia 2009-2010 (prepared by the "Expert RA" Rating Agency), the majority of regions (9 out of 11), with which the issuer's activity is connected, are referred to the territories with moderate investment risks and various investment potential, two of the regions (Lipetsk and Voronezh regions) – to the regions with minimal investment risks. Positive dynamics is seen as following the results of 2008-2009 only one region belonged to the territories with minimal risk (Lipetsk region); and one region belonged to the regions with high investment risks (Tver region).

Regional risks in the activity of the issuer are as follows:

- disagreement of the authorized state tariff establishment bodies of the part of economically proved charges declared by the issuer for inclusion in the corresponding tariff;
- reduction of electric power consumption by large industrial enterprises of the regions.

The given circumstances can have essential influence on realization of the large scale investment program of the issuer, and their probability remains high. In order to decrease influence of regional risks on realization of the investment program, the issuer on a constant basis cooperates with the state bodies and other stakeholders (stakeholder relations) for the purpose of the control over and management of the choice of stakeholders concerning their actions in connection with investment projects of the issuer. The issuer performs as well measures on optimization of the investment program financing for the account of reduction of internal costs.

The main political risk of the issuer's activity at the regional level is possible change of the government of regions with subsequent change of the existing model of relations with the issuer. The principle consequences for the issuer's activity under these risks are: establishing a level of regional tariff lower than the economically grounded level, absence of support on the part of regional authorities for integration of municipal electric grid assets by the issuer.

At present probability of these risks is estimated as minimal with the consequences for the issuer's activity from insignificant up to medium.

Within the framework of minimizing of these risks the issuer conducts constant work on compliance of the long-term programs of development of regions, zones of activity of the issuer's divisions with regional and local authorities as well as interacts actively with superior organizations on the items of activity in the regions.

Other negative changes of situation in the regions of the issuer's activity, which can influence negatively on its activity and economic condition, are not forecasted in the nearest future.

The risks, connected with possible military conflicts, introduction of state of emergency and strikes in the country and regions in which the issuer is registered as the tax bearer and/or carries out primary activity.

The probability of military conflicts and introductions of state of emergency in the country and in regions of presence of the issuer is insignificant. In case of occurrence of possible military conflicts, the issuer bears risks of its fixed assets destruction.

The risks, connected with geographical features of the country and region, in which the issuer is registered as the tax bearer and/or carries out primary activity, including the raised danger of acts of nature, the possible interruption of transport communication due to remoteness and/or inaccessibility, etc.

Geographic features of the region, in which the issuer performs its activity, suppose risk of natural disasters within the autumn and winter period (AWP). These risks are valued by the issuer as high. The issuer implements complex of measures on preparing of the grid complex for autumn and winter period, each division of the issuer is certified for readiness to AWP. Constantly activities on reduction of time period, which is necessary for timely elimination of consequences of natural disasters during autumn and winter periods, are carried out.

The management of the issuer on a mandatory basis submits to the Board of Directors reports on the preparation for the autumn-winter period, as well as reports on the outcome of the completion of AWP.

2.5.3. Financial risks

In case of one or several risks listed below, IDGC of Centre will undertake all possible measures on minimization of negative consequences. To neutralize a part of risks possible measures on the issuer's actions, following this or that risk described below, are developed. However, it is necessary to remark that preliminary development of appropriate measures, which correspond to the events, is handicapped by uncertainty of the situation development, and parameters of conducted measures will to the great extent depend on particularities of the situation in each certain case. The issuer cannot guarantee that actions directed to overcoming of arisen negative changes will be able to remedy the situation because described factors are beyond the control of the Company.

Risks, connected with exchange rates change

The issuer sells services carrying out settlements in rubles (currency of the Russian Federation) in the internal market of the Russian Federation, in this connection it is not subject to risks of exchange rate change. In this case it is necessary to underline that the issuer can purchase products from foreign suppliers, value of services of which depends on currency fluctuation, when performing investment activity. In this connection it can be said that exchange risk is minimal for the issuer.

Risks, connected with interest rate change

Taking into the stabilization of the situation at financial markets the risk of interest rate change is estimated by the issuer as medium.

For the purposes of leveling of credit interest rate growth risk the issuer performs work on interaction with credit organizations, which deal with the budgetary funds (state, constituent entities of the Federation, municipal) as well as with international financial organizations.

In this case the issuer, being a natural monopoly entity, performs selection of financial organizations for rendering of services by means of open one-stage tender or open auction in accordance with the procedures established by the law of the Russian Federation (the Federal Law No. 135-FZ dated 26.07.2006 "On competition protection", the Federal Law No. 94-FZ dated 21.07.2005 "On placement of orders for goods supplies, work performance, service rendering for state and municipal needs"). In compliance with part 4.1 of Article 9 of the Law on placement of orders, price of the state order or municipal contract is fixed and cannot change in the course of its fulfillment. Thus, the risk of interest rate change on valid credit contracts decreases.

Tax risk

It has a series of attributes: probability of new types of taxes and duties for performance of individual aspects of business activity, possibility of increase of rate level of the existing taxes and

duties, change of terms and conditions of effecting of separate tax payments; probability of cancellation of the tax privileges existing in the field of business activity of the enterprise. This risk affects essentially on the results of its financial activity.

Currently, taking into consideration the measures of the Government of the Russian Federation conducted for stimulation of the national economy under the crisis conditions, this risk is estimated as minimal.

Risks, connected with inflation influence

Change of consumer prices index has certain influence on the profitability level of the issuer and as the consequence on financial situation and possibility of fulfillment of obligations, however, this influence is not the direct dependence factor.

Notwithstanding that the issuer saved activity profitability even at considerable increase in consumer prices level, there are no firm guarantees that possible increase or decrease of consumer prices will result in fall of profitability level of the issuer in the future. It is impossible to forecast critical inflation level of the issuer, because except consumer prices level it is necessary to take into account change of actual ruble purchasing power, conjuncture in the regional sales markets and the further policy of the state in relation to tariffs for electric power delivery.

Influence of financial risks on financial statements indicators

Change of prices on electric power delivery will firstly impact on the volume of sales income of the issuer and essentially influence on the net profit of the issuer.

Inflation processes resulting in appreciation of materials and raw materials used in production can essentially influence on balance currency increase taking into consideration growth of accounts receivable and devaluation of accounts payable.

Also inflation processes in the economy of the Russian Federation can essentially influence on the net profit of the issuer in connection with that opportunities of the issuer relating to increase of prices on electric power delivery are limited by the annual state regulation, that is they cannot be changed by the issuer depending on inflation rate changes, and at the same time the issuer's expenses expressed primarily in rubles are changes in accordance with inflation rates.

The issuer implements a series of measures intended to decrease of consequences of influence of inflation processes on the activity:

- increase of operating efficiency by means of reduction of production costs;
- performance of works on increase of stake of long-term service contracts for electric power delivery in the total volume of concluded contracts;
- implementation of better financial policy.

Political and economic risks

In accordance with the changes of political and economic environment and for the purposes of improvement of bank, judicial, tax, administrative and legislative systems the Government of the Russian Federation performs a series of consequent reforms intended to stabilization of the contemporary Russian economy and its integration to the world system. During the process of reforming of business and legislative infrastructure the risks, such as low liquidity level in the long-term crediting and investment markets as well as inflation level exceeding inflation of the developed countries.

Risks connected with globalization process

Globalization of economic activity is one of principle development trends of the present-day world. Globalization consequences are reflected on economic development practically of all countries of the world, including Russia, which is at the stage of active integration to the world economy.

Globalization factors, which include formation of the unified energy space, enhancement of the international cooperation, establishment of consortiums for implementation of large investment projects, result in increase of competitiveness, enhancement of competitive positions of certain companies and growth of dependence of partners in the consequence of necessity to implement joint projects.

However, in whole, at present time the probability of risks connected with globalization is insignificant for the issuer.

Risks connected with development of crisis signs in the world economy

The world economy is in the state of recovery after the global economic crisis that incurred reduction of consumption, investments as a result recession of industrial production. Financial and

economic situation in the world reflected to the great extent at the economy of the Russian Federation.

Under the conditions of continuing instability of the world economy there are no guarantees that measures undertaken by the leading economies of the world will allow to compensate probable negative development of the events (in particular, the possibility of crisis associated with an increase in U.S. government debt). Thus, there is a threat of the further aggravation of the situation, including bankruptcy of significant entities of economic relations, growth of unemployment and social tension, either in developed so in developing countries.

Up to now there is still probability of the issuer's financial risks. Retention or aggravation of unfavorable conditions in the world financial markets can influence negatively on capability of the issuer to attract new loans and refinance the current part of the debt under former conditions. General decrease of liquidity level typical for the current market situation can affect solvency of counterparts and their capacity to ensure timely redemption of debts before the issuer. Uncertainty of development of the situation the capital markets can require to review forecasts of the issuer in relation to future money flows and reserves for devaluation of financial and non-financial assets.

Under the current conditions the issuer undertakes necessary measures on ensuring stable activity development, including but not limited:

- reduction of volumes and forming the investment program with maximum positive combined effectiveness and complying with the requirements related to reliability and quality;
- working out of the item relating to possibility of being included into the list of system forming enterprises;
- conclusion of agreements with credit institutions relating to saving of risk limits for the issuer, this implies their obligations on debt refinancing.

The issuer developed its strategic model of activity planning, which takes into account different scenarios of development of raw material and finance markets, and in the opinion of the management of the issuer, will allow adequately react to possible aggravation of the situation.

2.5.4. Legal risks

Legal risks, in particular, connected with ambiguous treatment of norms of the legislation can lead to incorrect calculation and payment of taxes. For their decrease the works is constantly performed on legitimate improvement of methods of calculation of tax base under various taxes and the control over their conformity with the current legislation.

Besides, there are risks of the losses connected with change of the laws, and also incorrect legal official registration of papers and support of activity of the issuer. For minimization of such risks, practically all operations of the issuer pass obligatory preliminary legal examination.

The issuer (as well as for all joint-stock companies which carry out the activity on the territory of the Russian Federation) runs the risk of change of the laws (federal laws and by-law statutory acts) regulating joint-stock and corporate mutual relations.

The issuer is subject to risks of the appeal by shareholders of large transactions and interested-party transactions (at fulfillment of such transactions without appropriate preliminary approval by the Board of Directors or the General Shareholders Meeting, and also approved with infringement of the established order).

For minimization of the given risks at realization of contractual work, the issuer without fail carries out the preliminary legal analysis of concluded transactions for presence of the bases of carrying out of the preliminary corporate procedures stipulated by the current legislation and/or the Articles of Association. In case of need the corresponding transactions are submitted for consideration by the competent governance bodies of the issuer.

For minimization of the risks connected with mutual relations with shareholders (in particular: the risk of "corporate blackmailing" by shareholders; risk of realization by unfriendly shareholders of the actions directed to failure of general meetings of shareholders of the issuer in the future), keeping the register of shareholders of the issuer is performed by the professional registrar – Reestr RN LLC. The issuer carries out a complex of the measures directed to information interaction with shareholders and full observance of legitimate rights and interests of the latter (disclosing of the information in accordance with the procedure stipulated by normative legal acts, and carrying out of regular meetings of management of the companies with the shareholders, the main purpose of which is clarification of pressing issues of the current activity, and also prospects of reforming of power sector; observance of corporate procedures and internal documents).

Considering that the issuer does not carry out and does not plan to carry out the activity outside the Russian Federation, there are no legal risks connected with activity of the issuer on the foreign markets.

The risks, connected with change of the foreign currency legislation

The risks connected with change of the foreign currency legislation actually cannot affect the issuer's activity as the issuer does not plan to carry out the activity outside the Russian Federation, and volume of foreign currency transactions is insignificant and is not able essentially to influence the issuer's activity.

The risks, connected with change of the tax laws

Now tax legal relationship in the Russian Federation is regulated by the Tax Code of the Russian Federation, a number of the federal laws accepted according to the Tax Code of the Russian Federation, laws of entities of the Russian Federation, and also normative legal acts of institutions of local government. The system of lawfully established taxes and tax collections includes, in particular, the value added tax, the profit tax, the property tax, the uniform social tax and other obligatory payments. The corresponding statutory acts quite often contain indistinct formulations, or operate with the terms which do not having specific legal definition. Also official explanations of the Tax Code of Ministry of Finance of the Russian Federation and Federal Tax Service of the Russian Federation are not always available in the necessary volume.

It is also taken into account the formation of rules and mechanisms of preparation and granting of the tax reporting together with other elements of the system of regulation of tax legal relations are in the competence, first of all, of the tax bodies having the right to make additional tax charges and tax collections charges, to charge the sums of fines, to impose significant penalties resulting in significant increase of tax risks. The issuer in full observes the tax laws concerning its activity. In connection with the foregoing, the risk is assessed as insignificant.

In case of amending the operating order and conditions of the taxation, the issuer is going to plan the financial and economic activity in view of these changes.

The risks, connected with change of rules of the customs control and duties

Change of rules of the customs control and duties does not bear any risks since the issuer does not carry out and does not plan to carry out export of services outside the boundaries of the Russian Federation.

The risks, connected with change of requirements to licensing of primary activity of the issuer or licensing of rights to use objects, which availability in its turn is limited (including natural resources)

Possible change of requirements on licensing the primary activity of the issuer can lead to increase in the term of preparation of the documents necessary for obtaining or prolongation of validity of the license, and also necessity of conformity of the issuer with the requirements set forth. However, the given risk is to be considered as insignificant, except for those cases when for obtaining or extension of the license or for realization of the activity which is subject to licensing will be stipulated requirements which cannot be met by the issuer, or conformity which will be connected with excessive expenses.

In case of change of requirements on licensing activity, the issuer will take necessary measures for obtaining corresponding licenses and permits.

The risks, connected with change of judiciary practice on the issues connected with the issuer's activity (including concerning licensing) which can negatively affect results of its activity, and also results of the current litigations in which the issuer participates

The possibility of change of the judiciary practice connected with the issuer's activity (including concerning licensing) is considered as insignificant and will not have essential influence on its activity.

In case of amending the judiciary practice concerning the issues connected with activity of the issuer, the latter is going to plan its financial and economic activity in view of these changes.

2.5.5. The risks connected with the issuer's activity

Below are risks inherent in the issuer solely.

The risks, connected with the current litigations in which the issuer participates.

In the 4th quarter 20011 a major dispute has arisen as a result of a civil process against the

issuer claimed by OJSC "NLMK". This event is relevant to the industry risks associated with state regulation of tariffs for the transmission of electric energy (section 2.5.1, paragraph 2, the use of cross-subsidization of tariffs in the region). In connection with the above event, the likelihood of significant damage to the issuer to participate in ongoing trials is currently being evaluated as average.

The risks connected with absence of an opportunity to prolong terms of the license of the issuer on conducting a certain kind of activity or on use of objects, the availability of which in its turn is limited (including natural resources).

After completion of reorganization of the issuer in the form of its RDGC consolidation with the issuer, included in the issuer's configuration, and obtaining of the status of the operational company the issuer performed procedures on acquisition of a series of licenses, which belonged to RDGC previously. The risks connected with non-receipt of the licenses necessary for operational activity of the issuer are estimated as insignificant by the issuer.

The risk, connected with the possible responsibility of the issuer under debts of the third parties, including subsidiaries of the issuer, is estimated as insignificant by the issuer in connection of absence of the issuer's corresponding obligations before the third persons.

The risk, connected with an opportunity of loss of consumers, the turnover with which is at least 10 percent of the total receipt of products (works, services), is estimated as insignificant by the issuer in connection of absence of such consumers.

The risks, connected with the possible juridical procedures as a result of non-fulfillment of obligations by the third persons before the issuer on the primary type of activity (technological connection and electric power delivery).

The risks, connected with the possible juridical procedures as a result of non-fulfillment of obligations by the third persons before the issuer on the primary type of activity (technological connection and electric power delivery) are possible in connection with the economic situation existing at present. In this case the issuer makes necessary efforts (performs pre-trial settlement of disputes, conducts necessary negotiations) on minimization of these risks and property damage for the issuer. In the issuer's opinion these risks are insignificant at present.

There are no other risks connected with activity of the issuer peculiar exclusively for the issuer and which the issuer considers necessary to be incorporated in this report.

III. Detailed information on the issuer

3.1. Creation and development history of the issuer

3.1.1. Data on company name of the issuer

Full company name of the issuer: *Joint-Stock Company "Interregional Distribution Grid Company of Centre"*

Abbreviated company name of the issuer: *IDGC of Centre, JSC*

Full or abbreviated name of the issuer (name for non-commercial organization) is similar to names of other legal entity

Name of such legal entities:
Interregional Distribution Grid Company of Centre and Volga Region, Joint-Stock Company (IDGC of Centre and Volga Region, JSC);

*Interregional Distribution Grid Company of the Urals, Joint-Stock Company (IDGC of the Urals, JSC);
Interregional Distribution Grid Company of Volga, Joint-Stock Company (IDGC of Volga, JSC);*

Interregional Distribution Grid Company of the South, Joint-Stock Company (IDGC of the South, JSC); Interregional Distribution Grid Company of the North Caucasus, Joint-Stock Company (IDGC of the North Caucasus, JSC);

Interregional Distribution Grid Company of Siberia, Joint-Stock Company (IDGC of Siberia, JSC);

Interregional Distribution Grid Company of the North-West, Joint-Stock Company (IDGC of North-West, JSC).

Explanations necessary for avoidance of confusion of stated names:
In order to avoid mixture of the specified names, it is necessary to pay special attention of a component of full and abbreviated names of the given organizations specifying regions of their location - Centre, Centre and Volga Region, Urals, Volga, South, North Caucasus, Siberia, North-West.

The issuer's business name (name for non-commercial organisation) was registered as the trademark or service mark

Information on registration of the indicated trademarks:
On February 11, 2010 the trademark of IDGC of Centre, JSC in Russian was registered (registration certificate No. 400905), on February 18, 2010 – in English (registration certificate No. 401660).

All previous names of the issuer within the time period of its existence

Full company name: *Joint-Stock Company "Interregional Distribution Grid Company of Centre and North Caucasus"*

Abbreviated company name: *IDGC of Centre and North Caucasus, JSC*

Date of name introduction: *17.12.2004.*

Grounds for name introduction:
Order of the Russian joint-stock company of power and electrification UES of Russia No.154-r dated 09.12.2004 (the sole founder) relating to establishment of Joint-Stock Company «Interregional distribution company of Centre and North Caucasus»; The Company is incorporated by Interdistrict inspection of Ministry of Taxation of the Russian Federation No.1 in Tver region – Certificate of State Registration of Legal Entity Series 69 No.000939402 dated 17.12.2004.

Date of introduction of the changed (and existing currently) issuer's name: 06.08.2007. Grounds for name introduction: The decision of the General Shareholders Meeting of the Issuer, the functions of which are carried out by the Board of RAO UES of Russia, at the meeting of 18.07.2007 (Minutes No.1703pr/1 of 18.07.2007). The revised Articles of Association of the issuer (in view of change of the name of the issuer) was registered by the Interdistrict IFTS of Russia No. 46 in the city of Moscow - certificate on making an entry in the uniform state register of legal entities of series 77 No. 008165394 of 06.08.2007.

3.1.2. Data on the state registration of the issuer

Primary state registration number of the legal entity: *1046900099498*

Date of state registration: *17.12.2004*

The name of registering body: *Interdistrict inspection of the Ministry of the Russian Federation for taxes and tax collections No. 1 in the Tver region.*

3.1.3. Data on creation and development of the issuer

Term of existence of the issuer from the date of its state registration, as well as the term, till which the issuer will exist, if it has been established for an indefinite term or till objective achievement:

Term of existence of the issuer - 6 years and 9 months (since 17.12.2004). The issuer was created for an indefinite term.

Brief description of history of the issuer's establishment and development. Targets of the issuer's establishment, the issuer's mission (if any) and another information on the issuer's activity significant for decision to acquire the issuer's securities:

Interregional Distribution Grid Company of Centre, Joint-Stock Company was founded with a view of efficient control over the distribution grid complex of Centre on the basis of Order No. 154r of Russian Joint-Stock Company of Power And Electrification UES of Russia as of 09.12.2004.

The issuer was registered by the IIMTS of the Russian Federation No. 1 in the Tver region on 17 December 2004. Creation of the issuer was an integral part of the Strategy Concept of RAO UES of Russia "5+5" (approved by the Decision of the Board of Directors of RAO UES of Russia, Minutes No. 168 of 23.04.2004) which provides interregional integration of the newly created enterprises after division of the power companies by kinds of business.

The decision of the Board of RAO UES of Russia of 13.04.2005 (Minutes No.1192pr) approved configuration of the interregional distribution grid companies - IDGC (hereinafter referred to as IDGC). It was originally planned that the structure of IDGC of Centre, JSC should

include 31 regional grid companies (hereinafter referred to as DGC) of the Central Region of Russia and Northern Caucasus, the target model of the issuer is a holding.

Within the transition restructuring period - from the moment of creation of the interregional grid company and up to the moment of consolidation of the subordinated DGC with them, the functions of the first consist in rendering consulting services to the subordinated DGC and performance of functions of the sole executive body of the subordinated DGC (management by subordinated DGC).

By the decision of the Board of RAO UES of Russia 1637pr/3 of 23.03.2007, it was recommended to the Board of Directors of RAO UES of Russia to increase amount of IDGC up to 11 (without taking into account IDGC of the Far East) and to determine the target model of IDGC as an operational company. By the same decision of the Board of RAO UES of Russia, a new configuration of IDGC of Centre, JSC was defined made up of 11 DGC: JSC Belgorodenergo, JSC Bryanskenergo, JSC Voronezhenergo, JSC Kostromaenergo, JSC Kurskenergo, JSC Lipetskenergo, JSC Orelenergo, JSC Tambovenergo, JSC Smolenskenergo, JSC Tverenergo, and JSC Yarenergo, and the decision on reorganization of the specified companies - DGC included in the configuration of the issuer in the form of consolidation with the issuer was also made.

By the decision of the Board of Directors of RAO UES of Russia No. 250 of 27 April 2007, the specified new configuration of IDGC (including configuration of IDGC of Centre, JSC) was approved.

The basis of configuration of IDGC of Centre, JSC is the principle of territorial interlinking and comparability of the value of assets of DGC forming a part of interregional distribution grid companies.

Goal of consolidation:

- 1) Concentration of competences for taking necessary strategic decisions, an opportunity of fast and effective decision-making;
- 2) Consolidation of investment resources and opportunity of their redistribution;
- 3) Efficient control over financial flows, high financial maneuverability, cost-efficiency of the resources involved by IDGC;
- 4) Opportunity of using scale and sinergetic effects at formation of the management system;
- 5) Effective distribution of functions and business processes in IDGC and its branches;
- 6) Realization of the mission and goals of IDGC activity.

By Order No. 1857-r of the Government of the Russian Federation of 18.12.2007, Minpromenergo (Ministry of Industry and Power) of Russia and Russian Joint-Stock Company Of Power And Electrification "Unified Energy System of Russia" adopted a proposal which was coordinated with the interested federal enforcement authorities, about formation of the interregional distribution grid companies in the forms stipulated by the laws of the Russian Federation till 31 December 2008 on the basis of the shares of joint-stock companies of power and electrification belonging to the Russian Joint-Stock Company And Electrification "Unified Energy System of Russia" for the purpose of maintenance of the control by the Russian Federation over activity of the territorial grid organizations.

The Extraordinary General Shareholders Meeting of the issuer, the functions of which are exercised by the Board of RAO UES of Russia which took place on 25.12.2007 (Minutes as of 25.12.2007 No.1795pr/3), adopted the decision on reorganization of IDGC of Centre, JSC in the form of consolidation of JSC Belgorodenergo, JSC Bryanskenergo, JSC Voronezhenergo, JSC Kostromaenergo, JSC Kurskenergo, JSC Lipetskenergo, JSC Orelenergo, JSC Tambovenergo, JSC Smolenskenergo, JSC Tverenergo, and JSC Yarenergo with it and adoption of the Contract for Consolidation of JSC Belgorodenergo, JSC Bryanskenergo, JSC Voronezhenergo, JSC Kostromaenergo, JSC Kurskenergo, JSC Lipetskenergo, JSC Orelenergo, JSC Tambovenergo, JSC Smolenskenergo, JSC Tverenergo, and JSC Yarenergo with IDGC of Centre, JSC.

The same Extraordinary General Shareholders Meeting of IDGC of Centre, JSC adopted the decision to increase the authorized capital of the Company by placement of additional ordinary shares in amount of 42 118 200 000 (Forty-two billion one hundred eighteen million two hundred thousand) pieces of ordinary registered shares at the par value of 10 (ten) kopecks each for a total amount at the par value of 4 211 820 000 (Four billion two hundred eleven million eight hundred twenty thousand) Rubles placed by converting of shares of the consolidated companies into additional ordinary shares of IDGC of Centre, JSC in accordance with the procedure stipulated by the Contract for Consolidation.

On 20 March 2008 the Federal Financial Markets Service registered 21 (twenty one)

additional issues of ordinary registered uncertificated shares of the issuer placed by converting of shares of consolidated DGC into them, and also the prospectus for securities of the issuer.

From the moment of the creation and up to 31.03.2008, the issuer was a 100 % affiliated company of RAO UES of Russia.

On 31.03.2008 - the date of making an entry in the Uniform state register of legal entities about the termination of activity of consolidated DGC - placement of ordinary registered uncertificated shares of IDGC of Centre took place by converting shares of the consolidated DGC shares into them.

As a result of placement of shares of IDGC of Centre of the additional issues which took place on 31.03.2008, additional shares for the total par value of 4 211 794 146,8 Rubles were placed. On 29 April 2008, the reports on results of additional share issues of IDGC of Centre were registered by FFMS of Russia. On 27 May 2008, changes were made in the Articles of Association of IDGC of Centre connected with increase in the authorized capital of IDGC of Centre as a result of additional issues of securities.

The amount of the registered authorized capital of IDGC of Centre, JSC as of the date of the end of the reporting quarter is 4 221 794 146,8 Rubles.

At the moment the Issuer is included in the group of companies chaired by Joint-Stock Company "Interregional Distribution Grid Companies Holding" (hereinafter referred to as IDGC Holding, JSC).

Since May 21, 2008 shares of the Company have been circulating in the organized stock market (Stock Exchanges MICEX and RTS). On April 08, 2009 shares of the Company were included in the quotation list "B" of CJSC "Stock Exchange MICEX", from 16.08.2011 the shares of IDGC of Centre, JSC began trading in the quotation list "A" of CJSC "Stock Exchange MICEX".

The issuer's shares are included in the base calculation of the power index MICEX PWR and MICEX SC Index. In 2010, the securities of the Company were also included in the calculation of the RTS-2 and RTS-Power Utilities.

On November 16, 2009 the International rating agency Standart&Poors assigned "BB-/B/ruAA-" credit rating to IDGC of Centre, outlook "Stable" that means that risks connected with refinancing, collection of account receivable, large-scale investment program and overexpenditure of funds will be smoothed by such factors as the state support, favorable decisions of the regulating bodies, acceptable liquidity management and moderate financial leverage level. In 2010 the rating agency confirmed the credit rating at the given level.

As of the reporting date of IDGC of Center also has a credit rating assigned by "National Rating Agency" LLC, at "AA-" - very high creditability, the third level.

On 25.01.2011 Consortium of the Russian Institute of Directors and "Expert RA" rating agency - «REED – Expert RA» raised the corporate governance rating up to NRCG 7+ "Developed Practice of Corporate Governance" according to the scale of the National Corporate Governance Rating. This class of the rating valuation proves that the corporate governance practice of IDGC of Centre, JSC is valued positively. The Company has low corporate governance risks. The Company observes the requirements of the Russian Law in the field of the corporate governance, complies with the greater part of recommendations of the Russian Corporate Conduct Code and separate recommendations of the International advanced corporate governance practice. IDGC of Centre is the only company among the distribution grid companies, which has such a high level of corporate governance rating.

IDGC of Centre covers about 84% of the electricity transmission market (in money terms) in its service area, and the market share of the Company's technological connection is 88% in recalculation in conditional units.

In 2010 IDGC of Centre made one of the largest deals in the history of the modern electric grid facilities of Russia to acquire 100% stake in Open Joint Stock Company "Yaroslavl city power networks" which increased the market share of the issuer in the Yaroslavl region up to 90%.

By January 1, 2011 the Company completed the transfer to the tariff making system (RAB) – all 11 divisions of the Company and its 100% subsidiary (OJSC "Yaroslavl city power networks") operate in accordance with the new RAB system.

*Goals of creation and reorganization of the issuer:
- Realization of the state policy in the field of electric power industry;*

- *Creation of conditions for effective functioning of the distribution grid complex of the Central region of Russia;*
- *Realization of effective operation and centralized technological management of grid facilities;*
- *Realization of the uniform strategy in the field of investment and attraction of the capital for solution of common system tasks of development of the distribution grid complex;*
- *Development and pursuing of scientific and technical policy and introduction of new progressive kinds of techniques and technologies;*
- *Receipt of profit.*

Mission of the issuer:

“We are a many-thousand team of professionals united by an overall aim - to bring energy of light to each client. Using the advanced knowledge and experience in management by the grid complex, we care about quality of human life, family and company. Applying innovations, we render our services more qualitative and more accessible. We bear responsibility for reliable transfer of the electric power to each client and reception of stable incomes by our shareholders. The main value for us is people, both working for the company, and those we work for”.

Other information on activity of the issuer which is important for decision-making on purchase of securities of the issuer: none.

3.1.4. Contact information

Location: *4/2 Glukharev Lane, Moscow, Russian Federation 129090*

Location of the permanent executive body

2nd Yamskaya Street, 4, Moscow, Russian Federation 127018

Address for correspondence

2nd Yamskaya Street, 4, Moscow, Russian Federation 127018

Telephone: *(495)747-92-92*

Fax: *(495)747-92-95*

E-mail: *posta@mrsk-1.ru*

The Internet website where the information on the issuer, securities issued and/or being in the process of issue are available: *www.mrsk-1.ru*

Name of the issuer’s special subdivision for the work with shareholders and investors of the issuer: ***IR Division, Tatiana Nikolaevna Miroshnichenko, Head of Division***

Location of subdivision: *2nd Yamskaya Street, 4, Moscow, Russian Federation 127018*

Telephone: *(495)7479292, ext. 3181*

Fax: *(495)7479295*

E-mail: *Miroshnichenko_TN@mrsk-1.ru*

The Internet website: *www.mrsk-1.ru*

3.1.5. Taxpayer identification number

6901067107

3.1.6. Branches and representative offices of the issuer

In the reporting quarter there have been no changes in terms of branches and representative offices of the issuer.

3.2. Main economic activities of the issuer

3.2.1. Issuer's industry

Codes under the All-Russian Classifier of Economic Activities (OKVED)
40.10.2
74.14
74.15
40.10.3
40.10.5
33.20.9
63.12.21
64.20.11
80.22.22

3.2.2. Main economic activities of the issuer

The kinds of economic activities (types of activities, types of products (works, services)) providing at least 10 percent of the proceeds (profit) of the issuer for each of the periods under report

Unit of measure: *thousand Rubles*.

Type of products (works, services): *Services on electric power transmission*

Indicator	2010, 9 months	2011, 9 months
Volume of revenue (income) from this type of economic activity, thousand RUB.	42 058 934	48 542 891
Share of volume of revenue (income) from this type of economic activity in total volume of the issuer's revenue (income), %	96,96	96,35

Changes of the issuer's revenue (income) amount from the principal business activity by 10 and more percent in comparison with the relevant reporting period of the prior year and reasons of such changes

The proceeds from services on electric power transmission for 9 months 2011 amounted to 42 058 934 thousand Rubles. Revenue for 9 months 2011 amounted to 48 542 891 thousand Rubles. Growth of the proceeds from electric power transmission is 15,42% as compared to the same period of 2010 and connected with increase of the volume of electric power sale to consumers by 1,91% and the average tariff rate by 13,25%.

Seasonal nature of the issuer's principal activity

IDGC of Centre, JSC performs its principal business activity in the Russian Federation only. Principal type of activity of the Company «services on electric power transmission» is of seasonal nature, in Autumn and Winter period volumes of power transmission increase in connection

with the seasonal growth of consumption volumes.

General structure of the issuer's prime cost

Item	2011, 9 months
Raw and other materials, %	3.6
Purchased component products, semi-processed materials, %	0
Works and services of industrial character executed by outside organizations, %	45.4
Fuel, %	0
Energy, %	16
Expenses for payment, %	13.8
Interest under credits, %	0
Rent, %	0.8
Deductions for social needs,	4.8
Amortization of the fixed assets, %	9.5
Taxes included in the cost price of products, %	0.6
Other expenses (to be explained), %	5.5
Consultation services, %	0.3
Communication services, %	0.3
Obligatory insurance payments, %	0.5
Transport expenses, %	0.7
Other, %	3.7
Total: expenses for manufacture and sale of products (works, services) (cost price), %	100
For reference: The proceeds from products (works, services) sale, %	124.7

New essential types of products (works, services) offered by the issuer in the market of its principal activity to the extent, to which this complies with open access information on such types of products (works, services). Development condition of such types of products (works, services) is specified.

There are no any new essential types of products (works, services)

Standards (regulations), the accounting reporting and calculations are made under, which are reflected in the present item of the quarterly report:

The issuer's accounting statements is prepared in accordance with the existing law of the Russian Federation in the field of the accounting:

- ***Federal Law of the Russian Federation "On book keeping" of 21.11.1996 No.129-FZ;***
- ***Federal Law of the Russian Federation "On joint-stock companies" of 26.12.1995 No. 208-FZ;***
- ***Regulations on conducting book keeping and accounting reporting in the Russian Federation approved by order of the Ministry of Finance of the Russian Federation of 29.07.1998 No.34-n;***
- ***Chart of accounts of accounting financial and economic activity of the enterprises and Guide to its application (order of the Ministry of Finance of the Russian Federation of 31.10.2000 No. 94-n);***
- ***RAS 1/2008 «Accounting policy of organization» (order of Ministry of Finance of the Russian Federation dated 6 October, 2008 N 106n);***
- ***RAS 1/2008 «Accounting for construction contracts» (order of Ministry of Finance of the Russian Federation dated 24 October, 2008 N 116n);***

- RAS 3/2006 «Accounting of assets and liabilities, which value is expressed in foreign exchange» (order of Ministry of Finance of the Russian Federation dated 27 November, 2006 N 154n);
- Methodic instructions on formation of accounting statements at reorganization of organizations (Order of Ministry of Finance of the Russian Federation dated 20.05.2003 N 44n);
- RAS 4/99 "Accounting reporting of the organization" (order of the Ministry of Finance of the Russian Federation of 6 July 1999 N 43n);
- RAS 5/01 «Accounting of inventories» (order of Ministry of Finance of the Russian Federation dated 9 June, 2001 N 44n);
- RAS 6/01 "Account of the fixed assets (order of the Ministry of Finance of the Russian Federation of 30 March 2001 N 26n);
- RAS 7/98 "Events after the accounting date" (order of the Ministry of Finance of the Russian Federation of 25 November 1998 N 56n);
- RAS 8/201 «Estimated liability, Contingent Liabilities and Contingent Assets» (order of Ministry of Finance of the Russian Federation dated 13 December, 2010 N 167n);
- RAS 9/99 "Incomes of the organization" (order of the Ministry of Finance of the Russian Federation of 6 May 1999 N 32n);
- RAS 10/99 "Expenses of the organization" (order of the Ministry of Finance of the Russian Federation of 6 May 1999 N 33n);
- RAS 11/2008 "Information about affiliated persons" (order of Ministry of Finance of the Russian Federation dated 29.04.2008 N 48n);
- RAS 12/2010 "Information on segments" (order of the Ministry of Finance of the Russian Federation of 08 November 2010 N 143n);
- RAS 13/2000 "Account of the state assistance" (order of the Ministry of Finance of the Russian Federation of 16 October 2000 N 92n);
- RAS 14/2007 "Account of intangible assets" (order of Ministry of Finance of the Russian Federation dated 27 December, 2007 N 153n);
- RAS 15/2008 «Accounting of expenses on loans and credits» (order of Ministry of Finance of the Russian Federation dated 06.10.2008 N 107n);
- RAS 16/02 "Information on terminated activity" (order of the Ministry of Finance of the Russian Federation of 2 July 2002 N 66n);
- RAS 17/02 "Accounting for research, development, design and technological works" (order of the Ministry of Finance of the Russian Federation of 19 November 2002 N 115n);
- RAS 18/02 "Account of calculations under the profit tax" (order of the Ministry of Finance of the Russian Federation of 19 November 2002 N 114n);
- RAS 19/02 "Account of financial investments" (order of the Ministry of Finance of the Russian Federation of 10 December 2002 N 126n);
- RAS 20/03 "Information on participations in joint activity" (order of the Ministry of Finance of the Russian Federation of 24 November 2003 N 105n);
- RAS 21/2008 «Change of assessments» (order of the Ministry of Finance of the Russian Federation of 06 October 2008 N 106 n);
- RAS 22/2010 "Correcting errors in the accounting and reporting" (order of the Ministry of Finance of the Russian Federation of 28 June 2010 N 63n);
- RAS 23/2011 "Cash Flow reporting" (order of the Ministry of Finance of the Russian Federation of 02 February 2011 N 11n);
- and also according to the Accounting Policy of IDGC of Centre, JSC for 2011, approved by order of the issuer No.98-CA dated 12.04.2011 with amendments, approved by order No.195-CA dated 18.07.2011.

3.2.3. Materials, goods (raw material) and suppliers of the issuer

For the reporting quarter

The issuer's suppliers performing not less than 10 percent of all supplies of material and goods (raw material)

There are no suppliers performing not less than 10 percent of all supplies of material and goods (raw material)

Information on price change more than by 10% for main materials and goods (raw material) within the corresponding reporting period as compared to the corresponding reporting period of the previous year

There was no price change more than by 10% for main materials and goods (raw material) within the corresponding reporting period

Import share in supplies of materials and goods, forecast of import source availability in future and possible alternative sources

There are no import supplies

3.2.4. Sales markets of products (works, services) of the issuer

Main markets, in which the issuer performs its activity: *IDGC of Centre, JSC performs its activity in 11 constituent entities of the Russian Federation located in the Central federal district of the Russian Federation. These constituent entities include Belgorod, Bryansk, Voronezh, Kostroma, Kursk, Lipetsk, Orel, Smolensk, Tambov, Tver and Yaroslavl regions.*

IDGC of Centre, JSC renders services for technological connection the following final applicants: individuals (private sector), legal entities (small, middle, big business), territorial cooperating grid organisations, budget organizations and generating companies.

As of the reporting period end date IDGC of Centre, JSC renders services on electric power transmission to 19 guaranteed supply companies, 59 retailers and 228 end customers, 6 of which are entities of the wholesale market of electric power and 222 are entities of the retail market of electric power. Within the total volume of income of IDGC of Centre, JSC for the 3rd quarter 2011 share of mentioned consumers of services is as follows:

- Guaranteed supply companies	-	72,38%;
- Retailers	-	18,67%;
- End customers	-	8,95%.

Factors, which can have negative influence on sale of products (works, services) by the issuer, and possible actions of the issuer on reduction of such influence: *Possible factors, which can have negative influence on the volume and quality of services rendered by the issuer on technological connection of power receiving installations (power plants):*

- reduction of demand for technological connection,
- high degree of dependence on financial stability (solvency) of applicants,
- adaptation to change in legislative base,
- increase of number of preferential categories of applicants,
- technological connection be means of re-distribution of the previously connected capacity,
- development of territorial grid organisations that render services for technological connection,
- increase of control over activity of a grid organisation in the terms of technological connection,
- regions do not have perspective development plans.

To reduce these factors the issuer actively participates in the works on introduction of changes in the existing law, organizes work in the issuer's territory with Administrations of regions relating to working out of perspective development plans, interacts with regulating body in the terms of tariff formation, measures on conclusion of "direct" contracts for technological connection with a final applicant are taken.

Negative factors influencing the sale of services on electric power transmission are:

- high degree of dependence on financial stability (solvency) of guaranteed supply companies;
- technological connection of consumers from grids of territorial grid companies, located in cities of constituent entities of the Russian Federation.

To reduce influence of these factors IDGC of Center, JSC takes measures on conclusion of «direct» contracts for services on electric power transmission with «end» consumers maintained by guaranteed supply companies and power sales organizations under energy supply agreement as well as actions intended to redemption of grids of territorial grid companies.

3.2.5. Data on the issuer's licenses

Body, which issued the license: *The center on licensing certification and protection of the state secret of FSS (Federal Security Service) of Russia*

Number: **3699**

Type (types) of activity: *performance of works with using the state secret data at the address: 129090, Moscow, Glukharev lane 4/2*

Date of issue: **16.12.2009**

Date of expiry: **16.12.2014**

Body, which issued the license: *Rossvyazkomnadzor (Supervision committee for the Russian communications)*

Number: **61413**

Type (types) of activity: *Telephone communications services in dedicated communications network*

Date of issue: **05.06.2007**

Date of expiry: **05.06.2012**

Body, which issued the license: *Rossvyazkomnadzor (Supervision committee for the Russian communications)*

Number: **61411**

Type (types) of activity: *Performance of activity in the field of communications services for providing of communication channels*

Date of issue: **27.12.2006**

Date of expiry: **27.12.2011**

Body, which issued the license: *Rossvyazkomnadzor (Supervision committee for the Russian communications)*

Number: **61407**

Type (types) of activity: *Performance of activity in the field of local telephone services, excluding local telephone communications services with the use of faxphones and multiaccess facilities*

Date of issue: **27.12.2006**

Date of expiry: **27.12.2011**

Body, which issued the license: *Rossvyazkomnadzor (Supervision committee for the Russian communications)*

Number: **61414**

Type (types) of activity: *Mobile radio services in dedicated communications network*

Date of issue: **17.11.2006**

Date of expiry: **17.11.2011**

Body, which issued the license: *Rosnedra (Department for subsurface use over the Central Federal District)*

Number: *Series: BRN No. 00389, type: CU*

Type (types) of activity: *for the right to use subsurface resources (production of fresh ground waters at Klintsovskoe deposit site)*

Date of issue: **22.11.2002**

Date of expiry: **01.10.2012**

Body, which issued the license: *Rosnedra (Department for subsurface use over the Central Federal District)*

Number: *TMB No. 56497 CU*

Type (types) of activity: *Production of fresh ground waters for water supply of enterprise and housing settlement at the South-East district of Zherdevka of Tambov region*

(For Zherdevka electric grids)

Date of issue: **15.10.2002**
Date of expiry: **01.06.2012**

Body, which issued the license: **Rosnedra**
(Department for subsurface use over the Central Federal District)
Number: **KRS 53969 CU**
Type (types) of activity: **Geological study of subsurface resources and production of technical ground waters by means of single water intake for technical purposes and fire fighting Production division**
Date of issue: **22.07.2008**
Date of expiry: **01.12.2012**

Body, which issued the license: **Rosnedra**
(Department for subsurface use over the Central Federal District)
Number: **VRZh 00118 CU**
Type (types) of activity: **Production of fresh ground waters**
Date of issue: **07.07.2008**
Date of expiry: **01.07.2018**

Body, which issued the license: **Rosnedra**
(Department for subsurface use over the Central Federal District)
Number: **VRZh 00117 CU**
Type (types) of activity: **Production of fresh ground waters**
Date of issue: **07.07.2008**
Date of expiry: **01.07.2018**

Body, which issued the license: **Rosnedra**
(Department for subsurface use over the Central Federal District)
Number: **VRZh 00178 CU**
Type (types) of activity: **Production of fresh ground waters**
Date of issue: **25.12.2008**
Date of expiry: **01.12.2018**

Body, which issued the license: **Federal Agency of Technical Regulation and Metrology**
Number: **005049-R**
Type (types) of activity: **For performance of activity of measuring means repair**
Date of issue: **06.11.2008**
Date of expiry: **06.11.2013**

Body, which issued the license: **Committee for public health of Kursk region**
Number: **LO-46-01-000130**
Type (types) of activity: **For performance of medical activity**
Date of issue: **30.10.2008**
Date of expiry: **30.10.2013**

Body, which issued the license: **Department of Health of Kursk region**
Number: **LO-32-01-000181**
Type (types) of activity: **For performance of medical activity**
Date of issue: **07.05.2009**
Date of expiry: **07.05.2014**

Body, which issued the license: **FSS (Federal Security Service) of the Russian Federation**

Number: **3699/465**

Type (types) of activity: *for performance of works using information being the State secret (Belgorod)*

Date of issue: **27.05.2010**

Date of expiry: **16.12.2014**

Body, which issued the license: *FSS (Federal Security Service) of the Russian Federation*

Number: **3699/334**

Type (types) of activity: *for performance of works using information being the State secret (Orel)*

Date of issue: **25.01.2010**

Date of expiry: **16.12.2014**

Body, which issued the license: *FSS (Federal Security Service) of the Russian Federation*

Number: **3699/622**

Type (types) of activity: *for performance of works using information being the State secret (Smolensk)*

Date of issue: **12.01.2010**

Date of expiry: **16.12.2014**

Body, which issued the license: *FSS (Federal Security Service) of the Russian Federation*

Number: **979**

Type (types) of activity: *for performance of works using information being the State secret (Tver)*

Date of issue: **25.02.2010**

Date of expiry: **16.12.2014**

Body, which issued the license: *FSS (Federal Security Service) of the Russian Federation*

Number: **3699/447**

Type (types) of activity: *for performance of works using information being the State secret (Tambov)*

Date of issue: **22.01.2010**

Date of expiry: **16.12.2014**

Body, which issued the license: *FSS (Federal Security Service) of the Russian Federation*

Number: **448**

Type (types) of activity: *for conducting of measures and (or) rendering of services in the field of protection of the State secret (Tambov)*

Date of issue: **26.01.2010**

Date of expiry: **16.12.2014**

Body, which issued the license: *FSS (Federal Security Service) of the Russian Federation*

Number: **3699/603**

Type (types) of activity: *for performance of works using information being the State secret (Yaroslavl)*

Date of issue: **15.02.2010**

Date of expiry: **16.12.2014**

Body, which issued the license: *FSS (Federal Security Service) of the Russian Federation*

Number: **604**

Type (types) of activity: *for conducting of measures and (or) rendering of services in the field of protection of the State secret (Yaroslavl)*

Date of issue: **15.02.2010**
Date of expiry: **16.12.2014**

Body, which issued the license: **FSS (Federal Security Service) of the Russian Federation**
Number: **7**
Type (types) of activity: **for performance of works using information being the State secret (Kostroma)**
Date of issue: **02.07.2008**
Date of expiry: **02.07.2013**

Body, which issued the license: **FSS (Federal Security Service) of the Russian Federation**
Number: **3699/364**
Type (types) of activity: **for performance of works using information being the State secret (Kursk)**
Date of issue: **19.04.2010**
Date of expiry: **16.12.2014**

Body, which issued the license: **FSS (Federal Security Service) of the Russian Federation**
Number: **365**
Type (types) of activity: **for conducting of measures and (or) rendering of services in the field of protection of the State secret (Kursk)**
Date of issue: **19.04.2010**
Date of expiry: **16.12.2014**

Body, which issued the license: **FSS (Federal Security Service) of the Russian Federation**
Number: **42**
Type (types) of activity: **for performance of works using information being the State secret (Lipetsk)**
Date of issue: **13.11.2008**
Date of expiry: **13.11.2012**

Body, which issued the license: **FSS (Federal Security Service) of the Russian Federation**
Number: **8**
Type (types) of activity: **for conducting of measures and (or) rendering of services in the field of protection of the State secret (Lipetsk)**
Date of issue: **27.03.2009**
Date of expiry: **13.11.2012**

License issuing body: **FSS (Federal Security Service) of the Russian Federation**
Number: **32**
Type (types) of activity: **measures and (or) rendering services in the field of State secret protection (Kostroma)**
Date of issue: **06.07.2009**
Date of expiry: **06.07.2014**

License issuing body: **FSS (Federal Security Service) of the Russian Federation**
Number: **957**
Type (types) of activity: **performance of works using data which is State secret (Voronezh)**
Date of issue: **22.06.2009**
Date of expiry: **10.10.2013**

License issuing body: **FSS (Federal Security Service) of the Russian Federation**

Number: **958**

Type (types) of activity: *measures and (or) rendering services in the field of State secret protection (Voronezh)*

Date of issue: **22.06.2009**

Date of expiry: **10.10.2013**

License issuing body: *FSS (Federal Security Service) of the Russian Federation*

Number: **3699/493**

Type (types) of activity: *performance of works using data which is State secret (Bryansk)*

Date of issue: **18.01.2010**

Date of expiry: **16.12.2014**

License issuing body: *FSS (Federal Security Service) of the Russian Federation*

Number: **623**

Type (types) of activity: *measures and (or) rendering services in the field of State secret protection (Smolensk)*

Date of issue: **12.01.2010**

Date of expiry: **16.12.2014**

License issuing body: *Moscow office of the Federal Service for Ecological, Technological and Nuclear Supervision*

Number: **VP-01-004745**

Type (types) of activity: *operation of explosive and fire hazardous industrial facilities*

Date of issue: **18.08.2011**

Date of expiry: **14.07.2016**

IDGC of Centre is going in the future to receive and prolong the special permit (license) necessary for realization of industrial activity of the Company.

