

Approved by the Resolution  
of the Board of Directors  
of IDGC of Centre, JSC  
Minutes No. 07/09 dated 04.05.2009

# ANNUAL REPORT

**OF INTERREGIONAL DISTRIBUTION  
GRID COMPANY OF CENTRE  
JOINT-STOCK COMPANY  
FOR 2008**

General Director  
IDGC of Centre, JSC

*Ye. Makarov*

Accounting Policy Director  
IDGC of Centre, JSC

*S. Puzenko*

## ADDRESS OF THE CHAIRMAN OF THE BOARD OF DIRECTORS AND THE GENERAL DIRECTOR TO THE COMPANY'S SHAREHOLDERS AND INVESTORS

4

### 1. KEY INDICATORS

6

### 2. BRIEF BUSINESS DESCRIPTION

8

### 3. INFORMATION FOR SHAREHOLDERS AND INVESTORS

12

Milestones of the Year

13

Stock Market

15

Dividends

16

Share Capital

17

Corporate Governance

18

### 4. STRATEGY

52

Strategic Vision of Company Management

53

Mission

53

Our System of Values

54

Matrix Management System

56

### 5. DESCRIPTION OF BUSINESS

58

Market

59

Main Operating Activities

61

Power Transmission

62

Grid Connections

66

Other Business

67

Investments

68

Introduction of RAB

81

Risks

83

### 6. FINANCIAL INDICATORS

96

### 7. PERSONNEL

100

### 8. ENVIRONMENTAL POLICY

106

### CONTACTS

108

## GLOSSARY

109

## APPENDIX

112

### APPENDIX 1

Financial Statements for 2008

112

Explanatory Note to the Accounting Statements for 2008

132

Auditor's Opinion

161

Opinion of the Internal Audit Committee

163

### APPENDIX 2

Methods of Valuation of the Assets of the Company

165

### APPENDIX 3

Key Provisions of the Accounting Policy of the Company

166

### APPENDIX 4

Itemisation of Individual Production and Financial Indicators of the Company

168

### APPENDIX 5

Pilot Region RAB Parameters

172

### APPENDIX 6

Rights of the Shareholders of the Company

173

### APPENDIX 7

Report on Compliance of IDGC of Centre, JSC with the Corporate Governance Code

174

### APPENDIX 8

Report by the Board of Directors on Priority Areas of the Company. The Most Important Resolutions Made by the Board of Directors in 2008. Details on Transactions Made by the Company in 2008

188

### APPENDIX 9

Detailed Information on the Members of Committees of the Board of Directors and Members of the Management Board

193

### APPENDIX 10

Procedure of Convening of General Meetings of IDGC of Centre, JSC Shareholder and the Procedure of Proposing Issues for the Agenda thereof. The Procedure of Nomination of Candidates for Membership in the Board of Directors of the Company

205

### APPENDIX 11

Internal Regulations of the Company

208

### APPENDIX 12

Certificate of Corporate Governance Rating

211

### APPENDIX 13

Information on the Participation of the Company in other Organisations in 2008

212

## ADDRESS OF THE CHAIRMAN OF THE BOARD OF DIRECTORS AND THE GENERAL DIRECTOR TO THE COMPANY'S SHAREHOLDERS AND INVESTORS

### DEAR SHAREHOLDERS AND INVESTORS

2008 was the year of completion of interregional consolidation of distributive assets network. These reforms resulted in the creation of an interregional operational Company which is now operating in 11 provinces of central Russia. The Company holds the position of a natural monopoly controlling over 83% of the energy distribution market. The reform has affected Russia's entire energy sector. The termination of the activities of OJSC RAO UES of Russia starting from July 1, 2008 resulted in OJSC IDGC Holding becoming the majority shareholder of IDGC of Centre, JSC with its 50.23% share in the Company's Authorised Capital.

The affiliation of the regional grid companies took place on March 31, 2008, therefore, the Company reports for 2008 contain audited financial statements with the operating results for the incomplete year. To give full information on operating results for the entire accounting period, the annual statement contains consolidated data on IDGC of Centre as well as the data for the 1st quarter of 2008 on the affiliated regional grid companies.

The sale revenue over the past financial year was 43.55 bln. roubles, which indicates a 34% rise from the 2007 figures. The increase in the revenue was to a significant degree prompted by the transition to a new system of accounts between selling and grid companies under which the sale revenue of other territorial grid companies is transferred via transit accounts of IDGC of Centre. Not counting the transit sale revenue of other territorial grid companies, the Company's own sale revenue stood at 36.86 bln. roubles. The 2008 rise in the sale revenue was 17%. The 2008 consolidate net revenue was 0.87 bln. roubles. This is less that the non-consolidated sale revenue of IDGC of Centre, which was 2.17 bln. roubles. The lower indicator of consolidated sale revenue is related to the writing off of uncollectible debts accumulated over the years in the 1st quarter of 2008 at the regional grid company.

On May 21, 2008 the public offer of shares of IDGC of Centre was opened at Russia's leading stock exchanges: the Moscow Central Stock Exchange and the Russian Trading System. Stock markets around the world, including Russia's stock market, demonstrated negative dynamics for the past year. The stock quotes of IDGC of Centre were also going down, nevertheless, in comparison to the average decrease in the stock quotes of other companies operating within this sector, the stocks of IDGC of Centre performed significantly better. The positive gap with regard to the energy index of the Moscow Central Stock Exchange (MICEX PWR) was 5%.



CHAIRMAN OF THE BOARD OF DIRECTORS  
ANDREY ALEKSANDROVICH DYOMIN



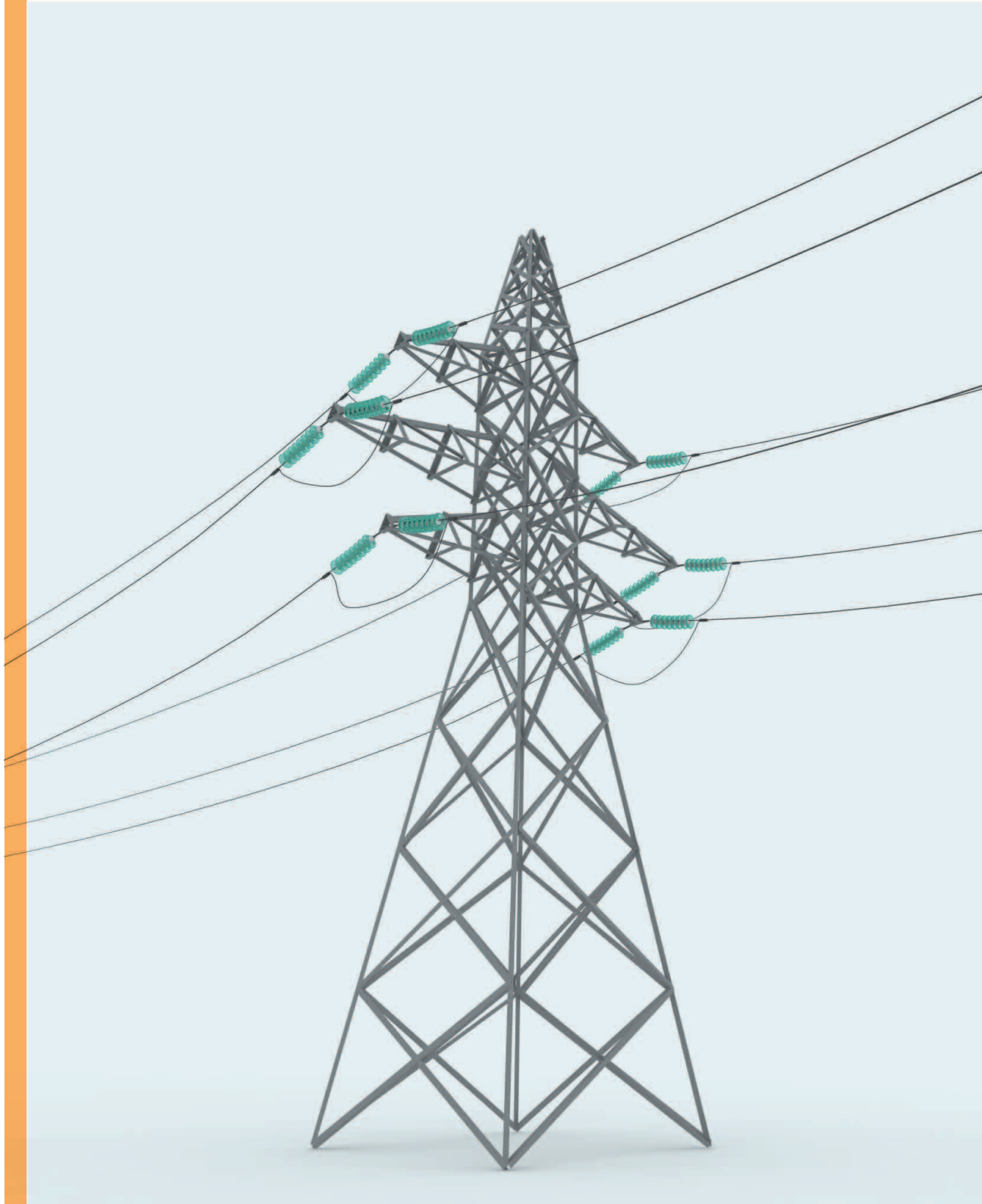
GENERAL DIRECTOR  
YEVGENY FEDOROVICH MAKAROV

The affiliation of the regional grid companies to IDGC of Centre facilitated the optimisation of the personnel numbers by way of partially centralizing the range of functions and reducing functions which may have been doubling each other. Compared to 2007 the personnel reductions were over 2,000. The Company Management continues to implement its balanced social policy regarding the personnel of the Company, taking into account the interests of both parties: the Employer and the Employee. The Single Collective Agreement concluded on July 1, 2008 ensures stable and conflict-free operation of the work team.

The Company's management took active part in the elaboration and promotion of the new system of tariff design based on the return of the invested capital (RAB-regulation). The successful result of these efforts was the transition of the three pilot branch offices of the Company to implementation of the new system starting from January 1, 2009. Of the nine pilot regions in transition to the RAB-regulation in Russia three enjoy the IDGC of Centre presence. The Company has therefore become the pioneer in implementation of the new system of tariff design. The Company's managing board links the increase in the profits realised from the Company's main profile activity — distribution of electric energy — to the implementation of the RAB-methodology.

Early 2008 saw the launch of a complex programme in creation of an asset management system affording a significant improvement in the electric grid facilities management efficiency. The system is based on making decisions on the scale of effect on equipment on the basis of the assessment of its technical condition and the risks of loss of its functionality. The completion of the programme is planned for the late 2009.

The strategic vision of management prospects for the period up to 2016 focuses on the attainment by the Company of its key goal — the leading position in its sector. To achieve this, the Company has concentrated its efforts on the 6 key strategic areas, which are: shareholder value, operation and development of the electric grid facilities, sale of services, business efficiency, the system of management and personnel. The Board of Directors and the Company's management feel certain that in the mid-term perspective the Company will improve the forecastability of its performance, while significantly reducing the risks with which investments in the IDGC of Centre securities is fraught.



# 1. KEY INDICATORS

<b>CAPITALISATION</b> (AS OF DECEMBER 31, 2008)	<b>16.1</b> BLN. ROUBLES <b>549</b> MLN. USD
<b>NUMBER OF SHAREHOLDERS</b> (AS OF DECEMBER 31, 2008)	<b>OVER</b> <b>17,500</b>
<b>REVENUE</b> (2008)	<b>43.6</b> BLN. ROUBLES
<b>NET PROFIT</b> (2008)	<b>0.9</b> BLN. ROUBLES
<b>NET ASSET VALUE</b> (AS OF DECEMBER 31, 2008)	<b>39.7</b> BLN. ROUBLES
<b>USEFUL POWER SUPPLY</b> (NET OF OTHER TERRITORIAL GRID ORGANISATIONS, 2008)	<b>56.6</b> BLN. kWt/H
<b>LENGTH OF LINES</b> (OTL LINE 0.4 — 110 kWt AS OF DECEMBER 31, 2008)	<b>362,329.2</b> KM
<b>CAPACITY OF SUBSTATIONS</b> (AS OF DECEMBER 31, 2008)	<b>30,592.7</b> MEGAWATT (35 — 110 kWt)
	<b>14,460.11</b> MEGAWATT (6 — 35/0,4 kWt)
<b>NUMBER OF EMPLOYEES</b> (AS OF DECEMBER 31, 2008)	<b>23,680</b> PEOPLE

Since the regional grid companies acceded to IDGC of Centre on March 31, 2008, the Company's financial statements for the year 2008 reflect the results of the operational activities since March 31, 2008 only. In order to give full information on operating results for the entire accounting period, the annual statement contains consolidated data in which the indicators of the affiliated regional grid companies for the 1st quarter of 2008 are accounted for (in all sections except Appendix 1 — the financial statements for 2008). For the years 2006 and 2007 the Company's financial and production data were obtained by way of summarizing the relevant indicators of 11 regional grid companies that had acceded to IDGC of Centre.





## BACKGROUND OF THE INDUSTRY AND THE COMPANY

### STATE SECTOR

Early 20th century: creation of electric power infrastructure as a united system on a national scale.

1930s: rapid growth of metallurgy, power industry and the distribution sector in particular.

1960s: creation of the United Power System nationwide, boom of large-scale electric power projects in the country.

### PRIVATISATION AND REFORM

1990s: privatisation of the power industry, establishment of electric power companies on a territorial basis. Establishment of RAO UES OJSC of Russia, a holding that controls virtually all electric power companies of Russia.

Early 21st century: split of regional electric power companies according to their business: generation, transportation, distribution, sales; for subsequent interregional integration by business.

### COMPANY'S HISTORY

On December 17, 2004, IDGC of Centre was registered as a special purpose company for interregional integration of distribution grid facilities.

On April 27, 2004, the configuration of the Company was finally approved. The Company includes 11 regional grid companies of the Centre of Russia: Belgorodenergo, Bryanskenergo, Voronezhenergo, Kostromaenergo, Kurskenergo, Lipetskenergo, Orelenergo, Smolenskenergo, Tambovenergo, Tverenergo, Yarenergo (resolution of the Board of Directors of RAO UES of Russia, minutes No. 250 of April 27, 2007).

March 31, 2008: accession of RGCs to IDGC of Centre (pursuant to the resolutions of the General Meetings of Shareholders of IDGC of Centre, JSC and 11 RGCs).

May 21, 2008: shares of IDGC of Centre were admitted for exchange at MICEX (MRKC) and RTS (MRKC; MRKCG).

July 1, 2008: IDCG Holding became the majority shareholder of the Company, holding 50.23% of the authorised capital. Winding-up of RAO UES of Russia.

## 2. BRIEF BUSINESS DESCRIPTION

MODERN TRANSPORT INFRASTRUCTURE ENSURES COORDINATION OF MILLIONS OF VEHICLES CONNECTING MAIN HIGHWAYS WITH SMALL ROADS, STREETS AND LANES. THE NETWORK INFRASTRUCTURE OF THE COMPANY ENSURES UNINTERRUPTED ELECTRIC POWER TRANSMISSION FROM MAIN FEEDS TO CONSUMERS.

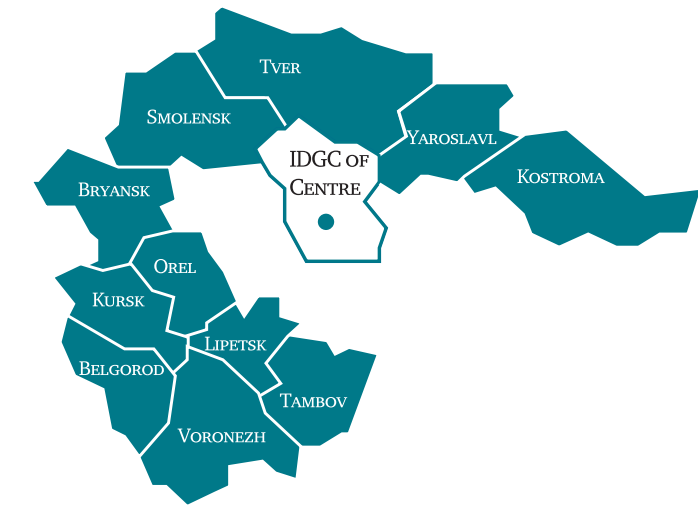




PRESENT

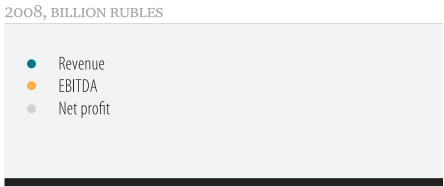
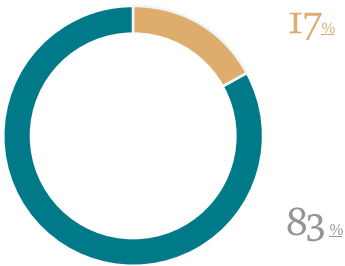
The core business of IDGC of Centre comprises electric power distribution services and network connection of new customers. The company carries out its business in 11 regions of the Central Federal District of the Russian Federation. The headquarters are located in Moscow.

IDGC of Centre is a monopolist in the regions where it operates; controlling, in monetary terms, over 80% of the electric power transmission and network connection market. In 2008, the Company's revenue amounted to 43.6 bln. roubles. Electric power transmission and network connection tariffs are regulated by the government. The net profit of 2008, net of bad debts of the RGCs written off in the 1st quarter, amounted to 0.9 bln. roubles (net profit of IDGC of Centre without consolidation of RGC data amounted to 2.2 bln. roubles).



The net asset value as of the end of the year amounted to 39.7 bln. roubles. In the three pilot regions alone the value of the initially invested capital according to the RAB method amounted to 44.3 bln. roubles.

The main electric power distribution assets consist of transmission lines with an overall length of over 362,000 km and transformer substations with an overall installed capacity of over 45 gigawatt. As of the end of 2008, the Company employed 23,680 people.



FUTURE

- REDUCTION OF RISKS**

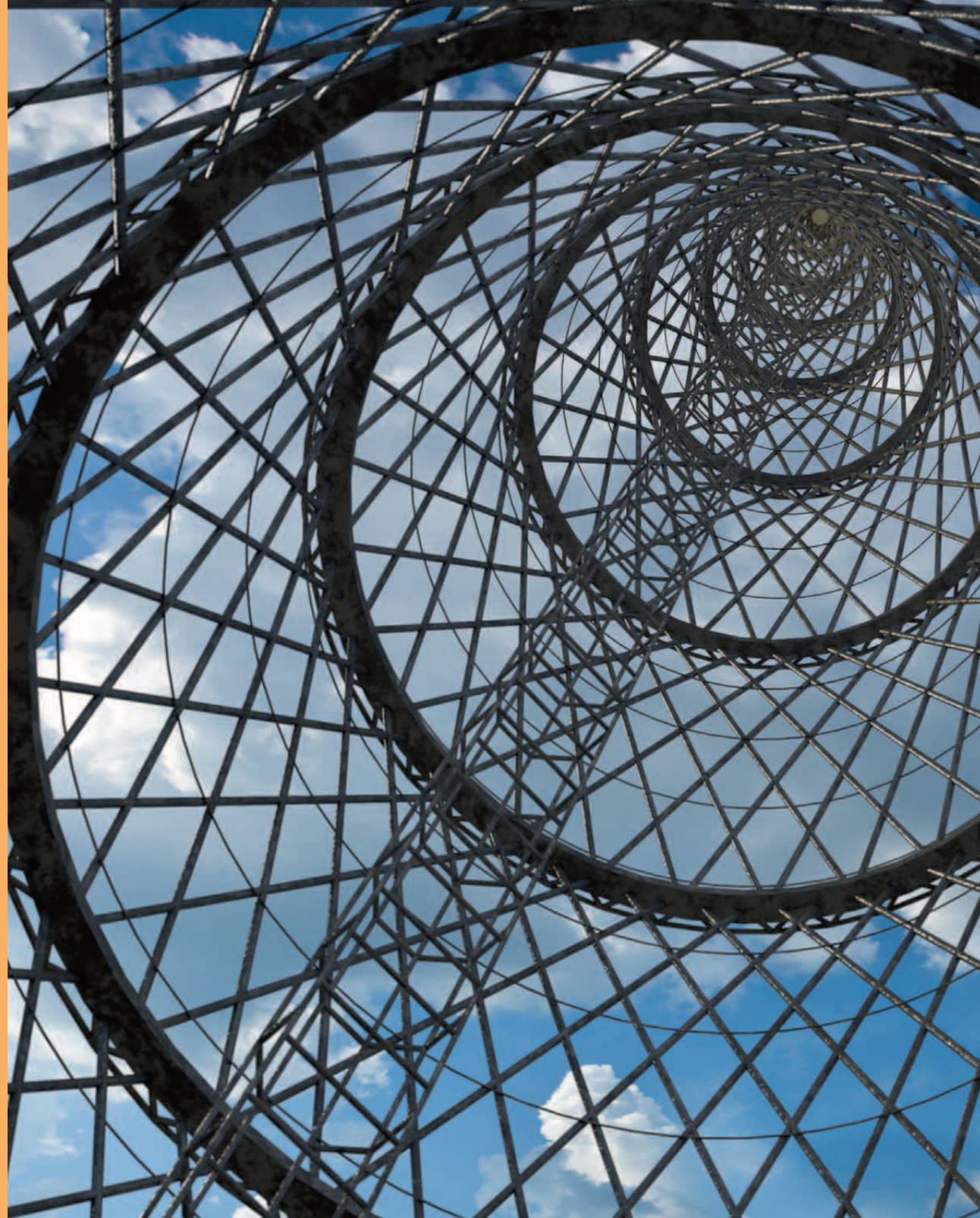
The Company envisages a reduction of operating risks related to the transition to a long-term regulation system based on RAB. An increased transparency of both the Company's regulation process and the operating activities will help increase the accuracy of performance forecasts necessary for both the management and investors. Another effect of the reduction of risks is the increase of the grid performance reliability.
- GROWTH OF MARKET SHARE**

The growth of the Company's market share can be achieved by taking over electric grid facilities owned by other territorial grid companies. The purpose of the takeover of grid facilities is to increase their value through a more efficient management, to enhance the quality of services, which will add more value to the entire Company.
- ENHANCEMENT OF MANAGEMENT EFFICIENCY**

The Company's competitive advantages are linked with the implementation of a state-of-the-art management system. The development of a matrix management system will enable to focus the work of the management on the achievement of strategic goals and to reduce the consumption of time and funds required for management decisions.
- DEVELOPMENT OF THE SECURITIES MARKET**

In the future, the Company expects to be a target of conservative long-term investments. Apart from the endeavour to carry out the Company's business with minimum risks and predictable returns, the management focuses on the development of the securities market and the cooperation with investors. The goal of such activity is to increase capitalisation, reduce the cost of loans on the open market in the future and to ensure the possibility of obtaining share capital at fair prices to take over grid assets.





### MILESTONES OF THE YEAR

The Company sees as the milestone events of 2008 the accession of 11 regional distribution grid companies to IDGC of Centre, the launch of the trade in its stock on the leading Russian stock exchanges and the start-up of RAB-based tariff regulation in the first three pilot regions. The key events of relevance for the Company during 2008 are listed below:

MARCH 31

Discontinuation of the business of RGCs and the transfer of their assets to the balance sheet of IDGC of Centre.

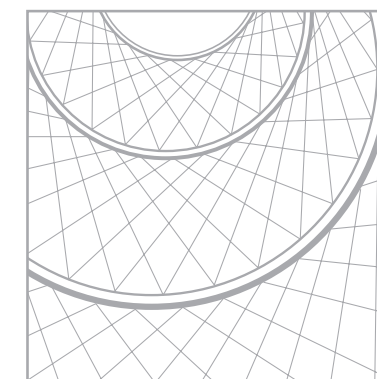
APRIL 3

Loans contracted in the total amount of 10.5 bln. roubles. The loans were provided by five banks for the periods from 60 days to 5 years at interest rates from 10% to 12.5%.

## 3. INFORMATION FOR SHAREHOLDERS AND INVESTORS



THE SHABOLOVKA TELEVISION AND RADIO BROADCASTING TOWER CONSTRUCTED PURSUANT TO THE UNIQUE DESIGN OF V.G. SHUKHOV EMBODIES THE PERFECT NETWORK STRUCTURE CREATED FOR INFORMATION TRANSMISSION. THE TARGET OF OUR COMPANY IS TO INFORM SHAREHOLDERS AND INVESTORS IN FULL ACCORDING TO RUSSIAN AND INTERNATIONAL STANDARDS.





APRIL 17	Speech by General Director Ye.F. Makarov at the conference «Russian Power Industry: the Dawn of a New Era» arranged by Credit Suisse.
APRIL 29	Opening of a credit facility. The Federal Financial Markets Service registered reports on the results of additional issues of the Company's shares. The formation of the operating Company was completed.
MAY 21	Launch of trade in shares of IDGC of Centre at MICEX (MRKC) and RTS (MRKC; MRKCG).
MAY 26	Speech by General Director Ye.F. Makarov at the conference «MRGC: the New Blue Chips of the Securities Market» organised by Otkritie Financial Corporation, Raiffeisenbank and Metropol Investment Company supported by MICEX stock exchange.
MAY 30	Annual General Meeting of Shareholders. The first General Meeting of Shareholders with the participation of new shareholders (former shareholders of RGC).
JULY 1	IDGC Holding became the majority shareholder of the Company, with a share amounting to 50.23% of the authorised capital.
JULY 15	The shares of IDGC of Centre were included in the MISEX SC index.
OCTOBER 6	The Company's shares were included in the basis for the calculation of the MICEX PWR index.
NOVEMBER 13	Statement of readiness of the Company for the autumn and winter period of 2008/2009 obtained from MRGC Holding.
DECEMBER	Tariffs for 2009 and long-term regulation parameters up to 2012 for three pilot branches (Belgorodenergo, Lipetskenergo and Tverenergo) were set on the basis of the RAB method.

STOCK MARKET

Four periods can be seen in the exposure of the Company and the affiliated RGCs to the stock market in 2008:

- before accession of RGCs to IDGC of Centre, the shares of the RGCs were traded on the market (until March 25, 2008);
- during the issue procedures when the shares of the RGCs were not traded due to the discontinuation of business of the latter, while the shares of IDCG were not yet eligible for trade (from March 26, 2008 until May 20, 2008);
- during the period when the 21st additional issue of the shares of the Company was traded on the market (from May 21, 2008 to August 17, 2008);
- after the merger of additional issues with the principal issue and until the present time, a single issue of shares of IDGC of Centre has been traded (from August 18, 2008).

TURNOVER AND QUANTITY OF TRANSACTIONS WITH IDGC OF CENTRE SHARES IN 2008

	QUANTITY OF TRANSACTIONS	TURNOVER		
		PCS.	MILLION ROUBLES	THOUSAND USD
MICEX	5,279	776,958,000	523.80	
RTS classic market	18	3,619,569		559.80
RTS exchange market	183	10,335,045	8.60	

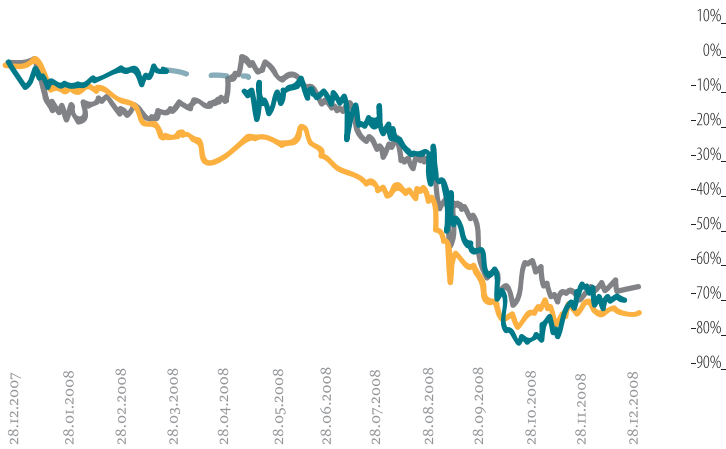
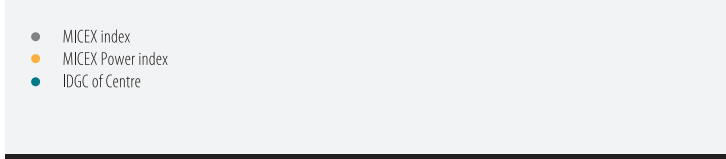


DIAGRAM: COMPARISON OF TREND OF MICEX PWR INDEX AND CAPITALISATION\* OF IDGC OF CENTRE



\* In the 1st quarter of 2008, the capitalisation of IDGC is calculated as the total capitalisation of the acceding RGCs

CODES OF SHARES AT STOCK EXCHANGES:	
MICEX	MRKC
RTS classic	MRKC
RTS exchange	MRKCG

Generally, in 2008 the securities market had a negative trend both in Russia and in other countries due to the global spread of the US financial crisis.

By the end of the year, the MICEX index dropped by 67% and the MICEX Power index by 75%; the capitalisation of IDGC of Centre decreased by 70%. The fact that the shares of IDGC of Centre fell somewhat less compared to the average decrease in the industry (5% below the industry index) can be regarded as comforting against the background of general fall.

MAIN MULTIPLIERS	
AS OF DECEMBER 31, 2008	
EV/Sales	0.58
EV/EBITDA	4.67
P/E	18.4
EV/Productive supply	0.45

Dividends

The dividends paid by the RGCs and IDGC of Centre for 2006 amounted to 387 million roubles. In 2008 the shareholders resolved to pay no dividends, as the Company's financial results for 2007 did not include the results of the RGCs (the accession of the RGCs occurred in 2008). The Board of Directors proposes to pay no dividends for 2008, as the Company has to implement its investment programme under conditions where leveraging of investment through loans would render investment unprofitable.

Dividends	2006*	2007	2008 (Plan)
Dividends, million roubles	387	0	0
Share of dividends in net profit, %	29%	0%	0%
Dividends per share, roubles	—	0	0
Profit per share, roubles	—	—	0.02

\* For 2006: the amount for RGCs and IDGC of Centre

Dividends of IDGC of Centre, RGC Excluded	2005	2006	2007	2008 (Plan)
Dividends, million roubles	1.5	1.8	—	0

Share Capital

The total amount of shares: 42 217 941 468 ordinary nominal shares at the nominal value of 10 kopeks each.

Quantity of authorised shares: 258 532.

Quantity of cross-held shares: none.

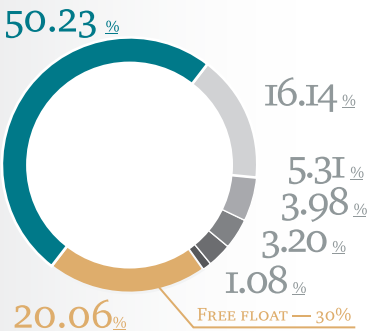
Share Capital Structure (as of December 31, 2008)	
Holder Type	% of SC
Holders: individuals	4.51%
Holders: corporate persons	1.76%
Nominal holders	93.45%
Trustees	0.28%
TOTAL:	100%

Holder Type	% of SC
Residents of the Russian Federation	99.61%
Non-residents of the Russian Federation	0.39%
TOTAL:	100%

Information on the Organisation Recording the Title to the Shares of the Company	
Full Name	Joint Stock Company «Moscow Central Depository»
Short Name	MCD OJSC or Moscow Central Depository OJSC
Legal Address	107078, Moscow, Oriikov per. 3, korp. V
Licence	No. 10-000-1-00255 Issued by: Federal Financial Markets Service of Russia Date of issue: September 13, 2002 Period of validity: indefinite
Other Details	Postal address: 105082, Moscow, ul. B. Pochtovaya 34, str. 8 Telephone: 8(495) 221 13 34, 221 13 30, 221 13 33, Fax: 8 (495) 221 13 83 e-mail: dr@mcd.ru

Since many shareholders of the Company are located in the regions where it operates, a transfer agent office of the registrar was opened in such each region to facilitate the transactions. Shareholders may perform sale and purchase transactions, change personal details, execute inheritance documents and perform other operations in the register directly at the regional centre without the need to travel to Moscow.

Information on transfer agents can be found at the Company's website: [http://www.mrsk-1.ru/docs/02\\_02\\_2009.xls](http://www.mrsk-1.ru/docs/02_02_2009.xls).



MAJOR SHAREHOLDERS AS OF DECEMBER 31, 2008\*

- IDGC Holding
- Prosperity Capital Management
- Citigroup
- Investment Holding E-Union
- IMMENSO ENTERPRISES LIMITED
- SEB (Sweden)
- Other

\* The diagram is based on the disclosure of data by nominal shareholders as of April 18, 2008, the information on changes in the shares held by shareholders obtained by the Company in 2008, as well as an expert appraisal by the management of IDGC of Centre.



## CORPORATE GOVERNANCE

Corporate governance of IDGC of Centre, JSC is a complex of processes, allowing management and control over the activities of the Company and including the system of relations between the Company and its shareholders with concern to the security of the Company performance and legitimate benefits of shareholders and investors. In the exercise of its activities the Company is governed by the applicable law and internal regulatory documents, including Corporate Governance Code, which specifies the following fundamentals of corporate governance:

- justice;
- openness;
- accountability of the Company administration to shareholders;
- manageability of business activities;
- observance of third parties rights.

Corporate Governance Code of IDGC of Centre, JSC can be found on the Company website at <http://www.mrsk-1.ru/docs/koduprav.pdf>.

The events of 2008, primarily the consequences of the Company restructuring, imposed new requirements for the Company corporate governing, which qualified its development in 2008:

- basic committees under the Board of Directors are functioning from April 30, 2008 — the Audit Committee, the HR and the Remuneration Committee, the Strategy and Development Committee; as well as the Committee on technological connection to the electrical grid, from February 2009;
- Company Directorate is operating from April 30, 2008;
- obligations on information disclosure appeared from March 20, 2008 — the Company started to disclose the information in the form of a quarterly report containing essential data and materials which may influence the securities market.

Based on the results of 2008 the Company has the corporate governance model which fully corresponds to the Company's current situation and its long-term goals. The structure of the Company administration is as follows:

- General Meeting of Shareholders;
- Board of Directors and its five committees;
- Directorate;
- General Director.

The system of control over the Company business activity involves both external and internal control and includes:

- Auditor;
- Audit Committee;
- Board of directors, including the Audit Committee;
- Internal Control and the Audit Department.

## CORPORATE GOVERNANCE RATING

Today IDGC of Centre, JSC has the corporate governance rating 7 — «Advanced Corporate Governance Practice» — according the scale of the National Corporate Governance Rating conferred by the Consortium of the Russian Institute of Directors and Expert RA — RID — Expert RA Rating Agency on September 23, 2008.

This rating level indicates that the corporate governance practice of IDGC of Centre, JSC is assessed as positive. The Company bears low corporate governance risks. The Company complies with the requirements of the Russian corporate governance law, follows the guidelines of the Russian Code of corporate conduct and certain guidelines of the international advanced corporate governance practice.

For the first time the Consortium of the Russian Institute of Directors and Expert RA — RID — Expert RA Rating Agency assigned to IDGC of Centre, JSC B++ rating — «Average Corporate Governance Level of the Corporate Governance Rating» — in 2006.

The Consortium of the Russian Institute of Directors and Expert RA — RID — Expert RA Rating Agency assigned to IDGC of Centre, JSC the corporate governance rating 6+ — «Advanced Corporate Governance Practice» — according the scale of the National Corporate Governance Rating which was increased to 7 on September 23, 2008 and affirmed on the specified level on February 27, 2009.

The corporate governance rating was increased in 2008 not only as aforesaid but also due to the approving of the documents regulating the convocation and the holding procedure of the General Meeting of Shareholders, the convocation and the holding procedure of the meetings of the Company Management Board, the convocation and the holding procedure of the Committees meetings, the remuneration and compensations payable to the Committee Members.

The detailed reports on the corporate governance practice of IDGC of Centre, JSC may be viewed at the Company corporate web-site: <http://www.mrsk-1.ru/about/administration/corporative/rating/>.

## THE SHAREHOLDERS RIGHT ANT EXERCISE THEREOF

The Shareholders rights exercise is a major objective of the Board of Directors and the Company Management. The Company Shareholders rights are secured by the shares and set forth by the applicable law and in the Charter of IDGC of Centre, JSC. The list of the Shareholders rights is given in Appendix 6.

Apart from insuring the Shareholders rights secured by the shares the Company is obliged to keep the Shareholder Register — the key tool of confirmation of the title to the shares.

## THE GOVERNANCE RIGHT

### THE COMPANY GENERAL MEETING OF SHAREHOLDERS

The General Meeting of Shareholders is the supreme managing body of the Company to which competence the most important matters of the Company business are referred in accordance with the existing law of the Russian Federation and Article 10 of the Company Charter.

The Company recognisations the inherent right of the Shareholders to participate in the Company administration, first of all by adopting the resolutions on the most significant matters of the Company business at the General Meeting of Shareholders.

Until March 31, 2008 the functions of the General Meeting of Shareholders were performed by RAO UES of Russia and the resolutions on the issues pertaining to the competence of the Company General Meeting of Shareholders were adopted by the Management Board of RAO UES of Russia and were notified to the Company in accordance with the procedure established by the internal documents of RAO UES of Russia regulating the activity of the Management Board of RAO UES of Russia.

Two extraordinary General Meetings of Shareholders and the Annual General Meeting of Shareholders (hereinafter referred to as «AGMS») were held in 2008.

On February 28, 2008, the sole Shareholder of the Company approved the Charter of IDGC of Centre, JSC (as amended) which may be viewed at the Company web-site: <http://www.mrsk-1.ru/about/administration/documents/regulations/>, the Regulation on the preparation and the holding procedure of the General Meeting of Shareholders of IDGC of Centre, JSC (available at the Company web-site: <http://www.mrsk-1.ru/docs/sa.pdf>), the Regulation on the Management Board of IDGC of Centre, JSC (available at the Company web-site: <http://www.mrsk-1.ru/docs/K4im4A.TIF>) and the Regulation on the convocation and the holding procedure of the meetings of the Board of Directors of IDGC of Centre, JSC (as amended) which is presented at the Company web-site: <http://www.mrsk-1.ru/file/sd.pdf>).

The sole Shareholder of the Company approved the following major transactions on March 27, 2008:

1. Major RUB 1.5 bln. borrowings transaction initiated by IDGC of Centre, JSC.
2. Major RUB 6 bln. borrowings transaction initiated by IDGC of Centre, JSC.
3. Major RUB 3 bln. borrowings transaction initiated by IDGC of Centre, JSC.

The Annual General Meeting of Shareholders was held on May 30, 2008. The following resolutions were adopted:

- the Company annual report for 2008, accounting records for 2008, including the Company profit and loss report, the Company profit and loss distribution according to the results of 2007 financial year were approved;
- new Members of the Company Board of Directors and Internal Audit Committee were elected;
- the Company auditor approved — KPMG, CJSC;
- the amended Regulation on the remuneration and compensations payable to the Members of the Board of Directors of Interregional Distribution Grid Company of Centre, Joint-Stock Company and the Regulation on the remuneration and compensations payable to the Members of the Internal Audit Committee of Interregional Distribution Grid Company of Centre, Joint-Stock Company, were approved.

The total amount of votes of the issued shares of IDGC of Centre, JSC entitled to vote at the General Meeting of Shareholders was 42,217,941,468. In the Annual General Meeting of Shareholders participated the persons making up together 68% of votes. The resolutions on the agenda issues (except for the issues adopted by cumulative voting) were adopted by a majority of votes exceeding 80%.

The full version of the resolutions adopted by the Company General Meetings of Shareholders is available at the Company web-site: <http://www.mrsk-1.ru/stockholder/meeting/result/>.

The Company General Meeting of Shareholders is convened and held as follows:

- any proposals to the agenda of the Annual General Meeting of Shareholders are made within 60 days of the end of the accounting year;
- any notice of the General Meeting of Shareholders is published in Vedomosti newspaper;
- the General Meeting of Shareholders is held in Moscow or in any other city determined by the resolution of the Board of Directors.

The General Meeting of Shareholders is convened and held as required by the law, the Company Charter as well as the Regulation on the convocation and the holding procedure of the meetings of the Board of Directors of IDGC of Centre, JSC. The procedure is presented in Appendix 10 and available at the Company corporate web-site: <http://www.mrsk-1.ru/stockholder/meeting/>.



BOARD OF DIRECTORS

In 2008 the Company was managed by the fourth and the fifth Boards of Directors of IDGC of Centre.

The fourth Board of Directors of the Company appointed on June 29, 2007 at the annual General Meeting of Shareholders by resolution of the sole shareholder (RAO UES of Russia) consists of the following members:

FULL NAME OF THE MEMBER OF THE BOARD OF DIRECTORS	TITLE OF THE MEMBERS OF THE BOARD OF DIRECTORS (AS OF THE DAY OF NOMINATION)
DMITRY ALEKSANDROVICH BURNASHEV	Head of the Business Planning Department of the Corporate Centre of RAO UES of Russia
ALEKSANDR MARKOVICH BRANIS	Representative office of Prosperity Capital Management (RF) Ltd., Director
ANDREY ALEKSANDROVICH DYOMIN (CHAIRMAN OF THE BOARD OF DIRECTORS)	Deputy Chairman of the Management Board of JSC FGC UES
IGOR IVANOVICH ZEMLYANSKY	Head of Customer and Infrastructure Relations of JSC FGC UES
ALEKSEY ROMANOVICH KACHAY	Deputy head of the Strategy Department of the Reform Management Centre of RAO UES of Russia
ANTON SERGEEVICH KOLESNIKOV	Deputy head of the Management Centre of IDGC for Economics and Finance of JSC FGC UES
VYACHESLAV MIKHAILOVICH KRAVCHENKO	Ministry of Industry and Energy of the Russian Federation, head of the Electric Power Department
ALEKSEY VITALYEVICH KLAPTSOV	Halcyon Advisors, Vice President
YEVGENY FEDOROVICH MAKAROV	JSC IDGC, General Director
MISRIKHAN SHAPIEVICH MISRIKHANOV	Branch of JSC FGC UES — Transmission Power Grids, General Director
PAVEL IVANOVICH OKLEY	(Deputy Chairman of the Board of Directors) — Head of the Management Centre of IDGC JSC FGC UES

The fifth Board of Directors appointed on May 30, 2008 at the annual General Meeting of Shareholders of the Company (Minutes No. 01 of June 03, 2008) consists of the following members:



ANDREY  
ALEKSANDROVICH  
DYOMIN  
(CHAIRMAN OF THE  
BOARD OF DIRECTORS)

**Year of birth:** 1974

**Citizenship:** Russian Federation

**Education:** higher  
1996, Zaporozhye State University. Faculty: applied mathematics  
1999, Zaporozhye Institute of Economics and Information Technology  
Faculty: Economics

**Primary employment:** Deputy Chairman of the Management Board of JSC FGC UES

**Positions held in the Company and other organisations for the last 5 years :**  
March, 2001 to June, 2002  
Chairman of the Management Board of JSC Poltavaoblenergo  
August, 2004 to September, 2004  
Chief expert of the Corporate Centre of the Business Planning Department of RAO UES of Russia  
March, 2005 to September, 2005  
Head of the Management Department of RGC of JSC FGC UES  
September, 2005 to April, 2007  
Head of the Management Centre of IDGC of JSC FGC UES  
April, 2007 up to the present  
Deputy Chairman of the Management Board of JSC FGC UES

**First elected member of the Board of Directors:** Decmber 9, 2004  
**Positions held at present in the management bodies of other corporate persons\*:**  
Chairman of the Board of Directors:  
JSC IDGC of the North Caucasus;  
JSC Moscow Unified Electric Grid Company  
member of the Board of Directors, member of the Management Board of JSC FGC UES

**Number and type of shares in the authorised capital of the Company:** no shares

**Share in the capital of the Company:** none

**Number and type of shares in the authorised capital of SDCs of the Company:** no shares

**Ordinary shares held by SDCs of the Company:** none

**Transactions related to purchase and disposal of shares of the Company (including date, nature, type and number of shares being the object of such transactions):** none

\* Hereinafter the phrase «up to the present» means a postthat person held the position at the end of the reporting period

**Year of birth:** 1977

**Citizenship:** Russian Federation

**Education:** higher  
2001, Academy of National Economy of the Government of the Russian Federation, Bachelor of Management

**Primary employment:** Representative office of Prosperity Capital Management (RF) Ltd., Director

**Positions held in the Company and other organisations for the last 5 years:**  
August, 1998 to August, 2006  
Moscow representative office of Prosperity Capital Management (RF) Ltd., Director  
From 2006 up to the present  
Representative office of Prosperity Capital Management (RF) Ltd., Director

**Date of first election as the member of the Board of Directors:**  
December 9, 2004

**Positions held at present in the management bodies of other corporate persons:**  
member of the Board of Directors:  
IDGC of Centre and Volga Region, JSC;  
Novgorod Power Sales Company, OJSC;  
«Prokatmontazh», OJSC;  
«TGK-2», JSC;  
«TGK-4», JSC;  
«TGK-6», JSC;  
«Bashkirenergo», JSC

**Number and type of shares in the authorised capital of the Company:** no shares

**Share in the capital of the Company:** none

**Number and type of shares in the authorised capital of SDCs of the Company:** no shares

**Ordinary shares held by SDCs of the Company:** none

**Transactions related to purchase and disposal of shares of the Company (including date, nature, type and number of shares being the object of such transactions):** none



ALEKSANDR  
MARKOVICH  
BRANIS



DMITRY  
ALEKSANDROVICH  
BURNASHEV

**Year of birth:** 1964

**Citizenship:** Russian Federation

**Education:** higher  
1989, S. Ordzhonikidze Moscow Institute of Management  
Speciality: organisation of management in the power industry

**Primary employment:** none

**Positions held in the Company and other organisations for the last 5 years :**  
June, 2004 to June, 2008  
Head of the Business Planning Department of the Corporate Centre of RAO UES of Russia  
June, 2008 to November, 2008  
Deputy head of the Project Centre of JSC IDGC Holding for the Completion of Reorganisation of RAO UES of Russia

**Date of the first election as the member of the Board of Directors:**  
December 9, 2004

**Positions held at present in the management bodies of other corporate persons for the last 5 years:**  
member of the Board of Directors INVEL Nonprofit Partnership;  
Member of the Supervisory Board Energy Carbon Fund, JSC

**Number and type of shares in the authorised capital of the Company:** no shares

**Share in the capital of the Company:** none

**Number and type of shares in the authorised capital of SDCs of the Company:** no shares

**Ordinary shares held by SDCs of the Company:** none

**Transactions related to purchase and disposal of shares of the Company (including date, subject thereof, type and number of shares being subject of such transactions):** none



**Year of birth:** 1977

**Citizenship:** Russian Federation

**Education:** higher  
1999, Omsk State University  
Faculty of Economics, Speciality: manager

**Primary employment:** Russian Nanotechnology Corporation,  
Deputy Director General

**Positions held in the Company and other organisations for the last 5 years:**  
October, 2002 to June, 2008  
Deputy head (formerly, chief expert, head) of the Strategy Department of RAO UES of Russia  
August, 2008 to November, 2008  
«TGK-11 Holding», JSC, General Director  
December, 2008 up to the present  
Russian Nanotechnology Corporation, Deputy Director General

**Date of election as the member of the Board of Directors:** 29.06.2007

**Positions held at present in management bodies of other corporate persons:**  
member of the Board of Directors:  
«OGK-4», JSC;  
«Volzhskaya TGK», JSC;  
«St. Petersburg Sales Company», JSC;  
«Kamchatskenergo», JSC;  
«Nizhnevartovsk State District Power Plant», JSC

**Number and type of shares in the authorised capital of the Company:** no shares

**Share in the capital of the Company:** none

**Number and type of shares in the authorised capital of SDCs of the Company:** no shares

**Ordinary shares held by SDCs of the Company:** none  
**Transactions related to purchase and disposal of shares of the Company (including date, subject thereof, type and number of shares being subject of such transactions):** none



ALEKSEY  
ROMANOVICH  
KACHAY



ALEKSEY  
VITALYEVICH  
KLAPTSOV

**Year of birth:** 1978

**Citizenship:** Russian Federation

**Education:** higher  
2001, Moscow Engineering and Physics Institute  
Speciality: engineer-physicist, nuclear physics  
2005, The Russian Research Centre Kurchatov Institute  
Speciality: condensed matter physics, Cand. Sc. (Physics and Mathematics)

**Primary employment:** Halcyon Advisors, Vice President

**Positions held in the Company and other organisations for the last 5 years :**  
From May, 2005 up to the present  
Halcyon Advisors, Vice President

**Date of election as the member of the Board of Directors:** 29.06.2007  
**Positions held at present in management bodies of other corporate persons:**  
«Tula Sales Company», JSC  
member of the Board of Directors

**Number and type of shares in the authorised capital of the Company:** no shares

**Share in the capital of the Company:** none

**Number and type of shares in the authorised capital of SDCs of the Company:** no shares

**Ordinary shares held by SDCs of the Company:** none

**Transactions related to purchase and disposal of shares of the Company (including date, subject thereof, type and number of shares being subject of such transactions):** none

**Year of birth:** 1967

**Citizenship:** Russian Federation

**Education:** higher  
1995, Lomonosov Moscow State University  
Speciality: lawyer

**Primary employment:** RN-Energo LLC, General Director

**Positions held in the Company and other organisations for the last 5 years :**

From May, 2004 to July, 2007  
Department for Structural and Investment Policy in industry and energy,  
Deputy head  
From August, 2007 to September, 2008  
Ministry of Industry and Energy of the Russian Federation, Head of the  
Electric Power Department  
From September, 2008 up to the present  
RN-Energo LLC, General Director

**Date of election as the member of the Board of Directors:** 30.03.2006

**Positions held at present in management bodies of other corporate persons:**

Member of the Board of Directors:  
«Institute «Energosetproekt», JSC;  
IDGC of Volga, JSC;  
IDGC of Ural, JSC;  
IDGC of Centre and Volga Region, JSC;  
IDGC of South, JSC;  
IDGC of North-West, JSC;  
IDGC of Siberia, JSC;  
«Tyumenenergo», OJSC;  
«Rosgazifikatsiya», OJSC;  
Grid Company of South, JSC;  
«Irkutskenergo», OJSC;  
«Rostopprom», OJSC;  
IDGC Holding, JSC — Chairman of the Board of Directors;  
«RAO Energy Systems of East», OJSC;  
«Kuzbassenergo», JSC;  
ATS JSC;  
CFR LLC

**Number and type of shares in the authorised capital of the Company:** no shares

**Share in the capital of the Company:** none

**Number and type of shares in the authorised capital of SDCs of the Company:** no shares

**Ordinary shares held by SDCs of the Company:** none  
**Transactions related to purchase and disposal of shares of the Company (including date, subject thereof, type and number of shares being subject of such transactions):** none



VYACHESLAV  
MIKHAILOVICH  
KRAVCHENKO



YEVGENY  
FEDOROVICH  
MAKAROV



MISRIKHAN  
SHAPIEVICH  
MISRIKHANOV

IDGC of Centre, JSC, General Director

More detailed information on Ye.F. Makarov is set forth in section «General Director»

**Year of birth:** 1951

**Citizenship:** Russian Federation

**Education:** higher  
1974, Moscow Power Engineering Institute  
Speciality: hydro-electric power-plants

**Primary employment:** Branch of JSC FGC UES — Transmission Power Grids, General Director

**Positions held in the Company and other organisations for the last 5 years :**

From August, 2002 up to the present  
Branch JSC FGC UES — Transmission Power Grids, General Director

**Date of election as the member of the Board of Directors:** 29.06.2007

**Positions held at present in management bodies of other corporate persons:**

member of the Board of Directors:  
«MOESK», JSC;  
IDGC of Centre and Volga Region, JSC

**Number and type of shares in the authorised capital of the Company:** no shares

**Share in the capital of the Company:** none

**Number and type of shares in the authorised capital of SDCs of the Company:** no shares

**Ordinary shares held by SDCs of the Company:** none

**Transactions related to purchase and disposal of shares of the Company (including date, subject thereof, type and number of shares being subject of such transactions):** none



**Year of birth:** 1970

**Citizenship:** Russian Federation

**Education:** higher

1992, Omsk Institute of Railway Transport Engineers

Speciality: electrical engineer

2005, Academy of National Economy under the Government of the Russian Federation

Speciality: company development management

**Primary employment:** IDGC Holding, JSC, Deputy Director General, engineering director

**Positions held in the Company and other organisations for the last 5 years :**

From September, 2003 to February, 2004

Head of Power Grid Service of Omskenergo JSC, Western Electric Grids branch

From February, 2004 to August, 2005

Omskenergo, JSC, Electric Grid Company branch, Deputy Chief Engineer

From September, 2005 to December, 2005

Omskenergo, JSC, Director of electric power transportation

From December, 2005 to April, 2007

IDGC JSC FGC UES, Deputy Head of the Management Centre

From April, 2007 to July, 2008

IDGC JSC FGC UES, Head of the Management Centre

From July, 2008 up to the present

IDGC Holding, JSC, Deputy Director General, engineering director

**Date of election as the member of the Board of Directors:** 29.06.2007

**Positions held at present in management bodies of other corporate persons:** none

**Number and type of shares in the authorised capital of the Company:** no shares

**Share in the capital of the Company:** none

**Number and type of shares in the authorised capital of SDCs of the Company:** no shares

**Ordinary shares held by SDCs of the Company:** none

**Transactions related to purchase and disposal of shares of the Company (including date, subject thereof, type and number of shares being subject of such transactions):** none



PAVEL  
IVANOVICH  
OKLEY  
(DEPUTY CHAIRMAN  
OF THE BOARD OF DIRECTORS)



ALEKSANDR  
GRIGORIEVICH  
STARCHENKO

**Year of birth:** 1968

**Citizenship:** Russian Federation

**Education:** higher

1991, Bauman Moscow State Technical University

Faculty: Informatics and Control Systems

Qualification: electrical engineer

**Primary employment:** Novolipetsk Metallurgical Combine JSC, Head of Energy Department

**Positions held in the Company and other organisations for the last 5 years :**

From April, 2003 to March, 2004

Deputy Head of the Administration for Corporate Finance of Investment-Banking Department of «MDM» Joint-Stock Commercial Bank

From April, 2004 to October, 2007

Energy Complex of RUMELCO LLC, Deputy Director General

From November, 2007 up to the present

Novolipetsk Metallurgical Combine, JSC, Head of Energy Department

**Date of election as the member of the Board of Directors:** 30.05.2008

**Positions held at present in management bodies of other corporate persons:**

Chairman of the Board of Directors:

Lipetsk Municipal Energy Company LLC;

Lipetsk Power Sales Company, JSC;

Member of the Board of Directors:

Lipetskoblgas, OJSC;

Stoylensky Mining and Processing Plant, OJSC;

Altay-Koks, OJSC

**Number and type of shares in the authorised capital of the Company:** no shares

**Share in the capital of the Company:** none

**Number and type of shares in the authorised capital of SDCs of the Company:** no shares

**Ordinary shares held by SDCs of the Company:** none

**Transactions related to purchase and disposal of shares of the Company (including date, subject thereof, type and number of shares being subject of such transactions):** none

**Year of birth:** 1959

**Citizenship:** Russian Federation

**Education:** higher  
1983, Moscow Power Engineering Institute  
Speciality: Thermal power plants  
Qualification: thermal power engineer

**Primary employment:** Branch of SO UPS, JSC, Integrated Dispatching Administration of Centre, General Director

**Positions held in the Company and other organisations for the last 5 years :**

2003 up to the present  
Branch of System Operator — Centralised Dispatching Administration, JSC, Integrated Dispatching Administration of Centre, General Director (at present: SO UPS, JSC, Integrated Dispatching Administration of Centre)

**Date of election as the member of the Board of Directors:** 30.05.2008

**Positions held at present in management bodies of other corporate persons:** none

**Number and type of shares in the authorised capital of the Company:** no shares

**Share in the capital of the Company:** none

**Number and type of shares in the authorised capital of SDCs of the Company:** no shares

**Ordinary shares held by SDCs of the Company:** none

**Transactions related to purchase and disposal of shares of the Company (including date, subject thereof, type and number of shares being subject of such transactions):** none



SERGEY  
BORISOVICH  
SYUTKIN

No claims were filed against the members of the Board of Directors in 2008.

In 2008 the Board of Directors held 23 meetings (2 of which were held as a joint session) and considered over 200 matters (202).

The agenda of meetings of the Board of Directors regularly included items related to the operational and financial activities of the Company.

The following resolutions adopted by the Board of Directors in 2008 should be particularly emphasised:

- convention and holding of the General Meetings of Shareholders of the Company;
- formation of the organisational structure of the Company, establishment of branches;
- legal regulation of the business of the Company, including the approval of various regulations governing the key aspects of its business;
- business planning, investment planning and purchase programme of the Company;
- environmental and charity policies;
- approval of Resolutions on additional issue of securities and of Reports on the results thereof;
- consideration of reports by the General Director on various aspects of the business of the Company;
- approval of related party transactions.

For details on the key items considered by the Board of Directors in 2008 as well as on material transactions (related-party transactions, intra-corporate transactions, transactions with state-owned companies etc.) see Appendix 8.

The full version of the most important resolutions adopted by the Board of Directors in 2008 is available at the website of the Company at: <http://www.mrsk-1.ru/stockholder/session/sovet/2008/>.

The procedure for convening of and filing issues for consideration at the meetings of the Board of Directors is determined by Regulations for the procedure for convention and holding of meetings of the Board of Directors of IDGC of Centre available at the website of the Company at: <http://www.mrsk-1.ru/file/sd.pdf>.

REMUNERATION OF MEMBERS OF THE BOARD OF DIRECTORS

Pursuant to par. 2 article 64 of the Federal Law «On Joint-Stock Companies», any resolution on payment of remuneration to members of the Board of Directors may be adopted only at the General Meeting.

The Company has in place the Regulation for payment of remuneration and compensation to members of the Board of Directors of IDGC of Centre approved by the General Meeting of Shareholders (Minutes No. 01 dated June 03, 2008) available at the website of the Company at: <http://www.mrsk-1.ru/docs/H2H9nK.pdf>.

Members of the Board of Directors receive remuneration for participation in the meetings and additional remuneration as a performance fee subject to the indicators of the performance of the Company: its net profit according to the annual financial statements and its market capitalisation.

The total amount of remuneration paid to members of the Board of Directors for participation in its meetings in 2008:

REMUNERATION	QUARTER I	QUARTER II	QUARTER III	QUARTER IV	2008, ROUBLES
	2008, ROUBLES	2008, ROUBLES	2008, ROUBLES	2008, ROUBLES	
Remuneration for participation in meetings	558,887	825,941	738,260	1,328,049	3,451,137
Salary	0	0	0	0	0.0
Bonuses	0	0	0	0	0.0
Commission fee	0	0	0	0	0.0
Allowance and/or reimbursement of expenses	0	0	0	0	0.0
Additional remuneration	0	0	0	0	0.0
Remuneration for participation in Committees of the Board of Directors paid to the members of the Board of Directors who are members of the Committees		0	0	53,456	53,456.0
TOTAL:	558,887	825,941	738,260	1,381,505	3,504,593

In 2008 the issuer did not sign any additional agreements on payments with the members of the Board of Directors.

In 2008 no trainings were held for the members of the Board of Directors at the expense of the Company.

COMMITTEES OF THE BOARD OF DIRECTORS

The Articles of Association of the Company provide for the creation of committees of the Board of Directors. The following Committees of the Board of Directors operated in 2008: the Audit Committee, the HR and Remuneration Committee, the Strategy and Development Committee, and the Reliability Committee. In February, 2009, the Board of Directors resolved to form a fifth Committee, the Committee for Technology Connections to Power Grids.

