

IR PRESENTATION

IDGC of CENTRE

JOINT - STOCK COMPANY

2010 Results & 2011 Forecast

Renaissance Capital
15th Annual Investment Conference
June 27 – 28, 2011



IDGC
HOLDING

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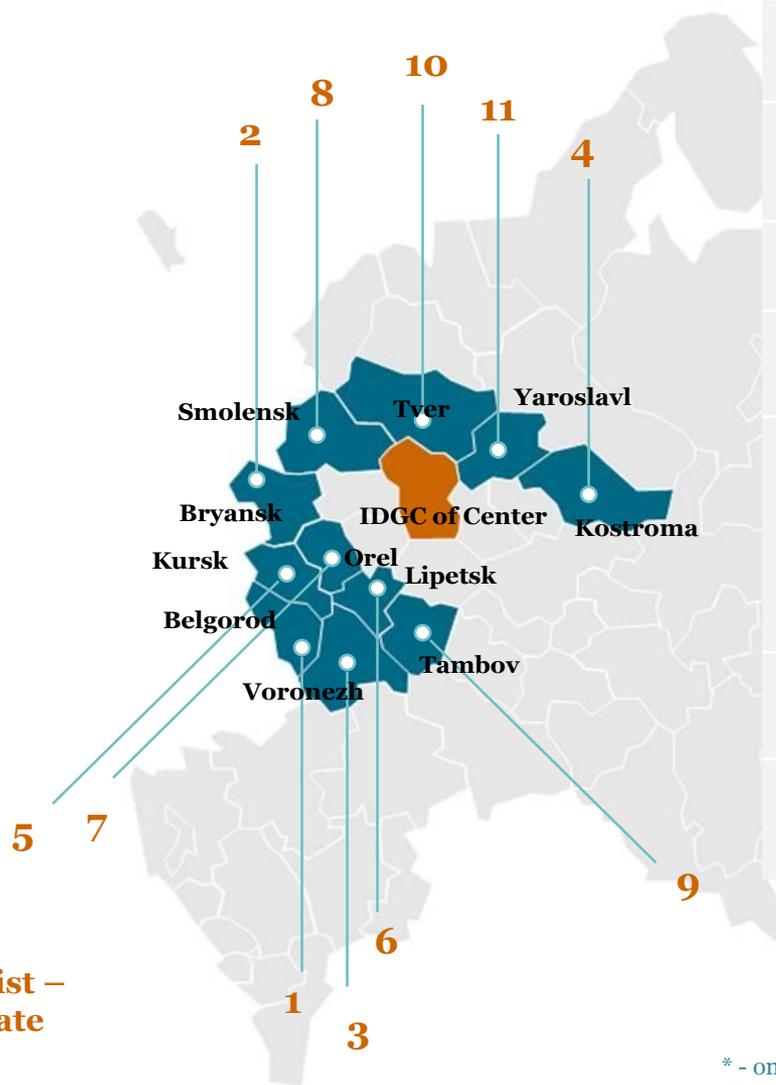
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IDGC of Center map. Basic information

IDGC of Center

- 1 Belgorodenergo
- 2 Bryanskenergo
- 3 Voronezhenergo
- 4 Kostromaenergo
- 5 Kurskenergo
- 6 Lipetskenergo
- 7 Orelenergo
- 8 Smolenskenergo
- 9 Tambovenergo
- 10 Tverenergo
- 11 Yarenergo



	2010*
Capitalization <i>USD billion</i>	1.6**
Revenue <i>USD billion</i>	1.99
Length of lines, <i>km thousand***</i>	365.0
Substation capacity, MVA	
<i>35-110 kV</i>	31,404
<i>6-10/0,4 kV</i>	15,192
Number of personnel	30,906
Number of shareholders	16,775

The Company is the monopolist – tariffs are regulated by the State

* - on 31.12.2010

** - on 31.05.2011

*** - within the contours of IDGC of Center on 27.05.2011

Dividend policy approval

- On September 3, 2010 the Board of Directors approved the Regulations on the dividend policy, based on the system performance set of criteria (profitability, reliability, credit stability)

Smart Grid program implementation

- The first stage of the Smart Grid program was completed in Belgorod in November 2010

Grid assets consolidation

- The purchasing of JSC “Yargorelectroset” was performed in December 2010, the Company’s share in the region grid assets amounts to 90%

Transition to RAB

- FTS of Russia agreed on the transition to the regulation of tariffs by the method of return on invested capital (RAB) for a 5-year period for Orelenergo and Bryanskenergo business-units from 01.11.2010
- iRAB corresponds to the results of the independent evaluation of Delloite, and amounts to RUR 118 bln (USD 3.9 bln)

RAB transition

- FTS of Russia agreed on a transition to the regulation of tariffs on the method of return on invested capital for a 5-year period for the rest of the business-units of the Company: Kostromaenergo, Tambovenergo, Voronezh, Smolenskenergo, and a 100% subsidiary JSC "Yargorelektroset" from 01.01.2011;
- Revision of tariff-making decisions in the implementation of Section 9 P 1172 from 29.12.2010, which provides the 15% increase in network tariffs from May 01, 2011

Investment program and business plan fulfillment

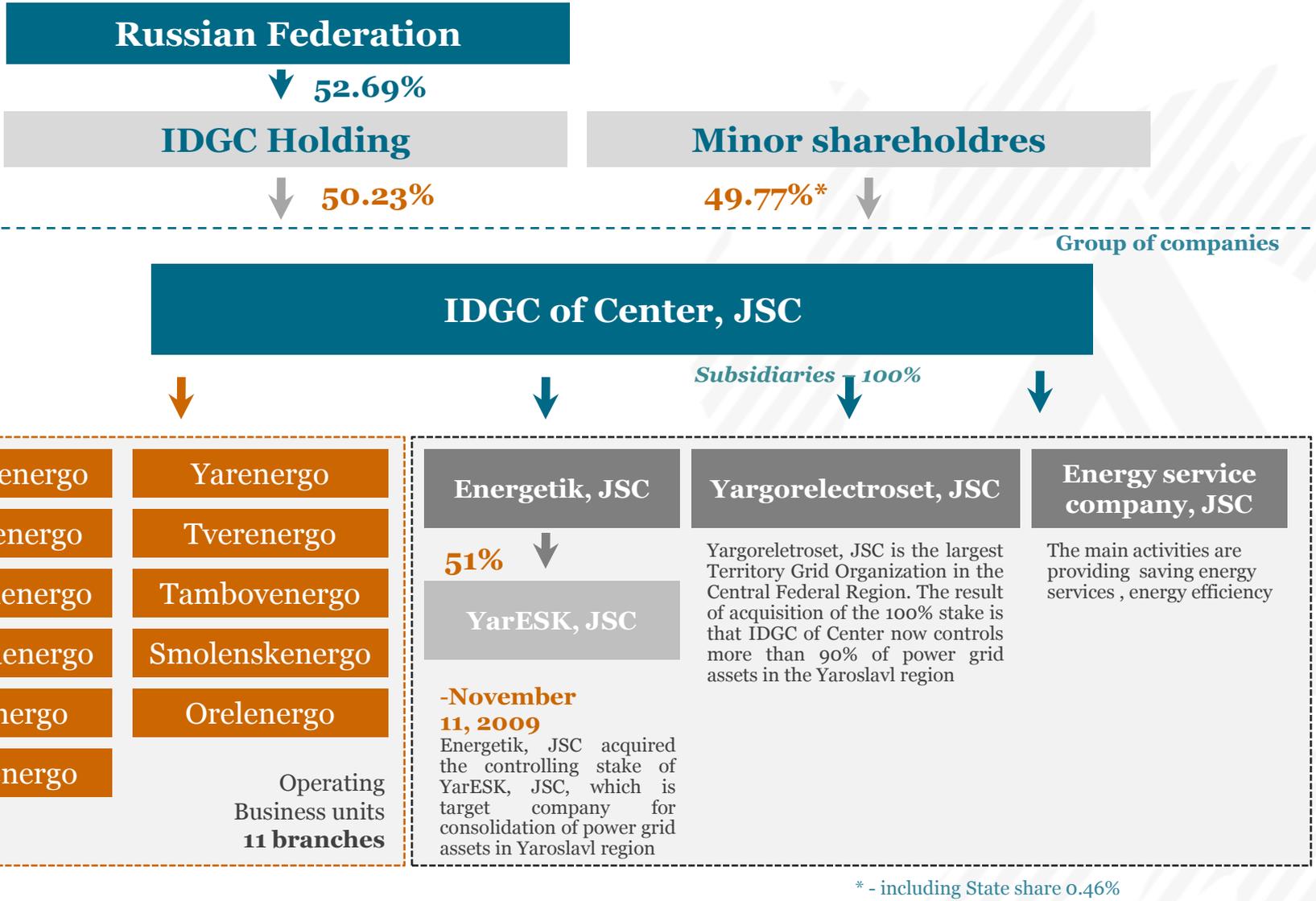
- Successful implementation of the business plan for 2010 with achievement of all KPI targets;
- Implementation of the investment program, the actual volume of CAPEX amounted to 103% of the plan – RUR 12.2 bln (\$ 401 mln)

