

Energy in Good Hands

**Annual report of
Interregional distribution
Grid company of Centre
Joint-stock company
For 2010**

Preliminary approved by the
Board of Directors of IDGC of Centre, JSC
Minutes No. 11/11 of May 06, 2011

General Director of IDGC
of Centre, JSC
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Director for Accounting Policies,
Chief Accountant of IDGC of Centre, JSC
S.Yu. Puzenko

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Address
of the Chairman
of the Board of Directors
to Shareholders
and Investors



Dear Shareholders and Investors,

The year of 2010 was an important period in implementing the strategic outlooks of IDGC of Centre that are aimed at increasing efficiency and promoting investments. The completed switching of all units to the long-term tariff regulation using the RAB-based approach is considered to have been the critical event of the previous year, to a large extent determining the Company's prospects up to 2015.

The long-term tariff regulation, along with the approved investment programs, provides a powerful impetus for the Company's development and improvement, as well as providing for lower equipment wear levels, a higher level of reliability, and the higher quality of electric power transmission. This system ensures a proper return on capital and provides for the higher operating efficiency of the Company. Global experience testifies to the potential of the long-term tariff regulation model. The planned and stable development of IDGC of Centre is very important as well for the social and economic development of those regions in which the Company operates.

The Company's operating results in 2010 have been characterized by higher critical performance levels, thus ensuring further stable development of IDGC of Centre.

Within the period under review, the Company faced the consequences of abnormal climatic events such as "the frozen rain" or heavy snowfalls in the Tver, Smolensk and Yaroslavl regions. The Company managed to both organize the work of emergency response and Emergency repair teams (crews) within those areas of responsibility in an expeditious manner, and to render proactive assistance to the worst-hit area, the Moscow Region.

I thank all of the employees of IDGC of Centre for their efficient and professional work in 2010. The results of the period under review are those of a close-knit team of Company experts who are ready to meet any complex challenge in the future.

The top-priority activities for the Company in 2011 will include the maintenance of the high reliability of its grid facilities, a further upgrading of its power grid network (in particular, by implementing innovative projects), the consolidating of its grid facilities, and increasing the investment attractiveness of the Company, as well as achieving a higher level for the Company's economic operating efficiency.

Chairman of the Board of Directors

N.N. Shvets

Address of the General Director to Shareholders and Investors



Dear Shareholders and Investors,

IDGC of Centre operates in 11 regions of the Central Federal District of the Russian Federation, managing the distribution power grid network in an effective way. IDGC Holding JSC is the principal shareholder of the Company and the largest infrastructure enterprise in Russia. Its strategic goal consists of establishing an innovative and efficient distribution power grid network in Russia that serves the needs of the economy and the country's social development.

The previous year was very significant for the Company in terms of its switch to a new RAB-based tariff regulation system, thus allowing the Company to meet the challenges related to grid facility upgrades more efficiently, as well as to increase new grid construction productivity, resulting in a higher level of reliability and energy efficiency for the power grid network operated by IDGC of Centre. The original three units of the Company switched to the RAB-based system in 2009. In 2010, four more units shifted to a new tariff regulation system. From 1 January 2011, the final four units, as well as Yargorelectroset JSC, a wholly owned subsidiary of the Company, had switched to the RAB-based system, thus allowing IDGC of Centre to become the first distribution power grid network company employing in its entirety the RAB-based tariff regulation system.

The Company's management places a high degree of emphasis upon the innovative component of its development. In 2010, the Smart City Program was implemented and became one such innovation. Belgorodenergo, a unit of IDGC of Centre, was used as the pilot site for the project's implementation. The foregoing program makes it possible for the Company to build a power network infrastructure for a city based entirely upon innovative technologies, thus providing for the efficient employment of power supplies, minimizing the environmental impact, and higher power savings, quality and reliability, as well as lowering electric losses at a technologically proven level.

Consolidation of the power grid facilities in the regions in which the Company operates is another of the Company's strategic trends. In particular, a large deal in the distribution power grid industry was negotiated in 2010, providing for the acquisition of a 100% interest in Yargorelectroset JSC. This allowed the Company to increase its market share in the Yaroslavl Region by up to 90%. The consolidation of grid facilities also makes it possible to reduce tariffs for end users, as well as increase the reliability and energy efficiency of such grid facilities. In 2010, the Company developed and approved a long-term target program for the consolidation of grid facilities in 2011-2015, providing for the handling of work for more than 5,000 owners. According to an assessment carried out by the Company's management, the share of IDGC of Centre in the technological connection market will be increased from 85% to 88%.

It should also be noted that the Company's management has prioritized its proper strategic trends, thus providing for high performance within the period under review. All critical financial and operating results of the Company improved in 2010. The Company's earnings totaled RUR 60.4 bln in 2010, thus providing an increase of 23% when compared with the previous review period. The EBITDA cash flow was equal to RUR 10.96 bln (an increase of 43%), the Company's net profit totaled RUR 4.7 bln (an increase of 256%), and its ROE was equal to 11.12% (an increase of 7.98%). Furthermore, production supply increased to 56 bln kWh, thus exceeding the similar indicator in 2009 by 5.5%. IDGC of Centre's investment program for 2010 provided for capital deployment at a level of RUR 11.82 bln. Practically speaking, RUR 12.23 bln or 103% of planned investments have been deployed.

In 2010, the Company's quality management system was certified to be in compliance with ISO 9001:2008, and received a dedicated prize from the British Standards Institution (BSI). The quality management system has been successfully introduced and certified within the entire operational system of IDGC of Centre. BSI experts auditing the Company's units noted the high level of the business process management system that complies with applicable international standards.

Provisions made on an ongoing basis within the period under review and aimed at increasing investment attractiveness provided additional results. The increased efficiency of corporate management in the review period made it possible to demonstrate the high rating of corporate management (Level 7. Advanced Corporate Management) assigned to it by RID-Expert RA. In January 2011, the rating was increased to Level 7+, which is the highest rating among all IDGC Holding JSC operating companies. According to a poll held in 2010 involving the analysts of investment banks and companies, the IDGC of Centre Shareholder and Investor Support Team was declared by IDGC Holding JSC to be the best unit in the distribution power grid industry. Furthermore, during the review period Standard&Poor's international rating agency reconfirmed the BB-/B/ruAA- ("Stable") credit rating assigned to IDGC of Centre.

Active efforts applied to ensure a higher liquidity for the Company's securities is another significant component contributing to the increased investment attractiveness of the Company. The PAC at the MICEX stock exchange decreased from 0.63% to 0.3% in December 2010. In the third quarter of 2010, the Company's shares were considered when calculating the RTSeu index. The Company's capitalization within the period under review increased by 64%.

The Company seeks to improve its operating efficiency, as well as the reliability of its network, by switching to a RAB-based long-term tariff regulation system, further consolidating the grid facilities in the regions in which it operates, and reducing losses and improving reliability (in particular, by introducing state-of-the-art technologies and implementing innovative programs). In the mid-term, the Company intends to increase its share in the market of auxiliary power grid services and introduce a management motivation system. The Company will continue to adhere to the high standards of corporate governance to which it is subject, provide higher levels of business transparency and liquidity for its securities, and cooperate efficiently with its investors and shareholders.

IDGC of Centre General Director

D.O. Gudzhoyan



Reliable Growth



Kostroma, a fire tower on the Susaninskaya Square

1. Key indicators

Financial Performance

		2008	2009	2010	2010/2009, %
Revenue, RUR bln	Russian Accounting Standards (RAS)	43,6	49,1	60,4	23,1
	IFRS	43,7	49,3	60,6	23
EBITDA, RUR bln	RAS	6,76	7,64	10,96	43
	IFRS	8,82	8,61	12,41	44
Net profit, RUR bln	RAS	0,9	1,3	4,7	255,8
	IFRS	2,8	2,1	5,1	142
Net assets, RUR bln	RAS	39,7	41,3	46,0	11,4
	IFRS	26,09	28,55	33,65	17,9
ROE, %	RAS	5,64	3,14	11,12	7,98 pp
	IFRS	10,68	7,38	15,16	7,78 pp
Net profit margin, %	RAS	2,00	2,71	7,80	5,09 pp
	IFRS	6,37	4,27	8,42	4,15 pp
EBITDA margin, %	RAS	15,52	15,58	18,15	2,57 pp
	IFRS	20,18	17,45	20,48	3,03 pp

Performance Indicators

	2008	2009	2010	2010/2009, %
Useful power supply, bln kWh*	56,6	53,1	56,0	5,46
Electric power losses, %	9,40	10,11	10,01	-0,1 pp
Length of lines, km (OTL line 0.4 — 110 kV)	362 329,2	363 654,6	365 045,9	0,4
Capacity of substations, MVA				
35-110 kV	30 592,7	31 013,4	31 403,9	1,3
6-35/0,4 kV	14 460,1	14 863,7	15 191,8	2,2

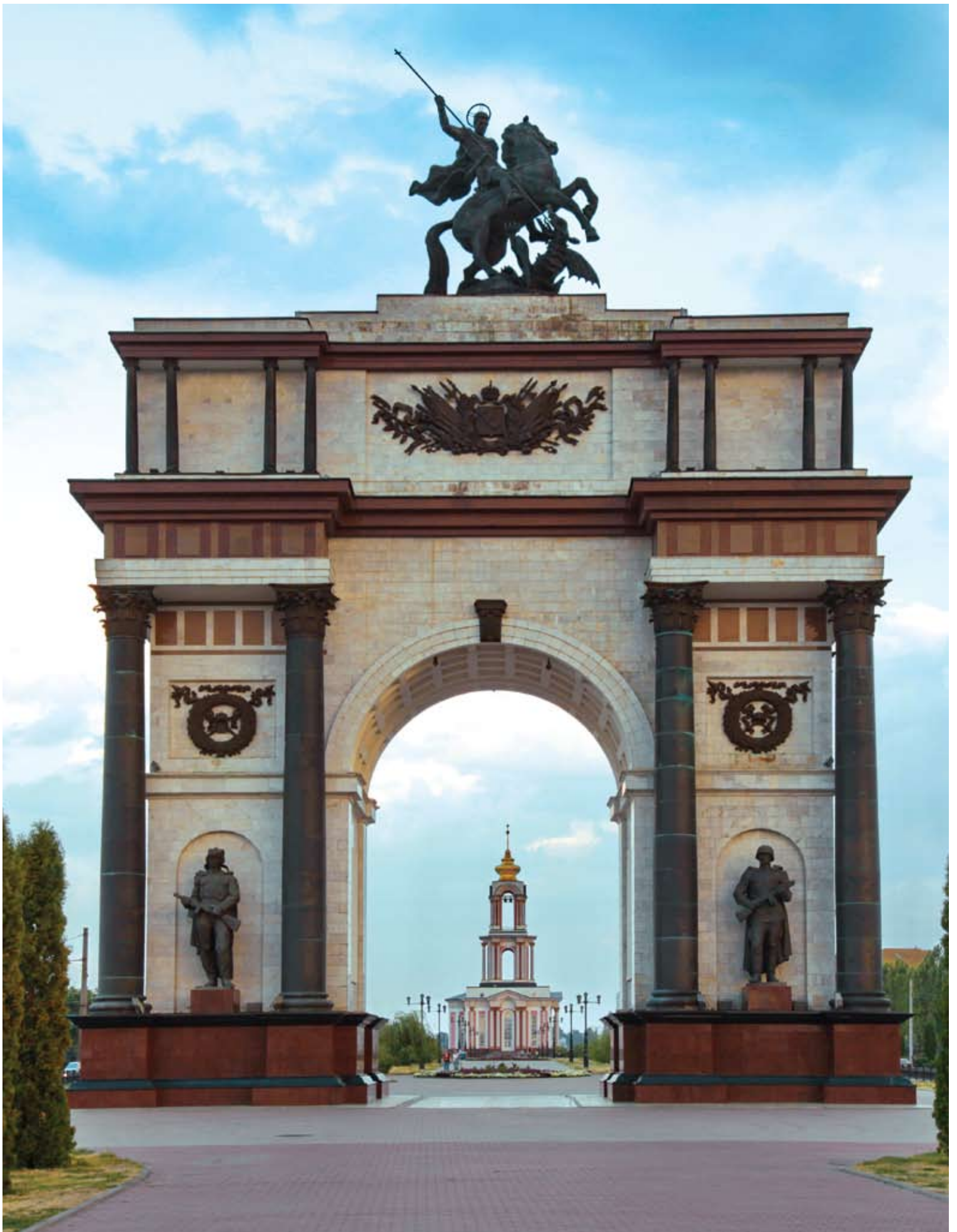
* IDGC of Centre lines

Supporting Information

	2008	2009	2010	2010/2009, %
Capitalisation (as of December 31), RUR bln	16,13	34,11	55,98	64
Number of shareholders (as of December 31)	17 494	17 170	17 867	4,1
Staff (personnel number) (as of December 31)	23 860	28 331	30 906	9,1



Reliable Leadership



Kursk, the Battle of Kursk Memorial, Triumphal Arch

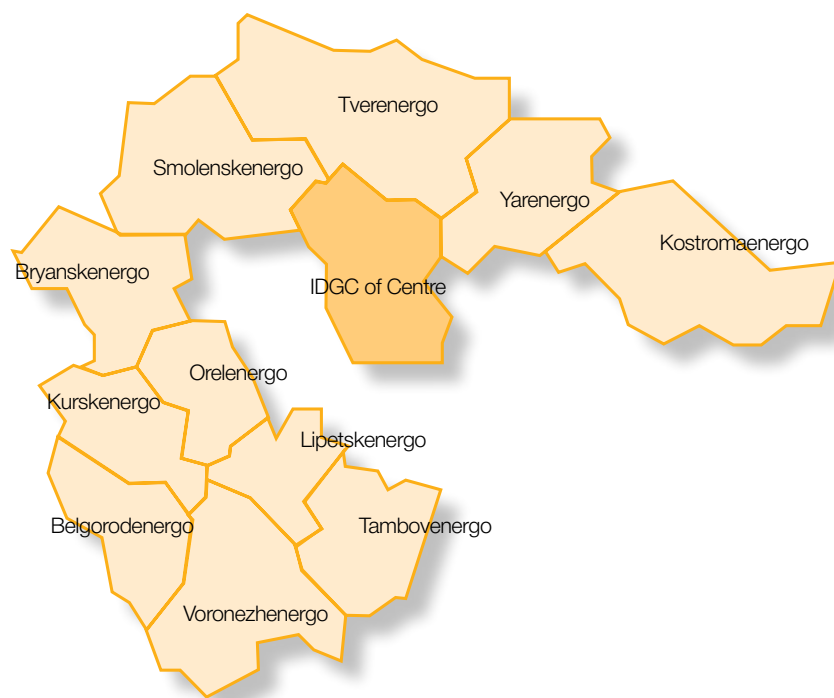
2. Business summary

Background

17.12.2004	IDGC of Centre was registered as a special-purpose company for the interregional integration of distribution grid facilities.
27.04.2007	The configuration of the Company was finally approved. The Company includes 11 regional grid companies in Central Russia: Belgorodenergo, Bryanskenergo, Voronezhenergo, Kostromaenergo, Kurskenergo, Lipetskenergo, Orelenergo, Smolenskenergo, Tambovenergo, Tverenergo and Yarenergo (decision of the Board of Directors of RAO UES of Russia, Minutes No.250 of April 27, 2007).
31.03.2008	Accession of RGCs to IDGC of Centre (pursuant to the resolutions of the General Meetings of the Shareholders of IDGC of Centre and 11 GHCs).
21.05.2008	Shares of IDGC of Centre were admitted for exchange on the MICEX (MRKC) and the RTS (MRKC; MRKCG).
01.07.2008	IDGC Holding JSC became the majority shareholder of the Company, holding 50.23% of the authorized capital. Closure of RAO UES of Russia.
25.10.2008	Shares of IDGC of Centre were included in the calculation base of the MICEX PWR index.
01.01.2009	Three pilot units of IDGC of Centre (Tverenergo, Lipetskenergo and Belgorodenergo) switched to a new method of tariff regulation system.
09.04.2009	Shares of IDGC of Centre were included in the "B" quotation list of the MICEX.
10.09.2009	The 110/10 kV Mayskaya Substation (Belgorodenergo), with a capacity of 80 MVA, was put into operation.
16.11.2009	IDGC of Centre was assigned a BB-/B/ruAA- credit rating ("Stable") by S&P, thus testifying to the Company's capability and readiness in the performance of its financial obligations.
2009	The Smart City innovative energy-saving project was launched in Belgorodenergo.

Present

The Company conducts business in 11 regions of the Central Federal District of the Russian Federation. The headquarter is located in Moscow. The core business of IDGC of Centre comprises electric power distribution services and the technological connection of new customers to the grids.

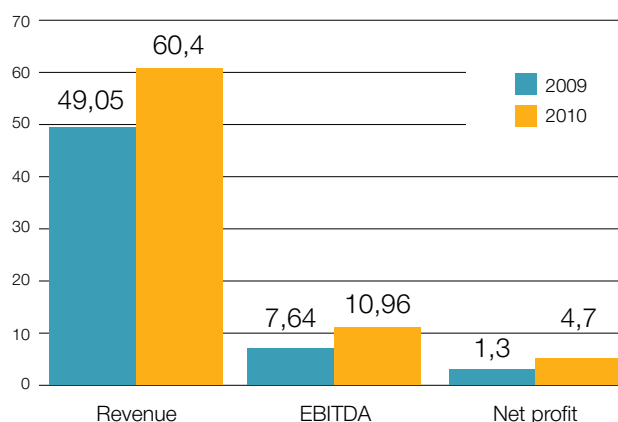


IDGC of Centre functions as a monopoly in the regions where it operates, controlling, in monetary terms, 83.6% of the electric power transmission and approximately 88% of the technological connection market. State regulation of electric power transmission and technological connection tariffs is being undertaken. In 2010, the key financial performance indicators of the Company increased significantly. The Company's revenue amounted to RUR 60.4 bln. When compared with the previous year, revenue increased by 23.1%. Cash flow (EBITDA) amounted to RUR 10.96 bln (a 43% increase). The net profit for the reporting year amounted to RUR 4.7 bln (a 255.8% increase).

The net asset value as of the end of the year amounted to RUR 46 bln. In these terms, in the two regions transferred to RAB on November 1, 2010 (Bryanskenergo and Orelenergo), the value of the initially invested capital according to the RAB method amounted to RUR 12.4 bln, and in the four units transferred to RAB on 1 January 2011 (Kostromaenergo, Tambovenergo, Voronezhenergo and Smolenskenergo), the figures amounted to RUR 39.5 bln. Furthermore, Yargorelectroset JSC, a wholly owned subsidiary of the Company, was switched to a RAB-based tariff regulation system. The value of the initially invested capital of the subsidiary is equal to RUR 2.2 bln.

The main electric power distribution assets consist of transmission lines with an overall length of more than 365K km, and transformer substations with an overall installed capacity of more than 46 GW.

Financial Highlights for 2009-2010, RUR bln



The investment program for the year 2010 amounted to RUR 12.2 bln. Accordingly, new construction was financed in the amount of RUR 6.14 bln, and technical re-equipment and reconstruction in the amount of RUR 6.36 bln (VAT included). During the reporting year, a total of 4,155 km of power transmission lines and 1,050 MVA of transformer capacity was introduced.

In 2010, one of the largest deals in the history of modern Russian power grid facilities was negotiated. This deal provided for the acquisition of a 100% share in the Yaroslavskaya Gorodskaya Electroset Open Joint-Stock Company. The price of the transaction amounted to RUR 1.1 bln.

As of the end of 2010, the Company's staff (personnel number) was equal to 30,906 people.

As of the end of 2010, the Company's shares were included in the MICEX B quotation list and used when calculating the RTS-2 and the RTSeu indices, as well as being included in the MICEX PWR power index and the MICEX SC index. Capitalization increased by 64% for the year.



Evgeny Avgeev, electrician of Kashira District Operational Service of Voronezhenergo, with a commendation from the governor of Voronezh region for the individual contribution to the modernization of the Tsentralnaya substation

Future

The Company envisages higher levels of operating efficiency and transparency for its financial and operating activities, as well as superior reliability for the Company's power grid facilities as a result of its transfer to a long-term, RAB-based tariff regulation system that is currently being extensively employed by most industrialised countries. The Company completely switched to an advanced RAB-based tariff regulation system by 1 January 2011. All 11 units of the Company, as well as Yargorelectroset JSC, a wholly owned subsidiary of the Company, now use the new RAB-based system.

The purpose behind the takeover of grid facilities is to increase their value through more efficient management, and to enhance the quality of services, which will add more value to the entire Company, as well as to decrease the rise in tariffs for end users. Beginning in 2011, projects providing for the consolidation of power grid facilities in the Orel, Voronezh and Tver regions are intended to be implemented. The Company also seeks to increase its share in the market of supplementary power grids and other services, thus implementing its strategy aimed at integrating the power grid facilities in the regions in which it operates.

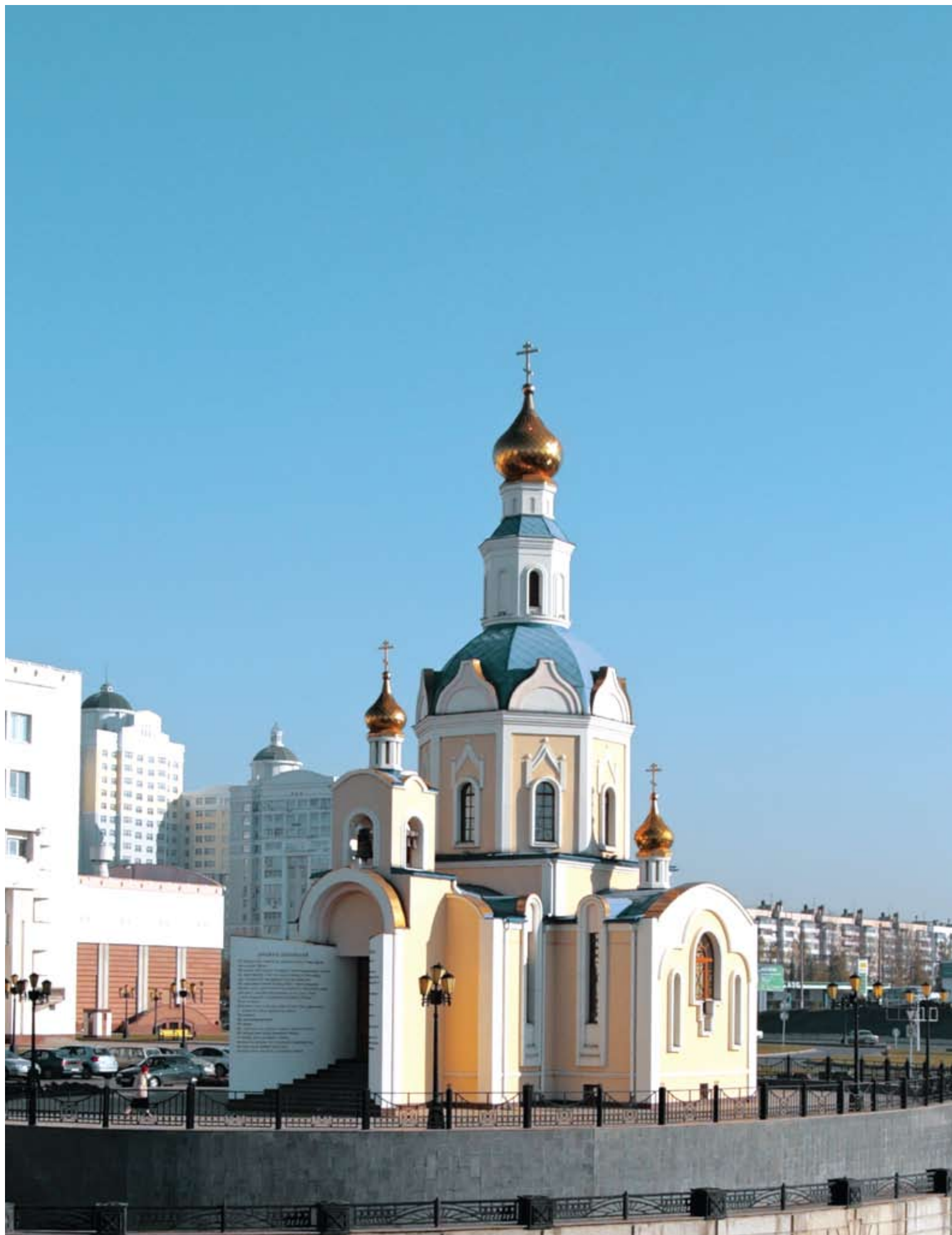
Through the introduction of innovative technologies and programs, the Company strives to decrease losses related to power transmission, make efficient use of power supplies, provide better controllability over power-distribution networks, and minimize environmental stresses.

The Company intends to continue adhering to high standards of corporate governance, enhancing information transparency and Company's shares liquidity, and extensively cooperating with its investors and shareholders.

For more details on the strategic directions of the Company, please see Part 4 hereof (Company Strategy).



Reliable Governance



Belgorod, the Church of Gabriel the Archangel on the territory of Belgorod State University

3. Information for shareholders and investors

Milestones for the Year 2010

1 January	Two more units of the Company switched to a RAB-based tariff regulation system (Kurskenergo and Yarenergo).
28 January	IDGC of Centre was declared to be a preferred bidder within a tender issued by the Srednerussky Bank of Sberbank of Russia, covering all major deals and partner programs of 2009 (Most Considerable Development Loan category).
16 April	IDGC of Centre obtained loans amounting to RUR 5.8 bln provided by Alfa-Bank OJSC and Rosbank OJSC JSCB.
29 April	IDGC of Centre obtained a certificate issued by the Committee for Awarding Prizes for Quality Assurance under the Government of the Russian Federation for prominent results in quality practices in 2009.
7 May	Phase I of the 110/6 kV Sovetskaya Substation is Completed in Bryansk, investments amounting to RUR 257 mln. The overall transformer capacity now totals 81 MVA. Upon completion of Phase II of the substation's retrofitting in 2011, it will be equal to 105 MVA.
14 May	An additional Customer Support Center was opened in Konakovo (Tver Region).
21 May	IDGC of Centre: Two Years at the Stock Exchange conference was held in Swisshotel Krasnye Kholmy. The top managers of IDGC of Centre presented the distribution power grid company's business for 2009 and its strategic projects, as well as answered questions from investors and analysts.
21 May	IDGC of Centre published its IFRS financial statements for 2009.
10 June	An advanced Krapivinskaya 110 kV substation was put into operation in the Belgorod Region. The project was implemented as part of the RAB-based tariff regulation system. Overall investments totaled more than RUR 200 mln.

10 June	A task meeting involving the Company's General Director and Evgeny Savchenko, the governor of the Belgorod Region, was held, resulting in the execution of a list of joint initiatives/programs related to the further implementation of Belgorod as a Smart City innovative project in 2010.
15 June	Another advanced Kotorosl substation was put into operation by IDGC of Centre in Yaroslavl, thus ensuring a reliable power supply for large objects constructed for the 1000th anniversary of the city. Overall investments by IDGC of Centre totaled about RUR 280 mln.
15 June	The shares of IDGC of Centre were included in the RTS-2 calculation basis.
22 June	The Annual General Meeting of the Shareholders of IDGC of Centre was held. The Company's shareholders approved the annual account and financial statements, including the profit and loss statement, as well as the distribution of profits for 2009. New members of the Board of Directors and Audit Committee were elected, as well as the Company's Auditor. The shareholders resolved to approve the Company's revised Articles of Association.
24 June	Top managers of IDGC of Centre presented the Company's innovative projects related to the implementation of the "Smart Cities Mean Smart Power Grids" program at the First Adam Smith International Forum (Energy Efficiency in Russia), organized under the official auspices of the Russian Power Agency Federal State Institution of Minenergo of Russia.
1 July	Standard&Poor's assigned the BB-/B/ruAA- credit rating to IDGC of Centre ("Stable"), thus testifying to the Company's ability and promptitude in relation to the performance its financial obligations.
12 July	IDGC of Centre proved the high quality of its corporate governance by receiving a rating of "7" under "Developed Practice of Corporate Governance", according to the results of an estimation made by RID and Expert RA.
26 July	The Company's management participated in a Goldman Sachs conference involving companies of the power industry. More than 50 representatives of investment funds and banks attended the conference.

2 August	The Company's management participated in a conference organized by Alfa-Bank. More than 20 representatives of investment banks and management companies attended the meeting.
1 September	The British Standards Institute (BSI) acknowledged the efficiency of the Company's Quality Management System. The Company obtained a certificate of conformity with the ISO 9001:2008 international standard for the current quality management system, as well as a dedicated prize from the BSI.
15 September	IDGC of Centre acquired a 51% share in the Yaroslavskaya Gorodskaya Electroset Open Joint-Stock Company (Yargorelectroset JSC) previously publicly owned by Yaroslavl.
15 September	The shares of IDGC of Centre were included in the RTSeu calculation basis.
1 October	The 110 kV Zapadnaya substation retrofitting was completed in Orel. The capacity of the substation was increased by more than twofold (from 50 to 126 MVA). Overall investments in this strategic site of the regional centre totaled RUR 442 mln.
11 October	The Company's management held a number of one-on-one meetings with representatives of both Russian and foreign investment funds and analysts of investment banks at the VTB annual investment forum, "Russia Calling".
12 October	IDGC of Centre was included in a rating involving the largest companies in terms of their market value. The Company improved its Capitalisation 200 rating with Expert Magazine. As of 1 September 2010, the Company placed 58th, with capitalisation equal to RUR 47.8 bln (compared to 63rd in 2009).
13 October	The Auction Committee of the Company of Russia declared Sberbank to be the winner in an auction for providing lending resources to power grid facilities. The loan totaled RUR 3.1 bln and is to be used for investment financing.
22 October	The National Rating Agency acknowledged the A+ individual rating of the Company (with a high reliability rating of Level 1).

26 October	IDGC of Centre participated in the first international trade show, "Information Technologies in the Power Industry 2010".
26 October	The Federal Tariffs Service approved the proposals by the Committee for the State Regulation of Tariffs for the Bryansk Region and the Tariffs Department for the Orel Region, providing for the switching of Bryanskenergo and Orelenergo, the Company's units, to a tariff regulation system applicable to RAB-based power supply services, starting 1 November 2010.
28 October	The Federal Tariffs Service approved proposals by the executive authorities of the constituent entities of the Russian Federation related to the state regulation of tariffs and the use of a RAB-based approach starting 1 January 2011 by the Company's units operating in the Voronezh, Kostroma, Smolensk, and Tambov regions.
10 November	IDGC of Centre obtained a certificate of operational readiness for the autumn and winter of 2010-2011.
11 November	Stock market analysts and investors acknowledged within an enquiry that the Company's Shareholder and Investor Service showed the best results in 2010.
24 November	The Company participated in the "Smart Metering Russia 2010" conference.
30 November	IDGC of Centre, upon the delegation of IDGC Holding JSC, participated in the "Power Grids of Russia 2010" exhibition.
29 November	IDGC of Centre participated in the "Goldman Sachs Emerging Markets 1x1 Symposium" annual conference in London.
30 November	Representatives of the US Department of Energy visited the premises of IDGC of Centre. The primary goal consisted of discussing the Smart Grid technology adoption, thus providing solutions to a great number of issues that power companies have to face, as well as visiting Belgorod, the first Smart City in Russia.

30 November	Reestr-RN LLC was elected as the Company's Registrar.
8 December	IDGC of Centre, BGTU, and SAP executed an official memorandum of cooperation.
10 December	A unique project providing for the retrofitting of the Centralnaya Substation in the historic centre of Voronezh was finally implemented by the Company for the 90th anniversary of the program approved by the Russian State Committee for Electrification and the 75th anniversary of the Voronezh Power Grid.
16 December	The Company finally negotiated a deal providing for the acquisition of a 100% share in Yargorelectroset JSC.
17 December	The Company's Board of Directors elected Dmitry Gudzhoyan, who previously acted as the Company's Deputy Director for Corporate Governance, to the office of the Company's General Director by a majority vote, effective from 18 December 2010.
22 December	Fiftieth anniversary of the Tambov Power Grid.
23 December	The Company obtained a loan amounting to RUR 3 bln extended by Sberbank of Russia for a term of 15 years.
24 December	The National Rating Agency increased the Company's credit rating to AA- (very strong capacity to meet financial commitments; Level 3).
30 December	The Federal Tariffs Service of Russia approved the proposals by the Department for Fuel, Power and Tariff Regulation for the Yaroslavl Region providing for the transfer of Yargorelectroset JSC to a RAB-based system as of 1 January 2011.

Events Occurring After the Reporting Date

1 January	As of 1 January 2011, all of the Company's units have switched to a RAB-based tariff regulation system.
1 January	As of 1 January 2011, Orelenergo, the Company's unit, received on lease the power grid facilities owned by the Mstenskije Gorodskie Electriccheskie Seti Municipal Unitary Enterprise for a term of 11 months.
25 January	The Consortium of the Russian Institute of Directors and Expert RA (RID Expert RA) increased the Company's rating to Level 7 (Developed Practice of Corporate Governance), based upon the national rating system for corporate governance.
25 January	A Customer Support Center for the Company's Smolenskenergo unit was opened in Gagarin (Smolensk Region).
28 January	Fiftieth anniversary of the Kostroma Power Grid.
2-4 February	The Company's management had a number of one-on-one meetings with representatives of foreign investment funds and the analysts of investment banks at "The Russia Forum 2011", organized by the Troika Dialog Investment Company.
3 February	The Company's Board of Directors elected Dmitry Gudzhoyan to the office of the Company's General Director, effective as of 4 February 2011.
11 February	Another Customer Support Center was opened by the Company's Tverenergo unit in Kimry (Tver Region).
16 February	The Technical Committee of IDGC of Centre summarized the Company's performance in 2010.
2 March	The Company and the Administration of the Orel Region entered into a Cooperation Agreement in order to provide a reliable and high-quality power supply system within the region, as well as to increase the security level of the energy supply by its distribution power grid facilities.

5 March

The Company and the Administration of the Tambov Region entered into an Agreement providing for the reliable power supply and technological connections of end users to the power grids within the region.

18 March

An online conference organized by the Company was held at the finam.ru Web portal involving investment professionals and private investors. The Company's management reported on the Company's performance in 2010 and the results of its transfer to a RAB-based tariff regulation system.

Stock Market

Shares of the Company began to be traded on the stock exchanges (the MICEX and the RTS) on 21 May 2008. During the period from 21 May 2008 to 17 August 2008, the 21st additional issue of the Company's shares were traded. After the merger of the additional issues with the principal issue (since 18 August 2008), a single issue of shares of IDGC of Centre, under registration No.1-01-10214-A, has been traded in the market.

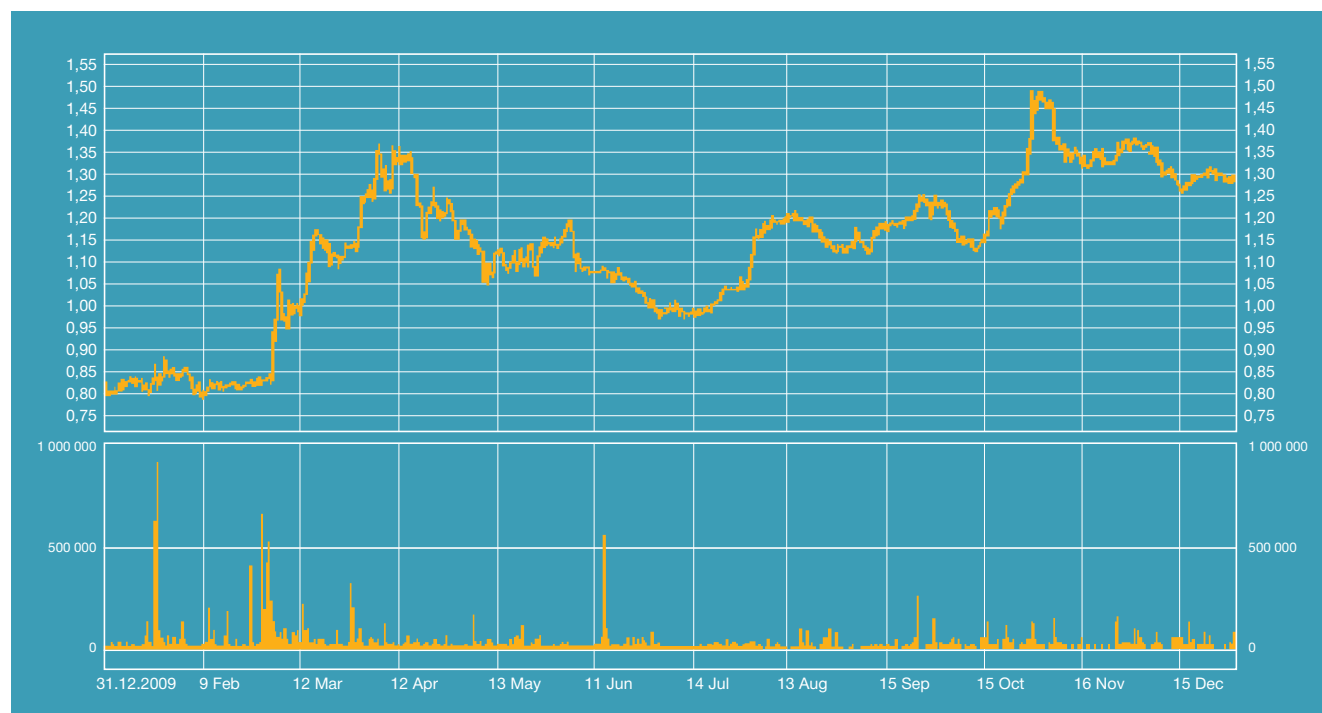
On 8 April 2009, the Company's shares were included in the MICEX B quotation list.

In 2010, the Company's shares were also included in the RTS-2 and the RTSeu calculation basis, and still remain in the calculation basis for the MICEX PWR and SC indices.

In 2010, the capitalisation of IDGC of Centre increased by 64% from RUR 34.11 bln to RUR 55.98 bln. The Company's share price behaviour throughout the year was characterised by hikes and smooth drops; however,

it generally exhibited an upward tendency. The minimum price per share amounted to RUR 0.729 (as of 15 January 2010), while the maximum price amounted to RUR 1.536 (as of 8 December 2010). In 2010 as well as in 2009, the main trading floor for the Company's shares has been the MICEX. The turnover share on the MICEX following the results of the year for the total turnover of the Company's shares in the stock market (the MICEX and the RTS) amounted to 98%.

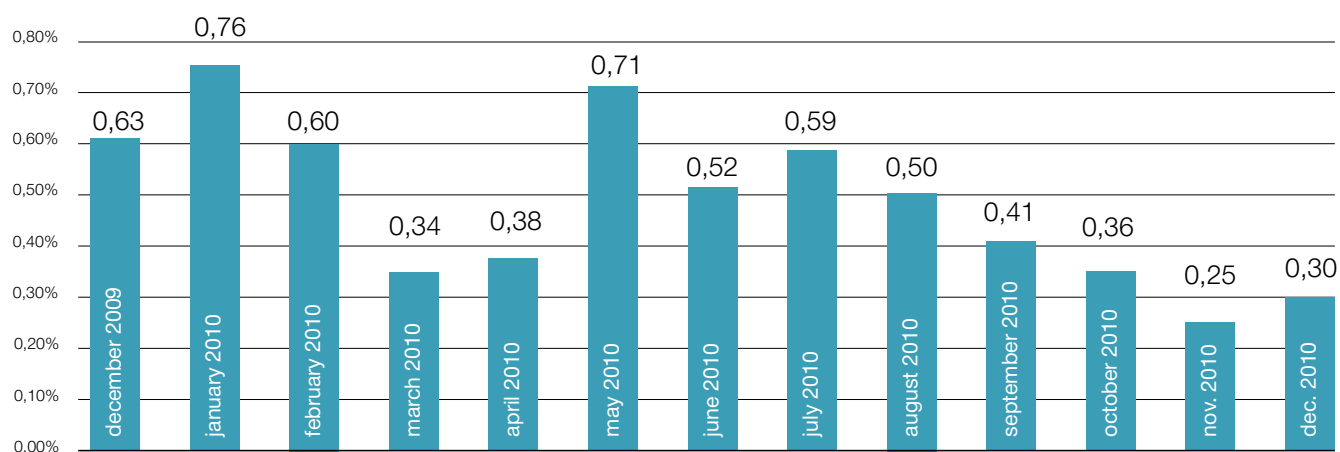
Quotations of the Company's shares on the MICEX



The Company's shares skyrocketed in March, April, October and November 2010. The principal causes were as follows: the transfer of the Company's units to a RAB-based tariff regulation system, high performance according to the accounts for 2009, and successful implementation of a number of measures designed to increase the Company's investment attractiveness.

The results shown for 2010 testify to the higher degree of liquidity for the Company's shares. A considerable spread decrease has been seen throughout the reporting year (from 0.63% down to 0.3%), thus bearing evidence of the keener interest of investors. This particular trend significantly increases the investment attractiveness of the Company's shares for both current and potential investors. The higher turnover of shares on all stock exchanges (from 1.9 to 3.4 bln pcs.) also testifies to their increased liquidity.

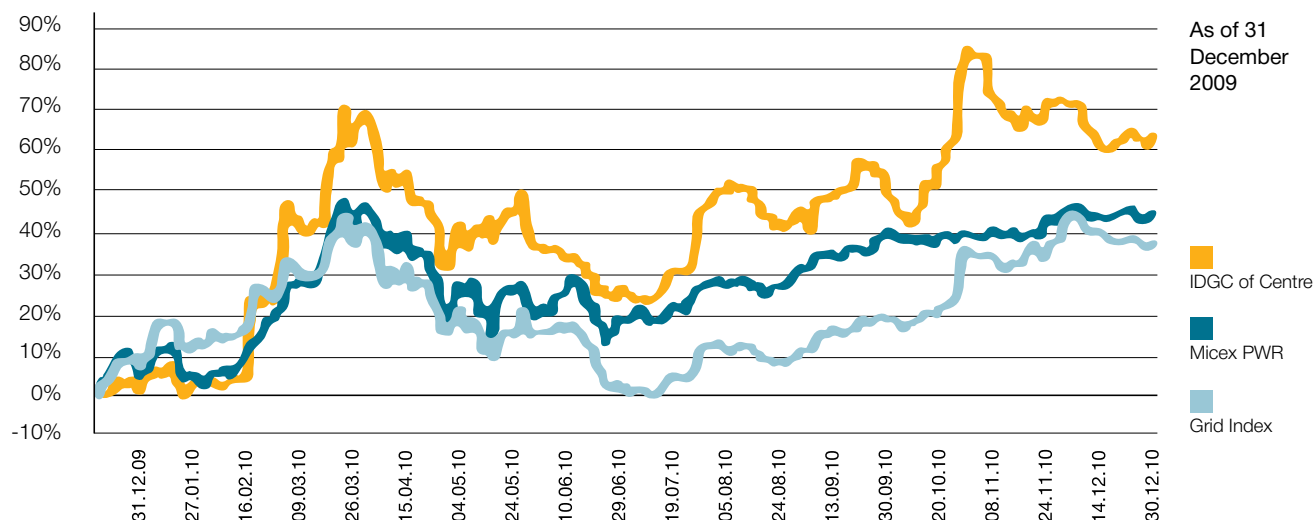
Average daily spread, %



Turnovers and Number of Transactions with the Company's Shares in 2010

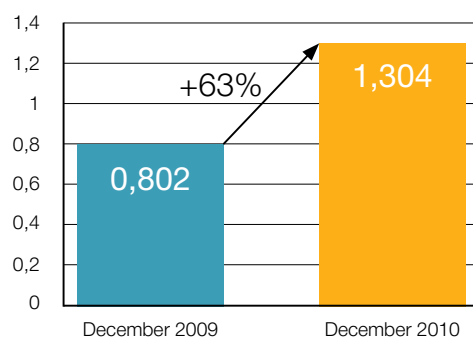
	Number of transactions	Turnover			
		Pcs.	% of outstanding shares	RUR mln	USD mln
MICEX	66 962	3 357 470 800	7,95	3 662,18	
RTS classic market	58	76 129 728	0,18		2,78
RTS exchange market	39	2 994 528	0,01	2,74	

Comparison of the MICEX PWR, Grid Index, and Capitalisation of the Company



Source: MICEX, calculations of exchange earnings

Price of the Company's shares in December 2009 and 2010 (closing price), RUR



In 2010, the MICEX PWR advanced by 44%, while the Grid index advanced by 37%, although the Company's capitalisation increased by 64%. In 2010, the Company's shares managed to perform better than the market. The Company's shares showed the highest divergence from Grid Index, having an impact upon the same as of the end of 2010 in October. The Company's management believes that the principal reason for this development was derived from the positive anticipations of the market to the transfer of two units of the Company to a RAB-based tariff regulation system as early as 2010, while the remaining units were to be switched to such a system as of 1 January 2011. In 2010, The total cumulative shareholder return totaled 66%. Notwithstanding the aforesaid considerable increase in capitalisation for the past two years, the fundamental factors determining capitalisation growth are still preserved.

¹ The Grid Index is calculated by the Company using a method similar to that applicable to the MICEX industry indices. The shares of all operating IDGC units being traded on the organized market shall be included in the Grid Index calculation basis.

² Subject to anticipated dividends

Dividends

In 2010, the Board of Directors of IDGC of Centre approved a revised Dividend Policy (Resolution No.18/10 of 3 September 2010) complying with the applicable law of the Russian Federation, the Articles of Association of the Company, the Corporate Governance Code, and other By-Laws of the Company.

The Company's dividend policy shall be based upon the following concepts:

- Dividends shall be calculated based upon the Company's profit, subject to no financial investment valuation;
- The Company shall maintain its proper financial and technical performance while implementing its investment program, as well as support its development prospects;
- The Company's dividend distribution and payment practices shall comply with the applicable laws of the Russian Federation and the best standards of corporate governance;
- The Company shall maintain a good balance between its own and its shareholders' interests;
- The Company shall increase its investment attractiveness and capitalisation;
- The Company shall provide transparency and perspicuity for the dividend distribution and payment mechanism;
- Ordinary dividends shall be paid only in the event that preference dividends have been distributed to the fullest extent as provided for by the Company's Articles of Association (if the Company is authorised to issue preference shares).

In 2007-2009, the General Meeting of the Shareholders resolved to refrain from distributing dividends for the foregoing reporting periods since the Company's financial performance in 2007 was calculated as a net of the DGC performance (accession took place in 2008), as well as due to the fact that the Company would need to implement the investment program at a time when the procurement of loans and credits for investment financing resulted in unprofitable investing.

Pursuant to the current Dividend Policy of the Company, dividends for the financial reporting period shall be paid subject to no significant disturbances and in compliance with the reliability index set, as well as in obligatory adherence to the following criteria:

- Availability of net profit at the end of the financial period;
- Availability of net profit at the end of the financial period subject to no financial investment valuation;
- Debt to EBITDA ratio (less than three; if this criterion is not met, the loan funds are to be paid out prior to dividend distribution).

Pursuant to the revised business plan for 2010 approved by the Board of Directors (Resolution No.21/10 of 22 November 2010), the Company shall distribute dividends subject to the criteria specified in the Company's Dividend Policy.

	2007	2008	2009	2010 (plan)
Dividends, RUR mln	0	0	0	610,932
Share of dividends in net profit	0	0	0	12,96
Dividends per share, RUR	—	0	0	0,01447
Profit per share, RUR	—	0,02	0,03	0,11

Share Capital

The share capital of IDGC of Centre totals RUR 4,221,794,146.8.

The total number of shares with par value: 42,217,941,468 ordinary shares with a par value of RUR 0.1 each.

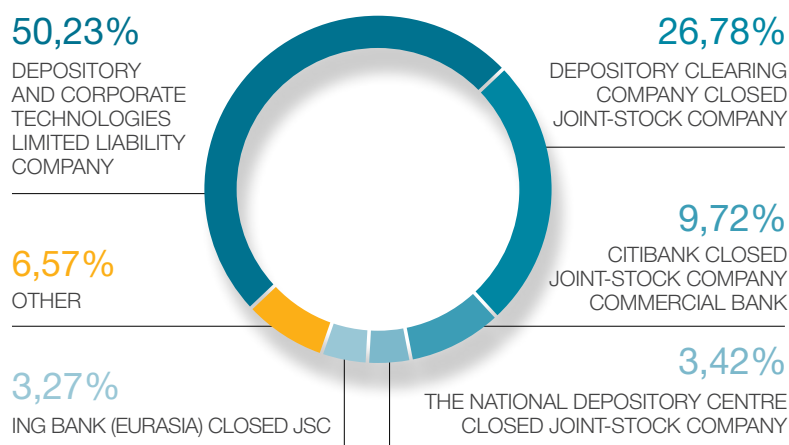
Number of authorized shares: 258,532. The foregoing shares were formed as the difference between the authorized shares (42,218,200,000) and the placed shares (42,217,941,468) in the course of the reorganization of the Company as a result of the affiliation of regional grid companies with the Company in 2008.

Number of cross-held shares: none.

Share Capital Structure (as of 31 December 2010)

Holder type	% of outstanding shares
Individuals	3.88
Legal entities	1.13
Nominal holders	94.74
Trustees	0.25
Total:	100
Residents of the Russian Federation	99.9
Non-residents of the Russian Federation	0.1
Total:	100

Major Holders/Shareholders as of 31 December 2010

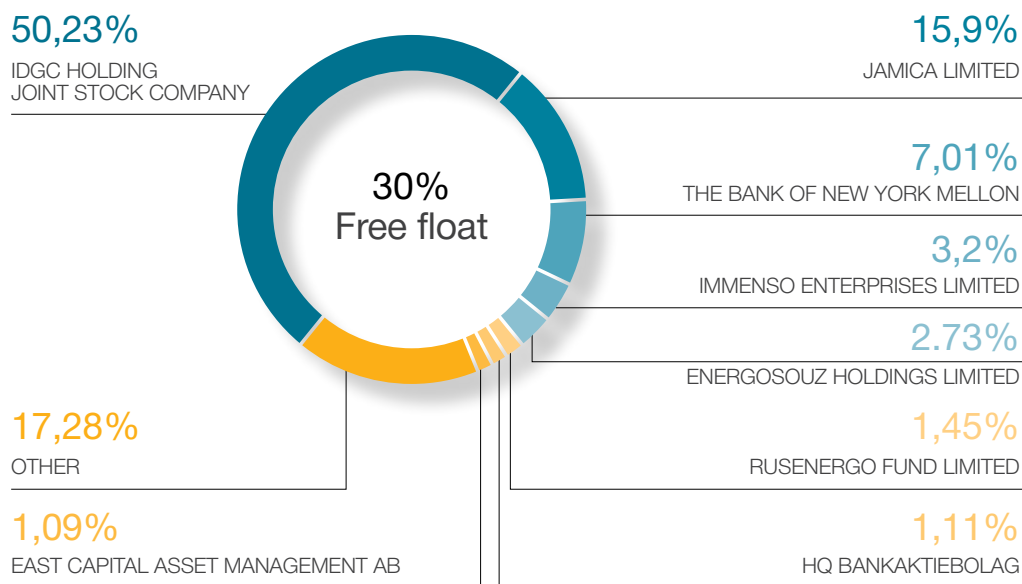


In 2010, the Annual General Meeting of the Shareholders was held. The share capital structure as of the date that the list of persons entitled to attend the aforesaid meeting was made (12 May 2010) may be found below. As of the date that the Register of Shareholders was closed (12 May 2010), the Company's shareholders delivered no information regarding any change in their respective shares in the Company's capital, as provided for by applicable law.

Share Capital Structure (as of 12 May 2010)

Holder type	% of outstanding shares
Individuals	5.85
Legal entities	92.79
Nominal holders	0.01
Trustees	1.35
Total:	100
Residents of the Russian Federation	59.614
Non-residents of the Russian Federation	40.386
Total:	100

Major Holders/Shareholders as of 12 May 2010



Key Indicators Related to the Market of the Company's Shares

	2008	2009	2010
Closing price as of the end of the year, RUR	0.381	0.802	1.304
Highest price Y/Y, RUR	1.2	0.984	1.536
Lowest price Y/Y, RUR	0.18	0.28	0.729
Daily trading volume [1]			
- RUR mln	4.49	4.46	14.77
- mln pcs.	7.41	7.26	13.54
Earnings per share (EPS), RUR	0.02	0.03	0.11
Dividend yield (as of December 30, 2010) [2]	—	—	1.11%
Total shareholder return (TSR) [3]	-64%	112%	66%
EV/EBITDA	3.76	5.87	6.45
P/E	7.45	25.75	11.88
EV/RAB	0.40	0.47	0.60

Notes:

[1] Average

[2] Calculated as follows: dividends/number of shares/closing price as of 30 December 2010

[3] In 2010, this is calculated subject to the distribution of dividends totaling RUR 610.9 mln as follows:

TSR = (weighted average price as of the last date of the reporting period, RUR – weighted average price as of the last date of the month preceding the reporting period, RUR + dividends accrued per share, RUR)/weighted average price as of the last date of the month preceding the reporting period, RUR*100%

Company Registering the Title to the Company's Shares

Pursuant to Resolution No.24/10 of 30 November 2010, the Board of Directors approved the Reestr-RN Limited Liability Company (Reestr-RN LLC) as the Company's Registrar. The foregoing resolution also provides for the terms and conditions of the agreement for the maintenance and safe custody of the register of the holders of the registered equity securities made by and between the IDGC of Centre and Reestr-RN LLC.

Full name	Reestr-RN Limited Liability Company
Abbreviated name	Reestr-RN LLC
Registered address	Bld. 3-4, 2/6 Podkopaevsky per., Moscow 109028
License No.	10-000-1-00330 Issued by the Federal Financial Markets Service of Russia Date of issue: 16 December 2004 Term of validity: without limitation
Other details	Mailing address: P.O. 4, Moscow 115172 Tel. +7 (495) 411-79-11 Fax +7 (495) 411-83-12 E-mail: support@reestrn.ru

A great number of the Company's shareholders reside in the regions in which it operates. Therefore, at the initiative of the Company, a transfer agent office of the Registrar was established in each region in order to facilitate transactions therein. Shareholders may perform sale and purchase transactions, change personal details, execute inheritance documents, and perform other operations in the register directly at the regional centre without the need to travel to Moscow.

Information on the transfer agents is available on the website of the Company at <http://www.mrsk-1.ru/stockholder/regist/>.

Corporate Governance

The Company's corporate governance system complies with applicable laws and by-laws, including the Corporate Governance Code, and is subject to ongoing improvements as provided for by the best Russian and international practices.

IDGC of Centre adheres to the principles of justice, transparency and accountability by the Company's management bodies to its shareholders, and by the Company's management to the Board of Directors and the General Meeting of the Shareholders. The Company is also committed to the proper manageability of its financial and economic activities, as well as to the observance of third party rights as provided for by the Code.

The Company has the following structure of corporate governance:

- The General Meeting of the Shareholders, a senior management body;
- The Board of Directors, a strategic management body;
- The executive authorities:
 - The Management Board (the collegial executive authority);
 - The General Director (the sole executive body).

The system of financial and economic activities of the Company provides for both external and internal control, in particular:

- The Auditor;
- The Audit Committee;
- The Board of Directors (the Committee for Audit);
- The Internal Control and Audit Department.

Data on the by-laws regulating the Company's corporate governance system is attached hereto in Exhibit 12 and posted to the Company's website at <http://www.mrsk-1.ru/inform/documents1/>.

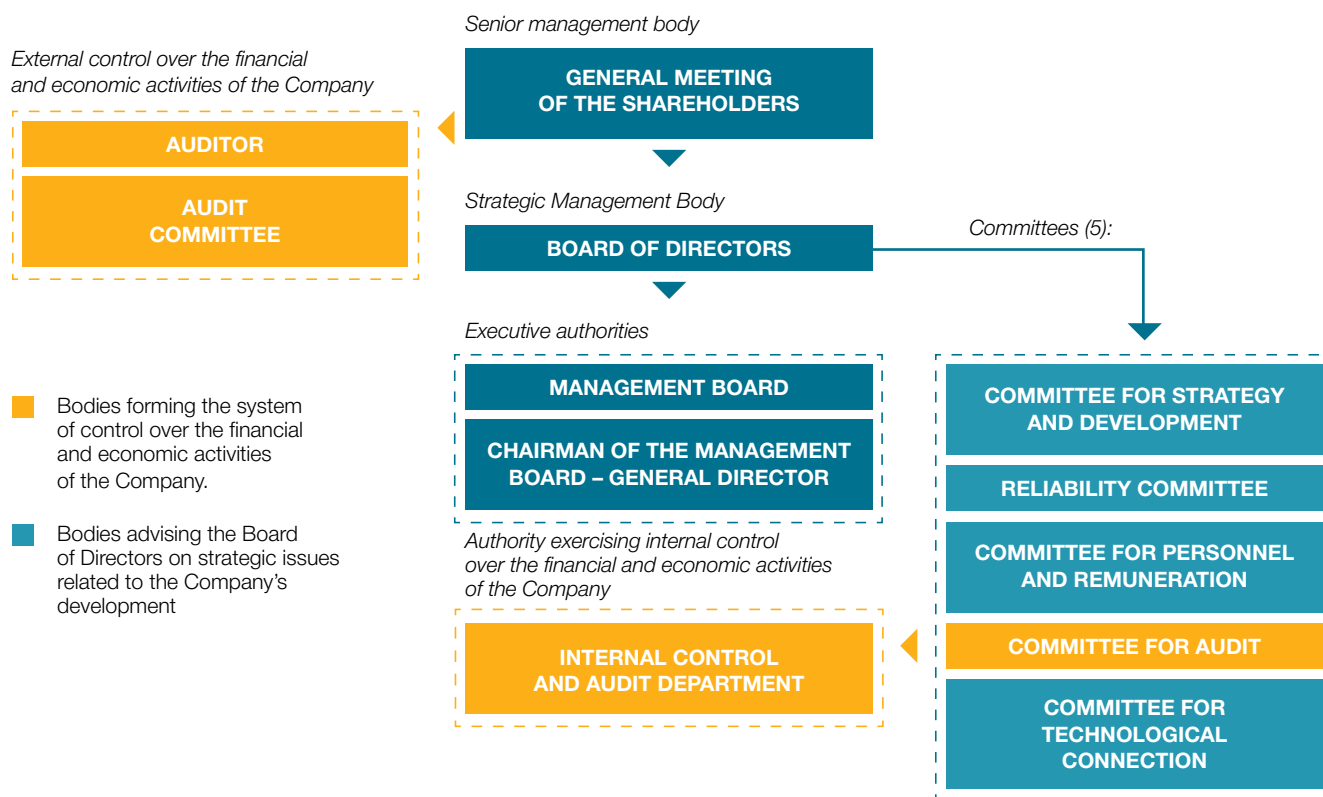
The Annual General Meeting of the Shareholders held on 22 June 2010 approved the revised Articles of Association of the Company, specifying that the Board of Directors shall meet as and when needed, but at least once every six weeks. The action plan of the Board of Directors for 2010-2011, as approved by the same via Resolution No.16/10 of 30 July 2010 and amended by Resolution No.22/10 of 29 October 2010, complies with the foregoing requirement to the fullest extent.

In particular, in 2010 only non-executive members of the Company's Board of Directors were elected to the Committee for Audit and the Committee for Personnel and Remuneration (previously, the aforementioned committees were primarily comprised of shareholders' representatives and personnel of the Company other than members of the Board of Directors). In addition, the Audit Committee was formed of persons other than members of the management bodies or employees of the Company.

The Company's management places a high emphasis on greater transparency. The efficiency of its work is certified in the annual report of 2009 by various awards in a number of categories within competitions supported by the RTS, Stock Market Magazine, and the MICEX.

In 2010 as part of the Company's internal control system improvement plan, the Board of Directors approved certain documents specifying the fundamentals of the Company's corporate governance (namely, the Internal Control Policy and the Risk Management Policy).

Company's Corporate Governance System



Corporate Governance Rating

As of 31 December 2010, IDGC of Centre had a corporate governance rating of NCGR 7 (National Corporate Governance Rating 7) for “Advanced Corporate Governance Practices”, according to the scale of the National Corporate Governance Rating established by the Consortium of the Russian Institute of Directors and Rating Agencies, Expert RA — RID Expert RA, on 23 September 2008.



This rating level indicates that the corporate governance practice of IDGC of Centre is assessed as positive. The Company bears low corporate governance risks. The Company complies with the requirements of Russian corporate governance laws, follows the guidelines of the Russian Code of corporate conduct, and certain guidelines of international advanced corporate governance practices.

Initially, the NCGR was conferred upon the Company in 2006 with a B++ rating, indicating an “Average Corporate Governance Level of the Corporate Governance Rating”.

In 2007, the Consortium of the Russian Institute of Directors and Rating Agencies, Expert RA — RID Expert RA, conferred the corporate governance rating of NCGR 6+ for “Advanced Corporate Governance Practices” according to the scale of the National Corporate Governance Rating to IDGC of Centre. This was increased to NCGR 7 on 23 September 2008.

In 2009-2010, the Consortium of the Russian Institute of Directors and Rating Agencies, Expert RA — RID Expert RA, certified the NCGR 7 corporate governance rating of the Company on four occasions.



For more details and reports on corporate governance practices adopted by the Company, visit the Company's website at <http://www.mrsk-1.ru/about/administration/corporative/rating/>.

On 25 January 2011, the Consortium of the Russian Institute of Directors and Rating Agencies, Expert RA — RID Expert RA, increased the corporate governance rating of the Company to NCGR 7+.

³ As approved and recommended to the issuers by Order No.421/p of the Federal Securities and Exchange Commission of the Russian Federation of 4 April 2002

General Meeting of the Company's Shareholders

The General Meeting of the Company's Shareholders is a senior management body of IDGC of Centre managing the Company's business, as provided by the Articles of Association and the Federal Law on Joint-Stock Companies, as well as the Company's by-laws.

The Company provides shareholders with a real opportunity to exercise their rights related to participation in the Company, in particular by providing:

- Reliable and effective methods of share ownership recording, as well as the opportunity for free and quick alienation of shares held by them;
- Participation in the management of the joint-stock company by means of making decisions regarding the most important issues of the Company's activity at the General Meeting of the Shareholders;
- A share in the Company's profit;
- Regular and duly acquisition of full and true information concerning the Company.

For more details on the rights of the Company's shareholders, see Annex 5 hereto.

Data on the procedures to be complied with when convening and holding the General Meetings of the Shareholders as provided by applicable laws, the Articles of Association of the Company, and the Regulations for Convening and Holding the General Meetings of the Company's Shareholders is specified in Annex 10 hereto and posted on the Company's website at **<http://www.mrsk-1.ru/stockholder/meeting/>**.

The Annual General Meeting of the Shareholders of IDGC of Centre held on 22 June 2010 resolved as follows:

- To approve the annual report of the Company for 2009 and the annual financial statements for 2009, including the profit and loss statement, as well as the profit and loss appropriation report thereof for the financial year of 2009;
- To elect new members of the Board of Directors and Audit Committee of the Company;
- To approve BDO CJSC as the Company's Auditor;
- To approve the revised Articles of Association of the Company.

The total number of votes with respect to the Company's outstanding shares entitled to a vote at the Annual General Meeting of the Shareholders was equal to 42,217,941,468.

The Company's shareholders registering in order to attend the Annual General Meeting of the Shareholders (subject to ballots received at least two days prior to the date of holding the General Meeting) held 35,730,173,818 votes (equal to the number of ordinary shares owned by the shareholders), thus representing 84.6327% of the total vote. Pursuant to Article 58 (1) of the Federal Law on Joint-Stock Companies, the quorum required to hold the meeting was provided, and the Annual General Meeting of the Shareholders of IDGC of Centre was entitled to resolve any and all items on the agenda thereof.

For the full text of the resolutions passed at the General Meetings of the Shareholders, please visit the corporate website at **<http://www.mrsk-1.ru/stockholder/meeting/result/>**.

In 2010, the Company did not convene any Extraordinary General Meeting of the Shareholders.

Company's Board of Directors

Pursuant to the Articles of Association of IDGC of Centre and the Federal Law on Joint-Stock Companies, the Company's Board of Directors is a management authority exercising control over the Company's day-to-day business, other than those issues to be addressed by the General Meeting of the Shareholders as provided by the aforesaid documents.

Pursuant to the Articles of Association, the Company's Board of Directors is entitled to resolve a wider range of issues than specified in the Federal Law on Joint-Stock Companies. In particular, it is empowered to give its preliminary approval for any transaction to be negotiated by IDGC of Centre, as follows:

- Any transaction involving non-current assets of the Company amounting to more than 10% of the book value thereof, according to the Company's financial statements as of the most recent reporting date;
- Any transaction or number of interrelated transactions related to the disposal of any kind or assignment of real property and/or equipment employed directly for the purpose of the Company's core business with a book value of more than 5% of the balance sheet value of the Company's assets, or any encumbrance thereof;
- Any transaction or number of interrelated transactions related to the acquisition, disposal or prospective alienation of any property included in the fixed or intangible assets, or constructions in progress, and employed for production, transmission, dispatching, electric or thermal power distribution purposes, as and to the extent specified in the respective resolution of the Company's Board of Directors;
- Any transaction or number of interrelated transactions related to the acquisition, disposal or prospective alienation of any property included in the fixed or intangible assets, or constructions in progress, and not employed for production, transmission, dispatching, electric or thermal power distribution purposes, as and to the extent specified in the respective resolution of the Company's Board of Directors;
- Any other issue as provided for by the Federal Law on Joint-Stock Companies and the Articles of Association of the Company.

In 2010, the members of the Company's Board of Directors were re-elected twice.

Information related to the members of the Board of Directors elected by the Annual General Meeting of Shareholders on 22 June 2010 (Resolution No.01/10 of 24 June 2010)⁴ may be found below.



**Nikolay Nikolaevich
Shvets**

*Chairman of the Board
of Directors*

General Director of IDGC Holding JSC

Born in 1956, citizen of the Russian Federation

Education: Higher

1983, All-Russian Correspondence Polytechnic Institute

Specialty: Electrical Engineer;

1991, Military Command Red-Banner Academy of Air Defense named after Marshall of the Soviet Union G.K. Zhukov, Officer with Higher Military Education;

1997, Military Academy of the General Staff of the Armed Forces of the Russian Federation, Officer with Higher Military Operational-Strategic Education.

Scientific degree, rank: Candidate of Science (Economics), Associate Professor, Corresponding Member of Academy of Military Sciences

Other positions: Chairman of the Management Board of IDGC Holding, JSC; member of the Board of Directors of: "IDGC of Ural", JSC; "MOESK" (Moscow Unified Power Grid Company), JSC; "Yantarenergo", JSC; "IDGC of North-West", JSC; "Lenenergo", JSC; "IDGC of Centre and Volga Region", JSC; "Tyumenenergo"

JSC Share fraction of the Company and its subsidiaries and associates held

by the member of the Board of Directors (number): does not hold

Date of first election to the Board of Directors: 22 June 2010



**Alexey Yuryevich
Perepelkin**

*Deputy Chairman
of the Board of Directors*

Deputy Director for Corporate Governance and Property, IDGC Holding JSC

Born in 1970, citizen of the Russian Federation

Education: Higher

1993, Moscow State Technical University named after N.E. Bauman

Specialty: Optical Instruments and Systems

Qualification: Optical Engineer;

1998, Moscow State Law Academy

Specialty: Jurisprudence

Qualification: Lawyer.

Other positions: Member of the Management Board of IDGC Holding, JSC; member of the Board of Directors of: "IDGC of Centre and Volga Region", JSC; IDGC of North-West, JSC; UES Payment Optimization Centre

Share fraction of the Company and its subsidiaries and associates held

by the member of the Board of Directors (number): does not hold

Date of first election to the Board of Directors: 22 June 2010



**Evgeny Fedorovich
Makarov**

Member of the Partnership Council; Chairman of the Board of NP EnergoProfAudit

Born in 1955, citizen of the Russian Federation

Education: Higher

1978, Ivanovo Power Institute

Specialty: Electrical Systems;

2003, Finance Academy under the Russian Federation Government

Specialty: Finance and Credit.

Other positions (at the time of election): Chairman of Supervisory Council of Employers in Electric Power Engineering

Share fraction of the Company and its subsidiaries and associates held

by the member of the Board of Directors (number): 0.4894% (206,622,069 shares of the Company's registered ordinary shares)

Date of first election to the Board of Directors: 09 December 2004

⁴ Hereinafter, the information is given as of 31 December 2010. If it is specified that any member of the Board of Directors holds his or her office to date, the reporting date (31 December 2010) is implied.