The Committees are advisory bodies of the Board of Directors. Their purpose is to carry out a preliminary examination of items to be considered by the Board of Directors and draw up recommendations. The Company believes that the Committees improve efficiency of the Board of Directors.

**The Audit Committee** was formed in January, 2008. Its responsibilities include the evaluation of prospective auditors of the Company; the examination of the efficiency of internal controls of the issuer and the development of proposals on the improvement thereof; the monitoring of the preparation of quarterly and annual financial statements by the executive bodies of the Company and the examination of the accuracy thereof; examination (prior to their submission to the Board of Directors) of reports by independent appraisers on the evaluation of the assets and liabilities of the Company for transactions to be approved by the Board of Directors or other transfers of the Company's assets.

In 2008, the Committee held 6 meetings where the following was considered (in addition to organisational matters):

- reports on insider transactions related to securities of the Company and its subsidiaries and affiliates;
- quarterly financial statements of the Company;
- reports of independent experts on appraisal of IDGC of Centre's assets prepared to support major transactions of the Company.

**The HR and Remuneration Committee** was established in April 2008. Its responsibilities include the development of recommendations on remuneration of the members of the Board of Directors, the determination of principles and criteria for remuneration paid to members of the collegial executive body and the person empowered to be the sole executive body, including the managing company or the manager; the definition of eligibility criteria to be met by nominees for members of the Board of Directors and the sole executive body of the Company.



In 2008, the Committee held 7 meetings where, in addition to organisational matters, the following was considered:

- payment of bonuses to the General Director for the performance of assignments of critical importance;
- approval of a new version of Regulations for an incentive plan for Senior Managers of IDGC of Centre;
- approval of a new version of Regulations on an incentive plan for the General Director of IDGC of Centre;
- assessment of the business report of the General Director of the Company;
- possible extension of the employment contract with Yevgeny Fyodorovich Makarov, General Director of the Company for submitting to the Board of Directors.

**The Reliability Committee** was formed in January 2006. It draws up recommendations on implementation of investment programmes and power facilities repair schedules, major assets maintenance, overall reliability of power grids and the key activities of the Company.

In 2008 the Reliability Committee held 6 meetings and, besides the organisational items, considered the following:

- approval of Health and Safety Programme;
- status of major power assets, on the quarterly basis;
- reliability, on the quarterly basis;
- ensuring safety and preventing traumatism;
- design and implementation of grid development schedules until 2015;
- report of the General Director on preparation of the Company to operate in the cold season (autumn and winter) of 2008 — 2009.

**The Strategy and Development Committee** was created in April 2008. It plays major role in defining strategic goals and defining priority activities of the Company, as well as assessment of the Company's efficiency in the long run, rising investment appeal of the Company, improving investment activity, adopting sound investment decisions and drawing up recommendations for the Board of Directors on adjustment of the current development strategy of the Company.

In 2008 the Committee held 8 meetings (including 2 meetings in the form of joint sessions) and, besides the organisational items, considered the following:

- approval of the Investment Programme of IDGC of Centre for 2008;
- approval of the Environmental Policy of IDGC of Centre;
- approval of quarterly reports of General Director of the Company on implementation of the Investment Programme;
- withdrawal from TKG-4 OJSC;
- participation in Non-Profit Partnership «Sovet Veteranov Energetiki» (Power Industry Retirees Council);
- participation in Scientific and Technical Council of the Unified Electric Power System (Non-Profit Partnership);
- approval of the revised Business Plan for 2008.

**The Committee for Network Connection to Power Grids** was established in February, 2009. The Committee inter alia performs the assessment of the Company business efficiency in respect to the consumers network connection to the power grids; analyses the existing situation in the Company and makes proposals for the Company Board of Directors to the extent of the consumers network connection to the power grids.

The Committees membership and rotation, regulatory documents as well as the web pages addresses where the Minutes of the Committees meetings are available may be checked out in Appendix 9 to the Annual Report. The Committees membership information is also available at the Company corporate web-site at the following addresses:

- Reliability Committee:  
[http://www.mrsk-1.ru/about/administration/apparatus/comitet/comitet\\_2008/01\\_08\\_2008/](http://www.mrsk-1.ru/about/administration/apparatus/comitet/comitet_2008/01_08_2008/);
- Audit Committee:  
[http://www.mrsk-1.ru/about/administration/apparatus/audit/audit\\_300608/](http://www.mrsk-1.ru/about/administration/apparatus/audit/audit_300608/);
- Staff and Remuneration Committee:  
[http://www.mrsk-1.ru/about/administration/apparatus/recompense1/recompense\\_300608/](http://www.mrsk-1.ru/about/administration/apparatus/recompense1/recompense_300608/);
- Strategy and development Committee:  
[http://www.mrsk-1.ru/about/administration/apparatus/strategy/strategy\\_300608/](http://www.mrsk-1.ru/about/administration/apparatus/strategy/strategy_300608/);
- Committee for Network connection to power grids:  
<http://www.mrsk-1.ru/about/administration/apparatus/technology/>.

MANAGEMENT BOARD

Management Board of the Company is the Collegial Executive Body resolving major business issues of the Company. Powers of the Management Board are specified by the Articles of Association of the Company and Regulation on the Management Board of IDGC of Centre, JSC. The Board of Directors of the Company establishes the number of members of the Management Board and elects members thereof. The Management Board is accountable to the Board of Directors and General Meeting of Shareholders of the Company. General Director of the Company is the Chairman of the Management Board. The Management Board elects Deputy Chairman of the Management Board. Personnel and Remuneration Committee of the Board of Directors determines principles and criteria in the field of remuneration of members of the Collegial Executive Body.

The Board of Directors of the Company is entitled to early termination of powers of members of the Management Board and election of new members thereof.

The Management Board of the Company is provided for in the revised version of the Articles of Association of the Company approved by resolution of the Management Board of RAO UES of Russia of February 28, 2008, Minutes No. 1829 pr/1. The Board of Directors has determined the number of members (9 persons) and has elected members of the Management Board by its resolution of April 30, 2008 (Minutes No. 09/08).

AS OF DECEMBER 31, 2008, THE MANAGEMENT BOARD CONSISTS OF THE FOLLOWING MEMBERS:

FULL NAME OF THE MEMBER OF THE MANAGEMENT BOARD	TITLE
YEVGENY FEDOROVICH MAKAROV	Chairman of the Management Board of the Company, General Director of IDGC of Centre, JSC
SERGEY ALEKSANDROVICH ARKHIPOV (FROM NOVEMBER 14, 2008 (MINUTES NO. 18/08 OF THE BOARD OF DIRECTORS OF NOVEMBER 14, 2008))	Deputy Chairman of the Management Board Общества, First Deputy Director General of IDGC of Centre, JSC
DMITRY NIKOLAEVICH ALESHIN	Deputy Director General for HR and Organisation Development of IDGC of Centre, JSC
YEVGENY ALEKSEEVICH BRONNIKOV	Deputy Director general for Economics and Finance of IDGC of Centre, JSC
KONSTANTIN VIKTOROVICH KOTIKOV	Deputy Director General for Corporate Management of IDGC of Centre, JSC
VLADISLAV LVOVICH NAZIN	Deputy Director General for Capital Construction of IDGC of Centre, JSC
PAVEL ANDREEVICH OBUKHOV	Deputy Director General for IT and Business Modeling of IDGC of Centre, JSC
VADIM NIKLOAEVICH FEDOROV	Deputy Director General of IDGC of Centre, JSC for Sales of Electric Grid Services
SERGEY ANATOLYEVICH SHUMACHER	Deputy Director General for Technical Policy of IDGC of Centre, JSC

On November 14, 2008, by resolution of the Board of Directors of the Company (Minutes No. 18/08 of November 18, 2008) in view of the resignation of Anatoly Kuzmich Merzlyakov, the First Deputy Director General, his powers as the member of the Management Board were early terminated. Sergey Aleksandrovich Arkhipov was appointed to his position.

More detailed information on members of the Management Board of the Company is specified in Appendix 9 to the Annual Statements.

The Management Board acts in accordance with the Regulation on the Management Board of the Company posted on a website of the Company at: <http://www.mrsk-1.ru/docs/K4im4A.tif>.

In 2008 the Management Board of the Company held 26 meetings related to 96 issues. Most issues considered by the Management Board are within the competence of the Board of Directors; they are subject to preliminary consideration by the Management Board with the purpose of drawing-up recommendations.

REMUNERATION OF MEMBERS OF THE MANAGEMENT BOARD

The Management Board consists of the members who are vested both with obligations specified in Labour Contract and powers of the member of the Collegial Executive Body of the Company, the Management Board, in accordance with the Articles of Association of the Company and Regulation on the Management Board of the Company approved by the Management Board of RAO UES of Russia (Minutes No. 1829 pr/1 of the meeting of February 28, 2008).

In accordance with the terms and conditions of supplementary agreements to labour contracts, employees exercising powers of members of the Management Board are paid monthly remuneration in the amount of 15,830.00 (Fifteen Thousand Eight Hundred Thirty) roubles.

## GENERAL DIRECTOR

General Director, being the sole executive body of IDGC of Centre, JSC is elected by the Board of Directors. General Director carries out day-to-day management of the Company, having residual powers related to issues other than those resolved by the General Meeting of Shareholders, the Board of Directors and the Management of the Company.

General Director of the Company is accountable to the Board of Directors of the Company, regularly reports to the Board of Directors on its activity, including the completion of business plan, investment program and key performance indicators, and the Board of Directors of the Company carries out the evaluation of the General Director on a regular basis. The Board of Directors may any time decide to terminate the powers of the General Director and to elect new General Director.

Upon setting-up of IDGC of Centre, JSC Yevgeny Fedorovich Makarov elected by the resolution of the sole founder of IDGC of Centre, JSC as of December 09, 2004 (Order No. 154/r of RAO UES of Russia) is the General Director of the Company. Labour Contract with the General Director was extended four times by resolutions of the Board of Directors of December 05, 2005 (Minutes No. 009/05), of December 15, 2006 (Minutes No. 012/06), of December 03, 2007 (Minutes No. 10/07), of December 17, 2008 (Minutes No. 20/08).

In 2008, upon the consideration by the Personnel and Remuneration Committee of the Board of Directors of the issue «On assessment of activity of the General Director of the Company», the activity of the General Director was recognised as effective (Minutes No. 07/08 of December 17, 2008).



YEVGENY  
FEDOROVICH  
MAKAROV

**Year of birth:** 1955

**Citizenship:** Russian Federation

**Education:** higher

1978, Ivanovo Power Engineering Institute, electrical engineer  
2003, Finance Academy under the Government of Russian Federation,  
Speciality: Finance and Credit, Qualification: Economist

**Primary employment:** IDGC of Centre, JSC, General Director

**Positions held in the Company and other organisations for the last 5 years :**

From September, 1997 to March, 2005  
JSC «Belgorodenergo», General Director  
From April, 2005 up to the present  
IDGC of Centre, JSC, General Director

**Date of election as the member of the Board of Directors:** 09.12.2004

**Date of election as the member of the Management Board:**  
30.04.2008

**Positions held at present in management bodies of other corporate persons:** none

**Number and type of shares in the authorised capital of the**

**Company:** 206 622 069 of ordinary registered shares

**Share in the capital of the Company:** 0.4894%

**Number and type of shares in the authorised capital of SDCs of the Company:** no shares

**Ordinary shares held by SDCs of the Company:** none

**Transactions related to purchase and disposal of shares of the Company (including date, subject thereof, type and number of shares being subject of such transactions):**

- **Type of security or financial instrument:** ordinary registered uncertificated share  
**Subject of transaction:** The Seller undertakes to transfer the Securities and the Buyer undertakes to accept and pay for the said securities  
**Number of securities being subject of transaction (pcs):** 67,655,921  
**Details of the contract (date, number):** No. 168 of October 28, 2008
- **Type of security or financial instrument:** ordinary registered uncertificated share  
**Subject of transaction:** The Seller undertakes to transfer the Securities and the Buyer undertakes to accept and pay for the said securities  
**Number of securities being subject of transaction (pcs):** 24,054,650  
**Details of the contract (date, number):** No. 169 of November 18, 2008



In 2008 there were no claims against General Director.

Ye.F. Makarov was declared the Honourary Power Engineer (2001), Honourary employee of fuel and energy complex (2004), Honourary employee of RAO UES of Russia (2003), and was awarded a badge «80 years of GOELRO plan» (2000); badge of honour «Of Merit for Russian Power Industry» (2005); a badge «85 years of GOELRO» (2005), Medal of Order «Of Merit for the Motherland» of the II degree (2005); medal «Of merit for Belgorod Land» of the II degree (2005). In 1996 Ye.F. Makarov was awarded the Certificate of Merit of RAO UES of Russia; in 2000, 2001 the commendation of the administration of the Belgorod region was issued, in 2007 and 2008 the commendation of the Board of Directors of IDGC of Centre, JSC was issued.

Criteria of determination and the amount of remuneration of the General Director are specified in the labour contract entered into in accordance with the Articles of Association of the Company and Regulation on Incentives for the General Director of IDGC of Centre, JSC approved by the Board of Directors of the Company (as amended) (Minutes No. 19/08 of November 28, 2008).

Remuneration of the General Director of the issuer is carried out in accordance with the results of achievement of key performance indicators established by the Board of Directors of the Company for reporting periods (quarter and year) and approved by the Chairman of the Board of Directors of the Company.

In 2008, the remuneration of the General Director was paid in accordance with the terms and conditions of his labour contract and Regulation on incentives for the General Director of IDGC of Centre, JSC.

CORPORATE SECRETARY

During 2008 the Corporate Secretary of the Company was re-elected by the Board of Directors of IDGC of Centre twice.

The resolution of the Board of Directors of JSC IDGC of May 29th, 2008 (Minutes No. 10/08 of June 3rd, 2008) terminated the powers of the Corporate Secretary of JSC IDGC Natalya Yuryevna Kashtanova, and Olga Ivanovna Dubova was elected the Corporate Secretary.

PERIOD OF ACTING AS THE CORPO- RATE SECRETARY	FROM JULY 16TH, 2007 TO MAY 29TH, 2008	FROM MAY 29TH, 2008 TO NOW
Full name	Natalya Yuryevna Kashtanova	Olga Ivanovna Dubova
Date of birth	November 18th, 1976	January 31st, 1963
Education details	Tyumen State University (Tyumen),	Volgo-Vyatskaya Academy of State Service 1999
Year of graduation	1998	State and municipal manage- ment
Department	Law	Manager
Speciality	Lawyer	
Current position and place of employment	Chief expert of the Department for Corporate Governance of JSC IDGC (maternity leave)	Chief expert of the Department for Corporate Governance of JSC IDGC
Number, type, category of owned shares of the Company	Does not own shares of the Company	Does not own shares of the Company
Data on affiliation or absence of affiliation with members of governing bodies of the Company, shareholders of the Company	There is no affiliation or absence of affiliation with members of governing bodies of the Company, shareholders of the Company (in accordance with the requirements of the ap- plicable law)	There is no affiliation or absence of affiliation with members of governing bodies of the Company, shareholders of the Company (in accordance with the requirements of the ap- plicable law)

The Corporate Secretary acts on the basis of the Articles of Association and the Provision on Corporate Secretary of JSC IDGC approved by the resolution of the directors on October 17th, 2006 (Minutes No. 009/06). The specified provision can be found on the Company's website at: <http://www.mrsk-1.ru/docs/sekretar.pdf>.

The main task of the Corporate Secretary is to ensure that the governing bodies and officials of the Company meet the procedural requirements which guarantee the enforcement of rights and legitimate interests of the Company shareholders.

When performing the tasks of corporate control, the Corporate Secretary organises and maintains interaction of the Company with its shareholders and the Board of Directors of the Company.

The Corporate Secretary is accountable for its activity to the Board of Directors of the Company.

AUDITING PROCESS AND INTERNAL CONTROL

At the Annual General Meeting of Shareholders on May 30th, 2008 (Minutes No. 01 of June 3rd, 2008) the Auditor of the Company for 2008 established CJSC «KPMG».

Full company name	Closed Joint-Stock Company KPMG
Shortened company name	CJSC «KPMG»
Location of auditing company	129110, Russia, Moscow, Olimpiysky Prospekt st., 18/1, office 3035
Telephone and fax number	Telephone +7 (495) 937 4477, Fax +7 (495) 937 4499
E-mail	moscow@kpmg.ru
Number, date of issue and term of validity of licence for auditing	No. E 003330, issued on January 17th, 2003, valid until January 17th, 2013
Authority issuing the licence	Ministry of Finance of the Russian Federation
Financial period when the auditor carried out an independent audit of accounting and financial (accounting) statements of the issuer	Years 2006, 2007, 2008

The candidate for the position of the Auditor of the Company was put forward by the Board of Directors of the Company and approved by the Annual General Meeting of Shareholders.

The procedure of payment and amount of the monetary remuneration to auditing companies and individual auditors for audit (including mandatory audit) and providing related services are determined by auditing services agreements and cannot be subject to meeting any requirements of the audited entity on the opinion to be drawn from the audit.

The amount of remuneration for the auditing services of the Company approved by the General Meeting of Shareholders for mandatory annual audit and confirmation of financial statements of the issuer is determined by the Board of Directors of the issuer.

The actual amounts of remunerations (including VAT) paid to the auditor during the year 2008 for the conducted independent audits of accounting and financial (accounting) statements of the issuer:

- for the audit of statements for 2007 — 4.963 mln roubles, including the audit of statements prepared in accordance with RAS — 2.444 mln roubles, audit of statements prepared in accordance with IFRS — 2.519 mln roubles;
- for the audit of consolidated statements for 2007 prepared in accordance with IFRS considering DGCs affiliated in the first quarter of 2008 — 13.010 mln roubles, and in January 2009 there was a final payment of 5.575 mln roubles;
- for the audit of statements for 2008 prepared in accordance with IFRS and RAS an advance sum of 5.983 mln roubles was transferred, including the payments for the audit of statements prepared in accordance with RAS — 3.894 mln roubles, for the audit of statements prepared in accordance with IFRS — 2.089 mln roubles.

The total amount left to be paid by the issuer to the auditor for the audit of statements prepared in accordance with RAS and IFRS is 13.959 mln roubles including VAT.

There are no deferred payments and payments in arrears for the services provided to the auditor.

To choose the auditor, the Auditing Committee of the Board of Directors of the Company selects candidates from the external auditors of the Company, evaluates their qualification, quality of work and compliance with the requirements of independence, nominates them for approval by the Board of Directors and forms opinions on the candidates nominated by third parties.

INFORMATION ON THE INTERNAL CONTROL SYSTEM

For the Company internal control is a process aimed at guaranteeing an efficient and effective use of resources, the integrity of assets, the compliance with legal requirements and the submission of accurate accounting statements.

The main goals of internal control are: timely identification and analysis of financial and operational risks which may significantly affect the achievement of the Company's financial and economic goals; guarantee of the integrity of assets; effective use of the Company's resources.

Internal control in IDGC of Centre aims at performing such tasks as ensuring investors confidence, protecting shareholders' investments and the Company's assets, guaranteeing completeness, reliability and accuracy of financial, accounting and management information and statements, ensuring the compliance with the laws of the Russian Federation, with the resolutions of the Company's managing bodies and with the Company's internal documents.

The Company's internal control bodies are: the Board of Directors, the Audit Committee of the Board of Directors, the General Director, the Internal Control and Audit Department and other departments and employees of the Company that are in charge for the performance of their internal control functions (assigned by the Company's internal documents).

Direct evaluation of the appropriateness, sufficiency and effectiveness of internal audit procedures and systematic control of compliance with internal control procedures are performed by a separate department of the Company's executive body: the Internal Control and Audit Department.

Internal control in the Company is regulated by the Regulation on Internal Control Procedures, approved by the Company in February 2009, which establish the goals and tasks of internal control, internal control procedures, bodies in charge for internal control and persons in charge for control of compliance with internal control procedures.

General evaluation of the effectiveness of the Company's internal control procedures (including on the basis of communications and reports of the Internal Control and Audit Department) is performed by the Audit Committee of the Company's Board of Directors.

In compliance with the established procedure, the Audit Committee plays a key role in the internal control process. The Audit Committee performs:

- planning of audits;
- control of the performance of the annual independent audit of the Company's accounting (financial) statements, of the objectiveness of such statements, and selection of external auditors and evaluation of their qualification, quality of their work and their compliance with independence requirements;
- control of internal control systems in the field of accounting and finance and of the activity of the Company's Internal Control and Audit Department;
- analysis of the reports of the Internal Control and Audit Department on performed audits;
- gives accounts of its activity to the Board of Directors.

### INTERNAL AUDIT COMMITTEE

During 2008 in the Company two different compositions of the Internal Audit Committee were appointed. The first composition was appointed by resolution of the Company's sole shareholder on June 29, 2007 at the Annual General Meeting of Shareholders; its members were the following:

- Anatoly Valerievich Baitov: head of the Financial Control and Internal Audit Directorate of JSC FGC UES;
- Marina Alekseevna Lelekova: Deputy Director of the Financial Control and Internal Audit Directorate of Federal Grid Company UES;
- Lyudmila Romanovna Matyunina: First Deputy Head of the Internal Audit Department of the Corporate Center of RAO UES of Russia;
- Dmitry Vladimirovich Sklyarov: Head of the Internal Control and Audit Department of IDGC of Centre;
- Sergey Olegovich Erdenko: Chief Expert, Department for Corporate Governance and Shareholder Relations of the Corporate Center of RAO UES of Russia.

The second composition of the Company's Internal Audit Committee was appointed at the Annual General Meeting of Shareholders of the Company on May 30, 2008 (Minutes No. 01 of June 3, 2008):

- Lyudmila Romanovna Matyunina: First Deputy Head of the Internal Audit Department of the Corporate Center of RAO UES of Russia (Chairperson of the Company's Internal Audit Committee);
- Igor Alikovich Zenyukov: Deputy Head of the Department for Corporate Governance and Shareholder Relations of the Corporate Center of RAO UES of Russia;
- Anatoly Valerievich Baitov: head of the Financial Control and Internal Audit Directorate of JSC FGC UES;
- Marina Alekseevna Lelekova: Deputy Director of the Financial Control and Internal Audit Directorate of Federal Grid Company UES;
- Dmitry Vladimirovich Sklyarov: Deputy Head of the Internal Control and Audit Department of IDGC of Centre.

The fee system for the members of the Company's Internal Audit Committee is determined by the Regulation on Payment to Members of the Internal Audit Committee of IDGC of Centre of Fees and Compensations, the new version of which was approved by the Company's Annual General Meeting of Shareholders on May 30, 2008. (Minutes No. 01 of May 3, 2008). This document can be found on the Company's website at the address: <http://www.mrsk-1.ru/docs/rk.pdf>.



IN 2008 THE MEMBERS OF THE INTERNAL AUDIT COMMITTEE WERE PAID:	
TYPE OF FEE	2008
Fee for participation in the audit	546,452.50
Salary	—
Bonuses	—
Commission fees	—
Compensation of expenses	5,400.00
Additional fee	348,260.00
<b>Total:</b>	<b>900,112.50</b>

At the meeting held on September 15, 2008 (Minutes No. 2) the Internal Audit Committee decided on internal audit of the Company's financial and business activity for the period from January to August 2008 and approved the program of such audit. The specified Minutes can be found on the Company's website at the address: <http://www.mrsk-1.ru/docs/1598.pdf>.

At the meeting of the Internal Audit Committee held on January 26, 2009 (Minutes No. 4) it was decided on internal audit of the Company's financial and business activity for 2008; the program of the audit was approved; it was resolved to engage experts to participate in such audit. The specified Minutes can be found on the Company's website at the address: <http://www.mrsk-1.ru/about/administration/control/protokol/>. The Internal Audit Committee carried out this audit in February — March 2009.

RIGHT TO OBTAIN PROFIT

The shareholder's right to obtain profit is established by the applicable laws of the Russian Federation and by the Company's Articles of Association.

To guarantee the transparency of the calculation of dividends and of their payment and of notification of shareholders and other interested persons on the Company's dividend policy, the Company's Board of Directors (Minutes No. 011/06 of November 30, 2006) approved the Regulation on Dividend Policy of IDGC of Centre, which can be found on the Company's site at the address: <http://www.mrsk-1.ru/docs/YaYz03.pdf>.

The Company's dividend history is specified in section 3 of this report.

RIGHT TO INFORMATION

According to IDGC of Centre, appropriateness of the information environment of a joint stock company, transparency of the processes that occur in it and optimal methods to provide information to its receivers provide the basis to satisfy the shareholders' right to information and management.

The current laws do not allow to fully provide shareholders and potential investors with information on the financial standing and prospects for development of a joint stock company.

IDGC of Centre shares the necessities of various stakeholders' groups and, first of all, shareholders, for high-quality and up-to-date information on the Company. Moreover, the Company aims at guaranteeing the satisfaction of the need for information of the interested parties. The Company therefore relies upon an extended interpretation of a joint stock company's obligations to disclose information on its activity and, in addition to statutory requirements, it undertook additional obligations for disclosure of information, specified in the Regulation on Information Policy of IDGC of Centre.

Being one of the successors of the traditions of RAO UES of Russia, IDGC of Centre inherited the best approaches of the information policy of RAO UES of Russia, which provided to RAO UES a high rating among investors.

The Company's information disclosure system requires the active participation of the Board of Directors in the implementation of the information policy. The Board of Directors approves the basic documents and controls that they are complied with by quarterly analyzing and approving reports on compliance with the information policy. The accounting statements disclosed by the Company are preliminarily examined by the Audit Committee of the Company's Board of Directors.

At management level, the Deputy General Director for Corporate Governance is in charge for disclosure of information. The disclosure of information by the Company is subordinate to the achievement of one of the main goals: «ensure business transparency».

Disclosure of information by the Company is regulated by the following principles:

- regularity and efficiency;
- accessibility of information;
- completeness and accuracy of disclosed information;
- reasonable balance between the Company's openness and its commercial interests.

2008 for us has been a turning point to a large extent. The reorganisation brought two important factors into the information disclosure system: the number of shareholders, the main addresses for information about the Company, exceeded 17,5 thousand; the item of disclosure too changed radically: the Company has become an operating company, with large-scale production facilities, complex processes and a multi-level management system.

The registration of the securities prospectus on March 20, 2008 which accompanied the state registration of the additional issue of securities in the course of reorganisation started the disclosure of information by the Company in the form of quarterly reports, material facts and information which may affect the price of the Company's shares; this completed the formation of a complete information disclosure system.

Reorganisation required from the Company additional efforts to provide information and support shareholders in issues related to reorganisation and receipt by them of shares of the Company as a result of conversion, and account of such shares.

For this purpose since November 7, 2007 the Company opened a dedicated direct telephone line, still operating. According to the results of the reorganisation, the direct line was effective and in-demand; it allowed to answer shareholders' question both before and after the reorganisation.

INFORMATION DISCLOSURE CHANNELS

Regulatory documents which provide for disclosure of information:

1. Federal Law «On Securities Market» No. 39-FZ of April 22, 1996.
2. Regulation on Disclosure of Information by Issuers of Issue-Grade Securities approved by Order No. 06-117/pz-n of the FFMS of Russia on October 10, 2006.
3. Regulation on Information Policy of IDGC of Centre approved by resolution of the Company's Board of Directors of October 18, 2006 (Minutes No. 009/06).
4. Corporate Governance Code of the Company approved by resolution of the Board of Directors of October 18, 2006 (Minutes No. 009/06).
5. Regulation on Insider Information approved by resolution of the Board of Directors of October 14, 2005 (Minutes No. 008/05).
6. Regulation on Internal Audit Procedures approved by resolution of the Board of Directors of February 10, 2009 (Minutes No. 01/09 of February 13, 2009).
7. Other internal regulations and executive documents of the Company which regulate or mention the Company's information disclosure procedure.

The Company's current internal regulations are specified in Appendix 11 to the report and can be found on the Company's website: <http://www.mrsk-1.ru/about/administration/documents1/>.

INFORMATION DISCLOSURE CHANNELS







## STRATEGIC VISION OF COMPANY MANAGEMENT

The key strategic goal set by the Company's management board is attaining a leading position in our sector of economy. In our view, leadership means not the actual size and the performance achieved by the Company, but rather the effectiveness of its operation which can be assessed by means of relative indicators.

## MISSION

We are a team comprising thousands of professionals united by one goal — to bring the energy of light to each and every one of the consumers.

By implementing advanced knowledge and practices in management of electro-network complexes, we make it the quality of life, of individuals as well as of families and the society as a whole, our chief concern. We make use of top innovations to improve the quality of our services and make them more affordable.

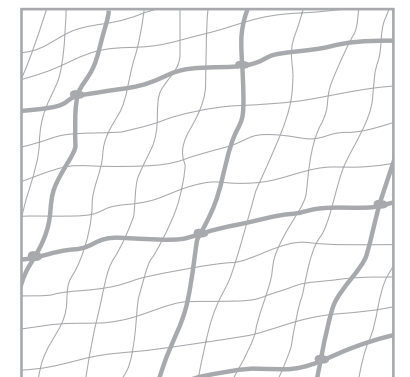
We recognise our full responsibility for safe and reliable transmission of electric power to each customer and for the stable income of our shareholders.

The key priority for us is the people — those who work at our company as well as those for whose benefit we work.

# 4

## 4. STRATEGY

FISHING NETS SYMBOLISES SYSTEMATIC AND METHODICAL APPROACH TO ACHIEVEMENT OF OBJECTIVES. THE COMPANY STRATEGY PROVIDES FOR USE OF MATRIX (NETWORK) MANAGEMENT SYSTEM FOR THE PURPOSES OF ENHANCEMENT OF BUSINESS EFFICIENCY UP TO THE INDICATORS OF AN ABSOLUTE BRANCH LEADER.





## OUR SYSTEM OF VALUES

### **We are concerned with the success of our customers, staff members and shareholders.**

Focusing on the success of our partners, we define our goals as progressive development of our business, expansion of our customer base, both in terms of numbers and quality, technology development, upgrading the quality of service.

The trust and the prosperity of our customers is the basis for the growth and development of our business. The trust and prosperity of our partners is the basis for achievement of our common goals. Mutual trust between our employees is the key to ensuring the successful work of the entire team.

### **We also realise that the success of the entire Company depends on the success of individual people working within it and in association with it.**

We maintain a respectful and appreciative attitude to the ideas and talents that our employees possess and we aim at giving everyone an opportunity to speak out and be heard.

We stand for encouragement of success and achievements of individuals, recognition of such achievements and their worthy reward, for creation of an environment where initiative and reasonable risk would be welcomed and encouraged.

### **We regard those, who openly highlight our shortcomings and failures, with utmost respect.**

Any team is inevitably confronted with a conflict situation, at one time or another. Little importance does it have whether such arises at the stage of shaping of the team or in a team members of which have a long experience of work with each other — professional conflicts become a natural and integral part of any teamwork. The key thing here is to understand that every situation gives people a chance to make a step forward to cross the barriers between people, to channel criticism onto the targeted track and the constructive level, to establish new norms of communication.

Criticism should never appear for the sake of criticism in itself, what is essential for the success of the common cause is constructive, positive criticism inspired by the sincere concern for this common cause. In order for such criticism to become an incentive for positive changes, it should be first of all heard, the rational points in it should be analysed and absorbed.

### **Sustainable development and professional growth of each member of staff is the recipe for the success and prosperity of the entire Company.**

Our employees can each boast of remarkable abilities and all of them are members of an efficient team, ready to take initiatives, generate ideas and put them into practice. They learn from others and are ready to share their experience.

With effective utilisation of the skills and abilities of our staff member in view we aim at creating possibilities for their development and self-realisation, ensuring the relevance of the competence and qualifications of our staff to the technical, technological and organisational changes and developments. Learning and self-improvement are essential elements of continuous progress and each of us is proceeding on this constant path of improvement and growth in our work.

### **Implementation of high technologies is the basis for our leading position.**

The leading position occupied by us is based on a combination of top professionalism and social liability, which is an integral element of successful business. Achievement of our goals of sustainable development requires implementation of innovations in every aspect of our activity: from process technologies to most «state-of-the-art» management tools.

The principle that we stick to is to work better than the existing market level and demonstrate the best performance possible to our partners.

### **The relations within our team are based on the principles of maximum friendliness, integrity and openness between team members.**

Teamwork is the fundamental principle of development at our Company which in many ways determine whether our goals will be successfully achieved. The achievement of our key goals requires from us resolution of complex professional tasks and work on team-based solutions. Each employee is expected to make his contribution into the teamwork and to share the responsibility for its results and performance. The team is in its turn responsible before each and every one of its members for creating appropriate conditions for effective work and professional growth.

Only honest and respectful attitude, the atmosphere of trust and respect for each other helps to build a united team of people ready to work together.

Corporate liability is the fundamental principle on which our work is based.

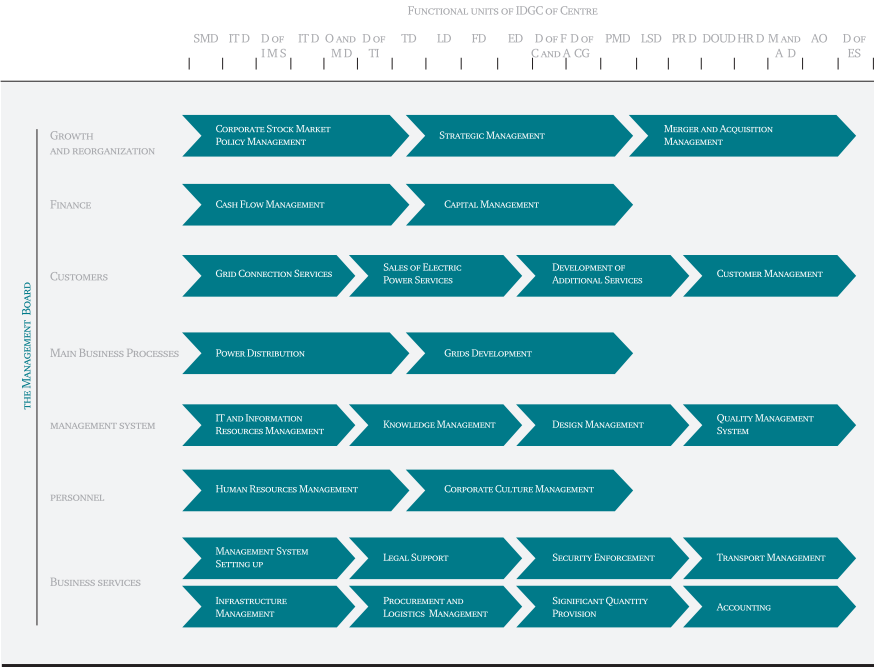
We understand corporate liability as a choice in favour of achievement of commercial success using means and ways which are based on ethical principles and respect for, and appreciation of people, the society and the environment alike.

We consciously reject the ideology of corporate egoism.

Problems of any major enterprise inevitably result in grave damage to the economy of the entire city or even the entire region. That is why our success, stability and reliability are the key elements that constitute the Company's corporate liability. We make effective business, economic recovery and development of regions our priorities.

We do not confine ourselves to mere guarantees of fair business practices, timely payment of taxes and salaries, provision of new jobs, but we also provide our employees with decent conditions for work and for life. Our long-term goal is creation of a favourable social environment and, consequently, of favourable conditions for further development.

MATRIX MANAGEMENT SYSTEM



Matrix management system has been introduced for the purposes of effective attainment of the designed strategic goals. In order to achieve concentration of efforts on the priority areas 6 process management centres have been created:

- 1. Growth, development and expansion.  
Goal — to ensure long-term growth of shareholder value.
- 2. Finances.  
Goal — to improve business efficiency.
- 3. Customers.  
Goal — to ensure effective sale of services.

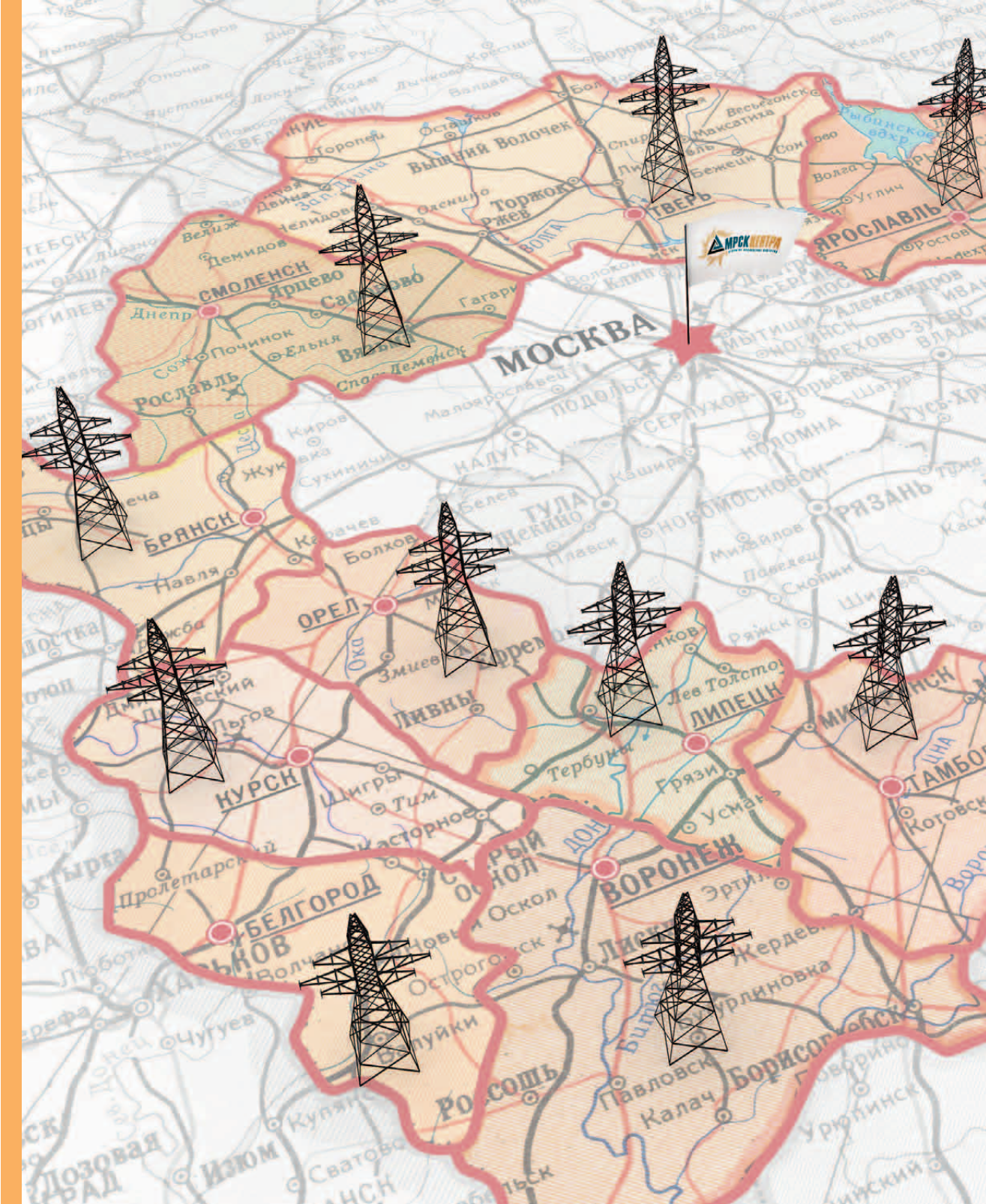
4. Key business processes.  
Goal — to ensure effective operation and development of the electro-network complex.

5. Management system.  
Goal — to ensure development and effective operation of the management system.

6. Personnel.  
Goal — to ensure effective involvement, preservation and development of human resources.

For the purposes of effective achievement of the Company's key strategic goal, the goals of the upper level business management centres have been cascaded to the goals for each member of staff. For the purposes of clear understanding and confirmation of goal achievement they have also been digitised, each has been assigned its own KPI, which objectively shows the level of attainment/failure to attain a particular goal.





## MARKET

Currently the marketing area of services provided by JSC IDGC is limited to the 11 regions where the subsidiaries of the Company are situated.

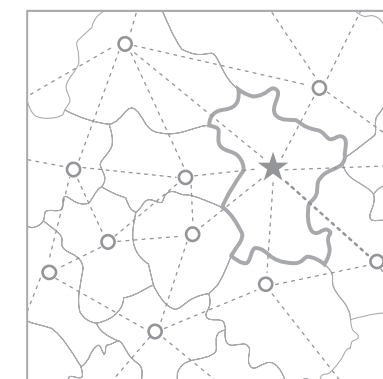
There are two types of services on the power distribution market:

- electrical power transmission;
- network connection.

# 5. DESCRIPTION OF BUSINESS



ELECTRIC POWER DISTRIBUTION GRIDS IN ELEVEN TERRITORIES OF RUSSIA ARE THE BASIS OF OUR COMPANY BUSINESS. IDGC OF CENTRE PURSUES THE COURSE OF INNOVATION DEVELOPMENT USING UNIQUE EXPERIENCE OF MANAGEMENT OF THE ELECTRIC GRID COMPLEX AND UTILIZING ADVANCED TECHNIQUES, TAKING THOUGHT FOR REGIONS, IT IS A RELIABLE PARTNER AND A STABLE, INVESTMENT-ATTRACTIVE COMPANY.





MARKET OF ELECTRICAL POWER TRANSMISSION

Company is a natural monopoly for electrical power transmission in its regions. A large part of its subsidiaries are the only grid companies in their regions which have network connection to the Unified National Electric Grid (UNEG). In these circumstances the Company's subsidiaries occupy a dominant position on the market of electrical power transmission services and are level 1 grid companies.

However, in a number of regions of the Company's electrical power transmission services there are other regional grid companies which provide similar services in electrical power transmission.

MARKET OF NETWORK CONNECTION

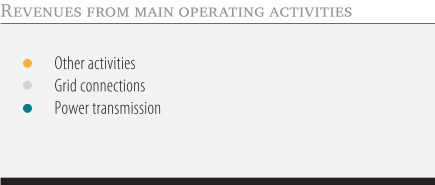
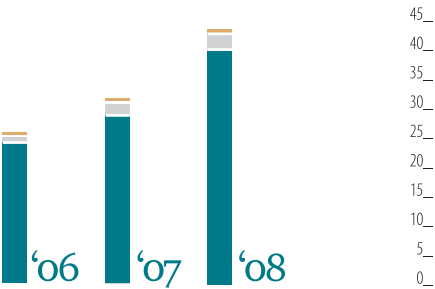
In the area serviced by the subsidiaries of JSC IDGC there are a number of resellers providing the service of network connection. Due to the absence in 2008 of statutory acts regulating network interaction in the network connection of consumers to electrical networks, it does not appear possible to estimate the total market with sufficient reliability.



MAIN OPERATING ACTIVITIES

The table and the chart below show revenues breakdown by main operating activity for 2006 — 2008.

REVENUES FROM MAIN OPERATING ACTIVITIES				
BLN ROUBLES	2006	2007	2008	
Revenue, including:	25.9	32.4	43.6	
power transmission	24.7	29.3	40.2	
grid connections	0.8	2.6	2.8	
other activities	0.4	0.5	0.6	



- So, the main operating activities of IDGC of Centre are:
- Power transmission; the revenue from this activity in 2008 was 92% of total revenues;
  - Grid connections to power lines; the revenue from this activity in 2008 was 6.4 % of total revenues.

In order to explain the Company's business in terms of operating activities the sections below describe the share of the Company in each segment, power sales volumes, pricing (tariffs), revenues, costs and profit.

POWER TRANSMISSION

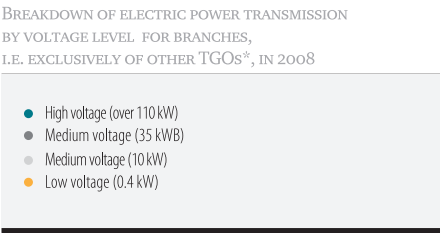
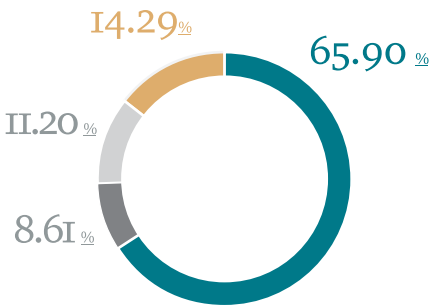
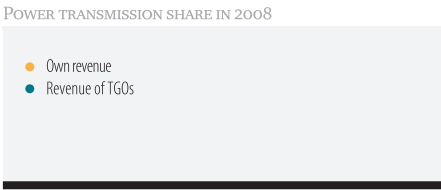
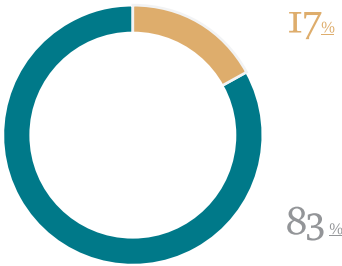
In monetary terms, the Company's share in the electric power transmission market is about 83–84%. In 2006 and 2007 this indicator was just an expert estimation. But from 2008 on, IDGC of Centre knows exactly its share in the power transmission market as a new settlement method has been introduced in all the regions meaning that payments to other TGOs go through transit accounts of IDGC of Centre.

SHARE IN THE POWER TRANSMISSION MARKET				
	2006	2007	2008	
Market share in terms of money	83%	83%	83.6%	

SALES

The amount of power transmitted by IDGC of Centre was 56.6 bln kWh in 2008. There was no increase in supply as compared to the previous year because the demand for electric power decreased due to the world finance and economical crisis influencing Russian industry output and, accordingly, electric power consumption.

AMOUNT OF POWER TRANSMISSION, MLN kWh.				
2006	2007	2008	2007/2006	2008/2007
54,042.1	56,394.8	56,618.4	+4.3%	+0.4%



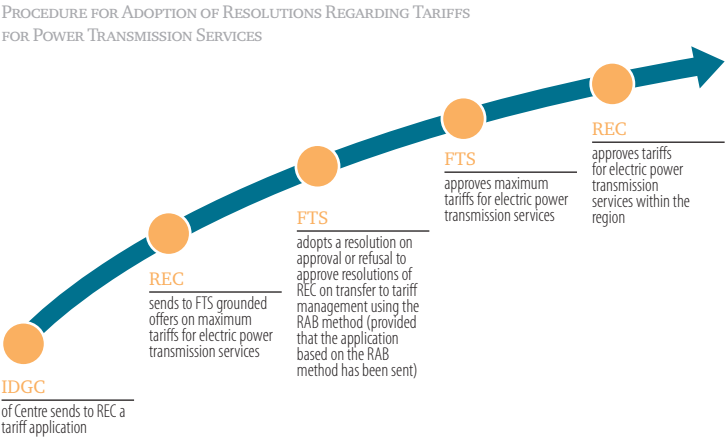
\* For more detailed breakdown of electric power transmission by branch in 2006 — 2008 see Appendix 4.

TARIFFS ON ELECTRIC POWER TRANSMISSION

Tariffs are established by regulatory bodies (Federal Tariff Service of Russia, hereinafter referred to as FTS, and regional regulatory bodies, hereinafter referred to as REC (Regional Energy Commission). Up to 2009 a method of economic feasibility («expenses plus») was applied to control tariffs for all grid organisations. Since January 01, 2009, a new method, Regulatory Asset Base Method (RAB), has been introduced.

When applying the «expenses plus» method, tariffs are established annually, on the basis of amount of funds which REC includes in minimum regulated revenue (MRR) of organisation for conducting business in the following year. Main constituents of MRR are operating expenses of the Company, expenses for payment of interest, taxes, dividends and capital investments.

Regulatory Asset Base Method (RAB) is a tariff making system based on long-term tariff management and aimed at attracting investments to the industry. Key principle is to provide repayment of funds invested in assets of the Company for established period and to obtain standardised profit. When applying RAB method MRR consists of operational costs and ROI.



AVERAGE (ESTIMATED) TARIFFS* OF IDGC OF CENTRE FOR ELECTRIC POWER TRANSMISSION SERVICES				
AVERAGE TARIFF, KOPECKS/ kWh			GROWTH RATE, %	
2006	2007	2008	2007/2006	2008/2007
44.53	51.75	60.00	16.2%	15.9%

\* Exclusive of tariffs of other TGOs

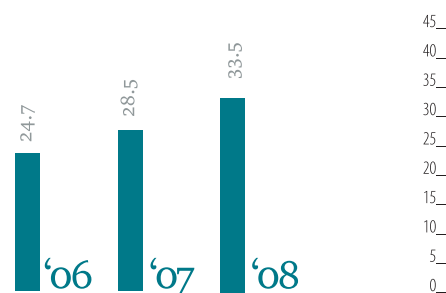
Average tariff of IDGC of Centre has grown up by 15.9 % as compared to 2007.

## REVENUE

Revenue of IDGC of Centre from electric power transmission was 40.2 bln roubles in 2008. Since 2007, a new system of payments for electric power transmission has been introduced. Under this scheme, payments for services to outside grid organisations go through transit accounts of IDGC of Centre. In 2008 all the regions apply this system of payments. In 2008, revenue of other TGOs, which went through our transit accounts amounted to 6.7 bln roubles, while own revenue of the Company from power transmission services amounted to 33.5 roubles, or 17% more than that in 2007.

### REVENUE FROM ELECTRIC POWER TRANSMISSION

BLN. ROUBLES	2006	2007	2008	2007/2006	2008/2007
Revenue	24.7	29.3	40.2	18%	37%
Revenue exclusive of other TGOs	24.7	28.5	33.5	15%	17%



REVENUE (WITHOUT OTHER TGOs) FROM ELECTRIC POWER TRANSMISSION, BLN. RUBLES

## COSTS

Electric power transmission costs consist of non-controllable expenses, such as payment for services of Unified National Electric Grid (UNEG), payments for services of outside grids organisations (which are really revenue of other TGOs which go through transit accounts of IDGC of Centre), compensations for losses and controllable expenses which may be altered by the management of the Company. Main controllable expenses are materials and energy used in production, work and services related to production, and payroll costs.

### ELECTRIC POWER TRANSMISSION COSTS

BLN. ROUBLES	2006	2007	2008
<b>Total cost:</b>	<b>22.798</b>	<b>27.162</b>	<b>37.072</b>
Non-controllable expenses	10.670	13.256	18.439
• Payment for services of UNEG	5.526	5.803	6.383
• Payment for services of outside grid organisations*	0	0.814	6.631
• Expenses for compensation for losses	4.270	5.050	5.425
Controllable expenses	12.127	13.905	18.633
• Materials, energy used in production	1.372	1.447	1.787
• Work and services related to production	1.124	0.767	2.789
• Payroll expenses	3.829	4.456	4.894
• Charges from labour compensation fund	0.887	1.081	1.236
• Other costs	4.913	6.152	7.927
<b>Costs exclusive of payments to TGOs:</b>	<b>22.798</b>	<b>26.348</b>	<b>30.441</b>

\* This cost item reflects revenue of other TGOs which goes through transit accounts of IDGC of Centre

Rise of non-controllable expenses is related to the rise of tariffs for services of UNEG and the transfer to the method of payment when revenue from outside TGOs goes through transit accounts of IDGC of Centre. Rise of controllable expenses is related to escalation of inflation and payroll indexation.

Expenses on compensation for losses are one of the main cost items of IDGC of Centre. In 2008 losses amounted to 9.4%. As compared to the previous year, the decrease was 0.12%. Effect of loss reduction was 190.1 mln kWh or 197.9 mln roubles.

### ELECTRIC POWER LOSSES

2006	2007	2008	2007/2006	2008/2007
10.37%	9.52%	9.40%	-0.83%	-0.12%

IDGC of Centre is persistent in taking measures to reduce losses of electric power. The most effective measures are:

- switching off transformers in light-load condition;
- replacing overloaded lines and transformers;
- revealing cases of energy stealing;
- installing reactive power compensation devices.

For more detailed breakdown of losses by branch in 2006 — 2008 see Appendix 4.

## PROFIT/LOSSES

Losses from transmission of electric power amounted to 964 mln roubles in 2008. Two key factors had major effect on this indicator. First, writing off bad debts from the balance of IDGC of Centre in Q1 2008. This was done to increase the Company's liquidity and to bring estimated assets value in compliance with the IFRS requirements. Second, there was an unplanned decrease of productive supply share in tariff solutions.

### PROFIT (LOSSES) FROM ELECTRIC POWER TRANSMISSION

MLN. ROUBLES	2006	2007	2008
From electric power transmission	778	57	-964

The Company intends to increase profit from the main operating activity, — electric power transmission, — as a result of introduction a new method of tariff making on the basis of RAB.

GRID CONNECTIONS

On the basis of expert estimation made by the management, the share of the Company in the grid connections market is about 80%. Main competitors are territorial grid organisations. The market share is 100% in Belgorod Region, Kostroma Region and Smolensk Region where the city power grids are leased or owned by IDGC of Centre.

SALES AMOUNT

Network connection rate depend on the current condition and economy development plans of the regions where the branch offices of IDGC of the Centre are located. Taking into account that it is required to build new facilities, certain connection projects take 1-2 years. In the accounting record the connected capacity amount is marked by the project closing year. The connected capacity (i.e. under the agreements completed in 2008) was 479 MW in 2008, much less than the connection amount of the previous year.

NETWORK CONNECTION RATES, M EGAWATT

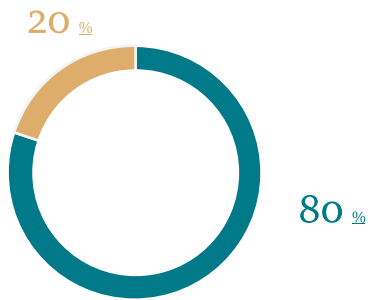
2006	2007	2008	2007/2006	2008/2007
280.4	481.2	479.8	71.60%	-0.30%

27 266 applications for network connection with the total capacity of 2,735 MW were filed in 2008. These applications together with those filed within 2007 resulted in 23,471 agreements with the total capacity of 1, 441 MW, 545 applications with the total capacity of 662 MW as of the end of 2008 were considered in the Company.

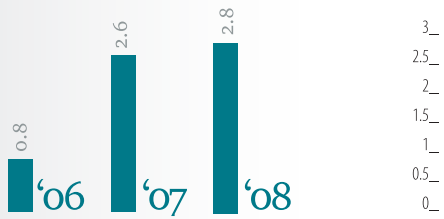
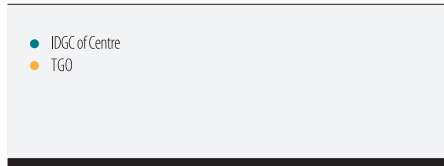
NETWORK CONNECTION TARIFFS

Connection fee is determined by the regional regulatory authority (Regional energy commission) in accordance with the Practical instructions of the federal regulatory authority — Federal Tariff Service of the Russian Federation.

Connection fee must compensate economically reasonable expenses incurred due to connecting the facility to power grids by means of calculating minimum regulated revenue from network connection. Minimum regulated revenues include construction and rehabilitation expenses for electric grid facilities covered by the Company investment program agreed with the regional authorities.



MARKET SHARE OF GRID CONNECTIONS IN 2008



REVENUE FROM NETWORK CONNECTIONS, RUB, MILLIARD

If the connection does not require any construction (rehabilitation) of the electrical grid facility not included in the specified investment programs for another adjustment period the grid organisation shall apply to the Regional energy commission to get the connection fee calculated as an individual project.

AVERAGE (COMPUTED) RATE\* OF CONNECTION FEE  
(BASED ON THE GOING RATES BEFORE THE END OF THE YEAR), RUB /KILOWATT

2006	2007	2008	2007/2006	2008/2007
6,503	10,639	15,361	63.6%	44.4%

\* The average rates of connection fee leave out the rates of connection fee for the groups of consumers entitled to benefits and individual connection. The rate of connection fee regarding the groups of consumers entitled to benefits is RUB 550 (incl. VAT) for one connection to 15 kilowatt.

The network connection revenue of IDGC of the Centre was RUB 2.8 bln. in 2008, i.e. 7% more than in 2007. As it was already mentioned that certain connection projects take 1-2 years that is why the connection fee increase in 2007 and 2008 will reflect in the revenue for 2009 and 2010.

REVENUE FROM NETWORK CONNECTIONS IN 2006 — 2008, RUB, MILLIARD

2006	2007	2008	2007/2006	2008/2007
0.8	2.6	2.8	226%	7%

The net profit from rendering of network connection services for consumers was RUB 1.8 milliard in 2008.

NET PROFIT FROM NETWORK CONNECTIONS, RUB, MILLIARD

2006	2007	2008	2007/2006	2008/2007
0.5	1.9	1.8	253%	-5%

OTHER BUSINESS

Revenue from other business includes incomes from street lighting, vehicles leasing, maintenance works and other activities not regulated by the law.

REVENUE FROM OTHER ACTIVITIES, RUB, MILLIARD

2006	2007	2008	2007/2006	2008/2007
0.365	0.440	0.601	20%	37%



INVESTMENTS

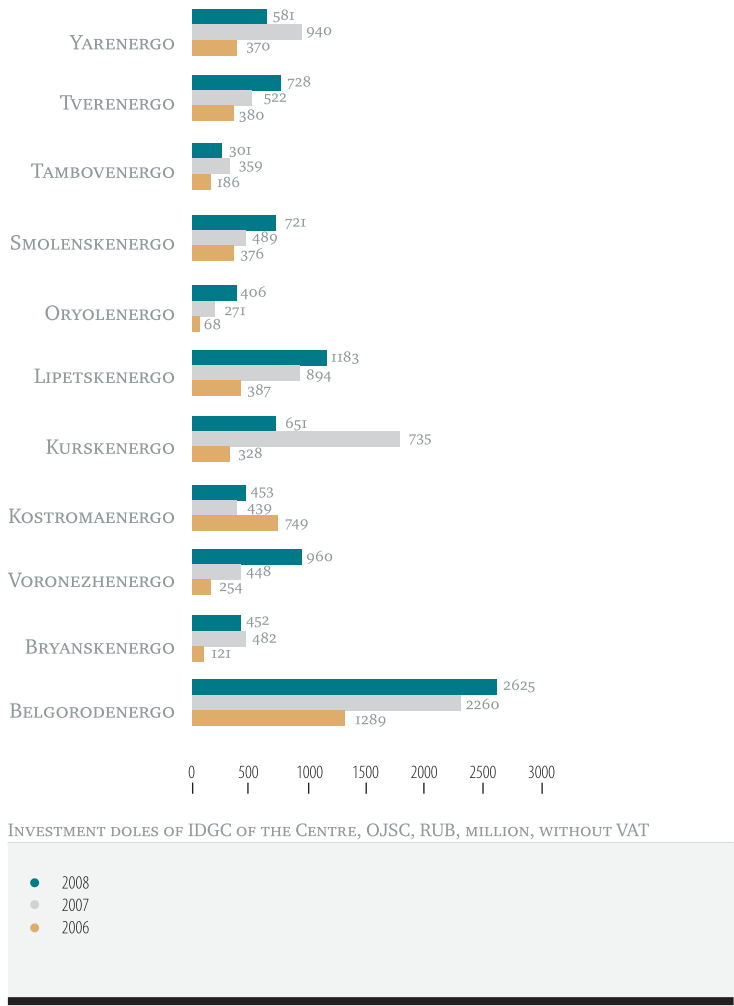
The investments amount was equal to RUB 9.07 bln in 2008 — 16% higher than that in 2007. Among major investment directions were technical upgrading and rehabilitation of the facilities (RUB 5.6 billion) and the construction thereof (RUB 3.2 billion). The amount of the investments aimed at technical upgrading and rehabilitation increased by 37% comparing to 2007.

