

**IDGC of Centre
Joint-Stock Company**



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

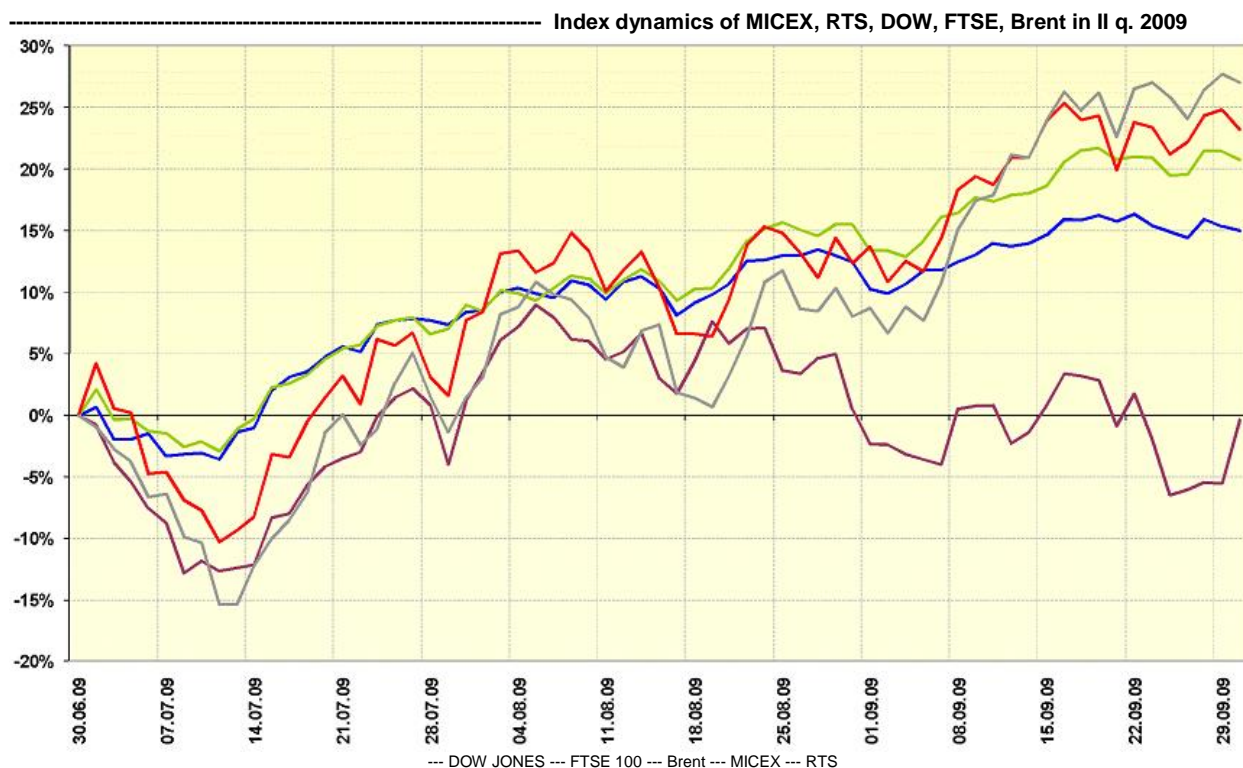
Moscow, October 2009

Share markets in III quarter 2009

In the first decade of July the correction at the world stock exchange markets that had started at the end of the second quarter went on. The reasons of negative dynamics of stock exchange markets were disappointing data over the labor market of USA and Eurozone countries resulted in concerns that the world economy would be recovered later than it had been expected earlier. In the second decade of the month stock exchange markets felt optimism grounded either by good quarterly reporting of the largest world companies, so positive macro-economic statistics that turned out to be better than analysts had expected.

When quarterly reporting period had completed, macro-economic statistics was again the major factor determining the positive dynamics of the world stock exchange markets in August. GDP growth in Germany, France and Japan following the results of the second quarter, July data of USA recorded unemployment reduction, growth of production activity and industrial production volumes, situation improvement signs in residential property market can be distinguished from the number of the most important data that essential supported the world stock exchange markets. The decision of USA FRS to preserve all anti-crisis measures and comments of IMF on probable improvement of forecasts on the world GDP dynamics were the additional motivation for the situation improvement.