Alexandr Markovich Branis

Director of the Representative Office of Prosperity Capital Management (RF) Ltd

Born in 1977, citizen of the Russian Federation

Education: Higher

2001, Academy of the National Economy under the Government of the Russian Federation (Bachelor's Degree in Management)

Other positions: Chief Accountant, Chairman of Liquidation Committee of "Prosperity Capital Management " Ltd.; Director for Investments of the Representative office of «Prosperity Capital Management (RF) Ltd».; Member of the Board of Directors of: "IDGC of Centre and Volga Region", JSC; Bashkiria Joint-Stock Company of Power and Electrification "Bashkirenergo"; "Territorial Generating Company No.6", JSC

Share fraction of the Company and its subsidiaries and associates held by the member of the Board of Directors (number): does not hold

Date of first election to the Board of Directors: 09 December 2004



Konstantin Yuryevich Petukhov

Director for Development and Implementation of IDGC Holding JSC

Born in 1971, citizen of the Russian Federation

Education: Higher

1997, Altay State Technical University named after I.I. Polzunov

Specialty: Power Supply (for sectors)

Qualification: Engineer

2001, Altay State Technical University

Specialty: Finance and Credit

Qualification: Economist

Other positions: Member of the Board of Directors of IDGC of Ural, JSC, "MOESK" (Moscow Unified Power Grid Company), JSC; "Yantarenergo", JSC; "VNIPlenergoprom"(All-Russian Scientific Research Design Institute Energoprom), JSC; "Scientific Research Institute of Energy Economy", JSC; "Special Design Engineering Bureau of All-Russian Thermal Engineering Institute", JSC

Share fraction of the Company and its subsidiaries and associates held by the member of the Board of Directors (number): does not hold

Date of first election to the Board of Directors: 22 June 2010



Alexandr Albertovich Popov

Deputy General Director — Head of the Apparatus of IDGC Holding JSC

Born in 1955, citizen of the Russian Federation

Education: Higher

1976, Zhitomir Higher Education Military Command School of Radio Electronics of Air Defense named after Lenin Komsomol

Specialty: Commands and Tactics, Radio Engineering Facilities

Qualification: Officer, Higher Military Special Education, Engineer for Operating Radio Engineering Facilities;

1991, Military Command Red-Banner Academy of Air Defense named after Marshall of the Soviet Union G.K. Zhukov

Specialty: Commands and Headquarters, Operations and Tactics, Air Defense Armies;

2000, The Russian Academy of State Service under the President of the Russian Federation, State and Municipal Management.

Other positions: Member of the Board of Directors of: "MOESK" JSC; "Yantarenergo", JSC; "VNIPlenergoprom"(All-Russian Scientific Research Design Institute Energoprom), JSC; "Scientific Research Institute of Energy Economy", JSC; IDGC of North-West, JSC; "IDGC of Siberia", JSC; «Lenenergo», JSC

Share fraction of the Company and its subsidiaries and associates held by the member of the Board of Directors (number): does not hold

Date of first election to the Board of Directors: 22 June 2010



Alexey Vladimirovich Sergutin

Director for Economy of IDGC Holding JSC

Born in 1961, citizen of the Russian Federation

Education: Higher

1987, Moscow State University named after M.V. Lomonosov

Specialty: Economist-Cybernetician

Other positions: Member of the Board of Directors of: "IDGC of Centre and Volga Region", JSC; "VNIPlenerprom", JSC

Share fraction of the Company and its subsidiaries and associates held

by the member of the Board of Directors (number): does not hold

Date of first election to the Board of Directors: 22 June 2010



Denis Alexandrovich Spirin

Director for the Corporate Governance of the Representative Office of Prosperity Capital Management (RF) Ltd.

Born in 1980, citizen of the Russian Federation

Education: Higher

2002, Moscow State University of Means of Communication

Specialty: Railcars (Management of railcar-repair production);

2006, Moscow State Law Academy

Specialty: Jurisprudence.

Other positions: Member of the Board of Directors of: "Energospetsmontazh", JSC; "Smolensk Energy and Repair Company", JSC; "Penza Energy and Repair Company", JSC; "IDGC of Centre and Volga Region", JSC; "Dalkhimfarm", JSC; "Urengoytruboprovodstroy", JSC; "Yuzhtruboprovodstroy", JSC; "Novgorodsetstroy", JSC; "Rostpromstroybank", JSC; "Tver Energy and Repair Company", JSC; «Selenginsky CKK»; "TGC-6" plc

Share fraction of the Company and its subsidiaries and associates held

by the member of the Board of Directors (number): does not hold

Date of first election to the Board of Directors: 11 June 2009



Alexandr Grigoryevich Starchenko

Director for the Power Sector of Novolipetsk Metallurgical Combine JSC

Born in 1968, citizen of the Russian Federation

Education: Higher

1991, Moscow State Technical University named after N.E. Bauman

Specialty: Informatics and Control Systems

Other positions: Member of the Board of Directors of: Lipetsk City Power Company" Ltd.;

"Lipetsk Power Sales Company", JSC; "Lipetskoblغاز", JSC; "Altai-Koks", JSC

Share fraction of the Company and its subsidiaries and associates held

by the member of the Board of Directors (number): does not hold

Date of first election to the Board of Directors: 30 May 2008



Sergey Borisovich Syutkin

General Director of the Branch of JSC SO UES - Operational Dispatching Office of Centre

Born in 1959, citizen of the Russian Federation

Education: Higher

1983, Moscow Power Institute

Specialty: Thermal Electric Power Stations

Other positions: Member of the Board of Directors of IDGC of Centre and the Volga Region JSC

Share fraction of the Company and its subsidiaries and associates held

by the member of the Board of Directors (number): does not hold

Date of first election to the Board of Directors: 30 May 2008



Roman Alexeevich Filkin

Co-Director of the Representative Office of Prosperity Capital Management, (Russian Federation) Ltd.

Born in 1983, citizen of the Russian Federation

Education: Higher

2005, Finance Academy under the Government of the Russian Federation

Specialty: Finance and Credit

Other positions: Member of the Board of Directors of: "Bashkirenergo", JSC; "Dagestan Power Sales Company", JSC; "Dalenergomontazh", JSC; "Energospetsmontazh", JSC; "IDGC of Centre and Volga Region", JSC; "Novgorodsetstroy", JSC; "Novaya ERA", JSC; "Novgorodoblkommunelektro", JSC; "Penza Energy and Repair Company", JSC; "Sevzapelektrosetstroy", JSC; "Smolensk Energy and Repair Company", JSC; "TGC-6", JSC; "Urengoytruboprovodstroy", JSC; "Tver Energy and Repair Company", JSC; "Magadanenergo" JSC; "Yuzhtruboprovodstroy" JSC; "Tambov Power Sales Company", JSC

Share fraction of the Company and its subsidiaries and associates held

by the member of the Board of Directors (number): does not hold

Date of first election to the Board of Directors: 11 June 2009

All of the members of the Company's Board of Directors, other than N.N. Shvets and E.F. Makarov, are independent directors.

The Company's Board of Directors includes representatives of different groups of shareholders (representatives of the majority shareholder and the principal industry organisation composing the unified system of electric power transmission ("SO UES", JSC)). In this regard, the Board of Directors may be considered to be a well-balanced structure in terms of the interests of all existing shareholders. The current Board of Directors does not include members of the executive bodies of the Company, thus providing for the proper independence of the Board from the Company's management, allowing the Board to critically evaluate day-to-day management activities.

A list of the members of the Board of Directors elected by the Annual General Meeting of the Shareholders on 11 June 2009 (Resolution No.01/09 of 16 June 2009) is provided below:

Member of the Board of Directors, full name	Position (as of the date of nomination)
Sergey Borisovich Kosarev (Chairman of the Board of Directors)	Deputy Director for Corporate Governance and Property, IDGC Holding JSC
Tatyana Alexandrovna Seliverstova (Deputy Chairman of the Board of Directors)	Chief of the Stock Division, Department of Corporate Governance and Cooperation with the shareholders of IDGC Holding JSC
Alexandr Markovich Branis	Director of the Representative Office of Prosperity Capital Management (RF) Ltd
Sergey Nikolayevich Ivanov	First Deputy Chairman of the Board, Federal Grid Company of Unified Energy System (JSC FGC UES)
Evgeny Fedorovich Makarov	General Director, IDGC of Centre
Sergey Nikolayevich Popovsky	Deputy Chairman of the Board, Market Council for Organizing an Efficient System of Trading for Wholesale and Retail Electricity and the Capacity Market for Non-Commercial Partnerships (Market Council NP)
Denis Alexandrovich Spirin	Director for Corporate Governance, Representative Office of Prosperity Capital Management (RF) Ltd
Alexandr Grigoryevich Starchenko	Director for Power Sector of Novolipetsk Metallurgical Combine JSC
Sergey Borisovich Syutkin	General Director of the Branch of JSC SO UES — Operational Dispatching Office of Centre
Maria Gennadievna Tikhonova	Chief of the Department Division, Minenergo of Russia
Roman Alexeevich Filkin	Alternate Director of the Representative Office of Prosperity Capital Management (RF) Ltd

No claims were filed against any member of the Board of Directors.

On 25 February 2010, S.B. Kosarev, then Chairman of the Board of Directors, negotiated a transaction providing for the sale of 1,000,000 uncertified, registered, ordinary shares of IDGC of Centre (a 0.0024% share in the authorized capital of the Company). The subsequent share of S.B. Kosarev in the Company's capital was equal to 0%.

More detailed information on the members of the Board of Directors acting in 2010 is attached hereto in Annex 6. This information is provided subject to the laws of the Russian Federation applicable to personal data processing.

In 2010, the Company's Board of Directors held 28 meetings (three in compresence). A total of 272 issues were resolved.

On a regular basis, the Board of Directors placed on the agenda and resolved those items related to the operational and financial activities of the Company. The following resolutions passed by the Company's Board of Directors in 2010 should particularly be noted:

- Convening and holding of the Annual General Meeting of the Company's Shareholders;
- Business, investment, and procurement planning by the Company;
- Discussing reports by the Company's General Director with respect to various day-to-day activities thereof;
- Enhancing the antiterrorist and countersabotage security of the Company's power grid facilities;
- Approving a program ensuring a higher level of reliability for the Company from 2010-2015;
- Approving a program providing for a lower level of risks related to third party injuries at the Company's facilities from 2010-2012;
- Approving a time-based action plan for reducing the accounts receivable of the Company;
- Insurance coverage;
- Environmental policy;
- Interests in other companies;
- Re-election of the Registrar of the Company;
- Regulation of the Company's business; in particular, approving various standards regulating the core business of the Company;
- Approving interested party transactions.

For more detailed information on the basic issues addressed by the Company's Board of Directors in 2010, as well as the attendance of the members at such Board meetings, please visit the Company's website at <http://www.mrsk-1.ru/stockholder/session/sovet/2010/>.

In 2010, members of the Company's Board of Directors attended Board meetings (both in presentia and absentia) as follows:

Member of the Company's Board of Directors (full name)	Term of office	Number of meetings in 2010; Overall number of meetings in 2010/ Meetings requiring attendance by a particular member of the Board	Number of meetings of the Board of Directors in 2010 attended by the particular member of the Board
1	2	3	4
Sergey Borisovich Kosarev	2009-2010	28/ 14	14
Nikolay Nikolaevich Shvets	2010-2011	28/ 14	14
Alexandr Markovich Branis	2009-2010; 2010-2011	28/ 28	18
Sergey Nikolayevich Ivanov	2009-2010	28/ 14	10
Evgeny Fedorovich Makarov	2009-2010; 2010-2011	28/ 28	25
Alexey Yuryevich Perepelkin	2010-2011	28/ 14	14
Konstantin Yuryevich Petukhov	2010-2011	28/ 14	13
Sergey Nikolayevich Popovsky	2009-2010	28/ 14	14
Alexandr Albertovich Popov	2010-2011	28/ 14	13
Alexey Vladimirovich Sergutin	2010-2011	28/ 14	13
Tatyana Alexandrovna Seliverstova	2009-2010	28/ 14	13
Denis Alexandrovich Spirin	2009-2010; 2010-2011	28/ 28	25
Alexandr Grigoryevich Starchenko	2009-2010; 2010-2011	28/ 28	28
Sergey Borisovich Syutkin	2009-2010; 2010-2011	28/ 28	26
Maria Gennadievna Tikhonova	2009-2010	28/ 14	13
Roman Alexeevich Filkin	2009-2010; 2010-2011	28/ 28	26

Remuneration of the Board of Directors

Pursuant to Article 64 (2) of the Federal Law on Joint-Stock Companies, any resolution on the payment of remuneration to members of the Company's Board of Directors may be passed only at the General Meeting of the Shareholders.

The Company has in place a Regulation for the Payment of Remuneration and Compensation for members of the Board of Directors of IDGC of Centre, which was approved by the General Meeting of the Shareholders (Minutes No. 01 of 3 June 2008) available on the Company's website at <http://www.mrsk-1.ru/docs/H2H9nK.pdf>.

According to the aforementioned Regulation, remuneration for participation in meetings is paid to members of the Board of Directors. Furthermore, additional remuneration is calculated according to the results of an estimation of the activity of the Board of Directors. On the whole, two kinds of additional remuneration are provided for by the Regulation, namely, for the net profit index according to the annual accounting statements approved by the Annual General Meeting of the Shareholders and for an increase in the market capitalization rate of the Company within the period of the Board of Directors' work.

Remuneration for **participation in meetings** is paid to a member of the Board of Directors as follows:

- If held in absentee form— equal to five monthly minimum-wage rates of a first-class employee⁵;
- If held in presentia — equal to 10 monthly minimum-wage rates of a first-class employee.

For the net profit index, the calculation of the additional remuneration for each member of the Board of Directors is made upon the basis of the amount of the net profit according to the annual accounting statements approved by the Annual General Meeting of the Shareholders, the number of the Board of Director members in accordance with the Company's Articles of Association, and the number of meetings held during the year in which the member of the Board of Directors participated. Such remuneration is paid to members of all Boards of Directors who have worked during the year in which the Company received the net profit for the results of its activity.

The amount of additional remuneration **for a market capitalization rate increase** for the Company for each member of the Board of Directors is 0.0175 percent of the Company market value increase, calculated for the period from the date of the election of the member of the Board of Directors to the date of the election of the Company's new Board of Directors. Such remuneration is paid only if the average monthly volume of transactions settled with the Company's

⁵ Throughout year 2010, the following minimum monthly rates for a first-class employee were applicable: Q1 2010 — RUR 3,867; Q2 2010 — RUR 3,991; Q3 2010 — RUR 4,037; Q4 2010 — RUR 4,107.

ordinary shares on the stock exchange during the term of the powers of the remunerated Board of Directors amounts to no less than 1.5 mln Rubles.

There are a number of restrictions for the calculation of additional remuneration provided for by the Regulation:

- 1) Additional remuneration is not paid if a member of the Board of Directors has not participated in more than 50% of the held meetings (from the date of his/her election to the date of the termination of his/her powers);
- 2) The amount of additional remuneration for the net profit index cannot exceed the General Director's wages fixed by the Board of Directors:
 - By more than five times for a member of the Board of Directors;
 - By more than seven times for the Chairman of the Board of Directors.
- 3) The amount of additional remuneration of a member of the Board of Directors for an increase in the Company's market capitalization rate cannot be five times higher than the General Director's wages fixed by the Board of Directors.

The payment of additional remuneration is made only with the written consent of the member of the Board of Directors to receive such remuneration. However, a member of the Board of Directors has the right to refuse additional remuneration, whether fully or in part, by sending a corresponding notice to the Company.

Remuneration for participation in meetings and for the performance of the net profit index is paid to the Chairperson of the Board of Directors at a 1.5 ratio.

In total for 2010, RUR 32,967,916 were paid to the members of the Board of Directors, in which RUR 27,765,018 were paid in additional remuneration for performance indicators according to the results of work during 2009-2010, and RUR 5,202,898 were paid out as the remuneration for participation in the meetings of 2010.

Board of Directors, 2010	Remuneration for attending meetings, RUR	Extra remuneration for net profit index, RUR	Extra remuneration for increased market capitalisation, RUR	Total
Acting as of June 22, 2010	2,699,188	—	—	2,699,188
Acting as of June 11, 2009	2,503,710	8,831,846	16,097,950	27,433,506
Acting as of May 30, 2008	—	2,835,222	—	2,835,222
Total	5,202,898	11,667,068	16,097,950	32,967,916

Committees Under the Company’s Board of Directors

	Reliability Committee	Committee for Technological Connections to Power Grids	Committee for Strategy and Development	Committee for Audit	Committee for Personnel and Remuneration
Functions	Makes recommendations to the Board of Directors on the following issues: <ul style="list-style-type: none">• Implementation of investment programs and plans for the maintenance of power grid facilities;• Providing the proper condition of fixed assets;• Providing the integrated reliability of power grid facilities;• The Company's business priorities.	<ul style="list-style-type: none">• Evaluating the Company's performance in the technological connection of end users to the power grids;• Analyzing the day-to-day activities of the Company;• Makes recommendations to the Company's Board of Directors concerning the technological connection of end users to the power grids.	Makes recommendations to the Board of Directors on the following issues: <ul style="list-style-type: none">• Determining the strategic goals of the Company;• Specifying business priorities;• Assessing the Company's performance over the long-term;• Increasing the Company's investment attractiveness;• Improving investment activities;• Passing reasonable investment resolutions;• Amending the existing strategy for the Company's development.	<ul style="list-style-type: none">• Approving nominees for the office of Company Auditor;• Evaluating the efficiency of internal control measures and recommending improvements in the same;• Exercising control over the execution of quarterly and annual accounts by the Company's executive bodies, as well as the credibility thereof;• Approving the auditor's opinion;• Approving the opinions of independent appraisers concerning an assessment of the property and obligations of the Company when negotiating transactions requiring the consent of the Board of Directors, or when otherwise transferring rights to the Company.	<ul style="list-style-type: none">• Makes recommendations concerning remuneration for members of the Board of Directors;• Specifying the procedures applicable for remuneration and other material incentives for the collegial executive authority, or for any person acting as the Company's sole executive body, including any management company or manager;• Specifying the procedures for nominating potential members of the Board of Directors, as well as candidates for the office of the sole executive authority of the Company.
Date of establishment	January 2006	February 2009	April 2008	April 2008	April 2008
Number of members	9	7	9	4	5
Number of meetings in 2010	14 (all in absentia)	15 (all in absentia)	22 (8 in compresence)	14 (all in absentia)	7 (all in absentia)
Remuneration paid to the members of the Committee in 2010	357 861,5	274 788,5	842 292,5	198 479,5	150 964
Webpage on which the resolution of the Committee is posted	http://www.mrsk-1.ru/about/administration/sessioncomitet/conference/2010/	http://www.mrsk-1.ru/about/administration/sessioncomitet/tehpr/2010/	http://www.mrsk-1.ru/about/administration/sessioncomitet/development/2010/	http://www.mrsk-1.ru/about/administration/sessioncomitet/audit/2010/	http://www.mrsk-1.ru/about/administration/sessioncomitet/reward/2010/
Webpage on which data concerning the members of the Committee is posted	http://www.mrsk-1.ru/about/administration/apparatus/comitet/	http://www.mrsk-1.ru/about/administration/apparatus/technology/30072010/	http://www.mrsk-1.ru/about/administration/apparatus/strategy/strategy_30072010/	http://www.mrsk-1.ru/about/administration/apparatus/audit/30072010/	http://www.mrsk-1.ru/about/administration/apparatus/recompense1/
Principal issues addressed in 2010	<ul style="list-style-type: none">• Approving the Company's maintenance program for 2010;• Approving the amended environmental program of the Company for 2009-2010;• Approving the program of third-party injury risk reduction applicable to the Company's premises in 2010-2012;• Approving the program for the higher level of reliability for IDGC of Centre in 2011-2015;• Report by the Company's General Director highlighting the Company's performance in the autumn and winter of 2009-2010;• Report by the Company's General Director highlighting the Company's plans for the autumn and winter of 2010-2011;• Quarterly reports by the Company's General Director for 2010 related to the following:<ol style="list-style-type: none">1) Power grid fixed asset conditions;2) Reliability;3) Occupational safety and injury prevention;4) Implementation of the Company's environmental program for 2009-2010;5) Implementation of the maintenance program;6) Implementation of the investment program in terms of retrofitting, modification and development.	<ul style="list-style-type: none">• Monthly reports on the most challenging claims and applications filed with the Company concerning technological connection to the Company's distribution power grids;• Quarterly reports on the technological connection of end users to the Company's power grids;• Data on the technological connection of federal end users to the Company's power grids;• Data on the technological connection of power generation facilities.	<ul style="list-style-type: none">• Approving the business plan (in particular, the investment program) of the Company for 2010, or amended the business plan or investment program for the same period;• Passing resolutions concerning the Company's proposals regarding the implementation of efficient investment projects not included in the Company's investment program for 2010;• Participation of IDGC of Centre in other companies;• Approving the plan of top priority arrangements for higher levels of antiterrorist and countersabotage security for the Company's power grid facilities;• Considering benchmarking results (regarding the Company's labor efficiency);• Priority procurement activities related to the execution of long-term contracts for electric power supplies;• Priority activities concerning formalizing the titles to real property, and formalizing or re-legalizing the rights for the use of land plots for 2011-2014;• Monthly reports by the Company's General Director concerning arrangements made during the respective month to transfer to a RAB-based tariff regulation system;• Quarterly reports by the Company's General Director concerning the implementation of the Company's business plan (including its investment program) for the respective quarter of 2010.	<ul style="list-style-type: none">• Approving the auditor's opinion;• Approving the nominee for the office of Company Auditor;• Approving the Company's risk management policy;• Approving the Company's internal control policy;• Quarterly schedules of inspections to be carried out by the Department of Internal Control and Audit of IDGC of Centre as part of the internal control system;• Quarterly reports by the Department of Internal Control and Audit on the results of inspections carried out as part of the internal control system;• Quarterly reports by the Company's General Director on the elimination of deficiencies specified in the internal control reports by the Committee for Audit;• Monthly reports on transactions made by insiders having shares in the Company, its subsidiaries or affiliates;• Quarterly financial statements of the Company;• Report on IFRS account execution for 2010;• Opinions by independent appraisers on an evaluation of the Company's property when making transactions.	<ul style="list-style-type: none">• Preliminary approval of nominees to the Board of Directors of IDGC of Centre;• Evaluation of personnel reserve to fill vacancies in the Company's senior management.

Each Committee is composed of various group representatives, thus ensuring a greater level of efficient Committee business, as well as the achieving of more credible and independent resolutions. For more details on the members of the Board of Directors elected during 2009 and 2010, see Annex 6 hereto. The foregoing information is provided subject to the applicable laws of the Russian Federation regulating personal data processing.

Company's Management Board

Pursuant to Article 22 of the Company's Articles of Association and the regulations for the Company's Management Board approved by the General Meeting of the Shareholders (Resolution No.1829 np/1 of 28 February 2008) and posted to the corporate website at <http://www.mrsk-1.ru/docs/K4im4A.TIF>, the Company's collegial executive authority is responsible for the day-to-day activities of the Company.

The Board of Directors determines the number of members of the Management Board and elects such members, who report to the Board of Directors and the General Meeting of the Shareholders. The Company's General Director is the Chairman of the Management Board. The Deputy Chairman is elected by the Management Board. The Company's Board of Directors is entitled at any time to revoke the authorities of any member of the Management Board and to nominate another member to fill the vacancy.

The Company's Management Board was established in 2008 based upon Resolution No.09/08 of 4 May 2008 passed by the Board of Directors.

As of 31 December 2010, the following persons are members of the Company's Management Board:

Dmitry Olegovich Gudzhoyan	Chairman of the Company's Management Board, General Director Born in 1977, citizen of the Russian Federation Education: Higher 1999, Moscow State Automobile and Road Technical Institute Specialty: Organization of Transport Movement and Transport Management (by types) Qualification: Manager-Engineer; 1998, International University Specialty: Economic Theory Scientific degree, rank: Candidate of Science (Economics)
Sabir Rafikovich Agamaliyev	Deputy General Director for Logistics and Material and Technical Supply of IDGC of Centre Born in 1977, citizen of the Russian Federation Education: Higher 2006, St. Petersburg Academy of Management and Economics Specialty: Public and Municipal Management; 1999, Moscow Military Institute of Federal Border Guard Service of the Russian Federation Specialty: Jurisprudence
Evgeny Alexeyevich Bronnikov	Deputy General Director for Economy and Finance of IDGC of Centre Born in 1974, citizen of the Russian Federation Education: Higher 2003, Postgraduate course at the Belgorod State Technological University named after V.G. Shukhov. Chair of Strategic Management Specialty: Economy and Management of the National Economy; 1997, Belgorod Branch of All-Russian Correspondence Financial and Economic University Scientific degree, rank: Candidate of Science (Economics)
Ivan Petrovich Kleymenov Elected to the Company's Management Board by the Board of Directors on 15 February 2010 (Resolution No.02/10 of 24 February 2010)	Deputy General Director — Director of the Voronezhenergo Branch of IDGC of Centre Born in 1960, citizen of the Russian Federation Education: Higher 1989, Volgograd Agricultural Institute Specialty: Economist; 1987, Volgograd Agricultural Institute Specialty: Electrical Engineer

Rustem Leronovich Nabiullin	Deputy General Director for the Capital Construction of IDGC of Centre Born in 1961, citizen of the Russian Federation Education: Higher 1983, Leningrad Higher Military Engineering Construction Technical School of the Red Banner named after Army General A.N. Komarovsky Specialty: Project Construction
Vadim Nikolaevich Fedorov	Deputy General Director for Grid Services Development and Realization of IDGC of Centre Born in 1972, citizen of the Russian Federation Education: Higher 2004, Saratov State University named after N.G. Chernyshevsky Specialty: Business Management; 1994, Novocherkassk State Technical University Specialty: Automated Control of Electric and Power Systems
Sergey Anatolievich Schumacher	Deputy General Director for the Technical Policy of IDGC of Centre Born in 1955, citizen of the Russian Federation Education: Higher 1977, Moscow Institute of Engineers of Agricultural Production Specialty: Electrical Engineer

In 2010, the following changes were introduced in the Management Board of the Company:

- On 15 February 2010, Ivan Petrovich Kleymenov, Deputy General Director, Director of the Voronezhenergo Branch of IDGC of Centre, was elected to the Board by the Company's Board of Directors (Resolution No. 02/10 of 24 February 2010);
- On 27 February 2010, the Company's Board of Directors (Resolution No.03/10 of 2 March 2010) revoked the authorities of Konstantin Victorovich Kotikov, a member of the Management Board;
- On 31 August 2010, the Company's Board of Directors (Resolution No.18/10 of 3 September 2010) revoked the authorities of Sergey Alexandrovich Arkhipov, a member of the Management Board;
- On 17 December 2010, the term of the employment contract made with Evgeny Fedorovich Makarov, the Company's General Director, expired. Accordingly, his authorities as the Chairman of the Company's Management Board were also revoked;
- On 17 December 2010, the Company's Board of Directors appointed Dmitry Olegovich Gudzhoyan as acting General Director of the Company effective from 18 December 2010 (Resolution No.25/10 of 17 December 2010). Pursuant to Article 69 of Federal Law No.208-FZ, On Joint-Stock Companies, of 26 December 1995, Dmitry Olegovich Gudzhoyan shall act as the Chairman of the Company's Management Board as of 18 December 2010.

No claims were filed against any member of the Management Board within the term that the Company carried out its business; in particular, during 2010.

For more details concerning the members of the Management Board, see Annex 6 hereto. The foregoing information is given subject to the applicable laws of the Russian Federation regulating personal data processing.

In 2010, the Management Board held 49 meetings and made resolutions on 216 issues. The great number of items placed on the agenda of the Management Board appertained to the Board of Directors and were discussed initially by the Management Board in order that it may issue its recommendations to the Board of Directors thereon.

In 2010, the Company's Management Board passed the following most important resolutions:

- Recommendation to the Board of Directors concerning the Non-public Pension program applicable to the Company's personnel during 2010;
- Developing the Company's business plan (including the investment program) for 2010;
- Considering the draft of the Company's annual account for 2009;
- Recommendation to the Company's Board of Directors concerning the amount and procedures for the distribution of dividends on the Company's shares;
- Preliminarily approval of targeted annual and quarterly indicators of the Company's performance for 2010;
- Approval of annual and quarterly strategic and targeted key performance indicators for 2010;
- Preliminarily approval of information technology engineering policies of the Company as amended;
- Approval of the Company's portfolio of projects for 2010;
- Recommendation to the Board of Directors concerning the Company's participation in Yargorelectroset JSC;
- Recommendation to the Board of Directors concerning preliminary approval of an addendum to the Company's collective agreement for 2009-2011;
- Acting as the Annual General Meeting of the Shareholders for Energetic JSC;
- Consideration of the primary Business Intelligence trends over the long term;
- Preliminarily approval of benchmarking results (for the Company's labor performance evaluation);
- Recommendation to the Board of Directors concerning the priority activities of the Company and the arrangements for an enhanced level of antiterrorist and countersabotage security for the Company's power grid facilities;
- Approval of the Company's consolidated strategic financial program for 2010-2019;
- Preliminary approval of the adjusted targeted annual and quarterly key indicators of the Company's performance for 2010;
- Development of the Company's amended business plan (including the investment program) for 2010;
- Recommendation to the Board of Directors concerning the Company's participation in Yargorelectroset JSC;
- Recommendation to the Board of Directors concerning the Company's participation in the Association of Power Industry Auditors and Service Companies Non-Commercial Partnership;
- Recommendation to the Board of Directors concerning the approval of the revised Regulations for Corporate Assistance to and Support of the Company's Personnel in Making Improvements to Dwellings;
- Recommendation to the Board of Directors concerning the priority activities of the Company in relation to the formalization of titles to real property, as well as to the formalization and re-legalization of the rights to the use of land plots for 2011-2014, subject to the availability of data concerning the boundaries of the protected zones of power grids;

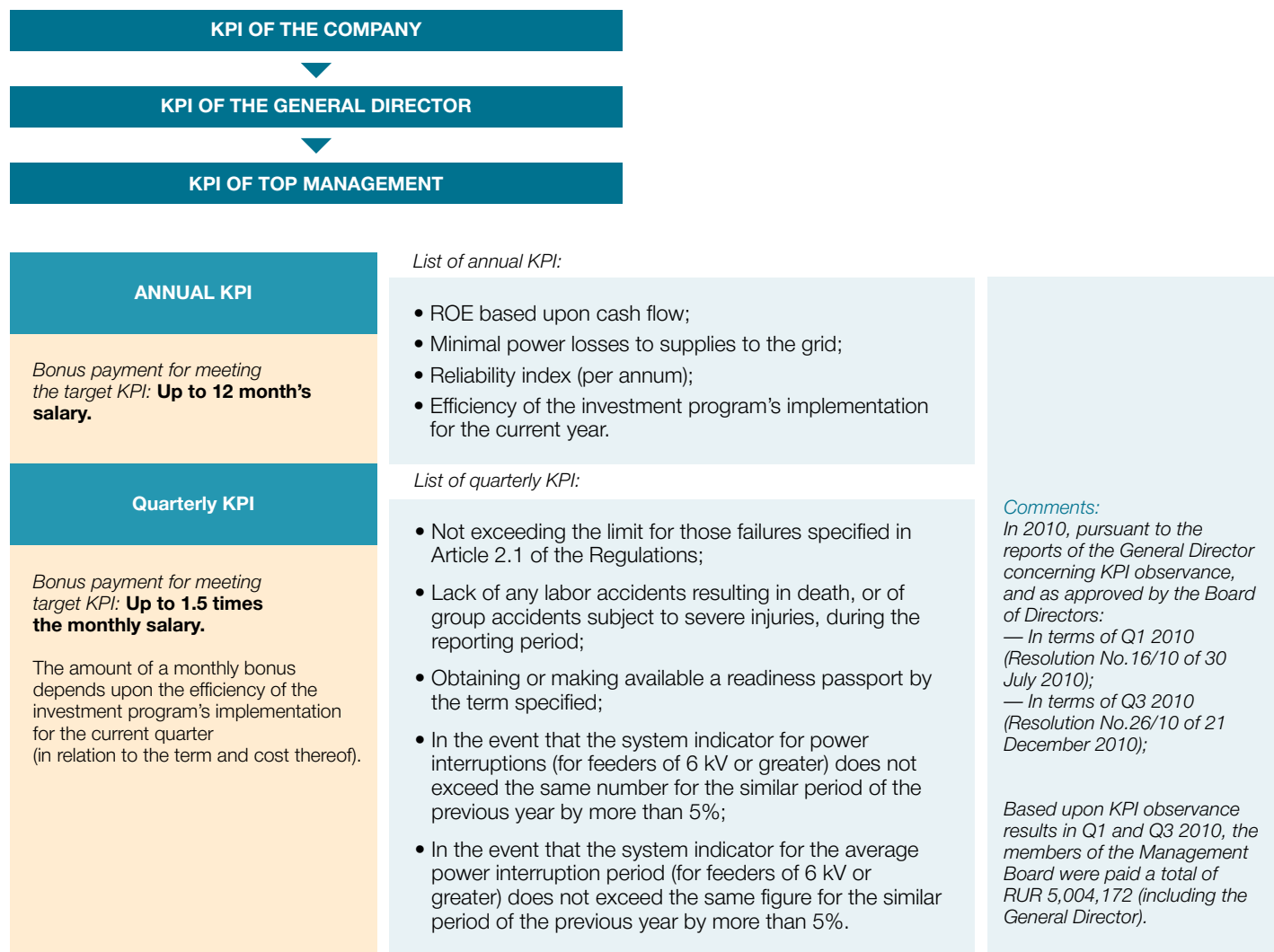
- Approving the cash flow plans for Q1, Q2, Q3 and Q4 2010;
- Recommendation to the Board of Directors concerning the Company's participation in Grid Service Company of Centre JSC by means of the incorporation or establishment thereof;
- Recommendation to the Board of Directors concerning the Company's participation in ENERGOPROEKT NP;
- Recommendation to the Board of Directors concerning the Company's participation in the Market Council for Organizing an Efficient System of Trading for Wholesale and Retail Electricity and the Capacity Market for Non-Commercial Partnerships;
- Preliminary approval of the targeted annual and quarterly key indicators of the Company's performance for 2011;
- Execution of the Company's business plan (including the investment program) for 2011;
- Acting as the Extraordinary General Meeting of the Shareholders of Yargorelectroset JSC.

Remuneration of the Management Board

The Management Board consists of members who are vested both with those obligations specified in the employment contract, and the powers of the members of the Collegial Executive Body of the Company, the Management Board of IDGC of Centre, as provided for by the Articles of Association of the Company and the Regulations of the Management Board of the Company approved by the Extraordinary General Meeting of the Shareholders of IDGC of Centre (Resolution No.1829pr/1 dated 28 February 2008).

In accordance with the terms and conditions of an addenda to the employment contracts, employees exercising their powers as members of the Management Board are paid a monthly remuneration in the amount of RUR 15,830 (fifteen-thousand, eight-hundred and thirty).

In accordance with the Regulations on the Material Incentives of Top Managers of the Company (Minutes of the Meeting of the Board of Directors No.13/08 dated 01 August 2008), the members of the Management Board of the Company correspond to the senior manager category. Bonus payments to senior managers are effected following the fulfillment of key performance indicators (hereinafter referred to as KPI), and depend upon the degree of KPI fulfillment for the relevant reporting periods (quarter and year).



General Director of the Company

The management of the current activities of the Company falls under the competence of the General Director of the Company, excluding those issues relegated to the competence of the General Meeting of the Shareholders, the Board of Directors, or the Management Board of the Company.

The primary issues relative to the competence of the sole executive body are as follows:

- Enforcement of the Company's activity plans that are necessary for the completion of its tasks;
- Organization of accounting and report keeping by the Company;
- Disposal of the Company's property, and transaction settlements on behalf of the Company;
- Exercising the functions of the Chairman of the Management Board of the Company.

Evgeny Fedorovich Makarov acted as the Company's General Director from the date of the incorporation of IDGC of Centre until 17 December 2010. On 17 December 2010, his authorities expired.

Evgeny Fedorovich Makarov

Member of the Partnership Council, Chairman of the Management Board of EnergoProfAudit NP

Born in 1955, citizen of the Russian Federation

Education: Higher

1978, Ivanovo Power Engineering Institute

Specialty: Electrical Engineer;

2003, Finance Academy under the Government of the Russian Federation

Specialty: Finances and Credit

Qualification: Economist.

Positions held in the Company and other organizations for the last 5 years:

24 April 2009 to date

Member of the Supervisory Board of the All-Russian Industrial Association of Power Industry Employers (PIE Association) (since 5 May 2009, Chairman of the Supervisory Board)

30 April 2008 to 17 December 2010

IDGC of Centre, Chairman of the Management Board

09 December 2004 to date

IDGC of Centre, member of the Board of Directors

09 December 2004 to 17 December 2010

IDGC of Centre, General Director

Date of first election to the Board of Directors: 09 December 2004

Number and class (type) of shares in the authorized capital of the Company: 206,622,069 ordinary shares

Shares held in the authorized capital of the Company: 0.4894%

This individual holds no shares in the authorised capital of the subsidiaries or affiliates of the Company.

No transactions related to the acquisition or alienation of shares of the Company were negotiated in 2010. There have been no claims against Evgeny Fedorovich Makarov within the entire activity of the Company, including for the year of 2010.

Evgeny Fedorovich Makarov has received the following awards and commendations:

2000 — A commendation from the Head of the Belgorod Regional Administration;

2001 — The title of Honorary Power Engineer from the Ministry of Energy of the Russian Federation; a Certificate of Merit from the Belgorod Regional Administration;

2003 — The title of Honored Worker of RAO UES of Russia;

2004 — The title of Honorary Worker for the Fuel and Energy Complex from the Ministry of Industry and Energy;

2005 — The Order of Merit for the Fatherland of the II Degree; the Badge of Honor for Merit for the Russian Power Industry from RAO UES of Russia; the Medal of Merit for the Territory of Belgorod of the II Degree;

2006 — The Badge for Eighty-Five Years of the Plan for the State Commission on the Electrification of Russia;

2007, 2008 — A commendation from the Board of Directors of IDGC of Centre (for the excellent organization of sports/mass activities and for the holding of the Eighth Summer and Seventh Winter Olympics for Power Engineers);

2010 — The Badge of Honor For the Development of the Distribution Grid Complex of IDGC Holding.

Since 18 December 2010, Dmitry Olegovich Gudzhoyan has served as the General Director of the Company (as approved by the Board of Directors on 17 December 2010 by Resolution No.25/10).

Dmitry Olegovich Gudzhoyan

General Director of IDGC of Centre

Born in 1977, citizen of the Russia Federation

Education: Higher

1998, International University

Specialty: Economic Theory;

1999, the Moscow State Automobile and Road Technical Institute

Specialty: Organization of Transportation and Transport Management (by types)

Qualification: Engineer/Manager.

Academic title, degree: Ph.D. in Economics

Positions held in the Company and other organizations over the past 5 years:

4 February 2011 to date

General Director of IDGC of Centre

18 December 2010 – 3 February 2011

Acting General Director of IDGC of Centre

18 December 2010 to date

Chairman of the Company's Management Board

20 November 2010 to date

Member of the Coordination Youth Council for Science and Education under the Presidential Committee for Science, Technology, and Education

17 February 2010 – 17 December 2010

Deputy Director for Corporate Governance of IDGC of Centre

23 November 2009 – 16 February 2010

Director of Economics of IDGC of Centre

1 March 2006 – 20 November 2009

Chief Commercial Officer of ZAO Kriokor-Energiya

1 August 2005 – 28 February 2006

Chief Commercial Officer of Oregon LLC (CEO of Kriokor AO LLC as secondary employment)

This individual holds no shares in the Company's authorized capital.

This individual holds no shares in the authorised capital of the subsidiaries or affiliates of the Company.

Throughout 2010, no transactions providing for the acquisition or disposal of the Company's shares were negotiated.

No claims were filed against Dmitry Olegovich Gudzhoyan in 2010.

Information concerning the sole executive authority of the Company is provided in compliance with the applicable laws of the Russian Federation regulating personal data processing.

The General Director of the Company is accountable both to the General Meeting of Shareholders (via the submission of the annual report) and the Board of Directors of the Company on a regular basis (monthly, quarterly, half-yearly, annually), and submits to the Board of Directors of the Company the following reports:

- On the fulfillment of key performance indicators (quarterly/annually);
- On the implementation of the Company's business-plan (quarterly/annually);
- On the implementation of the investment program (quarterly/annually);
- On the fulfillment of resolutions passed by the Annual General Meeting of the Shareholders, including those concerning dividend payments (annually);
- On the security of insurance coverage (quarterly);
- On the procurement program (quarterly);
- On the fulfillment of the Board of Directors' decisions (quarterly);
- On the course of non-core asset sales (quarterly);
- On the fulfillment of the regulations concerning the Company's Information Policy (quarterly);
- On the Company's Credit Policy (quarterly);
- On the control indicators of the CF for the relevant quarter (quarterly);
- On the observance of the Corporate Management Code of the Company (once every half year);
- On the preparations of the Company to operate during the Autumn and Winter periods (annually);
- On the measures taken concerning the transfer to regulating the tariffs for services for electric power transmission by means of the return on invested capital method (RAB) (monthly);
- On the implementation of the Plan for those measures that ensure the fulfillment of the approved parameters of the Company's Investment program for 2010 (monthly);
- On the work concerning the registration of property rights for real estate, and the registration/re-registration of the right to use land plots (annually);
- On the disposal of housing and public utilities (annually);
- On the elimination of violations revealed when implementing internal control procedures (quarterly/annually);
- On the state of the Company's reliability (quarterly);
- On the organization of the labor protection system in the Company (quarterly);
- On the course of the implementation of the Environmental Policy program of the Company (quarterly);
- On the current situation of the Company's activities related to the technological connection of end users to power grids (quarterly).

As the sole executive body of IDGC of Centre, the General Director is appointed by the Board of Directors of the Company. The General Director undertakes the current management of the Company, and his competencies are of a residual nature, covering all of those issues and tasks that are not relegated to the competence of the General Meeting of the Shareholders, the Board of Directors, or the Management Board of the Company. The Board of Directors of IDGC of Centre, in its turn, conducts a regular assessment of the General Director. The Board of Directors of the Company can, at any time, make a decision to terminate the powers of the current General Director and appoint a new General Director.

Remuneration of the General Director

The criteria for the determination and amount of remuneration for the General Director are specified in the employment contract concluded in accordance with the Articles of Association of the Company, and by the Regulations on the Material Incentives of the General Director of IDGC of Centre approved by the Board of Directors of the Company (as amended) and recorded in Board Minutes No. 19/08 dated 28 November 2008). Bonus payments to the General Director are effected upon the fulfillment of key performance indicators determined by the Board of Directors of the Company for the relevant reporting periods (quarter and year) and approved by the Chairman of the Board of Directors of the Company. In accordance with the Annex to the Regulations on the Material Incentives of the General Director of IDGC of Centre, the KPI of the General Director include financial, technical and investment indicators. Remuneration is paid by the Board of Directors following their approval of the report of the General Director concerning the pre-determined level of KPI fulfillment.

In 2010, remuneration to the General Director was paid for Q1 and Q3 2009, and the payment amount was included as a portion of the remuneration awarded to the members of the Management Board of the Company.

Corporate Secretary

The position of the Corporate Secretary was introduced by a resolution of the Board of Directors dated to 15 December 2006 (Minutes No.012/06).

The Corporate Secretary acts upon the basis of the Articles of Association and the Regulations on the Corporate Secretary of IDGC of Centre approved by the decision of the Board of Directors of the Company on 17 October 2006 (Minutes No. 009/06). These regulations are available on the Company's website at <http://www.mrsk-1.ru/docs/sekretar.pdf>. The principal task of the Corporate Secretary is to ensure the observance of the procedure requirements that guarantee the exercise of the rights and legal interests of the Company's shareholders by the Company's management bodies and officials.

The Corporate Secretary is accountable for his/her activities to the Board of Directors of the Company. The Corporate Secretary of IDGC of Centre also ensures that the five committees under the Board of Directors of the Company are functioning.

Throughout 2010, Svetlana Vladimirovna Lapinskaya acted as the Company's Corporate Secretary.

Svetlana Vladimirovna Lapinskaya

Born in 1980, citizen of the Russian Federation

25 March 2009 to date – (Resolution No.05/09 of the Board of Directors of 27 March 2009)

On 8 July 2009, she was re-elected by a unanimous vote of the Board of Directors (Resolution No.11/09 of 10 July 2009), as well as on 19 July 2010 (Resolution No.15/10 of 21 July 2010).

Her primary employment is retained.

Primary employment: Head of the Corporate Relations Division of the Department of Corporate Governance of IGDC of Centre JSC

Education: Higher

2002, Maymonid State Classic Academy

Specialty: Jurisprudence

This individual holds no shares in the authorized capital of the Company or its subsidiaries or affiliates.

This individual has no affiliated relationship with the members of the Company's management bodies or shareholders (as provided by applicable laws).

In 2010, no claims were filed against the Company's Corporate Secretary.

In 2010, no claims were laid by any member of the Board of Directors or any of the Board's committees.

Data concerning the Company's Corporate Secretary is also posted on the Company's website at http://www.mrsk-1.ru/about/administration/apparatus/corporate_secretary/. The foregoing information is provided pursuant to the applicable laws of the Russian Federation regulating personal data processing.

Disclosure

IDGC of Centre strives to ensure information transparency as much as possible, thus providing regular and prompt disclosures and the availability, accuracy, and integrity of information, as well as maintain a proper balance between the Company's transparency and its commercial interests.

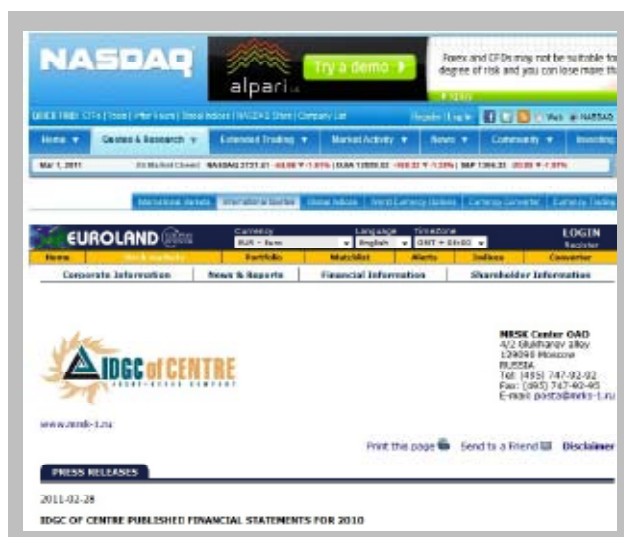
In addition to the obligatory disclosures pursuant to the applicable laws of the Russian Federation, the Company discloses certain information as provided by the Regulations for Information Policy approved by the Board of Directors (Resolution No.009/06 of 18 October 2006). The foregoing regulations adhere to advanced Russian and international corporate governance practices in terms of transparency.

Specifically, the Board of Directors plays a major role in establishing a transparent and open Company, approving principal documents and exercising control over the compliance therewith, as well as considering and approving reports concerning information policy adherence on a quarterly basis. The General Director bears the responsibility for the accuracy and completeness of any of the information disclosed that is related to the Company or any of its business activities. Concerning any of the by-laws of the Company, please see Annex 12 hereto.

Any disclosure may be made by various methods or through different channels. However, the principal channel is the

corporate website (www.mrsk-1.ru). The Company's website ensures non-restricted and easy access to complete and reliable information concerning the Company's business for shareholders, creditors, prospective investors, professional participants in the securities market, public authorities, the mass media, or any other interested person. The Company's website provides convenient navigational features and has a user-friendly interface. The site includes all obligatory disclosures, data on the Company's stock performance, and information for shareholders and investors, as well as data on the Company, its management and control bodies, the financial and economic activities of the Company and its performance, reports, and projects to be implemented.

The Company regularly provides any party concerned with any data that may be required concerning its business, using



any and all means available thereto. In addition to disclosures through the corporate website, the Company also publishes the respective information with the authorized news agency (Interfax) and periodicals (Izvestia, Trud), sending e-mails of the same to any interested persons. The Company also arranges for conferences, briefings and meetings, and sends copies of documents to its shareholders or other concerned parties. As of 2010, data on the Company is distributed through international data channels in English (Nasdaq, Euroland).



Additionally, the Company establishes online Web conferences involving top managers of IDGC of Centre, which are highly esteemed by investors. Furthermore, the Company conducts one-on-one meetings with investment professionals so that management may answer the questions of investors and other concerned parties with respect to the Company's performance for the reporting period. An integrated federal toll-free call centre has been established to respond to inquiries made by the Company's shareholders (8-800-50-50-115). In addition, the Company participates in industry-related meetings and conferences, as well as provides for personal interviews. Moreover, the Company ensures informational support of its business through publications, radio, and TV in the regions. A daily broadcast of the

Company is available through the Internet at <http://www.mrsk-1.ru/news/corporate/radio/archive/>. In addition, the Company is involved in the Energetika program on the Vesti-24 channel.

In the annual estimate of the information transparency of Russian companies by the Standard&Poor rating agency in 2010, IDGC of Centre showed an increase to 62.38% (compared to 55% in 2009). The level of disclosures related to the ownership structure, shareholders' rights, and financial and operating performance increased significantly. For more details on the estimate, please visit the website of the agency at <http://www.standardandpoors.ru/>. The annual accounting of the Company for 2009 was highly appreciated by the jury and by professionals, and was rewarded in a competition arranged by the RTS, Stock Market Magazine, and the MICEX.

Auditing Procedure and Internal Control

The Annual General Meeting of the Shareholders of the Company approves the nominee for the office of the Company's Auditor, who ensures the auditing of the financial and economic activities of the Company during the reporting year. The Committee for Audit of the Board of Directors evaluates the qualification of the Auditor, its performance and adherence to the proper procedures ensuring the independence of auditor opinions, and provides its own opinion concerning any nominee by any third party, and finally reports to the Board of Directors for its subsequent approval.

At the meeting held on 23 April 2010, by Resolution No.04/10, the Committee for Audit recommended to the Company's Board of Directors that they submit BDO CJSC at the Annual General Meeting of the Company's Shareholders for approval to act as the Company's Auditor in 2010. In return, the Board of Directors, by Resolution No.10/10 of 4 May 2010, nominated (and on 22 June 2010, the General Meeting of Shareholders approved) BDO CJSC as the Company's Auditor, entitled to audit the Company's accounts for 2010.

Full business name	BDO Closed Joint-Stock Company
Abbreviated business name	BDO CJSC
Auditor's location	Registered address: Section 1, Bld. 1, 125 Varshavskoe shosse, Moscow 117587 Mailing address: Bld. 7, 53 Dubininskaya Street, Moscow 115054
Tel./Fax	Tel. (495) 797-5665 Fax (495) 797-5660
E-mail	info@bdo.ru
Member of the self-regulated organization of auditors	Audit Chamber of Russia, Non-Commercial Partnership (NP APR) Registered under No. 10201018307 in the Register of Auditors and Auditing Organizations maintained by NP APR, the self-regulated organization of auditors
Member of any board, association or any other professional partnership or organization	BDO CJSC is a member of the Association of Russian Banks, the Self-Regulated Organization of the Association of Russian Appraisal Masters, and the Russian Managers Association (RMA)

The remuneration of BDO CJSC for the auditing of the Company's accounts for 2010, executed in compliance with Russian accounting standards and amounting to RUR 4.557 mln (VAT included), was determined by Resolution No.16/10 of the Board of Directors of 20 July 2010.

BDO CJSC rendered no services not directly related to the financial audit.

There are no deferred payments or arrears in relation to any service rendered by the Company's Auditor.

Internal Control System

Internal control in the Company is a process aimed at guaranteeing the efficient and effective use of the Company's resources, the integrity of its assets, its compliance with legal requirements, and the submission of reliable reporting. The internal controls of IDGC of Centre secures the fulfillment of such tasks as ensuring investors' confidence, protecting shareholders' investments and the assets of the Company, ensuring the completeness, reliability and authenticity of financial, accounting, statistical, and management information and statements, and ensuring the observance of all regulatory and legal acts of the Russian Federation and the compliance of the decisions of the management bodies of the Company with the by-laws of the Company.

The subjects for internal control by the Company are as follows:

- The Board of Directors;
- The Committee for Audit of the Board of Directors;
- The General Director;

- The Internal Control and Audit Department;
- Other structural subdivisions and employees of the Company who are responsible for the performance of any internal control functions attached to them (by the by-laws of the Company).

The following are the principal documents that regulate the internal control system of the Company:

- The Corporate Governance Code of the Company approved by the decision of the Board of Directors (Minutes of the Board of Directors of the Company No. 009/06 of 18 October 2006). This document is available via free access on the Web at <http://www.mrsk-1.ru/docs/koduprav.pdf>;
- The Regulations for the Committee for Audit under the Board of Directors approved by a decision of the Board of Directors (Minutes of the Board of Directors of the Company No. 18/09 of 02 November 2009). The document is available via free access on the Web at <http://www.mrsk-1.ru/docs/Appendix9.doc>;
- The Regulations on Internal Control Procedures approved by a decision of the Board of Directors (Minutes No. 01/09 of 13 February 2009). This document is available via free access on the Web at <http://www.mrsk-1.ru/docs/yJfOC.doc>;
- The Internal Control Policy, as approved by the Board of Directors by Resolution No.13/10 of 15 June 2010, available via free access on the Web at <http://www.mrsk-1.ru/docs/regulitions7.doc>;
- The Risk Management Policy, as approved by the Board of Directors by Resolution No.13/10 of 15 June 2010, available via free access on the Web at <http://www.mrsk-1.ru/docs/Regulition6.doc>.

The Committee for Audit of the Board of Directors of the Company conducts a total estimate of the efficiency of the internal control procedures of the Company (including upon the basis of the statements and reports of the Department for Internal Control and Audit).

In accordance with the established procedures, the Committee for Audit plays the key role in the internal control process. The Committee for Audit provides for and exercises the following:

- The planning of audits in the Company for different areas of activities;
- Control over the annual independent audit of the Company's accounting (financial) statements, the fairness of these statements, as well as an estimate concerning the qualification of candidacies to serve as the Company Auditor, their work quality, and their observance of requirements for maintaining independence;
- Control over internal control systems in the fields of accounting and finance, and the activities of the Department for Internal Control and Audit of the Company;
- An analysis of the reports of the Department for Internal Control and Audit concerning performed audits;
- The reporting of its activities to the Board of Directors.

The Regulations for Internal Control approved by the Company specify the internal control goals and objectives, procedures, subjects, and the persons in charge of internal controls, as well as those supervising internal control procedures.

The Company's Risk Management Policy is a by-law specifying the principal organization, implementation and control processes related to the Company's risk management system. The introduction of integrated risk management systems allow the Company to discover threats and take proper measures to reduce their likelihood, while minimizing any eventual negative consequences of occurring risks.

The Company's Internal Control Policy specifies the way the system of internal control shall be arranged throughout IDGC of Centre, as well as the processes and procedures, areas of responsibility, and the functions of the components of such a system. The Policy is designed to build a standardized internal control system based upon an integrated approach to the respective procedures, thus making it possible to increase the efficiency of the Company's management, ensure the soundness of its assets, and to achieve the strategic goals of the Company, as well as to increase the level of confidence of its shareholders and investors.

The separate structural subdivision of the executive body of the Company — **the Department for Internal Control and Audit** — conducts estimates of the adequacy, sufficiency and efficiency of internal control procedures, as well as controls the observance of internal control procedures. In compliance with its area of competence, the Department for Internal Control and Audit exercises the following functions in the field of internal control:

- Auditing of the accounting and financial information submitted by the subdivisions of Executive Office, branches, and representative offices of the Company, including expert examination of the means and methods used for the identification, valuation and classification of such information and the drafting of any resulting reports. The Department is also responsible for the special study of separate aspects of reporting, including a detailed audit of transactions and balances in the accounting records;
- Auditing of the Company's observance of the law and the Company's internal regulatory documents, as well as the fulfillment of decisions made by the management bodies and the instructions of the Directorate of the Company;
- Auditing of the availability, condition, safekeeping and use of the Company's property;
- Conducting special investigations in certain cases (for instance, when there exists the suspicion of abuse);
- Drawing up and submission of an opinion concerning the audit results, the making of proposals for the elimination of such violations or defects that may be revealed during the course of an audit, and the drafting of recommendations for increasing management efficiency to the management bodies of the Company in accordance with established procedures;
- Methodological support when establishing and maintaining the internal control system;
- Other functions as provided by the internal documents of the Company.

The key official of the Department for Internal Control and Audit is Vadim Evgenyevich Bunin, the Head of the Department for Internal Control and Audit of IDGC of Centre.

The Company has developed standard regulations for creating an internal control environment and managing key business process risks within an Internal Control Policy that contains general information concerning such processes. In particular, the Policy contains goals, a list of regulatory documents serving as the basis for the process, process control points, the participants, business process diagrams, and recommendations related to the development of procedures aimed at implementing the aforesaid standard regulations. The Policy also includes a risk matrix, along with business process control procedures linked to this matrix, specifying such aspects as the identified risks, the design of control procedures, their frequency, and the persons in charge.

Pricewaterhousecoopers Russia BV has been engaged to render consulting services in order to employ the best practices when implementing the Company's Internal Control Policy.

The Department for Internal Control and Audit reports to the Committee for Audit of the Company on a quarterly basis on compliance with the documents related to improvement and development of the Company's internal control system.

Upon the approval of the standard regulations for creating an internal control environment and managing the key business process risks by the Company's Board of Directors in 2011, the control system's internal audit via the use of business processes shall be provided, as well as the continuation of activities related to the design of the control environment and the identification of other key business process risks.

In 2010, pursuant to the Internal Control Regulations and the quarterly action plans approved by the Committee for Audit of the Company's Board of Directors (Resolutions No.15/09 of 30 December 2009; No.03/10 of 25 March 2010 and No.10/10 of 1 September 2010), the Department for Internal Control and Audit carried out an audit of the various activities of the Company. In general, the following business processes were audited: investment and procurement, technological connection to the Company's power grids, and an evaluation of the efficiency of cash management and financial and economic planning.

Throughout 2010, data on the audit results, the violations discovered (including failures to comply with or adherence properly to the Company's by-laws), and the results of eliminating or the failure to eliminate such violations, as well as proposals in relation to such issues, were submitted to the Committee for Audit of the Company's Board of Directors on a quarterly basis. The Company made respective orders specifying certain remedial measures. The Department for Internal Control and Audit is responsible for such procedures.

The business processes being audited have been analyzed within the internal control system improvement process in order to identify and evaluate the adequacy of control procedures and to modify, as appropriate, the Company's by-laws. The Company intends to continue this process in 2011.

Audit Committee

The Company's Audit Committee exercises control over its financial and economic activities, thus ensuring the following:

- Control over the financial and economic activities of the Company;
- Compliance with the laws of the Russian Federation and the Company's Articles of Association when making financial and economic transactions;
- Independent evaluation of reports concerning the Company's financial standing.

The Audit Committee acts pursuant to the federal law On Joint-Stock Companies, Article 24 of the Company's Articles of Association, and the Regulations for the Audit Committee approved by the General Meeting of Shareholders by Resolution No.1429pr/1 of 20 March 2006. The members of the Committee are elected by the General Meeting of Shareholders and perform their duties until removed at the subsequent General Meeting.

On 22 June 2010, the following members of the Audit Committee were elected by the General Meeting of the Company's Shareholders (Resolution No.01/10 of 24 June 2010):

- Izumrud Aligadzhievna Alimuradova, Director for Internal Audit and Risk Management; Head of the Department for Internal Audit and Risk Management, IDGC Holding JSC (elected to membership on the Audit Committee by Resolution No.1 of 2 July 2010);
- Vladimir Nikolayevich Arkhipov, First Assistant Head of the Security Department of IDGC Holding JSC;
- Olga Vladimirovna Rokhlina, Chief Expert of the Division for Internal Control, Audit and Inspections of the Department for Internal Audit and Risk Management of IDGC Holding JSC (as of the date of election);
- Anna Yurievna Katina, Chief of the Division for Corporate Governance, Analysis and Control of the Department of Corporate Governance and Shareholder Relations of IDGC Holding JSC;
- Galina Ivanovna Meshalova, Chief Expert of the Division of Investment Control of the Department for Internal Audit and Risk Management of IDGC Holding JSC.

Prior to the General Meeting of Shareholders held on 22 June 2010 and the election of members of the Audit Committee (Resolution No.01/10 of 24 June 2010), the Company's Audit Committee was composed of the following members as elected by the Annual General Meeting of the Shareholders by Resolution No.01/09 of 16 June 2009:

- Olga Vladimirovna Rokhlina, Chief Expert of the Department for Internal Audit of IDGC Holding JSC (Chairperson of the Audit Committee of the Company);
- Irina Vasilyevna Mikhno, Deputy Head of the Department, Head of the Division of the Department for Internal Audit of IDGC Holding JSC;
- Ludmilla Romanovna Matyunina, First Deputy Head of the Department for Internal Audit of IDGC Holding JSC;
- Anna Yuryevna Katina, Chief of the Division for Corporate Governance, Analysis and Control of the Department of Corporate Governance and Shareholder Relations of IDGC Holding JSC;
- Vadim Evgenyevich Bunin, Head of the Department for Internal Control and Audit of IDGC of Centre.

Detailed information concerning the current membership structure of the Audit Committee of the Company is provided in Annex 6 hereto, as well as being available on the Company's website at http://www.mrsk-1.ru/about/administration/control/control_2010/. Information concerning the members of the Audit Committee of the Company has been provided in compliance with the applicable laws of the Russian Federation regulating personal data processing.

In 2010, the Audit Committee held three meetings. Any resolution of any meeting thereof may be found at <http://www.mrsk-1.ru/about/administration/control/protokol/>.

The principal resolutions passed by the Audit Committee in 2010 were as follows:

- Approval of the Audit Committee's opinion regarding the financial and economic activities of the Company in 2009 (Resolution No.9 of 9 April 2010);
- Approval of the Audit Committee's action plan for 2010-2011;
- Unscheduled audit of business transactions and operations made and carried out by the Company and related to the supply of its equipment and its operation by means of a financial lease, etc. (Resolution No.2 of 9 December 2010).

The remuneration of the members of the Audit Committee is calculated based upon the Regulations for the Remuneration and Compensation of the Audit Committee of the Company (Resolution No.1 of the Annual General Meeting of the Shareholders of 3 May 2008). The aforesaid document is available on the Web at <http://www.mrsk-1.ru/docs/rk.pdf>.

Any member of the Audit Committee participating in the auditing of the financial and economic activities of the Company shall be paid a remuneration equal to a minimum of 25 months of the base salary rate for a first-class employee as specified in the Russian electric power industry tariff agreement. The remuneration of the Chairman of the Audit Committee shall be paid subject to a multiplier of 1.5.

In 2010, the Audit Committee and third party experts involved in the auditing of the financial and economic activities of the Company were paid RUR 1,273,825, in which RUR 725,063 was spent for an audit of nine months of 2009, and RUR 548,763 was spent for an audit of the 12 months of 2009.

Risks

The Company's management ensures risk management at all system levels. This process provides for the identification and assessment of risks, a prioritization of such risks, and their control, in order to ensure and properly guarantee the achievement of the Company's strategic goals, the preservation of its assets, and the maintenance of its business efficiency, as well as an uninterrupted electric power supply.

The fundamental documents regulating the Company's risk management system are as follows:

1. The Corporate Governance Code approved by Resolution of the Board of Directors No.009/06 of 18 October 2006, available via free access on the Web at <http://www.mrsk-1.ru/docs/koduprav.pdf>.
2. The Regulations for the Committee for Audit of the Company's Board of Directors (as approved by Board of Director Resolution No.12/10 of 2 June 2010). This is available via free access on the Web at <http://www.mrsk-1.ru/docs/Appendix9.doc>.
3. The Risk Management Policy approved by Board of Director Resolution No.13/10 of 15 June 2010. This is available via free access on the Web at <http://www.mrsk-1.ru/docs/Regulition6.doc>.

The Company's Risk Management Policy provides for the fundamentals of organization, implementation, and control over the risk management processes within the Company, as well as top priority measures to be taken in order to establish a risk management system.

The Company's Risk Management Policy is applicable to the following:

- **Risk management strategy;**
- **Core risk management processes:**
 - Risk identification and assessment;
 - Development and introduction of risk management processes;
 - Risk monitoring.
- **Risk management system model:**
 - Risk management levels;
 - Risk management unit corporate structure;
 - Functions and areas of responsibility of the components of the risk management system;
 - Information support for the risk management system.
- **Risk accounting:**
 - Regulatory documents and standards;
 - Communications, resolutions and reports;
 - Evaluation of risk management performance.

The functions and areas of responsibility within the risk management system throughout the Company are allocated as follows:

- **Committee for Audit of the Company's Board of Directors:**
 - Exercising control over risk management performance.
- **General Director (Management Board) of the Company:**
 - Providing for an effective risk management system;
 - Approving various budgets;
 - Approving a risk register.
- **Company units:**
 - Identification and assessment of risks;
 - Development and implementation of the risk minimization program;
 - Prompt notice to the unit responsible for risk management of any risks and the measures taken;
 - Acquisition and transmission of data on occurring risks.
- **A unit responsible for risk management maintenance:**
 - Risk management coordination;
 - Training and consulting on risk management techniques;
 - Support and development of a methodological and regulatory risk management base;
 - Informational support for collegial bodies involved in resolving issues related to risk management;
 - Providing any concerned party with risk data.

IDGC of Centre provided for the identification, classification, and primary assessment of risks that may have a potential impact upon the Company's business as part of establishing its risk management system.

The Company has identified various risk levels as follows:

Strategic Risks

In 2010, a positive trend in the international rating of the Russian Federation was noted. The sovereign rating of the Russian Federation was increased from negative to stable by Standard&Poor's, and to positive by Fitch.

Meanwhile, the Russian economy remains vulnerable to changes in the international gas and oil market. The dynamics of prices for consumables is an additional problem in Russia. These circumstances may restrict the Company's ability to access capital resources and affect the buying power of the Company's customers. Additionally, the Government of the Russian Federation currently pursues a policy of rate control applicable to the products and services of natural monopolies, including power grid companies. This may result in a shortfall in the Company's investment program funding.

Attempting to minimize the aforementioned risks, the Company works to reduce implicit expenses and optimize its investment program, as well as pursues a reasonable policy with respect to debt financing.

Certain geographical features of the regions in which the Company operates provide for the risk of natural disasters in the autumn and winter. The Company considers this to be a high risk and takes measures to ensure that power grid facilities are ready for the foregoing period, subject to the compulsory certification of each unit with respect thereto. The Company carries out various activities designed to reduce the term required to ensure the effective mitigation of the consequences of natural disasters in the autumn and winter. Besides, the Company has concluded property insurance contracts in order to minimize potential consequences of natural disasters.

Regulatory Risks

There are risks related to tariff or industrial antitrust regulation for the Company's business.

Any distribution of power or technological connection to power grids is subject to public regulation. Thus, the approval of rates applied by the Company to the services it renders by the supervisory authorities has a direct impact upon the Company's earnings. Even with the introduction of a RAB-based tariff regulation system, the aforesaid authorities retain their role in the tariff-making process. Furthermore, the Government of the Russian Federation currently pursues a rate control policy applicable to the products and services of natural monopolies.

The Company takes the following measures to minimize regulatory risks:

- Cooperation with the Federal Tariffs Service and the tariff regulation authorities of the constituent entities of the Russian Federation with respect to the economic feasibility of the expenses included in the tariffs, as well as any amendments to the laws of the Russian Federation in relation to the pricing procedures applicable to services rendered by natural monopolies, subject to the interests of the distribution power grid companies when specifying retail tariffs for electric power;

- Drafting and approval of long-term development programs in the regions in which the Company operates, cooperating with regional and local authorities with the subsequent execution of such agreements, specifying (in particular) investment program financing and their sources;
- Methodical work aimed at reducing the Company's expenditures and optimizing its investment program.

As of December 2010, Belgorodenergo, Bryanskenergo, Kurskenergo, Lipetskenergo, Orelenergo, Tverenergo and Yarenergo have already introduced a new RAB-based tariff regulation system, thus allowing the Company to attract long-term investments and minimize any impact of resolutions related to tariff regulation procedures from subjective factors.