Dividend policy

- On 17 June, 2011 the Company held the Annual General Meeting of Shareholders where dividend payments were approved in the amount of USD 20.1 million, the pay-out ratio – 12.56%

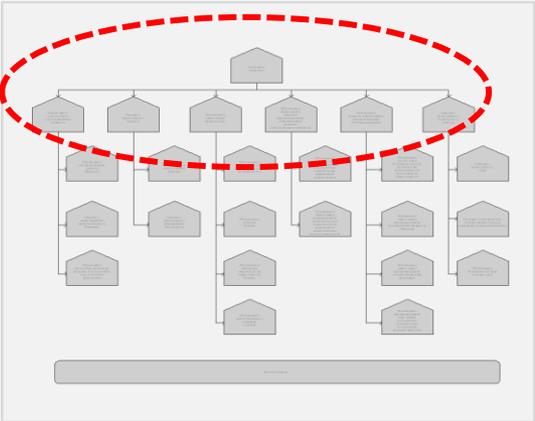
OPEX optimization program

- The Company has developed the optimization program, which was pre-approved by the Committee for strategy and development



Strategic vision of the Company's management – industry leadership...

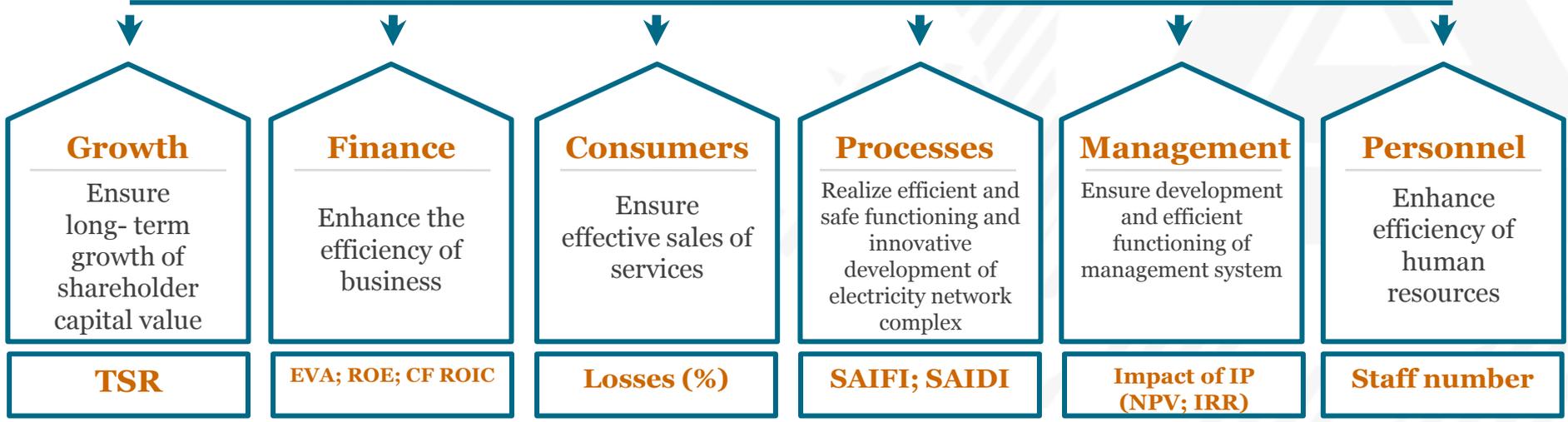
Goals of the Company



Target subsystems of the management:

- Growth and changes
- Finance
- Consumers
- Main business processes
- Management system
- Personnel

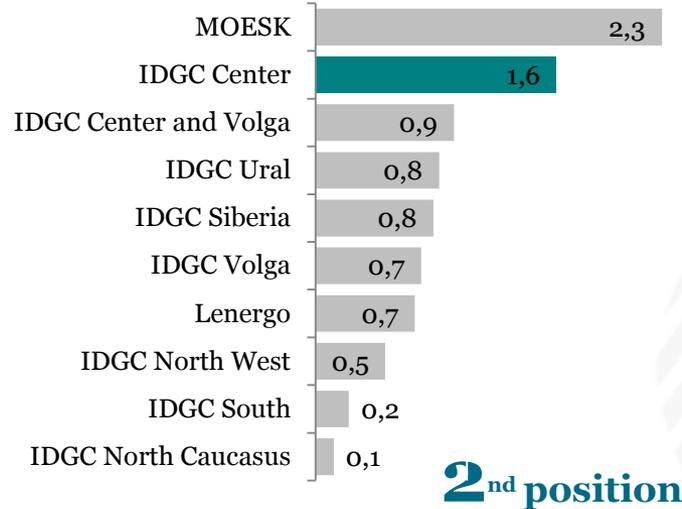
Challenges of the top level



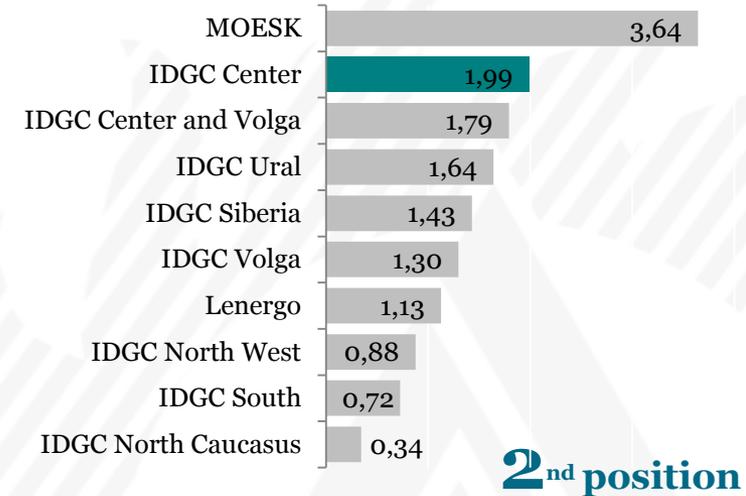
... a tool to achieve - the project approach, KPI system

IDGC of Center is among leaders in financial-operating figures and market performance among IDGCs

Cap, USD billion ¹



Revenue, RUB billion²



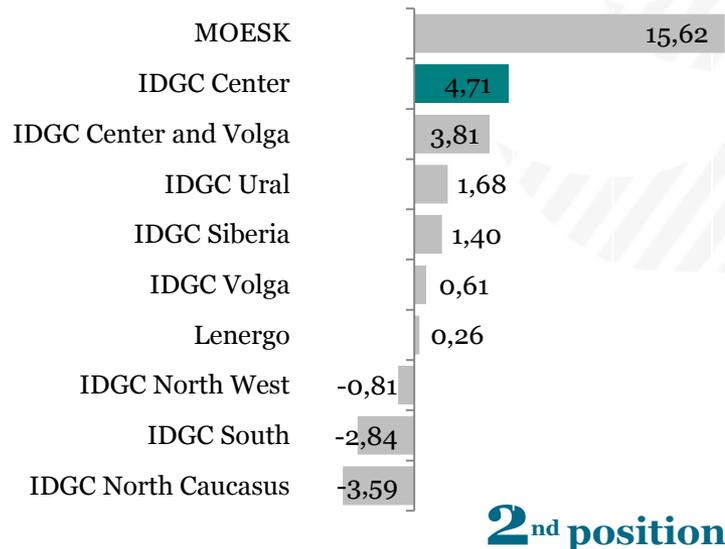
Sources:

¹ – average price data on 31.05.2011 (MICEX)