At the end of August pessimistic trends prevailed in American markets against the background of growth of stock exchange indices of the majority of developed countries. The existing uncertainty of investors in short-term market prospects resulted in insignificant correction in the beginning of September, in this case reduction was against favorable enough news background, what emphasized uncertainty of investors in short-term market prospects of stock exchange market once more.



Source: MICEX, RTS, Bloomberg, calculations of DCT

After a little correction of the beginning of September the world stock exchange indices resumed growing. The main factors of growth were decisions on persistence of anti-crisis measures taken following the results of the meeting of G20 financial regulators, good macroeconomic statistics as well as increasing of positive expectations in relation to prospects of the world economy recovery.

Following the results of the third quarter Dow Jones and FTSE 100 indices increased by 15% and 21% respectively.

In the third quarter the Russian market dynamics was determined, mainly, by trends of western stock exchanges, at this correction of oil prices did not make big impression on the Russian market against the background of the prevailing optimism.

The own news background was not still influencing much on the Russian share market. Macro-economic statistics published within the reporting period was preferably of negative nature:

- in the second quarter GDP of the Russian Federation decreased by 10,9% compared with the same period of 2008;
- in August falling-off in industrial production speeded up to 12,6% compared with the same month of 2008 after slowing down up to 10,8% in July; in June drop of the index was 12,1%, in May –17,1%;
- in August depreciation of investments in the fixed assets of the Russian Federation speeded up to 19,4% from 18,9% in July; in June depreciation was 20,1%, in May – 23,1%;
- number of unemployed persons in the Russian Federation did not change and amounted to 6,3 mln people; in August the index decreased by 1,6%, up to 6,2 mln people; thus, in August unemployment level in Russia reduced up to 8,1% from 8,3% in July.

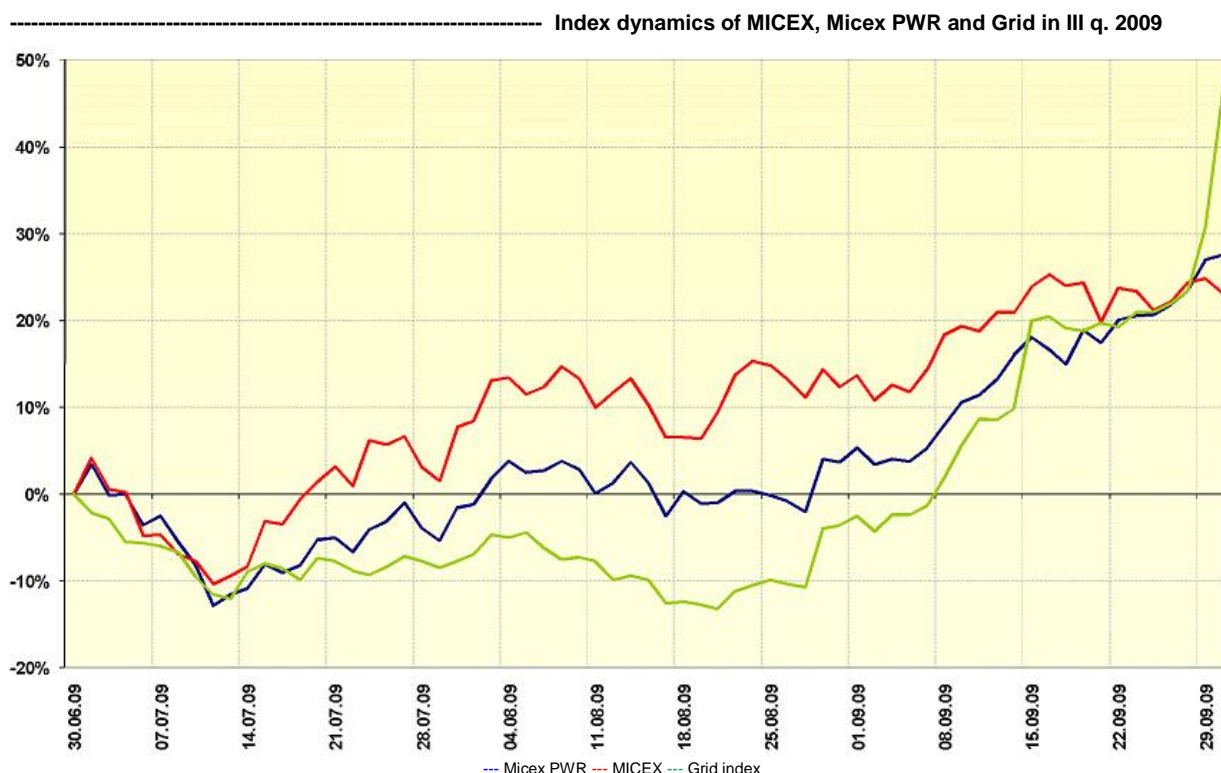
In July experts went on publishing forecasts on the Russian GDP dynamics in 2009-2010. Merrill Lynch and then IMF reported on deterioration of forecasts for 2009 and improvement for 2010.