Financial risks

There are risks related to the Company's capital structure, any potentially lower profitability or liquidity, exchange or interest rate fluctuations, and credit risks.

A number of measures are being taken in order to minimize those risks related to the Company's capital structure that may have an impact upon the Company's earnings, profit, or scope of obligations:

- Increasing operating efficiency by reducing manufacturing costs;
- Carrying out certain activities aimed at increasing the share of long-term power supply contracts in the overall volume of the contracts executed by the Company;
- Pursuing a well-balanced financial policy.

IDGC of Centre renders its services in the Russian market by settling accounts in RUR, the functional currency of the Russian Federation, and is therefore not subject to exchange rate fluctuation risks. However, it should be noted that as a result of investment or maintenance program implementation, a need for materials or equipment from foreign manufacturers might arise, as well as the rendering of services that are subject to exchange rate fluctuation risks. The Company therefore considers the exchange rate risk to be minimal.

Due to some stabilisation of the financial markets, the risk of the rate change is considered to be average. For the purpose of minimizing the credit interest rate fluctuation risk, IDGC of Centre cooperates with lending agencies employing budgetary funds (public institutions, those of the constituent entities of the Russian Federation, municipal agencies) and international financial institutions. Since the Company is a natural monopoly, it selects financial institutions to render its financial services by means of an advertised single phase tender or public auction complying with the applicable laws of the Russian Federation (Federal Law No.135-FZ, On Anti-Competition, of 26 July 2006, and Federal Law No.94-FZ, On Placing Orders for Goods, Work or Services for Public or Municipal Institutions, of 21 July 2005). Pursuant to Article 9 (Clause 4.1) of the federal law specifying the order placing procedure, the price of any public or municipal contract shall be fixed and not subject to modification within its entire term. Thus, any risk of fluctuations in the interest rates under existing loan agreements is reduced.

Operating and technological risks are those, in particular, related to the following:

- Power supply interruption or lack of reliability; system failures or the lack of reliability in technologies employed or being introduced;

- Environmental impact;
- Relationship and settlement of disputes with end users and contractors in the retail or wholesale power and capacity market;
- Procurement, logistics and supply;
- Construction project implementation;
- Recruitment, management and turnover of staff, the personnel motivation system, and the efficiency of business processes, advance training, and the communication of experience;
- Risks related to data losses or the failure of information systems.

The Company deems risks related to deterioration, the violation of operating conditions, and critical changes in the performance of power grid facilities of crucial importance, which may result in emergencies, the failure of equipment, or the demolition of structures. For the purpose of minimizing such incidents, the Company upgrades its power grid facilities using innovative power generating equipment, and opens tenders for service providers and suppliers in order to increase the quality of the services rendered and materials supplied, as well as the responsibility of contractors. Furthermore, the Company retrofits emergency control systems that comply with the most up-to-date requirements. Currently, an automated asset management system is being introduced, which is designed to optimize the operation, maintenance and repair of power grid facilities, as well as the investment activities of the Company.

Environmental risks may occur as the result of eventual transformer oil leakages at substation subject to the unavailability of oil receivers. Due to these breaches of environmental legislation, the Company may be imposed fines as provided by federal laws. The probability of such risks is not considered to be material, and they present insignificant consequences for the Company's business. The Company's environmental policy approved by the Board of Directors is aimed at reducing environmental risks. Within the implementation of the advanced retrofitting and renovation program, the Company provides for the replacement of the elements and units of power generating equipment by up-to-date devices designed to ensure high environmental safety.

Concerning operating risks, the Company considers the following to be of crucial importance:

- Risks of disputes with power supply companies with respect to the structure and volume of power supplied, and as a result, an increase in accounts receivable in relation to power supply services due to inadequate planning concerning the functioning of the retail power market at the legislative level. For the purpose of reducing such risks, the Company takes measures to propose legislative initiatives applicable to the control and regulation of relations between power grid and supply companies, the collection of accounts receivable, and provisions for claim administration;
- A yield curve risk due to the termination or expiration of last-mile agreements made by and between the Company and FGC UES JSC, resulting from the unavailability of any means for the settlement of disputes at the legislative level between power grid companies and FGC UES JSC in terms of the aforementioned contracts. For the purpose of reducing such risks, the Company exercises control over the compliance of contracts made with FGC UES JSC, as well as ensures the prompt delivery of documents for the extension of last-mile lease agreements.

Concerning investment project implementation, due to the considerable amounts provided for by the Company's investment program, there are risks related to a failure to adhere by the terms of a capital investment application and the bringing into service of completed facilities. Furthermore, within a RAB-based tariff regulation system, the occurrence of such risks may result in the imposition of penalties in the event of a failure to implement the investment program approved by the competent tariff regulation authority. For the purpose of mitigating the consequences of the foregoing risks, the Company ensures the monitoring of investment program implementation, with subsequent corrective actions designed to meet the targeted goals.

Compliance Risks

There are risks related to the compliance of the Company's business with legal requirements, property management, and corporate governance, as well as intellectual property rights.

Compliance risks, in particular, those related to controversial interpretations of tax legislation, may result in the improper charging and payment of taxes, and finally, the imposition of penalties by the tax authorities. For the purpose of reducing such risks, the Company provides legitimate improvements in the methods used to calculate the tax base per tax and control over the compliance thereof with the applicable laws.

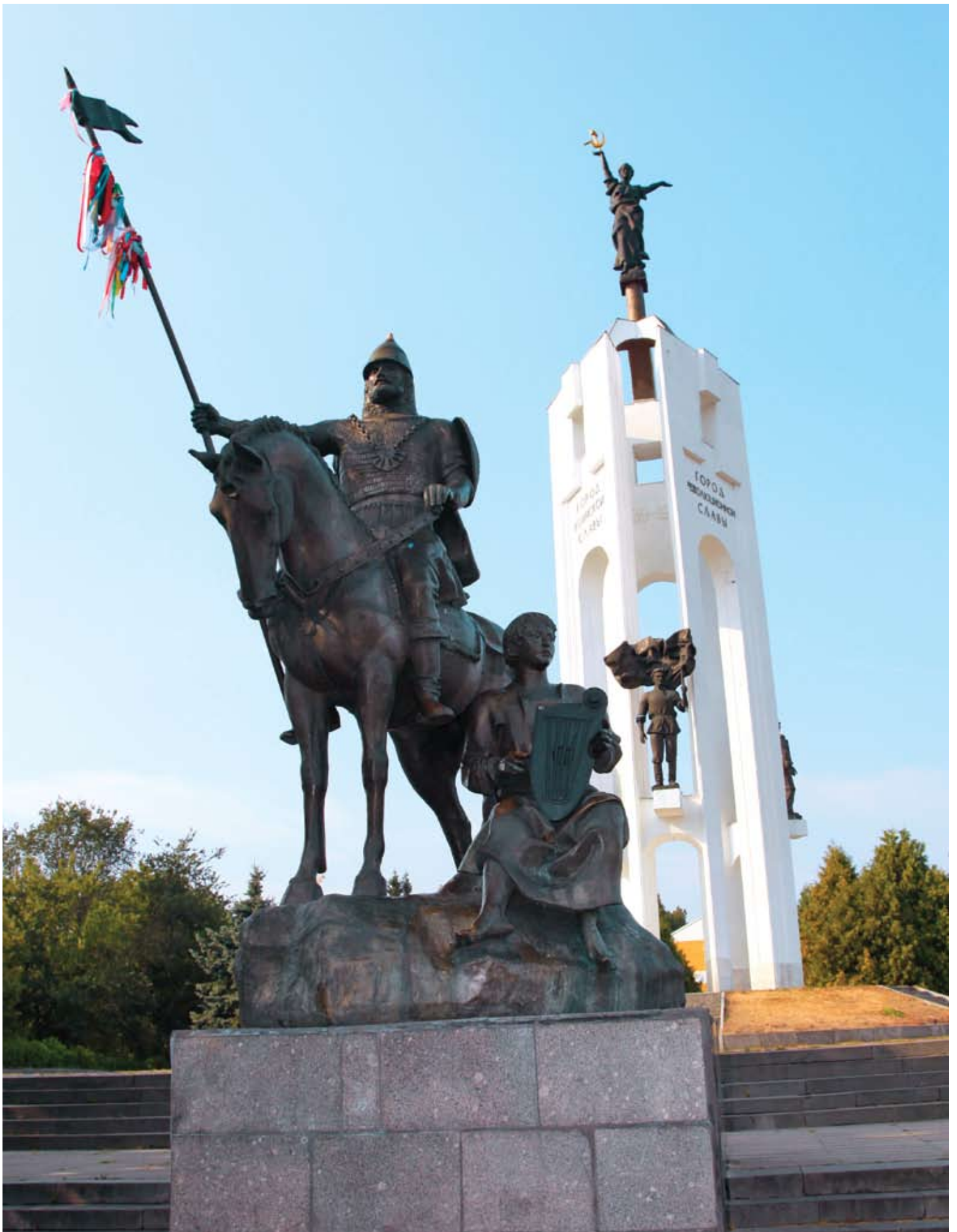
Corporate Governance Risks

In terms of corporate governance, the Company is subject to risks from claims filed by shareholders with respect to major and interested party transactions (not subject to the prior consent of the Board of Directors or the General Meeting of the Shareholders, or approved in violation of the applicable procedures). For the purpose of reducing such risks, IDGC of Centre ensures the mandatory preliminary legal analysis of any transaction to be made, in order to identify any reason that may exist in such a transaction for corporate procedures to be undertaken as provided by applicable laws and/or the Articles of Association of the Company. If necessary, any such transaction shall be submitted to a competent management authority of the Company.

The Register of Shareholders is maintained by a professional registrar, reducing any risks pertaining to relations with the shareholders of the Company. IDGC of Centre employs a set of measures aimed at ensuring informational support for the shareholders and the strict enforcement of their legal rights and the protection of their interests.



Control engineers of the Grid Control Center of Bryanskenergo, branch of IDGC of Center, JSC, are discussing the scheme of the power line repairing



Bryansk, Monument to Alexander Peresvet on Pokrov mountain

4. Strategy

Mission

We are a team comprising thousands of professionals united by one goal — to bring the energy of light to each and every one of our consumers.

Using advanced knowledge and practices in the management of a power grid complex, we care for the quality of life for individuals, families and society. We make use of the top innovations to improve the quality of our services and to make them more affordable.

We recognize our full responsibility for the safe transmission of electric power to each customer and for the stable income of our shareholders.

The key priority for us is people — those who work for our company and those for whose benefit we work.

System of Values

We are concerned with the success of our customers, staff members and shareholders.

We treat with due care the ideas and talents that our employees possess and provide everyone with an opportunity to speak out and be heard.

Those who openly highlight our shortcomings and failures are our friends and teachers.

The sustainable development and professional growth of each member of our staff is the recipe for his or her success and the prosperity of the entire Company.

The implementation of advanced technologies is the basis for our leading position.

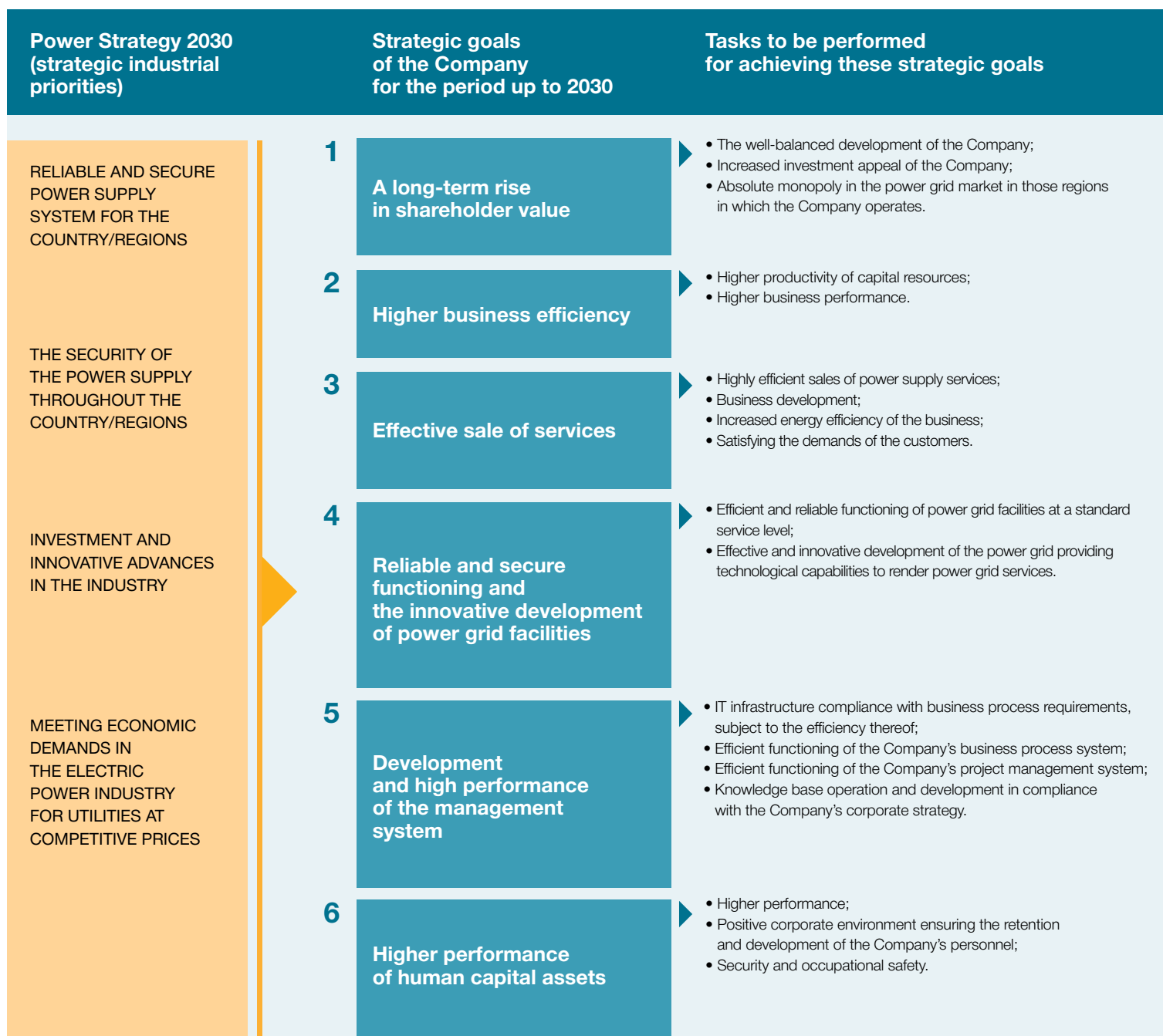
Team relations are based upon friendliness, honesty and openness.

Corporate liability is the fundamental principle of our work.

Strategic Vision

The management of IDGC of Centre sees the Company as the leader among IDGCs by 2016 — the most reliable, technological, and dynamically developing company in the industry. By 2030, the Company shall have reached the technological development level of highly industrialized countries.

The scenario conditions that determine the strategic development of IDGC of Centre and the distribution power grid complex as a whole were initially set by the Russian Power Strategy approved by Resolution of the Government of the Russian Federation No. 1715-r of 13 November 2009 (hereinafter referred to as the Power Strategy — 2030) for the period until 2030.



The power security, high performance, and investment appeal priorities form the basis of the Company's corporate strategy for 2010-2030.

Power grid complex efficiency is a ratio between the functioning benefits and the resources used. It is an integrated category that depends upon the integrity of assets, transfer capacity, and resource conservation.

Power system reliability shall mean the protection of the regions of responsibility, the population thereof, and the economy from any threats to reliable power supply. These threats depend upon both external forces and the status or functioning of the power industry in the respective region.


The main idea consists in prioritizing the tasks related to the enhancement of the efficiency of investments in new construction, upgrades, and the retrofitting of power grid facilities, subject to the strict observance of power supply reliability standards.

Along with the absolute reliability of financial and economic priorities and such factors as security, the meeting of consumer requirements, and the image and reputation of the Company, there exists a need for the sustained development of the Company with due regard to the requirements of supervisory authorities.

Pursuant to the Company's mission and given the strategic analysis of both internal and external factors carried out by the Company's management, strategic benchmarks have been identified for the purpose of the Company's subsequent development. In particular, this will be achieved by employing the Company's strengths and external opportunities.

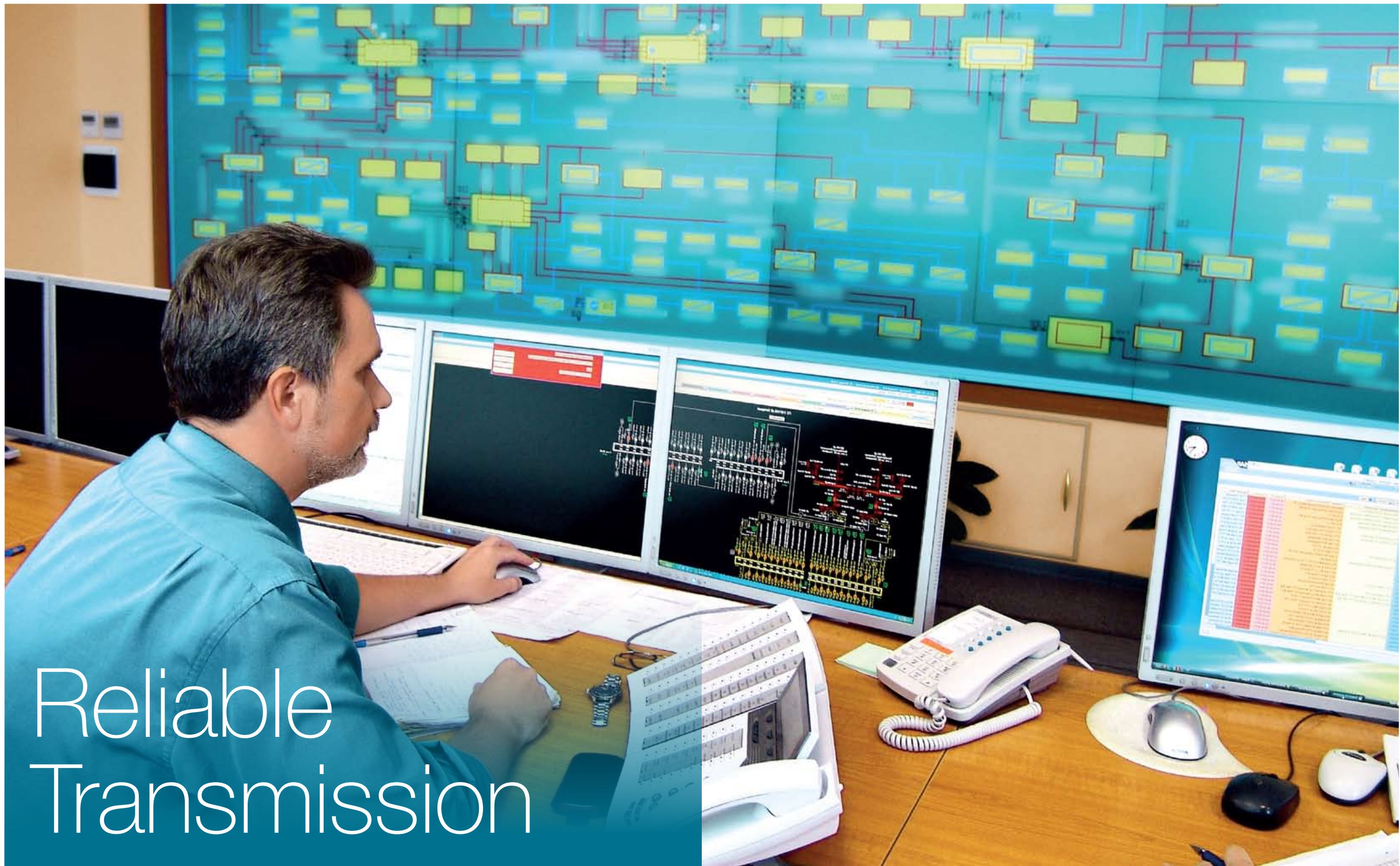
Opportunities (external factors)	Strengths (internal factors)
<ul style="list-style-type: none"> • Cost reduction and the extension of the terms of the Company's debt financing through long-term loans; • Integrated pricing policy; • Transfer to a RAB-based tariff regulation system; • Enhanced interest expressed by institutional lenders and stock market participants with respect to power grid companies; • Public policy aimed at increasing economic performance (in terms of energy conservation and efficiency); • Legal right to be treated as a last resort provider; • Eventual development of a market for an extra power grid (by services), a power supply, or billing services; • Ongoing upgrades of technologies and production facilities in the market; • Interest expressed by investors; availability of potential for increasing the Company's share price vs. similar foreign companies. 	<ul style="list-style-type: none"> • Monopoly or dominant position in the regions in which the Company operates; • The Company's units are 'boiler owners' in their regions; • Centralized planning and cash management system; • High financial soundness of the Company; • High credit rating and good credit history; • Centralized major purchases to meet the Company's needs; • Availability of a developed network of customer service centers; • Partnership relations with higher and specialized secondary educational establishments; • High corporate governance rating; • Availability of highly-qualified engineers and technical experts; • Expertise in applying RAB-based methods in the regions in which the Company operates; • Support of regional authorities in those regions in which the Company operates; • Qualified manager team.

The Company's management specified the strategic goals of IDGC of Centre within its development priorities for the period up to 2030. The Company's strategic development shall be managed within a matrix system comprising the following six target management subsystems (TMS):

 IDGC OF CENTRE	Implemented 2010	Planned 2011-2013
TMS: Key Business Processes	<ul style="list-style-type: none"> Investment program (capital investment equal to RUR 12.2 bln; 1,050 MVA and 4.2K km of power lines introduced into service); Maintenance program (101% implemented in terms of monetary value); Targeted management model applicable to the process system established; Business asset management techniques. 	<ul style="list-style-type: none"> Capital investment equal to RUR 17.7 bln; 1,351 MVA and 3.6K km of power lines to be introduced into service in 2011; Business and non-core asset management system to be introduced; Share of economically attractive investment projects in the Company's investment portfolio to be increased; Asset management techniques to be introduced (decreasing the risk of a failure of production facilities).
TMS: Customers	<ul style="list-style-type: none"> As of 1 January 2011, all units of the Company (as well as Yargorelectroset JSC, a wholly owned subsidiary thereof) transferred to an advanced RAB-based tariff regulation system; Connected capacity of 582.3 MW. 	<ul style="list-style-type: none"> Approaching the market with services related to higher energy efficiency for utility consumers; Marketing system related to the introduction of primary and ancillary services; Company's energy efficiency management system developed and introduced.
TMS: Finance	<ul style="list-style-type: none"> Ongoing implementation of a program providing for the introduction of a cost management system in the Company's units; Strategic financial model of the Company's business put into operation; Higher national credit rating (up to AA- level). 	<ul style="list-style-type: none"> Higher international credit rating by Standard&Poor's
TMS: Management System	<ul style="list-style-type: none"> An automated budget management system integrated with the business planning system was introduced by the Company; Customer relations automated within the corporate information system; intersystem integration provided. 	<ul style="list-style-type: none"> ARIS PPM business process control system to be introduced; Innovative management system to be developed and introduced; Knowledge management system to be developed and introduced; Automated project activities.
TMS: Growth and Pricing	<ul style="list-style-type: none"> Power grid facilities consolidated in the regions in which the Company operates; fixed assets amounting to RUR 0.546 bln; a 100% share in Yargorelectroset JSC (RUR 1.1 bln); On 25 January 2011, the corporate governance rating was increased by RID-Expert-RA to the 7+ level; Higher stock market performance (capitalization +63%; spread decreased to 0.3%; shares of the Company were included in the RTSeu). 	<ul style="list-style-type: none"> Pursuing the Company's policy aimed at increasing the market share in the regions in which it operates; Higher stock market performance and increased investment appeal (in particular, due to enhanced transparency and the corporate governance system).
TMS: Personnel	<ul style="list-style-type: none"> Comparative analysis of business carried out by the Company and foreign peers (benchmarking), particularly in terms of structure and personnel operating expenses. 	<ul style="list-style-type: none"> Introduction of an automated distance training system; Introduction of a knowledge and qualification evaluation system applicable to key personnel and the skills pool; Personnel motivation system development.



An electrician of Bryanskenergo, branch of IDGC of Center, JSC, checks the bolt joint of the bearing support



Reliable Transmission



Orel, the colonnade of Alexander Bridge

5. Description of Business

Market

Review of Macroeconomic Factors that Influence the Industrial Economy

The power industry is one of the leading industries in the Russian economy, the share of which is approximately 10% of the country's GDP. The industry is of vital importance for the efficient development of the Russian economy, and everything happening in the Russian power industry touches practically upon all branches of the national economy.

Firstly, a number of factors determining the state of the economy as a whole, and therefore, influencing the power industry as well, should be noted:

- Oil price dynamics (according to the forecast of the Ministry of Economic Development, the level of prices for oil in 2011–2012 will not significantly change, with the amount expected to be approximately USD 60/barrel);
- The Producer Price Index (an 8% growth rate per year is forecasted);
- A rise in the interest rates for credit funds (their gradual reduction against the background of a credit risk reduction by 2012 is forecasted).

Furthermore, there are certain factors specific to the power industry.

Factor ranking	5 [Most important]	4	3	2	1 [Least important]
Order of precedence	State power transmission tariff regulation system	Power consumption history	Inflation	Federal Law No.261-FZ, On Energy Conservation, Higher Energy Efficiency and Amendments to Certain Regulations of the Russian Federation, of 23 November 2009	Current status of the industry itself
Description	Power supply through distribution grids as well as the technological connection thereto is a publicly regulated business. Therefore, approval of the Company's service fees by supervisory authorities has a direct impact on the volume of its proceeds. Even with a transfer to a RAB-based tariff regulation system, respective authorities retain their role in the tariff-making process.	A reduction in energy consumption affects the industry situation.	A changing consumer price index has a certain impact on profitability throughout the industry, and as a result, on financial standing and the capability to perform obligations. Such an impact is obvious, in particular, in regulated markets and combined with the pricing policy pursued by the government.	Adoption of the energy efficiency law will result in a considerable reduction of power consumption.	The situation throughout the industry has a direct impact on any and all activities of the Company.
Current status	Furthermore, the Government of the Russian Federation currently pursues a policy providing for control over any rise in tariffs applicable to the products and services of natural monopolies. Tariffs below an economically feasible level (when a transfer to a RAB-based tariff regulation system determination results in a rate of return below the mid-market rates applicable to debt financing) will result in a shortfall in current business and the Company's investment program funding.	In 2010, power consumption in general throughout Russia totaled 1,009.2 bln kWh, thus being 4.3% higher than in 2009. This primarily resulted from the improved economic environment in the country upon termination of the world economic crisis, and accordingly, increased power consumption by major users (as well as higher volumes of technological connections to power grids). According to numerous expert estimates, in 2011 the economy is expected to achieve the pre-crisis level. However, according to the Ministry for Economic Development and Trade and Minenergo of Russia, the country will experience power consumption increases equal to only 0.4-0.5%.	According to most experts, the economic crisis, which at most could have an impact on the inflation rate in Russia in 2011, has come to an end. In 2011, the Ministry for Economic Development and Trade forecasts inflation in Russia at a level of 8-9%, which is thus not critical for the industry.	Adoption of the energy efficiency law provides for lower nation-wide power consumption. According to various experts it will equal 10%.	Material depreciation; By 2020, withdrawn generating facilities may total 75% of installed capacity. An acute shortage of investments throughout the industry will, up to 2020, require a total of RUR 20.695 trn according to the master plan for the location of power facilities. The Government is not able to invest such funds in the development of the power industry. However, due to the current level of financial non-transparency, low profitability and inefficient management in most energy utilities, the attractiveness of the industry for private investors remains very low. The problem of default in payments still exists. An inefficient tariff policy is pursued, resulting both in the downward bias of financial performance (cost-plus pricing) and in real losses incurred by certain companies.
Measures aimed at mitigating consequences (subject to the availability of the respective capabilities)	The Company cooperates with the Federal Tariffs Service and those supervisory authorities responsible for tariff regulation in the constituent entities of the Russian Federation in order to provide an economic assessment of the expenses included in the tariffs. Furthermore, it develops and seeks the approval of long-term regional development programs applicable to the territories in which the Company's units operate by regional and local authorities, subject to the execution of agreements specifying, in particular, the scope of investment program financing by various sources.	The Company undertakes certain measures aimed at diversifying the set of services provided by the Company to power users.	The Company is not able to impact this factor.	The Company implements a program ensuring the integration of regional and municipal grid assets, as well as the diversification of the Company's business in terms of the scope of services rendered, with subsequent access to the market of services related to energy efficiency and conservation.	Introduction of an advanced and efficient RAB-based tariff regulation system; As of 31 December 2010, such a system has been put into operation in seven units of the Company: Belgorodenergo, Bryanskenergo, Kurskenergo, Lipetskenergo, Orelenergo, Tverenergo and Yarenergo. As of 1 January 2011, it shall be launched by all units of the Company. A RAB-based system will allow the Company to mobilize additional funds in order to implement the Company's investment program, which is aimed at lower depreciation levels and at providing new capacities to meet the needs of the country's expanding economy. Furthermore, the Company's units currently implement a program providing for the introduction of a cost management system and up-to-date management tools, as well as the automation of key functions, in order to increase the efficiency of managerial decisions.



Currently, the target market of IDGC of Centre is restricted to 11 regions in which the Company's units are located. There are two groups of services rendered in the electric power distribution market; namely, electric power transmission and technological connection.

Company's Business Model



Electric Power Transmission Market

The Company is the natural monopoly for power transmission within its regions. The Company's units take the dominant position in the regional markets for power transmission services, serving as the grid companies of the first level.

However, in a number of the regions of the Company's electric power transmission services, there are other regional grid companies which provide similar services for electric power transmission.

Technological Connection Market

IDGC of Centre covers approximately 88% of the electric power market within the territory in which it operates (in terms of nominal units). Territorial grid organizations (TGO, MUE) are the principal competitors of the Company in the technological connection market of the Bryansk, Voronezh, Kursk, Lipetsk, Orel, Tambov, Tver and Yaroslavl regions.

In the Belgorod, Kostroma and Smolensk regions, where city power grids are under lease or the ownership of IDGC of Centre, the Company controls a 100% share of the market (net after taking into consideration those large consumers that have their own power grids).

Core Business

The table and chart below show the revenue breakdown by the main operating activities for 2008–2010 (RUR bln; net of VAT).

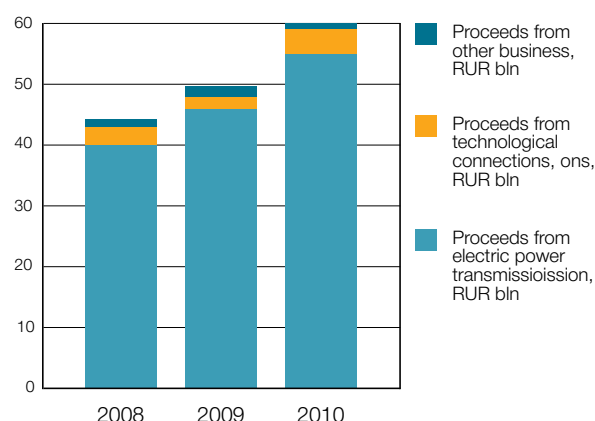
	2008	2009	2010
Revenue, inc.	43.554	49.053	60.405
Power transmission	40.2	46.9	57.563
Technological connection	2.774	1.646	2.186

Thus, IDGC of Centre is engaged in the following core lines of business:

- Electric power transmission, with proceeds in 2010 equal to 95.3% of the total revenue;
- Technological connection of users to power grids, with proceeds in 2010 equal to 3.6% of the total revenue.

Information describing the Company's share for each segment, sales volumes, pricing (tariffs), proceeds, production costs, and profit may be found below in order to evaluate the Company's business in these respective areas of activity.

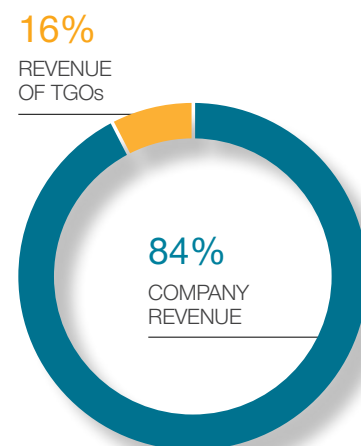
Revenue by types of business, RUR bln



Electric Power Transmission

In monetary terms, the Company's share in the electric power transmission market is 83.6%. In 2006 and 2007, this indicator was an expert estimation. From 2008 on, IDGC of Centre knows exactly its share in the power transmission market, as a new settlement method has been introduced in all of the regions, meaning that payments to other TGOs pass through the transit accounts of IDGC of Centre.

The revenue of IDGC of Centre from power transmission services in 2010 amounted to RUR 57.563 bln net after VAT, including the revenue of other TGOs. In 2010, the revenue of other TGOs that had passed through transit was equal to RUR 9.4 bln, while the Company's own revenue for power transmission services in 2010 amounted to RUR 48.1 bln.



	2008	2009	2010	Growth rate, %	
				2009/2008	2010/2009
Share in the power transmission market, %	83.6%	83%	83.6%	-1%	0.7%

Volume of Services

The amount of power transmitted by IDGC of Centre in 2010 totaled 56 mln kWh. In 2010, there was a productive supply increase compared with the previous year caused by a rise in power consumption by industrial users, electric transport companies and utilities (in particular, resulting from abnormal weather conditions in 2010).

Amount of power transmitted, K kWh

	2008	2009	2010	Growth rate, %	
				2009/2008	2010/2009
Productive supply by IDGC of Centre, K kWh	56,618,410	53,129,162	56,028,926	-6.16%	5.46%
Productive supply net after TGOs, K kWh	54,408,393	50,845,060	53,355,758	-6.55%	4.94%

For more details concerning the scope of power transmission services in 2008-2010 by the Company's units, see Annex 3 hereto.

Tariffs for Electric Power Transmission

Tariffs are established by regulatory bodies (i.e., the Federal Tariff Service of Russia, hereinafter referred to as FTS, and regional regulatory bodies, hereinafter referred to as REC (Regional Energy Commission). Up to 2009, a method of economic feasibility ("expenses plus") was applied to control tariffs for all grid organizations. Since 1 January 2009, a new method, the return on invested capital method (RAB), has been introduced. As of 1 January 2011, all of the Company's units transferred to this tariff regulation system.

Average Tariffs of the Company for Power Transmission Services Net After Expenses Incurred by Other TGOs

	2008	2009	2010	Growth rate, %	
				2009/2008	2010/2009
Average tariff of the Company, kopecks/kWh	60.00	74.23	88.80	23.7%	19.6%

In 2010, the average tariff of IDGC of Centre grew by 19.6% when compared with 2009, both as a result of the transfer of four branches to a RAB-regulation system and compliance with long-term regulation specifications by those units which transferred to a RAB-based system on 1 January 2009.

Average Tariffs of the Company for Power Transmission Services Inclusive of Expenses Incurred by Other TGOs

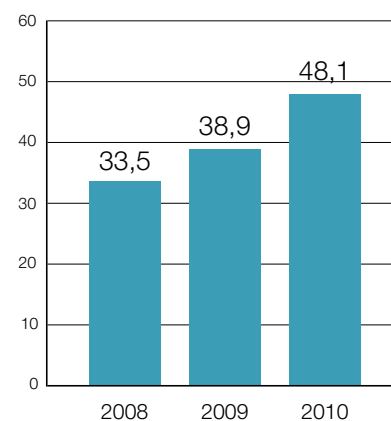
	2008	2009	2010	Growth rate, %	
				2009/2008	2010/2009
Average tariff of the Company, kopecks/kWh	74.96	91.80	111.22	22.5%	21.2%*

* The advanced growth of tariffs of IDGC of Centre for electric power transmission services, including the expenses of other TGOs when compared to its own tariffs, is grounded by changes in the contractual relation scheme for the Kurskenergo branch in 2010. Thus, up to 2010 there were two organizations in the region that collected customers' payments and which transmitted the obtained funds to other TGOs. Since 2010, the IDGC of Centre Kurskenergo branch is one such organization. In this connection, the revenue transit portion that the branch distributed among TGOs grew, and therefore, the tariff for electric power transmission services, including the expenses of other TGOs, has grown by advanced rates as well.

Revenue

In 2010, the Company's revenue totaled RUR 57.56 bln. As of 2007, a new settlement system applicable to power transmission payments has been introduced within the territories in which the Company operates. Therefore, any payment for services rendered by third-party grid companies shall be made through the bank accounts of IDGC of Centre. Since 2008, all regions have transferred to the foregoing settlement system. In 2010, the transit revenue of other TGOs totaled RUR 9.4 bln, while the Company's earnings from power transmission services were equal to RUR 48.1 bln, thus increasing by 23.8% compared to the same indicator in 2009.

Company revenue, RUR bln



	2008	2009	2010	Growth rate, %	
				2009/2008	2010/2009
Revenue, inc.	40.2	46.9	57.56	17	23.1
Company's revenue	33.5	38.9	48.1	16	23.8
Company's revenue share, %	83.3	82.9	83.6	—	—
Revenue of TGOs	6.7	8.0	9.4	19.4	17.5

The higher earnings from power transmission services in 2010 result primarily from the increased scope of the foregoing services (by 2,510.7 mln kWh, or 4.94%) as compared with the previous year.

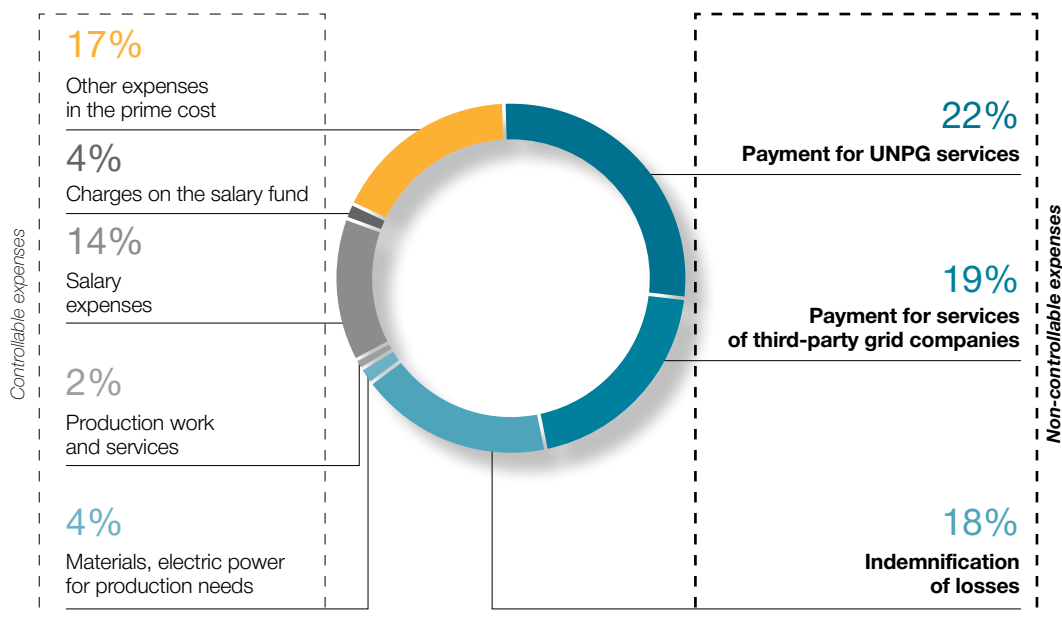
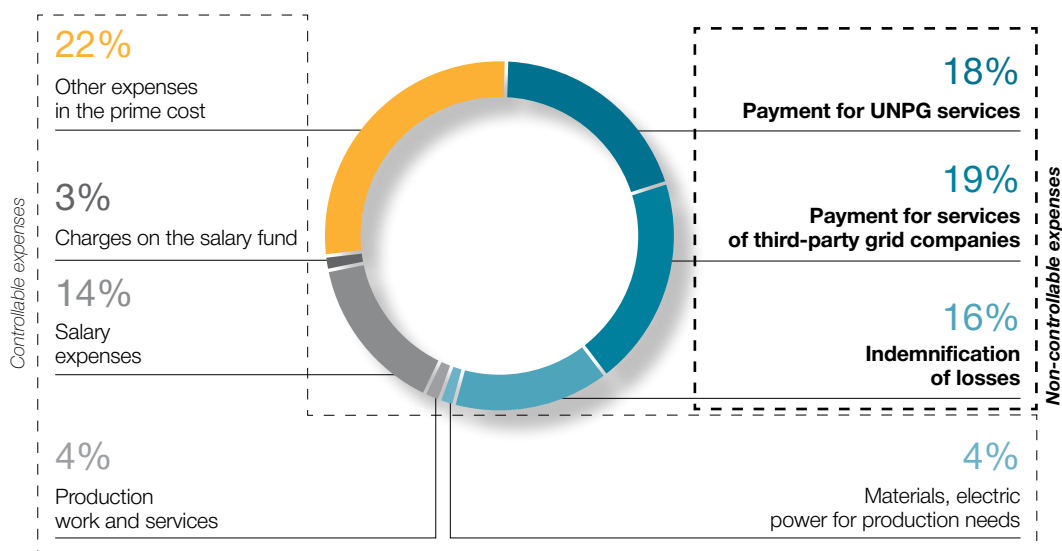
Expenses

Electric power transmission costs consist of non-controllable expenses, such as payments for the services of the Unified National Power Grid (UNPG), payments for the services of outside grid organisations (which are really the revenue of other TGOs which go through the transit accounts of IDGC of Centre), expenses for losses, and controllable expenses upon which the Company's management can affect.

The main controllable expenses include materials and electric power for production needs, production work and services, salary expenses, and charges on the salary fund.

Prime Cost of Electric Power Transmission, RUR bln

	2008	2009	2010
Prime cost of core activities	37.072	42.725	50.473
Non-controllable expenses	18.439	22.616	29.688
Payment for UNPG services	6.383	7.844	11.014
Payment for services of third-party grid companies	6.631	8.014	9.444
Indemnification of losses	5.425	6.779	9.230
Controllable expenses	18.633	20.109	20.785
Materials, electric power for production needs	1.787	1.757	1.991
Production work and services	2.789	1.903	0.951
Salary expenses	4.894	5.789	7.324
Charges on the salary fund	1.236	1.380	1.845
Other expenses in the prime cost	7.927	9.279	8.675
Prime cost net of payment to TGOs	30.441	34.711	41.030



The higher prime cost in relation to the Company's core activities in 2010 mainly results from increases in non-controllable expenses. When compared with the most recent reporting period, such expenses increased by 31.3% due to rising expenditures in relation to the following: payments for UNPG services, tariff increases, and rising expenses with respect to the acquisition of power to set off losses.

The indemnification of losses is one of the principal cost items of the Company. In 2010, losses totalled 10.01%, while indemnification was equal to RUR 9.23 bln net after VAT. When compared with 2009, electric power losses showed a decrease of 0.10% due to higher power consumption by utilities, large-scale industry, and electric transport companies that comprised the principal high-voltage power consumers as a result of abnormal weather conditions in 2010.

Therefore, the percentage of productive high-voltage supply increased. Due to the technological characteristics of such a power supply, any high-voltage power grid provides for lower power losses. The Company managed to identify and invoice unaccounted non-contractual consumption. As a result, the foregoing losses totaled 9.91%.

Power Losses

	2008	2009	2010
Actual power losses, %	9.40	10.11/ 9.93*	10.01/ 9.91*
Estimated power losses, %	9.47	9.96	10.03

* Subject to unaccounted non-contractual consumption invoicing

For more details concerning losses by years (2008-2010) and the Company's units, see Annex 3 hereto.

Profit and Losses

Profit/Losses from Power Transmission Services, RUR bln

	2008	2009	2010	Growth rate, %	
				2009/2008	2010/2009
Net profit, inc.	874	1,325	4,713	52	256
Power transmission	-964	325	3,147	—	867
Share of power transmission in net profit, %	—	24.6	66.8	—	—

In 2010, the Company's net profit from its principal line of business (power transmission) totaled RUR 3,147 mln. This profit increase of 867% when compared with 2009 results from higher volumes of transmission in the reporting year, as well as the transfer of four more units of the Company to a RAB-based tariff regulation system.

Energy Conservation and Efficiency

IDGC of Centre takes effective measures to ensure energy conservation and higher energy efficiency. The Company implements an energy conservation program comprising the following:

- Electric power metering systems and a facility retrofitting program;
- Measures aimed at reducing power grid losses;
- An action plan ensuring the upgrading of energy supply metering systems.

Pursuant to the aforesaid energy conservation programs, the Company employs the following targets:

- Power loss reduction;
- Resource consumption for business needs (including by resource types);
- Equipment subject to business needs (including by resource types);
- The availability of energy accounting meters in the retail market.

IDGC of Centre on an ongoing basis takes measures aimed at reducing power losses. The table below shows the scope and efficiency of such measures.

Measures to Reduce Power Losses

Measure	Annual loss reduction due to the respective measures taken, K kWh
Total	203,171.92
1. Organizational arrangements	190,458.40
2. Technical arrangements	8,363.15
3. Improvement of power accounting and technical record keeping	4,350.37

In 2010, due to the aforesaid measures aimed at reducing power losses, the cumulative effect totaled 62.2 kWh mln, or 0.10% (this is calculated as a difference between the actual losses in 2009 (%) and the same losses in 2010 (%) in relation to the actual supply within the grid in 2010).

In 2010, the Company's targeted losses were equal to 10.03%, taking into account that the year-end actual losses totaled 10.01%. Therefore, the Company complied with the loss reduction program for 2010.

In 2010, in monetary terms the cumulative economic benefit from the foregoing program implementation was equal to RUR 326 mln, taking into consideration the fact that the expenses incurred by the Company in order to take the specified measures amounted to RUR 529.9 mln (as part of the investment program).

For more details concerning the aforesaid measures, see Annex 3 hereto.

For information concerning the availability of energy accounting meters at production and business delivery points in 2010, see Annex 3 hereto.

The table below shows the actual consumption of energy resources by the Company in 2010 in relation to production and business needs.

№	Item	Unit of measurement	2010	
			Estimated	Actual
1	2	3	4	5
1.	Energy supply under sales contracts, total	K RUR*	487,135	468,081
1.1.	Electric power	K RUR	400,955	388,363
		K kWh	144,103	139,623
1.2.	Thermal power	K RUR	67,961	62,451
		Gcal	58,655	56,010
1.3.	Cold-water supply	K RUR	11,110	10,365
		K m³	546	546
1.4.	Hot-water supply	K RUR	1,068	548
		K m³	67	8
1.5.	Gas	K RUR	6,042	6,353
		K m³	1,723	1,581

* K RUR, VAT included

In 2010, the Company also employed the following:

- Automobile gasoline of all types: 17,888,261.17l, amounting to RUR 371,803,849.17 (VAT included);
- Diesel: 4,421,171.10l, amounting to RUR 67,183,743.53 (VAT included).

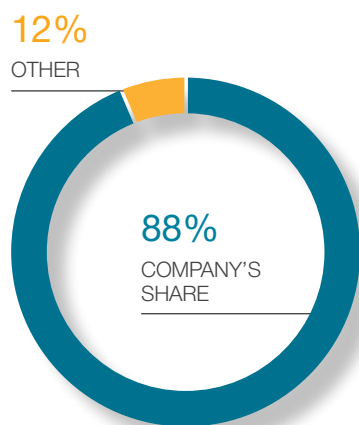
IDGC of Centre failed to use any other resource of any type (nuclear or electromagnetic energy, oil, FU, coal, slate coal or black dirt) in the reporting year.

In 2010, the Company spent RUR 5.635 mln (net after VAT) to arrange for power resource accounting (the procurement and installation of equipment; employment as fixed assets). For more details concerning the financing of power resource accounting during the reporting period, see Annex 3 hereto.

Technological Connections

In 2010, the Company's share of the technological connection market (according to an expert evaluation by the Company's management) increased to 88% in terms of nominal units. This growth when compared to previous years results from the execution of technological connection contracts within the area of operation of adjoining grids, the integration of municipal power grids, and the recording of ownerless power grids identified through the annual inventory control of the Company's property.

Technological Connections



The principal competitors of the Company in the market are territorial grid organizations (TGOs, municipal unitary enterprises) operating in Bryansk, Voronezh, Kursk, Lipetsk, Orel, Tambov, Tver and the Yaroslavl regions. In the Belgorod, Kostroma and Smolensk regions, in which the municipal power grid is leased or owned by IDGC of Centre, the Company has a 100% market share (taking into account those major users having their own power grids).

Market Share

	2008	2009	2010	Growth rate, %	
				2009/2008	2010/2009
Share of the technological connection market, %	80	85	88	6.25	3.53

Sales Volumes

The scope of the technological connection market depends upon the current condition and development plans of the regional economies wherein the branches of IDCG are located. Considering the necessity for the construction of new facilities when consumers connect to the grid, certain connection projects can take one to four years to complete. In 2010, the scope of capacities connected (i.e., under agreements completed in 2010) totalled 582 MW, thus increasing by 31% the scope from the previous year. This is due to the connection of a great number of privileged consumers (individuals with a maximum domestic load of 15 kW, and legal entities and individual entrepreneurs with a maximum load of 100 kW, subject to the previously connected capacity of Reliability Group III) and major users, as well as the implementation of large-scale investment projects providing for individual payment schemes in 2010.

Scope of Technological Connection, MW

2008	2009	2010	Growth rate, %	
			2009/2008	2010/2009
479.84	445.62	582.28	-7.13	30.67

Tariffs for Network Connections

The amount of the charge assessed for establishing network connections is established by a regional regulating authority (Regional Energy Commission), pursuant to the Methodological Instructive Regulations of the federal regulating authority, the Federal Tariffs Service of the Russian Federation (Order No.365-e/5 of the Federal Tariffs Service of the Russian Federation of 30 November 2010, On the Approval of the Methodological Instructive Regulations for Determining the Amount of the Charges for the Technological Connection to Power Grids).

The charge for a technological connection should reimburse the economically feasible expenditures for the arrangements to make a network connection of a facility to the power grids through the computation of the minimum regulated revenue (MRR) for the technological connection. As of 1 January 2011, the fee for a technological connection includes those expenses to be incurred in relation to the construction of power grid facilities (from existing power grid facilities to connected power receivers and/or power industry facilities (final mile)). The expenses incurred by grid companies with respect to the development of existing facilities, including adjoining grid de-bottlenecking, shall be included in the power transmission service fee.

In the event that any connection requires the construction or reconstruction of any power grid facility not included in the investment programs for the respective regulation period approved by the regional authorities, the grid company shall apply to the REC in order to calculate the fee for a technological connection for an individual project.

The fee for technological connection shall include expenses to be incurred with respect to construction of power grid facilities (from existing power grid facilities to connected power receivers and/or power industry facilities (final mile)). Expenses incurred by grid companies with respect to development of existing facilities, including adjoining grid debottlenecking, shall be included in the power transmission service fee.

**Average/Estimated Fee* for Technological Connection
(Based upon the Company's Current Rates as of Year-End) RUR/kW**

2008	2009	2010	Growth rate, %	
			2009/2008	2010/2009
14 822	7 831	7 353	-47.2	-6.1

* The average fee does not include any payment for a technological connection by privileged consumers (individuals with a maximum domestic load of 15 kW as provided for by Resolution No.119 of the Russian Government of 14 February 2009 for individual connections). Privileged consumers shall pay RUR 550 (VAT included) for a technological connection up to 15kW.

The material condition causing a reduction in the Company's average fee for a technological connection in 2010 was the transfer to a RAB-based tariff regulation system by seven units of IDGC of Centre (Belgorodenergo, Bryanskenergo, Kurskenergo, Lipetskenergo, Orelenergo, Tverenergo and Yarenergo), as well as the step-by-step exclusion of funds required to reimburse expenses related to the development of existing facilities from the fees for technological connections. As of 1 January 2011, such expenditures are included in the tariffs for power transmission services, pursuant to Federal Law No.35-FZ, On the Power Industry, of 26 March 2003.

Revenue from Technological Connections

In 2010, the Company's revenue from technological connections increased when compared with 2009, primarily resulting from the execution of large-scale technological connection contracts during the reporting year.

Revenue from Technological Connections in 2008-2010, RUR bln

	2008	2009	2010	Growth rate, %	
				2009/2008	2010/2009
Technological connections	2.774	1.646	2.186	-40.66	32.8

In 2010, the Company's obligations related to the connection of new consumers and included in the net profit in its accounts totaled RUR 1,567 mln.

Overall Obligations of the Company Related to Technological Connections and Included in the Net Profit in Its Accounts, RUR mln

	2008	2009	2010	Growth rate, %	
				2009/2008	2010/2009
Net profit, inc.	874	1,325	4,713	52	256
Technological connections	1,838	999	1,567	-46	57
Technological connection share of profit, %	—	75,4	33,2	—	—

Due to the exclusion of the investment component from the fees for technological connections, revenue from technological connections provided by the Company will henceforth decrease on an ongoing basis.

Other Activities

Pursuant to strategic programs aimed at enhancing the Company's share of the market for ancillary power grids and other services within the territories in which the Company operates, the Company intends to continue the development of value-added services. In 2010, revenue from other activities totaled RUR 930 mln, showing an increase of 8% when compared with 2009.

Value-added services rendered by the Company in 2010 include seven principal and fifteen related services. Other activities of the Company include revenues from providing the following optional services:

- Civil and installation work;
- Operational services;
- Industrial services;
- Leasing of property;
- Other activities unregulated by law.

The principal value-added services are as follows:

- Design, construction, operation and maintenance of exterior lighting networks;
- Operational and technical control and servicing of 110-0.4 kV power grids, including consumer networks and third-party power grids;
- Liberalizing land utilization;

- The design, installation, replacement, putting into operation, and maintenance of automated informative electric power accounting systems, including any component thereof;
- The maintenance, repair and putting into operation of electric systems;
- Design of metering systems; the installation and checking of metering units;
- The carrying out of work to be performed by the customer when providing technological connections.

Revenue Growth Dynamics when Compared with the Previous Period, %

2008	2009	2010	Growth rate, %	
			2009/2008	2010/2009
0.514	0.860	0.930	67	8

The portion of revenues from other activities is reflected in the financial statements in the line, "Earnings from the sale of other goods, production work, and services". This line includes the following kinds of activities: civil and installation work, operational services, and industrial services. Revenues from the leasing of property, as well as revenues from other activities unregulated by law, are reflected in the financial statements on line 090 of Form 2, "Other earnings".

Continuing the work commenced in the previous year, in 2010 the Company (in addition to organizational arrangements within the Development of Value-Added Services business process) was engaged in the following:

- Expanding the list of standard contracts for value-added services, thus allowing the Company to execute such agreements in an expeditious manner;
- Developing and introducing marketing and customer service techniques applicable to consumers executing agreements for exterior lighting and consumer network servicing, thus making it possible to show a growth in income of 28% when compared with 2009;
- Offering consumers the opportunity to take advantage of integrated services, including the installation, replacement and checking of metering units.

For the purpose of improving and enhancing the Company's integrated service system on an ongoing basis, a customer support unit was established in IDGC of Centre.

The Company has approved and complies with the Regulations for Handling Customers' Claims. Furthermore, the Customer Support Standard has been introduced in the Company by Resolution No.19/09 of the Board of Directors of 20 November 2009.

The integrated customer support system of the Company provides for both on-site and remote services. The former is ensured through the face-to-face cooperation established between the Company's personnel and the customer within Customer Support Centers (CSC) and distribution zones.

CSC units process customer applications related to power consumption, technological connections, the transmission and distribution of electric power, and community charges, as well as establishing a comfortable and convenient environment for a higher level of cooperation and performance of the service. As of 1 December 2010, the Company had 34 CSC units. One unit



was established in 2010 in Konakovo (Tver Region). At the beginning of 2011, two more units were opened, in Gagarin (Smolensk Region) and Kimry (Tver Region).

CSCs are also available through the Company's website at <http://www.mrsk-1.ru/clients/client/>, where customers may ask questions in which they are interested, execute a preliminary application for a technological connection, notify the Company of a power theft, and consult or obtain any information concerning the services rendered by IDGC of Centre.

History of CSC establishment in the regions of operation of IDGC of Centre

			GUBKIN BRYANSK KOSTROMA LISKI BORISOGLEBSK KALACH LGOV ZHELEZNOGORSK ROSTOV VELIKY	KLINTSY VORONEZH KURSK ELETS SMOLENSK OBOYAN SCHIGRY TAMBOV POCHEP TVER	SMOLENSK (SECOND CSC) DANKOV SHARYA NEREKHTA LIPETSK TORZHOK	DANILOV RYBINSK BEZHETSK YAROSLAVL	KONAKOVO	GAGARIN KIMRY
BELGOROD	STARAY OSKOL VALUIKI OREL							
2005	2006	2007	2008	2009	2010	2011		

Long-Term Development Program

Pursuant to Resolution No.823 of the Russian Government, On the Policies and Programs for the Long-Term Development of the Power Industry, of 17 October 2009, the respective work aimed at ensuring the long-term development of the constituent entities of the Russian Federation is carried out in the regions of the Company's operation, based upon the programs of development for the power industries of the constituent entities of the Russian Federation.

The foregoing programs cover all grid and generating companies operating in the power market of the respective constituent entities. The development of a policy and program of power industry development is a strategic issue requiring integrated support by all power companies. In addition, within a RAB-based tariff regulation system, a feasibility study shall be of high priority, to be based upon the aforesaid policies of long-term development, an asset management system, the target programs and the program of development of the unified electric power system of the country.

Pursuant to resolutions passed by the administrations of the Bryansk, Kursk, Orel and Yaroslavl regions, IDGC of Centre was authorized to act as a coordinator for developing policies and programs for power industry development throughout the respective constituent entities of the Russian Federation. Coordination Committees have been established by the administrations of the constituent entities of Russia engaged in the execution of policies for power industry development and comprising personnel of the Company's units.

In 2010, proper programs have been developed in all of the regions of the Company's operation.

Currently, the adjustment of the system providing for proper cooperation is ensured, with the Company heading the process. In 2010, a total of 51 meetings were held, with the agenda covering development policies and involving the constituent entities of the Russian Federation, municipalities, and representatives of the Company's units.

Concerning municipalities, long-term development programs (0.4-35 kV) are being prepared for major power centres (urban districts, major municipalities). Currently, all of the Company's units have developed such policies.

Next year, the Company intends to carry out the following work in relation to the aforementioned issues:

- Exercise control over operations by all participants in the regional power market in relation to the execution of policies and programs for the development of the constituent entities of the Russian Federation;
- Synchronize the operations of grid companies in terms of their scope and term, for the purpose of the regional economy's development;
- Cooperate with authorities in the regions of the Company's operations and provide for measures aimed at executing policies for the long-term development of the power industries in the constituent entities of the Russian Federation, to be included in regional development programs in order to identify potential areas of location for the Company's units over the long term.



Reliable Instruments



Voronezh, Regional Trade Council Office

6. Introduction of RAB

In 2010, all of the Company's units, along with Yaroslavskaya Gorodskaya Electroset Open Joint-Stock Company (Yargorelectroset JSC), a wholly owned subsidiary of the Company, transferred to an advanced RAB-based tariff regulation system.

The invested capital profitability method (RAB — Regulatory Asset Base) is a method of regulation for infrastructural monopolies that is conceptionally new to Russia, and which provides investors with long-term and transparent “rules of the game”.

RAB regulation is a system of price formation based upon long-term tariff regulations aimed at the attraction of investments to construction and upgrade the network infrastructures and stimulate increasing levels of efficiency for expenses by network organizations. This worldwide practice enjoys a considerable and rather successful track record of RAB application in the regulation of other branches experiencing a limited amount of competition. This method was initially developed and applied in the United Kingdom, but currently, RAB regulation is widely employed throughout the world.

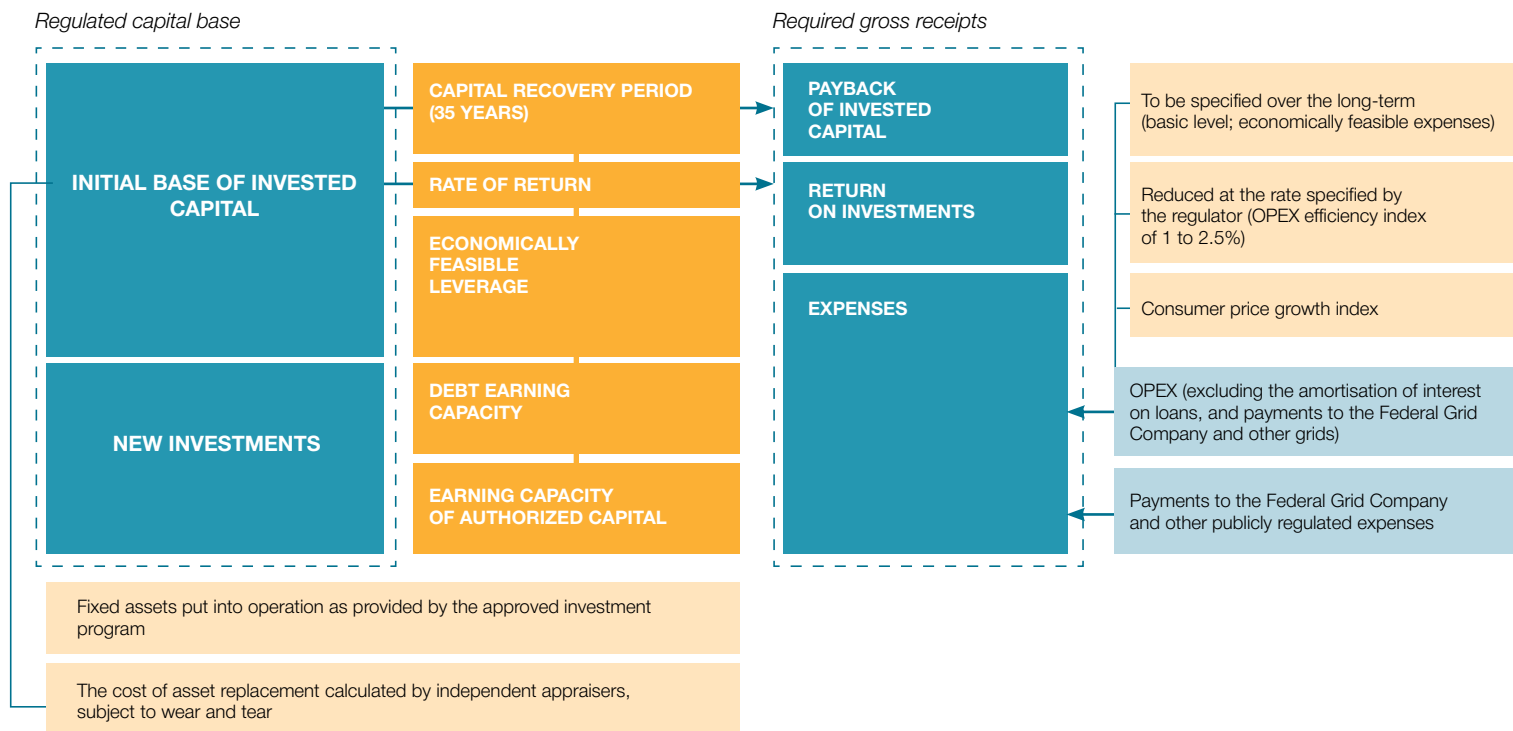
By the mid 1990s, a RAB-based system was put into operation in Western Europe, Canada, the USA and Australia. In 2002, this tariff regulation technique was applied by Poland, Bulgaria, Hungary and a number of other European states.

The cost-plus-tariff calculation method previously applied by power distribution grids uses the actual expenses incurred by the company during the recent year and in its investment program. However, within a market-pricing system and on the competitive market, companies strive to reduce their costs (thus, to increase their earnings), while within a cost-plus-tariff regulation system there is no such interest, since the expenses of the company are included in the service fees or tariffs to the fullest extent. Additionally, this method provides for no relationship between the service fee and the quality of the services delivered.

The regulatory-asset-base tariff calculation method developed at the turn of the 1980s to 1990s made it possible to launch investments not subject to the multiple growth of consumer tariffs. The main principle behind this methodology is to provide for the return of funds invested into the company assets within the established period and by the receipt of normalized income. The norm of profitability defined by the state should correspond to the level of risks taken by the network companies, and improve the attractiveness of the branch to investors.

Structurally, the minimum regulated revenue amount includes the operational expenses of the company, assets for returns on joint-stock and borrowed capital, and assets for the payment of an income for the invested capital basis. The main issue, which can be influenced by network companies, is the operating expenses (hereinafter, OPEX). The base level of the OPEX is established by a method of economically based expenses. Upon doing so, the index of any change in the operating expenses (X-factor 1), formed upon the basis of benchmarking and an analysis of any deviations from the activity indicators of the best companies, is taken into consideration.

Components of Required Gross Receipts (RGR), RAB-based system



Advantages of a RAB-based system

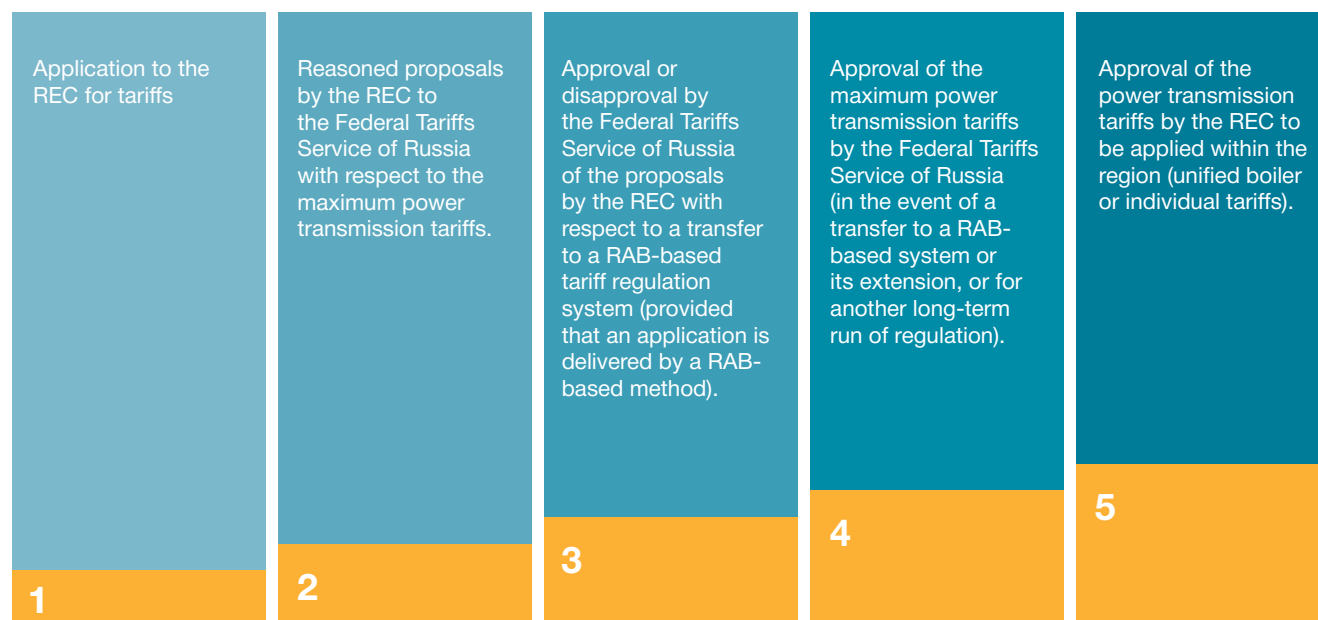
The principal advantages of a transfer to a new tariff regulation system are specified below.

1. Stable and predictable “rules of the game” for a long-term perspective: According to the RAB method, tariffs are established for three years during the first regulation period (subject to an eventual extension of two years) and for five years for subsequent periods. This increases the “transparency” of tariff regulation, and reduces the investors’ risks. Investors obtain a guaranteed return on their investment.
Companies, in turn, obtain the opportunity to receive large-scale investments with the simultaneous prevention of a drastic growth in tariffs. The regulator calculates the companies’ tariffs in such a way that they have the possibility of gradually, over a period of several years, returning the invested assets, along with interest on the invested capital, by an analogy with mortgage lending.
2. Furthermore, the new method stimulates companies to economize on expenses, as the system sets an economically substantiated rate for the obligatory decreasing of expenses. In the event that the company during the course of its activity has achieved a larger decrease relative to the regulated level, the corresponding economization achieved remains for five years. Upon the expiration of this term, the customer obtains the benefits of this economization.
3. A RAB-based system stimulates companies to raise the quality of their service to their customers. The regulator establishes requirements regarding the company’s reliability and service quality in measurable indicators, with consideration of the specificity of each branch. In the event of any infringement of these requirements, lowering factors are applied to the company’s tariffs.

