

IDGC of CENTRE

*the final stage of RAB
implementation*

Evgeniy Bronnikov, CFO

July, 2010



Disclaimer

The information in this presentation was received from the sources which, in opinion of IDGC of Centre (“the Company”), are reliable. Nevertheless, we do not guarantee accuracy of the given information which may be short or incomplete. All opinions and estimations containing in the present material reflect our opinion at the date of publication and are subject to change without notice.

This presentation does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any shares or other securities representing shares in the Company, nor shall it or any part of it nor the fact of its presentation or distribution form the basis of, or be relied on in connection with, any contract or investment decision.

The information in this presentation includes forward-looking statements. These forward-looking statements include all matters that are not historical facts, statements regarding the Company’s intentions, beliefs or current expectations concerning, among other things, the Company’s results of operations, financial condition, liquidity, prospects, growth, strategies, and the industry in which the Company operates. By their nature, forward-looking statements involve risks and uncertainties, including, without limitation, the risks and uncertainties to be set forth in the prospectus, because they relate to events and depend on circumstances that may or may not occur in the future. The Company cautions you that forward looking statements are not guarantees of future performance and that its actual results of operations, financial condition and liquidity and the development of the industry in which the Company operates may differ materially from those made in or suggested by the forward-looking statements contained in this presentation. In addition, even if the Company’s results of operations, financial condition and liquidity and the development of the industry in which the Company operates are consistent with the forward-looking statements contained in this presentation, those results or developments may not be indicative of results or developments in future periods

The Company does not bear the responsibility for consequences of use of opinions containing in the present report or applications, or for incompleteness of the information. No person is under any obligation to update or keep current the information contained herein.

By attending the presentation you agree to be bound by the foregoing limitations.

December '04

“Interregional Distribution Grid Company of Centre”, Open Joint-Stock Company, was incorporated

April '07

The final structure of the Company was approved, the Company now includes 11 regional grid companies in Central Russia (decision of the Board of Directors of RAO UES of Russia)

January '09 the first 3 branches transferred to RAB: Belgorodenergo, Lipetskenergo, Tverenergo

April '09 Listing at MICEX. The Company's shares were included into “B” quotation list of exchange

November '09 the Company obtained the credit rating S&P BB-/B/ruAA- forecast “Stable”



'06

Enhancement of DGC management system. Transferring of powers of the DGC sole executive body to the Company

March '08 Connection DGCs to IDGC of Centre

May '08 Company's shares were launched for trading at MICEX (MRKC) and RTS

July '08 JSC “IDGC Holding” became the majority shareholder of the Company

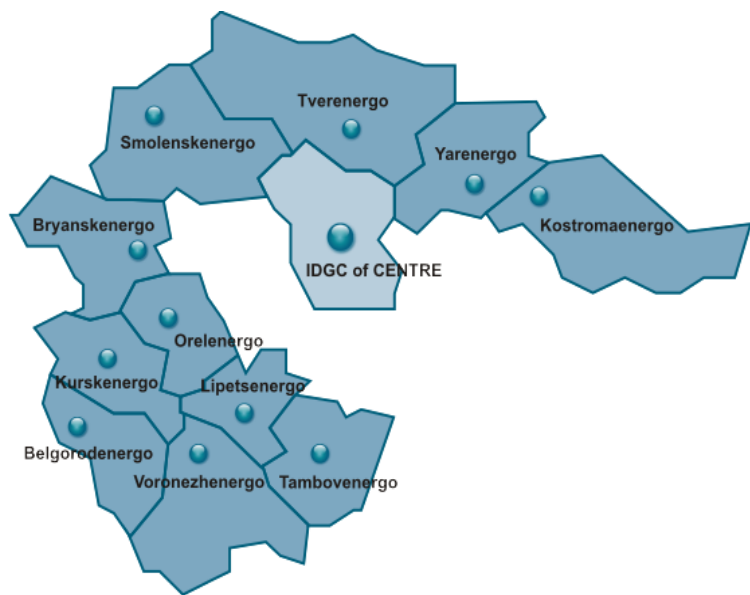
October '08 Shares of IDGC of Centre were included in calculation base of MICEX PWR

January '10 Another 2 branches transferred to RAB: Kurskenergo, Yarenergo

April '10 All RAB tariff applications on each 6 branches left were submitted into regulating bodies

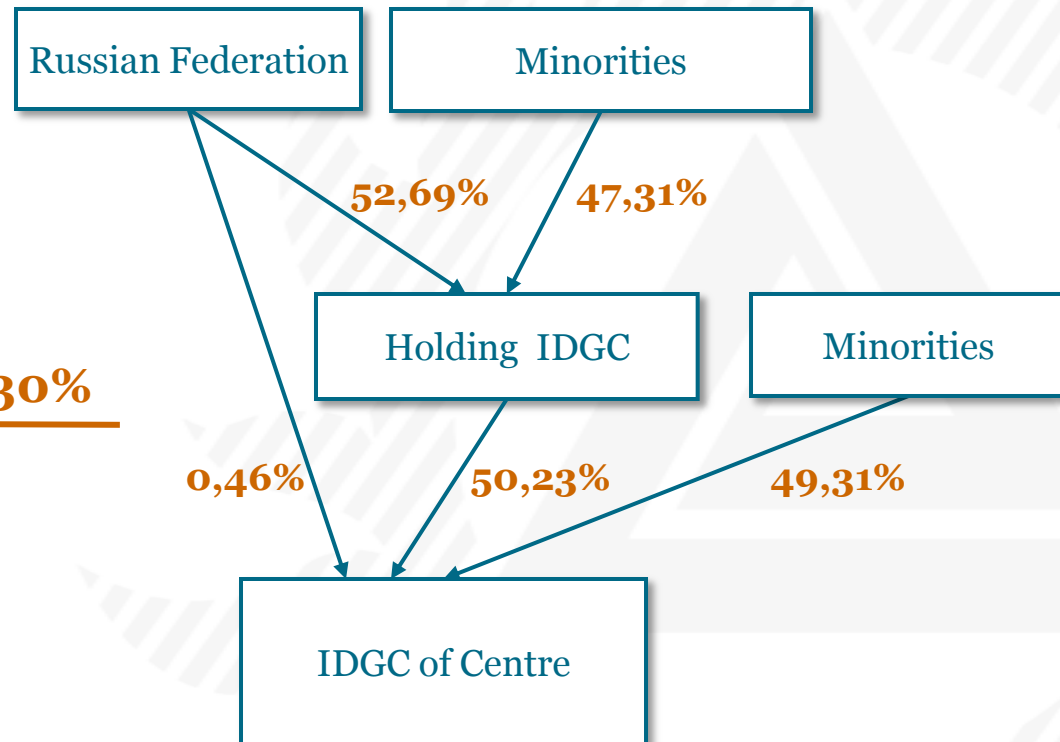
July '10 Rating Agency S&P approved the Company's credit rating “BB-”, forecast “Stable”

