

«IDGC of Centre and North Caucasus», JSC

Corporate Governance Department



**Stock market of the regional network companies
subjected to be included in “IDGC of Centre ”
JSC in the first half of 2007**

Moscow, July 2007



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Important events in the first half of 2007

1. In January 2007 inter-departmental commission affiliated to the Government of the Russian Federation in reforming of electrical energy industry considered and in the whole approved the strategy of controlling network development worked out by JSC “FSK EAS” (Federal United Power Grid Company of Russia). Earlier this document was previously agreed upon by the working group of the commission. The commission approved the JSC “FSK EAS” (Federal United Power Grid Company of Russia) proposal about the necessity of existing interregional controlling network companies subdivision and agreed with the proposed territorial and material configuration of twelve IDGC being formed as the united operating companies. The ministry of Industry and Energy together with the interested departments are assigned to prepare a draft of the relevant RF Government order.

2. In February 2007 RAO “UES of Russia” JSC approved the adjusted investment program of the energetic holding company By the year 2011. The first variant of the investment program 2006-2011 approved by the Administration of RAO “UES of Russia” JSC in August 2006 provided the financing in amount of 2 trillion rubles of the generating and network facilities construction. In the new variant of the energetic holding company investment program the general amount of financing runs up to 3.1 trillion rubles by the year 2011. 701.5 billion rubles are for the controlling network development.

3. On the 2d of March 2007 the Board of Directors of RAO “UES of Russia” JSC approved the energetic holding company final reorganization scheme, during which implementation RAO “UES of Russia” JSC stops existing as an independent legal entity by the 1st of July 2008. As for the controlling network companies this scheme provides a separation of “Holding IDGC” JSC, the owner of IIDGC shares.

4. In March 2007 the members of Federal Tariff Service said that it was impossible for the controlling network companies to change over to a new tariff making system based on the profitability of the invested capital since January 2008. According to Federal Tariff Service application of this method will lead to the fast growth of the retail rate.

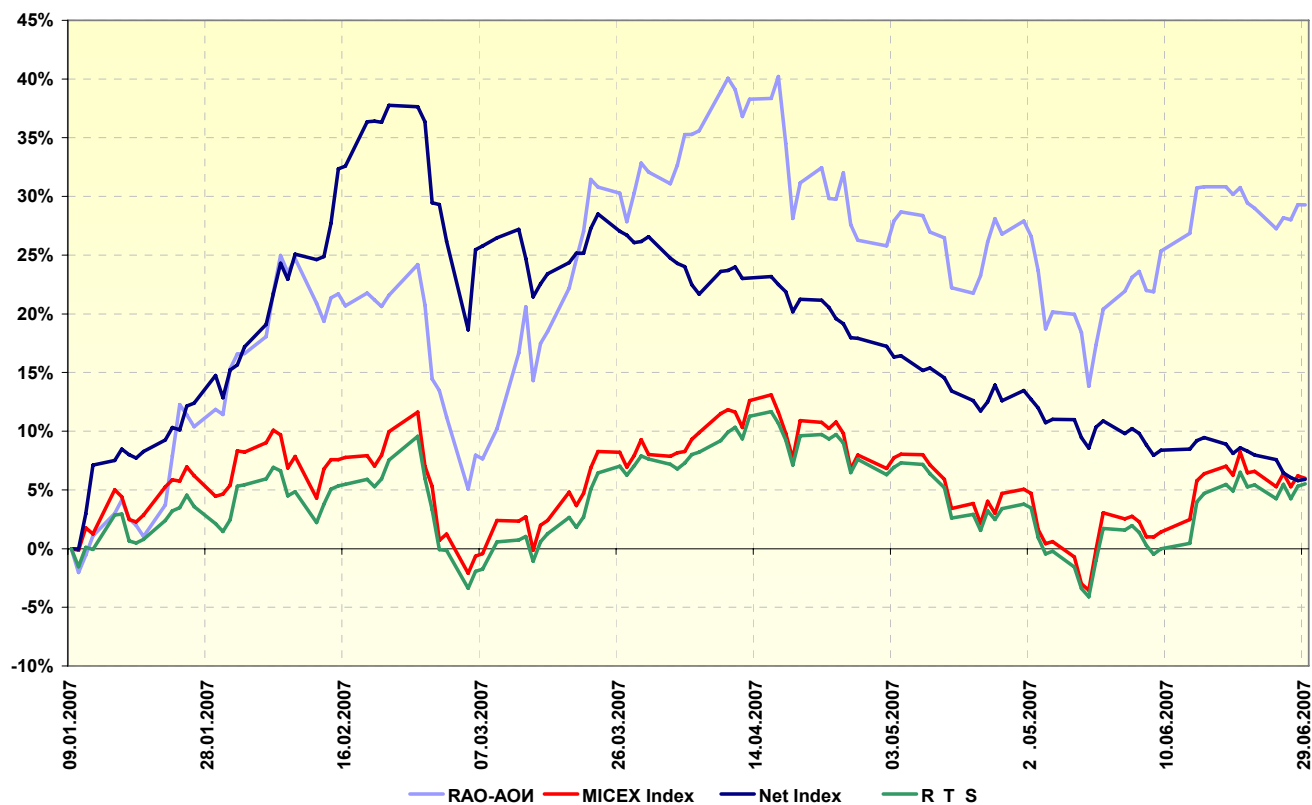
5. On 27th of April 2007 the Board of Directors of RAO “UES of Russia” JSC proved a new configuration of Inter-Regional High-Voltage Grid Companies, which provides the increasing of Inter-Regional High-Voltage Grid Companies number from 4 to 11 (without regard to Inter-Regional High-Voltage Grid Companies of the Far East). At the head of this new scheme is the principle of territorial contingency and comparability of Inter-Regional High-Voltage Grid Companies assets value. Inter-Regional High-Voltage Grid Companies will be established as the operating companies (earlier the establishing of holdings was expected).

6. In May 2007 the administration of “FGC UES” JSC presented the changed schedule of controlling network companies changing over to a new tariff making system. 10-12 companies can be first to change over to a new tariff making system in electric network providing the repayment of the invested capital. In the preliminary list are such companies as Permenergo, Sverdlovennergo, Volzhskaya MRK, Orenburgenergo, Moscow City Power Grid Company and Moscow United Power Grid Company, Nizhnovenergo, Belgorodenergo, Krasnoyarskenergo, Kubanenergo, Rostovenergo and Kuzbasskaya RSK. The other companies can change over to a new tariff making system stepwise during 2009-2010.

Stock market in the first half of 2007

In the first quarter of 2007 shares of controlling network companies and energetics in the whole looked much better than a market. The growth of controlling network companies securities started after the information about the setting-up of the operating IDGC (earlier the establishing of holdings was expected). Thus the index advance of regional network companies in the second half of February ran up to 38% while the market growth was about 10%.

Dynamics of AOI FGC UES value, indexes of Moscow Interbank Currency Exchange, RTS (Russian Trading System) and Regional Network Companies in the first half of 2007.



Source: MICEX,, RTS

However at the end of February the Russian market general trend changed under the pressure of the negative external information. Conjunctural problems of the USA real estate market, which can lead to the growth rate reduction of the American economy, and the fracture of the Chinese stock market led to a serious reduction of the Russian securities. The correction affected the securities of controlling sector companies. After a successful wholesale generation company placement the securities of Russian United Power Grid Company and thermal generation in the whole showed an important rise. The controlling network companies index reaction was much more muted.

At the beginning of the second quarter regional network companies index started climbing down step by step. At the beginning of the second quarter the regional network companies index was 25% but on the 30th of June 2007 it was rather more than 5% while the shares of RAO “UES of Russia” JSC added 29% at the same period.

To our opinion the main cause of controlling network companies value dynamics could be the information about new tariff making system introduction putting-off in the electrical network. This new tariff making system is based on the profitability of the invested capital. Earlier the market expected its widespread use since 2008 but this spring it was reported that this system could be introduced only for some leading companies since 2008. Together with all market bad sides this situation formed a stable bearish trend of controlling network companies index in the second quarter of 2007.

The key figures of the securities market of regional network companies, which are to be included in IDGC of Centre.

The data about the results of bids on three sites: NP (non-commercial partnership) “RTS”, JSC “RTS” Moscow Interbank Currency Exchange were used when plotting the following table.

In the columns “Number”, “Extent, item”, “Extent, thousand rubles” the results of all market transactions on the qualifying instrument made on three exchanges are considered.

In the columns “Last transaction” and “Last quotation, rubles” the data from bids closing on the 29th of June 2007 were used apart from “Yarenergo” JSC, which data of the last transactions and quotations on shares were considered according to the results of the bids on “RTS” JSC and “Oryolenergo” JSC, for which registered nominal shares there were no data of Moscow Interbank Currency Exchange according the last quotations.

— The securities market characteristics of DGC, included in IDGC, on the basis of the results of the second quarter of 2007.

Name of the company type of the shares	Transactions characteristics				Last transaction		Last quotation, rubles			
	Number	Extent, item	% from payments	Extent, thousand rubles	Rubles	Changes during quarter, %	Max demand price	Changes during quarter, %	Min supply price	Changes during quarter, %
Belgorodenergo, Equities	29	885	0,10%	6 194	7200	-4,26%	7 000	0,00%	7200	-4,26%
Belgorodenergo, Preferred shares	29	841	0,33%	5 603	7000	7,69%	7040	9,15%	7070	8,77%
Bryanskenergo, Equities	5	1 500	0,02%	378	210	-23,64%	175	-23,91%	210,00	-23,64%
Bryanskenergo, Preferred shares	14	11 000	0,35%	1 991	180	-14,29%	161	-23,33%	195	-8,88%
Voronezhenergo, Equities	18	8 354	0,01%	642	71	-11,25%	65,5	-13,83%	83	-2,24%
Voronezhenergo, Preferred shares	63	94 766	0,51%	5 617	60,49	4,82%	55,1	-4,34%	63	-1,55%
Kostromaenergo, Equities	156	768 100	0,19%	3 656	4,75	-8,83%	4,32	-15,46%	4,75	-8,83%
Kostromaenergo, Preferred shares	59	685 200	0,50%	2 586	3,31	-9,81%	3,35	-16,46%	4	-14,89%
Kurskenergo, Equities	621	11 814 200	1,04%	45 970	3,4	-7,86%	3,35	-8,47%	3,4	-7,86%
Kurskenergo, Preferred shares	120	5 636 800	2,31%	16 176	2,95	5,36%	2,75	1,10%	2,95	-1,01%
Lipetskenergo, Equities	33	84 500	0,05%	2 479	27,99	-5,41%	26,5	-5,36%	28,99	-2,26%
Orelenergo, Equities	782	65 128 800	33,82%	651 238	9,98	-4,50%	9,54	-8,62%	9,99	-6,02%
Orelenergo, Preferred shares	1	100	0,00%	2	22,41	0,00%	4,64	-40,51%	9,03	-13,2%
Smolenskenergo, Equities	52	111 700	0,06%	1 811	17	2,84%	15,02	-9,24%	16,99	-15,05%
Smolenskenergo, Preferred shares	23	25 100	0,06%	347	14,5	3,57%	12,75	-2,00%	14	-3,45%
Tambovenergo, Equities	415	2 597 590	0,17%	4 469	1,826	-5,39%	1,665	-11,44%	1,825	-5,44%
Tambovenergo, Preferred shares	185	1 831 880	0,84%	2 523	1,678	8,26%	1,455	3,93%	1,601	3,29%
Tverenergo, Equities	336	1 418 900	0,41%	11 467	8,299	-9,26%	7,625	-15,94%	8,4	-8,16%
Tverenergo, Preferred shares	220	1 456 100	1,26%	10 317	7,111	0,77%	6,721	-4,73%	7,5	3,88%
Yarenergo, Equities	44	49 862	0,29%	10 528	200	0,00%	200	11,11%	202	-
Yarenergo, Preferred shares	65	71 830	1,59%	12 242	170	0,00%	169	5,63%	180	5,88%

Source: MICEX,, RTS

The market transactions nearly on all involved securities in the second quarter of 2007 were made only in Moscow Interbank Currency Exchange. “RTS” is the main trade site only for securities of “Yarenergo” JSC. Single market transactions in RTS (Russian Trading System) are made on shares of “Voronezhenergo” JSC, “Tambovenergo” JSC and “Tverenergo” JSC .

More than a half of analyzed securities are low-liquid – there are few transactions on them, the goods extents are small. A small extent of securities goes through the organized sites – only on 6 shares the volume is more than 1% of the whole number of such category placed securities. The doubtless leader in bids extents are simple shares of “Oryolenergo” JSC– more than 33% of the placed shares number that, in the first instance, is connected with the appearance of the big number of portfolio investors at this period.

During the second quarter of 2007 the involved companies shares value changed multidirectional: measurement range depending on instruments floated from -23,64% (Bryanskenergo, simple nominal shares) to +8,26% (Tambovenergo, registered nominal shares). However in the most cases there was a regional controlling network companies shares value downward trend.

Accordingly, on the basis of the results of the second quarter the capitalization of mostly all IDGC of the Center went down, at which point the total capitalization of IDGC of the Center decreased in 4.5%. The biggest fall-down was in “Bryanskenergo” JSC (-21,10%). Only two companies increased their dollar capitalization during the last three months – “Smolenskenergo” JSC (+3,81%) and “Yarenergo” JSC (+0,83%). The increase of “Yarenergo” JSC capitalization is conditional only upon the strengthening of ruble rate in relation to dollar.

Capitalization, free-float and put and call range on the basis of the bids results of regional network companies, which are to be included in IDGC of the Centre in the second quarter of 2007

Name of the company	Capitalization		Equities		Preferred shares		free-float
	million. USD	Changes during quarter	Spread	Changes during quarter, %	Spread	Changes during quarter, %	
Belgorodenergo	318,56	-1,10%	2,86%	-4,57%	0,43%	-0,35%	11%
Bryanskenergo	99,35	-21,10%	20,00%	0,43%	21,12%	19,22%	14%
Voronezhenergo	198,43	-7,37%	26,72%	15,03%	14,34%	3,25%	8%
Kostromaenergo	92,80	-8,26%	9,95%	7,99%	19,40%	2,19%	10%
Kurskenergo	178,32	-5,23%	1,49%	0,67%	7,27%	-2,29%	28%
Lipetskenergo	168,75	-4,62%	9,40%	3,47%	-	-	13%
Orelenergo	113,23	-2,20%	4,72%	2,90%	94,61%	61,28%	23%
Smolenskenergo	152,13	3,81%	13,12%	-7,73%	9,80%	-1,65%	14%
Tambovenergo	122,19	-3,18%	9,61%	6,95%	10,03%	-0,68%	11%
Tverenergo	143,16	-6,44%	10,16%	9,33%	11,59%	9,25%	17%
Yarenergo	162,62	0,83%	1,00%	-19,56%	6,51%	0,26%	4%
Total / average	1749,54	-4,99%	9,91%	1,36%	19,51%	9,05%	15%

Source: MICEX,, RTS

Analysis of demand and supply changes in the market by the last quarter confirms the low liquidity of the involved instruments – basically, regional controlling network companies put and calls have increased (the demand prices in average on all shares slumped 6.61% and supply prices reduced by 4.59%). At the end of the second quarter the average put and call value on the simple shares was about 10% and on the registered shares – more than

Belgorodenergo, JSC

The main minority shareholders of the company on the 7th of May 2007 were: Ltd. “Monte-Valle”- 25,73% of the authorized capital (24.74% of the simple nominal shares), Deutsche UFG – 7,03% of the authorized capital (2,53% of the simple nominal shares). Free-float of the company on the simple nominal shares is 11%.