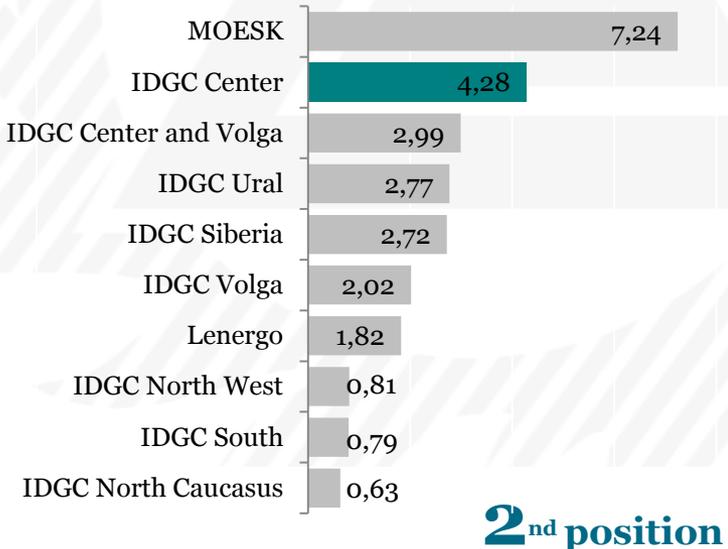
² – RAS data on 31.12.2010

³ – IDGC Holding data on 24.05.2011

Net profit, USD billion²



RAB, USD billion³





History of IDGC of Center credit rating

Standard&Poors's

Confirmed	February'11
Confirmed	July'10
Assigned	November'09
	NRA*
Upgraded to AA-	December '10
Confirmed	October'10
Confirmed	September'09
Upgraded (level A+)	September'08
Upgraded (level A)	August'07



History of IDGC of Center corporate rating on the national scale

NRCG**

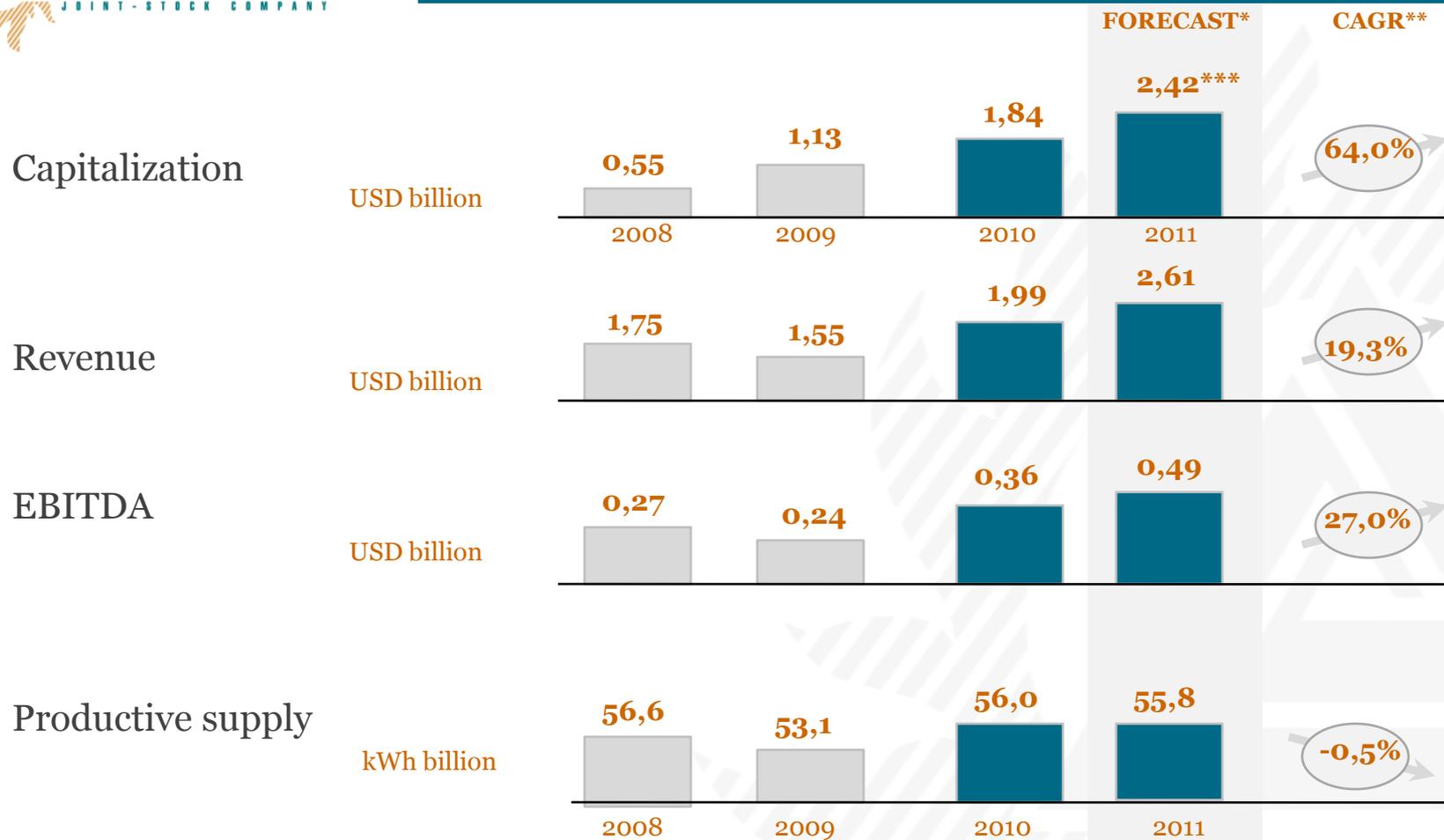
Upgraded (7+)	January ' 11
Confirmed	July' 09
Confirmed	February' 09
Assigned	September' 08

... developed corporate governance practice, leading position among IDGCs

* National Rating Agency

** National rating of corporate governance

Key figures on growth track 2008-2011



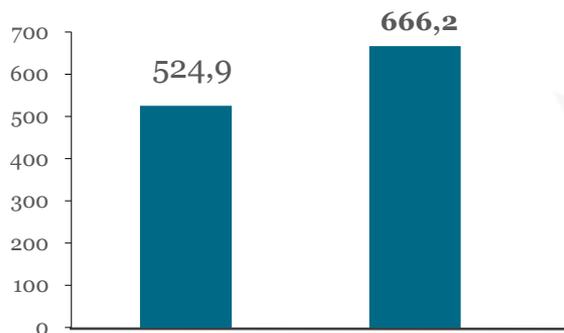
* - due to board of directors approved Business Plan for 2011

** - compound annual growth rate

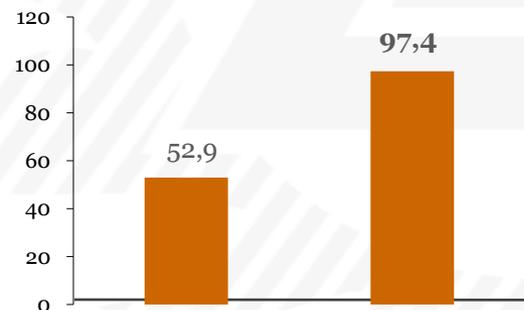
*** - consensus forecast by analysts for the end of 2011

<i>USD million</i>	1Q2010	1Q2011	2011/2010
Revenue	524,9	666,2	24%
Costs	439,2	513,3	14%
Gross profit	85,7	152,9	74%
<i>Gross profit margin</i>	16%	23%	7 p.p.
Profit before tax	65,6	126,8	89%
Net profit	52,9	97,3	79%
<i>Net profit margin</i>	10%	15%	5 p.p.

Revenue, USD million



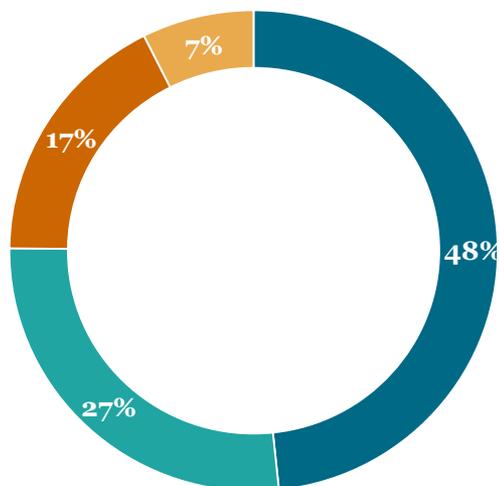
Net profit, USD million



Management of loan portfolio – absence of short-term credits and loans...