Key Figures

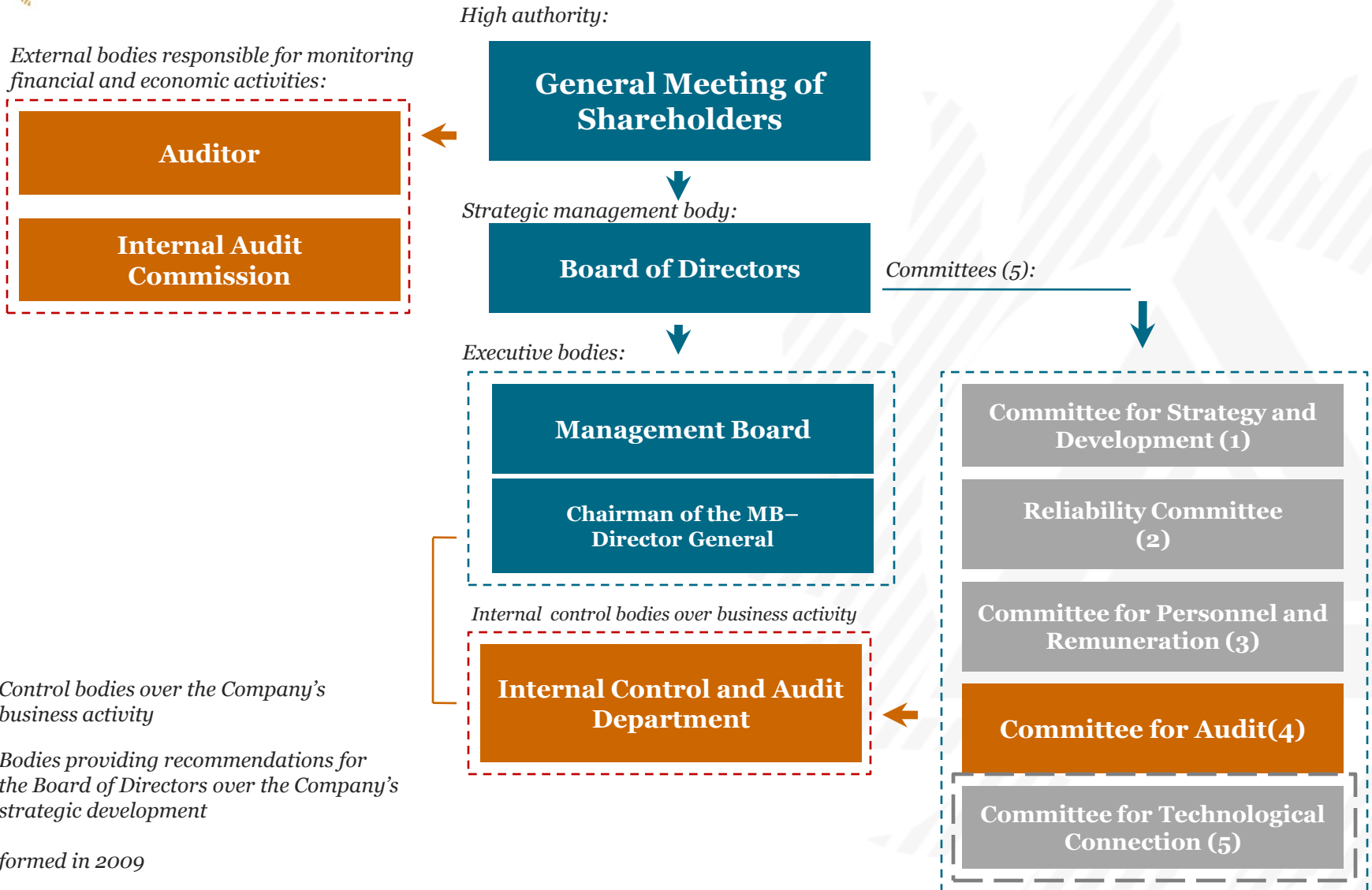


Capitalization (21.07.2010)	RUR 42.72 bln USD 1.41 bln
Amount of shareholders (04.05.2009)	17, 170
Revenue (RAS 2009)	RUR 49.1 bln
Net profit (RAS 2009)	RUR 1.3 bln
Net assets (RAS 31.12.2009)	RUR 41.3 bln
Output (2009)	53.1 b kWh
Length of power lines (overhead power lines c 0.4 – 110 kV 31.12.2009)	361.6 thousand km
Transformer capacity (31.12.2009)	31.0 GVA 14.9 GVA
Number of the personnel (31.12.2009)	28.3 thousand
Service area	457.7 thousand km ²

Share Capital & Corporate Structure



As of 12.05.10



Strategic Vision of the Company's Top Management

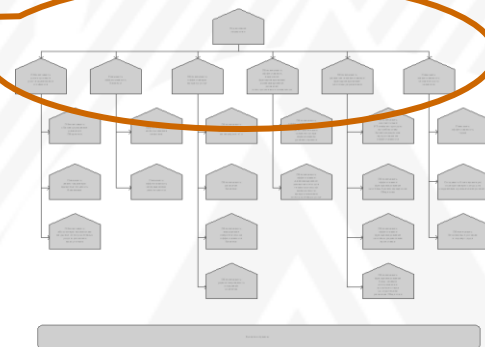
Management's target subsystems

- Growth and reforms
- Finance
- Clients
- Principal business processes
- Management systems
- Personnel

Key Goals of the Company

**Industry
leadership**

Goals of the Company



Ensure long-term growth of shareholders capital value

Enhance efficiency of business

Ensure effective sales of services

Realize efficient and safe functioning and innovative development of electricity network complex

Ensure the development and efficient functioning of management system

Enhance efficiency of human resources

Key Control Indicators (1)

<p>GROWTH AND REFORMS</p>	<p>Total Shareholder Return (TSR)</p> <p>Company's share in the Region's output</p>	<p>Ranking list position of market multiples among IDGCs</p>	<p>Change of share value in comparison with industry indicators</p>
<p>FINANCE</p>	<p>Economic Value Added (EVA)</p> <p>Return on Equity (ROE)*</p> <p><i>*- ensured by cash flow</i></p>	<p>Return on Invested Capital (ROIC)*</p> <p><i>*- ensured by cash flow</i></p>	<p>Net Profit*</p> <p><i>*- ensured by cash flow</i></p>
<p>CLIENTS</p>	<p>Losses in networks</p>	<p>Fulfillment of plan on revenues from electricity transmission services</p>	<p>Fulfillment of plan on cash assets from electricity transmission services</p>