Characteristics of the securities market in the second quarter 2007 are in the table:

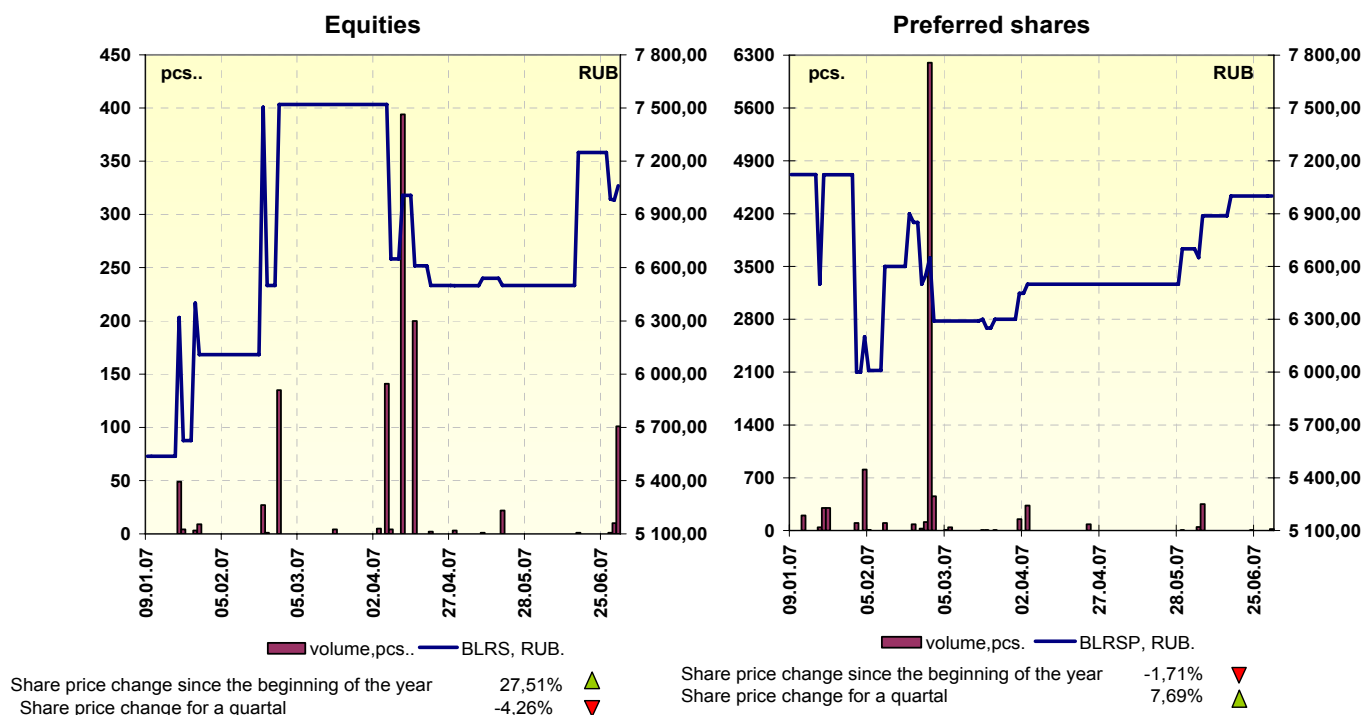
The share market of Belgorodenergo in the second quarter of 2007

Stock market	Сделки		Transactions price, RUB					Quotation for the period, RUB.		Latest quotation, RUB.	
	quantity	volume, pcs..	First.	Min	Max	Last	Average..	max demand price	min ask price.	max demand price	min ask price.
<i>Equities</i>											
MICEX	29	885	7520,0	6498,0	8550,0	7200,0	6998,4	9500,0	6498,0	7000,0	7200,0
RTS-classic	-	-	-	-	-	-	-	7481,0	8012,5	7481,0	7996,9
RTS-market	-	-	-	-	-	-	-	-	-	-	-
<i>Preferred shares</i>											
MICEX	29	841	6500,0	6400,0	7000,0	7000,0	6661,9	7050,0	6400,0	7040,0	7070,0
RTS-classic.	-	-	-	-	-	-	-	6965,1	7996,9	6965,1	7996,9
RTS-market	-	-	-	-	-	-	-	-	-	-	-

Источник: ММББ, РТС

There are 29 transactions in the amount of 6.2 million rubles on simple shares of JSC “Belgorodenergo” in Moscow Interbank Currency Exchange. The registered shares are at the same level - 29 transactions in the amount of 5.6 million rubles. In the whole the securities are characterized as low liquid.

Dynamics and volume of the bids on Belgorodenergo shares in the first half of 2007

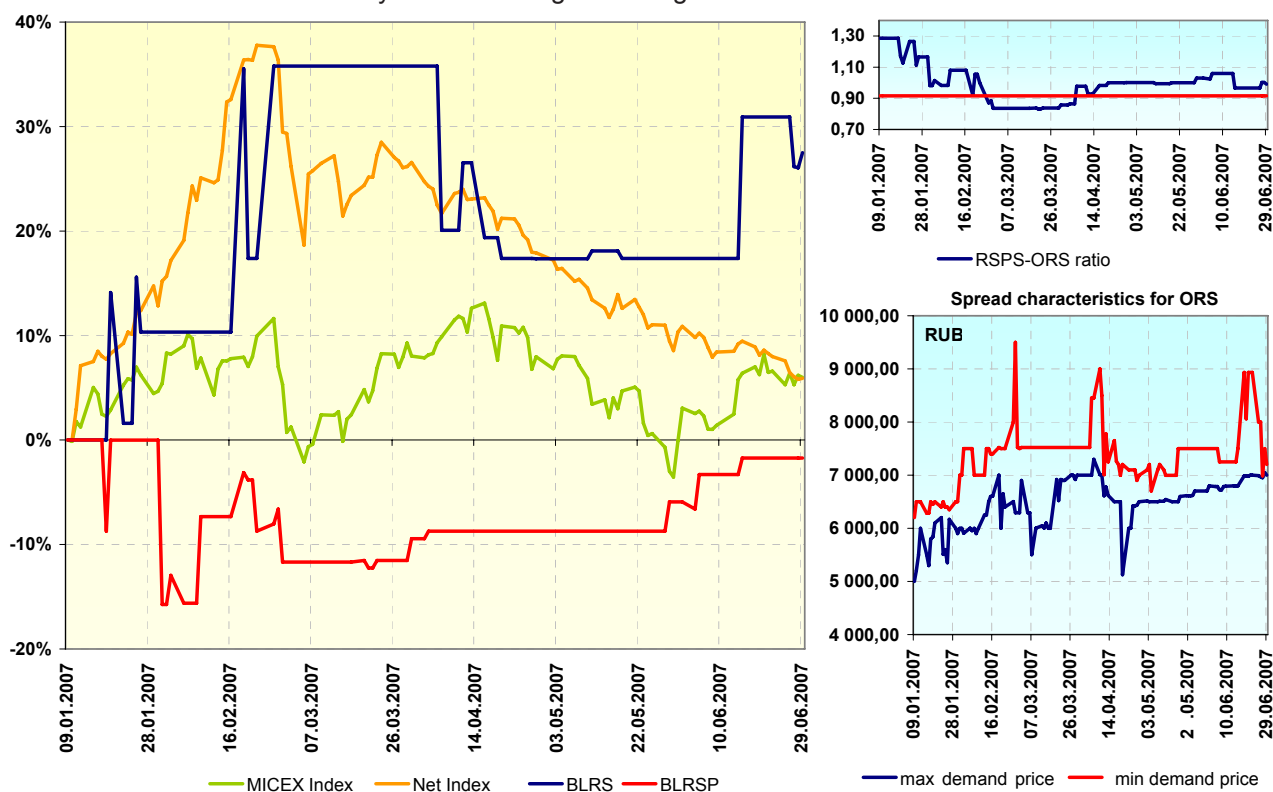


Источник: ММББ

During the first quarter of this year simple nominal shares increased by 32%, in the second quarter there was a correction. Registered nominal shares, on the contrary, reduced their price in the first quarter and increased in the second. Thus, at that period it was a correction of price relations between simple shares and registered shares price.

At the beginning of the year simple nominal shares price was 25% lower than registered nominal shares and simple nominal shares price exceeded registered nominal shares price by 30th of June 2007.

Dynamics of Belgorodenergo shares indexes and value in the first half of 2007.



Source: MICEX, own calculations

In the following table the annual forecasts and professional participants references are introduced:

Forecasts and references on shares of Belgorodenergo

Equities

№№ s.n	Company	Annual estimate	Recomendation	Update date
1	BrokerCreditService	310 \$ (8060 pyб.)	purchase	21.02.2007
2	Troika Dialog	258 \$ (6708 pyб.)	Hold	31.01.2007
3	Prospekt IC	491 \$ (12766 pyб.)	purchase	06.02.2007
4	OLMA IC	305 \$ (7930 pyб.)	purchase	25.05.2007
	Consensus	341 \$ (8866 pyб.)	purchase	

Preferred shares

№№ s.n	Company	Annual estimate	Recomendation	Update date
1	BrokerCreditService	284 \$ (7384 pyб.)	purchase	21.02.2007
2	OLMA IC	277 \$ (7202 pyб.)	Hold	25.05.2007
	Consensus	281 \$ (7293 pyб.)	Collect	

Source: quote.ru, OLMA IC

According to this consensus forecast Belgorodenergo shares have a certain growth potential – on simple shares about 20% and on registered shares about 5%.

ОАО «Брянскэнерго»

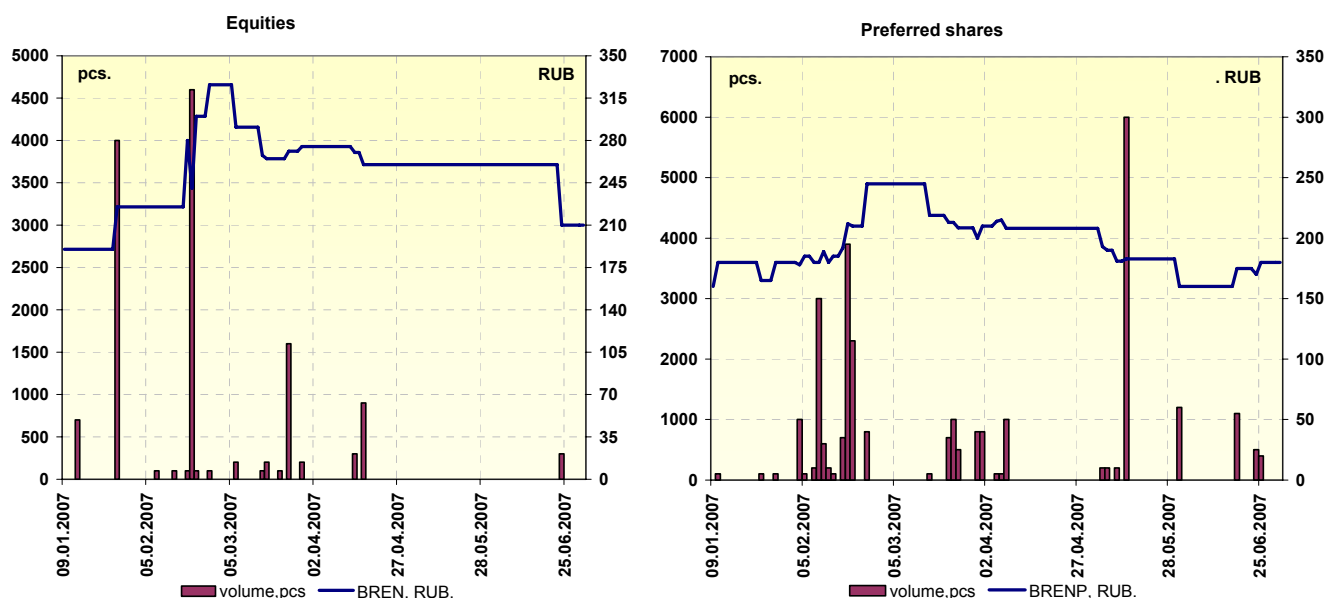
The main minority shareholders of the company on the 25th of April 2007 are: Prosperity Capital Management – 21,18% of the authorized capital (21.04% of the simple nominal shares), Troyka-Dialoge – 9.26% of the authorized capital (0.19% of the simple nominal shares). Free-float of the company on the simple nominal shares is 14%.