The issuer estimates risk of non-prolongation of available special permit (licenses) as minimal.

3.2.6. Joint activity of the issuer

The issuer is not involved in joint activity with other organizations

3.3. Plans of the issuer's future activity

In accordance with the Unified power policy implemented by the Government of the Russian Federation and IDGC Holding, JSC at the regional level and the Articles of Association the objectives of the issuer's activity are:

- Realization of state policy in the field of electric power industry;
- Creation of conditions for effective functioning of the distribution grid complex of the Central part of Russia;
- Realization of effective operation and centralized technological management of power grid facilities;
- Realization of the uniform strategy in the field of investments and attraction of the capital for solution of common system tasks of development of the distribution grid complex;
- Development and realization of scientific and technical policy and implementation of new progressive kinds of equipment and technologies;
- Receipt of profit.

The issuer receives and plans to obtain in future the principle income from activity on transmission of electric energy and technological connection of consumers to electric networks. In future it is planned to diversify the issuer's business in the terms of structure of the rendered services – entry into the market of services in the field of power efficiency assurance. In this case the basis of the issuer's development strategy for 2011-2030 is made by power security priorities, efficiency and investment attractiveness.

The most complicated problem of implementation of these lines is to exclude interest conflict – efficiency against reliability.

Power grid complex efficiency is an indicator expressed in the form of relation between the functioning productive result and resource expenditure. This is the complex category determined by technical condition of assets, transmission capacity, rationality of resource use.

Power security (reliability) means condition of protection of the responsibility zone regions, their people, economy from threats to reliable power supply. These threats are determined both by external (geopolitical, macroeconomic, conjuncture) factors and the condition and operation of power sector of a region.

The key point in solution of this problem is to determine priority of efficiency increase goals of investments in new construction, upgrading and technical re-equipping of grid assets at absolute compliance with power supply reliability standards.

Along with the absolute reliability, financial and economic priorities as well as such factors as safety, satisfaction of consumers' demand, the Company image and goodwill, necessity to ensure its stable development, taking into account requirements of regulating bodies come to the fore.

In accordance with the priorities set by IDGC Holding, JSC, the issuer points out the following development directors:

- Increase of reliability and quality of rendered services, system security assurance;
- Activity efficiency increase;
- Innovation technology implementation;
- Power saving and power efficiency increase;
- Consolidation of power grid assets in the regions of the Company operation;
- Investment attractiveness increase;
- Efficiency increase of HR management system.

Within the framework of the pointed out development directions, in 2011-2012 the issuer is planning to implement the following project initiatives:

- Taking 100% market stake in the regions of the Company operation;
- Entry into bond market;
- Implementation of costs management system in all regions of the Company operation;
- Implementation of strategic financial model of the issuer's activity;
- Automation of consolidated tables receipt for the purposes of IFRS;
- Implementation of the primary and supplementary service marketing system;
- Development and implementation of the issuer's power efficiency management system;
- Implementation of the concept "Smart grids";
- Implementation of production and non-core assets management system;
- Implementation of business-process controlling system on the basis of ARIS PPM;
- Development and implementation of innovative management system;
- Development and implementation of knowledge management system;
- Formation of social monitoring system;
- Fulfillment of a package of measures on work with veterans.

Apart of the abovementioned initiatives, currently the issuer implements the following package of the first-priority target programs:

- The program on replacement of oil circuit breakers of 6-10 kV by vacuum ones;
- The program on replacement of breaker-isolating – short circuiting switches of 35-110 kV by SF6 (vacuum) circuit breakers;
- The program on replacement of measuring transformers;
- The program on replacement of stick-pedestal insulators of 110 kV;
- The program on reactive power management;
- The program on technical re-equipping and reconstruction of relay protection and automatic equipment and emergency control automatics;
- The program on creation of Advanced Metering Infrastructure system;
- The program on telemetry, automation and upgrading of facilities of divisions.

The main plans of the issuer for the next 6 years of activity in the area of investments (data of the Investment Program of IDGC of Center with regard to its adjustment of 16.09.2011, Minutes of the Board of Directors' meeting # 20/11 of 19.09.2011)

Division of IDGC of Centre	The capacity planned to be put in operation, km/MVA													
	2011		2012		2013		2014		2015		2016		TOTAL:	
	MVA	km	MVA	km	MVA	km	MVA	km	MVA	km	MVA	km	MVA	km
Belgorodenergo	323	1 332	331	1583	438	1522	412	1610	271	1764	294	1848	2 069	9 659
Bryanskenergo	78	44	152	167	53	101	58	91	8	108	113	88	462	599
Voronezhenergo	294	228	123	399	50	472	50	450	176	484	150	286	843	2 319
Kostromaenergo	54	171	21	223	44	536	54	871	61	710	24	483	258	2 994
Kurskenergo	86	332	94	320	60	353	36	284	106	312	73	459	455	2 060
Lipetskenergo	305	924	135	970	180	884	242	748	296	1058	241	850	1 399	5 434
Orelenergo	20	137	5	108	16	121	1	221	101	251	91	457	234	1 295
Smolenskenergo	13	310	68	329	209	278	68	268	234	175	134	317	726	1 677
Tambovenergo	145	166	46	372	36	317	20	368	59	248	9	130	315	1 601
Tverenergo	4	273	123	243	80	422	145	427	280	438	220	632	852	2 435
Yarenergo	46	617	278	929	31	369	241	237	13	471	0	577	609	3 200
Total	1 368	4 533	1376	5643	1197	5375	1327	5575	1605	6019	1349	6127	8 222	33 272

Plans of the future activity of the issuer are also reflected in the Technical Policy of IDGC of Centre, JSC (Approved by Order of General Director No.15 dated from 27.01.2010), which defines the main goals, priorities, principles and restrictions for applied technical solutions in the designed and constructed electric grid facilities.

3.4. Participation of the issuer in industrial, bank and financial groups, holdings, concerns and associations

Name of group, holding, concern or association: **IDGC Holding, JSC Holding**

Year of participation start: **2008**

Role (place) and functions of the issuer in the organization:
The issuer plays a significant role in formation of the power industry of Russia regarding the distribution grid complex and is focused on performance of the following functions:

- Realization of the uniform power policy pursued by the Government of the Russian Federation and IDGC Holding, JSC at the regional level;**
- Maintenance of reliability of functioning of the grid complex of subordinated regions;**
- Realization of long-term investment programs in the electric power industry;**
- Prevention of the crisis phenomena in economy of the complex;**
- Creation of the values for consumers and shareholders.**

3.5. Associated and dependent economic entities of the issuer

Full and reduced company names: **"Energetik", Open Joint-Stock Company**

Reduced company name: **"Energetik", OJSC**

Location **Tambov area, Tambov region, Novaya Lyada workers settlement, Sanatornaya street 1**

Taxpayer identification number: **6820019240**

Primary State Registration Number (OGRN): **1036841127091**

Subsidiary: **Yes**

Dependent company: **No**

Reasons of recognition of the company to be a subsidiary or dependent in relation to the issuer: **prevailing participation in the authorized capital**

Stake of the issuer in the authorized capital of the entity, %: **100**

Ordinary shares of the entity belonging to the issuer, %: **100**

Stake of a person in the authorized capital of the issuer, %: **0**

Stake of ordinary shares of the issuer belonging to a person, %: **0**

Description of the main kind of activity of the company. Description of the value of such company for activity of the issuer:

Main kind of activity: organization and realization of sanatorium treatment, health-improving holidays of citizens and other service connected with this, development and introduction of new organizational forms of rendering medical aid.

Description of the value of such company for activity of the issuer: opportunity of granting a package of social programs.

Board of Directors of the Company

Full name	Year of birth	Stake of the authorized capital of the issuer, %	Stake of ordinary shares of the issuer belonging to a person, %
Konstantin Nikolayevich Orlov (Chairman)	1977	0	0
Alexey Alexandrovich Kopylov	1977	0	0
Dmitry Alexandrovich Meneilyuk	1978	0	0
Sergey Yurievich Nasyrov	1969	0	0
Alexander Anatolevich Sopenko	1962	0	0

The sole executive body of the Company

Full name	Year of birth	Stake of the authorized capital of the issuer, %	Stake of ordinary shares of the issuer belonging to a person, %
Alexander Anatolievich Sopenko	1962	0	0

Members of the collegial executive body of the Company

The collegial executive body is not provided

Full and reduced company names: ***Joint-Stock Company "Yaroslavl city power networks"***

Reduced company name: ***"Yargorelectroset", OJSC***

Location ***150000, Russian Federation, Yaroslavl, Tchaikovsky Str., 37***

Taxpayer identification number: ***7604168778***

Primary State Registration Number (OGRN): ***1097604020227***

Subsidiary: ***Yes***

Dependent company: ***No***

Reasons of recognition of the company to be a subsidiary or dependent in relation to the issuer: ***prevailing participation in the authorized capital***

Stake of the issuer in the authorized capital of the entity, %: ***100***

Ordinary shares of the entity belonging to the issuer, %: ***100***

Stake of a person in the authorized capital of the issuer, %: ***0***

Stake of ordinary shares of the issuer belonging to a person, %: ***0***

Description of the main kind of activity of the company. Description of the value of such company for activity of the issuer:

delivery of electric energy, activity to ensure operation of electric networks

Board of Directors (Supervisory Board) of the Company

Full name	Year of birth	Stake of the authorized capital of the issuer, %	Stake of ordinary shares of the issuer belonging to a person, %
Konstantin Nikolayevich Orlov (Chairman)	1977	0	0
Dmitry Alexandrovich Andryushin	1977	0	0
Olga Vladimirovna Golubeva	1983	0	0
Dmitry Igorevich Gotlib	1979	0	0
Alexey Alexandrovich Kopylov	1977	0	0
Meneilyuk Dmitry Alexandrovich	1978	0	0
Solonikov Igor Vitalievich	1958	0	0

The sole executive body of the Company

Full name	Year of	Stake of the	Stake of
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	birth	authorized capital of the issuer, %	ordinary shares of the issuer belonging to a person, %
Sergey Vladimirovich Petrov	1963	0	0

Members of the collegial executive body of the Company

The collegial executive body is not provided

Full and reduced company names: *Joint-Stock Company "Energy Service Company"*

Reduced company name: *"Energy Service Company", OJSC*

Location *398001, Russian Federation, Lipetsk, 50 years NLMK Str., 33*

Taxpayer identification number: *4824053495*

Primary State Registration Number (OGRN): *1114823000852*

Subsidiary: *Yes*

Dependent company: *No*

Reasons of recognition of the company to be a subsidiary or dependent in relation to the issuer: *prevailing participation in the authorized capital*

Stake of the issuer in the authorized capital of the entity, %: *100*

Ordinary shares of the entity belonging to the issuer, %: *100*

Stake of a person in the authorized capital of the issuer, %: *0*

Stake of ordinary shares of the issuer belonging to a person, %: *0*

Description of the main kind of activity of the company. Description of the value of such company for activity of the issuer: *provision of services for energy efficiency and energy saving*

Board of Directors (Supervisory Board) of the Company

Full name	Year of birth	Stake of the authorized capital of the issuer, %	Stake of ordinary shares of the issuer belonging to a person, %
Dmitry Igorevich Gotlib (Chairman)	1979	0	0
Yury Veniaminovich Adler	1975	0	0
Vladimir Vyacheslavovich Inozemtsev	1977	0	0
Dmitry Alexandrovich Menevlyuk	1978	0	0
Eduard Kazimirovich Rakovsky	1971	0	0
Mark Lvovich Slonimsky	1974	0	0
Nikolay Vyacheslavovich Sychev	1977	0	0

The sole executive body of the Company

Full name	Year of birth	Stake of the authorized capital of the issuer, %	Stake of ordinary shares of the issuer belonging to a person, %
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Mark Lvovich Slonimsky	1974	0	0
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Members of the collegial executive body of the Company

The collegial executive body is not provided

3.6. Composition, structure and value of the fixed assets of the issuer, information on plans for the fixed assets purchase, replacement, retirement, as well as on all facts of the issuer's means charging

3.6.1. Fixed assets

For the end date of the reporting quarter

Unit of measure: *thousand Rubles*

Name of group of items of fixed assets	Initial (recovery) cost	Accrued amortization
Land	104 706	0
Buildings	7 245 130	730 768
Constructions and transfer mechanisms	37 844 405	7 749 529
Material-working machinery and equipment	25 386 969	6 801 561
Transport	1 178 402	457 144
Inventory	165 172	102 591
TOTAL:	71 924 784	15 841 593

Information on methods of accrual of depreciation deductions according to groups of the fixed assets items:

Depreciation of the fixed assets is accrued by linear method.

Reporting date: **30.09.2011**

Results of the last re-estimation of fixed assets and long-term leased fixed assets, conducted for 5 completed financial years prior to the reporting quarter, or for each completed financial year prior to the reporting quarter, if the issuer performs its activity not less than 5 years, and for the reporting quarter

Unit of measure: *Rubles*

Name of the fixed assets group	Full cost before carrying out the reassessment	Residual (net of amortization) cost before carrying out reassessment	Date of reassessment holding	Full cost before carrying out the reassessment	Residual (net of amortization) cost before carrying out reassessment
Buildings	0	0		0	0
Constructions (including the transmission)	0	0		0	0
Machined and equipment	22 416 378	19 314 670	01.01.2007	22 364 780	19 304 904
Vehicles	0	0		0	0
Inventory	5 840 212	4 781 526	01.01.2007	6 359 959	5 189 635
Others	0	0		0	0
TOTAL:	28 256 590	24 096 196		28 724 739	24 494 539

Method of re-estimation of fixed assets (according to coefficients of the State committee for statistics of the Russian Federation, according to market value of the relevant fixed assets confirmed by the documents or expert reports. If there is expert report, it is necessary to specify estimation method) is indicated: *The estimation was performed by a consortium of appraisers in the structure of Deloitte & Touche CIS - JSC, JSC Institute of Business Problems and LLC AKF Top-Audit with application of cost-in-no-object*

approach based on definition of expenses for creation/purchase of assets and property complex as a whole.

As of January 01, 2008, January 01, 2009, January 01, 2010 and January 01, 2011 IDGC of Centre, JSC did not conduct re-valuation of its fixed assets.

Data on plans on purchase, replacement, retirement of the fixed assets, the value of which is 10 and more percent of the value of the fixed assets of the issuer, and other fixed assets under the discretion of the issuer, as well as data on all facts of encumbrance of the fixed assets of the issuer (please, specify encumber method, moment of encumber, its validity and other conditions at the issuer's discretion), existing for the end date of the last completed reporting period are indicated:

There are no any plans for acquisition, replacement, retirement of fixed assets which amount to 10 and more percent of the issuer's fixed assets value as of the completion date of the last completed reporting period.

Information on facts of the fixed assets encumber:

Encumber nature / number of FA items	Date of encumber	Validity of encumber
IDGC of Centre, JSC – “Belgorodenergo”		
Rent under contract No. 3100/17211/10	01.08.2010	11 months with subsequent prolongation
Rent under contract No. 3100/01427/09	05.08.2009	11 months with subsequent prolongation
Services under contract No. 40001671 (Services on opportunity for equipment placement onto OTL)	02.04.2007	11 months with subsequent prolongation
Rent under contract No. 40004235	01.06.2007	6 months with subsequent prolongation
Rent under contract No. 40017964	01.01.2009	01.01.2009-01.01.2014
Rent under contract No. 46-11842/40010276	15.02.2008	11 months with subsequent prolongation
Rent under contract No. 2009-2529/3100/03825/09	01.12.2009	11 months with subsequent prolongation.
Rent under contract No. 3100/20768/09	01.09.2010	01.09.2015
Rent under contract 3100/04067/11	01.02.2011	11 months with subsequent prolongation
Rent under contract No. 3100/05083/10	01.12.2009	11 months with subsequent prolongation
Rent under contract No. 7-002/3100/00494/11	01.01.2011	11 months with subsequent prolongation
Rent under contract No. 3100/22205/10	01.09.2010	01.09.2015
Rent under contract No. 46-16953/3100/00487/11	01.12.2010	4 months with subsequent prolongation
Rent under contract No. 40013318	05.11.2008	11 months with subsequent prolongation
Rent under contract No. 3100/07734/11/311-4448/	05.04.2011	9 months with subsequent prolongation
Rent under contract No. 3100/07733/11/310-716/	05.04.2011	9 months with subsequent prolongation
Rent under contract No. 3100/08328/11/	01.04.2011	11 months with subsequent prolongation
Tenancy contract No. 3100/00132/11/	01.01.2011	3 months with subsequent prolongation
Tenancy contract No. 3100/33892/10/	01.01.2011	3 months with subsequent prolongation

Tenancy contract No. 3100/00321/11/	01.01.2011	3 months with subsequent prolongation
Tenancy contract No. 3100/00561/11 /	01.01.2011	3 months with subsequent prolongation
Tenancy contract No. 3100/33404/11/	01.01.2011	3 months with subsequent prolongation
Tenancy contract No. 3100/31640/11 /	01.06.2010	3 months with subsequent prolongation
Tenancy contract No. 3100/32723/11	30.09.2011	11 months with subsequent prolongation
Tenancy contract No. 100/27415/11	01.09.2011	11 months with subsequent prolongation
Tenancy contract No. 100/27413/11	01.09.2011	11 months with subsequent prolongation
Tenancy contract No. 100/19765/11	12.07.2011	11 months with subsequent prolongation
Tenancy contract No. 3100/23922/11	01.07.2011	6 months with subsequent prolongation
Tenancy contract No. 3100/22085/11	01.06.2010	5 months with subsequent prolongation
Tenancy contract No. 3100/15937/11	10.06.2011	11 months with subsequent prolongation
Tenancy contract No. 3100/16003/11	10.06.2011	11 months with subsequent prolongation
Tenancy contract No. 3100/15932/11	10.06.2011	11 months with subsequent prolongation
IDGC of Centre, JSC – “Bryanskenergo”		
Rent under contract No. 40023196	01.03.2009	11 months with prolongation
Rent under contract No. 40025193	01.04.2009	11 months with prolongation
Rent under contract No. 34-BUH-06/a/40025587	01.11.2006	11 months with prolongation
Rent under contract No. 34-BUH-06/a*/40025585	01.11.2006	For 5 years from the moment of state registration in 2006
Rent under contract No. 40087144	25.12.2009	Until 31.10.2011
Rent under contract No. 1000000025	01.04.2011	28.02. 2012 with prolongation
IDGC of Centre, JSC – “Voronezhenergo”		
Rent under contract No. 1000000019	01.12.10	30.11.11 with subsequent prolongation
Rent under contract No. 1000000017	30.06.10	17.04.11 with subsequent prolongation
Rent under contract No. 1000000044	01.12.10	30.11.11 with subsequent prolongation
Rent under contract No. 1000000018	21.10.10	30.08.11 with subsequent prolongation
Rent under contract No. 1000000013	30.03.10	31.08.11 with subsequent prolongation

Rent under contract No. 1000000016	01.12.04	31.12.2013
Rent under contract No. 1000000007	24.03.10	31.10.11 with subsequent prolongation
Rent under contract No. 1000000008	24.03.10	31.10.11 with subsequent prolongation
Rent under contract No. 1000000005	24.03.10	31.10.11 with subsequent prolongation
Rent under contract No. 1000000009	24.03.10	31.11.11 with subsequent prolongation
Rent under contract No. 1000000004	24.03.10	31.10.11 with subsequent prolongation
Rent under contract No. 1000000003	24.03.10	31.10.11 with subsequent prolongation
Rent under contract No. 1000000012	30.03.10	31.10.11 with subsequent prolongation
Rent under contract No. 1000000006	24.03.10	31.10.11 with subsequent prolongation
IDGC of Centre, JSC – “Kostromaenergo”		
Rent under contract No. 07-6/50(2008)	01.02.2008	11 months with subsequent prolongation
Rent under contract No. 07-6/559(2010)KS	16.08.2010	11 months with subsequent prolongation
Rent under contract No. 07-6/165(2009)	01.03.2009	11 months with subsequent prolongation
Rent under contract No. 07-6/324(2008)KS	01.11.2008	11 months with subsequent prolongation
Rent under contract No. 07-6/445(2010)KS	30.07.2010	11 months with subsequent prolongation
Rent under contract No. 07-6/31(2006)	08.02.2006	11 months with subsequent prolongation
Rent under contract No. 251/08A	01.12.2008	11 months with subsequent prolongation
Rent under contract No. 241/08A	01.12.2008	11 months with subsequent prolongation
Rent under contract No. 07-6/44SH	01.04.2008	11 months with subsequent prolongation
Rent under contract No. 46/04(2005)-70	01.07.2005	11 months with subsequent prolongation
Rent under contract No. 07-6/342(2008)	01.11.2008	11 months with subsequent prolongation
Rent under contract No. 351 (2011)	01.05.2011	11 months with subsequent prolongation
Rent under contract No. 470 (2011)	23.06.2011	11 months with subsequent prolongation
IDGC of Centre, JSC – “Kurskenergo”		

Rent under contract No. 40004888/1000000005/1	01.03.2008	01.03.2013
Rent under contract No. 40007796/1000000006/1	01.07.2008	For an indefinite term
Rent under contract No. 40008048/100000007/1	01.03.2008	01.06.2009 (with prolongation for next 11 months)
Rent under contract No. 40063965/1000000010/1	01.08.2009	For an indefinite term
Rent under contract No. 40063969/1000000011/1	01.08.2009	For an indefinite term
Rent under contract No. 40019548/1000000004/1	29.12.2008	For an indefinite term
Rent under contract No. 40025096/1000000008/1	10.03.2009	31.12.2013
Rent under contract No. 40025111/1000000009/1	10.03.2009	31.12.2013
Rent under contract No. 1000000000/1	01.08.2009	30.06.2010 (with prolongation for next 11 months)
Rent under contract No. 1000000002/1	27.02.2010	For an indefinite term
Rent under contract No. 1000000015/1	01.03.2011	31.12.2011
IDGC of Centre, JSC – “Lipetskenergo”		
Rent under contract No. 48-08/01 A	19.08.2009	For an indefinite term
Rent under contract No. 40053440	01.01.2009	11 months with subsequent prolongation
Rent under contract No. 557/15	11.01.2005	For an indefinite term
Rent under contract No. 553/15	11.01.2006	For an indefinite term
Rent under contract No. 1135/15/1	02.11.2006	11 months with subsequent prolongation
Rent under contract No. 1133/15/1	02.11.2006	11 months with subsequent prolongation
Rent under contract No.1134/15/1	02.11.2006	11 months with subsequent prolongation
Rent under contract No. 1136/15/1	02.11.2007	11 months with subsequent prolongation
Rent under contract No. 263a/15/1	01.11.2005	11 months with subsequent prolongation
Rent under contract No. 1000000035	31.01.2011	31.12.2011
IDGC of Centre, JSC – “Orelenenergo”		
Rent under contract No. 517 (1000000010)/1	15.09.2007	11 months with subsequent prolongation for the same term

Rent under contract No. 23/2009-AO (1000000002)/1	01.08.2009	11 months with subsequent prolongation for the same term
Rent under contract No. 9/6-08 (1000000009)/1	01.01.2008	11 months with subsequent prolongation for the same term
IDGC of Centre, JSC – “Smolenskenergo”		
Rent under contract No. 2/4-4	01.05.2008	For an indefinite term
Rent under contract No. 409/IN	01.08.2008	For an indefinite term
Rent under contract No. 2-309/33/1	20.03.2008	For an indefinite term
Rent under contract No. 32/2003-MTS	01.08.2003	31.12.2011
Rent under contract No. 595/17 of 25.07.2002	25.07.2002	For an indefinite term
Rent under contract No. 6700/07242/11	01.08.2011	30.06.2012
Rent under contract No. 6700/08251/11	01.08.2011	30.06.2012
Rent under contract No. 6700/16089/10	01.12.2010	31.10.2011
Rent under contract No. 6700/02963/11	01.01.2011	30.11.2011
Rent under contract No. 6700/15969/10	01.01.2011	01.12.2011
Rent under contract No. 6700/03364/11	01.01.2011	30.11.2011
Rent under contract No.1 of 21.04.2011	01.01.2011	30.11.2011
Rent under contract 6700/02028/11	01.05.2011	31.01.2012
Rent under contract No. 6700/02944/11	01.04.2011	29.02.2012
IDGC of Centre, JSC – “Tambovenergo”		
Rental contract No. 6800/01758/11 of 30.12.2010	30.12.2010	11 months
Rental contract No. 2 of 01.06.2005	01.06.2005	31.12.2011 with prolongation for the same term
Rental contract with the right to purchase No. 146 of 06.02.2006	06.02.2006	For an indefinite term
Rental contract No. 6800/11565/10	01.11.2010	11 months with prolongation
Rental contract No. 6800/11601/10	01.11.2010	11 months with prolongation
Rental contract No. 6800/11595/10	01.11.2010	11 months with prolongation

Rental contract 4668000678 of 01.08.2008	01.08.2008	11 months with prolongation
Rental contract No. 6800/00104/09	01.03.2011	11 months with prolongation
Rental contract No. 418 o 23.01.2005	11.01.2005	22.11.2005 with subsequent prolongation for 10 months
IDGC of Centre, JSC – “Tverenergo”		
Rent under contract No. 168	27.04.2007	11 months with subsequent prolongation
Rent under contract No. 136E/2007	10.08.2007	11 months with subsequent prolongation
Rent under contract No. 1	31.10.2007	01.11.2012
Rent under contract No. 126	25.06.2007	11 months with subsequent prolongation
Rent under contract No. 127	25.06.2007	11 months with subsequent prolongation
Rent under contract No. 172	27.09.2007	11 months with subsequent prolongation
Rent under contract No. 15 - 10	01.12.2009	11 months with subsequent prolongation
Rent under contract No. 1	01.01.2010	11 months with subsequent prolongation
Rent under contract No. EAP 1352.15	24.05.2010	11 months with subsequent prolongation
Rent under contract No. EAP 1353.15	24.05.2010	11 months with subsequent prolongation
Rent under contract No. 05/10	30.04.2010	11 months with subsequent prolongation
Rent under contract No. 08/10	22.08.2010	11 months with subsequent prolongation
Rent under contract No. 09/10-01	01.09.2010	11 months with subsequent prolongation
Rent under contract No. 09/10-02	01.09.2010	11 months with subsequent prolongation
Rent under contract No. 30	31.05.2010	11 months with subsequent prolongation
Rent under contract No. 10/10-01	28.10.2010	11 months with subsequent prolongation
Rent under contract No. 47	01.12.2010	11 months with subsequent prolongation
Rent under contract No. 12-10	09.12.2010	11 months with subsequent prolongation
Rent under contract No. 1	01.02.2011	11 months with subsequent prolongation
Rent under contract No. 6	01.01.2011	11 months
Rent under contract No. 06/11	01.06.2011	11 months

IDGC of Centre, JSC – “Yarenergo”		
Rent under contract No.1-AN/1	01.04.2009	11 months from 01.04.2009 with subsequent prolongation
Subrental contract No.3-CA	01.12.2008	11 months from 01.12.2008 with subsequent prolongation
Rent under contract No. 2-AN	13.12.2010	For an indefinite term
Rental contract No. 3-AN	17.01.2011	For an indefinite term
Contract granting the right of limited use No. 7600-1	15.03.2010	From 01.07.2010 to 30.06.2035 (25 years)
Contract granting the right of limited use No. 7600-2	15.03.2010	From 01.07.2010 to 30.06.2035 (25 years)
Contract granting the right of limited use No. 7600-3	15.03.2010	From 01.07.2010 to 30.06.2035 (25 years)

IV. Data on financial and economic activities of the issuer

4.1. Results of financial and economic activities of the issuer

4.1.1. Profit and losses

Unit of measure: *thousand Rubles*

Indicator	2010, 9 months	2011, 9 months
Proceeds	43 375 919	50 380 775
Gross profit	6 727 168	9 986 489
Net profit	3 801 533	5 647 019
Return on equity, %	8.43	11.08
Return on assets, %	5.59	7.25
Net profit ratio, %	8.76	11.21
Product profitability (return on sales), %	13.25	16.67
Capital turnover, times	0.74	0.73
Amount of uncovered loss as of the reporting date	0	0
Relation of uncovered loss as of the reporting date to the total balance	0	0

Economic analysis of profitability/loss of the issuer, basing on dynamics of the given indicators. The information is disclosed as well on reasons, which in the opinion of the issuer’s management bodies, resulted in the issuer’s losses/profit, reflected in the accounting statements as of the moment of completion of the reporting quarter in comparison with the same period of the previous year (previous years):

Following the results of 9 months 2011 IDGC of Centre, JSC earned net profit in the amount of 5 647 019 thousand Rubles, this is by 48,5% higher than for the same period of the last year. Receipt of net profit is grounded by the effective management of the issuer’s expenses, it resulted in exceeding of profits over expenses and necessity of financing of the issuer’s investments.

Return on equity gives opportunity to determine efficiency of use of capital invested by the owner of the enterprise. This indicator reflects the information regarding how much each ruble earned, that has been invested by the owners of the company. As of 30.09.2011 this indicator was 11,08%, this is by 3,3 percent point higher than for the same period of the previous year. Increase of this figure is connected with net profit growth in the analyzed period.

Net profitability coefficient shows the amount of net profit received from each ruble of the profit. Product profitability shows how much net profit is per a unit of the sold products. Net profitability coefficient

increased by 2,45 percent point, product profitability increased by 3,42 percent point as compared to the same period of the last year. This increase is connected with net profit growth by 48,5%.

As of 30.09.2011 the issuer did not have any uncovered losses.

4.1.2. The factors which influenced change of the amount of the receipt by the issuer of the goods, products, works, services, and profit (loss) of the issuer from primary activity.

Growth of net profit for 9 months 2011 as compared to the same period of 2010 (by 48,5%) is connected with the growth of the proceeds from electric power transmission by 15,42%. In its turn it is connected with increase of volume of electric power sale to consumers by 1,917% and average tariff by 13,25%.

4.2. Liquidity of the issuer, sufficiency of the capital and circulating assets

Unit of measure: *thousand Rubles*

Indicator	2010, 9 months	2011, 9 months
Own circulating assets	-11 552 959	-14 982 390
Constant asset index	1.26	1.3
Current liquidity ratio	1.23	1.28
Acid ratio	1.04	1.09
Equity ratio	0.66	0.65

Economic analysis of liquidity and solvency of the issuer on the grounds of economic analysis of dynamics of the given indicators:

The amount of non-current assets considerably exceeds the amount of own capital since the issuer pursues the policy of financing of the investment program aimed at updating of the fixed production assets, due to attraction of long-term financing that affected values of parameters "Own circulating assets" and "Net fixed assets index".

One of the enterprise financial position indicator is its solvency and liquidity, i.e. an opportunity in due time to repay its liabilities.

Current liquidity ratio and acid ratio amounted to 1,23 and 1,04 respectively as of 30.09.2010. As of 30.09.2011 the ratio values increased and amounted to 1,28 and 1,09 respectively. The ratio is within the normative value.

Equity-assets ratio determines the share of assets of organization, which are covered for the account of the own capital. The higher coefficient value, the enterprise is more financially stable and independent from external creditors. Generally accepted normative value for this indicator is 0,6. Equity-assets ratio is of great importance for investors and creditors, as the higher the ratio, the lower the risk of loss of investments and loans. Following the results of IDGC of Centre for 9 months 2011 the value of this indicator is higher than the normative value by 0,65.

4.3. Amount and structure of the capital and circulating assets of the issuer

4.3.1. Amount and structure of the capital and circulating assets of the issuer

Unit of measure: *thousand Rubles*

Indicator	2011, 9 months
Amount of the authorized capital	4 221 794
Total value of shares (stakes) of the issuer, bought out by the issuer for their subsequent re-sale (transfer)	0
Interest of shares (stakes) of outstanding shares (authorized capital) of the issuer, bought out by the issuer for their subsequent re-sale (transfer)	0
Amount of the reserve capital of the issuer, formed for the account of the issuer's operating surplus	211 090

Amount of additional capital of the issuer reflecting assets value surplus revealed following the results of re-estimate as well as the amount of difference between selling price (placing price) and par value of shares (stakes) of the company for the account of sale of shares (stakes) at the price exceeding par value.	33 269 936
Amount of undistributed net profit of the issuer	13 258 125
Total amount of the issuer's capital	50 960 945

The amount of the authorized capital given in this item complies with the issuer's constituent documents

Structure and amount of circulating assets of the issuer in accordance with the accounting statements of the issuer

Indicator	2011, 9 months
TOTAL Current assets	11 956 793
Stock	1 787 122
Value added tax according to purchased values	25 296
Accounts receivable (payments on which are expected more than within 12 months after accounting date)	57 395
Accounts receivable (payments on which are expected within 12 months after accounting date)	8 071 968
Short-term financial investments	1 700 000
Monetary funds	314 198
Other currents assets	814

Sources of the issuer's circulating assets financing (own sources, loans, credits):

proceeds from rendering services, borrowed funds

Policy of the issuer on financing the circulating assets, and also factors which can entail changing in the policy of circulating assets financing, and estimation of probability of their occurrence:

The policy of the issuer on financing the circulating assets includes preservation of the liquidity ratio, turnaround of accounts payable, debt receivable and solvency of the issuer's company at the level providing on-time execution of liabilities to creditors.

The policy of financing of circulating funds is based on formation of the balanced budget of cash flow. The current financing of the circulating assets is carried out thanks to the proceeds received from primary activity. Given the economic stability in Russia, it is possible to make an unambiguous conclusion that any possibility of occurrence of the factors which can entail negative changes in the policy of the issuer's circulating assets financing is minimal.

4.3.2. Financial investments of the issuer

For the date of completion of the reporting quarter

List of the issuer's financial investments, which amount to 10 and more percent of all its financial investments for the date of completion of the reporting period

Investments in equity securities

Type of securities: *shares*

Full company name of the issuer: *"E.ON Russia", Joint Stock Company*

Shortened company name of the issuer: *JSC "E.ON Russia"*

Location of the issuer: *Russian Federation, Tyumen region, Khanty-Mansi Autonomous area – Yugra, Surgut city, Energostroitelei Street 23, bld.34*

Date of the state registration of issue (issues)	registration number	Registering agency
19.04.2007	1-02-65104-D	FFMS of Russia

Number of the securities which are owned by the issuer: **72 456 737**

Total par value of the securities being in the issuer's property: **28 982 694.8**

Currency: **RUR**

Total balance value of the securities being in the issuer's property, rubles: **150 992 594.23**

Amount of the fixed interest or other income under bonds and other promissory equity securities or the procedure of its definition, term of payment: this information is not specified for this type of securities.

Amount of the dividend under preferred shares or the procedure of its definition in case it is defined in the Articles of Association of the joint stock company: The Company did not issue preferred shares.

Amount of the declared dividend per ordinary shares (if there is no data on the amount of declared dividend on ordinary shares in the current year, the amount of dividend declared in the previous year is specified), term of payment: dividends were not accrued.

Type of securities: *shares*

Full company name of the issuer: *"Yargorelectoset", Open Joint-Stock Company*

Shortened company name of the issuer: *"Yargorelectoset", JSC*

Location of the issuer: *37, Chaikovskogo St., Yaroslavl, Yaroslavl region, the Russian Federation*

Date of the state registration of issue (issues)	registration number	Registering authority
08.06.2010	1-01-13950-A	RO Federal Service for Financial Markets of Russia in Central Federal District

Number of the securities which are owned by the issuer: **1 000**

Total par value of the securities being in the issuer's property: **1 175 804 000**

Currency: **RUR**

Total balance value of the securities being in the issuer's property, rubles: **1 102 115 011.8**

Amount of the fixed interest or other income under bonds and other promissory equity securities or the procedure of its definition, term of payment: this information is not specified for this type of securities.

Amount of the dividend under preferred shares or the procedure of its definition in case it is defined in the Articles of Association of the joint stock company: The Company did not issue preferred shares.

Amount of the declared dividend per ordinary shares (if there is no data on the amount of declared dividend on ordinary shares in the current year, the amount of dividend declared in the previous year is specified), term of payment: dividends were not accrued.

Investments in non-equity securities

There are no investments in non-equity securities amounted to 10 and more percent of all financial investments

Other financial investments

The object of the financial investment: *Allocation of funds on deposit in banks (Open Joint Stock Company "Nordea Bank")*

The size of the deposit in money terms: **1 000 000 000**

Currency: **RUR**

the size of the income from the financial investment or procedure definition, the term of repayment: *from 30.09.2011 to 03.10.2011 at 4,6% per annum.*

The object of the financial investment: *Allocation of funds on deposit in banks (Open Joint Stock Company "Nordea Bank")*

The size of the deposit in money terms: *700 000 000*

Currency: *RUR*

the size of the income from the financial investment or procedure definition, the term of repayment: *from 30.09.2011 to 03.10.2011 at 4,6% per annum.*

Information on the amount of potential losses connected with bankruptcy of organizations (enterprises), in which investments were made, according to each type of these investments:

Over "E.ON Russia", JSC - 150 992 594,23 Rubles.

Over "Yargorelectoset", JSC - 1 102 115 011,80 Rubles.

Over other financial investments - 1 700 000 000 Rubles.

Information on losses is given in the issuer's estimate of financial investments reflected in the accounting statements of the issuer for the period from the beginning of the reporting year till the end date of the last reporting quarter

Standards (rules) of the accounting statements, in accordance with which the issuer has made calculations, are reflected in this clause of the quarterly report:

Accounting of financial investments is performed in accordance with RAS 19/02 "Accounting of financial investments", approved by the order of Ministry of Finance of the Russian Federation No. 126n dated 10.12.2002.

4.3.3. Intangible assets of the issuer

For the date of completion of the reporting quarter

Unit of measure: *thousand Rubles*

Group of intangible assets items	Initial (recovery) cost	Accrued amortization
Trade mark	219	79
Program products	56 925	27 871
Useful model	151	20
TOTAL:	57 295	27 970

Standards (rules) of the accounting, in accordance with which the issuer submits information on its intangible assets:

Intangible assets are reflected in the accounting records at the residual cost, according to clause 7 of Order No.44n of 20.05.2003 "Methodical Instructions on Formation of the Accounting Reports at Realization of Companies Restructuring". The accounting of intangible assets is carried out according to RAS No.14/2007 "Account of intangible assets" approved by Order No.153n as of 27.12.2007. Depreciation will be charged starting from 1 April 2008 using the straight-line method.

4.4. Data on the policies and charges of the issuer in the field of scientific and technical development, concerning licenses and patents, new development and researches

Information on the policy in the field of scientific and technical development.

In compliance with the Technical policy of IDGC of Centre approved by order No. 15 dated January 27, 2010 of IDGC of Centre the following arrears of activity were accepted and are being performed:

- application at technical re-equipping, reconstruction, new construction, and also repairs activity of the new hi-tech equipment and materials, including: complex distribution gas-insulated devices of 35 kV, modular substations of 110 kV, compact SF6 modules of 110 kV, equipment for automation of substations, increase of visibility and controllability of distribution grids for the account of grid topology change and automation level increase;

- work of scientific and technical council of IDGC of Centre, JSC;

- presentations of new equipment and new technology developments held by manufacturers and scientific and technical centres within the framework of IDGC of Centre's Presentation day;

- joint work with manufacturers related to testing and "pilot" use of new equipment at power grid facilities of

the divisions of IDGC of Centre, JSC;

- jointly with design organisations development of projects of standard assemblies of power facilities;
- analysis of work of the equipment which is on test operation at power grid facilities of the divisions of IDGC of Centre, JSC.

In the 3rd quarter 2011 technical specialists of IDGC of Centre participated with a presentation at the XXIV International Youth Scientific Conference "Innovation in the utilities industry" (5 - 9 September), International Technical Conference IPNES 2011 "Innovations in the electric utilities industry" (6 - 8 September) and scientific and technical seminar on "Development and production of kinetic energy storage devices" (30 October).

Financial and material expenses in the 3rd quarter 2011 for implementation of scientific and technical activity were forwarded in the volume of expenses for technical re-equipping and reconstruction within the frameworks of investment and target programs of IDGC of Centre, JSC to use new equipment and technologies in accordance with the Technical policy of IDGC of Centre, within the framework of the Innovation Program – for R&D projects implementation.

The information on creation and reception of the legal protection of the main objects of intellectual property

As of the end of the reporting quarter the current items of legal protection of intellectual property are:

- patent for utility model of remote cabinet of electric power metering dated April 10, 2009 valid until April 10, 2019;
- patent for utility model of the pole mounted transformer substation dated July 31, 2010 valid until July 31, 2016;
- trademark with emblem of the Company and lettering "ОАО «МРСК Центра»" in Russian, registered on February 11, 2010;
- trademark with emblem of the Company and lettering "IDGC of Centre, JSC" in English, registered on February 18, 2010.

The information on risk factors

There are no risks connected with possibility of the expiration of validity of the patents and licenses for use of trade marks.