DATA OF INVESTMENT ACTIVITIES

	2008						
	IMPLEMEN- TATION, WITHOUT VAT	NEW FIXED ASSETS, WITHOUT VAT	FINANCING, WITHOUT VAT	COMMISS- SIONING OF FACILITY		CAPACITY GAIN	
	RUB, MILLION	RUB, MILLION	RUB, MILLION	KM	MVA	KM	MVA
IDGC of the Centre	9,071	7,739	9,071	3,263	660	1,886	432
Belgorodenergo	2,625	2,587	2,625	1,268	189	889	164
Bryanskenergo	452	152	452	56	26	6	6
Voronezhenergo	960	763	960	207	125	90	68
Kostromaenergo	453	271	453	240	25	183	24
Kurskenergo	651	599	651	423	51	239	38
Lipetskenergo	1,183	888	1,183	307	25	106	25
Oryolenergo	406	244	406	84	6	60	6
Smolenskenergo	721	630	721	133	11	23	7
Tambovenergo	301	279	301	110	49	36	33
Tverenergo	728	747	728	134	114	12	40
Yarenergo	581	570	581	303	40	244	22
Information Agency of IDGC	9	9	9				

The table below presents similar data of IDGC of the Centre from April 1, 2008 through December 31, 2008.

	2008						
	IMPLEMEN- TATION, WITHOUT VAT	NEW FIXED ASSETS, WITHOUT VAT	FINANCING, WITHOUT VAT	COMMISSIONING OF FACILITY		CAPACITY GAIN	
	RUB, MILLION	RUB, MILLION	RUB, MILLION	KM	MVA	KM	MVA
IDGC of the Centre	8,203	7,075	8,203	2,951.4	645.7	1,741.6	417.9
Belgorodenergo	2,353	2,318.7	2,353	1,124.9	189.4	871.1	164.3
Bryanskenergo	397	138.1	397	55.7	25.4	5.3	6.3
Voronezhenergo	891	727.9	891	197.1	124.9	89.6	67.7
Kostromaenergo	436	238.4	436	169.6	14.2	115.1	13.5
Kurskenergo	562	527	562	388.5	47.6	204.6	35.1
Lipetskenergo	1,099	799	1,099	273.4	25	91.2	25
Oryolenergo	381	236.1	381	78.2	5.6	60	5.6
Smolenskenergo	624	619.1	624	127.7	11.2	22.5	6.8
Tambovenergo	276	274.1	276	109.6	48.6	36	32.6
Tverenergo	649	674.2	649	133.4	113.8	12	39
Yarenergo	526	512.7	526	293.4	40	234.2	22
Administration	9	9.5	9				



The technical upgrading and rehabilitation works planned for 2008 were entirely completed.

TU&R works performance for 2008 showed the positive results in comparison to 2006 — 2007. The investments of RUB 2,140,014 thousand were aimed at TU&R, kV TL km 1,118.6 was reconstructed. It was directed RUB 4,073,903 thousand of investments to TU&R in 2007, 1,141.61 km were reconstructed.

The works amount was increased in 2008 comparing to:

- 2006 in monetary terms — RUB 3 470 million or 261.7%, in physical terms — 159.24 km or 114.2%;
- 2007 in monetary terms — RUB 1,536 million or 137.5 %, in physical terms 136.23 km or 111.9%.

FINANCE LEASE

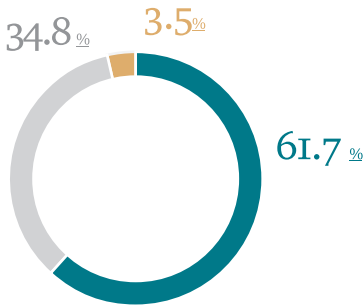
The expenses on the Company finance lease program were RUB 1,046.9 million in 2008, the actual application — RUB 1,690.9 million.

INVESTMENT PATTERN (RUB, MILLION, WITHOUT VAT)

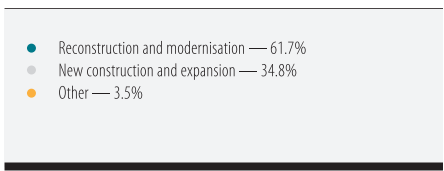
IDGC OF THE CENTRE, JSC	2006	2007	2008
Areas of investment activities – total:	4,504	7,839	9,071
Electric grid facilities, including	3,579	6,125	7,596
• TU&R, including	1,478	2,853	3 994
• New construction and expansion of operating facilities, including	1,891	2,747	2,903
• Other electric grid facilities (automation, connection)	210	525	699
• Electric power accounting and monitoring facilities, including	230	208	163
AISEBM of the wholesale market as part of the investment program	187	181	84
Other electric power accounting and monitoring facilities	43	27	79
• R&D of future construction	28	210	203
• Other production and business facilities	274	439	496
• Equipment not included in the construction estimate	178	279	292
• Non-productive sphere facilities	1	—	1
• Investments in fixed assets	27	13	—
• Long-term financial investments	—	—	—
• Fixed assets acquisition	187	565	320
For reference:			
Disbursement of investments connected with network connection of consumers	677	2,446	2,540

INVESTMENT PATTERN FOR BRANCH OFFICES OF IDGC OF THE CENTRE, JSC  
(RUB, MILLION, WITHOUT VAT)

NAME OF IDGC /RGC /BRANCH OFFICE	INVESTMENT DOLES	TU&R	NEW CONSTRUCTION	OTHER
Belgorodenergo	2,625	1,081	1,387	156
Bryanskenergo	452	443	8	2
Voronezhenergo	960	788	171	1
Kostromaenergo	453	191	243	19
Kurskenergo	651	435	107	109
Lipetskenergo	1,183	513	670	0
Oryolenergo	406	262	144	5
Smolenskenergo	721	535	180	2
Tambovenergo	301	278	21	1
Tverenergo	728	615	114	25
Yarenergo	581	446	110	1
Information Agency of IDGC	9	9	—	—
IDGC of the Centre	9,071	5,596	3,155	320



INVESTMENT PATTERN FOR IDGC OF CENTRE, JSC



BELGORODENERGO

Under the technical upgrading and rehabilitation program transmission line of 379.6 km and 0,4—10 kV was reconstructed.; Shebekino substation110 kV was reconstructed with the replacement of a 40 MVA power transformer.

Reconstruction of Graivoron 110 kV substation was started. To make power supply at 35—110 kV substations more reliable 196 power and voltage transformers of all voltage classes were replaced and installed.

OTL—110 kV safeguards are replaced by microprocessor ones; the server of emergency processes recorder сервера регистратора аварийных процессов at Golofeyevka 110 kV SS was replaced.

Under new construction and expansion program Frunzenskaya — Tomarovka 110 kV OTL of 15.1 km long was constructed and put into operation. The construction of Maiskaya 110/10/10 SS was commenced.

Within the grid integration project (6—10/0.4 kV NC, 6—10/0.4 kV PTS, 0.4—6—10 kV cable line, 0.4—6—10 kV OTL) Belgorodenergo accepted transfer of 330.5 km TL 0.4—10 kV ownership as well as the equipment with the input capacity of 45 MVA for the accounting period.

100% of the works under the technical upgrading and rehabilitation program are completed for the accounting period. Under new construction and expansion program 23% or RUB 260.2 million of the plan was fulfilled. Reapplication is caused by the works overfulfilment under the network connection program — 26% of the annual plan.

BRYANSKENERGO

While reconstructing Sovetskaya SS 110 kV phase 1 construction of outdoor switchgear 110 kV was completed, 110 kV outdoor switchgear was partially installed, phase 1 construction of the indoor switchgear building — substation control house 6 kV units were mounted. Water piping, sewerage, oil drainage system, oil collector were completely constructed.

While reconstructing Fokinskaya SS 35 kV выполнены работы по масло-стокам, маслоуловителю, complete distribution device of external installation was mounted, substation control house (substation control building) was built, the foundation for the power transformer was laid, bearing support for 6 kV busbar bridge were installed, troughing works were performed, 16 MVA power transformer was mounted.

Within the reconstruction of Zarechnaya SS 110 kV 10 MVA power transformer was installed, phase 1 construction of the building part of 110 kV outdoor switchgear was completed, 110 kV sulphur hexafluoride switch (circuit breaker) was mounted, 10 kV units in the number of 10 pieces, the panels of T-1 microprocessor-based bay protection were mounted, the oil receiver and the noise-absorbing wall were reconstructed.

The rehabilitation of the distribution grids was fully performed. The works at 0.4 kV OTL were executed — the bearing supports with the installation of the Steel Insulated Wires and the recording panels were replaced. In the TSs 6 old worn-out transformers with the total capacity of 1.5 MVA were replaced. 10 kV overhead transmission lines are rehabilitated — the bearing structures and the wire were replaced.

#### VORONEZHENERGO

Major investment project of 2008 were:

- the technical upgrading of SS 35/6 kV No. 10 with the transfer to 110 kV voltage — RUB 149.2 million;
- the technical upgrading of SS 110/35/6 kV No. 30 — RUB 56.0 million;
- the technical upgrading of SS 110/6 kV No. 9 with the replacement of the 16 MVA transformer by the 25 MVA one for power supply of dwelling houses in Lomonosov street in Voronezh — RUB 33.6 million;
- the technical upgrading of ANP SS 110/6/10 kV with the replacement of the 12.6 transformer by the 12.6 MVA the network connection of Lisko-Broiler LLC — RUB 37.3 million;
- the technical upgrading of Liskinskaya SS 110/6 kV with the replacement of the 6.3 MVA transformer by the 16 MVA one for the network connection of Lisko-Broiler LLC — RUB 20.4 million;
- the reconstruction of OTL 10—0.4 kV — 85.3 km — RUB 152.0 million;
- the construction of OTL 10—0.4 kV, NC for the network connection of Voronezhmyasoprom LLC — RUB 84.3 million;
- the construction of 10 kV KL from 35/10 kV SS No. 13 VPI to 10 kV distribution point with the construction of 10 kV distribution point for the network connection of Voronezh-Realty LLC, Profi-S CJSC, Graundvaler CJSC and Spetstechnika — RUB 27.6 million.

Actual investments structure according to the investment type (2008):

- at the facilities of the technical upgrading and rehabilitation 82.08% (RUB 788.276 million) of the total investment amount (RUB 960.346 million) were applied;
- at the facilities of new construction 17.66% (RUB 169.617 million) of the total investment amount (RUB 960.346 million) were applied;
- at other facilities (non-production facilities and fixed capital acquisition used by other organisations) 0.26% (RUB 2.453 million) of the total investment amount (RUB 960.346 million) (RUB 960.346 million) were applied.

The investment application plan for other facilities was overfulfilled owing to the purchase of the municipal 0.4 kV overhead transmission lines in the Novohopersky District, the Voronezh Region within the grid integration obligations.

#### KOSTROMAENERGO

While implementing the investment program in 2008 the following measures of new construction were taken:

- the construction of Davydovskaya 110/10 kV SS with 110 kV overhangs in Kostroma with the total amount of investments — RUB 218,699 thousand. The facility is to be put into industrial operation in the third quarter of 2009;
- the construction of 0.4—10 kV OTL, cable lines and (transformer substations/ TSS) under the network connection agreements with the investment amount of RUB 23,980 thousand;
- the acquisition of the fixed capital (OTL, CL and TSS) under the Agreement to the investment amount of RUB 6,644 thousand.

#### KURSKENERGO

The reconstruction of 110 kV to the amount of RUB 17.4 million, 10—0.4 kV OTL— RUB 207 million, 110 kV SS — RUB 59.9 million was performed in 2008, including:

- Zentralnaya SS was completely reconstructed — RUB 25.2 million;
- Relay Protection and Automatic Equipment and Emergency Control Automatics were reconstructed — RUB 18.8 million;
- Volokno 110/35/6 kV SS was reconstructed with the replacement of the reactors — RUB 4.9 million.

In new construction RUB 78.8 million for 10—0.4 kV lines were applied and preparation works for the construction of Rodniki 110/10 SS were commenced making up RUB 7.7 million.

The actual amount of investments was 106.8% of the plan in 2008, including TU&R — 112%, new construction — 116.2%, other — 84.3%. The rehabilitation and construction volume was increased due to the redistribution of the investments planned for the 10—0.4 kV grid integration as a result of the municipal auction adjournment.

In the resources structure the major position took technical upgrading and rehabilitation — 66.7%, operating (current) capital acquisition (10—0.4 kV grid integration) — 16.6% and new construction — 16.5%.

### LIPETSKENERGO

Lipetskinergo being the branch office of IDGC of the Centre, JSC put into operation the first stage of Terbunskaya 110 kV SS in 2008 increasing the cost of the company by RUB 151.2 million as well as the transfer capacity through Lipetskenergo network.

Manezhnaya 110 kV SS (2x40 MVA) and Universitetskaya 110 kV SS (2x40 MBA) were further constructed: the building part is almost finished and the main equipment has been purchased. The construction of Sselki 35 kV SS (2x10 MVA) was commenced and maintained at the outstripping rates. The projects implementation will ensure the gain in the connected capacity and productive supply and revenue will consequently increase owing to the residential and industrial consumers, the region will become more attractive to the potential investors and regional authorities to the extent of the creation of free economic zones. Further more, the business cost will increase by RUB 612 million.

In implementing the TU&R program insignificant deviation from the plan was observed. As it is obvious from the accounting data it was 2%. It was caused by performing a number of unscheduled 0.4—10 kV rehabilitation works as a result of the grid condition.

The deviation in the new construction section was 17.3%. Among the overfulfilment reasons are: Sselki 35 kV SS construction at the outstripping rates demanded by the municipal administration and the general situation of 2008. In addition, the plan indicators in the Network connection subdivision were much higher. It is associated with the existing situation execution network connection agreements and requires the implementation thereof as IDGC of the Centre, JSC is a client-oriented company.

### SMOLENSKENERGO

Overhead transmission and cable lines (0.4; 10; 110 kV) of 110.34 km long to the amount of RUB 158,041 thousand — 29% of the actual investment application aimed at TU&R were reconstructed in 2008; the rehabilitation of the substations as well the technical upgrading thereof accompanied by the replacement of the electrical devices and equipment (Relay Protection and Automatic Equipment and Emergency Control Automatics, power transformers, vacuum and sulphur hexafluoride switches (circuit breakers), etc.) to the amount of RUB 153,668 thousand — 29% of the TU&R investments were performed.

The actual amount of the technical upgrading and rehabilitation investments was RUB 537,317 thousand, 2% higher than the plan indicator.

Expansion and new construction measures:

- the connection of the Federal Medical Centre for traumatology, orthopaedics and endoprosthesis replacement to the network of IDGC of the Centre, JSC in the Smolensk Region, RUB 64,952 thousand were applied — 36% of the actual investments aimed at new construction and expansion;
- the network connection of Gagarin plywood mill, LLC, the rehabilitation of Gagarin 110 kV SS, the coupled cable lines from Gagarin SS to Gagarin plywood mill, LLC and 10 kV indoor switchgear were mounted which ensure supply to the power receivers. The cost of the works performed was RUB 69,459 thousand — 38% of the actual investments aimed at new construction and expansion, the facility was put into operation;
- the construction of the 6 kV distribution point, 6 kV cable line in Orshanskaya street in Smolensk, RUB 6,597 thousand were applied, the facility was set into operation;
- the construction of the 6 kV distribution point, 6 kV cable line, the rehabilitation of Diffuzion 110 kV SS, Vash dom, CJSC, RUB 19,273 thousand were applied, making up 11% of the actual investments aimed at new construction and expansion.

The actual amount of the investments of the actual investments aimed at new construction and expansion was RUB 178,230 thousand.

### ORYOLENERGO

Oryolenergo, the branch office of IDGC of the Centre, JSC, performed the following in 2008:

The following facilities were rehabilitated and included into the fixed capital:

- The replacement of the isolating switches and section oil switches by PM and Cherkasskaya 110 kV SS;
- The of the oil switches by vacuum ones at Zavodskaya 110 kV SS;
- The rehabilitation of 35.10 and 0.4 kV overhead transmission lines of 23.18 km long;
- The rehabilitation of Zapadnaya 110 kV SS — 1 start-up complex;
- The following facilities were completely constructed and put into operation:
  - 35 kV overhead transmission line with the limit of 110 kV from Kulikovskaya 110 kV SS;
  - Orel-Zvyaginki 35 kV overhead transmission line was replaced by 35 kV cable line;
  - 10—0.4 kV overhead transmission line with 10/0.4 kV TS for the power supply of Pig farm 4800 No. 1, Znamensky SGC, LLC;
  - 10—0.4 kV overhead transmission line with 10/0.4 kV TS for the power supply of the hypothecary housing facilities in the Oryol Region — Berlisevo and Malaya Kulikovka, 10 kV cable line with 1.26 distribution point.



## TAMBOVENERGO

Within the framework of TU&R program:

- rehabilitation of 110/35/10 kV SS No. 2 in Tambov, the replacement of the T-1 16 MVA transformer by the 40 MVA one, putting into operation made up RUB 67,629 thousand;
- the AISEBM modernisation, the amount will make up RUB 25,330 thousand.

The investment program of Tambovenergo branch office for the year 2008 was implemented in full. The capital investments disbursement dropped due to the reduction of debt capital in comparison to 2007. The execution of the investment program in 2008 made up RUB 301.464 million, or 102% of the plan. RUB 277.986 million or 92% of the total disbursement were assigned for technical upgrading and rehabilitation, RUB 20.899 million or 7% — for new construction, RUB 2.579 million or 1% — fixed capital acquisition. The actual fulfilment of the technical upgrading and rehabilitation made up 102% of the planned costs, of new construction — 102%. It is associated with the expansion of the rehabilitation and construction works of 10/0.4 kV OTL — and SS of 35 kV or more.

## TVERENERGO

The following main works of the investment program were implemented by the branch office in 2008:

- the replacement of T-2 on Toropets 110/35/10 kV SS — RUB 5.584 million, the facility commissioning made up 25 MBA;
- the installation of quenching units for capacitance current compensation of ground connection in the 10 kV circuit at the Kuvshinov SS, N. Rozhok SS, Poligrafkraski SS and Stroyindusrtiya SS — RUB 16.576 million;
- the rehabilitation of Lazurnaya 110/35/10 kV SS, the power transformer replacement — RUB 34.361 million, the facility commissioning made up 40 MBA;
- rehabilitation of SS 110/35/10 kV «Raduga», power transformer replacement — 32.791 mln. Rub, the facility commissioning made up 40 MBA;
- the technical upgrading and rehabilitation of Danilovskoe 35 kV SS — (the installation of T-2, Complete distribution device of external installation — 6 kV 2 pieces) — RUB 28.887 million, the facility commissioning made up 6.3 MBA;
- Tverenergo AISEBM OPЭ — RUB 69.750 million.
- the construction of Proletarskaya FOK-1 and Proletarskaya FOK -2 cable lines;
- (2 cable lines in one trench — 2.85 km) — RUB 15.491 million, the facility commissioning made up 2.85 km;
- the construction of a DC and cable line from Kaposhvara 35 kV SS — RUB 40.056 million. The facility commissioning made up 2.8 km or 0.63 MBA;
- the construction of a DC-10 kV FOK in the area of stadium n.a. Vagzhnov in Tver — RUB 7.329 million.

## YARENERGO

The branch office performed following main work in respect to the investment program:

- the technical upgrading of Volzhskaya SS 110/35/6 kV. The outdated equipment was replaced and sulphur hexafluoride circuit breakers: 110 kV (2 units) and 35 kV (5 units), 20 vacuum circuit breakers 6 kV are installed, relay protection and automatic and dc control power scheme were upgraded, Automated Information System of Electricity Billing Metering and telemechanics were implemented in the course of reconstruction. Inclusion in fixed assets — RUB 52.6 million;
- the technical upgrading of Pereslavl SS 110/35/6 kV. Oil circuit breakers are replaced for sulphur hexafluoride circuit breakers, potential transformers for organisation of high-voltage metering and automatics, cable channels are reconstructed, new panels with microprocessor units — Relay Relay Protection and Automatic Equipment are installed in the course of reconstruction. Inclusion in fixed assets — RUB 19.7 million;
- the technical upgrading of Myshkin SS — 35 kV. The transformers T-2 with 4 MVA were replaced for the transformers with 6.3 MVA in the course of reconstruction. The limitation of network connection of new load was removed. Inclusion in fixed assets — 6.3 MVA or RUB 4.3;
- the building of the dispatching department of the Substation «Severnaya» is reconstructed. The building is altered entirely in the course of reconstruction; extraction and input ventilation and conditioning, automatic fire-alarm system, dispatch, power supply, electric power supply, access control equipment, heating are installed. The dispatching centre is equipped. New workplaces for personnel are created. Inclusion in fixed assets — RUB 50.5 million;
- the technical upgrading of Chaika SS. Two transformers of 16 MVA were replaced for the transformers of 25 MVA in the course of reconstruction. Isolating switches were replaced for sulphur hexafluoride circuit breakers, approach roads were constructed. This facility construction will be proceeded in 2009.

## FINANCING SOURCES OF THE INVESTMENT PROGRAM

FINANCING SOURCES OF THE INVESTMENT PROGRAM (RUB, MILLION, WITHOUT VAT)

		EXCLUDING THE DATA OF RGC IN THE 1ST QUARTER OF 2008	CALENDAR YEAR
Financing sources, total		8,203.5	9,071
Own financing sources	Amortisation of the accounting year	2,676.2	3,329
	Unused amortisation of past years	—	—
	Unused profit of past years	20	20
	Profit of the accounting year for using in the invest- ment program of the accounting year:	1,973.3	2,021.9
	• Renewal included in the rate	403.6	422.8
	• Core non-current asset sales	—	—
	• Non-core non-current asset sales	—	—
	• Connection fee	1,569.7	1,599.1
	Other own financing sources	892.3	911.7
	Budget funds (federal, municipal)	—	—
External financing sources	Attracted funds (borrowed interest-bearing)	1,530.8	1,656.5
	Attracted funds (additional issue)	—	—
	Connection fee	1,110.9	1,112.5
	Other external financing sources, including share participation in construction out of other sources	—	19.4

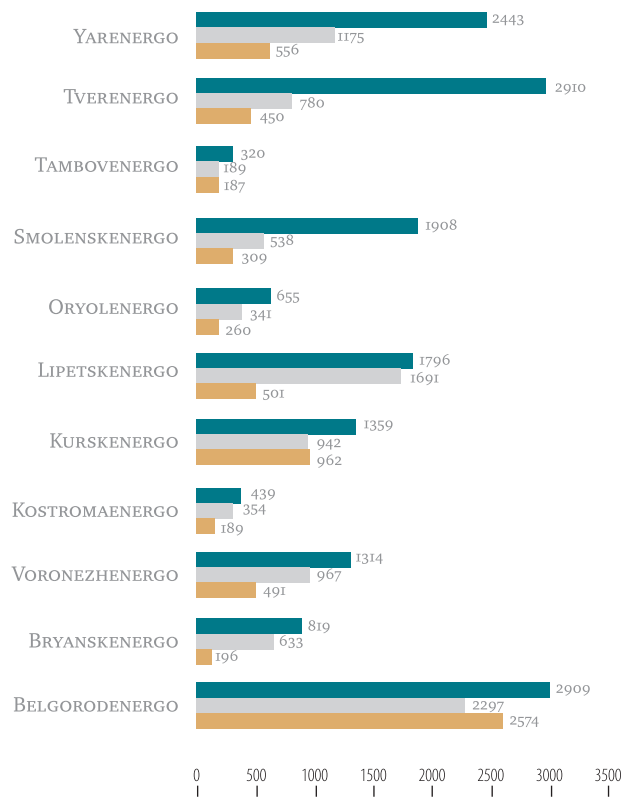
Distribution of the investment program in 2009 — 2011 in comparison with 2008 towards investments regarding IDGC of Centre, JSC broken down branch offices is displayed in the table No. 4.

(MILLION, WITHOUT VAT)

NAME OF RGC	2008 OPERATING	2008 CALENDAR	2009	2010	2011
Belgorodenergo:	2,353	2,625	2,574	2,297	2,909
• TU&R	965	1,081	869	1,755	2,093
• New construction	1,387	1,387	1,702	542	816
• Other		156	2	0	0
Bryanskenergo:	397	452	197	633	819
• TU&R	390	443	191	340	395
• New construction	8	8	5	293	424
• Other		2	0	0	0
Voronezhenergo:	891	960	491	967	1,314
• TU&R	723	788	351	867	755
• New construction	167	170	140	100	559
• Other		2	0	0	0
Kostromaenergo:	436	453	189	354	439
• TU&R	175	191	40	318	406
• New construction	261	262	140	36	32
• Other		0	9	0	0

(MILLION, WITHOUT VAT)

NAME OF RGC	2008 OPERATING	2008 CALENDAR	2009	2010	2011
Kurskenergo:	562	651	962	942	1,359
• TU&R	412	435	321	452	1,184
• New construction	150	150	618	490	175
• Other		66	23	0	0
Lipetskenergo:	1,099	1,183	501	1,691	1,796
• TU&R	472	514	160	669	780
• New construction	626	669	341	1,022	1,016
• Other			0	0	0
Oryolenergo:	381	406	260	341	655
• TU&R	248	262	127	290	529
• New construction	133	144	133	51	126
• Other			0	0	0
Smolenskenergo:	624	721	309	538	1,908
• TU&R	451	537	237	523	1,894
• New construction	173	178	61	14	14
• Other	0	5	10	0	0
Tambovenergo:	276	301	187	189	320
• TU&R	255	278	187	189	320
• New construction	21	21	0	0	0
• Other		3	0	0	0
Tverenergo:	649	728	450	780	2,910
• TU&R	559	639	395	625	1,515
• New construction	90	90	55	155	1,395
• Other			0	0	0
Yarenergo:	526	581	556	1,175	2,443
• TU&R	402	456	145	1,016	2,045
• New construction	125		402	160	397
• Other		25	10	0	0
Information Agency of IDGC:		9			
• TU&R		9			
• New construction					
• Other					
IDGC of the Centre — total:	8,203	9,071	6,684	9,915	16,881
• TU&R	5,010	5,596	3,032	7,053	11,926
• New construction	2,941	3,194	3,598	2,863	4,955
• Other	252	282	54	0	0



PLANNED INVESTMENT DOLES OF IDGC OF THE CENTRE,  
OJSC IN 2009—2011, RUB, MILLION, WITHOUT VAT

● 2011  
● 2010  
● 2009

Last year showed the investment decreasing dynamics in comparison to 2008. The application amount was RUB 6,684 million in 2009, the investment amount will be RUB 9,915 million in 2010, 109.4% by 2008 and 206.6% by 2009 respectively. The dynamics will remain in 2011 and will be RUB 16,881 million or 170.3% vs. 2010.

The investments of RUB 33,480 million are to be applied within the period of 2009 — 2011. RUB 22,011 million will be aimed at TU&R, RUB 11,416 million will be directed at new construction and expansion and RUB 54 million will be utilised in other purposes.

It became possible to finance the investment program more because a number of the Company branch offices had transferred to RAB tariff regulation method with the debt financing. The main sources of the Investment Program finance for 2009 — 2011 are internal funds, depreciation reserves and network connection revenue.

### INTRODUCTION OF RAB

The RAB (Regulatory Asset Base) method of return on investments is a fundamentally new method of regulating infrastructure monopolies that secures long-term transparent rules for investors.

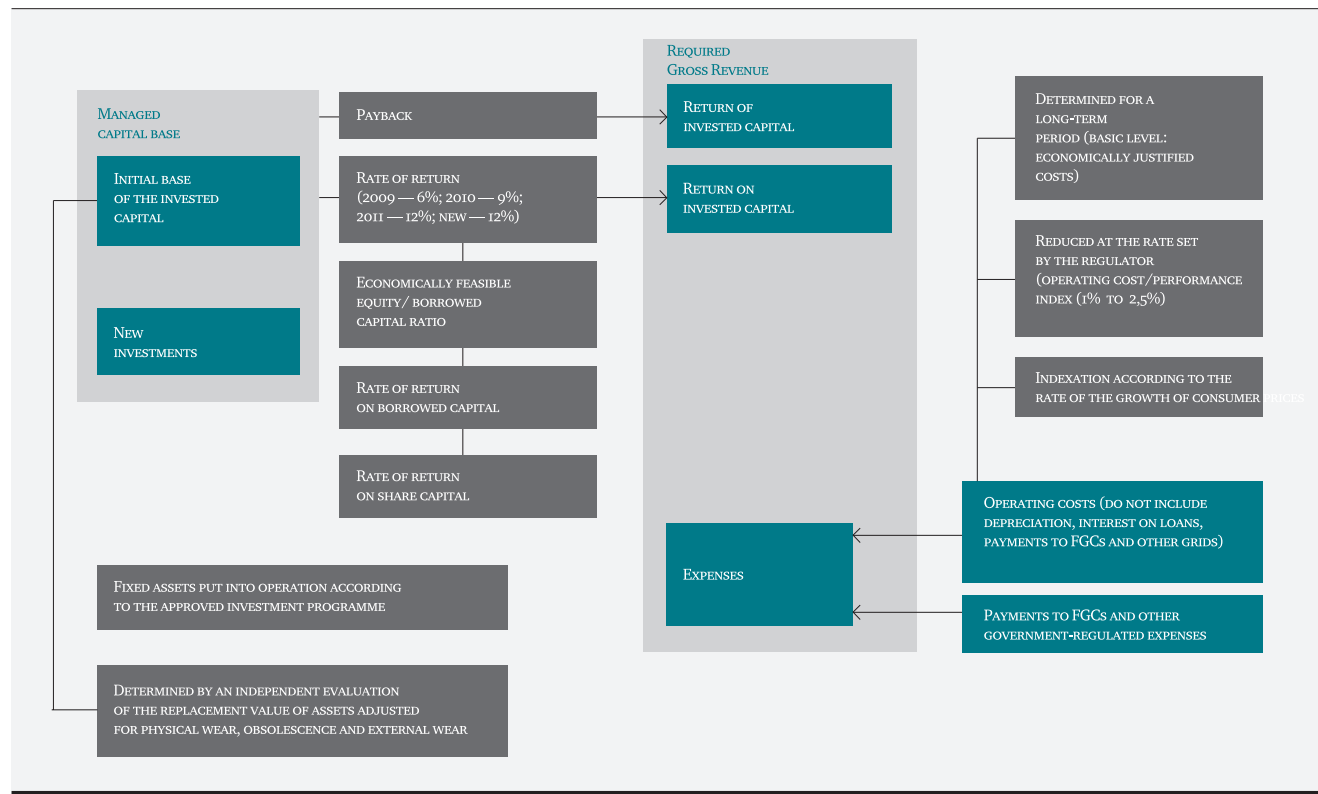
The RAB regulation is a system of tariff design based on long-term regulation of tariffs intended to raise investments for the construction and upgrade of the grid infrastructure and boost the efficiency of expenses of the grid entities. Significant and relatively successful experience is embedded in the international practices of the use of the RAB to regulate other industries with limited competition. The method was first developed and use in the UK. The RAB-regulation is currently widely spread in the world.

The fundamental principle underlying the methodology is to ensure the return of funds invested in the assets of the Company within the established period and to earn rated income. The rate of return determined by the government must comply with the level of risks in the grid entities and ensure that the industry is attractive for investors.

The Required Gross Revenue includes the operating expenses of the Company, the funds required for the repayment of equity and borrowed capital, as well as funds required for the repayment of income on the basis invested capital. The main item likely to be affected by the grid entities is the operational expenses (hereinafter, the OPEX). The baseline level of OPEX is set up through the method of economically justified costs, which takes into account the factor of change of operational expenses (X-factor 1) determined by benchmarking and review of deviation with the performance indicators of the best companies.



COMPONENTS OF THE REQUIRED GROSS REVENUE (HBB) ACCORDING TO THE RAB METHOD



### ADVANTAGES OF TRANSITION TO THE RAB

Firstly, long-terms rules emerge: tariffs are set up by means of the RAB for three years for the first regulation period and for five years for the subsequent periods. The RAB regulation provides for the adjustment of tariffs for such macroeconomic indicators beyond the control of the entity regulated as the actual inflation rate, electric power consumption and the level of non-controlled expenses. Thus, regulatory and macroeconomic risks are mitigated and the safety of investments is ensured. Investments under the RAB method generate fair rate of return comparable with the rate of return on investments in other assets with similar risks.

The transition of grid entities to RAB-regulation will stimulate an inflow of investments into the industry, the key stimulus being offered by a guaranteed rate of return on the invested capital of the grid entity. Predictability of cash flows and understanding of payback periods should be mentioned as investment incentives in the first place.

The new method of tariff design, the RAB has been implemented at three branches of IDGC of Centre, JSC since January 2009: Tverenergo, Lipetskenergo, Belgorodenergo. The key parameters of the RAB model of said branches are shown in Appendix 5. In the future (2010 — 2011), IDGC of Centre, JSC intends to introduce a tariff design system based on the RAB methodology in all branches.

## RISKS

### COUNTRY RISKS

A positive trend towards the rise of international ratings of the Russian Federation was observed until the middle of 2008. Russia had an investment rating as per the classification of the international rating agencies Fitch, Moody's и Standard & Poor's that assessed the economic and political situation in Russia as non-hazardous in the short term. Currently due to the continuing global economic crisis, the sovereign rating has been lowered to BBB (Fitch, Standard & Poor's) and Baa1 (Moody's), and the forecast remains «negative». Nevertheless, prior to the end of the crisis favourable factors should take effect that would be conducive to a rise of the ratings of Russia. Such factors include, in the opinion of the agencies, economic growth in Russia in the course of the recent years that has resulted in an improvement of the majority of key economic indicators, including surplus of the current account as well as a growth of Russian gold and foreign exchange reserves and a decrease of foreign short-term liabilities.

On the other hand, financial problems and keen perception of risks of investing in emerging markets have decreased foreign investments in Russia, causing an outflow of foreign capital and adversely affecting the Russian economy. Besides, as Russia produces and exports large amounts of natural gas and oil, the Russian economy is especially vulnerable to changes in global prices of natural gas and oil, whereas falling oil prices currently observed against the background of the crisis has slowed down the development of the Russian economy. The dynamics of the growth of prices of consumable goods remains an issue as well. All these developments may constrain the access of the Company to capital and adversely affect the purchasing power of the consumers of the Company's products.

From the third quarter of 2008, the Government of Russia has been implementing a large-scale package of measures to support the banking sector in the economic crisis. The Company, on its part, engages in any and all actions to reduce the effect of the above mentioned events on its business and pursues a balanced policy in the field of debt raising.

The likelihood of the materialisation of this risk is estimated as medium. Nevertheless, the effects of the materialisation of this risk on the business of the Company (if minimised by the Company) would be insignificant.

REGIONAL RISKS

The Company is registered as a taxpayer in the Central Federal District of the Russian Federation, an economically advanced region and the centre of financial and political activity.

In accordance with the Investment Rating of the Russian regions in 2007 and 2008 (as prepared by Expert RA rating agency), most regions (8 of 11) where the Company is present are territories with mild investment risks and multifarious investment potentials; one region is one with minimum investment risks, and 2 regions are ones with high investment risks.

Regional risks existing in the business of the Company are solely those where the governmental authority empowered to set tariffs ignores part of economically justified expenses proposed by the Company for the inclusion in the respective tariff. The estimated likelihood of the materialisation of this risk is medium. This circumstance may have significant effect on the implementation by the Company of its large-scale investment programme. The Company engages in a stakeholder dialogue with governmental authorities and other stakeholders to control and manage the selection of stakeholders with regard to their actions in conjunction with the investment projects of the Company.

No changes are predicted in the near future in the regions where the Company carries out its business that would be likely to have an adverse effect on the business and the economic condition of the Company.

The course of action of the Company proposed to respond to an adverse change of environment in the country (countries) or a region:

Most of the above mentioned risks is beyond control of the Company due to their scale. A destabilisation of the political or economical situation in Russia or in an individual region that may adversely affect the business of the Company would cause the latter to take a number of crisis management measures to minimise the adverse impact of the situation on the Company, including through a reduction of production costs and other expenses as well as investment plans.

**Risks related to possible warfare, state of emergency or strikes in the land or the regions where the issuer is registered as a taxpayer and/or carries out its core business.**

Warfare or the declaration of the state of emergency is unlikely in the country or the regions where the Company is present. Should warfare arise, the Company would bear the risks of its fixed assets being put out of operation.

**Risks related to geographical features of the country or the region where the issuer is registered as a taxpayer and/or carries out its core business, including heightened danger of natural disasters, disruption of transport due to remoteness and/or impassability etc.**

Risks related to geographical features of the country or the region where the issuer is registered as a taxpayer and/or carries out its core business, including heightened danger of natural disasters, disruption of transport due to remoteness and/or impassability do not have a significant impact on the business of the Company, as the region where it carries out its business is but slightly exposed to such risks.

Risks related to heightened danger of natural disasters are estimated by the Company as minimal.

INDUSTRY RISKS

1. Risks related to state regulation of tariffs for services rendered by IDGC of Centre, JSC.

Electric power transmission and grid connections are the types of activity regulated by the state. Thus, approval by the regulatory authorities of tariffs for services of the Company directly influences its revenues. So, there are the following risks:

- tariffs fixed below economically feasible level and, as a consequence, lack of the Company's financial assets;
- shrinking revenues due to changes in actual structure of electric power transmission with respect to voltage levels in relation to the structure approved when fixing tariffs;
- additional expenses related to cross-subsidisation. Cross-subsidisation prevents fixing economically feasible tariffs with respect to voltage levels, so power consumers may initiate claims;
- risks related to change in laws in the sphere of price formation with respect to electric power and heat energy at retail markets.

When using the RAB method, there are the following additional risks:

- the regulatory authorities do not approve the initial invested capital evaluation performed by independent appraisers;
- the rate of return is fixed below a fair level resulting in difficulties with attraction of investments.

The following measures are taken to mitigate these risks:

- work with the Federal Tariff Service and tariff regulatory authorities of constituent regions of the Russian Federation with respect to economic feasibility studies of expenses included in tariffs and making amendments in the laws of the Russian Federation regulating formation of prices for services of natural monopolies with the purpose of taking account of the interests of distribution grid companies when fixing tariffs for electric power at retail markets;
- developing and agreeing long-term development programmes of the Company's branches with regional and local government authorities on the basis of Agreements, in which, in particular, the sources and amounts of investments are indicated;
- consistent work related to reduction of the Company's expenses;
- step-by-step transfer to a new regulation system based on RAB, which is expected to encourage attraction of long-term investments into the industry and to diminish subjective factors in decision making on tariffs.

2. The main buyers of the Company's services are the trade companies delivering electric power to end consumers. Accordingly, the main risk related to the buyers is the possible increase in accounts receivable due to bad payment discipline of electric power end buyers and necessity to attract additional credit resources. In some periods, there is a risk of lack of cash on the Company's accounts in connection with temporal cash gaps between receipt of cash from a trade company and necessity to finance current transactions. For minimizing these risks, the Company's financial management performs sound credit policy, accounts receivable management aimed at optimisation of its volume and collection of debts.

3. The Company's revenue is influenced by energy consumption trends, so there is a profit risk connected to possible decrease in consumption of electric power by certain major consumers. In its turn, the energy consumption trends are influenced by the level of social and economic development of operating regions of the Company's branches, as well as climatic and weather conditions.

This risk is intensified because of the fact that, in accordance with Order of the Federal Tariff Service of Russia No. 209-e/1 dated October 21, 2008 «On Making Amendments to Guidelines on Calculation of Regulated Tariffs and Prices for Electric (Heat) Power at Retail (Consumer) Markets Approved by Order of the Federal Tariff Service dated August 6, 2004 No. 20-e/2», there are single and dual tariffs for electric power transmission, so that a consumer may choose a tariff.

4. A substantial risk in the Company's activity is connected with depreciation of fixed assets of IDGC's branches, which is typical for distribution grid companies all over the country. In this respect, there are risks of decrease of equipment availability and increase of operation and maintenance expenses.

In order to decrease a level of depreciation, modernisation of power generating capacities on the basis of introduction of innovative power-generating equipment is underway.

For certain branches of the Company, there is a risk of additional expenses related to a high level of technology and commercial losses of electric power in the branch's grid due to a high percentage of low voltage grids. In order to mitigate this risk, the Company develops and implements programmes for prevention of electric power losses.

5. There is practically no competition risk as all the branches of the Company hold a dominant position in the power transmission market.

6. Possible aggravation of the situation in the branch can also be connected with risks of additional expenses because of changes in prices for services, equipment and other material and technical resources used by the Company, i.e. change of indices used by regulatory authorities when fixing power transmission tariffs. In order to decrease these risks, the Company creates competitive environment in the sphere of purchase of work and services, signs long-term contracts with suppliers using market prices formed as a result of competitive biddings and not exceeding ones taken into account when fixing tariffs, as well as at optimisation of expenses related to maintenance and operating needs and capital construction.

7. Environmental risks are connected with possible leakages of transformer fluid at substations into rivers and lakes.

Environmental risk is a possibility and a scale of consequences of any man-made changes in natural resources.

Polls aimed at determination of concerns on the living environment show that people do not distinguish environmental risks from health risks.

Risks may arise from sources of continuous or one-time action. Pollutant emissions from fixed plants and transportation systems are referred to sources of continuous action. Fixed sources of the Company are various machines (welding, grinding, drilling ones, etc.) emitting welding aerosol, manganous oxide and fluorine hydride oxide into the atmosphere. Although carbon, nitrogen, hydrocarbon and soot are emitted during the start, the warming-up of a vehicle and while a vehicle is driven in or out, measured maximum individual emissions do not exceed acceptable values in the ground layer of the atmosphere at the boundary of sanitary protection zones. The Company monitors the toxicity of motor vehicle exhaust gases to prevent possible adverse impact on the environment. Due to this, environmental risks related to emissions of pollutants into the atmosphere are minimal.

Environmental risks can be represented by possible leaks of transformer fluid at substations provided that fluid-receiving units with surface water run-offs into lakes and rivers, which may result in the pollution of water bodies usable for fishery. Such breaches of environmental legislation may result in high penalties imposed on the Company pursuant to the Federal Law.

The Environmental Policy approved by the Board of Directors of the Company is instrumental in the reduction of environmental risks in the Company. The Company incurs significant expenses to implement the environmental policy; thus, 26,265.43 roubles was spent for this



purpose in 2008. The environmental policy of the Company is aimed at raising the level of environmental safety by ensuring reliable and environmentally safe transportation and distribution of electric power, by adopting a comprehensive approach to the utilisation of natural power resources. The primary concern of the programme is a reduction of adverse impact of the business of the Company on the environment.

Particular emphasis is laid on handling hazardous waste: compliance with the rules of storage, transportation, disposal, which significantly mitigates the impact of toxic substances on the soil and, as a consequence, on human health.

Mitigation of environmental risks is further promoted by a multiannual look-ahead programme to replace 610 kW oil circuit-breakers with vacuum ones in the distribution grids, including the installation of reclosers, which reduces process cycles of dielectric oils and excludes their entry into the environment and eventual spent oil disposal costs. The advantages of the replacement of oil circuit-breakers with vacuum ones is absence of noise, cleanliness and convenient servicing due to low emission of energy in the arc and the absence of emission of oil and gases upon the switch-off of short-circuit currents as well as the absence of pollution of the environment.

In the course of the implementation of the actions provided for in the look-ahead programme of technical upgrade and renovation, the Company is replacing elements and units of electric equipment with up-to-date ones designed to ensure high environmental safety of production.

8. Risks related to the construction of alternative electric grid facilities by large consumers.

In the future, alternative electric grid facilities being built by large consumers may reduce the volume of services provided by the Company in the field of electric power transmission.

To mitigate this risk, the Company is actively working with consumers to build mutually beneficial relationships.

Additional actions to be taken by the Company to reduce the above mentioned risks are:

- to boost operational performance by implementing programmes to reduce operational costs and ensure savings;
- to work on increasing the share of long-term service contracts for the transmission of electric power in the overall bulk of contracts concluded;
- to pursue a balanced financial policy.

9. Risks related to possible change of prices of the services provided by the Company (separately for the domestic and the external markets).

The Company experiences risks related to the reduction of the power transmission tariff below the lower limit set up by the Russian Government.

Risks related to changes of prices in external markets are nonexistent, as the Company does not engage and does not intend to engage in the provision of services outside Russia. Nor does it purchase components and equipment abroad.

In the opinion of the Company, the impact of said risks on the business and the performance of liabilities ensuing from securities (provided that they are minimised by the issuer) is insignificant.

The Company is currently implementing a system of risk management that will allow tracking business risks and mitigate their impact or minimise the damage from their materialisation if necessary.

#### FINANCIAL RISKS

1. The likelihood of the materialisation of the risk of a reduction of financial stability depends on the structure of the Company's capital. The greater the share of borrowings in the overall structure of the capital of the Company, the greater the impact of this risk. This risk is the most dangerous one and constitutes the principal threat of bankruptcy.

Similarly to the majority of Russian companies, the Company has carried out its business in the environment of a growing of both the global and the Russian economies over the recent years. A long-term trend towards the reduction of borrowing costs was due to a favourable situation in the financial markets. A cheap borrowing policy has resulted in a gradual planned change in the structure of the capital of the Company. Thus, the share of borrowed capital grew from 24% to 32% in 2008.

The exacerbation of the financial crisis and the instability of financial markets result in a rather high probability of the risk of a reduction of financial stability of the Company in 2009.

2. The risk of insolvency is generated by a reduction of liquidity of current assets. This risk, too, is among the most dangerous ones in terms of its financial impact.

Liquidity indicators that describe the ability to discharge liabilities were significantly impaired in 2008. The working capital ratio as of December 31, 2008 was below the standard value, which testifies to the risk of loss of solvency by the Company.

3. The investment risk represents the possibility of financial losses arising in the course of investment activities carried out by a company. The financial risk related to investor activity may be further subdivided into risks of overdue completion of design and construction work, overdue completion of construction and installation work, untimely loss of the attractiveness of capital investments due to a possible reduction of their efficiency. As all subtypes of investment risks are related to a possible loss of corporate capital, they are also included in the group of the most dangerous financial risks.

As the cost of servicing credit resources and interest rates on credit markets grow, the efficiency of investments using borrowed funds falls significantly. In 2009, the Company plans to make investment from own funds, which would allow a reduction of the impact of the investment risk.

4. The interest rate risk consists in an unforeseen change of the interest rate on the financial market.

Currently, as well as in a long term prospect, the refinancing rate of the Russian Central Bank and, accordingly, interest rates on loans offered by commercial banks, do not show a trend towards reduction.

As it is unclear when the 'bottom' will be reached and when the financial crisis will end, the risk of a change to the interests rates is estimated by the Company as high.

Since, however, the Company as a natural monopolist selects financial institutes for the provision of financial services by an open one-phase tender or a public auction in accordance with the procedures prescribed by the Russian law (Federal Law 'On Protection of Competition' No. 135-FZ dated July 26th, 2006, Federal Law 'On the Placement of Orders for the Supply of Goods, Performance of Work and Provision of Services for State and Municipal Needs' No. 94-FZ dated July 21st, 2005). According to paragraph 4.1 Art. 9 of the Law on the placement of orders, the price of a governmental order or a municipal contract is fixed and not subject to change in the course of its performance. While the above mentioned facts greatly reduce the risk of interest rates being raised, they do not rule it out completely.

Thus, the risk of a change to interest rates on loans is insignificant for the Company with regard to the existing loan portfolio. However, an impairment of the situation on the global financial markets may cause an increase of expenses for the servicing of newly raised credit resources.

The Company interacts with credit institutes that work with budgetary funds (governmental, regional or municipal) as well as with international financial organisations to mitigate the risk of a growth of interest rates on loans.

5. Companies carrying out foreign economic activity are exposed to the foreign exchange risk, which consists in the failure to receive anticipated income as a result of an immediate impact of a change to the exchange rate of a foreign currency used in foreign transactions on the expected cash flows from such operations.

The Company sells services on the domestic market of the Russian Federation with settlement in roubles. The Company has no liabilities

in foreign currencies, nor does it purchase equipment, materials or services outside the Russian Federation or those with prices expressed in a foreign currency. Hence, the Company is not currently exposed to the foreign exchange risk.

6. The tax risk has several manifestations: the possibility of new taxes or dues being levied on certain types of business, the possibility of the rates of existing taxes or dues being raised, a change to the terms and conditions of certain tax payments; the possibility of existing tax abatements applicable to the field of business of a company being cancelled. As this risk is unpredictable for a company (as evidenced by the Russian fiscal policy), it exerts a significant impact on the financial performance.

In view of the protectionist measures implemented by the Russian Government to stimulate the national economy in the crisis, this risk is to be assessed as minimal.

The Management of the Company clearly understands the nature of the financial risks, the consequences of their materialisation, and is ready to adopt the relevant resolutions in each individual case to minimise potential losses.

## LEGAL RISKS

Legal risks, in particular, those related to ambiguous interpretation of tax law, may result in incorrect assessment and payment of taxes. Actions are being taken to lawfully improve the methodology of calculation of the tax base with regard to various taxes with monitoring of their compliance with the applicable law on an ongoing basis to reduce such risk.

Due to the reorganisation of the issuer completed in 2008 by the affiliation of subordinated RGCs, the risk may arise that the transfer of the existing RGC licences to the issuer may take longer than anticipated. However, the overall probability of this risk is not great except where licencing, extension of a licence or the performance of an activity subject to licencing becomes subject to requirements that are either impossible for the issuer to meet or too costly.

In addition, risks exist of losses resulting from amendments to legislation or incorrect execution of documents and legal support of the issuer's business. Practically all operations of the issuer undergo prior legal examination (including the entry into agreements with counteragents) to minimise such risks.

The issuer (like all other joint-stock companies operating in Russia) faces the risk of amendments to legislation (federal laws or other regulations) governing joint-stock and corporate relationships. Amendments to legislation are monitored and reviewed on an ongoing basis to ensure a prompt response to such changes to minimise the risk.

The issuer is exposed to the risks of major transactions and related-party transactions being contested by shareholders (if such transactions are entered into without due prior approval by the Board of Directors or the General Meeting of Shareholders or approved inappropriately).

Compulsory legal review of transactions to be entered into is carried out to determine whether prior corporate procedures are required as prescribed by the applicable law and/or the Articles of Association. The relevant transactions are referred to the appropriate management bodies of the issuer if necessary.

In order to minimise risks related to the relationships with shareholders of companies affiliated with the issuer (in particular, the risk of «corporate blackmailing» by shareholders; the risk of shareholders' hostile actions to disrupt general meetings of shareholders of the issuer in the future), the shareholder register of the issuer is maintained by a professional registrar, Central Moscow Registrar OJSC, a company with a great experience of work on the Russian stock market. The issuer also takes actions to ensure informational interaction with shareholders and full respect of the lawful rights and interests of the latter (disclosure of information in compliance with the procedure prescribed by regulations, regular meetings of the management of the companies with shareholders aimed primarily at the clarification of the current issues and prospects of the reform of the power industry; compliance with the corporate procedures and internal regulatory documents.)

As the issuer does not engage and does not plan to engage in business outside Russia, risks related to the issuer's business on foreign markets do not exist.

RISKS RELATED TO CHANGES IN CURRENCY EXCHANGE REGULATIONS

The Company sells services on the domestic market of the Russian Federation with settlements in roubles (the currency of the Russian Federation.)

The Company sells services on the domestic market of the Russia Federation with settlements in roubles. The Company does not have liabilities in foreign currencies, nor does it buy equipment, materials and services outside Russia or where payments are expressed in a foreign currency.

As the Company is not exposed to a foreign exchange risk, it is not exposed to a risk related to changes in foreing exchange regulations.

RISKS RELATED TO AMENDMENTS TO TAX LEGISLATION

Similarly to any other economic entities, the issuer is a party to legal relationships with regard to taxation. In Russia, such relationships are currently governed by the Tax Code of the Russian Federation, a number of federal laws adopted pursuant thereto, the laws of the regions of the Russian Federation and regulations of local authorities. The system of lawfully imposed taxes and dues includes, in particular, the value-added tax, the income tax, the property tax, the unified social tax and other statutory payments. The existing regulations are often ambiguous or use terms without a clear-cut legal definition. Official interpretations of the tax law by the Ministry of Finance of the Russian Federation and the Federal Tax Service of the Russian Federation are not always available to fill these gaps. The preparation and the submission of tax returns alongside other elements of the tax regulation system lie primarily in the competence of the tax authorities entitled to assess additional duties and taxes, accrue penalties and impose considerable fines. Due to this, tax risks in Russia greatly exceed similar risks typical of countries with more advanced market economies and tax legislation systems.

The management of the issuer believes that the issuer is in full compliance with tax law applicable to its business. This, however, does not rule out potential risks of the issuer becoming liable under the tax law should the governmental fiscal policy change with regard to individual taxes and duties or should the judicial practice undergo a change (adverse to the taxpayer) with regard to certain categories of tax cases.

The Russian Government is currently pursuing a policy of reducing the tax burden on Russian taxpayers. Due to these no amendments to tax law are expected in the near future that would increase tax rates and/or change the procedure and terms of the settlement and the payment of taxes.

Hence, this risk is evaluated as insignificant.

Should the existing procedure, terms and conditions of taxation be altered, the issuer intends to plan its business accordingly.

RISKS RELATED TO AMENDMENTS TO REGULATIONS ON CUSTOMS CONTROL AND DUTIES

Amendments to regulations on customs control and duties would not present any risks for the business of the issuer, as the issuer does not export services outside Russia nor intends to do so.



#### RISKS RELATED TO CHANGES IN THE REQUIREMENTS TO THE LICENSING OF THE CORE BUSINESS OF THE ISSUER OR THE LICENSING OF THE RIGHTS TO USE ENTITIES LIMITED IN CIRCULATION (INCLUDING NATURAL RESOURCES)

A possible change in the requirements to the licensing of the business of the issuer may result in a longer preparation of documents required to have a license issued or extended or in the need to ensure the compliance of the issuer with the requirements. However, the overall magnitude of this risk should be regarded as negligible unless unfeasible or excessively costly requirements are set for the issuance or extension of a license or the performance of an activity subject to licensing.

Should requirements to licensing of the issuer's business change, the issuer will take the actions required to obtain the relevant licenses or permissions.

#### RISKS RELATED TO CHANGES IN JUDICIAL PRACTICE IN MATTERS RELATED TO THE ISSUER'S BUSINESS (INCLUDING IN MATTERS RELATED TO LICENSING) THAT MAY ADVERSELY AFFECT ITS PERFORMANCE AND THE OUTCOME OF PENDING LITIGATIONS TO WHICH THE ISSUER IS A PARTY

A possible change in judicial practice related to the business of the issuer (including in matters of licensing) is to be regarded as insignificant and will not have a considerable effect on its business.

Should judicial practice change in matters related to the business of the issuer, the issuer intends to plan its business with regard of such changes.

#### RISKS RELATED WITH PENDING LITIGATIONS TO WHICH THE ISSUER IS A PARTY

Currently, the issuer has filed a lawsuit to recover the debt and the interest under article 395 of the Civil Code of the Russian Federation for the transmission of electric power to Tver power sales company OJSC in the amount of 1,410,934,455 roubles, the sole major litigation to which the issuer is a party. Should the claims be rejected, a risk exists of the issuer falling short of income in the above mentioned amount. The issuer carries out professional claim administration in the course of the proceedings to minimise this risk.

The risk related to possible liability of the issuer for debts of third persons, including affiliate companies, is assessed as insignificant by the issuer.

#### IMPACT OF INFLATION

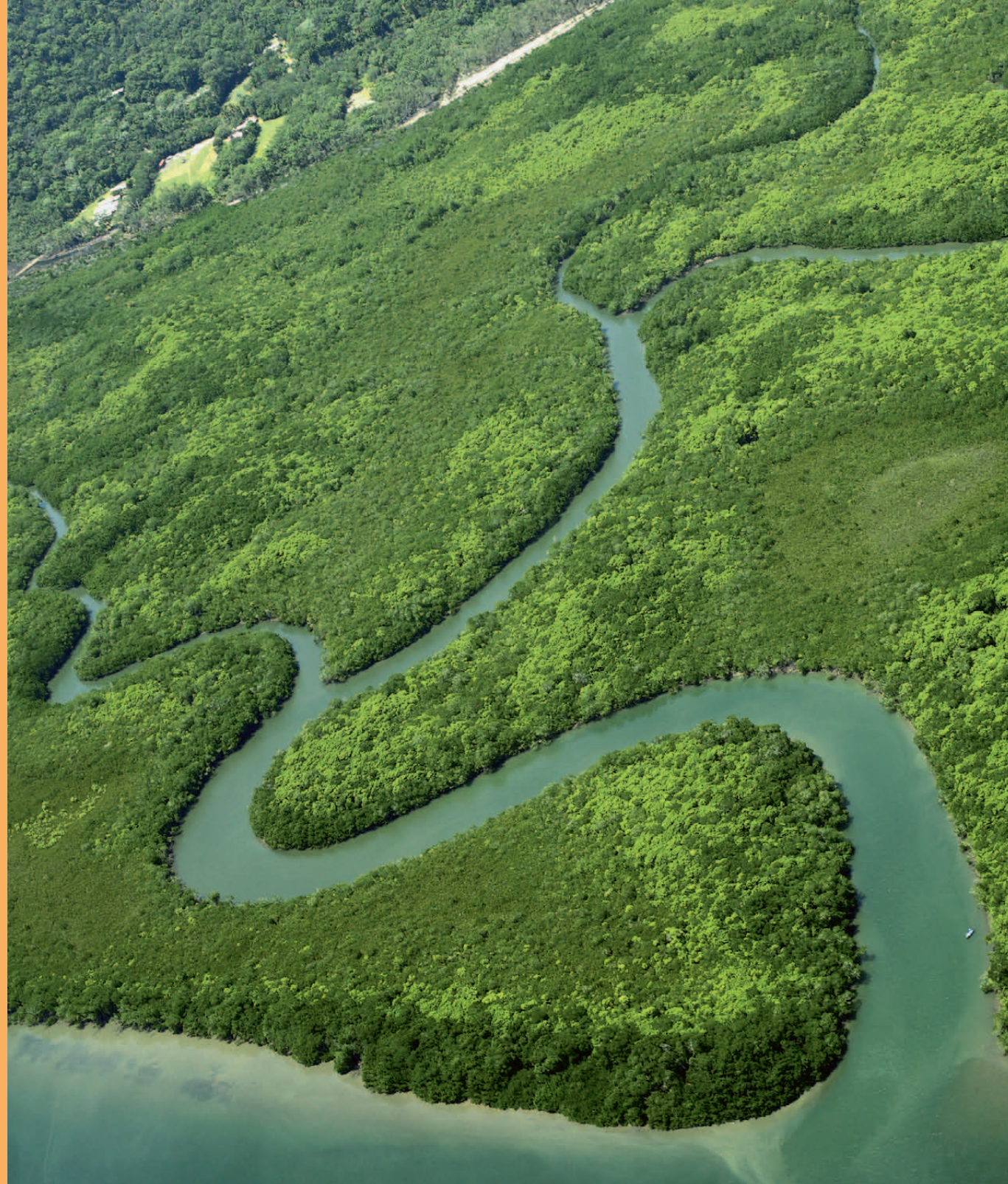
The rate of inflation is directly linked with the political and economic situation in the country. The Russian economy currently has a high inflation rate.

