

**IDGC of Centre
Joint-Stock Company**



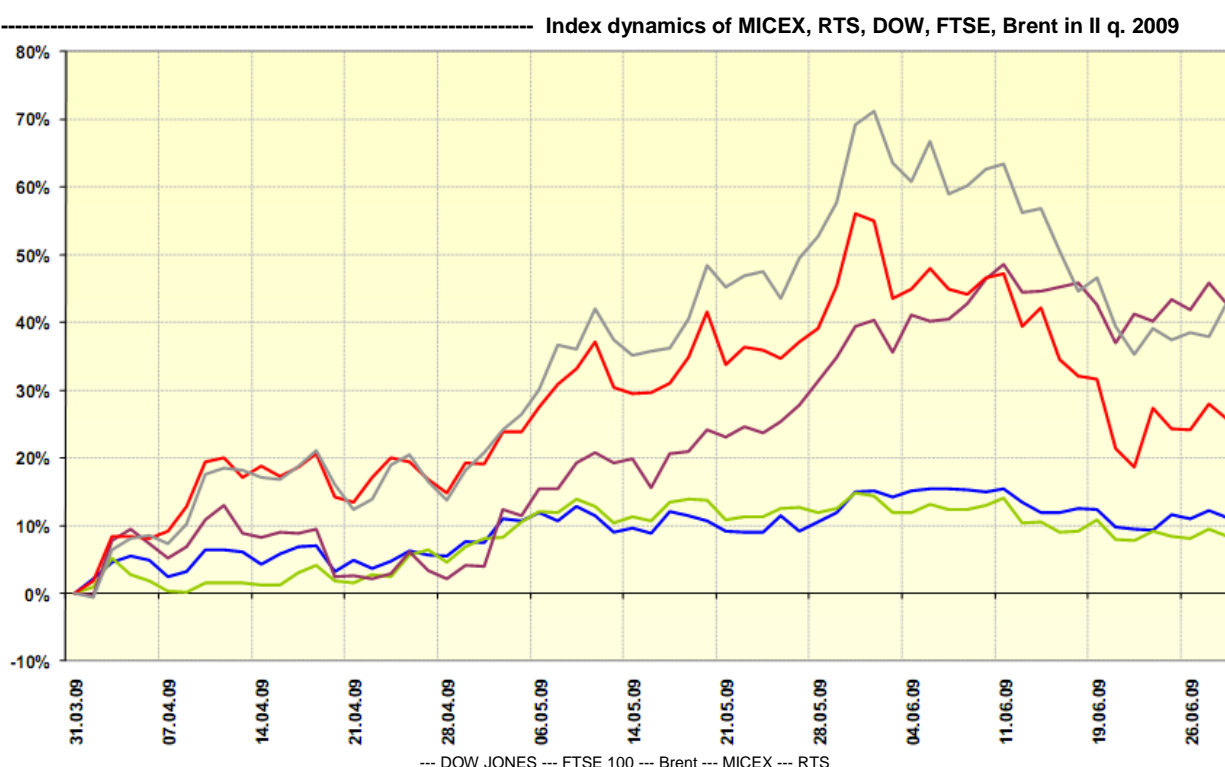
**Stock market of IDGC of Centre, JSC
in II quarter 2009**

Moscow, July 2009

Share markets in II quarter 2009

The beginning of the second quarter was positive enough for all world stock exchanges – the growth of American indicators in April went on and became maximum for the last nine years, and consolidated index Dow Jones Euro Stoxx 600 increased by 13%, this was the record-breaking growth from the beginning of observing this data in 1987.

In April the world markets were supported by the results of London summit G-20 that showed readiness of G-20 leaders for search of compromises against the background of the existing disagreements in approaches to choice of measures on economy stimulation. The mood of investors was favorably influenced by the reporting of the largest world corporations for I q. 2009 turned out to be better than analysts had expected. Against this background fast growth of confidence to the world economy reflected in different kinds of advanced indicators increased optimism at the world stock exchanges.



Source: MICEX, RTS, Bloomberg, calculations of DCT

In May the world stock exchanges showed high degree of volatility, but nevertheless went on growing. In the beginning of the months the markets were supported by official results of stress-tests of USA FRS, which as a whole turned out to be better than analysts, who were speaking of insolvency of American banks in January, had expected.