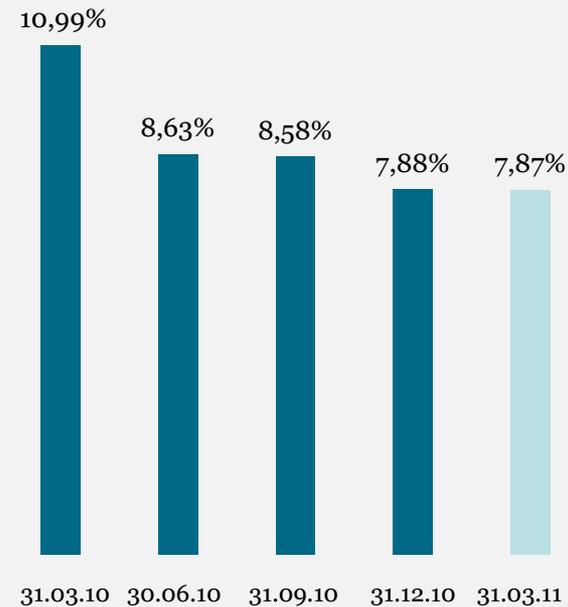
Structure of capital

<i>USD million</i>	31.12.2009	31.12.2010	Change
Equity	1 363,37	1 507,63	10,58%
Long-term liabilities	354,66	490,08	38,18%
Short-term liabilities	13,23	0,00	-100%
Accounts payable	218,05	221,55	1,61%
Other	69,26	114,83	60,19%



- Sberbank
- Rosbank
- Alfabank
- Gazprombank

The decrease of an average interest rate on credits in 2010 by **3.12%**



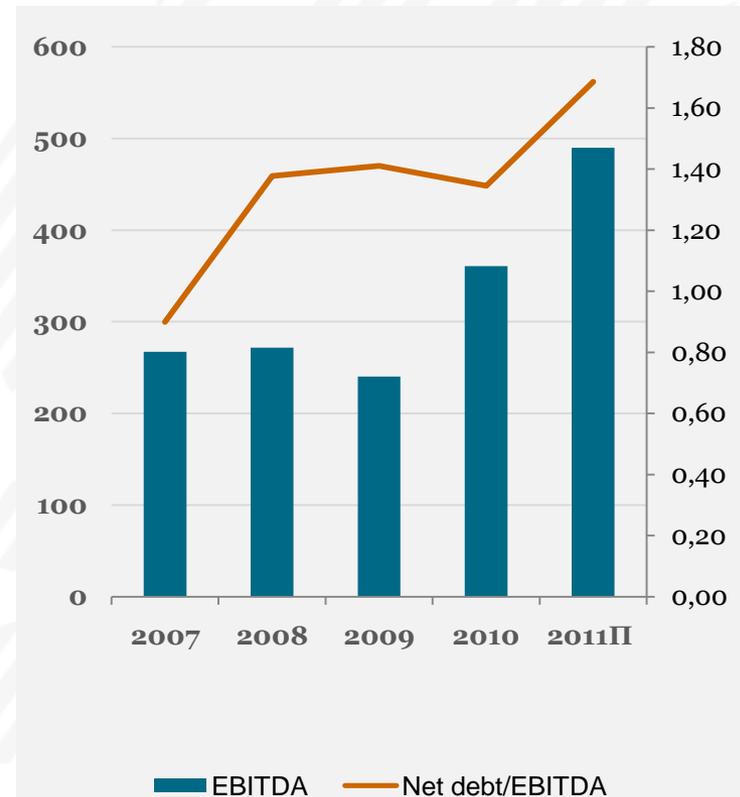
EBITDA vs. Net Profit, USD million Ratio Net Debt/EBITDA

Year	EBITDA	Net Debt	Net debt/ EBITDA
2007	267	240	0,90
2008	272	374	1,38
2009	231	339	1,41
2010	261	485	1,32
2011F*	490	828	1,69

Low ratio of NET DEBT/EBITDA allows to attract additional funding (with the ratio limit approved by the Board of Directors = 3)

* - due to approved Business Plan on 2011

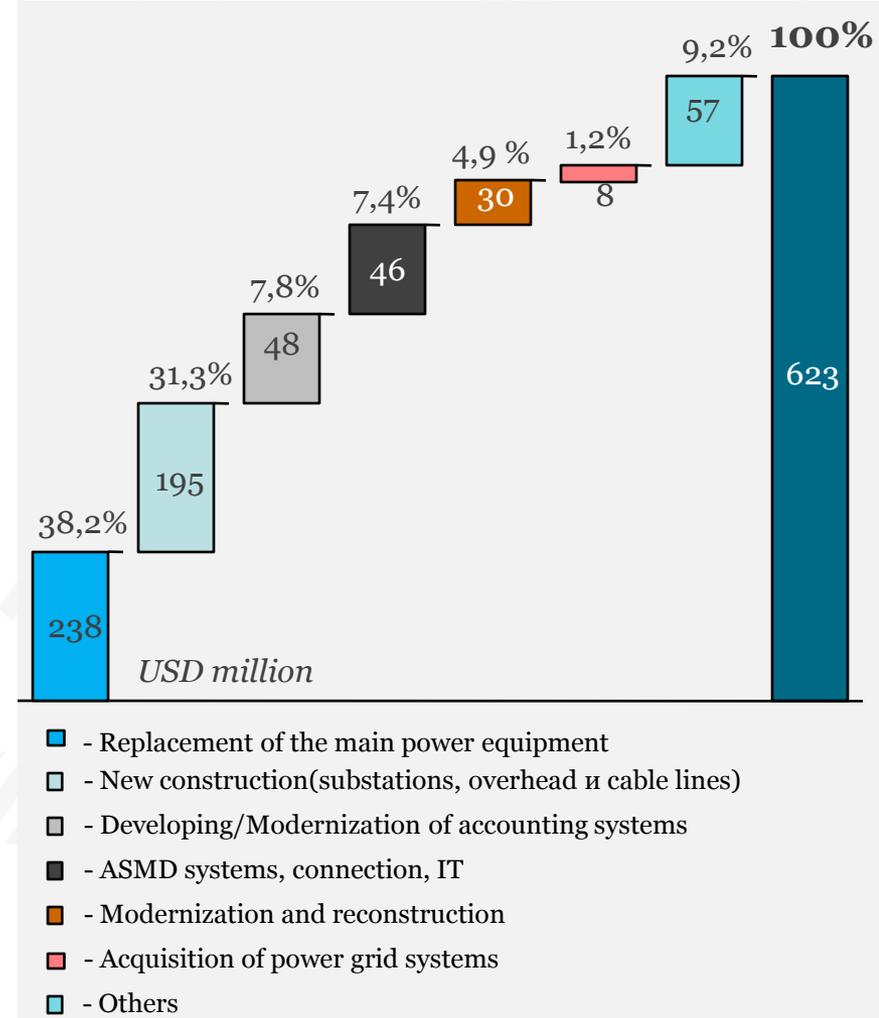
USD billion



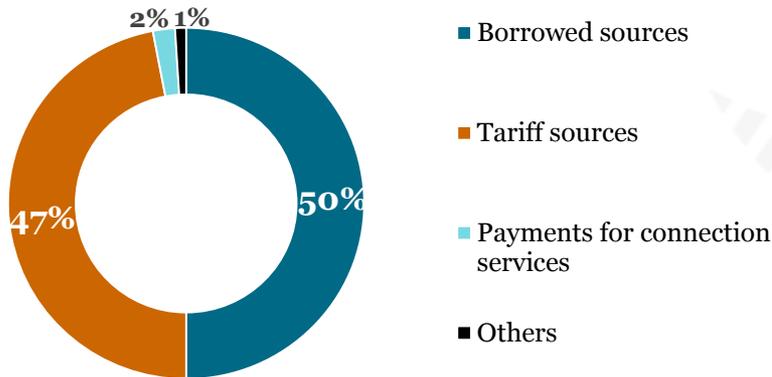
Expected CAPEX for 2011-2015 amounts to USD 6.4 billion

Year	Development, USD million	Commissioning, USD million
2011	623	600
2012	812	749
2013	1 104	1 082
2014	1 235	1 250
2015	1 314	1 387