The securities market characteristics in the second quarter of 2007 is introduced in the table:

The share market of Bryanskenergo in the second quarter of 2007											
Stock market	Transactions		Transactions price, RUB					Quotation for the period, RUB.		Latest quotation, RUB.	
	number	value	First.	Min.	Max.	Last	Average..	Max. demand price	Min. ask price.	Max. demand price	Min. ask price
<i>Equities</i>											
MICEX	5	1 500	270,0	210,0	270,0	210,0	252,0	270,0	208,0	201,7	210,0
RTS-classic. -	-	-	-	-	-	-	-	234,1	312,1	198,6	245,1
RTS-market	-	-	-	-	-	-	-	-	-	-	-
<i>Preferred shares</i>											
MICEX	14	11 000	214,0	160,0	215,0	180,0	181,0	210,0	160,0	180,0	185,0
RTS-classic..	-	-	-	-	-	-	-	208,1	239,3	154,8	196,1
RTS-market-	-	-	-	-	-	-	-	-	-	-	-

Source: MICEX, RTS

In the whole the securities are characterized as low liquid. There are 19 transactions in the amount of 2.3 million rubles in Moscow Interbank Currency Exchange

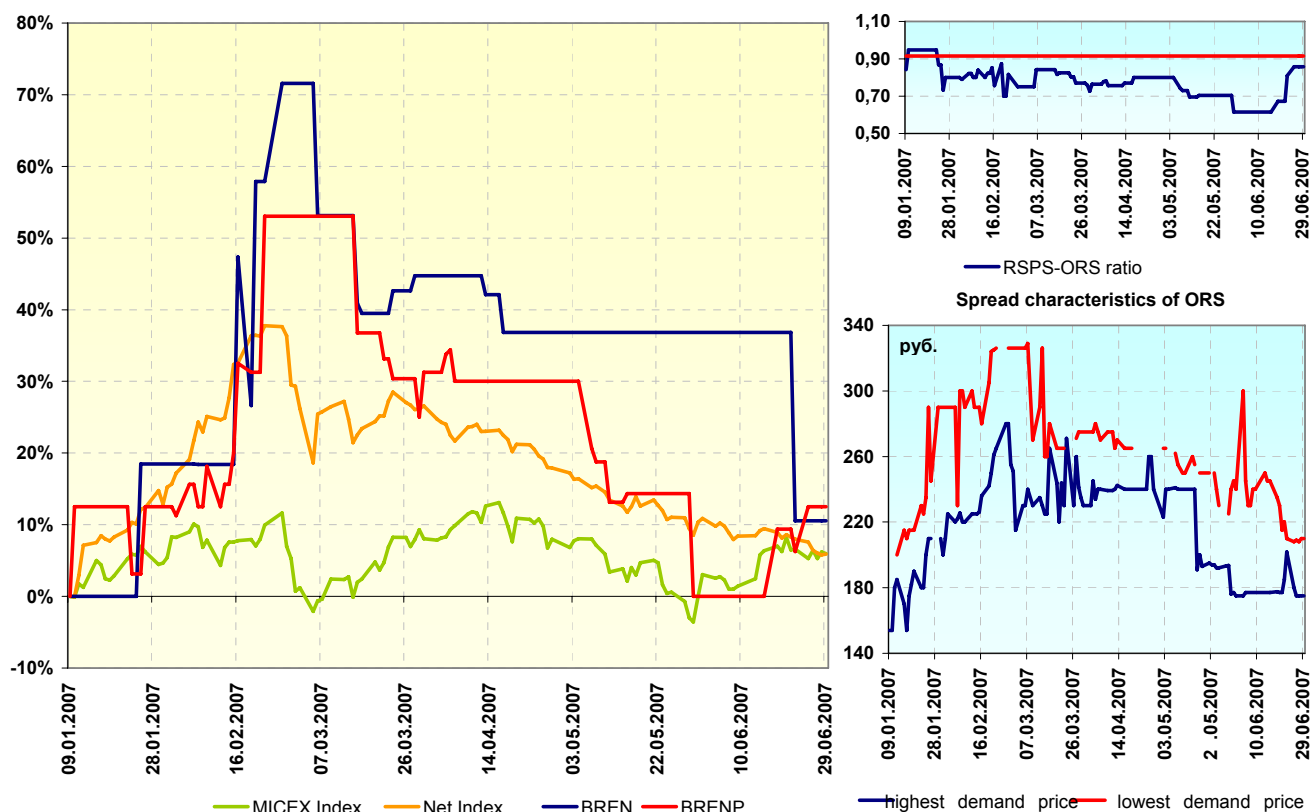
Bryanskenergo

Share price change since the beginning of the year 10,53% ▲
Share price change for a quartal -23,64% ▼

Share price change since the beginning of the year 12,50% ▲
Share price change for a quartal -14,29% ▼

Source: MICEX

During the second quarter shares of the company had price reducing trend. Simple shares became 23% cheaper and registered – 14%. However in spite of the sizable falldown the shares were in positive on the basis of the results of the first half of the year.



Source: MICEX, own calculations

Dynamics of Bryanskenergo shares in the whole corresponds the dynamics of controlling network companies index. Put and call on simple shares is not stable. Often there were not any supply for shares buying, it shows that the liquidity of simple shares is very low.

Forecasts and references on shares of Bryanskenergo

Equities

№№ п/п	Company	Annual forecast	Recommendation	Update date
1	BrokerCreditService	15,9 \$ (413,4 pyб.)	Buy	21.02.2007
2	Troika Dialog	11,2 \$ (291,2 pyб.)	Buy	31.01.2007
3	Solid IFK	6,9 \$ (179,4 pyб.)	Hold	08.05.2007
4	ALEMAR IFK	9,2 \$ (239,2 pyб.)	Buy	19.02.2007
5	OLMA IC	16,2 \$ (421,2 pyб.)	Buy	25.05.2007
	Consensus	11,9 \$ (308,9 pyб.)	Buy	

Preferred shares

№№ п/п	Company	Annual forecast	Recommendation	Update date
1	BrokerCreditService	14,6 \$ (379,6 pyб.)	Buy	21.02.2007
2	KIT Finans	7,5 \$ (195,0 pyб.)	Hold	28.02.2007
3	OLMA IC	14,9 \$ (387,4 pyб.)	Buy	25.05.2007
	Consensus	12,3 \$ (320,7 pyб.)	Colect	

Source: quote.ru, OLMA IC

According to this consensus forecast Bryanskenergo shares have a big growth potential – about 50% on simple and registered shares

Voronezhenergo, JSC

The main minority shareholders of the company on the 11th of May 2007 are: Prosperity Capital Management – 25,12% of the authorized capital (27.07% of the simple nominal shares), Skandinaviska Enskilda Banken AB – 8.03% of the authorized capital (0% of the simple nominal shares). Free-float of the company on the simple nominal shares is 8%.

The securities market characteristics in the second quarter of 2007 is introduced in the table:

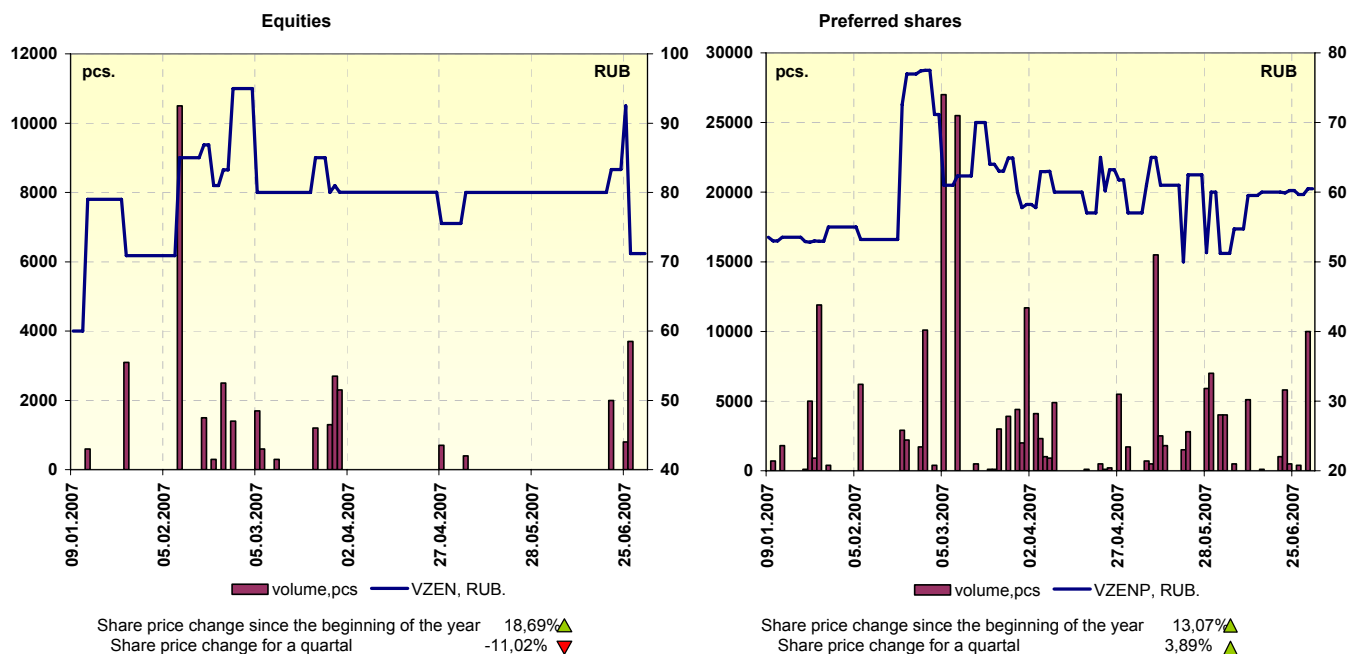
The share market of Voronezhenergo in the second quarter of 2007

Stock market	Transactions		Transactions price, RUB					Quotation for the period, RUB.		Latest quotation, RUB.	
	quantity	volume, pcs.	First	Min.	Max.	Last	Average.	Max. demand price	Min. ask price	Max. demand price	Min. ask price
<i>Equities</i>											
MICEX	17	7 600	75,5	66,0	94,5	71,0	77,5	94,5	66,0	73,0	80,0
RTS-classic.	-	-	-	-	-	-	-	74,7	87,1	65,8	80,0
RTS-market.	1	754	70,0	70,0	70,0	70,0	70,0	74,0	80,0	-	-
<i>Preferred shares</i>											
MICEX	62	90 900	61,78	48,01	65,00	60,49	59,20	67,00	48,01	59,50	60,50
RTS-classic.	-	-	-	-	-	-	-	57,90	90,50	56,80	64,50
RTS-market.	1	3 866	60,00	60,00	60,00	60,00	60,00	61,50	65,58	-	-

Source: MICEX, RTS

There are 18 market transactions in the amount of 642 thousand rubles on simple shares of JSC “Voronezhenergo” in the organized sites. The registered shares are more active - 63 transactions in the amount of 5.6 million rubles. In the whole the securities are characterized as low liquid. Mostly all transactions were in Moscow Interbank Currency Exchange

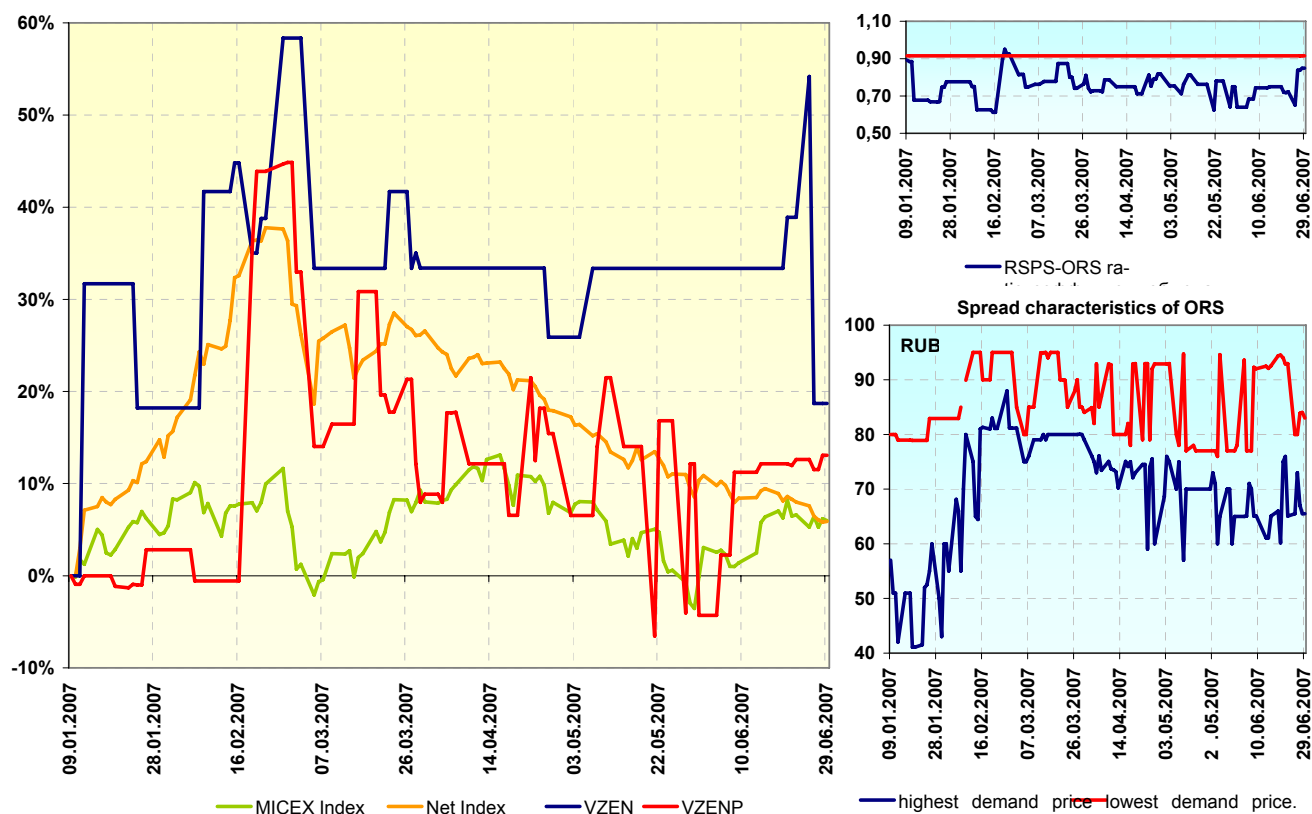
Dynamics and volume of the bids on Voronezhenergoenergo shares in the first half of 2007

Voronezhenergo

Source: MICEX

During the second quarter price of simple and registered shares changed multidirectional. Simple shares became 11% cheaper and registered became 4% more expensive. Registered shares are more active than simple ones; it could be seen on the daily bids

Dynamics of Voronezhenergo shares indexes and value in the first half of 2007



Source: MICEX, own calculations

In the following table the annual forecasts and professional participants references are introduced:

Forecasts and references on shares of Voronezhenergo

Equities

№ п/п	Company	Annual estimate	Recommendation	Update date
1	BrokerCreditService	5,66 \$ (147,2 руб.)	Buy	21.02.2007
2	Troika Dialog	4,15 \$ (107,9 руб.)	Buy	31.01.2007
3	OLMA IC	5,24 \$ (136,2 руб.)	Buy	25.05.2007
	Consensus	5,02 \$ (130,4 руб.)	Buy	

Preferred shares

№ п/п	Company	Annual estimate	Recommendation	Update date
1	BrokerCreditService	5,19 \$ (134,9 руб.)	Buy	21.02.2007
2	OLMA IC	4,80 \$ (124,8 руб.)	Buy	25.05.2007
	Consensus	5,00 \$ (129,9 руб.)	Buy	

Source: quote.ru, OLMA IC

According to this consensus forecast Voronezhenergo shares have a big growth potential – on simple shares about 90% and on registered shares about 110%

Kostromaenergo, JSC

The main minority shareholders of the company on the 26th of April 2007 are Bridgeport Management Limited – 18,93% of the authorized capital (19.56% of the simple nominal shares), AKB “Zentrokredit” – 15.07% of the authorized capital (0% of the simple nominal shares), Moskomerzbank – 4.21% of the authorized capital (5.67% of the simple nominal shares). Free-float of the company on the simple nominal shares is 10%.

