Appendix 4

**Description of certain performance indicators of the Company**

**Amount of services provided for electric power transmission and electric power losses in the branches\***

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | |  | |  | |  | |  | |  | |  | |  | |  | |  | |  | |
| Branch | **2006** | | | | | | | | **2007** | | | | | | | | **2008** | | | | | | | |
| Power supply | | Amount of services performed | | Losses | | | | Power supply | | Amount of services performed | | Losses | | | | Power supply | | Amount of services performed | | Losses | | | |
| th kWh | | th kWh | | th kWh | | % | | th kWh | | th kWh | | th kWh | | % | | th kWh | | th kWh | | th kWh | | % | |
| 1 | 2 | | 3 | | 4 | | 5 | | 6 | | 7 | | 8 | | 9 | | 10 | | 11 | | 12 | | 13 | |
| Kostromaenergo | 3,006,967 | | 2,484,975 | | 521,992 | | 17.36% | | 3,017,725 | | 2,554,986 | | 462,739 | | 15.33% | | 3,030,032 | | 2,567,791 | | 462,241 | | 15.26% | |
| Yarenergo | 6,214,254 | | 5,743,417 | | 470,837 | | 7.58% | | 7,589,869 | | 7,162,430 | | 427,439 | | 5.63% | | 7,498,894 | | 7,065,855 | | 433,040 | | 5.77% | |
| Bryanskenergo | 3,974,336 | | 3,767,524 | | 206,812 | | 5.20% | | 4,066,576 | | 3,857,512 | | 209,064 | | 5.14% | | 3,937,821 | | 3,734,839 | | 202,982 | | 5.15% | |
| Smolenskenergo | 3,985,150 | | 3,265,477 | | 719,674 | | 18.06% | | 3,971,794 | | 3,270,715 | | 701,079 | | 17.65% | | 4,063,342 | | 3,392,705 | | 670,638 | | 16.50% | |
| Tverenergo | 5,311,410 | | 4,498,660 | | 812,750 | | 15.30% | | 5,402,093 | | 4,589,091 | | 813,002 | | 15.05% | | 5,557,094 | | 4,739,115 | | 817,979 | | 14.72% | |
| Belgorodenergo | 10,375,818 | | 9,580,438 | | 795,380 | | 7.67% | | 11,001,255 | | 10,233,596 | | 767,659 | | 6.98% | | 11,086,744 | | 10,312,208 | | 774,536 | | 6.99% | |
| Voronezhenergo | 8,160,456 | | 7,289,100 | | 871,356 | | 10.68% | | 8,195,387 | | 7,368,684 | | 826,703 | | 10.09% | | 8,306,170 | | 7,496,552 | | 809,618 | | 9.75% | |
| Kurskenergo | 5,732,031 | | 5,151,981 | | 580,050 | | 10.12% | | 5,744,304 | | 5,218,914 | | 525,390 | | 9.15% | | 5,669,769 | | 5,167,509 | | 502,260 | | 8.86% | |
| Lipetskenergo | 7,635,132 | | 6,973,626 | | 661,506 | | 8.66% | | 7,600,129 | | 6,965,419 | | 634,711 | | 8.35% | | 7,699,885 | | 7,053,752 | | 646,132 | | 8.39% | |
| Oryolenergo | 2,606,246 | | 2,248,807 | | 357,439 | | 13.71% | | 2,478,279 | | 2,158,598 | | 319,681 | | 12.90% | | 2,456,442 | | 2,145,757 | | 310,685 | | 12.65% | |
| Tambovenergo | 3,291,928 | | 3,038,085 | | 253,843 | | 7.71% | | 3,260,083 | | 3,014,868 | | 245,215 | | 7.52% | | 3,187,313 | | 2,942,328 | | 244,985 | | 7.69% | |
| TOTAL for IDGC | 60,293,727 | | 54,042,089 | | 6,251,638 | | 10.37% | | 62,327,495 | | 56,394,813 | | 5932681 | | 9.52% | | 62,493,506 | | 56,618,410 | | 5875096 | | 9.40% | |

**\* -** amount of services provided for electrical power transmission and electric power losses are specified for branches of the Company only, i.e. other TGOs are not included

**Tariffs**

Average tariff for electric power transmission and connection fees in the regions

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Branch | Power transmission services, kopeks/kWh | | | Grid connections, roubles/kWh | | |
| 2006 | 2007 | 2008 | 2006 | 2007 | 2008 |
| Belgorodenergo | 43.38 | 52.41 | 65.24 | 9,257 | 19,823 | 24537 |
| Bryanskenergo | 40.47 | 47.57 | 86.89 | 3,838 | 9,450 | 9,657 |
| Voronezhenergo | 38.2 | 45.48 | 73.97 | 3,260 | 3,831 | 18,045 |
| Kostromaenergo | 64.29 | 76.22 | 91.07 | 4,940 | 11938 | 15,334 |
| Kurskenergo | 46.38 | 47.56 | 59.14 | 5,627 | 13,430 | 13,430 |
| Lipetskenergo | 33.53 | 42.3 | 64.85 | 4,671 | 7,395 | 7,395 |
| Oryolenergo | 48.30 | 66.52 | 105.61 | 0 | 6,944 | 9,003 |
| Smolenskenergo | 65.40 | 73.04 | 90.28 | 5,956 | 104 | 7,904 |
| Tambovenergo | 47.04 | 49.30 | 87.28 | 4,707 | 77 | 2,347 |
| Tverenergo | 30.34 | 59.03 | 103.43 | 4,727 | 9,916 | 10,271 |
| Yarenergo | 48.36 | 43.26 | 59.79 | 5,867 | 8,601 | 10,323 |
| IDGC of Centre, JSC | 44.53 | 51.75 | 74.96 | 6,503 | 10,639 | 15,361 |
| Growth rate, % |  | 16.21% | 44.87% |  | 63.59% | 44.39% |