In the second decade of the months share market participants took negatively new worse forecast of GDP the country within the current year and rating actions of S&P and Moody's agencies in relation to Great Britain and Japan respectively published by USA FRS. But macro-economic statistics published in May, in which positive data prevailed, including going on growth of confidence to the world economy, could level this negative.

In June analysts and investors began to wonder more often how the dynamics of stock exchange markets of the last months complies with expectations and real state of economy. Concerns of market participants resulted in that correction trends dominated at the world stock exchanges in the second half of the months. Concerns of investors was connected with the probability of formation of new financial “bubble” following the results of large-scale inflows, significant part of which appeared in financial and raw-material markets and did not reach the real economy.

The market was pressed as well by negative rating actions of S&P agency in relation to American banks, worsening of forecasts of the World bank relating to the world GDP dynamics as well as the results of meeting of USA FRS that disappointed the market participants: in their opinion absence of new actions of FRS could result in the growth of long-term interest rates in the market, what could influence negatively on economic conjuncture and profits of companies.

Reduction of stock exchange indices in June worsened a little bit impressive results of the first two months of the quarter. Finally, indicators of Dow Jones and FTSE 100 increased by 11% and 8% respectively in II q. 2009.

Within the reporting period the native market followed in tracks of the western markets traditionally. The Russian stock exchanges were undoubtedly supported by prices for oil that had shown the growth against the background of optimism at the world stock exchange markets as well as by the major part of favorable data on oil and oil products reserves in USA. Notwithstanding the pressure on the part of worsening forecasts of demand for oil made by OPEC and International power agency, oil quotations increased by over 40% in the second quarter.

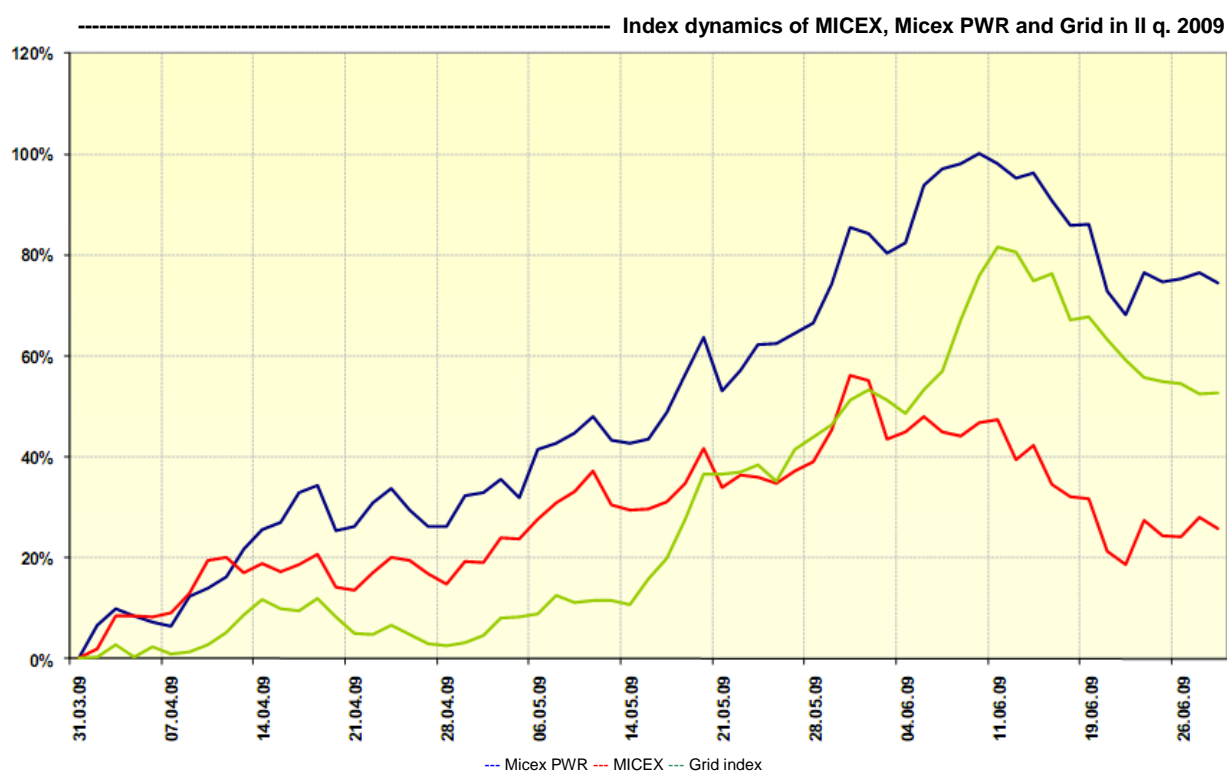
Internal news background remained still negative: firstly, it is necessary to note the going on growing fall of GDP and industrial production in the country. Against the background of negative statistics many experts aggravated forecasts of reduction of the Russian GDP in 2009 – at first it was announced by International Monetary Fund and the World bank, than S&P agency and great number of investment banks reported on review of forecasts directed to worsening of GDP dynamics.