The securities market characteristics in the second quarter of 2007 is introduced in the table:

The share market of Kostromaenergo in the second quarter of 2007

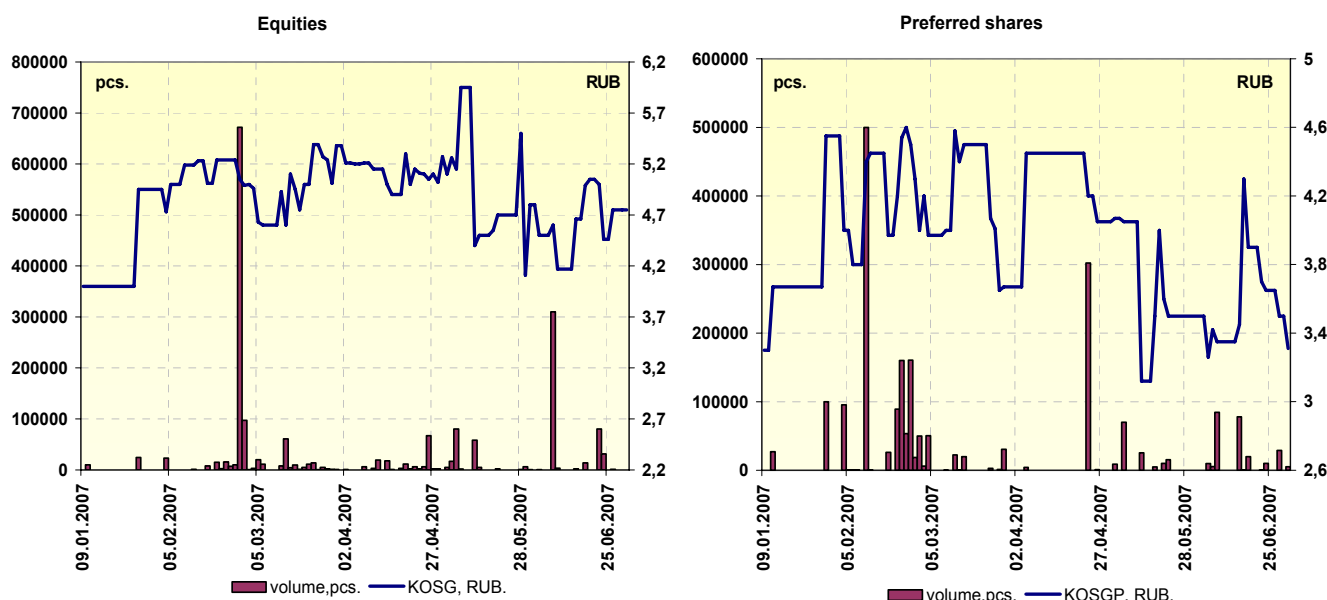
Stock market	Transactions		Transactions price, RUB					Quotation for the period, RUB.		Latest quotation, RUB.	
	quantity	volume, pcs.	First.	Min.	Max.	Last	Average.	Max. demand price	Min. ask price	Max. demand price	Min. ask price
<i>Equities</i>											
MICEX	156	768 100	5,10	3,60	6,60	4,80	4,80	6,60	3,60	4,40	4,80
RTS-classic	-	-	-	-	-	-	-	3,40	7,50	3,40	4,90
RTS-market	-	-	-	-	-	-	-	3,05	4,00	-	-
<i>Preferred shares</i>											
MICEX	59	685 200	4,00	2,81	4,45	3,31	3,77	4,50	2,81	3,35	4,00
RTS-classic.	-	-	-	-	-	-	-	3,30	5,70	3,20	5,20
RTS-market.	-	-	-	-	-	-	-	3,25	3,50	-	-

Source: MICEX, RTS

There are 156 market transactions in the amount of 3.7 million rubles on simple shares and 59 transactions in the amount of 2.6 million rubles on registered shares of JSC “Kostromaenergo” in the organized sites. Securities among the given shares of the company are middle liquid.

Dynamics and volume of the bids on Kostromaenergoenergo shares in the first half of 2007

Kostromaenergo



Share price change since the beginning of the year 18,75% ▲
Share price change for a quartal -8,83% ▼

Share price change since the beginning of the year 0,30% ▲
Share price change for a quartal -9,81% ▼

Source: MICEX

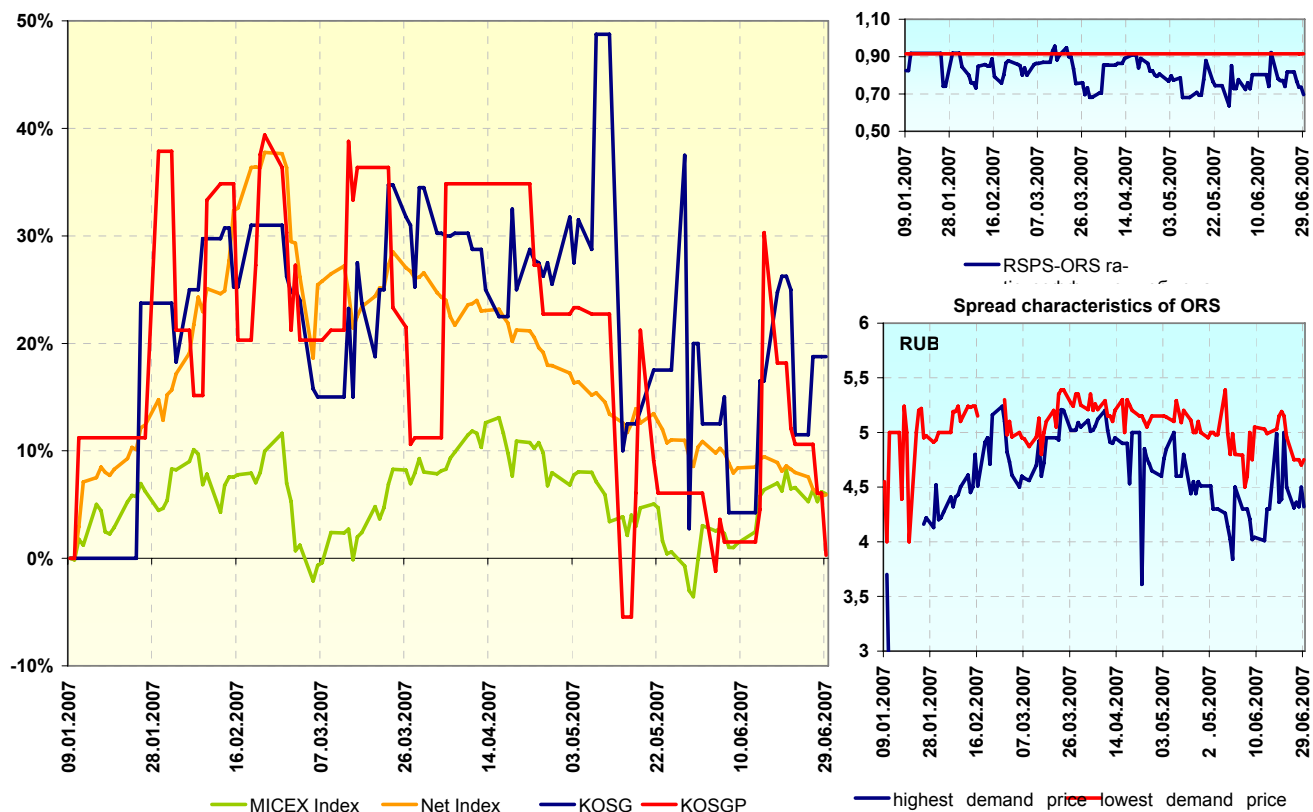
The second quarter of 2007 was bad for Kostromaenergo shares- simple shares lost about 9% at price and registered – about 10%. But in the whole the shares increased in price on the basis of the results of the first half of the year

Dynamics of Kostromaenergo shares indexes and value in the first half of 2007



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Источник: ММВБ, собственные расчеты

Put and call of simple shares was very big at the beginning of the year, more over sometimes there were not quotations either on buying or on selling. But by the end of the year the situation with the liquidity went better – the quotation became better and put and call reduced

Forecasts and references on shares of Kostromaenergoenergo Equities

№№ п/п	Company	Annual forecast	Recommendation	Update date
1	BrokerCreditService	0,370 \$ (9,62 руб.)	Buy	21.02.2007
2	KIT Finans	0,340 \$ (8,84 руб.)	Buy	28.02.2007
3	Тройка-Диалог	0,155 \$ (4,03 руб.)	Hold	31.01.2007
4	OLMA IC	0,366 \$ (9,52 руб.)	Buy	25.05.2007
	Consensus	0,308 \$ (8,00 руб.)	Buy	

Preferred shares

№№ п/п	Company	Annual estimate	Recommendation	Update date
1	BrokerCreditService	0,340 \$ (8,84 руб.)	Buy	21.02.2007
2	KIT Finans	0,220 \$ (5,76 руб.)	Buy	28.02.2007
3	OLMA IC	0,335 \$ (8,71 руб.)	Buy	25.05.2007
	Consensus	0,298 \$ (7,76 руб.)	Buy	

Source: quote.ru, OLMA IC

According to this consensus forecast Kostromaenergo shares have a growth potential from current numbers – on simple shares about 75% and on registered shares more than 130%.

The main minority shareholders of the company on the 4th of May 2007 were Prosperity Capital Management– 18,07% of the authorized capital (12.97% of the simple nominal shares), Sampo (Finland) – 2.25% of the authorized capital (2.73% of the simple nominal shares). Free-float of the company on the simple nominal shares is 28%.

The securities market characteristics in the second quarter of 2007 is introduced in the table:

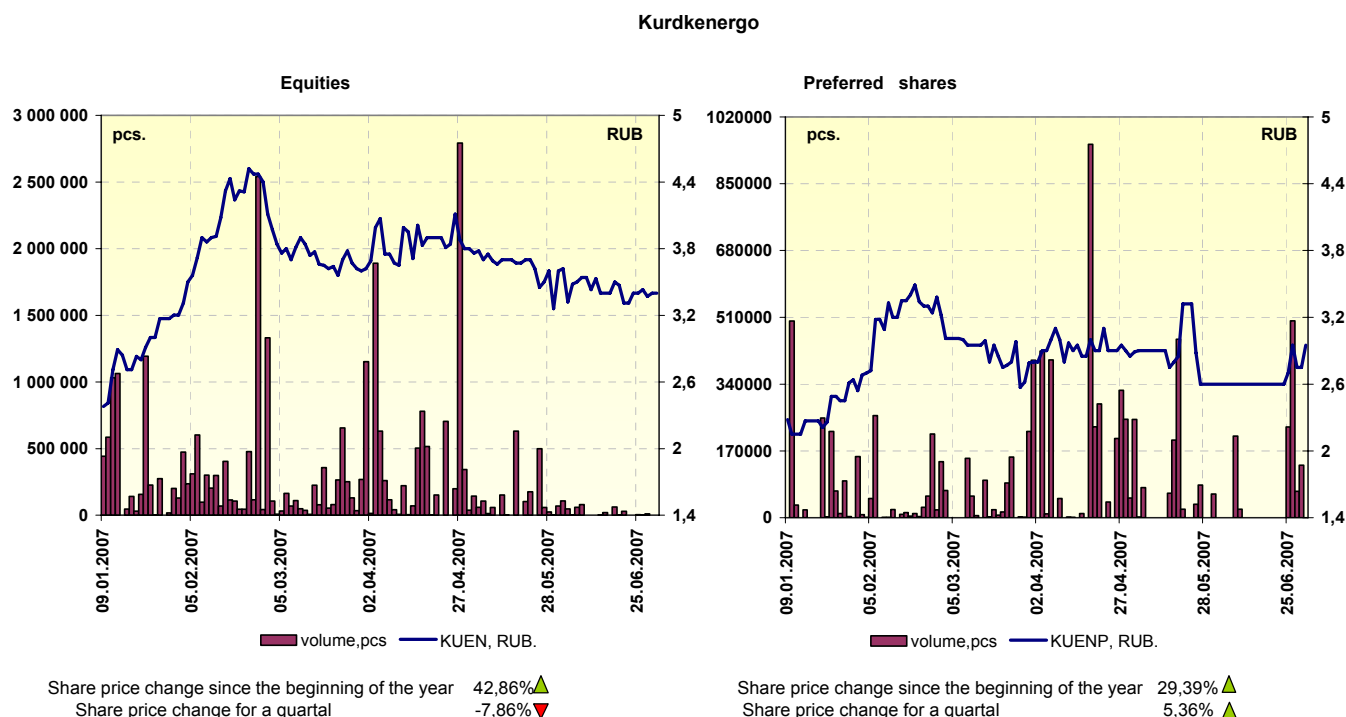
The share market of Kurskenergo in the second quarter of 2007

Stock market	Transactions		Transactions price, RUB					Quotation for the period, RUB.		Latest quotation, RUB.	
	quantity	volume, pcs	First.	Min.	Max.	Last	Average..	Max. demand price	Min. ask price.	Max. demand price	Min. ask price
<i>Equities</i>											
MICEX	621	11 814 200	3,60	3,16	4,47	3,40	3,89	4,47	3,16	3,35	3,40
RTS-classic.	-	-	-	-	-	-	-	3,80	4,20	3,10	3,50
RTS-marke.	-	-	-	-	-	-	-	-	-	-	-
<i>Preferred shares</i>											
MICEX	120	5 636 800	2,80	2,30	3,50	2,95	2,70	3,50	2,30	2,75	2,95
RTS-classic.	-	-	-	-	-	-	-	-	-	-	-
RTS-marke.	-	-	-	-	-	-	-	-	-	-	-

Source: MICEX, RTS

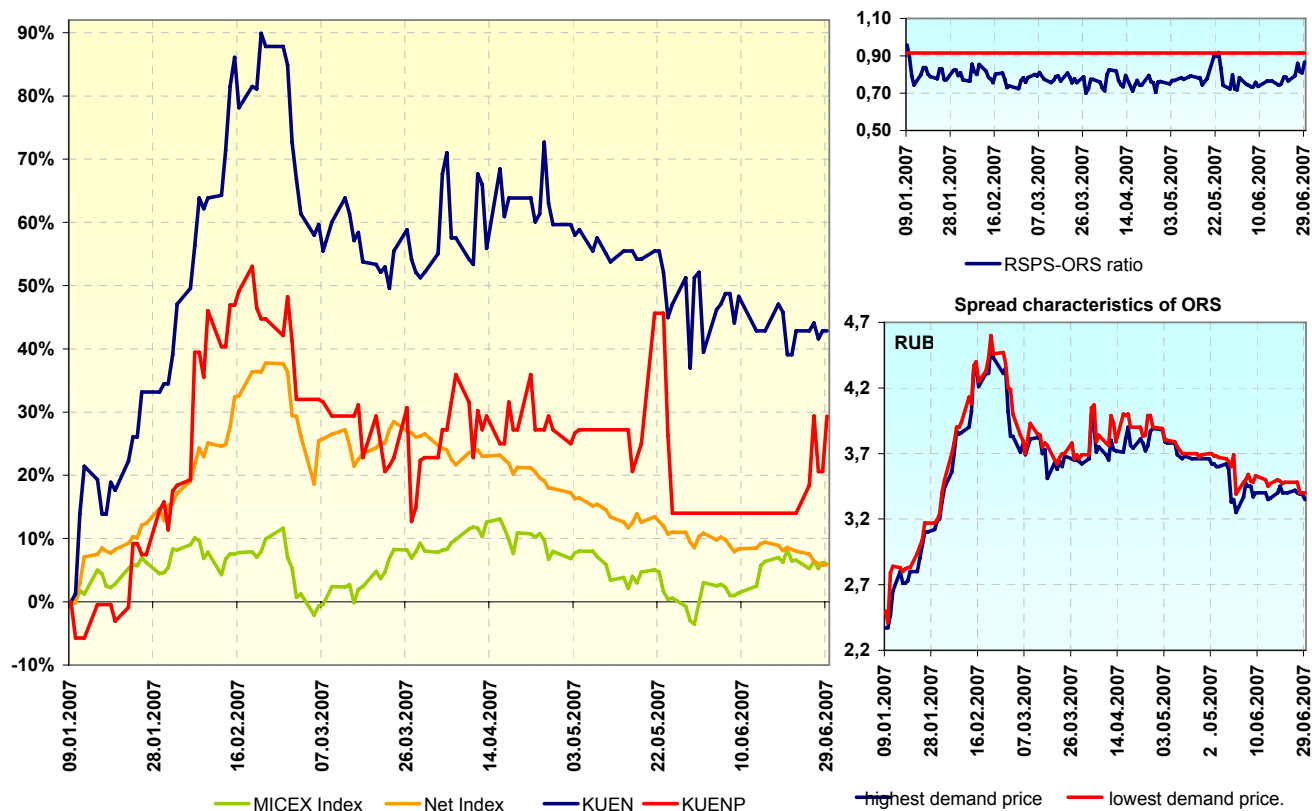
Issuer shares are one of the most liquid among Inter-Regional High-Voltage Grid Companies of the Center. There are 621 market transactions in the amount of 45.9 million rubles on simple shares and 120 transactions in the amount of 16.2 million rubles on registered shares of JSC “Kurskenergo” in the organized sites. The volume of transactions was made in Moscow Interbank Currency Exchange.