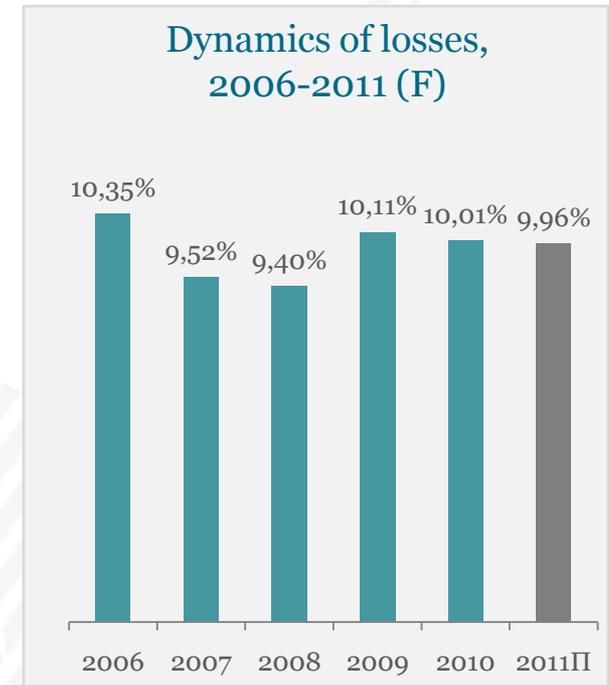
Uses of CAPEX in 2011



Financing sources on 2011



Year	kW (thousand)	%	Change, p.p.
2006	6,238	10,35	
2007	5,932	9,52	(0,83)
2008	5,875	9,40	(0,12)
2009	5,977	10,11	0,71
2010	6, 233	10,01	(0,10)
2011F	6,178	9,96	(0,04)



- **Reduction of losses – the priority target for the management**
- The renovation program and modern account systems implementation will allow to reduce losses by 1% to 2015

Key directions of the optimization program

- Reduction of the interest rate on the Company's credit portfolio
- Personnel optimization and reducing of the Company's payroll fund
- Losses reduction program
- Sales of the Company's non-core assets
- Optimization of transport services
- Other

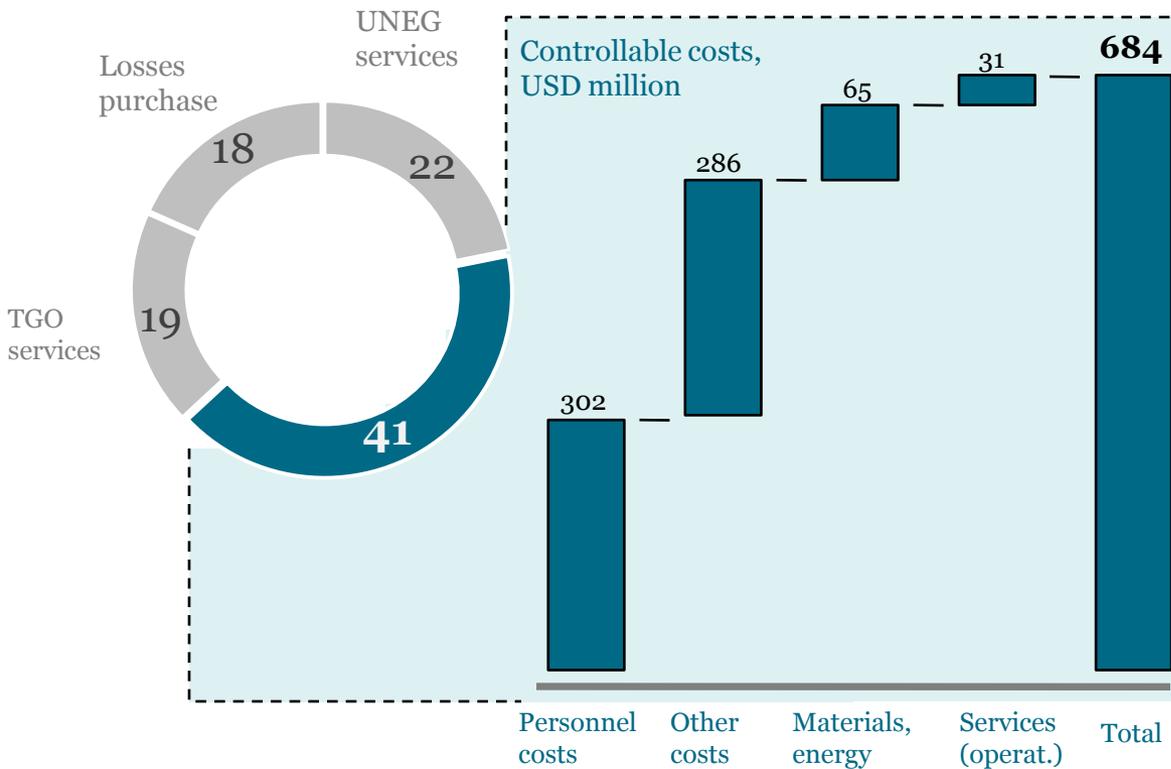
Economical effect USD million



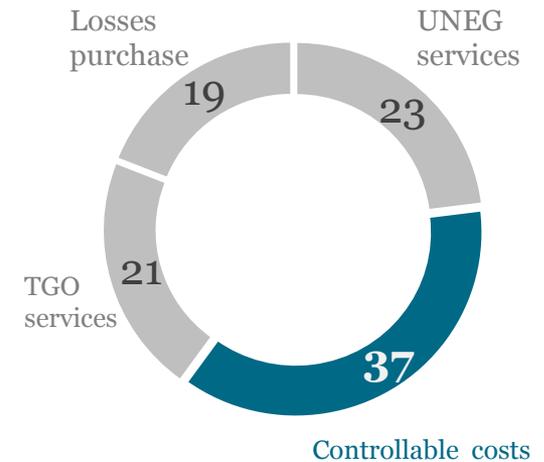
Total forecasted effect of the optimization initiatives for 2011-2015 amounts to USD 150 mln

Total optimization initiatives for 2011 – USD 28 mln (F)

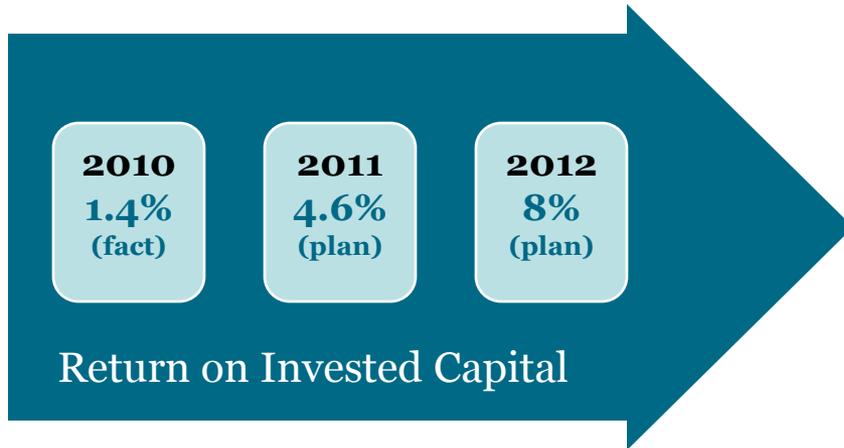
Costs structure of electricity transmission in 2010 (%)



Costs structure of electricity transmission in 2011F (%)



The Company plans to optimize the controllable costs in the costs structure of operating activities **by 4% in 2011**