4.5. Analysis of tendencies of development in the sphere of primary activity of the issuer

GDP dynamics at different scenarios of economy development (according to the data of 2010-2011) (average annual gain rates, percentage points):

	2011-2013	2013-2015	2016-2020
GDP growth rate (moderate – optimistic forecast)	4,2	6,3	6,9

In 2010 the economy moved to growth, having overcome the consequences of the 2008 crisis (GDP grew by 4%, industrial production - by 8,2%), which was due to not only the world business environment improvement, but increase of efficiency and competitiveness of the Russian economy, its innovativeness, recovery of confidence between economic entities.

Taking into account the stated factors, Ministry of Economic Development is planning to achieve the average annual GDP growth rate equal to 6,5% by 2020.

In 2009 the Russian power industry faced two main problems. Firstly, the crises resulted in the significant reduction of electric power consumption - 4,6%. Secondly, in 2009 the investment in the industry reduced.

The principal parameter for construction of the industry development model is power consumption dynamics. During 2010, energy consumption has recovered to near pre-crisis (increase of 4,3%). Ministry of Energy forecasts in 2011 power consumption increase at 0,4-0,5% level. In the long term power consumption growth rates will be lower than 3%, because our economy has serious potential to reduce specific power consumption. Analysts consider 1-2% growth rates in the long term to be more real.

As a whole, estimate of the market prospects of the Russian electric power companies depend completely on the country economy development and re-investment opportunities which are the determining factors both for fundamental estimate of value of companies and capital inflow in the industry.

Now the issuer carries out its activity in two main directions: delivery of electric energy and technological connection to electric grids. Thus technological connection to electric grids defines development of the company, growth of volumes of delivery of electric energy, expansion of geographical covering of

territories with electric grids, and increase in capitalization. Tendency of development of the given kind of activity is defined by development of regions of the zone of activity of the issuer: development of the industry, agriculture, household sector, construction of habitation, etc, it allows estimate them as favorable as a whole even under conditions of the current economic crisis.

For creation of favorable conditions of development of regions, the issuer actively cooperates with local enforcement authorities and large consumers in the sphere of planning. The result of this work is steady demand for electric capacity, which is the ground for formation of the issuer's investment program.

Considerable development trend in the field of the issuer's activity is possibility of the issuer's business diversification in the part of structure of rendered services. Recent adoption of the law on power efficiency from the one part will reduce power consumption within the scale of economy, but from the other part it will create opportunity for services in the field of increase of power efficiency of electric power consumers. At present the issuer works out the concept of access to the market of rendering services in the field of energy efficiency.

4.5.1. Analysis of factors and conditions influencing the issuer's activity

Factors and conditions influencing activity of the issuer and results of such activity:

First of all, it is necessary to point out a number of factors determining the condition of the economy as a whole and, therefore, influencing on the power industry:

Dynamics of prices for oil (according to forecasts of Ministry of Economic Development, level of prices for oil will not significantly change in 2011-2012 and will be about 60\$/barrel);

Manufacturer price index;

Interest rates for raising credit funds (by 2012 it is forecasted their gradual reduction against the background of credit risk reduction).

There are also factors specific for the power industry:

The key factor is the state regulation of tariff making in the field of electric power delivery.

The second significant factor, which influences the economy of power industry, is power consumption dynamics.

Besides, the following factors influence the economy:

- inflation.

- adoption of the Federal law "On power saving and power efficiency increase and introduction of changes to separate legislative acts of the Russian Federation" (No. 261-FZ dated November 23, 2009).

- the current condition of the industry itself.

The detailed description of the above-mentioned factors is given in the following table:

The characteristics of the factors specific to the electric power industry

Factors descending with their significance	State regulation of rates for the electric power transfer	Dynamics of power consumption	Inflation	Adoption of the Federal Law «About energy saving and increase of energy efficiency and modification of separate legal acts of the Russian Federation» (#261-FZ from 23.11.2009)	Current condition of the industry
Description	Electric power delivery through distribution grids, and also technological connections to electrical grids are types of activity regulated by the state. Thus, the approval of levels of rates by regulating bodies for the services of the Company directly influences volumes of the received revenue. Even at implementation of the RAB regulation the role of relevant bodies in the process of tariff making remains.	Decrease of volume of power consumption negatively affects the industry condition	Consumer price index change makes certain impact on profitability level in the industry, and, as a consequence, on the financial condition and capabilities to perform obligations. Such influence can be especially noticeable on controlled markets, in a combination to the tariff policy which is conducted by the state	Adoption of the law about energy efficiency will cause substantial decrease of power consumption	The industry condition directly influences all aspects of activity of the Company
Current condition	Now the Government of the Russian Federation implements containment policy of growth of rates for goods and service of natural monopolies. Establishment of rates at lower than economically reasonable level (in case of transfer to RAB tariff regulation system – establishment of the value of rate of return lower than the average market interest rate on borrowed funds) will lead to underfunding of the current	The power consumption volume in 2010 as a whole across the Russian Federation was 1009,2 billion kW*h that is 4,3 % more than the power consumption in 2009. The given increase has been caused first of all by improving of the economic situation in Russia after the global economic crisis and, accordingly, increase of the current consumption by large customers (same with	The economic crisis which to the greatest degree could affect the rate of inflation in the Russian Federation in 2011, according to the majority of experts, was over. According to Russia's Ministry of Economic Development and Trade, the inflation in 2011 is predicted at the level of 8-9 % which is not critical for the condition of the industry	Adoption of the law about energy efficiency assumes decrease of power consumption in the Russian economy, according to various estimations, by 10 %	Substantial wear of fixed assets (by some estimations, it has reached 60 %). By 2020 the volume of decommissioned generating capacities can be 75 % of the installed capacity; Acute shortage of investments for the industry. The need of the industry for investments till 2020, according to the master plan of facilities of the electric power industry, is 20,695 trillion rubles, and the state is not capable to invest such funds in the development of the power industry. At the same time, in view of the existing financial "non-transparency", low profitability and inefficiency of

	activity and investment program of the Company.	<p>the increase of volume of technological connection to electrical grids).</p> <p>By numerous expert evaluations, in 2011 the economy output to the pre-crisis level is expected. Nevertheless, in 2011, according to forecasts Russia's Ministry of Economic Development and Trade and The Ministry of Industry and Energy, the total power consumption growth at 0,4-0,5 % is expected in the Russian Federation.</p>			<p>management of the majority of the energy companies, attractiveness of the industry for private investors remains low;</p> <p>The remaining problem of non-payments;</p> <p>The ineffective tariff policy leading both to understating of financial indexes (pricing by the principle "costs plus"), and to real red ink of some companies.</p>
<p>Measures on minimization of consequences (in the presence of such a possibility)</p>	<p>The Company works with the Federal Tariffs Service and rates regulating authorities of regions of the Russian Federation on economic business case of the costs which are included in the rates. Also development and coordination of long-term development programs of regions - areas of activity of divisions of the Company - with regional and local authorities, with signing of Agreements in which, in particular, volume of sources of financing of investment programs are agreed upon, is conducted.</p>	<p>The Company implements a complex of measures for diversification of its package of services, provided by the Company to electricity customers</p>	<p>The Company has no possibility to influence the given factor</p>	<p>Implementation by the Company of the program on integration of territorial and municipal network assets, as well as diversification of the business of the Company regarding services provided, with coming to the market of providing services in the area of energy efficiency and energy saving.</p>	<p>Implementation of the new effective system of the tariff regulation based on fair rate of return of invested capital (RAB). The system as of December 31, 2010 was implemented in seven divisions of the Company –Belgorodenergo, Bryanskenergo , Kurskenergo , Lipetskenergo , Orelenergo, Tverenergo and Yarenergo, and since January 1, 2011 was implemented in all divisions of the Company. The implementation of the RAB system will allow to attract additional funds for implementation of the investment program aimed at lowering of wear of fixed assets and creation of new capacities under needs of the growing national economy. Also now in the Company's divisions the implementation of the costs management system, the newest management tools of the company and automation of key</p>

					functions for increase of efficiency of taking management decisions is being performed.
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The forecast concerning duration of the effect of the specified factors and conditions:

- In the conditions of realization of the monopoly activity by the issuer (rendering services on delivery of electric energy), there will not be changes regarding the authority under regulation of tariffs for services on delivery of electric energy in the near future. As for the limiting levels of tariffs for services on delivery of electric energy, the issuer does not predict sharp fluctuations of the given indicator aside increases or reduction in the near future, however, it is possible for the state to restraint growth of ultimate levels of tariffs in relation of previously planned schedule within the framework of anti-crisis measures.

In 2011, according to forecasts of MEDT and Ministry of Industry and Energy, industrial production is expected to grow up at 4,1% and power consumption at 0,4-0,5% in the Russian Federation.

Increase of consumer price index in 2011 is forecasted at 8,8% level which is not critical for the industry.

Significant changes in the legislative base of the industry, except the abovementioned are not forecasted in the nearest future.

At present the Russian economy is uprising after the world economic crisis in 2008. According to different forecasts, the term of growth of the Russian economy up to pre-crisis level is middle-end 2011.

The actions taken by the issuer and actions to be taken by the issuer in the future for an effective use of the given factors and conditions:

The issuer takes the following measures for effective use of factors, which influence on the issuer's activity:

- interaction with the Federal tariff service and Tariff regulation bodies of constituent entities of the Russian Federation in the field of economic reasoning of expenses included in tariffs, introduction of changes in the law of the Russian Federation in the field of price formation for services of natural monopolies with the purpose of accounting of interests of distribution grid companies at establishment of tariffs for electric power in retail market;
- conceptual working out of possibility of access to the market of rendering services in the field of energy efficiency increase of electric power consumers;
- development and approval of long-term programs of development of regions of activity zones of the issuer's divisions with regional and local authorities;
- reduction of costs and optimization of the issuer's investment program.

The ways applied by the issuer, and ways to be applied by the issuer in the future for decrease in negative effect of factors and conditions influencing activity of the issuer: Scheduled transition to long-term regulation of tariffs for services on delivery with use of investment capital profitability method, reduction of internal costs.

Material events/factors which may greatly affect an opportunity of reception by the issuer in the future of the same or higher results in comparison with the results obtained for the last reporting period, and also probability of occurrence of such events (occurrence of factors):

The most essential event which can have significant negative influence on results of activity of the issuer is reduction of profit component under conditions of the economic crisis connected with the following factors:

- reduction of power consumption in service areas;
- reduction of payment discipline of retailers.

The issuer considered the risk of this event as the risk, which is able to make considerable influence on financial result of activity as well as to lead to deficit of financing of the issuer's investment program within middle-term perspective.

The issuer estimates this risk probability as high, consequences for the issuer's activity from the risk events vary from average to severe.

At the same time consequences of the risk events can be minimized:

- improvement of regulatory and legal basis in the field of energy, which is able to reduce considerably risks of income shortage, increase of accounts payable and cash shortages in the issuer's activity;
- optimization of internal expenses of the issuer;
- state support for enterprises – large consumers of electric power;
- state financial support to cover deficit of the issuer's investment program.

Essential events/factors which may improve results of activity of the issuer, and probability of their occurrence and also duration of their action:

The essential event which within middle-term and long-term perspective may have a significant positive influence on results of the issuer's activity is in the field of tariff formation is transition to system of the regulation based on fair return on invested capital (RAB). The new methods are already at production operation stage in all regions of the issuer. Nevertheless, at this moment it is difficult with a reasonable degree of certainty to predict the financial implications of the onset of the event. In the current adverse economic conditions one may, however, predict a temporary decrease in the effectiveness of the RAB (due to the mismatch of a given rate of return is actually established in the market environment), but in the long run in terms of the economy growth the performance

of RAB increases significantly.

Other essential factor which can positively influence estimation of the company in long-term prospect is active innovative activity in the field of construction of the management system and introduction of the modern software products for management of distributive grid complex of the issuer. Besides, the active policy in the field of formation of the integral system of stakeholder relations is performed. The issuer holds regular meetings with representatives of the investment community for increase of the level of openness and transparency of business. Results of innovative activity will be estimated and put on the balance of the issuer as intangible assets in the process of estimation carrying out. We estimate duration of the given factor as a constant process.

Besides, the essential factor which may have a significant positive influence on financial result is reduction of the high level of losses in grids. IDGC of Centre, JSC developed and realizes the program of AMI (advanced metering infrastructure system), which in the middle term will have a significant influence on dynamics of commercial losses towards their decrease. Implemented program of integration of municipal networks will have considerable influence on dynamics of decrease of commercial losses. The given factors will have a significant positive influence in the middle term.

4.5.2. Competitors of the issuer

The main kind of activity of the issuer is distribution of electric energy and technological connection of consumers to the grid infrastructure.

Belgorodenergo division is the only grid organization on the territory of the region which has its connection to the Unified National Power Grid (UNPG). The other divisions of the Company occupy the dominant position in the regional markets of electric power delivery services and are level 1 grid companies. In a number of regions of the market zone of electric power delivery service sale by the Company divisions there are other territorial grid companies providing similar electric power delivery services, but their market stake is insignificant.

Based on its own information, at present the stake of IDGC of Centre, JSC is about 88% (in terms of conventional units) in the technological connection market. The principal competitors of the Company are territorial grid organisations (TGO, MUE) in such regions as Bryansk region, Voronezh region, Kursk region, Lipetsk region, Orel region, Tambov region, Tver region and Yaroslavl region. In such regions as Belgorod region, Kostroma region and Smolensk region, where city power grids are in lease or in property of IDGC of Centre, JSC, the market stake is 100% (net of the large consumers that have own power grids).

At present the issuer performs active work with local authorities relating to integration of territorial grid organisations into the issuer's activity.

V. Detailed data on the persons forming a part of governance bodies of the issuer, bodies of the issuer undertaking control over its financial and economic activities, and brief data on the staff (employees) of the issuer

5.1. Data on the structure and competence of the issuer's governance bodies

Full description of structure of the issuer's governance bodies and their competence in accordance with the issuer's Articles of Association (constituent documents):

Structure of the issuer's governance bodies in accordance with the issuer's Articles of Association:

- 1. General Meeting of Shareholders.***
- 2. Board of Directors.***
- 3. Management Board.***
- 4. General Director.***

General Meeting of Shareholders is the highest governance body of the issuer.

The competence of the issuer's governance bodies in accordance with the issuer's Articles of Association.

In accordance with clause 10.2. of the Issuer's Articles of Association, the following items are related to the competence of the General meeting of shareholders:

- 1) introduction of changes and amendments in the Articles of Association or approval of the Articles of Association in new edition;***
- 2) restructuring of the Company;***

- 3) liquidation of the Company; appointment of the Liquidation Commission and the approval of the interim and final liquidation balances;
- 4) determination of the quantity, nominal value, category "type" of the declared shares and the rights provided by the said shares;
- 5) increase of the Articles of Association capital by way of the increase of the nominal value of shares or by way of placement of additional shares;
- 6) reduction of the Articles of Association capital of the Company by way of decreasing the nominal value of the shares, through the acquisition by the Company of the part of shares with the view of reducing their total amount or with the view of repaying of the acquired or paid out shares;
- 7) fractioning and consolidation of the shares of the Company;
- 8) making the decision on the placement by the Company of bonds converted into shares and other emission securities, converted into shares;
- 9) determination of the quantitative structure of the Board of Directors, the election of its members and the early termination of their powers;
- 10) election of the members of the Auditing Commission of the Company and the early termination of their powers;
- 11) confirmation of the Auditor of the Company;
- 12) making the decision on the transfer of powers of the single executive organ of the Company to the managing organization "manager" and on the early termination of his/her powers;
- 13) approval of annual reports, annual accounting balances, including the report on profit and losses of the Company, distribution of its profits including payment "announcement" of dividends, except for the profit distributed as a dividend by the results of the first quarter, half a year, nine months of the financial year and the losses of the Company by the results of the financial year;
- 14) payment "announcement" of dividends by the results of the first quarter, half a year, nine months of the financial year;
- 15) determination of the procedure for holding the general meeting of the shareholders of the Company;
- 16) making the decision on the approval of deals in cases envisaged by Article 83 of the Federal Law "On Joint Stock Companies";
- 17) making the decision on the approval of large deals in cases envisaged by Article 79 of the Federal law "On Joint Stock Companies";
- 18) making the decision on the participation in holding companies, financial and industrial groups, associations and other unions of for-profit organizations;
- 19) approval of the internal documents regulating the activity of the organs of the Company;
- 20) making the decision on paying the members of the Auditing Commission of the Company of remunerations and/or compensations;
- 21) making the decision on paying the members of the Board of Directors of the Company of remunerations and/or compensations;
- 22) solution of other questions envisaged by the Federal law "On Joint Stock Companies".

Items related to the competence of the General meeting of shareholders cannot be transferred to the Board of Directors, the Management Board and the General Director of the Company for resolution.

The General meeting of shareholders is not entitled to consider and adopt resolutions on the items, which are not related to its competence by the Federal Law "On joint-stock companies".

In accordance with clause 15.1. of the Issuer's Articles of Association, the following items are related to the competence of the Board of Directors of the Company:

- 1) setting the priority directions of the activity and development strategy of the Company;
- 2) convocation of the annual and extraordinary general shareholders meetings of the Company, except for the cases stipulated by item 14.8 of Article 14 of the Articles of Association as well as announcement of the

- date of a new General meeting of shareholders instead of unheld one by the reason of the quorum absence;*
- 3) Approval of the Company general shareholders meeting agenda;*
 - 4) Election of the Secretary of the Company general shareholders meeting;*
 - 5) Definition of the date of drawing up the list of persons entitled to participate in the Company general shareholders meeting, approval of expenses estimate for holding of the General meeting of shareholders of the Company and solution of other issues connected with preparation and carrying out of the Company general shareholders meeting;*
 - 6) introduction for the decision of the general meeting of the shareholders of the Company of issues envisaged by subparagraphs 2,5,7,8,12-20 of Item 10.2 of Article 10 of the Articles of Association of the Company, as well as on the reduction of the authorized capital of the Company through the reduction of the par value of the shares;*
 - 7) placement by the Company of bonds and other emission securities except for the cases stipulated by the legislation of the Russian Federation and the Articles of Association;*
 - 8) approval of the decision on the emission of securities, emission prospect of securities, the report on the results of the emission of securities, approval of the reports on the results of the acquisition of the shares of the Company from its shareholders, reports on the redemption of shares, reports on the results of the demands by the shareholders of the Company on the redemption of the shares owned by them;*
 - 9) determining the price (monetary value) of the property, the price of the placement and acquisition of emission securities in cases envisaged by the Federal Law "On Joint Stock Companies" as well as while solving issues stipulated in sub-items 11, 24, 40 of Item 15.1. of Article 15 of the Articles of Association;*
 - 10) acquisition of the shares, bonds and other securities placed by the Company in cases envisaged by the Federal Law "On Joint Stock Companies";*
 - 11) alienation (sale) of the shares of the Company at the disposal of the Company as a result of their acquisition or redemption from the shareholders of the Company, as well as in other cases envisaged by the Federal Law "On Joint Stock Companies";*
 - 12) election of the General Director of the Company and early termination of his/her powers including the decision making on early termination of the labor contract with him/her;*
 - 13) definition of the quantitative structure of the Management Board of the Company, election of the members of the Management Board of the Company, establishment of compensations and remunerations paid to them, early termination of their powers, including early termination of labor contracts with them;*
 - 14) recommendations to the general meeting of the shareholders of the Company on the amount of remunerations and compensations paid to the members of the Auditing Committee and determination of the remuneration of the Auditor's services;*
 - 15) recommendations on the amount of the dividend per shares and the procedure for its payment;*
 - 16) approval of the internal documents of the Company determining the procedure for the formation and use of the funds of the Company;*
 - 17) making the decision on the use of the funds of the Company, approval of the cost estimates for the use of special purpose funds and consideration of the results of the implementation of cost estimates for the use of special purpose funds;*
 - 18) approval of the internal documents of the Company except for internal documents, the approval of which is referred to the competence of the general meeting of the shareholders of the Company and other internal documents of the Company, the approval of which is referred to the competence of the executive bodies of the Company;*
 - 19) approval of the business plan (revised business plan) including the investment program and the report on results of their performance;*
 - 20) consideration of the investment program, including amendments to it;*
 - 21) approval (correction) of control figures of the cash flows of the Company;*
 - 22) approval and change of terms, and termination of realization of the large and medium-scale investment projects defined thereof according to the Regulations about the investment activity, and also approval of quarterly reports on the course of performance of the specified projects;*
 - 23) foundation of divisions and opening of the offices of the Company, their liquidation, as well as introduction of alternations in the Articles of Association of the Company connected with the creation of divisions and*

opening of offices of the Company, including changes in the information on the names and locations of the divisions and offices of the Company and their liquidation;

24) making the decision on the participation of the Company in other organizations (entering in the acting organization or creation of a new organization, including coordination of constituent documents and on purchase, alienation and encumbrance of shares and stakes in the authorized capitals of the organizations, in which the Company participates, change of the stake of participation in the authorized capital of the corresponding organization, and termination of participation of the Company in other organizations;

25) determination of the credit policy of the Company as to provision by the Company of loans, making credit contracts and loan contracts, issuing of guarantees, acquisition of liabilities on bills (issuing of ordinary and transfer bill), transfer of property in pledge and making the decision on the above mentioned deals of the Company in cases when the procedure for the decision-making of them is not determined by the credit policy of the Company as well as decision making in the order envisaged by the credit policy of the Company on bringing the debt situation of the Company in the limits determined by the credit policy of the Company;

26) approval of the large deals in cases envisaged by Chapter X of the Federal Law "On Joint Stock Companies";

27) approval of deals in cases envisaged by Chapter XI of the Federal Law "On Joint Stock Companies";

28) approval of the Registrar of the Company, terms of contract with him/her and its termination;

29) election of the Company Board of Directors Chairperson and the early termination of his/her powers;

30) election of the Company Board of Directors Deputy Chairperson and the early termination of his/her powers;

31) election of the Company Board of Directors Corporate Secretary and the early termination of his/her powers;

32) tentative approval of decisions on deals of the Company connected with the gratuitous transfer of property of the Company or property rights (requirement) to itself or the third party, deals connected with the liberation from property liabilities before itself or the third party, deals connected with the gratuitous provision of services by the Company (carrying out of works) to the third party, in cases (amount) determined by the separate decision of the Board of Directors of the Company, decision-making on the given deals by the Company in cases when the above-mentioned cases (Amount) are not determined;

33) decision-making on temporary termination of the powers of the managing organization (managing director);

34) decision-making on the appointment of the acting General Director of the Company and his calling to an account;

35) disciplinary punishment of the General Director and members of the Management Board of the Company and his/her remuneration in accordance with the labor legislation of the Russian Federation;

36) consideration of the reports of the General Director on the activity of the Company (including the report on carrying out of his/her functions), on the implementation of the decisions of the general meeting of the Company and its Board of Directors;

37) approval of the procedure for the interaction of the Company with the organizations, in which the Company participates;

38) definition of the position of the Company (representatives of the Company), including the assignment to take or not to take part in voting on the agenda items, to vote under draft decisions "for", "against" or "abstained", on the following items of the agenda of general shareholders (participants) meetings of subsidiaries and dependent economic entities (further on called SDEC) (except for cases when functions of the SDEC general shareholders meetings are carried out by the Board of Directors of the Company), and meetings of the SDEC boards of directors (except for an item on approval of the agenda of the general meetings of shareholders SDEC when functions of the SDEC general shareholders meeting are carried out by the Board of Directors of the Company):

i) on the determination of the agenda of the general meeting of the shareholders (participants of SDEC);

ii) on the reorganization and liquidation of SDEC;

iii) on the determination of the quantitative composition of governance and control bodies, nominating,

electing their members and early termination of their terms of office, nomination, election of the sole executive body of the subsidiary and the early termination of their powers;

iv) on the determination of the number, nominal value, category (type) of the announced shares of SDEC and the rights provide by the given shares;

v) on the increase of the authorized capital of SDEC through the increase of the nominal value of shares or through the placement of additional shares;

vi) on the placement of securities of SDEC converted into ordinary shares;

vii) on the fractioning and consolidation of the shares of SDEC;

viii) on the approval of large deals, made by the SDEC;

ix) on the participation of SDEC in other organizations (on entering the existing organization or on the foundation of the new one), as well as on the acquisition, alienation, encumbrance of shares and parts in the authorized capitals of the organizations, in which SDEC participates, changes in the part of the participation in the authorized capital of the respective organization;

x) on the deals made by SDEC (including several associated deals) connected with the alienation or the possibility of alienation of property, representing fixed assets, non-material assets, objects of unfinished construction, the purpose of the use of which is the production, delivery, dispatching, distribution of electric and heating power in cases (amount) by the procedure of interrelations of the Company with organizations in which the Company participates, approved by the Board of Directors of the Company;

xi) on the introduction of alternations and amendments in the constituent documents of SDEC;

xii) on the determination of the procedure of remuneration payments to the members of the Board of Directors and Auditing Committee of SDEC;

xiii) on the approval of target meanings of key performance indicators (corrected target meanings of key performance indicators);

xiv) on the approval of the report on the implementation of planned meanings of annual and quarter key performance indicators;

xv) on the approval of business plan (revised business plan) that includes the investment program and quarterly report on the results of their implementation;

xvi) on the approval (consideration) of the report on business plan implementation;

xvii) on the approval of the distribution of profits and losses on the results of the financial year;

xviii) on the recommendations on the amount of dividend on shares and the procedure of its payment;

xix) on payment (declaration) of dividends following the results of the first quarter, half of a year, nine months of a financial year as well as following the results of a financial year;

xx) consideration of the investment program, including amendments to it;

xxx) approval (consideration) of the investment program execution report;

39) determination of the position of the Company (representatives of the Company) on the following items of the agenda of the SDEC Board of Directors meetings (including the order to participate or not to participate in the vote on the items of the agenda, to vote on draft decisions “for” or “against”, or “abstained”:

a) on the determination of the SDEC representatives position on the items of the agenda of the general meetings of shareholders (participants) and the meetings of the Board of Directors of the affiliated and dependent entities in respect of SDEC, concerning the approval of deals, including several associated deals, connected with alienation or the possibility of alienation of the property representing fixed assets, immaterial assets, objects of unfinished construction, the purpose of the use of which is the production, delivery, dispatching, distribution of electric and heating power in cases (amount) determined by the procedure of interrelations of the Company with organizations in which the Company participates, approved by the Board of Directors of the Company;

b) on the determination of the SDEC representatives position on the items of the agenda of the general meetings of shareholders (participants) and the meetings of the Board of Directors of the affiliated and dependent entities in respect of SDEC, participating in the production, delivery, dispatching, distribution of

electric and heating power, reorganization and liquidation, increase of the authorized capital of the given entities through the increase of the nominal value of shares or through the placement of additional shares, securities converted into ordinary shares;

40) tentative approval of the decisions on the accomplishment by the Company:

a) of deals, the subject of which shall be non-current assets of the Company in the amount exceeding 10 percent of the balance sheet value of the given assets according to the data of the accounting statements as of the last reporting date;

b) deals (including several associated deals) connected with any way of disposal (or transfer of the rights in any sequence) of the real estate and/or equipment used directly for realization of the main kinds of activity of the Company, the balance sheet value of which is over 5 percent of the balance sheet value of the Company assets, or any kind of encumbrance of the specified property;

c) deals (including several associated deals) connected with acquisition, alienation or an opportunity of alienation of the property forming the fixed assets, intangible assets, objects of incomplete construction, the purpose of use of which is production, delivery, dispatching, distribution of electric and thermal energy in the cases (amount) determined by separate decisions of the Company Board of Directors;

d) deals (including several associated deals) connected with acquisition, alienation or an opportunity of alienation of the property forming the fixed assets, intangible assets, objects of incomplete construction, the purpose of use of which is production, delivery, dispatching, distribution of electric and thermal energy in the cases (amount) determined by separate decisions of the Company Board of Directors;

41) nomination by the Company of persons for the elections to the position of the sole executive body, to other bodies of management, bodies of control, and nominations for the Auditor of the organizations, in which the Company participates, carrying out production, delivery, dispatching, distribution and sales of electric and heating power, as well as the repairs and maintenance types of activities;

42) determination of the directions of ensuring insurance protection of the Company including the approval of the Insurer of the Company;

43) approval of the structure of the executive body of the Company and its amending;

44) approval of the Regulation on material incentives of the General Director, the Regulation on material incentives of superior managers of the Company; approval of the list of superior managers;

45) coordination of nominees for separate positions of the executive body of the Company defined by the Company Board of Directors;

46) preliminary approval of the collective agreement, the agreements concluded by the Company within the limits of regulation of social and labor relations as well as approval of documents on the State Pension Provision of the Company employees;

47) establishment of committees under the Company Board of Directors, election of members of the Committees of the Company Board of Directors and early termination of their powers, election and early termination of powers of chairmen of committees of the Company Board of Directors;

48) approval of the nomination of the independent appraiser (appraisers) for the determination of the shares value, property and other assets of the Company in cases envisaged by the Federal Law "On Joint Stock Companies", the Articles of Association and separate decisions of the Board of Directors of the Company;

49) approval of the nomination for the financial consultant involved in accordance with the Federal Law "On the Market of Securities" as well as the nominees of securities emission organizers and consultants on deals directly connected with the attraction of means in the form of public loans;

50) tentative approval of deals, which could lead to the appearance of liabilities, expressed in foreign currency (or liabilities the volume of which is pegged to foreign currency) in cases and volumes determined by separate decisions of the Board of Directors of the Company and if the said cases (amounts) are not determined by the Board of Directors of the Company;

51) determination of the purchasing policy of the Company, including the approval of the Regulations on the procedure for carrying out the specified purchases of goods, works and services, approval of the head of the Central purchasing unit of the Company and its members, and approval of the annual comprehensive program of purchases and decision making on other items in accordance with the documents approved by the Company regulating the purchasing activity of the Company;

52) decision making on the nomination of the General Director of the Company for state orders award;

53) approval of the target figures (revised figures) of the key performance indicators (KPI) of the Company and

the reports on their implementation;

54) determination of the policy of the Company directed at the improving the stability of the power grids distribution complex and other objects of the power energy complex, including the approval of the Company strategic programs on the improvement of the stability of the power grid complex, its development and its safety;

55) determination of the housing policy of the Company including in the part of providing corporate aid to the employees of the Company for improving their living conditions in the form of subsidies, compensation of their costs, interest free loans and decision making on the provision by the Company of the said aid in cases, when the procedure of its provision is not determined by the housing policy of the Company;

56) other issues falling within the competence of the Board of Directors in accordance with the Federal Law "On Joint Stock Companies" and the Articles of Association of the Company.

The issues referred to the competence of the Board of Directors of the Company cannot be transferred for decision to the Company's General Director and the Company's Management Board.

Control over the current activity of the Company is performed by the sole executive body – the General Director and collegial executive body – the Management Board of the Company.

In accordance with clause 22.2. of the Issuer's Articles of Association, the following items are related to the competence of the Management Board of the Company:

1) Working-out the Company development strategy and its submission for consideration to the Board of Directors;

2) Preparation of the annual (quarter) business plan, including the investment program and the report on results of their performance, and also approval (revising) of cash (budget) flow of the Company;

3) Preparation of the annual report on financial and economic activity of the Company, about performance by the Board of the decisions of the Company general shareholders meeting and Board of Directors;

4) Consideration of reports of deputies General Director of the Company, heads of the isolated structural divisions of the Company about results of performance of the approved plans, programs, instructions, consideration of reports, documents and other information on activity of the Company and its affiliated and dependent economic entities;

5) Decision-making concerning the items referred to the competence of the supreme bodies of management of the economic entities, 100 (one hundred) percent of the authorized capital of which belongs to the Company (in view of sub-items 38, 39 of clause 15.1. of Article 15 of the Articles of Association);

6) Preparation of the reports on financial and economic activity of the economic entities, 100 (one hundred) percent of the authorized capital of which belongs to the Company, and their submission for consideration to the Board of Directors;

7) Decision-making on conclusion of transactions, the subject of which is the property, works and services, the cost of which equals from 5 to 25 percent of the balance sheet value of the Company assets determined on the date of decision-making on the conclusion of the transaction (except for the cases stipulated by sub-clause 40 of clause 15.1 of the Articles of Association);

8) Decision of other issues of the Company's current activity management according to the decisions of the general shareholders meeting, the Board of Directors of the Company, and also the issues which were submitted to consideration to the Management Board by the Company General Director.

In accordance with sub-clauses 23.2-23.3 of the Issuer's Articles of Association, the following items are related to the competence of the General Director of the Company: All the issues of the current activity management of the Company, except for the issues referred to the competence of the general meeting of shareholders, the Board of Directors and the Management Board of the Company.

The General Director shall act without a Power of Attorney on behalf of the Company taking into account the limitations envisaged by the legislation of the Russian Federation, the present Articles of Association and decisions of the Board of Directors of the Company and the General Director shall:

- ensure the fulfillment of the activity plans of the Company necessary for the solution of its tasks;*

- organize bookkeeping and accounting in the Company;
- make use of the property of the Company and accomplish deals on behalf of the Company, issue Powers of Attorney, open settlement and other accounts of the Company with the banks and other credit institutions (as well as in cases envisaged by the law in the organizations and professional agents of the securities market) settlement and other accounts of the Company;
- issue orders, approve (accept) instructions, local regulation reports and other internal documents of the Company on the issues of his/her competence, give instructions necessary for the execution by all employees of the Company;
- approve Regulations on divisions and representative offices of the Company;
- in accordance with organizational structure of the executive body of the Company approves personnel schedule and position salaries of employees of the Company;
- exercise in respect of the Company's employees the rights and obligations of the employer, envisaged by the labor law;
- exercises functions of the Chairman of the Management Board of the Company;
- distribute obligations among the Deputies of the General Director;
- submit for the consideration of the Board of Directors reports on financial and business activity of subsidiaries and dependent entities, the shares (parts) of which belong to the Company, as well as information on other organizations in which the Company participates, except for the cases stipulated by subclass 6 of clause 22.2 of Article 22 of the Articles of Association;
- not later than 45 (forty five) days prior to the holding of the annual general meeting of the shareholders of the Company, submit for the consideration of the Board of Directors of the Company Annual Report, Accounting Balance Sheet, the Profit and Loss Statement of the Company and distribution of profit and loss of the Company;
- settle other issues of the Company's current activity, except for the issues referred to the competence of the general meeting of shareholders, the Board of Directors and the Management Board of the Company.

The issuer approved (accepted) the Corporate Governance Code or another similar document

Data on the Corporate Governance Code or similar document:

The Corporate Governance Code is adopted in the Company.

Website page where its complete text is available in free access: www.mrsk-1.ru/docs/koduprav.pdf

Website page where the complete text of the existing edition of the issuer's Articles of Association and other documents regulating the activity of the issuer's bodies are available in free access: www.mrsk-1.ru/ru/information/documents/ustav/index.php

5.2. Information on the persons forming a part of governance bodies of the issuer

5.2.1. Issuer's Board of Directors (Supervisory Board)

Full name: *Alexey Yuryevich Perepelkin (Chairman)*

Year of birth: *1970*

Education:

1993 - Moscow State Technical University named after N.E. Bauman, optical instruments and systems, optician engineer.

1998 - Moscow State Law Academy, jurisprudence, lawyer;

All positions occupied by this person in the issuer and other organizations for the last 5 years and currently, including secondary employment

Period		Name of organization	Position
since	till		
06.2009	current	IDGC Holding, JSC	Deputy General Director for Corporate Governance and Property, member of the Management Board
06.2011	current	"IDGC of Volga", JSC	Chairman of the Board of

			Directors
06.2011	current	"IDGC of South", JSC	Chairman of the Board of Directors
06.2011	current	JSC "FOCL-O.H.L. Administration"	Chairman of the Board of Directors
06.2010	current	IDGC of Centre, JSC	Member of the Board of Directors, since 15.07.2011 Chairman of the Board of Directors
06.2010	current	"IDGC of Centre and Volga region", JSC	Member of the Board of Directors since 27.06.2011 Chairman of the Board of Directors
06.2010	06.2011	"IDGC of North-West", JSC	Chairman of the Board of Directors
06.2010	06.2011	UES Calculation optimization Center	Chairman of the Board of Directors
09.2009	06.2010	"IDGC of South", JSC	Member of the Board of Directors
03.2007	04.2009	Ministry of Defense of the Russian Federation	Minister Adviser, Head of the Principal Law Department
04.2006	03.2007	Federal Tax Service	Head of summary and analytical department

Stake of this person in the authorized capital of the issuer/ordinary shares: does not have

Amount of the issuer's shares of each category (type) which may be purchased by this person as a result of exercise of the rights under the issuer's options belonging to the person: ***the issuer did not issue options***

Stake of participation of the person in the authorized (joint-stock) capital (share fund) of subsidiaries and dependent entities of the issuer

The person does not have stated stakes

Any sibs with other persons who form a part of the issuer governance bodies and/or bodies for control over financial and economic activity of the issuer:

There are no stated sibling connections

Data on bringing to the management responsibility for breach of law in finance, taxes and tax collections, securities market, or to the criminal liability (presence of previous conviction) for crimes in economy or for crimes against the government:

The person was not brought to stated types of responsibility

Data on positions in governance bodies of the commercial organizations during the period when proceedings of bankruptcy and/or one of the procedures of bankruptcy stipulated by the legislation of the Russian Federation about insolvency (bankruptcy) were initiated against the specified organizations:

The person did not occupy such positions

Full name: ***Svetlana Alexandrovna Balaeva***

Year of birth: ***1973***

Education:

1995, State Academy of Management; qualification: economist-manager

All positions occupied by this person in the issuer and other organizations for the last 5 years and currently, including secondary employment

Period		Name of organization	Position
since	till		
07.2008	current	IDGC Holding, JSC	Head of Investment Department
06.2011	current	IDGC of Centre, JSC	Member of the Board of Directors
06.2011	current	IDGC of South, JSC	Member of the Board of Directors
06.2010	06.2011	IDGC of North Caucasus, JSC	Member of the Board of Directors
06.2010	06.2011	IDGC of Siberia, JSC	Member of the Board of Directors
05.2008	07.2008	OJSC "RAO UES of Russia"	Deputy Head of Business Planning, KPI and Investment Office (part-time)
2005	2008	JSC "FGC UES"	Chief specialist, manager of business planning, KPI and Investment Management Center of Interregional distribution grid companies

Stake of this person in the authorized capital of the issuer/ordinary shares: does not have

Amount of the issuer's shares of each category (type) which may be purchased by this person as a result of exercise of the rights under the issuer's options belonging to the person: ***the issuer did not issue options***

Stake of participation of the person in the authorized (joint-stock) capital (share fund) of subsidiaries and dependent entities of the issuer

The person does not have stated stakes

Any sibs with other persons who form a part of the issuer governance bodies and/or bodies for control over financial and economic activity of the issuer:

There are no stated sibling connections

Data on bringing to the management responsibility for breach of law in finance, taxes and tax collections, securities market, or to the criminal liability (presence of previous conviction) for crimes in economy or for crimes against the government:

The person was not brought to stated types of responsibility

Data on positions in governance bodies of the commercial organizations during the period when proceedings of bankruptcy and/or one of the procedures of bankruptcy stipulated by the legislation of the Russian Federation about insolvency (bankruptcy) were initiated against the specified organizations:

The person did not occupy such positions

Full name: ***Alexander Markovich Branis***

Year of birth: ***1977***

Education:

2001, Academy of the national economy under the Government of Russia, Bachelor of management

All positions occupied by this person in the issuer and other organizations for the last 5 years and currently, including secondary employment

Period		Name of organization	Position
since	till		
04.2005	current	“Prosperity Capital Management (RF) Ltd.”	Director
07.2011	current	IDGC of South", JSC	Member of the Board of Directors
06.2010	current	"IDGC of Centre and Volga region", JSC	Member of the Board of Directors
07.2009	05.2011	Prosperity Capital Management (RF) Ltd.	Chairman of the liquidation commission
05.2008	06.2009	"IDGC of Centre and Volga region", JSC	Member of the Board of Directors
05.2008	05.2011	Prosperity Capital Management (RF) Ltd.	Chief accountant
05.2008	06.2009	Prosperity Capital Management (RF) Ltd.	General Director
05.2008	current	"TGC-6", JSC	Member of the Board of Directors, since 05.2008 Chairman of the Board of Directors
04.2008	04.2009	"Novgorod power sales company", JSC	Member of the Board of Directors
02.2008	06.2008	"Novaya ERA", JSC	Member of the Board of Directors
06.2007	06.2008	"Sevzapelektrosetstroy", JSC	Member of the Board of Directors
06.2007	current	IDGC of Centre, JSC	Member of the Board of Directors
06.2007	04.2008	"Plant" Saranskabel", JSC	Member of the Board of Directors
05.2007	02.2008	"Kalugaenergo", JSC	Member of the Board of Directors
05.2007	05.2008	"Yuzhtruboprovodstroy", JSC	Member of the Board of Directors
04.2007	06.2011	Bashkiriya joint-stock company of the power engineering and electrification "Bashkirenergo"	Member of the Board of Directors
2007	04.2009	“Prokatmontazh”, JSC	Member of the Board of Directors
12.2006	06.2009	"TGC-4", JSC	Member of the Board of Directors
11.2006	06.2007	"Yaroslavl sales company", JSC	Member of the Board of Directors
08.2006	09.2009	Representative Office “Prosperity Capital Management (RF) Ltd.”	Director of Analytical Department
05.2006	04.2008	"Dalkhimfarm", JSC	Member of the Board of Directors
05.2006	06.2009	"TGC-2", JSC	Member of the Board of Directors
04.2006	05.2007	"WGC-5", JSC	Member of the Board of Directors
07.2005	04.2008	Prosperity Capital Management (RF) Ltd.	Specialist for management of assets of non-government funds
12.2004	07.2007	"IDGC of Centre and North Caucasus", JSC	Member of the Board of Directors
05.2003	06.2008	“AKRIKHIN”, JSC	Member of the Board of Directors

Stake of this person in the authorized capital of the issuer/ordinary shares: does not have

Amount of the issuer's shares of each category (type) which may be purchased by this person as a result of exercise of the rights under the issuer's options belonging to the person: **the issuer did not issue options**

Stake of participation of the person in the authorized (joint-stock) capital (share fund) of subsidiaries and dependent entities of the issuer

The person does not have stated stakes

Any sibs with other persons who form a part of the issuer governance bodies and/or bodies for control over financial and economic activity of the issuer:

There are no stated sibling connections

Data on bringing to the management responsibility for breach of law in finance, taxes and tax collections, securities market, or to the criminal liability (presence of previous conviction) for crimes in economy or for crimes against the government:

The person was not brought to stated types of responsibility

Data on positions in governance bodies of the commercial organizations during the period when proceedings of bankruptcy and/or one of the procedures of bankruptcy stipulated by the legislation of the Russian Federation about insolvency (bankruptcy) were initiated against the specified organizations:

The person did not occupy such positions

Full name: **Dmitry Olegovich Gudzhoyan**

Year of birth: **1977**

Education:

1998, International University, branch of study: economic theory

1999, Moscow Automobile and Road Institute, branch of study: organization of traffic and transport management (by types)

Scientific degree: Ph.D. in Economics.

All positions occupied by this person in the issuer and other organizations for the last 5 years and currently, including secondary employment

Period		Name of organization	Position
since	till		
06.2011	current	IDGC of Centre, JSC	Member of the Board of Directors
02.2011	current	IDGC of Centre, JSC	General Director
12.2010	current	IDGC of Centre, JSC	Chairman of the Management Board
12.2010	02.2011	IDGC of Centre, JSC	Acting General Director
10.2010	current	The Coordination Council on Youth Affairs in the scientific and educational spheres under the President of the Russian Federation	Member of the Coordination Council
02.2010	12.2010	IDGC of Centre, JSC	Deputy General Director for Corporate Governance
11.2009	02.2010	IDGC of Centre, JSC	Director for Economy
03.2006	11.2009	ZAO Kriokor-Energiya	Commercial Director

Stake of this person in the authorized capital of the issuer/ordinary shares: does not have

Amount of the issuer's shares of each category (type) which may be purchased by this person as a result of exercise of the rights under the issuer's options belonging to the person: ***the issuer did not issue options***

Stake of participation of the person in the authorized (joint-stock) capital (share fund) of subsidiaries and dependent entities of the issuer

The person does not have stated stakes

Any sibs with other persons who form a part of the issuer governance bodies and/or bodies for control over financial and economic activity of the issuer:

There are no stated sibling connections

Data on bringing to the management responsibility for breach of law in finance, taxes and tax collections, securities market, or to the criminal liability (presence of previous conviction) for crimes in economy or for crimes against the government:

The person was not brought to stated types of responsibility

Data on positions in governance bodies of the commercial organizations during the period when proceedings of bankruptcy and/or one of the procedures of bankruptcy stipulated by the legislation of the Russian Federation about insolvency (bankruptcy) were initiated against the specified organizations:

The person did not occupy such positions

Full name: ***Madina Valeryevna Kaloeva***

Year of birth: ***1980***

Education:

2001, North Ossetian State University after K.L. Khetagurov; branch of study: jurisprudence.