Basing on western optimism RTS and MICEX indices increased by 27% and 23% respectively in the third quarter.

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

The native power engineering as a whole and power distribution sector companies (represented by Micex PWR and Grid indices at the diagram respectively) showed the worse dynamics compared with the general market one within the major part of the reporting period. Only growth in September based on the news of the Government's intension to transfer power grid companies to RAB-tariffs as far as possible gave indicators of shares of power companies the opportunity to become ahead of MICEX index.

Following the results of the quarter MICEX index grew by 23%, whilst MicexPWR and Grid indices increased by 28% and 64% respectively.



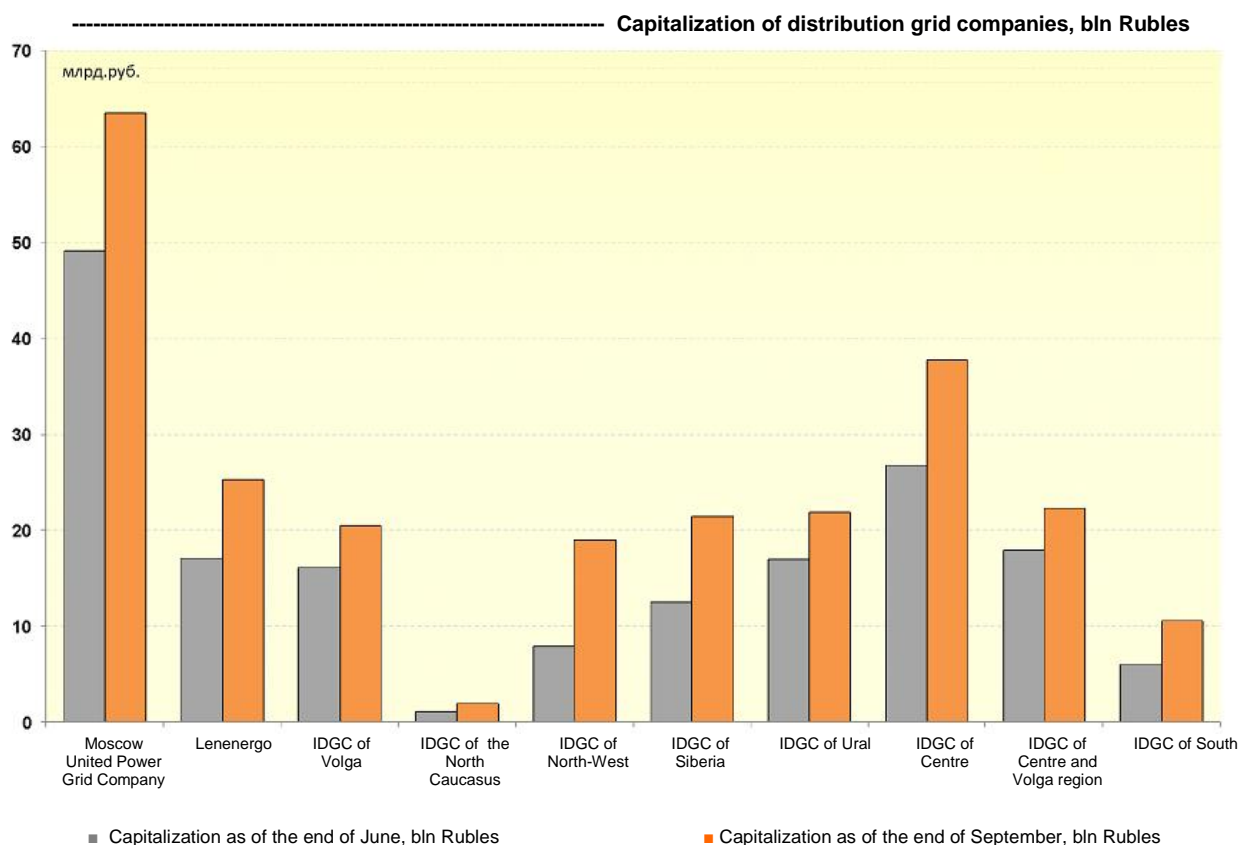
Source: MICEX, RTS, calculations of DCT

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:

- July – pressure of expectations of probable significant reduction of growth rates of tariffs for power in 2010. At the end of the month shares of companies of the sector were supported by the information on the fact that Ministry of Energy of the Russian Federation was preparing the draft resolution of the long-term power market;
- August – MicexPWR growth in the first half of the month was grounded by good reporting of companies of the sector, firstly, of generating companies. In the second half of the month MicexPWR dynamics, mainly, was defined by reaction of investors to the man-made disaster at Sayan-Shushenskaya HPP, the largest disaster in the Russian contemporary history of power engineering, and by analysis of its probable consequences for value of different companies of the sector. Value reduction of RusGidro shares and quick growth of quotations of the companies that had increased power production to eliminate arisen power consumption deficit.

- September – advanced Micex PWR dynamics compared with the market as a whole was grounded, mainly, by growth of shares of power companies against the background of the information of the end of August on the fact that the Government of the Russian Federation had taken the decision to speed up transfer of grid companies to the new tariff formation system. Information on the probable consolidation of IDGC sector companies and increase of summary iRAB base for IDGC by 50% stimulated additionally growth of distribution sector companies.