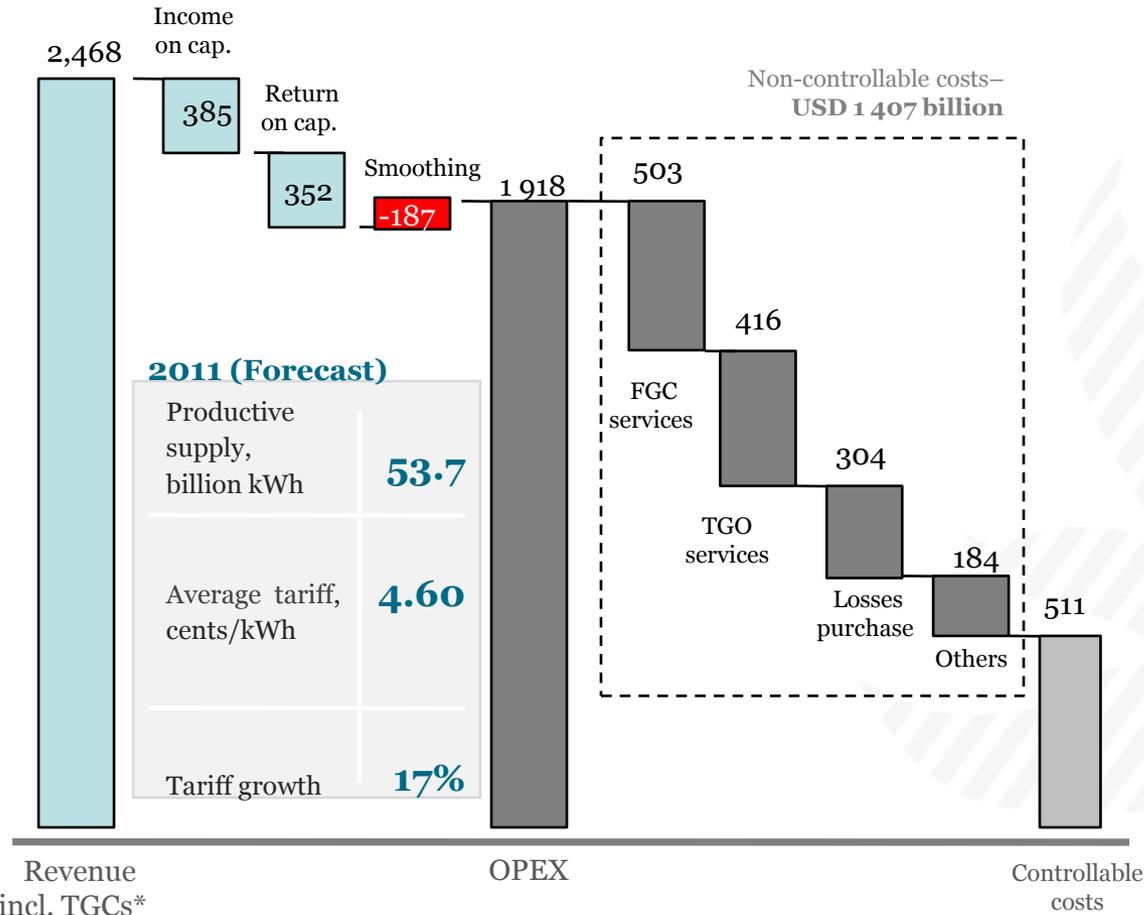


- Initial base of Invested Capital on January 01, 2010 amounted to USD 3.9 billion
- Initial base of Invested Capital on January 01, 2011 amounted to USD 4.0 billion
- Normative rate of the operating costs reduction is set by the FTS and amounts to 1-2.3%
- Return on invested capital is 35 years for new assets, and 10-12 years - for old assets

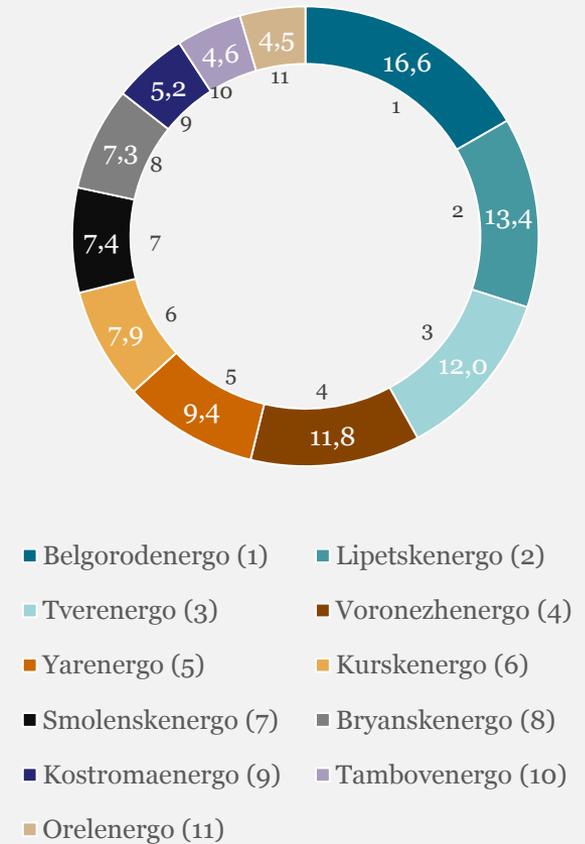
Tariff on electricity transmission	01.01.2011	01.05.2011	01.01.2012
Required gross revenue (RGR), USD million	2 471	2 429	2872
Average tariff, kopecks/kWh	139,8	130,5	158,2
Tariff growth rate, %	26%	17%	21%
Controllable costs, USD million	461	485	513
Uncontrollable costs (inc. FGC, TGCs, losses), USD million	1 468	1 441	1870

Required Gross Revenue (RGR) structure and structure of operating expenditures

USD billion



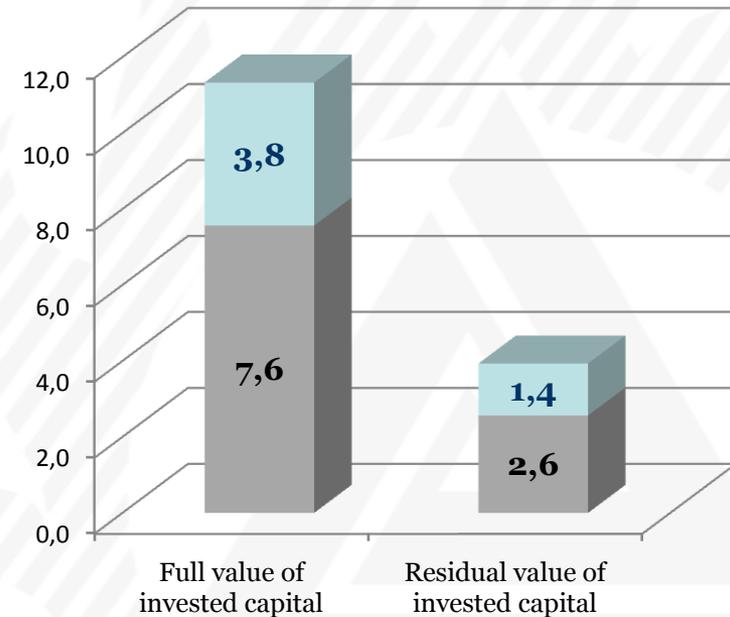
RGR structure



* - RGR due to tariff campaign in 2010, exc. corrections on Kurskenergo 2011

** - Due to tariff campaign in 2010

Date of transition	Branch	Total value of invested capital USD million	IRAB, USD million
from 01.01.2009	Belgorodenergo	1 723	678
	Lipetskenergo	876	341
	Tverenergo	1 881	489
from 01.01.2010	Kurskenergo	1 018	357
	Yarenergo	714	297
from 01.11.2010	Bryanskenergo	651	195
	Orelenergo	701	208
from 01.01.2011	Kostromaenergo	560	249
	Tambovenergo	611	181
	Voronezhenergo	1 250	415
	Smolenskenergo	1 215	451
	Yargorelectroset*	130	71
	All	11 329	3 932



■ RAB branches before 01.01.2011
■ RAB branches after 01.01.2011

Approved iRAB on all branches –
USD 3,9 billion*

*Including Yargorelectroset 100% stake is owned by IDGC of Center

Target/ Program

- Providing monopoly on power grid services market in the regions of presence;
- Long-term target program for the consolidation of power grid assets have been developed and approved (power grid assets consolidation plan for 2011 - 2015)

Methods and advantages of consolidation

- Company consolidates the assets primarily in 3 ways: acquisition of power grid property rent, purchase of shares of power grid companies;
- The basic advantages of consolidation are: implementation of a unified technical policy, the development of a unified scheme of long-term development of power grids, improving the reliability of electricity supply to consumers of all categories, increasing of power grid capacity

Plans on 2011-2015

- It is planned in 2011 to consolidate municipal power grid assets of Voronezh region, to acquire the property in Lipetsk region and to consolidate the assets in Tver region;
- Program provides working with more than 5 thousand owners

* - Lipetsk Region Utilities Company, State Region Unitary Enterprise

Stock performance and liquidity increase

Liquidity increase measures

05.2008

Company's shares were listed on MICEX (quotation list B), RTS

04.2009

Company's shares were included in the index: MICEX PWR

09.2010

Company's shares were included in RTS EU*

2Q2011

Inclusion of Company's shares in quotation list A2 (MICEX)