The adverse impact of inflation on the financial and economic activity of the Company may be linked with the following risks:

- the risk related to losses of actual value of the accounts receivable due to a material delay or rescheduling of payment;
- the risk of an increase of interest payable;
- the risk of growing production costs of goods, products, works or services due to an increased cost of energy resources, transportation expenses, labour etc.

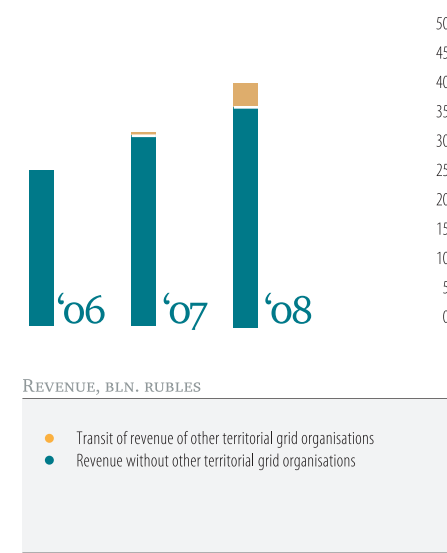
The issuer assesses the risk of inflation as medium.





### PROFIT AND LOSS STATEMENT

In 2008 the Company revenue was 43.6 bln. roubles, which is higher by 34% than that of 2007. The growth was caused by 2 factors: firstly, the growth of the own revenue of the company by 17% in 2008 and, secondly, completion of transition to a new system of settlements with other territorial grid organisations, growth of revenue of territorial grid organisations transiting the Company accounts. Such transient revenue is recorded in Item «Payment for services of external network organisations».



## 6. FINANCIAL INDICATORS

THE MANAGEMENT STRUCTURE OF THE COMPANY IS LIKE A FULL-FLOWING RIVER THAT MAKES IT POSSIBLE TO ACCUMULATE AND REDISTRIBUTE CASH FLOWS EFFICIENTLY ASSURING EFFICIENT DEVELOPMENT OF THE ELECTRIC GRID COMPLEX AND PERFORMING THE MAIN TASK OF THE COMPANY — TO PROVIDE END CONSUMERS WITH ELECTRIC POWER.





In 2008 net profit of the Company was 0.9 bln. roubles. Decrease of the net profit was caused by charge-off of uncollectible accounts of the Distribution Grid Company in the amount of 809 mln. roubles in the first quarter of 2008, as well as by decrease of productive supply as compared to the planned productive supply determined in tariff resolutions for 2008. This resulted in less gross revenue than it was required.

#### INCOME/LOSSES, AGGREGATE FIGURES

BLN. RUBLES	2006	2007	2008	2007/2006	2008/2007
Revenue	25.9	32.4	43.6	25%	34%
Revenue without other territorial grid organisations	25.9	31.6	36.9	22%	17%
Production cost	23.1	27.5	37.6	19%	36%
Gross income	2.8	4.8	6.0	71%	24%
Return on sales at gross profit	11%	15%	14%	—	—
Net income	1.3	2.0	0.9	50%	-56%
Return on sales at net profit	5.1%	6.1%	2.0%	—	—

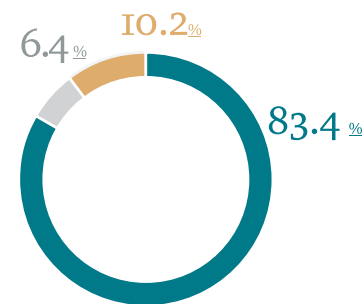
## CAPITAL STRUCTURE

As of late 2008 the following changes occurred in the structure of liabilities:

- Share of short-term liabilities increased by 19.4%, which is by 90.4% and 67.8% more than those in 2006 and 2007 correspondingly. Such change in the liabilities structure is accounted for by an increase of the volume of short-term credits by 2.5 bln. roubles and that in the volume of accounts payable by 3.0 bln. roubles.
- The volume of long-term liabilities (12.3% as of December 31, 2008) increased due to growth of deferred tax liabilities and long-term credits contracted in the 1st, 2nd and 3rd quarters to finance the investment programme.
- The equity capital increased due to the profit received as of the end of 2008.

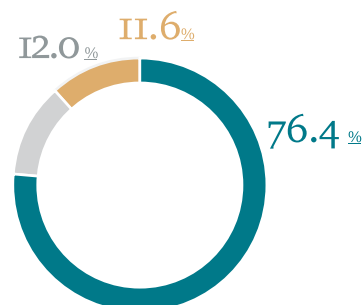
#### CAPITAL STRUCTURE

BLN. RUBLES	2006	2007	2008	2007/2006	2008/2007
Equity capital	37.3	39.1	39.7	5%	1%
Borrowed capital	7.4	12.1	18.4	63%	53%
incl. loans and borrowings	3.4	6.5	9.4	91%	45%
Share of borrowed capital in liabilities	17%	24%	32%		
Cash and short term financial investments	0.11	0.38	0.07		
Net debt	3.3	6.1	9.3		



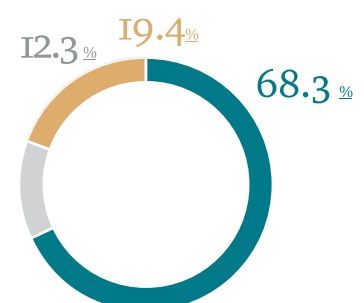
LIABILITIES STRUCTURE OF THE BALANCE SHEET AS OF 31.12.2006

- Equity capital
- Long-term borrowed capital
- Short-term borrowed capital



LIABILITIES STRUCTURE OF THE BALANCE SHEET AS OF 31.12.2007

- Equity capital
- Long-term borrowed capital
- Short-term borrowed capital



LIABILITIES STRUCTURE OF THE BALANCE SHEET AS OF 31.12.2008

- Equity capital
- Long-term borrowed capital
- Short-term borrowed capital

## KEY RATIOS

The financial standing of a company is shown by a system of indicators reflecting existence, placement and usage of financial resources of an organisation and all of its production and business activities.

The table below shows indicators reflecting the Company activities.

INDICATOR	2006	2007	2008
Current assets/Short-term debt	1.23	1.25	0.69
Product profitability, %	8.72%	12.25%	10.84%
ROE	3.52%	5.07%	2.20%
Accounts receivable	3,946,053	4,866,063	6,013,647
Current assets	5,612,473	7,406,904	7,831,521
Share of accounts payable in current assets	0.70	0.66	0.77

In 2008 the current assets of IDGC of Centre increased from 5,612,473 th. roubles to 7,831,521 th. roubles. Growth of current assets occurred due to an increase of the following components: inventory, current accounts payable.

Share of accounts receivable (short-term and long-term) in the current assets rose from 70% to 77%. In 2008 the volume of current accounts payable increased by 2.1 bln. roubles, because of delays in payments by trade companies.

Return on net worth in the reporting year was 2.20%, decrease of ROE happened due to a reduction of the net profit of the Company.

On the whole, in 2008 the values of the indicators of the profitability and financial efficiency of the Company fell because of the decrease in demand for electric power as well as growth of non-payment by consumers. The management believes that the negative tendencies observed at the end of 2008 are temporary and are not critical. The profitability and financial efficiency indicators of the company shall recover together with recovery of the Russian economy on the whole and of the economies of the regions where IDGC of Centre performs its activities.

#### INFORMATION ABOUT CREDIT RATINGS AWARDED TO IDGC OF CENTRE

In 2008 National Rating Agency LLC awarded an A+ credit rating (high solvency, first level) to IDGC of Centre. This solvency level shows that the Company is able to fully perform its credit and debt obligations without incurring risks of insolvency or damaging its financial stability, it also means that the risk of losing solvency is low even in case of increase of debt load against the current liabilities.





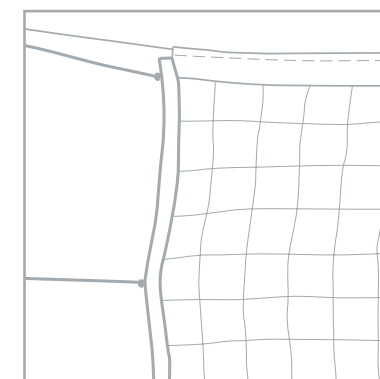
IN 2008 THE KEY GOAL OF THE PERSONNEL POLICY DEPARTMENT OF IDGC OF CENTRE JSC was declared to the shaping of a professional team of specialists who will work towards attainment of the Company's goals. With this goal in mind, a series of events aimed at consolidation of the work team of the operational company on the basis of the consolidated corporate culture, improvement of the team professional level, elaboration and improvement of personnel and personnel reserve assessment techniques, elaboration and implementation of a complex system of personnel motivations.



## 7. PERSONNEL



WELL ORGANISED TEAM IS A SIGNIFICANT COMPONENT OF SUCCESS OF ANY ACTIVITY, PARTICULARLY SUCCESS OF ELECTRIC POWER BUSINESS REQUIRING STRONGEST QUALIFICATIONS. OUR COMPANY PLACES THE STAKE ON PERSONAL ENHANCEMENT OF THE MEMBERS OF THE TEAM AND TAKES CHARGE OF PREPARATION OF THE PERSONNEL RESERVE FOR FUTURE ACHIEVEMENTS.



The personnel policy of IDGC of Centre is based on the following principles:

- development of the employees' personality;
- encouragement of personnel to study and continue personal development;
- motivation of the personnel towards accomplishment of designated tasks;
- aiming at increasing the level of work satisfaction of the Company's personnel;
- priorities set on occupational health and safety of the personnel;
- ensuring social support of personnel.

As of 31.12.2008 the roster strength of the Company's staff was 23,680 persons, which is 2,012 persons less than the December 2007 figures. The change in the strength resulted from the decentralisation of a certain share of the personnel and the reduction of duplicate functions.

PERSONNEL TRAINING AND DEVELOPMENT

The high level of professional competency of IDGC of Centre JSC staff is maintained and developed through a system of constant training and skill upgrading.

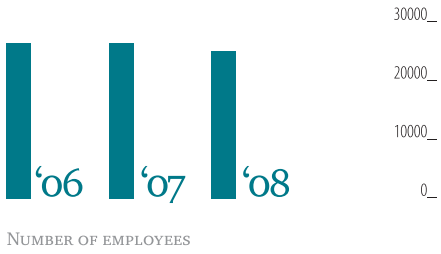
The personnel training was conducted along the main aspects of modernisation and technical upgrading of electric grids, various administrative programmes and industrial safety guidelines.

Furthermore, the Company's personnel underwent training at specially organised short-term courses and seminars and took active part in expositions dedicated to various branches of the electric energy sector.

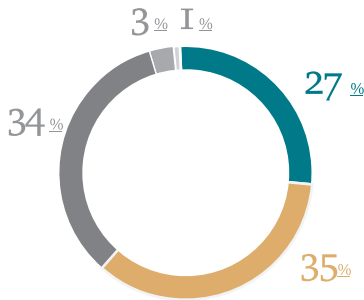
14,759 of the Company's employees have undergone the above described training in 2008, which makes up 61% of the average roster strength of the Company.

In 2008 the work on the personnel reserve for executive positions at IDGC of Centre JSC was continued. Best qualified and most promising members of staff who had good promotional prospects and leadership abilities to their credit, were selected for the purposes of inclusion into the personnel reserve. Over 70% appointments to executive positions were made choosing from among the employees who were registered in the IDGC of Centre JSC personnel reserve.

Special attention is given to work with young people: in 2008 the Decree on Adaptation was adopted formalizing the procedure for adaptation of new employees and assignment of personal mentors for them. Within the framework of work with young specialists the Young Specialist Council was established with its range of responsibilities including help in adaptation of new employees and shaping of a friendly, efficient team of workers who will share commitment to corporate values.



NUMBER OF EMPLOYEES



BREAKUP OF PERSONNEL BY QUALIFICATION  
AS OF DECEMBER 31, 2008, %

- Two or more higher education, the degree of candidate or doctor of science
- Higher professional education
- Secondary vocational education
- Basic vocational education
- Incomplete basic education

With the goal of involvement of young specialists and development of their work skills in mind, IDGC of Centre JSC works on creating conditions for introductory, practical apprenticeship and externship by students doing the required branch of studies.

The Company can boast of the high level of qualification of its employees: among them 42 staff members hold a PhD, 244 hold two university degrees, 6,266 have university degrees, 8,363 have completed secondary vocational training.

THE COMPANY'S SOCIAL POLICY

The goal of the united operational company IDGC of Centre JSC is to become one of the leaders in the country's energy sector, building a successful, yet socially responsible business. An essential condition for this ensuring the fulfilment of the tasks set is achievement of social stability in the work team. With this objective in view the Company is undertaking constant work in building mutually beneficial social partnership.

The interests of employees at IDGC of Centre JSC are represented by the Union of Representatives of Primary Union Organisations, delegated by 11 primary union organisations of the branch companies uniting in total over 20,000 members.

A most significant result of this social partnership is the Single Collective Agreement of IDGC of Centre JSC, which took effect on July 1, 2008. It governs the social and labour relations between the employer and employees, determines the regulations for labour remuneration, establishes social protection guarantees and benefits for the entire staff of IDGC of Centre JSC regardless of the territory on which such relations are exercised.

The social protection policy of IDGC of Centre JSC provides the Company's employees with compulsory and voluntary medical insurance, vouchers for paid vacations at health resorts, vacation hotels, children's summer camps and sanatoria. For the purposes of resolution of housing and accommodation-related problems the Company has introduced the Decree on Corporate Assistance and Support of Employees of IDGC of Centre JSC in Improvement of Their Living Conditions, approved by the Company's Board of Directors (Protocol No 13/08 of 05.08.08). Based on the Non-State Pension Provision Programme of IDGC of Centre JSC, approved by the Company's Board of Directors (Protocol No 15/08 of 10.10.08), the Company has introduced various types of non-state pension provision programmes into practice. Currently, the Company's pensioners are receiving corporate pension amounts ranging from 1,000 to 10,000 roubles under the non-state pension provision programme.

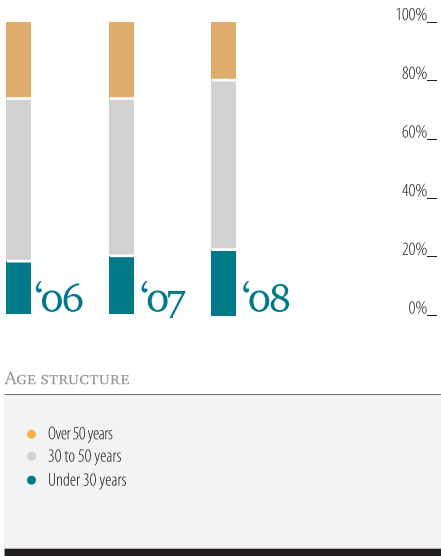
IDGC of Centre JSC is a company with a very high level of social responsibility. Social responsibility is the cornerstone of the Mission and Values of IDGC of Centre JSC. That is why IDGC of Centre JSC accepts its share of social responsibility for the well-being not only of its acting personnel, but also of retired pensioners who in the past used to be employed by the distribution grid companies in the regions where the Company is present.

ENSURING ADEQUATE HEALTH CARE AND LABOUR SAFETY

Among the top priorities of the Personnel Policy of IDGC of Centre JSC is the priority of occupational health and safety of its personnel.

With a view to meeting the requirements contained in the existing labour law and on the basis of the Decree on the System of Labour Protection Management at IDGC of Centre JSC, the Company conducts regular medical examinations of its personnel. Employees working in harmful, dangerous or arduous work conditions are kept under special supervision, which is carried out on the basis of assessment of work places according to the criteria of labour conditions. In accordance with the labour law and the Collective Agreement, the above indicated categories are granted extra compensations (additional leave, free giving of milk and of other equivalent foodstuffs according to the established standards).

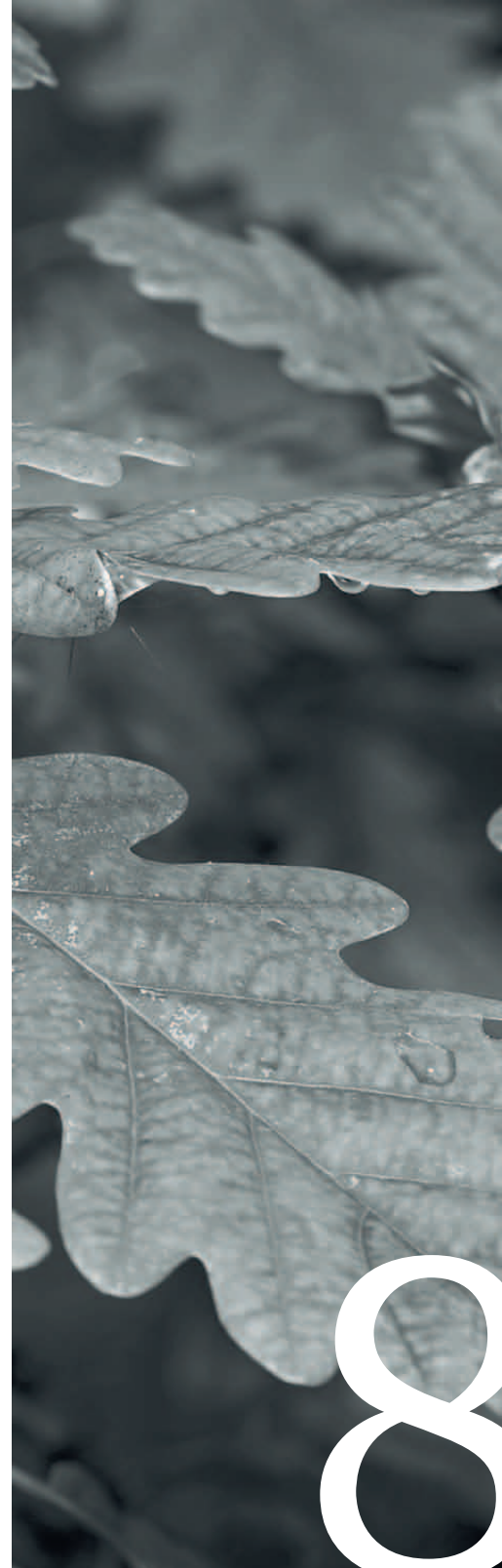
In 2008 the Company organised and held a training course in first aid treatment in cases of industrial emergencies, training of resuscitation instructors, funds had also been allocated for conducting compulsory training and appraising of staff provided for by the regulatory acts in occupational and industrial safety. In compliance with the Regulations for Personnel Management for power sector organisations of the Russian Federation, approved by Decree No 166 of the Russian Ministry of Fuel and Energy of August 1, 1995, all persons employed at jobs involving harmful or dangerous labour conditions, shall receive on-job training in safe methods and work practices with compulsory assessment tests. Staff employees undergo regular training in occupational safety and safety knowledge assessment.



The Company has a system of psycho-physiological support of the reliability and safety of professional activities and protection of the personnel health. Psycho-physiological tests of applicants upon their hiring (change of position) based on recommendation of the personnel selection, development and training department had been held during 2008.

A routine psycho-physiological checkup of the operating personnel has been conducted. Based on the results of this checkup the high-risk group was determined and the course of training dedicated to «Stress Management and Self-Control Skills» was held.





In 2008, for the purpose of improving the environmental safety and investment appeal by means of providing reliable and environmentally safe transportation and distribution of electric power, integrated approach to usage of natural resources, IDGC of Centre adopted the «Environmental policy» and approved «The Programme of implementation of the environmental policy for 2008-2010» (hereinafter referred to as the «Policy») (Resolution of the Board of Directors of IDGC of Centre, Minutes No.12/08 of July 23, 2008), defining main actions on protection of the environment from the negative influence of operating activities.

- **«Air Protection»:**  
survey of the emission sources and development of draft standards for maximum allowable emission limits, monitoring of vehicle exhaust gases, maintenance and replacement of fuel systems of vehicles, land improvement and planting;
- **«Water Protection and Sustainable Use»:**  
monitoring of compliance with maximum allowable concentration of pollutants in wastewater;
- **«Land Protection and Sustainable Use»:**  
recycling of production waste, contracting specialised organisations for recycling of production and disposal of waste, determination of areas for waste disposal and equipment for temporary storage of waste;
- **«Engineering Actions»:**  
actions on operation and maintenance of equipment at substations, including maintenance of oil headers of transformers, drain systems, replacement of oil-filled bushings of transformers by solid insulation bushings, replacement of oil-filled equipment (switches) by vacuum and sulfur hexafluoride insulated equipment. In 2008 2,265 oil-filled switches were replaced which made it possible to reduce the environmental risk by 8% as compared with its level in 2007.

## 8. ENVIRONMENTAL POLICY



THE VEINS OF A LEAF NOURISH EVERY CELL OF A LIVING ORGANISM AND CONNECT IT WITH ITS BOTTOM. SO OUR COMPANY DEVELOPS AND UPGRADES THEIR GRIDS CONTRIBUTING TO IMPROVEMENT OF THE ECOLOGICAL SITUATION BECAUSE IT IS CONSCIOUS OF ITS RESPONSIBILITY.





CONTACTS

FULL CORPORATE NAME	Interregional Distribution Grid Company of Centre, Joint-Stock Company
SHORT CORPORATE NAME	IDGC of Centre, JSC
LOCATION AND POSTAL ADDRESS	129090, Moscow, Glukharev pereulok, 4/2
SINGLE HOTLINE FOR SHAREHOLDERS AND CUSTOMERS OF THE COMPANY	8 800 50 50 115
CONTACT TELEPHONE NUMBERS	Contact Centre: +7 495 747 9292 Fax: +7 495 747 9295
E-MAIL	posta@mrsk-1.ru
WEB	www.mrsk-1.ru
SHAREHOLDERS AND INVESTORS RELATIONS	Yevgeny Ochkasov Head of Shareholders and Investors Relations Department Tel. +7 495 747 9292 E-mail: Ochkasov_EA@mrsk-1.ru
	Taxpayer Identification Number (INN) / KPP code: 6901067107 / 770801001
	Settlement account: 40702810000000019885 in Commercial Bank ROSBANK OJSC Bank Identification Code: 044525256 Correspondent account: 30101810000000000256
	or Settlement account 407028103000000004749 in Gazprombank (Open Joint-Stock Company) Bank Identification Code: 044525823 Correspondent account: 301018102000000000823
BANK DETAILS	

GLOSSARY

Free float	A portion of tradable shares of the Company, that is ,shares not held by controlling or strategic shareholders
RAB (Regulatory Asset Base)	Method of return on investment. The basic principle of the method is ensuring return of funds invested into the Company assets during a specified period and receipt of standardised income
ROE	Return on equity — net income of the company expressed as a percentage to the equity capital
Automated Information System of Electricity Billing Metering (AISEBM)	Automated Information System of Electricity Billing Metering
Share	Certificate of ownership of a portion of the authorised capital of a company entitling its owner to a part of assets and profits of such company. According to Federal Law No.39-FZ «On the Securities Market» share is an issued security that fixes the rights of its owner (shareholder) to receive part of the profit of a company in the form of dividends, to participate in the management of a company, and to receive part of the property that remains after its liquidation.
Audit	Systematic, independent and audit process of obtaining of audit (inspection) evidence and considering it objectively for the purpose of determination of the degree of their compliance with the audit (inspection) criteria.
Auditor of the Company	A person, responsible for auditing of the financial statements of the company. Synonym: independent auditor.
Affiliated person	An individual or a corporate person that can influence activities of corporate persons and/or individuals engaging in entrepreneurial activities
Overhead transmission line (OTL)	Overhead transmission line
HV	High voltage (over 110 kW)
Extraordinary General Meeting of Shareholders	A meeting held in addition to the Annual General Meeting of Shareholders
Intragroup transactions	Transactions between the Company and its SDC's, transactions between SDC's of the Company, transactions between the Company and shareholders owning not less than 5% of voting shares of the Company; transactions between the Company and shareholders owning not less than 5% of voting shares of SDC's of the Company; transactions between the Company and members of the management bodies of SDC's of the Company.
Issue of securities	The total of securities of the Company entitling its owners to equal rights
General Director	Sole executive body of the Company
Annual General Meeting of Shareholders	General meeting of shareholders held not earlier than 2 months and not later than 6 months after the end of each reporting year and at which the shareholders and the management discuss the results and the future of the Company, elect directors and consider other issues that are within its competence according to the provisions of FZ «On Joint-Stock Companies».
Subsidiaries and dependent companies (SDC)	Subsidiaries and dependent companies, that is corporate persons in which the Company has more than 20% of voting shares, is entitled to determine decisions made by such corporate person due to either having prevailing interest in its authorised capital or under a contract or by any other right.
Dividend	A portion of the net profit of the Company distributed among its shareholders
Unified National Electric Grid UNEG	Unified National (Russian) Electric Grid
Closed Joint-Stock Company	Closed Joint-Stock Company
Investment activity	Making investments and other business activities for the purpose of making profit and (or) gains
Investment appeal	General characteristic combining advantages and disadvantages of investing into certain areas and objects (including regions and countries) from the point of view of a certain investor analysing opportunities and feasibility of investing into such objects.
Investment programme	An aggregate of investment projects presented as a list of objects of capital investment, their main characteristics and amounts of financing drawn up for a year or other term and formed on the basis of regulatory standards. The investment programme is included into the business plan of the Company and is its part.

Investment project	Justification of feasibility, amount and terms of capital investments into the equity (into new construction, expansion, reconstruction and upgrading of operating facilities, as well as other investments that, in accordance with accounting standards, can be referred to capital investments); including all necessary designs, specifications and estimates developed in compliance with the Russian Laws and standards approved in the established order (standards and rules)
Capitalisation	Market value of the company equal to the share price times the number of ordinary shares.
Capital investments	Capital investments
Company	IDGC of Centre, JSC
Competence	Unity of knowledge, expertise, abilities and skills of a person defined by the purpose, specific situation and a post of employment
RONW (return on net worth)	Ratio of net income of a company to its net worth. Return on net worth shows profitability of a business for its owners.
Acid test ratio	Financial ratio equal to ratio of short-term current assets and of current liabilities of the company. It is calculated on the basis of the balance sheet data by dividing the amount of cash, short-term investments and accounts receivable by current liabilities. Acid test ratio shows the ability of the company to discharge its current liabilities using its quick assets (that can be easily converted into cash)
Current liquidity ratio	It is calculated on the basis of the balance sheet data of the company by dividing its current assets by its current liabilities and shows whether the company has enough funds that can be used to discharge short-term liabilities. It is one of the liquidity ratios of the company showing its ability to survive rapid changes in market trends and business environment such as delays in payments, contingent expenses and demands for prompt payment of debts. As a rule, it is advised that this ratio should be not less than 1.
Liquidity rates	Financial indicators showing the solvency of a company during the short-term period, its ability to survive rapid changes in the market trends and business environment
KPI	Key performance indicators
Credit rating	General tool for assessment of the credit reliability of a borrower that enables its owner to: — distinguish itself among other companies and attract the attentions of investors; — assert its financial solvency without disclosing without disclosing any confidential information; — create a favourable credit history and financial reputation to enter the capital market which is, in its turn, most vital in case of restructuring of the industry and creation of a unified operating company
Liquidity	One of the basic characteristics of the securities market reflecting presence of buyers and sellers in it
Power transmission line	Power transmission line
Majority shareholder	General term for controlling blocking shareholders
Management	Coordinated activities on administering and operating the company
Quality management	Coordinated activities on administering and operating the company focused on quality
Minority shareholder	Shareholder not being a majority shareholder
mIn kWh	Million kilowatt-hour
Moscow Interbank Currency Exchange	Moscow Interbank Currency Exchange
Motivation	As a management function, it is a process of stimulating employees of the company to action and achieving the company targets in accordance with functions delegated to them and subject to the plan
IDGC	Interregional Distribution Grid Company
IDGC of Centre, JSC	IDGC of Centre, JSC
Municipal unitary enterprise	Municipal unitary enterprise
Independent director	A person elected by shareholders to work as a member of the Board of Directors and satisfying independence requirements specified by the Corporate Governance Code of IDGC of Centre
Non-compliance	Non-observance of requirements
LV	Low voltage (0.4 kW)
JSC	Joint-Stock Company
Company	IDGC of Centre, JSC

Ordinary shares	Securities confirming participation in the company and entitling their owners to vote and participate in distribution of the Company's income by way of receipt of dividends and/or by means of capital gains
Design and survey work	Design and survey work
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation; indicator showing the profit of the company before income taxes, interest accrued on loans and depreciation are deducted
SS (Substation)	Substation, an electric unit where electricity is transformed for distribution
Rules for Electrical Equipment Installation	Rules for Electrical Equipment Installation
Russian Directors Institution	Russian Directors Institution
Distribution Grid Company	Distribution Grid Company
Regional Tariff Service	Regional Tariff Service
RTS	Russian Trading System Stock Exchange
REC (Regional Energy Commission)	Regional Energy Commission
Information on relations between a member of the Board of Directors and the Company	Information on shares owned by the members of the Board of Directors of the Company, as well as contractual and job relationships of a director with the Company
Quality Management System	Coordinated activities on administering and operating the company focused on quality
MV-1 (medium voltage)	Medium voltage (35 kWB)
MV-2	Medium voltage (10 kW)
Federal funds rate	Tool for monetary control that is used by the Central Bank to influence on rates in the interbank market, as well as credit and deposit rates that are offered by financial institution to corporate persons and individuals
Company value	Fair market value of the company net of all market and speculative fluctuations, as well as possible systematic overestimations or underestimations of the company by the market.
Major transaction	A transaction that might have a material effect on the Company activities. The list of such transactions is made by the Company itself.
TSS (Transformer substation)	Transformer substation
TU&R (Technical upgrading and rehabilitation)	Technical upgrading and rehabilitation
Territorial Grid Organisation	Territorial Grid Organisation
Federal Law	Federal Law
Federal Grid Company	Federal Grid Company
Federal Tariff Service of the Russian Federation	Federal Tariff Service of the Russian Federation
Key BPM (Business Process Management) Area	Key Business Process Management Area
Net assets	Amount defined by deducting liability amounts included into calculation from the amount of the company assets included into calculation. To assess the value of net assets of a joint-stock company, calculation is made on the basis of the balance sheet data.

FINANCIAL STATEMENTS FOR 2008

BALANCE SHEET  
ACCORDING TO INTERNAL STANDARD OF IDGC HOLDING, JSC  
As of Dec. 31, 2008

ORGANISATION: IDGC OF CENTRE, JSC  
TAXPAYER IDENTIFICATION NUMBER  
  
BUSINESS TYPE: ELECTRIC POWER TRANSMISSION  
  
LEGAL FORM / OWNERSHIP FORM:  
OPEN JOINT STOCK COMPANY  
  
MONETARY UNIT: THOUSANDS OF ROUBLES

LOCATION (ADDRESS): 129090, MOSCOW, GLUKHAREV PEREULOK, 4/2

APPENDIX	
TO RESOLUTION No 67 DD. JUN. 22,2003	
OF THE MINISTRY OF FINANCE OF THE RUSSIAN	
FEDERATION	
FORM No. 1 AS PER THE RUSSIAN CLAS-	CODES
SIFICATION OF MANAGEMENT	
DOCUMENTATION (OKUD)	0710001
DATE (YEAR, MONTH, DAY)	2008.12.31
RUSSIAN CLASSIFICATION OF	
ENTERPRISES AND ORGANISATIONS (OKPO)	75720657
INN	6901067107
RUSSIAN CLASSIFICATION OF ECONOMIC	
ACTIVITIES (OKVED)	40.10.2
RUSSIAN CLASSIFICATION OF ORGANI-	
SATIONAL AND LEGAL FORMS / RUSSIAN	
CLASSIFICATION OF PROPERTY	47\16
CATEGORIES (OKOPF/OKFS)	
RUSSIAN CLASSIFICATION OF	
MEASUREMENT UNITS (OKEI)	384
DATE OF APPROVAL	26. 03.2009
DATE DISPATCHED (RECEIVED)	

ASSETS	ITEM CODE	OPENING BALANCE	CLOSING BALANCE
I	2	3	4
I. FIXED ASSETS			
Intangible assets	110	—	44,782
Including:			
rights to patents, programs, trademarks (service marks),			
any other similar rights and assets	111	—	8,334
goodwill	112	—	—
other intangible assets	113	—	36,448
R&D results	114	—	—
Property, plant and equipment	120	18,541	45,220,975
Including:			
Land plots and objects of nature management	121	—	88,424
buildings, machinery and equipment, structures	122	14,136	44,678,167
other fixed assets	123	4,405	454,384
Construction-in-progress	130	—	3,987,074
Including:			
equipment to be installed	13001	—	322,566
investments in non-current assets	13002	—	3,664,508
Income-bearing investments in tangible assets	135	—	—
Including:			
property for leasing	136	—	—
property leased out under rental agreement	137	—	—

ASSETS	ITEM CODE	OPENING BALANCE	CLOSING BALANCE
I	2	3	4
Long-term investments	140	—	49,626
Including:			
investments in subsidiaries	141	—	15,355
investments in affiliates	142	—	—
investments in other entities	143	—	34,271
loans extended to entities for more than 12 months	144	—	—
other long-term investments	145	—	—
Deferred tax assets	148	40,306	129,994
Other fixed assets	150	—	833,109
Section I Total	190	58,847	50,265,560
II. CURRENT ASSETS			
Merchandise inventory	210	6,023	1,692,269
including:			
raw materials, materials and other similar assets	211	—	1,504,261
livestock	212	—	—
work-in-progress costs	213	—	—
finished products and goods for resale	214	—	16,956
goods dispatched	215	—	—
prepaid expenses	216	6,023	171,052
other inventories and costs	217	—	—
Value added tax on assets purchased	220	—	51,448
Accounts receivable (amounts falling due after more than 12 months from balance sheet date)	230	5,923	68,623
Including:			
buyers and customers	231	—	694
notes receivable	232	—	—
receivables from subsidiaries and affiliates	233	—	—
advance payments	234	—	—
other debtors	235	5,923	67,929
among them			
bills	23501	—	—
Accounts receivable (amounts falling due within 12 months from balance sheet date)	240	79,865	5,945,024
Including:			
buyers and customers	241	46,904	4,110,988
notes receivable	242	—	1,000
receivables from subsidiaries and affiliates	243	—	—
receivables from participants (founders) for equity contributions			
capital	244	—	—
advance payments	245	5,702	909,048
Including:			
Source of the material	24501	29	20,595
construction organisation	24502	—	384,797

ASSETS	ITEM CODE	OPENING BALANCE	CLOSING BALANCE
I	2	3	4
Repair organisation	24503	13	22,232
Service provider	24504	1,420	275,128
Other advances paid out	24505	4,240	206,296
other debtors	246	27,259	923,988
Including:			
Penalties, fines, forfeits under the agreement	24601	—	77,839
Tax overpayment to the federal budget	24602	21,036	50,677
Tax overpayment to the budgets of constituent entities of the Russian Federation	24603	4,890	39,590
Tax overpayment to the local budgets	24604	—	2,103
Overpayment to the public non-budgetary funds	24605	166	954
Settlements for share purchase	24606	—	—
Bills	24607	—	—
Other debtors	24608	1,167	752,825
Short-term investments	250	—	—
Including:			
Loans extended to entities for less than 12 months	251	—	—
Other short-term investments	252	—	—
Cash	260	150,544	71,459
Including:			
cash on hand	261	—	—
settlement accounts	262	148,279	66,390
foreign currency accounts	263	—	—
Other cash	264	2,265	5,069
Including:			
special bank accounts	26401	2,265	5,069
monetary documents	26402	—	—
transfers in transit	26403	—	—
Other current assets	270	—	2,698
Section II Total	290	242,355	7,831,521
Total Assets	300	301,202	58,097,081

ASSETS	ITEM CODE	OPENING BALANCE	CLOSING BALANCE
I	2	3	4
III. EQUITY AND RESERVES			
Authorised capital	410	10,000	4,221,794
Including:			
In preferred shares	41001	—	—
In ordinary shares	41002	10,000	4,221,794
Ordinary shares bought back from shareholders	415	—	—
Incremental capital	420	497	33,269,936
Capital reserve	430	500	—
Including:			
statutory reserves	431	500	—
reserves formed in accordance with constitutive documents	432	—	—

ASSETS	ITEM CODE	OPENING BALANCE	CLOSING BALANCE
I	2	3	4
Retained profit of past years	460	63,878	—
Uncovered loss of past years	465	—	—
Retained profit of the accounting year	470	—	2,164,904
Uncovered loss of the accounting year	475	—	—
Section III Total	490	74,875	39,656,634
IV. LONG-TERM LIABILITIES			
Debts	510	—	5,470,683
Including:			
Bank credits repayable more than 12 months after the reporting date	511	—	5,124,961
Loans repayable more than 12 months after the reporting date	512	—	345,722
Deferred tax	515	813	1,648,624
Other long-term liabilities	520	—	40,312
Including:			
Accounts payable to suppliers and contractors	521	—	9,585
Accounts payable to social funds	522	—	—
Including:			
To the Pension Fund of the Russian Federation	52201	—	—
To obligatory health insurance fund	52202	—	—
To Social Insurance Fund	52203	—	—
On penalties and fines in the public non-budgetary funds	52204	—	—
other long-term liabilities	523	—	30,727
Section IV Total	590	813	7,159,619
V. CURRENT LIABILITIES			
Debts	610	—	3,910,626
Including:			
Bank loans repayable within 12 months after the balance sheet date	611	—	3,910,626
Loans repayable within 12 months after the balance sheet date	612	—	—
Accounts payable	620	59,166	7,076,212
Including:			
suppliers and contractors	621	44,654	3 849 961
among them			
construction organisation	62101	—	1,072,153
repair organisation	62102	—	106,854
other suppliers and contractors	62103	44,654	2,670,954
Bills payable	622	—	—
Debt to subsidiaries and affiliates	623	—	—
salaries payable to personnel	624	10,612	295,704
Including:			
current	62401	10,612	295,704
overdue	62402	—	—
Debt to state and non-budgetary funds	625	307	93,584



ASSETS	ITEM CODE	OPENING BALANCE	CLOSING BALANCE
I	2	3	4
Including:			
To the Pension Fund of the Russian Federation	62501	157	71,590
To obligatory health insurance fund	62502	36	15,608
To Social Insurance Fund	62503	114	6,386
On penalties and fines in the public non-budgetary funds	62504	—	—
Taxes payable	626	2,067	436,324
Tax liabilities current	62610	2,067	436,324
Including:			
Federal budget	62601	1,969	348,939
budgets of constituent entities of the Russian Federation	62602	98	78,019
local budgets	62603	—	9,366
Advances received	627	—	2,182,860
Other creditors	628	1,526	217,779
Debt to members (founders) with respect to their earnings	630	—	30,069
Deferred revenue	640	—	43,928
Reserve for future expenses	650	166,348	219,993
Other short-term liabilities	660	—	—
Section V Total	690	225,514	11,280,828
Balance	700	301,202	58,097,081

Statement of Values Charged on Off-Balance Accounts

ASSETS	ITEM CODE	OPENING BALANCE	CLOSING BALANCE
PPE leased	910	11,609	7,656,440
Including by leasing	911	—	4,549,147
Inventory items accepted for safekeeping	920	—	—
Materials accepted for proceeding	921	—	—
Goods accepted for commission	930	—	—
Equipment accepted for installation	931	—	—
Debts of insolvent debtors written off	940	—	1,218,562
Security for obligations and payments obtained	950	—	—
Security for obligations and payments provided	960	—	3,456,610
Depreciation of fixed assets	970	—	3,540
Depreciation of off-site service facilities and other similar facilities	980	—	1,348
Registered high-security forms	990	—	862
Leased fixed assets	991	—	34,680
Assets of federal property	992	—	107,989
Intangible assets obtained for use	993	—	—
Property contributed to the authorised capital in payment for the purchased shares	994	—	—

Director GeneralYe. Makarov

Chief AccountantS. Puzenko

PROFIT AND LOSS STATEMENT  
FOR 12 MONTHS OF 2008

	FORM NO. 2 AS PER THE RUSSIAN CLASSIFICATION OF MANAGEMENT DOCUMENTATION (OKUD)	CODES
	DATE (YEAR, MONTH, DAY)	2008.12.31
ORGANISATION: IDGC OF CENTRE, JSC	RUSSIAN CLASSIFICATION OF ENTERPRISES AND ORGANISATIONS (OKPO)	75720657
TAXPAYER IDENTIFICATION NUMBER	INN	6901067107
BUSINESS TYPE: ELECTRIC POWER TRANSMISSION	RUSSIAN CLASSIFICATION OF ECONOMIC ACTIVITIES (OKVED)	40.10.2
LEGAL FORM / OWNERSHIP FORM: OPEN JOINT STOCK COMPANY	RUSSIAN CLASSIFICATION OF ORGANISATIONAL AND LEGAL FORMS / RUSSIAN CLASSIFICATION OF PROPERTY CATEGORIES (OKOPF/OKFS)	47\16
MONETARY UNIT: THOUSANDS OF ROUBLES	RUSSIAN CLASSIFICATION OF MEASUREMENT UNITS (OKEI)	384

INDICATOR DESCRIPTION	ITEM CODE	ACCOUNTING PERIOD	SAME PERIOD OF PREVIOUS YEAR
I	2	3	4
Earnings and expenses from ordinary operations			
VAT, excise taxes and other similar dues	010	35,659,578	983,360
Income from electric power transmission	011	32,632,995	—
Income from technical connection	012	2,502,421	—
of heat power	018	—	—
of electric energy for retail companies	013	—	—
Income from participation in other organisations	014	—	—
Income from leasing	015	—	—
of other industrial goods, products, works, services	016	524,162	983,360
of other non-industrial goods, products, works, services	017	—	—
Cost value of goods, products, work, services sold Including sold:	020	(30,243,722)	(928,372)
electric power transmission	021	(29,684,421)	—
technical connection	022	(275,966)	—
heat power	028	—	—
electric energy by retail companies	023	—	—
Expense from participation in other organisations	024	—	—
Expense from leasing	025	—	—
of other industrial goods, products, works, services	026	(283,335)	(928,372)
of other non-industrial goods, products, works, services	027	—	—
Gross profit	029	5,415,856	54,988
Selling expenses	030	—	—
General and administrative expenses	040	(595,732)	—
Sales profit (loss)	050	4,820,124	54,988
Other income and expenses			
Interest receivable	060	10,280	165
Interest payable	070	(555 889)	—
Revenues from participation in other organisations	080	55	—
Other income	090	1,457,414	105,743
Other expenses	100	(2,079,233)	(69,336)
Profit (loss) before tax	140	3,652,751	91,560
Deferred tax assets	141	(66,161)	25,680
Deferred tax liabilities	142	(290 487)	(545)

INDICATOR DESCRIPTION	ITEM CODE	ACCOUNTING PERIOD	SAME PERIOD OF PREVIOUS YEAR
I	2	3	4
Current profit tax	143	(1,102,780)	(65,055)
Other similar obligatory payments	144	(28,419)	(389)
Profit tax and other similar obligatory payments	150	(1,487,847)	(40,309)
Profit (loss) from usual activity	160	2,164,904	51,251
Net profit (undistributed profit (loss) of the accounting period	190	2,164,904	51,251
For reference			
Permanent tax liabilities (assets)	200	582,768	17,946
Basic profit (loss) per share	201	0.0513	0.5125
Diluted profit (loss) per share	202	0.0513	0.5125

DETAILS OF SPECIFIC PROFITS AND LOSSES

Penalty duties, interest, fees accepted or imposed by court (arbitration court) profit	210	11,337	—
loss	211	8,108	—
Profit/loss of previous years profit	220	18,703	6,637
loss	221	60,298	2,013
Indemnity for losses arising from non-performance or improper performance of obligations profit	230	29,082	—
loss	231	(28,607)	—
Exchange rate differences arising from foreign exchange operations profit	240	I	—
loss	241	I	I
Provision for valuation allowances loss	250	540,242	—
Written-off accounts receivable and accounts payable due to expired limitation period profit	260	46,077	—
loss	261	23,907	—

BREAKDOWN OF FORM NO.2 «PROFIT AND LOSS STATEMENT» IN ACCORDANCE WITH THE INTERNAL STANDARD OF IDGC HOLDING, JSC

REGARDING THE GOODS DELIVERED			
Interest due	07000	555,889	—
including			
Interests on loans and borrowings	07001	555,889	—
Other due interest (interest on bills, bonds, etc.)	07002	—	—
Other income	09000	1,457,414	105,743
including			
From sale of fixed assets, except for flats	09001	46,272	1,355
From sale of flats	09002	—	—
From sale of inventory	09003	34,573	148
From sale of foreign currency	09004	—	—
From sale of intangible assets	09005	—	—
From sale of securities	09006	139,100	—

INDICATOR DESCRIPTION	ITEM CODE	ACCOUNTING PERIOD	SAME PERIOD OF PREVIOUS YEAR
I	2	3	4
From sale of other assets	09007	—	3,838
From joint business	09008	—	—
Profit of 2007 identified in accounting period	09009	3,340	—
Profit of 2006 identified in accounting period	09010	14,560	6,637
Profit of 2005 identified in accounting period	09011	618	—
Profit before 01.01.2005 identified in accounting period	09012	185	—
Fines and penalties recognized (also by court or arbitration court) for charging	09013	11,337	—
Accounts payable for more than three years	09014	46,077	—
Exchange rate differences	09015	I	—
Property found to be excessive upon inventory	09016	531,694	—
Assets received without compensation except for fixed assets and intangible assets	09017	2,058	—
Income from gratuitously received fixed assets calculated in accordance with established procedure	09018	3,648	—
The cost of inventory items left after writing-off of assets unfit for rehabilitation and further usage as result of contingencies	09019	—	—
Other incomes	09020	623,951	93,765
Other operating expenses	10000	2,079,233	69,336
Including:			
From sale of fixed assets except for flats	10001	19,819	985
From sale of flats	10002	—	—
From sale of inventory	10003	30,295	148
From sale of foreign currency	10004	—	—
From sale of intangible assets	10005	—	—
From sale of securities	10006	121,641	—
From sale of other assets	10007	—	3,800
Other taxes	10008	—	—
Bank services	10009	16,506	917
Expenditures connected with securities	10010	3,939	—
Reserve for bad debts	10011	320,249	—
Reserve for devaluation of investments	10012	—	—
Reserve for devaluation of material valuables	10013	—	—
Reserve for business termination	10014	—	—
Reserve for other contingent liabilities	10015	219,993	—
Retirement of assets without income	10016	19,328	—
VAT on property transferred free of charge	10017	—	—
Loss of 2007 identified in the accounting period	10018	31,264	—
Loss of 2006 identified in the accounting period	10019	22,050	2,013
Loss of 2005 identified in the accounting period	10020	6,794	—
Loss before 01.01.2005 identified in the accounting period	10021	190	—
Fines and penalties recognized (also by court or arbitration court) for charging	10022	8,108	—
State duties on economic contracts	10023	13,319	—
Accounts payable for more than three years	10024	23,907	—
Exchange rate differences	10025	I	I
Legal costs	10026	4,151	—
Theft, deficiencies	10027	504	—

Indicator Description	Item Code	Accounting Period	Same Period of Previous Year
I	2	3	4
Expenditures on execution proceedings	10028	13	—
Payment of the cost of employees' flats	10029	5,803	—
Sports events expenses	10030	3,220	—
Expenses on social and educational events	10031	7,614	—
Charity expenditures	10032	65,692	—
The cost of lost material and production valuables	10033	9	—
Losses from writing-off as a result of contingencies	10034	—	—
Other expenses	10035	1,134,824	61,472
Profit tax and other similar obligatory payments	15000	1,487,847	40,309
including: Contingent profit (loss)	15010	876,660	21,974
Permanent tax liabilities	15020	582,768	—
Writing-off of deferred tax liabilities	15030	(1,203)	17,946
Writing-off of deferred tax assets	15040	24,390	(11)
Penalties imposed by state tax authorities	15050	834	—
Including:			
On profit tax	15051	376	—
On VAT	15052	—	—
On property tax	15053	—	—
On other taxes	15054	458	—
Fines imposed by state tax authorities	15060	175	360
Including:			
On profit tax	15061	76	24
On VAT	15062	14	325
On property tax	15063	27	—
On other taxes	15064	58	11
Penalties to state non-budgetary funds	15070	—	27
Including:			
To the Pension Fund of the Russian Federation	15071	—	21
To the Social Insurance Fund	15072	—	2
To the Obligatory Health Insurance Fund	15073	—	4
Fines to state non-budgetary funds	15080	39	13
Including:			
To the Pension Fund of the Russian Federation	15081	13	13
To the Social Insurance Fund	15082	26	—
To the Obligatory Health Insurance Fund	15083	—	—
Other obligatory payments	15090	4,184	—

Director GeneralYe. Makarov

Chief AccountantS. Puzenko

STATEMENT OF CHANGES IN EQUITY FOR 2008

ORGANISATION: IDGC OF CENTRE, JSC  
TAXPAYER IDENTIFICATION NUMBER  
  
BUSINESS TYPE: ELECTRIC POWER TRANSMISSION  
  
LEGAL FORM / OWNERSHIP FORM:  
OPEN JOINT STOCK COMPANY  
MONETARY UNIT: THOUSANDS OF ROUBLES

FORM No. 3	CODES
AS PER THE RUSSIAN CLASSIFICATION OF MANAGEMENT DOCUMENTATION (OKUD)	0710003
DATE (YEAR, MONTH, DAY)	2008.12.31
RUSSIAN CLASSIFICATION OF ENTERPRISES AND ORGANISATIONS (OKPO)	75720657
INN	6901067107
RUSSIAN CLASSIFICATION OF ECONOMIC ACTIVITIES (OKVED)	40.10.2
RUSSIAN CLASSIFICATION OF ORGANISATIONAL AND LEGAL FORMS / RUSSIAN CLASSIFICATION OF PROPERTY CATEGORIES (OKOPF/OKFS)	47\16
RUSSIAN CLASSIFICATION OF MEASUREMENT UNITS (OKEI)	384

Indicator	Code	Authorised Capital	Incremental Capital	Reserve Capital	Retained Profit (Uncovered Loss)	Total
I	2	3	4	5	6	7
Balance as of Dec. 31, 2006	010	10,000	—	122	15 933	26,055
2007						
(previous year)						
Changes in accounting policy	011	x	x	x	—	—
Revaluation of fixed assets	012	x	508	x	(109)	399
Reorganisation	013	x	—	x	—	—
Balance as of Jan. 1, 2007	020	10,000	508	122	15,824	26,454
Foreign currency translation result	023	x	—	x	x	—
Net profit	025	x	x	x	51,251	51,251
Dividends	026	x	x	x	(2,830)	(2,830)
Provisions for reserve fund	030	x	x	378	(378)	—
Increase of capital value by means of	040	—	—	—	—	—
Additional share issue	041	—	x	x	x	—
increase of shares par value	042	—	x	x	x	—
corporate restructuring	043	—	x	x	—	—
others	044	—	—	—	—	—
Reduction of capital	050	—	(11)	—	11	—
value by means of reduction of share par value	051	—	x	x	x	—
Reduction in the number of shares	052	—	x	x	x	—
corporate restructuring	053	—	x	x	—	—
other	054	—	(11)	—	11	—
Balance as of Dec. 31, 2007	060	10,000	497	500	63,878	74,875
2008						
(accounting year)						
Changes in accounting policy	061	x	x	x	—	—
Revaluation of fixed assets	062	x	—	x	—	—
Reorganisation	063	x	—	x	—	—
Balance as of Jan. 1 of the accounting year	100	10,000	497	500	63,878	74,875
Foreign currency translation result	103	x	0	x	x	—
Net profit	105	x	x	x	2,164,904	2,164,904
Dividends	106	x	x	x	—	—
Provisions for reserve fund	110	x	x	—	—	—



INDICATOR	CODE	AUTHORISED CAPITAL	INCREMENTAL CAPITAL	RESERVE CAPITAL	RETAINED PROFIT (UNCOVERED LOSS)	TOTAL
I	2	3	4	5	6	7
Increase of capital value by means of	120	4,211,794	33,269,439	(500)	(63,878)	37,416,855
Additional share issue	121	—	x	x	x	—
increase of shares par value	122	—	x	x	x	—
corporate restructuring	123	4,211,794	33,269,439	(500)	(63,878)	37,416,855
others	124	—	—	—	—	—
Reduction of capital value by means of	130	—	—	—	—	—
reduction of shares par value	131	—	x	x	x	—
Reduction of shares number	132	—	x	x	x	—
corporate restructuring	133	—	x	x	—	—
others	134	—	—	—	—	—
Balance as of Dec. 31 of the accounting year	140	4,221,794	33,269,936	—	2,164,904	39,656,634

II. RESERVES

INDICATOR	CODE	BALANCE	INFLOW	OUTFLOW	BALANCE
I	2	3	4	5	6
Statutory reserves:					
Previous year data	150	122	378	—	500
Accounting year data	151	500	—	(500)	—
Reserves formed in accordance with constitutive documents:					
Previous year data	152	—	—	—	—
Accounting year data	153	—	—	—	—
Valuation reserves:					
Reserve for bad debts:					
Previous year data	160	—	—	—	—
Accounting year data	161	—	555,137	(83,499)	471,638
Reserve for devaluation of investments:					
Previous year data	162	—	—	—	—
Accounting year data	163	—	22,018	—	22,018
Reserve for liabilities due to recognition of operation as discontinuing:					
Previous year data	164	—	—	—	—
Accounting year data	165	—	—	—	—
Reserves formed in accordance with contingency consequences:					
Previous year data	166	—	—	—	—
Accounting year data	167	—	219,993	—	219,993
Reserve for tangible assets depreciation:					
Previous year data	168	—	—	—	—
Accounting year data	169	—	—	—	—
others:					
Previous year data	170	—	—	—	—
Accounting year data	171	—	—	—	—

INDICATOR	CODE	BALANCE	INFLOW	OUTFLOW	BALANCE
I	2	3	4	5	6
reserves for future expenses:					
reserve for payment of remuneration at the year-end:					
Previous year data	180	173,619	72,584	(79,855)	166,348
Accounting year data	181	166,348	(54,440)	(111,908)	—
reserve for vacation pay (including charges):					
Previous year data	182	—	—	—	—
Accounting year data	183	—	—	—	—
reserve for annual long-service award payment:					
Previous year data	184	—	—	—	—
Accounting year data	185	—	—	—	—
reserve for repairs of fixed assets:					
Previous year data	186	—	—	—	—
Accounting year data	187	—	—	—	—
others:					
Previous year data	188	—	—	—	—
Accounting year data	189	—	—	—	—

REFERENCE DATA

INDICATOR	CODE	OPENING BALANCE		CLOSING BALANCE	
I	2	3		4	
1) Net assets	200	74,875		39,700,562	
		FROM BUDGET		FROM NON-BUDGETARY FUNDS	
		ACCOUNTING YEAR DATA	PREVIOUS YEAR DATA	ACCOUNTING YEAR DATA	PREVIOUS YEAR DATA
		3	4	5	6
2) Received for expenses from ordinary activities — total	210	291	—	—	—
Including:					
payments for Chernobyl cleanup veterans	211	—	—	—	—
Others:	212	291	—	—	—
Capital investments in fixed assets	220	—	—	—	—
Including:					
	221	—	—	—	—
Others	222	—	—	—	—

Director GeneralYe. Makarov

Chief AccountantS. Puzenko

CASH FLOW STATEMENT  
FOR 2008

ORGANISATION: IDGC OF CENTRE, JSC  
TAXPAYER IDENTIFICATION NUMBER  
  
BUSINESS TYPE: ELECTRIC POWER TRANSMISSION  
  
LEGAL FORM / OWNERSHIP FORM:  
OPEN JOINT STOCK COMPANY  
  
MONETARY UNIT: THOUSANDS OF ROUBLES

	CODES
FORM No. 4 AS PER THE RUSSIAN CLASSIFICATION OF MANAGEMENT DOCUMENTATION (OKUD)	0710004
DATE (YEAR, MONTH, DAY)	2008.12.31
RUSSIAN CLASSIFICATION OF ENTERPRISES AND ORGANISATIONS (OKPO)	75720657
INN	6901067107
RUSSIAN CLASSIFICATION OF ECONOMIC ACTIVITIES (OKVED)	40.10.2
RUSSIAN CLASSIFICATION OF ORGANISATIONAL AND LEGAL FORMS / RUSSIAN CLASSIFICATION OF PROPERTY CATEGORIES (OKOPF/OKFS)	47\16
RUSSIAN CLASSIFICATION OF MEASUREMENT UNITS (OKEI)	384

INDICATOR	ITEM CODE	ACCOUNTING PERIOD	SAME PERIOD OF PREVIOUS YEAR
I	2	3	4
Cash balance at the beginning of accounting period	010	150, 544	2,939
Cash flow from operating activity			
cash received from buyers and customers	020	37,215,156	1,304,131
Inflow of acquired foreign currency	030	—	—
Other income (proceeds)	050	183,432	5,134
Cash outflow:			
payments for goods, work, services, materials and other current assets purchased	150	(21,945,071)	(449,074)
labour expenses	160	(3,711,272)	(247,572)
dividend and interest payments	170	(669,381)	(2,575)
payment of taxes and dues	180	(3,233,155)	(331,191)
other expenses (payments)	190	(889,282)	(128,989)
Total net cash provided (used) by operating activities	200	6,950,427	149,864
Cash flows from investing activities			
Proceeds from sale of fixed assets and other noncurrent assets	210	23,116	6 054
Proceeds from sale of securities and other financial assets	220	139,100	—
Dividends received	230	55	—
Interest received	240	10,280	165
Proceeds from repayment of loans extended to other organisations	250	—	—
Other proceeds	260	—	—
Purchase of subsidiaries	280	—	—
Purchase of fixed assets, income-bearing investments and intangible assets	290	(7,889,615)	(8,478)
Purchase of securities and other financial assets	300	—	—
Loans extended to other organisations	310	—	—
Other expenses	320	—	—
Net cash flow relating to investing activities	340	(7,717,064)	(2,259)
Cash flow relating to financing activities			
Proceeds from issue of shares and other participatory share instruments	350	—	—
Proceeds from loans and advances extended by other organisations	360	8,816,442	—
Proceeds from special-purpose financing	370	—	—

INDICATOR	ITEM CODE	ACCOUNTING PERIOD	SAME PERIOD OF PREVIOUS YEAR
I	2	3	4
Other income	380	—	—
Repayment of loans and advances (net of interest)	390	(6,935,398)	—
Repayment of finance lease obligations	400	(1,187,195)	—
Other expenses	405	(6,297)	—
Net cash flow relating to financing activities	410	687,552	—
Net increase/decrease in cash and cash equivalents	420	(79,085)	147,605
Cash closing balance	430	71,459	150,544
Effect of changes in exchange rate between foreign currency and Russian rouble	440	—	—

Director GeneralYe. Makarov

Chief AccountantS. Puzenko

APPENDIX TO BALANCE SHEET  
FOR 2008

ORGANISATION : IDGC OF CENTRE, JSC  
TAXPAYER IDENTIFICATION NUMBER  
BUSINESS TYPE: ELECTRIC POWER TRANSMISSION  
LEGAL FORM / OWNERSHIP FORM:  
OPEN JOINT STOCK COMPANY  
MONETARY UNIT: THOUSANDS OF ROUBLES

	CODES
FORM NO. 5 AS PER THE RUSSIAN CLASSIFICATION OF MANAGEMENT DOCUMENTATION (OKUD)	0710005
DATE (YEAR, MONTH, DAY)	2008.12.31
RUSSIAN CLASSIFICATION OF ENTERPRISES AND ORGANISATIONS (OKPO)	75720657
INN	6901067107
RUSSIAN CLASSIFICATION OF ECONOMIC ACTIVITIES (OKVED)	40.10.2
RUSSIAN CLASSIFICATION OF ORGANISATIONAL AND LEGAL FORMS / RUSSIAN CLASSIFICATION OF PROPERTY CATEGORIES (OKOPF/OKFS)	47\16
RUSSIAN CLASSIFICATION OF MEASUREMENT UNITS (OKEI)	384