In spite of internal negative, basing on the western optimism and growing oil prices the Russian share market showed advance dynamics compared with foreign stock exchanges – RTS and MICEX indices increased by 43% and 26% respectively in the second quarter.

Share market of power distribution sector companies in II quarter 2009.

Following the results of the reporting period the native power engineering as a whole and distribution sector companies (represented by Micex PWR and Grid indices respectively at the diagram) showed better dynamics compared with the general market.

In April the main contribution in MicexPWR growth was made by shares of generating companies and FGC, whilst the dynamics of shares of distribution grid companies turned out to be worse than the market. However, even in May the Grid index reached MICEX index, and in June it showed exceeding dynamics compared with it having considerably reduced the gap with generally industrial MicexPWR. At this great interest to shares of power distribution companies on the part of investors was observed without and significant events in the sector. Such situation could be connected with the fact that against the background of re-bought “blue chips” the market participants went on looking for undervalued second echelon companies, which include overwhelming majority of companies of the sector. Following the results of the quarter MICEX index increased by 26%, MicexPWR and Grid indices increased by 74% and 53% respectively.



Source: MICEX, RTS, calculations of DCT

In the past quarter dynamics of shares of power distribution sector companies was determined either by stock exchange market condition as a whole, so industrial news background. The main subjects for speculation of share market participants of power engineering sector companies of the past quarter include:

- the beginning of April – speculative expectations of the meeting results on power engineering issues – according to them growth of shares of separate WGC and TGC amounted to tens of interests;
- the second quarter of April – information on probable reduction of tariff growth rates for power in 2010 and probable half-year alteration of wholesale power market liberalization diagram.

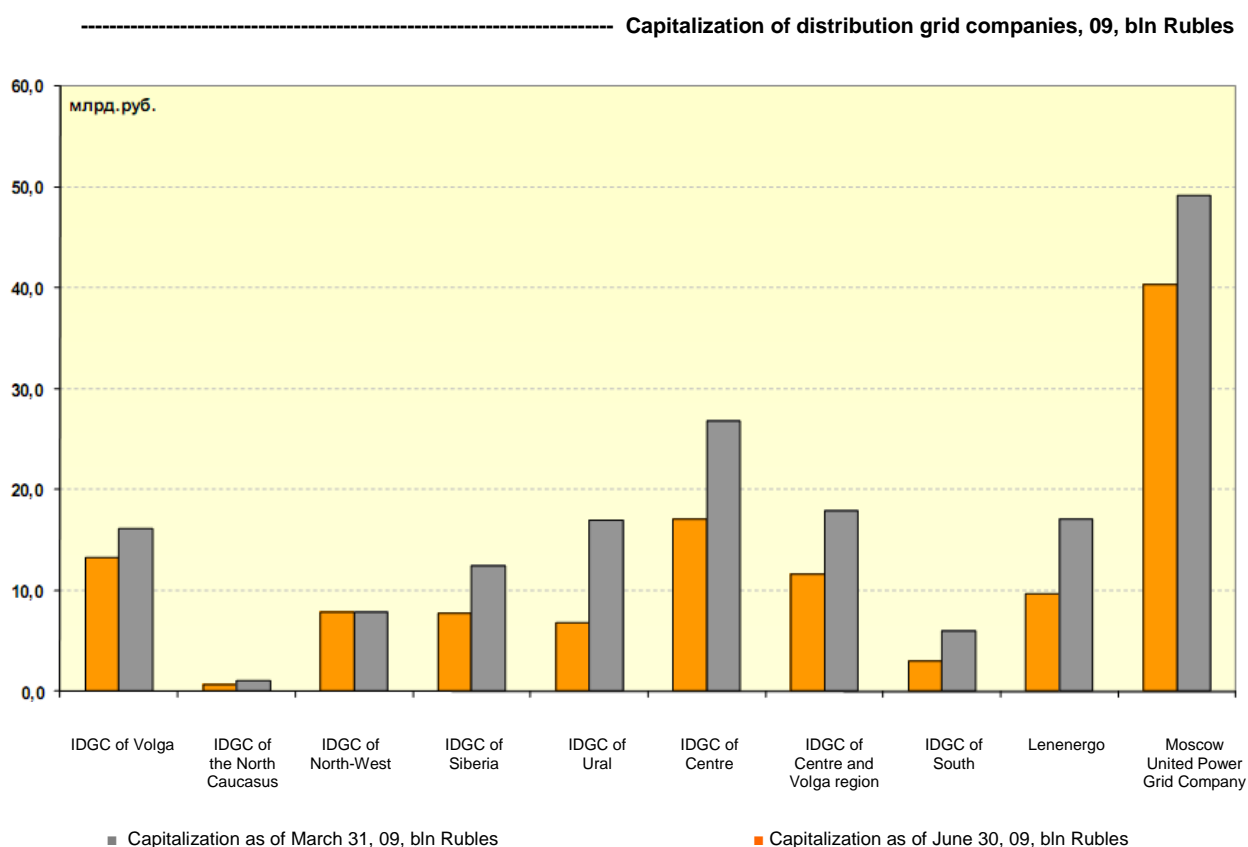
After Heads of Ministry of economic development and trade and Ministry of Energy declared that the Ministries do not consider issues of alteration of power market liberalization rates shares of companies of the sector went on to grow;