All positions occupied by this person in the issuer and other organizations for the last 5 years and currently, including secondary employment

Period		Name of organization	Position
since	till		
06.2009	current	Ministry of Energy of Russia	Head of Corporate Governance Department, Deputy Director of Department of economic regulation and property relations in fuel-and-power sector
06.2011	current	IDGC of Centre, JSC	Member of the Board of Directors
06.2011	current	IDGC of Siberia, JSC	Member of the Board of Directors
06.2011	current	Tyumenenergo, JSC	Member of the Board of Directors
06.2010	06.2011	OJSC «OGC-1»	Member of the Board of Directors
06.2010	current	OJSC "DRSK"	Member of the Board of Directors
06.2009	06.2010	OJSC "VNIIPN"	Member of the Board of Directors
08.2008	06.2009	Federal Agency for Management of State Property	Adviser of the expert and analytical department
05.2007	08.2008	Federal Energy Agency	Leading specialist-expert, chief specialist-expert of the department of property

			relations in fuel-and-power sector of the Office of Legal Support and Property Relations
11.2001	02.2007	Leninsky District Court in the city of Vladikavkaz	Court clerk, court counselor, assistant judge

Stake of this person in the authorized capital of the issuer/ordinary shares: does not have

Amount of the issuer's shares of each category (type) which may be purchased by this person as a result of exercise of the rights under the issuer's options belonging to the person: ***the issuer did not issue options***

Stake of participation of the person in the authorized (joint-stock) capital (share fund) of subsidiaries and dependent entities of the issuer

The person does not have stated stakes

Any sibs with other persons who form a part of the issuer governance bodies and/or bodies for control over financial and economic activity of the issuer:

There are no stated sibling connections

Data on bringing to the management responsibility for breach of law in finance, taxes and tax collections, securities market, or to the criminal liability (presence of previous conviction) for crimes in economy or for crimes against the government:

The person was not brought to stated types of responsibility

Data on positions in governance bodies of the commercial organizations during the period when proceedings of bankruptcy and/or one of the procedures of bankruptcy stipulated by the legislation of the Russian Federation about insolvency (bankruptcy) were initiated against the specified organizations:

The person did not occupy such positions

Full name: ***Mikhail Yuryevich Kurbatov***

Year of birth: ***1981***

Education:

2003, St. Petersburg State University of Economics and Finance; branch of study: world economy

All positions occupied by this person in the issuer and other organizations for the last 5 years and currently, including secondary employment

Period		Name of organization	Position
since	till		
07.2010	current	IDGC Holding, JSC	Member of the Management Board, Deputy General Director
06.2011	current	IDGC of Centre, JSC	Member of the Board of Directors
06.2011	current	IDGC of North-West, JSC	Member of the Board of Directors
06.2011	current	IDGC of Urals, JSC	Member of the Board of Directors
06.2011	current	OJSC "SG-Trans"	Member of the Board of Directors
06.2011	current	SO UPS	Member of the Board of Directors
06.2011	current	JSC "FOCL-O.H.L. Administration"	Member of the Board of

			Directors
06.2011	current	JSC “Tyumenenergo”	Member of the Board of Directors
06.2011	current	JSC “TRK”	Member of the Board of Directors
11.2005	07.2010	Ministry of Economic Development of the Russian Federation	Consultant, Deputy Head of Department, Assistant, Head of Department, Deputy Head of Department, Director of Department of state regulation of tariffs and infrastructural reforms and energy efficiency

Stake of this person in the authorized capital of the issuer/ordinary shares: does not have

Amount of the issuer's shares of each category (type) which may be purchased by this person as a result of exercise of the rights under the issuer's options belonging to the person: **the issuer did not issue options**

Stake of participation of the person in the authorized (joint-stock) capital (share fund) of subsidiaries and dependent entities of the issuer

The person does not have stated stakes

Any sibs with other persons who form a part of the issuer governance bodies and/or bodies for control over financial and economic activity of the issuer:

There are no stated sibling connections

Data on bringing to the management responsibility for breach of law in finance, taxes and tax collections, securities market, or to the criminal liability (presence of previous conviction) for crimes in economy or for crimes against the government:

The person was not brought to stated types of responsibility

Data on positions in governance bodies of the commercial organizations during the period when proceedings of bankruptcy and/or one of the procedures of bankruptcy stipulated by the legislation of the Russian Federation about insolvency (bankruptcy) were initiated against the specified organizations:

The person did not occupy such positions

Full name: **Alexander Albertovich Popov**

Year of birth: **1955**

Education:

1976, Zhitomir Higher Education Military Command School of Radio Electronics of Air Defense named after Lenin Komsomol, specialty – Commands and Tactics, Radio Engineering Facilities, qualification – officer, higher military special education, engineer for operating radio engineering facilities;

1991, Military Command Red-banner Academy of Air Defense named after Marshall of the Soviet Union G.K. Zhukov, specialty – Commands and Headquarters, Operations and Tactics, Air Defense Armies, qualification – officer, higher military education;

2000, The Russian Academy of State Service under the President of the Russian Federation, State and Municipal Management.

All positions occupied by this person in the issuer and other organizations for the last 5 years and currently, including secondary employment

Period		Name of organization	Position
since	till		

03.2009	current	IDGC Holding, JSC	Deputy General Director – Chief of Staff
07.2010	current	NP “KONC EES”	Member of the Supervisory Board
06.2010	current	IDGC of Centre, JSC	Member of the Board of Directors
06.2010	current	Lenenergo, JSC	Member of the Board of Directors
06.2009	current	MOESK, JSC	Member of the Board of Directors
06.2009	current	"IDGC of North-West", JSC	Member of the Board of Directors
06.2009	current	"IDGC of Siberia", JSC	Member of the Board of Directors
06.2009	06.2010	"IDGC of Centre and Volga region", JSC	Member of the Board of Directors
08.2008	03.2009	Representative Office of Amur region under the President of the Russian Federation and the Government of the Russian Federation	Head of the Representative Office
08.2007	08.2008	The Government of the Amur region	Head of Executive Office of the Governor of the region and the Government of the region
07.2007	08.2007	Representative Office of the Amur region under the President of the Russian Federation and the Government of the Russian Federation	Head of HR department
03.2007	07.2007	"GROUP AVTOVAZ" Ltd.	Chief specialist of the security service of Vice-president – Director for Security
08.1972	03.2007	Armed Forces and Federal Security Service of the Russian Federation	Different positions

Stake of this person in the authorized capital of the issuer/ordinary shares: does not have

Amount of the issuer's shares of each category (type) which may be purchased by this person as a result of exercise of the rights under the issuer's options belonging to the person: ***the issuer did not issue options***

Stake of participation of the person in the authorized (joint-stock) capital (share fund) of subsidiaries and dependent entities of the issuer

The person does not have stated stakes

Any sibs with other persons who form a part of the issuer governance bodies and/or bodies for control over financial and economic activity of the issuer:

There are no stated sibling connections

Data on bringing to the management responsibility for breach of law in finance, taxes and tax collections, securities market, or to the criminal liability (presence of previous conviction) for crimes in economy or for crimes against the government:

The person was not brought to stated types of responsibility

Data on positions in governance bodies of the commercial organizations during the period when proceedings of bankruptcy and/or one of the procedures of bankruptcy stipulated by the legislation of the Russian Federation about insolvency (bankruptcy) were initiated against the specified organizations:

The person did not occupy such positions

Full name: *Alexey Vladimirovich Sergutin*

Year of birth: *1961*

Education:

1987, Moscow State University named after M.V. Lomonosov; Economist-cybernetician

All positions occupied by this person in the issuer and other organizations for the last 5 years and currently, including secondary employment

Period		Name of organization	Position
since	till		
03.2010	current	IDGC Holding, JSC	Director for Economy
06.2011	current	Tyumenenergo, JSC	Member of the Board of Directors
06.2010	current	IDGC of Centre, JSC	Member of the Board of Directors
06.2010	current	"IDGC of Centre and Volga region", JSC	Member of the Board of Directors
06.2010	current	"All-Russian science-research and design institute energoprom", JSC	Member of the Board of Directors
2006	2008	Federal Migration Service	Deputy Director
2003	2006	"Nizhnovenergo", JSC	Deputy General Director – Director for Economy

Stake of this person in the authorized capital of the issuer/ordinary shares: does not have

Amount of the issuer's shares of each category (type) which may be purchased by this person as a result of exercise of the rights under the issuer's options belonging to the person: ***the issuer did not issue options***

Stake of participation of the person in the authorized (joint-stock) capital (share fund) of subsidiaries and dependent entities of the issuer

The person does not have stated stakes

Any sibs with other persons who form a part of the issuer governance bodies and/or bodies for control over financial and economic activity of the issuer:

There are no stated sibling connections

Data on bringing to the management responsibility for breach of law in finance, taxes and tax collections, securities market, or to the criminal liability (presence of previous conviction) for crimes in economy or for crimes against the government:

The person was not brought to stated types of responsibility

Data on positions in governance bodies of the commercial organizations during the period when proceedings of bankruptcy and/or one of the procedures of bankruptcy stipulated by the legislation of the Russian Federation about insolvency (bankruptcy) were initiated against the specified organizations:

The person did not occupy such positions

Full name: *Alexander Grigoryevich Starchenko*

Year of birth: *1968*

Education:

1991, N.E. Bauman Moscow State Technical University, Electrical engineer, specialty «Computer Science and control systems»

All positions occupied by this person in the issuer and other organizations for the last 5 years and currently, including secondary employment

Period		Name of organization	Position
since	till		
11.2007	current	NLMK	Director for Power Engineering
12.2009	current	Lipetsk City Power Company Ltd.	Chairman of the Board of Directors
05.2008	current	IDGC of Centre, JSC	Member of the Board of Directors
11.04.2008	current	"Lipetskoblغاز", JSC	Member of the Board of Directors
18.06.2007	current	Altai-Koks, JSC	Member of the Board of Directors
28.04.2005	31.12.2009	Lipetsk City Power Company Ltd.	Member of the Board of Directors (since 29.09.2005 – Chairman of the Board of Directors)
01.11.2004	current	"Lipetsk power sales company", JSC	Member of the Board of Directors (since 11.04.2008 - Chairman of the Board of Directors)
01.04.2004	31.10.2007	RUMELKO Ltd.	Deputy General Director for Power Complex

Stake of this person in the authorized capital of the issuer/ordinary shares: does not have

Amount of the issuer's shares of each category (type) which may be purchased by this person as a result of exercise of the rights under the issuer's options belonging to the person: ***the issuer did not issue options***

Stake of participation of the person in the authorized (joint-stock) capital (share fund) of subsidiaries and dependent entities of the issuer

The person does not have stated stakes

Any sibs with other persons who form a part of the issuer governance bodies and/or bodies for control over financial and economic activity of the issuer:

There are no stated sibling connections

Data on bringing to the management responsibility for breach of law in finance, taxes and tax collections, securities market, or to the criminal liability (presence of previous conviction) for crimes in economy or for crimes against the government:

The person was not brought to stated types of responsibility

Data on positions in governance bodies of the commercial organizations during the period when proceedings of bankruptcy and/or one of the procedures of bankruptcy stipulated by the legislation of the Russian Federation about insolvency (bankruptcy) were initiated against the specified organizations:

The person did not occupy such positions

Full name: ***Roman Alexeevich Filkin***

Year of birth: ***1983***

Education:

2005, Financial Academy under the Government of the Russian Federation, qualification: Economist specialization: «Finances and credit»

All positions occupied by this person in the issuer and other organizations for the last 5 years and currently,

including secondary employment:

Period		Name of organization	Position
since	till		
10.2009	current	Representative office of "Prosperity Capital Management (RF) Ltd."	Co-Director
07.2011	current	IDGC of South, JSC	Member of the Board of Directors
06.2011	current	IDGC of North-West, JSC	Member of the Board of Directors
05.2010	06.2011	"Tambov power sales company", JSC	Member of the Board of Directors
06.2009	06.2010	TRC «Krasny Kotelshchik» (Red Boiler), JSC	Member of the Board of Directors
06.2009	05.2010	«Arkhangelsk sales company», JSC	Member of the Board of Directors
06.2009	06.2011	«Energospetsmontazh», JSC	Member of the Board of Directors
06.2009	06.2011	«Sevzapelektrostroy», JSC	Member of the Board of Directors
06.2009	06.2011	«Smolensk power repair company», JSC	Member of the Board of Directors
06.2009	current	«TGC-6», JSC	Member of the Board of Directors
06.2009	current	«Penza power repair company», JSC	Member of the Board of Directors
06.2009	current	«IDGC of Centre and Volga region», JSC	Member of the Board of Directors
06.2009	05.2010	Yaroslavl power company», JSC	Member of the Board of Directors
06.2009	current	«Tver power repair company», JSC	Member of the Board of Directors
06.2009	11.2009	JSC for construction of high-voltage lines of electric power transmission and substations «Spetssetstroy»	Member of the Board of Directors
06.2009	06.2011	«Dagestan power sales company», JSC	Member of the Board of Directors
06.2009	current	IDGC of Centre, JSC	Member of the Board of Directors
06.2009	06.2010	«Kurskenergobyt», JSC	Member of the Board of Directors
06.2009	06.2011	«Dalenergmontazh», JSC	Member of the Board of Directors
06.2009	06.2011	«Novaya ERA» (New epoch), JSC	Member of the Board of Directors
06.2009	05.2010	«Voronezh power sales company», JSC	Member of the Board of Directors
05.2009	06.2011	«Bashkirenergo», JSC	Member of the Board of Directors
05.2009	02.2010	«Voronezh joint-stock air-craft construction company», JSC	Member of the Board of Directors
05.2009	05.2011	Joint-Stock Company of power and electrification "Magadanenergo"	Member of the Board of Directors
05.2009	05.2010	«Severtruboprovodstroy», JSC	Member of the Board of Directors
05.2009	06.2011	«Urengoytruboprovodstroy», JSC	Member of the Board of

			Directors
05.2009	06.2011	Joint-Stock Company for Construction of Long-distance Pipelines in the South of Russia "Yuzhtruboprodustry"	Member of the Board of Directors
05.2009	06.2011	«Novgorodsetstroy», JSC	Member of the Board of Directors
04.2009	06.2011	«Novgorodoblkommunelektro», JSC	Member of the Board of Directors
04.2009	11.2009	«Yuzhny Region» Bank, JSC	Member of the Board of Directors
11.2008	05.2009	"Tambov power sales company", JSC	Member of the Board of Directors
08.2008	08.2009	"Prosperity Capital Management Ltd."	Controller
08.2006	09.2009	Representative office of "Prosperity Capital Management (RF) Ltd."	Deputy Director

Stake of this person in the authorized capital of the issuer/ordinary shares: does not have

Amount of the issuer's shares of each category (type) which may be purchased by this person as a result of exercise of the rights under the issuer's options belonging to the person: *the issuer did not issue options*

Stake of participation of the person in the authorized (joint-stock) capital (share fund) of subsidiaries and dependent entities of the issuer

The person does not have stated stakes

Any sibs with other persons who form a part of the issuer governance bodies and/or bodies for control over financial and economic activity of the issuer:

There are no stated sibling connections

Data on bringing to the management responsibility for breach of law in finance, taxes and tax collections, securities market, or to the criminal liability (presence of previous conviction) for crimes in economy or for crimes against the government:

The person was not brought to stated types of responsibility

Data on positions in governance bodies of the commercial organizations during the period when proceedings of bankruptcy and/or one of the procedures of bankruptcy stipulated by the legislation of the Russian Federation about insolvency (bankruptcy) were initiated against the specified organizations:

The person did not occupy such positions

Full name: *Alexander Viktorovich Shevchuk*

Year of birth: *1983*

Education:

2005, Financial Academy under the Russian Federation Government; branch of study: Finance and credit

All positions occupied by this person in the issuer and other organizations for the last 5 years and currently, including secondary employment

Period		Name of organization	Position
since	till		
2001	current	Association for Protection of rights of investors	Deputy Executive director, chief expert
06.2011	current	IDGC of Centre, JSC	Member of the Board of Directors

06.2011	current	IDGC of Northern Caucasus	Member of the Board of Directors
07.2011	current	IDGC of South, JSC	Member of the Board of Directors
06.2011	current	Volgogradoblgorgas, JSC	Member of the Board of Directors
06.2011	current	Urengoitruboprovodstroi, JSC	Member of the Board of Directors
2010	2011	Centertelecom	Member of the Board of Directors
2010	2011	STC	Member of the Board of Directors
2010	2011	Sibirtelecom	Member of the Board of Directors
2009	2011	ZAO NCC	Member of the Board of Directors
2007	2009	IDGC of Northern Caucasus	Member of the Board of Directors
2006	2011	Dalsvyaz	Member of the Board of Directors
2007	2008	Centertelecom	Member of the Board of Directors

Stake of this person in the authorized capital of the issuer/ordinary shares: does not have

Amount of the issuer's shares of each category (type) which may be purchased by this person as a result of exercise of the rights under the issuer's options belonging to the person: ***the issuer did not issue options***

Stake of participation of the person in the authorized (joint-stock) capital (share fund) of subsidiaries and dependent entities of the issuer

The person does not have stated stakes

Any sibs with other persons who form a part of the issuer governance bodies and/or bodies for control over financial and economic activity of the issuer:

There are no stated sibling connections

Data on bringing to the management responsibility for breach of law in finance, taxes and tax collections, securities market, or to the criminal liability (presence of previous conviction) for crimes in economy or for crimes against the government:

The person was not brought to stated types of responsibility

Data on positions in governance bodies of the commercial organizations during the period when proceedings of bankruptcy and/or one of the procedures of bankruptcy stipulated by the legislation of the Russian Federation about insolvency (bankruptcy) were initiated against the specified organizations:

The person did not occupy such positions

When it is indicated in the report that a person holds certain position «currently» this means that a person held another position as of the end date of the reporting quarter. And the information is given basing on personal data provided to the issuer by a person.

Information on the first election to the Board of Directors of IDGC of Centre:

Alexey Yuryevich Perepelkin: 22.06.2010

Svetlana Alexandrovna Balaeva: 17.06.2011

Alexander Markovich Branis: 09.12.2004
Dmitry Olegovich Gudzhoyan: 17.06.2011
Madina Valeryevna Kaloeva: 17.06.2011
Mikhail Yuryevich Kurbatov: 17.06.2011
Alexander Albertovich Popov: 22.06.2010
Alexey Vladimirovich Sergutin: 22.06.2010
Alexander Grigoryevich Starchenko: 30.05.2008
Roman Alexeyevich Filkin: 11.06.2009
Alexander Viktorovich Shevchuk: 17.06.2011

5.2.2. Data on the sole executive body

Full name: *Dmitry Olegovich Gudzhoyan*
 Year of birth: *1977*

Education:

1998, International University, specialty: Economic theory.

1999, the Moscow State Automobile and Road Technical Institute, Organization of transport movement and transport management (by types)

Scientific degree: Ph.D. in Economics

All positions occupied by this person in the issuer and other organizations for the last 5 years and currently, including secondary employment

Period		Name of organization	Position
since	till		
06.2011	current	IDGC of Centre, JSC	Member of the Board of Directors
02.2011	current	IDGC of Centre, JSC	General Director
12.2010	current	IDGC of Centre, JSC	Chairman of the Management Board
12.2010	02.2011	IDGC of Centre, JSC	Acting General Director
10.2010	current	The Coordination Council on Youth Affairs in the scientific and educational spheres under the President of the Russian Federation	Member of the Coordination Council
02.2010	12.2010	IDGC of Centre, JSC	Deputy General Director for Corporate Governance
11.2009	02.2010	IDGC of Centre, JSC	Director for Economy
03.2006	11.2009	ZAO Kriokor-Energiya	Commercial Director

Stake of this person in the authorized capital of the issuer/ordinary shares: does not have

Amount of the issuer's shares of each category (type) which may be purchased by this person as a result of exercise of the rights under the issuer's options belonging to the person: *the issuer did not issue options*

Stake of participation of the person in the authorized (joint-stock) capital (share fund) of subsidiaries and dependent entities of the issuer

The person does not have stated stakes

Any sibs with other persons who form a part of the issuer governance bodies and/or bodies for control over financial and economic activity of the issuer:

There are no stated sibling connections

Data on bringing to the management responsibility for breach of law in finance, taxes and tax collections, securities market, or to the criminal liability (presence of previous conviction) for crimes in economy or for crimes against the government:

The person was not brought to stated types of responsibility

Data on positions in governance bodies of the commercial organizations during the period when proceedings of bankruptcy and/or one of the procedures of bankruptcy stipulated by the legislation of the Russian Federation about insolvency (bankruptcy) were initiated against the specified organizations:

The person did not occupy such positions

5.2.3. Collegial executive body of the issuer

Full name: ***Dmitry Olegovich Gudzhoyan***

(***Chairman***)

Year of birth: ***1977***

Education:

1998, International University, specialty: Economic theory.

1999, the Moscow State Automobile and Road Technical Institute, Organization of transport movement and transport management (by types)

Scientific degree: Ph.D. in Economics

All positions occupied by this person in the issuer and other organizations for the last 5 years and currently, including secondary employment

Period		Name of organization	Position
since	till		
06.2011	current	IDGC of Centre, JSC	Member of the Board of Directors
02.2011	current	IDGC of Centre, JSC	General Director
12.2010	current	IDGC of Centre, JSC	Chairman of the Management Board
12.2010	02.2011	IDGC of Centre, JSC	Acting General Director
10.2010	current	The Coordination Council on Youth Affairs in the scientific and educational spheres under the President of the Russian Federation	Member of the Coordination Council
02.2010	12.2010	IDGC of Centre, JSC	Deputy General Director for Corporate Governance
11.2009	02.2010	IDGC of Centre, JSC	Director for Economy
03.2006	11.2009	ZAO Krikor-Energiya	Commercial Director

Stake of this person in the authorized capital of the issuer/ordinary shares: does not have

Amount of the issuer's shares of each category (type) which may be purchased by this person as a result of exercise of the rights under the issuer's options belonging to the person: ***the issuer did not issue options***

Stake of participation of the person in the authorized (joint-stock) capital (share fund) of subsidiaries and dependent

entities of the issuer

The person does not have stated stakes

Any sibs with other persons who form a part of the issuer governance bodies and/or bodies for control over financial and economic activity of the issuer:

There are no stated sibling connections

Data on bringing to the management responsibility for breach of law in finance, taxes and tax collections, securities market, or to the criminal liability (presence of previous conviction) for crimes in economy or for crimes against the government:

The person was not brought to stated types of responsibility

Data on positions in governance bodies of the commercial organizations during the period when proceedings of bankruptcy and/or one of the procedures of bankruptcy stipulated by the legislation of the Russian Federation about insolvency (bankruptcy) were initiated against the specified organizations:

The person did not occupy such positions

Full name: ***Dmitry Alexandrovich Andryushin***

Year of birth: ***1977***

Education:

1998, International University, finance, credit and currency circulation, Bachelor of Economics

2000, International University (Moscow), Master of Economics

2004, Moscow Power Engineering Institute (Technical University)

Scientific degree: Ph.D. in Economics

All positions occupied by this person in the issuer and other organizations for the last 5 years and currently, including secondary employment

Period		Name of organization	Position
since	till		
08.2011	current	IDGC of Centre, JSC	Deputy General Director for Investments
08.2011	current	IDGC of Centre, JSC	Member of the Management Board
08.2011	08.2011	IDGC of Centre, JSC	Advisor to General Director of the Administration Office
06.2011	current	Yargorelectoset, JSC	Member of the Board of Directors
03.2011	07.2011	IDGC of Centre, JSC	Advisor to General Director of the Administration Office of General Director
01.2008	02.2011	The Government of Moscow	Deputy Head of the Department of City capital construction purchase order of Moscow - Head of Office
01.1999	01.2008	The Government of Moscow	Deputy Head of Currency and Financial Management Office

Stake of this person in the authorized capital of the issuer/ordinary shares: does not have

Amount of the issuer's shares of each category (type) which may be purchased by this person as a result of exercise of the rights under the issuer's options belonging to the person: ***the issuer did not issue options***
 Stake of participation of the person in the authorized (joint-stock) capital (share fund) of subsidiaries and dependent entities of the issuer

The person does not have stated stakes

Any sibs with other persons who form a part of the issuer governance bodies and/or bodies for control over financial and economic activity of the issuer:

There are no stated sibling connections

Data on bringing to the management responsibility for breach of law in finance, taxes and tax collections, securities market, or to the criminal liability (presence of previous conviction) for crimes in economy or for crimes against the government:

The person was not brought to stated types of responsibility

Data on positions in governance bodies of the commercial organizations during the period when proceedings of bankruptcy and/or one of the procedures of bankruptcy stipulated by the legislation of the Russian Federation about insolvency (bankruptcy) were initiated against the specified organizations:

The person did not occupy such positions

Full name: ***Dmitry Igorevich Gotlib***

Year of birth: ***1979***

Education:

2001, Chuvash State University after I.N. Ulyanova; branch of study: World economy

Scientific degree, rank: Ph.D. in Economics

All positions occupied by this person in the issuer and other organizations for the last 5 years and currently, including secondary employment

Period		Name of organization	Position
since	till		
09.2011	current	Energy Service Company, JSC	Member of the Board of Directors
06.2011	current	Yargorelectoset, JSC	Member of the Board of Directors
05.2011	current	IDGC of Centre, JSC	Member of the Management Board
06.2011	current	IDGC of Centre, JSC	Deputy General Director for Development and Sale of Services
04.2011	05.2011	IDGC of Centre, JSC	Advisor to General Director
06.2010	current	OJSC "Moscow Region Energy Retail Company"	Member of the Board of Directors
07.2009	04.2011	OJSC "Moscow Region Energy Retail Company"	General Director
09.2007	07.2009	Mosenergosbyt, OJSC	Director for the wholesale electricity market
08.2006	09.2007	Mosenergosbyt, OJSC	Deputy director for the wholesale electricity market

Stake of this person in the authorized capital of the issuer/ordinary shares: does not have

Amount of the issuer's shares of each category (type) which may be purchased by this person as a result of exercise of the rights under the issuer's options belonging to the person: ***the issuer did not issue options***

Stake of participation of the person in the authorized (joint-stock) capital (share fund) of subsidiaries and dependent entities of the issuer

The person does not have stated stakes

Any sibs with other persons who form a part of the issuer governance bodies and/or bodies for control over financial and economic activity of the issuer:

There are no stated sibling connections

Data on bringing to the management responsibility for breach of law in finance, taxes and tax collections, securities market, or to the criminal liability (presence of previous conviction) for crimes in economy or for crimes against the government:

The person was not brought to stated types of responsibility

Data on positions in governance bodies of the commercial organizations during the period when proceedings of bankruptcy and/or one of the procedures of bankruptcy stipulated by the legislation of the Russian Federation about insolvency (bankruptcy) were initiated against the specified organizations:

The person did not occupy such positions

Full name: ***Ivan Petrovich Kleymenov***

Year of birth: ***1960***

Education:

1987, Volgograd Agricultural Institute, Electrification of Agriculture; specialty: Electrical Engineer

1989, Volgograd Agricultural Institute, Faculty of Economics; specialty: Economist

All positions occupied by this person in the issuer and other organizations for the last 5 years and currently, including secondary employment

Period		Name of organization	Position
since	till		
02.2010	current	IDGC of Centre, JSC	Member of the Management Board
07.2008	current	IDGC of Centre, JSC division - "Voronezhenergo"	Deputy General Director – Director of the division
01.07.2008	08.2008	IDGC of Centre, JSC division - "Voronezhenergo"	Executive Director
03.2208	06.2008	IDGC of Centre, JSC division - "Voronezhenergo"	Deputy Director for Technical Issues – Chief Engineer
10.2007	03.2008	"Voronezhenergo", JSC	Deputy General Director for Technical Issues – Chief Engineer
01.2007	09.2007	"Voronezhenergo", JSC	Technical Director
10.2005	12.2006	"Voronezhenergo", JSC	Chief Engineer

Stake of this person in the authorized capital of the issuer/ordinary shares: does not have

Amount of the issuer's shares of each category (type) which may be purchased by this person as a result of exercise of the rights under the issuer's options belonging to the person: ***the issuer did not issue options***

Stake of participation of the person in the authorized (joint-stock) capital (share fund) of subsidiaries and dependent entities of the issuer

The person does not have stated stakes

Any sibs with other persons who form a part of the issuer governance bodies and/or bodies for control over financial and economic activity of the issuer:

There are no stated sibling connections

Data on bringing to the management responsibility for breach of law in finance, taxes and tax collections, securities market, or to the criminal liability (presence of previous conviction) for crimes in economy or for crimes against the government:

The person was not brought to stated types of responsibility

Data on positions in governance bodies of the commercial organizations during the period when proceedings of bankruptcy and/or one of the procedures of bankruptcy stipulated by the legislation of the Russian Federation about insolvency (bankruptcy) were initiated against the specified organizations:

The person did not occupy such positions

Full name: ***Rustem Lenorovich Nabiullin***

Year of birth: ***1961***

Education:

1983, Higher professional education, Leningrad higher military engineering building technical school named after General of the Army A.N. Komarovsky; specialty: construction of projects

2010, Academy of State and municipal management under the President of the Republic of Tatarstan; specialty: State and municipal management

All positions occupied by this person in the issuer and other organizations for the last 5 years and currently, including secondary employment

Period		Name of organization	Position
since	till		
07.2009	current	IDGC of Centre, JSC	Member of the Management Board
07.2009	current	IDGC of Centre, JSC	Deputy General Director for Capital Construction
08.2007	10.2008	Ministry of construction, architecture and housing and utilities of Amur region	First Deputy Minister of construction, architecture and housing and utilities of the region
11.1999	07.2007	Communal institution Sport complex "Spektr"	Director

Stake of this person in the authorized capital of the issuer/ordinary shares: does not have

Amount of the issuer's shares of each category (type) which may be purchased by this person as a result of exercise of the rights under the issuer's options belonging to the person: ***the issuer did not issue options***

Stake of participation of the person in the authorized (joint-stock) capital (share fund) of subsidiaries and dependent entities of the issuer

The person does not have stated stakes

Any sibs with other persons who form a part of the issuer governance bodies and/or bodies for control over financial and economic activity of the issuer:

There are no stated sibling connections

Data on bringing to the management responsibility for breach of law in finance, taxes and tax collections, securities market, or to the criminal liability (presence of previous conviction) for crimes in economy or for crimes against the government:

The person was not brought to stated types of responsibility

Data on positions in governance bodies of the commercial organizations during the period when proceedings of bankruptcy and/or one of the procedures of bankruptcy stipulated by the legislation of the Russian Federation about insolvency (bankruptcy) were initiated against the specified organizations:

The person did not occupy such position

Full name: ***Konstantin Nikolayevich Orlov***

Year of birth: ***1977***

Education:

1999, Financial Academy under the Government of the Russian Federation; branch of study: World economy

All positions occupied by this person in the issuer and other organizations for the last 5 years and currently, including secondary employment

Period		Name of organization	Position
since	till		
06.2011	current	Energetik, JSC	Member of the Board of Directors
06.2011	current	Yargorelectroset, JSC	Member of the Board of Directors
05.2011	current	IDGC of Centre, JSC	Member of the Management Board
04.2011	current	IDGC of Centre, JSC	Deputy General Director for Economy and Finance
11.2006	04.2011	The Royal Bank of Scotland ZAO	Vice-President
02.2006	10.2006	Gazprombank	Chief Specialist

Stake of this person in the authorized capital of the issuer/ordinary shares: does not have

Amount of the issuer's shares of each category (type) which may be purchased by this person as a result of exercise of the rights under the issuer's options belonging to the person: ***the issuer did not issue options***

Stake of participation of the person in the authorized (joint-stock) capital (share fund) of subsidiaries and dependent entities of the issuer

The person does not have stated stakes

Any sibs with other persons who form a part of the issuer governance bodies and/or bodies for control over financial and economic activity of the issuer:

There are no stated sibling connections

Data on bringing to the management responsibility for breach of law in finance, taxes and tax collections, securities market, or to the criminal liability (presence of previous conviction) for crimes in economy or for crimes against the government:

The person was not brought to stated types of responsibility

Data on positions in governance bodies of the commercial organizations during the period when proceedings of bankruptcy and/or one of the procedures of bankruptcy stipulated by the legislation of the Russian Federation about

insolvency (bankruptcy) were initiated against the specified organizations:

The person did not occupy such positions

Full name: ***Olga Vladimirovna Tkacheva***

Year of birth: ***1961***

Education:

1984, Moscow Aviation Institute, electric systems of aircrafts.

1998, International Institute of Economics and Law (Bachelor of Economics).

2007, Research and Training Center of Defense Problems of the Academy of Military Sciences.

All positions occupied by this person in the issuer and other organizations for the last 5 years and currently, including secondary employment

Period		Name of organization	Position
since	till		
09.2011	current	ZAO "Centre of Innovations and Energy Efficiency"	Member of the Board of Directors
05.2011	current	IDGC of Centre, JSC	Member of the Management Board
02.2011	current	IDGC of Centre, JSC	Deputy General Director for Corporate Governance
04.2009	02.2011	IDGC Holding, JSC	Deputy Head of the Corporate Governance and Shareholder Relations Department
02.2003	04.2009	ZAO "Gratis-N"	General Director
06.2010	current	JSC "NIC UES"	Member of the Board of Directors
06.2010	06.2011	Tyumenenergo, JSC	Member of the Board of Directors
06.2010	06.2011	JSC "NIC Urals"	Member of the Board of Directors
06.2010	06.2011	JSC "NIC IDGC"	Member of the Board of Directors

Stake of this person in the authorized capital of the issuer/ordinary shares: does not have

Amount of the issuer's shares of each category (type) which may be purchased by this person as a result of exercise of the rights under the issuer's options belonging to the person: ***the issuer did not issue options***

Stake of participation of the person in the authorized (joint-stock) capital (share fund) of subsidiaries and dependent entities of the issuer

The person does not have stated stakes

Any sibs with other persons who form a part of the issuer governance bodies and/or bodies for control over financial and economic activity of the issuer:

There are no stated sibling connections

Data on bringing to the management responsibility for breach of law in finance, taxes and tax collections, securities market, or to the criminal liability (presence of previous conviction) for crimes in economy or for crimes against the government:

The person was not brought to stated types of responsibility

Data on positions in governance bodies of the commercial organizations during the period when proceedings of

bankruptcy and/or one of the procedures of bankruptcy stipulated by the legislation of the Russian Federation about insolvency (bankruptcy) were initiated against the specified organizations:

The person did not occupy such positions

Full name: ***Sergey Anatolyevich Shumakher***

Year of birth: ***1955***

Education:

1977, Moscow institute of agricultural production engineers; specialty: electrical engineer

All positions occupied by this person in the issuer and other organizations for the last 5 years and currently, including secondary employment

Period		Name of organization	Position
since	till		
04.2008	current	IDGC of Centre, JSC	Member of the Management Board (since 10.08.2011 Deputy Chairman of the Management Board)
05.2005	current	IDGC of Centre, JSC	Deputy General Director for Technical Policy – Chief Engineer, Deputy General Director for Technical Policy

Stake of this person in the authorized capital of the issuer/ordinary shares: does not have

Amount of the issuer's shares of each category (type) which may be purchased by this person as a result of exercise of the rights under the issuer's options belonging to the person: ***the issuer did not issue options***

Stake of participation of the person in the authorized (joint-stock) capital (share fund) of subsidiaries and dependent entities of the issuer

The person does not have stated stakes

Any sibs with other persons who form a part of the issuer governance bodies and/or bodies for control over financial and economic activity of the issuer:

There are no stated sibling connections

Data on bringing to the management responsibility for breach of law in finance, taxes and tax collections, securities market, or to the criminal liability (presence of previous conviction) for crimes in economy or for crimes against the government:

The person was not brought to stated types of responsibility

Data on positions in governance bodies of the commercial organizations during the period when proceedings of bankruptcy and/or one of the procedures of bankruptcy stipulated by the legislation of the Russian Federation about insolvency (bankruptcy) were initiated against the specified organizations:

The person did not occupy such positions

When it is indicated in the report that a person holds certain position «currently» this means that a person held this position as of the end date of the reporting quarter. And the information is given based on the personal data provided to the issuer by a person.

Date of the first election to the Management Board of IDGC of Centre:

Dmitry Olegovich Gudzhoyan: 18.12.2010
Dmitry Alexandrovich Andryushin 15.08.2011
Dmitry Igorevich Gotlib: 31.05.2011
Ivan Petrovich Kleymenov: 15.02.2010
Rustem Leronovich Nabiullin: 31.07.2009
Konstantin Nikolayevich Orlov: 31.05.2011
Olga Vladimirovna Tkacheva: 31.05.2011
Sergey Anatolievich Schumacher: 30.04.2008

5.3. Data on amount of remuneration, privileges and/or indemnifications of charges concerning each governance body of the issuer

Information on the amount of remuneration for each governance body (except for an individual, who exercises functions of the sole executive governance body of the issuer). All kinds of remuneration, including wages, bonuses, commission, privileges and/or indemnifications of charges, and also other property granting which were paid by the issuer for the last completed financial year are specified:

Unit of measure: **RUB.**

Board of Directors

Remuneration	32 967 916
Wages	0
Bonuses	0
Commission fees	0
Privileges	0
Reimbursement of expenses	0
Other property forms	0
Other	0
TOTAL	32 967 916

Information on the existing agreements relating to such payments within the current financial year:
Payment of remuneration to members of the Board of Directors of the issuer is effected in accordance with the Provision on payment of remuneration and compensations to members of the Board of Directors of IDGC of Centre, JSC, approved by the annual General meeting of shareholders of IDGC of Centre, JSC , Minutes No. 01 dated 03.06.2008. Payment of remuneration to members of the Board of Directors is effected for participation in meetings as well as 2 kinds of additional remuneration: for net profit index according to the data of the annual accounting reporting approved by the annual general meeting of shareholders and in case of increase of the Company market capitalization for the work period of the Board of Directors.

The amount of remuneration for this body following the results of works for the last completed financial year, which was determined (approved) by the authorized governance body of the issuer, but as of the moment of completion of the reporting period was not actually paid out:

There were no stated facts

The collegial executive body

Remuneration	948 628
Wages	42 340 134
Bonuses	44 126 196
Commission fees	0
Privileges	0

Reimbursement of expenses	0
Other property forms	0
Other	2 217 353
TOTAL	89 632 311

Information on the existing agreements relating to such payments within the current financial year:
The income of members of the Management Board of the issuer is comprised of their income as monthly remuneration in the amount of 15 830,00 (Fifteen thousand eight hundred thirty) Rubles according to conditions of supplementary agreements to their Employment agreements, and their income as the staff members of the issuer as well.

The amount of remuneration for this body following the results of works for the last completed financial year, which was determined (approved) by the authorized governance body of the issuer, but as of the moment of completion of the reporting period was not actually paid out:

There were no stated facts

Supplementary information:

In 2010 remuneration to members of the Board of Directors is paid for participation in the meetings of the Board of Directors as well as additional remuneration following the results of 2009 for net profit index and increase of capitalization.

5.4. Data on structure and competence of the issuer's financial and economic activities control bodies

Full description of the structure of bodies for control over financial and economic activity of the issuer and their competence in accordance with the issuer's Articles of association (constituent documents):

Structure of the issuer's financial and economic activities control bodies and their competence in accordance with the Articles of Association.

Auditing Committee

In accordance with the Articles of Association of the issuer, the body of control over the financial and business activity of the issuer is the Auditing Committee.

Members of the Auditing Committee of the Company are elected by the general meeting of shareholders for the period till the next annual general meeting of shareholders.

Should the Auditing Committee of the Company be elected at the extraordinary meeting of shareholders the members of the Auditing Commission shall be considered elected for the period till the date of the holding of the annual meeting of the shareholders of the Company.

The number of members of the Auditing Committee of the Company shall be 5 (five) persons.

The following issues fall within the competence of the Auditing Committee:

- confirmation of the correctness of the information contained in the annual report, annual accounting balance sheet, report on profits and losses of the Company;
- analysis of the financial situation in the Company, reveal of the reserves for the improvement of the financial situation in the Company and working out of recommendations for the management organs of the Company;
- organization and carrying out of examination (audit) of the financial and business activity of the Company, in particular:
 - examination (audit) of the financial, accounting, settlement and other documentation of the Company, connected with the carrying out by the Company of financial and business activity in order to ensure its correspondence with the legislation of the Russian Federation, the By-Law, internal and other documents of the Company;
 - control over safe keeping and use of fixed capital;
 - control over the adherence to the order of writing off the losses of the Company of the indebtedness of the insolvent debtors;
 - control over cash spending of the Company in accordance with the approved business plan and budget of the Company;
 - control over the build up and use of the reserve and other specialized funds of the Company;

- check of correct and timely allocation and payment of dividends on the shares of the Company, interests on bonds and earnings on other securities;
- check of the regulations issued before on the correction of violations and shortages revealed by the previous examinations (audit);
- carrying out of other actions “measures” connected with the examination of financial and business activity of the Company.

The procedure of activity of the Auditing Committee of the issuer is determined by the Regulations for the Auditing Committee of the issuer approved by the general meeting of shareholders of the issuer. The regulations for the Auditing Committee of IDGC of Centre, JSC were approved by the decision of the sole shareholder of the issuer (Minutes No. 1429pr/1 on 30.03.2006). The text of the Regulations for the Auditing Committee of the issuer is available on the issuer's Internet website at: <http://www.mrsk-1.ru/docs/pologenieRK.pdf>.

The Auditing Committee according to the decision on carrying out check (audit) has the right to involve experts from the corresponding areas of law, economy, finance, book keeping, management, economic safety and others, including the specialized organizations for carrying out the check (audit).

Check (audit) of financial and economic activity of the issuer can be carried out at any time under the initiative of the Auditing Committee of the issuer, the decision of general meeting of shareholders, Board of Directors of the issuer or upon request of the shareholder (shareholders) of the issuer owning in aggregate at least 10 percent of voting shares of the issuer.

Committee for Audit and Internal Control

The internal control is understood by the Company as the process intended to ensuring of reasonable guarantee of achievement of purposes of effective and successful use of the Company's resources, safe keeping of assets, observance of legislative requirements and submission of reliable statements.

The main purposes of the internal control are prompt revelation and analysis of financial and operation risks, which can make considerable negative influence on achievement of purposes of the Company connected with financial and economic activity; ensuring of safe keeping of assets, effective use of the Company's resources.

Internal control in IDGC of Centre, JSC is intended to ensure fulfillment of such aims as ensuring of investor confidence, protection of capital investments of shareholders and assets of the company; ensuring of completeness, reliability and authenticity of financial, accounting, statistical, management information and statements; ensuring of observance of regulatory and legal acts of the Russian Federation and resolutions of the management bodies of the Company and internal documents of the Company.

Entities of the internal control of the issuer are the Board of Directors, Committee for Audit of the Board of Directors, General Director, Department for internal control and audit as well as other structural subdivisions and officials of the Company responsible for fulfillment of internal control functions attached to them (internal documents of the Company).

Direct estimation of conformity, sufficiency and effectiveness of internal control procedures as well as system control over observance of internal control procedures is performed by the separate structural subdivision of the executive body of the Company – Department for internal control and audit.

Internal control in the Company is regulated by the Regulation of internal control procedures approved by the resolution of the Board of Directors dated 10.02.2009 (minutes No.01/09 dated 13.02.2009). Text of the Regulation of internal control procedures of the issuer is available in free access at the Website page: <http://www.mrsk-1.ru/docs/yJfFOC.doc>.

The Regulation determines targets and aims of internal control, internal control procedures, entities responsible for performance of internal control procedures as well as responsible for control over performance of internal control procedures.

The Board of Directors of IDGC of Centre 10.06.2010 years (the Protocol of 15.06.2010, the № 13/10) were approved by the policy of internal control and risk management policies.

The main goal of Risk Management Policy in IDGC of Center and Internal control policy of IDGC of Center is an effective system of internal control, providing preventative (advance) the impact on financial and economic activities of the Company, by identifying and reducing the risk of erroneous management decisions, building and constructive engagement of all stakeholders, based on the formation of a unified approach to the implementation of internal control and risk management.

Risk Management Policy in IDGC of Centre - an internal standard document that defines the basic principles of organization, implementation, monitoring and risk management processes within the Company. The introduction of integrated risk management system will enable timely identification of threats and take steps to reduce the likelihood of their implementation, as well as to minimize the potential negative consequences if risks. Risk Management Policy is available on the Company's corporate website at: <http://www.mrsk->

1.ru/docs/Regulition6.doc.

Internal control policy of IDGC of Centre - an internal normative document defining the principles of internal control processes and internal control procedures, roles and responsibilities of the internal control system. The aim of the policy is to build a standardized system of internal control based on the formation of a common approach to the implementation of internal control procedures that will improve the Company's management, to ensure the safeguarding of assets, to achieve the strategic objectives of the Company, as well as to raise the level of confidence of shareholders and investors. Internal Control Policy is available on the Company's corporate website at: <http://www.mrsk-1.ru/docs/regulitions7.doc>.

The Board of Directors of IDGC of Center on 10.06.2010 (Minutes No. 13/10 dated from 15.06.2010) approved the Policy of internal control and Policy of risk management.