INTANGIBLE ASSETS

DESCRIPTION	ITEM CODE	AVAILABLE AT BEGINNING OF ACCOUNTING PERIOD	RECEIVED	RETIRED	AVAILABLE AT END OF ACCOUNTING PERIOD
I	2	3	4	5	6
Objects of intellectual property (exclusive rights to results of intellectual property) including the right of: a patent holder to an invention, industrial design, utility model of possessor of right to computer software, databases an owner to a trademark and a service mark, the name of the place of origin of goods goodwill others total	010 011 012 014 030 040 045	— — — — — — —	12,052 — 11,927 125 — 39,937 51,989	(341) — (341) — — — (341)	11,711 — 11,586 125 — 39,937 51,648

DESCRIPTION	ITEM CODE	OPENING BALANCE	CLOSING BALANCE
I	2	3	4
Total depreciation of intangible assets	050	—	6,866

PROPERTY, PLANT AND EQUIPMENT

DESCRIPTION	ITEM CODE	AVAILABLE AT BEGINNING OF ACCOUNTING PERIOD	RECEIVED	RETIRED	AVAILABLE AT END OF ACCOUNTING PERIOD
I	2	3	4	5	6
Buildings	110	—	5,455,419	(13,349)	5,442,070
Structures and transfer means	111	—	28,367,292	(9,082)	28,358,210
Machinery and equipment	112	24,237	13,478,493	(8,152)	13,494,578
Vehicles	113	—	480,448	(14,106)	466,342
Production and auxiliary fixtures	114	6,794	95,147	(638)	101,303
Working animals	115	—	—	—	—
Productive livestock	116	—	—	—	—
Perennial plants	117	—	777	—	777
Other fixed assets	118	—	129	—	129
Land plots and objects of nature management	119	—	88,515	(91)	88,424
Capital investment in reclamation	120	—	—	—	—
Total	130	31,031	47,966,220	(45,418)	47,951,833

DESCRIPTION	ITEM CODE	OPENING BALANCE	CLOSING BALANCE
I	2	3	4
Total depreciation of PPE	140	12,490	2,730,858
including:			
buildings and structures	141	—	1,505,115
machinery, equipment and vehicles	142	10,101	1,197,081
other	143	2,389	28,662
Total PPE leased out	150	—	656,013
including: buildings	151	—	586,470
Structures	156	—	5,686
machinery, equipment and vehicles	152	—	61,785
Other	153	—	2,072
PPE assigned for conservation	155	—	8,323
Total PPE taken on lease	160	11,609	7,656,440
including:			
buildings and structures	161	1,150	1,249,885
machinery, equipment and vehicles	162	5,883	4,272,367
other	163	4,576	2,134,188
Real property items accepted for use under state registration	165	—	150,866
	ITEM CODE	OPENING BALANCE	CLOSING BALANCE
For Reference	2	3	4
Results of revaluation of PPE:	170	—	399
historical/replacement value	171	—	469
depreciation	172	—	70
	ITEM CODE	OPENING BALANCE	CLOSING BALANCE
	2	3	4
Change in PPE value resulting from completion of construction, retrofit, reconstruction, partial liquidation	180	—	2,469,027

INCOME-BEARING INVESTMENTS IN TANGIBLE ASSETS

DESCRIPTION	ITEM CODE	AVAILABLE AT BEGINNING OF ACCOUNTING PERIOD	RECEIVED	RETIRED	AVAILABLE AT END OF ACCOUNTING PERIOD
I	2	3	4	5	6
Property for leasing	210	—	—	—	—
Property leased out under rental agreement	220	—	—	—	—
Other	230	—	—	—	—
Total	240	—	—	—	—
	ITEM CODE	OPENING BALANCE	CLOSING BALANCE		
I	2	3	4		
Depreciation of income-bearing investment in tangible assets	250	—	—		



RESEARCH-AND-DEVELOPMENT EXPENDITURES

Types of work Description	Item Code	Available at beginning of Accounting Year	Received	Written off	Available at end of Accounting Year
I	2	3	4	5	6
Total	310	—	—	—	—
including	311	—	—	—	—
	312	—	—	—	—
Others	313	—	—	—	—
	Item Code		Opening Balance		Closing Balance
For reference	2		3		4
Expenses relating to research-and development work in progress	320		—		—
	Item Code		Accounting Period		Same Period of Previous Year
	2		3		4
Expenses relating to research-and-development work without positive results recognized as non-operating expenses	330		—		—

NATURAL RESOURCES DEVELOPMENT EXPENSES

Description	Item Code	Available at beginning of Accounting Year	Received	Written off	Available at end of Accounting Year
I	2	3	4	5	6
Total resource development expenses	410	—	—	—	—
including	411	—	—	—	—
	412	—	—	—	—
Others	413	—	—	—	—
	Item Code		Opening Balance		Closing Balance
For reference	2		3		4
Expenses for subsoil plots under non-completed prospecting and evaluation, exploration and/or hydrogeological survey and other similar work	420		—		—
Amount of expenses for development of natural resources recognized as non-operating expenses as having no positive results in the accounting period	430		—		—

INVESTMENTS

Indicator Description	Item Code	Long-term		Short-term	
		Opening Balance	Closing Balance	Opening Balance	Closing Balance
I	2	3	4	5	6
Total contributions to authorized/share capital of other organisations	510	—	49,626	—	—
including subsidiaries and dependent business entities	511	—	15,355	—	—
Government and municipal securities	515	—	—	—	—
Total securities of other organisations	520	—	—	—	—
including debt securities (bonds, notes)	521	—	—	—	—

Indicator Description	Item Code	Long-term		Short-term	
		Opening Balance	Closing Balance	Opening Balance	Closing Balance
I	2	3	4	5	6
Loans extended	525	—	—	—	—
Deposits	530	—	—	—	—
Others	535	—	—	—	—
Total	540	—	49,626	—	—
Including investments with current market value:					
Total contributions to authorized/share capital of other organisations	550	—	—	—	—
including subsidiaries and dependent business entities	551	—	—	—	—
Government and municipal securities	555	—	—	—	—
Total securities of other organisations	560	—	34,271	—	—
including debt securities (bonds, notes)	561	—	—	—	—
Others	565	—	—	—	—
Total	570	—	34,271	—	—
For Reference					
Changed value resulting from adjusted assessment of investments with current market value	580	—	(216,299)	—	—
Difference between initial value and par value of debt securities recognized as financial result of accounting period	590	—	—	—	—

ACCOUNTS RECEIVABLE AND PAYABLE

Indicator Description	Item Code		Opening Balance	Closing Balance
I	2		3	4
Accounts receivable:				
total short — term receivables	610		79,865	5,945,024
Including:				
settlements with buyers and customers	611		46,904	4,110,988
advance payments	612		5,702	909,048
other	613		27,259	924,988
total long — term receivables	620		5,923	68,623
Including:				
settlements with buyers and customers	621		—	694
advance payments	622		—	—
other	623		5,923	67,929
Total	630		85,788	6,013,647
Accounts payable:				
total short — term payables	640		59,166	10,986,838
including:				
settlements with suppliers and contractors	641		44,654	3,849,961
advance payments received	642		—	2,182,860
taxes and dues	643		2,067	436,324

INDICATOR DESCRIPTION	ITEM CODE	OPENING BALANCE	CLOSING BALANCE
I	2	3	4
Advances	644	—	3,910,626
loans	645	—	—
others	646	12,445	607,067
total long — term payables	650	—	5,510,995
including:			
settlements with suppliers and contractors	651	—	9,585
taxes and dues	652	—	—
Advances	653	—	5,124,961
loans	654	—	345,722
others	655	—	30,727
Total	660	59,166	16,497,833

EXPENSES FOR ORDINARY ACTIVITIES (BY COST COMPONENT)

INDICATOR DESCRIPTION	ITEM CODE	FOR ACCOUNTING YEAR	FOR PREVIOUS YEAR
I	2	3	4
Financial costs	710	16,780,438	5,295
Labour costs	720	4,072,458	433,658
Benefit-related deductions	730	982,033	40,738
Depreciation	740	2,672,962	8,513
Other costs	750	6,331,563	440,168
Итого по элементам затрат	760	30,839,454	928,372
Total by cost component			
Changes in balance (increase [+], decrease [-]):			
work-in-progress	765	—	—
deferred expenses	766	998,138	527
reserve for future expenses	767	53,645	(7,271)

SECURITY

INDICATOR DESCRIPTION	ITEM CODE	OPENING BALANCE	CLOSING BALANCE
I	2	3	4
Total security obtained	810	—	—
including:			
notes	811	—	—

INDICATOR DESCRIPTION	ITEM CODE	OPENING BALANCE	CLOSING BALANCE
I	2	3	4
Assets in pledge	820	—	—
including:			
PPE	821	—	—
securities and other investments	822	—	—
other	823	—	—
Total security provided	830	—	—
including:			
notes	831	—	—
Pledged assets	840	—	3,456,610
including:			
PPE	841	—	—
securities and other investments	842	—	—
other	843	—	3,456,610

GOVERNMENT ASSISTANCE

DESCRIPTION	ITEM CODE	ACCOUNTING PERIOD	SAME PERIOD OF PREVIOUS YEAR	
I	2	3	4	
Total public funds obtained within accounting period	910	291	—	
including:				
	911	—	—	
Others	912	291	—	
			OPENING BALANCE	OBTAINED DURING ACCOUNTING PERIOD
			RETURNED DURING ACCOUNTING PERIOD	CLOSING BALANCE
			3	4
			5	6
Total government loans	920	—	—	—
including				
	921	—	—	—
others	922	—	—	—

Director GeneralYe. Makarov

Chief AccountantS. Puzenko

IDGC OF CENTRE, JSC  
EXPLANATORY NOTE TO THE ACCOUNTING  
STATEMENTS FOR 2008  
(AMOUNTS DENOMINATED IN THOUSAND ROUBLES)

CONTENTS:

- 1) Information on the Company
- 2) General rules of reporting
- 3) Accounting policy
- 4) Disclosure of material indicators

I. INFORMATION ON THE COMPANY

1. FULL NAME	Interregional Distribution Grid Company of Centre, Joint-Stock Company; Taxpayer Identification Number (INN) 6901067107
2. SHORT NAME	IDGC of Centre, JSC
3. STATE REGISTRATION DATE	December 17, 2004
4. INFORMATION ON THE AUTHORISED CAPITAL	Authorised Capital of the Company comprises RUB 4,221,794,146.8 (four billion two hundred twenty-one million seven hundred ninety-four thousand one hundred forty-six)
5. INFORMATION ON THE MEMBERS	Total number of the shareholders in the register of the issuer as of December 31, 2008 is 15.424 including total number of nominal shareholders as of December 31, 2008: 24.
6. INFORMATION ON THE AUDITOR	KPMG CJSC performing audit under Licence No. E 003330 issued by the Ministry of Finance of the Russian Federation dd. January 17, 2003 valid for 10 years.

CORE BUSINESS OF IDGC OF CENTRE, JSC IS:

- Transmission and distribution of the electric power through the network of 0.4—110 kV voltage;
- Connection to the electric power network of 0.4—110 kV voltage.

MAIN SERVICE MARKETS OF IDGC OF CENTRE AND ITS AFFILIATES ARE:

- Regional market of power transmission in total comprising 11 constituent entities of the Russian Federation;
- Regional market of the network connection in total comprising 11 constituent entities of the Russian Federation.

Headcount of IDGC of Centre personnel as of December 31, 2008 was 23,696 employees.

MANAGEMENT BODIES OF THE COMPANY

Management bodies of the Company are:

- General Meeting of Shareholders;
- Board of Directors;
- Director General.

The Company Board of Directors performs the general guidance of the Company business, excluding the questions referred to the responsibility of the General Meeting of Shareholders by the Federal Law On Joint-Stock Companies and Articles of Association of the Company.

MEMBERS OF THE BOARD OF DIRECTORS OF IDGC OF CENTRE, JSC

FULL NAME	POSITION
ANDREY ALEKSANDROVICH DYOMIN	Deputy Chairman of the Management Board of FGC UES, CJSC
ALEKSANDR MARKOVICH BRANIS	Director of the Prosperity Capital Management (Russia), Ltd. Representative Office
DMITRY ALEKSANDROVICH BURNASHEV	Deputy Head of the Project Centre on Completion of the Restructuring of RAO UES of Russia, OJSC, IDGC Holding, OJSC
YEVGENY FEDOROVICH MAKAROV	Director General of IDGC of Centre, JSC
ALEKSEY ROMANOVICH KACHAY	Advisor Director General of Rosnanotechnology State Corporation
VYACHESLAV MIKHAILOVICH KRAVCHENKO	Director General of RN-Energo, LLC
ALEKSEY VITALYEVICH KLAPTSOV	Vice-President of Halcyon Advisors
MISRIKHAN SHAPIEVICH MISRIKHANOV	Director General of Backbone Electric Grids, Affiliate of FGC UES, CJSC
PAVEL IVANOVICH OKLEY	Deputy Director General — Technical Director of IDGC Holding, OJSC
ALEKSANDR GRIGORIEVICH STARCHENKO	Director for Power Industry of «Novolipetsk Steel», OJSC
SERGEY BORISOVICH SYUTKIN	Director General of SO UES of the Interregional Dispatching Office of Centre, OJSC

The Chairman of the Company Board of Directors is **Andrey Aleksandrovich Dyomin**, Deputy Chairman of the Management Board of FGC UES, CJSC.

Guidance of the current activity of the Company is performed by the sole executive body — Director General. Director General of IDGC of Centre, JSC is **Yevgeny Fedorovich Makarov**.

THE INTERNAL AUDIT COMMITTEE OF IDGC OF CENTRE, JSC IS REPRESENTED BY:

FULL NAME	POSITION
L.R. MATYUNINA	First Deputy Head of the Internal Audit Department of IDGC Holding, OJSC
V.YE. BUNIN	Head of the Internal Control And Audit Department of IDGC of Centre, JSC
D.V. SKLYAROV	Manager, internal control and audit. Business Consulting Department of KPMG, CJSC
A.V. BAITOV	Head of the Financial Control And Internal Audit Directorate of FGC UES, CJSC
I.A. ZENYUKOV	Deputy Head of the Corporate and Shareholder Management Department of the Corporate Centre RAO UES of Russia, OJSC
M.A. LELEKOVA	Deputy Head, leading expert, main specialist of the Financial Control And Internal Audit Directorate of FGC UES, CJSC

2. GENERAL RULES OF REPORTING

Annual accounting statements of the Company are prepared pursuant to the requirements of the law of the Russian Federation.

Accounting of the property, liabilities and business operations is performed on the basis of physical indicators represented in money terms on continuous, regular, documental and consistent basis. Annual accounting statements indicators are subject to the materiality concept of the financial position assessment by all interested users.

Annual accounting statements of the Company are prepared in accordance with going concern assumption which takes into account the sale of assets and performance of obligations in normal course of business.

Accounting statements data is denominated in thousand roubles.

3. ACCOUNTING POLICY

These accounting statements of the Company are prepared subject to the accounting policy approved by Order No. 2 «On accounting policy of IDGC of Centre, JSC from April 01, 2008» dd. January 14, 2008 and Order No.90a «On amendments to the order No.2 dd. January 14, 2008» dd. March 31, 2008. Accounting policy is prepared in accordance with the requirements of:

- the Civil Code of the Russian Federation;
- Federal law No 129-FZ «On accounting» dd. November 21, 1996;
- Regulations on accounting reporting procedure in the Russian Federation (order of the Ministry of Finance of the Russian Federation No. 34-n dd. July 29, 1998).



Russian Accounting Standards (RAS) 1/98 Accounting Policy of the Company, RAS 2/94 Accounting of the Agreements (Contracts) for Major Construction Work, RAS 3/2006 Accounting of the Assets and Liabilities, the Price of which is Denominated in Foreign Currency, RAS 4/99 Accounting Statements of Company, RAS 5/01 Accounting of the Inventories, RAS 6/01 Accounting of the Fixed Assets, RAS 7/98 Events after the Balance Sheet Date, RAS 8/01 Contingencies, RAS 9/99 Company Income, RAS 10/99 Company Losses, RAS 11/2008 Information on Related Parties, RAS 12/2000 Segment Information, RAS 13/2000 Accounting of Government Assistance, RAS 14/2007 Accounting of the Intangible Assets, RAS 15/2001 Accounting of the Loans and Expenses on their Maintenance, RAS 16/02 Information on Discontinuing Operation, RAS 18/02 Accounting of the Company Profit Tax Calculations, RAS 19/02 Accounting of the Financial Investments, RAS 20/03 Information on Participation in Joint Ventures.

Amendments to the accounting policy are made pursuant to the amendments to RAS 1/2008, RAS 11/2008, RAS 14/2007 and RAS 15/2008.

Amendments to the accounting policy for 2009 are approved by the Company Order No. 315 dd. 31.12.2008 and the most material ones are disclosed in separate sections of the Accounting policy.

### 3.1. SHORT-TERM AND LONG-TERM ASSETS AND LIABILITIES

Assets and liabilities are reported as short-term if their maturity period is less than 12 months from the day following the balance sheet date. All other assets and liabilities are reported in the statements as long-term.

### 3.2. INTANGIBLE ASSETS

Intangible assets are non-cash items owned by the Company having no physical structure irrespective of their cost intended for the effective use in products manufacture, rendering services or for administrative purposes within 12 months at the least and capable of bringing economic benefits in the future.

The Company shall not recognise as intangible assets the items resolved for alienation to the other persons (resale, exchange etc.) at the moment of their accounting (qualification). Such items are treated by the Company as goods.

Intangible assets are accounted at their original cost determined pursuant to the reason of their receipt (acquisition, production, contribution to the authorised capital etc).

Cost of the intangible assets at which they are accounted for shall not be changed.

The amount of amortisation charges on the intangible assets is determined in accordance with rates calculated subject to their original cost and useful life (straight-line method).

Useful life of the intangible assets is determined by the expert committee and approved by the Head of the Company (or duly authorised person) on accounting of the item.

Amortisation is accrued on a monthly basis at the special account «Intangible assets amortisation».

Should an intangible assets item be disposed, its cost is subject to write off in the relevant accounting year. Disposed intangible assets are reported at their depreciated cost similarly to the procedure provided for all PPE.

The accounting policy for 2009 has been changed pursuant to the amendments made to RAS 14/2007.

The actual (original) cost of an intangible asset at which it was accounted for is subject to change in cases of reassessment and impairment of the intangible assets.

The Company is entitled not more than once a year (at the beginning of the accounting year) to reassess the groups of homogeneous intangible assets at the current market value, determined exclusively pursuant to data of the active market of the specified intangible assets.

In case of material change of the duration of period in course of which an asset is expected to be used by the Company, its useful life is subject to adjustment.

Monthly amount of amortisation charges on an intangible asset is determined on straight-line basis.

The established original useful life of intangible assets in operation has not changed since January 01, 2009.

### 3.3. PROPERTY, PLANT AND EQUIPMENT

The Company recognises as PPE the assets in respect of which the following conditions are simultaneously applicable:

- an asset is expected to be used in products manufacture, on performing works or rendering services or for administrative purposes for a long period (useful life exceeding 12 months or standard operating period if it exceeds 12 months);
- an asset is able to provide economic benefits (income) in future; further resale of these assets is not intended by the Company.

Assets, in respect of which the above mentioned conditions are applicable and the cost of which is more than RUB 20,000 for a unit, are reported as the inventories except grid equipment (power supply lines, transformer sub-stations) and vehicles. For the purpose of keeping these items safe in course of production and operation the Company implements supervision over their flow. These objects are accounted in terms of quantitative representation.

The Company shall not recognise as PPE the items resolved for alienation to the other persons (resale, exchange etc.) at the moment of their accounting (qualification). Such items are treated by the Company as goods.

Items having useful life exceeding 12 months and not intended for sale, using which in production process or administration as well as consuming economic benefits from such use is not reasonable, are reported separately as part of PPE, i.e. non-production PPE.

Depreciation accrued on the specified items of PPE as well as on maintenance expenses of such items is treated as current expenses without reporting for profit tax purposes.

The Company PPE include buildings, structures, machinery and equipment, transport, production and work appliances and land plots.

The original cost of the PPE, at which they are accounted for, may be changed in cases of construction completion, re-equipment, reconstruction, renovation, partial destruction or reassessment.

Property items are accounted as PPE and treated separately in analytical accounting if capital investments into them are completed, relevant original accounting documents of acceptance are issued, documents submitted for state registration, and the items are actually in operation.

PPE items are accounted at the actual cost of their acquisition. Items received by the Company under the Merger Agreement dd. December 03, 2007 w/o No. as a result of restructuring through RGCs being merged by IDGC of Centre, JSC, are accounted at the depreciated cost.

In the accounting statements PPE are disclosed at recovery cost reduced by depreciation accumulated over the operation period excluding items received in course of restructuring.

Depreciation of PPE items is accrued on straight-line basis pursuant to the standards of Decree of the Government of the Russian Federation No. 1 dd. January 01, 2002 «On classification of PPE included into depreciation groups»:

PPE GROUP	USEFUL LIFE (NUMBER OF YEARS) OF THE ACCOUNTED ITEMS
Buildings and structures	15—50 YEARS
Power supply lines networks	5—20 YEARS
Equipment for power transformation	5—20 YEARS
other	1—30 YEARS

Accounting policy for 2009 is changed pursuant to RAS 6/01.

The original cost of PPE is changed subject to resolution on their revaluation up to recovery cost. Frequency of PPE revaluation: items are resolved for revaluation subject to material deviation of the reported cost of items from their current (recovery) cost. Revaluation of PPE is performed pursuant to a special Company Order.

3.4. INVESTMENTS

The Company recognizes as the investments assets having no material form and capable of bringing in future economic benefits (income) in form of interest, dividend or increase of cost (in form of difference between sales (redemption) cost and purchase cost) as a result of their exchange, use for redemption of liabilities, increase of the current market value.

Analytical accounting of the investments is performed in terms of short-term and long-term investments.

The long-term investments are investments made with intention to gain income from them within more than a year.

Other investments are deemed short-term.

In accounting statements investments are divided into short-term and long-term pursuant to the maturity (redemption) period.

When the period until the redemption of securities or redemption of loans given by the Company reduces to 365 days, the long-term investments are transferred to the short-term investments.

Investments the market value of which can be determined in accordance with the established procedure are reported in the accounting statements at the end of the accounting year at the current market value by means of their assessment adjustment as of the previous balance sheet date. The specified adjustment is performed by the Company each quarter.

Difference between the assessment of the investments at the current market value as of the balance sheet date and previous assessment of the investments is treated by the Company as other income or loss. Thus, increase of the market value of the investments is posted to the debit of the account «Investments» and credit of the account «Other income and loss», decrease of the market value — to the debit of the account «Other income and loss» and credit of the account «Investments».

In the event that the market value of the investments item previously assessed at the current market value can not be determined as of the balance sheet date, such investments item is reported in the statements at the latest assessed cost.

Investments the market value of which can not be determined are disclosed in the accounting at the original value.

On disposal of the assets accounted as the investments the market value of which is determined, their cost is determined by the Company pursuant to the latest assessment.

Securities (shares and debentures) are assessed on disposal at the average original cost determined for each kind of securities.

Income from the investments is recognized by the Company as other income.

3.5. INVENTORIES

The inventories are measured at the costs of purchase. The inventories were written off to production costs at the unit cost. Reserve for inventories cost reduction was not formed.

3.6. PREPAID EXPENSES

The expenses, incurred with the Company in the accounting year, but relating to future accounting periods are treated as prepaid expenses. These expenses are charged-off on a straight-line basis in the periods in which incurred.

The period during which prepaid expenses shall be charged-off is determined by the Company's CEO based on expert report or any other documentary evidence. Prepaid expenses shall be charged-off on a straight-line basis in the period in which incurred.

3.7. TRADE RECEIVABLE

Trade receivable is determined based on the prices set by the agreements between the Company and the buyers (customers) with regard to all discounts (mark-ups) granted by the Company and inclusive of VAT. During the accounting period the Company did not perform services on commercial loan terms the loan being granted on deferred payment terms.

Accounts receivable are disclosed in the breakdown (Appendix 1 to Explanatory Note); accounts payable are disclosed in the breakdown (Appendix 2).

3.8. LOANS AND BORROWINGS

The Company recognises the debt on loans (borrowings) as a separate type of liabilities accounted for on separate accounts. Debt on loans is divided into long-term debt, short-term debt, due and overdue debt:

- short-term debt is a debt, which has a maturity of less than 12 months according to the terms of the agreement;
- long-term debt is a debt, which has a maturity of more than 12 months according to the terms of the agreement;
- due debt is a debt on loans which maturity date is not due or extended (prolonged) in accordance with the established procedure;
- overdue debt is a debt on loans which maturity date expired according to the terms of the agreement.

In case of execution of supplement agreements to the agreement short-term debt shall be transferred to the long-term debt.

The Company accounts for available borrowed funds, which have a maturity of more than 12 months according to loan agreement as long-term debt until expiry of the specified term.

The Company's additional costs relating to loans procurement, issue and placement of debentures include the following costs types, relating to:

- providing the borrower with legal and consultation services (including audit at the lender's request);
- copying and duplicating services;
- carrying out expertise;
- expenditures on communication services;
- other costs, directly related to loans procurement.

If the additional costs as part of the costs relating to loans procurement and use are not attributed to increase in the investment asset value, the Company treats these additional costs as other expenses in the period in which incurred (they shall not be accounted for in advance as accounts receivable and charged-off on a straight-line basis as other expenses during the period of debentures redemption).

3.9. INVENTORY

Inventory of assets and liabilities is made in accordance with applicable Methodological Guidelines of the Ministry of Finance of the Russian Federation No. 49 dated June 13, 1995. Physical inventory as well as inventory of PPE, construction in progress, intangible assets as of October 01, 2008, cash, securities, investments, settlement of taxes and obligatory contributions to budget, settlements with debtors and creditors, prepaid expenses, reserve for future expenses and payments as of December 31, 2008 was made prior to annual accounting report preparation.

3.10. INCOME RECOGNITION

The Company's income is divided into income from the ordinary course of business and other income.

Income from the ordinary course of business is proceeds relating to services rendering, work performance, sale of products and goods to third party organisations. The Company recognises as income from the ordinary course of business:

- income from services on electric power transfer and transmission;
- income from network connection services;
- income from construction and erection work performance;
- income from other work and industrial services performance;
- income from other work and non-industrial services performance.

Other income includes all income not related to work and services performance in the ordinary course of business. Revenues shall be accounted for in the amount calculated in monetary terms, equal in the amount to cash inflow and other assets and (or) accounts receivable.

Income received (accrued) in the accounting period, but referring to future accounting periods, as well as deficiencies receivables, revealed in last years' accounting period and difference between the amount due and payable by guilty persons and the value of inventories, accounted for when deficiencies and loss were revealed, shall be recognised as future income.

3.II. EXPENSES RECOGNITION

The Company's expenses are divided into expenses under the ordinary course of business and other expenses.

Expenses in the ordinary course of business are expenses, relating to services rendering and work performance.

Expenses in the ordinary course of business include costs relating to production (cost of services, work, products), management expenses.

Expenses in the ordinary course of business include primarily expenses under the following headings:

- expenses relating to electric power transfer and transmission;
- expenses relating to network connection;
- expenses relating to construction and erection work performance;
- expenses relating to other work and industrial services performance;
- expenses relating to other work and non-industrial services performance;

Management expenses are recognised at the cost of products, goods, work, and services sold in the accounting year in full as expenses in the ordinary course of business.

4. MATERIAL INDICATORS DISCLOSURE

4.I. INTANGIBLE ASSETS

Intangible Assets, i.e. a trade mark and software, are accounted for on the Company's balance sheet.

The value and structure of the Company's intangible assets is given in the following table:

ITEM	GROUP	ORIGINAL VALUE	ACCRUED AMORTISATION	BALANCE VALUE
As of January 01, 2009				
1	Trade mark	125	13	112
2	Software	51,523	6,853	44,670
Intangible assets total:		51,648	6,866	44,782

4.2. PPE

In the accounting period the Company accrued depreciation in the amount of RUB 2,680,845,000.

The value and structure of PPE in each group as of December 31, 2008 is given in the following table:

ITEM	GROUP	RECOVERY COST AS OF DECEMBER 31, 2008.	DEPRECIATED COST AS OF DECEMBER 31, 2008	AS A PERCENTAGE OF THE TOTAL
1	Land plots	88,424	88,424	0.2
2	Buildings	5,442,070	5,313,285	11.4
3	Structures and transfer devices	28,358,210	26,981,880	59.1
4	Machinery and equipment	13,494,578	12,383,002	28.1
5	Transport	466,342	380,837	1
6	Production and work appliances	102,209	73,547	0.2
Total		47,951,833	45,220,975	100%

PPE items having the original cost of RUB 8,323,000 and depreciated cost of RUB 7,893,000 are not temporarily used in production as of December 31, 2008. The depreciation is not accrued for these items.

PPE LEASED

PPE leased by the Company amounting to RUB 7,656,440,000 are accounted for on the Company's off-balance account. This cost was calculated based on the cost of the property, shown in lease contracts entered into in the accounting period. PPE leased include buildings and structures — RUB 1,249,885,000, machinery and equipment, transport — RUB 4,272,367,000 and other (mostly land plots where power transmission towers and transformers are located) — RUB 2,134,188,000.

The Company leased in the property amounting to RUB 4,778,154,000. RUB 229,007,000 are accounted for on the Company's Balance Sheet and RUB 4,549,147,000 on the off-balance sheet.

FUTURE LEASE PAYMENTS FOR EQUIPMENT, ACCOUNTED FOR ON THE OFF-BALANCE SHEET, RUB, THOUSAND

AFFILIATES	2009	2010	2011	2012	2013	2014
BELGORODENERGO	580,895	453,075	266,194	143,037	64,129	
BRYANSKENERGO	91,821	72,528	54,025	39,022	32713	2,439
VORONEZHENERGO	171,486	79,061	67,794	58,380	48,940	3,649
KOSTROMAENERGO	92,926	64,152	47,603	37,604	31,524	2,350
KURSKENERGO	88,309	50,205	44,014	40,412	26,409	
LIPETSKENERGO	180,102	103,575	92,288	79,420	2,685	2,685
ORVOLENERGO	62,393	46,718	37,671	31,111	26,080	1,944
SMOLENSKENERGO	50,398	17,925	14,503	12,545	2,108	
TAMBOVENERGO	81,649	52,565	42,784	37,043	27,786	2,011
SMOLENSKENERGO	129,137	91,891	70,036	58,755	47,577	3,540
YARENERGO	147,608	118,565	91,403	58,954	39,174	2,990
TOTAL	1,676,724	1,150,260	828,315	596,283	349,125	21,608



Future lease payments for equipment, accounted for on the balance sheet, RUB, thousand

AFFILIATE	2009	2010	2011	2012	2013
YARENERGO	5,395	1,756	501	96	14

4.3. INVESTMENTS

Shares of Energetik Sanatorium-Preventorium, JSC subsidiary in the amount of RUB 15,355,000 are accounted for on the Company's balance sheet in line 141. Investments in shares of two other subsidiaries (Bogatyr, JSC (RUB 15,670,000) and Strukovo, JSC (RUB 6,348,000) were included in reserve for investments impairment of RUB 22,018,000.

Shares of other organisations in the amount of RUB 34,271,000 are accounted for in line 143.

4.4. FOREIGN CURRENCY ASSETS AND LIABILITIES

In the accounting period foreign currency payment (in US dollars) in the amount of RUB 131,000 was made for participation in the 12th annual international conference «Self-defence and business security».

S. N. Mashchenko, Assistant Director General for economic security, took part in the conference.

4.5. INVENTORIES (LINE 210 OF THE BALANCE SHEET)

Inventories are measured at the total costs of purchase; their value at the end of the year is RUB 1,692,269,000, which is 21.61 % of current assets or 2.9 % of total Company's assets.

4.6. PREPAID EXPENSES

Prepaid expenses which have a maturity of more than one year in the Balance Sheet (form 1) are shown in section 1 «PPE» in line 150, and prepaid expenses which have a maturity of less than one year are shown in section II «Current assets» in line 216.

(RUB, THOUSAND)

PREPAID EXPENSES	LONG-TERM	CURRENT
	LINE 150	LINE 216
Licences	106,109	5,457
Software	656,052	88,349
Insurance	0	43,056
Expenses relating to payment of future leave allowances	0	6,821
Other prepaid expenses	70,948	27,369
Total:	833,109	171,052

4.7. ACCOUNTS RECEIVABLE (L. 230 AND 240 OF THE BALANCE SHEET)

Accounts receivable structure is given in the table:

(RUB, THOUSAND)

INDICATOR	BALANCE SHEET LINE	2007	2008
Accounts receivable including:	230+240	85,788	6,013,647
accounts receivable (payments due and payable more than within 12 months after the accounting date, including:	230	5,923	68,623
buyers and customers	231	0	694
other debtors	235	5,923	67,929
accounts receivable (payments due and payable within 12 months after the accounting date, including:	240	79,865	5,945,024
buyers and customers	241	46,904	4,110,988
Bills	242	0	1,000
Advance money paid	245	5,702	909,048
other debtors	246	27,259	923,988

Detailed breakdown of other debtors is given in Appendix 1.

ACCOUNTS PAYABLE (LINES 520 AND 620 OF THE BALANCE SHEET)

Accounts payable structure is given in the table:

(RUB, THOUSAND)

INDICATOR	BALANCE SHEET LINE	2007	2008
Accounts payable including:	520+620	59,166	7,116,524
accounts payable (payments due and payable more than within 12 months after the accounting date, including:	520	0	40,312
suppliers and contractors	521	0	9,585
other	523	0	30,727
accounts payable (payments due and payable within 12 months after the accounting date, including:	620	59,166	7,076,212
suppliers and contractors	621	44,654	3,849,961
Salaries payable to staff (current)	624	10,612	295,704
Accounts payable to public and non-budgetary funds including:	625	307	93,584
Pension Fund of the Russian Federation	62501	157	71,590
Obligatory Health Insurance Fund	62502	36	15,608
Social Insurance Fund	62503	114	6,386
Taxes and charges payable to budget	626	2,067	436,324
Federal budget	62601	1,969	348,939
Budget of constituent entities of the Russian Federation	62602	98	78,019
local budgets	62603	0	9,366
Advance money received	627	0	2,182,860
other creditors	628	1,526	217,779

Detailed breakdown of other creditors is given in Appendix 2.

4.8. RESERVE FOR FUTURE EXPENSES AND ALLOWANCE ACCOUNTS

At the end of the accounting period the following reserves are shown at the Balance Sheet:

- reserve for impairment of investments in securities in the amount of RUB 22,018,000;
- Reserve for bad debts in the amount of RUB 471,638,000;
- Reserve for future expenses and payments in the amount of RUB 219,993,000.

INFORMATION ON RESERVES FOR CONTINGENT LIABILITIES

IDGC of Centre, JSC — Belgorodenergo

The part of volumes of electric power transmitted to the customers of Belgorod Sales Company, OJSC that is disputed between the affiliate of IDGC of Centre, JSC and Belgorod Sales Company, OJSC is the reason of accrual of reserve. The dispute on the volume of services rendered under the agreements No. 22-5158/12-657 dated January 1, 2007 and No. 40009698 dated January 1, 2008 arose in connection with the procedure of determination of the volume of transmitted electric power unregulated by existing law and relevant agreements.

The statement of claim of Belgorod Sales Company against the affiliate of IDGC of Centre, JSC is settled in the Arbitration Court of the Belgorod Region, the approximate term of termination of hearing this case in all juridical instances shall be the first half-year period of 2010.

The debt amount of the affiliate of IDGC of Centre, JSC for compensation of losses in the volume of 127,708.736 megawatt/hour is RUB 195,303,000. The period of calculation of said debt amount is from November 2007 until October 2008 inclusively. The probability of recovery of debt for compensation of losses from IDGC of Centre, JSC under the claim of Belgorod Sales Company, OJSC shall be 53-56 % approximately.

The reserve was not established at the beginning of the accounting period.

The amount of reserve established in connection with said contingencies as of December 31, 2008 is RUB 106,475,000 or 54.5 % of the claim amount.

IDGC of Centre, JSC — Kostromaenergo

Occurrence of judicial proceedings not completed as of December 31, 2008 under the claim of the affiliate of IDGC of Centre — Kostromaenergo against Kostroma Sales Company, OJSC of unfounded enrichment in the form of difference between fees for services for transmission of electric power arose in connection with using unfounded power capacity by the defendant in the amount of RUB 13,216,000 (case No. A31-3243/2008-29 in the Arbitration Court of the Kostroma Region).

The judicial proceedings were adjourned until January 19, 2009; the judgment of the court of the first instance is expected to be in the first quarter of 2009. The terms of performance and extent of liabilities depend on the course of judicial proceedings. The maximum amount of contingent liability is RUB 13,216,000 according to expert appraisal. The probability of occurrence of liabilities is deemed as 100 % (as very high).

The reserve was not established at the beginning of the accounting period. The reserve amount at the end of the accounting period is RUB 13,216,000.

IDGC of Centre, JSC — Voronezhenergo

Four supervisory appeals of Voronezhskaya Gorelektroset, Municipal Unitary Enterprise are pending in the Supreme Arbitration Court of the Russian Federation against the judgments of the Arbitration Court of the Voronezh Region regarding penalty for use of other persons' money. The proceedings on said appeals are suspended until hearing by the Presidium of the Supreme Arbitration Court of the Russian Federation of other appeal under the similar case heard by the Arbitration Court of the Rostov Region. The fact of referral of the appeal to the Presidium of the Supreme Arbitration Court of the Russian Federation indicates of good opening for satisfaction of this appeal, i.e., probability of reversal of the judicial act on interest amount recovery is very high. Taking into account the practice of hearing of cases in the Supreme Arbitration Court of the Russian Federation, we may consider that the period within reversal of the judicial acts under the cases with Voronezhskaya Gorelektroset, Municipal Unitary Enterprise, depending on the judgment passed by the court, may be from three up to nine months, i.e., from February-March until September-October 2009. The reversal of the judicial acts on interest recovery shall result in losses for the company. The judgment shall be passed in 2009 and charging of amounts from the affiliate of IDGC of Centre, JSC — Voronezhenergo is rather high — RUB 100,000,000, therefore the decision on accrual of reserve for contingencies as of December 31, 2008 in the amount of RUB 100,302,000 is made.

4.9. SHARES OF THE COMPANY

The Share Capital of the Company is paid in full as of December 31, 2008 and consists of:

DESCRIPTION	TOTAL NUMBER	PAR VALUE RUB
Ordinary shares	42,217,941,468	4,221,794,146.8
Preferred shares	—	—
Total	42,217,941,468	4,221,794,146.8

List of registered persons holding over 5% of ordinary shares as of December 31, 2008 exclusive data of the customers of nominee holders:

No.	CATEGORY OF REGISTERED PERSONS	NAME/FULL NAME	ORDINARY SHARES	% FROM PLACED SHARES
1.	Nominee holder	Limited Partnership Depository and Corporate Technology	21,206,473,501	50.2310
2.	Nominee holder	Depository Clearing Company, Closed Joint-Stock Company	7,904,420,657	18.7229
3.	Nominee holder	Deutsche Bank, Limited Liability Company	5,775,353,373	13.6799
4.	Nominee holder	Closed Joint-Stock Company Commercial Bank Citibank	2,572,213,859	6.0927

4.10. AUTHORISED CAPITAL

The Authorised Capital of IDGC of Centre, JSC as of December 31, 2008 is RUB 4,221,794,146.80 and is divided in 42,217,941,468 ordinary registered shares with 10 kopecks par value.

4.II. LOANS AND BORROWINGS

IDGC of Centre, JSC has no debt on loans of as of January 1, 2008.

As a result of reorganisation in the form of merger of 11 companies on March 31, 2008, IDGC of Centre, JSC became the legal successor under loan agreements of merged companies in the total amount of RUB 7,461,889,000 (inclusive accrued but not paid interests in the amount of RUB 9,100,850) including RUB 5,525,461,000 — on long-term credits and loans, RUB 1,936,428,000 — on short-term loans.

The data on borrowed cash flow in 2008 are shown in the Table.

CASH FLOW OF IDGC OF CENTRE, JSC IN 2008 (RUB, THOUSAND)

DEBT	DEBT AS OF MARCH 31, 2008	2ND-4TH QUARTER OF 2008		DEBT AS OF DECEMBER 31, 2008
		ATTACHED/ ACCRUED	REPAID	
Long-term loans	5,699,876.98	1,582,588.50	1,838,959.67	5,443,505.81
interest on long-term loans	5,583.73	456,726.92	435,132.81	27,177.84
Short-term loans	1,752,909.64	7,233,853.45	5,096,337.69	3,890,425.40
interest on short-term loans	3,517.12	239,368.50	222,685.20	20,200.42
Loans total	7,452,786.62	8,816,441.95	6,935,297.36	9,333,931.21
Interest total	9,100.85	696,095.42	657,818.01	47,378.26
Total	7,461,887.47	9,512,537.37	7,593,115.37	9,381,309.47

Debt on loans of IDGC of Centre, JSC as of December 31, 2008 shall be repaid within the following periods: in the 1st quarter of 2009 — RUB 1,332,229,000; in the 2nd quarter of 2009 — RUB 1,386,123,000; in the 3rd quarter of 2009 — RUB 1,410,338,000; in the 4th quarter of 2009 — RUB 1,225,688,000.

Loans in the amount of RUB 5,354,378,000 shall be repaid in total in 2009.

Loans in the amount of RUB 3,979,553,000 shall be repaid within the period from 2010 to 2012, including RUB 2,381,673,000 in 2010, RUB 1,058,852,000 in 2011, RUB 539,028,000 in 2012.

4.I2. INCOMES AND EXPENSES UNDER ORDINARY ACTIVITIES

Incomes and expenses for the accounting period are represented in the Profit and Loss Statement for ordinary activities and other income and expenses separately with details of specific types and sizes.

Revenue from services for the accounting year is RUB 35,659,578,000; the revenue is increased by RUB 34,676,218,000 compared with the past year.

DESCRIPTION	2007	2008	DEVIATION AMOUNT
Revenue in total (line 010 of form No. 2)	983,360	35,659,578	34,676,218

The cost of services was RUB 30,243,722,000; it is increased by RUB 29,315,350,000 compared with the past year.

INDICATOR	2007	2008	DEVIATION AMOUNT
Cost in total (line 020 of form No. 2)	928,372	30,243,722	29,315,350

Revenue and cost are increased due to Companies merged to IDGC of Centre, JSC on March 31, 2008 as a result of reorganisation, namely: Belgorodenergo, JSC; Bryanskenergo, JSC; Voronezhenergo, JSC; Kostromaenergo, JSC; Kurskenergo, JSC; Lipetskenergo, JSC; Oryolenergo, JSC; Tambovenergo, JSC; Smolenskenergo, JSC; Tverenergo, JSC; Yarenergo, JSC.

4.I3. REVENUE AND EXPENSES

The revenue of the Company is made from the sale of following services:

NO.	REVENUE	AMOUNT
1.	Revenue from electric power transmission	32,632,995
2.	Revenue from grid connections	2,502,421
3.	Revenue from sales of services Sole Executive Body	168,084
4.	Revenue from regulated purchase procedures	7,163
5.	Revenue from maintenance	177,979
6.	Revenue from remedial and operational maintenance	12,289
7.	Revenue from construction and installation work	32,124
8.	Revenue from other work, production services	126,523
	Revenue Total	35,659,578

Management expenses and cost of the production of the Company include:

NO.	DESCRIPTION	AMOUNT
1.	Tangible costs	16,780,438
2.	Salary	4,072,458
3.	Unified social tax	982,033
4.	Depreciation of PPE and intangible assets	2,672,962
5.	Other expenses	6,331,563
	Including:	
5.1	Billing metering services	1,370,786
5.2	Servicing	748,713
5.3	Telecommunication services	145,777
5.4	Public services	24,404
5.5	Equipment testing services	13,002
5.6	Transportation services	215,738
5.7	Post and typographical services	3,336
5.8	Private security services	130,546
5.9	Fire protection service	2,297
5.10	Communication services	137,588
5.11	Services for personnel training	37,205

No.	DESCRIPTION	AMOUNT
5.12	Expenses for labour safety	18,596
5.13	Services for repair and maintenance of equipment	539,050
5.14	Information services	165,733
5.15	Consulting services	101,525
5.16	Legal and notarial services	12031
5.17	Auditing services	20,478
5.18	Entertainment expenses	9,161
5.19	Advertising expenses	10,798
5.20	Taxes	153,518
5.21	Business trip expenses	63,343
5.22	Lease of real estate	177,097
5.23	Lease of transport vehicles	20,353
5.24	Lease of land	49217
5.25	Lease of other property	8614
5.26	Leasing	1,045,459
5.27	Non-state Pension Fund	227,320
5.28	Insurance of property	201,993
5.29	Insurance of employees	89,289
5.30	Expenses of future periods	151,186
5.31	Other	437,410
Total Cost of sales		30,839,454

Other revenues include:

No.	DESCRIPTION	AMOUNT
1.	Sale of PPE	46,272
2.	Sale of inventories	34,574
3.	Sale of securities	139,100
4.	Profit of past years revealed in the accounting period	18,703
5.	Acknowledged fines, forfeitures and other financial penalties	11337
6.	Accounts payable for more than three years	46,077
7.	Exchange rate differences	1
8.	Incomes from lease	231,274
9.	Increases of the value of PPE	1,888
10.	Incomes from holding of securities of third parties	3,979
11.	Property found to be excessive upon inventory	531,694
12.	Compensation of inflicted losses	33,473
13.	Incomes from writing-off of PPE	74,098
14.	Incomes from donated PPE	3,648
15.	Donated assets, except for fixed and intangible assets	2,058
16.	Reconstitution of the reserve for bad debts	56,665
17.	Incomes from emergencies	15,050
18.	Other	207,523
Total Other incomes		1,457,414

Other expenses include:

No.	NAME	AMOUNT
1.	Expenses for sale of PPE	19819
2.	Expenses for sale of inventories	30,295
3.	Expenses for sale of securities	121,641
4.	Bank services	16,506
5.	Costs for security servicing	3,939
6.	Reserve for bad debts	320,249
7.	Reserve for other contingent liabilities	219,992
8.	Retirement of assets without income	19,328
9.	Losses of past years	60,298
10.	Acknowledged fines, forfeitures and other financial penalties	8,108
11.	State duties under economic agreements	13,319
12.	Accounts receivable for more than three years	23,907
13.	Exchange rate differences	1
14.	Legal costs and costs for enforcement proceeding	4,164
15.	Embezzlements, deficiencies	504
16.	Charitable contributions	65,692
17.	Expenses for lease	45,319
18.	Contributions to non-budgetary funds Non-state Pension Fund, INVEL	26,385
19.	Cultural and sporting events	10,834
20.	Financial assistance and other allowances to employees	412,480
21.	Allowances to the Board of Directors	8,509
22.	Non-reimbursable VAT	25,595
23.	Business trip expenses	1,636
24.	Contributions and allowances to the trade union committee	16,101
25.	Payments for pollutant emissions above the allowable level	4,289
26.	Expenses for state registration of facilities	59,689
27.	Expenses related to payment for services rendered by credit institutions	2,952
28.	Compensation of inflicted losses	55,429
29.	Expenses for management of capital and meeting of shareholders	825
30.	Expenses for emergencies	10,326
31.	Other	471,102
Total Other expenses		2,079,233

4.14. TAXES

The Company applies the accrual method calculating taxable income for income and expenses accounting. Income and expenses are recognized in that accounting (taxable) period when they took place irrespective of actual receipt of cash, other property or property rights. The time of income and expenses recognition according to the accrual method is specified in Articles 271,272,316,317 of the Tax Code of the Russian Federation. The taxation base at the end of 2008 is calculated on the basis of tax accounting data. The taxable income for the accounting year is RUB 4,594,917,000; the profit tax calculated at the rate of 24 % is RUB 1,102,780,000.



In accordance with Chapter 21 of the Tax Code of the Russian Federation, the Company shall deem the earliest date as the time of determination of the taxation base for VAT calculation, as follows:

- the date of dispatch (performance, rendering) of goods (work, services), transfer of property rights.
- the date of payment, partial payment on account of future deliveries of goods (performance of work, rendered services), transfer of property.

The amount of payable Value Added Tax for 2008 is RUB 867,599,000.

The Company shall determine the taxation base for the property tax based on PPE value represented in the assets side of the balance sheet of the Company. PPE items are calculated according to the replacement cost. The property tax amount for 2008 is RUB 108,295,000.

Other taxes and levies are calculated in accordance with tax laws regulating the procedure of calculating and payment of relevant taxes and levies.

4.15. DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

The Company shall represent in accounting reports the differences arising due to discrepancy between the accounting profit and the profit calculated in accordance with requirements of Chapter 25 of the Tax Code of the Russian Federation.

The obligation and principles of the indicators calculation are specified in Russian Accounting Standards 18/02 «Profit tax accounting».

Provisional profit tax expense for 2008 is:

Provisional expense = accounting profit x 24% = 3,652,751 x 24% = RUB 876,660,000

The passage from the accounting profit to the taxable income for 2008 is represented in the table:

No.,	INDICATOR,	AMOUNT
1.	Profit, (loss), accounting, to the form, 2, (line, 140)	3,652,751
2.	<b>Permanent differences</b>	<b>2,428,200</b>
2.1.	Transfer (receipt) of property without compensation	(3,578)
2.2.	Financial assistance, social benefits etc. for employees, retirees etc.	412,480
2.3.	Increases of the value of PPE	(1,888)
2.4.	Reconstitution of the reserve for bad debts	(44,038)
2.5.	Depreciation of PPE	948,612
2.6.	Profit of past years	(18,703)
2.7.	Expenses of past taxable periods accounting in the past taxable periods on the basis of the revised tax declaration	60,298
2.8.	Charitable contributions	65,692
2.9.	Writing-off of accounts receivable	15,023
2.10.	Contributions to non-budgetary funds Non-state Pension Fund, INVEL	26,385
2.11.	Cultural and sporting events	10,834
2.12.	Allowances to the Board of Directors	8,509

No.,	INDICATOR,	AMOUNT
2.13.	Non-reimbursable, VAT	25,595
2.14.	Per diem expenses over norms	15,285
2.15.	Contributions and allowances to the trade union committee	16,101
2.16.	Payments for pollutant emissions above the allowable level	4,289
2.17.	Fines, forfeitures, financial penalties, payments for amicable agreements	3,639
2.18.	Reserve for bad debts	98,682
2.19.	Reserve for other contingent liabilities	219,993
2.20.	Other	564,990
3.	<b>Deductible temporary differences</b>	<b>(275,671)</b>
3.1.	Depreciation of PPE (depreciation amount for the purposes of tax accounting less than depreciation amount for the purposes of accounting)	(37,929)
3.2.	Loss amount from sale of PPE, carried forward	99
3.3.	Other	(237,841)
4.	<b>Taxable temporary differences</b>	<b>1,210,363</b>
4.1.	Depreciation of PPE (depreciation amount for the purposes of tax accounting less than depreciation amount for the purposes of accounting)	1,097,169
4.2.	Expenses recognized in accounting as expenses for future period (licenses, software etc.)	(2,696)
4.3.	Other taxable temporary differences	115,890
	<b>Total (line 2 total + line 3 total — line 4 total)</b>	<b>942,166</b>
<b>TAX RETURN DATA</b>		
5.	Total profit (loss) according to line 050 of Sheet 02 of the Tax Return for the current tax period	4,594,917
5.1.	Current profit tax according to form 2 ( line 143)	1,102,780
6.	Total assess additional profit according to line 050 of Sheet 02 of the Tax declaration of the past tax periods	17,433
6.1.	Assess additional profit tax of the past tax periods according to form 2 (line 15090)	4,184

The amount of written-off deferred tax assets is RUB 24,390,000, including:

- RUB 6,274,000 — from liquidation of PPE;
- RUB 4,741,000 — from writing-off loss in the course of reorganisation;
- RUB 13,375,000 — from writing-off of the unexpended reserve for payment of annual fee at the end of 2007.

The amount of written-off deferred tax liability is RUB 1,203,000, including: RUB 590,000 — from liquidation of PPE; RUB 613,000 — from writing-off or sale of special clothing.

4.16. EARNINGS PER SHARE

Basic earnings per share represent the part of the accounting year profit that may be divided among shareholders — holders of ordinary shares. It is calculated as ratio of basic earnings for the accounting period to weighted average number of ordinary shares outstanding during the accounting period. The basic earnings are equal to net profit of the accounting year (report line 190 of the Profit and Loss Statement).

DESCRIPTION	2008
Basic earnings for the accounting year, RUB	2,164,904,208
Weighted average number of ordinary shares outstanding during the accounting year, thousands of shares.	42,217,941,468
Basic earnings per share, RUB	0.0513
Diluted earnings per share, RUB	0.0513

4.17. THE COMPANY RESTRUCTURING

On December 27, 2006, at the Meeting of Electric Power Industry Restructuring Interagency Committee chaired by V. B. Khristenko, the Minister of Industry and Energy of the Russian Federation, new structure of interregional distribution grid companies organised as single operating companies (Minutes No. 9 dd. December 27, 2006) was approved. Previously RGC (Distribution Grid Company) membership and configuration had been agreed on between the main minority shareholders of IDGC.

New IDGC structure increasing the number of IDGC from 4 to 11 was approved by the Board of Directors of RAO UES of Russia in 2007 (Minutes No. 250 dd. April 27, 2007).

The number of IDGCs was increased to 11 by both creating (establishing) new IDGCs and renaming already existing ones.

New IDGC structure was formed basing on the principles of territorial contigence and comparability of balance-sheet assets value of RGCs affiliated to IDGCs.

The Board of Directors of RAO UES of Russia also identified RGCs affiliated to IDGC and resolved to form IDGC as operating companies by merging RGCs affiliated thereto.

If any or some RGCs affiliated to IDGC do not adopt resolution on restructuring through being merged by IDGC to which structure they belong, IDGC adopts resolution on increasing the authorised capital through issuing additional shares by private subscription in favour of RAO UES of Russia being paid by the shares of RGC to which structure they belong (which General Meetings did not adopt the restructuring resolution) and IDGC is formed as a holding (operating holding) company.

Thus, for this moment as a result of the above-mentioned resolutions the following RGCs are merged by IDGC of Centre, JSC:

Belgorodenergo, JSC;  
Bryanskenergo, JSC;  
Voronezhenergo, JSC;  
Kostromaenergo, JSC;  
Kurskenergo, JSC;  
Lipetskenergo, JSC;  
Oryolenergo, JSC;  
Tambovenergo, JSC;  
Smolenskenergo, JSC;  
Tverenergo, JSC;  
Yarenergo, JSC.

To form the target structure of IDGC of Centre within the newly approved structure the Chairman of the Government signed Instruction No. 1857-r stating that IDGC may be formed on the basis of the RGC shares held by RAO UES of Russia in new IDGC

structure (by RGC being merged by IDGC or by paying for the additional shares of IDGC with the shares of RGC if the restructuring resolution is not adopted by the managing bodies of RGC) on December 19, 2007.

At the Extraordinary General Meeting of Shareholders of the Company which functions were performed by RAO UES of Russia held on December 25, 2007 (Minutes No. 1795pr/3 dd. December 25, 2007) the Resolution on restructuring IDGC of Centre by merging Belgorodenergo, JSC, Bryanskenergo, JSC, Voronezhenergo, JSC, Kostromaenergo, JSC, Kurskenergo, JSC, Lipetskenergo, JSC, Oryolenergo, JSC, Tambovenergo, JSC, Smolenskenergo, JSC, Tverenergo, JSC Yarenergo, JSC and approving Merger Agreement for Belgorodenergo, JSC, Bryanskenergo, JSC, Voronezhenergo, JSC, Kostromaenergo, JSC, Kurskenergo, JSC, Lipetskenergo, JSC, Oryolenergo, JSC, Tambovenergo, JSC, Smolenskenergo, JSC, Tverenergo, JSC Yarenergo, JSC.

At the same meeting the Merger Agreement, limit of the Company authorised shares (including amendments to the Articles of Association made as a result of increasing the number of the authorised shares) were approved and the resolution on increasing the authorised capital of IDGC of Centre by issuing additional shares through the merged companies' shares conversion into these additional shares.

Winding up of Belgorodenergo, JSC, Bryanskenergo, JSC, Voronezhenergo, JSC, Kostromaenergo, JSC, Kurskenergo, JSC, Lipetskenergo, JSC, Oryolenergo, JSC, Tambovenergo, JSC, Smolenskenergo, JSC, Tverenergo, JSC Yarenergo, JSC being merged by IDGC of Centre was entered in the Uniform State Registrar of Juridical Persons on March 31, 2009.

As of March 31, 2008 registered authorised capital of IDGC of Centre was RUB 10,000,000 (ten million).

In accordance with Merger Agreement No. w/o No. dd. December 03, 2007 and resolution of the founders on the merged companies' shares conversion into the assignee's shares in the accounting statements of the authorised capital was established.

Following registration of the reports on additional issues results (April 29, 2008) and the corresponding amendments to the Articles of Association of IDGC of Centre (May 13, 2008) the registered authorised capital was RUB 4,221,794,146.8.

In accordance with Order No. 44n dd. May 20, 2003 on «Approval of Reporting Practical Polices while Restructuring» Clause 25, Subclause 5 «Equity and Reserves» of the assignee's balance sheet as of the date of winding-up of the last merged company being entered into the Registrar is divided into the authorised and incremental capital in accordance with the excess of the assignee's net assets cost over the authorised capital while the shares conversion.

In accordance with Order No. 85 dd. March 31, 2008 for IDGC of Centre the merged companies are vested with property, rights and obligations under updated lists of property, rights and obligations as of March 30, 2008 being an Annex to the Property Vesting Certificates.

Updated lists of property, rights and obligations are made on the basis of inventory reports on property, rights and obligations of the restructured companies performed under the law of the Russian Federation and other regulatory legal acts proving validity thereof.

The property (PPE) cost is shown in the Certificate for property being vested under depreciated cost, valuation of the property, rights and obligations of the restructured companies is shown in the amount according to which assets and liabilities were shown in the accounting records of the restructured companies.

On day preceding the date of winding-up being entered into the Registrar (March 30, 2008) the final accounting statement within the forms of annual accounting statements was made.

The table below summarises the final accounting statements of the restructured companies as of the date of restructuring:

THE DATA IS GIVEN AS OF THE DATE OF RESTRUCTURING	IDGC OF CENTRE (MERGER)	MERGED COMPANIES
Intangible assets		51,990
PPE		40,477,312
Construction in progress		2,724,141
Long-term investments		394,937
Deferred Tax Assets	74,875	180,239
Section I Total	74,875	43,828,619
Merchandise inventory		1,940,831
VAT		45,643
Long-term Accounts Receivable		21,903
Current Accounts Receivable		5,230,605
Short-term investments		46,163
Cash		3,356
Section II Total	0	7288,501
Balance	74,875	51,117,120
Authorised capital	10,000,	11,271,038
Incremental capital	497,	23,477,393
Surplus reserve	500	375,183
Retained profit (uncovered loss)		213,058
Retained profit of previous years	63,878	2,080,184
Section III Total	74,875	37416,856
Loans		5,525,389
Deferred Tax Liabilities		1,358,528
Other Long-Term Liabilities		6,366
Section IV Total		6,890,283
Loans		1,936,475
Accounts Payable		4,749,695
Debt to members/founders		74,757
Future income		49,054
Section V Total		6,809,981
Balance	74,875	51,117,120

The final accounting statement was made in accordance with Accounting Regulation «Organisation Accounting Statements» of RAS 4/99 approved by Order No. 43n of the Ministry of Finance of the Russian Federation dd. July 6, 1999 and Order No. 67n of the Ministry of Finance of the Russian Federation dd. July 22, 2003 «On Accounting Statements Forms of Organisation» within the forms of annual accounting statements previously approved by the companies within the period from the beginning of the accounting year to March 30, 2008.