\* average tariffs of 2008 are provided considering boiler method.

\*\* the boiler method in tariff calculation was introduces in the Bryansk region in 2007 but for accurate calculation of average tariffs of Bryanskenergo are specified as comparable, i.e. without considering boiler method.

\*\*\* the data of grid connections are provided considering applicable tariffs as of the end of the year.

**Revenue (regions), mln roubles**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Name of branch** | **2006** | **2007** | **2008** | **2007/2006** | **2008/2007** |
| Belgorodenergo | 4,963 | 6,953 | 7,986 | 1.40 | 1.15 |
| Bryanskenergo | 1,528 | 2,750 | 3,164 | 1.80 | 1.15 |
| Voronezhenergo | 2,757 | 3,297 | 5,555 | 1.20 | 1.68 |
| Kostromaenergo | 1,664 | 2,168 | 2,369 | 1.30 | 1.09 |
| Kurskenergo | 2,399 | 2,502 | 3,110 | 1.04 | 1.24 |
| Lipetskenergo | 2,525 | 3,142 | 4,627 | 1.24 | 1.47 |
| Oryolenergo | 1,085 | 1,481 | 2,179 | 1.36 | 1.47 |
| Smolenskenergo | 2,316 | 2,415 | 3,245 | 1.04 | 1.34 |
| Tambovenergo | 1,424 | 1,441 | 2,547 | 1.01 | 1.77 |
| Tverenergo | 2,379 | 2,752 | 4,549 | 1.16 | 1.65 |
| Yarenergo | 2,873 | 3,496 | 4,049 | 1.22 | 1.16 |
| **Total revenue** | 25,912 | 32,397 | 43,379 | 1.25 | 1.34 |
|  | | | | | |
| **Income before tax (regions), mln roubles** | | | | | |
| **Name of branch** | **2006** | **2007** | **2008** | **2007/2006** | **2008/2007** |
| Belgorodenergo | 790 | 1,997 | 1,587 | 2.53 | 0.79 |
| Bryanskenergo | 45 | 151 | 3 | 3.32 | 0.02 |
| Voronezhenergo | 52 | 126 | 154 | 2.43 | 1.22 |
| Kostromaenergo | 221 | 321 | 107 | 1.45 | 0.33 |
| Kurskenergo | 313 | 214 | 205 | 0.69 | 0.95 |
| Lipetskenergo | 251 | 281 | 339 | 1.12 | 1.21 |
| Oryolenergo | 33 | 71 | -202 | 2.18 | -2.83 |
| Smolenskenergo | 254 | 77 | 182 | 0.30 | 2.37 |
| Tambovenergo | 74 | 9 | -242 | 0.12 | -27.35 |
| Tverenergo | 123 | 62 | -86 | 0.50 | -1.39 |
| Yarenergo | 22 | 90 | 205 | 4.02 | 2.29 |
| **Total income before tax** | 2,180 | 3,398 | 2,252 | 1.56 | 0.66 |

**Structure of accounts receivable and accounts payable**

|  |  |  |  |
| --- | --- | --- | --- |
| **Indicator, mln roubles** | **2006** | **2007** | **2008** |
| Accounts payable, including: | **3,750.3** | **4,812.7** | **5,945.0** |
| Buyers and customers | 2,251.3 | 2,731.7 | 4,111.0 |
| Notes receivable | 0.0 | 0.0 | 1.0 |
| Debt of subsidiaries and affiliated companies | 0.9 | 0.0 | 909.0 |
| Advances granted | 604.1 | 982.4 | 924.0 |
| Other debtors | 894.0 | 1,098.6 | 0.0 |
| Accounts receivable, including: | **2,419.0** | **4,112.5** | **7,076.2** |
| Suppliers and contractors | 779.5 | 1,913.6 | 3,850.0 |
| Notes payable | 0.0 | 0.0 | 0.0 |
| Debt to subsidiaries and affiliated companies | 38.0 | 0.0 | 0.0 |
| Salaries payable | 258.4 | 316.8 | 295.7 |
| Debts to extra-budgetary public funds | 98.9 | 114.6 | 93.6 |
| Tax payables | 315.4 | 285.1 | 436.3 |
| Other creditors | 928.7 | 1,482.3 | 2,400.6 |

Accounts receivable and accounts payable of the Company have significantly increased within last 2 years. For example, amount of accounts receivable for December 31, 2008 are 59% and 24 % higher than that in 2006 and 2007 respectively. However, amount of accounts payable are 193% and 72% higher than that in 2006 and 2007 respectively.