3Q2011

Dividends payment USD 20, 05 million

4Q2011

Launch of option program DR program

Tickers:

MICEX

MRKC

Total (USD million)

20,05

RTS classic

MRKC

Net profit share

12.6%

RTS stock

MRKCG

Dividend yield

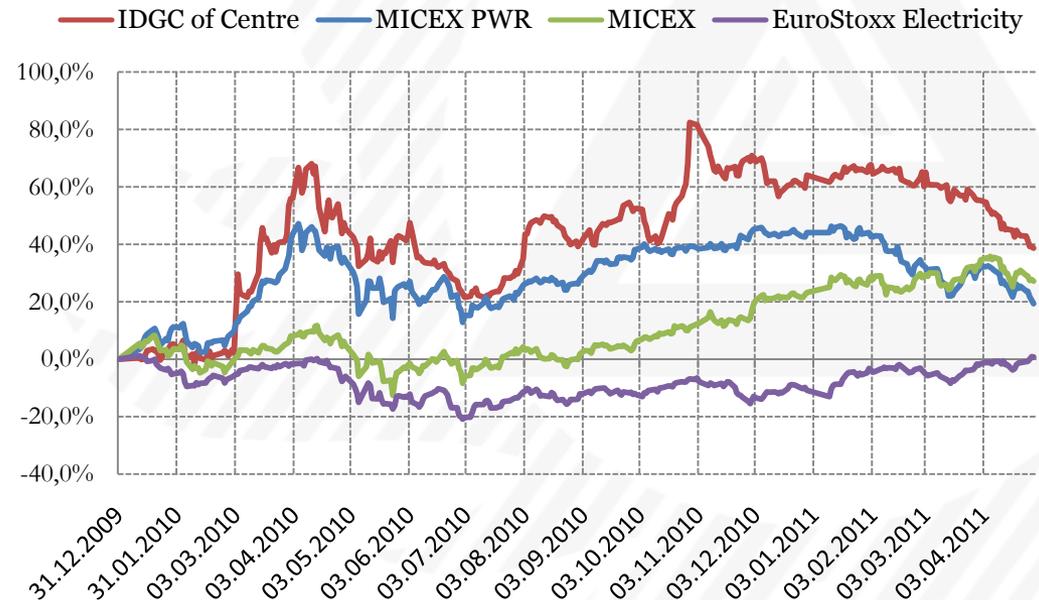
1,37%

Dividends for 2010:

■ - forecast

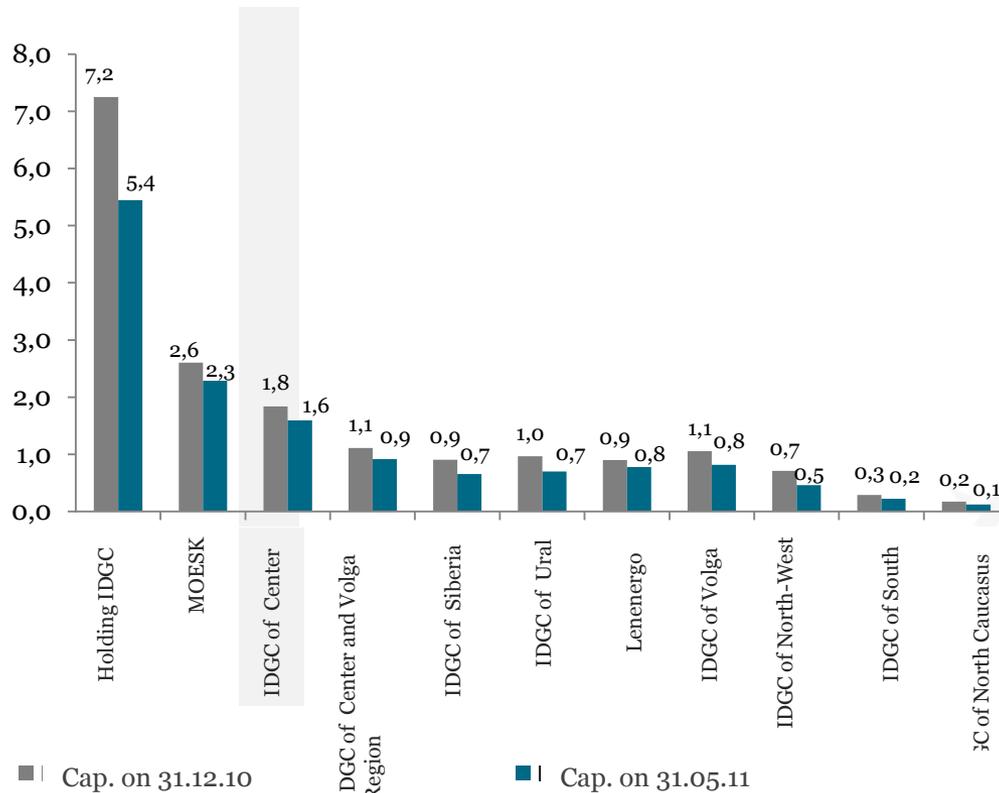
* - RTS energy utilities

Stock performance

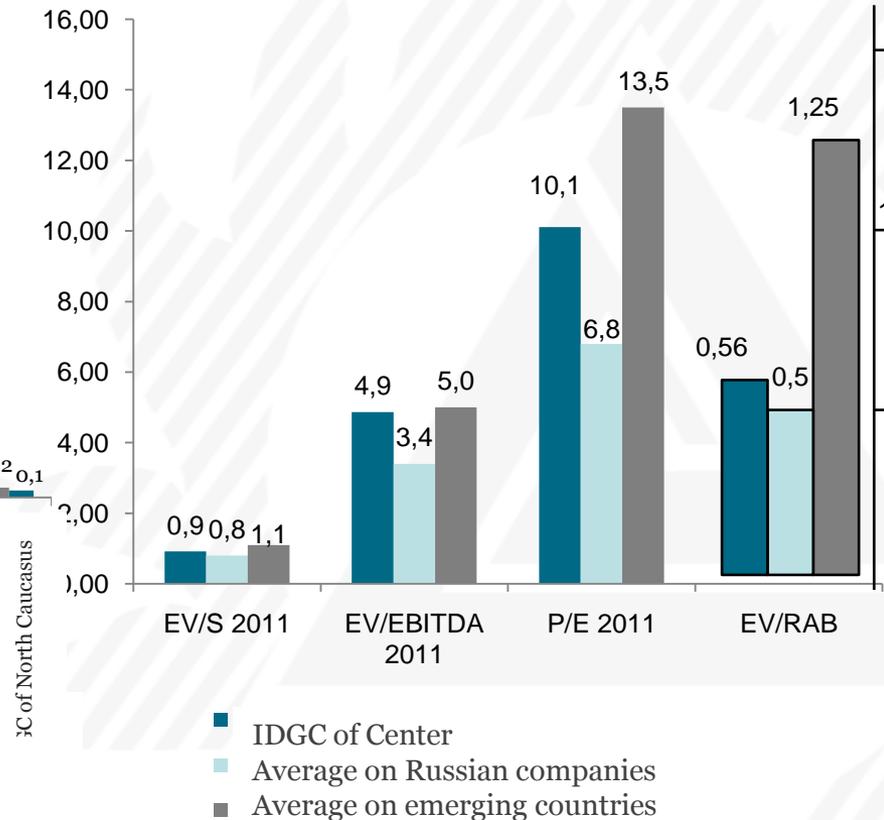


Key stock market figures : 2nd place on capitalization among the IDGCs

Capitalization of distribution grid companies as of 31.12.10 and of 31.05.11, USD billion (MICEX)



Market multiples on IDGCs and foreign companies-analogues *



* Calculations of the Company, data of investment banks covering the activities of IDGCs

** Foreign peers: Eletropaulo, Compania General de Electricidad, Aksu Enerji ve Ticaret, etc.)

RAB regulation

- Transition to RAB is a vigorous driver for increase in operational efficiency and decrease in costs per unit
- The first IDGC among others which transferred all its branches to RAB: *2009: 3 branches, 2010: 4 branches, since 01.01.2011: 4 branches*
- High level of iRAB - **USD 4,0 billion**
- Capital formation rate is lower than profitability rate of invested capital

Strong team of managers

- Developed and implemented KPI system
- Strong financial performance - **positive dynamics** on all key financial and operating indicators for 4 years
- Transparent system of corporate management (7+ corporate governance rating on national scale)

Prospects of growth

- **Investment history of distribution grid complex attracts high attention of analysts and investors:**
 - on 21.06.2011 Annual General Meeting of Shareholders approved dividend payments for 2010 in amount of USD 20,05 million
 - sector is significantly **undervalued as compared to foreign peers**

THANK YOU FOR YOUR ATTENTION!