Dynamics and volume of the bids on Kurskenergoenergo shares in the first half of 2007



Source: MICEX

In the whole Kurskenergo shares increased in price on the basis of the results of the first half of the year. In the second quarter of 2007 simple shares lost about 8% and registered shares added 5%.



Source: MICEX, own calculations

Kurskenergo shares exceeded the controlling network companies index in the first half of the year. Put and call of Kurskenergo on simple shares is one of the least among controlling network companies, it shows that companies shares are high liquid.

Equities

№№ п/п	Company	Annual estimate	Recommendation	Update date
1	BrokerCreditService	0,250 \$ (6,50 руб.)	Buy	21.02.2007
2	Проспект ИК	0,191 \$ (4,97 руб.)	Buy	06.02.2007
3	Troika Dialog	0,146 \$ (3,80 руб.)	Buy	31.01.2007
4	OLMA IC	0,199 \$ (8,71 руб.)	Buy	25.05.2007
	Consensus	0,197 \$ (5,11 руб.)	Buy Pre-	

ferred shares

№№ п/п	Company	Annual estimate	Recommendation	Update date
1	BrokerCreditService	0,230 \$ (5,98 руб.)	Buy	21.02.2007
2	OLMA IC	0,183 \$ (8,71 руб.)	Buy	25.05.2007
	Consensus	0,207 \$ (5,37 руб.)	Buy	

Source: MCSE, RTS

According to this consensus forecast Kurskenergo shares have a growth potential from current numbers – on simple shares about 50% and on registered shares more than 80%. Consensus on registered shares is presented by two companies, one of which appreciates the companies shares very

Lipetskenergo, JSC

Main minority shareholders of the company on 02 May 2007 were: NLMK – 37,66% of fixed capital, Prosperity Capital Management – 2,34%. Free-float on ORS of the company - 13%.

Characteristics of the securities market in the second quarter 2007 are in the table:

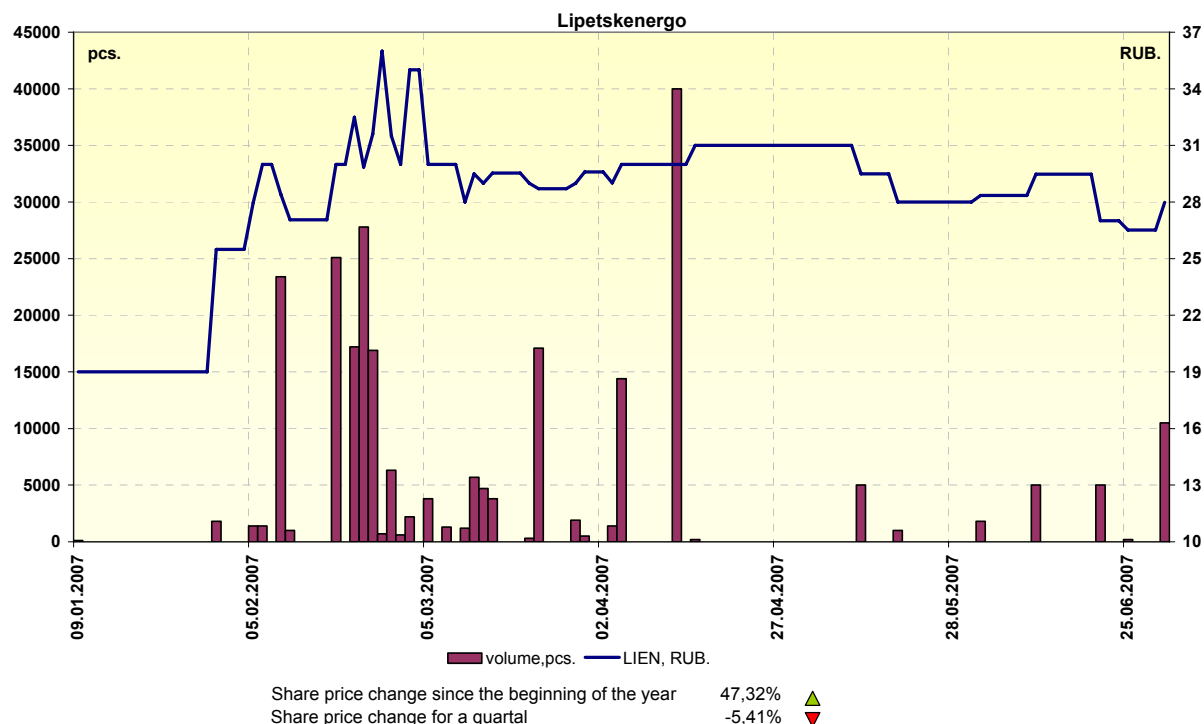
Lipetskenergo stock market in the second quarter 2007

Stock market	Transactions		Transactions price, RUB					Quotation for the period, RUB		Latest quotation, RUB.	
	quantity	volume, pcs.	First.	Min.	Max.	Last.	Average..	Max. demand price	Min. ask price	Max. demand price	Min. ask price
<i>Equities</i>											
MICEX	33	84 500	29,01	26,00	31,00	27,99	29,33	34,00	23,00	26,50	28,99
RTS-classic.	-	-	-	-	-	-	-	29,10	33,90	25,80	31,00
RTS-market.	-	-	-	-	-	-	-	22,00	-	-	-

Source: MICEX, RTS

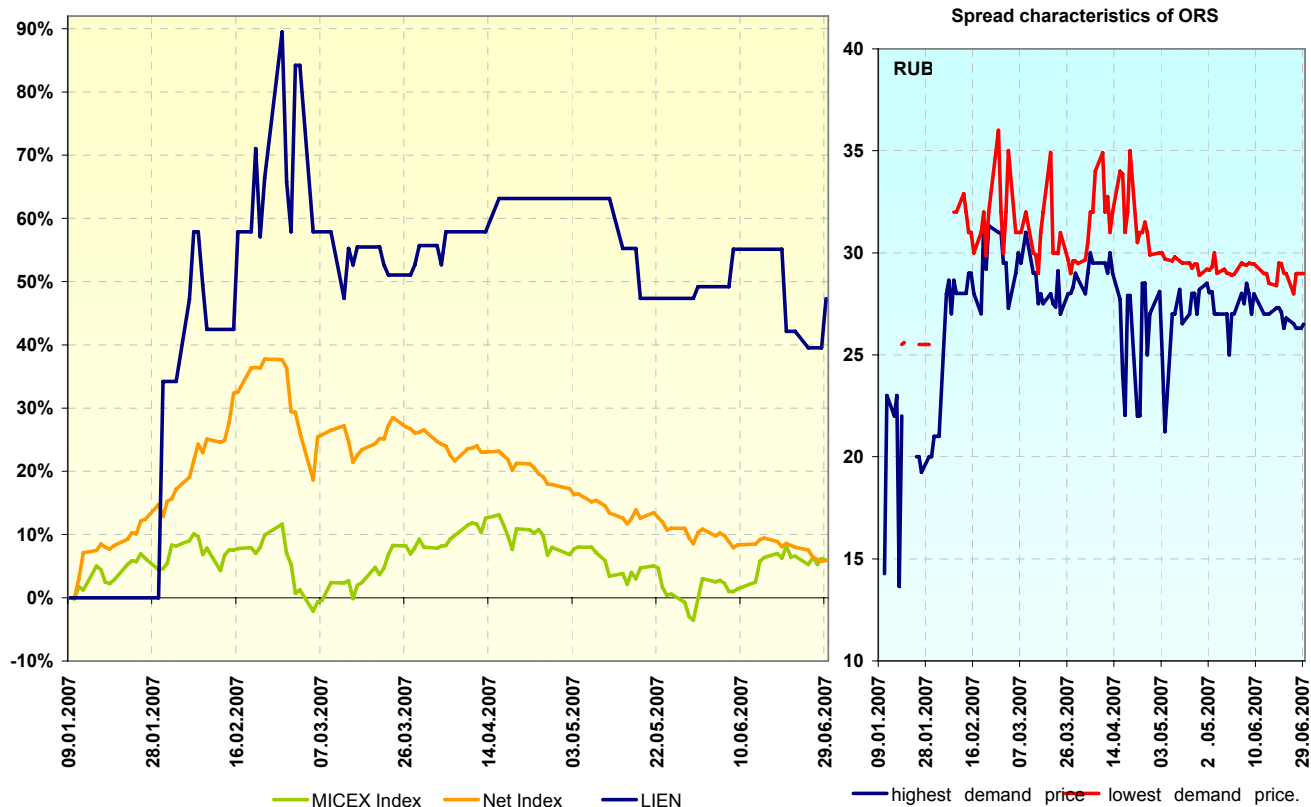
Issuer stocks are of the low liquidity. On the organized field with equities of Lipetskenergo, JSC took place 33 market transaction on amount 2,5 mill RUB . The magnitude of transactions was carried out on the MICEX.

Dynamics and trading volume for stocks Lipetskenergo in the first half of 2007



Source: MICEX

In the first quarter shares of Lipetskenergo considerably increased at the cost, followed by a small correction in the second quarter of 2007. During April-June, the ORS Lipetskenergo lost in the price of just over 5% at very low trading volume.



Источник: ММББ, собственные расчеты

Lipetskenenergo shares in the first half of the year were significantly ahead of the RSK index. The correction of the second quarter has affected the company's stock less than most other RSK. Spread of the ORS in the first quarter was unstable. Quite often there were no offers on the market for stock sale, which indicated a very low stock liquidity. However, in the second quarter the situation has markedly improved - stable quotes has appeared and the spread narrowed to 10%.

Forecasts and recommendations of professional participants over Lipetskenenergo shares.

Equities

№№ п/п	Компания	Targeted valuation on 31.12.20007	Recomendation	Update date
1	BrokerCreditService	1,68 \$ (43,68 руб.)	Buy	21.02.2007
2	IFC Metropol	1,00 \$ (26,00 руб.)	Buy	14.02.2007
3	OLMA IC	1,52 \$ (39,52 руб.)	Buy	25.05.2007
	Consensus	1,40 \$ (36,40 руб.)	Buy	

Source: quote.ru, OLMA IC

According to the presented consensus forecast, Lipetskenenergo shares have 30% upside potential from actual value.

Orelenargo, JSC

Main minority shareholders of the company on 23 April 2007 were: Renaissance Capital Management – 10,58% MC (0% ORS), BC «Aljba Alliance» – 7,86% (9,69%), LUKoil group – 5,77% (7,08%), Gazprom – 3,06% (0,96%). Free-float on ORS of the company - 23%.

Characteristics of the securities market in the second quarter 2007 are in the table:

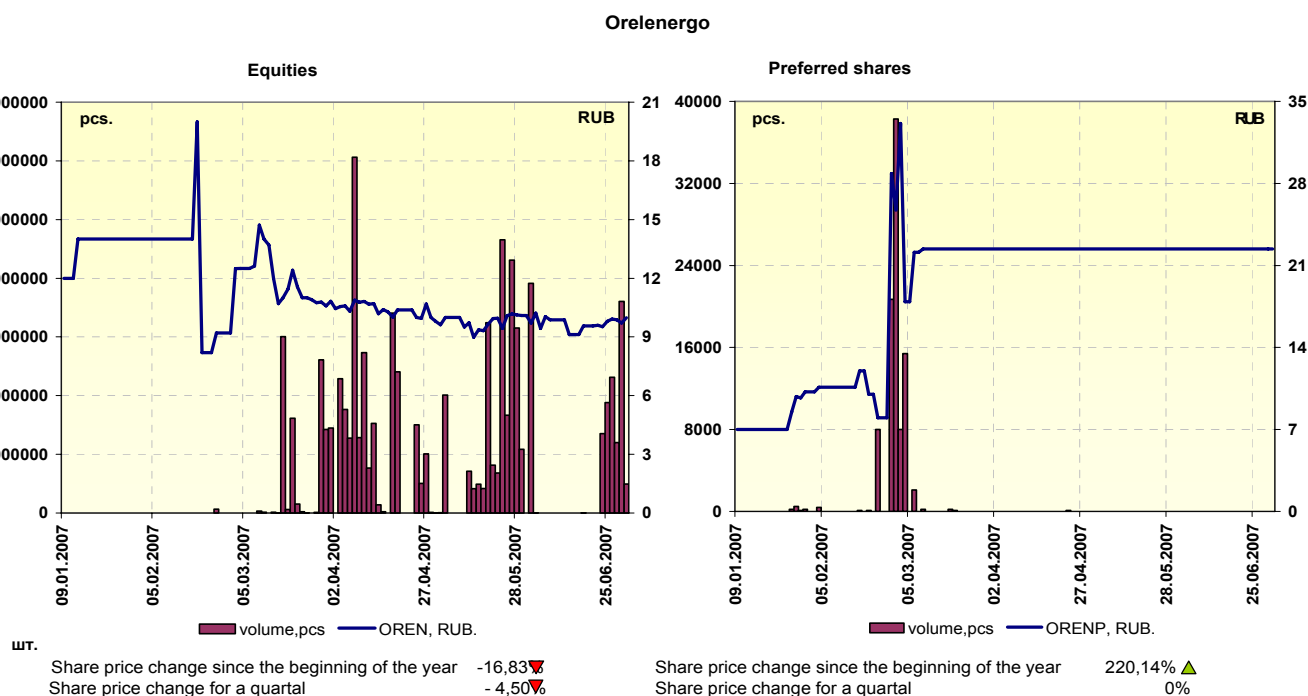
Orelenargo stock quotes in the second quarter of 2007

Stock market	Transactions		Transactions price, RUB					Quotation for the period, RUB.		Latest quotation, RUB..	
	quantity	volume, pcs.	First.	Min.	Max.	Last.	Average..	Max. demand price	Min. ask price.	Max. demand price	Min. ask price
<i>Equities</i>											
MICEX	782	65 128 800	10,65	8,27	11,74	9,98	10,00	11,74	8,27	9,54	9,99
RTS-classic.	-	-	-	-	-	-	-	9,50	12,50	8,10	12,40
RTS-market.	-	-	-	-	-	-	-	-	-	-	-
<i>Preferred shares</i>											
MICEX	1	100	22,41	22,41	22,41	22,41	22,41	22,41	22,41	-	22,41
RTS-classic.	-	-	-	-	-	-	-	9,01	13,02	4,64	9,03
RTS-market.	-	-	-	-	-	-	-	-	-	-	-

Source: MICEX, RTS

Issuer's equities were the most liquid in the second quarter among IDGC of Center companies. With that the preferred shares were the least liquid. On organized field with Orelenargo, JSC equities took place 782 market transactions on amount 651.2 mill RUB, with preferred shares - one deal for two thousand rubles. All transactions went through the MICEX.