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



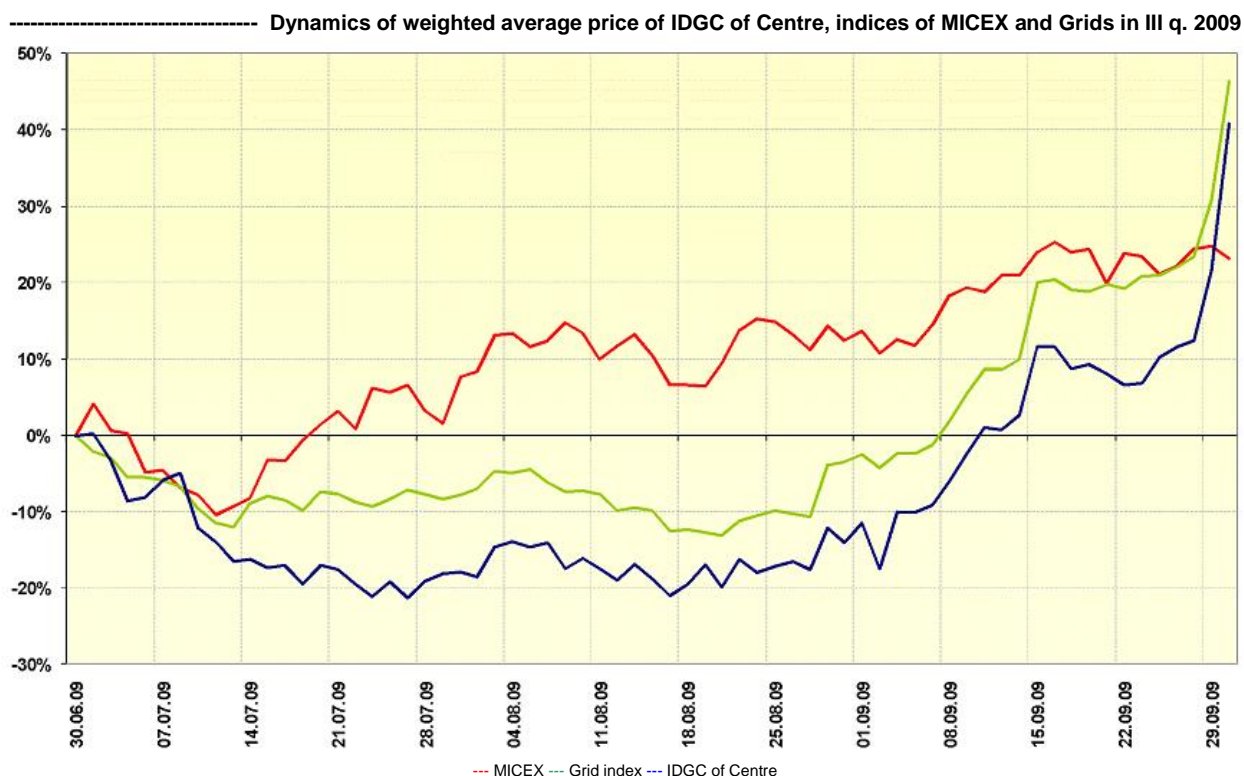
Source: MICEX, calculations of DCT

Shares of all distribution grid companies completed the third quarter by significant growth of value. The results of capitalization dynamics of the third quarter are given in the table:

Company	Capitalization, bln Rubles		Change for the quarter, %
	as of 30.06.09	as of 30.09.09	
Moscow United Power Grid Company	49,1	63,5	29,2%
Lenenergo	17,1	25,3	48,3%
IDGC of Volga	16,2	20,5	26,6%
IDGC of the North Caucasus	1,1	1,9	76,2%
IDGC of North-West	7,9	19,0	141,2%
IDGC of Siberia	12,5	21,4	72,1%
IDGC of Ural	16,9	21,9	29,4%
IDGC of Centre	26,8	37,7	40,8%
IDGC of Centre and Volga region	17,9	22,3	24,8%
IDGC of South	6,0	10,5	74,3%

Share market of IDGC of Centre, JSC in III 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:



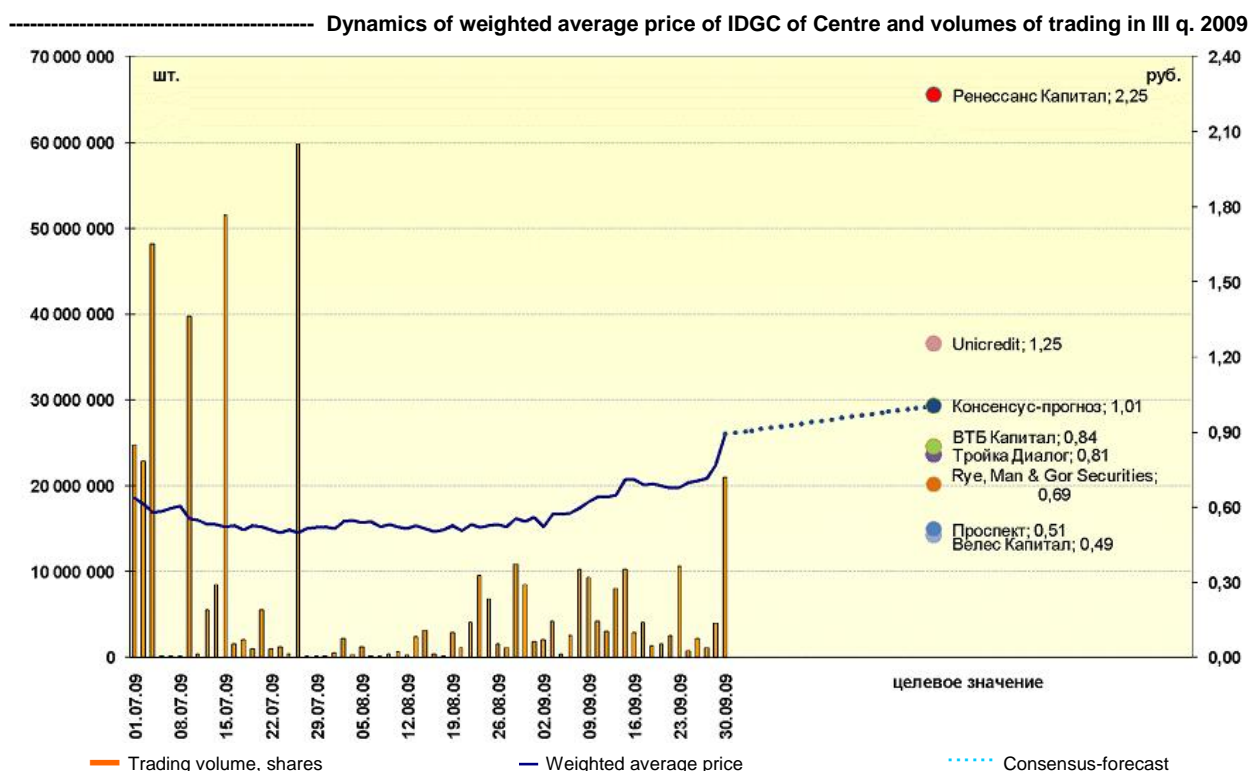
Source: MICEX, RTS, calculations of DCT

Within the reporting period dynamics of shares of IDGC of Centre turned out to be worse compared with the dynamics of Grid index. Following the results of the third quarter price for shares of IDGC of Centre increased by 41%, whilst Grid Index grew up by 23%. Specifications of trading volumes of shares of IDGC of Centre at stock exchange site of MICEX and RTS in III q. 2009 (market transactions) are given in the table:

Stock exchange	Number of transactions	Volume, number	Volume, mln Rubles
RTS (classic)	-	-	-
RTS (stock exchange)	3	111 718	0,06
MICEX	4 643	442 108 800	258,99

In the third quarter the turnover of shares of IDGC of Centre at MICEX amounted to 442,1 mln shares or 1,05% of the total number of shares of the Company. The major trading volumes of shares of IDGC of Centre related to July – nearly 62% of quarterly turnovers, and about 56% of securities circulated just within 6 days of the month. Within the considered period the average bid-ask spread amounted to about 1.3%.

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



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

In the third quarter Prospekt broker group published forecasting price and recommendation on shares of IDGC of Centre. Analysts of Unicredit bank issued update, in which they increased forecasting share value. 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	0,812	23.12.2008	
2	Renaissance Capital**	0,0747	2,248	27.07.2009	To buy
3	Rye, Man & Gor Securities	0,023	0,692	30.07.2009	To hold
4	Veles Capital	0,0163	0,491	23.03.2009	To buy
5	Unicredit	0,0417	1,255	28.09.2009	To buy
6	VTB Capital	0,028	0,843	10.08.2009	To buy
7	Prospekt	0,017	0,512	30.09.2009	To reduce
	Consensus	0,033	1,007		
	Current price****		0,894		
	Growth potential		13%		

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

** Bank estimate – “theoretic” price

*** According to the rate of RUR/USD as of 30.09.2009

**** Weighted average price at MICEX as of 30.09.2009

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

Against the background of the rally among shares of companies of the sector the growth potential of a share of IDGC of Centre to the price amounts to 13% by the end of the reporting period.

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

Principal specialist

Fedor Alexeevich Kornachev extension phone 3181

Kornachev_FA@mrsk-1.ru