The rate of return on investments is applied as provided by Order No.218-e/5 of 1 September 2010 of the Federal Tariffs Service of Russia, and Amendments to Order No.152-e/15 of the Federal Tariffs Service, On the Approval of the Rate of Return on Investments of 15 August 2008.

The Company commenced transferring to a new tariff regulation system in the regions of its operation in 2009. The figure below shows the manner in which the Company cooperates with regulating authorities when resolving tariffs under the new system.

Decision-Making Procedures Applied to Tariffs for Power Transmission Services



Three units of the Company, those operating in the Belgorod, Lipetsk and Tver regions, transferred to this system three years ago. As of January 2010, Kurskenergo and Yarenergo also switched to the system. Since November 2010 and January 2011, Bryanskenergo and Orelenergo, as well as Voronezhenergo, Kostromaenergo, Smolenskenergo, Tambovenergo and Yaroslavskaaya Gorodskaya Electroset Open Joint-Stock Company, a wholly owned subsidiary of IDGC of Centre, also respectively transferred to a RAB-based tariff regulation system.

Date of transfer	Unit	PEAK	IRAB, RUR, mln
1 January 2009	Belgorodenergo	50,609	19,930
	Lipetskenergo	25,726	10,030
	Tverenergo	55,276	14,366
1 January 2010	Kurskenergo	30,782	10,802
	Yarenergo	21,586	8,968
1 November 2010	Bryanskenergo	20,045	5,989
	Orelenergo	21,571	6,407
1 January 2011	Kostromaenergo	17,058	7,603
	Tambovenergo	18,609	5,515
	Voronezhenergo	38,110	12,650
	Smolenskenergo	37,041	13,735
	Yargorelectroset*	3,969	2,168
TOTAL		340,382	118,162

Key Parameters of a RAB-Based System by the Company's Units

Indicator	Belgorod	Tver	Lipetsk	Kursk	Yaroslavl	Bryansk	Orel	Voronezh	Tambov	Kostroma	Smolensk	Yargorelectroset JSC
Date of transfer to a RAB-based system	01.01.2009	01.01.2009	01.01.2009	01.01.2010	01.01.2010	01.11.2010	01.11.2010	01.01.2011	01.01.2011	01.01.2011	01.01.2011	01.01.2011
Regulation period	2009-2011	2009-2011	2009-2011	2010-2012	2010-2012	2010-2014	2010-2014	2011-2015	2011-2015	2011-2015	2011-2015	2011-2015
Volume of investments, RUR (mln)	19 930	14 366	10 030	10 802	8 968	5 989	6 407	12 650	5 515	7 603	13 735	2 168
Rate of return on investment/old capital, %												
2009	6	6	6									
2010	9	9	9	6	6	6	6					
2011	12	12	12	9	9	6	6	6	6	6	6	6
2012	12	12	12	12	12	9	9	9	9	9	9	9
2013 and onwards	11	11	11	11	11	11	11	11	11	11	11	11
Rate of return on investment/new capital, %												
2009	12	12	12									
2010	12	12	12	12	12	12	12					
2011	12	12	12	12	12	12	12	12	12	12	12	12
2012	12	12	12	12	12	12	12	12	12	12	12	12
2013 and onwards	11	11	11	11	11	11	11	11	11	11	11	11
Payback period, years	35	35	35	35	35	35	35	35	35	35	35	35
OPEX base, RUR (mln)	2 563	1 760	1 125	852	1 071	905	844	1 439	877	868	1 568	128



Reliable Standing



Smolensk, Smolensk Vallum

7. Financial performance

Profit and Loss Statement

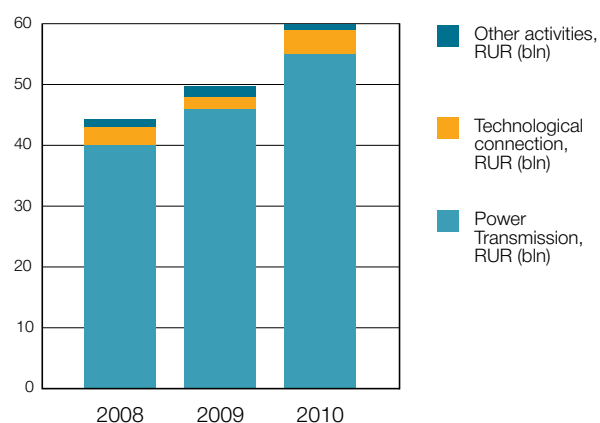
In 2010, the Company's revenue totalled RUR 60.4 bln, thus showing an increase of 23.1% when compared with 2009 and resulting from higher volumes of the productive power supply in 2010 versus those of 2009 (by 5.46%).

Profit/loss, aggregates, RUR, bln

	2008	2009	2010	Growth rate, %	
				2009/2008	2010/2009
Proceeds	43,55	49,05	60,41	13	23
Production costs	37,55	43,26	50,88	15	18
Gross profit	6,00	5,80	9,52	-3	64
Sales gross profit margin, %	13,8	11,8	15,0	—	—
EBITDA	6,76	7,64	10,96	13	43
Net profit	0,87	1,33	4,71	52	256
Sales net profit margin, %	2,00	2,7	7,8	—	—
Operating margin, %	8,38	4,87	9,27	—	—

In 2010, the Company derived a net profit amounting to RUR 4.71 bln. The Company's Board of Directors intends to make a recommendation at the General Meeting of the Shareholders that the net profit derived by IDGC of Centre be distributed as follows:

Proceeds, RUR (bln)



Retained profit of the reporting period, RUR (mln):	4 713,423
To distribute as follows:	
Provision	36,606
Development	4 065,885
Dividends	610,932
Undistributed deficits of prior years	—

Capital Structure

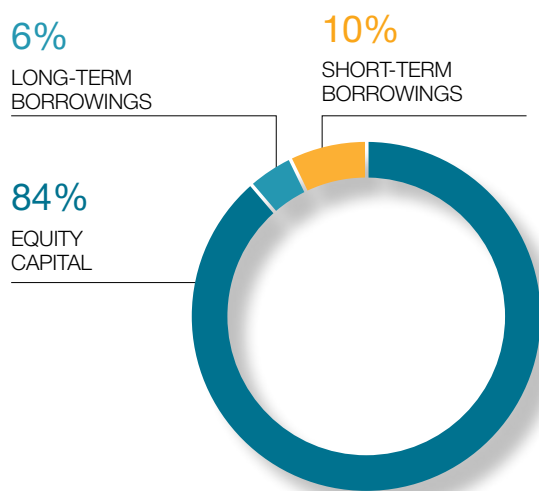
Throughout 2010, certain changes were made in the structure of the Company's liabilities. In particular, a borrowing policy providing for the replacement of short-term loans by long-term borrowings was pursued. As a result, the share of the Company's short-term loans decreased to 10.7%. The similar indicator at the end of 2009 was equal to 11.9%.

Furthermore, as of 31 December 2010, the share of long-term loans increased to 24.8%, primarily due to long-term borrowings for the purpose of investment program financing, and to a lesser extent by virtue of the growth of deferred tax liabilities.

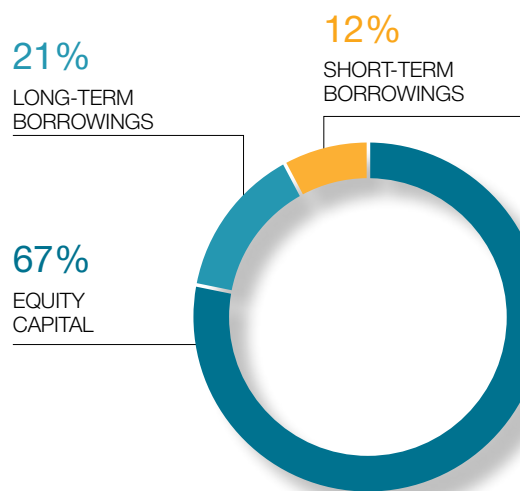
Due to the positive financial results of 2010, the Company's equity capital in absolute terms increased by RUR 4.7 bln. In relative terms, the share of equity capital in the structure of the Company's liabilities decreased to 64.6%.

Indicator, RUR (bln)	2008	2009	2010	Growth rate, %	
				2009/2008	2010/2009
Equity capital	39.7	41.2	45.9	3.9	11.4
Borrowed capital, inc.	18.4	19.8	25.2	7.7	27.3
<i>Loans and borrowings</i>	9.381	11.126	14.936	18.6	34.2
<i>Accounts payable</i>	7.1	6.7	6.9	-6.1	2.99
Borrowed capital share in the liabilities, %	32	32	35	—	—
Cash as of the end of the period	0.07	0.37	0.20	415.1	-45.9
Net debt	9.3	10.8	14.7	15.7	36.1

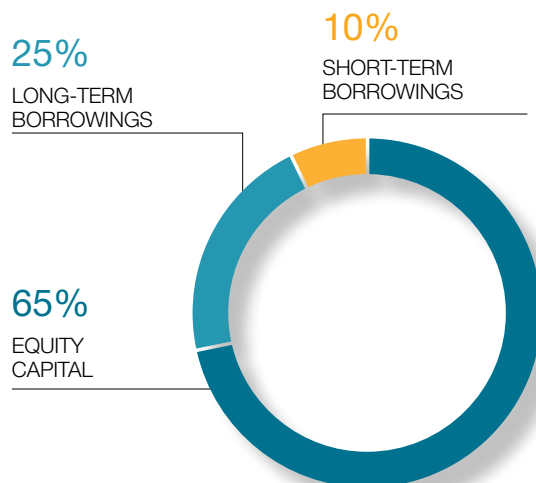
Liability Structure as of 31 December 2008



Structure of Liabilities as of 31 December 2009



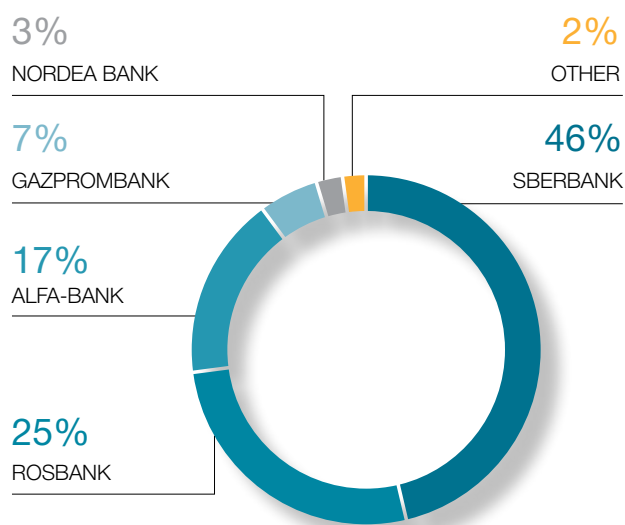
Structure of Liabilities as of 31 December 2010



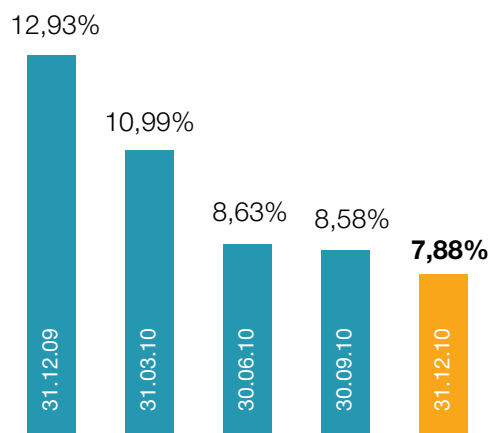
In 2010, for the purpose of the Company's investment program financing within the transfer to a new RAB-based tariff regulation system, IDGC of Centre extensively obtained and employed debt financing. A number of large-scale loan agreements were made with a minimum term equal to 60 months. The Company's lenders include Sberbank, ALFA-BANK and Rosbank. The maximum tenure of any loan obtained by the Company in 2010 was 180 months.

Borrowings, 2010	Loan value, RUR (bln)	Term of loan agreement, months
Sberbank	1,6	66
	1,5	66
	3	180
Alfa-Bank	2	84
Rosbank	1,5	60
	0,8	66
	1,5	66
TOTAL:	11,9	Average: 84

Senior lenders as of 31 December 2010



By the end of 2010, the average weighted interest rate decreased by 5.05%.



It should be noted that the Company's credit portfolio has been diversified in order to minimize any potential risks. A number of major Russian banks with a high degree of reliability serve as the Company's senior lenders.

A decreased average weighted interest rate on loans by the end of 2010 (by 5.05%) represents another material milestone of the Company during the reporting year. As of 31 December 2010, the foregoing rate was equal to 7.88% (as compared with 12.93% as of 31 December 2009).

Basic Ratios

In 2010, due to the increasing accounts receivable of the Company to be financed within 11 months (as anticipated), the current assets of IDGC of Centre increased and totalled RUR 9.4 bln (app. 25% as compared to 2009).

It should be noted that the share of accounts receivable in current assets slightly increased from 72.6% in 2010 to 81.1% in 2010. This results from the violations of financial discipline by a number of retail companies. Notwithstanding the foregoing, by the end of 2010 the Company discharged its obligations to its suppliers and contractors, complying with the contracts executed.

The return on equity ratio is the Company's net profit represented as a percentage-based ratio to its equity capital. In the reporting year, this totalled 11.12%. Material growth of the ROE resulted from a considerable increase in the Company's net profit as compared with 2009 (by 3.6 times, or 256%).

In 2010, leverage decreased in contract to 2009. This is due to the Company's loan policy. In 2010, the increased volumes of external loans and borrowings amounted to RUR 3.8 bln.

In 2010, the return on assets defining the efficiency of the Company's asset employment increased by 4.4% as compared with the previous year and totalled 6.6%. The current liquidity ratio throughout 2010 showed an upward trend and was equal to 1.25.

In 2010, the Company showed in general a considerable increase in profitability and cost effectiveness due to the continuing recovery of the Russian economy (in particular, in the regions of the Company's operations. According to the estimates by IDGC of Centre, such growth is predicted to continue.

The table below shows the indicators defining the Company's performance.

Indicator	2008	2009	2010	Growth rate, %	
				2009/2008	2010/2009
Current assets/short-term debt, RUR (bln)	0.69	1.04	1.25	49.80	20.19
Product profitability, %	10.84	9.38	12.99	—	—
ROE, %	5.64	3.14	11.12	—	—
Share of borrowings in liabilities, %	32	32	35	—	—
Accounts receivable, RUR (bln)	6.013	5.474	7.647	-8.97	39.70
Current assets, RUR (bln)	7.831	7.539	9.434	-3.73	25.14
Share of accounts receivable in current assets, %	76.78	72.61	81.1	—	—
Return on total assets, %	3.7	2.2	6.6	—	—
Current liquidity ratio	0.69	1.04	1.25	-51.9	20.2
Leverage	2.16	2.09	1.83	-3.2	-12.4

Information on the Credit Ratings of the Company

**STANDARD
&POOR'S**

BB-/B/ruAA-

In 2008, according to the National Rating Agency, IDGC of Centre received a credit rating of A+ (high level of credit capacity, Level I). This was confirmed twice based upon the monitoring results.

In December 2010, the National Rating Agency increased the credit rating of the Company to AA- (very high credit capacity, Level III). This indicates that the Company's capacity to discharge its debts promptly and to the fullest extent is at a high level.

IDGC of Centre is one of the few distribution power grid companies rated by S&P, an international rating agency. In 2009, it rated the Company as BB-/B/ruAA- (Stable by international ratings). In July 2010, such a rating was confirmed. The Company's management strives to increase the investment attractiveness of IDGC of Centre, in particular, through the growth of its credit rating.



Reliable Development



Yaroslavl, the rotund of the shopping arcade

8. Investments and innovations

Investments

The Company's investment program for 2010 provided for the spending of RUR 11.82 bln. In actuality, the Company spent RUR 12.23 bln during the reporting year, or 103% of the estimated amount (including RUR 10.927 bln for the construction, reconstruction and acquisition of new assets).

In 2010, the Company spent RUR 6.64 bln (107%) of its investments for the retrofitting and renovation of its facilities, versus the RUR 6.2 bln anticipated. RUR 5.59 (99.4%) bln versus RUR 5.62 were invested in new construction and extensions during the reporting year. Fixed assets amounting to RUR 10 bln, or 97% (including fixed assets identified through inventory accounting amounting to RUR 228,876 mln; under lease agreements, of RUR 283.471 mln; from other sources, RUR 0.316 mln; and the commissioning of fixed assets upon their construction, renovation or acquisition, totalling RUR 9,495.873 mln), were commissioned in 2010.

Physically, 4,155 km of power lines, or 142% of the estimated value, and 1,050 MVA of transformer capacity, or 111% of the anticipated amount, were commissioned.

Actual Investments in 2008-2010

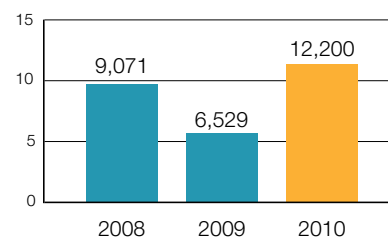
Term	Investment, net after VAT	Commissioning of fixed assets, net after VAT	Financing, VAT included	Commissioning of capacities		Capacity gain	
	RUR, bln	RUR, bln	RUR, bln	km	MVA	km	MVA
2008	9,071	7,730	10,252	3 263	660	1 886	489
2009	6,529	7,687	6,440	2 414	877	1 449	685
2010	12,230	10,009	12,504	4 155	1 050	2 777	770

For details concerning actual investments during 2008-2010 by the Company's units, see Annex 3 hereto.

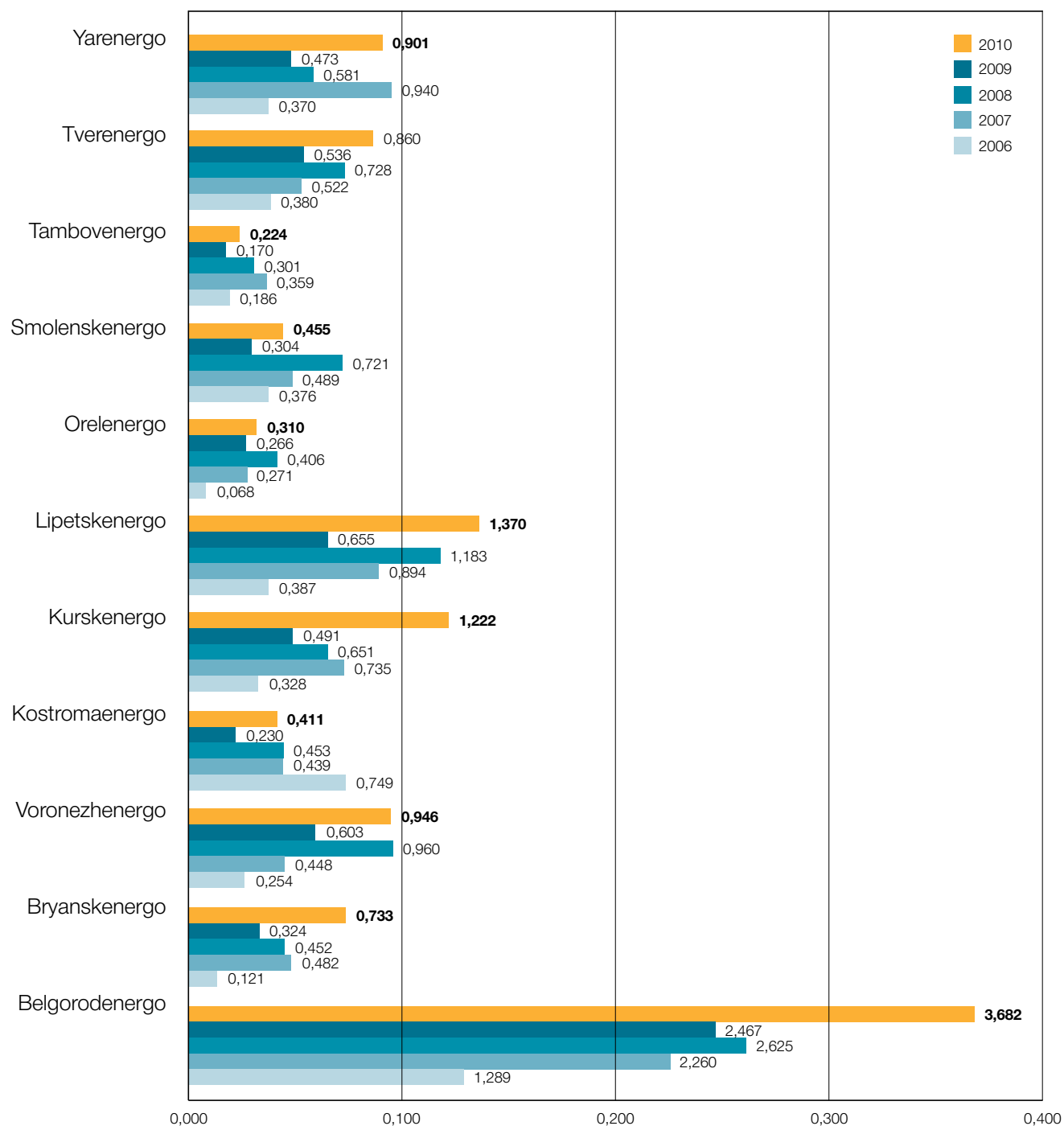
Throughout 2010 a total of 1,537 km of 0.4-110 kV power lines and 480 MVA of transformer capacity were commissioned within the retrofitting and renovation program. In regards to new construction, extensions and recording, a total of 2,618 km of 0.4-110 kV power lines and 570 MVA were brought into service.

As of the end of 2010, the length of the Company's power lines (subject to 0.4-110 kV cable lines) totalled 374 K km. Its 35-110 kV substation capacity amounted to 31, 404 MVA, while the capacity of 6-10/0.4 kV, to 15,192 MVA.

Deployment of capital investments of the Company in 2008-2010, RUR (bln)



Investments by IDGC of Centre, RUR (bln)



Belgorodenergo

The investment program of the Company's Belgorodenergo unit for 2010 was fulfilled to the fullest extent.

In 2010, the principal items of the unit's investment program provided for the following:

Renovation of the 110kV Volokonovka-N. Oskol overhead electric line (replacement of supports and insulators)

Term of construction: 2010. Commissioned capacity: 36.4 km. Contract price: RUR 45.8 mln. RUR 41.1 mln deployed as of the date construction commenced.

Defective concrete supports replaced; supports installed along the existing portion of the line not subject to restringing; porcelain suspended insulators replaced by LK-120/35 polymeric insulators.

Renovation of 110kV N. Oskol-Chernyanka overhead electric line (replacement of supports and insulators)

Term of construction: 2010. Commissioned capacity: 19 km. Contract price: RUR 12 mln. RUR 10.1 mln deployed as of the date construction commenced.

Defective concrete supports replaced; supports installed along the existing portion of the line not subject to restringing; porcelain suspended insulators replaced by LK-120/35 polymeric insulators.

Renovation of 110/35/10 kV Novy Oskol substation

Term of construction: 2010. Contract price: RUR 135 mln. RUR 135.4 mln deployed as of the date construction commenced.

110 kV breakers replaced; 35 kV open distribution system renovated and equipment replaced; construction provided; renovation of maintenance and production base, as well as Oskolsky distribution zone control centre.

Renovation of 110/35/6 kV Pischeprom substation

Term of construction: 2010. Contract price: RUR 62.6 mln. RUR 62.6 mln deployed as of the date construction commenced.

The feeding centre was renovated, with a subsequent transfer from the 110/35/6 kV to 110/10/6 kV voltage class; 1T transformer installed; main 100 kV breaker cells constructed; existing 110 kV switches and breakers replaced; outdoor 35 kV switchgear disassembled and indoor 10 kV switchgear installed.



Construction of the 110 kV Krapivinskaya substation

Term of construction: 2010. Commissioned capacity: 2x16 MVA. Contract price: RUR 208 mln.

This facility was commissioned in Q2 2010, allowing the Company to unload the Stroitel substation and Sazhnoe Distribution Centre. Due to the commissioning of the Krapivinskaya substation, the reliability of the power supply system covering the Yakovlev District increased.

The substation complies with up-to-date requirements for power engineering. In particular, the protection relays and automatic equipment of the substation are based upon



advanced Sirius protection microprocessing units. An advanced information and measuring system for power control and metering has been installed. This makes it possible to prevent any failures of the line transformers. Operational control over the power facility is ensured upon a remote basis, thus significantly reducing switching periods and the time period of outages, and eliminating emergency conditions.

In 2010-2011, the connected capacity of the Krapivinskaya substation will total 10 MVA.

Bryanskenergo

The investment program of the Company's Bryanskenergo unit for 2010 is exceeded.

In 2010, the principal items of the unit's investment program provided for the following:

110/35/10 kV Pochep substation (under an agreement for the technological connection of a CW destruction plant), RUR 482 mln (final stage of renovation)

Renovation of 6 kV f 629 overhead electric line of the Karachevskaya substation

Commissioned capacity: 15 km. Contract price: RUR 19.915 mln

Design and exploration work carried out. 6 kV overhead electric line and distribution centre installed. Land survey work is being implemented.

Retrofitting of the automated information and measuring system for commercial energy metering of the wholesale power market

Contract price (renovation): RUR 108.113 mln

TVI-110 kV current measuring transformers are being installed at five 110 kV substations. Equipment has been delivered to 20 more 110 kV substations. Construction and installation work has been completed. Start-up and commissioning activities are being performed. Plans exist for the facility to be brought into service in 2011.



Renovation of Sovetskaya 110 kV substation (phase II)

Term of construction: 2010-2011. Commissioned capacity: 40 MVA. Contract price: RUR 172.4 mln

A tender was held and agreements for delivery of power equipment were made; certain facilities have already been delivered. A tender for the selection of a contractor was held; a contract for construction and installation work was executed. Line transformer foundation work was performed. Line transformer and receiving portals were installed.

Plans exist for the facility to be brought into service in 2011.

Voronezhenergo

The investment program of the Company's Voronezhenergo unit for 2010 was fulfilled to the fullest extent.

In 2010, the principal items of the unit's investment program provided for the following:



Retrofitting of Substation No.30 and renovation of 110 kV overhead electric line of Voronezhskaya TPP-2 HRSG (RUR 56 mln)

The 110 kV overhead electric lines No.13 and 14 were renovated; six breakers of the 110 kV overhead electric line were replaced; six 110 kV overhead electric line current transformers (for No. 25, 26, 27, 28, T-1 and T-2) were assembled; six microprocessing switch control terminals were installed (110 kV overhead electric line No.25, 26, 27, 28, T-1 and T-2). The foregoing work was carried out as provided for by the agreement for the technological connection of Kvadra OJSC's generating facilities.

Retrofitting of the 110/6 kV Kalininskaya substation No. 45 with the installation of switchgears and control gears with 110 kV sulfur hexafluoride gas insulation (7 pcs.) (RUR 128 mln)

Retrofitting of the 110/6-6 kV substation No. 10 with the installation of 6 kV cells (33 pcs.)

Start-up facilities: RUR 108 mln (final renovation stage upon the completion of retrofitting of the 35/6 kV substation No. 10, with a transfer to the 110 kV voltage class in 2009).

The 110 kV cable lines from substation No. 2 to substation No. 10 (RUR 107 mln)

The work shall be completed in 2011. Along with the renovation of substation No. 10, this will make it possible to transit 110 kV in the power supply system covering the central portion of Voronezh.

Kostromaenergo

The investment program of the Company's Voronezhenergo unit for 2010 was fulfilled.

In 2010, the principal items of the unit's investment program provided for the following:



- **The 110 kV Zapadnaya** – Buy (t) overhead electric line was renovated, and cable and supports were replaced (RUR 3.761 mln invested);
- **The 10 kV high-voltage power line** was retrofitted, and cable and supports were replaced (RUR 12.661 mln invested);
- **The 0.4 kV high-voltage power line** was retrofitted, and cable and supports were replaced (RUR 75.951 mln invested);
- **The 110 kV Kady Pyschug substation** was retrofitted, the control current circuit was renovated, and a current control switch was installed (RUR 2.255 mln invested);

- **For the 110 kV substation**, automatic and protection-related equipment was renovated and a circular protection system was installed (for the 110kV Susanino, Centralnaya and Chukhloma substations) (RUR 2.219 mln invested);
- **The 35/6 Vostochnaya-1 substation** was renovated, with a transfer to the 110kV voltage class (RUR 62.22 mln invested);
- **The 10/0.4 kV switchgear and transformers**, as well as the 0.4-10 kV overhead electric line, was constructed to ensure technological connections for residential and office buildings in Kostroma and the Kostroma Region (RUR 54.194 mln invested). Fixed assets (overhead electric lines and transformer substations) were acquired (RUR 29.577 mln invested).

Kurskenergo

In 2010, the absorption of investments amounting to RUR 1,222 mln. RUR 1,138 mln were invested.



Principal facility: Renovation and construction of the 110kV overhead electric line. An indoor switchgear with a 110kV switchgear and control gear (with sulfur hexafluoride circuit breakers) for the 110/10 kV Kotelnaya substation was installed, providing power distribution for the boiler of the Northwestern district of Kursk (TGC-4) (Kotelnaya 110/10 kV substation); RUR 447 mln were allocated, while in actuality, RUR 385 mln were spent. In-service date: 2011.

Scope of work: renovation of the 110/10 kV Kotelnaya substation (construction of 110kV switchgear and control gear building comprised of 13 cells, extending the operational control

building and renovating the existing operational control building, and the installation indoor and outdoor switchgear); construction of a 110 kV overhead electric line from the 110 kV Sadovaya-Pribor overhead electric line, with a tap line to the Kotelnaya 110/10 kV substation of the same 560 m in length; renovation of the 110 kV Sadovaya-Kotelnaya overhead electric line with a transfer to a double-circuit, the installation of a second circuit from the Kotelnaya substation to a tie-in to the 110kV Sadovaya-Pribor overhead electric line, and a tap line for the Kotelnaya substation (establishment of the 110kV Sadovaya-Kotelnaya overhead electric line No. 3) of 1,900 m in length; construction of a 110kV cable line (overhanging the 110/10 kV Kotelnaya substation).

The overall scope of work related to the Kotelnaya substation's renovation, with a lower cost for construction, has been carried out and completed as provided for by the design, estimated documentation, and technical specifications attached to the technological connection agreements for providing power from generating facilities. This is one of the reasons for the discrepancy between the actual parameters and the target.

Construction of 110 kV Rodniki substation (2x25 MVA) RUR 133 mln were estimated, while RUR 133 mln were spent. In-service date: 2011. Scope of work:

The substation was accepted as a standard 110/10 kV KTPSESCHB (M), climatic version U1 substation pursuant to GOST 15150-69 and 15543.1-89.

For the purpose of achieving the optimum distribution of the load from 10 kV inputs, the substation mounts two line transformers (25 MVA with TRDN-25000/110U1 split coils).

The new 110/10 kV Rodniki substation is a master substation providing power supplies to the Southwestern district of Kursk, and is located in the service zone covered by Centralnie Electriccheskie Seti PA, a unit of Kurskenergo.

Lipetskenenergo

In 2010, the absorption of investments amounting to RUR 2,049 mln (net after VAT)

Major projects:

Construction of the 110 kV Universitetskaya substation (phase II; T-2 substation brought into service in Q4 2009). Currently, most housing projects of the Universitetsky District have already been put into operation and require connections to a new substation.

Term of construction: 2008-2010. Commissioned capacity: 80 MVA (2x40). Contract price: RUR 297.312 mln. As of the construction commencement date, RUR 348.73 mln was deployed (including RUR 23.3125 mln in 2010).

The T-1 substation was commissioned in Q3 2010.

Construction of the 110 kV Manezhnaya substation

The 110/10/10 kV Manezhnaya substation is to be built due to increased loads in the area in which it will be located due to the intensive construction of residential and office buildings and other facilities. Currently, residential development at ul. 50 Let NLMK has commenced.

Term of construction: 2007-2011. Commissioned capacity: 80 MVA (2x40). Contract price: RUR 330,07 mln. As of the construction commencement date, RUR 361.64 mln was spent (including RUR 53.36 mln in 2010).

The T-2 (phase II) substation was commissioned in Q4 2010.

Renovation of the 110 kV Bugor substation with the replacement of existing transformers by 2x63 MVA

This move is necessary due to increasing loads in the area in which it is located by virtue of the number of new social facilities and utilities being constructed. As a result, new users are to be connected to a network operated by the regional grid company.

Term of construction: 2009-2011. Commissioned power: 126 MVA (2x63). Contract price: RUR 335.995 mln. RUR 97 mln of capital investments have been deployed.

The following work has been carried out: the design and estimate documentation related to the renovation of the 110/35/6 kV Bugor substation was executed; a state expert review was performed; the design and estimate documentation was approved; a contract for construction and installation work was signed, and a construction license was obtained.

The following work is being carried out: the delivery of equipment; construction and installation work.

The facility is estimated to be put into operation in Q2 2011.

Orelenergo

The investment program of the Company's Orelenergo unit for 2010 was fulfilled to the fullest extent.

Renovation of 110/10 kV Zapandaya substation (phase II)

The renovation of the 110/10/6 kV Zapandaya substation provides for the replacement of two line 25 MVA transformers with 63 MVA units, the renovation of 110 kV outdoor switchgear with the replacement of the breaker/short circuiting switch by sulfur-hexafluoride switches with built-in 3AP1DT 145EK current transformers; the renovation of the operational control center will provide remote control and communications channels pursuant to the specifications of the Trade System Administrator of Wholesale Electricity Market Transactions.



Term of construction: 2009-2010. Commissioned capacity: 63 MVA. Contract price (construction/renovation): RUR 233.448 mln. The amount of RUR 232.629 mln in capital investments was deployed as of the construction commencement date (including RUR 130.673 mln in 2010, versus the RUR 82 mln anticipated for the year).

All 6 kV units of the urban networks were connected to advanced 6 kV indoor switchgear. In order to provide for the categorizing of existing users, a reserve power supply circuit has been ensured. The 6 kV integrated switchgear and control gear of the outdoor installation was disassembled. A 10 kV indoor switchgear was constructed and a 110 kV outdoor

switchgear was installed. A T-1 line transformer was assembled. The work has been carried out to the fullest extent. The fixed assets amount to RUR 274.336 mln, while the commissioned capacity totals 63 MVA.

Smolenskenergo

The investment program of the Company's Smolenskenergo unit for 2010 was fulfilled.

The Company's Smolenskenergo unit investment program was implemented (RUR 448 mln net after VAT was to be deployed and RUR 455 mln net after VAT was actually spent, or 102% of the estimate). The excess from the target value is due to an expansion of the scope of the work under technological connection agreements not originally included.

Tambovenergo

In 2010, the Company's Tambovenergo unit investment program amounted to RUR 224 mln.

In 2010, the most important projects for the unit were as follows:



- **Renovation of the 6 kV indoor switchgear of the 110 kV Tambovskaya No. 8 substation.** The cost totalled RUR 11,404 K.
- **The 10 kV oil circuit breakers were replaced by vacuum switches; the protection relay and automatic equipment of the 35 kV Progress substation were renovated.** RUR 10,250 K were invested.
- **The automated informative electric power accounting system** for the retail market (Tambovenergo) totalled RUR 9,807 K.
- **A 10 MVA transformer was replaced by a 16 MVA unit at the 110 kV Substation No. 6** (as provided for by the transformer rotation program); a road to the 110 kV substation No. 6 was constructed (RUR 4,235 K).
- **A 16 MVA transformer was replaced by a 25 MVA unit at the 110 kV substation No. 5** (RUR 57,465 K).

Tverenergo

In 2010, the Company's Tverenergo unit investment program amounted to RUR 860 mln.

Major projects:

Renovation of 110/35/10 kV Torzhok substation (Shell Oil CJSC): technological connection of new users.

Term of construction: January-June 2010. Commissioned capacity: 40 MVA. Contract price (construction/renovation): RUR 33.4 mln. as of the construction commencement date. RUR 33.7 mln were deployed, including RUR 33.7 mln in 2010 compared with the RUR 33.7 mln targeted for the year.

The facility was put into operation in June 2010. The following work was carried out: the foundation and oil receiver were constructed; a maintenance area for the sulfur-hexafluoride generator switches was provided; a 40 MVA line transformer was installed; a sulfur-hexafluoride generator switch was assembled; a transformer breaker and two busbar disconnectors were installed; the current transformer was replaced; the first bus arrangement voltage transformers were moved to another cell; a new 10 kV busbar bridge and three overvoltage limiters were installed; the transformer protection relay was assembled.

Renovation of the 35kV Zubtsov substation (transfer to 110 kV): transfer of the existing 35kV Zubtsov substation to another voltage class (110kV) for the purpose of attaining higher reliability for the power supply and the eventual technological connection of other users.

Term of construction: 2008-November 2010. Commissioned capacity: 50 MVA. Contract price (renovation): RUR 124.792 mln (net after VAT). As of the construction commencement date, RUR 96.8 mln was deployed (including RUR 59.2 mln in 2010 compared to RUR 94.7 targeted for the year). Phase I of the Rzhev-Zubtsov 35kV overhead electric line was commissioned; the 110 kV outdoor switchgear equipment installed at the Rzhev substation was brought into service. Work at the 35kV Zubtsov substation is being carried out. Date of completion (target): 2011.

Yarenergo

In 2010, the Company's Yarenergo unit investment program amounted to RUR 901 mln.

The new substation will ensure power supply to the perinatal center, Assumption Cathedral, Congress Centre, Yaroslavl's 1000th Anniversary Park, and the shopping and entertainment centre, as well as new residential buildings. In addition, the Kotorosl substation will make it possible to provide spare capacity for the technological connection of other users in the Kirovsky and Krasnoperekopsky districts of the city.

Construction began on the 110kV Frunzenskaya-1 overhead electric line to the 110/6/6 kV Kotorosl substation as well as the 110/6/6 Kotorosl substation itself with 2x25 MVA transformers, with the eventual replacement thereof by 2x40 MVA units.

Renovation of the 110/10 kV Bragino substation (renovation of the oil transformers and the cells of the 10 kV switchgear and control gear for No. 10 and 11, as well as the indoor 10kV switchgear; the replacement of breakers and short circuit switches by automatic and relay protection equipment for the transformers).

The project involves the replacement of the 110 kV breakers and short circuit switches of T-1 and T-2 for the 110kV sulfur hexafluoride circuit breakers at the 110/10/10 kV Bragino substation; the installation of arc-suppression coils at the 10 kV busbar No. 3 and 4; the replacement of the arc-suppression coils at busbar No. 1 and 2 at the 110/10/10 kV Bragino substation; current control system renovation by using an electric storage battery; the replacement of the



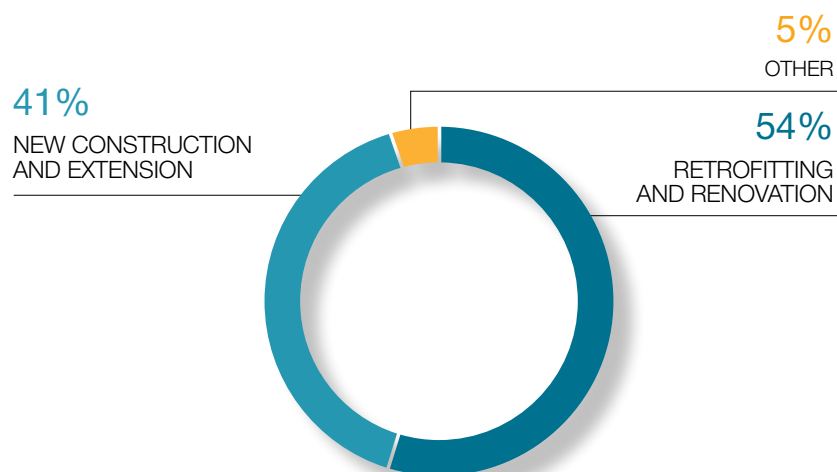
electromechanical units of the 10kV T-1 and T-2 automatic and relay protection equipment (oil and bus section breakers No. 1, 3 and 4) by microprocessing units; arcing fault protection renovation (fibreglass installed); the consideration of the eventual installation of two current control management units and two electric storage batteries in the existing operational control building; and renovation of the cells of the 10kV switchgear and control gear No. 10 and 11.

Contract price (construction): RUR 144 mln. Deployed in 2010: RUR 49 mln. The work is to be completed in 2011.

Focus Areas and Structure of Capital Investments, RUR (mln)

IDGC of Centre, JSC	2008	2009	2010
Investment activity structure, total:	9 071	6 529	12 230
Power grid facilities, including	7 596	5473	9 045
Automation, communication	699	406	400
Electric power metering and control devices, including	163	242	497
<i>Automated informative electric power accounting system for the wholesale market as part of the investment program</i>	84	64	93
<i>Automated informative electric power accounting system for the retail market and other power accounting and metering units</i>	79	178	404
Retrofitting and renovation for future construction	203	94	195
Other production facilities and economic entities	497	117	212
Equipment not included in the construction cost estimates	292	224	623
Non-production facilities	1	0	0
Capital investments in intangible assets	0	0	0
Long-term financial investments	0	0	1 100
Acquisition of fixed assets	320	379	559
Focus areas of investment activities, total:	9 071	6 529	12 230
Retrofitting and renovation	5 596	3 392	6 637
Including by power grid facilities	4 761	2 957	5 596
New construction and extension of existing facilities	3 155	2 758	5 593
Including by power grid facilities	2 835	2 516	3 449
Acquisition of fixed assets	320	379	559
For reference:			
Absorption of capital investments in terms of technological connections	3 486	2 188	3 832

Capital investment structure of IDGC of Centre in 2010



Employment of Investment Sources in 2010, RUR (mln)

Investment sources, total		12 230
Owned fund sources	Depreciation in the reporting year	3 428
	Outstanding depreciation from previous years	0
	Undistributed profit from previous years	58
	Profit from the reporting year to be employed in the investment program thereof	3 364
	<i>Renovation included in the tariffs</i>	2 499
	<i>Sale of core non-current assets</i>	0
	<i>Sale of non-core non-current assets</i>	0
	<i>Technological connection fees</i>	865
	Other owned fund sources	0
External financing	Budget funds (federal, municipal)	0
	Borrowed funds (loans, interest-bearing)	4 329
	Borrowed funds (additional issues)	0
	Technological connection fees	1 052

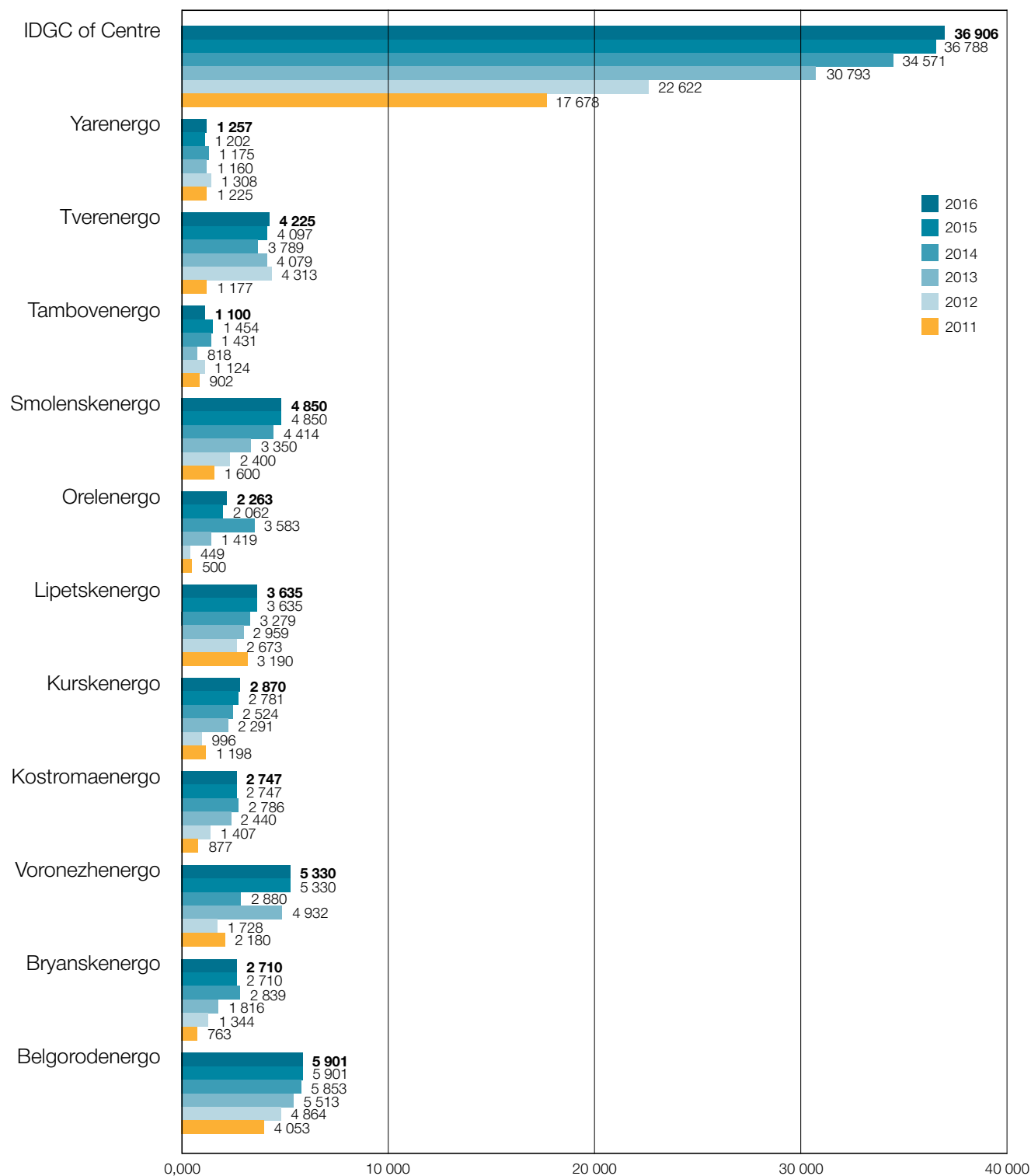
In the coming years, capital investment behaviour will have a positive trend.

Investment Program for 2011 — 2016 by the Company's Units, RUR (mln)

Unit	2011	2012	2013	2014	2015	2016
Belgorodenergo	4,053	4,864	5,513	5,853	5,901	5,901
Bryanskenergo	763	1,344	1,816	2,839	2,710	2,710
Voronezhenergo	2,180	1,728	4,932	2,880	5,330	5,330
Kostromaenergo	877	1,407	2,440	2,786	2,747	2,747
Kurskenergo	1,198	996	2,291	2,524	2,781	2,870
Lipetskenergo	3,190	2,673	2,959	3,279	3,635	3,635
Orelenergo	500	449	1,419	3,583	2,062	2,263
Smolenskenergo	1,600	2,400	3,350	4,414	4,850	4,850
Tambovenergo	902	1,124	818	1,431	1,454	1,100
Tverenergo	1,177	4,313	4,079	3,789	4,097	4,225
Yarenergo	1,225	1,308	1,160	1,175	1,202	1,257
IA IDGC	12	15	17	18	19	19
IDGC of Centre	17,678	22,622	30,793	34,571	36,788	36,906
Retrofitting and renovation	10,469	15,471	21,129	23,152	26,380	26,913
New construction	6,990	6,899	9,457	11,295	10,264	9,868
Other	219	252	208	124	144	126

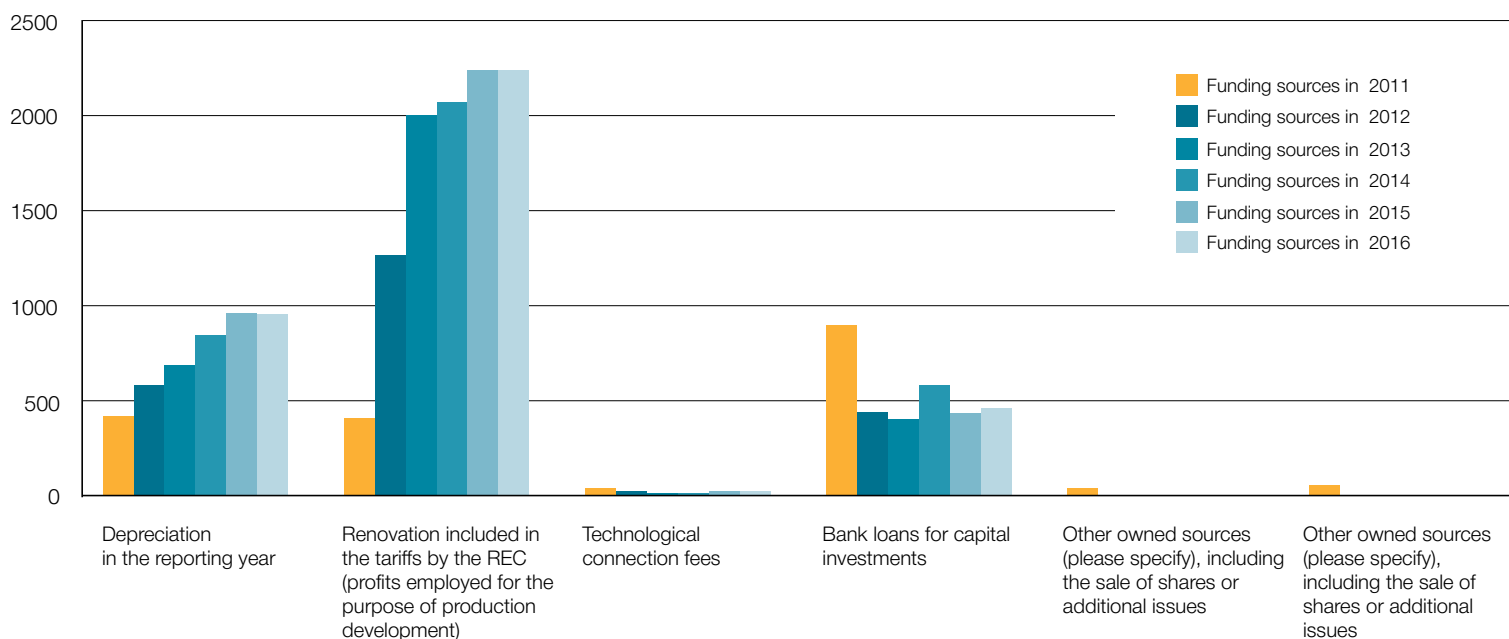
For information concerning capital investments in 2011-2016 by the Company's units, see Annex 3 hereto.

Target investments by IDGC of Centre in 2011-2016, RUR mln (net after VAT)



The principal funding sources for the Company's investment program for 2011-2016 shall be as follows:

- Depreciation;
- Technological connection fees;
- Bank loans for capital investments;
- Profits derived in the reporting year to be employed within the investment program.



10 Major Investment Projects in 2010 with their Principal Specifications

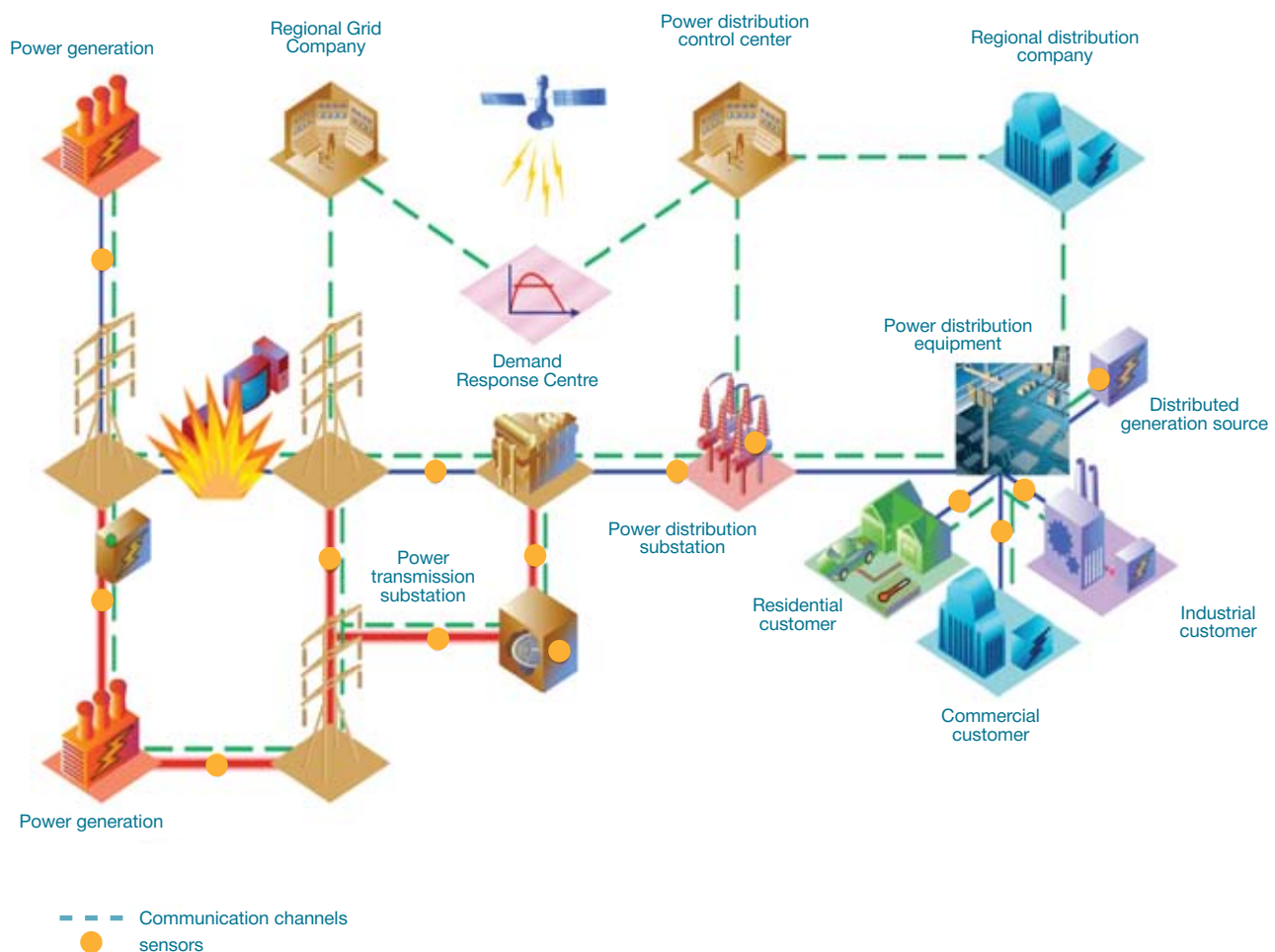
Unit	Project	Investments (target), RUR (mln)	Investments (actual), RUR (mln)	Ratio (target/actual), %	Commissioned capacity (unit of measurement)
Belgorodenergo	Construction of 110/10 kV Krapivinskaya substation with overhangs	198.507	201.382	101%	32 MVA
Belgorodenergo	Automated information and measuring system of commercial energy metering for the retail market	313.7	270	86%	30,376 pcs.
Bryanskenergo	Renovation of 110/35/6 kV Pochep substation in relation to technological connection of a CW destruction plant	15.299	483.208	3158%	—
Voronezhenergo	Renovation of 35/6 kV substation No.10 with a transfer to 110 kV voltage class	101.868	108.007	106%	126 MVA
Kostromaenergo	Renovation of 35/6 kV Vostochnaya-1 substation with a transfer to 110 kV voltage class	67.465	62.500	93%	—
Lipetskenenergo	Construction of 110 kV Manezhnaya substation	35.888	53.404	149%	40 MVA
Kurskenenergo	Renovation and construction of 110 kV overhead electric line, indoor switchgear with switchgear and control gear and 110 kV sulfur hexafluoride circuit breakers (110/10 kV Kotelnaya substation) to provide power supply to the northwestern district of Kursk (TGC-4)	447.085	385.877	86%	—
Orelenergo	Renovation of 110kV Zapadnaya substation	183.956	232.629	126%	63 MVA
Kurskenenergo	Construction of 110/10 kV Rodniki substation	133.304	133.123	100%	50 MVA
Yarenergo	Construction of 110/6/6 kV Kotorosl substation	177.256	178.949	101%	50 MVA

Innovation Activities

One of the strategic goals of the Company is to achieve the level of technological development of highly industrialized countries. This is a feasible goal, subject to the retrofitting and establishment of an advanced power grid infrastructure based upon innovative, large-scale technological renovations.

Smart Grid program implementation was one such innovation in 2010. Any such grid is based upon advanced technologies, making it possible to rationally employ power sources and minimize any environmental impact. Belgorodenergo, one of the Company's units, was selected as a pilot enterprise to implement the foregoing program.

A Smart Grid is an intellectual power line and advanced telecommunication data transmission network.



The following projects have been implemented by Belgorodenergo, one of the Company's units, within the Smart Grid program:

A Smart Grid is an intelligent, self-regulated system making it possible to receive and transfer electric power to end users with the minimal engagement of operators.

An automated informative electric power metering system comprised of smart Neuron meters and ensuring the accuracy of settlements with users makes it possible to reduce commercial losses and to take readings on a remote basis, as well as exercise control over electric power quality.

- The introduction of automatic distribution systems made it possible to provide higher levels of reliability for the power supply and to reduce the cost and time required to identify fault locations.
- Boosters are dedicated injector transformers that make it possible to increase and regulate voltage, as well as to provide higher 0.4 kV network capacity.
- Telecontrol introduction (or upgrades) resulted in the higher observability and controllability of distribution grids, thus making it possible to promptly identify fault locations and take measures in response to any shutdowns or disruptions in the line.
- The introduction of a Helios smart illumination system in the regions made it possible to manage the grids, keep a record of power consumption, calculate the number of blown-out lamps, and moreover, select any illumination mode at the regional dispatching centre on a remote basis without being requiring site visitation.
- Wind turbine, solar battery and biogas plant technological connections with an overall capacity of 220 kW were performed. Pilot alternative power sources were put into trial operation in the Yakovlevsky district of the Belgorod Region in summer 2010. The estimated overall 'green' power generation will exceed 20 mln kWh of electric power and 17.2 K Gcal of thermal power per annum.

Performance within the Project Implementation Period

Nº	Item	Measures	Unit of measurement	Completed as of 1 January 2011, total	Target 2011
1	Higher reliability of distribution grids	110 kV sulfur hexafluoride circuit breakers	Pcs.	114	7
2		35 kV vacuum and sulfur hexafluoride circuit breakers	Pcs.	76	51
3		10 kV vacuum circuit breakers	Pcs.	1,272	196
4		0.4-10 kV grids with self-supporting insulated wires	km	2,391	562
5		Automatic distribution systems in 10 kV grid	Pcs.	33	16
6	Compliance with quality standards	Boosters	Pcs.	51	21
7	Real-time response to emergencies	110 kV substation teleautomation	Pcs.	54	4
8		35 kV substation teleautomation	Pcs.	124	9
9		Renovation of regional dispatching centers	Pcs.	21	2
10		T6-10 kV distribution centre teleautomation	Pcs.	80	5
11		6-10/0.4 kV substation teleautomation	Pcs.	29	10
12	Energy conservation and efficiency	Helios street lighting control system	Cabinet	789	535
13		Neuron Meters for the automated informative electric power metering system	Pcs.	49,712	27,904
14		35-110 kV Bazis substation automated informative electric power metering system	T.Y.	3,803	0
15		Reactive power compensation	Pcs.	101	4
16		Energy-saving lamps	Pcs.	57,508	21,257

The Smart Grid project shall provide for the following:

- Higher quality and reliability of the power supply;
- Lower power losses to the technologically feasible level;
- Lower costs related to BOP and economic needs through the introduction of energy-saving technologies and automatic equipment;
- Load management, both by users and the grid;
- Local generation employment with minimal carbon emissions;
- Higher performance of primary equipment through the optimization of modes of operation and generation schedules;
- Higher quality of services to the public by employing online communications.

On November 2010, the Introduction of the Utility Metering System by the Belgorodenergo Project was discussed by the Coordination Committee of the Presidium of the Supreme Council of the UNITED RUSSIA All-Russia Political Party, which is responsible for issues related to energy conservation and higher energy efficiency, at the State Duma of the Russian Federation, and was included in the register of projects maintained by the Energy-Efficient City Non-Commercial Partnership.



In 2010, working meetings were arranged with representatives of the US Department of Energy within the electric power industry task group of the Russian-American Presidential Committee in order to exchange experience with respect to the Smart Grid project. In addition, cooperation was established in 2010 with the Accenture Company within the Consortium of Smart Grids.

A pilot project is being considered to involve both Russian and American cities in introducing smart grids for the purpose of improving power supply systems. Such cooperation shall give impetus to each partner in terms of providing for an exchange of data related to their progressive experience, prospects in project management, and test information.

In 2010, implementation of The Complex of Automated Technological Network Management Systems Project commenced. Such systems are intended to be used by the substantive personnel of the operating and technical groups of the grid control center, as well as operating and advanced development services. Belgorodenergo, one of the Company's units, was selected to serve as a pilot site for the implementation of such a system.

The main components of the foregoing complex are as follows:**DMS (distribution management system), which provides:**

- Grid performance simulation under normal or emergency modes of operation, as well as automated control of short circuit current, relay protection and automatic equipment;
- Switching control, monitoring and recording commutations (emergency or planned);
- Grid load regulation and load flow analysis;
- Automatic generation of switching sequences for the purpose of identifying fault locations;
- Unit voltage optimization (load tap change) for the purpose of reducing power losses.

OMS (outage management system):

- Receiving data from the call centre with respect to any call by the system user related to a power supply failure;
- Recording power supply interruptions;
- Forecasting fault locations and affected users;
- Providing current data on emergency status and maintenance to call centre operators;

- Operating control over maintenance personnel and equipment;
- Retaining all data on emergencies (reasons, time of status change, maintenance, affected users).

The complex of automated technological network management systems is designed to:

- Harmonize business processes and IT solutions of the Company in terms of grid facility management;
- Enhance the functionality of automated technological management systems currently employed;
- Integrate existing systems and management science.

Implementation of the foregoing project shall contribute to higher efficiency in the following areas of activity for the unit:

- Business asset data management;
- Resource and work planning;
- Performance management;
- Operating and process management;
- Power measurement and metering control;
- Power consumer relationship management.

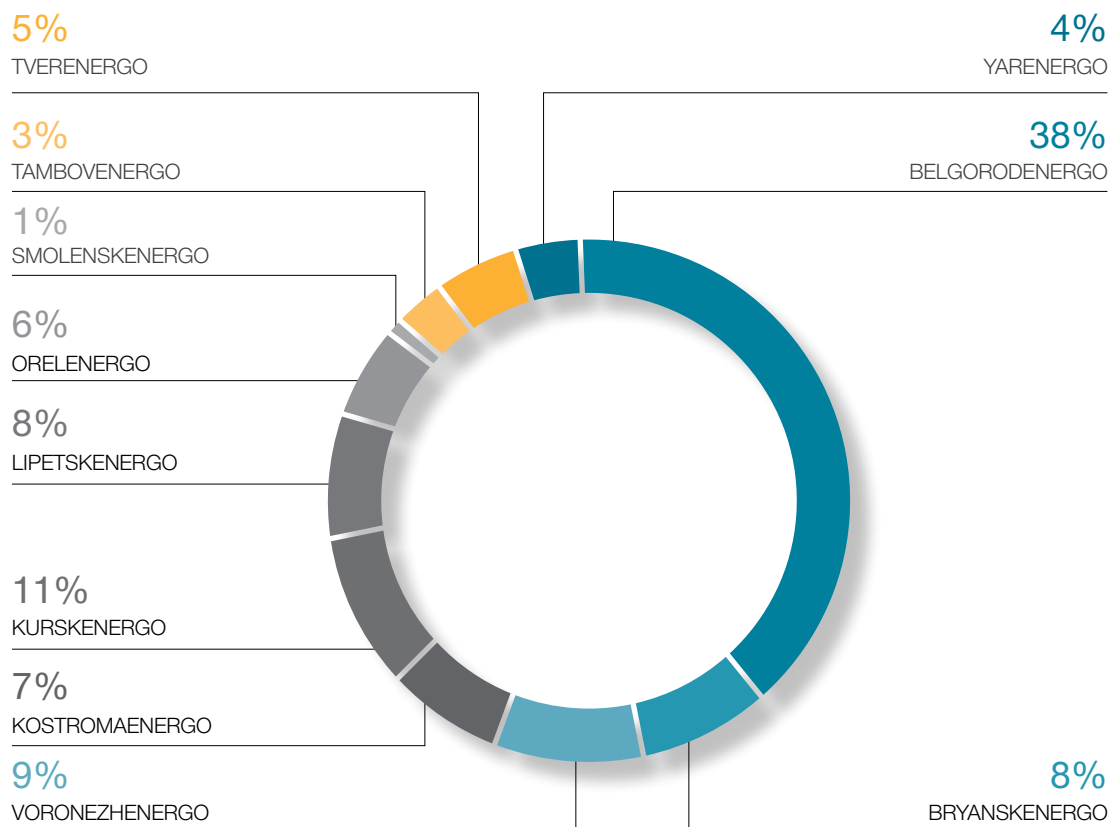
The unit's performance will be increased by taking such measures as those specified below:

- Supplying prompt and accurate information on the current status of equipment and their modes of operation to the unit's management, operating and maintenance personnel;
- Reducing the decision time of operating personnel, both in normal and emergency modes;
- Reducing performance times (for the maintenance and repair of power grid facilities as a result of efficient emergency crew management);
- Reducing downtime and losses caused by short power supplies, as well as expenses incurred due to maintenance and repair work;
- Reducing power supply interruptions and losses;
- Improving the coordination and cooperation of the unit's elements;
- Improving relationships with power users.

The complex of automated technological network management systems will be provided for the following reasons:

- It is a tool that supports, updates and maintains a data base of technical specifications and modes of operation for power grid facilities;
- It enhances the performance of operating personnel;
- It makes it possible to reduce the number of dispatching centres due to the higher level of efficiency of the unit's operating personnel.

Structure of Innovative Project Funding by the Company's Units, %



Information Technologies

In 2010, the Company's Board of Directors approved the IT Engineering Policy of IDGC of Centre (Resolution No.16/10 of the Board of Directors of 30 July 2010).

In 2010, in order to ensure the higher efficiency and transparency of the IT infrastructure, a project providing for the establishment of a consolidated IT budget for the Company was implemented. The Company's budgeting in terms of IT expenses is automated, thus allowing it to exercise control over the entire IT budget management cycle.

In 2010, certain measures were taken to provide a transfer from the outsourcing model of IT business process management to an insourcing model. For the purpose of the subsequent successful development of information technologies, a unified service of information and communication systems was established in the reporting year that is responsible for the entire range of issues related to business applications and automated technological management system operation by the Company's units.

For the purpose of providing proper quality and promptitude of IT service performance valuation, a catalogue of IT services was executed in 2010 to be used by IDGC of Centre. This catalogue describes any service included therein and comprises an agreement regulating the quality thereof for any internal business customer. The Service Monitoring

Department was established to monitor the quality of IT services and to exercise centralized operating control over emergency maintenance and restoration operations. The department monitors at least 2,000 units. In 2010, IDGC of Centre carried out the operations specified below.

In terms of business process automation:

An agreement granting a right to use SAP software was made with SAP CIS LLC on an unrestricted basis for the period from 2010 to 2012 in order to ensure licensed employment of the SAP software and to minimize risks of annual increases in technical support costs due to the rapidly growing number of users of the corporate resource management information system. Furthermore, a project to transfer to a two-level system of Company management in terms of organizational arrangements was implemented in the reporting year (SAP functions modified).

A project providing for the transfer to a new control (cost) system was implemented, ensuring a more detailed review of cost items in terms of any and all activities of the Company.

A new version of SAP ERP 6.0 was installed for achieving higher system performance, making prompt changes in the event of amendments to the laws of the Russian Federation, and increasing the quality of system operations.

SAP functionality setting was completed, thus ensuring the analysis of equipment performance, conditions, troubleshooting and monitoring.

Projects implemented in 2010 in terms of corporate information management system development allowed IDGC of Centre to:

- Improve the quality of the ancillary and related operations of the Company through the introduction of an advanced automation process and subsequent upgrade options as provided by worldwide standards and the laws of the Russian Federation;
- Optimize and prioritize the primary business processes of the Company's units;
- Provide managers of all levels of responsibility with reliable data on current operations in order for them to be able to make prompt management decisions, both in terms of production and financial business;
- Improve integrated ancillary and related business automation systems based upon the corporate ERP system, making it possible to ensure a more flexible, centralized resource and flow management level and to reduce the expenses related thereto;
- Reduce administration and management expenditures;
- Increase the efficiency of managerial decisions.