IR specialists will provide you with any additional information upon your request:

ir@mrsk-1.ru

IDGC of Center

4/2, Glukharev per., Moscow, Russia 129090

T: +7 495 747 9292 F: +7 495 747 9292

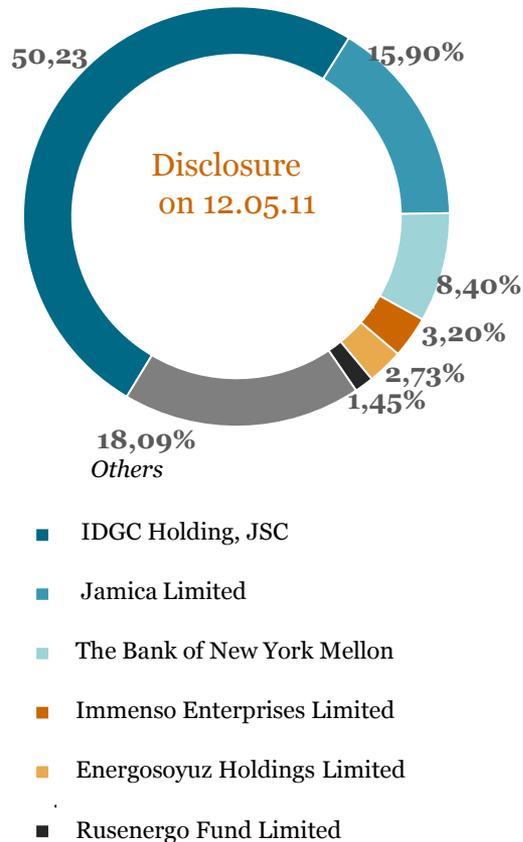
www.mrsk-1.ru

Tickers:

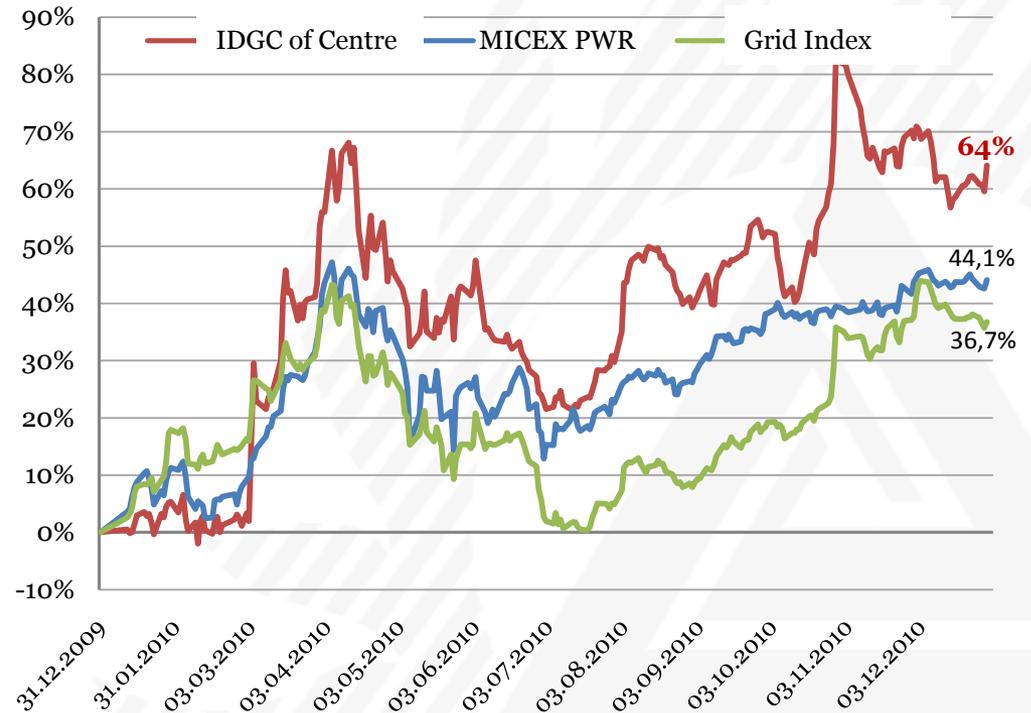
MICEX: MRKC

RTS: MRKC, MRKCG

Share capital structure



Capitalization from 31.12.2009 to 31.12.2010



Capitalization, RUB billion

on 31.12.2010 г.
on 31.12.2009 г.

55,9
34,1

Free-float is about 30%.

Capitalization of IDGC of Center increased by 64% on the end of 2010

Tariffs on electricity transmission 2010-2011

Average tariffs on electricity transmission services, cents/kWh

Branch	2010*г.	2011*г.
Belgorodenergo	3,30	4,27
Bryanskenergo	4,30	5,29
Voronezhenergo	3,37	4,61
Kostromaenergo	4,30	5,37
Kurskenergo	3,25	4,15
Lipetskenergo	3,65	4,59
Orelenergo	4,63	5,74
Smolenskenergo	4,08	5,22
Tambovenergo	3,57	4,39
Tverenergo	5,07	7,15
Yarenergo	2,84	4,07

Average tariffs on electricity transmission services exc. costs of neighbor TGOs, cents/kWh

Branch	2010 г.	2011 г.
Belgorodenergo	3,26	4,22
Bryanskenergo	2,76	3,39
Voronezhenergo	2,36	3,12
Kostromaenergo	4,16	5,14
Kurskenergo	2,17	3,19
Lipetskenergo	3,02	3,82
Orelenergo	3,56	4,51
Smolenskenergo	3,88	4,92
Tambovenergo	2,34	2,99
Tverenergo	3,97	5,12
Yarenergo	1,99	3,06

* Tariffs include costs of neighbor Territorial Grid Organizations and include preliminary corrections on Kurskenergo in 2011

Average tariffs (on 20.04.11) on connection services, USD/kWh

Branch	2010 r. tariff exc. VAT	2011 r.*, tariff exc. VAT
Belgorodenergo	18,63	21,17
Bryanskenergo	294,01	102,35
Voronezhenergo	594,04	361,42
Kostromaenergo	328,91	223,46
Kurskenergo	321,63	92,56
Lipetskenergo	243,44	224,45
Orelenergo	296,38	113,09
Smolenskenergo	184,98	3,03
Tambovenergo	100,31	107,31
Tverenergo	338,12	361,73
Yarenergo	339,84	344,33
Average	242,06	159,89

* Tambovenergo, Tverenergo filled the tariff applications for setting tariffs on connection services (expected to be approved).

Tambovenergo – current tariff on connection services valid to 01.06.2011

Branch	RAB on 01.01.11**, USD million
Belgorodenergo	746
Lipetskenergo	417
Tverenergo	406
Kurskenergo	355
Yarenergo	300
Bryanskenergo	186
Orelenergo	199
Kostromaenergo	249
Tambovenergo	181
Voronezhenergo	415
Smolenskenergo	451
Yargorelectroset*	71
Total:	3 977

- In 2011, the branches adopted the 5-years regulation period (the possibility of transiting of some branches to the 7-years regulation period is considered)
- Return on invested capital– 35 years (for new IC), 10-12 years (for old IC)
- OPEX optimization (x-factor 1% annually in accordance with the resolution of the FTS, additional goal on 2011 for management is OPEX reducing for at least 1%)

RAB rate of return	2009	2010	2011	2012	2013	2014	2015
Return on “old” IC							
prior to January 2010	6%	9%	12%	12%	11%	-	-
from January 2010	-	6%	9%	12%	11%	11%	-
from August 2010	-	6%	6%	9%	11%	11%	-
from January 2011	-	-	6%	9%	11%	11%	11%
Return on “new” IC							
prior to January 2010	12%	12%	12%	12%	11%	-	-
from January 2010	-	12%	12%	12%	11%	11%	-
from August 2010 to January 2011	-	12%	12%	12%	11%	11%	-
from January 2011	-	-	12%	12%	11%	11%	11%

* - 100% subsidiary of IDGC of Center

** - including investments, return and retirement