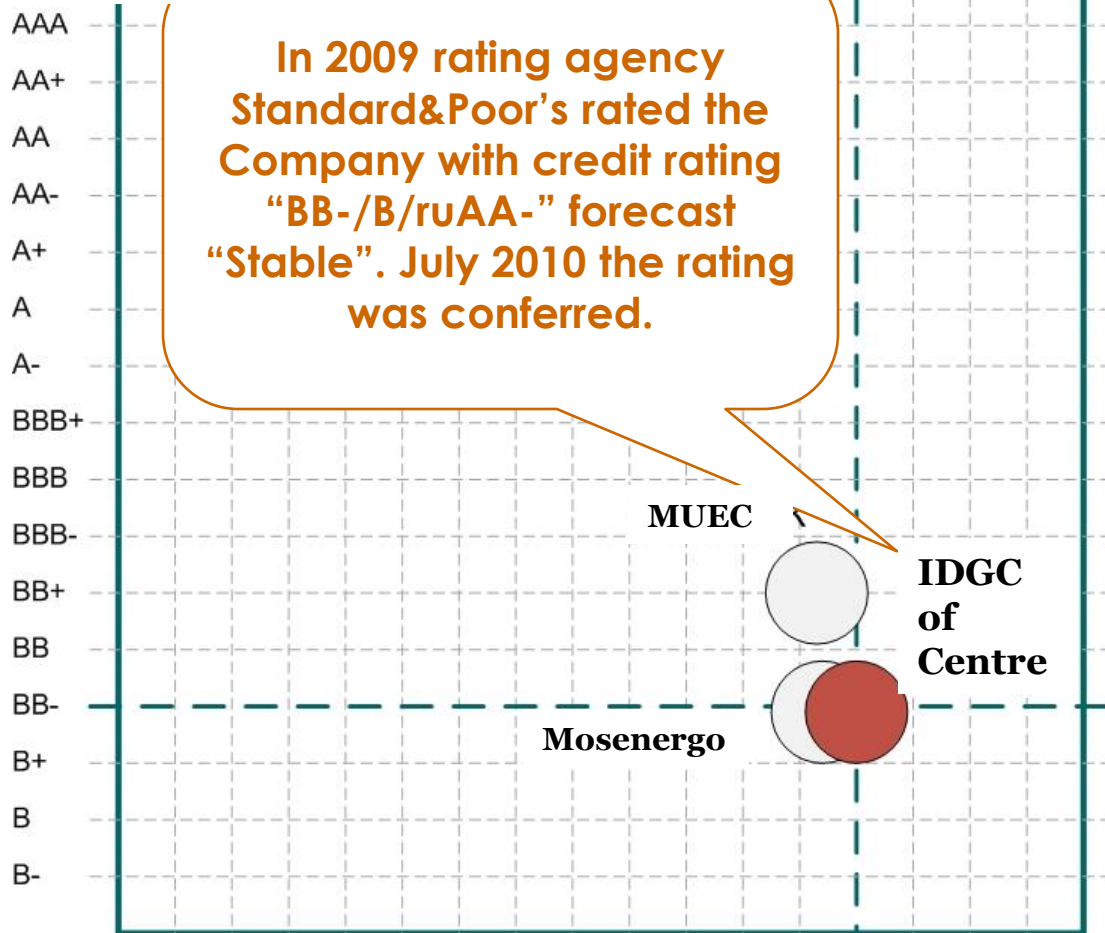
Key Control Indicators (2)

<p>PRINCIPAL BUSINESS PROCESSES</p>	<p>Fulfillment of program on technological losses decrease measures</p>	<p>Compliance with quality standards of electric power supply The System Average Interruption Frequency Index (SAIFI)</p>	<p>The System Average Interruption Duration Index (SAIDI)</p>
<p>MANAGEMENT SYSTEMS</p>	<p>Effectiveness of business processes' system</p>	<p>Effectiveness of projects' portfolio</p>	<p>Safety Indicator of IT infrastructure Expenses limitation on IT infrastructure</p>
<p>PERSONNEL</p>	<p>Quality of personnel training</p>	<p>Personnel number</p>	<p>Index of on-the-job injuries level</p>

Scale of international Rating (in foreign currency)

Outlook (C-Stable) (H-Negative)

C C C C C C C C C C C C C C C
H H H H H H H H H H H H H H H



Credit rating history

Conferred
Awarded

July'10
November'09



Level certifying capability of
→ the Company to fulfill its financial liabilities