- the first half of May – information that in the second half-year Ministry of Energy will prepare the long-term investment program of power engineering sector for 2009-2010 with new amendments, which will be based on new forecasts of demand for power;
- the second half of May – information that Ministry of Energy plans to submit the long-term power market concept to the Government of the Russian Federation for consideration at the end of June.

In June there were no any industrial news capable to determine direction of movement of shares of power engineering sector companies. Share dynamics of companies of the industry was determined mainly by preferences of investors, who reviewed their portfolios under conditions of significant growth of correction risks at the world and Russian stock exchanges.

Fundamental information background of power engineering sector companies was still of negative nature: this was either the going on reduction of power consumption in the country, so fall of payment discipline in wholesale and retail markets.

The following diagram provides the results of IDGC capitalization changes for II q. 2009.



Source: MICEX, calculations of DCT

As a whole, following the results of the second quarter dynamics of capitalization of distribution grid companies was positive. IDGC of North-West became the exclusion, which value decreased by 0,12%. IDGC of Ural and IDGC of South became the leaders, which capitalization grew by 148% and 102% respectively.

Department for interaction with shareholders of IDGC of Centre, JSC, July 2009.

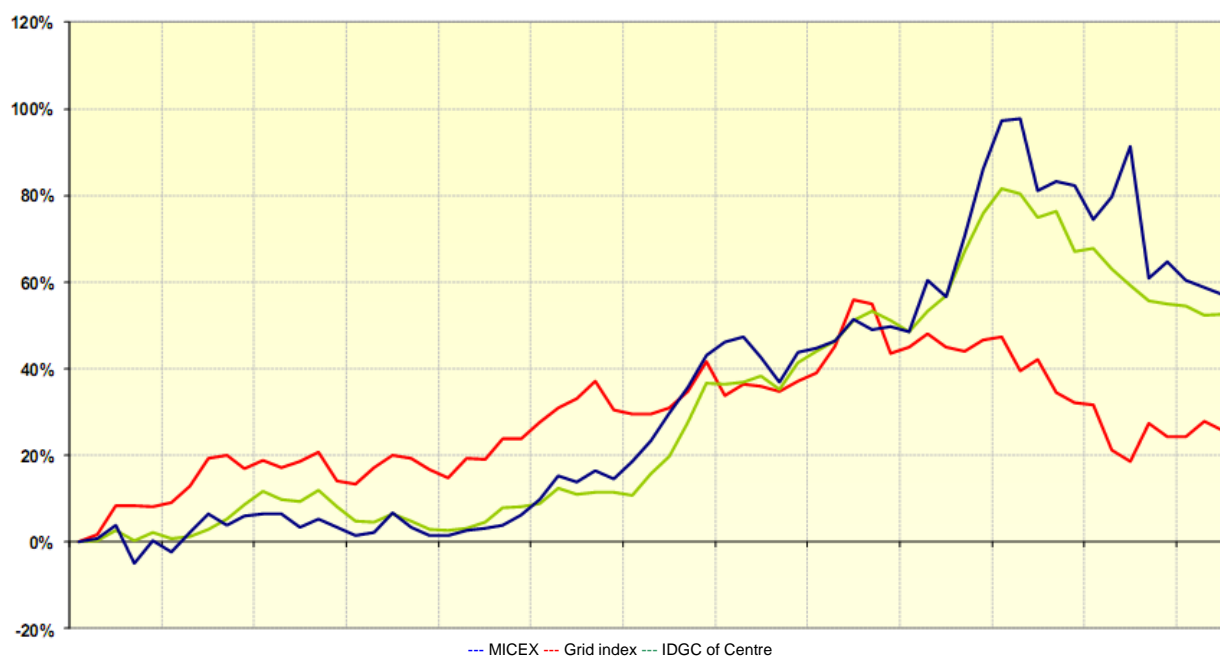
Capitalization of IDGC of Centre increased by 57,2%. The results of capitalization dynamics of the second quarter are given in the table:

Company	Capitalization, bln Rubles		Change for the quarter, %
	as of 31.03.09	as of 30.06.09	
IDGC of Volga	13,30	16,16	21,48%
IDGC of the North Caucasus	0,65	1,10	69,52%
IDGC of North-West	7,87	7,86	-0,12%
IDGC of Siberia	7,75	12,46	60,78%
IDGC of Ural	6,82	16,93	148,21%
IDGC of Centre	17,06	26,81	57,18%
IDGC of Centre and Volga region	11,68	17,90	53,28%
IDGC of South	2,99	6,04	102,17%
Lenenergo	9,73	17,06	75,29%
Moscow United Power Grid Company	40,38	49,15	21,71%

Share market of IDGC of Centre, JSC in II quarter 2009.

Within the reporting period dynamics of MICEX index, grid index and weighted average price of shares of IDGC of Centre is as follows:

----- Dynamics of weighted average price of IDGC of Centre, indices of MICEX and Grids in II q. 2009



Source: MICEX, RTS, calculations of DCT

Within the reporting period dynamics of shares of IDGC of Centre turned out to be better compared with the dynamics of Grid index. Following the results of the reporting period Grid Index and price for shares of IDGC of Centre increased about by 53% and 57% respectively, whilst MICEX grew up by 26%. Specifications of trading volumes of shares of IDGC of Centre at stock exchange site of MICEX and RTS in II q. 2009 (market transactions) are given in the table:

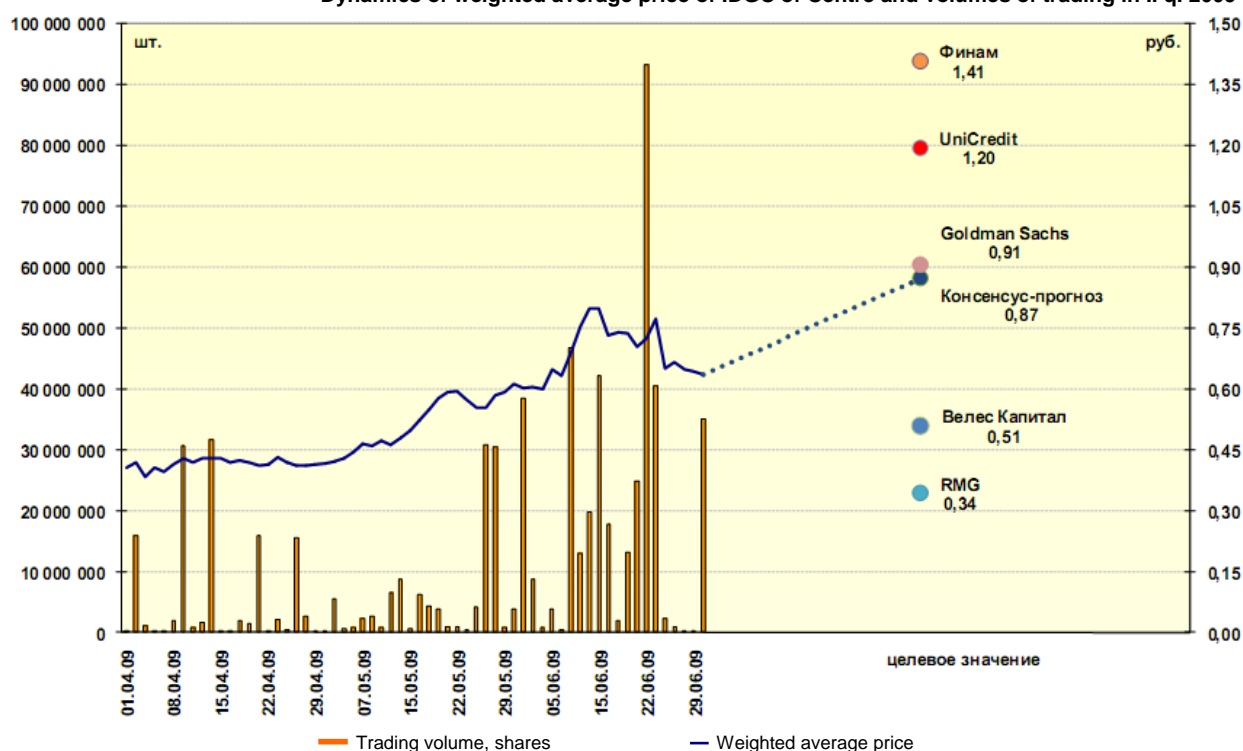
Stock exchange	Number of transactions	Volume, number	Volume, mln Rubles
RTS (classic)	-	-	-
RTS (stock exchange)	2	9 100	0,01
MICEX	3 611	643 739 600	404,06