In terms of IT infrastructure development:

In 2010, a project for establishing an integrated network covering more than 12,000 work places was successfully completed. Primarily, this was aimed at harmonizing existing information systems, centralizing current computer powers, providing standard work places for EIS users, and establishing a single e-mail server. The foregoing measures will also make it possible to reduce the operating expenses of the Company.

In addition, license agreements were made with Microsoft for the term of three years, granting the Company the right to license any software currently employed by IDGC of Centre.

In terms of telecommunications and process management automation:

Regarding telecommunication and process management automation, in 2010 a distribution call centre was brought into pilot operation in order to process calls by users within the territory of the Company's operation.

The implementation of a program providing for a transfer to a two-level model of operating and process management was commenced, in particular:

- A two-level model of operating and process management was developed;
- Phase I of a transfer to the target model was completed (the operational structure of the network control centres were unified);
- Programs providing for the development of data acquisition and transmission systems, as well as operational arrangements for a transfer to the target model, were approved by SO UES JSC, Operational Dispatching Office of Centre;
- A project providing for the introduction of network control and disturbance elimination systems was initiated and is being implemented.

Additionally, in 2010 the following major operations were carried out:

- For the purpose of higher observability and controllability, primary and reserve digital communication channels were established for 72 and 57 substations, respectively;
- Reliable and uninterrupted access to centralized information systems was provided;
- Expenses related to cellular communications of any kind were reduced;
- Design and exploration work was carried out with respect to the radio communications system to be used by the Company's units in 2011;
- Design and exploration work was carried out with respect to the dispatch system to be used by the Company's units in 2011;
- A pilot project related to the introduction of the OMS/DMS system in Belgorodenergo is being completed;
- Unit distribution zone teleautomation work was continued (25 substations were covered);
- Phase II of a pilot project providing for the introduction of the automated informative electric power metering system covering residential users of Belgorodenergo is in the completion stage (approximately 17,000 Neuron meters were installed);
- An automated informative electric power metering system for the wholesale electricity market was established;
- An automated informative electric power metering system for the retail electricity market is being established (approximately 115,000 meters were installed).

Subsequent development plans for information technologies and process management systems for 2011 provide for the following:

- Implementation of a program providing for the development of data acquisition and transmission systems at 110 kV substations as approved by SO UES JSC;
- Completion of a program to transfer to a two-level model of operating and process management;
- Providing for the implementation of programs of prospective development for power metering systems for the retail market (106,000 metering points);
- Completion of work related to the establishment of the distributed call centre.



Reliable Assistance



Lipetsk, Lenina-Sobornaya Square

9. Social responsibility

IDGC of Centre has set a goal to increase the efficiency of its human capital assets while pursuing its development strategy. The Company improves the performance of its personnel and preserves a favourable corporate environment for occupational safety and for its personnel to develop. IDGC of Centre is a high-performance company and responsible employer.

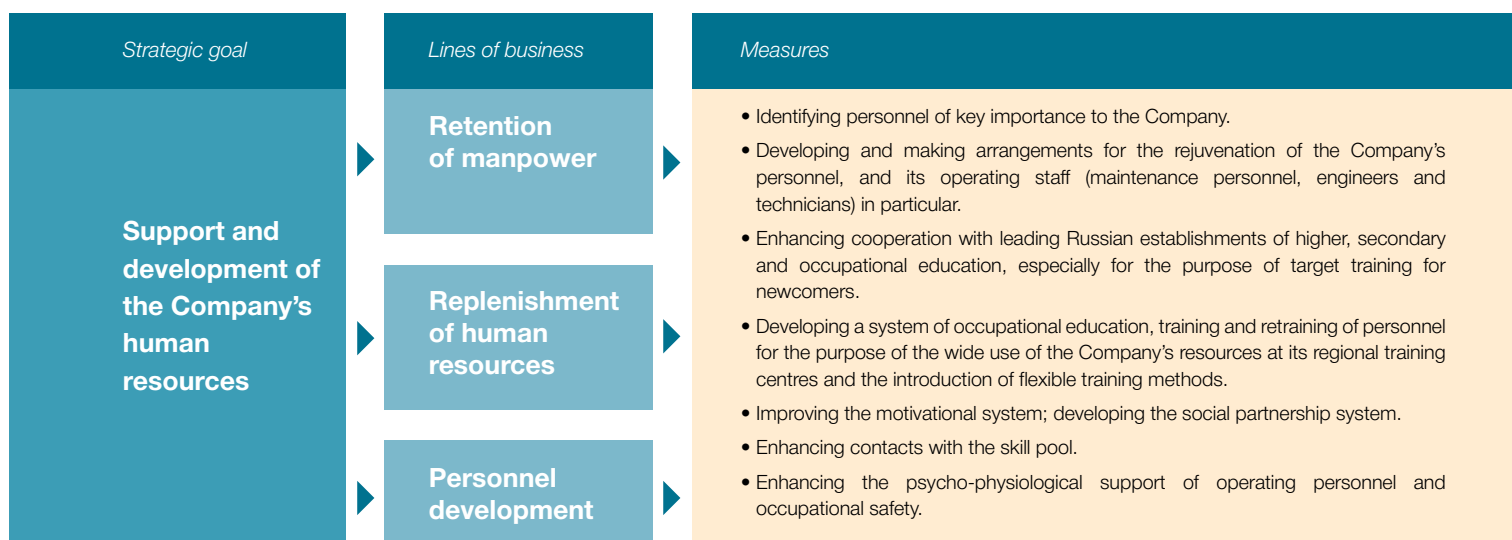
In 2010, the Company continued to invest in the support and development of its personnel, as well as in programs providing for occupational and environmental safety. The Company pays specific attention to youth outreach. During the reporting year, it cooperated extensively with education establishments, and Youth Councils continued to operate.

Personnel

Manpower Policy

Employees of IDGC of Centre represent the Company's principal resources. IDGC of Centre pursues a targeted and ongoing policy aimed at improving manpower and social policy as provided for by the Company's corporate strategy.

In 2010, for the purpose of the effective pursuit of the Company's manpower and social policy, the Board of Directors approved the Program for Support and Development of Human Resources. This program provides for a number of measures aimed at preserving, replenishing and developing its manpower.



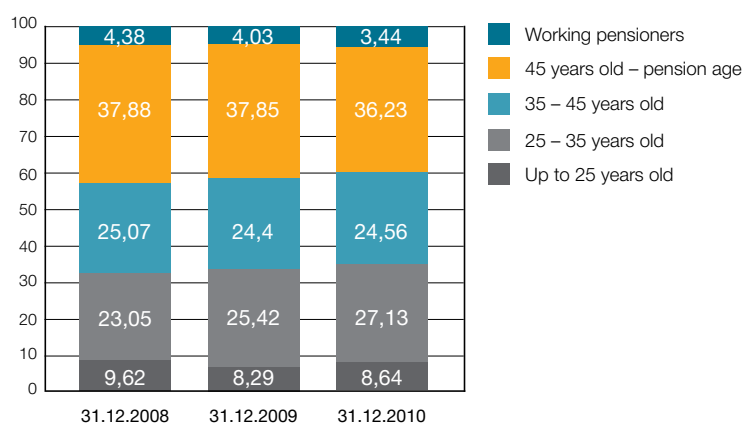
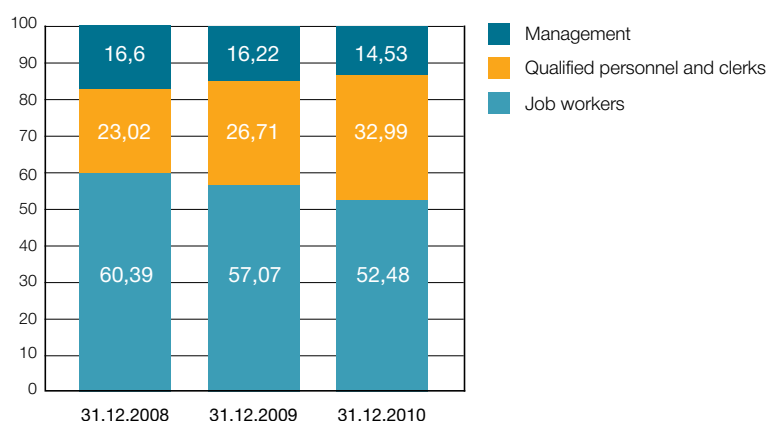
Personnel Structure

In 2010, due to organizational changes and the assumption of accounting and IT responsibilities by the Company, its manpower increased by 2,575 employees (or 10%) when compared with the previous year. As of the end of 2010, the Company's staff amounted to 30,906 employees. In 2010, the Company's staffing level totalled 95%.

A staff rotation analysis shows that active staff turnover decreased in 2010 when compared with 2009, equal to 3.64% during the reporting year, and thus being 0.36% lower than in 2009. Being a reliable and responsible employer, IDGC of Centre ensures the prompt payment of salary and benefits as provided by the Collective Bargaining Agreement made by the Company and by local regulations, as well as the implementation of social programs.

The personnel structure of IDGC of Centre comprises more than 50% of job workers due to the nature of the Company's business in the distribution grid industry. In 2010, the share of qualified personnel and clerks increased by 6.28%, while that of job workers decreased by 4.59% as compared with 2009. This is due to the recruitment of personnel ensuring record-keeping and tax accounting, IT, telecommunications and call centre support, as these functions were previously outsourced.

In terms of age structure, those more than 45 years of age represent a majority. However, a positive trend of personnel rejuvenation should be noted, which emerged as early as last year. In 2010, the mean age of the Company's employees was below 38, while in



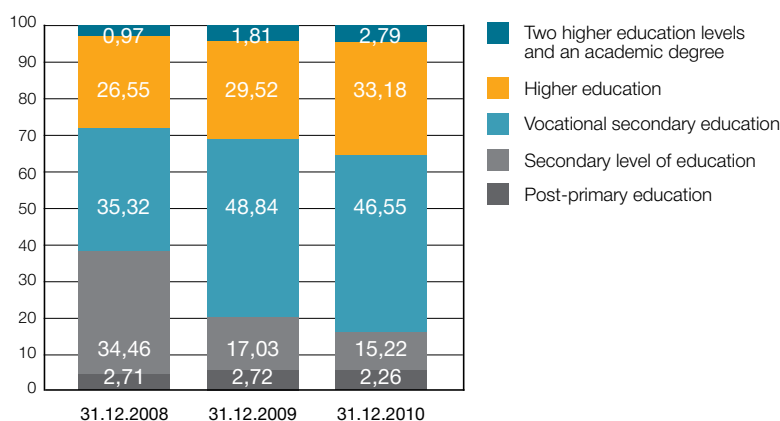
2009 it was 41 years of age. This certifies that measures aimed at engaging newcomers due to a favourable working environment and the implementation of numerous social programs have been effective. The Company places a high emphasis upon recruiting and engaging newcomers. In 2010, due to its cooperation with relevant higher educational establishments and vocational education institutions, the share of young and challenging employees under 25 and between 25 and 35 years of age in general increased by 2.06% in contrast to the previous year.

Therefore, a tendency towards the enhancement of the human resources of IDGC of Centre has a positive nature. The Company primarily engages young engineers and job workers of relevant power industry professions of the optimum active working age. Regarding aged, retiring personnel and OAPs, the Company provides for benefits under the Collective Bargaining Agreement and non-state pension provision programs.

The high demand for state-of-the-art technologies in the power industry requires the enhancement and development of qualified personnel for the Company. The share of employees with only a post-primary or secondary level of education decreased throughout 2010 and is likely to continue to decrease from now on.

The Company's manpower maintains a high qualification level: approximately 80% of the Company's employees graduated from higher education or specialised secondary educational establishments. A total of 816 employees are graduates of two or more higher education establishments, and 45 persons hold a PhD or ScD.

In 2010, the Company recruited personnel of whom the vast majority of managers and engineers had graduated from higher education establishments (63% and 68%, respectively). Regarding job workers, the majority is represented by graduates of specialised secondary educational establishments (56%) due to the nature of the Company's business and the requirements necessary to perform their duties. It should be noted that the share of graduates of higher education establishments is higher than the share of retiring personnel with the same qualifications, and that the share of graduates of specialised secondary educational establishments exceeds that of retirees with similar qualifications, thus certifying that the personnel qualifications of IDGC of Centre are generally improving.



Training

The nature of the Company's business provides for the availability of highly qualified personnel, as well as their ongoing development and training, in order to achieve the objectives set with respect to any and all of their activities.

IDGC of Centre pursues a unified policy in terms of personnel professional development and training, thus ensuring their proper competence and capabilities.

The integrated personnel training and development system is based upon:

- Prompt, advanced training;
- Improved performance;
- Skill pool development;
- Higher motivation;
- Growing loyalty to the Company;
- Higher attractiveness of the Company as an employer.

The program of personnel training and development covers all employee subgroups, is system-based, and has an ongoing nature. Training is provided depending upon the Company's business processes. Training and development programs are prepared with reference to personnel duties and is subject to business needs.

In 2010, a priority was placed upon advanced training for working with relay protection and automatic equipment, and for measurement and metering system operators, dispatchers and electricians responsible for substation maintenance and field service teams. Personnel training was ensured for principal power grid retrofitting and upgrade activities, as well as occupational safety.

In addition, the Company's employees were trained through specialised short-term seminars and courses and took an active part in Annexions dedicated to various lines of business in the power industry. In 2010, more than 85% of the Company's personnel participated in educational events, including employees who had undergone pre-examination training and studied industrial standards and regulations.

Within its educational program implementation, IDGC of Centre efficiently cooperates with the following institutions:

- Ivanovo State Power Engineering University;
- Academy of Standardization, Metrology and Certification CPE Public Education Establishment;
- Energetik and Expertenergo training and retraining centres that are part of the Moscow Power Engineering Institution (Technical University)'s Federal State Educational Institution of Higher Professional Education (Smolensk);
- Institute for Continuing Education of Public Service Employees;
- Tver Production and Training Centre;
- Lipetsk Regional Training and Course Centre, State Educational Institution of Primary Vocational Education;
- Occupational Safety Centre Non-Commercial Partnership;
- Power Engineering Personnel Training Centre Non-State Educational Establishment;
- Other non-state educational establishments.

It should be noted that IDGC of Centre is a promoter of a number of regional educational establishments in Tver, Orel and Voronezh, thus primarily providing for the principal training of manufacturing personnel, as well as allowing the Company to develop training programs and have an effective impact on the training process.

Skill Pool

In 2010, IDGC of Centre continued its work related to the creation of a skill pool for the Company's management. Pursuant to the Regulation for the Company's Skill Pool approved by Order No.248 of 27 October 2008, a personnel reserve shall be provided with respect to all executive posts.

Currently, the Company's skill pool totals 3,063 employees. For the purpose of entering the management reserve, the most qualified and challenging employees having extensive experience and leadership skills were identified.

The Company's management potential is being analysed using the SAP/R3 automated system (Creation and Development of a Skill Pool). With respect to the Company's skill pool, the following measures have been taken:

- For the purpose of promoting management skill training, the following programs were provided: Creation of a Leadership Behavioural Model; Seven Skills of High-Performance Employees; The Development of Leadership and Management Skills for Distribution Zone Executives;
- Discharging the duties of a manager was made an obligatory practice for the personnel reserve in the event of the unavailability of key personnel.

Individual planning for an employee's professional growth is provided within the skill pool training. Such planning provides for the following methods and techniques: the involvement of a candidate in personnel training; the formation of creative teams for facing technical and organizational challenges; practical training in a higher position for the term of the unavailability of key personnel; the execution of draft documents, instructions or reports; and engagement as tutors or instructors in training courses, educational programs or guideline execution.

It should be noted that IDGC of Centre provides for a foreman skill pool as well. In particular, this is accomplished on behalf of incoming electricians, thus explaining the availability of a personnel reserve that are graduates of vocational education institutions. As a rule, newcomers included in the skill pool undergo training at high and specialised secondary educational establishments in professions complying with the Company's core activities.

In 2010, three employees from the Company's skill pool were appointed to the office of branch manager.

Youth Outreach Concept

IDGC of Centre pursues an extensive policy of graduate engagement.

As provided for by the existing Regulation for Youth Outreach, the core activities related thereto are as follows:

- Vocational-oriented education at schools aimed at arranging, developing and improving a long-term system of vocational-oriented education, and the subsequent engagement of high school students in the Company; identifying and selecting the most worthy and trained high school students to undergo targeted education at relevant establishments;
- Cooperation with establishments of basic, intermediate and higher vocational education, based upon measures provided for by cooperation agreements that have been made to cover targeted training, retraining and professional improvement for qualified personnel;
- Newcomer targeted training at education establishments under respective agreements;
- Arrangement of targeted and system-based practical training or internships under respective agreements;
- Approval of educational grants by IDGC of Centre in order to increase the importance of education, engage the most talented and purpose-driven youth in the power industry, and ensure social support for capable students at educational establishments;
- Individual appointment of graduates of educational establishments under respective agreements;
- Compensating for housing for non-resident newcomers;
- Assisting educational establishments in ensuring high-quality, targeted training of students aimed at gaining knowledge and skills in keeping with the Company's core business, and enhancing and improving their training and laboratory facilities under respective agreements.

Vocational-oriented meetings with graduates of secondary and high schools in the regions of the Company's operation has had a positive impact on interest in power engineering training. Thus, meetings in 2010 with pupils in their 9th-11th year were held within the territory of Belgorodenergo. More than 800 students are involved in vocational-oriented education programs at various educational establishments within the territory of Kurskenergo (in Kursk and the Kursk Region). These students visited the museum of the power industry in the Kursk Region, the Network Control Centre, the distribution zones, the Kotelnaya and Centralnaya substations, etc.

Moreover, open days were arranged by the distribution zones of the Company's units to allow senior year pupils and students of higher and specialized secondary educational establishments to learn the history of the respective unit, and to take a look at the operations carried out by the service and unit elements, as well as the technical plant itself.

The Company's units provided for practical training and internships for students of specialised secondary and higher education establishments. This form of cooperation makes it possible to evaluate the personal and business potential of future power engineers, as well as their knowledge and skills, and to motivate them to join the Company in the years to come.

Graduates were recruited by the Company's units within cooperation programs involving the higher educational establishments of the regions, including Ivanovo State Power Engineering University, Moscow Power Engineering Institution (Smolensk Branch), Yaroslavl State Agricultural Academy, Belgorod State Technological University named after V.G. Shukhov, Voronezh State Technical University, Voronezh Power Engineering Secondary Technical School, Orel State Agricultural University Federal State Educational Institution of Higher Professional Education, Lipetsk State Technical University and Bryansk State Agricultural Academy.

In 2010, Youth Councils continued their work at all the Company's units. These councils strive to provide an effective relationship with young employees; develop creativity, research and engineering initiatives; and participate extensively in the manufacturing, social and cultural activities of the Company. The Youth Council operates as provided for by the Regulation for Youth Outreach and the approved action plan for the respective year (involving the areas of research and engineering, social and sporting events, and housing and community).

Newcomers (graduates of educational establishments) undergo practical training for the term of one year in order to help them adapt rapidly to the Company; to identify their managerial abilities, business and personal qualities; to assist them in acquiring practical and managerial skills; and to enable them to be ready to work independently in the Company. The practical training of newcomers is ensured and arranged pursuant to the Regulations for the Arrangement and Conducting of Practical Training of Newcomers (Graduates of Educational Establishments). At the Company's units, newcomers are trained by designated persons who, as a rule, remain their tutors for two subsequent years in the Company.

Social Policy

IDGC of Centre is a responsible employer striving to ensure the most favourable working environment and development prospects. Social responsibility is a basic principle of the Company.

The Company's social policy is pursued by developing a social partnership system relying upon the Russian Power Industry Tariff Agreement for 2009-2011 as the basis for the Collective Bargaining Agreement of the Company for 2009-2011. The Company's employees are represented by the common shop-floor union organisation of IDGC of Centre, comprising 11 primary trade union organizations. The Company's Collective Bargaining Agreement regulates social and employment relations in terms of salaries, the working environment, the social safety net, and benefits for personnel.

The Company's Social Policy

Incentives are provided pursuant to the Russian Power Industry Tariff Agreement and Collective Bargaining Agreement of IDGC of Centre for 2009-2011

Material incentives:

- Bonus payments;
- Payments related to the work pattern or working environment;
- Long-term service awards;
- Year-end bonuses;
- Non-state pension program covering the Company's personnel;
- Other privileges, bonuses and benefits.

Certain privileges and bonuses are provided jointly with the trade union organization

Non-material incentives:

- Corporate assistance and support program for making improvements in housing;
- Sporting events;
- Corporate events for children of the Company's employees;
- Awarding employees for high performance levels (innovative project implementation);
- Voluntary health insurance;
- Health improvement programs (health resort treatment; pool, fitness club or gym leases);
- Long-term service employee relations

The Company's social policy provides for both material and non-material incentives for its personnel. Thus, the Company provides its personnel with a number of social benefits, privileges and compensations, as well as material assistance. As material incentives, IDGC of Centre makes payments related to the work pattern and working environment, as well as long-term service awards, year-end bonuses and other benefits and compensations.

The Company places a high emphasis upon the implementation of programs providing for non-material incentives for its personnel.

The Non-State Pension Program is supported by IDGC of Centre, thus ensuring the recruitment, retention and motivation of personnel, establishing a favourable environment for employees to fund their pension accruals, and promoting proper standards of living for the Company's retirees. The foregoing program is implemented under the agreements made by the Company with the Non-Governmental Pension Fund of the Power Industry, providing for both the corporate and parity patterns.

It should be noted that for the purpose of improving the living conditions of the Company's personnel, the Regulations for Corporate Assistance and Support of the Company's Personnel with respect to Improved Housing Conditions has been approved by the Board of Directors and is being complied with throughout the Company. Dedicated housing commissions have been established at the Company's units. In 2010, corporate support was provided by compensating for expenses incurred by newcomers and highly qualified personnel with regard to rent, as well as the payment of interest under mortgage loan agreements made with respective banks or lending agencies.

IDGC of Centre pays specific attention to the preservation and promotion of its personnel's health. Pursuant to the Collective Bargaining Agreement in full force and effect, as well as the corporate insurance coverage program, the Company's employees participate in the voluntary and personal accident and sickness health insurance programs. The Company's personnel enjoy almost all health benefits.

The Company promotes sporting and recreational activities on an annual basis. In particular, in 2010 the Winter and Summer Olympics were held involving the Company's employees. Personnel of IDGC of Centre also participated in the All-Russia Winter and Summer Olympics promoted by IDGC Holding. In the reporting year, recreational activities were carried out involving children of the Company's manpower. IDGC of Centre provides its employees with packages to health resorts, vacation hotels, holiday houses, and children's holiday camps and centres. The Company promotes mass leisure on weekends and holidays. For that particular purpose, it provides for gym, pool and fitness club leasing. IDGC of Centre promotes competitions involving the children of its employees on various subjects. The children's drawing contest is arranged on an annual basis, coinciding with Power Engineer's Day involving the children of the Company's personnel.

The Company's social policy is pursued as well through the undertaking of certain moral incentives provided for the personnel of IDGC of Centre. Employees of the Company are awarded for high KPI, the implementation of innovative projects, and long-term conscientious work. Thus, in 2010 a total of 146 employees received awards from the Ministry of Energy of the Russian Federation, a total of 356 employees received corporate awards from IDGC Holding, a total of 17 employees received awards from the All-Russia Trade Association of Power Industry Employers, and a total of 607 employees received awards from the Company.

IDGC of Centre strives to make extensive use of the experience and intellectual potential of its long-term service employees for the purpose of its business, and to promote mentoring, cultural and leisure, and social programs and measures in cooperation with its long-term service employees. For that particular purpose, each unit established an Association of Long-Term Service Employees. Specific programs coinciding with holidays and various anniversaries are being arranged. In 2010, on the 65th anniversary of the Victory in World War II, IDGC of Centre took up the historical and memorial torch of the Victory Flag.

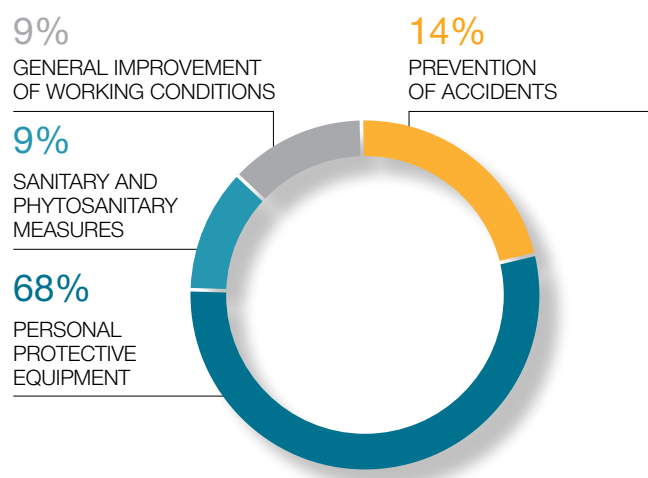
Healthcare and Occupational Safety

The health and occupational safety of its personnel is one of the Company's priorities.

IDGC of Centre strives to reduce the risk of injuries by third parties at the Company's premises. Thus, the following measures are being taken:

- Improving the occupational safety management system;
- Preventing accidents and occupational diseases;
- Inspecting workplaces;
- Providing a safe working environment;
- Training and staff relations;
- Ensuring the psycho-physiological support of personnel;
- Providing transport occupational safety;
- Employing personal protection equipment;
- Improving the operational dispatching management system and ensuring safety within electrical installation settings.

Occupational safety



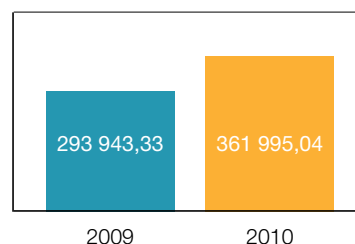
In 2010, the Company's units made five agreements (with the administrations of the Belgorod, Bryansk, Voronezh, Kostroma and Kursk Region) in order to promote the implementation of a program aimed at reducing the risk of injuries. The foregoing agreements provided for joint communication work aimed at preventing injuries by the public at the Company's premises.

For the purpose of compliance with the applicable labour legislation, and based upon the Regulations for Occupational Safety Management, the Company provides for personnel health inspections, and registers employees in hazardous, unhealthy or arduous employment. The foregoing activities are carried out with due regard to the data obtained through an assessment of workplaces by the working environment. Pursuant to labour legislation and the Collective Bargaining Agreement, the aforesaid personnel shall receive additional benefits (excess leaves, free milk and other similar food as provided by applicable standards and rules, etc.). Pursuant to the Rules for Staff Relations

in the Power Industry of the Russian Federation as approved by Order No. 49 of the Ministry of Fuel and Energy of the Russian Federation of 19 February 2000, all prospective employees in hazardous, unhealthy or arduous employment shall undergo training with respect to safe and secure working techniques. Existing employees undergo regular training with respect to occupational safety, and certain groups are involved in safety competence assessments.

In 2010, expenses related to occupational safety increased by 23.2% as compared with 2009 and totalled RUR 362 mln. Investments were made in order to provide personnel with advanced protection equipment and devices, thus reducing the risk of injuries at work. The Company strives to maintain high standards of health care and occupational standards.

Expenses related to occupational safety, RUR (K)



Environmental Policy

Being a socially responsible Company, IDGC of Centre takes care of the environment and promotes its safety, ensuring reliable and environmentally sound power transmission and distribution, as well as an integrated approach to natural resource utilization.

For that purpose, the Company has developed and pursues an Environmental Policy, as well as the Program for Environmental Policy Implementation in 2008-2010, specifying the primary measures related to environmental protection from any negative impact as a result of its production activities. Year after year since 2008, the Company has continually increased its expenses related to its environmental policy implementation. Thus, in 2010 IDGC of Centre spent RUR 24,308.57 K, exceeding by 8.5% the expenditures of 2009.

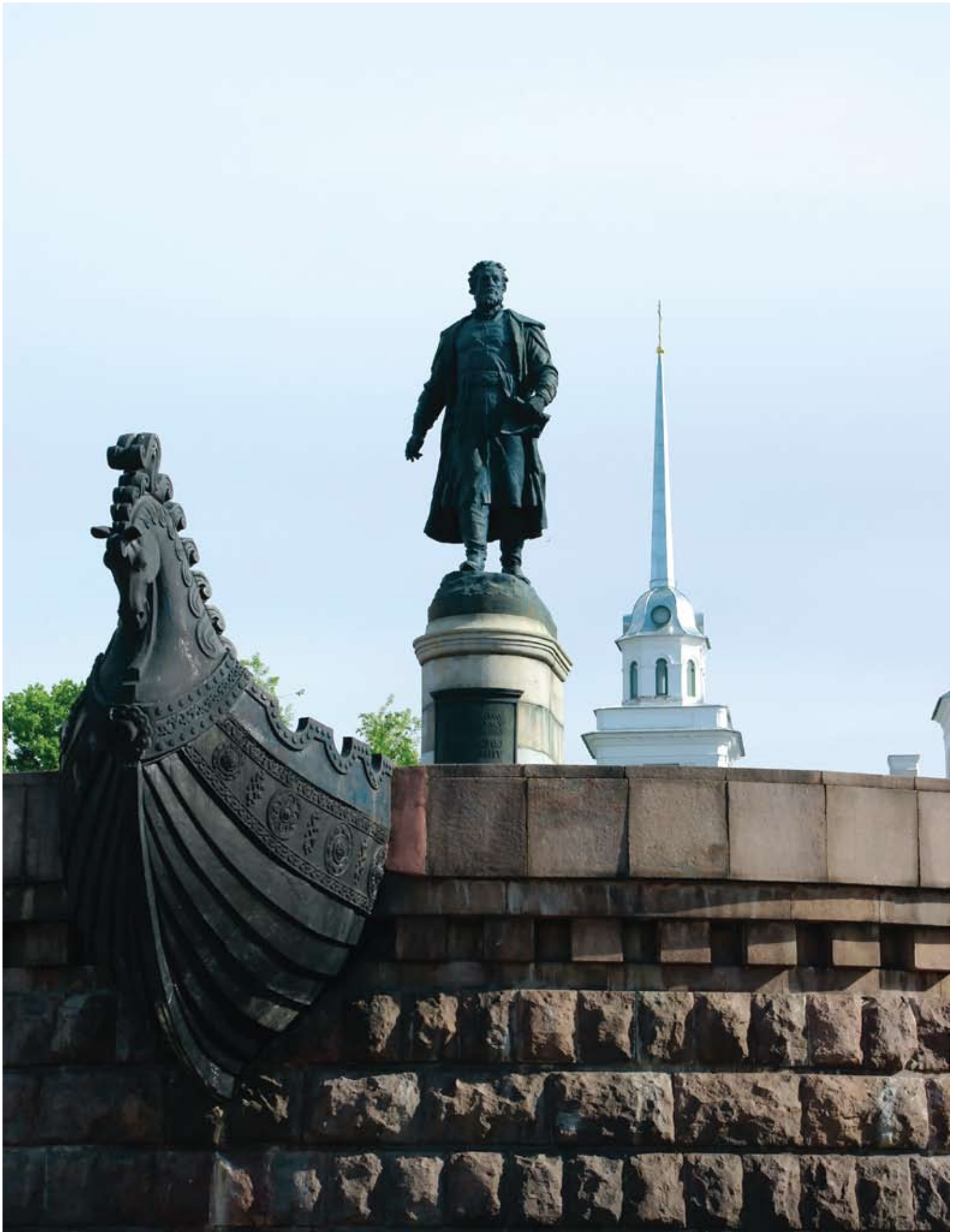
The Company's environmental policy provides for the following:

Air protection	<ul style="list-style-type: none"> • Survey of emission sources and the development of draft standards for the maximum allowable emission limits • monitoring of vehicle exhaust gas toxicity • maintenance or replacement of the fuel systems of vehicles • organization of the control of its compliance with the standards for the maximum allowable emission limits • land improvement, and planting.
Water protection and sustainable use	<ul style="list-style-type: none"> • Laboratory analysis of microbiological, radiological and chemical parameters of ground waste water and discharge water • monitoring of the observance of the maximum allowable concentration of harmful waste water impurities • regular water sampling from artesian boreholes • determination of places for car washing.
Land protection and sustainable use	<ul style="list-style-type: none"> • Primary recording of waste generation and management • regular monitoring of the accumulation and temporary storage of extra-hazardous wastes (i.e., used mercury lamps); production waste recovery • delivery of production waste (entry into delivery contracts) to special organizations for further recycling or the disposal thereof; the determination of waste disposal limits • the making of arrangements for the improvement of industrial sites to be used for the temporary storage (accumulation) of waste.
Engineering actions	<ul style="list-style-type: none"> • Actions on the operation and maintenance of equipment at substations, including the replacement of oil-filled switches by vacuum switches • the maintenance of the oil headers of transformers • the maintenance of drainage systems; the replacement of oil-filled bushings in transformers with solid insulator bushings • and the retirement of worn-out automotive equipment and the acquisition of new equipment.

In 2010, a total of 1,224 oil breakers were replaced, thus making it possible to reduce by 5% the risk of environmental damage in contrast to 2009.



Reliable Contact



Tver, the monument to Afanasy Nikitin, Tver merchant

10. Public relations

Communications control is an integral part of the strategic management and information policy of the Company. When developing and implementing its long-term communication strategies and improving its communication environment, IDGC of Centre complies with the unified requirements of the reputational and information policy of IDGC Holding JSC.

Establishing effective communications with the public and governmental authorities, as well as the holding of congresses and Annexions, contributes to increasing the publicity and image of the Company.

The communication strategy pursued by IDGC of Centre is integrated with the key strategic goals of the Company and aimed at maintaining the image of an innovative, upward-moving and socially responsible Company that is highly transparent and approachable to various groups of data users.

During the reporting period, IDGC of Centre was involved in informational support and PR events aimed at achieving its strategic goals related to a transfer to a RAB-based tariff regulation system, expanding its share of the power grid market, attaining higher reliability and efficiency for its power grid facilities, etc.

The Company takes an active role in ensuring favourable conditions for the subsequent development of small- and medium-sized enterprises in Russia.

All of the Company's units made cooperation agreements with the regional office of OPORA RUSSIA, as part of the cooperation agreement made by and between IDGC Holding JSC and OPORA RUSSIA, a Russian Non-Governmental Organization for Small- and Medium-Sized Entrepreneurship. In 2010, all the Company's units held round tables (educational seminars) related to technological connections, the introduction of dedicated resource allocation tools in the event of privileged connections, the execution of documents in terms of bidding, energy efficiency and conservation, and the implementation of resource allocation concepts and tools applicable to privileged connections. These events focused on technical, legal and financial issues, thus allowing customers to rapidly resolve the connection of their facilities to the Company's grids.

Congresses, Annexions, and Museums. Historical and Memorial Events

In 2010, IDGC of Centre participated in 18 congresses and Annexions in Moscow and the regions of the Central Federal District of Russia. The major events included Energy Efficiency in Russia and Smart Metering Russia forums, as well as the IT in the Fuel and Energy Complex and Power Grids in Russia Annexions. In 2010, the PR Department of the Company was acknowledged by the International Korensk Trade Fair (Kursk), the Seventh Smart Grid Specialised Interregional Annexion (Belgorod), and the IT in the Fuel and Energy Complex First International Annexion and Conference (Moscow). In 2010, the history museum of the power industry of Yaroslavl received a unique showpiece: an all-electric model of the Yaroslavl production facility with the Severnaya substation (in scale 1:100).

In December 2010, in advance of the 50th anniversary of Tambovenergo, the Company's unit opened its own museum of the power industry of the region. This museum has various showpieces related to electrical engineering history of the late XIX- early XX century.

On 6 May 2010, The Torch of the Victory Flag program initiated by IDGC Holding JSC coincided with the 65th anniversary of the victory in World War II. This program commanded the widest possible support of the public in the regions of Russia.

During the reporting period, IDGC of Centre arranged for PR events related to the 90th anniversary of the Program approved by the State Commission for the Electrification of Russia. The Company's units arranged for historical media tours to advanced substations for the graduates of vocational-oriented higher and intermediate educational establishments of the power industry professions and the mass media. Tours to the museums of the Company's units were arranged for high school students in cooperation with the Association of Long-Term Service Employees.

Efficient Communication Policy of the Company

The Company cooperates with leading regional and industrial mass media for the purpose of pursuing a single information policy, higher brand awareness, marketing as an informationally transparent company with a positive reputation, and increasing its information coverage.

During the reporting year, IDGC of Centre was deemed to be a leader in innovative energy conservation and efficiency, as well as in the introduction of advanced smart technologies and state-of-the-art technical policies within the media scene.

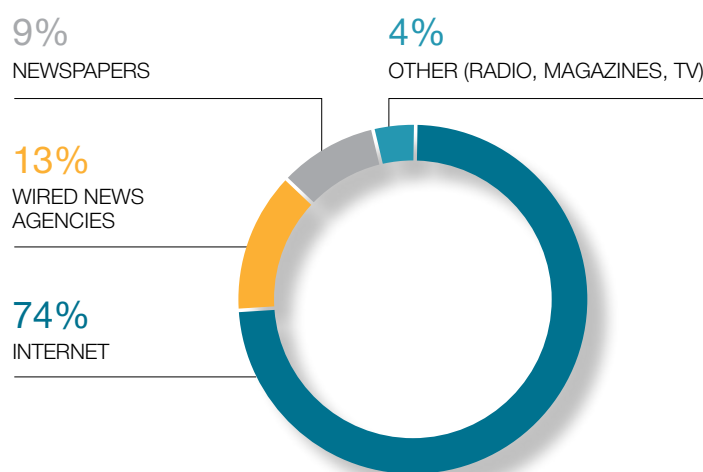
In 2010, based upon an assessment of the distribution of information related to the Company by mass media groups, the Internet prevailed, and this development will continue to enhance over the long run. Therefore, the Company places high emphasis on the content, maintenance and advance of its Web presence.

The Company makes disclosures in both Russian and English.

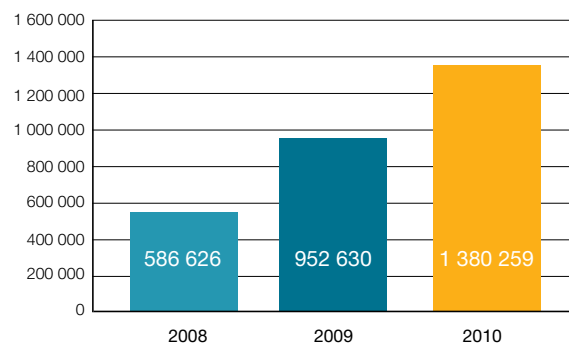
Corporate website traffic increased by 45% in 2010 as compared with the similar period last year.

The Company intends to efficiently pursue the communication strategy it has developed by promoting its corporate website, as well as by cooperating closely with federal and regional mass media, developing advanced communication channels, arranging PR events, participating in congresses and Annexions, ensuring positive public relations, and extending access to the Company's data for all concerned users.

Allocation by mass media groups, %



Corporate Website Traffic in 2008-2011



Contacts

Full name	Interregional Distribution Grid Company of Centre, Open Joint-Stock Company
Abbreviated name	IDGC of Centre, JSC
Principal place of business and mailing address	4/2, Glukharev Per., Moscow, 129090
Dedicated hotline for shareholders and customers of the Company	8-800-50-50-115
Phone	(495) 747-92-92
Fax	(495) 747-92-95
E-mail	posta@mrsk-1.ru
web-site	www.mrsk-1.ru
Shareholder and investor relations	Tatyana Miroshnichenko, Head of the Department for Shareholder Relations tel. +7 495 747 92 92 ext. 3181 http://www.mrsk-1.ru/stockholder/calend/
Bank details	Taxpayer Identification Number (INN) / Tax Registration Reason Code (KPP): 6901067107 / 770801001 Settlement account: 40702810000000019885 in Commercial Bank ROSBANK OJSC Bank Identification Code: 044525256 Correspondent account: 30101810000000000256 or Settlement account 407028103000000004749 in Gazprombank (Open Joint-Stock Company) Bank Identification Code: 044525823 Correspondent account: 301018102000000000823

Glossary

ADS	Automated dispatching system
AGMS	Annual General Meeting of the Shareholders
AIEPAS	Automated informative electric power accounting system
ASEBM	Automated System of Electricity Billing and Metering
BP	Business Process
CDC	Central distribution centre
CF	Cash flow
CI	Capital investments
Company	Interregional Distribution Grid Company of Centre, Open Joint-Stock Company (IDGC of Centre, JSC)
CSC	Customer support centre
CT	Current transformer
Current transformer	Current transformer
DC	Distribution centre
Design and exploration	Design and exploration
DGC	Distribution grid company
DZ	Distribution zone
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortization; indicator showing the profit of the company before income taxes, interest accrued on loans and depreciation are deducted
ECA	Emergency control automatics
EGMS	Extraordinary General Meeting of the Shareholders
FA	Fixed assets
Federal Grid Company	Federal Grid Company
Federal Tariffs Service of the Russian Federation	Federal Tariffs Service of the Russian Federation
Free float	A portion of tradable shares of the Company; that is, shares not held by controlling or strategic shareholders
FZ	Federal Law
HDP	Heat deficit period
HV	High voltage (110 kV)
IDGC of Centre	Interregional Distribution Grid Company of Centre, Open Joint-Stock Company (IDGC of Centre, JSC)
IDGC Holding	IDGC Holding

IP	Investment program
ISG	Indoor switchgear
Isolating switch, short circuit breaker	Isolating switch, short circuit breaker
ITS	Indoor transformer substation
KPI	Key performance indicators
LV	Low voltage (0.4 kV)
Mln kWh	Million kilowatts per hour
MICEX	Moscow Interbank Currency Exchange
MUE	Municipal unitary enterprise
MV-1	Medium voltage (35 kV)
MV-2	Medium voltage (10 kV)
NCC	Network control centre
NP "Russian Directors Institute"	Non-profit Partnership "Russian Directors Institute"
OCC	Operating control centre
OEL	Overhead electric line
Oil-immersed forced-air-cooled, on-load tap-changing three-phase transformer	Oil-immersed forced-air-cooled, on-load tap-changing three-phase transformer
Outdoor switchgear	Outdoor switchgear
Outdoor switchgear and control gear	Outdoor switchgear and control gear
PL	Power line
Portable fire extinguisher cabinets	Portable fire extinguisher cabinets
RAB (Regulatory Asset Base)	Method of return on investment. The basic principle of the method is ensuring the return of funds invested into the Company's assets over a specified period and the receipt of a standardized level of income
REC	Regional Energy Commission
Regional Tariffs Service	Regional Tariffs Service
Retrofitting and renovation	Retrofitting and renovation
RGR	Required gross receipts
ROE	Return on equity; net income of the company expressed as a percentage in relation to the equity capital
RP AE	Relay protection and automatic equipment
RTS	Russian Trading System Stock Exchange

Rules for Electrical Equipment Installation	Rules for Electrical Equipment Installation
SA	Subsidiaries and affiliates of the Company; legal entities in which the Company owns at least 20% of the voting shares, and upon which as a result (or due to the Company's dominant interest in their authorized capital or under some other agreement made or otherwise), the Company may have an impact on any resolution passed by such companies
Salary fund	Salary fund
SCG	Switchgear and control gear
Single-phase earthing reactor with smooth regulation, arc-suppression coil	Single-phase earthing reactor with smooth regulation, arc-suppression coil
Substation	Substation or electric installation designed to convert and distribute electric power
Switchgear and control gear with sulphur hexafluoride gas insulation	Switchgear and control gear with sulphur hexafluoride gas insulation
TGO	Territorial grid organization
TMSS	Target management subsystem
TSS	Transformer substation
UNEG	Unified National (All-Russia) Electric Grid
VT	Voltage transformer



Reliable Performance Indicators



Tambov, the monument to Sergei Rachmaninoff

Audit committee

Containing the findings of the inspection of the financial and economic activities of Interregional Distribution Grid Company of Centre Open Joint Stock Company for 2010

I. Information on the company

Full name	Interregional Distribution Grid Company of Centre Open Joint Stock Company
Location (legal address)	129090, Moscow, 4/2 Glukharev Per.
Postal address	129090, Moscow, 4/2 Glukharev Per.
State registration (PSRN, date)	1046900099498 of 17.12.2004
Individual taxpayer number	6901067107
Units and isolated divisions with a separate balance sheet	<ul style="list-style-type: none"> • Belgorodenergo — a unit of IDGC of Centre • Bryanskenergo — a unit of IDGC of Centre • Voronezhenergo — a unit of IDGC of Centre • Kostromaenergo — a unit of IDGC of Centre • Kurskenergo — a unit of IDGC of Centre • Lipetskenergo — a unit of IDGC of Centre • Oryolenergo — a unit of IDGC of Centre • Smolenskenergo — a unit of IDGC of Centre • Tambovenergo — a unit of IDGC of Centre • Tverenergo — a unit of IDGC of Centre • Yarenergo — a unit of IDGC of Centre
Executive Body (Full name, position, date of entry into service) of all within the reporting period and any events after the reporting date	Dmitry Olegovich Gudzhoyan, since 17.12.2010
Chief Accountant (Full name, position, date of entry into service)	Svetlana Yuryevna Puzenko, Director for Accounting Policy, 26.04.2007

Information on the composition of the audit committee

Chairperson of the Audit Committee	Izumrud Aligadzhievna Alimuradova
Secretary of the Audit Committee	Galina Ivanovna Meshalova
Members of the Audit Committee	Vladimir Nikolaevich Arkhipov
	Olga Vladimirovna Rokhlina
	Anna Yuryevna Katina

Information on the auditor

Full name of the organisation	BDO Closed Joint Stock Company
Legal address (location)	115054, Moscow, 53 Dubininskaya St., building 7
State registration (PSRN, date)	10201018307
Name of the self-regulating auditor association	Non-Profit Partnership, Auditor Chamber of Russia (NPP ACR)
Minutes of the annual shareholders' meeting (with the approval of the Auditor and the confirmation of the accounting (financial) statements)	Minutes No. 01/10 of 24.06.2010

II. Analytical portion

The audit was performed in accordance with the following:

- The federal law, On Joint-Stock Companies;
- The Articles of Association of the Company;
- The Regulations on the Audit Committee;
- The resolution of the Annual Meeting of the Shareholders electing the Audit Committee (Minutes No. 01/10 of 24 June 2010);
- The resolution of the Audit Committee concerning the approval of this Final Report (Minutes No.5 of 11 April 2011);
- Other regulatory acts and resolutions of the authorized bodies of the Company.

The goal of the audit: Confirmation of the reliability of the accounting (financial) statements and the annual report of IDGC of Centre (hereinafter referred to as the Company) for 2010, hereinafter referred to as the "Statements". The reliability in all material aspects implies the degree of accuracy of the information contained within the Statements, which allow the users of these statements to draw correct conclusions concerning the results of the economic activities and financial and proprietary status of the Company, and to make informed decisions based upon these conclusions.

Subject: Accounting (financial) statements, annual report, compliance of the financial and economic activities of the Company with current legislation and internal local regulations.

This Final Report is an official document opened for publication and intended for the shareholders, investors, and other interested parties.

The audit was performed by us in accordance with the following:

- Federal Law No. 129-FZ of 21 November 1996, On Accounting;
- Order of the Ministry of Finance of the Russian Federation No.34n of 29 July 1998, On the Adoption of the Regulations on Accounting in the Russian Federation;
- Order of the Ministry of Finance of the Russian Federation No.67n of 22 July 2003, On the Forms of Financial Statements of Organisations;
- Other legislative and internal local regulations.

The responsibility for compliance with the legislation of the Russian Federation in relation to the financial and economic transactions of the Company lies with the Executive Office of the Company.

The audit was planned and conducted by us in such a manner as to be reasonably assured that the annual report and accounting (financial) statements for 2010, hereinafter jointly referred to as Statements, do not contain any essential falsifications.

The audit was planned on a sample basis and included a study through the testing of the evidence, which supports the meaning and the disclosure of the information on the financial and economic activities of the Company, an assessment of its accounting principles and methods, the rules for the preparation of Statements, and the identification of any essential imputations.

During the course of the audit, we reviewed the observance by the Company of the legislation of the Russian Federation. We checked the compliance of a number of financial and economic transactions concluded by the Company solely to obtain a reasonable and sufficient level of assurance that the Company's Statements do not contain any essential falsifications.

During the course of the audit, the materiality level was determined (the level of the aggregate tolerated error in the statements). The materiality in our understanding is the property of the information disclosed in the annual statements and the annual report to influence the decisions taken by the users of these Statements. The level of the tolerated error is for us the criterion as regards to the assurance of the reliability of the Company's Statements.

The materiality level has been defined by us in the amount of RUR 2,154,301.

Inspected period:

We audited the Statements attached to the Final Report for the following periods:

- 1) The reporting period, from 01 January 2010 until 31 December 2010, as a portion of the financial and economic activity of 2010;
- 2) Events occurring after the balance sheet date, from 01 January 2011 until 11 April 2011.

The date of the Final Report coincides with the date of the last day of the Audit.

The Statements have been drawn in keeping with the legislative and regulatory acts of the Russian Federation (RAS) and the internal local acts of the Company.

Composition of the Company's Statements Approved by the Audit Committee:

No.	Form no.	Name of the statement form	Date of approval by management	Number of sheets in the document
1.	1	Accounting balance sheet (consolidated for all separate subdivisions of the Company)	28 February 11	2
2.	2	Profit and loss statement (consolidated for all separate subdivisions of the Company)	28 February 11	1
3.	3	Statement of changes in the capital	28 February 11	3
4.	4	Cash flow statement	28 February 11	1
5.	5	Annex to the accounting balance sheet	28 February 11	6
6.	—	Explanatory memorandum (consolidated for all separate subdivisions of the Company) with annex	28 February 11	98
7.	—	Audit report on the accounting (financial) statements by BDO for 2010	01 March 11	4
8.	—	Annual report (consolidated for all separate subdivisions of the Company, displaying information on the Company's affiliates)		125

We believe that the performed Audit presents sufficient evidence to express our opinion concerning the reliability of the Company's Statements.

III. Final part

In our opinion, the Statements of the Company for 2010 attached to this Final Report, display reliably, in all essential aspects, the financial standing and the results of the financial and economic activities of the Company for the period from 01 January 2010 to 31 December 2010, both dates inclusive. The Statements were drawn in accordance with the requirements of the legislation of the Russian Federation as regards to the preparation of accounting (financial) statements, the performance of audits and the issuance of the audit report, as well as in accordance with internal local regulations as regards to the preparation of the Company's annual report.

Without change to the opinion on the reliability of the Company's Statements, we emphasize the following facts:

- In the indebtedness under credits and loans as of 01 January 2010 and 31 December 2010, there is an amount owed that is displayed that is due in accordance with the contract terms within 12 months of the reporting date, in the amounts of RUR 5,536,410 thousand and RUR 1,166,003 thousand, respectively.

DISSENTING OPINION

There is no dissenting opinion of the members of the Audit Committee different from that which is stated in the final part of the Final Report.

Approved by the Minutes of the Audit Committee No. 5 dated 11 April 2011.

Chairperson
of the Audit Committee
I.A. Alimuradova

Annexes to Annual Report for 2010

Auditor's opinion

To shareholders of IDGC of Centre, Joint-Stock Company of accounting (financial) statements of Interregional Distribution Grid Company of Centre, Joint-Stock Company following the results of 2010.

Audited entity: IDGC of Centre, JSC

Registered in the Uniform State Register of Legal Entities on 17.12.2004 under Primary State Registration Number 1046900099498 (license series 69 № 000939402).

Location: 4/2, Glukharev Per., Moscow.

Auditor: BDO, CJSC, registered with the Inspectorate of the Ministry of Taxes and Levies of the Russian Federation number 26 for the Southern Administrative District of Moscow.

License series 77 № 006870804 of registration in the Uniform State Register of Legal Entities on 29.01.2003 under Primary State Registration Number 1037739271701.

License series 77 № 013340465 of registration in the Uniform State Register of Legal Entities on 20.01.2010 under Primary State Registration Number 1037739271701.

Location: 117587, Moscow, Varshavskoye shosse 125, building 1, section 11

Telephone: (495) 797 5665

Tel./Fax: (495) 797 5660

E-mail: info@bdo.ru

Web: www.bdo.ru

General Manager: Andrey Yurievich Dubinsky

BDO, CJSC is an independent national auditing firm, part of international network of BDO.

BDO, CJSC is a member of the professional audit association Non-profit partnership «Russian Chamber of Auditors», the main registration number of records in the state register of auditors and audit firms 10201018307. NP «RCA» was entered in the state register of self-regulatory organizations of auditors under number 1 in accordance with order №455 of the Ministry of Finance of Russia from 01.10.2009.

The auditor's report is authorized to be signed by its partner Smirnov Victor Mikhailovich on the basis of authorization № 18-01/2011 BDO from 01.01.2011.

We have audited the attached financial statements of IDGC of Center, consisting of the balance sheet as of December 31, 2010, the profit and loss account, statement of changes in equity and statement of cash flow, appendix to the balance sheet and explanatory note for 2010.

Financial statements for the period from 01 January to 31 December 2009 inclusive were checked by the audit company «HLB Vneshtaudit», the opinion of which from 27/02/2010 expressed unmodified opinion on these financial statements with a paragraph that attracts attention to the fact that, in accordance with the accounting policies of IDGC of Center regarding the disposal of the Company's borrowings, the repayment period which under the terms of the loan agreement or loan exceeds 12 months are included in long-term debt prior to the expiration of that period. The value of debt obligations for such loans and credits, as reflected in the long-term debt (line 510 of the balance sheet) maturing within 12 months after the reporting date, reached RUR 5 536 410.45 thousand by December 31, 2009.

Responsibility of the audited entity for the financial statements

Responsibility for compiling and authenticity of the financial statements in accordance with the laws of the Russian Federation in the preparation of financial statements and for the internal control necessary to produce financial statements free of material misstatement due to fraud and error is held upon:

Chief Executive: Makarov Evgeny Fedorovich, General Director

from 01 January to 17 December 2010;

Gudzhoyan Dmitry Olegovich, Acting General Director

from 18 December 2010 to 03 February 2011;

Gudzhoyan Dmitry Olegovich, General Director

from 04 February 2011 – current;

Chief Accountant: Puzenko Svetlana Yurievna.

Evgeny Alexeevich Bronnikov, Deputy General Director for Economy and Finance of IDGC of Center, is authorized to sign the financial statements, acting under Power of Attorney № D-CA/241 from 14.12.2009.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with federal auditing standards. These standards require that we comply with relevant ethical requirements as well as planning and performing of the audit to obtain reasonable assurance that the financial statements are free of material misstatement.

The audit involved performing audit procedures to obtain audit evidence supporting the values in the accounting and the information disclosure that it contains. The choice of audit procedures is the subject of our judgments, which is based on assessment of the risk of material misstatement, whether due to fraud or error. In assessing this risk, we considered the system of internal control, providing drafting and reliability of financial statements in order to select appropriate audit procedures, but not for the purpose of expressing an opinion on the effectiveness of the internal control system.

The audit also included assessing appropriateness of accounting policies used and the reasonableness of estimates made by the management of the audited entity as well as evaluating the overall financial statements.

We believe that the audit evidence obtained during the audit provides a reasonable basis for expressing an opinion on financial statements.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of IDGC of Center as of December 31, 2010, the results of its financial performance and cash flows for the year 2010 in accordance with the laws of the Russian Federation in the preparation of the accounting reporting.

Important facts

Without changing the opinion about the reliability of the financial statements, we draw attention to the following information contained in paragraph 14.1 of the Explanatory Note to the financial statements of the Company: in the long-term debt, loans on 01.01.2010 and 31.12.2010 the debt is reflected, which is to be repaid in accordance with agreement terms within 12 months after the reporting date in the amount of RUR 5 536 410 and RUR 1 166 003 thousand respectively.

BDO, CJSC
Partner **V.M. Smirnov**
«01» March 2011

IDGC of Centre, JSC
ANNEX 1
to Annual Report 2010
BALANCE SHEET
as of December 31, 2010

Organisation: IDGC of Centre, JSC

Id. tax payer number

Type of activity: electric power transmission Management of financial and industrial groups

Business legal structure / Form of ownership: JSC

Measurement unit: RUR thousand

Location (Address): 4/2, Glukharev Per., Moscow, 129090

Form No. 1 according to All-Russian Classifier of Management Documentation

Date (year, month, day)

according to All-Russian Classifier of Businesses and Organisations

Id. tax-payer number

according to All-Russian Classifier of Economic Activities

according to All-Russian Classifier of Legal Structures of Businesses / All-Russian Classifier of Forms of Ownership

according to All-Russian Classifier of Measurement Units

CODES

0710001

2010 12 31

75720657

6901067107

40.10.2 / 74.15

47 16

384

	Code	For the beginning of the reporting year	For the end of the reporting period
1	2	3	4
ASSETS			
I. NON-CURRENT ASSETS			
Intangible assets	110	35,678	27,349
Fixed assets	120	49,105,074	54,506,250
Construction in progress	130	2,860,952	4,443,434
Profitable investments in tangible assets	135	0	0
Long-term financial investments	140	145,551	1,347,116
Deferred tax assets	145	136,000	215,205
Other non-current assets	150	1,227,590	1,161,868
TOTAL for the section I	190	53,510,845	61,701,222
II. CURRENT ASSETS			
Supply	210	1,639,282	1,560,182
including:			
raw material, materials and other analogous values	211	1,500,610	1,506,199
rearsers and fatteners	212	0	0
construction in progress costs	213	0	0
finished products and goods for resale	214	1,804	711
shipped goods	215	0	0
deferred expenses	216	136,868	53,272
other supplies and expenses	217	0	0
Value added tax according to purchased valuables	220	54,789	29,356
Accounts receivable (payments on which are expected more than within 12 months after accounting date)	230	62,913	59,201
including buyers and customers	231	1,055	9,970
Accounts receivable (payments on which are expected within 12 months after accounting date)	240	5,411,376	7,588,292
Including buyers and customers	241	4,148,278	5,638,014
Short-term financial investments	250	0	0
Monetary funds	260	368,104	196,278
Other currents assets	270	2,766	1,110
Total for the section II	290	7,539,230	9,434,419
BALANCE	300	61,050,075	71,135,641
LIABILITIES			
III. CAPITAL AND RESERVES			
Share capital	410	4,221,794	4,221,794
Shares bought back from shareholders	411	0	0
Additional capital	420	33,269,936	33,269,936
Reserve capital	430	108,245	174,484
including:			
reserves formed according to the legislation	431	108,245	174,484
reserves formed according to constituent documents	432	0	0
Retained profit of past years	460	3,634,541	3,568,302
Retained profit of the reporting period	470	0	4,713,423
TOTAL for the section III	490	41,234,516	45,947,939

	Code	For the beginning of the reporting year	For the end of the reporting period
1	2	3	4
IV. LONG-TERM LIABILITIES			
Loans and credits	510	10,726,250	14,936,003
Deferred tax liabilities	515	1,749,243	2,498,441
Other long-term liabilities	520	90,493	178,222
including: accounts payable of suppliers and contractors	521	9,585	8,479
TOTAL for the section IV	590	12,565,986	17,612,666
V. SHORT-TERM LIABILITIES			
Loans and credits	610	400,000	0
Accounts payable	620	6,594,607	6,752,097
including:			
suppliers and contractors	621	3,895,158	3,860,303
debt to personnel relating to labor payment	622	288,195	276,396
debt to governmental and extra-budgetary funds	623	45,320	14,504
taxes and levies payable	624	593,578	124,491
other creditors	625	1,772,356	2,476,403
Debts to participants (founders) according to income payment	630	15,975	260
Deferred income	640	50,732	49,289
Reserves of future expenses and payments	650	188,259	773,390
Other short-term liabilities	660	0	0
TOTAL for the section V	690	7,249,573	7,575,036
Statement of valuables charged on off-balance account	700	61,050,075	71,135,641
Leased fixed assets	910	14,195,898	16,445,928
Including on leasing	911	4,089,685	3,514,955
Inventory items accepted to responsible storage	920	0	0
Goods accepted on commission	930	0	0
Indebtedness of insolvent debtors written-off to losses	940	1,131,601	1,106,851
Securities received for obligations and payments	950	500,882	135,800
Securities given for obligations and payments	960	3,164,660	1,622,717
Depreciation of fixed assets	970	3,827	3,517
Depreciation of land improvement facilities and other analogous facilities	980	1,579	1,810
Registered high-security forms	990	1,303	792
Leased-out fixed assets	991	34,680	34,590
Federally owned property	992	139,468	130,349
Intangible assets received for use	993	0	386,556

Chief Executive
E.A. Bronnikov

Chief accountant
S.Y. Puzenko

February 28, 2011

IDGC of Centre, JSC
ANNEX 1
to Annual Report 2010
PROFIT AND LOSS STATEMENT
for January–December 2010

Organisation: IDGC of Centre, JSC

Id. tax payer number

Type of activity: electric power transmission Management of financial and industrial groups

Business legal structure / Form of ownership: JSC

Measurement unit: RUR thousand

Location (Address): 4/2, Glukharev Per., Moscow, 129090

Form No. 2 according to All-Russian Classifier of Management Documentation

Date (year, month, day)

according to All-Russian Classifier of Businesses and Organisations

Id. tax-payer number

according to All-Russian Classifier of Economic Activities

according to All-Russian Classifier of Legal Structures of Businesses / All-Russian Classifier of Forms of Ownership

according to All-Russian Classifier of Measurement Units

CODES

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Name of indicator	Line code	For the reporting period	For analogous period of the previous year
1	2	3	4
Profits and expenses of ordinary activities			
Income (net) from sale of goods, products, works, services (minus Value added tax, excise tax and analogical compulsory payments)	010	60,404,889	49,053,276
Prime cost of sold goods, products, works, services	020	-50,881,217	-43,257,087
Gross profit	029	9,523,672	5,796,189
Commercial expenses	030	0	0
Management expenses	040	-1,675,195	-1,192,683
Profit (loss) from sale	050	7,848,477	4,603,506
Other profit and expenses			
Interest receivable	060	35,276	3,121
Interest payable	070	-1,013,303	-1,228,391
Profit from participation in other organizations	080	213	19
Miscellaneous income	090	1,961,566	1,562,218
Miscellaneous expenses	100	-3,236,159	-2,545,766
Profit (loss) before taxation	140	5,596,070	2,394,707
Deferred tax asset	141	112,235	29,223
Deferred tax liabilities	142	-362,831	-380,226
Current profit tax	150	-1,071,438	-777,757
Other analogous compulsory payments	151	439,387	58,830
Net profit (undistributed profit (loss) of the reporting period)	190	4,713,423	1,324,777
REFERENCE			
Permanent tax liabilities (assets)	200	202,820	649,819
Basic earnings (loss) per share	201	0.1116	0.0314
Deluted earnings (loss) per share	202	—	0.0000

Interpretation of separate profits and losses

Name of indicator	Line code	For the reporting period		For analogous period of the previous year	
		profit	loss	profit	loss
1	2	3	4	5	6
Penalties, interest fines and forfeits admitted or on which collection court (arbitration) decisions were taken	210	34,112	24,413	17,992	8,485
Profit (loss) of past years	220	125,965	478,979	77,688	232,664
Indemnity for losses incurred by failure to fulfill or improper fulfillment of obligations	230	275,976	54,437	230,472	5,145
Rate differences on transactions in foreign exchange	240	0	0	0	0
Allocations to valuation reserves	250	0	799,821	X	1,005,046
Write-off of accounts receivable and payable, which validity has been expired	260	36,270	15,186	20,134	25,695

Chief Executive
E.A. Bronnikov

February 28, 2011

Chief accountant
S.Y. Puzenko

IDGC of Centre, JSC
STATEMENT OF CHANGES IN EQUITY
for 2010

Organisation: IDGC of Centre, JSC

Id. tax payer number

Type of activity: electric power transmission Management of financial and industrial groups

Business legal structure / Form of ownership: JSC

Measurement unit: RUR thousand

Location (Address): 4/2, Glukharev Per., Moscow, 129090

Form No. 3 according to All-Russian Classifier of Management Documentation

Date (year, month, day)

according to All-Russian Classifier of Businesses and Organisations

Id. tax-payer number

according to All-Russian Classifier of Economic Activities

according to All-Russian Classifier of Legal Structures of Businesses / All-Russian Classifier of Forms of Ownership

according to All-Russian Classifier of Measurement Units

CODES

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I. Changes in equity

Indicator	Code	Authorised Capital	Incremental Capital	Reserve capital	Retained Profit (Uncovered Loss)	Total
1	2	3	4	5	6	7
Balance as of December 31 of the year prior to the previous one	010	4 221 794	33 269 936	—	2 164 904	39 656 634
2009 (previous year)						
Changes in accounting policy	011	x	x	x	—	—
Revaluation of fixed assets	012	x	—	x	—	—
Changes of accounting rules	013	x	—	x	253,105	253,105
Balance as of January 1 of the previous year	020	4,221,794	33,269,936	—	2,418 009	39,909,739
Foreign currency conversion result	023	x	—	x	x	—
Net profit	025	x	x	x	1,324,777	1,324,777
Dividends	026	x	x	x	—	—
Provisions for reserve fund	030	x	x	108,245	(108,245)	—
Increase of capital value by means of	040	—	—	—	—	—
Additional share issue	041	—	x	x	x	—
increase of shares par value	042	—	x	x	x	—
corporate restructuring	043	—	x	x	—	—
others	044	—	—	—	—	—
Reduction of capital value by means of reduction of	050	—	—	—	—	—
share par value	051	—	x	x	x	—
Reduction in the number of shares	052	—	x	x	x	—
Foundation of legal entity	053	—	x	x	—	—
other	054	—	—	—	—	—
Balance as of December 31 of the previous year	060	4,221,794	33,269,936	108,245	3,634,541	41,234,516
2010 (reporting year)						
Changes in accounting policy	061	x	x	x	—	—
Revaluation of fixed assets	062	x	—	x	—	—
Changes of accounting rules	063	x	—	x	—	—
Balance as of January 1 of the reporting year	100	4,221,794	33,269,936	108,245	3,634,541	41,234,516
Foreign currency conversion result	103	x	0	x	x	—
Net profit	105	x	x	x	4,713,423	4,713,423
Dividends	106	x	x	x	—	—
Provisions for reserve fund	110	x	x	66,239	(66,239)	—
Increase of capital value by means of	120	—	—	—	—	—
Additional share issue	121	—	x	x	x	—
increase of shares par value	122	—	x	x	x	—
Foundation of legal entity	123	—	x	x	—	—
others	124	—	—	—	—	—
Reduction of capital value by means of	130	—	—	—	—	—
reduction of shares par value	131	—	x	x	x	—
Reduction of shares number	132	—	x	x	x	—
Foundation of legal entity	133	—	x	x	—	—
others	134	—	—	—	—	—
Balance as of December 31 of the reporting year	140	4,221,794	33,269,936	174,484	8,281,725	45,947,939

II. Reserves

Indicator	Code	Balance	Inflow	Outflow	Balance
1	2	3	4	5	6
Statutory reserves					
Previous year data	150	—	108,245	—	108,245
Reporting year data	151	108,245	66,239	—	174,484
Reserves formed in accordance with constituent documents					
Previous year data	152	—	—	—	—
Reporting year data	153	—	—	—	—
Valuation reserves					
Reserve for bad debts					
Previous year data	160	471,638	816,787	(96,032)	1,192,393
Reporting year data	161	1,192,393	1,698,581	(1,192,393)	1,698,581
Reserve for devaluation of investments					
Previous year data	162	22,018	—	(22,018)	—
Reporting year data	163	—	—	—	—
Reserve for liabilities due to recognition of operation as discontinuing					
Previous year data	164	—	—	—	—
Reporting year data	165	—	—	—	—
Reserves formed in accordance with contingency consequences					
Previous year data	166	219,993	188,259	(219,993)	188,259
Reporting year data	167	188,259	148,818	(114,148)	222,929
Reserve for tangible assets depreciation					
Previous year data	168	—	—	—	—
Reporting year data	169	—	—	—	—
Others					
Previous year data	170	—	—	—	—
Reporting year data	171	—	—	—	—
Reserves for future expenses:					
reserve for payment of remuneration at the year-end					
Previous year data	180	—	—	—	—
Reporting year data	181	—	312,945	—	312,945
Reserve for vacation pay (including charges)					
Previous year data	182	—	—	—	—
Reporting year data	183	—	237,516	—	237,516
Reserve for annual long-service award payment					
Previous year data	184	—	—	—	—
Reporting year data	185	—	—	—	—
Reserve for repairs of fixed assets					
Previous year data	186	—	—	—	—
Reporting year data	187	—	—	—	—
Others					
Previous year data	188	—	—	—	—
Reporting year data	189	—	—	—	—