Dynamics and trading volume for stocks Orelenargo in the first half of 2007

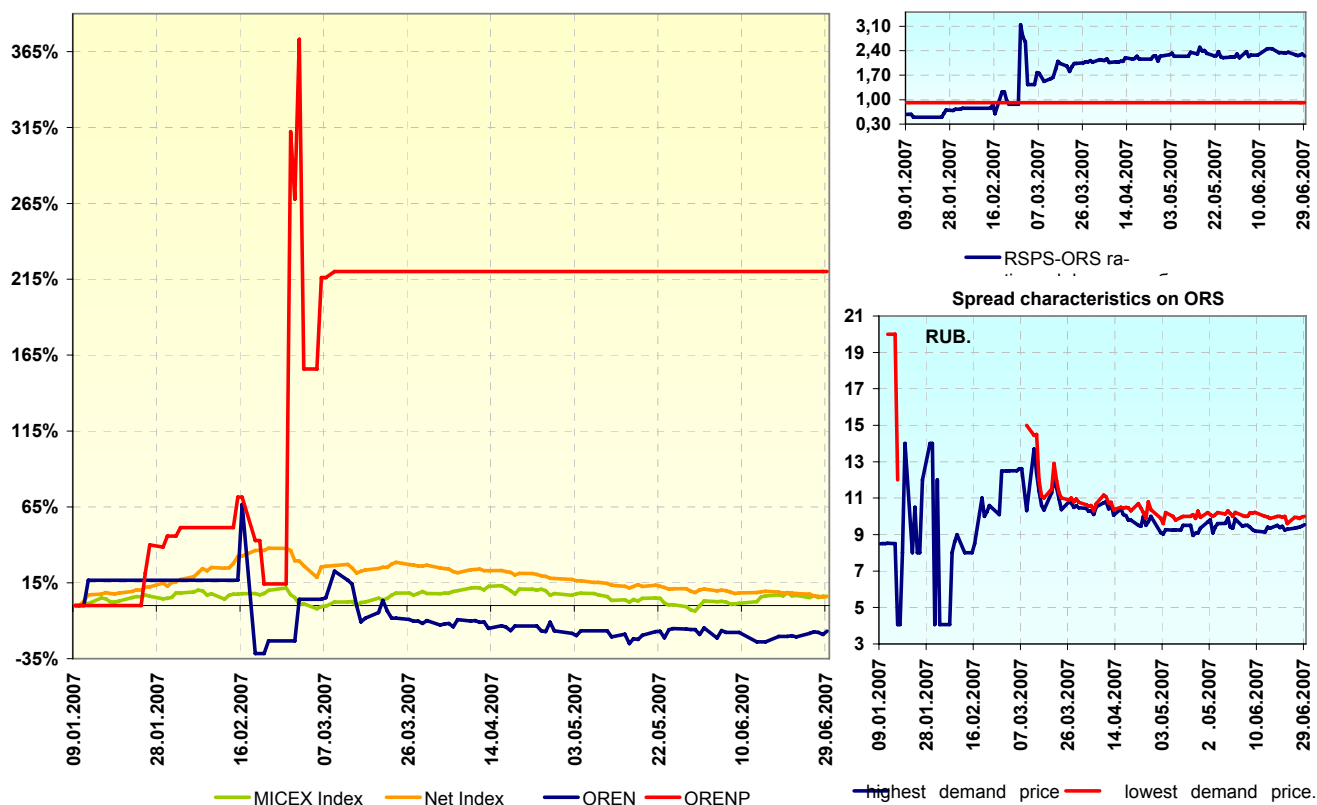


Source: MICEX

The first half of the year for the ORS Orelenargo was unsuccessful - they have lost about 17% in the price, including for the second quarter - 4,5%, against a very high trade volume.

Registered share of preferred stock trades on the MICEX are completely illiquid, a splash of volume occurred in the end of February – beginning of March, upon which even the quotes have disappeared.

Indices and the stock value dynamics of Orelenergo in the first half of 2007.



Источник: ММББ, собственные расчеты

Orelenergo's shares in the first half of the year have multidirectionally changed - the ORS substantially fell in price, and the RSPS leaped by 220%. For this reason, RSPS-ORS ratio during the period rose to 2.25. However, if we take into account the situation on the RTS, where the offer for RSPS is at 9.03 rubles, the RSPS-ORS ratio of the value becomes equal to 0,905.

Forecasts and recommendations of professional participants over Lipetskenergo shares.

№ п/п	Company	Annual forecast	Recommendation	Update date
1	BrokerCreditService	0,71 \$ (18,46 руб.)	Покупать	21.02.2007
2	Troika Dialog	0,41 \$ (10,66 руб.)	Держать	31.01.2007
3	OLMA IC	0,76 \$ (19,76 руб.)	Покупать	25.05.2007
	Consensus	0,63 \$ (16,29 руб.)	Покупать	

Preferred shares

№ п/п	Company	Annual forecast	Recommendation	Update date
1	BrokerCreditService	0,65 \$ (16,90 руб.)	Покупать	21.02.2007
2	OLMA IC	0,69 \$ (17,94 руб.)	Покупать	25.05.2007
	Consensus	0,67 \$ (17,42 руб.)	Покупать	

Source: quote.ru, OLMA IC

According to the presented consensus forecast, Orelenergo's shares have 60% upside potential from actual value for the ORS and 25% reduction potential for RSPS.



Smolenskenergo, JSC

Main minority shareholders of the company on 27 April 2007 were: : Prosperity Capital Management–16,85% MC (15,48% votes), Deutsche UFG – 8,35% (10,13%), Troika Dialog, IC – 6,41% (0%), SEB – 3.96% (0,82%). Free-float on ORS of the company - 14%.

Characteristics of the securities market in the second quarter 2007 are in the table:

Smolenskenergo stock market in the second quarter 2007.

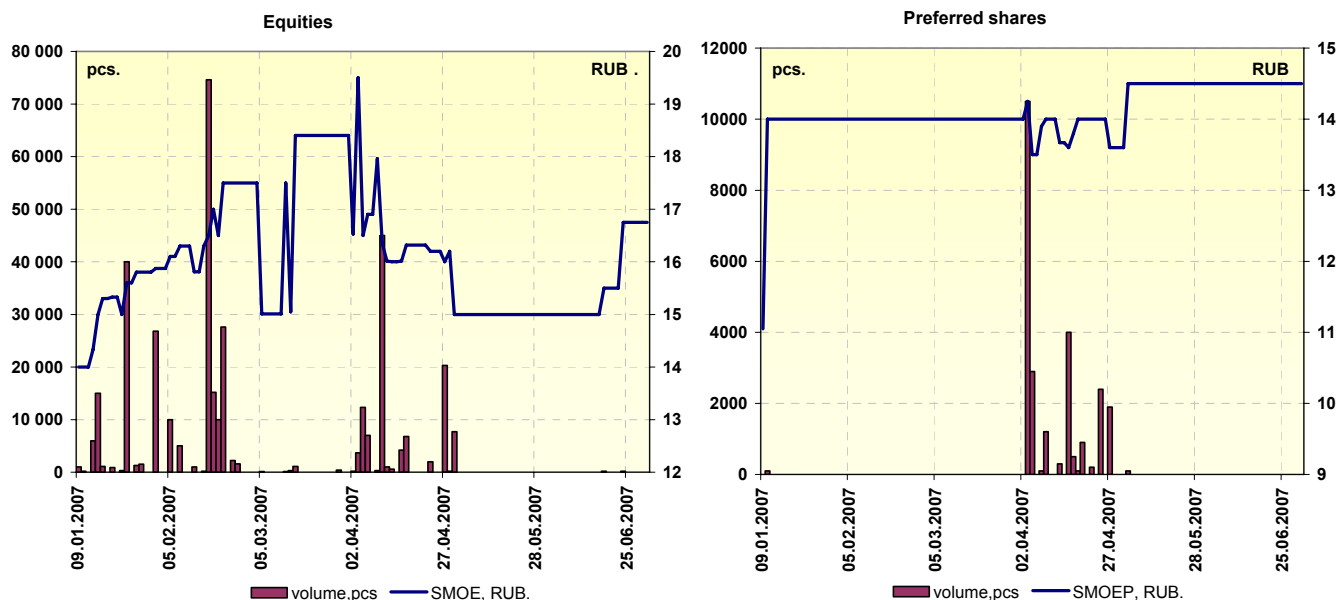
Stock market	Transactions		Transactions price, RUB					Quotation for the period, RUB.		Latest quotation, RUB	
	quantity	volume, pcs.	First.	Min.	Max.	Last.	Average..	Max. demand price	Min. ask price.	Max. demand price	Min. ask price
<i>Equities</i>											
MICEX	52	111 700	16,53	15,00	19,50	17,00	16,21	19,50	13,99	15,00	17,00
RTS-classic.	-	-	-	-	-	-	-	16,20	19,50	13,70	16,00
RTS-market	-	-	-	-	-	-	-	-	-	-	-
<i>Preferred shares</i>											
MICEX	23	25 100	14,00	13,25	14,50	14,50	13,81	14,50	13,00	13,80	14,50
RTS-classic.	-	-	-	-	-	-	-	-	-	-	-
RTS-market	-	-	-	-	-	-	-	-	-	-	-

Source: MICEX, RTS

Issuer stocks are of the low liquidity. On organized field with Smolenskenergo, JSC equities took place 52 market transactions on amount 1,8 mill RUB, with preferred shares – 23 transaction on amount 347 thousand rubles. All transactions went through the MICEX.

Dynamics and trading volume for stocks Orelenergo in the first half of 2007.

Smolenskenergo



Share price change since the beginning of the year
Share price change for a quartal

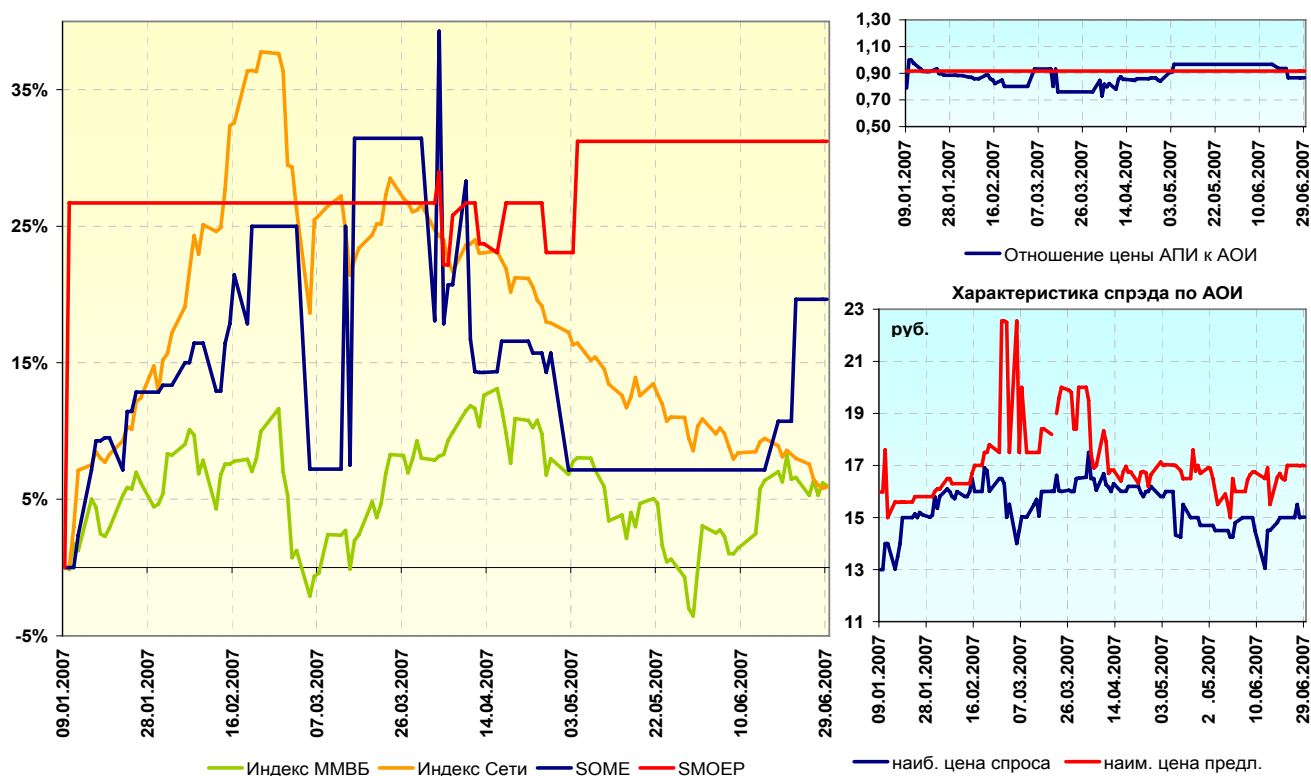
19,64% ▲
1,33% ▲

Share price change since the beginning of the year
Share price change for a quartal

31,22% ▲
3,57% ▲

Source: MICEX

During the first half of the year Smolenskenergo equities and preferred shares have considerably increased at the cost - 20% and 30%, respectively. Basically, the entire value growth came in the first quarter.