CGR Storyline of IDGC of Centre

Conferred **July' 09**

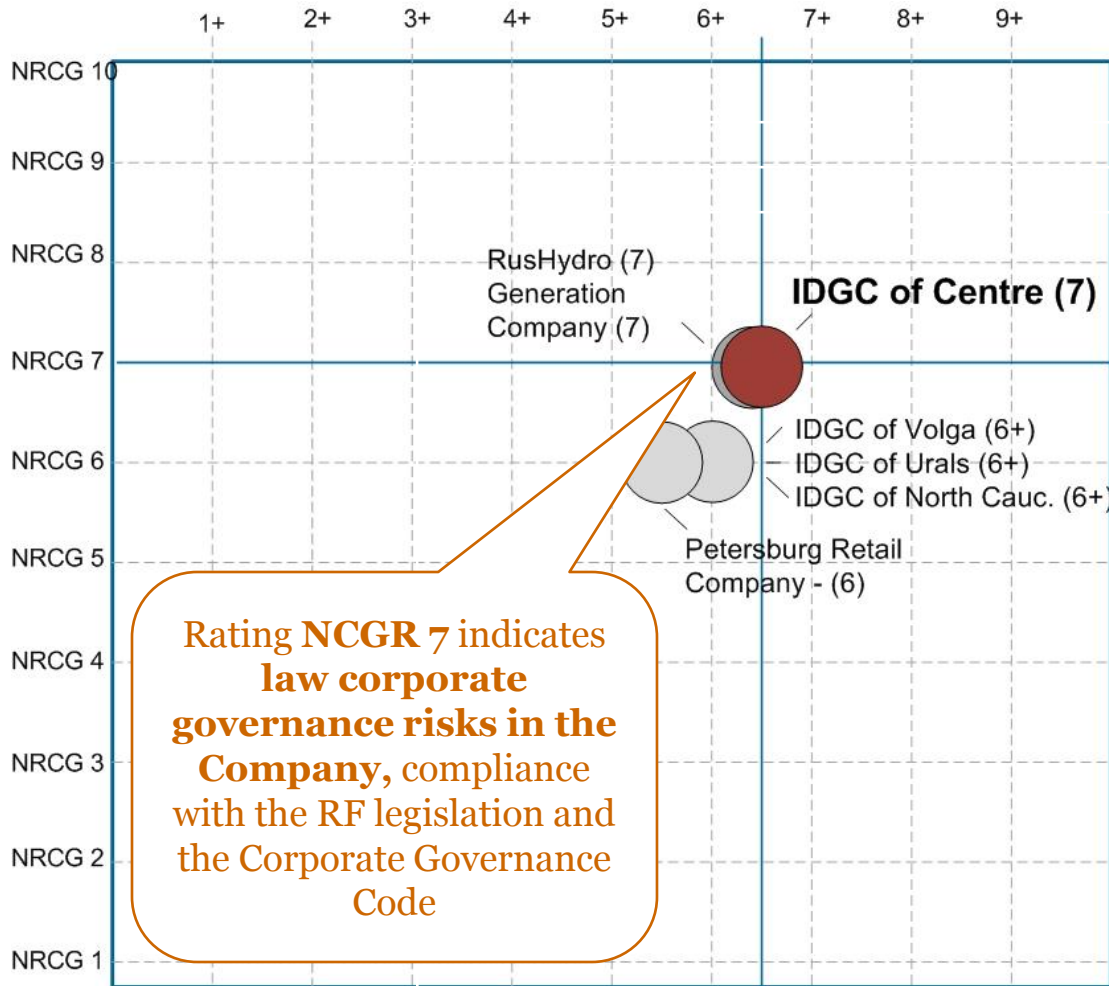
Conferred **February'09**

Awarded **September'08**

Developed practice of corporate governance



“7” Developed practice of corporate governance, leading position among other IDGCs



Rating NCGR 7 indicates law corporate governance risks in the Company, compliance with the RF legislation and the Corporate Governance Code

Stock Market

Start of trading: **May 21, 2008**

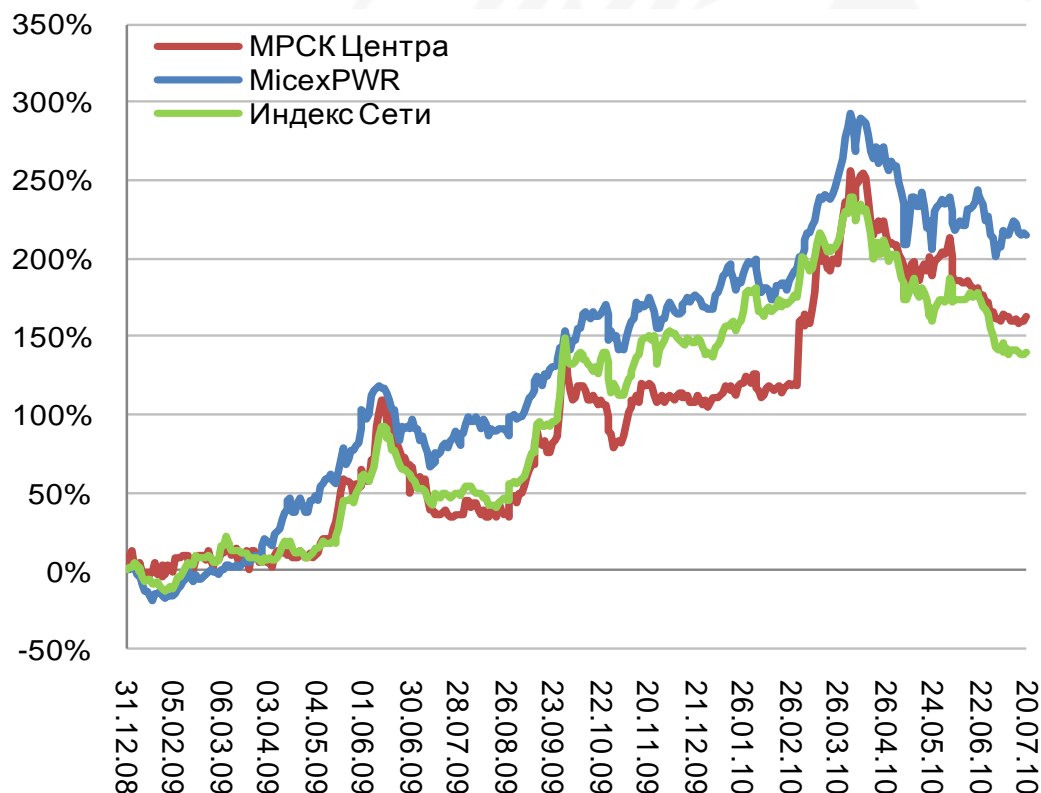
Quotation list «B» **MICEX**

IDGC of Centre shares are included in **MICEX PWR** index calculation base

Ticker symbols:

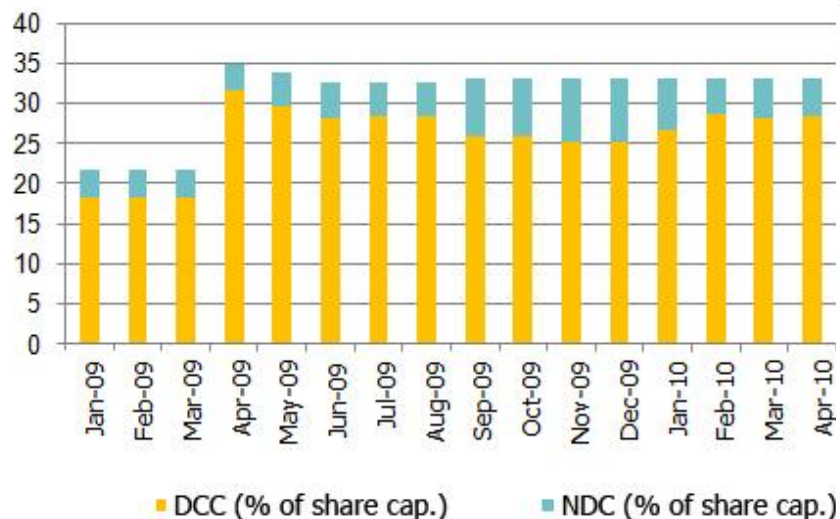
RTS	MRKC
	MRKCG
MICEX	MRKC

Dynamics of changes in IDGC of Centre share price, MicexPWR index and “Network” index