References

Indicator	Code	Opening balance		Closing balance	
1	2	3		4	
1) Net assets	200	41,285,248		45,997,228	
		From budget	From budget	From non-budgetary funds	From non-budgetary funds
		Reporting year data	Previous year data	Reporting year data	Previous year data
		3	4	5	6
2) Received for expenses from ordinary activities – total	210	2,819	4,281	2,206	986
Including:					
payments for Chernobyl cleanup veterans	211	—	—	—	—
Others:	212	2,819	4,281	2,206	986
Capital investments in non-current assets	220	—	—	—	—
Including:					
	221	—	—	—	—
others	222	—	—	—	—

Chief Executive
E.A. Bronnikov

February 28, 2011

Chief accountant
S.Y. Puzenko

IDGC of Centre, JSC
ANNEX 1
to Annual Report 2010
CASH FLOW STATEMENT for 2010

Organisation: IDGC of Centre, JSC

Id. tax payer number

Type of activity: electric power transmission Management of financial and industrial groups

Business legal structure / Form of ownership: JSC

Measurement unit: RUR thousand

Location (Address): 4/2, Glukharev Per., Moscow, 129090

Form No. 4 according to All-Russian Classifier of Management Documentation

Date (year, month, day)

according to All-Russian Classifier of Businesses and Organisations

Id. tax-payer number

according to All-Russian Classifier of Economic Activities

according to All-Russian Classifier of Legal Structures of Businesses / All-Russian Classifier of Forms of Ownership

according to All-Russian Classifier of Measurement Units

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Indicator	Code	Reporting period	Same period of the previous year
1	2	3	4
Cash balance for the beginning of the reporting year	010	368,104	71,459
Cash flow from operating activity:			
Cash received from buyers and customers	020	65,870,910	54,061,398
Inflow of acquired foreign currency	030	—	—
Other income (proceeds)	050	1,421,298	141,784
Cash outflow:			
payments for goods, work, services, materials and other current assets purchased	150	(40,353,499)	(33,738,469)
labour expenses	160	(7,643,072)	(6,117,537)
dividend and interest payments	170	(1,029,607)	(1,431,669)
payment of taxes and dues	180	(7,403,947)	(5,160,615)
other expenses (payments)	190	(1,197,567)	(1,038,835)
Total net cash provided (used) by operating activities	200	9,664,516	6,716,057
Cash flows from investing activities			
Proceeds from sale of fixed assets and other noncurrent assets	210	43,351	76,024
Proceeds from sale of securities and other financial assets	220	405,293	—
Dividends received	230	213	19
Interest received	240	35,121	2,832
Proceeds from repayment of loans extended to other organizations	250	—	—
Other proceeds	260	—	—
Purchase of subsidiaries	280	(1,102,115)	—
Purchase of fixed assets, income-bearing investments and intangible assets	290	(10,651,434)	(6,185,691)
Purchase of securities and other financial assets	300	(897,218)	—
Loans extended to other organizations	310	—	—
Other expenses	320	—	—
Net cash flow relating to investing activities	340	(12,166,789)	(6,106,816)
Cash flow relating to financing activities			
Proceeds from issue of shares and other participatory share instruments	350	—	—
Proceeds from loans and advances extended by other organizations	360	9,858,996	16,501,467
Proceeds from special-purpose financing	370	2,819	4,281
Other income	380	—	—
Repayment of loans and advances (net of interest)	390	(6,038,549)	(14,735,845)
Repayment of finance lease obligations	400	(1,492,819)	(2,082,499)
Other expenses	405	—	—
Net cash flow relating to financing activities	410	2,330,447	(312,596)
Net increase/decrease in cash and cash equivalents	420	(171,826)	296,645
Cash closing balance	430	196,278	368,104
Influence of changes in exchange rate between foreign currency and Russian rouble	440	—	—

Chief Executive
E.A. Bronnikov

Chief accountant
S.Y. Puzenko

February 28, 2011

Organisation: IDGC of Centre, JSC

Id. tax payer number

Type of activity: electric power transmission Management of financial and industrial groups

Business legal structure / Form of ownership: JSC

Measurement unit: RUR thousand

Location (Address): 4/2, Glukharev Per., Moscow, 129090

Form No. 5 according to All-Russian Classifier of Management Documentation

Date (year, month, day)

according to All-Russian Classifier of Businesses and Organisations

Id. tax-payer number

according to All-Russian Classifier of Economic Activities

according to All-Russian Classifier of Legal Structures of Businesses / All-Russian Classifier of Forms of Ownership

according to All-Russian Classifier of Measurement Units

CODES

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Intangible assets

Indicator		Available at the beginning of the reporting year	Inflow	Outflow	Available for the end of the reporting year
Description	code				
1	2				
Objects of intellectual property (exclusive rights to results of intellectual property)	010	51,702	94	—	51,796
including the right to: a patent holder to an invention, industrial design, utility model	011	54	—	—	54
of possessor of right to computer software, databases	012	51,523	—	—	51,523
an owner to a trademark and a service mark, the name of the place of origin of goods	014	125	94	—	219
goodwill	030	—	—	—	—
others	040	—	—	—	—
Total	045	51,702	94	—	51,796

Description	Item Code	Opening balance	Closing balance
1	2	3	4
Total depreciation of intangible assets	050	16,024	24,447

Fixed assets

Indicator		Available at the beginning of the reporting year	Inflow	Outflow	Available for the end of the reporting year
Description	code				
1	2				
Buildings	110	6,331,342	630,709	(3,783)	6,958,268
Structures and transfer means	111	31,323,083	3,825,612	(24,602)	35,124,093
Machinery and equipment	112	17,412,594	5,261,361	(19,324)	22,654,631
Vehicles	113	667,674	247,040	(65,067)	849,647
Production and auxiliary fixtures	114	118,106	42,242	(7,161)	153,187
Working animals	115	—	—	—	—
Productive livestock	116	—	—	—	—
Perennial plants	117	777	—	—	777
Other fixed assets	118	121	—	—	121
Land plots and objects of nature management	119	104,588	1,572	(230)	105,930
Capital investment in reclamation	120	—	—	—	—
Total	130	55,958,285	10,008,536	(120,167)	65,846,654

Indicator		Opening balance	Closing balance
Description	code		
1	2	3	4
Total depreciation of fixed assets	140	6,853,211	11,340,404
including:			
buildings and structures	141	3,710,505	6,063,702
machinery, equipment and vehicles	142	3,088,049	5,190,762
other	143	54,657	85,940
Total fixed assets leased out	150	688,777	292,899
including: buildings	151	627,151	252,504
structures	156	5,599	23,825
machinery, equipment and vehicles	152	54,807	15,839
Other	153	1,220	731
Fixed assets assigned for conservation	155	5,144	3,180
Total fixed assets taken on lease	160	14,195,898	16,445,928
including:			
buildings and structures	161	1,022,702	1,138,806
machinery, equipment and vehicles	162	3,784,192	3,394,437
other	163	9,389,004	11,912,685
Real property items accepted for use under state registration	165	450,486	537,318
	code	Opening balance	Closing balance
For Reference	2	3	4
Results of revaluation of fixed assets:	170	—	—
historical/replacement value	171	—	—
depreciation	172	—	—
	code	Opening balance	Closing balance
	2	3	4
Change in fixed assets value resulting from completion of construction, retrofit, reconstruction, partial liquidation	180	2,449,496	3,201,947

Income-Bearing Investments in Tangible Assets

Indicator		Available at the beginning of the reporting year	Inflow	Outflow	Available for the end of the reporting year
Description	code				
1	2				
Property for leasing	210	—	—	—	—
Property leased out under rental agreement	220	—	—	—	—
Other	230	—	—	—	—
Total	240	—	—	—	—
	code	Opening balance	Closing balance		
1	2	3	4		
Depreciation of income-bearing investment in tangible assets	250	—	—		

Research-and-Development Expenditures

Indicator		Available at the beginning of the reporting year	Received	Written off	Available for the end of the reporting year
Description	code				
1	2				
Total	310	—	—	—	—
including:					
	311	—	—	—	—
	312	—	—	—	—
	313	—	—	—	—
For reference	code		Opening balance	Closing balance	
			2	3	4
Expenses relating to research-and-development, experimental designing work in progress			320	—	—
	code		Reporting period	The same period of the previous year	
			2	3	4
Expenses relating to research-and-development, experimental designing and technological work without positive results recognized as non-operating expenses			330	—	—

Natural Resources Development Expenses

Indicator		Available at the beginning of the reporting year	Received	Written off	Available for the end of the reporting year
Description	code				
1	2				
Total resource development expenses	410	—	—	—	—
including:					
	411	—	—	—	—
	412	—	—	—	—
	413	—	—	—	—
For reference	code		Opening balance	Closing balance	
			2	3	4
Expenses for subsoil plots under non-completed prospecting and evaluation, exploration and/or hydrogeological survey and other similar work			420	—	—
Amount of expenses for development of natural resources recognized as non-operating expenses as having no positive results in the reporting period			430	—	—

Investments

Indicator		Long-term		Short-term	
description	code	Opening balance	Closing balance	Opening balance	Closing balance
1	2	3	4	5	6
Total contributions to authorized/share capital of other organizations	510	15,355	1,117,470	—	—
including subsidiaries and dependent business entities	511	15,355	1,117,470	—	—
Government and municipal securities	515	—	—	—	—
Total securities of other organizations	520	130,196	229,646	—	—
including debt securities (bonds, bills)	521	—	—	—	—
Loans extended	525	—	—	—	—
Deposits	530	—	—	—	—
Others	535	—	—	—	—
Total	540	145,551	1 347,116	—	—
Including investments with current market value:	550	—	—	—	—
Total contributions to authorized/share capital of other organizations					
including subsidiaries and dependent business entities	551	—	—	—	—
Government and municipal securities	555	—	—	—	—
Total securities of other organizations	560	128,191	227,712	—	—
including debt securities (bonds, notes)	561	—	—	—	—
Others	565	—	—	—	—
Total	570	128,191	227,712	—	—
For Reference.					
Changed value resulting from adjusted assessment of investments with current market value	580	95,925	99,451	—	—
Difference between initial value and par value of debt securities recognized as financial result of the reporting period	590	—	—	—	—

Accounts Receivable and Payable

Indicator		Opening balance	Closing balance
description	code		
1	2		
Accounts receivable:			
total short-term receivables	610	5,411,376	7,588,292
Including:			
settlements with buyers and customers	611	4,148,278	5,638,014
advance payments	612	384,342	475,474
other	613	878,756	1,474,804
total long-term receivables	620	62,913	59,201
Including:			
settlements with buyers and customers	621	1,055	9,970
advance payments	622	—	1,538
other	623	61,858	47,693
Total	630	5,474,289	7,647,493

Indicator		Opening balance	Closing balance
description	code		
1	2	3	4
Accounts payable:			
total short-term payables	640	6,994,607	6,752,097
including:			
settlements with suppliers and contractors	641	3,895,158	3,860,303
advance payments received	642	1,640,726	2,224,596
taxes and dues	643	593,578	124,491
Advances	644	400,000	—
loans	645	—	—
others	646	465,145	542,707
total long-term payables	650	10,816,743	15,114,225
including:			
settlements with suppliers and contractors	651	9,585	8,479
taxes and dues	652	—	—
Advances	653	10,380,512	14,590,265
loans	654	345,738	345,738
others	655	80,908	169,743
Total	660	17,811,350	21,866,322

Expenses for Ordinary Activities (By Cost Component)

Indicator		Opening balance	Closing balance
description	code		
1	2	3	4
Financial costs	710	31,380,989	24,508,137
Labour costs	720	8,230,814	6,382,831
Benefit-related deductions	730	2,000,560	1,452,024
Depreciation	740	4,352,630	4,006,733
Other costs	750	6,591,419	8,100,045
Total by cost component	760	52,556,412	44,449,770
Changes in balance (increase [+], decrease [-]):			
work-in-progress	765	—	—
deferred expenses	766	(186,002)	360,297
reserve for future expenses	767	585,131	(31,734)

Security

Indicator		Opening balance	Closing balance
description	code		
1	2	3	4
Total security obtained	810	500,882	135,045
including:			
bills	811	—	—
Assets in pledge	820	—	755
including:			
Fixed assets	821	—	—
securities and other investments	822	—	—
other	823	—	755
Total security provided	830	3,164,660	1,622,717
including:			
bills	831	—	—
Pledged assets	840	964,107	—
including:			
Fixed assets	841	—	—
securities and other investments	842	—	—
other	843	964,107	—

Government Assistance

Indicator		Reporting period		The same period of the previous year	
Description	code				
1	2	3	4	5	6
Total budget funds received within the reporting period	910	2,819			4,281
including:					
mobilization reserve	911	620			429
unemployment centre [federal program]	912	2,199			3,852
		Opening balance	received within the reporting period	returned within the reporting period	Closing balance
	2	3	4	5	6
Total government credits	920	—	—	—	—
including					
	921	—	—	—	—
	922	—	—	—	—

Chief Executive
E.A. Bronnikov
February 28, 2011

Chief accountant
S.Y. Puzenko

Explanatory Note for Financial Statements for 2010

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1)	Information on the company
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1. Information on the company

- 1.1. Full name** Interregional Distribution Grid Company of Centre, Joint-Stock Company;
tax payer number 6901067107
- 1.2. Short name** IDGC of Centre, JSC
- 1.3. Date of state registration** December 17, 2004
- 1.4. Information on the authorised capital** The authorised capital of the company equals to 4 221 794 146,8 (four billion two hundred and twenty-one million seven hundred and ninety-four thousand one hundred and forty-six) rubles
- 1.5. Information on the participants** Total number of persons, recorded in the register of issuer's shareholders as of expiration date of the last accounting quarter: 14 723
Total number of nominees: 19
- 1.6. Information on the auditor** BDO, CJSC
- 1.7. The main business activities of IDGC of Centre, JSC are:**
- Electric power transmission and distribution in 0,4-110 kV power lines.
 - Technological connection to 0,4-110 kV power grids services.
- 1.8. The main sales markets of services provided by IDGC of Centre, JSC and by the Company's units are:**
- IDGC of Centre, JSC performs its activity in 11 constituent entities of the Russian Federation, located in Central Federal District of the Russian Federation. These constituent entities include the following regions: Belgorod, Bryansk, Voronezh, Kostroma, Kursk, Lipetsk, Orel, Smolensk, Tambov, Tver and Yaroslavl.
 - IDGC of Centre, JSC renders technological connection services to the following final applicant: individuals (private sector), legal entities (small, medium-sized, large business), territorial co-operating grid companies, budget companies.
- 1.9. Units and representative offices of the Company**

№	Name and opening date of unit	Unit location
1.	Unit of IDGC of Centre, JSC — «Belgorodenergo»	42 Preobrazhenskaya St., Belgorod, 308000, the Russian Federation
2.	Unit of IDGC of Centre, JSC — «Bryanskenergo»	35 Sovetskaya St., Bryansk, 241000, the Russian Federation
3.	Unit of IDGC of Centre, JSC — «Voronezhenergo»	2 Arzamasskaya St., Voronezh, 394033, the Russian Federation
4.	Unit of IDGC of Centre, JSC — «Kostromaenergo»	53 Mir Avenue, Kostroma, 156961, the Russian Federation
5.	Unit of IDGC of Centre, JSC — «Kurskenergo»	27 K. Marks St., Kursk, 305029, the Russian Federation
6.	Unit of IDGC of Centre, JSC — «Lipetskenergo»	33 50 let NLMC St., Lipetsk, 398001, the Russian Federation
7.	Unit of IDGC of Centre, JSC — «Orelenergo»	2 Mir Square, Orel, 302030, the Russian Federation
8.	Unit of IDGC of Centre, JSC — «Tambovenergo»	23 Morshanskoe shosse, Tambov, 392680, the Russian Federation
9.	Unit of IDGC of Centre, JSC — «Smolenskenergo»	33 Tenisheva St., Smolensk, 214019, the Russian Federation
10.	Unit of IDGC of Centre, JSC — «Tverenergo»	1 Bebel St., Tver, 170006, the Russian Federation
11.	Unit of IDGC of Centre, JSC — «Yarenergo»	12 Voinov St., Yaroslavl, 150003, the Russian Federation

1.10. Number of the Company's personnel of IDGC of Centre, JSC as of 2010 was 28 796 people.

The average staffing number of the Company's personnel of IDGC of Centre, JSC as of December 31, 2010 was 28 559 people.

1.11. Management bodies of the Company

Management bodies of the Company are:

- General Meeting of Shareholders;
- Board of Directors;
- General Director;

The Company's Board of Directors performs general management of the Company's activity, except for solution of issues referred to the competence of the General Meeting of Shareholders by the Federal Law «On Joint-Stock Companies» and the Company's Articles of Association.

1.12. Structure of the Board of Directors of IDGC of Centre, JSC

№	Full name	Function
1	2	3
The Management Board		
1	Nikolay Nikolaevich Shvets	Chairman of the Management Board of IDGC Holding, JSC, General Director of IDGC Holding, JSC
2	Alexey Yuryevich Perepelkin	Member of the Management Board of IDGC Holding, JSC, Deputy General Director for the Corporate Governance and Property
3	Alexandr Markovich Branis	Director of the Representative office of «Prosperity Capital Management (RF) Ltd.»
4	Evgeny Fedorovich Makarov	Chairman of the Supervisory Board) of «All-Russian industrial association of electric power employers» (Association of electric power employers), Member of the Board of the Partnership of Energoprofaudit NP, Chairman of the Board of Energoprofaudit NP
5	Konstantin Yuryevich Petukhov	Director for Strategy and Development of IDGC Holding, JSC
6	Alexandr Albertovich Popov	Deputy General Director – Head of the Apparatus of IDGC Holding, JSC
7	Alexey Vladimirovich Sergutin	Director for Economy of IDGC Holding, JSC
8	Denis Alexandrovich Spirin	Director for the Corporate Governance of Representative office of «Prosperity Capital Management (RF) Ltd.»
9	Alexandr Grigoryevich Starchenko	Director for Power Engineering of NLMK, JSC
10	Sergey Borisovich Syutkin	General Director of unit of ODA of Centre of UES SO, JSC
11	Roman Alexeevich Filkin	Co-Director, power industry, machine building of the Representative Office of Prosperity Capital Management, (Russian Federation) Ltd.
Collegial executive body — the Management Board		
1	Dmitry Olegovich Gudzhoyan	Chairman of the Management Board, General Director of IDGC of Centre, JSC
2	Sabir Rafikovovich Agamaliev	Member of the Management Board, Deputy General Director for Logistics and Material and Technical Supply of IDGC of Centre, JSC
3	Evgeny Alexeyevich Bronnikov	Member of the Management Board, Deputy General Director for Economy and Finance of IDGC of Centre, JSC
4	Ivan Petrovich Kleymenov	Member of the Management Board, Deputy General Director - Director of the Unit of IDGC of Centre, JSC — «Voronezhenergo»
5	Rustem Leronovich Nabiullin	Member of the Management Board, Deputy General Director for Capital Construction of IDGC of Centre, JSC
6	Sergey Anatolievich Schumacher	Member of the Management Board, Deputy General Director for the Technical Policy of IDGC of Centre, JSC
7	Vadim Nikolaevich Fedorov	Member of the Management Board, Deputy General Director for Grid Services Development and Realization of IDGC of Centre, JSC
The sole executive body — General Director		
1	Dmitry Olegovich Gudzhoyan	Chairman of the Management Board, General Director of IDGC of Centre, JSC
Audit Committee		
1	Izumrud Aligadzhievna Alimuradova	Chairperson of the Auditing Committee, Head of the Department for Internal Audit and Risk Management of IDGC Holding, JSC
2	Vladimir Nikolaevich Arkhipov	First Deputy Head of the Security Department of IDGC Holding, JSC
3	Olga Vladimirovna Rokhlina	Chief expert of Internal Audit Department of IDGC Holding, JSC
4	Galina Ivanovna Meshalova	Chief Expert of the Unit for Investment Activity Control of the Department for Internal Audit and Risk Management of IDGC Holding, JSC
5	Anna Yuryevna Katina	Head of the Unit of the Department for the Corporate Governance and Interaction with Shareholders of IDGC Holding, JSC

2. General rules of the accounting reporting

2.1. The annual accounting records of the company are prepared according to requirements of the legislation of the Russian Federation.

2.2. The business accounting of property, obligations and economic transactions is done on the basis of natural measuring instruments in money terms by the overall, continuous, documentary and interconnected recognition. Indicators of annual accounting records are resulted proceeding from a principle of importance for a financial standing estimation by all interested users.

2.3. The accounting records data is presented in thousand roubles.

3. Accounting policy

3.1. The present accounting report of the Company is prepared on the basis of the accounting policy confirmed by the order from 31.12.2009 № 295-TSA «About accounting policy of IDGC of Centre for 2010». Accounting policy is generated according to requirements:

- The civil code of the Russian Federation;
- 129-FZ «About the business accounting» from 21.11.96:
- Positions on conducting the business accounting and accounting reporting in the Russian Federation (order of MF of the Russian Federation from 29.07.1998 № 34-n).
- RAS 1/2008 «Company accounting policy», RAS 3/2006 «Accounting of assets and the obligations, which cost is expressed in foreign exchange», RAS 4/99 «Company accounting records», RAS 5/01 «Accounting of inventories», RAS 6/01 «Accounting of fixed assets», RAS 7/98 «Events after the reporting date», RAS 8/01 «Conditional facts of economic activities», RAS 9/99 «Company Income», RAS 10/99 «Company expenses», RAS 11/2008 «Information on affiliated parties», RAS 12/2000 «Information on segments», RAS 13/2000 «Accounting of the state support», RAS 14/2007 «Accounting of intangible assets», RAS 15/2008 «Accounting of expenses under loans and credits» RAS 16/02 «Information on ceased activity», RAS 17/02 «Accounting of expenses on R&D», RAS 18/02 «Accounting of accounts on the profit tax of the company», RAS 19/02 «Accounting of financial investments», RAS 20/03 «Information on participation in joint activity», RAS 21/2008 «Change of estimate values».

3.2. Company accounting policy is generated proceeding from assumptions that:

- Assets and obligations of Company exist separately from assets and obligations of proprietors and assets and obligations of other companies (assumption of property isolation);
- The company will continue the activity in the foreseeable future and it does not have intentions and necessity of liquidation or essential reducing of activity and, hence, the obligation will be repaid when due hereunder (assumption of continuity);
- The accounting policy recognized by the Company is applied in succession from one accounting year to another (assumption of sequence of application of accounting policy);
- The facts of economic activities of the Company concern that accounting period in which they took place, irrespective of actual time of receipt or payment of the money funds connected with these facts (assumption of time definiteness of the facts of economic activities).

3.3. Methods of estimation of inventories:

Inventories are estimated in the sum of an actual cost on acquisition. Write-off of inventories in production was performed under the average cost value.

3.4. Methods of charge of depreciation charges on separate groups of objects of fixed assets:

Depreciation of fixed assets is added by linear method within rates of the Russian Federations established by Governmental order №1 from 01.01.2002 «About classification of the fixed assets included in amortisation groups».

Methods of estimation of objects of the fixed assets received under contracts, providing execution of obligations (payment) by non monetary funds:

The objects of fixed assets received by the Company under contracts, providing execution of obligations (payment) not by money funds (in particular under exchange contracts), it is estimated at cost of the values which are transferred or subject to transfer by the Company. Cost of the values, which are transferred or subject to transfer by the Company, is established from the price on which in comparable circumstances the Company usually determines cost of similar values.

The terms of useful use of objects of fixed assets recognized by the company (primary groups):

Group of fixed assets	Terms of useful use (number of years) of the objects recognized on the balance sheet
Buildings and constructions	15 – 50 years
Electric networks	5 – 20 years
Equipment for electric power transformation	5 – 20 years
Others	1 – 30 years

3.5. The terms of useful use of intangible assets recognized by the company:

Group NMA	Term of useful use (number of years), objects recognized on the balance sheet
Exceptional rights on a trade mark	9 – 10 years
Exceptional rights on computer programs, DB	3 – 10 years
Exceptional rights the invention, prom. the pattern, useful model	10 years

Methods of estimation of the intangible assets acquired not for money funds:

The intangible assets received by the Company under contracts, providing execution of obligations (payment) not by money funds (in particular under exchange contracts), it is estimated at cost of the values which are transferred or subject to transfer by the Company. Cost of the values, which are transferred or subject to transfer by the Company, is established from the price on which in comparable circumstances the Company usually determines cost of similar values.

Methods of determination of depreciation of intangible assets:

The sum of depreciation charges on intangible assets is determined on the rates calculated proceeding from their original cost and term of useful use (linear method).

Changes of terms of useful use of intangible assets:

Term of useful use of an intangible asset is annually checked by the Company on necessity of its specification. In case of essential change of duration of the period during which the Company assumes to use the assets, term of its useful use is specified. Arisen in this connection adjustments are recognized in the business accounting and the accounting records at the beginning of accounting year as changes in estimate values.

Changes of methods of determination of depreciation of intangible assets:

The method of determination of depreciation of an intangible asset is annually checked by the Company on necessity of its specification. If account of expectational receipt of the future economic gains from intangible asset use has essentially changed, the method of determination of depreciation of such assets changes accordingly. Arisen in this connection adjustments are recognized in the business accounting and the accounting records at the beginning of accounting year as changes in estimate values.

3.6. Order of recognition of revenue of the company:

The company subdivides income into income of usual types of activity and other income.

Income of usual types of activity are the receipts connected with rendering of services, accomplishment of works, from sale of goods and products to third party companies.

All income, which have been not connected with realisation of works and services in usual types of activity is recognized as other income. The revenue is recognized for the business accounting in the sum estimated in money terms, equal size of receipt of money funds and other property and (or) debt receivable size.

3.7. Order of recognition of commercial and administrative expenses:

General economic expenses are recognized in full amount as administrative expenses and recognized in the cost value of the rendered services, the executed works completely in the reporting year of their recognition as expenses on usual types of activity.

4. The information on transactions in foreign exchange

In the accounting period transactions in foreign exchange were not performed.

5. The information on inventories

Stocks are estimated in the sum of actual cost on acquisition, their size at the end of 2010 is RUR 1 560 182 thousand, 16,54 % from circulating assets or 2,2 % from all assets of the Company. The size of stocks at the end 2009 is made up at RUR 1 639 282 thousand, 21,74 % from circulating assets or 2,7 % from all assets of the Company.

In 2010 inventories as a deposit were not transferred, the reserve under decrease in value of material assets was not created.

6. The information on fixed assets**Original cost and the sum of the accumulated amortization on primary groups of fixed assets at the beginning and the end of 2010 (Thousand RUR):**

The name of group of Fixed Assets	Original cost	Availability on 01.01.2010		Original cost	Availability on 31.12.2010	
		The sum of the accumulated amortization	Residual value		The sum of the accumulated amortization	Residual value
Buildings	6,331,342	324,978	6,006,364	6,958,268	548,394	6,409,874
Constructions and transfer devices	31,323,083	3,385,527	27,937,556	35,124,093	5,515,308	29,608,785
Machines and equipment	17,412,594	2,828,791	14,583,803	22,654,631	4,821,396	17,833,235
Vehicles	667,674	259,258	408,416	849,647	369,367	480,280
Production and economic stock	118,106	54,621	63,485	153,187	85,882	67,305
Long-term plantings	777	36	741	777	57	720
Other kinds of Fixed Assets	121		121	121		121
Land lots and objects of wildlife management	104,588		104,588	105,930		105,930
Total	55,958,285	6,853,211	49,105,074	65,846,654	11,340,404	54,506,250

Flow of fixed assets in 2010 (Thousand RUR)

The name of group of Fixed Assets	Entered	Retired
Buildings	630,709	-3,783
Constructions and transfer devices	3,825,612	-24,602
Machines and equipment	5,261,361	-19,324
Vehicles	247,040	-65,067
Production and economic stock	42,242	-7,161
Long-term plantings	—	—
Other kinds of Fixed Assets	—	—
Land lots and objects of wildlife management	1,572	-230
Total	10,008,536	-120,167

Indicator	At the beginning 2010	At the end of 2010
Changes of cost of fixed assets in which they are recognized in the business accounting (completion, additional equipment, reconstruction, partial liquidation and revaluation objects)	2,449,496	3,201,947
The objects of real estate recognized in transaction and actually used, in process of the state registration	450,486	537,318

On the balance sheet of the Company as of 31.12.2010 objects of the fixed assets, which cost is not repaid are considered: land lots and other kinds of Fixed Assets (books) for a total sum of RUR 106 051 thousand In comparison with the beginning of the year their cost has increased by RUR 1 342 thousand at the expense of acquisition of land lots.

On the off-balance account of the Company as of 31.12.2010 the leased fixed assets for a total sum of RUR 16 445 928 thousand in number of 38 010 units are registered. The given cost is calculated proceeding from cost of the property recognized in lease contracts for the accounting period. As a part of the leased fixed assets buildings and constructions — RUR 1 138 806 thousand (10 100 units), machines, equipment, vehicles — RUR 3 394 437 thousand (8 033 units), other — RUR 11 912 685 thousand (19 877 units) are registered.

In financial rent of the Company the property in the sum of RUR 3 717 590 thousand appears, including the one that is considered on the Company balance sheet — RUR 202 635 thousand (178 units), considered on the Company off-balance account — RUR 3 514 955 thousand (3 858 units).

The company in 2010 transfered fixed assets to let in the quantity of 680 units for the sum of RUR 292 899 thousand, including buildings – RUR 252 504 thousand (180 units), constructions — RUR 23 825 thousand (15 units), machines, equipment, vehicles — RUR 15 839 thousand (341 units), and other — RUR 731 thousand. (144 units).

7. Events after the reporting date

Dividends

The size of the annual dividends per one share, will be confirmed in 2011 by general meeting of shareholders of the Company following the results of work for 2010.

8. The information on the conditional facts of economic activities

8.1. In 2010 the reserve is made for abortive trials for the reporting date in the sum of RUR 148 818 thousand.

Abortive trials as of 31.12.2010 in which IDGC of Centre participates as the defendant are given in Appendix №1.

The reserve sum under conditional obligations as of 01.01.2010 has made up at RUR 188 259 thousand, including by units:

- Unit IDGC of Centre — «Belgorodenergo» — RUR 13 068 thousand
- Unit IDGC of Centre — «Kostromaenergo» — RUR 101 080 thousand
- Unit IDGC of Centre — «Smolenskenergo» — RUR 74 111 thousand

In connection with recognition of obligations by the counterpart of JSC «Belgorod retail company» to IDGC of Centre — «Belgorodenergo» on volume of compensation of losses in electrical networks subject to compensation, the reserve under conditional obligations in the amount of 13068 thousand roubles as of 30.06.2010 has been recovered.

On the basis of the decision of the Supreme Arbitration Court of the Russian Federation № BAC-10785/10 from 25.08.2010, in connection with recognition of obligations of IDGC of Centre — «Kostromaenergo» to JSC «Kostroma retail company», the reserve in the 101 080 thousand roubles as of 30.09.2010 has been recovered.

Due to disagreements in terms of determination of size and cost of electric energy for compensation of losses between IDGC of Centre — «Smolenskenergo» and JSC «Smolenskenergosbyt» in 2010 are not settled, the reserve under the conditional obligations, created in December 2009 in the 74 111 thousand roubles, was passed for 2011.

8.2. The sum of cumulative obligations of IDGC of Centre from the provision given to the third parties, at the end date of the 4th quarter 2010 1 is made up at RUR 622 717 thousand Including the sum of obligations from the given provision in the form of guarantees is made up at RUR 1 203 717 thousand, in the form of a bank guarantee at credit receipt — RUR 419 000 thousand.

Breakdown of provisions and obligations, which have been given out IDGC of Centre (p. 960 of the balance sheet), as of 31.12.2010:

№	The Unit name	Type of obligation	The beneficiary	The sum, thousand RUR	Issue date	Issue term	Risk of execution of obligation	The principal
1	2	3	4	5	6	7	8	9
1	Belgorod-energo	The guarantee	Belgorod Sberbank branch 8592	12028.95	17.07.2006	13.07.2011	Low	«Power leasing» JSC
		The guarantee	Belgorod Sberbank branch 8592	11 751.32	21.07.2006	20.07.2011	Low	«Power leasing» JSC
		The guarantee	Belgorod Sberbank branch 8592	12 112.24	26.07.2006	25.07.2011	Low	«Power leasing» JSC
		The guarantee	Belgorod Sberbank branch 8592	10 095.72	28.07.2006	27.07.2011	Low	«Power leasing» JSC
		The guarantee	Belgorod Sberbank branch 8592	2 635.78	25.08.2006	23.08.2011	Low	«Power leasing» JSC
		The guarantee	Belgorod Sberbank branch 8592	5 505.20	31.08.2006	30.08.2011	Low	«Power leasing» JSC
		The guarantee	Belgorod Sberbank branch 8592	56.45	18.12.2006	14.12.2011	Low	«Power leasing» JSC
		The guarantee	Belgorod Sberbank branch 8592	6 714.64	05.07.2007	23.06.2011	Low	«Power leasing» JSC
		The guarantee	Belgorod Sberbank branch 8592	34 526.51	15.02.2008	08.02.2013	Low	«Power leasing» JSC
		The guarantee	Belgorod Sberbank branch 8592	13 893.43	22.02.2008	08.02.2013	Low	«Power leasing» JSC
		The guarantee	Belgorod Sberbank branch 8592	23 388.87	11.03.2008	06.03.2013	Low	«Power leasing» JSC
		The guarantee	Belgorod Sberbank branch 8592	61 806.83	13.03.2008	08.03.2013	Low	«Power leasing» JSC
		Bank guarantee	Department of the finance and the budgetary policy of the Belgorod region	419 000	12.11.2008	18.11.2011	Low	JSC Unit «IDGC of the Centre» - «Belgorodenergo»
ИТОГО				613 516	x	x	x	
1	Executive Office of IDGC	The guarantee	JSCB «ROSBANK» (JSC)	1 009 201	28.10.2008	31.01.2014	Low	«Power leasing» JSC
ИТОГО				1 009 20	x	x	x	

The agreement № БГ-1467/08 from November 11, 2008 about bank guarantee issue in the sum of RUR 419 000 thousand is concluded between IDGC of Centre («Principal») and JSCB «ROSBANK» (JSC) («Guarantor») for benefit of Department of the finance and budgetary policy of the Belgorod region («Beneficiary») in provision of appropriate execution of obligations of the Principal to the Beneficiary on return of the received sum of money (credit) according to the State contract on budget credit granting № 12GK from November 17, 2006 at the rate of RUR 340 000 thousand and payment of percent for it at 8% per annum.

The guarantee agreement № PR/348/08 from October 28, 2008 is concluded between IDGC of Centre («Guarantor») and JSCB «ROSBANK» (JSC) («Creditor») in provision of appropriate execution of obligations of Joint-Stock Company «Power

leasing» («Borrower») to the Creditor under Credit agreement № RK/170/08 from October 28, 2008. The indebtedness of the Borrower before the Creditor under the above-named credit agreement for December 31, 2010 is made up at RUR 1 009 201,33 thousand.

8.3. The information on conditional assets

Abortive trials as of 31.12.2010 in which IDGC of Centre participates as the claimant are given in Appendix №2.

9. The information on income

Income for the accounting year are recognized in the profit and loss statement separately on usual types of activity and under other income with breakdown by kinds and values.

Company revenue is made up by sale of following services (thousand RUR):

№	Type of revenue	2009	2010
1.	Revenue from electric power delivery	46,869,934	57,563,151
2.	Revenue from technological connections	1,646,694	2,185,538
3.	Sales proceeds of other works, services of industrial character	536,648	656,200
Total in revenue		49,053,276	60,404,889

Other income (thousand RUR):

№	The name	2009	2010
1.	Realisation of fixed assets	59,866	37,541
2.	Realisation of inventories	33,429	52,363
3.	The profit of last years revealed in the accounting period	77,688	125,965
4.	Penalty fee, penalties and penalties recognised or on which judgements are received	17,992	34,112
5.	Accounts payable more than three years	20,134	36,270
6.	Income from rent	293,912	165,009
7.	Full appreciation of non-current assets	96,118	100,670
8.	Income of securities holding of third party enterprises	19	213
9.	The property, which has appeared in surplus by results of inventory	321,282	273,012
10.	Compensation of incurred losses	230,472	275,976
11.	Income on write-off of fixed assets	38,609	53,288
12.	The income of gratuitously received fixed assets	4,847	4,639
13.	Gratuitously received assets, except Fixed Assets and Intangible Assets	1,556	0
14.	Reconstitution of reserve of doubtful debts	14,161	124,708
15.	Services in conducting shareholders' register	41	5
16.	Income from emergency situations	88,151	30,306
17.	Reconstitution of reserve under other conditional obligations	206,777	114,148
18.	Income of realisation of short-term financial instruments	0	407,075
19.	Others	57,164	126,266
Total other income		1,562,218	1,961,566

10. The information on expenses

Expenses for the accounting year are recognized in the profit and loss statement separately on usual types of activity and on miscellaneous cost with breakdown by kinds and values.

The company self-cost value on types of activity (thousand RUR):

N ^o	Self-cost value on types of activity	2009	2010
1.	Self-cost value of delivery of electric power	(42,724,908)	(50,473,440)
2.	Self-cost value of technological connection	(365,441)	(221,239)
3.	Self-cost value of realisation of other works, services of industrial character	(166,738)	(186,538)
Total in self-cost value		(43,257,087)	(50,881,217)

Expenses on usual types of activity broken down to elements of costs (thousand RUR):

N ^o	The name of costs	2009	2010
1.	Material costs:	24,508,137	31,380,989
	including losses at electric power delivery	9,766,456	29,688,123
2.	Salary	6,382,831	8,230,814
3.	Uniform social tax	1,452,024	2,000,560
4.	Depreciation of fixed assets and intangible assets	4,006,733	4,352,630
5.	Other costs	8,100,045	6,591,419
Including:			
1	Services of commercial accounting	864,177	0
2	Services	1,300,181	763,213
3	Telecommunication services	120,759	102,152
4	Utilities	45,642	41,793
5	Services in testing of devices	18,854	25,622
6	Transport services	363,394	416,462
7	Mailing and printing services	1,741	14,976
8	Private security services	194,013	213,536
9	Services of fire protection	5,910	5,351
10	Communication service	158,557	184,323
11	Services in professional training	44,949	53,179
12	Expenses on labour safety	33,116	36,018
13	Repairs and equipment maintenance	568,294	488,573
14	Information services	285,739	219,166
15	Consulting services	21,408	47,392
16	Legal and notarial services	2,862	9,958
17	Auditor services	19,791	21,311
18	Expenses representation	9,791	8,337
19	Advertising expenses	8,833	7,920
20	Taxes	232,229	258,262
21	Travelling expenses	65,833	74,759
22	Real estate rent	245,572	287,373
23	Rent of vehicles	40,193	44,743
24	Lease of land	86,444	97,218
25	Rent of other property	11,809	13,616
26	Leasing	1,810,959	1,275,235
27	Non-state pension fund	140,596	114,229
28	Property insurance	187,555	167,756
29	Insurance of employees	139,707	143,367
30	Deferred expenses	31,448	358,962
31	Services in the company of functioning and development of UES of Russia	441,000	441,000
32	Other	598,689	655,617
Total cost of sales		44,449,770	52,556,412

As of 31.12.2010 the company created reserve on not used holidays in the sum of 237516 thousand roubles and reserve on payment of annual compensation following the results of work for 2010 in the amount of 312 945 thousand roubles.

Data on charge of reserves on not used holidays and on payment of annual bonus is presented in a non-comparable kind in connection with that in 2009 the given reserves were not created. According to point 3 of RAS 22/2010 «Correction of mistakes in the business accounting and reporting» the Company considers this data not essential.

Miscellaneous cost (thousand RUR):

№	The name	2009	2010
1.	Expenses from sale of fixed assets	7,067	2,958
2.	Expenses from sale of material assets	29,915	43,078
3.	Services of banks	55,731	28,940
4.	Costs on maintenance of securities	1,352	1,544
5.	Expenses from sale of short-term financial instruments	0	400,000
6.	Reserve on doubtful debts	816,787	651,003
7.	Reserve under other conditional obligations	188,259	148,818
8.	Asset retirement without income	59,134	36,769
9.	Losses of last years	232,664	478,979
10.	Penalty fee, penalties and penalties recognised or on which judgements are received	8,485	24,413
11.	State duty	2,894	10,542
12.	Debt receivable more than three years, including bad	25,695	44,978
13.	Costs for execution of production	245	57
14.	Legal cost and costs for execution of production	4,365	859
15.	Plunders, shortages	26	229
16.	Expenses on charity	10	10,000
17.	Expenses from lease	54,902	34,011
18.	Deductions in non-budget funds Private Pension Fund, Power Industry Pension Fund	14,143	25,961
19.	Cultural and sports events	17,175	22,687
20.	Material aid and other payments to employees and pensioners	545,073	663,305
21.	Payments to the Board of directors	26,341	36,211
22.	Nonreimbursable VAT	28,797	39,981
23.	Travelling expenses	1,987	1,979
24.	Deductions and payments to employees of trade-union committee	31,892	37,614
25.	Payments for above-standard emissions of polluting substances	2,826	2,164
26.	Expenses on the state registration of objects	7,402	10,390
27.	The expenses connected with fee, rendered by credit companies	5,903	12,157
28.	Compensation of incurred losses	5,447	54,437
29.	Expenses on capital management and shareholders meeting	1,965	1,615
30.	Expenses from emergency situations	8,231	17,719
31.	Deductions in Energy Conservation Fund	111,631	153,699
32.	Others	249,422	239,062
Total miscellaneous cost		2,545,766	3,236,159

11. The information on the affiliated parties

11.1. The information on transactions with the affiliated parties

The list of the affiliated parties is given in Appendix №3.

As of 31.12.2010 IDGC of Centre owns 1000 (one thousand) ordinary nominal uncertificated stocks of open joint stock company «Yargorelectroset» that is 100 % (hundred percent) of the authorised capital of JSC «Yargorelectroset». Under the agreement of purchase and sale of securities from 3.08.2010 it acquired 510 (five hundred ten) stocks that is 51% (fifty one percent) of the authorised capital (transition of the property right as of 15.09.2010), under the agreement of purchase and sale from 13.10.2010 it acquired 490 (four hundred ninety) stocks that is 49% (forty nine percent) of the authorised capital (transition of the property right of 16.12.2010).

As of 31.12.2010 all activity of JSC «Yargorelectroset» is under control of IDGC of Centre.

From 03.08.2010 to 31.12.2010 inclusive between IDGC of Centre and JSC «Yargorelectroset» existed the following agreement obligations:

- IDGC of Centre renders JSC «Yargorelectroset» service of technological connection;
- JSC «Yargorelectroset» renders IDGC of Centre services in electric power delivery.

The total sum of the performed transactions for the specified period is:

- On rendering services in technological connection of 153 143 thousand roubles;
- On rendering services in delivery of the electric power of 233 065 thousand roubles.

As of 31.12.2010 accounts payable of IDGC of Centre to JSC «Yargorelectroset» is 164639 thousand roubles. Conditions and terms of settlement of accounts on transactions correspond to agreement obligations.

Contracts on technological connection of power receiving devices of consumers to electrical networks have tripartite character, according to the conditions of contracts, money funds from the applicant come to a settlement account of JSC «Yargorelectroset». No later than 5 working days from the moment of receipt from the applicant of money funds JSC «Yargorelectroset» transfers the payment provided by the agreement to IDGC of Centre. Under those contracts on which the indebtedness is not performed in terms established by the agreement and it is not provided by corresponding guarantees, in December 2010 the reserve on doubtful debts in the sum of 8 864 thousand roubles on accounts for the rendered services in technological connection is added.

Debt receivable write-off for the under control counterpart was not made, debts on which term of limitation of actions has expired, debts unreal to collect as on 31.12.2010 are not present.

JSC «Energetik», under the agreement of purchase and sale № n/n from 21.10.2009 «nominal ordinary uncertificated stocks», accepts and pays for ordinary nominal uncertificated stocks of open joint stock company «Yaroslavl electric network company» (JSC «YarESK»), in number of 510 (Five hundred ten) pieces, the specified securities constitute 51% (fifty one percent) of the authorised capital of JSC «YarESK». IDGC of Centre owns 100% (hundred percent) of JSC «Energetik» stocks, i.e. IDGC of Centre controls JSC «Yaroslavl electric network company».

In 2010 JSC «Yaroslavl electric network company» rendered IDGC of Centre services in electric power delivery.

IDGC of Centre in 2010 rendered JSC «Yaroslavl electric network company» service in technological connection and services in testing of protection equipment.

The sum of the performed transactions between IDGC of Centre and JSC «Yaroslavl electric network company» in 2010 is:

- On rendering services in delivery of the electric power of 134318 thousand roubles;
- On rendering services in technological connection of 7116 thousand roubles;
- On rendering services in testing of protection equipment of 23 thousand roubles.

As of 31.12.2010 the sum of debt receivable of JSC «Yaroslavl electric network company» to IDGC of Centre is 42 thousand roubles. The debt receivable with the expired term of limitation of actions, other debts unreal to collect on the given under control counterpart as of 31.12.2010 is not present.

IDGC of Centre transferred money funds in the amount of 834 thousand roubles under payment order №104455 from 14.07.2010 to a settlement account of JSC «IDGC of Volga», on preparation and carrying out of competitions on professional skill according to order №445 from 22.12.2009 from IDGC Holding.

From 01.01.2010 to 31.12.2010 inclusive between IDGC of Centre and its affiliated company of JSC «Sanatorium-dispensary» Energetik» (the affiliated party) there were agreement obligations:

- IDGC of Centre renders JSC «Sanatorium-dispensary» Energetik» services in transfer of vehicles in rent, agreement №158 from 01.04.2006;
- JSC «Sanatorium-dispensary» Energetik» renders IDGC of Centre services in lodging and board, agreement № 2G from 18.03.2010.

The total sum of the performed transactions for the specified period is:

- On transfer of vehicles to rent 167 thousand roubles;
- On lodging and board 455 thousand roubles;
- On granting of sanatorium permits 1,156 thousand roubles.

As of 31.12.2010 the debt receivable for benefit of IDGC of Centre of 20 thousand roubles is registered. Conditions and terms of settlement on transactions correspond to agreement obligations. Debt receivable write-off for the under control counterpart was not produced, debts on which term of limitation of actions has expired, debts unreal to collect as of on 31.12.2010 is not present.

In Unit IDGC of Centre — «Tverenergo» under agreement №1 from 05.08.1999 as of 01.01.2010 the accounts payable to the counterpart of JSC «Lenenergo» in the sum of 9,585 thousand roubles (for guy wire and 2 fiber-optical pairs) is registered.

According to agreement provisions, IDGC of Centre — «Tverenergo» transfers to JSC «Lenenergo» the right of placing of fiber-optical pairs in guy wire and connecting muffs on electric poles (right of way). During term of granting of the right of way till 2024 rent payment is calculated, for 2010 the payment is charged for the right of way in the sum 1 106 thousand roubles.

The accounts payable as of 31.12.2010 is made up at 8,479 thousand roubles.

Accounts payable write-off on the counterpart of JSC «Lenenergo» was not produced, debts on which term of limitation of actions has expired, debts unreal to collect as of 31.12.2010 is not present.

Other transactions with the affiliated parties in the accounting period were not performed.

11.2. The information on the sizes of compensations (thousand RUR):

The name of management body of the issuer	Type of compensation	2009	2010
Board of directors of IDGC of Centre	Compensation	24,525	32,968
	Salary	0	0
	Awards	0	0
	Commission fee	0	0
	Privileges	0	0
	Compensations of expenses	0	0
	Other property representations	0	0
	Other	0	0
	Total:	24,525	32,968
The name of management body of the issuer	Compensation kind	2009	2010
Collegial executive office – Management Board of IDGC of Centre	Compensation	1,050	831
	Salary	40,565	35,089
	Awards	25,932	41,634
	Commission fee	0	0
	Privileges	0	0
	Compensations of expenses	0	0
	Other property representations	0	0
	Other	0	0
	Total:	67,547	77,554
The name of management body of the issuer	Compensation kind	2009	2010
Audit committee of IDGC of Centre	Compensation	489	1 274
	Salary	0	0
	Awards	0	0
	Commission fee	0	0
	Privileges	0	0
	Compensations of expenses	5	0
	Other property representations	0	0
	Other	0	0
	Total:	494	1 274

12. The information on segments

The company does not disclose the information on segments in the annual accounting statements.

13. The information on intangible assets

Original cost and the sum of the accumulated amortization on intangible assets at the beginning and the end of 2010

The group name	Availability on 01.01.2010			Availability on 31.12.2010		
	Original cost	The sum of the accumulated amortization	Residual value	Original cost	The sum of the accumulated amortization	Residual value
Objects of intellectual property (exclusive rights of intellectual property), including:	51,702	16,025	35,678	51,796	24,447	27,349
from the patentee on the invention, industrial design, utility model	54	3	51	54	8	46
from the legal owner on programs of the computer software, database	51,523	15,991	35,533	51,523	24,381	27,142
from the owner of a trade mark and service mark, name of a place of origin of products	125	31	94	219	58	161

Flow of intangible assets in 2010 (thousand RUR):

The group name	Entered	Retired
Exclusive right to a trade mark	94	—

The information on the intangible assets created by the company (thousand RUR):

Name Intangible assets	Inventory number of intangible assets	Commisioned	Useful service in years	Useful service in months	Original cost	The depreciation sum	Residual value
The patent for utility model №84571	30000002-00	31.12.2009	9	0	54	8	46
Database for assets management system	30000004-00	31.10.2007	3	0	11,585	11,585	0

14. The information on credits and loans

14.1. Indebtedness of IDGC of Centre under credits and loans as of 01.01.2010 is made up at 11 126 249,64 thousand RUR, including:

- long-term credits and loans — 10 699 553,01 thousand RUR,
- accrued, but to not paid percent on long-term credits and loans — 26 696,63 thousand RUR,
- short-term credits — 400 000,00 thousand RUR,
- accrued, but to not paid percent on short-term credits — 0,00 thousand RUR.

In total in 2010 it was planned to repay credits and loans for the sum of RUR 5 936 410,45 thousand From the specified sum credit indebtedness and loans of RUR 5 536 410,45 thousand was not transferred from line 510 «Long-term credits and loans» of the balance sheet to line 610 «Short-term credits and loans» according to Accounting policy of IDGC of Centre and conditions of credit contracts.

Flow of borrowed funds of IDGC of Centre in 2010:

Type of indebtedness	Indebtedness as of 31.12.2009	2010		Indebtedness as of 31.12.2010
		Borrowed/accrued	Repayed	
Long-term credits and loans	5,163,142.56	9,670,000	1,063,142.56	13,770,000
Percent on long-term credits and loans	0	1,100,367.53	1,100,367.53	0
Short-term credits	5,936,410.45	188,995.81	4,975,406.26	1,150,000
Percent on short-term credits	26,696.63	4,793.25	15,486.58	16,003.30
Credits and loans, total	11,099,553.01	9,858,995.81	6,038,548.82	14,920,000.00
Percent, total	26,696.63	1,105,160.78	1,115,854.11	16,003.30
TOTAL	11,126,249.64	10,964,156.59	7,154,402.93	14,936,003.30

14.2. Indebtedness of IDGC of Centre under credits and loans as of 31.12.2010 will be repayed in the following terms:

- In I quarter 2011 — RUR 410 000,00 thousand;
- In IV quarter 2011 — RUR 740 000,00 thousand.

In total in 2011 credits and loans in the amount of RUR 1 150 000,00 thousand will be repayed, the sum of the accrued percent to repayment — RUR 16003,30 thousand. The given sum was not transferred from line 510 «Long-term credits and loans» of the balance sheet to line 610 «Short-term credits and loans» according to Accounting policy of IDGC of Centre and conditions of credit contracts.

During the period from 2012 to 2025 the following credits will be repayed — RUR 13 770 000,00 thousand, including:

- In 2012 — RUR 2 665 456,00 thousand,
- In 2013 — RUR 1 545 456,00 thousand,
- In 2014 — RUR 1 159 088,00 thousand,
- In 2015 — RUR 3 800 000,00 thousand,
- In 2016 — RUR 1 600 000,00 thousand,
- In 2017 — RUR 2 000 000,00 thousand,
- In 2025 — RUR 1 000 000,00 thousand.

The sum of free limits under acting credit contracts of the Company as of 31.12.2010 is made up at RUR 8 800 000,00 thousand.

14.3. The percent, which are due for payment to the loaner (creditor) in the sum of 76 583 thousand roubles, is included in cost of investment assets in 2010.

15. The information on calculation of profit tax

15.1. At calculation of taxable surplus the Company applies accrual method to accounting of income and expenses.

Income and expenses are recognized in that reporting (tax) period in which they took place, irrespective of actual receipts of money funds, other property or property rights. The moment of origin of income and expenses with the accrual method is specified in articles 271, 272, 316, 317 of the Tax code of the Russian Federation. Calculation of tax base following the results of 2010 is produced on the basis of the tax accounting data. The taxable surplus for the accounting period is made up at RUR 5 357 190 thousand, the profit tax estimated under the rate of 20%, is made up at RUR 1 071 438 thousand.

15.2. The company displays the differences in the business accounting arising from a discrepancy between accounting earnings and profit, estimated according to requirements of chapter 25 of the Tax code of the Russian Federation.

Obligation and rules of forming of such indicators are established with RAS 18/02 «Accounting of calculations of profit tax».

The conditional expense on the profit tax for 2010 is made up at:

The conditional expense = accounting earnings x 20% = 5 596 070 x 20% = RUR 1 119 214 thousand.

Transition from accounting earnings to tax one for 2009-2010 is displayed in the table:

N ^o	Indicator	2009	2010
1.	Profit (loss) under the form 2 (p. 140)	2,394,707	5,596,070
2.	Permanent difference	3,249,095	1,014,100
2.1.	Material aid, social privileges, etc. to employees, pensioners etc.	545,073	676,476
2.2.	Full appreciation of non-current assets	(96,118)	(100,670)
2.3.	Reserve reconstitution of doubtful debts	(14,496)	1,516,354
	Reserve reconstitution under other conditional obligations	(206,777)	(114,148)
2.4.	Fixed Assets depreciation	1,262,890	1,096,283
2.5.	Profit of last years	(77,688)	(125,965)
2.6.	The expenses of the last tax periods considered in last tax periods on the basis of the specified declaration	232,664	478,979
2.7.	Expenses on charity	10	10,000
2.8.	Debt receivable write-off	24,342	37,918
2.9.	Deductions to non budget funds Private Pension Fund, Power Industry Pension Fund	14,143	25,961

Nº	Indicator	2009	2010
2.10.	Cultural and sports events	17,175	22,687
2.11.	Payments to the Board of directors	26,341	36,211
2.12.	Nonreimbursable VAT	28,797	39,981
2.13.	Deductions and payments to employees of trade-union committee	31,892	37,614
2.14.	Payments for above-standard emissions of polluting substances	2,826	2,164
2.15.	Penalties, penalty fee, penalties, payments under agreements of lawsuit	3,369	139
2.16.	Reserve on doubtful debts	972,795	(3,157,872)
2.17.	Reserve under other conditional obligations	188,259	148,818
2.18.	Others	554	383,170
3.	Deductible temporary difference	146,115	561,175
3.1.	Fixed Assets depreciation (the sum of depreciation for tax accounting is less than the sum of depreciation for the business accounting)	41,576	9,298
3.2.	Reserve on payment of annual compensation and annual holiday	0	552,843
3.3.	The loss sum from sale of Fixed Assets, transferred to the future	(970)	(650)
3.4.	Others	105,509	(316)
4.	Taxable temporary difference	1,901,132	1,814,155
4.1.	Fixed Assets depreciation (the sum of depreciation for tax accounting is more than the sum of depreciation for the business accounting)	1,793,638	1,802,273
4.2.	The expenses recognized in the business accounting as deferred expenses (licences, software, etc.)	(11,103)	(1,130)
4.3.	Other taxable temporary difference	118,597	13,012
	Total (sum of line 2 + sum of line 3 – sum of line 4)	1,494,078	(238,880)
TAX DECLARATION DATA			
5.	Total profit (loss) under p. 050 of Sheet 02 of the Tax declaration of the current tax period	3,888,785	
5.1.	Current profit tax under form 2 (p. 143)	777,757	1,071,438
6.	Total full appreciated profit under p. 050 of Sheet 02 of the Tax declaration of last tax periods	(266,792)	(4,473,675)
6.1.	Full appreciated profit tax of last tax periods under form 2 (p. 15090)	(64,030)	(894,735)

The sum of the written off deferred tax asset is made up at RUR 33 030 thousand, including:

- RUR 28 922 thousand — from liquidation of fixed assets;
- RUR 2 654 thousand — on undistributed payments to Private Pension Fund;
- RUR 1 454 thousand — others.

The sum of the written off deferred tax liability is made up at RUR 386 367 thousand, including:

- RUR 388 037 thousand — tax liability recalculation for last tax periods for fixed assets;
- RUR 113 thousand — from write-off or sale of protective special gear;
- RUR 1 557 thousand — others.

16. The information on financial investments

16.1. As financial investments the Company recognises the assets, which do not have material form and capable to bring economic gains (income) in the future in the form of percent, dividends or gain their cost (in the form of a difference between the sale price (repayment) and purchased cost) as a result of their exchange, use at repayment of obligations, mark-to-market value increases.

Analytical accounting of financial investments is done with breakdown of short-term and long-term financial investments. The investments produced with intention to receive income in more than one year are considered long-term financial investments. Other financial investments are short-term.

In accounting records financial investments are represented with unit depending on term of circulation (repayment) as short-term and long-term.

Financial investments on which it is possible to specify when due hereunder mark-to-market value, are recognized in the reporting at the end of accounting year on mark-to-market value by adjustment of their estimation on the previous reporting date. The Company produces the specified adjustment quarterly.

The difference between estimation of financial investments on mark-to-market value on the reporting date and the previous estimation of financial investments is displayed by the Company as other income or expenses. Thus, the gain of market value of investments is recognized under the account debit «Financial investments» and the account credit «Other income and expenses», decrease – on debit accounts «Other income and expenses» and credit account «Financial investments».

In case an object of financial investments earlier estimated on mark-to-market value, the reporting date of the mark-to-market value is not determined, such object of financial investments is recognized in the reporting at cost of its last estimation.

Financial investments on which mark-to-market value is not determined, are recognized in the historical cost accounting.

At the asset retirement, recognized to accounting as financial investments on which the mark-to-market value is determined, their cost is determined by the Company proceeding from last estimation

Securities (stocks and bonds) are estimated at leaving on average original cost, which is determined by each type of securities; Income on financial investments is recognized by the Company as other income.

16.2. In line 140 of Form №1 «Balance sheet» as of 31.12.2010 long-term financial investments are recognized in the sum of 1 347 116 thousand roubles.

(Thousand RUR)

Type of financial investment	The issuer. The name of financial investments	Cost (current on the reporting date)	Date of determi- nation of market value	Difference between mark-to-market value on the reporting date and the previous estimation of financial investments	Market value (the previous estimation)	Date of determination of market value (the previous estimation)
Cost of financial investments on which it is possible to specify mark-to-market value						
Ordinary share	JSC «Vladimir power retail company»	90	21.12.10	57	33	11.09.2008
Ordinary share	JSC «Territorial generating company №6»	479	30.12.10	17	462	30.09.2010
Share	JSC «Tula retail company» ordinary shares	305	28.12.10	-11	315	09.11.2009
Ordinary share	JSC «Fourth generating company of the wholesale market of electric power»	213,023	30.12.10	18,259	194,764	30.09.2010
Ordinary shares	JSC «IDGC of Centre and Volga» ordinary shares	1,373	30.12.10	215	1,159	30.09.2010
Ordinary shares	JSC «FGC UES»	7,177	30.12.10	20	7,157	30.09.2010
Preference shares	JSC «Quadra» (from 18.05.2010) preferred stocks	5,265	30.12.10	263	5,002	30.09.2010
Cost of financial investments on which the mark-to-market value is not determined						
(Stocks)	Ordinary shares of JSC «Energetik»	15,355	—	—	—	—
Ordinary share	JSC «Smolensk power repair company»	1,396	—	—	—	—
Preference shares	JSC «Smolensk power repair company»	538	—	—	—	—
Ordinary shares	JSC «Yargorelectroset»	1,102,115	—	—	—	—

16.3. The company under agreement №VR/10/128 from 21.12.2010 at the expense of own money funds acquired promissory bills of JSC «Rosbank» in quantity of 99 pieces for the sum of RUR 497 218 thousand, with RUR 499 000 thousand nominal value. Bills are acquired for the purpose of settlements with counterparts within the limits of the investment program of the Company for 2010. As a result of fulfilment of the given transaction additional income in the amount of RUR 1 782 thousand sum was received.

IDGC of Centre has no securities and other pawned financial investments.

In connection with absence of preconditions to depreciation, the reserve under depreciation of financial investments is not created by the Company.

17. The information on participation in joint activity

The company did not participate in joint activity.

18. The capital

As of December 31, 2010 the authorized capital of the Company is completely paid for and consists:

Name	Total quantity in pieces	Nominal value in RUR
Common stocks	42,217,941,468	4,221,794,146.8
Preferred stocks	—	—
Total	42,217,941,468	4,221,794,146.8

The list of the registered persons owning over 5% of common stocks as of December 31, 2010 without taking into account the data about nominal holders:

№	Type of registered person	The name	Common stocks	% from outstanding stocks
1	Depository	Limited liability company "Depository and corporate technologies"	21,206,473,501	50.2310
2	Depository	Closed joint stock company "Depository-Clearing Company"	11,305,844,681	26.7797
3	Depository	Closed joint stock company commercial bank "Citibank"	4,105,625,416	9.7248

The base earnings per share reflect a part of profit of the accounting period, which can be potentially allocated among shareholders — owners of common stocks. It is calculated as the relation of base profit for the accounting year to the average quantity of common stocks in circulation within the accounting year. The base profit is equal to net profit of accounting year (line 190 of profit and loss statement).

Name	2009	2010
Base profit for the accounting year, RUR	1,324,777	4,713,423
The average quantity of common stocks in circulation within the accounting year, thousand stocks	42,217,941	42,217,941
Base earnings per share, RUR	0.0314	0.1116

19. The other information

19.1. The information on the received provisions of obligations and company payments.

Breakdown of provisions and obligations received by unit IDGC of Centre — «Smolenskenergo» as of 31.12.2010:

Type of obligation	The beneficiary	The sum, thousand RUR	Number of pledge agreement of property*	Date of pledge agreement	Indebtedness maturity date under the agreement	Risk of execution of obligation	The principal
Pledge	IDGC of Centre	128.23	67 AA 155122	5/11/2004	01.05.2024	Low	Radchenkov S.A.
Pledge	IDGC of Centre	74.55	67 AA 148853	4/26/2004	29.02.2027	Low	Burakov V.V.
Pledge	IDGC of Centre	120.00	67 AA 148862	4/26/2004	28.02.2024	Low	Kirienko M. K.
Pledge	IDGC of Centre	6.70	3-1572	6/9/1997	31.01.2017	Low	Korshunova T.V.
Pledge	IDGC of Centre	3.30	3-1548	6/9/1997	31.01.2017	Low	Scherbina N.V.
Pledge	IDGC of Centre	41.64	4-308	2/29/2000	30.11.2019	Low	Sherstnev S.E.
Pledge	IDGC of Centre	13.41	3-1560	6/9/1997	31.01.2017	Low	Borisenkova V. S.
Pledge	IDGC of Centre	76.16	2 014.00	12/30/2003	18.12.2018	Low	Shukshin S.V.
Pledge	IDGC of Centre	156.66	67 AA 148865	4/24/2004	01.05.2024	Low	Panasenko O.V.
Pledge	IDGC of Centre	122.48	67 AA 155495	5/11/2004	01.01.2024	Low	Svatov V.B.
Pledge	IDGC of Centre	11.95	3-1383	5/29/1997	01.02.2017	Low	Filipenkov V.V.
TOTAL	755		x	x	x		

* For apartment registration as the property of the employee who is standing in a queue on receipt of habitation, the loan for repayment of total cost of apartment to provide repayment of which the agreement of pledge of the given apartment notarially was made.

Besides, the insurance companies transferred funds for securing of pledge for participation in open tender on the right to enter into the agreement of voluntary medical insurance in the sum of 135 045 thousand roubles.

(Thousand RUR)

N ₂	The beneficiary	Type of obligation	The principal	Amount
1	IDGC of Centre	Pledge-securing of pledge	Ingosstrakh, JSC	2 617
		Pledge-securing of pledge	ROSNO, JSC	29 284
		Pledge-securing of pledge	Alphastrakh, JSC	33 509
		Pledge-securing of pledge	SAK Power guarantor, JSC	33 509
		Pledge-securing of pledge	SOGAZ, JSC	33 509
		Pledge-securing of pledge	Rosgosstrakh, JSC	2 617
		Total:		135 045

19.2. The information on planned development of the company

For the purpose of estimation of financial condition on short-term prospect the analysis of indicators is carried out:

- capital and capabilities of restoration (loss) of ability to meet payments:

The capital ratio and capabilities of restoration (loss) of ability to meet payments for 2010 has increased from value 0,52 by the beginning of the period to value 0,62 at the end of the accounting period and this means that the enterprise's capability to repay its obligations with money resources in due time increases.

At the financial position estimation on long-term prospect the analysis of structure of sources of funds is carried out.

The equity-assets ratio determines a share of the assets financed at the expense of equity capital. The more value of ratio, the more financially steady and irrespective of external creditors the enterprise is. The standard value for the given indicator equals

to 0,6. Following the results of financial and economic activity of IDGC of Centre for 2010 the given indicator of equity-assets ratio had the value above standard level (0,65). At the same time, the ratio of borrowed and own funds as of the end of 2010 had the value 0,52.

The book value of long-term financial investments of the company as of the end of 2010 in comparison with the beginning of year has increased by RUR 1 201 565 thousand, including due to the in the affiliated companies — at RUR 1 102 115 thousand (92%), and also due to revaluation according to RAS 19/02 requirements.

19.3. Policy concerning borrowed funds, managements of risks.

In case of appearance of one or several of the above mentioned risks IDGC of Centre will take all possible measures on minimisation of negative consequences. Possible events for Company actions are developed for neutralisation of a part of risks when this or that risk occurs. However, it is necessary to note that preliminary development of measures adequate to corresponding events is complicated by uncertainty of development of a situation, and parametres of conducted events will depend in a greater degree on features of the created situation in each specific case. IDGC of Centre cannot warrant that the actions directed on overcoming of arisen negative changes, can lead to situation correction as the described factors are out of the Company's control.

- The risks connected with change of currency exchange rates.

The companies conducting foreign trade activities are subject to the given risk. It is shown in shortfall of the provided income as a result of direct influence of change of an exchange rate of the foreign exchange used in the external economic transactions, on expectational monetary flows from these transactions.

The company provides services at the domestic market of the Russian Federation with settlements in roubles (currency of the Russian Federation) and in this connection it is not subject to risks of change of exchange rates of foreign exchanges. Thus it is necessary to note that the Company, performing the investment program, can buy goods from foreign suppliers which cost of services depends on rate fluctuation of currencies. In this connection it is possible to tell that the currency risk for the Company is minimum.

- The risks connected with change of interest rates.

Taking into account situation stabilisation on financial markets, the risk of change of rates is estimated by the Company as average.

The company with a view of levelling the risk of loan interest rates increase interacts with the credit companies working with budgetary funds (state, regions of the Russian Federation, municipal).

Thus the Company, being a natural monopoly, performs selection of the financial companies for rendering financial services by carrying out tender procedures established by the legislation of the Russian Federation (Federal law №135-FZ from 26.07.2006 «About competition protection», Federal law №94-FZ from 21.07.2005 «About order placement on deliveries of products, accomplishment of works, rendering services for the state and municipal needs»). According to part 4.1 article 9 of the Law on order placement, the price of the state order or municipal contract is firm and cannot change during its execution. Thus, the risk of change of interest rates under acting credit contracts decreases.