The main goal of Risk Management Policy in IDGC of Center and Internal Control Policy in IDGC of Center is building an effective system of internal control, ensuring preventive (anticipatory) effects on the financial and economic activities of the Company by identifying and reducing the risk of erroneous management decisions and building a constructive engagement of all stakeholders, based on the formation of a unified approach to internal control processes and risk management.

Risk Management Policy in IDGC of Center is an internal regulatory document that defines the basic principles of organization, implementation, and monitoring risk management processes in the Company. The introduction of integrated risk management system will enable timely detection of threats and take steps to reduce the likelihood of their implementation, as well as to minimize the potential negative consequences if risks. Risk Management Policy is available on the Company's corporate website at: <http://www.mrsk-1.ru/docs/Regulition6.doc>.

Internal Control Policy in IDGC of Center is an internal regulatory document that defines the principles of internal control processes and internal control procedures, roles and responsibilities of the internal control system. The aim of the policy is to build a standardized system of internal control based on the formation of a unified approach to the implementation of internal control procedures that will improve the Company's management, to ensure the integrity of assets, to achieve the strategic objectives of the Company, as well as increase the level of confidence of shareholders and investors. Internal control policy is available on the Company's corporate website at: <http://www.mrsk-1.ru/docs/regulitions7.doc>.

General estimation of effectiveness of internal control procedures in the Company (including those basing on messages and reports of the Department for internal control and audit) is carried out by the Committee for Audit of the Board of Directors of the Company.

In accordance with the established procedure the Committee for Audit plays the key role within the internal control process. Committee for Audit performs:

- planning of audits,
- control over conducting of the annual independent audit of accounting (financial) statements of the Company, objectiveness of these statements; as well as selection of candidates of external auditors and estimation of their qualification, quality of work and observance of independence requirements by them;
- control over internal control systems in the field of the accounting and finances as well as over activity of the Department for internal control and audit of the Company;
- considering of reports of the Department for internal control and audit related to the results of the conducted audits
- account for its activity before the Board of Directors.

Regulation on the Committee for Audit of the Board of Directors of IDGC of Centre, JSC (Minutes of the Board of Directors No. 12/10 dated June 02, 2010) is approved in the Company. Text of the Regulation on the Committee for Audit of the issuer is available in free access at the Website page: <http://www.mrsk-1.ru/docs/Appendix9.doc>

The Committee for Audit consists of 7 persons, who are also members of the Board of Directors of IDGC of Centre" (these members of the Committee for Audit were elected at the meeting of the Board of Directors of the Company dated from 29.07.2011, Minutes #17/11 of 01.08.2011):

- Alexey Yuryevich Perepelkin,
- Mikhail Yuryevich Kurbatov,
- Alexander Albertovich Popov,
- Alexey Vladimirovich Sergutin,
- Alexander Grigoryevich Starchenko,
- Roman Alexeevich Filkin,
- Alexander Viktorovich Shevchuk.

The issuer formed the internal audit service

The term of works of the internal audit/internal control service and its key officials: Department for the internal control and audit of the issuer has been exercising its functions since 06.06.2005 (date of acceptance of the first official in the Department of financial control and audit); on 06.08.2007 the Department was transformed into the Department for the internal control and audit, from 01.08.2011 - Department for internal audit and risk management (hereinafter – the Department). Key official is Vadim Evgenyevich Bunin – Head of the Department.

The main functions of Internal Audit Service; accountability of the internal audit service, interaction with the executive governance bodies of the issuer and the Board of Directors (Supervisory Board) of the issuer: According to the Regulations for the Internal Control and Audit Department, approved by the General Director of IDGC of Centre, JSC, the main functions of the Department shall be:

- Carrying out various kinds of scheduled and off-schedule audits (audit of the financial reports, audit of business processes efficiency, audit of conformity of actions/inactivity of management and employees of the issuer with the legal acts of the Russian Federation and internal normative documents of the issuer, audits for revealing plunders, and other kinds of audit);
- Check of operations and actions of management and employees of the issuer for their conformity with the established and approved policies, business plan, with other plans, procedures of other internal and external regulatory statutory acts. At lack of conformity of results of operations and actions with those planned - finding the reasons of failure to execute plans;
- Estimation of operating ways and methods of maintenance of safety and protection of assets. If necessary, stock-taking of assets;
- Estimation of economic efficiency of resources use;
- Check of separate actions and operations under the tasks of management of the issuer;
- Monitoring and estimation of the system of efficiency of the issuer's risk management;
- Estimation of the system of the internal control efficiency;
- Interaction with external auditors, other advisers on audit issues;
- Development of recommendations and proposals following the results of the audits held. Preparation of proposals on amending normative documents of the issuer and recommendations on increase of the system of efficiency of the internal control and risk management;
- Participation in development and monitoring of performance of the measures directed to elimination of lacks of activity of the issuer, revealed during the audit;
- Participation in work of the commissions created under the decision of the General Director for investigation of plunders, swindles and various abusing of service powers of employees of the issuer;
- Monitoring the execution of the recommendations made following the results of audit (elimination/non-elimination of the lacks revealed during audit);
- Interaction with officials of all levels of the issuer for the purpose of improvement of risk management system, the internal control and management. Rendering consulting services on request of the issuer's management;
- Interaction with the Auditing Committee of the issuer and monitoring of elimination of the infringements revealed by the Auditing Committee of the issuer.

The primary goals of the Department shall be:

- Check of authenticity and reliability of the financial, administrative reporting and other economic information;
- Monitoring the urgency and the system of efficiency of the internal control;
- Revealing the facts of economic endangerment, failure to execute decisions of governance bodies, failure to meet requirements of internal documents;
- Duly revealing and analysis of risks at achievement of the purposes of the issuer. Development of measures to increase efficiency and productivity of business processes and procedures in the issuer;
- Granting consultations on request of the issuer's management.

The accountability of internal audit service, interaction with executive bodies of management of the issuer and board of directors of the issuer, interaction of the internal and external auditor service of the issuer:

According to the organizational structure of the Department for the Internal Control and Audit, the Department is directly accountable to General Director.

In accordance with the Provision on internal control procedures the General Director of the Company approves (adjust) plan-schedule of audits conducted by the Department. The Department informs quarterly the Committee for Audit of the Board of Directors relating to violations revealed as a result of audits, including facts of non-fulfillment, improper (ineffective) fulfillment of the internal documents approved in the Company and the results of elimination/failure to eliminate of the previously revealed violations as well as it makes proposals on elimination of the revealed violations.

The personnel of the Department perform their activities in accordance with the duty regulations developed by the Chief of Department and approved by the General Director of the issuer.

In the course of exercising of the functions the Department keeps in touch directly with other structural subdivisions of the Company, external organizations as well as the auditor of the Company.

Interaction of the internal audit service and the issuer's external auditor:
The issuer interacts with external auditor by means of information on external auditor's inquiries provided by the Department for internal control and audit.

The issuer approved (agreed upon) the internal document, determining rules on prevention of official (insider) information use

Information on availability of the document regarding prevention of official (insider) data use: IDGC of Centre, JSC applies the Regulations for the Insider Information of the issuer (Minutes of the meeting of the Board of Directors No. 008/05 as of 14.10.2005).

Website page where its full text is available in free access: www.mrsk-1.ru/docs/foBuXV.pdf

5.5. Information on the persons forming a part of financial and economic activities of control bodies of the issuer

Name of the body for control over financial and economic activity of the issuer:

Auditing Committee of IDGC of Centre, JSC

Full name: **Uzumrud Aligadzhiyeva Alimuradova**

Year of birth: **1971**

Education:

1994, Dagestan State University named after Lenin; branch of study: Economic Theory

All positions occupied by this person in the issuer and other organizations for the last 5 years and currently, including secondary employment

Period		Name of organization	Position
since	till		
2010	current	IDGC Holding, JSC	Director for Internal Audit and Risk Management (Head of Department of Internal Audit and Risk Management)
2009	2010	IDGC Holding, JSC	Head of the Department for Internal Audit and Risk Management
2003	2009	"Energokonsulting" Ltd.	Director for Development

Stake of this person in the authorized capital of the issuer/ordinary shares: does not have

Amount of the issuer's shares of each category (type) which may be purchased by this person as a result of exercise of the rights under the issuer's options belonging to the person: **the issuer did not issue options**

Stake of participation of the person in the authorized (joint-stock) capital (share fund) of subsidiaries and dependent entities of the issuer

The person does not have stated stakes

Any sibs with other persons who form a part of the issuer governance bodies and/or bodies for control over financial and economic activity of the issuer:

There are no stated sibling connections

Data on bringing to the management responsibility for breach of law in finance, taxes and tax collections, securities market, or to the criminal liability (presence of previous conviction) for crimes in economy or for crimes against the government:

The person was not brought to stated types of responsibility

Data on positions in governance bodies of the commercial organizations during the period when proceedings of bankruptcy and/or one of the procedures of bankruptcy stipulated by the legislation of the Russian Federation about insolvency (bankruptcy) were initiated against the specified organizations:

The person did not occupy such positions

Full name: ***Vladimir Nikolaevich Arkhipov***

Year of birth: ***1956***

Education:

1979, Novosibirsk Electrical Engineering Communications Institute; branch of study: Multichannel electrical communication s

All positions occupied by this person in the issuer and other organizations for the last 5 years and currently, including secondary employment

Period		Name of organization	Position
since	till		
2011	current	IDGC Holding, JSC	Head of Security Department
2009	2011	IDGC Holding, JSC	First Deputy Head of the Security Department
2006	2009	"Rustel" CJSC	General Director
2000	2006	FSUE "Rosoboronexport"	Consultant

Stake of this person in the authorized capital of the issuer/ordinary shares: does not have

Amount of the issuer's shares of each category (type) which may be purchased by this person as a result of exercise of the rights under the issuer's options belonging to the person: ***the issuer did not issue options***

Stake of participation of the person in the authorized (joint-stock) capital (share fund) of subsidiaries and dependent entities of the issuer

The person does not have stated stakes

Any sibs with other persons who form a part of the issuer governance bodies and/or bodies for control over financial and economic activity of the issuer:

There are no stated sibling connections

Data on bringing to the management responsibility for breach of law in finance, taxes and tax collections, securities market, or to the criminal liability (presence of previous conviction) for crimes in economy or for crimes against the government:

The person was not brought to stated types of responsibility

Data on positions in governance bodies of the commercial organizations during the period when proceedings of bankruptcy and/or one of the procedures of bankruptcy stipulated by the legislation of the Russian Federation about insolvency (bankruptcy) were initiated against the specified organizations:

The person did not occupy such positions

Full name: ***Igor Yuryevich Bogachev***

Year of birth: ***1959***

Education:

1982, Moscow Institute of Automotive Mechanics; qualification: Mechanical engineer

All positions occupied by this person in the issuer and other organizations for the last 5 years and currently, including secondary employment

Period		Name of organization	Position
since	till		
2010	current	IDGC Holding, JSC	Leading Expert of the Division for Investment Activity Control of the Department for Internal Audit and Risk Management
2007	2010	MOESK	Chief specialist of internal audit department

Stake of this person in the authorized capital of the issuer/ordinary shares: does not have

Amount of the issuer's shares of each category (type) which may be purchased by this person as a result of exercise of the rights under the issuer's options belonging to the person: ***the issuer did not issue options***

Stake of participation of the person in the authorized (joint-stock) capital (share fund) of subsidiaries and dependent entities of the issuer

The person does not have stated stakes

Any sibs with other persons who form a part of the issuer governance bodies and/or bodies for control over financial and economic activity of the issuer:

There are no stated sibling connections

Data on bringing to the management responsibility for breach of law in finance, taxes and tax collections, securities market, or to the criminal liability (presence of previous conviction) for crimes in economy or for crimes against the government:

The person was not brought to stated types of responsibility

Data on positions in governance bodies of the commercial organizations during the period when proceedings of bankruptcy and/or one of the procedures of bankruptcy stipulated by the legislation of the Russian Federation about insolvency (bankruptcy) were initiated against the specified organizations:

The person did not occupy such positions

Full name: ***Galina Ivanovna Meshalova***

Year of birth: ***1957***

Education:

1980, North Ossetia State University; branch of study: Industrial Planning

All positions occupied by this person in the issuer and other organizations for the last 5 years and currently, including secondary employment

Period	Name of organization	Position
--------	----------------------	----------

since	till		
2009	current	IDGC Holding, JSC	Chief expert of the Department for Internal Control and Risk Management
2004	2009	"Energokonsulting" Ltd.	Chief specialist of the Division for Managerial Consulting

Stake of this person in the authorized capital of the issuer/ordinary shares: does not have

Amount of the issuer's shares of each category (type) which may be purchased by this person as a result of exercise of the rights under the issuer's options belonging to the person: ***the issuer did not issue options***

Stake of participation of the person in the authorized (joint-stock) capital (share fund) of subsidiaries and dependent entities of the issuer

The person does not have stated stakes

Any sibs with other persons who form a part of the issuer governance bodies and/or bodies for control over financial and economic activity of the issuer:

There are no stated sibling connections

Data on bringing to the management responsibility for breach of law in finance, taxes and tax collections, securities market, or to the criminal liability (presence of previous conviction) for crimes in economy or for crimes against the government:

The person was not brought to stated types of responsibility

Data on positions in governance bodies of the commercial organizations during the period when proceedings of bankruptcy and/or one of the procedures of bankruptcy stipulated by the legislation of the Russian Federation about insolvency (bankruptcy) were initiated against the specified organizations:

The person did not occupy such positions

Full name: ***Olga Sergeyevna Sinitsina***

Year of birth: ***1979***

Education:

2001, Novosibirsk State Academy of Economics and Management; branch of study: Financial accounting and audit

All positions occupied by this person in the issuer and other organizations for the last 5 years and currently, including secondary employment

Period		Name of organization	Position
since	till		
2010	current	IDGC Holding, JSC	Chief Expert of Department for Internal Audit and Risk Management
2005	2010	FinExpertise LLC	Project manager of Audit Department

Stake of this person in the authorized capital of the issuer/ordinary shares: does not have

Amount of the issuer's shares of each category (type) which may be purchased by this person as a result of exercise of the rights under the issuer's options belonging to the person: ***the issuer did not issue options***

Stake of participation of the person in the authorized (joint-stock) capital (share fund) of subsidiaries and dependent entities of the issuer

The person does not have stated stakes

Any sibs with other persons who form a part of the issuer governance bodies and/or bodies for control over financial and economic activity of the issuer:

There are no stated sibling connections

Data on bringing to the management responsibility for breach of law in finance, taxes and tax collections, securities market, or to the criminal liability (presence of previous conviction) for crimes in economy or for crimes against the government:

The person was not brought to stated types of responsibility

Data on positions in governance bodies of the commercial organizations during the period when proceedings of bankruptcy and/or one of the procedures of bankruptcy stipulated by the legislation of the Russian Federation about insolvency (bankruptcy) were initiated against the specified organizations:

The person did not occupy such positions

5.6. Data on amount of remuneration, privileges and/or indemnification of charges on the body of control over financial and economic activity of the issuer

Information on the amount of remuneration for each body for control over financial and economic activity. All kinds of remuneration, including wages, bonuses, commission, privileges and/or indemnifications of charges, as well as other property granting which were paid by the issuer for the last completed financial year are specified:

Unit of measure: **RUR**.

Name of the body for control over financial and economic activity of the issuer: **Audit Committee of IDGC of Centre, JSC**

Remuneration	1 273 825
Wages	0
Bonuses	0
Commission fees	0
Privileges	0
Reimbursement of expenses	0
Other property forms	0
Other	0
TOTAL	1 273 825

Information on the existing agreements relating to such payments within the current financial year: **System of remuneration to members of the Auditing Committee of the issuer is determined by the Provision on payment of remuneration and compensations to members of the Auditing Committee of IDGC of Centre, JSC, approved by the annual general meeting of shareholders dated May 30, 2008 (Minutes No.01).**

According to clause 3.1. of this Provision for participation in audit of financial and economic activity a member of the Auditing Committee of the Company is paid out one-time remuneration in the amount of a sum equal to twenty-five minimal monthly tariff rates of an employee of the first category, determined by the industrial tariff agreement in electric power complex of the Russian Federation (hereinafter referred to as the Agreement) within the period of the audit taking into account indexation stated by the Agreement. Payment of remuneration mentioned in clause 3.1. of the Provision is effected within a week after the report on results of the audit. In accordance with clause 3.2. of the Provision the amount of remuneration paid out to the Chairman of the Auditing Committee of the Company is increased by 50% according to clause 3.1. of the Provision.

According to clause 2.1. of this Provision a member of the Auditing Committee of the Company is compensated for expenses connected with participation in the meeting of the Auditing Committee and audit according to

norms of compensation for business trip expenses of the Company existing for the moment of the meeting.

The amount of remuneration for this body following the results of works for the last completed financial year, which was determined (approved) by the authorized governance body of the issuer, but as of the moment of completion of the reporting period was not actually paid out:

There were no stated facts

5.7. Data on the number and the generalized data on education and structure of the staff (employees) of the issuer, and also on change of number of the staff (employees) of the issuer

Unit of measure: *RUR*.

Indicator	3 q. 2011
Average list amount of employees, people	30 204
Amount of the issuer's employees having higher vocational education, %	36
Amount of the money resources directed for payment	2 603 193
Volume of the money resources directed to social security	38 764
Total amount of money resources spent	2 641 958

IDGC of Centre established the trade union body.

5.8. Data on any obligations of the issuer to the staff (employees) concerning the possibility of their participation in the authorized (joint-stock) capital (share fund) of the issuer

There are no agreements or liabilities of the issuer concerning opportunities of participation of the issuer's employees (staff) in its authorized (joint-stock) capital of the issuer

VI. Data on participants (shareholders) of the issuer and transactions of interest made by the issuer

6.1. Data on total amount of shareholders (participants) of the issuer

Total amount of persons registered in the issuer's shareholder register the end date of completion of the last reporting quarter: *14 453*

Total number of nominee holders of the issuer's shares: *19*

6.2. Data on the participants (shareholders) of the issuer owning at least 5 percent of its authorized (share) capital (unit fund) or at least 5 percent of its ordinary shares, as well as data on participants (shareholders) of such persons owning at least 20 percent of the authorized (share) capital (unit fund) or at least 20 percent of their ordinary shares

The issuer's participants (shareholders) holding not less than 5 percent of its authorized (share) capital (unit fund) or not less than 5 percent of its ordinary shares

Nominee holder

Information on the nominee holder:

Full name: *Depository and Corporate Technologies Limited Liability Company*

Abbreviated name: *DCT Ltd.*

Location:

107014, Moscow, Stromynka street 4, building 1

Taxpayer identification number: *7729520219*

Primary State Registration Number: **1057746181272**
Phone: **(495) 641-3031**
Fax: **(495) 641-3031**
E-mail: **dkf@depotech.ru**

Information on the license of professional participant of securities market

Number: **177-11151-000100**

Date of issue: **03.04.2008**

Date of expiry:

Unlimited

Name of body which issued the license: **FFMS of Russia**

Amount of ordinary shares of the issuer registered in the register of shareholders of the issuer for the name of the nominal holder: **21 206 473 501**

Number of preferred shares of the issuer, registered in the register of shareholders of the issuer in the name of nominee holder: **0**

Nominee holder

Information on the nominee holder:

Full name: **Depositary Clearing Company, Closed Joint-Stock Company**

Abbreviated name: **DCC, JSC.**

Location:

115162, Moscow, Vozdvizhenka Street 4/7, bld. 1

Taxpayer identification number: **7710021150**

Primary State Registration Number: **1027739143497**

Phone: **(495) 956-0999**

Fax: **(495) 232-6804**

E-mail: **dcc@dcc.ru**

Information on the license of professional participant of securities market

Number: **177-06236-000100**

Date of issue: **09.10.2002**

Date of expiry:

Unlimited

Name of body which issued the license: **FFMS of Russia**

Amount of ordinary shares of the issuer registered in the register of shareholders of the issuer for the name of the nominal holder: **11 529 453 703**

Number of preferred shares of the issuer, registered in the register of shareholders of the issuer in the name of nominee holder: **0**

Nominee holder

Information on the nominee holder:

Full name: **Close Joint-Stock Company commercial Bank "Citibank"**

Abbreviated name: **CJSC CB "Citibank"**

Location:

8-10, Gashek St., Moscow, 125047

Taxpayer identification number: **7710401987**

Primary State Registration Number: **1027700431296**

Phone: **(495) 725-1000**

Fax: (495) 725-6700

There is no e-mail

Information on the license of professional participant of securities market

Number: **177-02719-000100**

Date of issue: **01.11.2000**

Date of expiry:

Unlimited

Name of body which issued the license: **FFMS of Russia**

Amount of ordinary shares of the issuer registered in the register of shareholders of the issuer for the name of the nominal holder: **4 479 013 951**

Number of preferred shares of the issuer, registered in the register of shareholders of the issuer in the name of nominee holder: **0**

6.3. Data on the stake of the state or municipal formation in the authorized capital of the issuer, presence of the special right ("golden share")

Amount of the share in the authorized (share) capital (unit fund) of the issuer, being in the federal property, %
0.4552

Package holder

Full name: **the Russian Federation on behalf of the Federal Agency for Federal Property Management, 109012, Moscow, Nikolsky pereulok 9**

Amount of the share in the authorized (share) capital (unit fund) of the issuer, being in the property of constituent entities of the Russian Federation), %

There is no stated stake

Amount of the share in the authorized (share) capital (unit fund) of the issuer, being in the municipal property, %

0.0058

Package holder

Full name: **South-West districts, Property Management Committee**

Presence of the special right to participation of the Russian Federation, entities of the Russian Federation, municipal formations in management of the issuer – joint-stock company ("golden share"), validity of special right ("golden share")

Stated right is not provided

6.4. Data on restrictions on participation in the authorized capital of the issuer

There are no restrictions for participation in the issuer's authorized (share) capital

6.5. Data on changes in the composition and stake of shareholders (participants) of the issuer owning at least 5 percent of its authorized (share) capital (unit fund) or at least 5 percent of its ordinary shares

The issuer's shareholders (participants), who held not less than 5 percent of the issuer's authorized (share) capital, and for issuers that were joint-stock companies – not less than 5 percent of the issuer's ordinary shares as well, determined for the date of the list of persons entitled to participate in each general meeting of the issuer's shareholders (participants), held for the last 5 completed financial years prior to the date of completion of the reporting quarter, or for each completed financial year prior to the date of completion of the reporting quarter, if the issuer performs its activity less than 5 years as well as for the last quarter according to date of the list of persons entitled to participate in each such meeting.

Date of the list of persons entitled to participate in the general meeting of the issuer's shareholders (participants):
18.04.2008

The list of shareholders (participants)

Full company name: ***Joint-Stock Company The Russian joint-stock company "Unified electric grids of Russia"***

Abbreviated company name: ***RAO UES of Russia, JSC***

Stake of participation of the entity in the issuer's authorized capital, %: ***50.23***

Stake of the issuer's ordinary shares belonging to the entity, %: ***50.23***

Full company name: ***Deutsche Bank AG London branch***

Abbreviated company name: ***no information***

Stake of participation of the entity in the issuer's authorized capital, %: ***15.15***

Stake of the issuer's ordinary shares belonging to the entity, %: ***15.15***

Full company name: ***Citigroup Global Markets Limited***

Abbreviated company name: ***no information***

Stake of participation of the entity in the issuer's authorized capital, %: ***5.31***

Stake of the issuer's ordinary shares belonging to the entity, %: ***5.31***

Date of the list of persons entitled to participate in the general meeting of the issuer's shareholders (participants):
04.05.2009

The list of shareholders (participants)

Full company name: ***"Holding of Interregional Distribution Grid Companies", Joint-Stock Company***

Abbreviated company name: ***IDGC Holding, JSC***

Stake of participation of the entity in the issuer's authorized capital, %: ***50.23***

Stake of the issuer's ordinary shares belonging to the entity, %: ***50.23***

Full company name: ***Jamica Limited***

Abbreviated company name: ***no information***

Stake of participation of the entity in the issuer's authorized capital, %: ***15.86***

Stake of the issuer's ordinary shares belonging to the entity, %: ***15.86***

Date of the list of persons entitled to participate in the general meeting of the issuer's shareholders (participants):
12.05.2010

The list of shareholders (participants)

Full company name: ***"Holding of Interregional Distribution Grid Companies", Joint-Stock Company***

Abbreviated company name: ***IDGC Holding, JSC***

Stake of participation of the entity in the issuer's authorized capital, %: ***50.23***

Stake of the issuer's ordinary shares belonging to the entity, %: ***50.23***

Full company name: ***Jamica Limited***

Abbreviated company name: ***no information***

Stake of participation of the entity in the issuer's authorized capital, %: ***15.9***

Stake of the issuer's ordinary shares belonging to the entity, %: ***15.9***

Full company name: ***THE BANK OF NEW YORK MELLON***

Abbreviated company name: ***no information***

Stake of participation of the entity in the issuer's authorized capital, %: ***7.01***

Stake of the issuer's ordinary shares belonging to the entity, %: ***7.01***

Date of the list of persons entitled to participate in the general meeting of the issuer's shareholders (participants): **12.05.2011**

The list of shareholders (participants)

Full company name: **"Holding of Interregional Distribution Grid Companies", Joint-Stock Company**

Abbreviated company name: **IDGC Holding, JSC**

Stake of participation of the entity in the issuer's authorized capital, %: **50.23**

Stake of the issuer's ordinary shares belonging to the entity, %: **50.23**

Full company name: **Jamica Limited**

Abbreviated company name: **no information**

Stake of participation of the entity in the issuer's authorized capital, %: **15.9**

Stake of the issuer's ordinary shares belonging to the entity, %: **15.9**

Full company name: **THE BANK OF NEW YORK MELLON**

Abbreviated company name: **no information**

Stake of participation of the entity in the issuer's authorized capital, %: **8.4**

Stake of the issuer's ordinary shares belonging to the entity, %: **8.4**

Supplementary information:

From the date of state registration of IDGC of Centre, JSC (December 17, 2004) up to March 31, 2008 RAO UES of Russia, JSC had been the sole shareholder of the Company. In accordance with item 3 of Art. 48 of the Federal Law "On Joint-Stock Company" No.208-FZ, the list of persons entitled to participate in the general meeting of shareholders is not drawn up in this case.

Within this period the sole shareholder was taking decisions at:

The Extraordinary General meeting of shareholders (hereinafter referred to as the EGMS) dated October 29, 05; the EGMS dated March 30, 06; the annual General meeting of shareholders (hereinafter referred to as the AGMS) dated June 24, 06; the EGMS dated January 22, 07; the AGMS dated June 29, 07; the EGMS dated July 18, 07; the EGMS dated December 25, 07; the EGMS dated February 28, 08; the EGMS dated March 27, 08.

6.6. Data on the interested-party deals of the issuer

Information on amount and volume in monetary terms of transactions settled by the issuer which in accordance with the Law of the Russian Federation are recognized to be party-interested transactions that required approval by the authorized management body of the issuer, following the results of the last reporting quarter

Unit of measurement: **RUB**

Indicator	Total number, transaction	Total volume in monetary terms
The party-interested transactions settled by the issuer for the reporting period and that required approval by the authorized management body of the issuer	6	2 053 726
The party-interested transactions settled by the issuer for the reporting period and that have been approved by the general meeting of participants (shareholders) of the issuer	0	0
The party-interested transactions settled by the issuer for the reporting period and that have been approved by the Board of Directors (Supervisory Board) of the issuer	6	2 053 726
The party-interested transactions settled by the issuer for the reporting period and that required approval, but have not been approved by the authorized management body of the issuer	0	0

Transactions (groups of associated transactions) which amount to 5 and more percent of the issuer's asset balance sheet value determined according to data of its accounting statements by the last reporting date before transaction settled by the issuer for the last reporting quarter

The mentioned transactions were not settled

Total volume of the party-interested transactions in monetary terms settled by the issuer for the last reporting quarter, RUB: **2 053 726**

The party-interested transactions (groups of associated transactions) concerning which the approval decision was not taken by the Board of Directors (Supervisory Board) or the general meeting of shareholders (participants) of the issuer in cases, when such approval is mandatory in accordance with the Law of the Russian Federation

The mentioned transactions were not settled

6.7. Data on accounts receivable amount

For the date of completion of the reporting quarter

Unit of measure: ***thousand Rubles***

Accounts receivable type	Maturity	
	Under one year	Over one year
Accounts receivable of buyers and customers	6 744 522	8 053
Including the overdue one	3 765 505	x
Accounts receivable under promissory notes receivable	0	0
Including the overdue one	0	x
Accounts receivable of participants (founders) under contributions to the authorized capital	0	0
Including the overdue one	0	x
Accounts receivable under the advance payments given out	219 685	1 538
Including the overdue one	25 834	x
Other accounts receivable	1 107 761	47 804
Including the overdue one	450 043	x
Total	8 071 968	57 395
Including the overdue one	4 241 382	x

The debtors owing at least 10% of the total amount of accounts receivable for the stated reporting period

Full company name: ***Tver Power RetailCompany, Joint Stock Company***

Abbreviated company name: ***Tverenergoby, JSC***

Location: ***170 003, Tver, Peterburgskoe shosse, 2***

Amount of debt receivable, thousand rubles: **2 532 389 582**

Amount and terms of overdue accounts receivables (interest rate, fines, penalties):

2 383 171 848 thousand rubles

The specified debtor is ***not*** affiliated with the issuer

VII. Accounting reporting of the issuer and other financial information

7.1. Annual accounting reporting

Is not indicated in this reporting quarter

7.2. Quarter accounting reporting of the issuer for the last completed reporting quarter

Form: ***Order N 66n of 02.07.2010***

**Balance sheet
for 9 months 2011**

Form No. 1 according to All-Russian Classifier of Management Documentation

Organisation **Interregional Distribution Grid Company of Centre,
Joint-Stock Company**

Id. tax payer number

Type of activity

Business legal structure / Form of ownership

Joint-Stock Company

Measurement unit **thousand Rubles**

Location (Address) **4/2, Glukharev Lane, Moscow, 129090**

	Codes
	0710001
	Date 30.09.2011
according to All-Russian Classifier of Businesses and Organisations	75720657
Id. tax-payer number	6901067107
according to All-Russian Classifier of Economic Activities	40.10.2
according to All-Russian Classifier of Legal Structures of Businesses / All-Russian Classifier of Forms of Ownership	
according to All-Russian Classifier of Measurement Units	384

Note	ASSETS	Line code	For the reporting date	For the end of the previous reporting period	For the end of the period preceding the previous reporting period
1	2	3	4	5	6
	I. NON-CURRENT ASSETS				
	Intangible assets	1110	29 325	27 349	35 678
	R&D results	1120			
	Fixed assets	1130	63 513 860	58 949 684	51 966 026
	Profitable investments in tangible assets	1140			
	Financial investments	1150	1 279 975	1 347 116	145 551
	Deferred tax assets	1160	108 331	222 258	275 337
	Other non-current assets	1170	1 012 757	1 141 618	1 209 122
	TOTAL for section I	1100	65 944 248	61 688 025	53 631 714
	II. CURRENT ASSETS				
	Supplies	1210	1 787 122	1 510 984	1 551 971
	Value added tax on acquired valuables	1220	25 296	29 356	54 789
	Accounts receivable	1230	8 129 363	7 638 566	5 480 026
	Financial investments	1240	1 700 000		
	Monetary funds	1250	314 198	196 278	368 104
	Other currents assets	1260	814	1 110	2 766
	TOTAL for section II	1200	11 956 793	9 376 294	7 457 656
	BALANCE (assets)	1600	77 901 041	71 064 319	61 089 370

Note	LIABILITIES	Line code	For the reporting date	For the end of the previous	For the end of the period
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				reporting period	preceding the previous reporting period
1	2	3	4	5	6
	III. CAPITAL AND RESERVES				
	Share capital (joint-stock capital, authorized capital, limited partner capital)	1310	4 221 794	4 221 794	7 221 794
	Own shares, reacquired from stockholders	1320			
	Value adjustment of non-current assets	1340			
	Added capital (without value adjustment)	1350	33 269 936	33 269 936	33 269 936
	Reserve capital	1360	211 090	174 484	108 245
	Undistributed profits (uncovered loss)	1370	13 258 125	8 258 644	3 076 534
	TOTAL for section III	1300	50 960 945	45 924 858	40 676 509
	IV. LONG-TERM LIABILITIES				
	Borrowed assets	1410	14 520 000	14 936 003	10 726 250
	Deferred tax liabilities	1420	2 714 954	2 498 441	1 749 243
	Contingency reserve provision	1430	110 065	222 929	188 259
	Other liabilities	1450	307 096	178 222	90 493
	TOTAL for section IV	1400	17 652 115	17 835 595	12 754 245
	V. SHORT-TERM LIABILITIES				
	Borrowed assets	1510	672 750		400 000
	Accounts payable	1520	8 526 802	6 752 357	6 610 582
	Deferred income	1530	913	1 048	1 248
	Reserves for future expenses	1540	87 516	550 461	646 786
	Other liabilities	1550			
	TOTAL for section V	1500	9 287 981	7 303 866	7 658 616
	BALANCE (liabilities)	1700	77 901 041	71 064 319	61 089 370

General Director

D.O. Gudzhoyan

Chief Accountant

S.Y. Puzenko

October 27, 2011

PROFIT AND LOSS STATEMENT
for 9 months of 2011

Form No. 2 according to All-Russian Classifier of Management Documentation

Organisation **Interregional Distribution Grid Company of Centre, Joint-Stock Company**

Id. tax payer number

Type of activity

Business legal structure / Form of ownership

Joint-Stock Company

Measurement unit **thousand Rubles**

Location (Address) **4/2, Glukharev Lane, Moscow, 129090**

Codes	0710002
Date	30.09.2011
according to All-Russian Classifier of Businesses and Organisations	75720657
Id. tax-payer number	6901067107
according to All-Russian Classifier of Economic Activities	40.10.2
according to All-Russian Classifier of Legal Structures of Businesses / All-Russian Classifier of Forms of Ownership	47/16
according to All-Russian Classifier of Measurement Units	384

Note	Indicator	Line code	For the reporting period	For the previous reporting period
1	2	3	4	5
	Earnings	2110	50 380 775	43 375 919
2.1.	Cost of sales	2120	-40 394 286	-36 648 751
	Gross profit (loss)	2100	9 986 489	6 727 168
2.1.	Selling expenses	2210		
2.1.	Management expenses	2220	-1 585 886	-979 789
	Profit (loss) from sale	2200	8 400 603	5 747 379
	Profit from participation in other organisations	2310	42	212
	Interest receivable	2320	60 052	22 085
	Interest payable	2330	-830 132	-764 545
5.11.	Other income	2340	1 495 125	1 484 516
5.11.	Other expenses	2350	-1 630 802	-1 762 516
	Profit (loss) before taxation	2300	7 494 888	4 727 131
2.3.	Current profit tax	2410	-1 539 401	-765 822
2.3.	including permanent tax liabilities (assets)	2421	-353 376	20 655
2.3.	Adjustment of deferred tax liabilities	2430	-222 502	-205 058
2.3.	Adjustment of deferred tax assets	2450	-90 450	4 799
	Others	2460	4 484	40 483
	Net profit (loss)	2400	5 647 019	3 801 533
5.1.1.	FOR REFERENCE:			
5.3.1.	Value adjustment of fixed assets, not included into net profit (loss) of the period	2510		
3.2.	Value from other transactions, not included into net profit (loss) of the period	2520		

	Aggregate financial result of the period	2500	5 647 019	3 801 533
2.2.	Basic earnings (loss) per share	2900		
2.2.	Diluted earnings (loss) per share	2910	0	0

General Director

D.O. Gudzhoyan

Chief Accountant

S.Y. Puzenko

October 27, 2011

During the reporting period the issuer made its interim financial statements in accordance with international financial reporting standards or U.S. generally accepted accounting principles

2011, 6 months - IFRS/GAAP

Reporting period

Year: **2011**

Quarter: **II**

The interim consolidated financial statements of IDGC of Center for six months ended June 30, 2011 (unaudited) prepared in accordance with IFRS, are provided in Appendix # 1 to this report.

7.3. Summary accounting reporting of the issuer for the last completed fiscal year

It is not indicated for this reporting period.

7.4. Data on the accounting policy of the issuer

Order of IDGC of Centre, JSC No 195-CA of 18.07.2011 amended the Accounting Policy of IDGC of Centre, JSC for 2011 as follows

NOTICE #1

about amendments to the accounting policy of IDGC of Centre, JSC for 2011,
approved by Order No 98-CA of 12.04.2011

Where	What is written	What must be written
2.4.1. CAPITAL CONSTRUCTION BY EFFORTS OF OUTSIDE CONTRACTORS AND USING OWN RESOURCES	2.4.1.12. Overhead costs on the objects of capital construction are distributed in direct proportion to the actual cost of completed construction works during the reporting period (month).	2.4.1.12. Overhead costs on the objects of capital construction are distributed in direct proportion to the actual cost of completed construction works during the reporting period (month). Salaries and insurance contributions of employees pertain to overhead costs in accordance with the provisions of structural units and the main tasks and functions assigned to the employees in job descriptions: <ul style="list-style-type: none"> • of Capital Construction Department and Investment Projects Department of the Executive Office of the Company; • of capital construction sections and investment projects sections of the branches of the Company; • of deputy division directors for capital construction of the branches of the Company

7.5. Data on total sum of export, and on export share in the total amount of sales

The issuer does not carry out export of products (goods, works, and services) abroad

7.6. Data on cost of real estate of the issuer and the essential changes which occurred in the structure of property of the issuer after the date of the last completed fiscal year

Cost of real estate for the date of completion of the reporting quarter, rubles: **22 417 446 343.28**

Amount of accrued depreciation for the date of completion of the reporting quarter, ruble: **5 103 927 851.68**

Information on essential changes in the structure of the issuer's property, made within 12 months till the date of completion of the re reporting quarter

There were no any essential changes in the structure of the issuer's property within 12 months till the date of completion of the re reporting quarter

Data on any Purchases or retirement on any bases of any other property of the issuer if the balance cost of such property exceeds 5 percent of the balance cost of assets of the issuer, and also data on any other changes essential for the issuer which occurred in the structure of other property of the issuer after the date of termination of the last completed fiscal year before the end date of the reporting quarter:

There were no stated changes

7.7. Data on participation of the issuer in litigations if such participation can essentially influence financial and economic activities of the issuer

The issuer did not participate/do not participate in judicial procedures, which influenced/can influence on financial and economic activity within three years prior to the date of completion of the reporting quarter

VIII. Additional data on the issuer and on the equity securities floated by it

8.1. Additional data on the issuer

8.1.1. Data on the amount, structure of the authorized (joint-stock) capital (share fund) of the issuer

Authorized (joint-stock) capital (share fund) of the issuer for the date of completion of the last reporting quarter, rubles: **4 221 794 146.8**

Ordinary shares

Total par value, rubles: **4 221 794 146.8**

Stake amount in the authorized capital, %: **100**

Preferred shares

Total par value: **0**

Stake amount in the authorized capital, %: **0**

8.1.2. Data on change of the amount of the authorized (joint-stock) capital (share fund) of the issuer

Data on change of the amount of the authorized (joint-stock) capital (share fund) of the issuer for the last 5 completed financial years prior to the date of completion of the reporting quarter as well as within the reporting quarter

Date of the change of the amount of the authorized capital: **27.05.2008**

Amount of the authorized capital till changes (rubles): **10 000 000**

Structure of the authorized capital till changes

Ordinary shares

Total par value (rubles): **10 000 000**

Stake amount in the authorized capital, %: **100**

Preferred shares

Total par value: *0*

Stake amount in the authorized capital, %: *0*

Amount of the authorized capital after changes (rubles): *4 221 794 146.8*

Name of the governance authority of the issuer who made a decision to change the amount of the authorized (joint-stock) capital (share fund) of the issuer: *General shareholders meeting (the decision of the sole shareholder)*

Date of drawing up of the minutes of the meeting (proceedings) of the issuer's governance authority, where the decision on change of the amount of the authorized (joint-stock) capital (share fund) of the issuer was taken: *25.12.2007*

Number of the minutes: *1795pr/3*

8.1.3. Data on formation and use of the reserve fund and of other funds of the issuer

For the reporting quarter

Data on formation and use of the reserve fund and of other funds of the issuer that are formed for the account of its net profit

Name of the fund: *Reserve Fund*

Amount of the fund established by constituent documents: *the issuer creates the Reserve Fund in the amount of 5 (five) percent of the authorized capital of the issuer.*

Amount of the fund in monetary terms on the date of termination of the accounting period, thousand rubles: *211 090 000*

Amount of the fund in percentage of the authorized (joint-stock) capital (share fund): *5*

Amount of deductions to the fund within the accounting period: *0*

Amount of the fund used within the reporting period: *0*

Purposes of use of these funds:

Assets from the reserve fund were not used within the accounting quarter.

8.1.4. Data on the procedure of convening and holding the meeting (conference) of the issuer supreme management body

The name of the supreme governance body of the issuer: *General Meeting of Shareholders*

The notification procedure of shareholders (participants) on holding the meeting of the supreme governance body of the issuer:

The notice on holding the General meeting of shareholders in the form of a meeting is published by the Company in the Izvestiya newspaper and is placed on the Internet website of the Company not later than 30 (thirty) days prior to the date of its holding.

The notice of General Meeting of shareholders by absentee ballot is published by the Company in the Izvestiya newspaper, as well as posted on the Company's website on the Internet no later than 30 (thirty) days before the deadline for accepting the Company ballots.

In case the person registered in the register of shareholders of the Company is the person - nominal holder of shares, the notice on holding the General meeting of shareholders is sent to the address of the nominal holder of shares if another postal address for sending the notice is not indicated in the list of the persons who have the right to participation in the General meeting of shareholders.

Persons (bodies) who have the right to convoke (to demand holding) of the extraordinary meeting of the supreme governance body of the issuer, and also the order of sending (presentation) of such requirements:

Extraordinary General meeting of shareholders of the Company is held under the decision of the Board of Directors of the Company on the basis of its own initiative, the requirement of the Auditing Committee of the Company, the Auditor of the Company, as well as a shareholder (shareholders), being holder(s) of at least 10 (ten) percent of voting shares of the Company for the date of presentation of the requirement.

Procedure of definition of the date for holding the meeting of the supreme governance body of the issuer:

Annual General meeting of shareholders of the Company is held not earlier than two months and not later than six months after the ending of a financial year.

Convocation of the extraordinary General meeting of shareholders on demand of the Auditing Committee of the Company, the Auditor of the Company or the shareholders (shareholder) being holders of at least 10 (ten) percent of voting shares of the Company is carried out by the Board of Directors of the Company.

Such General meeting of shareholders should be held within 40 (forty) days from the moment of representation of the requirement on holding the extraordinary General meeting of shareholders of the Company, except for the case stipulated by clause 14.9. of the Articles of Association.

In case the proposed agenda of the extraordinary General meeting of shareholders contains an item on election of members of the Board of Directors of the Company, the General meeting of shareholders should be held within 90 (ninety) days from the moment of representation of the requirement on holding the extraordinary General meeting of shareholders of the Company.

Persons who are enabled to make proposals in the agenda of the meeting of the supreme governance body of the issuer, and also the order of making such proposals:

Shareholders (a shareholder) of the Company being jointly the holders of not less than 2 (Two) percent of voting shares of the Company are entitled to propose items for the agenda of the Annual General meeting of shareholders and to nominate candidates to the Board of Directors and the Auditing Committee of the Company, whose number cannot exceed the number of members of the correspondent body within 60 (Sixty) days after the ending of financial year.

Proposal on introduction of items for the agenda of the General meeting of shareholders and proposal on nomination of candidates are made in writing with indication of name of shareholders (a shareholder) introduced them, number and class (type) of shares held by them and should be signed by shareholders (a shareholder).

Proposal on introduction of items for the agenda of the General meeting of shareholders should contain formulation of every proposed item and proposal on nomination of candidates should contain the name and data of document indentifying a person (series and (or) number of document, date and place of its issue, authority issued this document) of every nominated candidate, name of the body which he is nominated to be elected to.

Items subject to inclusion into the agenda of the meeting should be formulated in the demand for holding the extraordinary General meeting of shareholders of the Company.

Persons (a person) demanding for convening the extraordinary General meeting of shareholders of the Company are entitled to present draft decision of the extraordinary General meeting of shareholders of the Company, proposal regarding form of holding the General meeting of shareholders. In case the demand for convening the extraordinary General meeting of shareholders contains the proposal on nomination of candidates, such proposal is subject to correspondent provisions of Article 13 of the Articles of Association.

In case the demand for convening the extraordinary General meeting of shareholders of the Company is made by a shareholder (shareholders) it should contain name of a shareholder (shareholders) demanding for convening the meeting with indication of number, class (type) of shares of the Company held by them.

Request for convening the extraordinary General meeting of shareholders of the Company is signed by a person (persons) demanding for convening the extraordinary General meeting of shareholders of the Company.

In case the proposed agenda of the extraordinary General meeting of shareholders contains the item on the election of members of the Board of Directors of the Company:

General meeting of shareholders should be held within 90 (Ninety) days from the date of introduction of the demand for holding the extraordinary General meeting of shareholders of the Company.