The assignee's (IDGC of Centre, JSC) accounting statements as of the date of winding-up being entered into the Registrar is based on line-by-line consolidation of the indices of the final accounting statements of the restructured companies except for the indices of the mutual settlements and the indices of Section III «Equity and Reserves». Incremental capital raised as a result of the restructuring is mostly formed basing on the difference between the net assets of the merged companies and the Assignee's authorised capital. The amount of the incremental capital is shown in the Statement of Changes in Equity.

4.I8. RELATED PARTIES

SUBSIDIARIES

COMPANY	SCOPE OF BUSINESS	SHARE IN THE AUTHORISE CAPITAL %
Energetik Sanatorium-Preventorium, JSC	Sanatorium and resort treatment	100
Bogatyr, JSC	Agriculture	100
Strukovo, JSC	Agriculture	100

Full list of the related parties and the relationships with them are given in Appendix 3.

The Company does not perform any operations and has no balance after settlements with the main managers and their close relatives except for the remuneration paid to them as salary, premiums and other payments given in the table below.

PAYMENTS TO MAIN MANAGING PERSONNEL

CATEGORIES OF MAIN MANAGING PERSONNEL AND PAYMENT TYPES	TOTAL
I. Labour compensation	175,940
II. Taxes and other obligatory payments to budgetary and non-budgetary funds charged for labour compensation	7,274
III. Annual paid leave	9,399
IV. Payments for treatment, health care services, recreation, public utilities, gym, etc., payments made to the main managing personnel.	374
V. Other current payments and remuneration (financial assistance, emoluments, etc.)	12,768
VI. Payments to the private pension fund	1,674
VII. Dividends	0
Total	207,429

Other related party transactions

The most important related party transactions are shown in the table below:

No.	CONTRACTOR	TRANSACTION	AMOUNT, RUB, THOUSAND
1	FGC UES, JSC (until Jul. 1, 2008)	Electric power transmission and electric power losses compensation	841,527
2		Purchase of goods and services	103,116
Total			944,643

Up to reorganisation date the major activity of IDGC of Centre, JSC was provision of services for exercising of functions of the sole executive body of Belgorodenergo, JSC, Bryanskenergo, JSC, Voronezhenergo, JSC, Kostromaenergo, JSC, Kurskenergo, JSC, Lipetskenergo, JSC, Oryolenergo, JSC, Tambovenergo, JSC, Smolenskenergo, JSC, Tverenergo, JSC and Yarenergo, JSC. The services fee was determined in accordance with the Compensation calculation procedure of the management company approved by the Management Board of RAO UES of Russia and amounted to RUB 185,897,000.

4.19. CONTINGENT LIABILITIES

The most important litigations as of Jan. 01, 2009 in which IDGC of Centre JSC is involved as claimant or defendant.

No.	SUMMARY OF THE CONTESTED RIGHT OR OBLIGATION			AMOUNT OF CLAIM, RUB, THOUSAND	PROCEEDING STAGES	POSSIBILITY OF POSITIVE OUTCOME FOR CLAIMANT (HIGH, MEDIUM, LOW)
	CLAIMANT	CLAIMANT	SUBJECT			
1	BSC, OJSC	IDGC of Centre, JSC, Belgorodenergo	Recovery of losses in the grids	195,303	Dec., 2008 — claim filed Mar. 10, 2009 — court hearing appointed A82-13391/2007-7, claim was entertained; Nov. 30, 2007. By judgment dd. Nov. 25, 2008 and Decree of the Court of Appeal dd. Feb. 03, 2009 the claim was dismissed	53-56%
2	Energomash, LLC	IDGC of Centre, JSC	Recovery of unjust enrichment	40,029	Jan. 22, 2009 — IDGC of Centre, JSC is excluded from claimants	UNDER 50%

No.	SUMMARY OF THE CONTESTED RIGHT OR OBLIGATION			AMOUNT OF CLAIM, RUB, THOUSAND	PROCEEDING STAGES	POSSIBILITY OF POSITIVE OUTCOME FOR CLAIMANT (HIGH, MEDIUM, LOW)
	CLAIMANT	DEPENDANT	SUBJECT			
1	IDGC of Centre, JSC	Tver Enegrosbyt Company, JSC	Recovery of debt for electric power transmission services and % under article 395 of the Civil Code of the Russian Federation	1,399,554	Sept. 29, 2008  Court hearing appointed for Jan. 30, 2009 was adjourned for Apr. 03, 2009	ABOVE 50%
2	IDGC of Centre, JSC	Transneftservis S, LLC	Claim on recovery of unjust enrichment	349,595	Claim brought in 2007, by judgment dd. Jan. 23, 2009 the claims were dismissed, appeal petition is being prepared	ABOVE 50%
3	IDGC of Centre, JSC	Inspectorate of the Federal Tax Service of Russia for Industrial district of Smolensk	Cancellation of resolution of Inspectorate of the Federal Tax Service dd. Jun. 30, 2008 No. 96/DPS	142,514	A claim was filed on Jul. 21, 2008  The claims were satisfied on Feb. 04, 2009	
4	IDGC of Centre, JSC	Inspectorate of the Federal Tax Service of Russia for Industrial district of Smolensk	Cancellation of Inspectorate of the Federal Tax Service dd. Jun. 30, 2008 No. 96/DPS	63,589	A claim was filed on Jul. 21, 2008  The claims were satisfied on Jan. 29, 2009	ABOVE 50%

4.20. GUARANTEES

In 2008 IDGC of Centre, JSC issued financial guarantees for credits and loans of RUB 3,457 mln.

		AMOUNT UNDER THE AGREEMENT, RUB, THOUSAND
Gazenergoprombank, CJSC; Branch		91
Sberbank, Belgorod Branch No. 8592		767
Alfa-Bank, OJSC, Voronezh branch		69
TransCreditBank, OJSC		450
Joint Stock Commercial Bank Rosbank, OJSC		1,661
Department of fiscal policy and finance for Belgorod region		419

4.21. POST-BALANCE-SHEET EVENTS

Due to reduction of profit tax rate from Jan. 01, 2009 from 24% to 20%, pursuant to changes entered into the Tax Code of the Russian Federation by Federal Law dd. Nov. 26, 2008 No. 224-FZ, deferred tax assets and deferred tax liabilities are subject to recount with charging of the difference arisen from recount to the account 84 «Undistributed profit (Uncovered loss)». Corrected data on deferred tax assets and deferred tax liabilities will be set forth in the opening accounting as of Jan. 01, 2009 in form No. 1 «Balance sheet» in the column «Opening balance».

Opening balance amount change as of Jan. 01, 2009 is connected with profit tax rate change from 24% to 20%.



4.22. DIVIDENDS

The Amount of annual dividend per share will be approved in 2009 by the General meeting of the Company shareholders according to the results of work for 2008. The planned date of the Annual general meeting of shareholders is Jun. 11, 2009.

Director General	Ye. Makarov
Chief Accountant	S. Puzenko

TO THE SHAREHOLDERS OF INTERREGIONAL DISTRIBUTION GRID COMPANY, JOINT-STOCK COMPANY

AUDITOR’S OPINION ON ACCOUNTING (FINANCIAL) STATEMENTS OF INTERREGIONAL DISTRIBUTION GRID COMPANY, JOINT-STOCK COMPANY FOR 2008

INFORMATION ON THE AUDITOR	
NAME:	KPMG Closed Joint Stock Company
LOCATION (LEGAL ADDRESS):	129110 Moscow, Olimpiysky prospekt, 18/1, office 3035
POSTAL ADDRESS:	123317, Moscow, Krasnopresnenskaya naberezhnaya, 18, block C, floor 31
STATE REGISTRATION:	Registered by Moscow Registration Chamber. Certificate dd. May 25, 1992 No.011.585.  Entry in the Uniform State Register of Legal Entities by Interregional Inspection of the Ministry of Taxation of the Russian Federation No.39 for Moscow, No.1027700125628 dd. Aug. 13, 2002. Certificate series 77 No. 005721432.
LICENCE:	No. E 003330 for audit, issued upon an order of Ministry of Finance of the Russian Federation dd. January 17, 2003 No. 9. Licence period is extended until January 17, 2013.
MEMBERSHIP IN SOME ACCREDITED PROFESSIONAL AUDITORS ASSOCIATION:	Member of the Audit Chamber of Russia

INFORMATION ON THE AUDITEE	
NAME:	Interregional Distribution Grid Company, Joint-Stock Company
LOCATION (LEGAL ADDRESS):	129090, Moscow, Glukharev pereulok, 4/2
POSTAL ADDRESS:	129090, Moscow, Glukharev pereulok, 4/2
STATE REGISTRATION:	Entry in the Uniform State Register of Legal Entities by Interregional Inspection of the Ministry of Taxation of the Russian Federation No.46 for Moscow, No.207775872433 (primary registration number 1046900099498) dd. August 6, 2007. Certificate series 77 No. 008165394 dd. August 6, 2007

AUDITOR’S OPINION

To the Shareholders of the Interregional Distribution Grid Company of Centre, Joint-Stock Company.  
We have audited the accounting (financial) statements for 2008 attached to this Auditor’s Opinion of the Interregional Distribution Grid Company of Centre, Joint-Stock Company (hereinafter referred to as ‘Company’).  
Accounting (financial) statements on 68 pages include:

- Balance Sheet as of December 31, 2008;
- Profit and Loss Statement for 2008;
- Appendices to the Balance Sheet and the Profit and Loss Statement, including:
  - Statement of Changes in Equity in 2008;
  - Cash Flow Statement for 2008;
  - Appendix to Balance Sheet;
  - Explanatory Note.

Responsibility for the preparation and submission of these accounting (financial) statements lies on the executive body of the Company. The accounting (financial) statements shall mean the statements defined by the Federal Law «On Accounting». Our obligation is to give our opinion on the reliability of the accounting (financial) statements in all material respects basing on the audit conducted.  
The audit was conducted in compliance with the Federal Law «On auditor’s activity», federal standards for the auditor’s activity, internal KPMG audit standards as well as regulations and standards accepted by the Russian Audit Chamber.  
Audit was planned and conducted in such a way as to get reasonable assurance that the accounting (financial) statements do not contain any material misrepresentations. The audit was conducted on a test basis and did not include the test study of proofs confirming the data of the accounting (financial) statements and disclosure of the information about business activity, estimation of the compliance with accounting standards and rules applicable to preparation of the accounting (financial) statements, examination of the basic performance indices received by the Company Management as well as estimation of the submission of the accounting (financial) statements. We consider that the audit conducted provides sufficient grounds for us to express our opinion concerning reliability of the accounting (financial) statements.  
In our opinion the accounting (financial) statements of the Company attached to this Auditor’s Opinion in all material respects give a true and fair view of its financial status as of December 31, 2008 and the results of its business activity for the period from January 1 to December 31, 2008 inclusive in accordance with the requirements of the law of the Russian Federation in terms of preparation of the accounting (financial) statements.

Apr. 1, 2009

Deputy Director of the KPMG CJSC  
(power of attorney No 01/09 dd. Jan. 19, 2009)

*Tatyana Yevgenyevna Titova*

Audit Leader  
Qualification certificate No K015290 giving the right to conduct audit in the sphere of general audit, issued for an indefinite term

*Marina Zaurovna Siukayeva*

OPINION OF THE INTERNAL AUDIT COMMITTEE  
OF INTERREGIONAL DISTRIBUTION GRID COMPANY,  
JOINT-STOCK COMPANY ON THE BASIS OF THE RESULTS  
OF THE INTERNAL AUDIT OF THE COMPANY FOR 2008

Moscow

April 03, 2009

In accordance with the resolution of the Internal Audit Committee (Meeting Minutes dated January 26, 2009 No.4) represented by: Internal Audit Committee Chairman Lyudmila Romanovna Matyunina and experts I.V. Mikhno, R.F. Gabidullin, Ye.S. Bedridinova, Yu.A. Tsindik the internal audit of IDGC of Centre, JSC for 2008 was conducted.

Audit was conducted from February 02 to April 03, 2009 and included audit of primary documents on test basis, confirmation of data and comments of the financial statements and the annual report.

In 2008 the Company received revenue from sales of goods and services of RUB 35,659.6 mln, including revenue from electric power transmission of RUB 32,633.0 mln, from grid connection services of RUB 2,502.4 mln.

Cost of goods, work and services sold was RUB 30,243.7 mln, including: electric power transmission: RUB 29,684.4 mln, grid connection: RUB 0.276 mln, other industry goods, work and services: RUB 0.283 mln.

Other expenses were RUB 2,079.2 mln, other income was RUB 1,457.4 mln.  
In 2008 the net profit of the Company was RUB 2,164.9 mln.

As of January 01, 2009 total amount of accounts receivable was RUB 6,013.6 mln, including:

- buyers and customers — RUB 4,111.7 mln;
- advance payments (due within 12 months after the balance sheet date) — RUB 909.0 mln;
- other debtors — RUB 924.0 mln.

As of January 01, 2009 total amount of accounts payable was RUB 7,076.2 mln, including:

- suppliers and contractors — RUB 3,850.0 mln;
- advance payments — RUB 2,182.9 mln;
- other creditors — RUB 217.8 mln.

As of January 01, 2009 long-term liabilities were RUB 5,470.7 mln, including loans of RUB 5,124.9 mln and borrowings of RUB 345.7 mln.

Debt on short-term loans and borrowings was RUB 3,910.6 mln. The book value of the Company assets was RUB 58,097.1 mln as of December 31, 2008.

The financial analysis of the Company shows that as of January 01, 2009 the financial status of IDGC of Centre, JSC was satisfactory.

Auditor of IDGC of Centre, JSC, KPMG CJSC, elected by the General Meeting of Shareholders (Minutes No.1 dated June 03, 2008) conducted audit of the Company's financial statements for the period from January 01, 2008 to December 31, 2008 (Auditor's opinion dated April 01, 2009). In the Auditor's opinion, the financial statements of IDGC of Centre, JSC give a true and fair view in all material aspects of its financial status as of December 31, 2008 and the results of its business activity for the period from January 1 to December 31, 2008 inclusive as per the requirements of the law of the Russian Federation in terms of the financial statements preparation.

Pursuant to the internal audit conducted and taking into account the Company auditor's opinion the Internal Audit Committee has reasonable grounds to confirm the reliability of the Company's annual report and annual financial statements.

Chairman of Internal Audit Committee, IDGC of Centre, JSC *L.R. Matyunina*

METHODS OF VALUATION OF THE ASSETS OF THE COMPANY

In accordance with the Decree No. 519 of the Russian Federation of July 6, 2001 «On the approval of the standards of evaluation» the following approaches are applied during the evaluation procedure:

- Cost-based approach — methods of evaluation of the cost of the evaluated object which are necessary to recover or substitute the evaluated object taking into consideration its deterioration;
- Comparative approach — methods of evaluation of the cost of the evaluated object based on comparison of the evaluated object with similar objects in regards of which there is some information on the prices for transactions with them;
- Profit approach — methods of evaluation of the cost of the evaluated object based on determination of expected income on the evaluated object.

Method of evaluation is a method of calculation of the object price within one of the evaluation approaches.

The Company follows the Methodology and Guidelines on Evaluation of Business and/or Assets of RAO UES of Russia and SDC RAO UES of Russia which is available on the Company website at the following address: [http://www.mrsk-1.ru/stockholder/inform/metodi\\_ocenki/](http://www.mrsk-1.ru/stockholder/inform/metodi_ocenki/).

## KEY PROVISIONS OF THE ACCOUNTING POLICY OF THE COMPANY

The Accounting Policy of the Interregional Distribution Grid Company, JSC for 2008 was approved by Order No.2 of January 14, 2008.

This document has been drawn up in accordance with the requirements of the accounting and financial laws of the Russian Federation.

This document ensures:

- integrity of the methodology used in the arrangement and maintenance of accounting;
- key assumptions, requirements and approaches to the arrangement and maintenance of accounting processes;
- accuracy of financial (accounting) statements;
- collection of complete and accurate information on such tax accounting items as profits, losses, property, property rights, liabilities and business transactions whose cost estimate forms the tax base of a current reporting (tax) period.

The accounting policy shall be binding upon:

- executives and employees of all structural subdivisions, departments and units of the Company responsible for timely submission of primary and other accounting documentation to the accounting department.

The Accounting Policy of the Company has been drawn up in compliance with:

- The Civil Code of the Russian Federation;
- Federal Law No.129-FZ «On Accounting» of November 21, 1996;
- Regulation on maintenance of accounting and accounting records in the Russian Federation (Order No.34-n of the Ministry of Finance of the Russian Federation of July 29, 1998);
- RAS 1/98 «Corporate Accounting Policy», RAS 2/94 «Accounting for Capital Construction Contracts», RAS 3/2006 «Accounting for Assets and Liabilities with Value Denominated in Foreign Currency», RAS 4/99 «Financial Statements», RAS 5/01 «Accounting for Inventory Stock», RAS 6/01 «Accounting for Property, Plant and Equipment», RAS 7/98 «Post-Balance Sheet Events», RAS 8/01 «Contingencies», RAS 9/99 «Income of an Enterprise», RAS 10/99 «Expenses of an Enterprise», RAS 11/2008 «Related Parties Disclosures», RAS 12/2000 «Segment Information», RAS 13/2000 «Accounting for Government Assistance», RAS 14/2007 «Accounting for Intangible Assets», RAS 15/2001 «Accounting for Loans and Loan Servicing», RAS 16/02 «Information on Discontinued Operations», RAS 18/02 «Accounting for Corporate Tax Income», RAS 19/02 «Accounting for Investments», RAS 20/03 «Information on Joint-Ventures».

Amendments to the Accounting Policy for 2009 were approved by Internal Order No.315 of December 31, 2008. Amendments to the Accounting Policy were made in accordance with amendments to RAS1/ 2008, RAS11 /2008, RAS 14 /2007 and RAS 15/ 2008.

Accounting for the property, liabilities and business transactions is performed on the basis of physical indicators expressed in monetary terms by way of comprehensive, continuous, documentary and interrelated records. Indicators in the annual

accounting reports are shown depending on their materiality for the assessment of the financial condition of the Company by users.

The complete version of the Accounting Policy of IDGC of Centre, JSC for 2008, as well as amendments to the Accounting Policy for 2009 are available at the corporate website: [http://www.mrsk-1.ru/stockholder/inform/fin\\_bux/uchpolitik/](http://www.mrsk-1.ru/stockholder/inform/fin_bux/uchpolitik/).

The compliance of the accounting standards of the Company with the existing accounting standards of the Russian Federation is confirmed by the Audit Report issued by KPMG, CJSC on April 1, 2009.



ITEMISATION OF INDIVIDUAL PRODUCTION AND FINANCIAL INDICATORS OF THE COMPANY

AMOUNT OF SERVICES PROVIDED FOR ELECTRIC POWER TRANSMISSION AND ELECTRIC POWER LOSSES IN THE BRANCHES\*

BRANCH	2006				2007				2008			
	POWER SUPPLY TH kWh	AMOUNT OF SER- VICES PER- FORMED TH kWh	LOSSES		POWER SUPPLY TH kWh	AMOUNT OF SERVICES PERFORMED TH kWh	LOSSES		POWER SUPPLY TH kWh	AMOUNT OF SERVICES PERFORMED TH kWh	LOSSES	
			TH kWh	%			TH kWh	%			TH kWh	%
I	2	3	4	5	6	7	8	9	10	11	12	13
Kostromaenergo	3,006,967	2,484,975	521,992	17.36%	3,017,725	2,554,986	462,739	15.33%	3,030,032	2,567,791	462,241	15.26%
Yarenergo	6,214,254	5,743,417	470,837	7.58%	7,589,869	7,162,430	427,439	5.63%	7,498,894	7,065,855	433,040	5.77%
Bryanskenergo	3,974,336	3,767,524	206,812	5.20%	4,066,576	3,857,512	209,064	5.14%	3,937,821	3,734,839	202,982	5.15%
Smolenskenergo	3,985,150	3,265,477	719,674	18.06%	3,971,794	3,270,715	701,079	17.65%	4,063,342	3,392,705	670,638	16.50%
Tverenergo	5,311,410	4,498,660	812,750	15.30%	5,402,093	4,589,091	813,002	15.05%	5,557,094	4,739,115	817,979	14.72%
Belgorodenergo	10,375,818	9,580,438	795,380	7.67%	11,001,255	10,233,596	767,659	6.98%	11,086,744	10,312,208	774,536	6.99%
Voronezhenergo	8,160,456	7,289,100	871,356	10.68%	8,195,387	7,368,684	826,703	10.09%	8,306,170	7,496,552	809,618	9.75%
Kurskenergo	5,732,031	5,151,981	580,050	10.12%	5,744,304	5,218,914	525,390	9.15%	5,669,769	5,167,509	502,260	8.86%
Lipetskenergo	7,635,132	6,973,626	661,506	8.66%	7,600,129	6,965,419	634,711	8.35%	7,699,885	7,053,752	646,132	8.39%
Oryolenergo	2,606,246	2,248,807	357,439	13.71%	2,478,279	2,158,598	319,681	12.90%	2,456,442	2,145,757	310,685	12.65%
Tambovenergo	3,291,928	3,038,085	253,843	7.71%	3,260,083	3,014,868	245,215	7.52%	3,187,313	2,942,328	244,985	7.69%
Total for IDGC	60,293,727	54,042,089	6 251,638	10.37%	62,327,495	56,394,813	5932681	9.52%	62,493,506	56,618,410	5875096	9.40%

\* Amount of services provided for electrical power transmission and electric power losses are specified for branches of the Company only, i.e. other TGOs are not included

TARIFFS

AVERAGE TARIFF FOR ELECTRIC POWER TRANSMISSION AND CONNECTION FEES IN THE REGIONS

BRANCH	POWER TRANSMISSION SERVICES, KOPEKS/kWh			GRID CONNECTIONS, ROUBLES/kWh		
	2006	2007	2008	2006	2007	2008
Belgorodenergo	48.38	52.41	65.24	9,275	19,823	24,537
Bryanskenergo	40.47	47.57	68.89	3,838	9,450	9,657
Voronezhenergo	38.20	45.48	73.97	3,260	3,831	18,045
Kostromaenergo	64.29	76.22	91.07	4,940	11,938	15,334
Kurskenergo	46.38	47.56	59.14	5,627	13,430	13,430
Lipetskenergo	33.53	42.30	64.85	4,671	7,395	7,395
Oryolenergo	48.30	66.52	105.61	0	6,944	9,003
Smolenskenergo	65.40	73.04	90.28	5,956	104	7,904
Tambovenergo	47.04	49.30	87.28	4,707	77	2,347
Tverenergo	30.34	59.03	103.43	4,727	9,916	10,271
Yarenergo	48.36	43.26	59.79	5,867	8,601	10,323
IDGC of Centre, JSC	44.53	51.75	74.96	6,503	10,639	15,361
Growth rate, %		16.21%	44.87%		63.59%	44.39%

\* average tariffs of 2008 are provided considering boiler method.

\*\* the boiler method in tariff calculation was introduced in the Bryansk region in 2007 but for accurate calculation of average tariffs of Bryanskenergo are specified as comparable, i.e. without considering boiler method.

\*\*\* the data of grid connections are provided considering applicable tariffs as of the end of the year.

REVENUE (REGIONS), MLN ROUBLES

NAME OF BRANCH	2006	2007	2008	2007/2006	2008/2007
Belgorodenergo	4,963	6,953	7,986	1.40	1.15
Bryanskenergo	1,528	2,750	3,164	1.80	1.15
Voronezhenergo	2,757	3,297	5,555	1.20	1.68
Kostromaenergo	1,664	2,168	2,369	1.30	1.09
Kurskenergo	2,399	2,502	3,110	1.04	1.24
Lipetskenergo	2,525	3,142	4,627	1.24	1.47
Oryolenergo	1,085	1,481	2,179	1.36	1.47
Smolenskenergo	2,316	2,415	3,245	1.04	1.34
Tambovenergo	1,424	1,441	2,547	1.01	1.77
Tverenergo	2,379	2,752	4,549	1.16	1.65
Yarenergo	2,873	3,496	4,049	1.22	1.16
Total revenue	25,912	32,397	43,379	1.25	1.34

INCOME BEFORE TAX (REGIONS), MLN ROUBLES

NAME OF BRANCH	2006	2007	2008	2007/2006	2008/2007
Belgorodenergo	790	1,997	1,587	2.53	0.79
Bryanskenergo	45	151	3	3.32	0.02
Voronezhenergo	52	126	154	2.43	1.22
Kostromaenergo	221	321	107	1.45	0.33
Kurskenergo	313	214	205	0.69	0.95
Lipetskenergo	251	281	339	1.12	1.21
Oryolenergo	33	71	-202	2.18	-2.83
Smolenskenergo	254	77	182	0.30	2.37
Tambovenergo	74	9	-242	0.12	-27.35
Tverenergo	123	62	-86	0.50	-1.39
Yarenergo	22	90	205	4.02	2.29
Total income before tax	2,180	3,398	2,252	1.56	0.66

STRUCTURE OF ACCOUNTS RECEIVABLE AND ACCOUNTS PAYABLE

INDICATOR,,MLN,ROUBLES	2006	2007	2008
<b>Accounts,payable,,including:</b>	<b>3 750.3</b>	<b>4 812.7</b>	<b>5 945.0</b>
Buyers and customers	2,251.3	2,731.7	4,111.0
Notes receivable	0.0	0.0	1.0
Debt of subsidiaries and affiliated companies	0.9	0.0	909.0
Advances granted	604.1	982.4	924.0
Other debtors	894.0	1,098.6	0.0
<b>Accounts receivable, including:</b>	<b>2,419.0</b>	<b>4,112.5</b>	<b>7,076.2</b>
Suppliers and contractors	779.5	1,913.6	3,850.0
Notes payable	0.0	0.0	0.0
Debt to subsidiaries and affiliated companies	38.0	0.0	0.0
Salaries payable	258.4	316.8	295.7
Debts to extra-budgetary public funds	98.9	114.6	93.6
Tax payables	315.4	285.1	436.3
Other creditors	928.7	1,482.3	2,400.6

Accounts receivable and accounts payable of the Company have significantly increased within last 2 years. For example, amount of accounts receivable for December 31, 2008 are 59% and 24 % higher than that in 2006 and 2007 respectively. However, amount of accounts payable are 193% and 72% higher than that in 2006 and 2007 respectively.

Amount of accounts receivable and borrowings has been increasing over the whole period of 2008. For example, amount of accounts receivable increased by 1.2 bln roubles and amounted to 5.9 bln roubles, amount of accounts payable — increased by 3.0 bln roubles and amounted to 7.1 bln roubles.

Accounts receivable were increasing mainly because power sales companies failed to fulfil terms and conditions of contracts for the transmission of electric power.

In times of crisis power sales companies violated terms and conditions of contracts and paid for the services after delivery.

For example, accounts receivable of power sales companies in 4th quarter of 2008 deviated from normal values and amounted to approximately 3.3 bln roubles as of December 31, 2008.

Increase in amount of accounts receivable and deficit of current assets of the company in 4th quarter of 2008 resulted in increase of accounts payable.

However, approximately 875.3 mln roubles of unrecoverable accounts receivable were written off from the balance to increase the liquidity and to bring estimated assets value in compliance with the IFRS requirements.

ASSETS OF IDGC OF CENTRE, JSC

LENGTH OF TRANSMISSION LINES

IDGC/RGC	LENGTH OF OTL 0.4 -110 kW LINE AS OF JANUARY 01, 2009, KM			
	OTL 110 kW OR MORE	OTL 35 kW	OTL 6—10 kW	OTL 0,4 kW
Belgorodenergo	1,742.00	2,451.7	17,615.60	15,830.5
Bryanskenergo	1,751.00	1,763.3	11,502.60	10,376.4
Voronezhenergo	3,102.50	3,686.4	20,405.50	22,996.9
Kostromaenergo	1,769.90	2,531.2	10,781.50	8,572.7
Kurskenergo	1,911.90	2,804.3	15,148.80	13,993.2
Lipetskenergo	1,516.50	2,309	11,875.60	10,770.6
Oryolenergo	1,360.80	1,720.6	12,875.80	11,703.8
Smolenskenergo	2,560.70	3,770.1	18,501.80	13,115.5
Tambovenergo	1,882.60	3,144.5	11,718.10	11,490.8
Tverenergo	2,719.80	3,991.8	24,238.60	14,837
Yarenergo	1,047.00	2,090.1	12,116.90	10,233.3
<b>IDGC of Centre, JSC</b>	<b>21,364.70</b>	<b>30,263.00</b>	<b>166,780.80</b>	<b>143,920.70</b>

GRIDS RELIABILITY

BRANCHES	2006	2007	2008
Number of emergencies (technological problems)	4,995	6,222	17,171
Main causes of emergencies, %			
Acts of God	28	29	15
Action of third person	16	13	7
Insulation damage	6	4	8
Damage caused by animals, birds	5	3	4
Improper quality of manuals and maintenance	28	27	34
Fall of trees, branches	8	17	25
Not determined	9	7	11

HISTORY OF CHANGE IN AVERAGE NUMBER OF EMPLOYEES IN 2005-2008

COMPANY/BRANCHES	2006	2007	2008
<b>Total in the Company, including:</b>	<b>25,785</b>	<b>25,477</b>	<b>24,217</b>
Executive body of IDGC of Centre, JSC	212	193	187
Branch of IDGC of Centre, OJSC — Belgorodenergo	2,803	2,788	2,548
Branch of IDGC of Centre, OJSC — Bryanskenergo	1,819	1,855	1,814
Branch of IDGC of Centre, OJSC — Voronezhenergo	3,390	3,166	3,061
Branch of IDGC of Centre, OJSC — Kostromaenergo	1,610	1,585	1,497
Branch of IDGC of Centre, OJSC — Kurskenergo	2,676	2,639	2,412
Branch of IDGC of Centre, OJSC — Lipetskenergo	1,852	1,896	1,918
Branch of IDGC of Centre, OJSC — Oryolenergo	1,535	1,569	1,611
Branch of IDGC of Centre, OJSC — Smolenskenergo	3,464	3,448	2,974
Branch of IDGC of Centre, OJSC — Tambovenergo	1,811	1,744	1,794
Branch of IDGC of Centre, OJSC — Tverenergo	2,648	2,661	2,532
Branch of IDGC of Centre, OJSC — Yarenergo	1,965	1,933	1,869

PILOT REGION RAB PARAMETERS

PARAMETERS	LIPETSK			TVER			BELGOROD		
	2009	2010	2011	2009	2010	2011	2009	2010	2011
Initial Regulatory Asset Base (IRAB), million roubles	10,030			14,366			19,930		
Rate of return on assets invested before January 1, 2009	9%	9%	12%	6%	9%	12%	6%	9%	12%
Rate of return on assets invested after January 1, 2009	12%	12%	12%	12%	12%	12%	12%	12%	12%
Payback period for assets invested after January 1, 2009, years	35	35	35	35	35	35	35	35	35
Payback period for assets invested before January 1, 2009, years	14	13	12	9	8	7	14	13	12
Investment, million roubles	2,194	2,030	2,486	3,045	5,201	7,402	6,445	6,584	5,282
OPEX, million roubles including	1,723	1,878	2,063	2,069	2,454	2,9143	3,658	4,249	4,847
under-control	1,125	1,197	1,275	1,760	1,987	2,225	2,563	2,787	3,038
independent (without loss and Territorial Grid Organisations (TGO), Federal Grid Company (FGC))	598	681	788	309	476	688	1,095	1,462	1,808
Payback, million roubles	735	798	856	1,579	1,666	1,815	1,446	1,630	1,817
Return on assets, million roubles	916	1,113	1,540	874	1,516	2,336	1,235	2,476	3,620
Evening-out	0	0	0	-1,201	0	1,506	0	0	0
HBB, million roubles	3,373	3,789	4,159	3,322	5,637	8,571	6,339	8,355	10,285
Effective power supply (Regional Grid Companies (RGC)), million kWh	7,405	7,405	7,405	4,802	4,802	4,802	10,976	11,196	11,420
Tariff, kopeks/kWh	45.55	51.17	60.22	69.18	117.40	178.51	57.75	74.63	90.06
Increase in own RGC tariff, %	40.6%	12.34%	17.67%	56.2%	69.7%	52.1%	28.3%	29.2%	20.7%

RIGHTS OF THE SHAREHOLDERS OF THE COMPANY

In accordance with paragraph 4 clause 2.5. of the Articles of Association of IGDC of Centre JSC, the shareholders have the right to dispose of their shares without consent of other shareholders of the Company.

In compliance with clauses 5.5. and 5.6. of the Articles of Association, the shareholders of the Company enjoy, where the laws of the Russian Federation permit, a pre-emption right when buying additional subscription shares and equity securities convertible into shares in a quantity proportional to the quantity of their shares of this category (type). If, in exercise of the pre-emption right to buy additional shares and when consolidating shares, a shareholder can not purchase an integer number of shares, then fractional shares appear. A fractional share entitles its holder to the rights conferred by a share of the relevant category (type) to the extent corresponding to a fraction of a full share of which it forms a part.

In accordance with paragraph 6.2 of the Articles of Association, each ordinary registered share of the Company provides its holder with an equal scope of rights. Holders of ordinary registered shares of the Company may:

- participate personally or by proxy in the General Meeting of Shareholders of the Company with the right to vote on any issue in its competence;
- make proposals for the agenda of the General Meting in a manner required by the laws of the Russian Federation and these Articles of Association;
- obtain information on the business of the Company and study the documents of the Company in accordance with Article 91 of the Federal Law «On Joint-Stock Companies», other regulations and these Articles of Association;
- receive dividends announced by the Company;
- pre-emption right to the purchase of additional subscription shares and equity securities in a quantity proportional to the quantity of their ordinary shares to the extent permitted by the laws of the Russian Federation;
- upon liquidation of the Company obtain a share in its assets;
- exercise other rights provided by the laws of the Russian Federation and these Articles of Association.

REPORT ON COMPLIANCE OF IDGC OF CENTRE, JSC WITH THE CORPORATE GOVERNANCE CODE

PROVISION OF THE CODE OF CORPORATE CONDUCT	COMPLIANCE/ NON-COMPLI- ANCE	MEASURES TAKEN TO COMPLY WITH THE PROVISION	NOTES ON NON-COMPLI- ANCE
CORPORATE GOVERNANCE PRINCIPLES			
Corporate governance is based on the respect for rights and legitimate interests of members; it contributes to the efficiency of the Company's operations, including by adding shareholder value, providing new jobs and supporting financial stability and profitability of the Company. The basic principles of the Company's corporate governance are the following:	Complied	<p>The Company defends the rights and legitimate interests of its shareholders by:</p> <ul style="list-style-type: none"><li>providing a reliable method for recording of the title to the Company's shares and ensuring free and fast transfer of their shares (the Company's Registrar, by resolution of the Board of Directors (Minutes No. 009/05 of December 5, 2005, is Central Moscow Registrar OJSC (MCD OJSC)) under agreement for maintaining and keeping a register of holders of registered securities of April 3, 2006. MCD OJSC has all the necessary technical means and an excellent reputation; it has licence No. 10-000-1-00255 issued by the Federal Financial Markets Service of Russia for an indefinite period and a Certificate of Compliance with PARTAD Standards of Registrar Activity of June 16, 2005. Transfer agency services are provided to shareholders in all regions where branches of the Company are located. For this purpose the Company in 2008 entered into transfer agency agreements with MCD OJSC. Information on transfer agents is available at the Company's site: (<a href="http://www.mrsk-1.ru/stockholder/registrar/">http://www.mrsk-1.ru/stockholder/registrar/</a>)</li><li>empowering shareholders to exercise their rights by making resolutions on the main issues related to the Company's activity at the General Meeting of Shareholders (in accordance with Article 6 of the Articles of Association (approved by resolution of the Management Board of RAO UES of Russia, Minutes No. 1829/pr1 of February 28, 2008) and the Regulation on the Convocation and Holding Procedure of the General Meeting of Shareholders of IDGC of Centre (approved by Resolution of the Management Board of RAO UES of Russia, Minutes No. 1829/pr1 of February 28, 2008).</li><li>providing the possibility to participate in the Company's profit. (Article 7 of the Company's Articles of Association establishes that the dividends for ordinary shares are paid within the term established by a resolution of the General Meeting of Shareholders, but no later than 60 days following the approval of the resolution on their payment; this complies with guidelines of advanced corporate governance practice).</li></ul>	
JUSTICE		In addition to information to be disclosed in accordance with the law, the Company discloses additional information in compliance with its Regulation on Information Policy (approved by Resolution of the Board of Directors of the Company, Minutes No. 009/06 of October 18, 2006). In 2008, information on all material facts was disclosed; the issuer's quarterly reports were prepared. All the information disclosed by the Company is available at its site ( <a href="http://www.mrsk-1.ru/stockholder/inform/annual_report/">http://www.mrsk-1.ru/stockholder/inform/annual_report/</a> ); all interested persons have thus free access to such information. Information is also published in the Interfax newsfeed ( <a href="http://www.e-disclosure.ru/">http://www.e-disclosure.ru/</a> )	
TRANSPARENCY		<p>The Company abides by the principle of accountability of management to shareholders as follows:</p> <ul style="list-style-type: none"><li>The Management Board of the Company, in accordance with subclause 4, clause 22.2, Article 22 of the Articles of Association, overlooks the activity of the Company's management by examining the reports of deputy General Directors, heads of individual subdivisions of the Company on the results of implementation of plans, programmes and instructions approved, examining reports, documents and other information on the activity of the Company and its subsidiaries and dependent companies;</li><li>The General Director and the Management Board of the Company, in compliance with subclause 4, clause 22.2, Article 22 of the Company's Articles of Association, are accountable to the General Meeting of Shareholders and to the Board of Directors of the Company.</li></ul> <p>The Board of Directors of the Company, in compliance with subclause 36, clause 15.1, Article 15 of the Company's Articles of Association, examines the General Director's reports on the Company's activity (including those on the performance of its duties), on the implementation of resolutions of the General Meeting of Shareholders and of the Board of Directors of the Company and, in its turn, it is accountable to shareholders, who examine the annual report at the Annual General Meeting of Shareholders. This practice permits the Board of Directors, which is responsible for the oversight of the management's work, to monitor the work of the Company's executive management efficiently and to take the necessary measures according to its results.</p>	
ACCOUNTABILITY OF THE COMPANY MANAGEMENT TO SHAREHOLDERS			

PROVISION OF THE CODE OF CORPORATE CONDUCT	COMPLIANCE/ NON-COMPLI- ANCE	MEASURES TAKEN TO COMPLY WITH THE PROVISION	NOTES ON NON-COMPLI- ANCE
MANAGEABILITY OF BUSINESS ACTIVITIES			
		<p>Control over financial and business activity in the Company is performed by the Board of Directors, the Internal Audit Committee and the Auditor of the Company. KPMG CJSC has been the Company's Auditor since 2007; it is an acknowledged auditing company and one of the leaders of the auditing services market. This guarantees a high level of reliability for such financial statements. The Internal Audit Committee regularly performs scheduled audits. An audit of the Company's financial and business operations as of September 1, 2008 was performed from September 22, 2008 until October 13, 2008 by resolution of the Internal Audit Committee. (Minutes No. 2 of September 15, 2008). By resolution of the Board of Directors (Minutes No. 09/08 of April 30, 2008) a committee of the Board of Directors was established to perform direct control of the financial and business activity of the Company: the Audit Committee; its main task is to develop and submit recommendations (conclusions) to the Company's Board of Directors concerning the Company's audit and financial statements. To perform operative internal audit of the performance of all business operations, the Company created a subdivision in charge of internal audit: the Internal Control and Audit Department. The Internal Control and Audit Department performs a wide range of functions recommended by advanced corporate governance practices, including guaranteeing the completeness and reliability of the Company's financial and management reports. All the employees of the Internal Control and Audit Department have higher economic education, experience in the performance of audit and inspections and periodically attend a special training course in the field of accountancy and audit.</p>	
		<p>The Company's Board of Directors resolved to approve a Regulation on Internal Control Procedures (Minutes No. 01/09 of February 13, 2009), which established goals and tasks of internal control, internal control procedures, bodies in charge for internal control and persons in charge for control of compliance with internal control procedures. Corporate governance includes the establishing of relationships with third parties, including employees, based on respect and consideration of the relevant persons' rights provided for by the applicable laws. The Company approved documents which regulate issues related to its social responsibility and to the consideration of interests of other interested parties, including the Collective Agreement (approved by the Board of Directors of IDGC of Centre, JSC on May 29, 2008). The Company also approved the Charity Programme of IDGC of Centre, JSC for 2008 and the new version of the Regulation on Corporate Assistance and Support of Employees of IDGC of Centre, JSC in Improvement of their Living Conditions (Minutes of the Board of Directors No 13/08 of August 1, 2008), the new version of the Non-State Pension Provision Programme for Employees of IDGC of Centre, JSC for 2008 (Minutes of the Board of Directors No. 15/08 of October 10, 2008) which regulates the measures for voluntary health insurance of employees, accident and illness insurance, programmes for training and professional development of the Company's employees are implemented. In 2008 the Company determined the principal areas of implementation of the environmental policy for protection of the environment from the negative effects of industrial activities for 2008 — 2015 and corrected the Programme of Implementation of the Environmental Policy for 2008–2010, developed in each branch and in IDGC in accordance with Resolution of RAO UES of Russia No. 1752 pr. of October 8, 2007. These documents were approved by the Board of Directors of IDGC of Centre, JSC (Minutes No. 12/08 of July 23, 2008). The Company provides an electronic front office for work with customers (<a href="http://www.mrsk-1.ru/client/">http://www.mrsk-1.ru/client/</a>) and a free client support line: 8-800-50-50-115 (on a 24-hour basis). Guidelines for Work with the Claims of the Company's Customers were approved (Order of the General Director of IDGC of Centre, JSC No. 277 of November 24, 2008). The Company actively cooperates with investors, creditors and other interested persons to increase the Company's assets and its shareholder value.</p>	
OBSERVANCE OF THIRD PARTIES RIGHTS			
INTERNAL DOCUMENTS			
		<p>Internal documents of the Company are developed in accordance with requirements of applicable laws of the Russian Federation and are available at the website of the Company: <a href="http://www.mrsk-1.ru/about/administration/documents1/">http://www.mrsk-1.ru/about/administration/documents1/</a>. In particular, the following documents are approved in the Company: <b>Corporate Governance Code</b> (Minutes of the Board of Directors of the Company No. 009/06 dated October 18, 2006) is a body of obligations voluntarily assumed by participants of corporate relations in the Company, including members of the Board of Directors and its executive bodies. <b>Regulation on Internal Audit Committee</b> (Minutes of the Management Board of RAO UES of Russia No. 1429/pr1 dated March 30, 2006) specifying objects and procedure for activity of the Internal Audit Committee and regulating issues of cooperation with management bodies of the Company. <b>Regulation on Payment of Remuneration and Indemnity to Members of the Internal Audit Committee of the Company</b> (Minutes of annual General Meeting of Shareholders No. 01 dated June 3, 2008) determining amounts and procedure for payment of remunerations and indemnity to members of the Internal Audit Committee of the Company. <b>Regulation on Payment of Remuneration and Indemnity to Members of the Board of Directors of IDGC of Centre, JSC</b> (Minutes of annual General Meeting of Shareholders No. 01 dated June 3, 2008) determining amounts and procedure for payment of remunerations and indemnity to members of the Board of Directors of the Company. <b>Regulation on Insider Information of the Company</b> (Minutes of the Board of Directors of the Company No. 008/05 dated October 14, 2005) determining approaches to identification of the information, disclosure of which can have a material effect on the market value of the specified securities and which places the persons, who possesses it, in a dominant position as compared to other persons with regard to adoption of the resolution on retention and/or purchase and/or alienation of securities. <b>Regulation on Information Policy of the Company</b> (Minutes of the Board of Directors of the Company No. 009/06 dated October 18, 2006) determining rules and approaches to disclosure of information, a list of information and documents subject to disclosure to shareholders, lenders, potential investors, as well as professional participants of the securities market, state authorities and other interested parties, as well as specifying procedure and terms of disclosure and presentation of such information.</p>	
	Complied		



PROVISION OF THE CODE OF CORPORATE CONDUCT	COMPLIANCE/ NON-COMPLI- ANCE	MEASURES TAKEN TO COMPLY WITH THE PROVISION	NOTES ON NON-COMPLI- ANCE
INTERNAL DOCUMENTS			
		<p><b>Regulation on Reliability Committee of the Board of Directors of IDGC of Centre, JSC</b> (Minutes of the Board of Directors of the Company Minutes No. 001/06 dated January 17, 2006) setting out legal status, purposes and objects, rights, duties and structure of the Committee.</p> <p><b>Regulation on Audit Committee of IDGC of Centre, JSC</b> (Minutes of the Board of Directors of the Company No. 09/08 dated April 30, 2008) setting out legal status, purposes and objects, rights, duties and structure of the Committee.</p> <p><b>Regulation on Personnel and Remuneration Committee of IDGC of Centre, JSC</b> (Minutes of the Board of Directors of the Company No. 09/08 dated April 30, 2008) setting out legal status, purposes and objects, rights, duties and structure of the Committee.</p> <p><b>Regulation on Strategy Committee of IDGC of Centre, JSC</b> (Minutes of the Board of Directors of the Company No. 09/08 dated April 30, 2008) setting out legal status, purposes and objects, rights, duties and structure of the Committee.</p> <p><b>Regulation on Committee on Technological Connection of IDGC of Centre, JSC</b> (Minutes of the Board of Directors of the Company No. 01/09 dated February 13, 2009) setting out legal status, purposes and objects, rights, duties and structure of the Committee.</p> <p><b>Regulation on Internal Control Procedures of IDGC of Centre, JSC</b> (Minutes of the Board of Directors of the Company No. 01/09 dated February 13, 2009) determining purposes and objects of the internal control, the procedure for the internal control, persons responsible for implementation of procedures for the internal control, as well as responsible for the control over implementation of procedures for the internal control.</p> <p><b>Regulation on Preferences of IDGC of Centre, JSC</b> (Minutes of the Board of Directors of the Company No. 009/06 dated October 18, 2006) setting out preferences in favour of definite groups of suppliers, when making competitive purchases of products for the Company's needs.</p> <p><b>Regulation on Purchases of IDGC of Centre, JSC</b> (Minutes of the Board of Directors of the Company No. 06/08 dated March 28, 2008) specifying procedures for purchase of any goods, work and services at the expense of the Company priced at more than 500,000 roubles exclusive of VAT.</p> <p><b>Regulation on Corporate Secretary of IDGC of Centre, JSC</b> (Minutes of the Board of Directors of the Company No. 009/06 dated October 18, 2006) determining a status, functions and powers of the Corporate Secretary, procedure for election thereof and termination of his powers, procedure for his work and cooperation with management bodies of the Company.</p> <p><b>Regulation on Dividend Policy</b> (Minutes of the Board of Directors of the Company No. 011/06 dated November 30, 2006) specifying main conditions on dividend payment, procedure for determination of a dividend amount, procedure for adoption of the resolution on dividend payment, as well as procedure and terms for dividend payment with respect to shares of the Company.</p> <p><b>Regulation on Procedure for Preparation and Holding of the General Meeting of Shareholders of IDGC of Centre, JSC</b> (Minutes of the Management Board of RAO UES of Russia No. 1829 pr/1 dated February 28, 2008) determining the procedure for preparation and holding of the General Meeting of Shareholders.</p> <p><b>Regulation on Procedure for Convention and Holding of Meetings of the Board of Directors of IDGC of Centre, JSC</b> (Minutes of the Management Board of RAO UES of Russia No. 1829 pr/1 dated February 28, 2008) determining the procedure for preparation and holding of the Board of Directors.</p> <p><b>Regulation on the Management Board of IDGC of Centre, JSC</b> (Minutes of the Management Board of RAO UES of Russia No. 1829 pr/1 dated February 28, 2008) specifying the procedure for preparation and holding of the Management Board.</p> <p><b>Customer Service Standard of IDGC of Centre, JSC</b> (Minutes of the Board of Directors of the Company No. 10/07 dated December 3, 2007) laying down norms and rules of cooperation with customers, standard requirements to quality of service, optimization and formalization of procedures for cooperation of a corporate person, which renders services for electric power transmission and technological connection to grids, with a customer.</p> <p><b>Regulation on Investment Activity of the Company</b> (Minutes of the Board of Directors of the Company No. 02/07 dated February 28, 2007) setting out the complex of norms, rules and requirements to classification, consideration, agreement and approval of investment programmes of the Company and particular investment projects as a part of investment programmes of the Company.</p> <p><b>Regulation on Payment of Remuneration and Indemnity to Members of Audit Committee of the Board of Directors of IDGC of Centre</b> (Minutes of the Board of Directors of the Company No. 14/08 dated September 10, 2008) establishing the procedure for payment of remuneration and indemnity to members of the Committee.</p> <p><b>Regulation on Payment of Remuneration and Indemnity to Members of Personnel and Remuneration Committee of IDGC of Centre, JSC</b> (Minutes of the Board of Directors of the Company No. 14/08 dated September 10, 2008) establishing the procedure for payment of remuneration and indemnity to members of the Committee.</p> <p><b>Regulation on Payment of Remuneration and Indemnity to Members of Reliability Committee of the Board of Directors of IDGC of Centre, JSC</b> (Minutes of the Board of Directors of the Company No. 14/08 dated September 10, 2008) establishing the procedure for payment of remuneration and indemnity to members of the Committee.</p> <p><b>Regulation on Payment of Remuneration and Indemnity to Members of Strategy and Development Committee of the Board of Directors of IDGC of Centre, JSC</b> (Minutes of the Board of Directors of the Company No. 14/08 dated September 10, 2008) establishing the procedure for payment of remuneration and indemnity to members of the Committee.</p>	
SHAREHOLDERS			
		<p>In accordance with article 10.9 of the Articles of Association of the Company, «the General meeting of Shareholders of the Company can be held in the city of Moscow or in any other place in accordance with the resolution of the Board of Directors of the Company. A detailed description of procedures for holding of the general meeting of shareholders is available at the Regulation on Procedure for Preparation and Holding of the General Meeting of Shareholders of IDGC of Centre, JSC (Minutes of the Management Board of RAO UES of Russia No. 1829 pr/1 dated February 28, 2008).</p> <p>The address of holding the General Meeting of Shareholders of the Company is determined by the Board of Directors, when deciding the issues related to holding of the General Meeting of Shareholders». When holding annual General Meeting following the results of 2007, the shareholders, who wished to attend the annual general meeting, were transferred from the regions, where branches of the Company are located.</p> <p>Taking account of a vast area of activity of the Company, the General Meeting of Shareholders of the latter is held in the city of Moscow — in the registered office of the Company.</p>	
The General Meeting of Shareholders is organized in such a way that attendance of shareholders is not associated for them with considerable material and time expenditures ensuring the same attitude to all the shareholders.	Complied		

PROVISION OF THE CODE OF CORPORATE CONDUCT	COMPLIANCE/ NON-COMPLI- ANCE	MEASURES TAKEN TO COMPLY WITH THE PROVISION	NOTES ON NON-COMPLI- ANCE
SHAREHOLDERS			
		<p>The Company provides its shareholders with the information on the items on the agenda of the General Meeting of Shareholders in the amount and on terms making it possible for the shareholders to make a reasonable decision.</p> <p>All the information related to the General Meeting of the Shareholders is disclosed on a compulsory basis at the website of the Company.</p> <p>System of recording share rights ensures reliability of recording share rights and the possibility of free and quick alienation of the right of ownership to shares. Register of the Shareholders of the Company is kept by the independent registrar approved by the Board of Directors of the Company.</p> <p>Dividend Policy is defined in the internal document of the Company approved by the Board of Directors and it is based on a balance between the interests of the shareholders (in part of receiving a share of the profit of the Company) and interests of the Company (in part of investing in further development).</p> <p>At preparation to the Annual Meeting of Shareholders the information of the current conditions for dividends payout is provided which allows to assess real financial achievements for the accounting period and all forms of accounting statements are provided, the annual statement and opinion of independent Auditors and the Revision Commission following the results of commercial activities and information on the procedure for calculation of dividends and their payout are provided.</p>	
	Complied	<p>Paragraph 11.7. of the Articles of Association of the Company provides that «within 20 (Twenty) days, but in case of holding the General Meeting of Shareholders, the agenda of which includes the item on reorganisation of the Company, within 30 (Thirty) days before holding the General Meeting of Shareholders, the information (materials) on the items on the agenda of the General Meeting of Shareholders shall be accessible for all the persons, entitled to attend the General Meeting of Shareholders, in the office of the executive body of the Company and in other places, addresses of which are specified in the announcement on holding the General Meeting of Shareholders. The said information (materials) shall be accessible for the persons attending the General Meeting of Shareholders during holding it.</p> <p>The procedure for familiarization of the persons, entitled to attend the general Meeting of Shareholders, with the information (materials) on the items on the agenda of the General Meeting of Shareholders and the list of such information (materials) shall be determined by the resolution of the Board of Directors of the Company».</p> <p>In addition to the means provided for by the foregoing article of the Articles of Association, the said information is necessarily published at the website of the company in section «For Shareholders and Investors» (<a href="http://www.mrsk-1.ru/stockholder/meeting/">http://www.mrsk-1.ru/stockholder/meeting/</a>). Also, during preparation to the annual General Meeting of Shareholders following the results of 2007, appropriate facilities were provided to the shareholders for familiarization with the materials for the annual General Meeting of Shareholders in the registered office of the Company, JSC Central Moscow Depository and branches of the Company.</p>	
	Complied	<p>In accordance with the Regulation on Information Policy applicable in the Company all information related to the General Meeting of Shareholders of the Company is disclosed at the website of the Company (<a href="http://www.mrsk-1.ru/stockholder/meeting/">http://www.mrsk-1.ru/stockholder/meeting/</a>).</p>	
	Complied	<p>Register of the Shareholders of the Company is kept by the independent registrar, JSC Central Moscow Depository which has all the necessary technical means and perfect reputation, a perpetual licence No. 10-000-1-00255 issued by the Federal Financial Markets Service and the Certificate of compliance with Standards of registrar activities of the Professional Association of Registrars, Transfer Agents and Depositories (PARTAD) dated June 16, 2005. JSC Central Moscow Depository is approved as the Registrar of the Company by resolution of the Board of Directors dated December 5, 2005. (Minutes No. 009/05). Apart from this, the Company has entered into transfer-agent agreements with JSC Central Moscow Depository in all the regions of activity of the affiliates of the Company for convenience of the Shareholders. Information on transfer agents is placed at the site of the Company (<a href="http://www.mrsk-1.ru/stockholder/registrar/">http://www.mrsk-1.ru/stockholder/registrar/</a>)</p>	
	Complied	<p>Regulation on Dividend Policy of IDGC of Centre, JSC has been approved by the Board of Directors of the Company (Minutes No. 011/06 dated November 30, 2006) (<a href="http://www.mrsk-1.ru/docs/YaYz03.pdf">http://www.mrsk-1.ru/docs/YaYz03.pdf</a>) in which one of the principles of the dividend policy is a provision stipulating that the dividend policy of the Company is based on a balance of the interests of the Company and the interests of its shareholders, when determining the amount of dividend payout.</p>	
	Complied	<p>Paragraph 11.7. of the Articles of Association of the Company provides that «within 20 (Twenty) days, but in case of holding the General Meeting of Shareholders, the agenda of which includes the item on reorganisation of the Company, within 30 (Thirty) days before holding the General Meeting of Shareholders, the information (materials) on the items on the agenda of the General Meeting of Shareholders shall be accessible for all the persons, entitled to attend the General Meeting of Shareholders, in the office of the executive body of the Company and in other places, addresses of which are specified in the announcement on holding the General Meeting of Shareholders. The said information (materials) shall be accessible for the persons attending the General Meeting of Shareholders during holding it. In particular, annual financial statements for the year, Explanatory Note to annual financial statements for the year, Annual Statement, opinion following the results of audit of financial and business activities of IDGC of Centre, JSC for the year, Report of Annual General Meeting of Shareholders of IDGC of Centre, JSC, information on nominees to the Internal Audit Committee of the Company, Information on nominees to the Board of Directors of the Company, Draft Resolutions of Annual General Meetings of Shareholders of IDGC of Centre, JSC, Opinion of the Internal Audit Committee of IDGC of Centre, JSC for the year, drafts of internal documents of IDGC of Centre, JSC, recommendation of the Board of Directors, Information on Auditor.</p> <p>In accordance with the par.3 of the Regulation on Audit Committee of IDGC of Centre, JSC (Minutes of the Board of Directors of the Company No. 09/08 dated April 30, 2008) the Audit Committee which includes representatives of main minority shareholders effects control over conducting annual independent audit of consolidated financial statements and accounting (financial) statements of the Company, preparation of the annual statements of the Company by the executive bodies of the Company and over trustworthiness of these statements.</p> <p>Procedure for familiarization with information (materials) on the agenda of the General Meeting of Shareholders by the persons entitled to participate in the General Meeting of Shareholders and the list of this information (materials) are defined by the resolution of the Board of Directors of the Company.</p> <p>This information is published on a compulsory basis at the site of the Company in the section «For Shareholders and Investors» (<a href="http://www.mrsk-1.ru/stockholder/meeting/">http://www.mrsk-1.ru/stockholder/meeting/</a>).</p>	

PROVISION OF THE CODE OF CORPORATE CONDUCT	COMPLIANCE/ NON-COMPLI- ANCE	MEASURES TAKEN TO COMPLY WITH THE PROVISION	NOTES ON NON-COMPLI- ANCE
SHAREHOLDERS			
The Company pays out stated dividends in due terms established by the General Meeting of Shareholders.	Complied	The Company does not violate the terms of dividend payment to Shareholders.  Regulation on Information Policy of IDGC of Centre, JSC (Minutes of the Board of Directors of the Company No. 009/06 dated October 18, 2006) is applicable in the Company and, approved by the Director General of the Company, Regulations of preparation, approval and control of the content and terms of information which is subject to disclosure under the currents laws of the Russian Federation and under the Regulation on Information Policy (Order No. 85 dated May 18, 2007) are applicable in the Company as well, they have been developed for the purpose of fulfilling the aforesaid Regulation. These documents bind the Company to disclose information at the site of the Company which should be disclosed under the current laws and indicated internal documents of the Company. Director General reports to the Board of Directors of compliance with the Regulation on Information Policy . Information of the Company is discosed at its website in the web Internet at address: <a href="http://www.mrsk-1.ru">http://www.mrsk-1.ru</a> , in different sections, among them the section «Information Disclosure» <a href="http://www.mrsk-1.ru/stockholder/inform/annual_report/">http://www.mrsk-1.ru/stockholder/inform/annual_report/</a> ), the following documents are subject to disclosure: Annual Statements, Accounting Statements, Accounting Policy, List of Affiliates, Quarterly Statements, Information of Material Facts, Data Which May Have Material Effect on Securities Value, Documents of Securities Issue, IFRS statements, Methods of Assets Assessment, Information on material transactions, Disclosure of Information on the Stage of Issue.	
All information disclosed is placed on a compulsory basis at the website of the Company in information web Internet.	Complied		
The Company discloses financial statements in accordance with the laws of the Russian Federation and in accordance with the International Financial Reporting Statements (IFRS).	Complied	Requirement to disclose the Company financial standards in accordance with the laws of the Russian Federation ( <a href="http://www.mrsk-1.ru/stockholder/inform/accounting/2008_fin/">http://www.mrsk-1.ru/stockholder/inform/accounting/2008_fin/</a> ) and in accordance with the International Financial Reporting Statements (IFRS), it is stated in the Regulation on Information Policy of the Company. The Company strictly complies with this require- ment disclosing the statements at the site of the Company ( <a href="http://www.mrsk-1.ru/stockholder/inform/mso/">http://www.mrsk-1.ru/stockholder/inform/mso/</a> ) and publishing statements in press (the newspaper Vedomosti) in the events specified in the laws of the Russian Federation.	
The Company aims to provide the shareholders participating in the General Meeting with a possibility to obtain information necessary for making reasonable and well-considered decisions on the issues on the agenda of the General Meeting trying to facilitate to the maximum the access of the shareholders to this information.	Complied	In accordance with the paragraph 4.1. of the Regulation on Procedure for Preparation and Holding of the General Meeting of Share- holders of the Company IDGC of Centre, JSC, «Notices of holding the General Meeting of Shareholders and information materi- als related to the agenda of the General Meeting of the Shareholders apart from other ways of informing the Shareholders of the Company should be published at the site of the Company in the web Internet no later expiration of the term of informing the shareholders of holding the General Meeting of Shareholders». These notices and materials are published at the site of the Company, both in Russian ( <a href="http://www.mrsk-1.ru/stockholder/meet- ing/">http://www.mrsk-1.ru/stockholder/meet- ing/</a> )and in English <a href="http://www.mrsk-1.ru/stockholder/meeting/">http://www.mrsk-1.ru/stockholder/meeting/</a> ). Access to indicated materials may be obtained in the premises of the Company, in the premises of its affiliates and in JSC Central Moscow Depository.  In accordance with the paragraph 5.3.2., 5.3.3. of the Regulation on Procedure and Holding of the General Meeting of the Sharehold- ers of the Company of IDGC of Centre, the shareholder willing to speak at a debate on issue on the agenda of the General Meet- ing of Shareholders should submit a relevant application in writing to the Secretary of the General Meeting of Shareholders. The application should contain a surname, name, patronymic (name) of the shareholder (its representative), an issue on the agenda on which the shareholder is willing to speak and it should be signed by the shareholder. An issue in writing should be submitted to the Secretary of the General Meeting of Shareholders. Apart from the wording of the issue the shareholder (representative of the shareholder) should state his sumame, name, patronymic (name of the shareholder — corporate person) and it should be signed by the shareholder. Applications and issues submitted by the shareholders the Secretary of the General Meeting of Shareholders transfers to the person who acts as a chairperson at the General Meeting of Shareholders. At the Annual General Meeting of Shareholders following the results of 2007 all the questions put by the Shareholders were answered in accordance with the regulation of the Meeting.	
At the General Meetings the shareholders have the possibility to discuss the business issues of the Company on the agenda.	Complied		
The Company has developed and approved the dividend policy and the Board of Directors is governed by this policy while adopting resolutions related to dividend payout.	Complied	The Board of Directors of the Company has approved Regulation on Dividend Policy of IDGC of Centre (Minutes No.011/06 dated November 30, 2006) in accordance with which the dividend policy is considered by the Company as a system of ratios and principles for calculating the amount of dividends, procedure and terms for their payout and of imposing responsibility on the Company for its failure to fulfil obligations to dividend payout.	