In the second quarter the turnover of shares of IDGC of Centre at MICEX amounted to 643,74 mln Rubles or 1,52% of the total number of shares of the Company. Within the considered period the average bid-ask spread amounted to about 2%, however, it was varying from 0,16% up to 6,04 % in different days.

Notwithstanding the number of transactions and trading volumes have increased for the last months, share market of IDGC of Centre is still low-liquid: trading volumes are small and unstable, big spreads. About 63% of total number of shares on transactions at MICEX related to June, and nearly 15% of all securities circulated at MICEX within the second quarter came on June 22.

The following diagram provides the dynamics of trading weighted average price, trading volume and consensus-forecast of professional participants.

----- Dynamics of weighted average price of IDGC of Centre and volumes of trading in II q. 2009



Source: MICEX, quote. ru, reports of companies, calculations of DCT

In the second quarter two more banks published reports on evaluation of shares of IDGC of Centre – Unicredit and Goldman Sachs. Forecasts of analysts of investment companies for the date of the report are given in the table:

----- Forecasts and recommendations of professional participants on shares of IDGC of Centre

	Company	Annual forecast		Data of renewal	Recommendation
		USD	RUR**		
1	Troika Dialog*	0,027	0,845	23.12.2008	
2	Finam	0,045	1,408	1.11.2009	To buy
3	Rye, Man & Gor Securities	0,011	0,344	10.03.2009	To hold
4	Veles Capital	0,0163	0,510	23.03.2009	To buy
5	Unicredit	0,0382	1,195	26.06.2009	To buy
6	Goldman Sachs	0,29	0,907	23.06.2009	Neutral
Consensus		0,028	0,873		
Current price***			0,635		
Growth potential			37%		

* Bank estimate – indicative at the range [min. 0,0222 – max. 0,0317], is not included in consensus

** According to the rate of RUR/USD as of 30.06.2009

*** Weighted average price at MICEX as of 30.06.2009

Source: reports of companies, MICEX, quote. ru, calculations of DCT

Against the background of the rally among shares of companies of the sector of the last time the growth potential of a share of IDGC of Centre to the price amounts to 37% by the end of the reporting period.

Department for interaction with shareholders of IDGC of Centre, JSC, July 2009.

Contact information

IDGC of Centre, JSC

4/2, Glukharev Lane, Moscow, 129090, Russia

Tel.: +7 495 747 9292 Fax: +7 495 747 9292

www.mrsk-1.ru

Director for the corporate relations

Tatiana Anatolyevna Kulbakina

Kulbakina_TA@mrsk-1.ru

Department for interaction with shareholders

Head of the Department

Evgeny Alexandrovich Ochkasov

extension phone 3033

Ochkasov_EA@mrsk-1.ru