Shareholders (a shareholder) of the Company being jointly the holders of not less than two percent of voting shares of the Company are entitled to nominate candidates for the election to the Board of Directors of the Company whose number cannot exceed the number of members of the Board of Directors of the Company .

Such proposals should be introduced in the Company not less than 30 (Thirty) days prior to the date of holding the extraordinary General meeting of shareholders.

Persons entitled to examine the information (documents) given for preparation and holding the meeting of the supreme governance body of the issuer, and also the order of examination of such information (documents):

The information (documents) concerning the agenda of General meeting of shareholders within 20 (twenty) days, and in case of holding the General meeting of shareholders, the agenda of which contains an item on reorganization of the Company, within 30 (thirty) days prior to holding the General meeting of shareholders should

be available to the persons entitled to participate in the General meeting of shareholders, for examination in the governance body of the Company and other places, the addresses of which are specified in the notice on holding the General meeting of shareholders. The specified information (materials) should be available to the persons participating in the General meeting of shareholders during its holding.

The order of examination of the persons entitled to participate in the General meeting of shareholders, with the information (documents) concerning the agenda of the General meeting of shareholders and the list of such information (documents) are defined by the decision of the Board of Directors of the Company.

The order of announcement (bringing to the notice of shareholders (participants) of the issuer) of the decisions taken by the supreme governance body of the issuer, and also results of voting:

Results of voting and decisions taken by the General meeting of shareholders of the Company, held by the meeting can be announced at the General meeting of shareholders of the Company.

In case the results of voting and the decisions taken by the General meeting of shareholders of the Company held as a meeting were not announced at the General meeting of shareholders of the Company, than not later than 10 (ten) days after drawing up the minutes on results of voting - the decisions taken by the General meeting of shareholders of the Company, and also results of voting in the form of the report on results of voting are brought to the notice of the persons entitled to participate in the General meeting of shareholders of the Company in accordance with the procedure stipulated by item 12.4. of the Articles of Association of the Company, namely: published in the Izvestiya newspaper, and also placed on the web-site of the Company in the Internet.

The decisions taken by the General meeting of shareholders, held in the form of the correspondence voting, and also results of voting in the form of the report on results of voting not later than 10 (ten) days after drawing up of the minutes on results of voting are brought to the notice of the persons entitled to participate in the General meeting of shareholders of the Company, by the publication in the Izvestiya newspaper, and also are placed on the Company Internet web-site.

8.1.5. Data on the commercial organizations, in which the issuer owns at least 5 percent of the authorized (joint-stock) capital (share fund) or at least 5 percent of ordinary shares

List of the commercial organizations, in which the issuer owns at least 5 percent of the authorized (joint-stock) capital (share fund) or at least 5 percent of ordinary shares for the date of completion of the last reporting quarter

Full company name ***Open joint-stock company "Energetik"***

Reduced company name: ***"Energetik", OJSC***

Location

Tambov area, Tambov region, Novaya Lyada workers settlement, Sanatornaya street 1.

Taxpayer identification number: ***6820019240***

Primary State Registration Number: ***1036841127091***

Stake of the issuer in the authorized capital of the entity, %: ***100***

Ordinary shares of the entity belonging to the issuer, %: ***100***

Stake of the entity in the authorized capital of the issuer, %: ***0***

Ordinary shares of the issuer belonging to the entity, %: ***0***

Full and reduced company names: ***Joint-Stock Company "Yaroslavl city power networks"***

Reduced company name: ***"Yargorelectroset", OJSC***

Location ***150000, Russian Federation, Yaroslavl, Tchaikovsky Str., 37***

Taxpayer identification number: ***7604168778***

Primary State Registration Number (OGRN): ***1097604020227***

Stake of the issuer in the authorized capital of the entity, %: ***100***

Ordinary shares of the entity belonging to the issuer, %: ***100***

Stake of a person in the authorized capital of the issuer, %: ***0***

Stake of ordinary shares of the issuer belonging to a person, %: ***0***

Full and reduced company names: ***Joint-Stock Company "Energy Service Company"***

Reduced company name: ***"Energy Service Company", OJSC***

Location

398001, Russian Federation, Lipetsk, 50 years NLMK Str., 33

Taxpayer identification number: **4824053495**

Primary State Registration Number (OGRN): **1114823000852**

Stake of the issuer in the authorized capital of the entity, %: **100**

Ordinary shares of the entity belonging to the issuer, %: **100**

Stake of a person in the authorized capital of the issuer, %: **0**

Stake of ordinary shares of the issuer belonging to a person, %: **0**

8.1.6. Data on material transactions completed by the issuer

For the reporting quarter

There were no stated transactions within this period

8.1.7. Data on credit ratings of the issuer

Credit ratings for the last 5 completed financial years that are known to the issuer, and if the issuer performs its activity less than 5 years – for each completed financial year

Rating award entity: ***the issuer***

Organization that assigned the credit rating

Full company name: ***"National Rating Agency" Limited***

Brief company name: ***"NRA" Ltd.***

Location: ***32A, Khoroshevskoe highway, Moscow, 107023***

Brief description of credit rating award method or Website page, at which information on credit rating award method is placed (published) in free access:

Information on credit rating award method is available on the Internet site: www.ra-national.ru

The value of the credit rating as of the date of completion of the reporting quarter: ***"AA-" – high creditability, the first level***

History of change of values of the credit rating for the last 5 completed financial years, prior to the date of completion of the reporting quarter, and if the issuer performs its activity less than 5 years – for each completed financial year prior to the date of completion of the reporting quarter, indicating the value of the credit rating and the date of award (change) of the value of the credit rating

Date of assignment	Value of the credit rating
22.08.2007	"A" level - high solvency, the 2nd level
16.09.2008	"A+" level - high solvency, the 1 st level
24.12.2010	"AA-" level - very high solvency, the 3 rd level

Rating award object: ***the issuer***

Organisation that assigned the credit rating

Full business name: ***Standard & Poor's***

Brief business name: ***S&P***

Location: ***the 7th floor, room 2, 4/7, Vozdvizhenka St., business-center "Mokhovaya", Moscow, 125009***

Brief description of credit rating award method or Website page, at which information on credit rating award method is placed (published) in free access:

www.standardandpoors.ru

Value of the credit rating as of the date of completion of the reporting quarter: **BB-/B/ruAA- outlook "Stable"**

History of change of values of the credit rating for the last 5 completed financial years, prior to the date of completion of the reporting quarter, and if the issuer performs its activity less than 5 years – for each completed financial year prior to the date of completion of the reporting quarter, indicating the value of the credit rating and the date of award (change) of the value of the credit rating

Date of assignment	Value of the credit rating
16.11.2009	BB-/B/ruAA- outlook "Stable"

8.2. Data on each category (type) of shares of the issuer

Category of shares: **ordinary**

Par value of each share (rubles): **0.1**

Amount of the shares which are in circulation (amount of shares which are not repaid or cancelled): **42 217 941 468**

Amount of the additional shares which are in process of placement (amount of shares of additional issue concerning which the state registration of the report on results of their release is not carried out): **0**

Amount of the declared shares: **258 532**

Number of shares at the issuer's balance: **0**

Amount of additional shares which may be placed as a result of converting the placed securities convertible into shares, or as a result of exercise of liabilities under options of the issuer: **0**

Issue of shares of this class (type):

Date of the state registration	Registration number
24.03.2005	1-01-10214-A

Rights granted by shares to their holders:

These rights are determined by clause 6.2. of Article 6 of the Articles of Association of the issuer: «Each ordinary share of the Company shall provide a shareholder - its owner - an equal volume of rights. The rights of shareholders owners of the ordinary shares of the Company shall be the following:

- 1) to participate personally or through representatives in general shareholders meeting of the Company with the right of vote on all items in its competence;***
- 2) to introduce moves in the agenda of the general meeting according to the legislation of the Russian Federation and the Articles of Association;***
- 3) to obtain information on the activity of the Company and get acquainted with the documentation of the Company in accordance with Article 91 of the Federal Law "On Joint Stock Companies" and other regulatory and legal statements and the Articles of Association;***
- 4) to receive dividends announced by the Company;***
- 5) to preferential right to acquire additional shares and emission securities placed through the open subscription, converted into shares in the amount proportional to the number of ordinary shares possessed by them, in cases provided by the law of the Russian Federation;***
- 6) to receive a part of the Company's property in case of its liquidation;***
- 7) to exercise other rights stipulated in the legislation of the Russian Federation and the Articles of Association»***

Supplementary information on shares specified by the issue at its discretion:
The issuer did not issue preferred shares

8.3. Data on the previous issues of equity securities of the issuer except for shares of the issue

8.3.1. Data on the issues all the securities of which are repaid (annulled)

There are no stated issues

8.3.2. Data on the issues, the securities of which are in circulation

There are no stated issues

8.3.3. Data on the issues, the obligations of the issuer under the securities of which were not executed (Default)

There are no stated issues

8.4. Data on the person (persons), who provided security on bonds of the issue

The issuer did not place bonds with security, liabilities on which have not been fulfilled yet

8.5. Conditions of maintenance of execution of obligations under bonds of the issue

The issuer did not place secured bonds, which are in circulation (are not redeemed) or liabilities on which have not been fulfilled (default)

8.5.1. Conditions of maintenance of execution of obligations under bonds with mortgage covering

The issuer did not place mortgage-backed bonds, liabilities on which have not been fulfilled yet

8.6. Data on the organizations which carry out accounting of the rights to the equity securities

Person performing keeping the register of owners of the issuer's registered securities: **registrar**

Full company name: **Limited Liability Company Reestr-RN**

Abbreviated company name: **Reestr-RN LLC**

Location: **bld. 3-4, Podkopaevsky Lane, 2/6, Moscow, 109028**

Taxpayer identification number: **7705397301**

Primary State Registration Number: **1027700172818**

Data on license for realization of the securities owners register keeping

Number: **10-000-1-00330**

Date of issue: **16.12.2004**

Date of expiry: **Termless**

Authority which issued the license: **FCSM of Russia**

Date from which the registrar keeps the register of holders of the issuer's securities: **18.12.2010**

Postal address of the registrar: bld. 3-4, Podkopaevsky Lane, 2/6, Moscow, 109028

Phone/fax: (495) 411-79-11, 411-83-11/ (495) 411-83-12

E-mail of the registrar: support@reestrn.ru

8.7. Data on the legislative acts regulating questions of import and export of the capital, which can influence payment of dividends, interests and other payments to non-residents

Names and details of legislative acts of the Russian Federation existing for the date of completion of the last reporting quarter, which regulate issues of import and export of the capital and can influence on payment of dividends on the issuer's shares to non-residents:

Main principles of realization of the currency transactions in the Russian Federation, rights and duties of legal

entities and physical persons at ownership, use and disposal of the foreign currency and currency of the Russian Federation, the responsibility for infringement of the currency legislation are established by the Federal Law of the Russian Federation "About currency regulation and currency control of 12/10/2003 173-FZ;

At the same time, the acts specified below also contain the corresponding norms establishing the order of fulfillment of transactions and calculations with use of Russian and the foreign currency:

Civil Code of the Russian Federation (Part I) of 30.11.1994 N 51-FZ;

Civil Code of the Russian Federation (Part III) of 26.11.2001 N 146-FZ;

Tax Code of the Russian Federation (Part I) of 31.07.1998 N 146-FZ;

Tax Code of the Russian Federation (Part II) of 5.08.2000 N 117-FZ;

Federal Law of the Russian Federation of 9.07.1999 N 160-FZ (as amended on 26.06.2007) "On foreign investments into the Russian Federation";

Federal Law of 7.08.2001 No.115-FZ "On countermeasures to legalization (laundering of proceeds) of the incomes, received by criminal way and financing of terrorism".

International agreements (contracts) of Russia with the foreign countries ratified by Federal Laws of the Russian Federation, and establishing the mode of avoidance of the double taxation on the territory of the countries which are participants of these agreements (contracts):

Agreement between the Government of the Russian Federation and the Government of the Republic of Uzbekistan of 2.03.1994 "On avoidance of the double taxation of incomes and property" (Agreement was ratified by the Federal Law of the Russian Federation of 24.04.1995 N 51-FZ);

Agreement between the Government of the Russian Federation and the Government of the Ukraine of 8.02.1995 "On avoidance of the double taxation of incomes and property and prevention of evasion from payment of taxes" (Agreement is ratified by the Federal law of the Russian Federation of 8.07.1999 N 145-FZ);

Agreement between the Government of the Russian Federation and the Government of Belarus of 21.04.1995 "On avoidance of the double taxation and prevention of evasion from payment of taxes concerning taxes to incomes and property" (Agreement was ratified by the Federal Law of the Russian Federation of 10.01.1997 N 14-FZ);

Agreement between the Government of the Russian Federation and the Government of the Republic of Moldova of 12.04.1996 "About avoidance of the double taxation of incomes and property and prevention of evasion from payment of taxes" (the Agreement was ratified by the Federal Law of the Russian Federation of 28.04.1997 N 72-FZ);

Convention between the Government of the Russian Federation and the Government of the Republic of Kazakhstan of 18.10.1996 "On elimination of the double taxation and prevention of evasion from payment of taxes to incomes and the capital" (the Convention was ratified by the Federal Law of the Russian Federation of 28.04.1997 N 74-FZ);

Agreement between the Government of the Russian Federation and the Government of the Republic of Armenia of 28.12.1996 "On elimination of the double taxation on incomes and property" (the Agreement was ratified by the Federal Law of the Russian Federation of 17.12.1997 N 151-FZ);

13.01.1999 "On avoidance of the double taxation and prevention of evasion from payment of taxes to incomes" (the Agreement was ratified by the Federal Law of the Russian Federation of 8.07.1999 N 146-FZ);

Agreement between the Government of the Russian Federation and the Government of the Lithuanian Republic of 29 June 1999 "On avoidance of the double taxation and prevention of evasion from payment of taxes concerning taxes to incomes and the capital" (the Agreement was ratified by the Federal Law of the Russian Federation of 26.04.2005 N40-FZ);

The Agreement between the Government of the Russian Federation and the Government of the United Mexican States concerning avoidance of double taxation with respect to taxes on income dated June 7, 2004 (the Agreement is ratified by the Federal Law N 27-FZ dated March 04, 2008);

The Agreement between the Government of the Russian Federation and the Government of the Republic of Singapore concerning avoidance of double taxation and prevention of tax evasion with respect to taxes on income dated September 9, 2002 (the Agreement is ratified by the Federal Law N 256-FZ dated December 22, 2008);

The Agreement between the Government of the Russian Federation and the Government of the Syrian Arab Republic concerning avoidance of double taxation with respect to taxes on income dated September 17, 2000 (the Agreement is ratified by the Federal Law N 81-FZ dated June 23, 2003);

The Agreement between the Government of the Russian Federation and the Government of Australia concerning avoidance of double taxation and prevention of tax evasion with respect to taxes on income dated September 7, 2000 (the Agreement is ratified by the Federal Law N 156-FZ dated December 06, 2003);

The Agreement between the Government of the Russian Federation and the Government of New Zealand concerning avoidance of double taxation and prevention of tax evasion with respect to taxes on income dated September 5, 2000 (the Agreement is ratified by the Federal Law N 79-FZ dated June 23, 2003);

The Agreement between the Government of the Russian Federation and the Government of the Republic of Finland concerning avoidance of double taxation with respect to taxes on income dated May 4, 1996 (Applicable in the Russian Federation since January 1, 2003 (the letter of Ministry of Taxation of the Russian Federation N RD-6-23/320 dated March 19, 2003);

Contract between the Russian Federation and the USA from 17.06.1992 "On avoidance of the double taxation and prevention of evasion from the taxation concerning taxes to incomes and the capital" (the Contract was ratified by the Decision of the Supreme Council of the Russian Federation of 22.10.1992 N 3702-1);

Convention between the Government of the Russian Federation and the Government of the State of Israel of 25.04.1994 "On avoidance of the double taxation and prevention of evasion from the taxation concerning taxes to incomes" (the Convention was ratified by the Federal law of the Russian Federation of 8.10.2000 N 126-FZ);

The Convention between the Government of the Russian Federation and the Government of the United Kingdom of the Great Britain and Northern Ireland of 15.02.1994 "On avoidance of the double taxation and prevention of evasion from the taxation concerning taxes to incomes and increase in value of property (together with exchange of the Notes of 15.02.1994 "Between the plenipotentiary Ambassador of the United Kingdom of the Great Britain and Northern Ireland in the Russian Federation and the deputy minister of foreign affairs of the Russian Federation) (the Convention and the Agreement concluded in the form of an exchange by notes, on application of separate provisions of the Convention, were ratified by the Federal Law of 19.03.1997 N 65-FZ);

Agreement between the Russian Federation and Federal Republic Germany of 29.05.1996 "On avoidance of the double taxation concerning taxes to incomes and property" (the Agreement was ratified by the Federal Law of the Russian Federation of 18.12.1996 N 158-FZ);

Agreement between the Government of the Russian Federation and the Government of the Republic of Cyprus of 5.12.1998 "On avoidance of the double taxation concerning taxes to incomes and the capital" (the Agreement was ratified by the Federal Law of 17.07.1999 N 167-FZ).

8.8. Description of incomes taxation procedure of the issuer's floated equity securities and equity securities which are in the process of floatation

Taxation of incomes from the placed issuer's equity securities and the securities in the process of placement are regulated by the Tax Code of the Russian Federation (further on called "TC"), and also other normative legal acts of the Russian Federation adopted according to the Tax Code of the Russian Federation.

TAXATION RATES

Profit type	Legal entities		Physical persons	
	Residents	Non-residents	Residents	Non-residents
Profit from sale of securities	20% (including: federal budget – 2%, budget of the federation entity– 18%)	20%	13%	30%
Profit in the form of dividends	0% (subitem1 item 3 Article 284 of the RF-TC) and 9%(subitem 2 item 3 Article 284 of the RF-TC	15%	9%	15%

TAX ASSESSMENT METHOD FOR PHYSICAL PERSONS

Tax type – individual income tax.

The sources of income of the Russian Federation include:

- Dividends and interest received from the Russian organization, and also the interest received from the Russian individual businessmen and (or) the foreign organization in connection with activity of its permanent mission in the Russian Federation;
- Incomes of sale in the Russian Federation of shares or other securities, and also stakes in the authorized capital of the organizations..

Tax base.

1. On income from participatory interest in other organisations

Tax base on income received from participatory interest in other organizations is determined by tax agent

taking particulars defined by this point into consideration.

If the Russian organization is the source of tax payer income, this organization is recognized to be tax agent and determines tax amount subject to deduction from tax payer income.

Tax amount subject to deduction from tax payer income – receiver of dividends, is calculated by tax agent according the following formula:

$$T = R \times Tr \times (d - D),$$

wherein:

T – tax amount subject to deduction;

R – relation of amount of dividends subject to distribution in favor of tax payer – receiver of dividends, to the total amount of dividends subject to distribution by tax agent;

Tr – relevant tax rate;

d – total amount of dividends subject to distribution by tax agent in favor of all receivers;

D - total amount of dividends received by tax agent within the current reporting (tax) period and previous reporting (tax) period by the date of distribution of dividends in favor of tax payers – receivers of dividends, providing that these amounts of dividends had not been accounted when determining tax base defined in respect to income received by tax agent in the form of dividends.

In case T value is minus, liability on tax payment does not occur and compensation from the budget is not paid.

2. On income relating to transactions with securities

When determining tax base on income relating to transactions with securities, income received on the following transactions are taken into account:

- 1) with securities circulating in the organized stock market;
- 2) with securities non-circulating in the organized stock market.

Securities circulating in the organized stock market are:

1) securities admitted to trading of the Russian trade organizer in the stock market, including at stock exchange.

Besides, securities are considered to be circulating in the organized stock market, if the market quotation of a security is calculated on them. The market quotation of a security means:

1) weighted average price of a security on transactions settled within one trading day through the Russian trade organizer in the stock market, including stock exchange, - for securities admitted to trading of such trade organizer in the stock market, at stock exchange;

2) closing price on a security calculated by foreign stock exchange on transactions settled within one trading day through such stock exchange, - for securities admitted to trading at foreign stock exchange.

Income from purchase-sale (repayment) of securities received within tax period is recognized to be income relating to transactions with securities.

Income in the form of interest (warrant, discount) received within tax period on securities are included in income relating to transactions with securities, if otherwise is provided by this article.

Expenses which are documentary confirmed and actually effected by a tax payer connected with acquisition, sale, keeping and repayment of securities, fulfillment and termination of liabilities on such transactions are considered to be expenses relating to transactions with securities and expenses relating to transactions with financial instruments of future transactions. These expenses include:

1) amounts paid to the issuer of securities as payment for placed securities as well as amounts paid in accordance with securities purchase contract, including warrant amounts;

2) payment for services rendered by professional stock market participants as well as stock exchange mediators and clearing centres;

3) expenses reimbursed to a professional stock market participant;

4) stock exchange fee (commission);

5) payment for services of persons keeping the register;

6) tax paid by tax payer when receiving securities by way of inheritance;

7) tax paid by tax payer when receiving shares by way of gift;

8) amounts of interests paid by tax payer on credits and loans received for settlement of transactions with securities within the amounts calculated basing on the refinancing rate of the Central Bank of the Russian Federation current as of the date of interest payment, increased in 1,1 times – for credits and loans expressed in Rubles and basing on 9 percent – credits and loans expressed in foreign currency;

12) other expenses connected directly with transactions with securities as well as expenses connected with

services rendered by professional stock market participants within their professional activity.

Financial result on transactions with securities and transactions with financial instruments of future transactions is determined as income from transactions after deduction of the relevant expenses.

Expenses which cannot be directly related to decrease of income on transactions with securities, whether circulating or non-circulating in the organized market, or to decrease of the relevant type of income are distributed proportionally to a stake of each type of income.

Tax payers that suffered losses in previous tax periods on transactions with securities circulating in the organized stock market, transactions with financial instruments of future transactions circulating in the organized market are entitled to reduce tax base on transactions with securities circulating in the organized stock market, transaction with financial instruments of future transactions circulating in the organized market, respectively in the current tax period by the total amount of the suffered loss or a part of this amount (transfer the loss to the future periods).

Amounts of loss received on transactions with securities circulating in the organized stock market which were transferred to the future periods decrease tax base of the relevant tax periods on such transactions.

It is not admitted to transfer losses suffered on transactions with securities, non-circulating in the organized stock market, to the future periods.

A tax payer is entitled to transfer loss to the future periods within 10 years next to the tax period in which this loss was suffered.

Tax base on transactions with securities and transactions with financial instruments of future transactions is determined upon completion of tax period, if otherwise is provided by this point.

Tax agent (trustee, broker, person performing transactions under trust agreement, commission agreement, agency agreement in favor of a tax payer, another person recognized by a tax agent in accordance with this Code) determines tax base of a tax payer according to all types of income from transactions settled by the tax agent in favor of a tax payer. At this trustee, broker, person performing transactions under trust agreement, commission agreement, agency agreement in favor of a tax payer, another person recognized by a tax agent in accordance with this Code is considered to be a tax agent on amounts of tax underwithheld by the issuer of securities.

Calculation, withholding and payment of the amount of tax are carried out by the tax agent upon completion of the tax period as well as till expiration of the tax period or expiration of trust agreement validity according to the procedure established by this chapter.

For the purposes of this point payment of cash to a tax payer or third person on a tax payer's demand as well as transfer of money to a banking account of a tax payer or third person on a tax payer's demand by a tax agent means payment of money.

When a tax agent pays out money (in-kind income) till expiration of the tax period or expiration of trust agreement validity the tax is calculated from tax base determined in accordance with this article.

To determine tax base a tax agent makes calculation of financial result for a tax payer which is paid out money or in-kind income to for the date of income payment. In this case, if the amount of money paid out to a tax payer does not exceed the amount calculated for him at the rate of financial result on transactions under which trustee (broker, person performing transactions under trust agreement, commission agreement, agency agreement in favor of a tax payer, another person recognized by a tax agent in accordance with this Code) acts as a tax agent, the tax is paid from the amount of payment.

In case of in-kind income payment the amount of payment is determined at the rate of actually effected and documentary confirmed expenses for acquisition of securities transferred to a tax payer.

When a tax agent pays out money (in-kind income) to a tax payer more than once within the tax period calculation of tax amount is made by accrued total method plus tax amounts previously paid.

When a tax payer has different type of income (including income subject to tax at different rates) on transactions settled by a tax agent in favor a tax payer, order of priority of their payment to a tax payer is determined by agreement between a tax payer and a tax agent in case of payment of money (in-kind income) till expiration of the tax period (expiration of trust agreement validity).

At impossibility to withhold the estimated sum of the tax from the tax bearer, the source of payment of the income, the tax agent (the broker, the confidential managing director or another person making operations under the contract of the assignment, to the contract of commission, agency agreement in favor of the tax bearer, another person recognized by a tax agent in accordance with this Code) within one month from the moment of occurrence of this circumstance in writing notifies tax body at the place of its accounting on impossibility of the specified deduction and the sum of debt of the tax bearer. Payment of the tax in this case is made in conformity with Article 228 TC.

Tax agents calculate, withhold and transfer the tax withheld from a tax payer not later than one month from the date of completion of the tax period or date of money payment (securities transfer).

A tax payer is provided with deduction in the amount of actually effected and documentary confirmed expenses in case a tax payer calculates or pays a tax by a tax agent (broker, trustee, management company that

performs trust management of property being unit investment fund, or by another person settling transactions under trust agreement, commission agreement, agency agreement or another similar agreement in favor of a tax payer) or upon expiration of the tax period when tax return is submitted to tax authority.

TAX ASSESSMENT METHOD FOR LEGAL ENTITIES

Tax - the profit tax.

The income includes:

- Proceeds from realization of property rights (incomes of realization);
- Extraordinary incomes in the form of interest under securities and other promissory notes and/or from individual share in other organizations.

Tax base.

1. On income from transactions on sale or other retirement of securities.

Incomes of the tax bearer from operations on realization or other retirement of securities (including repayment) are defined proceeding from the price of realization or other retirement of the securities, and also the sum of the accumulated interest (coupon) income paid by the buyer to the tax bearer, and the sum of the interest (coupon) income paid to the tax bearer by the issuer. Thus, the income of the tax bearer from realization or other retirement of securities does not include the amounts of the interest (coupon) income earlier considered at tax assessment.

Charges at sale (or other retirement) of securities are defined proceeding from the price of purchase of the securities (including charges on its purchase), expenses for its realization, the amount of discounts from settlement cost of the investment contributions, the sum of the accumulated interest (coupon) income paid by the tax bearer to the seller of the securities. Thus, the charges do not include the sums of the accumulated interest (coupon) income earlier considered at tax assessment.

Securities are recognized to be circulating on the organized securities market only at the simultaneous observance of the following terms:

- 1) if they are admitted to circulation at least by one organizer of trade who is entitled for making such permission according to the national legislation;
- 2) if the information on their prices (quotations) is published in mass media (including the electronic mass media) or may be presented by the organizer of trade or other authorized person to any interested person within three years after the date of fulfillment of operations with securities;
- 3) if the market quotation is calculated on their basis within the last three months preceding the date of transaction with securities settled by a tax payer, if it is stipulated by the corresponding national legislation..

Market price of the securities circulating on the organized securities market, for the purposes of tax assessment is an actual price of sale or other retirement of securities if this price is in the interval between the minimal and maximal prices of transactions (an interval of the prices) with the specified securities registered by the organizer of trade on the securities market for the date of fulfillment of the corresponding transaction.

In case sale (acquisition) of the securities circulating on the organized securities market as for its price is below the floor price (exceeding maximum price) of transactions for the organized securities market, at definition of financial result the floor price (maximum price) of the transaction for the organized securities market is considered.

The accumulated interest (coupon) income is a part of the interest (coupon) income, the payment of which is stipulated by terms of the issue of these securities calculated proportionally to the quantity of the days which passed from the date of issue of the securities or date of payment of the previous coupon income till the date of fulfillment of the transaction (date of transfer of the securities).

The procedure for determining the settlement price of securities not traded at an organized securities market, is set out by order of the Federal Financial Markets Service of Russia N 10-66/pz-n of 09.11.2010 "On approval of determining the settlement price of the securities not traded at an organized securities market for the purpose of Chapter 25 of the Tax Code of the Russian Federation" (hereinafter - the Procedure).

Calculating price of securities not circulating at the stock market can be defined:

- as the price, calculated on the basis of existing market prices of securities at the securities market in accordance with paragraph 4 of the Procedure;
- as the price, calculated by the organization in accordance with the rules provided in paragraphs 5 - 19 of the Procedure;
- as the estimated value of the securities, determined by the appraiser.

Procedure of determining of calculating price of securities, non-circulating in the organized market, as well as calculating price appraisal methods for such securities (if appraisal of calculating price is conducted by a tax payer independently) should be recorded in the tax payer's accounting policy.

The tax base under operations with securities is defined by the tax bearer separately, except for the tax base

on operations with the securities defined by professional participants of the securities market. Thus, tax bearers (except for the professional participants of the securities market who carry out dealer activity) define tax base on operations with the securities circulating on the organized securities market, separately from tax base on operations with the securities which are not circulating on the organized securities market.

At sale or other retirement of securities, the tax bearer independently according to the accounting policy accepted with a view of the taxation chooses one of the following methods of write-off of the cost of the retired securities to charges:

- 1) First In First Out (FIFO);
- 2) Cost of a unit.

The tax bearers who received the loss (losses) from operations with securities in the previous tax period or during the previous tax periods, have the right to reduce the tax base received from operations with securities in the accounting (tax) period (to transfer the specified losses on the future) in accordance with the procedures and on terms established by Article 283 of TC.

Thus losses from operations with the securities which are not circulating on the organized securities market received in the previous tax period (the previous tax periods) may be referred to reduction of tax base from operations with such securities defined in the accounting (tax) period. Losses from operations with the securities circulating on the organized securities market received in the previous tax period (the previous tax periods) may be referred to reduction of tax base from operations on sale of the given category of securities.

During the tax period, carryover of the losses occurred in the corresponding reporting period from operations with securities circulating on the organized securities market, and the securities which are not circulating on the organized securities market, is referred separately to the specified categories of securities accordingly within the limits of the profit received from operations with such securities.

In case the payment by the foreign organization tax agent of incomes which according to the international contracts (agreements) are assessed in the Russian Federation under the lowered rates, calculation and deduction of the sum of the tax from incomes are made by the tax agent under the corresponding lowered rates under condition of presentation by the foreign organization to the tax agent of the acknowledgement stipulated by item 1 of Article 312 TC of the Russian Federation. Thus, in case of payment of incomes by the Russian banks on operations with foreign banks acknowledgement of the fact of a constant location of foreign bank in the state with which there is the international contract (agreement) regulating issues of the taxation is not required, if such location proves to be true data of popular information directories.

2. On income from participatory interest in the activity of the organisations (dividends)

Tax base on income received from participatory interest in other organisations is determined by a tax agent taking particulars specified by this point into consideration:

1) If the source of a tax payer's income is foreign organisation, tax amount in relation of received dividends is fixed by a tax payer independently basing on the amount of received dividends and the relevant tax rate

In this case tax payers that receive dividends from foreign organisation, including by means of permanent representation in foreign organisation in the Russian Federation, is not entitled to reduce tax amount calculated in accordance with this chapter by tax amount calculated and paid according to income source location, if otherwise is provided by the international contract.

2) If the source of a tax payer's income is the Russian organisation, this organisation is recognized to be a tax agent and fixes tax amount taking provisions of this point into account.

Tax amount subject to withholding from income of a tax payer – receiver of dividends, is calculated by a tax agent according the following formula:

$$T = R \times Tr \times (d - D),$$

wherein:

T – tax amount subject to withholding;

R – relation of amount of dividends subject to distribution in favor of tax payer – receiver of dividends, to the total amount of dividends subject to distribution by tax agent;

Tr – relevant tax rate;

d – total amount of dividends subject to distribution by tax agent in favor of all receivers;

D - total amount of dividends received by tax agent within the current reporting (tax) period and previous reporting (tax) period by the date of distribution of dividends in favor of tax payers – receivers of dividends, providing that these amounts of dividends had not been accounted when determining tax base defined in respect to income received by tax agent in the form of dividends.

In case T value is minus, liability on tax payment does not occur and compensation from the budget is not

paid.

3) If the Russian organisation – a tax agent pays out dividends to foreign organisation and (or) an individual who is non-resident of the Russian Federation, tax base of a tax payer – receiver of dividends under each such payment is determined as the amount of paid dividends.

In case of payment of income to a foreign organization by the tax agent which in accordance with international treaties (agreements) is taxed in Russia at reduced rates, then calculation and withholding of tax on gains is made by the tax agent at relevant reduced rates when a confirmation is presented by a foreign organization to the tax agent under paragraph 1 of Article 312 of the Tax Code of the Russian Federation.

8.9. Data on declared (added) and paid dividends per shares of the issuer, as well as on income from the issuer's bonds

8.9.1. Data on declared (added) and paid dividends per shares of the issuer for the last 5 completed financial years or the each completed financial year, if the issuer performs its activity less than 5 years

Dividend period

Year: **2006**

Period: **full year**

Name of the governance body of the issuer, which took decision (declared) of payment of dividends on the issuer's shares: **Decision of the sole shareholder**

Date of carrying out the meeting of the issuer's governance body where the decision on payment (declaration) of dividends was taken: **29.06.2007**

Date of the list of persons entitled to receive dividends for this dividend period:

Date of the minutes: **29.06.2007**

Number of the minutes: **1694pr/2**

Class (type) of shares: **ordinary**

Sum of the declared (accrued) dividends on shares of this class (type) as per one share, Rubles: **0.0283**

Total sum of the declared (accrued) dividends on all shares of this class (type), Rubles: **2 830 000**

Total amount of dividends paid out on all issuer's shares of the same class (type), Rubles: **2 830 000**

The term allocated for payment of declared dividends per shares of the issuer: **within 60 days from the date of decision-making on their payment**

The form and other terms of payment of the declared dividends per shares of the issuer: **in the monetary form by transfer of the corresponding sums of money from the account of the issuer to the bank account (postal address) containing in the system of keeping the register of the issuer's shareholders.**

Dividend period

Year: **2010**

Period: **full year**

Name of the governance body of the issuer, which took decision (declared) of payment of dividends on the issuer's shares: **Decision of AGM**

Date of carrying out the meeting of the issuer's governance body where the decision on payment (declaration) of dividends was taken: **17.06.2011**

Date of the list of persons entitled to receive dividends for this dividend period: **12.05.2011**

Date of the minutes: **21.06.2011**

Number of the minutes: **01/11**

Class (type) of shares: **ordinary**

Sum of the declared (accrued) dividends on shares of this class (type) as per one share, Rubles: **0.01447**

Total sum of the declared (accrued) dividends on all shares of this class (type), Rubles: **610 932 000**

Total amount of dividends paid out on all issuer's shares of the same class (type), Rubles:

The term allocated for payment of declared dividends per shares of the issuer: ***within 60 days from the date of decision-making on their payment***

The form and other terms of payment of the declared dividends per shares of the issuer: ***in the monetary form by transfer of the funds from the issuer's bank account to the account (postal address) contained in the system to maintain the register of shareholders of the issuer.***

The dividends declared on the shares of the issuer have not been paid by the issuer in full.

Reasons for non-payment of the declared dividends:

some shareholders lack details of registered persons in the questionnaires for transfer of the dividends (or they are wrong).

At the Annual General Shareholders Meeting held on May 30, 2008 the decision was taken not to pay a dividend per the Company's ordinary shares following the results of 2007.

At the annual General meeting of shareholders held on June 11, 2009 the decision was taken not to pay dividends on ordinary shares of the Company following the results of 2008.

At the annual General meeting of shareholders held on June 22, 2010 the decision was taken not to pay dividends on ordinary shares of the Company following the results of 2009.

The issuer did not carry out issue of bonds and, accordingly, did not pay incomes per bonds for all time of realization of its activity.

The information about the dividend history of IDGC of Centre, JSC for the period 2005-2011 is posted on the website of the Company at: <http://www.mrsk-1.ru/ru/investors/dividend/>.

8.9.2. Issues of bonds, on which the income has been paid out for the last 5 completed financial years prior to the date of completion of the last reporting quarter, and if the issuer performs its activity less than 5 years – for each completed financial year prior to the date of completion of the last reporting quarter

The issuer did not issue bonds

8.10. Other data

8.10.1. Calendar of key events and news of the Company

Calendar of key events (investor's calendar) and news of the Company is placed on the website of the Company at page:

- key events (investor's calendar): <http://www.mrsk-1.ru/ru/investors/calendar/>;

- news of the Company: <http://www.mrsk-1.ru/ru/press/news/>://www.mrsk-1.ru/ru/press/news/.

8.10.2. The information on participation of the Company in exhibitions and conferences, activity of international organizations

The information on participation of the Company in exhibitions and conferences, activity of the international organizations is placed on the website of the Company at: <http://www.mrsk-1.ru/ru/about/keyfacts/exhibitions/>.

8.10.3. Local normative documents of the Company

Internal documents of IDGC of Centre are placed on the website of the Company at: <http://www.mrsk-1.ru/ru/information/documents/internal/>.

8.10.4. The information on activity of the Company governance bodies

Reports of the governance and control bodies of IDGC of Centre are placed on the website of the Company at:

- Minutes of general meeting of shareholders:

<http://www.mrsk-1.ru/ru/investors/management/decision/stockholders-meeting/solution/17062011/index.php>;

- Minutes of meeting of the Board of Directors:

<http://www.mrsk-1.ru/ru/investors/management/decision/sovet/2011/index.php>;

- Minutes of meeting of Committees of the Board of Directors:

<http://www.mrsk-1.ru/ru/investors/management/decision/solution-committee/>;

- Minutes of meeting of the Auditing Committee:

<http://www.mrsk-1.ru/ru/investors/management/supervisors/decisions-inspection/>.

8.10.5. Data on the structures of the committees under the Board of Directors of the Company

As of 30.09.2011 IDGC of Centre set up 5 Committees under the Company Board of Directors: Reliability Committee, Committee for Personnel and Remuneration, Committee for Audit, Committee for Strategy and Development, Committee for the Technological connection to electric grids under the Board of Directors. The information on the structure of the Committees under the Board of Directors of IDGC of Centre is placed on the website of the Company at:

- Reliability Committee:

<http://www.mrsk-1.ru/ru/investors/management/controls/committee/technological/2011/index.php>;

- Committee for Technological connection to electric grids:

<http://www.mrsk-1.ru/ru/investors/management/controls/committee/realty/2011/index.php>;

- Committee for Strategy and Development:

<http://www.mrsk-1.ru/ru/investors/management/controls/committee/strategics/2011/index.php>;

- Committee for Audit:

<http://www.mrsk-1.ru/ru/investors/management/controls/committee/audit/2011/index.php>;

- Committee for Personnel and Remuneration:

<http://www.mrsk-1.ru/ru/investors/management/controls/committee/cadre/2011/index.php>.

8.10.6. Data on procedures of nomination of candidates for the Board of Directors of the Company, procedure of convocation, procedure of submission of items in the agenda of the annual and extraordinary general meetings of shareholders, procedure of submission of items to the Board of Directors of the Company

Data on the procedures of nomination of candidates for the Board of Directors of the Company, procedure of convocation, procedure of submission of items in the agenda of the annual and extraordinary general meetings of shareholders, procedure of submission of items for the Board of Directors of the Company are given in item 8.1.4. of this report and on the website of the Company at: <http://www.mrsk-1.ru/ru/investors/management/controls/stockholders/>; <http://www.mrsk-1.ru/ru/investors/management/controls/directors/>.

8.10.7. Procedures of decision-making on payment of remunerations to members of the Board of Directors and executive bodies of the Company

The information on procedures of decision-making on payment of remunerations to members of the Board of Directors and executive bodies of IDGC of Centre is placed on the website of the Company at: <http://www.mrsk-1.ru/ru/investors/management/controls/reward/>.

8.10.8. The information on corporate governance appraisal

In 2007 Consortium of the Russian Institute of Directors and the Expert RA rating agency - "RID - RA" appropriated IDGC of Centre the rating of corporate governance NCGR 6 + - "Developed practice of corporate governance" under the scale of the National Corporate Governance Rating".

From the moment of assignment of the National Corporate Governance Rating at the end of 2006, the practice of corporate governance of the Company underwent a number of changes that was the basis for revision and increase of the rating of corporate governance up to the level of NCGR 6 +.

On 23 September 2008, the Consortium of the Russian Institute of Directors and the Expert RA rating agency - "RID - RA" appropriated IDGC of Centre the rating of corporate governance NCGR 7 "Developed practice

of corporate governance" under the scale of the National Corporate Governance Rating, and on February 02, 2009, July 29, 2009 and January 18, 2010 and July 12, 2010 the rating was confirmed at this level.

On 25.01.2011 the Consortium of the Russian Institute of Directors and "Expert RA" rating agency - «RID – Expert RA» raised the corporate governance rating up to NRCG 7+ "Developed Practice of Corporate Governance" according to the scale of the National Corporate Governance Rating.

This level of rating means that IDGC of Centre has a low risk of corporate governance, the company complies with the requirements of the Russian legislation on corporate governance, follows most of the recommendations of the Russian Code of Corporate Conduct, and some of the recommendations of the international best practice corporate governance.

The certificate on assignment to the Company of the corporate governance rating is published on the Internet website of the Company at: <http://www.mrsk-1.ru/ru/investors/management/raiting/>.