PROVISION OF THE CODE OF CORPORATE CONDUCT	COMPLIANCE/ NON-COMPLI- ANCE	MEASURES TAKEN TO COMPLY WITH THE PROVISION	NOTES ON NON-COMPLI- ANCE
SHAREHOLDERS			
The Company informs the shareholders and other interested persons on its dividend policy considering its high importance for the taking of investment decisions. For these purposes the information on investment policy of the Company and any changes thereto is published on the web site of the Company.	Complied	The Regulation on investment policy of the Company is published on the web site of the Company at <a href="http://www.mrsk-1.ru/about/administration/documents1/">http://www.mrsk-1.ru/about/administration/ documents1/</a> . In addition, the information on the meetings of shareholders ( <a href="http://www.mrsk-1.ru/stockholder/meeting/">http://www.mrsk-1.ru/stockholder/meeting/</a> ) section of the web site contains recommendations of the Board of Directors on dividends.	
The Company ensures the possibility of the shareholders receiving complete information on the amount and the procedure of payment of dividends, which is set out in the resolution on payment of dividends. Therefore the resolution on payment of dividends specifies the amount of dividends on each category (type) of shares, and also the form and term for payment of dividends.	Complied	The resolution on payment of dividends must state the amount of dividends on each category (type) of shares, and also the form and term for payment of dividends.	
Upon determination of the pro- cedure of payment of dividends the Company is aiming towards ensuring the most convenient for shareholders and compliant with the requirements of the law way of receiving thereof.	Complied	The Regulation on dividend policy of the Company (approved by resolution of the Board of Directors of the Company, Minutes No. 011/06 dated November 30, 2006) specifies that the payment of dividend means the transfer of appropriate monetary funds from the accounts of the Company to the bank account (postal address) stated in the system of keeping the registry of shareholders of the Company.	
BOARD OF DIRECTORS			
The members of the Board of Directors shall provide the Company with information concerning them in the amount and in accordance with the procedure specified in the internal documents of the Company.	Complied	The members of the Board of Directors must provide the information concerning them in the amount and in accordance with the procedure specified in the Regulation on Insider Information of IDGC of Centre, JSC (approved by the resolution of the Board of Directors of the Company, Minutes No. 008/05 dated October 14, 2005) and the Regulation on Corporate Secretary of IDGC of Centre, JSC (approved by the resolution of the Board of Directors of the Company, Minutes No. 009/06 dated October 18, 2006), which specifies the personal data form to be used by the members of the Board of Directors form provision of information concerning them. In accordance with par.3.2. of the Regulation on Corporate Secretary of IDGC of Centre, JSC the Corporate Secretary performs the collection of personal data of these members of the Board of Directors/Committee of the Board of Directors on a regular basis (at least once a quarter) and provides such information to structural subdivisions of the Company upon request of the latter.	
The members of the Board of Directors inform the Company on whether they are affiliated, the intention to perform transac- tions with the shares of the Company and its subsidiaries and dependent companies , and also to disclose the information on transactions with such securities performed by them.	Complied	The members of the Board of Directors are obliged to provide information on whether they are affiliated in order specified in the Regulation on Corporate Secretary of IDGC of Centre, JSC (approved by the resolution of the Board of Directors of the Company, Minutes No. 009/06 dated October 18, 2006), on a regular basis (at least once a quarter). In accordance with chapter 4 of the Regulation on Insider Information of IDGC of Centre, JSC (approved by the resolution of the Board of Directors of the Company, Minutes No.008/05 dated October 14, 2005) the members of the Board of Directors must disclose the information of their possession of the securities of the Company to the Audit Committee, and also provide the subdivision controlling the use of insider information with written report on transactions with securities of the Company and/or subsidiar- ies and dependent companies performed by them during the accounting month, not later than on the 3rd day of the month next to the accounting month. The said Regulation is published on the website of the Company at the following address: <a href="http://www.mrsk-1.ru/docs/pologenie.pdf">http://www.mrsk-1.ru/docs/pologenie.pdf</a> .	

PROVISION OF THE CODE OF CORPORATE CONDUCT	COMPLIANCE/ NON-COMPLI- ANCE	MEASURES TAKEN TO COMPLY WITH THE PROVISION	NOTES ON NON-COMPLI- ANCE
BOARD OF DIRECTORS			
The composition of the Board of Directors of the Company ensures its efficient operation, unites the representatives of different groups of shareholders and considers various interests and points of view in the process of making decisions.	Complied	<p>The Board of Directors includes the representatives of the major shareholder, the Director General of IDGC of Centre, JSC, representatives of minor shareholders of the Company. Detailed information on the members of the Board of Directors can be found in the materials of the annual general meeting of shareholders on the website (<a href="http://www.mrsk-1.ru/docs/sd.doc">http://www.mrsk-1.ru/docs/sd.doc</a>).</p> <p>This composition of the Board of Directors of the Company is independent from the management of the Company enough to make fair and independent propositions in relation to current operations of the Company and is able to criticize the current activity of the management.</p> <p>In addition, the representatives of minor shareholders are included among the members of the Committees by the Board of Directors.</p> <p><b>In the Reliability Committee:</b> R.A. Filkin, Director of Representative of Prosperity Capital Management (RF) Ltd; M.S. Kalinin, Main specialist of electric power supply of Directorate for Power Industry of NLMK, JSC.</p> <p><b>In the Audit Committee:</b> A.A. Repina, counselor of director for power industry of NLMK, JSC; Aleksey Vitalievich Klaptsov, vice-president of Halcyon International; Inna Olegovna Bartenieva, head of planning and economic department of Energy Union Investment Holding CJSC.</p> <p><b>In the Strategy and Development Committee:</b> A.V. Klaptsov, vice-president of Halcyon International; R.A. Filkin, Director of Representative of Prosperity Capital Management (RF) Ltd; S.V. Chebotaryov, head of Department for Energy Policy of NLMK, JSC; A.V. Zemskov, head of the Department on Economic Development of Power Union Investment Holding CJSC.</p> <p><b>In the Personnel and Remuneration Committee:</b> A.G. Starchenko, Director for power industry of NLMK, JSC; A.V. Zemskov, Head of the Department on Economic Development of Power Union Investment Holding CJSC; Detailed information on composition of the committees is published on the web site at <a href="http://www.mrsk-1.ru/about/administration/apparatus/sostav_2008/">http://www.mrsk-1.ru/about/administration/apparatus/sostav_2008/</a>.</p>	
		<p><b>In Committee on Technological Connection:</b> A.V. Klaptsov, vice-president of Halcyon International; S.V. Chebotaryov, head of Department for Energy Policy of NLMK, JSC; R.A. Filkin, Director of Representative of Prosperity Capital Management (RF) Ltd.</p> <p>One of the members of the Board of Directors (Pl. Okley) holds office in IDGC Holding and represents its interests.</p> <p>Three directors (A.M. Branis (of Prosperity Capital Management), M.Sh. Misrikhanov and V.M. Kravchenko) are also the members of the Board of Directors of IDGC of Centre and Volga Region; one director (A.A. Dyomin) is a member of the Board of Directors of IDGC of North Caucasus.</p> <p>Two more directors (A.G. Starchenko and A.V. Klaptsov) represent the interests of minor shareholders of the Company (NLMK, JSC and Halcyon Advisers).</p> <p>S.B. Syutkin is the General Director of Operative Dispatch Administration of Centre, a branch of, JSC UES System Operator Central Dispatch Administration .</p> <p>A.R. Kachay, member of the Board of Directors of OGK-4, JSC. Dmitry Aleksandrovich Burnashev, a member of the Board of Directors of NP INVEL.</p> <p>This composition of members of the Board of Directors ensures sufficient balance of interests to take into account the opinions of all interested parties, and also to establish objective and independent control of activities of the management.</p>	
		<p>The analysis of the composition of the Board of Directors from the point of view of existence of basic experience among its members, necessary for efficient work of the Board of Directors, states its high level of balance.</p> <p>The current Board of Directors includes the directors possessing specific knowledge of the field of activity of the Company. For example, D.A. Burnashev (1989, Moscow Institute of Management named after S. Ordzhonikidze, majoring in organisation of management in power industry), Ye.F. Makarov (1978, Ivanovo Power Industry Institute, electrical engineer, M.Sh. Misrikhanov (1978, Ivanovo Power Industry Institute, electrical engineer).</p>	
		<p>The Chairman of the Board of Directors A.A. Dyomin does not have any labour relations with the Company.</p>	
The Board of Directors is governed by the non-executive director, because this allows the Board of Director to perform its functions more effectively.	Complied		
The composition of the Board of Directors includes no more than 25% of executive directors being the employees of the Company.	Complied	<p>The composition of the Board of Directors (11 persons) includes only one executive director, Ye.F. Makarov, which is 10% of the total number of members of the Board of Directors.</p>	

PROVISION OF THE CODE OF CORPORATE CONDUCT	COMPLIANCE/ NON-COMPLI- ANCE	MEASURES TAKEN TO COMPLY WITH THE PROVISION	NOTES ON NON-COMPLI- ANCE
BOARD OF DIRECTORS			
For the purposes of ensuring the objectiveness of decisions being taken and maintaining the balance between the interests of different groups of shareholders, the independent directors are included among the members of the Board of Directors of the Company.	Complied		<p>The composition of the Board of Directors includes more than 3 independent directors, who are complied with the requirements of independency established by the Corporate Governance Code of the Company (approved by the resolution of the Board of Directors, Minutes No.009/06 dated October 18, 2006).</p> <p>The criterion of independency of the directors are determined in section V of the Code.</p>
For the purposes of ensuring the objectiveness of decisions being taken and maintaining the balance between the interests of different groups of shareholders the Company works for the number of independent directors in the Board of Directors of at least 3 (three).	Complied		<p>The composition of the Board of Directors includes more than 009/06 independent directors, who are complied with the requirements of independency established by the Corporate Governance Code of the Company (approved by the resolution of the Board of Directors, Minutes No.009/06 dated October 18, 2006). For the purposes of this Code, as determined by the Company, the following persons are the independent directors on the basis of information submitted by them and available for public access:</p> <p>Pl. Okley; A.M. Branis; M.Sh. Miriskhanov; A.R. Kachay; A.A. Dyomin; A.G. Starchenko; A.V. Klaptsov; S.B. Syutkin; D.A. Burnashev; V.M. Kravchenko.</p>
Form of meetings of the Board of Directors is defined taking into account importance of items on the agenda. Considering the fact that only meetings of the Board of Directors held in presentia make it possible to discuss items on the agenda, the most important items are resolved at meetings held in presentia.	Complied		<p>Form of the meetings is defined taking into account importance of items on the agenda. The form thereof is defined by the Chairperson of the Board of Directors according to par. 8 of Regulation on Procedure for Convention and Holding of Meetings of the Board of Directors of the Company (approved by the Board of RAO UES of Russia, Minutes No. 1829 pr/1 dated February 28, 2008).</p> <p>Besides, in case of primary items, the committees of the Board of Directors are held in presentia as well. In 2008 two meetings of the Strategy Committee were held in presentia. (Minutes 01-08 dated June 25, 2008 and Minutes 080-8 dated December 25, 2008).</p>
Meetings of Board of Directors are held in accordance with the schedule developed at the beginning of the term of powers thereof, it ensures proper fulfilment of its duties. The Board of Directors holds meetings at least once a quarter.	Complied		<p>Meetings of Board of Directors are held in accordance with the schedule developed at the beginning of the term of powers thereof. The meetings are held at least monthly.</p> <p>In 2008 the Board of Directors held one meeting in presentia (June 30, 2008) and twenty two meetings in absentia.</p>
The operation procedure of the Board of Directors is governed by the operation regulations thereof.	Complied		<p>The Board of Directors of the Company operates under the Regulation on Procedure for Convention and Holding of Meetings of the Board of Directors of the Company (approved by the Board of RAO UES of Russia, Minutes No. 1829 pr/1 dated February 28, 2008).</p> <p>This Regulation is available at the website of the Company: <a href="http://www.mrsk-1.ru/about/administration/documents/1/">http://www.mrsk-1.ru/about/administration/documents/1/</a>.</p>
Directors are timely provided with exhaustive information concurrently with the notice on holding the meeting of the Board of Directors not later than 11 working days prior to each meeting, unless other time limits set forth by internal documents of the Company.	Complied		<p>In accordance with par. 6.6.1. of Regulation on Procedure for Convention and Holding of Meetings of the Board of Directors of the Company (approved by the Board of RAO UES of Russia, Minutes No. 1829 pr/1 dated February 28, 2008), any notice on holding the meeting of the Board of Directors should be forwarded in writing by the Secretary of the Board of Directors to each member thereof not later than 11 (eleven) working days prior such meeting (end term for receipt of voting papers), unless otherwise provided in such Regulation.</p> <p>In 2008, only once by resolution of the Chairperson of the Board of Directors an extraordinary meeting of thereof was held with a shortened period for holding, on December 17, 2008.</p>



PROVISION OF THE CODE OF CORPORATE CONDUCT	COMPLIANCE/ NON-COMPLI- ANCE	MEASURES TAKEN TO COMPLY WITH THE PROVISION	NOTES ON NON-COMPLI- ANCE
BOARD OF DIRECTORS			
The Board of Directors forms committees in order to preliminary consider primary items refereed to its competence.	Complied	<p>The following committees of the Board of Directors were formed in the Company:</p> <p><b>The Reliability Committee</b>, which develops and provides recommendations (opinions) for the Board of Directors on due diligence of investment programmes and plans on repair of power facilities, on performance analyse thereof in terms of compliance with overall reliability requirements, as well as monitoring and assessment activity of technical services of the Company.</p> <p>Regulation on Reliability Committee of the Board of Directors of IDGC of Centre, JSC approved by resolution of the Board of Directors, Minutes No. 001/06 dated January 17, 2006.</p> <p><b>The Personnel and Remuneration Committee</b>, which develops and provides recommendations (opinions) for the Board of Directors on the amount of remuneration to be paid to members of the Board of Directors, defining principles and criteria applied to consideration and material encouragement of the Board members and on other personnel matters.</p> <p>Regulation on Personnel and Remuneration Committee of IDGC of Centre, JSC approved by resolution of the Board of Directors, Minutes No. 09/08 dated April 30, 2008.</p> <p><b>The Strategy and Development Committee</b>, which develops and provides recommendations (opinions) for the Board of Directors on priority areas of activity and the corporate strategy of the Company.</p> <p>Regulation on Strategy and Development Committee of the Board of Directors of IDGC of Centre, JSC approved by resolution of the Board of Directors, Minutes No. 09/08 dated April 30, 2008.</p> <p><b>The Audit Committee</b>, which maintains control over carrying out annual independent audit of consolidated financial statements and accounting statements of the Company, over preparation by executive bodies of the Company of quarterly and annual statements, as well as over fairness of such reports and other audit-related issues.</p> <p>Regulation on Audit Committee of IDGC of Centre, JSC approved by resolution of the Board of Directors, Minutes No. 09/08 dated April 30, 2008.</p> <p><b>The Committee on Technological Connection</b>, which ensures control over the performance transparency and non-discriminatory access to services on technological connection of consumers to power grids of the Company.</p> <p>Regulation on Committee on Technological Connection approved by resolution of the Board of Directors, Minutes No. 01/09 dated February 13, 2009.</p>	
		<p>The existing Committees of the Board of Directors operate on the basis of regulations of the Board of Directors approved in respect of each Committee:</p> <ul style="list-style-type: none"><li>● Regulation on Reliability Committee of the Board of Directors of IDGC of Centre, JSC (approved by the Board of Directors on January 17, 2006, Minutes No. 001/06);</li><li>● Regulation on Audit Committee of the Board of Directors of IDGC of Centre, JSC (approved by the Board of Directors on April 30, 2008, Minutes No. 09/);</li><li>● Regulation on Personnel and Remuneration Committee of the Board of Directors of IDGC of Centre, JSC (approved by the Board of Directors on April 30, 2008, Minutes No. 09/08);</li><li>● Regulation on Strategy and Development Committee of the Board of Directors of IDGC of Centre, JSC (approved by the Board of Directors on April 30, 2008, Minutes No. 09/08);</li><li>● Regulation on Committee on Technological Connection (approved by the Board of Directors on February 13, 2009, Minutes No. 01/09);</li></ul> <p>Besides, the Board of Directors of IDGC of Centre, JSC approved Regulations, which set forth the procedure for payment of consideration and indemnity to members of the above committees:</p> <ul style="list-style-type: none"><li>● Regulation on payment of remuneration and indemnity to members of Audit Committee of the Board of Directors of IDGC of Centre, JSC (approved by the Board of Directors on September 10, 2008, Minutes No. 14/08);</li><li>● Regulation on payment of remuneration and indemnity to members of Personnel and Remuneration Committee of the Board of Directors of IDGC of Centre, JSC (approved by the Board of Directors on September 10, 2008, Minutes No. 14/08);</li><li>● Regulation on payment of remuneration and indemnity to members of Reliability Committee of the Board of Directors of IDGC of Centre, JSC (approved by the Board of Directors on September 10, 2008, Minutes No. 14/08);</li><li>● Regulation on payment of remuneration and indemnity to members of Strategy and Development Committee of the Board of Directors of IDGC of Centre, JSC (approved by the Board of Directors on September 10, 2008, Minutes No. 14/08);</li></ul> <p>The above Regulations are available at the website of the Company: <a href="http://www.mrsk-1.ru/about/administration/documents1/">http://www.mrsk-1.ru/about/administration/documents1/</a>.</p>	
		<p>The Company applies remuneration terms in respect of non-executive and independent members of the Board of Directors, which is a necessary condition for motivated participation of members of the Board of Directors in the work thereof.</p> <p>Remuneration paid to members of the Board of Directors depends on operating results of the Company. Pursuant to Regulation on payment of remuneration and indemnity to members of the Board of Directors of IDGC of Centre, JSC approved at the Annual General Meeting of Shareholders of the Company, Minutes No. 1 dated June 03, 2008, the performance indicators for payment of remuneration are the net profit of the Company according to data of annual accounting statements and market capitalisation of the Company.</p>	

PROVISION OF THE CODE OF CORPORATE CONDUCT	COMPLIANCE/ NON-COMPLI- ANCE	MEASURES TAKEN TO COMPLY WITH THE PROVISION	NOTES ON NON-COMPLI- ANCE
BOARD OF DIRECTORS			
Remuneration terms for members of the Board of Directors are set in such a way that ensure involvement and participation of highly knowledgeable specialists in work of the Board of Directors and motivate them to bona fide and effective activity.	Complied	The Company applies remuneration terms in respect of non-executive and independent members of the Board of Directors, which is a necessary condition for motivated participation of members of the Board of Directors in the work thereof.	Remuneration paid to members of the Board of Directors depends on operating results of the Company. Pursuant to Regulation on payment of remuneration and indemnity to members of the Board of Directors of IDGC of Centre, JSC approved at the Annual General Meeting of Shareholders of the Company, Minutes No. 1 dated June 03, 2008, the performance indicators for payment of remuneration are the net profit of the Company according to data of annual accounting statements and market capitalisation of the Company.
The amount of remuneration for members of the Board of Directors depends on operating results of the Company and performance results of the Board of Directors.	Complied	Remuneration paid to members of the Board of Directors depends on operating results of the Company. Pursuant to Regulation on payment of remuneration and indemnity to members of the Board of Directors of IDGC of Centre, JSC approved at the Annual General Meeting of Shareholders of the Company, Minutes No. 1 dated June 03, 2008, the performance indicators for payment of remuneration are the net profit of the Company according to data of annual accounting statements and market capitalisation of the Company.	
The operation regulation of the Board of Directors stipulates the duty of the Board of Directors' member to be held liable for non-performance (improper performance) of his obligations and the right of the Company to initiate a legal action against any member of the Board of Directors on indemnification for damaged inflicted on it.	Complied	Pursuant to par. 3.6. of Regulation on Procedure for Convention and Holding of Meetings of the Board of Directors of IDGC of Centre, JSC, members of the Board of Directors are liable to the Company for damages inflicted on it by their actions (failure to act ), in accordance with the applicable Laws.	Herewith, members of the Board of Directors, who voted against resolutions resulted in damages to the Company, or who did not participate in voting, shall not be liable to the Company.
GENERAL DIRECTOR			
General Director is accountable to the Board of Directors of the Company, performs his activities in strict compliance with the rules determined by the Board of Directors and systematically accounts to the Board of Directors for his activities.	Complied	In compliance with sub-clause 36 clause 15.1. Article 15 of the Articles of Association of the Company consideration of the reports of the General Director on the activities of the Company (including the reports on the performance of his official duties), fulfilment of resolutions of the General Meeting of Shareholders and the Board of Directors of the Company lies in the competence of the Board of Directors of the Company.	The General Director regularly reports to the Board of Directors of the Company on the following: <b>quarterly</b> <ul style="list-style-type: none"><li>● on provision of insurance coverage;</li><li>● on fulfilment of the Company's business plan;</li><li>● on fulfilment of resolutions of the Annual General Meeting of Shareholders;</li><li>● on fulfilment of the investment programme;</li><li>● on fulfilment of the procurement programme;</li><li>● on fulfilment of the resolutions of the Board of Directors;</li><li>● on the process of implementation of non-core assets;</li><li>● on following the Regulation on Information Policy of the Company;</li><li>● on the loan policy of the Company;</li><li>● on fulfilment of core efficiency indicators for a certain quarter;</li><li>● on cash flow control indicators for a certain quarter;</li><li>● on fulfilment of resolutions approved on previous meetings of the Board of Directors of the Company;</li><li>● on the process of implementation of non-core assets of the Company;</li></ul> <b>half-yearly</b> <ul style="list-style-type: none"><li>● on following the Code of Corporate Governance of the Company;</li></ul> <b>annually</b> <ul style="list-style-type: none"><li>● on preparation of the Company to operate in the cold period (autumn and winter).</li></ul>
System of remuneration of the General Director is defined by the Board of Directors of the Company.	Complied	The Board of Directors of IDGC of Centre JSC (Minutes No. 19/08 of November 28, 2008) approved a new revision of the Regulation on Incentives of the General Director of IDGC of Centre JSC which defines the system of remuneration of the General Director.	



PROVISION OF THE CODE OF CORPORATE CONDUCT	COMPLIANCE/ NON-COMPLI- ANCE	MEASURES TAKEN TO COMPLY WITH THE PROVISION	NOTES ON NON-COMPLI- ANCE
GENERAL DIRECTOR			
		<p>In compliance with sub-clause 36 clause 15.1. Article 15 of the Articles of Association of the Company consideration of the reports of the General Director on the activities of the Company (including the reports on performing his official duties), carrying out the resolutions of the General Meeting of Shareholders and the Board of Directors of the Company lies in the competence of the Board of Directors of the Company.</p> <p>Practically the General Director quarterly reports to the Board of Directors of the Company on the Company's activities:</p> <ul style="list-style-type: none"><li>● on provision of insurance coverage;</li><li>● on fulfilment of the Company's business plan;</li><li>● on fulfilment of resolutions of the Annual General Meeting of Shareholders;</li><li>● on fulfilment of the investment programme;</li><li>● on fulfilment of procurement programme;</li><li>● on fulfilment of resolutions of the Board of Directors;</li><li>● on the process of implementation of non-core assets;</li><li>● on following the Regulation on Information Policy of the Company;</li><li>● on the loan policy of the Company;</li><li>● on fulfilment of core efficiency indicators for a certain quarter;</li><li>● on cash flow control indicators for a certain quarter;</li><li>● on fulfilment of resolutions approved on previous meetings of the Board of Directors of the Company;</li><li>● on the process of implementation of non-core assets of the Company.</li></ul>	
The General Director of the Company provides the Board of Directors with quarterly reports on his activities.	Complied		
CORPORATE SECRETARY			
The Company elected an official whose main task is to make the authorities and officials follow the procedural requirements ensuring exercise of rights and legal interests of the Company — Corporate Secretary of the Company.	Complied	<p>The Company instituted the position of Corporate Secretary whose main task is to make the authorities and officials follow the procedural requirements ensuring exercise of rights and legal interests of the Company. Corporate Secretary is an authorized person whose main task is to ensure that the governing bodies and officials of the Company meet the procedural requirements which guarantee the enforcement of rights and legal interests of the shareholders of the Company.</p> <p>Corporate Secretary acts on the grounds of the Articles of Association of the Company and the Regulation on Corporate Secretary approved by resolution of the Board of Directors of the Company, Minutes No. 009/06 of October 18, 2006, and which determines the status, functions and authority of Corporate Secretary, procedure of his election, activities and cooperation with administrative authorities of the Company.</p> <p>The specified Minutes can be found on the Company's website at the address: <a href="http://www.mrsk-1.ru/about/administration/control/protokol/">http://www.mrsk-1.ru/about/administration/control/protokol/</a>.</p>	
Requirements for the candidacy of Corporate Secretary of the Company, procedure of election of Corporate Secretary and his duties are determined by the Articles of Association of the Company, the Code of Corporate Governance and the Regulation on Corporate Secretary of the Company.	Complied	<p>Article 20 of the Articles of Association of the Company determines that the rules and regulations of activities, procedure of assignment and termination of powers, term of powers, rights and duties of Corporate Secretary of the Company are regulated by the Regulation on Corporate Secretary, approved by the Board of Directors of the Company.</p> <p>The Regulation on Corporate Secretary (approved by resolution of the Board of Directors of the Company, Minutes No. 009/06 of October 18, 2006) and the Code of Corporate Governance (approved by the resolution of the Board of Directors of the Company, Minutes No. 009/06 of October 18, 2006), contain all abovementioned requirements.</p>	
Only a person with excellent reputation, higher legal or economic education, no less than 3 years of work experience and other characteristics defined in internal documents of the Company, can be assigned to the position of Corporate Secretary.	Complied	<p>ΔThe Regulation On Corporate Secretary of the Company contains these requirements. At present the Corporate Secretary of he Company is O. Dubova who meets the requirements of the Code of Corporate Governance of the Company and the Regulation on Corporate Secretary, and who was assigned to this position according to resolution of the Board of Directors of May, 28, 2008, Minutes No. 10/08.</p>	

PROVISION OF THE CODE OF CORPORATE CONDUCT	COMPLIANCE/ NON-COMPLI- ANCE	MEASURES TAKEN TO COMPLY WITH THE PROVISION	NOTES ON NON-COMPLI- ANCE
DISCLOSURE OF INFORMATION AND TRANSPARENCY			
The Company ensures timely and accurate disclosure of information on all material issues of its activities through fulfilment of requirements established by the laws of the Russian Federation and through voluntary disclosure of additional information.	Complied	<p>In the Company by decision of the Board of Directors (Minutes No. 009/06 of October 18, 2006) the Regulation on Information Policy of IDGC of Centre JSC was approved in compliance with which the Company assumes liability on disclosure of additional information. In order to fulfil this Regulation in the Company the Rules of preparation, coordination and control over the contents and terms of disclosure of information were approved, the requirements on disclosure of which are specified by the applicable laws of the Russian Federation and the Regulation on Information Policy (Order No. 85 of May 18, 2007).</p> <p>The requirements of the Regulation and the Order are fulfilled.</p> <p>Report of the General Director of the Company on following the Regulation on Information Policy of the Company for the third quarter of 2008 is approved by the Board of Directors (Minutes No. 18/08 of November 14, 2008).</p> <p>Report of the General Director of the Company on following the Regulation on Information Policy of the Company for the third quarter of 2008 is approved by the Board of Directors (Minutes No. 18/08 of November 14, 2008).</p> <p>The specified Regulation can be found on the Company's website at the address: <a href="http://www.mrsk-1.ru/about/administration/documents1/">http://www.mrsk-1.ru/about/administration/documents1/</a>.</p>	
		<p>All information disclosed by the Company including the information on key events of the Company can be found on the website of the Company at the address <a href="http://www.mrsk-1.ru/stockholder/inform/annual_report/">http://www.mrsk-1.ru/stockholder/inform/annual_report/</a>, and it is also published in mass media («Vedomosti» newspaper, information bulletin «Supplement to the Bulletin of Federal Financial Markets Service (FFMS)» where the law permits).</p> <p>In particular the site discloses the following:</p> <ul style="list-style-type: none"><li>● Annual reports;</li><li>● Accounting statements;</li><li>● Accounting policy;</li><li>● Affiliated persons list;</li><li>● Quarterly reports;</li><li>● Reports on material facts;</li><li>● Information which can materially influence the cost of securities;</li><li>● Documents on issues of securities;</li><li>● IFRS statements;</li><li>● Methods of evaluation of assets;</li><li>● Information on material transactions;</li><li>● Disclosure of information within the emission stages.</li></ul>	
Information on key events of the Company which is considered to be such information in compliance with the laws of the Russian Federation and with the own initiative of the Company is published in mass media and Internet.	Complied		
The Company takes measures to protect the information classified as trade secret. The list of information classified as trade secret, conditions of access to such information and possibility of its usagare are determined by the Company in corresponding regulations taking into account the necessity of keeping reasonable balance between the openness of the Company and intention not to prejudice its interests.	Complied	<p>By order of the General Director No. 232 of November 14, 2006 the following documents were approved:</p> <ul style="list-style-type: none"><li>● Uniform policy of organisation of work on protection of information classified as trade secret.</li><li>● Regulation of order of work and mutual relations when applying for information classified as trade secret.</li><li>● List of information classified as trade secret of IDGC of Centre JSC.</li></ul> <p>Among other issues these documents also determine the List of information classified as trade secret, conditions of access to such information and possibility of its usage.</p>	
		<p>By resolution of the Board of Directors of the Company of October 14, 2005 (Minutes No. 008/05) the Regulation on Insider Information of IDGC of Centre JSC developed in order to protect the rights and legal interests of the shareholders and persons performing transactions with securities of the Company and its SDC; provision of economic security of the Company; control over insider activities by limiting the usage and disposition of insider information; setting general standards on protection of information classified as insider information of the Company; setting the order of periodic reporting of insiders to the Company; informing on measures of responsibility applied for the violation of requirements determined by the regulation bodies</p> <p>The specified Regulation can be found on the Company's website at the address: <a href="http://www.mrsk-1.ru/about/administration/control/protokol/">http://www.mrsk-1.ru/about/administration/control/protokol/</a>.</p> <p>In compliance with clauses 4.1.-4.2. of this Regulation members of the Board of Directors of the Company, members of collegial executive governing body of the Company, person exercising functions of a sole executive body including functions of the governing organisation and its officials, are obliged to disclose to the Audit Committee of the Boards of Directors of the Company information on possession of the Company securities.</p> <p>No later than the third day of the month next to the reported, insiders are obliged to submit to the Subdivision controlling the usage of insider information a written declaration on transactions with securities of the Company and (or) SDC made within the reporting month in form in compliance with Appendix No. 1 to the Regulation.</p>	
The Company controls the usage of insider information. The usage and protection of insider information is regulated by the Regulation on Insider Information of the Company.	Complied		

PROVISION OF THE CODE OF CORPORATE CONDUCT	COMPLIANCE/ NON-COMPLI- ANCE	MEASURES TAKEN TO COMPLY WITH THE PROVISION	NOTES ON NON-COMPLI- ANCE
DISCLOSURE OF INFORMATION AND TRANSPARENCY			
The Company keeps records and prepares accounting statements in compliance with the Russian standards of accounting and financial statements. Financial statements are accompanied with detailed notes allowing the reader of such statements to obtain correct interpretation of the information on financial results of the activities of the Company. Financial information is accompanied with comments and analytical evaluations of the management of the Company and also with a opinion of the Auditor of the Company and the Audit Commission.	Complied	The accounting statements of the Company can be found on the website of the Company at the address <a href="http://www.mrsk-1.ru/stockholder/inform/accounting/">http://www.mrsk-1.ru/stockholder/inform/accounting/</a> Analytical evaluations of the management on financial results of 2007 can be found in the Annual Report of the Company on the website <a href="http://www.mrsk-1.ru/stockholder/inform/annual_report/">http://www.mrsk-1.ru/stockholder/inform/annual_report/</a>	
The Company prepares the statements in compliance with the International Financial Reporting Statements (IFRS) and publishes such statements on its website.	Complied	The Company's statements prepared in compliance with the International Financial Reporting Statements (IFRS) can be found on the website of the Company ( <a href="http://www.mrsk-1.ru/stockholder/inform/msfo/">http://www.mrsk-1.ru/stockholder/inform/msfo/</a> ) The Board of Directors of the Company approved a resolution on determination of priority activities of the Company: revaluation of the fixed assets cost and evaluation of the fair cost of assets in compliance with the requirements of IFRS in order to proceed to the RAB-based tariff regulation (Minutes No. 04/08 of March 5, 2008).	
The Company ensures disclosure of information on beneficial owners of five or more per cent of voting shares of the Company in order to provide transparency of the joint stock structure.	Complied	Information on the shareholders of IDGC of Centre JSC is disclosed on the website of the Company ( <a href="http://www.mrsk-1.ru/stockholder/capital/">http://www.mrsk-1.ru/stockholder/capital/</a> )	
CONTROL OVER FINANCIAL AND BUSINESS ACTIVITIES OF THE COMPANY			
In order to perform operative internal audit of the performance of all business operations, a subdivision in charge for internal audit is created in the Company.	Complied	The Internal Control and Audit Department was created in the Company and it performs functions of internal audit, in particular functions on evaluation of the efficiency of the risks management and internal control systems which is necessary to support efficiency of the risks management and internal control systems. The Internal Control and Audit Department is regulated by corresponding Regulation which formalizes the work of the mentioned body and therefore favours its work efficiency.	
The procedures of internal control as well as issues of interaction of bodies (subdivisions, persons) performing internal control over financial and business activities, and revelation of risks of the Company are determined by the local legal regulations of the Company approved by the Board of Directors of the Company.	Complied	The Board of Directors of the Company resolved to approve a Regulation on Internal Control Procedures (Minutes No. 1 of February 10, 2009) which established goals and tasks of internal control, internal control procedures, bodies in charge for internal control and in charge for control over performance of internal control procedures. This document determines conceptual framework of the system of internal control of the Company: internal control tasks, internal control principles, structural subdivisions of the Company developing and implementing internal control procedures, structural subdivisions of the Company evaluating the efficiency of internal control procedures, accountability of various structural subdivisions within internal control system.	

PROVISION OF THE CODE OF CORPORATE CONDUCT	COMPLIANCE/ NON-COMPLI- ANCE	MEASURES TAKEN TO COMPLY WITH THE PROVISION	NOTES ON NON-COMPLI- ANCE
RELATIONS WITH SUBSIDIARIES AND DEPENDENT COMPANIES			
The Company's relations with subsidiaries and dependent companies (SDC) are regulated by the laws of the Russian Federation, the Articles of Association and internal documents of the Company and by the articles of association of subsidiaries and dependent companies.	Complied	The Company's Board of Directors approved the following documents: <ul style="list-style-type: none"><li>● Standard for the formation of bodies for administration and control of subsidiaries and dependent companies of IDGC of Centre, JSC.</li><li>● Standard for organisation of the activity of IDGC of Centre, JSC representatives in the administration of subsidiaries and dependent companies (approved by resolution of the Company's Board of Directors of December 12, 2005, Minutes No. 010/05). Currently the Company has 3 SDCs; information on them is available on the site (<a href="http://www.mrsk-1.ru/about/administration/society/">http://www.mrsk-1.ru/about/administration/society/</a>).</li></ul>	
RESOLUTION OF CORPORATE DISPUTES			
The Company provides the conditions for the fastest and most complete identification of disputes that arose or may arise in the Company and informs shareholders on the Company's position in the corporate dispute on the basis of the applicable laws of the Russian Federation.	Complied	So far there have been no corporate conflicts in the Company. In compliance with clause 3.5 of the Regulation on Corporate Secretary approved by Resolution of the Company's Board of Directors, Minutes No. 009/06 of October 18, 2006, the Corporate Secretary organises the cooperation between the Company (represented by the Board of Directors and the General Director) and its shareholders, including: <ul style="list-style-type: none"><li>— controlling that the Company's bodies and departments timely examine shareholders' requests;</li><li>— taking measures which facilitate fast and effective resolution of any disputes, including those related to maintaining of the shareholder register;</li><li>— ensuring the fastest and most complete identification of conflicts which may arise in the Company;</li><li>— recording and estimating of corporate disputes (submission to the Chairman of the Board of Directors and to the General Director of conclusions based on such estimates), registration of shareholders' requests, letters and demands, preparation of drafts of the relevant answers.</li></ul> The Corporate Secretary must inform the Board of Directors on the arising of possible violations of the applicable laws of the Russian Federation and shareholders' rights and on the arising of corporate disputes.	

## REPORT BY THE BOARD OF DIRECTORS ON PRIORITY AREAS OF THE COMPANY. THE MOST IMPORTANT RESOLUTIONS MADE BY THE BOARD OF DIRECTORS IN 2008. DETAILS ON TRANSACTIONS MADE BY THE COMPANY IN 2008

In 2005 — 2007 the Board of Directors of the Company adopted resolutions defining priority areas of activities of the Company on preparing financial reports in compliance with IFRS, adoption of corporate symbols, improvement of IT-equipment, on approval of the programme for implementation of the environmental policy of the Company for 2006, reassessment of the value of the fixed assets and assessment of the Company assets in accordance with the IFRS; on approval of the action plan on restructuring of the Company by way of incorporation of distribution grid companies into it, on adoption of new corporate symbols, on approval of key provisions of the Technical Policy of the Company in the area of information technologies, on organisation and supporting of work in the area «Relay Protection and Automatic Relay Devices» in IDGC of Centre, JSC.

In 2008 the Board of Directors of the Company adopted the following resolutions within the framework of priority areas:

- on approval of the Programme of Actions on Reduction of the Accident Rate (Protocol No.02/08 of 31, 2008);
- on re-assessment of the value of fixed assets and assessment of the fair value of assets in accordance with IFRS for the purpose of transition to the system of tariffs based on RAB (Protocol 04/08 of 05.03.2008);
- approval of the Environmental Policy of IDGC of Centre, JSC (Protocol No.12/08 of 23.07.2008).

In 2008 the Board of Directors of the Company also adopted the following resolutions of major significance:

- creation of branches of the Company (Protocol No.01/08 of 11.01.2008);
- approval of decision on issue of securities of IDGC of Centre, JSC for private offering (Protocol No. 01/08 of January 11, 2008);
- approval of values of key performance indicators of the Company for 2008 (Protocol of No. 02/08 of January 31, 2008);
- approval of the new revision of the Standards for Business Planning of the Company (Protocol No. 02/08 of 31.01.2008);
- approval of the Programme of Actions on Reduction of the Accident Rate (Protocol No. 02/08 of 31.01.2008);
- approval of decisions on issue of convertible securities of IDGC of Centre, JSC (Protocol No. 03/08 of 11.02.2008);
- approval of the Securities Prospectus on convertible securities of IDGC of Centre, JSC (Protocol No. 03/08 of 11.02.2008);
- consideration of the issues proposed by the shareholders for inclusion into the agenda of the Annual General Meeting of the Shareholders of the Company, as well as of candidates nominated into the management and supervisory bodies of the Company (Protocol No. 04/08 of 05.03.2008);
- approval of the Comprehensive Annual Procurement Programme of the Company for 2008 (Protocol No. 04/08 of 05.03.2008);
- reassessment of the value of the fixed assets and assessment of the Company assets in accordance with the IFRS for the purpose of transition to the system of tariffs based on RAB (Protocol No. 04/08 of 05.03.2008);

- approval of the Regulation on Credit Policy of IDGC of Centre, JSC (Protocol No. 06/08 of 28.03.2008);
- approval of the Regulation on Procedure for Regulated Procurement of Commodities, Work and Services for IDGC of Centre, JSC (Protocol No. 06/08 of 28.03.2008);
- approval of the Non-State Pension Provision Programme of the Company for 2008 (Protocol No. 06/08 of 28.03.2008); approval of the new revision of the Programme (Protocol No. 15/08 of 10.10.2008);
- approval of the Consolidated Insurance Programme of IDGC of Centre, JSC for 2008 (Protocol No. 15/08 of 10.10.2008);
- approval of Reports on Results of Issuance of Additional Securities of IDGC of Centre, JSC (Protocol No. 07/08 of 15.04.2008);
- approval of the Regulation on Cash Flow Management of IDGC of Centre, JSC (Protocol No. 08/08 of 18.04.2008);
- convening of the Annual General Meeting of Shareholders of the Company (Protocol No. 08/08 of 18.04.2008);
- approval of the Annual Report of the Company for 2007 (Protocol No. 08/08 of 18.04.2008);
- recommendations to the General Meeting of Shareholders on the amount of dividends upon shares of the Company and procedure for payment of dividends for 2007 (Protocol No. 08/08 of 18.04.2008);
- recommendations to the General Meeting of Shareholders on distribution of profits and losses of the Company for reporting year of 2007 (Protocol No. 08/08 of 18.04.2008);
- election of members of the Management of the Company (Protocol No. 09/08 of 30.04.2008);
- formation of the Audit Committee of the Board of Directors of IDGC of Centre, JSC (Protocol No. 09/08 of 30.04.2008);
- formation of the HR and the Remuneration Committee of the Board of Directors of IDGC of Centre, JSC (Protocol No. 09/08 of 30.04.2008);
- formation of the Strategy and Development Committee of the Board of Directors IDGC of Centre, JSC (Protocol No. 09/08 of 30.04.2008);
- election of the Corporate Secretary of IDGC of Centre, JSC (Protocol No. 11/08 of 30.06.2008);
- approval of the Environmental Policy of IDGC of Centre, JSC (Protocol No. 12/08 of 23.07.2008);
- approval of the Programme on Charitable Activities of IDGC of Centre, JSC for 2008 (Protocol No. 13/08 of 01.08.2008);
- approval of the new revision of the Regulation on Corporate Assistance and Support of Employees of IDGC of Centre, JSC in Improvement of Their Living Conditions (Protocol No. 13/08 of 01.08.2008);
- approval of organisational structure of the executive bodies of the Company (Protocol No. 13/08 of 01.08.2008);
- approval of the Business Plan and of the Investment Programme of the Company for 2008 (Protocol No. 14/08 of 10.09.2008); approval of revisions of the Business Plan and of the Investment Programme of the Company for 2008 (Protocol No. 23/08 of 20.01.2009);
- approval of the Regulations on Remunerations and Compensations to the members of the Audit Committee, the HR and the Remuneration Committee, the Reliability Committee, the Strategy and Development of the Board of Directors IDGC of Centre, JSC (Protocol No. 14/08 of 10.09.2008);
- extension of the employment contract with Yevgeny Fedorovich Makarov, General Director of the Company (Protocol No. 20/08 of 17.12.2008);
- determination of transactions (transaction amounts) with the property of IDGC of Centre, JSC, subject to approval by the Board of Directors (Protocol No. 21/08 of 18.12.2008);

INFORMATION ON RELATED PARTY TRANSACTIONS MADE BY THE COMPANY IN 2008

From the date of its incorporation (17.12.2004 r.) until 31.03.2008, the Board of Directors of the Company did not approve transactions that, in accordance with the Federal Law «On Joint-Stock Companies», could be categorised as interested party transactions, since all the shareholders of the Company (OJSC RAO UES of Russia) were interested in them).

TRANSACTION, DATE OF TRANSACTION (DETAILS OF THE CONTRACT)	SUBJECT MATTER OF TRANSACTION	PARTIES	PRICE (LESS VAT), ROUBLES	INFORMATION ABOUT APPROVAL OF THE TRANSAC- TION BY AN AUTHORISED BODY OF THE COMPANY (IN ACCORDANCE WITH THE LAWS OF THE RUSSIAN FEDERATION)
Service Contract between IDGC of Centre, JSC and CJSC IT Energy MIX (Contract No. 75/2008-07/4677-105 of 07.04.2008)	Contractor undertakes to provide the Customer services on arrangement of participation of a representative of the Customer in the 7th Annual National Conference of Heads of IT-departments of power companies and managing power companies «IT TEAM ENERGY» in accordance with the contract, and the Customer undertakes to pay for the services of the Contractor in accordance with the Contract.	Contractor — CJSC IT Energy MIX Customer — IDGC of Centre, JSC	28,500.00	Protocol of the Board of Directors No. 10/08 of 29.05.2008
Contract for services on arranging of the seminar on «Transition to Tariff Regulation Using RAB Method» between IDGC of Centre, JSC and IDGC of Centre, JSC and Volga Region (Contract No. 40005087 of 30.06.2008)	Contractor undertakes, to provide the Customer services on arrangement of the seminar on «Transition to Tariff Regulation Using RAB Method» in accordance with the Contract, and the Customer undertakes to pay for the services of the Contractor in accordance with the Contract.	Customer — IDGC of Centre, JSC and Volga Region; Contractor — IDGC of Centre, JSC	190,712.55	Protocol of the Board of Directors No. 11/08 of 30.06.2008
Contract of Sale of Property (electric equipment) between JSC Territorial Generation Company No.4 (JSC Smolensk Regional Generation, branch of JSC Territorial Generation Company No.4) and IDGC of Centre, JSC (Smolenskenergo, branch of IDGC of Centre, JSC) (Contract .No. 983/04 of 06.10.2008)	The Seller undertakes to transfer the property to the Buyer, and the Buyer undertakes to accept the electric equipment (hereinafter referred to as the «Goods») specified in Appendix 4 to this Resolution (List of Equipment and Equipment Prices)	Seller — JSC Territorial Generation Company No.4 (JSC Smolensk Regional Generation, branch of JSC Territorial Generation Company No.4) Buyer — IDGC of Centre, JSC (Smolenskenergo, branch of IDGC of Centre, JSC)	189,996.8	Protocol of the Board of Directors of 12.09.2008 No. 14/08
Service contract between IDGC of Centre, JSC and Glavsetservice of UNEG, JSC (Contract No. 1000099789/2009749/40012158 of 17.10.2008.)	Contractor shall provide the Customery with services (provision of a vehicle with a crew to be used solely for transportation purposes	Contractor — IDGC of Centre, JSC Customer — Main Power Grid Service Company of the Unified National Electric Grid, JSC	495.49 (1 hour of driving)	Protocol 2008 No. 14/08 of the Board of Directors of 12.09.
Contract of Membership in the Non-profit Partnership «Scientific and Engineering Counsel of the Unified Energy System (NP SEC of UES) between IDGC of Centre, JSC and NP SEC of UES (Contract No. 4677-270 of 26.12.2008)	Determination of the procedure for entry of the member of the Partnership into the Partnership, determination of rights and obligations of the member of the Partnership and of the Partnership	IDGC of Centre, JSC (member of the Partnership); NP SEC of UES (Partnership)	Admission fee — 1,573,000 Membership fee for 2009 — 1,500,000	Protocol No. 17/08 of the Board of Directors of 30.10.2008
Contract of Non-State Pension Provision (using Pension Scheme No. 3 «Pension Scheme with Fixed Installments and Payment of Pension until Complete Withdrawal of Funds during a Period Not Less than Five Years»), between IDGC of Centre, JSC and the Non-State Pension Fund of the Electric Power Industry. (Contract No. 375/4677-230 of 17.11.2008)	The Depositor makes pension contributions to the Fund in behalf of the Participants, and the Fund forms pension reserves and invests them for the purpose of making profit solely for the benefit of the Participants for further payment of non-state pension, hereinafter referred to as «Pension». Scheme No. 3 «Pension Scheme with Fixed Installments and Payment of Pension until Complete Withdrawal of Funds but not Sooner than within in a Five-Year Period») is used under the Contract in accordance with the Rules of the Fund.	Non-State Pension Fund of the Electric Power Industry — «Fund», IDGC of Centre, JSC — «Investor»		Protocol No. 18/08 of the Board of Directors of 18.11.2008

TRANSACTION, DATE OF TRANSACTION (DETAILS OF THE CONTRACT)	SUBJECT MATTER OF TRANSACTION	PARTIES	PRICE (LESS VAT), ROUBLES	INFORMATION ABOUT APPROVAL OF THE TRANSAC- TION BY AN AUTHORISED BODY OF THE COMPANY (IN ACCORDANCE WITH THE LAWS OF THE RUSSIAN FEDERATION)
Contract of Non-State Pension Provision (using Pension Scheme No. 10 «Pension Scheme with Fixed Installments and Payment of Pension until Complete Withdrawal of Funds during a Period Not Less than Five Years») for Depositors being legal entities, between IDGC of Centre, JSC and the Non-State Pension Fund of the Electric Power Industry. (Contract No. 377/4677-232 of 17.11.2008)	The Depositor makes pension contributions to the Fund in behalf of the Participants, and the Fund forms pension reserves and invests them for the purpose of making profit solely for the benefit of the Participants for further payment of non-state pension.	Non-State Pension Fund of the Electric Power Industry — «Fund», IDGC of Centre, JSC — «Investor»		Protocol No. 18/08 of the Board of Directors of 18.11.2008
Contract of Non-State Pension Provision (using Pension Scheme No. 9 «Pension Scheme with Fixed Installments and Payment of Pension until Complete Withdrawal of Funds during a Period Not Less than Five Years»), between IDGC of Centre, JSC and the Non-State Pension Fund of the Electric Power Industry. (Contract No. 1611 376/4677-231 of 17.11.2008)	The Depositor makes pension contributions to the Fund in behalf of the Participants, and the Fund forms pension reserves and invests them for the purpose of making profit solely for the benefit of the Participants for further payment of non-state pension, hereinafter referred to as «Pension». Scheme No. 9 «Pension Scheme with Fixed Installments and Payment of Pension until Complete Withdrawal of Funds but not Sooner than within in a Five-Year Period») is used under the Contract in accordance with the Rules of the Fund.	Non-State Pension Fund of the Electric Power Industry — «Fund», IDGC of Centre, JSC — «Investor»		Protocol of the Board of Directors of 18.11.2008 No. 18/08

INFORMATION ABOUT MAJOR TRANSACTIONS OF THE COMPANY IN 2008

TRANSACTION, DATE OF TRANSACTION (DETAILS OF THE CONTRACT)	SUBJECT MATTER OF TRANSACTION	PARTIES	PRICE, ROUBLES	INFORMATION ABOUT APPROV- AL OF THE TRANSACTION BY AN AUTHORISED BODY OF THE COMPANY (IN ACCORDANCE WITH THE LAWS OF THE RUS- SIAN FEDERATION)
Credit Facility Agreement Credit Facility Agreement No. 50/08-P of 28.03.2008)	The Bank undertakes to grant a loan in the form credit facility for a period from March 28, 2008 through September 28, 2009 to the Borrower. The Borrower undertakes to redeem the loan and pay interest on it in due time specified in the Agreement.	Borrower — IDGC of Centre, JSC  Bank — Gazprombank (Open Joint-Stock Company)	1,300,000,000	Protocol BOCA No. 1844 pr/1 of 27.03.2008)
Facility Agreement (Facility Agreement N RBA/4698 of 28.03.2008)	The Bank undertakes to grant a credit facility in the amount on 1,400,000,000 (one billion four million) Russian roubles. The Borrower undertakes to redeem the loans and pay other amount due to the Bank in accordance with the Agreement.	The Borrower — IDGC of Centre, JSC Bank — Raiffeisen CJSC	1,400,000,000	Protocol BOCA No. 1844 pr/1 of 27.03.2008)
Facility Agreement No. RK/053/08-P of 28.03.2008)	The Lender undertakes to open a credit facility with lump-sum debt limit of 3,000,000,000 (three billion) roubles. The Borrower shall pay interest to the Lender at the rate specified in the Agreement	Borrower — IDGC of Centre, JSC Lender — Joint-Stock Commercial Bank «Rosbank» (Open Joint-Stock Company)	3,000,000,000	Protocol BOCA No.1844 pr/1 of 27.03.2008)
Overdraft facility agreement Overdraft facility agreement No. 51/08-P of 28.03.2008)	The Bank undertakes to grant an overdraft facility to the Borrower by way of performance of settlement instructions of the Borrower (payment orders of the Borrower, payment orders accepted by the Borrower, checks for cash) when there are no sufficient funds in the settlement account of the Borrower, and the Borrower undertakes to pay the granted loans and interest on them	The Borrower — IDGC of Centre, JSC Bank — Gazprombank (Open Joint-Stock Company)	700,000,000	Protocol BOCA No. 1844 pr/1 of 27.03.2008)



TRANSACTION, DATE OF TRANSACTION (DETAILS OF THE CONTRACT)	SUBJECT MATTER OF TRANSACTION	PARTIES	PRICE, ROUBLES	INFORMATION ABOUT APPROVAL OF THE TRANSAC- TION BY AN AUTHORISED BODY OF THE COMPANY (IN ACCOR- DANCE WITH THE LAWS OF THE RUSSIAN FEDERATION)
Facility Agreement No. KL-1099/08 on opening of the credit facility in the currency of the Russian Federation with lump-sum debt limit for the Borrower of 28.03.2008	The Bank grants a loan in the form of the credit facility with lump-sum debt limit to the Borrower, and the Borrower un- dertakes to redeem the received amount and pay interest on it.	The Borrower — IDGC of Centre, JSC Bank — Joint-Stock Bank ORGRESBANK (Open Joint-Stock Company)	2,000,000,000	Protocol BOCA No. 1844 pr/1 of 27.03.2008)
Loans within the framework of the GPB-Dealing system. Making of an agreement on general conditions of agreements The subject matter of the agreement is general conditions for making, reviewing and terminating of Transactions; granting of a loan (loans) to the Customer by the Bank using the GPB-Dealing system, payoff of the amount received to the Bank by the Customer and payment of interest on them on conditions provided for in this Agreement and the Ticket Electronic Document. (AGREEMENT No. 1157 on general conditions of agreements	The Bank undertakes to provide the Customer with funds (loan) in the amount, for the term and subject to conditions specified in the facility agreement, and the Customer undertakes to pay interest for usage of the loan in the currency of the loan in accordance with the terms of the facility agreement	The Customer — IDGC of Centre, JSC Bank — Gazprombank (Open Joint-Stock Company)	800,000,000	Protocol BOCA No. 1844 pr/1 of 27.03.2008)
Overdraft facility agreement. The credit line entitles the Borrower to receive funds from the Lender repeatedly in accordance with this Agreement, provided that the Borrower observes the specified debt limit at any time within the term of the Agreement. Facility (Credit Facility) Agreement No. 32-260/15/567-08-KR of 28.03.08)	The Lender shall open a credit facility with the lump-sum debt limit at the amount of 1,300,000,000.00 (one billion three hundred million) roubles. Besides, the Borrower undertakes to pay interest in the amount, according to the procedure and the term specified in the Agreement, as well as pay off the loan fully to the Lender within the term specified by the Agreement	The Borrower — IDGC of Centre, JSC Lender — Joint-Stock Commercial Bank «Bank of Moscow» (Open Joint-Stock Company)	1,300,000,000	Protocol BOCA No. 1844 pr/1 of 27.03.2008)

Details on intra-corporate transactions, transactions with state-owned companies and other material transactions of the Company in 2008 are available at the web-site of the Company: <http://www.mrsk-1.ru/stockholder/session/sovet/2008/>.