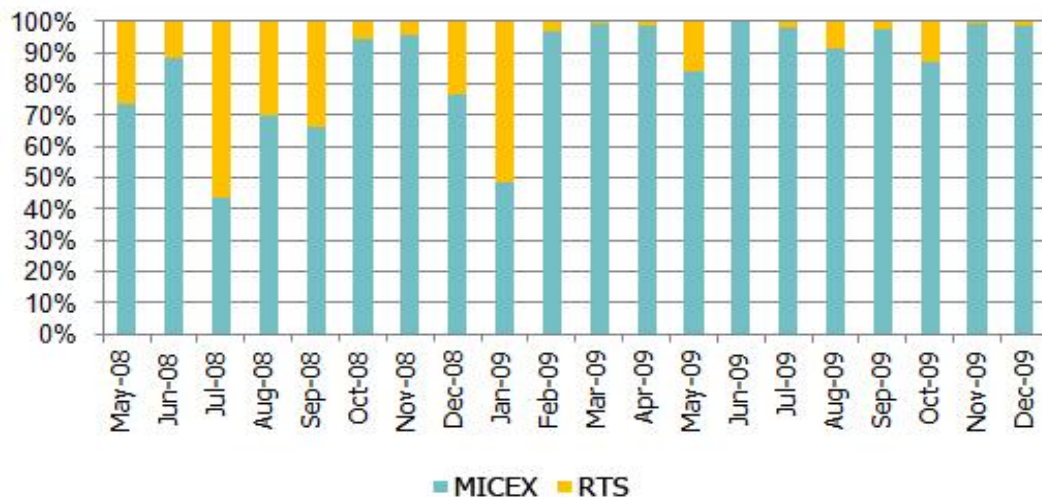


Stock Market Key Parameters (1)

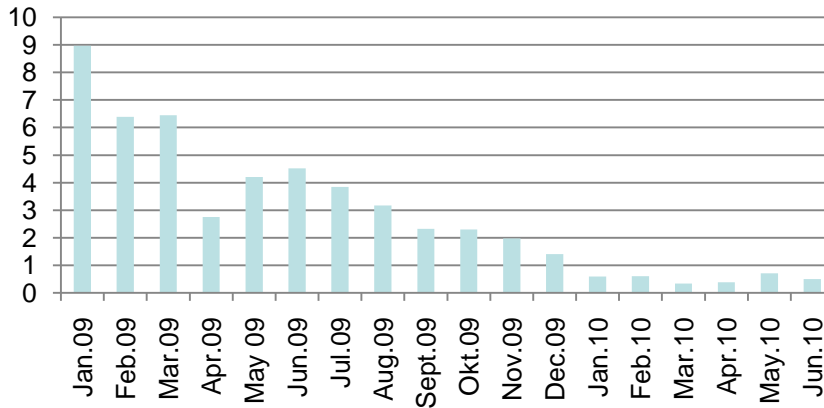
Proportion of shares in the exchanges depository nominal holding– MICEX (NDC) and RTS (DCC)
2009-2010



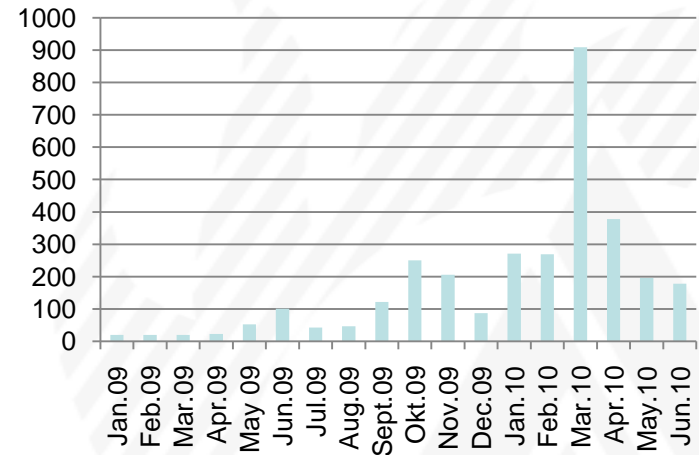
Stock turnover on MICEX and RTS (2008, 2009):



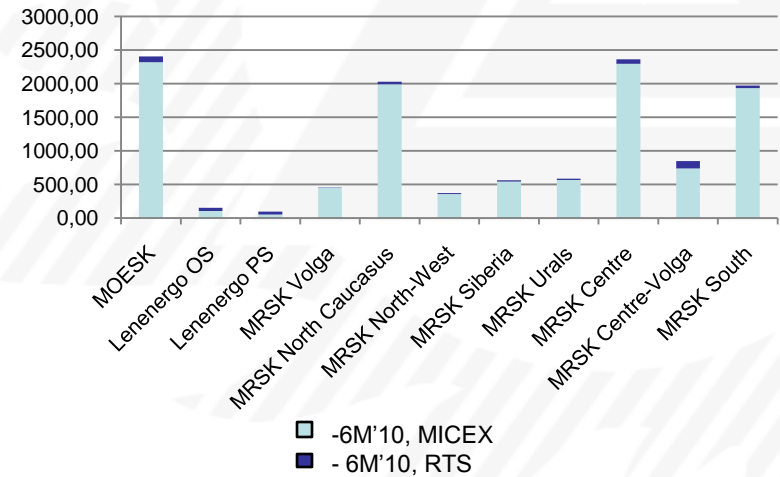
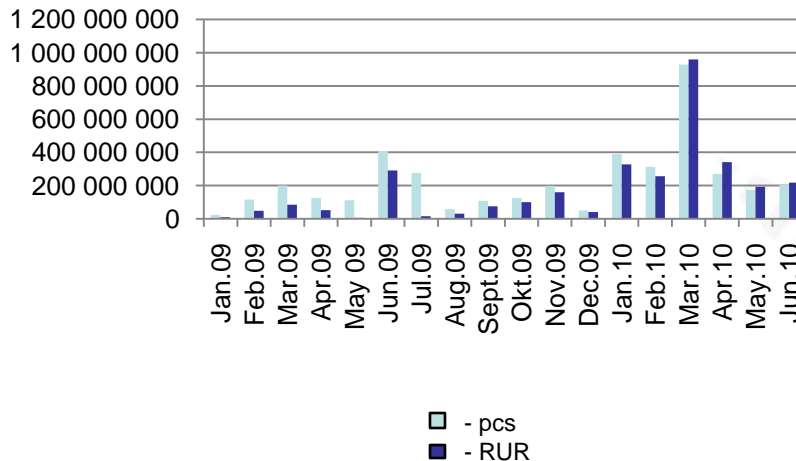
Average bid-ask spread of MRKC at MICEX
in 2009-2010, %



Day-average number of contracts at MICEX



Stock turnover at MICEX in 2009-2010



Plans on stock exchange market

STRATEGIC GOALS OF
THE COMPANY ON STOCK
MARKET

<i>Goal</i>	<i>Period</i>
Quotation list A2 MICEX	2010
Change of share value in comparison with industry indicators – Above Index	2010
Ranking list position of market multiples among IDGCs Num.1	2016

IDGC of CENTRE

RAS & IFRS 2009 RAB Adoption

IFRS 2009

Bln. RUR	2008	2009	2009/2008
Revenue	43.7	49.3	12.78%
Operational expenses	38.8	45.3	16.54%
EBITDA	8.6	8.2	-2.49%
EBITDA margin	20%	17%	-3 п.п.
Net debt / EBITDA	1.05	1.25	+0.20
Profit and total consolidated profit for the year	2.8	2.1	-24.4%
Profit margin	6%	4%	-2 п.п.