8.10.9. Information on officials of system of internal control over the issuer's financial and economic activity – Department for internal audit and risk management of IDGC of Centre, JSC:

Information on employees of the Department of internal control and audit at the reporting date:

<i>Vadim Evgenyevich Bunin</i>	
Year of birth	1976
Education	1998, Kostroma State Technological University, specialty: «Accounting and audit», qualification: economist in specialty «Accounting and audit»
Citizenship	The Russian Federation
Positions occupied in the issuer and other organizations for the past 5 years and at present, in date order	<p>10.06.2008 - current IDGC of Centre, JSC – Head of Department for internal audit and risk management (before 01.08.2011 - Department for internal control and audit)</p> <p>01.11.2007 - 09.06.2008 IDGC of Centre, JSC – regional manager</p> <p>21.08.2006 - 31.10.2007 IDGC of Centre and North Caucasus, JSC – Deputy General Director for Economy and Finance of the Southern Directorate</p> <p>13.06.2006 - 18.08.2006 «Investment construction company «VEDIS» Close JSC – Deputy Financial Director</p> <p>11.05.2004 - 13.06.2006 «Investment construction company «VEDIS» Close JSC – Chief Accountant</p>
Stake of this person in the authorized capital of the issuer which is a commercial organization	Has no stake
Ordinary shares of the issuer belonging to the person	Has no stake
Amount of the issuer's shares of each category (type) which may be purchased by this person as a result of exercise of the rights under the issuer's options	Has no such shares

belonging to the person	
Stake of participation of the person in the authorized (joint-stock) capital (share fund) of subsidiaries and dependent entities of the issuer	Has no stake
Ordinary shares of a subsidiary or dependent entity of the issuer belonging to this person (for subsidiaries and dependent entities of the issuer which are joint-stock companies)	Has no stake
Amount of shares of each category (type) of a subsidiary or dependent entity of the issuer which may be purchased by the person as a result of exercise of the rights under options of a subsidiary or dependent entity of the issuer belonging to the person	Has no such shares
Any sibs with other persons who form a part of the issuer governance bodies and/or bodies for control over financial and economic activity of the issuer	Has no sibs with the specified persons
Data on bringing to the management responsibility for breach of law in finance, taxes and tax collections, securities market, or to the criminal liability (presence of previous conviction) for crimes in economy or for crimes against the government	Proceedings were not initiated against the person
Data on positions in governance bodies of the commercial organizations during the period when proceedings of bankruptcy and/or one of the procedures of bankruptcy stipulated by the legislation of the Russian Federation about insolvency (bankruptcy) were initiated against the specified organizations.	The person did not occupy such positions
<i>Nina Petrovna Zavatskaya</i>	
Year of birth	1962
Education	1981, Kokinsky Order of Red Banner State Farm - College "Accounting"; 1989, Bryansk Agricultural Institute, "Economics and Organization of Agriculture"
Citizenship	The Russian Federation
Positions occupied in the issuer and other organizations for the past 5 years and at present, in date order	18.10.2010 – current IDGC of Centre, JSC – Principle specialist of Section for Audit and Expertise of Department for internal audit and risk management (before 01.08.2011 - Department for internal control and audit) from 15.04. 2008 to 13.10.2010 CorSsys, JSC – Director of Brynsk Division; from 10.12.2005 to 14.04.2008 Brynskenergo, JSC – Deputy Chief Accountant on Operations, Chief Accountant
Stake of this person in the authorized capital of the issuer which is a commercial organization	Has no stake
Ordinary shares of the issuer belonging to the person	Has no stake
Amount of the issuer's shares of each category (type) which may be purchased by this person as a result of	Has no such shares

exercise of the rights under the issuer's options belonging to the person	
Stake of participation of the person in the authorized (joint-stock) capital (share fund) of subsidiaries and dependent entities of the issuer	Has no stake
Ordinary shares of a subsidiary or dependent entity of the issuer belonging to this person (for subsidiaries and dependent entities of the issuer which are joint-stock companies)	Has no stake
Amount of shares of each category (type) of a subsidiary or dependent entity of the issuer which may be purchased by the person as a result of exercise of the rights under options of a subsidiary or dependent entity of the issuer belonging to the person	Has no such shares
Any sibs with other persons who form a part of the issuer governance bodies and/or bodies for control over financial and economic activity of the issuer	Has no sibs with the specified persons
Data on bringing to the management responsibility for breach of law in finance, taxes and tax collections, securities market, or to the criminal liability (presence of previous conviction) for crimes in economy or for crimes against the government	Proceedings were not initiated against the person
Data on positions in governance bodies of the commercial organizations during the period when proceedings of bankruptcy and/or one of the procedures of bankruptcy stipulated by the legislation of the Russian Federation about insolvency (bankruptcy) were initiated against the specified organizations.	The person did not occupy such positions
<i>Elena Vitalievna Kochkurova</i>	
Year of birth	1978
Education	The Academy of National Economy under the Government of the Russian Federation, economist The Far Eastern National University, lawyer Institute of Management «Link», post-graduate course
Citizenship	The Russian Federation
Positions occupied in the issuer and other organizations for the past 5 years and at present, in date order	10.01.2006 - current IDGC of Centre, JSC, Head of Section for internal audit, Principle Expert of Department for internal audit and risk management (before 01.08.2011 - Department for internal control and audit) 29.07.2002 - 30.12.2005 RAO UES of Russia, Principle Expert of the Book Keeping and Reporting Department
Stake of this person in the authorized capital of the issuer which is a commercial organization	Has no stake
Ordinary shares of the issuer belonging to the person	Has no stake
Amount of the issuer's shares of each category (type)	Has no such shares

which may be purchased by this person as a result of exercise of the rights under the issuer's options belonging to the person	
Stake of participation of the person in the authorized (joint-stock) capital (share fund) of subsidiaries and dependent entities of the issuer	Has no stake
Ordinary shares of a subsidiary or dependent entity of the issuer belonging to this person (for subsidiaries and dependent entities of the issuer which are joint-stock companies)	Has no stake
Amount of shares of each category (type) of a subsidiary or dependent entity of the issuer which may be purchased by the person as a result of exercise of the rights under options of a subsidiary or dependent entity of the issuer belonging to the person	Has no such shares
Any sibs with other persons who form a part of the issuer governance bodies and/or bodies for control over financial and economic activity of the issuer	Has no sibs with the specified persons
Data on bringing to the management responsibility for breach of law in finance, taxes and tax collections, securities market, or to the criminal liability (presence of previous conviction) for crimes in economy or for crimes against the government	Proceedings were not initiated against the person
Data on positions in governance bodies of the commercial organizations during the period when proceedings of bankruptcy and/or one of the procedures of bankruptcy stipulated by the legislation of the Russian Federation about insolvency (bankruptcy) were initiated against the specified organizations.	The person did not occupy such positions
<i>Svetlana Yurievna Kuznetsova</i>	
Year of birth	1964
Education	1989, Yaroslavl State University, Specialty "Accounting and business analysis"
Citizenship	The Russian Federation
Positions occupied in the issuer and other organizations for the past 5 years and at present, in date order	14.10.2010 – current IDGC of Centre, JSC – Principle specialist of Section for Audit and Expertise of Department for internal audit and risk management (before 01.08.2011 - Department for internal control and audit) from 01.10. 2007 to 13.10.2010 CorSsys, JSC – Director of Yaroslavl Division; from 01.03.2005 to 30.09.2007 Yarenergo, JSC – Chief Accountant
Stake of this person in the authorized capital of the issuer which is a commercial organization	Has no stake
Ordinary shares of the issuer belonging to the person	Has no stake
Amount of the issuer's shares of each category (type) which may be purchased by this person as a result of exercise of the rights under the issuer's options	Has no such shares

belonging to the person	
Stake of participation of the person in the authorized (joint-stock) capital (share fund) of subsidiaries and dependent entities of the issuer	Has no stake
Ordinary shares of a subsidiary or dependent entity of the issuer belonging to this person (for subsidiaries and dependent entities of the issuer which are joint-stock companies)	Has no stake
Amount of shares of each category (type) of a subsidiary or dependent entity of the issuer which may be purchased by the person as a result of exercise of the rights under options of a subsidiary or dependent entity of the issuer belonging to the person	Has no such shares
Any sibs with other persons who form a part of the issuer governance bodies and/or bodies for control over financial and economic activity of the issuer	Has no sibs with the specified persons
Data on bringing to the management responsibility for breach of law in finance, taxes and tax collections, securities market, or to the criminal liability (presence of previous conviction) for crimes in economy or for crimes against the government	Proceedings were not initiated against the person
Data on positions in governance bodies of the commercial organizations during the period when proceedings of bankruptcy and/or one of the procedures of bankruptcy stipulated by the legislation of the Russian Federation about insolvency (bankruptcy) were initiated against the specified organizations.	The person did not occupy such positions
<i>Molodtsova Alla Vladislavovna</i>	
Year of birth	1979
Education	2004, Ryazan State Radio Engineering Academy, Faculty of economics and planning industry, degree in "Company Management"
Citizenship	The Russian Federation
Positions occupied in the issuer and other organizations for the past 5 years and at present, in date order	<p>07.02.2011 - current IDGC of Centre, JSC - Leading Expert of Department for internal audit and risk management (before 01.08.2011 - Department for internal control and audit)</p> <p>07.2010 - 10.2010 Trading House "Perekrestok" LLC Leading Auditor</p> <p>04.2006 - 06.2010 ZAO Deloitte Touche Consultant</p> <p>06.2005 – 04.2006 Nevskaya Consulting Company LLC Consultant</p>
Stake of this person in the authorized capital of the	Has no stake

issuer which is a commercial organization	
Ordinary shares of the issuer belonging to the person	Has no stake
Amount of the issuer's shares of each category (type) which may be purchased by this person as a result of exercise of the rights under the issuer's options belonging to the person	Has no such shares
Stake of participation of the person in the authorized (joint-stock) capital (share fund) of subsidiaries and dependent entities of the issuer	Has no stake
Ordinary shares of a subsidiary or dependent entity of the issuer belonging to this person (for subsidiaries and dependent entities of the issuer which are joint-stock companies)	Has no stake
Amount of shares of each category (type) of a subsidiary or dependent entity of the issuer which may be purchased by the person as a result of exercise of the rights under options of a subsidiary or dependent entity of the issuer belonging to the person	Has no such shares
Any sibs with other persons who form a part of the issuer governance bodies and/or bodies for control over financial and economic activity of the issuer	Has no sibs with the specified persons
Data on bringing to the management responsibility for breach of law in finance, taxes and tax collections, securities market, or to the criminal liability (presence of previous conviction) for crimes in economy or for crimes against the government	Proceedings were not initiated against the person
Data on positions in governance bodies of the commercial organizations during the period when proceedings of bankruptcy and/or one of the procedures of bankruptcy stipulated by the legislation of the Russian Federation about insolvency (bankruptcy) were initiated against the specified organizations.	The person did not occupy such positions
<i>Natalia Mikhailovna Novikova</i>	
Year of birth	1971
Education	1993, Lipetsk State Polytechnic Institute, "Automated data processing and management systems; 2004, All-Union Correspondence Institute of Finance and Economics, "Accounting, analysis and audit".
Citizenship	The Russian Federation
Positions occupied in the issuer and other organizations for the past 5 years and at present, in date order	14.10.2010 – current IDGC of Centre, JSC – Chief of Section for Audit and Expertise of Department for internal audit and risk management (before 01.08.2011 - Department for internal control and audit) from 2008 to 14.10.2010 CorSsys, JSC – Director of Lipetsk Division; 01.06.2004 - 30.06.2008 from 2003 to 2008 Lipetsenergo, JSC – Chief Accountant

Stake of this person in the authorized capital of the issuer which is a commercial organization	Has no stake
Ordinary shares of the issuer belonging to the person	Has no stake
Amount of the issuer's shares of each category (type) which may be purchased by this person as a result of exercise of the rights under the issuer's options belonging to the person	Has no such shares
Stake of participation of the person in the authorized (joint-stock) capital (share fund) of subsidiaries and dependent entities of the issuer	Has no stake
Ordinary shares of a subsidiary or dependent entity of the issuer belonging to this person (for subsidiaries and dependent entities of the issuer which are joint-stock companies)	Has no stake
Amount of shares of each category (type) of a subsidiary or dependent entity of the issuer which may be purchased by the person as a result of exercise of the rights under options of a subsidiary or dependent entity of the issuer belonging to the person	Has no such shares
Any sibs with other persons who form a part of the issuer governance bodies and/or bodies for control over financial and economic activity of the issuer	Has no sibs with the specified persons
Data on bringing to the management responsibility for breach of law in finance, taxes and tax collections, securities market, or to the criminal liability (presence of previous conviction) for crimes in economy or for crimes against the government	Proceedings were not initiated against the person
Data on positions in governance bodies of the commercial organizations during the period when proceedings of bankruptcy and/or one of the procedures of bankruptcy stipulated by the legislation of the Russian Federation about insolvency (bankruptcy) were initiated against the specified organizations.	The person did not occupy such positions
<i>Danil Yurievich Tkalichev</i>	
Year of birth	1982
Education	2004, The Russian Economic Academy named after G.V. Plekhanov; Specialty «Finances and credit», Specialty «Financial management»
Citizenship	The Russian Federation
Positions occupied in the issuer and other organizations for the past 5 years and at present, in date order	<p>13.03.2006 - current IDGC of Centre, JSC - Leading Expert of Section for Internal Audit of Department for internal audit and risk management (before 01.08.2011 - Department for internal control and audit)</p> <p>23.08.2004 - 10.03.2006 RAO UES of Russia – (on the basis of the works contract) Financial and Economic Management of the "Service" Business Unit</p>
Stake of this person in the authorized capital of the	Has no stake

issuer which is a commercial organization	
Ordinary shares of the issuer belonging to the person	Has no stake
Amount of the issuer's shares of each category (type) which may be purchased by this person as a result of exercise of the rights under the issuer's options belonging to the person	Has no such shares
Stake of participation of the person in the authorized (joint-stock) capital (share fund) of subsidiaries and dependent entities of the issuer	Has no stake
Ordinary shares of a subsidiary or dependent entity of the issuer belonging to this person (for subsidiaries and dependent entities of the issuer which are joint-stock companies)	Has no stake
Amount of shares of each category (type) of a subsidiary or dependent entity of the issuer which may be purchased by the person as a result of exercise of the rights under options of a subsidiary or dependent entity of the issuer belonging to the person	Has no such shares
Any sibs with other persons who form a part of the issuer governance bodies and/or bodies for control over financial and economic activity of the issuer	Has no sibs with the specified persons
Data on bringing to the management responsibility for breach of law in finance, taxes and tax collections, securities market, or to the criminal liability (presence of previous conviction) for crimes in economy or for crimes against the government	Proceedings were not initiated against the person
Data on positions in governance bodies of the commercial organizations during the period when proceedings of bankruptcy and/or one of the procedures of bankruptcy stipulated by the legislation of the Russian Federation about insolvency (bankruptcy) were initiated against the specified organizations.	The person did not occupy such positions

Payment of remuneration to employees of the Department for Internal Control and Audit of IDGC of Centre, JSC is made in accordance with the terms and conditions of their employment contracts.

8.10.10. Data on transactions (group of the associated transactions) with subsidiaries and dependent companies, data on intracorporate transactions, on transactions between and with subsidiaries and dependent companies, and also about transactions which do formally fall under definition of material ones, however, capable to influence activity of the Company.

Transactions (group of the associated transactions) with subsidiaries and dependent companies, data on intracorporate transactions, on transactions between and with subsidiaries and dependent companies, and also about transactions which do formally fall under definition of material ones, however, capable to influence activity of the Company, if the amount of such transaction exceeds 2% of balance assets of the Company for the moments of transaction:

Information on such transactions in the 3rd quarter 2011 is disclosed on the Company web-site at: <http://www.mrsk-1.ru/ru/investors/management/transactions/2011/index.php>.

8.10.11. The statistical information on shareholders of the Company, structure of the Company share capital

The statistical information on the shareholders and structure of the share capital of IDGC of Centre, JSC is placed on the Company website at: <http://www.mrsk-1.ru/ru/investors/capital/>.

8.10.12. Dividend policy of the Company

The Company adopted and applies the Dividend Policy (Minutes of the Board # 18/10 of 03.09.2010). The dividend policy of IDGC of Centre is based on the balance of interests of the Company and its shareholders, as well as the need to increase investment attractiveness of IDGC of Centre and its shareholder value.

In 2011 the Annual General Meeting of Shareholders of IDGC of Centre approved the payment of dividends for 2010 in the amount of 610 932 thousand rubles within 60 days from the date of the decision (Minutes # 01/11 of 21.06.2011).

The information about the dividend policy of IDGC of Centre is placed on the website of the Company at: <http://www.mrsk-1.ru/ru/investors/dividend/>.

8.10.13. The information additionally disclosed on the shares of the Company.

On April 08, 2009 the shares of the Company were included into the quotation list «B» of «MICEX Stock Exchange» Closed JSC (13, Bolshoy Kislovsky pereulok, Moscow, 125009).

The shares of the Company are admitted to trading without listing procedure at the Stock Exchange of «RTS», OJSC (bld. 1, Vozdvizhenka St., 4/7, Moscow).

Results of trading of the Company's shares:

Period	Number of transactions, pcs	Total amount, RUR	Total amount, USD
MICEX			
January 2011	1 925	114 853 273,4	
February 2011	2 062	224 872 844,4	
March 2011	1 857	372 192 987	
Total, q 1 2011	5 844	711919104,8	
April 2009	3 026	96 949 510,40	
May 2009	1 589	107 174 448,70	
June 2009	1 600	123 290 974,20	
Total, q 2 2011	6 215	327 414 933,30	
July 2011	3 356	85858580,10	
August 2011	3 794	81471799,00	
September 2011	2 771	85088794,10	
Total, q 3 2011	9 921	252 419 173,20	
RTS, classical market			
January 2011	1		7 350
February 2011	4		358135,05
March 2011	16		352505,61
Total, q 1 2011	21		717 990,66
	1		175 897,32
May 2010	2		78 000
June 2010	3		134 000
Total, q 2 2011	6		387 897,32
July 2011	2		264 201,3
August 2011	1		31 000
September 2011	2		17 600
Total, q 3 2011	5		312 801,3
RTS, exchange market			
January 2011	-	-	
February 2011	1	5 950 854	
March 2011	2	737 625	
Total, q 1 2011	3	6 688 479	
April 2009	3	5 492 583,19	
May 2009	-	-	
June 2009	-	-	
Total, q 2 2011	3	5 492 583,19	
July 2011	2	6 522 098,8	

August 2011	1	6 300	
September 2011	-	-	
Total, q 3 2011	5 868	718 607 583,8	717 990,66
Sum total q 1 2011	6 224	332 907 516,49	387 897,32
Sum total q 2 2011	9 929	258 947 572	312 801,3
Sum total q 3 2011	5 868	718 607 583,8	717 990,66

The information on the dynamics of securities rate of IDGC of Centre, JSC, is available on the Company website at: http://www.mrsk-1.ru/ru/investors/securities/tools/stock_graph/index.php.

8.10.14. Data on the market makers of the Company

«Financial-Economic Consulting» Ltd. – at Closed JSC «Stock Exchange MICEX»:

- renders services on realization on MICEX Stock Exchange of services of outstanding of Securities by submission and constant market making (except for a quotation break) on its own behalf and at its own expense or due to its clients of the application of the Market Maker concerning Securities in the trading system during the trading session of the Mode of the Main Trades according to the contract provisions. The issuer is liable to pay remuneration to Market Maker according to the procedure provided by the contract.

The amount of the remuneration of the Market Maker equals 120 577,50 (one hundred twenty thousand five hundred and seventy-seven) rubles and 50 kopecks, VAT included, monthly.

The terms of execution of obligations by the Market Maker during the trading session:

1. Name of the issuer of the securities	IDGC of Centre, JSC
2. Type of the securities, number of the state registration	Ordinary registered shares No. of the state registration: 1-01-10214-A
2.1. Spread of the bilateral quotation (in per cent), not more than	1,99
2.2. Volume of bilateral quotation (in pieces), not more than	505 000
2.3. The maximal volume of transactions of the Market Maker completed on the basis of applications of the Market Maker, after the achievement of which the Market Maker is free from obligations on submission and maintenance of bilateral applications of the Market Maker (in pcs), not less than	3 810 000

The Market Maker is entitled not to submit and not to provide market making of the applications of the Market Maker in relation to the Securities during the Trading Session on MICEX Stock Exchange within the period which does not exceed in total the time of the quotation break. Duration of the quotation break is fixed equal to 120 minutes.

Spread of the bilateral quotation is the maximal value calculated in per cent and defined for the Bilateral Quotation as a difference between the best selling price and the best purchasing price in relation to the best purchasing price under a certain security.

8.10.15. Information on transfer-agents of the Company's registrar

Information on transfer-agents of the registrar of IDGC of Centre, JSC is placed at Web-site page of the Company: <http://www.mrsk-1.ru/ru/investors/registrar/>.

8.10.16. Information of the issue's appraiser:

Information on the appraiser's remuneration paid by the company for the last completed financial year as well as information on the existing agreements relating to such remuneration in the current financial year.

Information on the issuer's appraisers attracted for determination of the market value of the issuer's fixed assets, in relation to which the issuer re-estimated the value reflected in item 3.6.1. of this report, is provided

in item 1.4. of this report.

The issuer did not attract appraisers for:

- determination of the market value of securities being placed and securities placed, which are in circulation (liabilities on which have not been fulfilled), providing that not more than 3 years have past from the date of estimate;
- determination of the market value of the property, used for payment for securities being placed or used for payment for securities placed, which are in circulation (liabilities on which have not been fulfilled), providing that not more than 3 years have passed from the date of estimate;
- determination of the market value of the property, which the subject of pledge on the issuer's placed bonds with pledge security, liabilities on which have not been fulfilled.

For 2008, 2009, 2010 and the 3rd quarter 2011 the issuer did not pay remuneration to the appraisers mentioned in item 1.4. of this report.

8.10.26. Information on credit rating assigned to the issuer

Information on credit ratings assigned to the issuer is given in point 8.1.7. of this Quarterly report. The detailed information on credit ratings assigned to the issuer is given below.

a. The company to which the credit rating was assigned: IDGC of Centre, JSC

Full name of the company which assigned the credit rating: *Standard & Poor's*

Abbreviated company name: *S&P*

Location: Moscow, 125009, Business Centre "Mokhovaya", Vozdvizhenka street 4/7, building 2, floor 7.

Credit rating methodology is available on the Internet web-site at: <http://www.standardandpoors.ru>.

The value of credit rating for the date of completion of the reporting quarter:

International rating:	
Credit rating in foreign currency	BB-
outlook:	stable
short-term:	B
Credit rating in national currency:	BB-
outlook:	stable
short-term:	B
National rating	ruAA-

The assigned credit rating expresses the opinion of S&P relating to capability and readiness of the Company to fulfill its financial liabilities duly and fully. The credit rating is independent and reliable appraisal of the issuer's credit solvency based on which the market participants can take grounded financial decisions. This should result in reduction of the issuer's costs related to raising of borrowed funds. For those issuers who raise funds based on guarantees of third persons, the credit rating can reduce value of such guarantee or raise funds more efficiently without acquisition of guarantee.

Long-term rating of S&P estimates the issuer's capability to fulfill its debt liabilities duly. Long-term ratings vary from the highest category — «AAA» up to the lowest — «D». Ratings within the interval from «AA» up to «CCC» can be added by «plus» (+) or «minus» (-) meaning intermediate rating classes in relation to the major classes.

According to the international rating IDGC of Centre was assigned with the rating «BB-» outlook Stable», this means that the Company is out of danger within the short-term prospects, however there is perceptibility to the impact of unfavorable changes in commercial, financial and economic conditions, with small probability of changes.

History of change of values of the credit rating:

date of rating	16.11.2009
International rating:	
Credit rating in foreign currency	BB-
outlook:	stable
short-term:	B
Credit rating in national currency:	BB-
outlook:	stable

short-term:	B
National rating	ruAA-

Other data: Standard & Poor's (S&P) is the subsidiary of McGraw-Hill Corporation dealing with analytical researches of financial market. Along with Moody's and Fitch Ratings this company is one of three the most affluent international rating agencies. S&P is known as well as the creator and editor of the American stock exchange index S&P 500 and Australian S&P 200.

The Company Standard & Poor's was formed as a result of merging of two corporations: Standard Statistics & Poor's Publishing Company in 1941. However, it is taken to connect the beginning of Standard & Poor's business history with publication of Henry Varnum Poor's researches "History of railways and channels in United States" in 1860.

The Company Standard & Poor's became the recognized world leader in the field of high-quality services on credit risk appraisal of, publication of analytical and reference materials for the world financial market. Standard & Poor's created a number of products and services for the stock exchange market, including stock exchange index monitoring systems and a series of Internet-services facilitating work of international specialists in the field of financial analysis, planning and investment activity. Standard & Poor's staff consists of over 10 thousand employees who work in the company offices located in 23 countries of the world; among them — over 1500 analysts, among them 20 — in Russia on permanent basis.

b. The company to which the credit rating was assigned: IDGC of Centre, JSC

Full name of the company which assigned the credit rating:

Limited liability company "National Rating Agency"

Abbreviated company name: "NRA" LLC

Location: Moscow, 123007, Khoroshevskoye highway 32A

Credit rating methodology is available on the Internet web-site at: <http://ra-national.ru/?page=rating-enterprises-individual-methodology>

The value of credit rating for the date of completion of the reporting quarter: «AA-» - (very high creditability, the third level)

«AA-» rating reflects the high ability of the issuer promptly and fully to perform its debt obligations relative to other Russian issuers.

The analysts of the National Rating Agency analyzed the target model of the company, the level of the corporate governance, IFRS reporting for I half 2010. The financial condition of IDGC of Center was rated as stable. Thus, at the moment the analysts estimated the risks associated with refinancing as low. IDGC of Center has a positive credit history, serves its obligations in a timely manner and in full. The restructuring of liabilities in the part of significant reduction of the share of short-term liabilities allowed IDGC of Center to improve the solvency indicators.

History of change of values of the credit rating:

rating	date of rating
AA- (very high creditability, the third level)	24.12.2010
A+(high creditability - the first level)	22.10.10
A+(high creditability - the first level)	08.09.09
A+(high creditability - the first level)	16.09.2008
A (high creditability, the second level)	22.08.2007

Other data: National Rating Agency is private and it has been performing activity on rating making of participants of the financial market since 2002. At present more than 500 companies and banks of Russia have the distance and individual ratings. Analytics is carried out according to more than 50 indicators quarterly and monthly. Ratings are divided into two components – distance and individual. The first ratings consist in analysis of financial statements exclusively, which methods are grounded on the quality analysis. Rating of business activity of non-commercial organizations is supported. The largest players of the financial market have individual ratings of the National Rating Agency. Periodic publications and e-Media publish regularly materials of the National Rating Agency (Vedomosti, Kommersant, Business Petersburg, Profil, D-shtrikh, Popular Finances, Finance, Izvestiya, RBC etc.).

8.10.27. Information on the issuer's consultants

As of the end date of the 3rd quarter 2011 the issuer has not involved the financial consultant in the stock market as well as other persons rendering the issuer consultation services connected with securities issue and that signed the quarterly report and/or the registered Prospectus of transferable securities.

There are no other consultants the information on which could influence on taking decision of the issuer's securities acquisition.

8.11. Data on the represented securities and the issuer of the represented securities, the property right to which is certified by Russian depository receipts

The issuer is not the issuer of the presented securities, the property right to which is certified by the Russian depository receipts

IDGC of Centre, JSC
Interim Consolidated Financial Statements
for the six months ended 30 June 2011
(unaudited)

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IDGC of Centre, JSC**Interim Consolidated Statement of Comprehensive Income for the six months ended 30 June 2011 (unaudited)**

Thousand Russian Rubles, unless otherwise stated

	Note	For six months, ended June 30, 2011	For six months, ended June 30, 2010
Revenue	7	35 215 286	29 536 936
Operating expenses	8	(29 884 961)	(26 262 429)
Other operating income		454 779	262 239
Results from operating activities		5 785 104	3 536 746
Financial income	10	37 805	75 129
Financial costs	10	(848 400)	(888 413)
Net financial costs		(810 595)	(813 284)
Profit before taxation		4 974 509	2 723 462
Income tax expense	11	(1 137 916)	(380 213)
Profit and total comprehensive income for the year		3 836 593	2 343 249
Profit and total comprehensive income attributable to:			
Owners of the Company		3 833 537	2 342 598
Minority interest		3 056	651
Profit and total comprehensive income for the year		3 836 593	2 343 249
Earnings per share – basic and diluted			
(in Russian RUB per share)	21	0,091	0,055

These consolidated financial statements were approved on 29 August 2011:

General Director

D.O. Gudzhoyan

Chief Accountant – Head of Financial and Tax
Accounting and Reporting Department

S.U. Puzenko

*IDGC of Centre, JSC**Interim Consolidated Statement of Financial Position as at 30 June 2010 (unaudited)**Thousands of Russian Roubles, unless otherwise stated*

	Note	June 30, 2011	December 31, 2010
ASSETS			
Non-current assets			
Fixed assets	12	53 512 003	51 778 672
Intangible assets	13	1 015 970	1 111 530
Investments and financial assets	15	577 897	614 380
Other non-current assets	16	154 312	134 198
Total non-current assets		55 260 182	53 638 780
Current assets			
Cash and cash equivalents	17	2 798 381	258 889
Trade and other accounts receivable	18	7 161 542	7 197 565
Accounts receivable on income tax		49 845	478 380
Inventories	19	1 710 295	1 350 425
Other current assets		39 295	48 039
Total current assets		11 759 358	9 333 298
Total assets		67 019 540	62 972 078
EQUITY AND LIABILITIES			
Equity	20		
Share capital		4 221 794	4 221 794
Additional capital		88 660	88 660
Retained earnings		32 558 708	29 336 103
Total equity attributable to equity holders of the Company		36 869 162	33 646 557
Minority interest		10 956	7 900
Total equity		36 880 118	33 654 457
Long-term liabilities			
Credits and loans	22	12 997 273	13 770 000
Finance lease liability	23	628 551	866 735
Employee benefits	24	2 129 982	1 828 754
Deferred tax liabilities	14	2 974 280	3 076 995
Other long-term liabilities		413 576	231 631
Total long-term liabilities		19 143 662	19 774 115
Short-term liabilities			
Credits and loans	22	1 194 519	1 166 003
Finance lease liability	23	489 110	580 984
Trade and other accounts payable	26	7 258 048	6 807 445
Employee payables	25	978 906	827 267
Accounts payable on income tax		98 469	498
Accounts payable on other taxes	27	976 708	161 309
Total short-term liabilities		10 995 760	9 543 506
Total liabilities		30 139 422	29 317 621
Total equity and liabilities		67 019 540	62 972 078

IDGC of Centre, JSC**Interim Consolidated Statement of Cash Flows for the six months ended June 30, 2011 (unaudited)**

Thousand Russian Rubles, unless otherwise stated

	Note	For six months, ended June 30, 2011	For six months, ended June 30, 2010
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income tax		4 974 509	2 723 462
Adjustments for:			
Depreciation	8	3 026 736	2 439 706
Allowance for impairment of accounts receivable	8	78 576	23 880
Net financial costs	10	810 595	813 284
Provision for inventory obsolescence		98 224	(51 099)
Loss on disposal of fixed assets		65 640	31 347
Bad debts written-off	8	926	1 869
Adjustments for other non-cash transactions		45 461	(58 367)
Cash flows from operating activities without taking into account changes in working capital		9 100 667	5 924 082
Change in trade and other accounts receivable		(43 815)	(1 450 229)
Change in inventories		(458 094)	(59 261)
Change in other assets		(8 507)	(177 951)
Change in trade and other accounts payable		181 148	1 162 944
Change in employee payables		151 639	194 599
Change in employee benefits		219 888	66 794
Change in other liabilities		178 859	9 799
Change in accounts payable on other taxes		815 399	384 814
Cash flows from operating activities before income tax and interest paid		10 137 184	6 055 591
Interest paid		(728 308)	(823 985)
Income tax paid		(755 408)	(343 515)
Cash flows from operating activities		8 653 468	4 888 091
INVESTMENTS ACTIVITIES			
Acquisition of fixed assets and intangible assets		(5 083 224)	(2 982 878)
Income from sale of fixed assets		11 601	20 435
Acquisition of subsidiaries, net of cash acquired	5	(100)	-
Interest received		37 805	13 547
Cash flows used in investment activities		(5 033 918)	(2 948 896)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from loans and borrowings		149 647	5 258 996
Repayment of loans and borrowings		(899 647)	(5 147 791)
Repayment of finance lease liabilities		(330 058)	(401 978)
Cash flows from financing activities		(1 080 058)	(290 773)
Net (decrease)/increase in cash and cash equivalents		2 539 492	1 648 422
Cash and cash equivalents at beginning of period		258 889	368 171
Cash and cash equivalents at end of period		2 798 381	2 016 593

IDGC of Centre, JSC**Notes to the Interim Consolidated Financial Statements for the six months ended 30 June 2011 (unaudited)**

Thousands of Russian Roubles, unless otherwise stated

IDGC of Centre, JSC**Interim Consolidated Statement of Changes in Equity for the six months ended 30 June 2011 (unaudited)**

Thousands of Russian Roubles, unless otherwise stated

	Attributable to shareholders of the Company				Minority interest	Total equity
	Share capital	Additional capital	Retained earnings	Total		
At 1 January 2010	4 221 794	88 660	24 238 902	28 549 356	3 824	28 553 180
Profit for the period	-	-	2 342 598	2 342 598	651	2 343 249
Total comprehensive income	-	-	2 342 598	2 342 598	651	2 343 249
At 30 June 2010	4 221 794	88 660	26 581 500	30 891 954	4 475	30 896 429
At 1 January 2011	4 221 794	88 660	29 336 103	33 646 557	7 900	33 654 457
Profit for the period	-	-	3 833 537	3 833 537	3 056	3 836 593
Total comprehensive income	-	-	3 833 537	3 833 537	3 056	3 836 593
Dividends declared	-	-	(610 932)	(610 932)	-	(610 932)
At 30 June 2011	4 221 794	88 660	32 558 708	36 869 162	10 956	36 880 118

The interim consolidated statement of comprehensive income is to be read in conjunction with the notes to, and forming part of, the interim consolidated financial statements set out on pages 169 – 191.

1 BACKGROUND

The Group and its operations

(a)

Joint-Stock Company "IDGC of Centre" (hereafter, the "Company") and its subsidiaries (together referred to as the "Group") comprise Russian open joint stock companies as defined in the Civil Code of the Russian Federation. The Company was set up on 17 December 2004 based on Resolution no. 154p of 9 December 2004 and pursuant to the Board of Directors' decision (board of directors' meeting minutes no. 178 of 1 October 2004) and Management Board decision (Management Board minute no. 1102 of 15 November 2004) of the Russian Open Joint-Stock Company RAO "United Energy Systems of Russia" (hereafter, "RAO UES").

The Company's registered office is 4/2, Glukharev Lane, Moscow, 129090, Russia.

The Group's principal activity is the transmission of electricity and the connection of customers to the electricity grid.

The Group consists of the Company and four subsidiaries - OJSC "Energetic", OJCS "Yaroslavskaya Setevaya Company", OJSC "Yargorelectroset" and OJSC "Energy Service Company".

The reorganisation of the Company was completed on 31 March 2008 as a result of the merger of the following entities with the Company: OJSC "Belgorodenergo"; OJSC "Bryanskenergo"; OJSC "Voronezhenergo"; OJSC "Kostromaenergo"; OJSC "Kurskenergo"; OJSC "Lipetskenergo"; OJSC "Oreleenergo"; OJSC "Smolenskenergo"; OJSC "Tambovenergo"; OJSC "Tverenergo"; OJSC "Yarenergo".

The merger was effected through the conversion of shares issued by the Company in exchange for shares in the merged entities. As a result of the merger, the above-mentioned companies ceased to exist as separate legal entities and the Company became their legal successor.

On 1 July 2008 RAO UES ceased to exist as a separate legal entity and transferred the shares of the Company to JSC IDGC Holding, a newly formed state-controlled entity.

As at 30 June 2011, the Government of the Russian Federation owned 55.95% shares of JSC IDGC Holding (at 31 December 2010 - 54.99%), which in turn owned 50.23% of the Company.

The Government of the Russian Federation influences the Group's activities through setting transmission tariffs.

(b) Russian business environment

The Group's operations are primarily located in the Russian Federation. Consequently, the Group is exposed to the economic and financial markets of the Russian Federation which display characteristics of an emerging market. The legal, tax and regulatory frameworks continue development, but are subject to varying interpretations and frequent changes which together with other legal and fiscal impediments contribute to the challenges faced by entities operating in the Russian Federation. The interim consolidated financial statements reflect management's assessment of the impact of the Russian business environment on the operations and the financial position of the Group. The future business environment may differ from management's assessment.

2 BASIS OF PREPARATION

(a) Statement of compliance

These interim consolidated financial statements (hereinafter "Financial Statements") have been prepared in accordance with International Financial Reporting Standards ("IFRSs").

(b) Basis of measurement

The Financial Statements are prepared on the historical cost basis except for investments at fair value through profit or loss; and property, plant and equipment which was revalued to determine deemed cost as part of the adoption of IFRS as at 1 January 2007.

(c) Functional and presentation currency

The national currency of the Russian Federation is the Russian Rouble ("RUB"), which is the Company's functional currency and the currency in which these Financial Statements are presented.

All financial information presented in RUB has been rounded to the nearest thousand.

(d) Use of judgements, estimates and assumptions

The preparation of interim consolidated financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the Financial Statements is included in the following notes:

- Note 28 – allowances for impairment of trade and other receivables;
- Note 29 – lease classification.

(e) Changes in accounting policies and presentation

With effect from 1 January 2010, the Group changed its accounting policies in the following areas:

- accounting for business combinations;
- accounting for acquisitions of non-controlling interests;
- accounting for leases of land.

(i) Accounting for business combinations

From 1 January 2010 the Group has applied IFRS 3 Business Combinations (2008) in accounting for business combinations. The change in accounting policy has been applied prospectively and has had no material impact on earnings per share.

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

Acquisitions on or after 1 January 2010

For acquisitions on or after 1 January 2010, the Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus, if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination, are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

(ii) Accounting for acquisitions of non-controlling interests

From 1 January 2010 the Group has applied IAS 27 Consolidated and Separate Financial Statements (2008) in accounting for acquisitions of non-controlling interests. The change in accounting policy has been applied prospectively and has had no impact on earnings per share.

Under the new accounting policy, acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary.

Previously, goodwill was recognised on the acquisition of non-controlling interests in a subsidiary, which represented the excess of the cost of the additional investment over the carrying amount of the interest in the net assets acquired at the date of the transaction.

(iii) Accounting for leases of land

The amendment to IAS 17 Leases regarding the leases of land became effective from 1 January 2010. The amendment removed the earlier exemption which allowed leases of land to be classified as operating leases regardless of the length of the lease term. The amended guidance requires all existing leases of land to be reassessed and reclassified if necessary as finance leases if the finance lease classification criteria are met.

At 1 January 2010, the Group reassessed all existing land lease contracts and as a result it was assessed that existing land lease contracts do not qualify as finance leases and therefore, the classification was not changed (refer to Note 29).

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these Financial Statements, and have been applied consistently by Group entities, except as explained in note 2 (e), which addresses changes in accounting policies.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that currently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

(ii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(iii) Business combinations involving entities under common control

A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party both before and after the business combination, and that control is not transitory.

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose comparatives are revised. The assets and liabilities acquired are recognised at the carrying amounts recognized previously in the acquired entity's IFRS financial statements. The components of equity of the acquired entities are added to the same components within Group equity except that any share capital of the acquired entities is recognized as part of retained earnings. Any cash paid for the acquisition is recognised directly in equity.

(b) Financial instruments

(i) Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial assets: financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets.

Financial assets at fair value through profit or loss

such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Upon initial recognition attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

Financial assets designated at fair value through profit or loss comprise equity securities that otherwise would have been classified as available-for-sale.

Loans and receivables

Loans and receivables are a category of financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables category comprise the following classes of assets: trade and other receivables as presented in Note 16 and Note 18, and cash and cash equivalents as presented in Note 17.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and highly liquid investments with maturities at initial recognition of three months or less.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified in any of the above categories. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses (see note 3(f)(i)), are recognised in other comprehensive income and presented within equity in the fair value reserve. When an investment is derecognised or impaired, the cumulative gain or loss in other comprehensive income is transferred to profit or loss.

Investments in equity securities that are not quoted on a stock exchange and where fair value cannot be reliably measured are stated at cost less impairment losses.

(ii) Non-derivative financial liabilities

All financial liabilities are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

The Group classifies non-derivative financial liabilities into the other financial liability category.

Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, and trade and other payables.

(c) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment, except for land, are measured at cost less accumulated depreciation and impairment losses.

The cost of property, plant and equipment at 1 January 2007, the date of transition to IFRSs, was determined by reference to its fair value at that date.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, the costs of dismantling and removing of assets and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and is recognised net within other income/other expenses in profit or loss.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives of property, plant and equipment by type of facility are as follows:

• Buildings	15 - 50 years
• Transmission networks	5 - 20 years
• Equipment for electricity transformation	5 - 20 years
• Other	1 - 30 years

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

(iv) Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Leases, other than finance leases, are treated as operating leases, and leased assets are not recognized in the Group's consolidated statement of financial position. Operating lease payments (net of benefits granted by the lessor) are recognized in profit or loss on a straight line basis over the lease term.

(d) Intangible assets

(i) Goodwill

Goodwill that arises on the acquisition of subsidiaries is included in intangible assets. For the measurement of goodwill at initial recognition, see 2 (e) (i).

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses.

(ii) Other intangible assets

Intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

(iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

(iv) Amortization

Amortisation is calculated over the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use since this most closely reflects the expected pattern of consumption of future economic benefits embodied in the asset.

The estimated useful lives for the current and comparative periods are as follows:

- Patents and licenses 1 - 12 years
- Computer software 1 - 10 years

Amortization methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

(e) Inventories

Inventories are measured at the lower of cost and net realizable value.

The cost of inventories includes all acquisition costs, production costs and other costs incurred to bring inventories to their existing condition and location. The cost of inventories is determined using the weighted average cost method.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(f) Impairment

(i) Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the asset's original

effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Impairment losses on available-for-sale equity securities are recognised by reclassifying the losses accumulated in the fair value reserve in equity, to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, and the current fair value, less any impairment loss previously recognised in profit or loss. Any subsequent recovery in fair value of an impaired available-for-sale equity securities is recognised in other comprehensive income.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one cash-generating unit. Corporate assets are allocated to cash-generating units on a reasonable and consistent basis and tested for impairment as part of the testing of the cash-generating unit to which the corporate asset is allocated.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the assets in the unit (group of units) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(g) Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(h) Revenue

Revenue from electricity transmission is recognized in the consolidated statement of comprehensive income when the customer acceptance of the volume of electricity transmitted is obtained. The tariffs for energy transmission are approved by the Federal Tariff Agency and Regional Energy Commission of each region of the Group's operations.

Revenue from connection services represents a non-refundable fee for connecting the customer to the electricity grid network. The tariffs for connection services are approved by the Federal Tariff Agency and Regional Energy Commission of each region of the Group's operations. The terms, conditions and amounts of these fees are negotiated separately and are independent from fees generated by electricity transmission services. Revenue is recognized when electricity is activated and the customer is connected to the grid network or, for contracts where connection services are performed in stages, revenue is recognized in proportion to the stage of completion when an act of acceptance is signed by the customer.

Revenue from installation, repair and maintenance services and other sales is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer or when the services are provided.

(i) Finance income and costs

Finance income comprises interest income on cash balances and bank deposits, dividend income and changes in the fair value of financial assets at fair value through profit and loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established.

Finance costs comprise interest expense on borrowings, employee benefits, finance leases, changes in the fair value of financial assets at fair value through profit and loss. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualified asset are recognised in profit or loss using the effective interest method.

(j) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future;
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

In accordance with the tax legislation of the Russian Federation, tax losses and current tax assets of a company in the Group may not be set off against taxable profits and current tax liabilities of other Group companies. In addition, the tax base is determined separately for each of the Group's main activities and, therefore, tax losses and taxable profits related to different activities cannot be offset.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(k) Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans, including Russia's State pension fund, are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(ii) Defined benefits plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and any unrecognised past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the net total of any unrecognised past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in profit or loss.

The Group recognises all actuarial gains and losses arising from defined benefit plans in profit or loss in the period in which they arise.

The Group recognises gains and losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs.

(iii) Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits other than pension plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted.

The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Group's obligations as at reporting date and that are denominated in the same currency in which the benefits are expected to be paid.

The Group calculates obligation in respect of other long-term employee benefits using the projected unit credit method.

Interest cost as a result of discount release is recognized as finance costs in profit or loss.

Actuarial gain and losses and past benefit costs that are measured because of introduction of new or changes in existing social programs, are recognized in full amount in profit or loss in the period in which they occur.

(iv) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and if the obligation can be estimated reliably.

(l) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

(m) Earnings per share

The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

(n) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Board of Experts, the

Group's operating decision making body, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

(o) New Standards and Interpretations not yet adopted

A number of new Standards, amendments to Standards and Interpretations are not yet effective as at 30 June 2011, and have not been applied in preparing Financial Statements. Of these pronouncements, potentially the following will have an impact on the Group's operations. The Group plans to adopt these pronouncements when they become effective.

- Revised IAS 24 *Related Party Disclosures (2009)* introduces an exemption from the basic disclosure requirements in relation to related party disclosures and outstanding balances, including commitments, for government-related entities. Additionally, the standard has been revised to simplify some of the presentation guidance that was previously non-reciprocal. The revised standard is to be applied retrospectively for annual periods beginning on or after 1 January 2011. The Group has not yet determined the potential effect of the amendment.
- IFRS 9 *Financial Instruments* will be effective for annual periods beginning on or after 1 January 2013. The new standard is to be issued in several phases and is intended to replace International Financial Reporting Standard IAS 39 *Financial Instruments: Recognition and Measurement* once the project is completed by the end of 2010. The Group recognises that the new standard introduces many changes to the accounting for financial instruments and is likely to have a significant impact on Group's consolidated financial statements. The impact of these changes will be analysed during the course of the project as further phases of the standard are issued. The Group does not intend to adopt this standard early.

Various *Improvements to IFRSs* have been dealt with on a standard-by-standard basis.

4 DETERMINATION OF FAIR VALUES

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and for disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(a) Property, plant and equipment

The fair value of property, plant and equipment recognised as a result of a business combination is based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably and willingly. The fair value of items of plant, equipment, fixtures and fittings is based on market approach and cost approaches using quoted market prices for similar items when available.

When no quoted market prices are available, the fair value of property, plant and equipment is primarily determined using depreciated replacement cost. This method considers the cost to reproduce or replace the property, plant and equipment, adjusted for physical, functional or economical depreciation, and obsolescence.

(b) Investments in equity

The fair value of financial assets at fair value through profit or loss and available-for-sale financial assets is determined by reference to their quoted bid price at the reporting date.

(c) Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes or when acquired in a business combination.

(d) Inventories

The fair value of inventories acquired in a business combination is determined based on its estimated selling price in the ordinary course of business less the estimated costs of sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

(e) Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases the market rate of interest is determined by reference to similar lease agreements.

5 SUBSIDIARIES

(a) List of subsidiaries

	Country of incorporation	30 June 2011 Ownership/voting, %	31 December 2010 Ownership/voting, %
OJSC "Energetic"	Russian Federation	100	100
OJCS "Yaroslavskaya Setevaya Company"	Russian Federation	51	51
OJSC "Yargorelectroset"	Russian Federation	100	100
OJSC "Energy Service Company"	Russian Federation	100	-

(b) Acquisition of subsidiary

In the fourth quarter of 2010 the Group obtained control of OJSC "Yargorelectroset" by acquiring 100 % of the shares in the company from Committee for the Management of Municipal Property of Yaroslavl city. The acquisition is not considered as acquisition under common control.

The purpose of the acquisition was to benefit from the synergies of the combination in order to optimise the Group's transmission process through access to territorial grids.

From the date of acquisition to 31 December 2010 OJSC "Yargorelectroset" contributed revenue of RUB 208,025 thousand and loss of RUB 3,623 thousand. If the acquisition had occurred on 1 January 2010, management estimates that consolidated revenue would have been RUB 61,000,853 thousand, and consolidated profit for the year would have been RUB 5,141,753 thousand. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2010.