Amount of accounts receivable and borrowings has been increasing over the whole period of 2008. For example, amount of accounts receivable increased by 1.2 bln roubles and amounted to 5.9 bln roubles, amount of accounts payable – increased by 3.0 bln roubles and amounted to 7.1 bln roubles.

Accounts receivable were increasing mainly because power sales companies failed to fulfil terms and conditions of contracts for the transmission of electric power.

In times of crisis power sales companies violated terms and conditions of contracts and paid for the services after delivery.

For example, accounts receivable of power sales companies in 4th quarter of 2008 deviated from normal values and amounted to approximately 3.3 bln roubles as of December 31, 2008.

Increase in amount of accounts receivable and deficit of current assets of the company in 4th quarter of 2008 resulted in increase of accounts payable.

## However, approximately 875.3 bln roubles of unrecoverable accounts receivable were written off from the balance to increase the liquidity and to bring estimated assets value in compliance with the IFRS requirements.

## Assets of IDGC of Centre OJSC

**Length of transmission lines**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **IDGC/RGC** | Length of OTL 0.4 -110 kW line as of January 01, 2009, km | | | |
| OTL 110 kW or more | OTL 35 kW | OTL 6-10 kW | OTL 0.4 kW |
| **Belgorodenergo** | 1,742.00 | 2,451.7 | 17,615.60 | 15,830.5 |
| **Bryanskenergo** | 1,751.00 | 1,763.3 | 11,502.60 | 10,376.4 |
| **Voronezhenergo** | 3,102.50 | 3,686.4 | 20,405.50 | 22,996.9 |
| **Kostromaenergo** | 1,769.90 | 2,531.2 | 10,781.50 | 8,572.7 |
| **Kurskenergo** | 1,911.90 | 2,804.3 | 15,148.80 | 13,993.2 |
| **Lipetskenergo** | 1,516.50 | 2,309 | 11,875.60 | 10,770.6 |
| **Oryolenergo** | 1,360.80 | 1,720.6 | 12,875.80 | 11,703.8 |
| **Smolenskenergo** | 2,560.70 | 3,770.1 | 18,501.80 | 13,115.5 |
| **Tambovenergo** | 1,882.60 | 3,144.5 | 11,718.10 | 11,490.8 |
| **Tverenergo** | 2,719.80 | 3,991.8 | 24,238.60 | 14,837 |
| **Yarenergo** | 1,047.00 | 2,090.1 | 12,116.90 | 10,233.3 |
| **IDGC of Centre, JSC** | 21,364.70 | 30,263.00 | 166,780.80 | 143,920.70 |

## Grids reliability

|  |  |  |  |
| --- | --- | --- | --- |
| Branches | **2006** | **2007** | **2008** |
| **Number of emergencies (technological problems)** | **4,995** | **6,222** | **17,171** |
| ***Main causes of emergencies, %*** |  |  |  |
| Acts of God | 28 | 29 | 15 |
| Action of third person | 16 | 13 | 7 |
| Insulation damage | 6 | 4 | 8 |
| Damage caused by animals, birds | 5 | 3 | 4 |
| Improper quality of manuals and maintenance | 28 | 27 | 34 |
| Fall of trees, branches | 8 | 17 | 25 |
| Not determined | 9 | 7 | 11 |

**History of change in average number of employees in 2005-2008**

|  |  |  |  |
| --- | --- | --- | --- |
| **Company/Branches** | **2006** | **2007** | **2008** |
| Total in the Company, including: | **25,785** | **25,477** | **24,217** |
| Executive body of IDGC of Centre, OJSC | 212 | 193 | 187 |
| Branch of IDGC of Centre, OJSC - Belgorodenergo | 2,803 | 2,788 | 2,548 |
| Branch of IDGC of Centre, OJSC - Bryanskenergo | 1,819 | 1,855 | 1,814 |
| Branch of IDGC of Centre, OJSC - Voronezhenergo | 3,390 | 3,166 | 3,061 |
| Branch of IDGC of Centre, OJSC - Kostromaenergo | 1,610 | 1,585 | 1,497 |
| Branch of IDGC of Centre, OJSC - Kurskenergo | 2,676 | 2,639 | 2,412 |
| Branch of IDGC of Centre, OJSC - Lipetskenergo | 1,852 | 1,896 | 1,918 |
| Branch of IDGC of Centre, OJSC - Oryolenergo | 1,535 | 1,569 | 1,611 |
| Branch of IDGC of Centre, OJSC - Smolenskenergo | 3,464 | 3,448 | 2,974 |
| Branch of IDGC of Centre, OJSC - Tambovenergo | 1,811 | 1,744 | 1,794 |
| Branch of IDGC of Centre, OJSC - Tverenergo | 2,648 | 2,661 | 2,532 |
| Branch of IDGC of Centre, OJSC - Yarenergo | 1,965 | 1,933 | 1,869 |