IFRS 2009: Key Assets Indicators

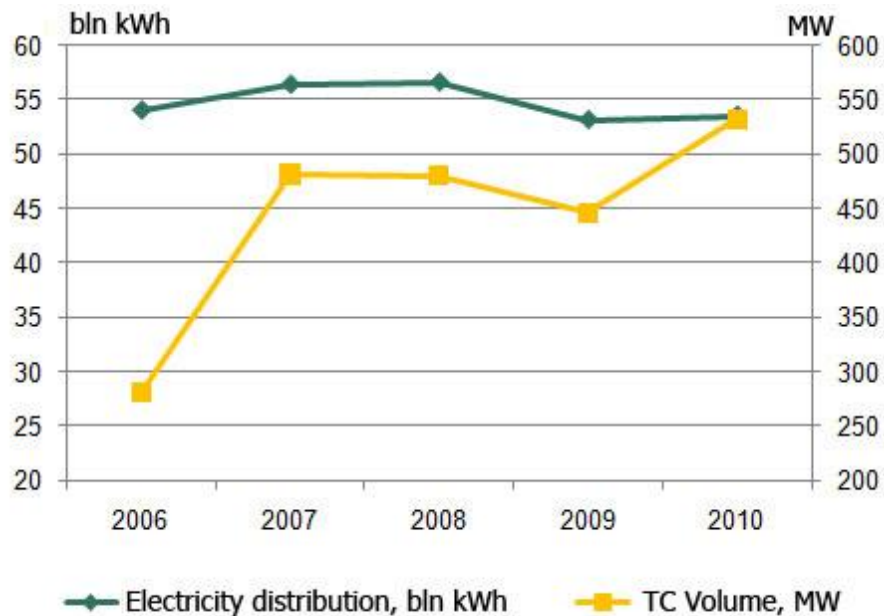
Bln. RUR	31.12.2008	31.12.2009	2009/2008
PP&E	41.34	43.40	4.96%
Intangible assets	0.90	1.26	40.18%
Investments and financial assets	0.03	0.76	2103.79%
Cash & cash equivalents	0.07	0.37	393.05%
Trade and other receivables	5.19	5.04	-3.05%
Total assets	49.16	52.33	6.43

Account receivable (change) **-3.05%**

IFRS 2009: Key Indicators of Equity and Liabilities

Bln. RUR	31.12.2008	31.12.2009	2009/2008
Equity	26.09	28.55	9.45%
Loans and borrowings	3.97	5.16	29.74%
Total non-current liabilities	9.12	10.04	10.06%
Loans and borrowings	5.40	5.96	10.39%
Current part of long-term loans and borrowings	1.49	5.56	273.15%
Short-term loans and borrowings	3.91	0.4	-89.77%
Trade and other payables	6.50	5.88	-9.58%
Total current liabilities	13.95	13.73	-1.58%
Total equity and liabilities	49.16	52.33	6.43%

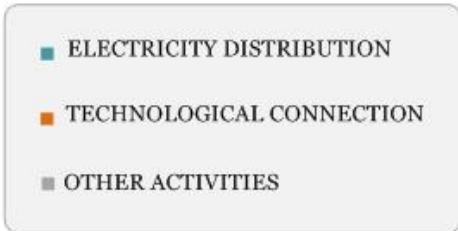
RAS 2009: Sales Volume



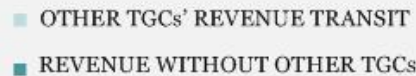
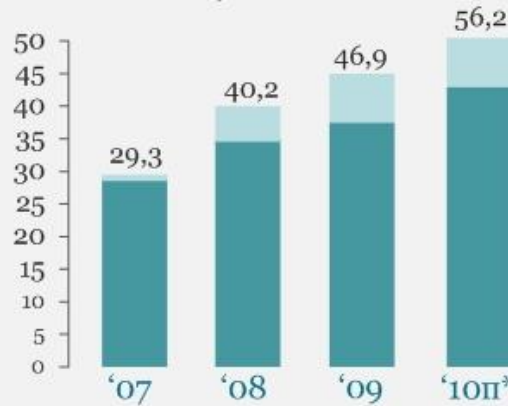
Year	Electricity distribution, bln kWh	Growth rate, %	TC volume, MW	Growth rate, %
2006	54.0		280.47	
2007	56.4	4.4%	481.28	71.6%
2008	56.6	0.4%	479.84	-0.3%
2009	53.1	-6.2%	445.62	-7.1%
2010	53.5	0.8%	531.55	19.3%