Источник: ММВБ, собственные расчеты

Smolenskenergo shares in the first half of the year slightly fell behind from the RSK index, but in the second half this arrearage was offset against the backdrop of the network index fall. Spread on the Smolenskenergo ORS is subjected to substantial fluctuations - in times of active trades it expands forcibly, and in moments of low-intensity trades - it shrinks.

Forecasts and recommendations of professional participants over Smolenskenergo shares.

Equities

№№ п/п	Company	Annual estimate	Recommendation	Update date
1	A'LEMAR IG	0,67 \$ (17,42 руб.)	Buy	19.02.2007
2	BrokerCreditService	0,78 \$ (20,28 руб.)	Buy	21.02.2007
3	Troika Dialog	0,67 \$ (17,42 руб.)	Hold	31.01.2007
4	OLMA IC	1,20 \$ (31,20 руб.)	Buy	25.05.2007
	Consensus	0,83 \$ (21,58 руб.)	Buy	

Preferred shares

№№ п/п	Company	Annual estimate	Recommendation	Update date
1	БрокерКредитСервис	0,71 \$ (18,46 руб.)	Buy	21.02.2007
2	OLMA IC	1,10 \$ (28,60 руб.)	Buy	25.05.2007
	Consensus	0,95 \$ (23,53 руб.)	Buy	

Source: quote.ru, OLMA IC

According to the presented consensus forecast, Smolenskenergo's shares have 25% upside potential from actual value. for the ORS and 60% for RSPS.. Consensus for RSPS is represented by two companies, one of them greatly qualifies Smolenskenergo shares that caused a higher RSPS ratings IPA in comparison with ORS.

Tambovenergo, JSC

The main minority shareholders of Community by May 8th 2007 were: LLC «Montey-Walle» – 25,15% management company (25,0% votes), Prosperity Capital Management – 8,62% (7,58%). Free float by IDF of the Community is 11%.

Characteristics of the securities market in the second quarter 2007 are in the table:

Tambovenergo's stock market of the second quarter 2007

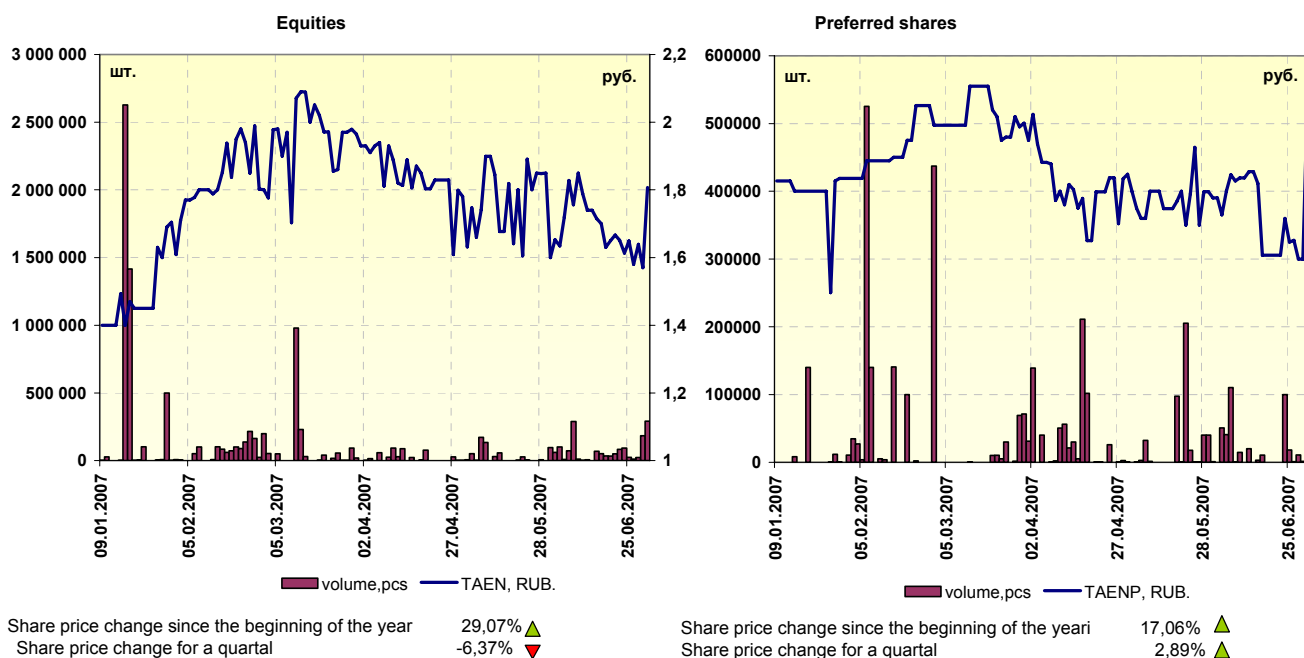
Exchange	Transactions		Transaction price, RUR					Qpeuroitoadti,o RnUs fBo.r the.		Last quotations RUB.	
	number	value	First	Min.	Max.	Last.	Сред- невзв.	наиб. цена спроса	наим. цена предл.	наиб. цена спроса	наим. цена предл.
<i>Equities</i>											
ММББ	413	2 536 600	2,040	1,439	2,040	1,826	1,720	2,171	1,439	1,665	1,825
РТС-класс.	-	-	-	-	-	-	-	1,800	2,200	1,700	2,200
РТС-бирж.	2	60 990	1,502	1,502	1,690	1,690	1,590	1,250	1,800	-	-
<i>Preferred shares</i>											
ММББ	184	1 803 900	1,540	1,000	1,678	1,678	1,377	1,800	1,000	1,455	1,601
РТС-класс.	-	-	-	-	-	-	-	1,700	1,800	1,700	1,800
РТС-бирж.	1	27 980	1,350	1,350	1,350	1,350	1,350	1,350	1,400	-	-

Источник: ММББ, РТС

Shares of issuer came one of the most liquid among shares that DCS have browsed. There were 415 market transactions at the amount of 4,5 mln RUR by common shares and 185 market transactions at the amount of 2,5 mln RUR by senior shares. All transactions except single ones were held at MICEX

Trend and value of tenders by Tambovenergo's shares at the first semester of 2007.

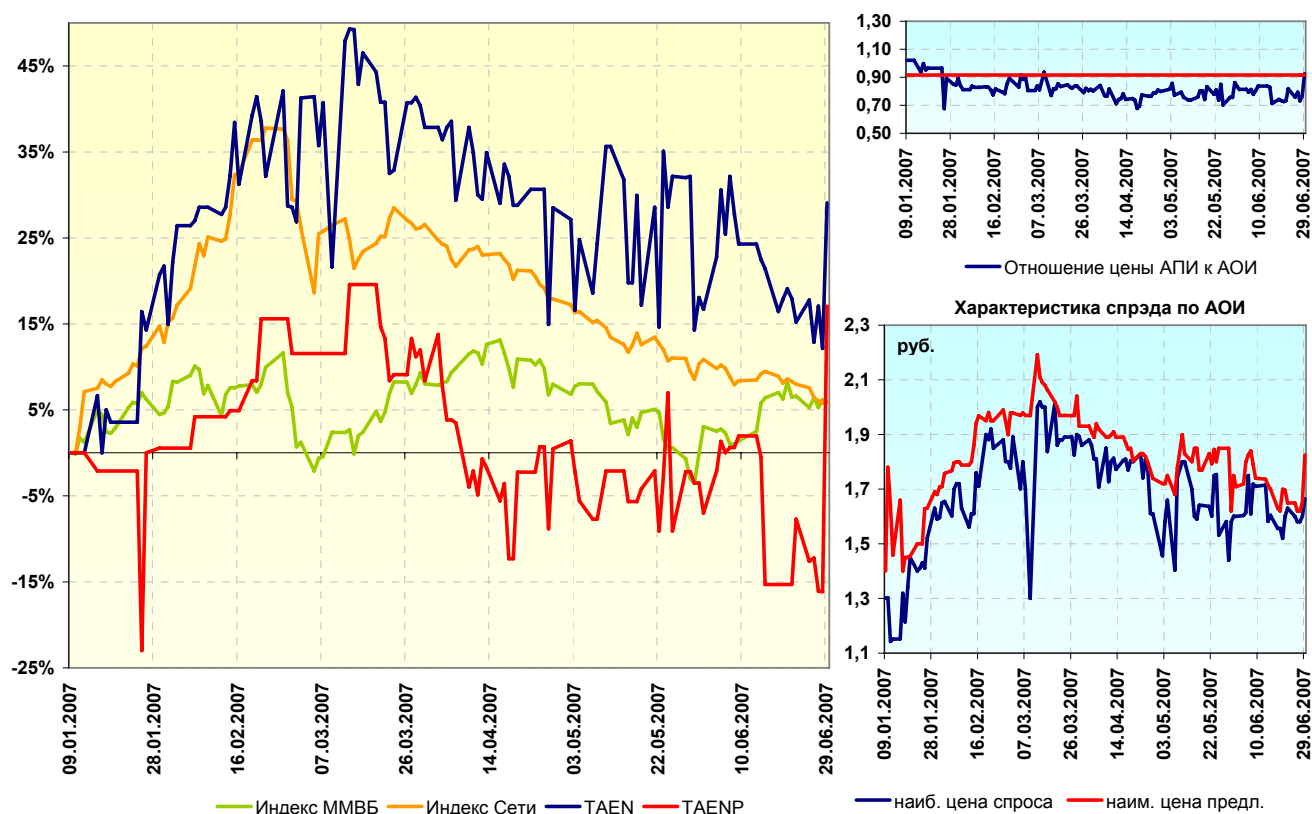
Tambovenergo



Источник: ММББ

First quarter was successful for the shares of Tambovenergo and majority of RSK. In the second quarter price changes were differently directed - ORS descended at 6% and RSPS increased almost by 3%. Document trends are relatively steady.

Trend of indices and share's cost of Tambovenergo at the first semester of 2007.



Источник: ММББ, собственные расчеты

Tambovenergo's ORS at the first semester, succeeded to dynamics of network index in a whole. Spread by Tambovenergo's ORS at the periods of dynamic tenders is growing, and shrink at the period of smoldering tenders.

Forecasts and recommendations of professional participants
Equities

№№ п/п	Company	Annual forecast	Recommendation	Update date
1	Alemar IFC	0,080 \$ (2,08 руб.)	Buy	19.02.2007
2	BrokerCreditService	0,110 \$ (2,86 руб.)	Buy	21.02.2007
3	Troika-Dialog	0,078 \$ (2,03 руб.)	Buy	31.01.2007
4	OLMA IC	0,134 \$ (3,48 руб.)	Buy	25.05.2007
	Consensus	0,101 \$ (2,62 руб.)	Buy	

Preferred shares

№№ п/п	Company	Annual forecast	Recommendation	Update date
1	OLMA IC	0,123 \$ (3,20 руб.)	Buy	25.05.2007

Источник: quote.ru, ИК ОЛМА

According to the represented consensus forecast, Tambovenergo shares have growth opportunity by instant account about 40% for ORS and by 90% for RSPS.

Tverenergo, JSC

The main minority shareholders of the company by April 27th 2007 were: Prosperity Capital Management – 25,58% management company (17,29% votes), Unicredit – 4,15% (3,06%). Free-float by IDF of the Community is 17%.

Characteristics of the securities market in the second quarter 2007 are in the table:

Tverenergo's stock market in the second quarter 2007.

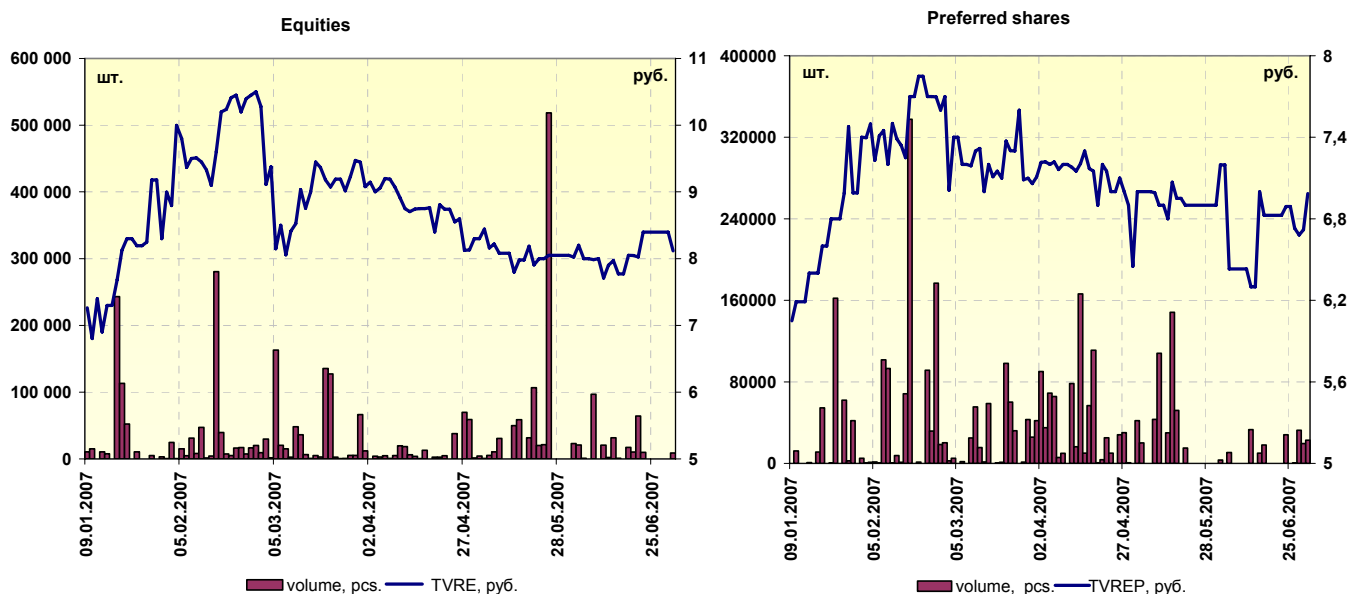
Stock market	Сделки		Transaction price,					Quotations for the period, RUB.		Last quotations RUB.	
	quantity	volume,pcs.	First.	Min.	Max.	Last	Average	Max. demand price	Min. ask price	Max. demand price	Min. ask price
Equities											
MICEX	336	1418900	9,146	7,000	9,348	8,299	8,080	9,348	7,100	7,625	8,400
RTS-classic.	-	-	-	-	-	-	-	8,074	13,023	7,997	12,872
RTS-market	-	-	-	-	-	-	-	-	-	-	-
Preferred shares											
MICEX	219	1449100	7,195	6,300	7,500	7,110	7,070	7,515	6,300	6,721	7,500
RTS-classic.-	-	-	-	-	-	6,503	9,116	5,933	9,029		
RTS-market		7000	10.00	10.00	10.00	10.00	10.00	-	-	-	