DETAILED INFORMATION ON THE MEMBERS OF COMMITTEES OF THE BOARD OF DIRECTORS AND MEMBERS OF THE MANAGEMENT BOARD

INFORMATION ON MEMBERS OF COMMITTEES OF THE BOARD OF DIRECTORS OF THE COMPANY

During the reporting year 2008, three compositions of the Reliability Committee of the Board of Directors of IDGC of Centre, JSC were appointed.  
The Reliability Committee of the Board of Directors of the Company elected on October 3, 2007 (Minutes of the Meeting of the Board of Directors No. 08/07) consists of:

FULL NAME OF THE COMMITTEE MEMBER	POSITION OF THE COMMITTEE MEMBER
PAVEL IVANOVICH OKLEY	Chairperson of the Committee, Director of the Management centre of IDGC of FGC UES, OJSC
DMITRY ANATOLYEVICH KORYAKIN	Director of the Increase of Reliability and Development of Operational and Technological Management Department of the Management centre of IDGC of FGC UES, OJSC
SERGEY ANATOLYEVICH SHUMAKHER	Deputy Director General for technical policy of IDGC of Centre, JSC
OLGA VALENTINOVNA ZUYKOVA	Director of Technical Inspection Department of IDGC of Centre, JSC
ANDREY VALENTINOVICH VOLGIN	Technical Director of Tverenergo, OJSC

The Reliability Committee of the Board of Directors of the Company elected on April 30, 2008 (Minutes of the Meeting of the Board of Directors No. 09/08) consists of:

FULL NAME OF THE COMMITTEE MEMBER	POSITION OF THE COMMITTEE MEMBER
PAVEL IVANOVICH OKLEY	Chairperson of the Committee, Director of the Management centre of IDGC of FGC UES, OJSC
SERGEY ANATOLYEVICH SHUMAKHER	Deputy Director General for technical policy of IDGC of Centre, JSC
DMITRY ANATOLYEVICH KORYAKIN	Director of the Increase of Reliability and Development of Operational and Technological Management Department of the Management centre of IDGC of FGC UES, OJSC
OLGA VALENTINOVNA ZUYKOVA	Director of Technical Inspection Department of IDGC of Centre, JSC
ROMAN ALEKSEYEVICH FILKIN	Director of the Company's Representative Office Property Capital Managemen (RF), Ltd.
DMITRY LEONIDOVICH PANKOV	Director for maintenance and operation of IDGC of Centre, JSC
MIKHAIL SERGEYEVICH KALININ	Chief specialist for electrical facilities of Energy production of NLMK, OJSC

The Reliability Committee of the Board of Directors of the Company was elected on August 1, 2008 by the resolution of the Board of Directors of the Company (Minutes No. 13/08) with amendments in composition under the resolution of the Board of Directors of the Company dated November 28, 2009 (Minutes No. 19/08) and consists of:

FULL NAME OF THE COMMITTEE MEMBER	POSITION OF THE COMMITTEE MEMBER
PAVEL IVANOVICH OKLEY	Chairperson of the Committee, Deputy Director General, Technical Director of IDGC Holding, OJSC
SERGEY ANATOLYEVICH SHUMAKHER	Member of the Management Board of IDGC of Centre, JSC, Deputy Director General for technical policy of IDGC of Centre, JSC
EVGENY ALEKSEYEVICH BRONNIKOV	Deputy Director General for economy and finance of IDGC of Centre, JSC
ROMAN ALEKSEYEVICH FILKIN	Director of the Company's Representative Office Property Capital Managemen (RF), Ltd.
DMITRY LEONIDOVICH PANKOV	Director for maintenance and operation of IDGC of Centre, JSC
OLEG VLADIMIROVICH ROCHAGOV	Director of Technical Inspection Department of IDGC of Centre, JSC
MIKHAIL SERGEYEVICH KALININ	Chief specialist for electrical facilities of Energy production of NLMK, OJSC

The Regulation on the Reliability Committee of the Board of Directors of IDGC of Centre, JSC is available at the Company's website: <http://www.mrsk-1.ru/docs/Pologenie.pdf>.

During the reporting year 2008, two compositions of the Audit Committee of the Board of Directors of IDGC of Centre, JSC were appointed. The Audit Committee of the Board of Directors of the Company elected on April 30, 2008 (Minutes of the Meeting of the Board of Directors No. 09/08) consists of:

Full Name of the Committee Member	Position of the Committee Member
DENIS STANISLAVOVICH KOLYAGO	Chairperson of the Committee, Director of the Finance, Assets and Capitalisation Department of IDGC of FGC UES, OJSC
RUSTEM FARITOVICH GABIDULLIN	Manager of the Increase of Reliability and Development of Operational and Technological Management Department of the Management centre of IDGC of FGC UES, OJSC
EVGENY ALEKSEYEVICH BRONNIKOV	Deputy Director General for economy and finance of IDGC of Centre, JSC
DMITRY VLADIMIROVICH SKLYAROV	Director of the Internal Control and Audit Department of IDGC of Centre, JSC
INNA OLEGOVNA BARTENYEVA	Director of the Economic Planning Department of JSC Investment Holding «E-Union»
ALEVTINA ALEKSANDROVNA REPINA	Adviser Director for energy of NLMK, OJSC
ALEKSEY VITALYEVICH KLAPTSOV	Vice President of Halcyon International

The Audit Committee of the Board of Directors of the Company elected on June 30, 2008 (Minutes of the Meeting of the Board of Directors No. 11/08) consists of:

Full Name of the Committee Member	Position of the Committee Member
DENIS STANISLAVOVICH KOLYAGO	Chairperson of the Committee, Deputy Director of the Finance Department of IDGC Holding, OJSC
RUSTEM FARITOVICH GABIDULLIN	Executive secretary of the Central Purchase Commission of IDGC Holding, OJSC
EVGENY ALEKSEYEVICH BRONNIKOV	Member of the Management Board of IDGC of Centre, JSC, Deputy Director General for economy and finance of IDGC of Centre, JSC
VADIM EVGENYEVICH BUNIN	Director of the Internal Control and Audit Department of IDGC of Centre, JSC
INNA OLEGOVNA BARTENYEVA	Director of the Economic Planning Department of JSC Investment Holding "E-Union"
ALEVTINA ALEKSANDROVNA REPINA	Adviser Director for energy of NLMK, OJSC
ALEKSEY VITALYEVICH KLAPTSOV	Vice President of Halcyon International

The Regulation on the Audit Committee of the Board of Directors of IDGC of Centre, JSC is available at the Company's website: <http://www.mrsk-1.ru/docs/YoWHfO.doc>

During the reporting year 2008, two compositions of the HR and Remuneration Committee of the Board of Directors of IDGC of Centre, JSC were appointed.

The HR and Remuneration Committee of the Board of Directors of the Company elected on April 30, 2008 (Minutes of the Meeting of the Board of Directors No. 09/08) consists of:

Full Name of the Committee Member	Position of the Committee Member
ALEKSEY VALERYEVICH KUROCHKIN	Chairperson of the Committee, Vice Director of the Management centre of IDGC of FGC UES, OJSC
NATALYA ILYINICHNA ERPSHER	Director of the Organisational Engineering and Personnel Management Department of the Management centre of IDGC of FGC UES, OJSC
ANATOLY KUZMICH MERZLYAKOV	First Deputy Director General of IDGC of Centre, JSC
DMITRY NIKOLAEVICH ALYOSHIN	Director for organisational development of IDGC of Centre, JSC
KONSTANTIN VIKTOROVICH KOTIKOV	Deputy Director General for corporate management of IDGC of Centre, JSC
ALEKSANDR VLADIMIROVICH ZEMSKOV	Director of the Corporate Management and Economic Development Department of JSC Investment Holding "E-Union"
ALEKSANDR GRIGORYEVICH STARCHENKO	Director for energy of Novolipetsky Metallurgichesky Kombinat, OJSC

The HR and Remuneration Committee of the Board of Directors of the Company was elected on June 30, 2008 by the resolution of the Board of Directors of the Company (Minutes No. 11/08) with amendments in composition under the resolution of the Board of Directors of the Company dated November 28, 2009 (Minutes No. 19/08) and consists of:

Full Name of the Committee Member	Position of the Committee Member
NATALYA ILYINICHNA ERPSHER	Chairperson of the Committee, Director for organisational development of IDGC Holding, OJSC
ALEKSEY VALERYEVICH KUROCHKIN	Director for corporate policy of IDGC Holding, OJSC
SERGEY ALEKSANDROVICH ARKHIPOV	First Deputy Director General of IDGC of Centre, JSC
DMITRY NIKOLAEVICH ALYOSHIN	Member of the Management Board of IDGC of Centre, JSC, Deputy Director for organisational development of IDGC of Centre, JSC
KONSTANTIN VIKTOROVICH KOTIKOV	Member of the Management Board of IDGC of Centre, JSC, Deputy Director General for corporate management of IDGC of Centre, JSC
ALEKSANDR VLADIMIROVICH ZEMSKOV	Director of the Corporate Management and Economic Development Department of JSC Investment Holding "E-Union"
ALEKSANDR GRIGORYEVICH STARCHENKO	Director for energy of Novolipetsky Metallurgichesky Kombinat, OJSC

The Regulation on the HR and Remuneration Committee of the Board of Directors of IDGC of Centre, JSC is available at the Company's website: <http://www.mrsk-1.ru/docs/kadri.doc>.

During the reporting year 2008, two compositions of the Strategy and Development Committee of the Board of Directors of IDGC of Centre, JSC were appointed.

The Strategy and Development Committee of the Board of Directors of the Company elected on April 30, 2008 (Minutes of the Meeting of the Board of Directors No. 09/08) consists of:

Full Name of the Committee Member	Position of the Committee Member
ALEKSEY VIKTOROVICH LISITSYN	Chairperson of the Committee, First Deputy Director of the Management centre of IDGC of FGC UES, OJSC for economy and finance
DMITRY LVOVICH GURYANOV	Director of the Corporate Relations Department of the Management centre of IDGC of Federal Grid Company UES, OJSC
EVGENY ALEKSEYEVICH BRONNIKOV	Deputy Director General for economy and finance of IDGC of Centre, JSC
VLADISLAV LVOVICH NAZIN	Deputy Director General of IDGC of Centre, JSC for capital construction
KONSTANTIN VIKTOROVICH KOTIKOV	Deputy Director General for corporate management of IDGC of Centre, JSC
ROMAN ALEKSEYEVICH FILKIN	Director of the Representative Office Prosperity Capital Management (RF)
SERGEY VLADIMIROVICH CHEBOTAREV	Director of the Energy Policy Department of NLMK, OJSC
ALEKSANDR VLADIMIROVICH ZEMSKOV	Director of the Corporate Management and Economic Development Department of JSC Investment Holding "E-Union"
ALEKSEY VITALYEVICH KLAPTSOV	Vice President of Halcyon International

The Strategy and Development Committee of the Board of Directors of the Company elected on June 30, 2008 (Minutes of the Meeting of the Board of Directors No. 11/08) consists of:

Full Name of the Committee Member	Position of the Committee Member
ALEKSEY VIKTOROVICH LISITSYN	Chairman of the Committee, Deputy Director General for economy and finance of IDGC Holding, OJSC
ARMAN MUSHEGOVICH AYRAPETYAN	Vice Director of the Strategy Centre of IDGC Holding, OJSC
EVGENY ALEKSEYEVICH BRONNIKOV	Member of the Management Board of IDGC of Centre, JSC, Deputy Director General for economy and finance of IDGC of Centre, JSC
VLADISLAV LVOVICH NAZIN	Member of the Management Board of IDGC of Centre, JSC, Deputy Director General of IDGC of Centre, JSC for capital construction
PAVEL ANDREYEVICH OBUKHOV	Member of the Management Board of IDGC of Centre, JSC, Deputy Director General for IT and business modelling of IDGC of Centre, JSC
ROMAN ALEKSEYEVICH FILKIN	Director of the Representative Office Prosperity Capital Management (RF)
SERGEY VLADIMIROVICH CHEBOTAREV	Director of the Energy Policy Department of NLMK, OJSC
ALEKSANDR VLADIMIROVICH ZEMSKOV	Director of the Corporate Management and Economic Development Department of JSC Investment Holding "E-Union"
ALEKSEY VITALYEVICH KLAPTSOV	Vice President of Halcyon International

The Regulation on the Strategy and Development Committee of the Board of Directors of IDGC of Centre, JSC is available at the Company's website: <http://www.mrsk-1.ru/docs/308.doc>.

The Committee for Network Connection to Power Grids of the Board of Directors of the Company elected on February 27, 2009 (Minutes of the Board of Directors No. 02/09 dated March 4, 2009) consists of:

Full Name of the Committee Member	Position of the Committee Member
ROMAN ALEKSEYEVICH FILKIN	Director of the Representative Office Prosperity Capital Management (RF)
SERGEY VLADIMIROVICH CHEBOTAREV	Director of the Energy Policy Department of NLMK, OJSC
KONSTANTIN YURYEVICH PETUKHOV	Director for development and realisation of services of IDGC Holding, OJSC
ALEKSEY VITALYEVICH KLAPTSOV	Vice President of Halcyon International
KONSTANTIN VIKTOROVICH KOTIKOV	Member of the Management Board of IDGC of Centre, JSC, Deputy Director General for corporate management of IDGC of Centre, JSC
VADIM NIKOLAYEVICH FEDOROV	Member of the Management Board of IDGC of Centre, JSC, Deputy Director General for development and realisation of electric grid services
EDUARD KAZIMIROVICH RAKOVSKY	Director of the Network Connection Department of IDGC of Centre, JSC

The Regulation on the Committee for Network Connection to Power Grids of the Board of Directors of IDGC of Centre, JSC is available at the Company's website: <http://www.mrsk-1.ru/docs/XdA2aN.doc>.

The full text of Minutes of the Committees of the Board of Directors of the Company is available at the Company's website: <http://www.mrsk-1.ru/stockholder/sessioncomitet/tehpr/>.

INFORMATION ON MEMBERS OF THE MANAGEMENT BOARD OF THE COMPANY

Details of on the effective members of the Management Board elected on April 30, 2008 by the resolution of the Board of Directors of the Company (Minutes No. 09/08) with amendments dated November 14, 2008 (Minutes of the Board of Directors No. 18/08):

Information on Ye.F. Makarov can be found in the General Director section of the Annual report.

EVGENY  
FEDOROVICH  
MAKAROV  
(CHAIRPERSON OF THE MANAGEMENT BOARD)

Year of birth: 1967

Nationality: Russian Federation

Education: higher  
1990: Almaty Energetic Institute  
Discipline: electric systems and networks

Principal employment: First Deputy Director General of IDGC of Centre, JSC

Employments in the Company and other organisations over the last 5 years:

From June, 2003 to January, 2006  
Deputy Director General for distribution of electric power and heat energy of Khabarovskenergo, OJSC for power industry and electrification  
From January, 2006 to May, 2006  
Executive Director of Energosbyt Rostovenergo, OJSC  
From May, 2006 to March, 2007

SERGEY  
ALEKSANDROVICH  
ARKHIPOV  
(VICE CHAIRPERSON OF THE MANAGEMENT BOARD)

General Director of Energosbyt Rostovenergo, OJSC  
From September, 2006 to April, 2007  
IDGC of Centre and North Caucasus, OJSC  
Managing Director of Energosbyt Rostovenergo, OJSC in the South Direction  
From April, 2007 to July, 2007  
IDGC of Centre and North Caucasus, OJSC  
Deputy Director General-Executive Director of Energosbyt Rostovenergo, OJSC in the South Direction  
From July, 2007 to August, 2007  
RAO UES of Russia, OJSC Southern Generating Company TGK-8, OJSC  
Acting First Deputy Director General for economy and finance  
From August, 2007 to November, 2007  
RAO UES of Russia, OJSC Southern Generating Company TGK-8, OJSC  
First Deputy Director General  
From March, 2008 to April, 2008  
IDGC of Centre, JSC  
Executive Director of Smolenskenergo, OJSC  
From April, 2008 to October, 2008  
IDGC of Centre, JSC  
Deputy Director General — Director of the branch IDGC of Centre, OJSC-Smolenskenergo  
From October, 2008 up to the present  
IDGC of Centre, JSC  
First Deputy Director General

Date of first election to the Management Board: 14.11.2008

Current employments in managing bodies of other corporate persons: no employment

Quantity and category (type) of shares in the authorised capital of the Company: no shares

Shares held in the authorised capital of the Company: no shares held

Quantity and category (type) of shares in the authorised capital of the subsidiaries and affiliates of the Company: no shares

Stockholding of owned ordinary shares of the subsidiaries and affiliates of the Company: no shares held

Information on transactions of acquisition and carve-out of shares of the Company with indication of date and object of transaction, categories (type) and quantity of shares of the joint-stock company that constitute the object of transaction: no transactions were made

S. A. Arkhipov was awarded a Certificate of merit of RAO UES of Russia, OJSC in 2004

**Year of birth:** 1974

**Nationality:** Russian Federation

**Education:** higher  
1997: Moscow State Technical University n. a. N. E. Bauman  
Discipline: Automation of technological processes and operations  
2002, Moscow State Technical University n. a. N. E. Bauman, Ph. D. in Economics

**Principal employment:** Deputy Director General for personnel management and organisational development of IDGC of Centre, JSC

**Employments in the Company and other organisations over the last 5 years:**  
From December, 2003 to June, 2004  
Ministry of Energy of the Russian Federation  
Vice Director of the Department for construction and reconstruction of electric energy facilities  
From April, 2005 up to the present  
Deputy Director General for personnel management and organisational development of IDGC of Centre, JSC

**Date of first election to the Management Board:** 30.04.2008

**Current employments in managing bodies of other corporate persons:** no employment

**Quantity and category (type) of shares in the authorised capital of the Company:** no shares

**Shares held in the authorised capital of the Company:** no shares held

**Quantity and category (type) of shares in the authorised capital of the subsidiaries and affiliates of the Company:** no shares

**Shares held of owned ordinary shares of the subsidiaries and affiliates of the Company:** no shares held

**Information on transactions of acquisition and carve-out of shares of the Company with indication of date and object of transaction, categories (type) and quantity of shares of the joint-stock company that constitute the object of transaction:** no transactions

DMITRY  
NIKOLAEVICH  
ALYOSHIN

EVGENY  
ALEKSEYEVICH  
BRONNIKOV

**Year of birth:** 1974

**Nationality:** Russian Federation

**Education:** higher  
Belgorod branch of the All-Russian State Distance Learning Institute of Finance and Economics  
2000 — 2003: Postgraduate studies in the Belgorod State Technological University n. a. V. G. Shukhov  
Strategic Management Chair  
Discipline: economy and national economy management  
Academic title, degree: Ph. D. in Economics

**Principal employment:** Deputy Director General for economy and finance of IDGC of Centre, JSC

**Employments in the Company and other organisations over the last 5 years:**  
From December, 2003 to April, 2005  
Deputy Director General of Belgorodenergo, OJSC for power industry and electrification  
From April, 2005 up to the present  
Deputy Director General of IDGC of Centre, JSC for economy and finance

**Date of first election to the Management Board:** 30.04.2008

**Current employments in managing bodies of other corporate persons:** no employment

**Quantity and category (type) of shares in the authorised capital of the Company:** no shares

**Shares held in the authorised capital of the Company:** no shares held

**Quantity and category (type) of shares in the authorised capital of the subsidiaries and affiliates of the Company:** no shares

**Shares held of owned ordinary shares of the subsidiaries and affiliates of the Company:** no shares held

**Information on transactions of acquisition and carve-out of shares of the Company with indication of date and object of transaction, categories (type) and quantity of shares of the joint-stock company that constitute the object of transaction:** no transactions

E. A. Bronnikov was awarded a Certificate of merit of RAO UES of Russia, OJSC in 2005 and 2006



**Year of birth:** 1974

**Nationality:** Russian Federation

**Education:** higher  
1990 — 1997: Moscow Power Engineering Institute  
Discipline: electric power stations  
2002: Moscow State Law Academy  
Discipline: jurisprudence

**Principal employment:** Deputy Director General for corporate management of IDGC of Centre, JSC

**Employments in the Company and other organisations over the last 5 years:**  
From September, 2003 to October, 2004  
Taymyrenergo, OJSC  
Deputy Director General for corporate management  
From October, 2004 to April, 2005  
Taymyrenergo, OJSC  
First Deputy Director General-Deputy Director General for corporate management  
From April, 2005 up to the present  
Deputy Director General for corporate management of IDGC of Centre, JSC

**Date of first election to the Management Board:** 30.04.2008

**Current employments in managing bodies of other corporate persons:** no employment

**Quantity and category (type) of shares in the authorised capital of the Company:** no shares

**Shares held in the authorised capital of the Company:** no shares held

**Quantity and category (type) of shares in the authorised capital of the subsidiaries and affiliates of the Company:** no shares

**Shares held of owned ordinary shares of the subsidiaries and affiliates of the Company:** no shares held

**Information on transactions of acquisition and carve-out of shares of the Company with indication of date and object of transaction, categories (type) and quantity of shares of the joint-stock company that constitute the object of transaction:** no transactions

K. V. Kotikov was awarded a Certificate of merit of RAO UES of Russia, OJSC in 2005

KONSTANTIN  
VIKTOROVICH  
KOTIKOV

VLADISLAV  
LVOVICH  
NAZIN

**Year of birth:** 1966

**Nationality:** Russian Federation

**Education:** higher  
1988: Moscow Mining Institute of the Order of the Red Banner of Labour  
Discipline: automatics and teleautomatics

**Principal employment:** Deputy Director General for capital construction of IDGC of Centre, JSC

Employments in the Company and other organisations over the last 5 years:  
From June, 2005 to December, 2005  
Mosenergo, OJSC for power industry and electrification  
Deputy Director General for economy  
From October, 2005 to June, 2006  
RAO UES of Russia, OJSC  
Vice Director of the project group for financial consulting  
From June, 2006 up to the present  
Deputy Director General for capital construction of IDGC of Centre, JSC

**Date of first election to the Management Board:** 30.04.2008

**Current employments in managing bodies of other corporate persons:** no employment

**Quantity and category (type) of shares in the authorised capital of the Company:** no shares

**Shares held in the authorised capital of the Company:** no shares held

**Quantity and category (type) of shares in the authorised capital of the subsidiaries and affiliates of the Company:** no shares

**Shares held of owned ordinary shares of the subsidiaries and affiliates of the Company:** no shares held

**Information on transactions of acquisition and carve-out of shares of the Company with indication of date and object of transaction, categories (type) and quantity of shares of the joint-stock company that constitute the object of transaction:** no transactions

**Year of birth:** 1958

**Nationality:** Russian Federation

**Education:** higher  
1980: Lomonosov Moscow State University  
1986: Lomonosov Moscow State University, Ph. D. in Geography  
Discipline: geography (economic geography)

**Principal employment:** Deputy Director General for IT and business modelling of IDGC of Centre, JSC

**Employments in the Company and other organisations over the last 5 years:**  
From August, 2003 to March, 2005  
Belgorodenergo, OJSC for power industry and electrification  
Director for development of management systems and technologies  
From April, 2005 up to the present  
Deputy Director General for IT and business modelling of IDGC of Centre, JSC

**Date of first election to the Management Board:** 30.04.2008

**Current employments in managing bodies of other corporate persons:**  
no employment

**Quantity and category (type) of shares in the authorised capital of the Company:**  
no shares

**Shares held in the authorised capital of the Company:**  
no shares held

**Quantity and category (type) of shares in the authorised capital of the subsidiaries and affiliates of the Company:** no shares

**Shares held of owned ordinary shares of the subsidiaries and affiliates of the Company:** no shares held

**Information on transactions of acquisition and carve-out of shares of the Company with indication of date and object of transaction, categories (type) and quantity of shares of the joint-stock company that constitute the object of transaction:** no transactions

PAVEL  
ANDREYEVICH  
OBUKHOV

VADIM  
NIKOLAYEVICH  
FEDOROV

**Year of birth:** 1972

**Nationality:** Russian Federation

**Education:** higher  
1994: Novocherkassk State Technical University  
Discipline: Automatic control of electric power systems  
2004: State educational institution of higher professional education Saratov State University  
n. a. N. G. Chernyshevsky  
Discipline: management of organisation

**Principal employment:** Deputy Director General of IDGC of Centre, JSC for realisation of electric grid services

**Employments in the Company and other organisations over the last 5 years:**  
From December, 2002 to June, 2005  
Astrakhanenergo, OJSC  
Deputy Chief Engineer, Deputy Director General for electrical power transmission  
From June, 2005 up to the present  
Deputy Director General of IDGC of Centre, JSC for realisation of electric grid services

**Date of first election to the Management Board:** 30.04.2008

**Current employments in managing bodies of other corporate persons:** no employment

**Quantity and category (type) of shares in the authorised capital of the Company:**  
no shares

**Shares held in the authorised capital of the Company:** no shares held

**Quantity and category (type) of shares in the authorised capital of the subsidiaries and affiliates of the Company:** no shares

**Shares held of owned ordinary shares of the subsidiaries and affiliates of the Company:** no shares held

**Information on transactions of acquisition and carve-out of shares of the Company with indication of date and object of transaction, categories (type) and quantity of shares of the joint-stock company that constitute the object of transaction:** no transactions

V. N. Fedorov was awarded a Certificate of merit of RAO UES of Russia, OJSC in 2005

**Year of birth:** 1955

**Nationality:** Russian Federation

**Education:** higher  
1977: Moscow Institute of Engineers of Agricultural Industry

**Principal employment:** Deputy Director General for technical policy of IDGC of Centre, JSC

**Employments in the Company and other organisations over the last 5 years:**  
From July, 1989 to May, 2005  
Tulenergo, OJSC for power industry and electrification  
Deputy Director General  
From May, 2005 up to the present  
Deputy Director General for technical policy of IDGC of Centre, JSC

**Date of first election to the Management Board:** 14.11.2008

**Current employments in managing bodies of other corporate persons:**  
no employment

**Quantity and category (type) of shares in the authorised capital of the Company:**  
no shares

**Shares held in the authorised capital of the Company:** no shares held

**Quantity and category (type) of shares in the authorised capital of the subsidiaries and affiliates of the Company:** no shares

**Shares held of owned ordinary shares of the subsidiaries and affiliates of the Company:** no shares held

**Information on transactions of acquisition and carve-out of shares of the Company with indication of date and object of transaction, categories (type) and quantity of shares of the joint-stock company that constitute the object of transaction:**  
no transactions were made

S. A. Shumakher was awarded a Certificate of merit of RAO UES of Russia, OJSC in 1994, a Certificate of merit of Ministry of Fuel and Energy of the Russian Federation in 1995, an Honourary title «Honorary Worker of UES of Russia» in 2001, an Honourary title «Veteran of Energy» in 2005, «Honourable Energy Engineer» in 2006, and an Honourary mention of RAO UES of Russia, OJSC in 2007.

No claims were filed against the members of the Management Board of the Company in 2008.

SERGEY  
ANATOLYEVICH  
SHUMAKHER

PROCEDURE OF CONVENING OF GENERAL MEETINGS OF IDGC OF CENTRE, JSC SHAREHOLDER AND THE PROCEDURE OF PROPOSING ISSUES FOR THE AGENDA THEREOF. THE PROCEDURE OF NOMINATION OF CANDIDATES FOR MEMBERSHIP IN THE BOARD OF DIRECTORS OF THE COMPANY

In accordance with the Federal Law «On Joint Stock Companies», the Articles of Association and the Regulation on Procedure for Preparation and Holding of the General Meeting of Shareholders of IDGC of Centre, JSC the resolution on convention of the General Meeting of Shareholders shall be adopted by the Board of Directors of the Company. When preparing to hold the General Meeting of Shareholders the Board of Directors shall assign the manner in which the General Meeting of Shareholders is held, as well as the date, location and time for the General Meeting to be held, the agenda of the General Meeting of Shareholders, the date to draw up the list of persons entitled to participate in the General Meeting of Shareholders, the list of information (materials) provided to shareholders when preparing to hold the General Meeting of Shareholders and the procedure for familiarization of shareholders with the specified information, the form and text of voting bulletins for the General Meeting of Shareholders, the date of sending the voting bulletins to the persons entitled to participate in the General Meeting of Shareholders, the procedure for notification of shareholders of the Company of holding of the General Meeting of Shareholders.

In accordance with the Articles of Association the General Meeting of Shareholders of the Company may be held in Moscow or elsewhere in accordance with the resolution of the Board of Directors of the Company. The specific address for the General Meeting of Shareholders to be held shall be assigned by the Board of Directors when solving the issues related to holding the General Meeting of Shareholders.

The Annual General Meeting of Shareholders of the Company shall be held no sooner than two months and no later than six months after the end of the financial year.

Shareholder(s) of the Company holding in the aggregate at least 2 (two) percent of the voting shares of the Company shall be entitled within 60 (Sixty) days after the end of the financial year to bring in items into the agenda of the Annual General Meeting of Shareholders and to nominate candidates to the Board of Directors and the Internal Audit Committee of the Company, the number of which may not exceed the number of members of the respective body.

The Extraordinary General Meeting of Shareholders may be convened by the Internal Audit Committee of the Company, the auditor of the Company or shareholder(s) of the Company holding in the aggregate at least 10 (Ten) percent of the voting shares of the Company, in the event that within 5 (Five) days following their submitting a request on convention of the Extraordinary General Meeting of Shareholders the Board of Directors of the Company has not adopted a resolution on convention of the Extraordinary General Meeting of Shareholders or has adopted a resolution to refuse the convention thereof.

In the event that the suggested agenda of the Extraordinary General Meeting of Shareholders includes an item on election of members of the Board of Directors of the Company, shareholder(s) of the Company holding in the aggregate at least 2 percent of the voting shares of the Company shall be entitled to propose candidates for nomination to the Board of Directors of the Company, the number of which may not exceed the number of members of the Board of Directors.

Such proposals should be submitted to the Company at least 30 (Thirty) days before the date of holding of the Extraordinary General Meeting of Shareholders.

The Board of Directors of the Company shall be entitled to consider the submitted proposals and to adopt resolutions to include them into the agenda of the Extraordinary General Meeting of Shareholders or to refuse inclusion thereof into the specified agenda.

Within the period of RAO UES of Russia holding 100 percent of the voting shares of the Company (until March 31, 2008) the resolutions on the issues falling within the competence of the General Meeting of Shareholders of the Company were adopted by the Management Board of RAO UES of Russia and brought to notice of the Company in accordance with the procedure established by the internal documents of RAO UES of Russia regulating the activity of the Management Board of RAO UES of Russia.

Since February 28, 2002 the following procedure for nomination of candidates to the Board of Directors of the Company has been established in articles 13-14 of the Articles of Association of the Company:

«Shareholder(s) of the Company holding in the aggregate at least 2 (two) percent of the voting shares of the Company shall be entitled within 60 (Sixty) days after the end of the financial year to bring in items into the agenda of the Annual General Meeting of Shareholders and to nominate candidates to the Board of Directors and the Internal Audit Committee of the Company, the number of which may not exceed the number of members of the respective body.

The suggestion to bring items into the agenda of the General Meeting of Shareholders and the suggestion to nominate candidates shall be submitted in writing together with specification of name (company name) of the shareholder(s) who submitted them, as well as the number and the category (type) of shares held by them and should be signed by the shareholder(s).

The suggestion to bring items into the agenda of the General Meeting of Shareholders should include the wording of each item suggested and the suggestion to nominate candidates should include the name and the number of the identity document (series and/or number of document, date and place of issue thereof, issuing authority) of each suggested candidates, the name of the body for nomination where to he is nominated.

The request to hold an Extraordinary General Meeting of Shareholders of the Company should specify the items subject to inclusion into the agenda of the meeting.

The person(s) requesting the convention of the Extraordinary General Meeting of Shareholders of the Company shall be entitled to present a draft resolution of the Extraordinary General Meeting of Shareholders of the Company, a proposal on the manner, in which the General Meeting of Shareholders shall be held. In the event

that the request to convene an Extraordinary General Meeting of Shareholders includes a suggestion to nominate candidates, such suggestions shall be regulated by the respective regulations of article 13 of the Articles of Association.

In the event that the request to convene the Extraordinary General Meeting of Shareholders of the Company is introduced by shareholder(s), it should include the name (company name) of shareholder(s) requiring the convention of the meeting together with specification of quantity, category (type) of the shares of the Company held by them.

The request to convene an Extraordinary General Meeting of Shareholders of the Company shall be signed by the person(s) requiring the convention of the Extraordinary General Meeting of Shareholders of the Company.

In the event that the suggested agenda of the Extraordinary General Meeting of Shareholders includes 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 after the submission of the request to convene the Extraordinary General Meeting of Shareholders of the Company.

The shareholder(s) of the Company holding in the aggregate at least two percent of the voting shares of the Company shall be entitled to suggest candidates for nomination to the Board of Directors of the Company, the number of which may not exceed the number of members of the Board of Directors.

Such suggestions should be submitted to the Company at least 30 (Thirty) days before the date of holding of the Extraordinary General Meeting of Shareholders».



INTERNAL REGULATIONS OF THE COMPANY

No.	LOCAL NORMATIVE ACT	GENERAL PROVISIONS	LINK TO THE WEBPAGE OF THE COMPANY, WHERE THE DOCUMENT IS AVAILABLE
1	Regulation on Procedure for Preparation and Holding of the General Meeting of Shareholders of the Company (Minutes of the Board of RAO UES of Russia No. 1829 pr/1 dated February 28, 2008)	The document determines procedure for preparation and holding of the General Meeting of Shareholders (hereinafter — «the GMS») and includes provisions on: — procedure for convention and preparation to hold the GMS; — procedure for convention of the extraordinary GMS; — information support for holding of the GMS; — holding of the GMS in the form of a meeting; — holding of the GMS in the form of absentee vote; — working members of the GMS.	<a href="http://www.mrsk-1.ru/docs/sa.pdf">http://www.mrsk-1.ru/docs/sa.pdf</a>
2	Regulation on Procedure for Convention and Holding of Meetings of the Board of Directors of the Company (Minutes of the Board of RAO UES of Russia No. 1829 pr/1 dated February 28, 2008)	The document determines procedure for convention and holding of the meetings of the Board of Directors of the Company (hereinafter — «the BD») and includes provisions on: — organisation of work of the BD; — organisation of convention and holding of meetings of the BD; — procedure for keeping minutes of meetings of the BD; — rights and duties of members of the BD; — Corporate Secretary and Secretariat of the BD.	<a href="http://www.mrsk-1.ru/file/sd.pdf">http://www.mrsk-1.ru/file/sd.pdf</a>
3	Regulations on Committees attached to the Board of Directors of the Company:  Regulation on Reliability Committee of the Board of Directors of IDGC of Centre, JSC (Minutes of the Board of Directors of the Company Minutes No. 001/06 dated January 17, 2006) Regulation on Audit Committee of the Board of Directors of IDGC of Centre, JSC (Minutes of the Board of Directors of the Company No. 09/08 dated April 30, 2008) Regulation on Personnel and Remuneration Committee of IDGC of Centre, JSC (Minutes of the Board of Directors of the Company No. 09/08 dated April 30, 2008) Regulation on Strategy and Development Committee of the Board of Directors of IDGC of Centre, JSC (Minutes of the Board of Directors of the Company No. 09/08 dated April 30, 2008) Regulation on Committee on Technological Connection to Power Grids attached to the Board of Directors of IDGC of Centre, JSC (Minutes of the Board of Directors of the Company No. 01/09 dated February 13, 2009)	The Regulations determine purposes, objects and procedure for activity of the committees attached to the Board of Directors of the Company, establish rights and duties of members of the Committees, regulate procedure for holding of meetings of the Committees, as well as issues of cooperation with management bodies of the Company and structural subdivisions of the Company's executive machinery.	<a href="http://www.mrsk-1.ru/docs/Pologenie.pdf">http://www.mrsk-1.ru/docs/Pologenie.pdf</a> <a href="http://www.mrsk-1.ru/docs/YoWHf0.doc">http://www.mrsk-1.ru/docs/YoWHf0.doc</a> <a href="http://www.mrsk-1.ru/docs/kadri.doc">http://www.mrsk-1.ru/docs/kadri.doc</a> <a href="http://www.mrsk-1.ru/docs/308.doc">http://www.mrsk-1.ru/docs/308.doc</a> <a href="http://www.mrsk-1.ru/docs/XdA2aN.doc">http://www.mrsk-1.ru/docs/XdA2aN.doc</a>
4	Regulation on Internal Audit Committee of the Company (Minutes of the Board of RAO UES of Russia No. 1429 pr/1 dated March 30, 2006)	The document determines objects and procedure for activity of the Internal Audit Committee establish its powers, regulate issues of cooperation with management bodies of the Company and structural subdivisions of the Company's executive machinery.	<a href="http://www.mrsk-1.ru/docs/pologenieRK.pdf">http://www.mrsk-1.ru/docs/pologenieRK.pdf</a>
5	Regulation on Payment of Remuneration and Indemnity to Members of the Board of Directors of the Company (Minutes of annual General Meeting of Shareholders No. 01 dated June 3, 2008)	The Regulation determines amounts and procedure for payment of remunerations and indemnity to members of the Board of Directors of IDGC of Centre, JSC.	<a href="http://www.mrsk-1.ru/docs/H2H9nK.pdf">http://www.mrsk-1.ru/docs/H2H9nK.pdf</a>
6	Regulation on Payment of Remuneration and Indemnity to Members of the Internal Audit Committee of the Company (Minutes of annual General Meeting of Shareholders No. 01 dated June 3, 2008)	The Regulation determines amounts and procedure for payment of remunerations and indemnity to members of the Internal Audit Committee of IDGC of Centre, JSC.	<a href="http://www.mrsk-1.ru/docs/rk.pdf">http://www.mrsk-1.ru/docs/rk.pdf</a>

No.	LOCAL NORMATIVE ACT	GENERAL PROVISIONS	LINK TO THE WEBPAGE OF THE COMPANY, WHERE THE DOCUMENT IS AVAILABLE
7	Regulation on Information Policy of the Company (Minutes of the Board of Directors of the Company No. 009/06 dated October 18, 2006)	The main local normative document of the Company that determines rules and approaches to disclosure of information, a list of information and documents subject to disclosure, as well as procedure and terms of disclosure and presentation of the information.	<a href="http://www.mrsk-1.ru/docs/rk.pdf">http://www.mrsk-1.ru/docs/rk.pdf</a>
8	Regulation on Insider Information of the Company (Minutes of the Board of Directors of the Company No. 008/05 dated October 14, 2005)	The Regulation defines and lists the information related to insider information, regulates mutual relations of insiders and the Company, establishes liability of insiders.	<a href="http://www.mrsk-1.ru/docs/pologenie.pdf">http://www.mrsk-1.ru/docs/pologenie.pdf</a>
9	Corporate Governance Code of the Company (Minutes of the Board of Directors of the Company No. 009/06 dated October 18, 2006)	The document of the Company that represents a code of obligations voluntarily assumed by participants of corporate resolutions in the company, including shareholders, members of the Board of Directors of the Company and its executive bodies. The Code sets out: — principles and a structure of corporate governance; — information on the shareholders of the Company (rights of the shareholders, the General Meeting of Shareholders, dividend policy); — corporate governance practice implemented in the Company; — information on the corporate secretary; — disclosure of information and transparency; — settlement of corporate conflicts; — mutual relations with associated and dependent business companies.	<a href="http://www.mrsk-1.ru/docs/koduprav.pdf">http://www.mrsk-1.ru/docs/koduprav.pdf</a>
10	Regulation on Internal Control Procedures (Minutes of the Board of Directors No. 01/09 dated February 13, 2009)	The Regulation determines purposes and objects of the internal control, the procedure for the internal control, persons responsible for implementation of procedures for the internal control, as well as responsible for the control over implementation of procedures for the internal control.	<a href="http://www.mrsk-1.ru/docs/yJfFO.doc">http://www.mrsk-1.ru/docs/yJfFO.doc</a>
11	Regulation on Preferences (Minutes of the Board of Directors of the Company No. 009/06 dated October 18, 2006)	The Regulation sets out preferences in favour of definite groups of suppliers, when making competitive purchases of products for the Company's needs.	<a href="http://www.mrsk-1.ru/docs/kKlahn.pdf">http://www.mrsk-1.ru/docs/kKlahn.pdf</a>
12	Regulation on Purchases (Minutes of the Board of Directors of the Company No. 06/08 dated March 28, 2008)	The Regulation specifies procedures for purchase of any goods, work and services at the expense of the Company priced at more than 500,000 roubles exclusive of VAT.	<a href="http://www.mrsk-1.ru/about/administration/state/">http://www.mrsk-1.ru/about/administration/state/</a>
13	Regulation on Corporate Secretary (Minutes of the Board of Directors of the Company No. 009/06 dated October 18, 2006)	The Regulation establishes a status, functions and powers of the Corporate Secretary, procedure for election thereof and termination of his powers, procedure for his work and cooperation with management bodies of the Company.	<a href="http://www.mrsk-1.ru/docs/sekretar.pdf">http://www.mrsk-1.ru/docs/sekretar.pdf</a>
14	Regulation on Dividend Policy (Minutes of the Board of Directors of the Company No. 011/06 dated November 30, 2006)	The Regulation specifies main conditions on dividend payment, procedure for determination of a dividend amount, procedure for adoption of the resolution on dividend payment, as well as procedure and terms for dividend payment with respect to shares of the Company.	<a href="http://www.mrsk-1.ru/docs/YaYz03.pdf">http://www.mrsk-1.ru/docs/YaYz03.pdf</a>
15	Regulation on the Board (Minutes of the Board of RAO UES of Russia No. 1829 pr/1 dated February 28, 2008)	The Regulation determines procedure for organisation of preparation and holding of the Board.	<a href="http://www.mrsk-1.ru/docs/K4im4A.TIF">http://www.mrsk-1.ru/docs/K4im4A.TIF</a>

No.	LOCAL NORMATIVE ACT	GENERAL PROVISIONS	LINK TO THE WEBPAGE OF THE COMPANY, WHERE THE DOCUMENT IS AVAILABLE
16	Customer Service Standard (Minutes of the Board of Directors of the Company No. 10/07 dated December 3, 2007)	The Standard lays down norms and rules of cooperation with customers, standard requirements to quality of service, optimization and formalization of procedures for cooperation of a corporate person, which renders services for electric power transmission and technological connection to grids, with a customer.	<a href="http://www.mrsk-1.ru/docs/K4im4A.TIF">http://www.mrsk-1.ru/docs/K4im4A.TIF</a>
17	Regulation on Investment Activity (Minutes of the Board of Directors of the Company No. 02/07 dated February 28, 2007)	The Regulation sets out the complex of norms, rules and requirements to classification, consideration, agreement and approval of investment programmes of the Company and particular investment projects as a part of investment programmes of the Company.	<a href="http://www.mrsk-1.ru/about/administration/activity/">http://www.mrsk-1.ru/about/administration/activity/</a>
	Regulation on Payment of Remuneration and Indemnity to Members of Committees:		
	Regulation on Payment of Remuneration and Indemnity to Members of Audit Committee of the Board of Directors of IDGC of Centre (Minutes of the Board of Directors of the Company No. 14/08 dated September 10, 2008)		<a href="http://www.mrsk-1.ru/docs/audit.doc">http://www.mrsk-1.ru/docs/audit.doc</a>
	Regulation on Payment of Remuneration and Indemnity to Members of Personnel and Remuneration Committee of IDGC of Centre, JSC (Minutes of the Board of Directors of the Company No. 14/08 dated September 10, 2008)		<a href="http://www.mrsk-1.ru/docs/voznagragd.doc">http://www.mrsk-1.ru/docs/voznagragd.doc</a>
	Regulation on Payment of Remuneration and Indemnity to Members of Reliability Committee of the Board of Directors of IDGC of Centre, JSC (Minutes of the Board of Directors of the Company No. 14/08 dated September 10, 2008)		<a href="http://www.mrsk-1.ru/docs/nadegnost.doc">http://www.mrsk-1.ru/docs/nadegnost.doc</a>
	Regulation on Payment of Remuneration and Indemnity to Members of Strategy and Development Committee of the Board of Directors of IDGC of Centre, JSC (Minutes of the Board of Directors of the Company No. 14/08 dated September 10, 2008)		<a href="http://www.mrsk-1.ru/docs/strategik.doc">http://www.mrsk-1.ru/docs/strategik.doc</a>
18	Regulation on Payment of Remuneration and Indemnity to Members of Committee on Technological Connection to Power Grids of the Board of Directors of IDGC of Centre, JSC (Minutes of the Board of Directors of the Company No. 05/09 dated March 27, 2009)	The Regulations establish procedure for payment of remuneration and indemnity to members of Committees.	<a href="http://www.mrsk-1.ru/docs/regulishions.doc">http://www.mrsk-1.ru/docs/regulishions.doc</a>
		The Document:	
		<ul style="list-style-type: none"><li>regulates issues of implementation by the Company of rights of a shareholder, a participant in relation to its subsidiaries and dependent companies (SDCs) certified by shares for ensuring effective activity of the Company's representatives at the General Meetings of Shareholders / Participants, the Board of Directors and Internal Audit Committee of SDCs;</li><li>fixes general terms of corporate cooperation of the Company with SDCs with respect to the areas specified in the Procedure, including corporate planning, organisation and control over corporate actions, in case of consideration by SDCs' management bodies of the issues, under which it is required to determine an attitude of the Company (its Representatives), in accordance with the Articles of Association of the Company.</li></ul>	<a href="http://www.mrsk-1.ru/docs/dzo.rtf">http://www.mrsk-1.ru/docs/dzo.rtf</a>
19	Procedure for Cooperation of IDGC of Centre, JSC with Business Companies, Shares of Which are Owned by IDGC of Centre, JSC (Minutes No. 05/09 dated March 27, 2009)		

CERTIFICATE OF CORPORATE GOVERNANCE RATING



INFORMATION ON THE PARTICIPATION OF THE COMPANY  
IN OTHER ORGANISATIONS IN 2008

INFORMATION ON SHARE OF THE COMPANY IN SHARE CAPITAL AND VOTING SHARES OF OTHER COMPANIES

NAME AND LOCATION OF THE COMPANY	DATE OF REGISTRATION	PRINCIPAL ACTIVITY	SHARE OF IDGC OF CENTRE, JSC IN THE COMPANY	VOTING SHARES OF IDGC OF CENTRE, JSC IN THE COMPANY
1. Sanatorium Preventorium «Energetik» OJSC Location: Tambov Region, Tambov District, r.p. Novaya Lyada, ul. Sanatornaya, 1	30.06.2003	<ul style="list-style-type: none"><li>organisation and carrying out of sanatorium and resort therapy; recreational rest of citizens and provision of related services;</li><li>organisation and carrying out of sanitary training of citizens, healthy lifestyle promotion;</li><li>development and implementation of new organisational methods of delivery of health care;</li><li>analysis of needs of citizens for sanatorium-resort services;</li><li>production, purchase and processing of agricultural products;</li><li>intermediate trade, business and foreign economic activity;</li><li>marketing, promotional and information, advisory activity;</li><li>transportation services, transportation of passengers, maintenance;</li><li>other types of activity consistent with the laws of the Russian Federation.</li></ul>	100%	none
2. Bogatyr OJSC* Location: 216239, the Smolensk Region, Dukhovshchinsky District, d. Velisto	22.06.2000	<ul style="list-style-type: none"><li>organisation of production of agricultural products, consumer goods;</li><li>production, processing and sale of organic agricultural products of high quality;</li><li>storage of agricultural products and availability of stock for better processing and sale;</li><li>wholesale and retail trade;</li><li>barter transactions and agency;</li><li>construction and maintenance of buildings and structures, further operation thereof;</li><li>transportation and forwarding services;</li><li>foreign economic activity in accordance with the procedure established by the laws of the Russian Federation;</li><li>other types of activity consistent with the laws of the Russian Federation.</li></ul>	100%	none
3. Strukovo OJSC Location: 215770, the Smolensk Region, Dorogobuzhsky District, d. Strukovo	05.07.2000	<ul style="list-style-type: none"><li>organisation of production of agricultural products, consumer goods;</li><li>production, processing and sale of organic agricultural products of high quality;</li><li>storage of agricultural products and availability of stock for best processing and sale;</li><li>wholesale and retail trade;</li><li>barter transactions and agency;</li><li>construction and maintenance of buildings and structures, further operation thereof;</li><li>transportation and forwarding services;</li><li>foreign economic activity in accordance with the procedure established by the laws of the Russian Federation;</li><li>other types of activity consistent with the laws of the Russian Federation.</li></ul>	100%	none

\*The Company was wound up on February 17, 2009 by virtue of the ruling of the Arbitration Court of the Smolensk Region of February 10, 2009 with respect to case No. A62-1211/2008.

NAME AND LOCATION OF THE COMPANY	DATE OF REGISTRATION	PRINCIPAL ACTIVITY	SHARE OF IDGC OF CENTRE, JSC IN THE COMPANY	VOTING SHARES OF IDGC OF CENTRE, JSC IN THE COMPANY
4. Smolenskaya Energoremontnaya Kompaniya OJSC Location: Smolensk, Industrialnaya, 5	01.02.2005	<ul style="list-style-type: none"><li>support of power-generating equipment operation in accordance with the applicable regulations, timely and quality repair thereof, technical upgrading and rehabilitation of power facilities;</li><li>maintenance of equipment, buildings, technological facilities, transfer mechanisms used for generation and transmission of electric power;</li><li>manufacture of spare parts and products to support the abovementioned repairs;</li><li>manufacture of metal structures, non-standard equipment and spare parts;</li><li>heat-insulating and brickwork, repair of isolation valves;</li><li>construction, reconstruction, modernisation and introduction of new technology in fuel and energy, oil and gas, machine-building, building complexes, building materials industry;</li><li>lease of buildings and structures;</li><li>engineering services (design and technological planning of repair of equipment of heating and power stations, manufacture of spare parts, fixtures and accessories; development of designs, specifications and estimates; production and technical support of work; engineering supervision of manufacture, maintenance, improvement and modernisation of products, units, machines relating to industrial engineering and power generation; introduction of up-to-date technology and procedures providing for the reduction of labour intensity of products or enhance the quality of work);</li><li>construction, assembly, commissioning, assembly supervision and service maintenance of power facilities, including turn-key work;</li><li>development of operation conditions, operation and advising on operation;</li><li>development and implementation of new automated process control systems (APCS);</li><li>preparation of tender documents for tenders;</li><li>investment of equity capital, borrowings or raised funds in the form of investments;</li><li>participation in investment operations as investor, customer, lender, buyer, seller and any other participant of investment operations;</li><li>employment assistance to specialists both in Russia and abroad in accordance with the applicable laws;</li><li>holding independent consultations, certifications, appraisal of operations, work and international projects;</li><li>provision of advertising services in Russia and abroad;</li><li>innovative and advisory activity;</li><li>security activities within the limits of the own security needs provided by the Security Department, that is being formed by the Company and shall operate in accordance with the law of the Russian Federation «On Private Detective and Security Activity in the Russian Federation» and applicable laws of the Russian Federation;</li><li>organisation and carrying out of defence-related arrangements referring to mobilisation preparations, civil defence and protection of the data being the subject of state secret, in accordance with the applicable laws of the Russian Federation;</li><li>other types of activity consistent with the laws of the Russian Federation.</li></ul>	2.34%	2.06%
5. Fourth Generating Company of Wholesale Market of Electric Power OJSC Location: 628406, Russian Federation, the Khanty-Mansiysk-Yugra Autonomous District, Surgut, Surgutskata TPP-2	04.03.2005	<ul style="list-style-type: none"><li>generation and sale of electric power and heat energy;</li></ul>	0.11%	0.11%



NAME AND LOCATION OF THE COMPANY	DATE OF REGISTRATION	PRINCIPAL ACTIVITY	SHARE OF IDGC OF CENTRE, JSC IN THE COMPANY	VOTING SHARES OF IDGC OF CENTRE, JSC IN THE COMPANY
		<ul style="list-style-type: none"><li>purchase of electric power in the wholesale and retail markets of electric power (capacity);</li><li>sale (distribution) of electric power in the wholesale and retail markets of electric power (capacity) to consumers (including individuals);</li><li>services on assembly, repairs and maintenance of measuring, monitoring, testing, navigating and locating and other devices and instruments;</li><li>generation of electric power;</li><li>maintaining the power plant in the operating condition, maintaining the electric grid in the operating condition;</li><li>generation, transmission and distribution of steam and hot water (heat energy); distribution of water;</li><li>general construction work on pipelining, laying communication and transmission lines;</li><li>general construction work on laying local pipelines, communication and transmission lines, including related additional work;</li><li>general construction work on building thermal and other power plants;</li><li>operating heat supply lines;</li><li>trust management of assets;</li><li>foreign economic activity;</li><li>provision of consulting services;</li><li>performance of operations with securities in accordance with the applicable laws of the Russian Federation;</li><li>electric installation work;</li><li>agency activities on wholesaling of fuel;</li><li>agency activities on wholesaling of electric power and heat energy (without generation, transmission or distribution);</li><li>wholesale and retail trade of solid fuel;</li><li>wholesale of other liquid and gas fuel;</li><li>agency activities on wholesaling of electric power and heat power (without generation, transmission or distribution);</li><li>investing into securities;</li><li>investing into property;</li><li>study of market trends;</li><li>consulting on issues of business activities and management;</li><li>activities on managing financial industrial groups and holding companies;</li><li>delivery of services to third parties, including collection of payments for supplied goods and provided services;</li><li>troubleshooting, operating, repairing, replacing and checking of devices for measuring and metering of electric power and heat energy;</li><li>business accounting arrangement services;</li><li>providing public utility services to the population;</li><li>development, organisation and implementation of energy serving measures;</li><li>performing functions of the guaranteed supplier on the basis of resolutions of authorised agencies;</li><li>investment activity</li><li>consulting and other services relating to distribution of electric power to corporate persons and individuals;</li><li>security activities within the limits of the own security needs provided by the Security Department, that is being formed by the Company and shall operate in accordance with the law of the Russian Federation «About Private Detective and Security Activity in the Russian Federation» and applicable laws of the Russian Federation,</li></ul>		
6. Tulskey Sales Company OJSC Location: 300026, Tula, pr. Lenina, 102-b	01.04.2005	<ul style="list-style-type: none"><li>other types of activity consistent with the laws of the Russian Federation.</li></ul>	0.04%	0.04%
7. TKG-4 OJSC Location: 300600, Russian Federation, Tula, ul. Timiryazeva, 99	20.04.2005	<ul style="list-style-type: none"><li>generation of electric power and heat energy;</li><li>transmission of heat power;</li><li>sale (purchase) of electric power in the wholesale market of electric power (capacity);</li><li>managing, consulting, marketing and other services relating to energy business;</li></ul>	0.026489%	0% (preferred shares)
8. Vladimir power sales company OJSC Location: 600018, ul. Komissarova, 24	01.01.2005	<ul style="list-style-type: none"><li>investigating and security activities;</li><li>consulting on issues of business activities and management;</li><li>wholesaling of electric power and heat energy (without generation or distribution);</li><li>services on assembly, repairs and maintenance of other electric equipment not included into other groups of equipment;</li><li>services on assembly, repairs and maintenance of other electric, distributing and regulating equipment;</li></ul>	0.01%	0.01%
9. IDGC of Centre and Volga Region, OJSC Location: 603950, Russian Federation, Nizhny Novgorod, ul. Rozhdestvenskaya, 33	26.06.2007	<ul style="list-style-type: none"><li>services on transmission of electric power through distribution grid and provision of services on grid connection of consumers;</li><li>services on repairs, field maintenance, testing electric grid units, connecting/disconnecting of consumers to grids, communication, transportation and other services.</li></ul>	0.00407%	0.00407%

NAME AND LOCATION OF THE COMPANY	DATE OF REGISTRATION	PRINCIPAL ACTIVITY	SHARE OF IDGC OF CENTRE, JSC IN THE COMPANY	VOTING SHARES OF IDGC OF CENTRE, JSC IN THE COMPANY
		<ul style="list-style-type: none"><li>exercising of powers of executive bodies in joint stock and other business companies in accordance with the laws and the entered agreements;</li><li>trust management of assets;</li><li>provision of consulting services;</li><li>performance of operations with securities in accordance with the applicable laws of the Russian Federation;</li><li>performance of agency activity; estimate, survey, research and construction work;</li><li>foreign economic activity;</li><li>transportation and forwarding services;</li><li>supply (sale) of electric power and heat energy;</li><li>receipt (purchase) of electric power and heat energy in the wholesale market of electric power (capacity);</li><li>performance of work to establish the conditions of parallel work in accordance with the Unified Energy System of Russia under the agreements;</li><li>operation of power facilities not recorded in the Company's balance sheet under agreements with the owners of the said power facilities;</li><li>performance of activity related to environmental protection work;</li><li>performance of activity related to impact on the environment, its protection and use of natural resources, recycling, warehousing and transportation of industrial wastes;</li><li>supervision for accident-free maintenance of electrical and heat-utilizing units belonging to the consumers connected to heat and electric grids of the Company;</li><li>educational activities including additional educational activities;</li><li>training and assessment of knowledge of rules, standards and instructions on operation, labour safety, industrial and fire safety;</li><li>organisation and carrying-out of defence-related arrangements referring to mobilisation preparations, civil defence and protection of the data being the subject of state secret, in accordance with the laws of the Russian Federation;</li><li>security activities exclusively in the interests of the Company security within the framework of the Security Service created by the Company, which in its activities is governed by the Law of the Russian Federation «On Private Detective and Security Activities in the Russian Federation» and the laws of the Russian Federation;</li><li>generation of electric power and heat energy;</li><li>organisation of power-saving mode of operation of equipment of electric power plants, observation of modes of electric power supplies in compliance with contracts;</li><li>ensuring of power-generating equipment operation in conformity with the applicable regulatory requirements, carrying-out of timely and quality maintenance and repairs of it, technical retooling and redevelopment of power generation facilities;</li><li>supply of electric power to consumers connected to electric grids and heat supply lines of the Company in conformity with concluded contracts;</li><li>adopting and developing of new equipment and technologies providing performance capability, safety and ecological compatibility of the Company's facilities;</li><li>operating heat supply lines;</li><li>provision of communication facilities and rendering of communication services;</li><li>storing of oil and oil products;</li><li>operation of explosive industrial facilities;</li><li>operation of fire-hazardous industrial facilities;</li><li>operation and maintenance of Gosgortekhnadzor (State Committee for Mining and Industrial Supervision);</li><li>operation of buildings and structures;</li><li>metrological support of production;</li><li>activities related to dangerous wastes handling;</li><li>activities related to operation of interior gas pipelines;</li><li>activities related to repairs of measurement means;</li><li>performance of medical activity;</li><li>other activity.</li></ul>	0.00224%	0.00155%
10. Territorial Generation Company-6, OJSC Location: 603950, Russian Federation, GSP-62, Nizhny Novgorod, ul. Gorkogo, 117	27.04.2005			



NAME AND LOCATION OF THE COMPANY	DATE OF REGISTRATION	PRINCIPAL ACTIVITY	SHARE OF IDGC OF CENTRE, JSC IN THE COMPANY	VOTING SHARES OF IDGC OF CENTRE, JSC IN THE COMPANY
11. JSC FGC UES Location: 117630, Moscow, ul. Ak. Chelomeya, 5A	25.06.2002	<ul style="list-style-type: none"><li>Unified National (Russian) Electric Grid management;</li><li>provision of services to the participants of wholesale market of electric power for the transmission of electric power and connection to power grids;</li><li>Investment operations related to the development of the Unified National (Russian) Electric Grid;</li><li>maintenance of electric grids;</li><li>engineering supervision of the condition of electric grid facilities of RAO UES of Russia.</li></ul>	0.00146%	0.00146%

INFORMATION ON PARTICIPATION OF THE COMPANY IN NONPROFIT ORGANISATIONS

NAME AND LOCATION OF NONPROFIT ORGANISATION	DATE OF ENTRY INTO NONPROFIT ORGANISATION	PRINCIPAL ACTIVITY OF NONPROFIT ORGANISATION
Private company Practice Training and Health Care Centre Russia, Lipetsk, per. Vinogradny, 16.	25.09.2008	Medical and training services
Private company Tverskoy Training and Practice Centre 170021, Russia, Tver, ul. Dachnaya, 73	23.09.2008	Training services
Private company Orlovsky Training Centre 302006, Orel, ul. Energetikov, 6.	23.10.2008	Training services
Private Educational Institution «Energetik» Voronezh Training Centre 129090, Moscow, per. Glukharev, 4/2.	18.09.2008	Training services