■ - forecast

REVENUE BY ACTIVITY, RUR bln



ELECTRICITY DISTRIBUTION REVENUE, RUR bln

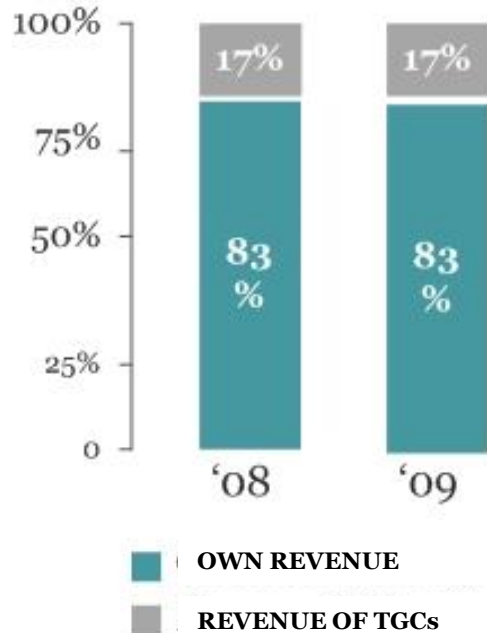


TECHNOLOGICAL CONNECTION REVENUE, RUR bln

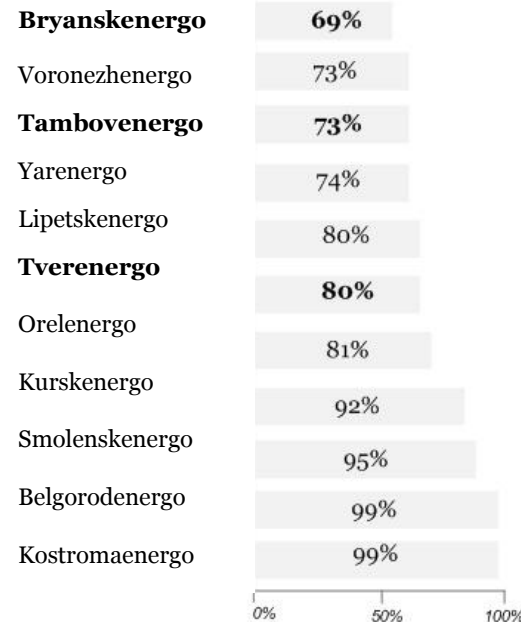


*- forecast

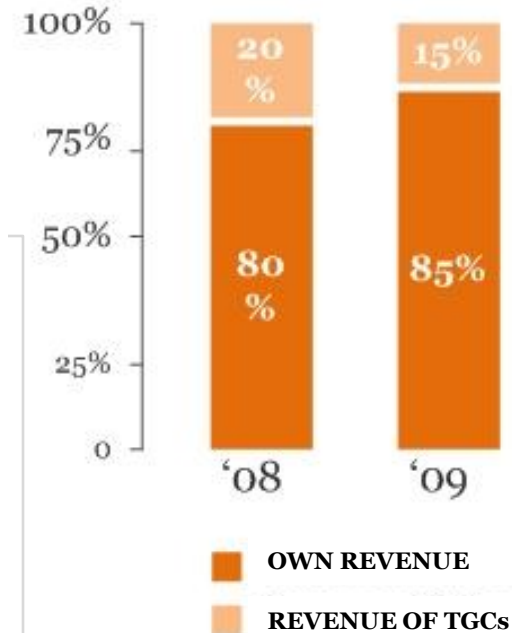
Share in the power transmission market in 2008-2009 (in terms of money)



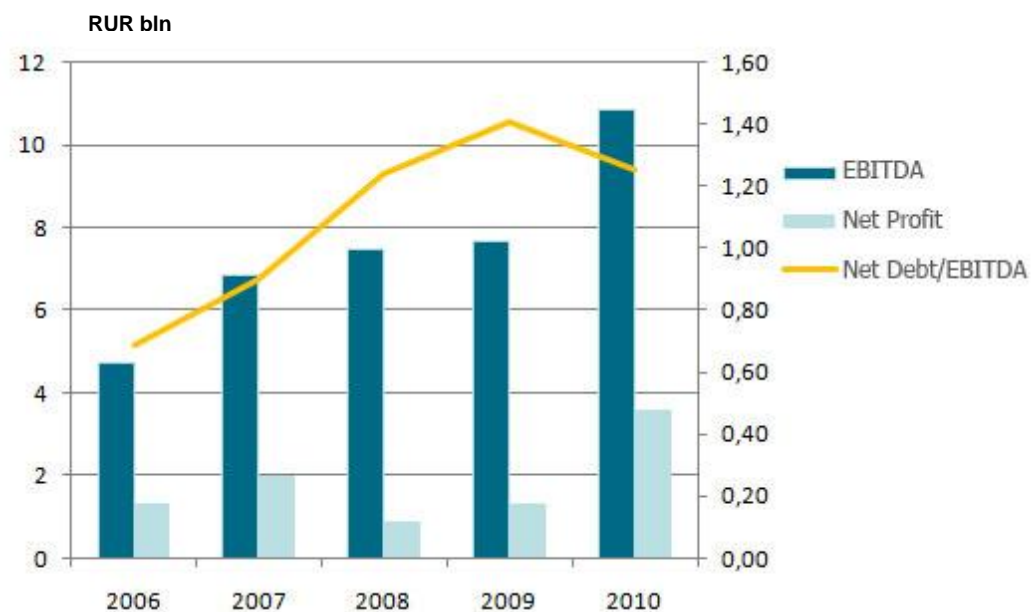
Company's share in the power transmission market in regions, % (2009)



Share in the technological connection market in 2008-2009 (in terms of money)



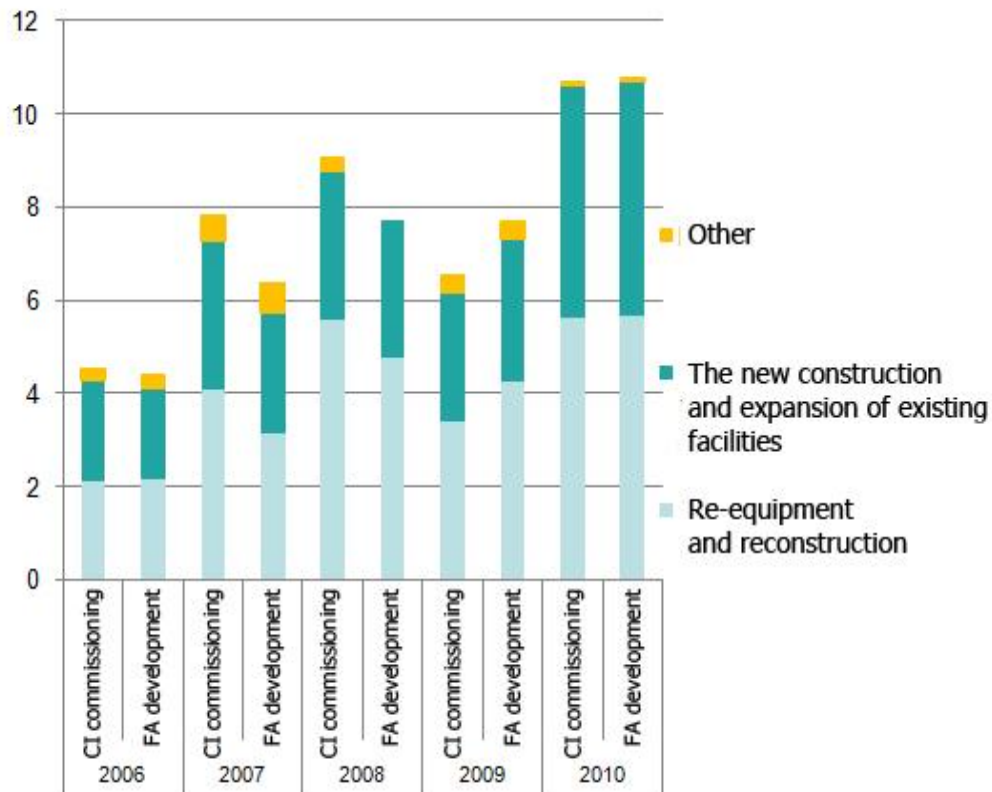
EBITDA vs. Net profit, Net Debt/EBITDA



Year	EBITDA, RUR bln	Net Profit, RUR bln	Net Debt, RUR bln
2006	4,74	1,31	3,27
2007	6,83	1,98	6,14
2008	7,49	0,87	9,31
2009	7,64	1,33	10,76
2010	10,86	3,59	13,61