The policy of the Company concerning external loans is regulated by Regulation on credit policy of IDGC of Centre, confirmed by the decision of the Board of directors of the Company (Minutes № 06/08 from March 28, 2008). This Regulation determines the order of estimation of financial soundness and credit status of the Company and is the instrument of calculation of value limit of a debt position of the Company and estimation of possibility of attraction of investment credits and loans within the limits of business planning.

The Company plans to perform all credit obligations according to conditions of contracts.

19.4. The information on non-core assets

On the balance sheet of IDGC of Centre — «Kurskenergo» unit as of 31.12.10 an object of construction in progress – «Building» with the cost of RUR 206 084 thousand, located at the address: Kursk, Engels street – Red Army street is recognized.

Now the package of documents for the coordination by the Board of directors of IDGC of Centre of the transaction connected with sale of the object of construction in progress is being prepared. For transaction fulfilment accomplishment of events for preselling preparation of the assets is necessary:

- carrying out of purchasing procedures by determination of the independent appraiser, for determination of market value of an object;
- choice of a nominee of the independent appraiser who is subject to the approval by the Board of directors of IDGC of Centre;
- The valuation report prepared by the independent appraiser is subject to coordination with Department of Deal Management of IDGC of Centre.

The decision on transaction fulfilment should be approved by the Board of directors of JSC «IDGC Holding». Rough term of fulfilment of the transaction is IV quarter 2011.

On the balance sheet of IDGC of Centre — «Voronezhenergo» unit as of 31.12.10 an object of construction in progress — «Inhabited settlement at 500kV SS «Voronezhskaya» with the cost of RUR 23 015 thousand is recognized.

The object building is suspended, its completion and commissioning is not planned. The Board of directors of IDGC of Centre specified its strategy to sell the object.

According to the Charter of IDGC of Centre the given transaction is subject to approval by the Company's Board of directors. Now events for preselling preparation of the assets are carried out — the market value estimation is conducted, proving materials to agree on the transaction are made.

Rough term of fulfilment of the transaction is IV quarter 2012.

19.5. The information on land lots, which have the termless right of use

On 01.12.2010 according to the Program of activities of IDGC of Centre on registration of the property rights to objects of real estate, registration/renewal of rights of use of land lots for 2011-2014 taking into account accomplishment of works on preparation of data on borders of conservation zones of objects of electric grid facilities (The Program), confirmed by the Board of directors on 15.11.2010, the Company uses on land lots under 108 190 objects with the total area of about 1 167 hectares with the termless right of use. Including 41 555 land lots are under electrical grid facilities, 66 635 land lots are under line objects.

Federal law № 342-FZ from 27.12.2009 «About modification of article 2 and 3 of Federal law «About enactment of the Land Code of the Russian Federation» and article 7 of the Federal law «About modification of acts of the Russian Federation regarding specification of conditions and the order of acquisition of the rights to land lots, which are in the state or municipal property» it is prescribed in terms of land lots on which electrical grid facilities with the termless right of use are located to renew the right up to 31.12.2011, in terms of land lots on which line objects – up to 31.12.2014.

For implementing events for renewal of the termless right of use, it is necessary to conduct cadastral works on boundary settlement of land lots and enter data about them into the State cadastre of real estate, then to specify an optimum type of the native title to the land (rent or property) and to make necessary paperwork.

Now measures for registration in the cadastre of land lots, which have the termless right of use, are not taken and in this connection it is not obviously possible to present any authentic data about cadastral cost of such land lots.

By expert judgment, proceeding from the declared area of land lots, and also average values of specific indicators of cadastral

cost of the land for manufacture, power industry and transport, established as standard in regions, the following average values of cadastral cost of land lots under objects of electric grid facilities of units of IDGC of Centre are received:

N ^o	The unit name	Total area in the cadastre (sq.m.)	Average values of specific indicators of cadastral cost (RUR/sq.)	Cadastral cost (RUR)
11.	Belgorodenergo	860,000	2.15	1,849,000
22.	Brynskenenergo	3,200,000	1.12	3,584,000
33.	Voronezhenergo	560,000	2.54	1,422,400
44.	Kostromaenergo	1,980,000	0.87	1,722,600
55.	Kurskenenergo	3,190,000	1.9	6,061,000
66.	Lipetskenenergo	—	—	—
77.	Orelenergo	520,000	1.39	722,800
88.	Smolenskenenergo	760,000	0.96	729,600
99.	Tambovenenergo	—	—	—
110.	Tverenergo	480,000	0.88	422,400
111.	Yarenergo	120,000	1.27	152,400
Total for IDGC of Centre		6,500,000	—	16,666,200

Now works on renewal of the termless right of use for 13040 land lots are being performed.

19.6. The information on deferred expenses

Deferred expenses with repayment term more than a year in Form 1 «Balance sheet» are recognized in section I «Non-current assets» in line 150, and deferred expenses with term of repayment over one year are recognized in section II «Circulating assets» in line 216.

(Thousand RUR)

Type of deferred expenses	2009		2010	
	Long-term	Short-term	Long-term	Short-term
	P. 150	P. 216	P. 150	P. 216
Licences	37,034	32	24,534	0
Software products	1,140,416	49,556	1,055,110	4,074
Insurance	4,040	66,478	11	37,622
Expenses on payment of holidays of future periods	0	6,784	0	8,045
Other deferred expenses	46,100	14,018	45,529	3,531
Total	1,227,590	136,868	1,125,184	53,272

The sum of long-term expenses, in line of 150 of Forms № 1 «Balance sheet» as of 31.12.2010, includes expenses subject to write-off in 2011 in the sum of 321 678 thousand roubles.

19.7. The information about accounts receivable and payable

For the date of the statement approval reconciliation statements of accounts with counterparts were returned in full.

The account receivable structure is given in the table:

(Thousand RUR)

Name	Line of the balance sheet	2009	2010
Accounts receivable including:	230+240	5,474,289	7,647,493
Accounts receivable (payments on which are expected more than in 12 months after the reporting date), including:	230	62,913	59,201
Buyers and customers	231	1,055	9,970
Down payment made	234	0	1,538
Other debtors	235	61,858	47,693
Accounts receivable (payments on which are expected within 12 months after the reporting date), including:	240	5,411,376	7,588,292
Buyers and customers	241	4,148,278	5,638,014
Bills	242	0	0
Down payment made	245	384,342	475,474
Other debtors	246	878,756	1,474,804

The accounts payable structure is given in the table:

(Thousand RUR)

Name	Line of the balance sheet	2009	2010
Accounts payable including:	520+620	6,685,100	6,930,319
Accounts payable (payments on which are expected more than in 12 months after the reporting date), Including:	520	90,493	178,222
Suppliers and contractors	521	9,585	8,479
other	523	80,908	169,743
Accounts payable (payments on which are expected within 12 months after the reporting date), including:	620	6,594,607	6,752,097
Suppliers and contractors	621	3,895,158	3,860,303
Wages payable to the personnel (current)	624	288,195	276,396
Indebtedness to state and off-budget funds including:	625	45,320	14,504
Pension fund of the Russian Federation	62501	34,961	10,054
Obligatory Health Insurance Fund	62502	7,448	3,357
Social insurance fund	62503	2,881	1,093
Tax liabilities to the budget	626	593,578	124,491
Federal budget	62601	529,107	57,106
Budget of regions of the Russian Federation	62602	52,803	55,179
Local budgets	62603	11,668	12,206
Advances received	627	1,640,726	2,224,596
Other creditors	628	131,630	251,807

By results of inventory as of 31.12.2010 the doubtful debt receivable in the amount of RUR 1 698 581 thousand was revealed on which the reserve on doubtful debts was created. The remainder of not used reserve on the doubtful debts, created as of 31.12.2009 in the amount of RUR 1 047 578 thousand was recovered.

19.8. Information disclosure according to Federal law №261 from 23.11.09 «About energy saving and increase of energy efficiency and modification of some legislative acts of the Russian Federation»

In the course of economic activities IDGC of Centre consumes for its economic activities electric power and heat/energy. In 2010 it consumed electric power for the sum of RUR 386 564 thousand, heat/energy for the sum of RUR 52 725 thousand for its own needs.

Chief Executive
E.A. Bronnikov

Chief accountant
S.Y. Puzenko

February 28, 2011

Breakdown of Abortive Trials as of 31.12.2010

№	Parties to the Trial		Subject of Claim (application, action)	Amount of Claim	Probability of Judgment for Claimant
	Claimant/Appellant	Defendant/Interested Person			
1.	2.	3.	4.	5.	6.
BELGORODENERGO UNIT					
1	O.I. Liferova	JCS BSC; JSC IDGC of Centre	Compensation for material and moral damages	32,341.00	High
2	V.A. Batagova	JCS BSC; JSC IDGC of Centre	Compensation for material and moral damages	31,120.00	High
3	V.I. Okaryak	JSC IDGC of Centre, JCS BSC	Compensation for damages caused by fire	300,000.00	High
4	N.A. Dolgikh	JSC IDGC of Centre, JCS BSC, V.E. Loshakov	Compensation for material and moral damages	35,979.00	High
5	Z. Muslumova	JSC IDGC of Centre, JSC Belgorod Sales Company	Indemnification for moral damages and maintenance fees	890,692.53	High
6	JCS FGC OF UES	JSC IDGC of Centre	№28/2010-329: For the recovery of damages (arbitration charge RUB 100,000.00)	292,988.20	High
Total for the Unit				1,583,120.73	
VORONEZHENERGO UNIT					
7	JCS FGC OF UES		A40-91693/10-39-832: For a claim for the recovery of damages under the Service Agreement for Power Transmission on the Unified National All-Russian Power Grid №115/П dd. 19.12.2005, for the period from January 01, 2009 to June 31, 2009	RUB 672,642.23 (penalty), RUB 16,452.84 (state duty)	High
Total for the Unit				689,095.07	
KOSTROMAENERGO UNIT					
8	Lyubov Mikhailovna Bolshakova	1. Interregional Distribution Grid Company of Centre Joint-Stock Company; (Unit Office of JSC IDGC of Centre - Kostromaenergo) 2. Kostroma Sales Company, Joint Stock Company	Material damages caused to the claimant's property by a voltage jump on January 24, 2010	8,399.90 7,700.00, (compensation for material damages), 299.90 (legal expenses) 400.00 (return of state duty)	High

9	JSC Kostroma Sales Company	Interregional Distribution Grid Company of Centre Joint-Stock Company; (Unit Office of JSC IDGC of Centre - Kostromaenergo)	Recovery of interest for the use of other persons' monetary assets	11,422, 346.24	High
10	Energoservice Ltd.	Interregional Distribution Grid Company of Centre Joint-Stock Company; (Unit Office of JSC IDGC of Centre)	Recovery of unjust enrichment	6,305,744.52 (principal debt) + 390,956.16 (interest for the use of other persons' monetary assets)	High
Total for the Unit				18,127,446.82	
KURSKENERGO Unit					
11	I.M. Gorbatyh	JSC IDGC of Centre	№2-1077-10: For compensation for moral damages	200,000.00	High
12	Rosgossakh Ltd unit office in the Kursk Region	JSC IDGC of Centre	A35-10630/2010: For the recovery of damages under subrogation	27,748.94	High
Total for the Unit				227,748.94	
TVERENERGO UNIT					
13	Regional Electric Grid Company LLC	JSC IDGC of Centre	A66-1658/2010: For the recovery of debt for services related to electric power transmission performed from October - December 2009, and interest under Article 395 of the Civil Code of the Russian Federation	65,678,244.87	High
14	Staritsa Electric Network MUE	JSC IDGC of Centre	A66-2343/2010: For the recovery of debt for services related to electric power transmission performed in January 2008, and interest under Article 395 of the Civil Code of the Russian Federation	139,382.48	High
15	Bezhetsk Municipal Enterprise of Town Electric and Thermal Grids	JSC IDGC of Centre	A66-7354/2010: For the recovery of debt for services related to electric power transmission performed for the period from August 2009 to December 31, 2009, and interest under Article 395 of the Civil Code of the Russian Federation	95,930.55	High
16	REK LLC	JSC IDGC of Centre	A66-8427/2010: For the recovery of debt for services related to electric power transmission performed in January 2010	1,044,352.16	High

17	REK LLC	JSC IDGC of Centre	A66-9275/2010: For the recovery of debt for services related to electric power transmission performed from February – June 2010, and interest for the use of other persons' monetary assets	8,786,499.42	High
18	JSC Elektromekhanika	JSC IDGC of Centre	A66-9767/2010: For the recovery of debt for services related to electric power transmission performed from January-July 2010	603,895.62	High
19	JCS FGC OF UES	JSC IDGC of Centre	Nº5/2010-6: For the recovery of damages related to the late payment of electric power transmission services	2 ,380,590.87	High
20	Department of Natural Resource Management and Environmental Protection of the Tver Region	JSC IDGC of Centre	For compensation for damages caused as a result of the death of an item of fauna	10,000.00	High
Total for the Unit				78,738,895.97	
YARENERGO UNIT					
21	JSC YaSC (case №A 82-3657/2010-70)	JSC IDGC of Centre	For compensation for damages	15,121.60	High
22	K.H. Polyntsevoy A82-11365/2010-70	JSC IDGC of Centre	For compensation for material damages	697,510.00	High
23	L.D. Greasimova	JSC IDGC of Centre	For the removal of obstacles pertaining to the use of a land plot, compensation for moral damages	600,000.00	High
24	Yaroslav Regional Prosecutor	JSC IDGC of Centre	For the restoration of the power supply to the village		High
25	Technical Customer LLC (A40-90431/10-9-766)	JSC IDGC of Centre	For the recovery of debt	6,000,000.00	High
26	L.A. Gorbunova	JSC YaSC, JSC IDGC of Centre	For compensation for losses and moral damages	26,626.62	High
27	V.A. Okulichev	JSC YaSC, JSC IDGC of Centre	For compensation for losses and moral damages	5,580.00	High
28	O.N. Rakultseva, E.B. Lihter	JSC YaSC, JSC IDGC of Centre	For compensation for losses and moral damages	27,560.00	High
29	I.N. Varakhtina	JSC YaSC, JSC IDGC of Centre	For compensation for losses and moral damages	7,500.00	High
30	S.A. Sotnikov	JSC YaSC, JSC IDGC of Centre	For compensation for losses and moral damages	10 ,130.00	High
31	M.A. Tretyakova	JSC YaSC, JSC IDGC of Centre	For compensation for losses and moral damages	8,500.00	High
32	N.N. Kostyleva	JSC YaSC, JSC IDGC of Centre	For compensation for losses and moral damages	21,500.00	High

33	A.A. Svistulin, E.A. Pavlova, N.Yu. Maksimova	JSC YaSC, JSC IDGC of Centre, JSC YaRA HCS	For compensation for losses and moral damages	123,362.00	High
34	A.S. Scherbakov	JSC YaSC, JSC IDGC of Centre	For compensation for losses	5,680.00	High
35	M.B. Atayan	JSC YaSC, JSC IDGC of Centre	For compensation for losses	2,681,190.00	High
36	L.P. Bykanova	JSC YaSC, JSC IDGC of Centre	For compensation for losses	15, 800.00	High
37	E.V. Efimova	JSC YaSC, JSC IDGC of Centre	For compensation for losses	32,331.00	High
38	N.V. Efimova	JSC IDGC of Centre, JSC YaSC, MC Sit, Tyurikov	For the protection of consumers' rights	7,790.00	High
39	Unit Office of JSC IDGC of Centre, Yarenergo	Inspectorate of the RF FTS in Yaroslavl	Legal proceedings subsequent to the results of the on-site tax audit of JSC Yarenergo for 2006-2007	17,127,730.00	
Total for the Unit				27,413,911.22	
TAMBOVENERGO UNIT					
40	Unit Office of JSC IDGC of Centre, Tambovenergo	Inspectorate of the RF FTS in Tambov	Legal proceedings subsequent to the results of the on-site tax audit of JSC Tambovenergo for 2001-2003	22,037,644.15	
Total for the Unit				22,037,644.15	

Estimated Probability of the Outcome of Abortive Trials of IDGC of Centre JSC as of 31.12.2010

№	Parties to the Trial			Subject of Claim (application, action)	Amount of Claim, RUR	Trial Court Proceeding	Review of Judgments			Proba- bility of Judg- ment for Claimant
	Claimant/Appellant	Defendant/ Interested Person	Third Parties				Court of Cassation/ Appeal	Court of Cassation (Arbitration Proceeding)	Supervisory Authority	
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.
BELGORODENERGO Unit										
1	IDGC of Centre, JSC	N.S. Korennoy		Agreementless consumption	12,404.16	The claims were fully satisfied by the court judgment dd.24.12.2010				High
2	IDGC of Centre, JSC	Yu.V. Protasenko		Agreementless consumption	8,957.63	The claims were fully satisfied by the court judgment dd.30.12.2010				High
3	IDGC of Centre, JSC	Belgorod Land Fund JSC		A08- 7755/2010- 23 Agreementless consumption	34,957.40	not scheduled				Medium
4	IDGC of Centre, JSC	BGK Tamarovka named after Vasilyev		A 08-6383/2010-27 Recovery of electric power facility damage	18,609.22	07.12.10 the court hearing was adjourned to January 2011				Medium
5	IDGC of Centre, JSC	BGK Tamarovka named after Vasilyev		A 08-6386/2010-27 Recovery of electric power facility damage	20,594.85	07.12.10 the court hearing was adjourned to January 2011				Medium
6	IDGC of Centre, JSC	Yakovlevstrodetal Ltd		A 08-6384/2010-27 Recovery of electric power facility damage	19,992.50	7.12.10 the court hearing was adjourned to January 2011				Medium
7	IDGC of Centre, JSC	Union of the Youth Housing Complex of Russia, Belgorod Regional Division, of the All-Russian Republic Organisation		A08-8923/2008-11 Fulfillment of the terms of the agreement	132,807.51	The court hearing was held 13.12.2010; The claim was fully satisfied				Medium
8	IDGC of Centre, JSC	Autosouz Ltd		A08-3664/2009-29 Recovery of penalty under agreement	194,000.00	The court proceeding was stayed				High

9	IDGC of Centre, JSC	V.M. Sidneev	Agreementless consumption	10,117	The court hearing was adjourned to 24.01.11			High
10	IDGC of Centre, JSC	T.I. Cherkashina	Agreementless consumption	8,764.00	the court hearing was adjourned to 11.01.11			High
11	IDGC of Centre, JSC	T.K. Kurandina	Agreementless electric power consumption	65,149.40	The preliminary court hearing was held on 22.12.2010; the court hearing was held on 27.01.2011			Medium
12	IDGC of Centre, JSC	N.B. Sviloguzova	Agreementless electric power consumption	6,980.88	30.12.2010; The claim was fully satisfied			Medium
13	IDGC of Centre, JSC	Energosila Ltd, Arcada-Service Ltd	A08-404/2010-28; Agreementless electric power consumption	81,659.52	20.05.2010. The claim was satisfied with Energosila Ltd	Energosila Ltd; 26.10.2010 ; The judgment was cancelled; the appeal was satisfied	IDGC of Centre, JSC 21.02.2011 at 12:00	Medium
14	IDGC of Centre, JSC, Belgorodenergo	E.A. Maltseva	Agreementless consumption	14,363.44	Municipal Service of the Novooskolsky Region; The date of the hearing will be specified in the court ruling			Medium
15	IDGC of Centre, JSC, Belgorodenergo	Central Market Ltd	A 08-8009/2010-5; Agreementless consumption	30,403.57	The preliminary court hearing was scheduled for 24.01.11			Medium
16	IDGC of Centre, JSC, Belgorodenergo	T.N. Biryukova	Agreementless consumption	9,509.86	Municipal Service of Gubkin, Investigation Department №4; The hearing was scheduled for 12.01.11			Medium
17	IDGC of Centre, JSC, Belgorodenergo	V.P.Kretov	Agreementless consumption	9,509.86	Municipal Service of Gubkin, Investigation Department №4; The hearing was scheduled for 12.01.11			Medium
18	IDGC of Centre, JSC, Belgorodenergo	N.P. Vanin	Agreementless consumption	9,923.33	Municipal Service of Gubkin, Investigation Department №4; The hearing was scheduled for 12.01.11			Medium
19	IDGC of Centre, JSC, Belgorodenergo	I.I. Tolmachev	Agreementless consumption	21,681.00	Municipal Service of Gubkin Region, Investigation Department №1; Court hearing: 31.12.10; the claim was fully satisfied			Medium

20	IDGC of Centre, JSC, Belgorodenergo	I.I.Alekhin	Agreementless consumption	22,325.60	Municipal Service of Gubkin, Investigation Department №1; the hearing was scheduled for 11.01.11	Medium
21	IDGC of Centre, JSC, Belgorodenergo	Gorbi Peasant Farm Enterprise	A08-1650/2010-185 debt for the services related to electric power transmission in bankruptcy proceedings	378,914.76	The hearing was scheduled for 03.03.11	Medium
22	IDGC of Centre, JSC	Stroykontract Ltd	A08-1683/2010-23 Agreementless consumption	31,837.34	08.07.10; The claim was fully satisfied Stroykontract Ltd filed an appeal and the court hearing was scheduled for 25.01.11; adjourned to January	High
23	IDGC of Centre, JSC	A.M. Tarasenko, N.A. Tarasenko	Agreementless consumption	7,884.00	08.10.10; The claim was fully satisfied The defendant filed an appeal, the court hearing was scheduled for 12.01.11	High
24	IDGC of Centre, JSC	S.M. Anpilogova	Agreementless consumption	3,766.80	The court hearing was scheduled for 22.12.10; the claim was fully satisfied	High
25	IDGC of Centre, JSC	Alexander Vasilievich Androsov	Agreementless consumption	867.90	06.12.2010; The claim was fully satisfied; the judgment has not become effective	High
26	IDGC of Centre, JSC	F.D. Zaim	Agreementless consumption	10,117.80	The court hearing was scheduled for 22.12.10; the claim was fully satisfied	High
27	IDGC of Centre, JSC	N.A. Cherkov	Agreementless consumption	7,167.60	The court hearing was scheduled for 10.12.10; the claim was fully satisfied; the judgment has not become effective	High
28	IDGC of Centre, JSC	G.A. Kovyachenko	Agreementless consumption	3,758.04	The court hearing was scheduled for 09.12.10; the claim was fully satisfied; the judgment has not become effective	High

29	IDGC of Centre, JSC	N.V. Onoprienko	Agreementless consumption	5,564.79	The court hearing was scheduled for 09.12.10; the claim was fully satisfied; the judgment has not become effective	High
30	IDGC of Centre, JSC	Alexander Viktorovich Seleznev, Rosgosstrakh Ltd	A-08-4765/2010-24; Recovery of power facility damages	25,812.66	25.11.10; The claim was fully satisfied The defendant filed an appeal	High
31	IDGC of Centre, JSC	N.A. Blauta	Recovery of power facility damages	20,048.96	20.11.10; The claim was partially satisfied to the extent of RUR 7000 IDGC of Centre, JSC filed an appeal	Low
32	IDGC of Centre, JSC	G.I. Polshina, Rosgosstrakh Ltd	Recovery of power facility damages	625.93	The court hearing was scheduled for 12.01.11	High
33	IDGC of Centre, JSC	S.E. A.A. Sidorenko	A08-5815/2009-10; Recovery of debt under the network connection agreement	7,416,936.20	25.10.2010; Judgment for recovery of RUR 192 IDGC of Centre, JSC; The court hearing was not scheduled	Medium
34	IDGC of Centre, JSC	Social Payments Centre	A08-828/2010-28; For recovery of agreementless consumption costs	8,881.80	The court proceeding was stayed	Medium
35	IDGC of Centre, JSC	Social Payments Centre (Vokzalnaya St., 19)	A 08-1510/2010-19; For recovery of agreementless consumption costs	35,081.53	The court proceeding was stayed	Medium
36	IDGC of Centre, JSC	Blagoustroystvo Ltd (Chumicheva St., 31 A)	A08-4345/2010-28; For recovery of agreementless consumption costs	23,083.29	The court proceeding was stayed	Medium
37	IDGC of Centre, JSC	Voshod Householders Society	A08-5785/2010-10; For recovery of agreementless consumption costs	166,382.36	The court hearing was held on 23.12.2010; judgment for recovery dd. 28.12.2010	Medium
38	IDGC of Centre, JSC	Vatutinskoe Householders Society	A08-5689/2010-10 Recovery of debt under the service agreement	167,620.00	The court hearing was held on 08.12.2010; judgment for recovery dd.	Medium
39	IDGC of Centre, JSC	Rosenergotrans Ltd, Yekaterinburg	A08-6396/2010-5 Compulsion to fulfil obligations and recovery of penalty	329,128.02	The court hearing was held on 02.02.2011	Medium
40	IDGC of Centre, JSC	Tsentrservice Ltd	A08-6793/2010-30 Compulsion to fulfil obligations and recovery of penalties under the delivery agreement	52,737.00	The court hearing was held on 26.01.2011	Medium

41	IDGC of Centre, JSC	V.V. Varganova	Agreementless electric power consumption	8,359.03	The court hearing was held on 27.01.2011	Medium
BRYANSKENERGO Unit						
1	IDGC of Centre, JSC, Bryanskenergo Unit Office	IAPC Novy Put	Case №A09-8103/2010; For recovery of debt under the instalment payment agreement	318,770.50	The hearing was scheduled for 17.01.2011	High
2	IDGC of Centre, JSC, Bryanskenergo Unit Office	Agrofirm Amtel Ltd	Case №A09-8131/2010; For recovery of agreementless electric power consumption costs	58,213.69	The hearing was scheduled for 12.01.2011	High
3	IDGC of Centre, JSC, Bryanskenergo Unit Office	Otrada Rural Administration	Case №A09-9561/2010; For recovery of agreementless electric power consumption costs	380,556.58	The hearing was scheduled for 15.02.2011	High
4	IDGC of Centre, JSC, Bryanskenergo Unit Office	S.E. Aleksey Leonidovich Fedkin	Case №A09-9177/2010; For recovery of agreementless electric power consumption costs	128,337.29	The hearing was scheduled for 12.01.2011	High
5	IDGC of Centre, JSC, Bryanskenergo Unit Office	DFT for Bryansk Region (MI Gyanischevo Rural Administration)	Case №A09-9706/2010; For recovery of agreementless electric power consumption costs	23,560.46	The hearing was scheduled for 27.01.2011	High
6	IDGC of Centre, JSC, Bryanskenergo Unit Office	Energostroy-Holding, Bryansk Unit	Case №A09-7909/2010; For defect elimination free of charge	0.00	The hearing was scheduled for 18.01.2011	High
7	IDGC of Centre, JSC, Bryanskenergo Unit Office	Zhilkomservice Ltd Gyanischevo	Case A09-9176/2010; For recovery of agreementless electric power consumption costs	58,686.32	The hearing was scheduled for 25.01.2010	High
8	IDGC of Centre, JSC, Bryanskenergo Unit Office	CCM for the Bryansk Region	Case №A09-9560/2010 For recovery of debt under the network connection agreement	25,750,000.00	The hearing was scheduled for 01.02.2011	High
VORONEZHENERGO Unit						

1	IDGC of Centre, JSC	MUE Voronezh City Power Grid	no	Case №A14-2074-2010/59/25; Recovery of debt and penalties for services related to electric power transmission performed in January 2010	1,858,932.48 – principal debt, 488,729.70 – penalties	The claims were fully satisfied by the court judgment dd.01.06.2010	The claims were fully satisfied by the ruling of the court of cassation dd. 09.12.2010	High
2	IDGC of Centre, JSC	MUE Voronezh City Power Grid	no	Case №A14-6149/2010/171/14; Recovery of debt for services related to electric power transmission performed November 2009	659,168.68	The claims were fully satisfied by the court judgment dd.08.10.2010	The trial court judgment was upheld by the judgment of the court of appeals dd. 21.12.2010; the appeal was not satisfied	High
3	IDGC of Centre, JSC	Ertilmoloko Ltd	no	A14-10959/2010/309/2; For recovery of damages/debt under the Service Agreement for Power Transmission №4/145 dd. 03.02.2009 for August 2010, and interest for use of other persons' monetary assets from 10.09.2010 to 20.10.2010	19,314.37 – principal debt, 377.14 – interest; Claims were changed; forgiveness of the defendant's principal debts, interest increased to 510.20	The claims for recovery of interest were fully satisfied by the court judgment dd.21.12.2010; interest in the amount of RUR 510.20 was collected from the defendant		High
4	IDGC of Centre, JSC	Tikhy Don CJSC	no	A14-8927/2010/248/2; For recovery of debt for services performed during the network connection with a capacity of 750 kW	19,080,700.30	The court hearing was adjourned to 20.01.2011		Medium
5	IDGC of Centre, JSC	FGC OF UES JSC	JSC Voronezh Power Sales, Kvadra – Generating Company JSC	A40-94074/10 -97-831; For recovery of debt arising from the joint obligation to JSC Voronezh Power Sales Company	2,279,501.86	The claims were fully satisfied by the court judgment dd. 01.12.2010		High

6	IDGC of Centre, JSC	JSC Voronezh Power Sales	JSC TGC-4, FGC OF UES JSC	Case №A14-2311/2010/51/2; Recourse recovery of debt arising from the joint obligation of IDGC of Centre, JSC to JSC Voronezh Power Sales Company	2,279,501.86	The claims were fully satisfied by the court judgment dd.17.06.2010	JSC Voronezh Power Sales and FGC OF UES JSC filed appeals; the trial court judgment was upheld by the judgment of the court of appeal dd. 16.09.2010; the appeals were not satisfied	JSC Voronezh Power Sales and FGC OF UES JSC filed cassation appeals, and the hearing was scheduled for 26.01.2010	High
7	IDGC of Centre, JSC	JSC TGC-4	JSC Voronezh Power Sales, FGC OF UES JSC	Case №A14-2455/2010/70/14; Recourse recovery of debt arising from the joint obligation of IDGC of Centre, JSC to JSC Voronezh Power Sales Company	2,279,501.86	The claims were fully satisfied by the court judgment dd.30.06.2010	JSC TGC-4 and FGC OF UES JSC filed appeals; the trial court judgment was upheld by the judgment of the court of appeal dd. 16.09.2010; the appeals were not satisfied	JSC TGC-4 and FGC OF UES JSC filed cassation appeals, and the hearing was scheduled for 19.01.2010	High
8	IDGC of Centre, JSC	JSC Voronezh Power Sales	no	Case №A14-7127/2010/2/21; Recovery of debt for performed services related to the restriction of the power supply of consumers	9,948.68 RUR – principal debt; 2,849.02 RUR – interest	The claims were partially satisfied by the court judgment dd.22.10.2010; recovery of the principal debt was dismissed; interest in the amount of RUR 98.34 was collected	IDGC of Centre, JSC filed an appeal; the trial court judgment was upheld by the judgment of the court of appeal dd. 28.12.2010; the appeal was not satisfied		Low
9	IDGC of Centre, JSC	S.S. Chernenko	no	For compensation of damages caused by theft of property	812,663.96	The date of the hearing will be specified in the court ruling			High
10	IDGC of Centre, JSC	JSC Voronezh Power Sales	no	A14-6329/2009/238/14; Recovery of debt for performed services related to the restriction of the power supply of consumers	19,915.26– principal debt; 4,455.47 - interest	The claim was dismissed by the court judgment dd.04.10.2010	IDGC of Centre, JSC filed an appeal; the trial court judgment was upheld by the judgment of the court of appeal dd. 09.12.2010; the appeal was not satisfied.		Low

11	IDGC of Centre, JSC	Insurance Company Russian Insurance Traditions JSC	no	Case 3 2-1117/10; For compensation of damages caused by road traffic accident	15,628.63	The date of the hearing will be specified in the court ruling		High
12	IDGC of Centre, JSC	JSC Voronezh Power Sales	no	Case №A14-16818/2009/513/14; Recovery of debt for performed services related to the restriction of the power supply of consumers	7,132.86– principal debt; 1,767.04 - interest	The claim was fully dismissed by the court judgment dd.19.10.2010	IDGC of Centre, JSC filed an appeal; the trial court judgment was upheld by the judgment of the court of appeal dd. 09.12.2010; the appeal was not satisfied	Low
13	IDGC of Centre, JSC	A.N. Putintsev	no	For claim for recovery of unjust enrichment as the result of agreementless electric power consumption for the period of 19.10.2009 to 26.01.2010	4,437.05	20.12.2010; default judgment was passed, in accordance to which the claim was fully satisfied		High
14	IDGC of Centre, JSC	N.I. Voronkin	no	For claim for recovery of unjust enrichment as the result of agreementless electric power consumption for the period of 18.11.2009 to 21.12.2009	2,056.32	20.12.2010; default judgment was passed, in accordance to which the claim was fully satisfied		High
15	IDGC of Centre, JSC	A.N. Bezkorovayny	no	For claim for recovery of unjust enrichment as the result of agreementless electric power consumption for the period of 07.06.2009 to 10.02.2010	9,807.34	16.12.2010; default judgment was passed, in accordance to which the claim was fully satisfied		High
16	IDGC of Centre, JSC	A.S. Alekhin	no	For claim for recovery of unjust enrichment as the result of agreementless electric power consumption for the period of 01.09.2009 to 11.02.2010	14,974.34	The claim was fully satisfied by the court judgment dd.27.12.2010		High

KOSTROMAENERGO Unit									
1	IDGC of Centre, JSC	V.P. Smirnov		Case №2-2292/10; Recovery of damages	5,702.81	The hearing was scheduled for 14.01.2011			High
2	IDGC of Centre, JSC	P.I. Usmeshkin		№1-103/10; Recovery of damages	7,277.5	The hearing was scheduled for 27.01.2011			High
3	IDGC of Centre, JSC	I.M. Redkin		Bringing to criminal responsibility in accordance with Part 1, Article 165 of the Criminal Code of the Russian Federation; for recovery of damages caused by agreementless consumption	8,835.36	Under investigation			Medium
4	IDGC of Centre, JSC	V.N. Ivanov		Bringing to criminal responsibility in accordance with Part 1, Article 165 of the Criminal Code of the Russian Federation; for recovery of damages caused by agreementless consumption	18,060	Under investigation			Medium
5	IDGC of Centre, JSC	MUE Kostroma- gorvodokanal	Kostroma Sales Company JSC	№A31-5002/2010; Compensation for damages caused by agreementless electric power consumption	746,786.12	09.09.2010; The claim was fully dismissed	26.10.2010; the arbitration trial court judgment was upheld	Scheduled for 14.02.2011	Low
6	IDGC of Centre, JSC	Kostroma Sales Company JSC	Department of the Fuel and Energy Complex and Tariff Policy of Kostroma JSC TGC-2	№A31-1917/2009; Recovery of unjust enrichment	11,748,083.42	28.06.2010; The claim was fully dismissed	IDGC of Centre, JSC filed an appeal, 30.09.2010; the arbitration trial court judgment was upheld	IDGC of Centre, JSC filed a cassation appeal and the hearing was scheduled for 27.01.2011	Low

7	IDGC of Centre, JSC	Kostroma Sales Company JSC	Department of the Fuel and Energy Complex and Tariff Policy of the Kostroma JSC TGC-2	A31-857/2010; Recovery of unjust enrichment	92,454,740.22	09.06.2010; The claim was fully dismissed	IDGC of Centre, JSC filed an appeal, 27.09.2010; the judgment of the Kostroma Region arbitration trial court was cancelled; the claims were satisfied to the extent of 86,567,643.80	IDGC of Centre, JSC and Kostroma Sales Company JSC filed cassation appeals; 28.12.2010, the judgment of the arbitration court of appeal was cancelled; the case is referred to a rehearing in the second arbitration court of appeal	Medium
8	IDGC of Centre, JSC	I.N. Bychkova		Recovery of damages	2,034.00	The hearing was scheduled for 01.02.2011			Medium
KURSKENERGO Unit									
1	IDGC of Centre, JSC	JSC Kursk Power Sales		Case №A35-1252/09-C11; For recovery of debt for performed services related to electric power transmission	Due to payment of the principal debt in the course of proceedings, the amount of claim was reduced to 1,892,162	12.11.2010; The hearing was adjourned to 20.01.2011			High
2	IDGC of Centre, JSC	Ryabinushka Householders Society		№A35-4535/2010; For debt recovery	1,069,912.80	31.08.2010; The claim was fully satisfied	Ryabinushka Householders Society; the hearing was scheduled for 27.01.2011		Medium
3	IDGC of Centre, JSC	Severyanka Householders Society		№A35-4536/2010; For debt recovery	1,600,645.86	31.08.2010; The claim was fully satisfied	Severyanka Householders Society, 02.11.2010; the hearing was adjourned to 11.01.2011		Medium
4	IDGC of Centre, JSC	JSC Kursk Power Sales		№A35-3969/2010; For debt recovery for the period of 01.07.09 to 31.12.09 (difficulties)	340,096,677.90	16.11.2010; The claim was fully satisfied	JSC Kursk Power Sales; the hearing was not scheduled		Medium

5	IDGC of Centre, JSC	President Ltd		№A35-3922/2010; For debt recovery	540,534.99	16.07.2010; The claims were fully satisfied	President Ltd; 16.09.2010; the trial court judgment was upheld; the appeal was dismissed	President Ltd 31.01.2011	High
6	IDGC of Centre, JSC	Shchigry Glavprodukt Ltd		№A35-3923/2010; For debt recovery	1,522,095.75	24.11.2010; The claim was fully satisfied	Shchigry Glavprodukt Ltd; the hearing was not scheduled		Medium
7	IDGC of Centre, JSC	Kursk OFAS	JSC Kursk Power Sales	№A35-4606/2010; For invalidating the judgment	nonmaterial	12.11.2010; The claim was satisfied	Kursk OFAS appeal dd. 13.12.2010		Medium
8	IDGC of Centre, JSC	MUE Gorteploset, Zheleznogorsk		№A35-7127/2010; For recovery of debt and interest under Article 395 of the Civil Code of the Russian Federation	6,058,309.60; 5,729,619.33 - principal debt, 328,690.27 - interest	22.11.2010; Principal debt was paid in the course of proceedings; the claim was satisfied to the extent of 328,690.27 (interest)			High
9	IDGC of Centre, JSC	Abdurazok Nizomov		№A35-10545/2010	185,831.55	25.11.2010; The claim was fully satisfied			High
10	IDGC of Centre, JSC	JSC Fatezh Road Construction and Maintenance Department №6		Case A35- 14353/2010; For compensation of damages caused by road traffic accident	9,600.88	The court proceeding was stayed			Medium
11	IDGC of Centre, JSC	JSC Kursk Power Sales		№A35-14344/2010; For recovery of debt for performed services related to electric power transmission for the period of March to May 2009	1,575,471.11	The hearing was not scheduled			Medium
12	IDGC of Centre, JSC	S.E. Abdurazok Nizomov		№A35-14123/2010; For recovery of debt for performed services related to electric power transmission for the period of December 2009 - July 2010	260,223.67	The hearing was not scheduled			Medium

13	IDGC of Centre, JSC	JSC Kursk Power Sales	№A35-7202/2009; Recovery of disputes related to the application of tariffs; uncontested portion in the amount of RUR 88 million was paid in the course of proceedings	108,306,605.67	18.08.2010; The hearing was stayed	Medium
14	IDGC of Centre, JSC	Peasant Farm Enterprise S.N. Bocharov	Case №A35-14346/2010; For debt recovery	238,882.58	The hearing was not scheduled	Medium
15	IDGC of Centre, JSC	Ratnoe Ltd	Case №A35-14348/2010; For debt recovery	271,047.95	The hearing was not scheduled	Medium
16	IDGC of Centre, JSC	Kursk Construction Company Ltd	№A35-11265/2010; For debt recovery	906,536.18	the hearing was scheduled for 13.01.2011	Low
17	IDGC of Centre, JSC	Kursk OFAS	№A35-7177/2009; For invalidating the judgment for inflicting administrative penalties in the amount of RUR 29,227,673.87	nonmaterial	10.12.2010; the penalty amount is RUR 8,768,302.16	IDGC of Centre, JSC plea of discharge; the hearing was not scheduled Low
18	IDGC of Centre, JSC	Kursk OFAS	№A35-4603/2010; For invalidating the judgment for inflicting administrative penalties in the amount of RUR 1,150,000.70	nonmaterial	The court proceeding was stayed until №04-05/14-2010 comes into effect	Medium
LIPETSKENERGO Unit						
1	IDGC of Centre, JSC, represented by Lipetsenergo Unit Office	JSC Lipetsk PSC	-	Case A36-4188/2010; For recovery of RUR 3,021,372.71	3,021,372.71	The hearing was scheduled for 22.12.2010, 18.01.2011 Medium
ORELENERGO Unit						
1	IDGC of Centre, JSC	M.V. Zharrikov	For recovery of agreementless electric power consumption costs	10,130.21	Pending action	High
2	IDGC of Centre, JSC	N.A. Petrova	For recovery of agreementless electric power consumption costs	3,510.72	Pending action	High

3	IDGC of Centre, JSC	V.V. Sapronov	For recovery of agreementless electric power consumption costs	4,095.84	Pending action	High
4	IDGC of Centre, JSC	V.A. Filatova	For recovery of agreementless electric power consumption costs	13,928.4	Pending action	High
5	IDGC of Centre, JSC	T.A. Artyushina	For recovery of agreementless electric power consumption costs	13,928.4	Pending action	High
6	IDGC of Centre, JSC	V.N. Zhukov	For recovery of agreementless electric power consumption costs	13,928.4	Pending action	High
7	IDGC of Centre, JSC	V.T. Grekov	For recovery of agreementless electric power consumption costs	2,925.6	Pending action	High
8	IDGC of Centre, JSC	A.Yu. Kostin	For recovery of agreementless electric power consumption costs	13,928.4	Pending action	High
9	IDGC of Centre, JSC	S.N. Fomochkin	For recovery of agreementless electric power consumption costs	13,928.4	Pending action	High
10	IDGC of Centre, JSC	O.A. Reznikova	For recovery of agreementless electric power consumption costs	6,830.64	Pending action	High
11	IDGC of Centre, JSC	N.I. Fomina	For recovery of agreementless electric power consumption costs	13,652.8	Pending action	High
12	IDGC of Centre, JSC	A.M. Ivanova	For recovery of agreementless electric power consumption costs	13,928.4	Pending action	High
13	IDGC of Centre, JSC	V.I. Berkovich	For recovery of agreementless electric power consumption costs	13,652.8	Pending action	High

14	IDGC of Centre, JSC	N.K. Derbeneva	For recovery of agreementless electric power consumption costs	6,964.2	Pending action	High
15	IDGC of Centre, JSC	G.N. Bocharov	For recovery of agreementless electric power consumption costs	6,964.2	Pending action	High
16	IDGC of Centre, JSC	I.M. Ukhina	For recovery of agreementless electric power consumption costs	13,035.45	Pending action	High
17	IDGC of Centre, JSC	L.N. Ivanova	For recovery of agreementless electric power consumption costs	2,785.68	Pending action	High
18	IDGC of Centre, JSC	N.N. Saprykin	For recovery of agreementless electric power consumption costs	4,648.8	Pending action	High
19	IDGC of Centre, JSC	N.I. Mishustin	For recovery of agreementless electric power consumption costs	4,197.6	Pending action	High
20	IDGC of Centre, JSC	T.I. Chuenkova	For recovery of agreementless electric power consumption costs	5,088	Pending action	High
21	IDGC of Centre, JSC	M.A. Dorofeev	For recovery of agreementless electric power consumption costs	4,095.84	Pending action	High
22	IDGC of Centre, JSC	V.D. Vlasov	For recovery of agreementless electric power consumption costs	8,102.64	Pending action	High
23	IDGC of Centre, JSC	I.V. Surkov	For recovery of agreementless electric power consumption costs	4,051.32	Pending action	High
24	IDGC of Centre, JSC	Z.M. Mozhaeva	For recovery of agreementless electric power consumption costs	4,095.84	Pending action	High

25	IDGC of Centre, JSC	S.A. Gomisheva	For recovery of agreementless electric power consumption costs	1,170.24	Pending action	High
26	IDGC of Centre, JSC	T.V. Anisimova	For recovery of agreementless electric power consumption costs	1,291.08	Pending action	High
27	IDGC of Centre, JSC	A.D. Anisimov	For recovery of agreementless electric power consumption costs	4,095.84	Pending action	High
28	IDGC of Centre, JSC	I.V. Bolotsky	For recovery of agreementless electric power consumption costs	5,660.4	Pending action	High
29	IDGC of Centre, JSC	V.M. Kononenkov	For recovery of agreementless electric power consumption costs	5,700.58	Pending action	High
30	IDGC of Centre, JSC	A.G. Sokolov, Lipovets Village, Zalegosche District	For recovery of agreementless electric power consumption costs	2,289.6	Pending action	High
31	IDGC of Centre, JSC	A.V. Kuznetsov, Rzhanoë Village, Zalegosche District	For recovery of agreementless electric power consumption costs	4,139.3	Pending action	High
32	IDGC of Centre, JSC	A.V. Stepanychev, Kiriki Village, Novosil District	For recovery of agreementless electric power consumption costs	6,943	Pending action	High
33	IDGC of Centre, JSC	N.A. Ankina, Malye Prudy Settlement, Novosil District	For recovery of agreementless electric power consumption costs	9,153.1	Pending action	High
34	IDGC of Centre, JSC	V.S. Shitova, Krany Settlement, Mtsensk District	For recovery of agreementless electric power consumption costs	8,395.2	Pending action	High
35	IDGC of Centre, JSC	V.M. Novikov, Kochety Village, Zalegosche District	For recovery of agreementless electric power consumption costs	6,868.8	Pending action	High

36	IDGC of Centre, JSC	Ivan Pavlovich Gomanov, Vorobyevka Village, Shablykino District	For recovery of agreementless electric power consumption costs	2,289.6	Pending action	High
37	IDGC of Centre, JSC	Vladimir Vladimirovich Moskvina, Vorobyevka Village, Shablykino District	For recovery of agreementless electric power consumption costs	1,017.6	Pending action	High
38	IDGC of Centre, JSC	Viktor Fiodorovich Nikitchuk, Krasnoe Znamya Settlement, Dmitrovsk District	For recovery of agreementless electric power consumption costs	6,932.4	Pending action	High
39	IDGC of Centre, JSC	Evgeniya Sergeevna Panshina, Vasilok Settlement, Dmitrovsk District	For recovery of agreementless electric power consumption costs	818.85	Pending action	High
40	IDGC of Centre, JSC	V.I. Abdurakhmanova, Vasilek Settlement, Dmitrovsk District	For recovery of agreementless electric power consumption costs	6,932.4	Pending action	High
41	IDGC of Centre, JSC	Leonid Ivanovich Makhotin, Lubyanki Village, Dmitrovsk District	For recovery of agreementless electric power consumption costs	3,561.6	Pending action	High
42	IDGC of Centre, JSC	Viktor Pavlovich Gerasichkin, Stolbische Village, Dmitrovsk District	For recovery of agreementless electric power consumption costs	1,831.15	Pending action	High
43	IDGC of Centre, JSC	Lyubov Yakovlevna Bychkova, B. Krichino Village, Dmitrovsk District	For recovery of agreementless electric power consumption costs	1,794.05	Pending action	High
44	IDGC of Centre, JSC	V.N. Suslikov, Uporoy Settlement, Dmitrovsk District	For recovery of agreementless electric power consumption costs	2,899.1	Pending action	High
45	IDGC of Centre, JSC	Vladimir Dmitrievich Stamov, Devyatino Village, Dmitrovsk District	For recovery of agreementless electric power consumption costs	6,487.2	Pending action	High
46	IDGC of Centre, JSC	Nikolay Valiyevich Zinakov, Uporoy Village Dmitrovsk District	For recovery of agreementless electric power consumption costs	2,899.1	Pending action	High

47	IDGC of Centre, JSC	Natalya Nikolaevna Askerova, Druzhno Village, Dmitrovsk District	For recovery of agreementless electric power consumption costs	3,397.3	Pending action	High
48	IDGC of Centre, JSC	Anatoly Petrovich Kononenko, Dolbenkino Village, Dmitrovsk District	For recovery of agreementless electric power consumption costs	4,197.6	Pending action	High
49	IDGC of Centre, JSC	A.A. Golovachev, Novy Kolodets Village, Dmitrovsk District	For recovery of agreementless electric power consumption costs	3,778.9	Pending action	High
50	IDGC of Centre, JSC	Grigory Ivanovich Peryushkin, Zhdanovka Village, Dmitrovsk District	For recovery of agreementless electric power consumption costs	4,483.8	Pending action	High
51	IDGC of Centre, JSC	Nikolay Viktorovich Kurilin, Zhdanovka Village, Dmitrovsk District	For recovery of agreementless electric power consumption costs	3,588.1	Pending action	High
52	IDGC of Centre, JSC	Mikhail Ivanoich Titov, Privich Village, Dmitrovsk District	For recovery of agreementless electric power consumption costs	1,613.85	Pending action	High
53	IDGC of Centre, JSC	Viktor Petrovich Lapshov, Garchakovo Village, Trosna District	For recovery of agreementless electric power consumption costs	2,289.6	Pending action	High
54	IDGC of Centre, JSC	Lyubov Mikhailovna Breban, Belozeroovo Village, Maloarkhangelsk District	For recovery of agreementless electric power consumption costs	13,356	Pending action	High
55	IDGC of Centre, JSC	Alexander Vladimirovich Kuznetsov, Vasyutino Village, Maloarkhangelsk District	For recovery of agreementless electric power consumption costs	2,210.1	Pending action	High
56	IDGC of Centre, JSC	Liudmila Nikolaevna Sinitsina, Koroteevo Village, Maloarkhangelsk District	For recovery of agreementless electric power consumption costs	341.85	Pending action	High
57	IDGC of Centre, JSC	Raisa Ivanovna Rusakova, Beloch Village, Dmitrovsk District	For recovery of agreementless electric power consumption costs	2,785.15	Pending action	High

SMOLENSKENERGO Unit						
1	IDGC of Centre, JSC	I.M. Makaenkova	For recovery of agreementless electric power consumption	8,698.56	Pending action	High
2	IDGC of Centre, JSC	G.A. Mamonenkova	For recovery of agreementless electric power consumption	16,398.72	Pending action	High
3	IDGC of Centre, JSC	Sviridenkova	For recovery of agreementless electric power consumption	3,132.36	Pending action	High
4	IDGC of Centre, JSC	L.V. Kaplunova	For recovery of agreementless electric power consumption	5,511.48	Pending action	High
5	IDGC of Centre, JSC	G.D. Trusova	For recovery of agreementless electric power consumption	6,788.76	Pending action	High
6	IDGC of Centre, JSC	V.S. Davydov	For recovery of agreementless electric power consumption	2,829.84	Pending action	High
7	IDGC of Centre, JSC	V.N. Grishina	For recovery of agreementless electric power consumption	4,065.36	Pending action	High
8	IDGC of Centre, JSC	G.G. Mirtskhulava	For recovery of agreementless electric power consumption	18,050.82	Pending action	High
9	IDGC of Centre, JSC	A.A. Sentiuriova	For recovery of agreementless electric power consumption	7,443.64	Pending action	High
10	IDGC of Centre, JSC	A.I. Romanov	For recovery of agreementless electric power consumption	6,814.08	Pending action	High
11	IDGC of Centre, JSC	I.V. Menovschikova	For recovery of agreementless electric power consumption	4,431.96	Pending action	High
12	IDGC of Centre, JSC	D.A. Surmanidze	For recovery of agreementless electric power consumption	8,132.28	Pending action	High
13	IDGC of Centre, JSC	D.V. Selyutov	For recovery of agreementless electric power consumption	5,594.4	Pending action	High
14	IDGC of Centre, JSC	A.T. Mirzaev	For recovery of agreementless electric power consumption	1,336.92	Pending action	High

15	IDGC of Centre, JSC	PO Phenix	Agreementless electric power consumption	116,492.6	27.08.2010; the claim was partially satisfied to the extent of RUR 56,977.78 in compensation for damages, as well as RUR 2,198.44 in compensation for expenses for state duties		An appeal was filed	Medium
16	IDGC of Centre, JSC	A.L. Ponomariov	Agreementless electric power consumption	2,845.44	The date of the hearing will be specified in the court ruling			High
17	IDGC of Centre, JSC	G.P. Arkhipova	Agreementless electric power consumption	2,790.54	The date of the hearing will be specified in the court ruling			High
18	IDGC of Centre, JSC	S.I. Novikova	Agreementless electric power consumption	2,725.63	The date of the hearing will be specified in the court ruling			High
19	IDGC of Centre, JSC	A.V. Andryukhaev	Agreementless electric power consumption	11,860.99	The date of the hearing will be specified in the court ruling			High
20	IDGC of Centre, JSC	JSC Zhilishchnik JSC Smolensk-energosbyt	Case №A62-1900/2009; For recovery of debt for performed services	380	16.07.2010; The claims were dismissed	The appeal of IDGC of Centre, JSC was dismissed by the judgment dd. 04.10.2010 of the arbitration court of appeal	IDGC of Centre, JSC filed a cassation appeal; the hearing was scheduled for 19.01.2010	Low
21	IDGC of Centre, JSC	Firma Teplo LLC	A62-9602/2009; Recovery of unjust enrichment	2,419,492.96	06.04.2010; To recover (bankruptcy process)			Low
22	IDGC of Centre, JSC	JSC Smolensk-energosbyt, Zhilishchnik JSC	A62-553/2010; Recovery of unjust enrichment	33,874.74	16.07.2010; The claim was fully dismissed	Smolensk-energo; 05.10.2010; the judgment was upheld	Smolensk-energo; 03.12.2010; the date of the hearing was not scheduled	Medium
23	IDGC of Centre, JSC	Rusenergosbyt LLC	A62-9426/2009; Recovery of penalties	1,817,523.62	08.11.10; The claim was partially satisfied to the extent of 1,700,000	Rusenergosbyt LLC		Medium

24	IDGC of Centre, JSC	Management Company Ltd	A 62-3910/2010; Unjust enrichment	6,446,036.14	29.11.10; The claim was fully dismissed	IDGC of Centre, JSC	IDGC of Centre, JSC filed a cassation appeal; the hearing was scheduled for 01.03.2011	Low
25	IDGC of Centre, JSC	ID Vysokovo Settlement	A62-3911/2010; Recovery of debt under the agreement	2,999,940	01.11.10; The claim was fully satisfied	ID Vysokovo Settlement	The judgment was upheld by judgment 20 of the arbitration court of appeal	High
26	IDGC of Centre, JSC	ID Tiomkino Village	A62-3712/2010; Recovery of debt under the agreement	1,140,340.12	18.11.10; The claim was fully satisfied			High
27	IDGC of Centre, JSC	Ugra District Prosecutor	Case 2-229/2010; Invalidating the indictment		19.07.10; The claim was fully dismissed	IDGC of Centre, JSC 24.08.10 the judgment was upheld	IDGC of Centre, JSC 20.12.10 -the judgment was upheld	Low
28	IDGC of Centre, JSC	Vyazma District Prosecutor	Case №2-835/2010; Invalidating the indictment		19.07.10; The claim was fully dismissed	IDGC of Centre, JSC, 24.08.10 the judgment was upheld	IDGC of Centre, JSC. 12.10.10- the judgment was upheld	Low
29	IDGC of Centre, JSC	SEC Sokolinsky	A62-4774/2010; Recovery of debt under the agreement	220,543.3	28.10.10; The claim was fully satisfied	SEC Sokolinsky 25.01.11		High
30	IDGC of Centre, JSC	Tiomkino Road Construction and Maintenance Department	A62-4775/2010; Recovery of debt under the agreement	98,720.57	14.10.10; The claim was satisfied			High
31	IDGC of Centre, JSC	Stroy-Centre Ltd	A62-5254/2010; Unjust enrichment	2,332,268.68	30.11.10; The claim was fully satisfied			High
32	IDGC of Centre, JSC	Gagarinsky Plywood Plant Ltd	A62-5251/2010; Recovery of debt under the agreement	995,646.69	30.11.10 The claim is acknowledged, settlement agreement			High
33	IDGC of Centre, JSC	Northwest Wood Sales Company Ltd	A62-5253/2010; Recovery of debt under the agreement	39,894.89	30.11.10; The claim was satisfied			High
34	IDGC of Centre, JSC	Karpetkin	For recovery of agreementless electric power consumption	4,296.80	The hearing was scheduled for 14.01.11			High
35	IDGC of Centre, JSC	Kulikova	For recovery of agreementless electric power consumption	4,220.22	The hearing was scheduled for 14.01.11			High

36	IDGC of Centre, JSC	Demyanov		Bringing to criminal responsibility in accordance with Part 1, Article 165 of the Criminal Code of the Russian Federation		The hearing was scheduled for 25.01.11				High
37	IDGC of Centre, JSC	Roslavl Auto Aggregate Plant AMO ZIL CJSC		A62-5980/2010; Recovery of debt	16,071,378.46	The hearing was scheduled for 22.02.2011				Medium
38	IDGC of Centre, JSC	S.R. Babayan		For recovery of damages caused by electric power theft	8,7047.62	The hearing was scheduled for 12.01.2011				High
TAMBOVENERGO Unit										
1	IDGC of Centre, JSC, Tambovenergo Unit Office	Vladimir Nikolaevich Popov	–	Case №2-1508/2010; For recovery of agreementless electric power consumption costs	7,318.08	The hearing was scheduled in the Magistrates' Court of the Kirsanov District of the Tambov Region for 07.07.2010 at 10.00 a.m.; on 07.07.2010 the claims were satisfied to the extent of 7,318.08 by the court judgment; the default judgment was dismissed on 07.12.2010; the hearing was scheduled for 22.12.2010; the claims were dismissed by the judgment dd. 22.12.2010	An appeal is being prepared	–	–	High
2	IDGC of Centre, JSC, Tambovenergo Unit Office	G.A. Gusev	-	For recovery of agreementless electric power consumption costs	8,559.32	The case is being tried in the Magistrates' Court of the Tambov Region; the hearing was scheduled for 15.01.2011	-	-	-	High
3	IDGC of Centre, JSC, Tambovenergo Unit Office	S.A. Koroleva	-	For recovery of agreementless electric power consumption costs	8,559.32	The case is being tried in the Magistrates' Court of the Tambov Region; the hearing was scheduled for 15.01.2011	-	-	-	High
4	IDGC of Centre, JSC, Tambovenergo Unit Office	N.A. Reshetova	-	For recovery of agreementless electric power consumption costs	8,559.32	The case is being tried in the Magistrates' Court of the Tambov Region The hearing was scheduled for 15.01.2011	-	-	-	High

5	IDGC of Centre, JSC, Tambovenergo Unit Office	M.F. Makarova	-	For recovery of agreementless electric power consumption costs	8,559.3	The case is being tried in the Magistrates' Court of the Tambov Region; the hearing was scheduled for 15.01.2011	-	-	-	High
6	IDGC of Centre, JSC, Tambovenergo Unit Office	E.V. Kudinova	-	For recovery of agreementless electric power consumption costs	8,559. 32	The case is being tried in the Magistrates' Court of the Tambov Region; the hearing was scheduled for 15.01.2011	-	-	-	High
7	IDGC of Centre, JSC, Tambovenergo Unit Office	E.L. Popov	-	For recovery of agreementless electric power consumption costs	8,559. 32	The case is being tried in the Magistrates' Court of the Tambov Region; the hearing was scheduled for 15.01.2011	-	-	-	High
8	IDGC of Centre, JSC, Tambovenergo Unit Office	I.P. Leonova	-	For recovery of agreementless electric power consumption costs	8,559. 32	The case is being tried in the Magistrates' Court of the Tambov Region; the hearing was scheduled for 15.01.2011	-	-	-	High
9	IDGC of Centre, JSC, Tambovenergo Unit Office	M.A. Gladysheva	-	For recovery of agreementless electric power consumption costs	8,559. 32	The case is being tried in the Magistrates' Court of the Tambov Region; the hearing was scheduled for 15.01.2011	-	-	-	High
10	IDGC of Centre, JSC, Tambovenergo Unit Office	S.V. Cheremisina	-	For recovery of agreementless electric power consumption costs	8,559. 32	The case is being tried in the Magistrates' Court of the Tambov Region; the hearing was scheduled for 15.01.2011	-	-	-	High
TVERENERGO Unit										
1	IDGC of Centre, JSC	Tver Power Sales Company Ltd		№93/2008-176; For debt recovery for services related to electric power transmission performed in 2008, plus interest	663,143,397.89	The hearing was adjourned to 20.01.2011				Low
2	IDGC of Centre, JSC	Tver Power Sales Company Ltd		A 66-3992/2010; For debt recovery for services related to electric power transmission, plus interest for the use of other persons' monetary assets, for July - December 2009	177,25,602.39	19.01.2011 (the hearing)				Medium

3	IDGC of Centre, JSC	Tver Power Sales Company Ltd	NsA66-4398/2010; For debt recovery for services related to electric power transmission, plus interest for the use of other persons' monetary assets	358,818,831.56	31.01.2011 (the hearing)	Medium
4	IDGC of Centre, JSC	Tver Power Sales Company Ltd	A66-A66-1311/2010; For debt recovery for services related to electric power transmission for August -September 2010	884,684,331.56	22.02.2011 (the preliminary hearing)	Medium
5	IDGC of Centre, JSC	Tver Power Sales Company Ltd	A66-8549/2010; on invalidating Paragraph 9, Clause 7.8 of the Agreement dd. 01.07.2009, №7-C/01-2009		23.11.2010; The claims were dismissed	Low
6	IDGC of Centre, JSC	Tver Power Sales Company Ltd	A66-9927/2010; For debt recovery for services related to electric power transmission performed in the period of January to June 2010	1,506,678,691.65	18.01.2011 (the hearing)	Medium
7	IDGC of Centre, JSC	Initiativa Ltd	A66-11030/2010; For debt recovery under the network connection agreement	3,559,683.40	17.01.2011 (the preliminary hearing)	Medium
8	IDGC of Centre, JSC	Almaz Garden Non-Commercial Partnership	A66-10451/2010; For debt recovery under the network connection agreement	668,689.92	18.01.2011 (the hearing)	Medium
9	IDGC of Centre, JSC	Vesyegonsk-energoremont JSC	For debt recovery for agreementless electric power consumption	296,574.83	01.02.2011 (the preliminary hearing)	Medium
10	IDGC of Centre, JSC	United Media Systems Ltd	10473/2010; For protection of business reputation		12.01.2011 (the preliminary hearing)	
11	IDGC of Centre, JSC	Trade and Production Company Polymer Ltd	A66-11551/2010; For debt recovery under the agreement for the cession of rights	3,019,375.00	17.01.2011 (the preliminary hearing)	Medium

12	IDGC of Centre, JSC	Tver Power Sales Company Ltd		A66-10964/2010; For debt recovery for services related to electric power transmission performed in the period from July - December 2009	57,927,126.13	07.02.2011 (the preliminary hearing)		High
13	IDGC of Centre, JSC	Udomlya District MUE Raigorenenergo	Tver Power Sales Company Ltd	A66-12508/2010; For debt recovery under the agreement for the cession of rights of demand	690,000	24.01.2011 (the preliminary hearing)		High
14	IDGC of Centre, JSC	Physical persons		For debt recovery for agreementless electric power consumption	83,385.93	Pending action		High
15	IDGC of Centre, JSC	Municipal Unitary Enterprise for Housing and Communal Services of Kholm Krest; co-defendant: Krasny Kholm Administration		A66-8712/2010: on debt recovery for agreementless electric power consumption	2,512,255.97	The hearing was adjourned, the following hearing has not yet been scheduled		Medium
YARENERGO Unit								
1	IDGC of Centre, JSC	JSC YASC		Case №A82-1485/2010-70; Recovery of debt plus interest	11,627,796.23	11,268,381.23 recovered by the judgment dd. 01.10.2010	The judgment was upheld by the judgment dd. 13.01.2011	Medium
2	IDGC of Centre, JSC	Test-A Ltd		A82-2578/2010-70; Recovery of agreementless consumption costs (№011/P dd. 26.12.2008)	1,009,424.40	The court hearing was adjourned to 02.02.11		Medium
3	IDGC of Centre, JSC	JSC YASC		Case №A82-11871/2010-2; Recovery of interest for June-July	2,487,718.23	The court hearing was scheduled for 24.01.2011		High

4	IDGC of Centre, JSC	Semibratovo MUE	Case №A82-9689/2010-47; Recovery of agreementless consumption costs under Act №12-01/052ФЮО dd. 22.04.09, 76/23-18/003 dd. 06.10.09, 76/23-18/015 dd. 13.11.09, 76/23-18/024 dd. 08.12.09	26,146.40	21.10.2010; The claims were satisfied	High
5	IDGC of Centre, JSC	JSC Petrovskoe	Case №A82-10303/2010-47; Recovery of agreementless consumption costs under Act 76/23-18/019 dd. 02.12.2009	46,650.56	The claims were satisfied by the judgment dd. 08.10.2010	High
6	IDGC of Centre, JSC	Energoselo of the Uglich Municipal District	Case №A82-7265/2010-70; Recovery of agreementless consumption costs under acts 26/178/ю dd. 20.08.09; 26/197/ю dd. 21.10.09, №26/177/ю dd. 20.08.2009, №26/198/ю dd. 16.10.09	7,097.93	The claims were partially satisfied by the judgment dd. 29.11.2010; RUR 6,330.69 were recovered	High
7	IDGC of Centre, JSC	Energoselo of the Uglich Municipal District	Case №A82-7266/2010-70; Recovery of agreementless consumption costs under acts 26/171/ю dd. 20.08.09; 26/192/ю dd. 19.10.09, №26/243/ю dd. 02.12.2009	1,916.53	The claims were fully satisfied by the judgment dd. 19.10.10	High

8	IDGC of Centre, JSC	Energoselo of the Uglich Municipal District	Case №A82-7150/2010-70; Recovery of agreementless consumption costs under acts 26/162/10 dd. 19.08.09; 26/188/10 dd. 16.10.09, №26/163/10 dd. 19.08.2009, №26/187/10 dd. 16.10.09, №26/235/10 dd. 02.12.09, №26/189/10 dd. 16.10.09, 26/237/10 dd. 02.12.2009	139,805.93	The claims were partially satisfied by the judgment dd. 29.11.2010; RUR 121, 141.87 were recovered	High
9	IDGC of Centre, JSC	Energoselo of the Uglich Municipal District	Case №A82-7264/2010-70; Recovery of agreementless consumption costs under acts 26/172/10 dd. 20.08.09; 26/193/10 dd. 18.10.09, №26/245/10 dd. 02.12.2009	5,696.62	The claims were partially satisfied by the judgment dd. 26.11.2010; RUR 3,813.40 were recovered	High
10	IDGC of Centre, JSC	Energoselo of the Uglich Municipal District	Case №A82-7151/2010-70; Recovery of agreementless consumption costs under acts 26/182/10 dd. 20.08.09; 26/196/10 dd. 16.10.09, №26/179/10 dd. 20.08.2009, №26/198/10 dd. 16.10.2009	14,328.51	The claims were partially satisfied by the judgment dd. 29.11.2010; recovered RUR 8,538.21	High
11	IDGC of Centre, JSC	MUE Energetic (Energoselo Unit)	Case №A82-7970/2010-70; Recovery of agreementless electric power consumption costs under acts №25/10 dd. 20.04.09; №285/10 dd. 28.05.09; №29093/10 dd. 29.06.09	63,178.25	19.10.2010; The claims were satisfied by the judgment dd.	High

12	IDGC of Centre, JSC	MUE Energetic (Energoselo Unit)	Case №A82-7979/2010-10; Recovery of agreementless consumption of electric power consumption costs under acts №Y24/IO dd. 20.04.09; №Y56/IO dd. 28.05.09	230,130.22	After updates, the amount of the claim equalled RUR 230,130,22; the claims were fully satisfied by the judgment dd. 13.10.2010	High
13	IDGC of Centre, JSC	MUE Energetic (Energoselo Unit)	Case №A82-7978/2010-10; Recovery of agreementless consumption of electric power consumption costs under acts №Y23/IO dd. 20.04.09; №Y55/IO dd. 28.05.09	205,489.23	The claims were fully satisfied by the judgment dd. 12.10.2010	High
14	IDGC of Centre, JSC	MUE Energetic (Energoselo Unit)	Case №A82-7975/2010-10; Recovery of agreementless consumption of electric power consumption costs under acts №Y18/IO dd. 20.04.09; №Y051/IO dd. 28.05.09, №Y096/IO dd. 29.06.09; №Y152/IO dd. 21.07.09	1,189.40	The claims were fully satisfied by the judgment dd. 11.10.2010	High
15	IDGC of Centre, JSC	MUE Energetic (Energoselo Unit)	Case №A82-7974/2010-10; Recovery of agreementless consumption of electric power consumption costs under acts №Y20/IO dd. 20.04.09; №Y52/IO dd. 28.05.09, №Y113/IO dd. 29.06.09; №Y149/IO dd. 21.07.09	42,419.01	The claims were fully satisfied by the judgment dd. 11.10.2010	High