(i) Identifiable assets acquired and liabilities assumed

The identifiable assets acquired and the liabilities assumed were as follows:

	Recognised fair value on at acquisition
Non-current assets	
Intangible assets	395
Property, plant and equipment	1 709 987
Deferred tax assets	12 935
Other non-current assets	273 729
Total non-current assets	1 997 046
Current assets	
Inventories	45 772
Income tax receivable	10 054
Other taxes receivable	348
Trade and other receivables	149 110
Cash and cash equivalents	24 883
Other current assets	513
Total current assets	230 680
Non-current liabilities	
Deferred tax liabilities	88 487
Other non-current liabilities	377 920

	Recognised fair value on at acquisition
Total non-current liabilities	466 407
Current liabilities	
Trade and other payables	197 060
Employee payables	4 813
Taxes payable	10 925
Total current liabilities	212 798
Net identifiable assets and liabilities	1 548 521

The trade and other receivables comprise gross contractual amounts due of RUB 186,326 thousand, of which RUB 37,216 thousand was expected to be uncollectable at the acquisition date.

(ii) Goodwill

Goodwill (negative goodwill) was recognised as a result of the acquisition as follows:

Total consideration transferred (settled in cash)	1 100 000
Fair value of identifiable net assets	1 548 521
Gain on bargain purchase	(448 521)

As OJSC "Yargorelectroset" was acquired at auction where the selling price was determined by the forces of demand, the transaction resulted in a gain. The gain of RUB 448,521 thousand was recognised within other income in the consolidated statement of comprehensive income.

(c) Establishment of subsidiary

On 11 January 2011 the Group established a joint stock company "Energy Service Company". The authorized capital of the subsidiary consists of 1,000 ordinary shares, par value RUB 100 per share. The Group is the sole shareholder of OJSC "Energy Service Company".

6 OPERATING SEGMENTS

The Group has eleven reportable segments representing branches of the Company, as described below. These are the Group's strategic business units. The strategic business units offer similar services representing transmission of electric power and connection services, and are managed separately. For each of the strategic business units, the Board of Experts, the Group's operating decision making body, reviews internal management reports on at least a quarterly basis.

"Others" include operations of subsidiaries and the head office branch. None of them meets any of the quantitative thresholds for determining reportable segments in six months ended 30 June 2011 or in 2010.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax, as included in the internal management reports that are reviewed by the Board of Experts.

Segment reports are based on the information reported in statutory accounts, which differ significantly from the consolidated financial statements prepared under IFRS. The reconciliation of items measured as reported to the Board of Experts with similar items in these Financial Statements includes those reclassifications and adjustments that are necessary for financial statements to be presented in accordance with IFRS.

IDGC of Centre, JSC

Notes to the Interim Consolidated Financial Statements for the six months ended 30 June 2011 (unaudited)

Thousands of Russian Roubles, unless otherwise stated

(i) Information about reportable segments

For the six months, ended 30 June 2011:

	Belgorod- energo	Bryansk- energo	Voronezh- energo	Kostroma- energo	Kursk- energo	Lipetsk- energo	Orel- energo	Smolensk- energo	Tambov- energo	Tver- energo	Yarenergo	Others	Total
Revenue from electricity transmission	5 711 336	2 509 226	4 179 185	1 830 115	2 918 649	4 312 243	1 526 323	2 321 331	1 587 423	3 461 361	3 276 062	403 051	34 036 305
Revenue from connection services	19 653	19 283	124 157	19 383	533 598	16 623	5 485	5 857	6 320	159 634	149 851	180 360	1 240 204
Other revenue	105 680	17 324	30 206	12 479	9 880	17 856	13 091	108 114	15 254	12 201	17 484	56 257	415 826
Total external revenues	5 836 669	2 545 833	4 333 548	1 861 977	3 462 127	4 346 722	1 544 899	2 435 302	1 608 997	3 633 196	3 443 397	639 668	35 692 335
Results from operating activities	1 428 741	316 842	398 925	457 596	832 565	989 290	226 722	364 630	(18 193)	343 405	780 722	84 257	6 205 502
Finance income	78	-	-	67	-	-	75	3 109	6	-	40	34 766	38 141
Finance costs	(114 135)	(1 890)	(23 324)	(24 261)	(36 012)	(21 276)	(48 423)	(48 852)	(47 963)	(124 603)	(22 771)	(41 093)	(554 603)
Reportable segment profit/(loss) before income tax	1 314 684	314 952	375 601	433 402	796 553	968 014	178 374	318 887	(66 150)	218 802	757 991	77 930	5 689 040
Depreciation and amortization	823 539	111 058	210 587	126 715	252 375	296 343	88 578	167 719	103 772	310 741	187 944	50 752	2 730 123
Capital expenditure	1 263 607	119 730	307 116	106 716	213 107	446 124	81 198	273 007	527 357	154 492	331 599	180 538	4 004 591
As at 30 June 2011:													
Reportable segment assets	16 060 376	4 093 068	6 915 672	3 344 264	6 452 200	10 434 732	2 601 911	4 226 533	3 513 871	7 863 240	5 835 188	6 023 834	77 364 889
Property, plant and equipment	14 648 873	3 681 050	5 659 675	2 616 349	4 856 027	7 780 443	2 023 041	3 051 680	2 582 030	4 096 208	4 064 172	7 214 294	62 273 842
Reportable segment liabilities	1 777 201	491 574	1 150 075	368 890	954 664	913 859	378 040	706 108	520 883	2 116 348	1 089 954	16 018 204	26 485 800

IDGC of Centre, JSC

Notes to the Interim Consolidated Financial Statements for the six months ended 30 June 2011 (unaudited)

Thousands of Russian Roubles, unless otherwise stated

For the six months ended 30 June 2010:

	Belgorod- energo	Bryansk- energo	Voronezh- energo	Kostroma- energo	Kursk- energo	Lipetsk- energo	Orel- energo	Smolensk- energo	Tambov- energo	Tver- energo	Yarenergo	Others	Total
Revenue from electricity transmission	4 662 944	2 342 545	3 413 988	1 571 683	2 486 543	3 573 041	1 329 182	1 959 624	1 431 151	3 240 569	2 594 248	56 969	28 662 487
Revenue from connection services	32 711	86 399	69 202	21 389	21 381	17 309	4 801	5 533	3 063	102 741	182 472	10	547 011
Other revenue	65 781	14 955	29 121	8 385	7 401	9 172	4 560	95 687	7 571	11 863	7 220	19 385	281 101
Total external revenues	4 761 436	2 443 899	3 512 311	1 601 457	2 515 325	3 599 522	1 338 543	2 060 844	1 441 785	3 355 173	2 783 940	76 364	29 490 599
Results from operating activities	842 624	490 358	233 189	265 792	(53 863)	733 161	14 167	54 103	(51 925)	511 881	394 648	(11 155)	3 422 980
Finance income	26			104	296			1			11	13 109	13 547
Finance costs	(108 692)	(12 803)	(26 126)	(50 443)	(36 514)	(35 788)	(43 724)	(58 119)	(52 169)	(93 980)	(26 296)		(544 654)
Reportable segment profit/(loss) before income tax	733 958	477 555	207 063	215 453	(90 081)	697 373	(29 557)	(4 015)	(104 094)	417 901	368 363	1 954	2 891 873
Depreciation and amortization	(562 282)	(93 939)	(182 584)	(111 134)	(217 744)	(270 624)	(81 488)	(184 272)	(97 894)	(170 634)	(164 494)	(5 458)	(2 142 547)
Capital expenditure	981 401	68 311	218 276	84 059	173 766	234 660	122 022	128 457	35 989	277 598	344 550	6 824	2 675 913

As at 31 December 2010:

Reportable segment assets	15 366 630	4 068 434	6 889 075	3 298 969	6 337 531	9 705 393	2 584 246	4 071 055	3 008 469	8 055 018	5 516 936	4 106 558	73 008 314
Property, plant and equipment	14 465 129	2 766 793	5 736 632	2 700 315	4 964 015	7 832 785	2 064 423	3 122 690	2 632 047	4 157 777	4 044 484	1 099 249	55 586 339
Reportable segment liabilities	1 616 115	320 828	1 102 305	335 762	1 268 529	1 108 503	264 071	619 211	346 984	2 269 721	1 205 656	15 312 272	25 769 957

(ii) **Major customer**

For the six months ended 30 June 2011 revenue from one customer of the Group's segment (Belgorodenergo) represented approximately 13% (RUB 4,605,770 thousand) of the Group's total revenue (for the six months ended 30 June 2010 - RUB 4,023,836 thousand or 14% of the Group's total revenue).

(iii) **Reconciliations of reportable segment revenues, profit or loss and assets and liabilities**

Reconciliation of key segment items measured as reported to the Board of Experts with similar items in these Financial Statements is presented in the tables below:

Revenues	For six months, ended June 30, 2011	For six months, ended June 30, 2010
Total revenue for reportable segments	35 692 335	29 490 599
Elimination of inter-segment revenue	(513 962)	(59 339)
Reclassification	36 913	105 676
Consolidated revenue	35 215 286	29 536 936

Profit before income tax	For six months, ended 30, 2011	June	For six months, ended June 30, 2010
Total profit before income tax for reportable segments	5 689 040		2 891 873
Adjustments for depreciation of property, plant and equipment	(156 821)		(184 250)
Recognition of financial assets related to employee benefit fund	(3 520)		(229 679)
Unused vacation and annual bonus provision	(279 375)		(26 044)
Recognition of employee benefit obligations	(301 228)		(141 495)
Adjustment for finance lease	243 879		426 981
Adjustment for allowance for impairment of account receivables	(130 729)		(55 409)
Provision for inventory obsolescence	(98 224)		51 099
Other adjustments	11 487		(9 614)
Consolidated profit before income tax	4 974 509		2 723 462

Assets	June 30, 2011	December 31, 2010
Total assets for reportable segments	77 364 889	73 008 314
Elimination of investments in subsidiaries	(1 116 395)	(1 116 295)
Elimination of other inter-segment assets	(163 734)	(274 135)
Adjustments for deemed cost of property, plant and equipment	(11 077 848)	(11 137 976)
Adjustments for property, plant and equipment under finance lease	2 303 584	2 601 091
Recognition of financial assets related to employee benefit fund	381 214	384 734
Adjustment for allowance for impairment of account receivables	(181 793)	(51 064)
Provision for inventory obsolescence	(292 772)	(194 548)
Adjustment for deferred tax	(159 057)	(215 385)
Other adjustments	(38 548)	(32 658)
Consolidated total assets	67 019 540	62 972 078

Liabilities	June 30, 2011	December 31, 2010
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Total liabilities for reportable segments	26 485 800	25 769 957
Elimination of inter-segment liabilities	(163 734)	(274 135)
Adjustment for finance lease	1 114 577	1 444 635
Unused vacation and annual bonus provision	283 773	4 398
Recognition of employee benefit obligations	2 129 982	1 828 754
Adjustment for deferred tax	331 344	573 243
Other adjustments	(42 320)	(29 231)
Consolidated total liabilities	30 139 422	29 317 621

7 REVENUE

	For six months, ended June 30, 2011	For six months, ended June 30, 2010
Electricity transmission	33 633 254	28 605 518
Connection services	1 130 222	547 011
Rent	33 702	100 307
Repairs and maintenance	88 815	17 021
Other	329 293	267 079
	35 215 286	29 536 936

Revenue from connection services represents a non-refundable fee for connecting the customer to the electricity grid.

8 OPERATING EXPENSES

	For six months, ended June 30, 2011	For six months, ended June 30, 2010
Electricity transmission	9 088 737	8 385 852
Purchased electricity	7 851 697	6 239 353
Personnel costs (Note 9)	6 696 246	5 641 076
Depreciation and amortization	3 026 736	2 439 706
Raw materials and supplies	843 901	689 059
Electricity for own needs	275 248	256 512
Rent	245 032	226 084
Transportation costs	216 606	187 674
Taxes other than income tax	169 258	151 869
Repairs, maintenance and installation services	144 921	179 285
Security	119 297	104 405
Provision for inventory obsolescence	98 224	(51 099)
Allowance for impairment of accounts receivable	78 576	23 880
Insurance	80 278	86 195
Information services	52 162	-
Telecommunication services	25 153	57 195
Consulting, legal and audit services	23 157	145 614
Membership fee	19 162	4 451
Bad debt written-off	926	1 869
Outsourcing services	-	512 672
Other	829 644	980 777

<u>For six months, ended June 30, 2011</u>	<u>For six months, ended June 30, 2010</u>
29 884 961	26 262 429

9 PERSONNEL COSTS

	<u>For six months, ended June 30, 2011</u>	<u>For six months, ended June 30, 2010</u>
Salaries and wages	4 442 495	3 913 198
Contribution to the state pension fund	1 171 818	751 034
Recognized actuarial loss	239 553	117 089
Insurance contributions	305 783	224 429
Finance aid to employees and pensioners	214 495	114 144
Current service cost	50 879	44 801
Unused vacation provision	69 223	26 044
Past service cost	47 664	47 664
Other personnel costs	154 336	402 673
	6 696 246	5 641 076

The average number of employees (including production and non production staff) was 31,165 for the six months ended 30 June 2011 (for the six months ended 30 June 2010: 28,321 employees).

10 FINANCE INCOME AND COSTS

	<u>For six months, ended June 30, 2011</u>	<u>For six months, ended June 30, 2010</u>
Finance income		
Net change in fair value of financial investments at fair value through profit and loss	-	61 582
Interest income	37 805	13 547
	37 805	75 129
Finance costs		
Interest expense	554 600	544 654
Interest on finance lease liabilities	179 497	269 058
Net change in fair value of financial investments at fair value through profit and loss	32 963	-
Interest expense on employee benefits obligation	81 340	74 701
	848 400	888 413

11 INCOME TAX EXPENSE

The Group's applicable tax rate is the income tax rate of 20%.

	<u>For six months, ended June 30, 2011</u>	<u>For six months, ended June 30, 2010</u>
Current tax expense		
Current period	(1 263 275)	(263 174)
Adjustment for prior periods	22 644	-

	(1 240 631)	(263 174)
Deferred tax expense		
Origination and reversal of temporary differences	95 865	(117 039)
Change in tax the base of property, plant and equipment	6 850	-
	<u>102 715</u>	<u>(117 039)</u>
	<u>(1 137 916)</u>	<u>(380 213)</u>

Reconciliation of effective tax rate:

	For six months, ended		For six months, ended	
	June 30, 2011	%	June 30, 2010	%
Profit before income tax	4 974 509	100,0	2 723 462	100
Income tax expense at applicable tax rate	(994 902)	(20,0)	(544 692)	(20)
Adjustment for prior periods	22 644	0,5	-	-
Change in tax base of property, plant and equipment	6 850	0,1	-	-
Net effect of other items which are not deductible/not taxable for taxation purposes	(172 508)	(3,5)	164 479	6
<i>Welfare, social and discretionary payments to employees</i>	(69 904)	(1,4)	(58 959)	(2)
<i>Allowance for impairment of accounts receivable</i>	(78 769)	(1,6)	117 033	4
<i>Other</i>	(23 835)	(0,5)	106 405	4
	<u>(1 137 916)</u>	<u>(22,9)</u>	<u>(380 213)</u>	<u>(14)</u>

12 PROPERTY, PLANT AND EQUIPMENT

	Land plots and buildings	Power lines	Transformer substations	Other	Construction in progress	Total
Deemed cost						
At 1 January 2010	9 970 247	24 033 924	11 789 709	5 334 943	2 726 748	53 855 571
Additions	16 986	32 665	10 716	-	2 904 515	2 964 882
Transfers	431 522	590 266	539 060	399 537	(1 960 385)	-
Disposals	(4 910)	(8 095)	(3 649)	(57 656)	(10 286)	(84 596)
Balance as at 30 June 2010	<u>10 413 845</u>	<u>24 648 760</u>	<u>12 335 836</u>	<u>5 676 824</u>	<u>3 660 592</u>	<u>56 735 857</u>
At 1 January 2011	12 924 300	27 484 495	15 119 039	6 804 782	4 479 093	66 811 709
Additions	6 612	884	621	-	4 621 828	4 629 945
Transfers	442 945	969 098	598 112	358 853	(2 369 008)	-
Disposals	(17 792)	(13 503)	(16 736)	(13 255)	(23 964)	(85 250)
Balance as at 30 June 2 0 1 1	<u>13 356 065</u>	<u>28 440 974</u>	<u>15 701 036</u>	<u>7 150 380</u>	<u>6 707 949</u>	<u>71 356 404</u>
Accumulated depreciation						
At 1 January 2010	(1 276 191)	(5 510 651)	(2 180 908)	(1 492 716)	-	(10 460 466)
Depreciation for the period	(301 541)	(1 141 123)	(428 736)	(389 154)	-	(2 260 554)
Disposals	745	4 835	1 731	26 032	-	33 343
At 30 June 2010	<u>(1 576 987)</u>	<u>(6 646 939)</u>	<u>(2 607 913)</u>	<u>(1 855 838)</u>	<u>-</u>	<u>(12 687 677)</u>

	Land plots and buildings	Power lines	Transformer substations	Other	Construction in progress	Total
At 1 January 2011	(1 907 520)	(7 836 166)	(3 050 241)	(2 239 110)	-	(15 033 037)
Depreciation for the period	(475 599)	(1 323 199)	(516 613)	(520 121)	-	(2 835 532)
Disposals	3 099	7 096	5 798	8 175	-	24 168
At 30 June 2011	(2 380 020)	(9 152 269)	(3 561 056)	(2 751 056)	-	(17 844 401)
<i>Net book value</i>						
At 1 January 2010	8 694 056	18 523 273	9 608 801	3 842 227	2 726 748	43 395 105
At 30 June 2010	8 836 858	18 001 821	9 727 923	3 820 986	3 660 592	44 048 180
At January 2011	11 016 780	19 648 329	12 068 798	4 565 672	4 479 093	51 778 672
At 30 June 2011	10 976 045	19 288 705	12 139 980	4 399 324	6 707 949	53 512 003

As at 30 June 2011 construction in progress includes advance payments for property, plant and equipment of RUB 51,760 thousand (as at 30 June 2010: RUB 262,208 thousand).

The amount of capitalized interest for the six months ended 30 June 2011 was RUB 13,151 thousand (for the six months ended 30 June 2010: RUB 62,840 thousand).

Leased property, plant and equipment

The Group leases production equipment and transportation vehicles under a number of finance lease agreements. Title to the leased assets transfers to the Group at the end of each lease.

As at 30 June 2011 and 31 December 2010 the net book value of leased property, plant and equipment, accounted for as part of the Group's property, plant and equipment, was as follows:

	Land plots and buildings	Power lines	Transformer substations	Other	Construction in progress
Cost	84 704	363 915	2 533 484	313 440	3 295 543
Accumulated depreciation	(14 538)	(52 356)	(425 557)	(81 006)	(573 457)
Net book value at 31 December 2010	70 166	311 559	2 107 927	232 434	2 722 086
Cost	79 460	306 944	2 374 077	271 157	3 031 638
Accumulated depreciation	(16 929)	(50 823)	(476 747)	(77 550)	(622 049)
Net book value at 30 June 2011	62 531	256 121	1 897 330	193 607	2 409 589

13 INTANGIBLE ASSETS

	Software	Licenses	Other intangible assets	Total
<i>Cost</i>				
At 1 January 2010	424 637	158 033	1 075 544	1 658 214
Reclassification	(158 645)	-	158 645	-
Additions	52 745	804	22 873	76 422
Disposals	(173)	(6 621)	-	(6 794)
At 30 June 2010	318 564	152 216	1 257 062	1 727 842
At 1 January 2011	483 091	117 013	1 169 870	1 769 974

Acquisitions through business combinations	(158 401)	1	158 400	-
Additions	92 440	142	19 220	111 802
Disposals	(71 775)	(39 338)	(11 712)	(122 825)
At 30 June 2011	345 355	77 818	1 335 778	1 758 951
<i>Accumulated amortization</i>				
At 1 January 2010	(97 655)	(121 028)	(176 846)	(395 529)
Reclassification	32 130	-	(32 130)	-
Amortization for the period	(39 404)	(12 640)	(125 658)	(177 702)
Disposals	173	6 091	-	6 264
At 30 June 2010	(104 756)	(127 577)	(334 634)	(566 967)
At 1 January 2011	(160 548)	(91 543)	(406 353)	(658 444)
Reclassification	32 083	(1)	(32 082)	-
Amortization for the period	(63 452)	(4 936)	(122 816)	(191 204)
Disposals	55 912	39 043	11 712	106 667
At 30 June 2011	(136 005)	(57 437)	(549 539)	(742 981)
<i>Net book value</i>				
At 1 January 2010	326 982	37 005	898 698	1 262 685
At 30 June 2010	213 808	24 639	922 428	1 160 875
At 1 January 2011	322 543	25 470	763 517	1 111 530
At 30 June 2011	209 350	20 381	786 239	1 015 970

14 DEFERRED TAX ASSETS AND LIABILITIES

(a) Recognized deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following items:

	Assets		Liabilities		Net	
	June 30, 2011	December 31, 2010	30 June 2011	December 31, 2010	June 30, 2011	December 31, 2010
Property, plant and equipment	15 963	18 350	(3 530 995)	(3 541 618)	(3 515 032)	(3 523 268)
Other non-current assets	264	719	-	-	264	719
Inventories	58 697	39 052	-	-	58 697	39 052
Trade and other receivables	43 238	15 460	(39 999)	(122 218)	3 239	(106 758)
Finance lease liabilities	222 915	288 927	-	-	222 915	288 927
Post employment benefit liability	221 670	186 083	-	-	221 670	186 083
Employee payables	108 910	110 972	-	-	108 910	110 972
Other	877	3 802	(75 820)	(76 524)	(74 943)	(72 722)
Deferred tax assets/(liabilities)	672 534	663 365	(3 646 814)	(3 740 360)	(2 974 280)	(3 076 995)

(b) Movements in temporary differences during the period

	<u>1 January 2011</u>	<u>Recognised in profit or loss</u>	<u>30 June 2011</u>
Property, plant and equipment	(3 523 268)	8 236	(3 515 032)
Other non-current assets	719	(455)	264
Inventories	39 052	19 645	58 697
Trade and other receivables	(106 758)	109 997	3 239
Finance lease liabilities	288 927	(66 012)	222 915
Post employment benefit liability	186 083	35 587	221 670
Employee payables	110 972	(2 062)	108 910
Other	(72 722)	(2 221)	(74 943)
	<u>(3 076 995)</u>	<u>102 715</u>	<u>(2 974 280)</u>

	<u>1 January 2010</u>	<u>Recognised in profit or loss</u>	<u>30 June 2010</u>
Property, plant and equipment	(2 727 905)	12 152	(2 715 753)
Other non-current assets	1 158	(504)	654
Inventories	55 171	(10 016)	45 155
Trade and other receivables	270 852	(109 004)	161 848
Other current assets	66	(66)	-
Finance lease liabilities	441 879	(80 395)	361 484
Post employment benefit liability	155 172	19 095	174 267
Employee payables	39 541	(774)	38 767
Other	(124 237)	52 473	(71 764)
	<u>(1 888 303)</u>	<u>(117 039)</u>	<u>(2 005 342)</u>

15 INVESTMENTS AND FINANCIAL ASSETS

	<u>30 June 2011</u>	<u>31 December 2010</u>
Financial assets related to the employee benefit fund	381 214	384 734
Investments designated at fair value through profit and loss	194 749	227 712
Available-for-sale financial assets	1 934	1 934
	<u>577 897</u>	<u>614 380</u>

Investments designated at fair value through profit and loss represent investments in shares of JSC OGC-4 and other securities, which are listed on MICEX and RTS, recorded at fair market value (belong to Level 1 and Level 2 in the fair value hierarchy).

Financial assets related to employee benefit fund

Financial assets related to the employee benefit fund relate to the Group's contributions accumulated in the solidary and employees' individual pension accounts with the Non-State Pension Fund of Electric Power Industry (employee benefit fund). Subject to certain restrictions contributions to the employee benefit fund can be withdrawn at the discretion of the Group.

The Group's exposure related to credit risks and impairment losses related to other investments and financial assets is disclosed in Note 28.

16 OTHER NON-CURRENT ASSETS

	<u>June 30, 2011</u>	<u>December 31, 2010</u>
Non-current advances receivable	1 538	1 538
Other accounts receivable	45 582	47 693
Other accounts receivable impairment allowance	(1 322)	(1 658)
Other assets	99 608	76 665
Trade accounts receivable	8 906	9 960
	<u>154 312</u>	<u>134 198</u>

17 CASH AND CASH EQUIVALENTS

Cash and cash equivalents mainly represent cash in bank accounts amounted to RUB 2,798,381 thousand denominated in roubles (31 December 2010: RUB 258,889 thousand).

18 TRADE AND OTHER RECEIVABLES

	<u>June 30, 2011</u>	<u>December 31, 2010</u>
Trade receivables	7 480 530	7 363 454
Trade receivables impairment allowance	(1 755 325)	(1 712 608)
Advances issued	447 729	487 994
Advances issued impairment allowance	(49 115)	(17 210)
VAT recoverable	386 998	468 095
Taxes receivable	10 853	137 875
Other receivables	662 281	488 134
Other receivables impairment allowance	(22 409)	(18 169)
	<u>7 161 542</u>	<u>7 197 565</u>

For more detailed information concerning the Group's exposure to credit risks and impairment losses related to trade and other receivables refer to Note 28.

19 INVENTORIES

	<u>June 30, 2011</u>	<u>December 31, 2010</u>
Materials and supplies	2 002 711	1 543 857
Inventory for resale	356	1 116
Total inventories	<u>2 003 067</u>	<u>1 544 973</u>
Less: provision for inventory obsolescence	(292 772)	(194 548)
Total	<u>1 710 295</u>	<u>1 350 425</u>

At 30 June 2011 and at 31 December 2010 no inventories were pledged as collateral for bank loans (refer to Note 22).

20 EQUITY

(a) Share capital

	Ordinary shares	
	June 30, 2011	December 31, 2010
Issued shares, fully paid	42 217 941 468	42 217 941 468
Par value (in RUB)	0,10	0,10

(b) Dividends

In accordance with Russian legislation the Company's distributable reserves are limited to the balance of accumulated retained earnings as recorded in the Company's statutory financial statements prepared in accordance with Russian Accounting Principles. As at 30 June 2011 the Company had retained earnings, including profit for the current period, of RUB 11,826,514 thousand (31 December 2009: RUB 8,281,725 thousand).

At the annual shareholders meeting held on 22 June 2010 the decision was made not to declare dividends for the year 2009.

At the annual shareholders meeting held on 17 June 2011 the decision was made to pay dividends for the year 2010 in the amount of RUB 610,932 thousand in cash.

21 EARNINGS PER SHARE

The calculation of earnings per share was based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding during the period. The Company has no dilutive potential ordinary shares.

<i>Number of shares unless otherwise stated</i>	Ordinary shares	Ordinary shares
	June 30, 2011	June 30, 2010
Authorized shares	42 217 941 468	42 217 941 468
Par value (in RUB)	0,10	0,10
Weighted average number of shares	42 217 941 468	42 217 941 468
Profit for the period attributable to shareholders	3 833 537	2 342 598
Earning per share (in RUB): basic and diluted	0,091	0,055

22 LOANS AND BORROWINGS

This note provides information about the contractual terms of the Group's loans and borrowings. For more information about the Group's exposure to interest rate risk, refer to Note 28.

Long-term loans and borrowings

Name of lender		Effective interest rate June 30, 2011	Effective interest rate December 31, 2010	Maturity	June 30, 2011	December 31, 2010
Finance department of Belgorodskaya oblast	Secured	-	9,45%	2011 г.	-	345 738
OJSC "Alfa-Bank"	Unsecured	7,65-7,8%	7,65-7,8%	2017 г.	2 471 578	2 472 103
OJSC "Gazprombank"	Unsecured	8,00%	8,00%	2012 г.	1 052 521	1 052 751
OJSC "Ogresbank" (OJSC "Nordeabank")	Unsecured	-	8,00%	2011 г.	-	410 000

IDGC of Centre, JSC**Notes to the Interim Consolidated Financial Statements for the six months ended 30 June 2011 (unaudited)**

Thousands of Russian Roubles, unless otherwise stated

Name of lender		Effective interest rate June 30, 2011	Effective interest rate December 31, 2010	Maturity	June 30, 2011	December 31, 2010
OJSC "Rosbank"	Unsecured	8,00%	8,00%	2012 г.	3 800 000	3 800 000
OJSC "Sberbank"	Unsecured	7,5-8,4%	7,5-8,4%	2014 г.	6 867 665	6 855 411
					14 191 764	14 936 003
Less: current portion						
Finance department of Belgorodskaya oblast	Secured	-	9,45%	2011 г.	-	345 738
OJSC "Alfa-Bank"	Unsecured	7,65-7,8%	7,65-7,8%	2011 г.	1 578	2 103
OJSC "Gazprombank"	Unsecured	8,00%	8,00%	2011 г.	402 521	402 751
OJSC "Ogresbank" (OJSC "Nordeabank")	Unsecured	-	8,00%	2011 г.	-	410 000
OJSC "Sberbank"	Unsecured	7,5-8,4%	7,5-8,4%	2011 г.	790 392	5 411
					1 194 491	1 166 003
Total long-term borrowings					12 997 273	13 770 000

All the Group's borrowings are denominated in RUB and bear a fixed interest rate. The effective interest rate is the market interest rate applicable to the loan on the date of its receipt.

The carrying value of borrowings approximates their fair value.

Current borrowings and current portion of long-term borrowings

Name of lender		Effective interest rate	Effective interest rate	June 30, 2011	December 31, 2010
		June 30, 2011	December 31, 2010	June 30, 2011	December 31, 2010
Finance department of Belgorodskaya oblast	Secured	-	9,45%	-	345 738
OJSC "Alfa-Bank"	Unsecured	7,65-7,8%	7,65-7,8%	1 578	2 103
OJSC "Gazprombank"	Unsecured	8,00%	8,00%	402 521	402 751
OJSC "Ogresbank"(OJSC "Nordeabank")	Unsecured	-	8,00%	-	410 000
OJSC "Sberbank"	Unsecured	7,5-8,4%	7,5-8,4%	790 392	5 411
Joint-Stock Bank "Severgazbank"	Unsecured	12,00%	-	28	-
				1 194 519	1 166 003

As at 30 June 2011 no bank loans are secured over bank guarantees received (31 December 2010: RUB 345,738 thousand).

As at 30 June 2011 and at 31 December 2010 no bank loans are secured over inventories (refer to Note 19).

23 FINANCE LEASE

The finance lease liabilities are secured by the leased assets.

The Group leases production equipment and transportation vehicles under a number of finance lease agreements.

Finance lease liabilities are payable as follows:

	At 30 June 2011		
	Minimum lease payments	Present value of minimum lease payments	Interest
Less than one year	740 495	489 110	251 385
Between one and five years	776 742	628 551	148 191
	1 517 237	1 117 661	399 576
	At 31 December 2010		
	Future minimum lease payments	Present value of minimum lease payments	Interest
Less than one year	902 489	580 984	321 505
Between one and five years	1 124 304	866 735	257 569
	2 026 793	1 447 719	579 074

24 EMPLOYEE BENEFITS

The tables below provide information about the employee benefit obligations and actuarial assumptions used for the periods ended 30 June 2011 and 30 June 2010.

The defined benefits obligations arise from unfunded plans. Other benefits include jubilee benefits and funeral compensations in the case of death in the employee's immediate family.

(a) Movements in net liability of the defined benefit obligations

	June 30, 2011	December 31, 2010
Present value of defined benefit obligation	2 354 389	2 100 824
Unrecognized past service cost	(224 407)	(272 070)
	2 129 982	1 828 754

(b) Amounts recognized in profit or loss

	For six months, ended June 30, 2011	For six months, ended June 30, 2010
Current service cost	50 879	44 801
Interest expense	81 340	74 701
Past service cost	47 664	47 664
Recognized actuarial losses	239 553	117 089
Net expense	419 436	284 255

(c) Movements in the present value of the defined benefit obligations

	June 30, 2011	June 30, 2010
Present value of defined benefit obligation at 1 January	2 100 824	1 815 215
Current service cost	50 879	44 801
Interest expense	81 340	74 701
Actuarial losses	239 553	117 089
Benefits paid	(118 207)	(142 760)
Present value of defined benefit obligation at 30 June	2 354 389	1 909 046

(d) Actuarial assumptions

Principal actuarial assumptions are as follows:

	June 30, 2011	December 31, 2010
Discount rate, annual	8,00%	8,00%
Future salary increase, per year	6,50%	5,00%
Inflation rate, per year	6,50%	5,00%

(e) Expense recognised in profit or loss

	For six months, ended June 30, 2011	For six months, ended June 30, 2010
Operating expenses	338 096	209 554
Finance costs	81 340	74 701
	419 436	284 255

25 EMPLOYEE PAYABLES

June 30, 2011	December 31, 2010
----------------------	--------------------------

Salaries and wages payable	434 354	272 408
Unused vacation provision	311 137	241 914
Annual bonus provision	233 415	312 945
	978 906	827 267

Provision for annual bonuses includes bonuses and other similar payments accrued (including unified social tax) based on employees' performance.

26 TRADE AND OTHER PAYABLES

	June 30, 2011	December 31, 2010
Trade accounts payable	4 455 489	3 934 567
Advances received	2 060 281	2 391 391
Other payables and accrued expenses	742 278	481 487
	7 258 048	6 807 445

27 OTHER TAXES PAYABLE

	June 30, 2011	December 31, 2010
Value added tax	596 784	27 851
Employee taxes	229 833	15 489
Property tax	51 863	50 339
Other taxes	98 228	67 630
	976 708	161 309

28 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

(a) Overview

The Group has exposure to the following risks from its use of financial instruments:

credit risk; liquidity risk; market risk.

The Group does not have any significant exposure to currency risk on sales, purchases and borrowings, because no significant sales, purchases, or borrowings are denominated in a currency other than the functional currency of the Company, which is the Russian Rouble.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

The Group's principal objective when managing capital risk is to sustain its creditworthiness and a normal level of capital adequacy for doing business as a going concern, in order to ensure returns for shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of borrowed capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

(b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

(i) Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer.

To manage credit risk the Group attempts, to the fullest extent possible, to demand prepayments from customers. As a rule, prepayment for connection services is set in a contract and depends on the amount of capacity to be connected.

The customer base for electricity transmission services is limited to several distribution companies and a small number of large manufacturing/extraction enterprises. Payments are tracked weekly and electricity transmission customers are advised of any failures to submit timely payments. For quick collection and complete control of accounts receivable collection a working team was formed to reduce the Company's finance losses, caused by non-fulfilment or insufficient fulfilment by some contractors of their contractual obligations.

The Group does not require collateral in respect of trade and other receivables.

The Group establishes an allowance for impairment that represents its estimate of anticipated losses in respect of trade and other receivables that relate to individually significant exposures.

(ii) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	June 30, 2011	December 31, 2010
Trade and other receivables	6 418 243	6 176 806
Investments and financial assets	577 897	614 380
Cash and cash equivalents	2 798 381	258 889
	9 794 521	7 050 075

Financial guarantees are disclosed in Note 31.

The Group's two most significant customers, regional distribution entities, account for RUB 2,582,326 thousand of the trade receivables carrying amount at 30 June 2011 (31 December 2010: RUB 3,031,388 thousand).

The maximum exposure to credit risk for trade receivables (excluding other receivables) at the reporting date by type of customer was:

	Carrying amount at June 30, 2011	Carrying amount at December 31, 2010
Electricity transmission customers	5 437 126	5 350 827
Connection services customers	168 517	187 268
Other customers	128 468	122 711
	5 734 111	5 660 806

Impairment losses

The tables below analyze the Group's trade and other receivables into relevant groups based on the past due periods:

	At June 30, 2011		A December 31, 2010	
	Gross	Allowance	Gross	Allowance
Not past due	1 612 779	(24)	2 207 375	(11 801)
Past due 0-3 months	629 298	(32)	533 928	(797)
Past due 3-6 months	649 487	(13)	3 211 085	(273)
Past due 6-12 months	3 344 856	(245)	216 037	(87 989)
Past due more than 1 year	1 960 879	(1 778 742)	1 740 816	(1 631 575)
	8 197 299	(1 779 056)	7 909 241	(1 732 435)

The movements in the allowance for impairment in respect of trade and other receivables during the period were as follows:

	For six months, ended June 30, 2011	For six months, ended June 30, 2010
Balance at 1 January	1 732 435	1 437 231
Increase during the period	196 462	106 216
Amounts written-off against receivables	(50)	(10 420)
Decrease due to reversal	(149 791)	(106 687)
Balance at 30 June	1 779 056	1 426 340

(c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group monitors the risk of cash shortfalls by means of current liquidity planning. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. This approach is used to analyze payment dates associated with financial assets, and also to forecast cash flows from operating activities.

To manage the liquidity risk, the Group has negotiated long-term and short-term credit lines with a pool of commercial banks, designated as highly rated banks.

As at 30 June 2011 the Group's unused portion of long-term and short-term credit line facilities amounted to RUB 8,500,000 thousand (31 December 2010: RUB 8,800,000 thousand).

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Carrying amount	Contractual cash flows	12 months or less	Between 1 and 5 years	More than 5 years
Liabilities as at 30 June 2011					
Long-term bank loans including current portion	14 191 792	18 870 328	2 288 693	12 644 517	3 937 118
Finance lease liabilities	1 117 661	1 517 237	740 495	776 742	-
Trade and other payables	4 586 507	4 586 507	4 578 028	-	8 479
	19 895 960	24 974 072	7 607 216	13 421 259	3 945 597
Financial guarantees	959 951	959 951	959 951	-	-
Liabilities as at 31 December 2010					
Long-term municipal loans	345 738	352 221	352 221	-	-
Long-term bank loans including current portion	14 590 265	19 851 345	1 960 666	13 834 547	4 056 132
Finance lease liabilities	1 447 719	2 026 793	902 489	1 124 304	-
Trade and other payables	4 192 865	4 192 865	4 183 739	647	8 479
	20 576 587	26 423 224	7 399 115	14 959 498	4 064 611
Financial guarantees	1 203 717	1 203 717	1 203 717	-	-

(d) Market risk

Market risk is the risk that changes in market prices, such as interest rates will affect the Group's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(i) Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group is exposed to interest rate risk only through market value fluctuations of loans and borrowings. The interest rates on most long- and short-term loans and borrowings are fixed. Changes in interest rates impact primarily loans and borrowings by changing either their fair value (fixed rate debt) or their future cash flows (variable rate debt).

Management does not have a formal policy of determining how much of the Group's exposure should be to fixed or variable rates. However, at the time of raising new loans or borrowings management uses its judgment to decide whether it believes that a fixed or variable rate would be more favourable to the Group over the expected period until maturity.

Profile

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

	Carrying amount June 30, 2010	Carrying amount December 31, 2010
Fixed rate instruments		
Financial liabilities	15 309 453	16 383 722

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit and loss, and the Group does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore a change in interest rates at the reporting date would not affect profit or loss.

(e) Fair values

Management believes that at the reporting date the fair value of the Group's financial assets and liabilities approximates their carrying amounts.

(f) Capital management

Management's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital, which the Group defines as result from operating activities divided by total shareholders' equity.

Management seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

There were no changes in the Group's approach to capital management during the period.

The Company and its subsidiaries are subject to external capital requirements that require that their net assets as determined in accordance with Russian Accounting Principles must exceed their charter capital at all times.

29 OPERATING LEASES

The Group leases a number of land plots owned by local governments under operating leases. In addition, the Group leases non-residential premises and vehicles.

Land leases were entered in prior periods and represented land plots on which power lines, equipment for electricity transformation and other assets are located. The land leases typically run for an initial period of 5 to 49 years, with an option to renew the lease after that date. Lease payments are reviewed regularly to reflect market rentals.

The land title does not pass and the landlord retains control over land usage. The Group determined that substantially all the risks and rewards of the land plots are with the landlord, therefore the leases are considered as operating leases.

Operating lease rentals under non-cancellable leases are payable as follows:

	<u>June 30, 2011</u>	<u>December 31, 2010</u>
Less than one year	408 363	512 581
Between one year and five years	1 100 850	1 210 693
More than five years	2 794 552	3 139 098
	<u>4 303 765</u>	<u>4 862 372</u>

The amount of lease expense under operating leases recognized in profit or loss for the six months ended 30 June 2011 was RUB 245,032 thousand (for the six months ended 30 June 2010: RUB 226,084 thousand).

30 COMMITMENTS

The Group has outstanding commitments under the contracts for the purchase and construction of property, plant and equipment for RUB 2,676,048 thousand as at 30 June 2011 (net of VAT) (as at 31 December 2010: RUB 1,865,776 thousand).

31 CONTINGENCIES

(a) Insurance

The insurance industry in the Russian Federation is in a developing state and many forms of insurance protection common in other parts of the world are not yet generally available. The Group has full insurance coverage for its production facilities and third party liability in respect of property, health and environmental damage arising from operation of dangerous production units. The Group has no insurance coverage against losses caused by business interruption.

(b) Litigation

The Group is a party to certain legal proceedings arising in the ordinary course of business. Management does not believe that these matters will have a material adverse effect on the Group's financial position and operating results.

(c) Taxation contingencies

The taxation system in the Russian Federation continues to evolve and is characterised by frequent changes in legislation, official pronouncements and court decisions, which are sometimes, contradictory and subject to varying interpretation by different tax authorities. Taxes are subject to review and investigation by a number of authorities, which have the authority to impose severe fines, penalties and interest charges. A tax year remains

open for review by the tax authorities during the three subsequent calendar years; however, under certain circumstances a tax year may remain open longer. Recent events within the Russian Federation suggest that the tax authorities are taking a more assertive position in their interpretation and enforcement of tax legislation.

These circumstances may create tax risks in the Russian Federation that are substantially more significant than in other countries. Management believes that it has provided adequately for tax liabilities based on its interpretations of applicable Russian tax legislation, official pronouncements and court decisions. However, the interpretations of the relevant authorities could differ and the effect on these Financial statements, if the authorities were successful in enforcing their interpretations, could be significant.

(d) Environmental matters

The Company and its predecessors have operated in the electric transmission industry in the Russian Federation for many years. The enforcement of environmental regulations in the Russian Federation is evolving and the enforcement posture of Government authorities is continually being reconsidered. Management periodically evaluates its obligations under environmental regulations.

Potential liabilities might arise as a result of changes in legislation and regulation or civil litigation. The impact of these potential changes cannot be estimated, but could be material. In the current enforcement climate under existing legislation, management believes that there are no significant liabilities for environmental damage.

(e) Guarantees

The Group issued financial guarantees for loans received by a lessor of the Group.

	Amount on contract June 30, 2011	Amount on contract December 31, 2010
OJSC "Rosbank"	845 551	1 009 201
Belgorodskoe OSB №8582	114 400	194 516
	959 951	1 203 717

32 RELATED PARTY TRANSACTIONS

(a) Control relationships

The Company's parent as at 30 June 2011 and 31 December 2010 was JSC IDGC Holding. The party with the ultimate control over the Company is the Government of the Russian Federation, which held the majority of the voting rights of JSC IDGC Holding.

(b) Transactions with management and close family members

There are no transactions or balances with key management and their close family members except for remuneration in the form of salary and bonuses.

(i) Management compensation

Total remuneration paid to the members of the Board of Directors and the Management Board for the six months ended 30 June 2011 was RUB 35,194 thousand (for the six months ended 30 June 2010: RUB 99,144 thousand).

(c) Transactions with other related parties

(i) **Revenue**

	Transaction value Six months 2011	Outstanding balance June 30, 2011	Transaction value Six months 2010	Outstanding balance December 31, 2010
Electricity transmission:				
Entities under common control of the parent	-	-	-	-
Other state controlled entities	1 040 171	89 472	877 099	159 824
Other revenue:				
Entities under common control of the parent	62 299	-	-	-
Other state controlled entities	28 097	7 245	53 242	18 658
	1 130 567	96 717	930 341	178 482

Related party revenue for electricity transmission is based on the tariffs determined by the government.

(ii) **Expenses**

	Transaction value Six months 2011	Outstanding balance June 30, 2011	Transaction value Six months 2010	Outstanding balance December 31, 2010
Electricity transmission:				
Entities under common control of the parent	-	-	-	-
Other state controlled entities	6 457 819	634 962	5 469 863	71 795
Other expenses:				
Entities under common control of the parent	25 175	12 839	3	8 977
Parent company	187 387	22 112	220 500	26 019
Other state controlled entities	210 906	28 447	228 821	17 918
Related party lessors	42 480	6 864	1	1 050
	6 923 767	705 224	5 919 188	125 759

(iii) **Advances received**

	Outstanding balance June 30, 2011	Outstanding balance December 31, 2010
Other state controlled entities	149 788	109 963
	149 788	109 963

(iv) **Advances issued**

	Outstanding balance June 30, 2011	Outstanding balance December 31, 2010
Entities under common control of the parent	1 171	514

Other state controlled entities	112 887	103 421
	114 058	103 935

All outstanding balances with related parties are to be settled in cash within a year from the reporting date. None of the balances are secured.

(v) *Loans and borrowings*

	Amount loaned	Outstanding balance	Amount loaned	Outstanding balance
	Six months 2011	June 30, 2011	Six months 2010	December 31, 2010
Loans received:				
State controlled entities	-	6 867 665	-	7 201 149
	-	6 867 665	-	7 201 149

Loans are received at market interest rates (refer to Note 28).