Источник: ММББ, РТС

Shares of issuer came one of the most liquid among shares that DCS have browsed. There were 336 market transactions at the amount of 11,5 mln RUR by common shares and 220 market transactions at the amount of 10,3 mln RUR by senior shares. Almost all tenders were concentrated on MICEX

Trend and value of tenders by Tverenergo's shares at the first semester of 2007

Tverenergo



Change of share's price from the beginning of the year 11,77% ▲
Change of the share's price for the quarter -11,24% ▼

Change of share's price from the beginning of the year 15,49% ▲
Change of the share's price for the quarter -3,16% ▼

Source: MICEX

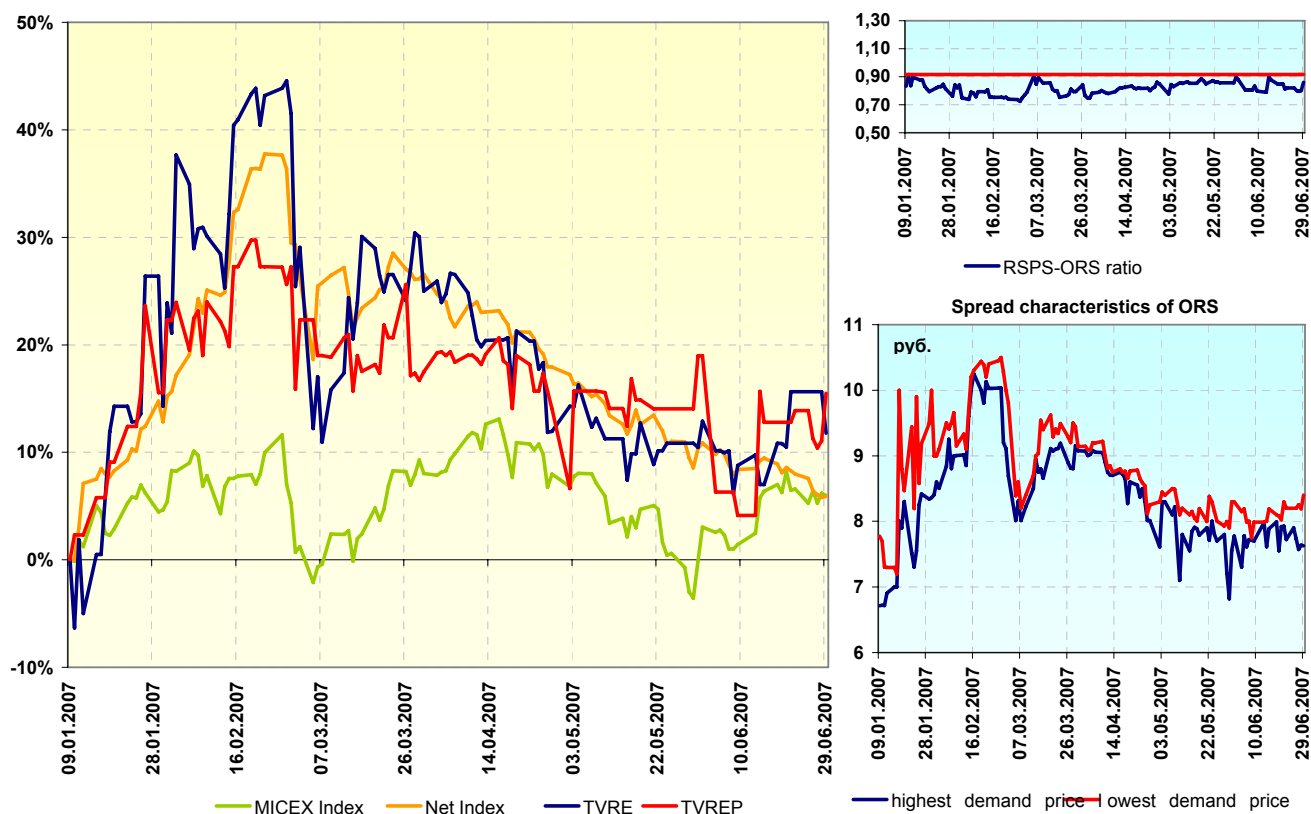
In the second quarter company's shares didn't fixed at levels that were achieved in first 3 months – ORS decreased by 11%, RSPS by 3%. Document trends are relatively steady.

Trend of indices and share's cost of Tverenergo at the first semester of 2007.



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Source: MICEX, own calculations

At the first semester Tverenergo share prices dynamic ensued to the dynamic of RSK index

Forecasts and recommendations of professional participants

Equities

№№ п/п	Company	Annual forecast	Recommendation	Update date
1	Alemar IFC	0,350 \$ (9,10 pyб.)	Hold	19.02.2007
2	BrokerCreditService	0,440 \$ (11,44 pyб.)	Buy	21.02.2007
3	Troika-Dialog	0,385 \$ (10,01 pyб.)	Buy	31.01.2007
4	OLMA IC	0,754 \$ (19,60 pyб.)	Buy	25.05.2007
	Consensus	0,482 \$ (12,54 pyб.)	Buy	

Preferred shares

№№ п/п	Company	Annual forecast	Recommendation	Update date
1	BrokerCreditService	0,400 \$ (10,4 pyб.)	Buy	21.02.2007
2	OLMA IC	0,690 \$ (17,94 pyб.)	Buy	25.05.2007
	Consensus	0,55 \$ (14,17 pyб.)	Hold	

Source: quote.ru, Olma IC

According to the presented consensus forecast, Tverenergo's shares have 50% upside potential from actual value or the ORS and 100% for RSPS. Consensus for RSPS is represented by two companies, one of them greatly qualifies Tverenergo shares, that caused a higher RSPS ratings in comparison with ORS.

Yarenergo, JSC

Main minority shareholders of the company on 27 April 2007 were: Bridgeport Management Ltd company – 18,97% MC (16,65%), Kazkommerecebank group - 6,07% (6,68%), Rosimushestvo – 4,96% (6,27%). Free-float on ORS of the company - 4%.

Characteristics of the securities market in the second quarter 2007 are in the table:

Yarenergo stock market in the second quarter 2007.

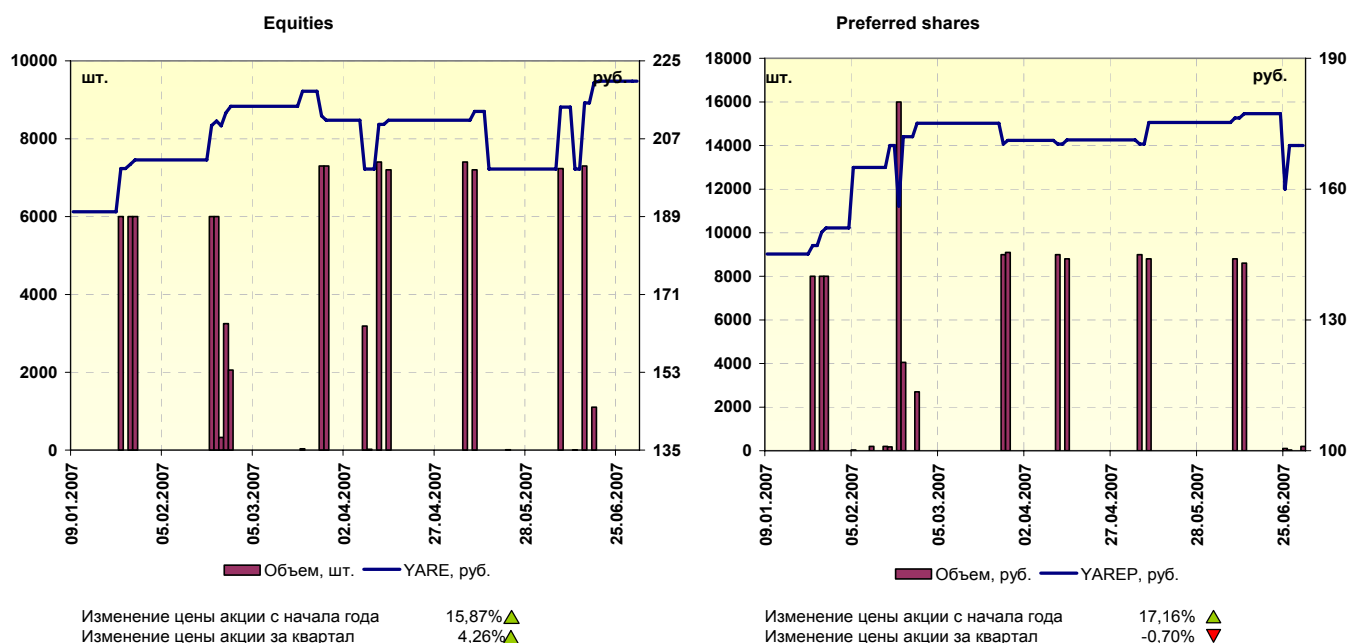
Stock market	Transactions		Transactions price, RUB					Quotation for the period, RUB.		Latest quotation, RUB	
	quantity	volume, pcs.	First.	Min.	Max	. Last	Average..	Max. demand price	Min. ask price	Max. demand price	Min. ask price
<i>Equities</i>											
MICEX		1 800	200,0	185,0	200,0	200,0	193,6	201,1	185,0	150,0	203,0
RTS-classic.-		-	-	-	-	169,3	387,7	103,2	386,9		
RTS-market	32	48 062	200,0	200,0	220,0	220,0	211,8	205,0	230,0	-	-
<i>Привилегированные акции</i>											
MICEX	50	18 500	170,00	155,00	175,00	170,00	162,32	175,00	155,00	169,00	180,00
RTS-classic.	--	-	-	-	-	-	130,23	259,69	128,98	257,97	
RTS-market	15	53 330	170,00	160,00	177,30	170,00	173,24	168,00	205,00	155,00	160,00

Source: MICEX, RTS

Issuer stocks are of the low liquidity. - On organized field with Yarenergo, JSC equities took place 44 market transactions on amount 10,5 mill RUB, with preferred shares – 65 transaction on amount 12,2 mill rubles. All transactions went through the RTS.

Dynamics and trading volume for stocks Yarenergo in the first half of 2007.

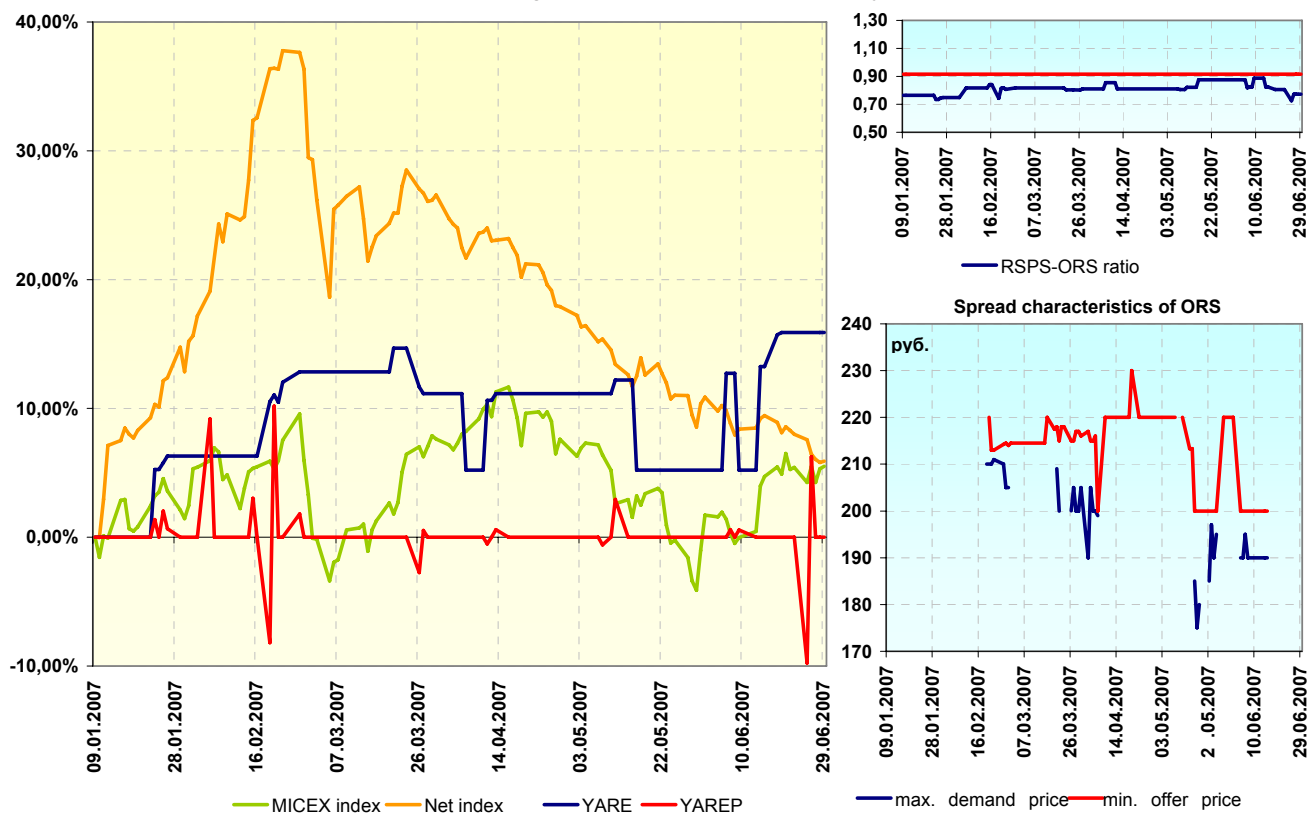
Yarenergo



Источник: РТС

During the first half of the year Yarenergo shares have considerably increased, At the second half of the year they were almost the same. ORS have grown by 4%, RSPS have decreased by 0,7% in the second half of the year.

Yarenergo indices and the stock value dynamics in the first half of 2007.



Источник: PTC, собственные расчеты

Yarenergo shares lagged from net index dynamic for a long time, but at the end of the second half of the year ORS showed the growth of price. Spread by Yarenergo's ORS is very unstable and sometimes have no ask or demand.

Forecasts and recommendations of professional participants

Equitie

№№ п/п	Company	Annual forecast	Recommendation	Update date
1	BrokerCreditService	11,22 \$ (291,7 руб.)	Buy	21.02.2007
2	Troika Dialog	13,39 \$ (348,1 руб.)	Buy	31.01.2007
3	OLMA IC	11,32 \$ (294,3 руб.)	Buy	25.05.2007
	Consensus	11,98 \$ (311,4 руб.)	Hold	

Consensus

№№ п/п	Company	Annual forecast	Recommendation	Дата обновления
1	BrokerCreditService	10,27 \$ (267,0 руб.)	Buy	21.02.2007
2	OLMA IC	10,37 \$ (269,6 руб.)	Buy	25.05.2007
	Consensus	10,32 \$ (268,3 руб.)	Colect	

Source: quote.ru, OLMA IC

According to the presented consensus forecast, Yarenergo's shares have 40% upside potential

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