■ - forecast

Investment activities



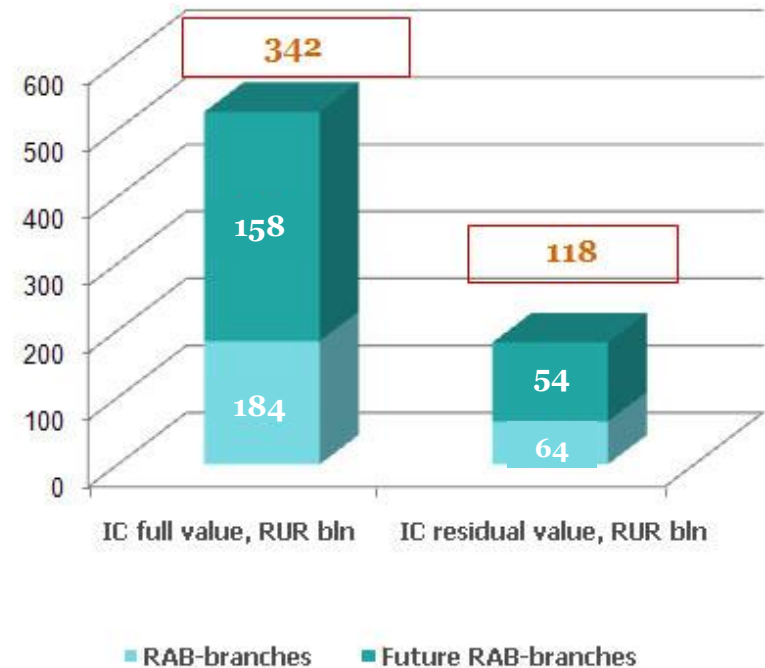
Year	Level of capital investments, RUR bln, VAT n/i	Fixed assets commissioning, RURbln, VAT n/i
2006	4,509	4,350
2007	7,839	6,372
2008	9,071	7,739
2009	6,529	7,687
2010	10,701	10,797

■ forecast

RAB adoption

Date	Branch	IRAB RUR bln
01.01.2009	Belgorodenergo	19,930
	Lipetskenergo	10,030
	Tverenergo	14,366
01.01.2010	Kurskenergo	10,802
	Yarenergo	8,968
01.07.2010	Bryanskenergo	6,687
	Kostromaenergo	7,437
	Voronezhenergo	12,810
	Orelenergo	6,590
	Smolenskenergo	13,785
	Tambovenergo	6,607

■ forecast



Expected IRAB on
 01.01.2011 –
RUR 118 bln

IDGC of Centre, JSC

129090, Moscow, Glukharev pereulok, 4/2
tel. number: +7 495 747 9292 fax: +7 495 747 9292
www.mrsk-1.ru

Director of Corporate relations

Kulbakina T. A.

[Kulbakina TA@mrsk-1.ru](mailto:Kulbakina_TA@mrsk-1.ru)

**Head of Shareholders Relationship
Department**

Ochkasov Evgeny

[Ochkasov EA@mrsk-1.ru](mailto:Ochkasov_EA@mrsk-1.ru)

ext. 3033

IR Manager

Tatiana Miroshnichenko

[Miroshnichenko TN@mrsk-1.ru](mailto:Miroshnichenko_TN@mrsk-1.ru)

ext. 3181

Company's ticker symbols on stock markets:

MICEX: MRKC

RTS: MRKC, MRKCG

Appendix

Branch	Average distributional tariffs, kop/kWh				
	2006	2007	2008*	2009*	2010*
Belgorodenergo	48,4	52,4	65,2	80,8	91,7
Bryanskenergo	40,5	74,9*	86,9	106,0	130,5
Voronezhenergo	38,2	45,5	74,0	91,1	102,4
Kostromaenergo	64,3	76,2	91,1	106,4	130,8
Kurskenergo	46,4	47,6	59,1	69,1	98,7
Lipetskenergo	33,5	42,3	64,8	82,2	111,1
Orelenergo	48,3	66,5	105,6	117,0	140,5
Smolenskenergo	65,4	73,0	90,3	110,4	123,8
Tambovenergo	47,0	49,3	87,3	100,3	108,3
Tverenergo	52,7	58,4	103,4	138,3	154,2
Yarenergo	48,4	43,3	59,8	74,0	86,2

* Tariffs are inclusive of the territorial network organizations

Average distributional tariffs w/o TNO, kop/kWh

Branch	2008	2009	2010
Belgorodenergo	64,5	79,8	90,5
Bryanskenergo	55,4	70,3	83,8
Voronezhenergo	52,8	62,6	71,5
Kostromaenergo	90,2	104,5	126,7
Kurskenergo	52,0	60,4	65,8
Lipetskenergo	52,9	68,9	91,8
Orelenergo	79,6	91,1	108,2
Smolenskenergo	85,7	105,3	118,0
Tambovenergo	51,8	62,6	70,9
Tverenergo	72,4	102,2	120,5
Yarenergo	42,1	51,2	60,6

Average tariff (30.03.10) for technological connection, RUR thousand/ kW

Branch	Tariff rate, VAT n/i
Belgorodenergo	0,637
Bryanskenergo	8,931
Voronezhenergo	18,045
Kostromaenergo	9,991
Kurskenergo	9,770
Lipetskenergo	7,395
Orelenergo	9,003
Smolenskenergo	5,619
Tambovenergo	2,348
Tverenergo	10,271
Yarenergo	10,323

Fixed assets

Fixed assets characteristic for 31.12.09

	Capacity		Length	
	35-110 kV, MVA	6-35/0,4 kV, MVA	35-110 kV, km	0,4-10 kV, km
IDGC of Centre	31013,4	14863,66	51602,5	320744,8
Belgorodenergo	2634,5	2754,95	4206,5	38534,9
Bryanskenergo	2281,8	758,83	3514,2	22048,2
Voronezhenergo	4465,5	1532,04	6788,6	43543,6
Kostromaenergo	1707,0	1420,12	4304,5	20648,0
Kurskenergo	3286,5	1420,1	4715,9	29537,0
Lipetskenergo	2587,2	1020,6	3834,5	22850,4
Orelenergo	1682,0	793,9	3081,4	24688,6
Smolenskenergo	3071,6	1774,9	6330,9	33559,9
Tambovenergo	2452,3	928,73	4970,8	23194,3
Tverenergo	3962,2	1521,62	6718,0	39472,2
Yarenergo	2882,8	937,87	3137,2	22667,7