16	IDGC of Centre, JSC	MUE Energetic (Energoselo Unit)	Case №A82-7973/2010-10; Recovery of agreementless consumption of electric power consumption costs under acts №Y19/IO dd. 20.04.09 ; №Y53/IO dd. 28.05.09, №Y099/IO dd. 29.06.09; №Y144/IO dd. 21.07.09	17,374.01	The claims were fully satisfied by the judgment dd. 07.10.2010	High
17	IDGC of Centre, JSC	MUE Energetic (Energoselo Unit)	Case №A82-7972/2010-10; Recovery of agreementless consumption of electric power consumption costs under acts №Y16/IO dd. 20.04.09; №Y58/IO dd. 28.05.09, №Y095/IO dd. 29.06.09; №Y143/IO dd. 21.07.09	14,725.54	The claims were fully satisfied by the judgment dd. 19.10.2010	High
18	IDGC of Centre, JSC	MUE Energetic (Energoselo Unit)	Case №A82-7971/2010-70; Recovery of agreementless consumption of electric power consumption costs under acts №Y26/IO dd. 20.04.09; №Y81/IO dd. 28.05.09, №Y092/IO dd. 29.06.09; №Y122/IO dd. 16.07.09	3,250.42	The claims were fully satisfied by the judgment dd. 19.10.2010	High
19	IDGC of Centre, JSC	MUE Zavolzhscoe Householders Society	№A82-9688/2010-21; Recovery of agreementless consumption costs (Acts №76/23-4/016, №76/23-4/017, №76/23-4/018 dd. 09.12.2009)	33,329.12	The claims were satisfied by the judgment dd. 06.12.2010	High

20	IDGC of Centre, JSC	Kombytservice Municipal Institution		Case №A82-8348/2010-70; Recovery of agreementless consumption costs (Acts №26/214/тО dd. 15.10.2009, №26/215/тО dd. 16.10.2009, №26/216/тО dd. 16.10.2009, №26/217/тО dd. 16.10.2009)	174,202.45	22.10.2010; The claims were satisfied		High
21	IDGC of Centre, JSC	MUE Householders Society of the Pereslavl Microdistrict		№A82-8349/2010-10; Recovery of agreementless consumption costs (Acts №76/23-19/020 dd. 11.02.2010 and №76/23-19/023 dd. 04.03.2010)	857,608.55	29.12.2010; The claims were satisfied		High
22	IDGC of Centre, JSC	Administration of the Golovino Settlement		Case №A82-8350/2010-10; Recovery of agreementless consumption costs (Acts №26/269/тО dd. 04.12.2009 and №26/270/тО dd. 04.12.2009)	42,972.77	19.10.2010; The claims were satisfied		Medium
24	IDGC of Centre, JSC	JSC TGC-2	-	Case №A82-7237/2010-7; Recovery of debt under the agreement for joint obligations	13,028,927.07	The claims were fully satisfied by the judgment dd. 28.10.2010	The hearing for JSC TGC-2's claim was scheduled for 20.01.2011	High
25	IDGC of Centre, JSC	SEVER NERUD Company Ltd		Case A82-2434/2010-10; Recovery of debt for maintenance services under agreement №41	15,434.10	The claims were satisfied by the judgment dd. 02.11.10		High
27	IDGC of Centre, JSC	MHCI Uglich District Hospital		A82-8994-2010-10; Recovery of the due sum for agreementless consumption	250,526.77	The claims were satisfied by the judgment dd. 03.11.10		High

28	IDGC of Centre, JSC	PP Zheldorstroy Ltd		Case №A82-4493/2010-5; Compensation for material damages	24,251.03	The case was transferred to the Moscow arbitration court of the competent jurisdiction; the hearing was adjourned; the date was not specified	Medium
29	IDGC of Centre, JSC	MUE Householders Society of the Pereslavl Microdistrict	-	Case №A82-11265/2010-10; For recovery of agreementless electric power consumption costs	141,068.00	The hearing was scheduled for 02.02.2011	High
30	IDGC of Centre, JSC	MUE Householders Society of the Pereslavl Microdistrict	-	Case №A82-11266/2010-47; For recovery of agreementless electric power consumption costs	376,781.65	The claims were fully satisfied by the judgment dd. 22.12.2010	High
31	IDGC of Centre, JSC	MUE Householders Society of the Pereslavl Microdistrict	-	Case №A82-10715/2010-21; For recovery of agreementless electric power consumption costs	834,034.91	The claims were fully satisfied by the judgment dd. 07.12.2010	High
32	IDGC of Centre, JSC	MUE Householders Society of the Pereslavl Microdistrict	-	Case №A82-9845/2010-10; For recovery of agreementless electric power consumption costs	405,377.02	The claims were fully satisfied by the judgment dd. 02.12.2010	High
33	IDGC of Centre, JSC	Kamenniki MUE	-	Case №A82-11115/2010-47; For recovery of agreementless electric power consumption costs	2,630.38	The claims were fully satisfied by the judgment dd. 22.12.2010	High
34	IDGC of Centre, JSC	Municipal Autonomous Institution Energoselo		Case №A82-12240/2010-10; For recovery of agreementless electric power consumption costs	17,171.77	The hearing was adjourned to 07.02.2011	High
35	IDGC of Centre, JSC	MUE Energetic (Energoselo Unit)		Case №A82-11389/2010-70; For recovery of agreementless electric power consumption costs	108,626.12	11.01.2011; The claims were satisfied	High

36	IDGC of Centre, JSC	MUE Zavolzhskoe Householders Society	Case №A82-11468/2010-70; For recovery of agreementless consumption costs	136,277.09	18.01.2011; The claims were satisfied	High
37	IDGC of Centre, JSC	SEC Rodionovo	Case №A82-12121/2010-2; Recovery of agreementless consumption costs	43,046.64	The court hearing was scheduled for 01.03.2011	Medium
38	IDGC of Centre, JSC	Ryapushka Ltd	Case №A82-12103/2010-10; Recovery of agreementless consumption costs	85,501.21	The court hearing was scheduled for 26.01.2011	High
39	IDGC of Centre, JSC	Romz-Rne Ltd	Case №A82-12108/2010-2; Recovery of agreementless consumption costs	33,120.00	The court hearing was scheduled for 28.01.2011	High
40	IDGC of Centre, JSC	PO Konstruktor Slavich Ltd	Case №A82-12109/2010-2; Recovery of agreementless consumption costs	199,598.70	The court hearing was scheduled for 31.01.2011	High
41	IDGC of Centre, JSC	Volzhskaya Agro-Industrial Company Ltd	Case №A82-12107/2010-2; Recovery of agreementless consumption costs	82,439.15	The court hearing was scheduled for 28.01.2011	High
42	IDGC of Centre, JSC	MI SCC Ilinsk of the Settlement of Uglich ID	Case №A82-12116/2010-2; Recovery of agreementless consumption costs	101,502.32	The court hearing was scheduled for 31.01.2011	High
43	IDGC of Centre, JSC	MI Kombytservice of the Sloboda Settlement	Case №A82-12117/2010-2; Recovery of agreementless consumption costs	144,304.37.	The court hearing was scheduled for 31.01.2011	High
44	IDGC of Centre, JSC	Energoselo of the Uglich Municipal District	Case №A82-12118/2010-2; Recovery of agreementless consumption costs	76,458.49	The court hearing was scheduled for 31.01.2011	High

45	IDGC of Centre, JSC	Petrovskoe Ltd	Case №A82-12104/2010-2; Recovery of agreementless consumption costs	130,224.26	The court hearing was scheduled for 28.01.2011		High
46	IDGC of Centre, JSC	MI Administration of the Ilinks Settlement	Case №A82-12119/2010-2; Recovery of agreementless consumption costs	231,022.27	The court hearing was scheduled for 27.01.2011		High
47	IDGC of Centre, JSC	MI Administration of the Ilinks Settlement	Case №A82-12120/2010-2; Recovery of agreementless consumption costs	113,221.05	The court hearing was scheduled for 25.01.2011		High
48	IDGC of Centre, JSC	Administration of the Uleyma Settlement	Case №A82-12112/2010-2; Recovery of agreementless consumption costs	26,706.01	The court hearing was scheduled for 31.01.2011		High
49	IDGC of Centre, JSC	FSEI IVE Yaroslav Agricultural Polytechnic College	Case №82-12113/2010-2; Recovery of agreementless consumption costs	131,094.08	The court hearing was scheduled for 21.01.2011		High
50	IDGC of Centre, JSC	JSC SEC Mosenergo	Case №82-12110/2010-2; Recovery of agreementless consumption costs	37,524.80	The court hearing was scheduled for 27.01.2011		High
51	IDGC of Centre, JSC	Sberbank of Russia	Case №82-12115/2010-2; Recovery of agreementless consumption costs	65,878.35	The court hearing was scheduled for 17.01.2011		High
52	IDGC of Centre, JSC	VSK Admiral Ltd	Case A82-5129/2009-21; For the elimination of defects in goods	-	The claims were satisfied by the judgment dd. 22.10.2010	VSK Admiral Ltd; 07.02.2011	High
53	IDGC of Centre, JSC	MUE Energetic (Uglich)	Case A82-9411/2010-2; Recovery of agreementless consumption costs	11,532.92	The court hearing was scheduled for 13.12.2010		Medium
54	IDGC of Centre, JSC	JSC TGC-2	-	Case №A82-18330/2009-70; Recovery of debt under the agreement for joint obligations	22,196,818.26	30.12.2010; The claims were satisfied	High

55	IDGC of Centre, JSC	FSUE Yaroslav Orthopedic Enterprise	Case №A82-9693/2010-2; Recovery of agreementless consumption costs under Act №76/23-3/006 dd. 14.12.09	131,828.64	The court hearing was scheduled for 03.02.2011	High
56	IDGC of Centre, JSC	Semibratovo MUE	A82-9963/2010-10; Recovery of agreementless consumption costs under acts 023/P dd. 26.10.09, 012/P dd. 30.09.09, 026/P dd. 23.11.09, 031/P dd. 14.12.09, 013/P dd. 30.09.09, 016/P dd. 12.10.09	10,078.26	The claims were fully satisfied by the judgment dd. 07.12.10	High
57	IDGC of Centre, JSC	N.K. Selivanov	Recovery of agreementless consumption costs	2,521.92	The hearing was adjourned; the date was not specified	High
58	IDGC of Centre, JSC	V.P. Laptev	Recovery of agreementless consumption costs	3,710.00	The preliminary court hearing was scheduled for 09.02.11	High
59	IDGC of Centre, JSC	N.A. Shandalova	Recovery of agreementless consumption costs	898.56	The hearing was adjourned; the date was not specified	Medium
60	IDGC of Centre, JSC	N.A. Matveeva	Recovery of agreementless consumption costs	6,484.60	The hearing was adjourned; the date was not specified	High
61	IDGC of Centre, JSC	MAI Energoselo	Case №A82-8163/2010-70; Recovery of agreementless electric power consumption costs under acts 26/167/10 dd. 19.08.09, 26/242/10 dd. 02.12.09	27,197.46	In accordance with the judgment dd. 10.12.10, the cost of agreementless consumption in the amount of 16,151.67 was recovered	High
62	IDGC of Centre, JSC	MUE Zavolzhskoe Householders Society	A82-9660/2010-21; Recovery of agreementless consumption costs under Act 76/23-4/007 dd. 01.10.09	123,250.23	The claims were fully satisfied by the judgment dd. 22.10.2010	High

63	IDGC of Centre, JSC	MUE Zavolzhskoe Householders Society	A82-9659/2010-21; Recovery of agreementless consumption costs under Act 76/23-4/009 dd. 01.10.09	145,154.24	The claims were fully satisfied by the judgment dd. 22.10.2010		High
64	IDGC of Centre, JSC	V.F. Solovyev	Recovery of agreementless consumption costs under Act 76/0179/БД/Ф dd. 18.03.2010	22,613.76	The claims were fully dismissed by the judgment dd. 23.11.2010; the final judgment was passed on 29.11.2010; an appeal was filed	IDGC of Centre, JSC	Low
65	IDGC of Centre, JSC	Torop	Recovery of agreementless consumption costs	15,717.98	The court hearing was scheduled for 31.01.2011		Medium
66	IDGC of Centre, JSC	Otyanin	Recovery of agreementless consumption costs	28,366.06	The court hearing was scheduled for 17.02.2011		Medium
67	IDGC of Centre, JSC	SEC Niva	Case №A82-11133/2010-21; Recovery of agreementless consumption costs under Act №26/271/IO dd. 07.12.2009	1,926.16p.	The claims were fully satisfied by the judgment dd. 22.12.2010		High
68	IDGC of Centre, JSC	A.A. Ganzha	Recovery of agreementless consumption costs	41,887.50	The claims were dismissed by the judgment dd. 29.12.2010	IDGC of Centre, JSC	Low
69	IDGC of Centre, JSC	T.R. Ozmanyany, Rosgosstrakh Ltd	For the compensation for damages	6,795.82	After updates, the amount of the claim equalled RUR 6,795.82; the claims were fully satisfied by the judgment dd. 02.11.2010; a reasoned judgment was not prepared		High
70	IDGC of Centre, JSC	JSC YaSC	Case №A82-8993/2010-2; Recovery of interest for the use of other persons' monetary assets	1,202,020.19	Satisfied by the judgment dd. 11.11.10		Low

71	IDGC of Centre, JSC	JSC YaSC	Case №A82-9694/2010-10; Recovery of interest for the use of other persons' monetary assets	1,111,840.25	Satisfied by the judgment dd. 02.12.10	High
72	IDGC of Centre, JSC	State Autonomous Institution of the Yaroslav Region Lesnaya Okhrana	Case №A82-10495/2010-8; Recovery of debt and interest for the use of other persons' monetary assets	8,031.47	Satisfied by the judgment dd. 22.11.10	High
72	IDGC of Centre, JSC	AHB Corporation Management Company Ltd	Case №A82-10493/2010-2; Recovery of debt and interest for the use of other persons' monetary assets	25,443.62	The hearing was scheduled for 17.02.11	High
74	IDGC of Centre, JSC	Kombytservice Municipal Institution	Case №A82-11735/2010-10; Recovery of debt and interest for the use of other persons' monetary assets	10,491.56	The hearing was scheduled for 17.12.10	High
75	IDGC of Centre, JSC	Administration of the Ryazantsev Settlement	Case №A82-11736/2010-10; Recovery of debt and interest for the use of other persons' monetary assets	18,150.67	The hearing was scheduled for 17.12.10	Medium
76	IDGC of Centre, JSC	Monostyrskie Rodniki Ltd	Case №A 82-10494/2010; Recovery of debt and interest for the use of other persons' monetary assets	4,820.97	09.12.10; The hearing was adjourned; the date was not specified	Medium
77	IDGC of Centre, JSC	Administration of the Borisoglebsk Microdistrict	Case №A82-10933/2010-70; Recovery of debt and interest for the use of other persons' monetary assets	19,719.88	The date of the hearing is 14.12.10	Medium
78	IDGC of Centre, JSC	Administration of the Golovino Settlement	Case №A82-12079/2010-72; Recovery of debt and interest for the use of other persons' monetary assets	30,452.76	The date of the hearing is 10.12.10	Medium

79	IDGC of Centre, JSC	Administration of the Uleymin Settlement	Case №A82-12070/2010-72; Recovery of debt and interest for the use of other persons' monetary assets	11,165.04	The date of the hearing is 10.12.10	Medium
80	IDGC of Centre, JSC	Administration of the Otradnovo Settlement	Case №A82-12071/2010-72; Recovery of debt and interest for the use of other persons' monetary assets	9,949.88	The date of the hearing is 10.12.10	Medium
81	IDGC of Centre, JSC	MUE Householders Society of the Pereslavl Microdistrict	Case №A82-11284/2010-21; Recovery of the due sum for agreementless consumption	2,643,834.54	The date of the hearing is 21.12.10	Medium
82	IDGC of Centre, JSC	MUE Energetic	Case №A82-13760/2010; For recovery of the due sum for agreementless electric power consumption	13,882.84	The date of the hearing is 11.02.11	Medium
83	IDGC of Centre, JSC	Householders Society of Rostov-1	Case №82-14204/2010-10; Recovery of agreementless consumption costs	21,176.96	The preliminary court hearing was scheduled for 07.02.2011	High
84	IDGC of Centre, JSC	N.V. Stepanova	Recovery of agreementless consumption costs	51,193.72	The court hearing was scheduled for 24.01.2011	Medium
85	IDGC of Centre, JSC	N.N. Nelnikova	Recovery of agreementless consumption costs	9,009.00	The claims were fully satisfied by the judgment dd. 30.12.2010; the judgment has become effective	High
86	IDGC of Centre, JSC	Mahov B.F.	Recovery of agreementless consumption costs	24,598.08	The claim was satisfied by the default judgment dd. 24.12.2010	High
87	IDGC of Centre, JSC	L.V. Biruzov	Recovery of agreementless consumption costs	24,598.08	The claim was satisfied by the default judgment dd. 24.12.2010	High
88	IDGC of Centre, JSC	R.V. Kuchin	Recovery of agreementless consumption costs	27,331.20	The court hearing was scheduled for 11.01.2011	Medium

89	IDGC of Centre, JSC	S.V. Bykov	Recovery of agreementless consumption costs	52,417.2	The court hearing was scheduled for 17.02.2011	High
90	IDGC of Centre, JSC	JSC YaSC	Case №A82-14035/2010-70; Recovery of interest for August	1,617,761.56	The preliminary court hearing was scheduled for 02.02.2011	High
91	IDGC of Centre, JSC	Los JSC	Case №A82-14227/2010-47; Recovery of agreementless consumption costs under acts №12-03/17 dd. 28.05.09, №76/23-19/017 dd. 17.12.09	117,856.13	The preliminary court hearing was scheduled for 11.02.2011	Medium
92	IDGC of Centre, JSC	Zabota Management Company Ltd	Case №A82-14167/2010-21; Recovery of agreementless consumption costs under Act №76/23-16/009 dd. 01.12.09	3,778.62	The court hearing was scheduled for 22.02.2011	High
93	IDGC of Centre, JSC	Belyaev	Recovery of agreementless consumption costs	6,590.16	The judgment was not received	High
94	IDGC of Centre, JSC	Gnevashov	Recovery of agreementless consumption costs	1,139.04	The claims were fully satisfied by the judgment dd. 30.12.2010	High
95	IDGC of Centre, JSC	Funikov	Recovery of agreementless consumption costs	5,939.28	The claims were satisfied by the judgment dd. 17.01.2011	High
96	IDGC of Centre, JSC	Chugunov	Recovery of agreementless consumption costs	2,851.54	The judgment dd. 30.12.2010 was not received	High
97	IDGC of Centre, JSC	Krylov	Recovery of agreementless consumption costs	569.52	The claims were fully satisfied by the judgment dd. 24.01.2011	High
98	IDGC of Centre, JSC	Zorina	Recovery of agreementless consumption costs	1,497.02	The claims were satisfied by the judgment dd. 13.01.2011	High
99	IDGC of Centre, JSC	Yumshanova	Recovery of agreementless consumption costs	7, 463.52	The hearing was adjourned; the judgment was not received	High
100	IDGC of Centre, JSC	IFTS for the Leninsky District	A 82-20258/2010-20; Partial invalidating the judgement	17,127,730	The court hearing was scheduled for 01.03.11	Medium

101	IDGC of Centre, JSC	JSC YASC	Recovery of debt and interest	49,197,169.30	№А82-14148/2009-2 13.05.2009; The claims were satisfied	JSC YASC; 17.08.2010; the judgment was upheld	JSC YASC; 24.11.2010	The hearing was transferred to the trial court by the judgment dd. 29.11.10	Low
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List of related parties

Interregional Distribution Grid Company of Centre Joint-Stock Company as of 31 December 2010

No	Full company name or full name of the related party	Registered office (for legal parties) or domicile (for individuals, only with the consent thereof) of the related party	Grounds for considering the person to be the related party	Date for the arising of such grounds	Share of the related party in the JSC's authorised capital, %	Description of control (significant influence) between related parties
1	2	3	4	5	6	7
1.	Alexandr Markovich Branis	Moscow, Russian Federation	The individual is a member of the Company's Board of Directors	24 June 2010	—	The individual has a significant influence on the Company
2.	Dmitry Olegovich Gudzhoyan	Moscow, Russian Federation	The individual exercises powers as the JSC's sole Executive Body	18 December 2010	—	The individual has a significant influence on the Company
			The individual is one of the JSC's owners	18 December 2010		
			The individual is a member of the Company's Collegial Executive Body	18 December 2010		
3.	Evgeny Fedorovich Makarov	Russian Federation, Moscow region	The individual is a member of the Company's Board of Directors	24 June 2010	0,4894%	The individual has a significant influence on the Company
4.	Alexey Yuryevich Perepelkin	Moscow, Russian Federation	The individual is a member of the Company's Board of Directors	24 June 2010	—	The individual has a significant influence on the Company
5.	Konstantin Yuryevich Petukhov	Moscow, Russian Federation	The individual is a member of the Company's Board of Directors	24 June 2010	—	The individual has a significant influence on the Company
6.	Alexandr Albertovich Popov	Moscow, Russian Federation	The individual is a member of the Company's Board of Directors	24 June 2010	—	The individual has a significant influence on the Company
7.	Alexey Vladimirovich Sergutin	Moscow, Russian Federation	The individual is a member of the Company's Board of Directors	24 June 2010	—	The individual has a significant influence on the Company

8.	Denis Alexandrovich Spirin	Moscow, Russian Federation	The individual is a member of the Company's Board of Directors	24 June 2010	—	The individual has a significant influence on the Company
9.	Alexander Grigorievich Starchenko	Moscow, Russian Federation	The individual is a member of the Company's Board of Directors	24 June 2010	—	The individual has a significant influence on the Company
10.	Sergey Borisovich Syutkin	Moscow, Russian Federation	The individual is a member of the Company's Board of Directors	24 June 2010	—	The individual has a significant influence on the Company
11.	Roman Alexeevich Filkin	Moscow, Russian Federation	The individual is a member of the Company's Board of Directors	24 June 2010	—	The individual has a significant influence on the Company
12.	Nikolay Nikolaevich Shvets	Moscow, Russian Federation	The individual is a member of the Company's Board of Directors The individual is one of the JSC's owners	24 June 2010 30 March 2009	—	The individual has a significant influence on the Company
13.	Sabir Rafikovitch Agamaliyev	Smolensk, Russian Federation	The individual is a member of the Company's Collegial Executive Body	04 August 2009	—	The individual has a significant influence on the Company
14.	Evgeny Alexeevich Bronnikov	Moscow, Russian Federation	The individual is a member of the Company's Collegial Executive Body	04 May 2008	—	The individual has a significant influence on the Company
15.	Ivan Petrovich Kleymenov	Voronezh, Russian Federation	The individual is a member of the Company's Collegial Executive Body	15.02.2010	—	The individual has a significant influence on the Company
16.	Rustem Leronovich Nabiullin	Voronezh, Russian Federation	The individual is a member of the Company's Collegial Executive Body	04 August 2009	—	The individual has a significant influence on the Company
17.	Vadim Nikolaevich Fedorov	Moscow, Russian Federation	The individual is a member of the Company's Collegial Executive Body	04 May 2008	—	The individual has a significant influence on the Company
18.	Sergey Anatolyevich Shumakher	Moscow, Russian Federation	The individual is a member of the Company's Collegial Executive Body	04 May 2008	—	The individual has a significant influence on the Company
19.	Alexandr Anatolievich Sopenko	Tambov, Russian Federation	The individual is one of the JSC's owners	03 September 2008	—	The individual has a significant influence on the Company

20.	Mihail Viktorovich Kuznetsov	Yaroslavl, Russian Federation	The individual is one of the JSC's owners	11 November 2009	—	The individual has a significant influence on the Company
21.	Sergey Vladimirovich Petrov	Yaroslavl, Russian Federation	The individual is one of the JSC's owners	15 September 2010	—	The individual has a significant influence on the Company
22.	IDGC Holding Joint-Stock Company	117630, Moscow, Ak. Chelomey St., 5	The JSC has a right to control more than 20% of the total number of voices expressed by the voting shares or shares comprising the authorised (share) capital of this legal entity	04 August 2008	50.23	This legal entity controls the Company
			The entity is one of the JSC's owners	04 August 2008		
23.	Energetic Joint-Stock Company	1 Sanatornaya Str., r.p. Novaya Lyada, Tambov district, Tambov region	The JSC has a right to control more than 20% of the total number of voices expressed via the shares comprising the authorised (share) capital of the entity	31 March 2008	—	The Company controls the legal entity
			The entity is one of the JSC's owners	31 March 2008		
24.	Yaroslavl City Power Grid Joint-Stock Company	37 Chaikovskogo Str., 150000 Yaroslavl, Russian Federation	The JSC has a right to control more than 20% of the total number of voices expressed via the shares comprising the authorised (share) capital of the entity	15 September 2010	—	The Company controls the legal entity
			The entity is one of the JSC's owners	15 September 2010		
25.	Yaroslavl Power Grid Joint-Stock Company	26. Bluhera Str., 150042 Yaroslavl	The entity is one of the JSC's owners	11 November 2009	—	The Company controls the legal entity
26.	Interregional Distribution Grid Company of North-West Joint-Stock Company	31 Sobornaya Str., 188300 Gatchina, Leningrad region	The entity is one of the JSC's owners	30 October 2008	—	—
27.	Interregional Distribution Grid Company of Ural Joint-Stock Company	140 Mamin-Sibiryak Str., 620026 Yekaterinburg	The entity is one of the JSC's owners	30 October 2008	—	—

28.	Interregional Distribution Grid Company of Siberia Joint-Stock Company	144a Bogard Str., 660021 Krasnoyarsk	The entity is one of the JSC's owners	30 October 2008	—	—
29.	Interregional Distribution Grid Company of Centre and Volga Region Joint-Stock Company	33 Rozhdestvenskaya Str., 603950, Nizhny Novgorod, Russian Federation	The entity is one of the JSC's owners	30 October 2008	—	—
30.	Interregional Distribution Grid Company of South Joint-Stock Company	49 Bolshata Sodovaya Str., 344007 Rostov-on-Don,	The entity is one of the JSC's owners	30 October 2008	—	—
31.	Interregional Distribution Grid Company of Volga Joint-Stock Company	42/44 Pervomayskaya str., Saratov	The entity is one of the JSC's owners	30 October 2008	—	—
32.	Interregional Distribution Grid Company of the North Caucasus Joint-Stock Company	18 Podstantsionnaya Str., pos. Energetik, 357506 Pyatigorsk, Stavropol Krai	The entity is one of the JSC's owners	30 October 2008	—	—
33.	Tumenenergo Joint-Stock Company of Power and Electrification	4 Universitetskaya Str., 626400 Surgut, Tumen region	The entity is one of the JSC's owners	30 October 2008	—	—
34.	Lenenergo Joint-Stock Company of Power and Electrification	1 Konstitutsii Square, 196247 Saint Petersburg	The entity is one of the JSC's owners	30 October 2008	—	—
35.	Moscow United Electric Grid Company Joint-Stock Company	27 Ordzhonikidze Str., 142100 Podolsk, Moscow region, Russian Federation	The entity is one of the JSC's owners	30 October 2008	—	—
36.	Yantarenergo Joint-Stock Company of Power and Electrification	34 Teatralnaya Str., Kaliningrad, Russian Federation	The entity is one of the JSC's owners	30 October 2008	—	—
37.	Northwest Energy Management Company Joint-Stock Company	1 Marsovo Pole, 191186 Saint Petersburg	The entity is one of the JSC's owners	30 October 2008	—	—
38.	Dagestan Power Sales Company Joint-Stock Company	73 Dahadaeva Str., Makhachkala, Republic of Dagestan	The entity is one of the JSC's owners	30 October 2008	—	—
39.	Kabardino-Balkar Joint-Stock Company of Power and Electrification	6 Shchorsa Str., 360000 Nalchik, Kabardino-Balkar Republic	The entity is one of the JSC's owners	30 October 2008	—	—
40.	Karachayevo-Cherkessskenergo Joint-Stock Company	3 Osmana Kasaeva Str., Cherkessk, Karachay-Cherkess Republic	The entity is one of the JSC's owners	30 October 2008	—	—

41.	Kalmenergosbyt Joint-Stock Company	271 Lenina Str., 358000 Elista, Republic of Kalmykia	The entity is one of the JSC's owners	30 October 2008	—	—
42.	Center for Settlements Optimization of the United Power System Joint-Stock Company	23 Sadovnicheskaya naberezhnaya, 113035 Moscow	The entity is one of the JSC's owners	30 October 2008	—	—
43.	Nedvizhimost of the Northwest Energy Engineering Center Joint-Stock Company	111/3NevskyPprospekt, 191036 Saint Petersburg	The entity is one of the JSC's owners	30 October 2008	—	—
44.	Nedvizhimost of the South Energy Engineering Center Joint-Stock Company	116 Starokubanskaya Str., 350058 Krasnodar, Russian Federation	The entity is one of the JSC's owners	30 October 2008	—	—
45.	Nedvizhimost of the Urals Energy Engineering Center Joint-Stock Company	56 Pervomaiskaya Str., 620075 Yekaterinburg, Russian Federation	The entity is one of the JSC's owners	30 October 2008	—	—
46.	Nedvizhimost of the Siberian Energy Research and Development Center Joint-Stock Company	7 pr-t Dmitrova, 630132 Novosibirsk, Russian Federation	The entity is one of the JSC's owners	30 October 2008	—	—
47.	Nedvizhimost of VNIPlenergoprom Joint-Stock Company	2/1 Semenovskaya naberezhnaya, 105094 Moscow, Russian Federation	The entity is one of the JSC's owners	30 October 2008	—	—
48.	Nedvizhimost of the Volga Region Energy Engineering Center Joint-Stock Company	20 pr-t Lenina, 603950 Nizhny Novgorod, Russian Federation	The entity is one of the JSC's owners	30 October 2008	—	—
49.	Nedvizhimost of the United Power System Engineering Center Joint-Stock Company	101 pr-t Vernanskogo, bld. 3, 119526 Moscow	The entity is one of the JSC's owners	30 October 2008	—	—
50.	Tomsk Distribution Company Joint-Stock Company	36 Prospekt Kirova, 634041, Tomsk	The entity is one of the JSC's owners	30 October 2008	—	—
51.	Scientific and Research Engineering Centre of Interregional Distribution Grid Companies Joint-Stock Company	6 Chaplygina Str., 105062 Moscow, Russian Federation	The entity is one of the JSC's owners	30 October 2008	—	—
52.	VNIPlenergoprom Joint-Stock Company	2/1 Semenovskaya nab., 105094 Moscow, Russian Federation	The entity is one of the JSC's owners	30 October 2008	—	—

53.	Special Design Bureau of Heat Power Engineering Equipment VT Joint-Stock Company	4 3rd Avtozovodsky pr-d, bld. 1, Moscow, Russian Federation	The entity is one of the JSC's owners	30 October 2008	—	—
54.	Sibenergosetproekt Siberian Planning and Surveying, Scientific and Research Institute of Power Systems and Electric Grids Joint-Stock Company	4 Lenina Str., Novosibirsk, Russian Federation	The entity is one of the JSC's owners	30 October 2008	—	—
55.	Tyvaenergosbyt, Joint-Stock Company	2 Kolhoznoy Str., 667004 Kyzyl, Tyva Republic, Russian Federation	The entity is one of the JSC's owners	30 October 2008	—	—
56.	Ingushenero Joint-Stock Company of Power and Electrification	23 Mutaliev Str., Nazran, 23 Republic of Ingushetia	The entity is one of the JSC's owners	30 October 2008	—	—
57.	Kuban Joint-Stock Company of Power and Electrification	2 Stavropolskaya Str., 350033 Krasnodar	The entity is one of the JSC's owners	30 October 2008	—	—
58.	Sevkavkazenergo Joint-Stock Company of Power and Electrification	19 Tamaeva Str., 362000 Vladikavkaz Republic of North Ossetia-Alania	The entity is one of the JSC's owners	30 October 2008	—	—
59.	Nurenergo Joint-Stock Company	6 Staropromyslovskoe shosse, 364051 Grozny, Chechen Republic	The entity is one of the JSC's owners	30 October 2008	—	—
60.	Chechenenergo Joint-Stock Company	6 Staropromyslovskoe shosse, 364051 Grozny, Chechen Republic	The entity is one of the JSC's owners	31 December 2009	—	—
61.	Dagenergoset Joint-Stock Company	37a Dahadaeva Str., 367020 Makhachkala, Republic of Dagestan	The entity is one of the JSC's owners	27 January 2010	—	—
62.	Limited Company «Частное охранное предприятие «Энергия»	64 Perechistsenskaya naberezhnaya, Vologda, Vologda region, Russian Federation	The entity is one of the JSC's owners	30 October 2008	—	—
63.	Pskovenergoavto Joint-Stock Company	180553 Rodina village, Pskov district, Pskov region, Russian Federation	The entity is one of the JSC's owners	30 October 2008	—	—
64.	Pskovenergoagent Joint-Stock Company	32 Staro-Tekstilnaya Str., 180006 Pskov, Russian Federation	The entity is one of the JSC's owners	30 October 2008	—	—
65.	Pskovenergosbyt Joint-Stock Company	29 Sovetskaya Str., 180000 Pskov	The entity is one of the JSC's owners	30 October 2008	—	—
66.	Lesnaya Skazka Joint-Stock Company	d. Syargilahta, Pryazhin district, Republic of Karelia, Russian Federation	The entity is one of the JSC's owners	30 October 2008	—	—

67.	Yekaterinburg Power Grid Company Joint-Stock Company	1 Borisa Yeltsina Str., 6200014, Yekaterinburg, Russian Federation	The entity is one of the JSC's owners	30 October 2008	—	—
68.	Omskelectrosetremont Joint-Stock Company	132 Krupskoy Str., 646904 Kalachinsk, Omsk region, Russian Federation	The entity is one of the JSC's owners	30 October 2008	—	—
69.	Altaienergospetskomplekt Joint-Stock Company	7/4 Traktovaya Str., 658045 Barnaul, Altai Krai	The entity is one of the JSC's owners	30 October 2008	—	—
70.	Private Farm Energetik	69 Nemchinovskaya Str., 646530 Tara, Omsk region	The entity is one of the JSC's owners	30 October 2008	—	—
71.	Sotssfera Joint-Stock Company	644518 p. Chernoluchye, Omsk district, Omsk region, Russian Federation	The entity is one of the JSC's owners	30 October 2008	—	—
72.	Buriyatsetremont Joint-Stock Company	670011 p. Energetik, Ulan-Ude	The entity is one of the JSC's owners	30 October 2008	—	—
73.	Sibirsetremont Joint-Stock Company	1 Nevskogo Str., 654079 Novokuznetsk, Kemerovo region, Russia	The entity is one of the JSC's owners	30 October 2008	—	—
74.	Mehanizirovannaya kolonna Joint-Stock Company	11 Energetikov Str., 672022 Chita, Chita region, Russian Federation	The entity is one of the JSC's owners	30 October 2008	—	—
75.	Energo-Lizing Limited Company	16 Polevaya Str., 656002 Barnaul, Altai Krai	The entity is one of the JSC's owners	30 October 2008	—	—
76.	Sports Club Zabaykalets-Energiya Joint-Stock Company	23 Stroiteley Str., 672022 Chita	The entity is one of the JSC's owners	30 October 2008	—	—
77.	Tyvaenergo Joint-Stock Company	2 Kolhoznaya Str., Kyzyl, Tyva Republic, Russian Federation	The entity is one of the JSC's owners	30 October 2008	—	—
78.	Avtoenergосervice Joint-Stock Company	2 Brilliantovaya Str., 658087 Barnaul, Altai Krai	The entity is one of the JSC's owners	30 October 2008	—	—
79.	SVET Closed Joint-Stock Company	16 Pobedy Str., 606840 r.p. Sharanga, Nizny Novgorod region	The entity is one of the JSC's owners	30 October 2008	—	—
80.	Berendeevskoe Joint-Stock Company	606241 Berendeevka, Lyskovo district, Nizhny Novgorod region	The entity is one of the JSC's owners	30 October 2008	—	—
81.	Auto-Transport Enterprise Joint-Stock Company	50 Yuzhnaya Str., p. Orichi, Orichi district, Kirov region, Russian Federation	The entity is one of the JSC's owners	30 October 2008	—	—
82.	PSH Luchinskoe Joint-Stock Company	d. Luchinskoe, Sobinsk district, Vladimir region, Russian Federation	The entity is one of the JSC's owners	30 October 2008	—	—

83.	Sanatorium-Preventorium Energetik Joint-Stock Company	10 Aviatsionnaya Str., Izhevsk, Udmurt Republic, Russian Federation	The entity is one of the JSC's owners	30 October 2008	—	—
84.	Kaliningrad Generating Company Joint-Stock Company	10A Prava Naberezhnaya Str., Kaliningrad	The entity is one of the JSC's owners	30 October 2008	—	—
85.	Yantarenergosbyt Joint-Stock Company	10 Darvina Str., Kaliningrad	The entity is one of the JSC's owners	30 October 2008	—	—
86.	Volgogradsetremont Joint-Stock Company	1 A Granovitaya Str., 400066 Volgograd	The entity is one of the JSC's owners	30 October 2008	—	—
87.	Recreation Centre Energetik Joint-Stock Company	3 Shkolnaya Str., 352818 st. Shepsi, Tuapse district, Krasnodar Krai	The entity is one of the JSC's owners	30 October 2008	—	—
88.	Agricultural Enterprise Sokolovskoe Joint-Stock Company	32 Kurskaya Str., pos. Sokolovo-Kundruchenskiy, Novoshahtinsk-10, Russia	The entity is one of the JSC's owners	30 October 2008	—	—
89.	Agricultural Enterprise n.a. A.A. Grechko Joint-Stock Company	21 Teatralnaya Str., s. Kuibyshevo, Kuibyshevo district, Tostov region, Russia	The entity is one of the JSC's owners	30 October 2008	—	—
90.	Astrahanelectrosetremont Joint-Stock Company	204 Kramatorskaya Str., 414032 Astrahan, Russia	The entity is one of the JSC's owners	30 October 2008	—	—
91.	Lenenergospetsremont Closed Joint-Stock Company	VO, 43A 12th line, 191180 Saint Petersburg	The entity is one of the JSC's owners	30 October 2008	—	—
92.	Sotsialnaya sfera-M Joint-Stock Company	50 pr. Lenina, 430003 Saransk, Mordovia, Russia	The entity is one of the JSC's owners	30 October 2008	—	—
93.	Chuvashiya Auto-Transport Enterprise, JSC	21 Promyshlennaya Str., 429954 Novocheboksarsk, Russian Federation	The entity is one of the JSC's owners	30 October 2008	—	—
94.	Nevinnomyssk Electrode Plant Joint-Stock Company	360 Vodoprovodnaya Str., 357115 Nevinnomyssk, Stavropolsk Krai	The entity is one of the JSC's owners	30 October 2008	—	—
95.	Sanatorium-Preventorium Solnechnyi Joint-Stock Company	58 Turbinnaya Str., 460023 Orenburg	The entity is one of the JSC's owners	30 October 2008	—	—
96.	Moskabelsetmontazh, JSC	6 Nizhnaya Krasnoselskaya Str., bld. 1, 107140 Moscow	The entity is one of the JSC's owners	30 October 2008	—	—
97.	Moskabelenergoremont, JSC	13 Shipilovskaya Str., bld. 2, 115569 Moscow	The entity is one of the JSC's owners	30 October 2008	—	—
98.	Electric Machinery Repairs Plant, JSC	4a Starokashirskoe shosse, 152201 Moscow	The entity is one of the JSC's owners	30 October 2008	—	—

99.	Tumenenergoavtotrans Joint-Stock Company	10 Energostroiteley Str., 628400 Surgut, Tumen region	The entity is one of the JSC's owners	30 October 2008	—	—
100.	AESK-FOREM Limited Company	7/4 Traktovaya Str., 656022 Barnaul, Altai Krai	The entity is one of the JSC's owners	30 October 2008	—	—
101.	Askor Limited Company	65 pr-t Kalinina, 656037 Barnaul, Altai Krai	The entity is one of the JSC's owners	30 October 2008	—	—
102.	TehnoLizing Limited Company	16 Kulagina Str., 656002 Barnaul, Altai Krai	The entity is one of the JSC's owners	30 October 2008	—	—
103.	Altaienergo Debt Centre Limited Company	16 Kulagina Str., 656002 Barnaul, Altai Krai	The entity is one of the JSC's owners	30 October 2008	—	—
104.	Katun-Service Limited Company	656037, Россия, Altai Krai, г.Барнаул, ул.Бриллиантовая, д.2	The entity is one of the JSC's owners	30 October 2008	—	—
105.	Recreation Centre Energetik Joint-Stock Company	4 Pionerskaya Str., 353490 s. Divnomirskoe, Krasnodar Krai	The entity is one of the JSC's owners	30 October 2008	—	—
106.	Health Complex Plamya Joint-Stock Company	352856 pos. Novomihailovskiy, house 2, Tuapse district, Krasnodar Krai	The entity is one of the JSC's owners	30 October 2008	—	—
107.	Krasnodarenergosetremont Joint-Stock Company	47 Novorossiyskaya Str., 350080 Krasnodar	The entity is one of the JSC's owners	30 October 2008	—	—
108.	Tsarskoselsk Energy Company Closed Joint-Stock Company	3 Glinki Str., Saint Petersburg, Pushkin	The entity is one of the JSC's owners	30 October 2008	—	—
109.	Yekaterinburgenergosbyt Joint-Stock Company	48 Surikova Str., 620144 Yekaterinburg	The entity is one of the JSC's owners	30 October 2008	—	—
110.	Sverdlovenergozhilstroy Joint-Stock Company	19 Chaikovskogo Str., 620142 Yekaterinburg	The entity is one of the JSC's owners	30 October 2008	—	—
111.	Secutiry Service Permenergo Limited Company	48 Komsomolsky pr., 614600 Perm	The entity is one of the JSC's owners	30 October 2008	—	—
112.	Insurance Company Privat-Energostrah Closed Joint-Stock Company	3 Komsomolsky pr., 614000 Perm	The entity is one of the JSC's owners	30 October 2008	—	—
113.	Permelectrosetremont Joint-Stock Company	38 Geroev Hasana Str., 614041 Perm	The entity is one of the JSC's owners	30 October 2008	—	—
114.	Uralenergotrans Limited Company	140 Mamin-Sibiryak Str., 620026 Yekaterinburg	The entity is one of the JSC's owners	09.08.2010	—	—

115.	Ural Transport Enterprise Limited Company	3 AShefskaya Str., 620000. Yekaterinburg	The entity is one of the JSC's owners	31 December 2009	—	—
116.	Chelyabinsk Auto-Transport Enterprise Limited Company	110 Izhevskaya Str., 454106 Chelyabinsk	The entity is one of the JSC's owners	31 December 2009	—	—
117.	Perm Auto-Transport Enterprise Limited Company	61 shosse Kosmonavtov, Perm, Perm Krai	The entity is one of the JSC's owners	31 December 2009	—	—
118.	Electroservisnaya company, Closed Joint-Stock Company	39 B Sibirsky Trakt Sr., 620100 Yekaterinburg	The entity is one of the JSC's owners	31 December 2009	—	—
119.	Energocentre Joint-Stock Company	65 Kirova Str., 142117 Podolsk, Moscow region	The entity is one of the JSC's owners	07.07.2009	—	—
120.	Ulan-Ude Energo Joint-Stock Company	Pr. 50 let Oktyabrya, 28, 670034 Ulan-Ude, Republic of Buryatia	The entity is one of the JSC's owners	30 September 2009	—	—
121.	Energoinvest Holding Closed Joint-Stock Company	29/3 Golubinskaya Str., 117463 Moscow	The entity is one of the JSC's owners	30 September 2009	—	—
122.	Alexey Valeryevich Abramov		The individual is one of the JSC's owners	07 July 2009	—	—
123.	Viacheslav Petrovich Aksenov		The individual is one of the JSC's owners	30 September 2009	—	—
124.	Alexandr Vladimirovich Antropenko		The individual is one of the JSC's owners	30 October 2008	—	—
125.	Aslan Cholpanovich Apsuvaev		The individual is one of the JSC's owners	27 January 2010	—	—
126.	Vigen Armenovich Arutunyan		The individual is one of the JSC's owners	30 October 2008	—	—
127.	Sergey Alexandrovich Arkhipov		The individual is one of the JSC's owners	09 July 2010	—	—
128.	Oleg Gennadievich Belkin		The individual is one of the JSC's owners	30 October 2008	—	—
129.	Mihail Nikolaevich Beresnev		The individual is one of the JSC's owners	21 April 2010	—	—
130.	Andrey Petrovich Buhtoyarov		The individual is one of the JSC's owners	30 October 2008	—	—
131.	Alexandr Evgenievich Bychkov		The individual is one of the JSC's owners	31 December 2009	—	—
132.	Pavel Petrovich Voronin		The individual is one of the JSC's owners	04 June 2010	—	—
133.	Yuri Alexandrovich Galkin		The individual is one of the JSC's owners	30 October 2008	—	—

134.	Andrey Anatolievich Golinko	The individual is one of the JSC's owners	31 December 2009	—	—
135.	Vladimir Alexandrovich Gubin	The individual is one of the JSC's owners	26 May 2010	—	—
136.	Vladimir Vasilievich Davydov	The individual is one of the JSC's owners	01 May 2010	—	—
137.	Valery Vladimirovich Dorovski	The individual is one of the JSC's owners	30 October 2008	—	—
138.	Sergei Mihailovich Dunaevski	The individual is one of the JSC's owners	30 March 2009	—	—
139.	Ludmila Nikonovna Zholobova	The individual is one of the JSC's owners	30 October 2008	—	—
140.	Sergey Valeryevich Ivanov	The individual is one of the JSC's owners	30 October 2008	—	—
141.	Alexey Yurievich Lebedindky	The individual is one of the JSC's owners	09 March 2010	—	—
142.	Magomed Kadyevich Kaitov	The individual is one of the JSC's owners	30 October 2008	—	—
143.	Nikolai Alekseevich Kaplunov	The individual is one of the JSC's owners	30 October 2008	—	—
144.	Dmitry Vasilievich Katynov	The individual is one of the JSC's owners	30 October 2008	—	—
145.	Andrey Pavlovich Kononov	The individual is one of the JSC's owners	12 March 2010	—	—
146.	Vladimir Anatolievich Kopylov	The individual is one of the JSC's owners	01 April 2010	—	—
147.	Sergei Pavlovich Kornilov	The individual is one of the JSC's owners	31 December 2009	—	—
148.	Oleg Mihailovch Kostikov	The individual is one of the JSC's owners	05 June 2010	—	—
149.	Anatoliy Petrovich Kruchkov	The individual is one of the JSC's owners	30 September 2009	—	—
150.	Evgenij Evgenievich Kruchkov	The individual is one of the JSC's owners	30 October 2008	—	—
151.	Sergei Pavlovich Kuzin	The individual is one of the JSC's owners	30 October 2008	—	—
152.	Nikolai Andreevich Kuznetsov	The individual is one of the JSC's owners	30 October 2008	—	—
153.	Alexandr Markovich Kuhmai	The individual is one of the JSC's owners	30 October 2008	—	—
154.	Alexandr Borisovich Lebedev	The individual is one of the JSC's owners	30 March 2009	—	—

155.	Alexandr Nikolaevich Loginov	The individual is one of the JSC's owners	30 October 2008	—	—
156.	Alexandr Vladimirovich Maksimov	The individual is one of the JSC's owners	03 March 2010	—	—
157.	Svetlana Mihailovna Matveeva	The individual is one of the JSC's owners	01 April 2010	—	—
158.	Lev Anatolievich Moiseenko	The individual is one of the JSC's owners	30 October 2008	—	—
159.	Viktor Nikolaevich Palchikov	The individual is one of the JSC's owners	30 October 2008	—	—
160.	Sergey Vladimirovich Pahomov	The individual is one of the JSC's owners	30 October 2008	—	—
161.	Tatiana Alexandrovna Permyakova	The individual is one of the JSC's owners	30 October 2008	—	—
162.	Alexandr Sergeevich Petrov	The individual is one of the JSC's owners	30 September 2009	—	—
163.	Natalya Ivanovna Popkova	The individual is one of the JSC's owners	31 December 2009	—	—
164.	Serhey Evgenievich Popov	The individual is one of the JSC's owners	31 December 2009	—	—
165.	Valentin Vladimirovich Pronin	The individual is one of the JSC's owners	28 February 2010	—	—
166.	Viktor Petrovich Pugasaev	The individual is one of the JSC's owners	30 October 2008	—	—
167.	Alexandr Vladimirovich Pupkov	The individual is one of the JSC's owners	30 March 2009	—	—
168.	Valery Nikolaevich Rodin	The individual is one of the JSC's owners	30 March 2009	—	—
169.	Alexandr Viktorovich Rodionov	The individual is one of the JSC's owners	30 October 2008	—	—
170.	Vladimir Anatolievich Ryabikin	The individual is one of the JSC's owners	31 December 2009	—	—
171.	Sergey Borisovich Sedin	The individual is one of the JSC's owners	30 October 2008	—	—
172.	Viktor Germanovich Semenov	The individual is one of the JSC's owners	30 October 2008	—	—

173.	Alexandr Sergeevich Semerikov	The individual is one of the JSC's owners	30 October 2008	—	—
174.	Vladimir Nikolaevich Serdtsev	The individual is one of the JSC's owners	30 October 2008	—	—
175.	Valery Alexandrovich Smirnov	The individual is one of the JSC's owners	30 October 2008	—	—
176.	Olga Veniaminovna Smirnova	The individual is one of the JSC's owners	30 October 2008	—	—
177.	Vladislav Borisovich Sopeltsev	The individual is one of the JSC's owners	31 December 2009	—	—
178.	Anatoly Vasilievich Sokolovsky	The individual is one of the JSC's owners	30 October 2008	—	—
179.	Elena Vladimirovna Sopoleva	The individual is one of the JSC's owners	30 September 2009	—	—
180.	Andrey Valentinovich Sorochinsky	The individual is one of the JSC's owners	31 July 2010	—	—
181.	Vikrot Anatolievich Spirin	The individual is one of the JSC's owners	30 October 2008	—	—
182.	Alexandr Arkadievich Tarasov	The individual is one of the JSC's owners	31 December 2009	—	—
183.	Veronika Viktorovna Tarnorutskaya	The individual is one of the JSC's owners	30 October 2008	—	—
184.	Valery Alekseevich Usarov	The individual is one of the JSC's owners	31 December 2009	—	—
185.	Evgeniy Viktorovich Ushakov	The individual is one of the JSC's owners	30 October 2008	—	—
186.	Aleksey Viktorovich Fortov	The individual is one of the JSC's owners	25 March 2010	—	—
187.	Mihail Aronovich Tsikel	The individual is one of the JSC's owners	30 October 2008	—	—
188.	Alexandr Anatolievich Tsyganenko	The individual is one of the JSC's owners	30 October 2008	—	—
189.	Sarkis Mihailovich Chekalyan	The individual is one of the JSC's owners	30 October 2008	—	—

190.	Andrey Viktorovich Chechevatov	The individual is one of the JSC's owners	21 August 2009	—	—
191.	Tatsiana Alekseevna Churikova	The individual is one of the JSC's owners	30 October 2008	—	—
192.	Viacheslav Alexandrovich Chucharin	The individual is one of the JSC's owners	01 February 2010	—	—
193.	Ekaterina Grigorievna Shapiro	The individual is one of the JSC's owners	30 October 2008	—	—
194.	German Lvovich Shashurin	The individual is one of the JSC's owners	30 October 2008	—	—
195.	Vladimir Alekseevich Branis	The individual is one of the JSC's owners	19 May 2010	—	—

JSC «IDGC of Centre»
Consolidated Financial Statements
for the year ended 31 December 2010

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Independent Auditors' Report

To the Board of Directors of Joint-Stock Company «IDGC of Centre»

We have audited the accompanying consolidated financial statements of Joint-Stock Company «IDGC of Centre» (the «Company») and its subsidiaries (the «Group»), which comprise the consolidated statement of financial position as 31 December 2010, and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as 31 December 2010, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

ZAO KPMG

29 April 2011

**Consolidated Statement of Comprehensive Income
for the year ended 31 December 2010**
Thousands of Russian Roubles, unless otherwise stated

	Note	Year ended 31 December 2010	Year ended 31 December 2009
Revenue	7	60,613,618	49,313,709
Operating expenses	8	(54,102,790)	(45,266,019)
Other income		1,385,833	722,325
Results from operating activities		7,896,661	4,770,015
Finance income	10	134,962	98,748
Finance costs	10	(1,641,844)	(2,123,278)
Net finance costs		(1,506,882)	(2,024,530)
Profit before income tax		6,389,779	2,745,485
Income tax expense	11	(1,288,502)	(639,478)
Profit and total comprehensive income for the year		5,101,277	2,106,007
Profit and total comprehensive income attributable to:			
Owners of the Company		5,097,201	2,105,390
Non-controlling interests		4,076	617
Profit and total comprehensive income for the year		5,101,277	2,106,007
Earnings per share – basic and diluted (in Russian Roubles)	21	0.12	0.050

These consolidated financial statements were approved on 29 April 2011:

General Director
D.O. Gudzhoyan

Accounting Policy Director-
Chief accountant
S. U. Puzenko

The consolidated statement of comprehensive income is to be read in conjunction with the notes to, and forming part of the consolidated financial statements set out on pages 280 – 315.

**Consolidated Statement of Financial Position
as at 31 December 2010**

Thousands of Russian Roubles, unless otherwise stated

	Note	31 December 2010	31 December 2009
ASSETS			
Non-current assets			
Property, plant and equipment	12	51,778,672	43,395,105
Intangible assets	13	1,111,530	1,262,685
Investments and financial assets	15	614,380	755,261
Other non-current assets	16	134,198	106,095
Total non-current assets		53,638,780	45,519,146
Current assets			
Cash and cash equivalents	17	258,889	368 171
Trade and other receivables	18	7,197,565	5,035,467
Income tax receivable		478,380	79,743
Inventories	19	1,350,425	1,232,130
Other current assets		48,039	91,635
Total current assets		9,333,298	6,807,146
Total assets		62,972,078	52,326,292
EQUITY AND LIABILITIES			
Equity	20		
Share capital		4,221,794	4,221,794
Additional paid-in capital		88,660	88,660
Retained earnings		29,336,103	24,238,902
Total equity attributable to equity holders of the Company		33,646,557	28,549,356
Non-controlling interests		7,900	3,824
Total equity		33,654,457	28,553,180
Non-current liabilities			
Loans and borrowings	22	13,770,000	5,163,144
Finance lease liability	23	866,735	1,447,002
Employee benefits	24	1,828,754	1,447,817
Deferred tax liabilities	14	3,076,995	1,888,303
Other non-current liabilities		231,631	93,098
Total non-current liabilities		19,774,115	10,039,364
Current liabilities			
Loans and borrowings	22	1,166,003	5,963,106
Finance lease liability	23	580,984	762,393
Trade and other payables	26	6,807,445	5,877,949
Employee payables	25	827,267	480,874
Income tax payable		498	5,003
Other taxes payable	27	161,309	644,423
Total current liabilities		9,543,506	13,733,748
Total liabilities		29,317,621	23,773,112
Total equity and liabilities		62,972,078	52,326,292

The consolidated statement of financial position is to be read in conjunction with the notes to, and forming part of the consolidated financial statements set out on pages 280 – 315.

Consolidated Statement of Cash Flows
for the year ended 31 December 2010

Thousands of Russian Roubles, unless otherwise stated

	Note	Year ended 31 December 2010	Year ended 31 December 2009
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income tax		6,389,779	2,745,485
Adjustments for:			
Depreciation and amortization	8	5,011,364	4,631,208
Allowance for impairment of accounts receivable	8	272,690	768,261
Net finance costs	10	1,506,882	2,024,530
Provision for inventory obsolescence		(97,515)	130,860
Loss on disposal of property, plant and equipment		101,084	183,783
Bad debts written-off	8	6,120	5,478
Gain on bargain purchase on acquisition of subsidiary	5	(448,521)	—
Adjustment for other non-cash transactions		(259,508)	(388,369)
Cash flows from operating activities before changes in working capital		12,482,375	10,101,236
Change in trade and other receivables		(2,293,630)	(594,521)
Change in inventories		24,993	4,943
Change in other assets		355,305	(164,855)
Change in trade and other payables		83,123	(652,850)
Change in employee payables		346,393	7,071
Change in employee benefits		245,549	150,688
Change in other liabilities		(238,422)	50,182
Change in other taxes payable		(494,039)	130,955
Cash flows from operations before income taxes and interest paid		10,511,647	9,032,849
Interest paid		(1,517,150)	(2,174,455)
Income tax paid		(576,812)	(758,402)
Cash flows from operating activities		8,417,685	6,099,992
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment and intangible assets		(10,589,519)	(6,593,902)
Proceeds from disposal of property, plant and equipment		43,386	76,024
Acquisition of subsidiaries, net of cash acquired	5	(1,075,117)	8,603
Interest received		35,512	2,823
Cash flows used in investing activities		(11,585,738)	(6,506,452)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from loans and borrowings		9,858,996	16,501,767
Repayment of loans and borrowings		(6,038,549)	(14,736,144)
Repayment of finance lease liabilities		(761,676)	(1,065,664)
Cash flows from financing activities		3,058,771	699,959
Net (decrease)/increase in cash and cash equivalents		(109,282)	293,499
Cash and cash equivalents at beginning of year		368,171	74,672
Cash and cash equivalents at end of year		258,889	368,171

The consolidated statement of cash flows is to be read in conjunction with the notes to, and forming part of the consolidated financial statements set out on pages 280 – 315.

**Consolidated Statement of Changes in Equity
for the year ended 31 December 2010**

Thousands of Russian Roubles, unless otherwise stated

	Attributable to shareholders of the Company				Non-controlling interests	Total equity
	Ordinary share capital	Additional paid in capital	Retained earnings	Total		
At 1 January 2009	4,221,794	88,660	21,777,436	26,087,890	—	26,087,890
Profit for the year	—	—	2,105,390	2,105,390	617	2,106,007
Total comprehensive income	—	—	2,105,390	2,105,390	617	2,106,007
Acquisition of non-controlling interests	—	—	—	—	3,207	3,207
Other movements	—	—	356,076	356,076	—	356,076
At 31 December 2009	4,221,794	88,660	24,238,902	28,549,356	3,824	28,553,180
Profit for the year	—	—	5,097,201	5,097,201	4,076	5,101,277
Total comprehensive income	—	—	5,097,201	5,097,201	4,076	5,101,277
At 31 December 2010	4,221,794	88,660	29,336,103	33,646,557	7,900	33,654,457

The consolidated statement of changes in equity is to be read in conjunction with the notes to, and forming part of the consolidated financial statements set out on pages 280 – 315.

1. Background

(a) The Group and its operations

Joint-Stock Company «IDGC of Centre» (hereafter, the «Company») and its subsidiaries (together referred to as the 'Group») comprise Russian open joint stock companies as defined in the Civil Code of the Russian Federation. The Company was set up on 17 December 2004 based on Resolution no. 154p of 9 December 2004 and pursuant to the Board of Directors' decision (board of directors' meeting minutes no. 178 of 1 October 2004) and Management Board decision (Management Board minute no. 1102 of 15 November 2004) of the Russian Open Joint-Stock Company RAO «United Energy Systems of Russia» (hereafter, «RAO UES»).

The Company's registered office is 4/2, Glukharev Per., Moscow, 129090, Russia.

The Group's principal activity is the transmission of electricity and the connection of customers to the electricity grid.

The Group consists of the Company and three subsidiaries — OJSC «Energetic», OJSC «Yaroslavskaya Setevaya Company» and OJSC «Yargorelectroset».

The reorganisation of the Company was completed on 31 March 2008 as a result of the merger of the following entities with the Company: OJSC «Belgorodenergo»; OJSC «Bryanskenergo»; OJSC «Voronezhenergo»; OJSC «Kostromaenergo»; OJSC «Kurskenergo»; OJSC «Lipetskenergo»; OJSC «Orelenergo»; OJSC «Smolenskenergo»; OJSC «Tambovenergo»; OJSC «Tverenergo»; OJSC «Yarenergo».

The merger was effected through the conversion of shares issued by the Company in exchange for shares in the merged entities. As a result of the merger, the above-mentioned companies ceased to exist as separate legal entities and the Company became their legal successor.

On 1 July 2008 RAO UES ceased to exist as a separate legal entity and transferred the shares of the Company to JSC IDGC Holding, a newly formed state-controlled entity.

As at 31 December 2010 and 2009, the Government of the Russian Federation owned 54.99% shares of JSC IDGC Holding, which in turn owned 50.23% of the Company.

The Government of the Russian Federation influences the Group's activities through setting transmission tariffs.

(b) Russian business environment

The Group's operations are primarily located in the Russian Federation. Consequently, the Group is exposed to the economic and financial markets of the Russian Federation which display characteristics of an emerging market. The legal, tax and regulatory frameworks continue development, but are subject to varying interpretations and frequent changes which together with other legal and fiscal impediments contribute to the challenges faced by entities operating in the Russian Federation. The consolidated financial statements reflect management's assessment of the impact of the Russian business environment on the operations and the financial position of the Group. The future business environment may differ from management's assessment.

2. Basis of preparation

(a) Statement of compliance

These consolidated financial statements (hereinafter «Financial Statements») have been prepared in accordance with International Financial Reporting Standards («IFRSs»).

(b) Basis of measurement

The Financial Statements are prepared on the historical cost basis except for investments at fair value through profit or loss; and property, plant and equipment which was revalued to determine deemed cost as part of the adoption of IFRS as at 1 January 2007.

(c) Functional and presentation currency

The national currency of the Russian Federation is the Russian Rouble ("RUR"), which is the Company's functional currency and the currency in which these Financial Statements are presented.

All financial information presented in RUR has been rounded to the nearest thousand.

(d) Use of judgements, estimates and assumptions

The preparation of consolidated financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the Financial Statements is included in the following notes:

- Note 28 – allowances for impairment of trade and other receivables;
- Note 29 – lease classification.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is included in the following note:

- Note 31 – contingencies.

(e) Changes in accounting policies and presentation

With effect from 1 January 2010, the Group changed its accounting policies in the following areas:

- accounting for business combinations;
- accounting for acquisitions of non-controlling interests;
- accounting for leases of land.

(i) Accounting for business combinations

From 1 January 2010 the Group has applied IFRS 3 Business Combinations (2008) in accounting for business combinations. The change in accounting policy has been applied prospectively and has had no material impact on earnings per share.

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

Acquisitions on or after 1 January 2010

For acquisitions on or after 1 January 2010, the Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus

the recognised amount of any non-controlling interests in the acquiree; plus, if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less

- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination, are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

(ii) Accounting for acquisitions of non-controlling interests

From 1 January 2010 the Group has applied IAS 27 Consolidated and Separate Financial Statements (2008) in accounting for acquisitions of non-controlling interests. The change in accounting policy has been applied prospectively and has had no impact on earnings per share.

Under the new accounting policy, acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary.

Previously, goodwill was recognised on the acquisition of non-controlling interests in a subsidiary, which represented the excess of the cost of the additional investment over the carrying amount of the interest in the net assets acquired at the date of the transaction.

(iii) Accounting for leases of land

The amendment to IAS 17 Leases regarding the leases of land became effective from 1 January 2010. The amendment removed the earlier exemption which allowed leases of land to be classified as operating leases regardless of the length of the lease term. The amended guidance requires all existing leases of land to be reassessed and reclassified if necessary as finance leases if the finance lease classification criteria are met.

At 1 January 2010, the Group reassessed all existing land lease contracts and as a result it was assessed that existing land lease contracts do not qualify as finance leases and therefore, the classification was not changed (refer to Note 29).

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these Financial Statements, and have been applied consistently by Group entities, except as explained in note 2 (e), which addresses changes in accounting policies.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that currently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

(ii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(iii) Business combinations involving entities under common control

A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party both before and after the business combination, and that control is not transitory.

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose comparatives are revised. The assets and liabilities acquired are recognised at the carrying amounts recognized previously in the acquired entity's IFRS financial statements. The components of equity of the acquired entities are added to the same components within Group equity except that any share capital of the acquired entities is recognized as part of retained earnings. Any cash paid for the acquisition is recognised directly in equity.

(b) Financial instruments

(i) Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial assets: financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets.

Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Upon initial recognition attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

Financial assets designated at fair value through profit or loss comprise equity securities that otherwise would have been classified as available-for-sale.

Loans and receivables

Loans and receivables are a category of financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables category comprise the following classes of assets: trade and other receivables as presented in Note 16 and Note 18, and cash and cash equivalents as presented in Note 17.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and highly liquid investments with maturities at initial recognition of three months or less.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified in any of the above categories. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses (see note 3(f)(i)), are recognised in other comprehensive income and presented within equity in the fair value reserve. When an investment is derecognised or impaired, the cumulative gain or loss in other comprehensive income is transferred to profit or loss.

Investments in equity securities that are not quoted on a stock exchange and where fair value cannot be reliably measured are stated at cost less impairment losses.

(ii) Non-derivative financial liabilities

All financial liabilities are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

The Group classifies non-derivative financial liabilities into the other financial liability category.

Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, and trade and other payables.

(c) Property, plant and equipment**(i) Recognition and measurement**

Items of property, plant and equipment, except for land, are measured at cost less accumulated depreciation and impairment losses.

The cost of property, plant and equipment at 1 January 2007, the date of transition to IFRSs, was determined by reference to its fair value at that date.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, the costs of dismantling and removing of assets and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and is recognised net within other income/other expenses in profit or loss.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives of property, plant and equipment by type of facility are as follows:

• Buildings	15 – 50 years
• Transmission networks	5 – 20 years
• Equipment for electricity transformation	5 – 20 years
• Other	1 – 30 years

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

(iv) Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Leases, other than finance leases, are treated as operating leases, and leased assets are not recognized in the Group's consolidated statement of financial position. Operating lease payments (net of benefits granted by the lessor) are recognized in profit or loss on a straight line basis over the lease term.

(d) Intangible assets

(i) Goodwill

Goodwill that arises on the acquisition of subsidiaries is included in intangible assets. For the measurement of goodwill at initial recognition, see 2 (e) (i).

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses.

(ii) Other intangible assets

Intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

(iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

(iv) Amortization

Amortisation is calculated over the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use since this most closely reflects the expected pattern of consumption of future economic benefits embodied in the asset.

The estimated useful lives for the current and comparative periods are as follows:

- Patents and licenses 1 – 12 years
- Computer software 1 – 10 years

Amortization methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

(e) Inventories

Inventories are measured at the lower of cost and net realizable value.

The cost of inventories includes all acquisition costs, production costs and other costs incurred to bring inventories to their existing condition and location. The cost of inventories is determined using the weighted average cost method.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(f) Impairment

(i) Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Impairment losses on available-for-sale equity securities are recognised by reclassifying the losses accumulated in the fair value reserve in equity, to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, and the current fair value, less any impairment loss previously recognised in profit or loss. Any subsequent recovery in fair value of an impaired available-for-sale equity securities is recognised in other comprehensive income.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group

of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the “cash-generating unit”).

The Group’s corporate assets do not generate separate cash inflows and are utilised by more than one cash-generating unit. Corporate assets are allocated to cash-generating units on a reasonable and consistent basis and tested for impairment as part of the testing of the cash-generating unit to which the corporate asset is allocated.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the assets in the unit (group of units) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(g) Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(h) Revenue

Revenue from electricity transmission is recognized in the consolidated statement of comprehensive income when the customer acceptance of the volume of electricity transmitted is obtained. The tariffs for energy transmission are approved by the Federal Tariff Agency and Regional Energy Commission of each region of the Group’s operations.

Revenue from connection services represents a non-refundable fee for connecting the customer to the electricity grid network. The tariffs for connection services are approved by the Federal Tariff Agency and Regional Energy Commission of each region of the Group’s operations. The terms, conditions and amounts of these fees are negotiated separately and are independent from fees generated by electricity transmission services. Revenue is recognized when electricity is activated and the customer is connected to the grid network or, for contracts where connection services are performed in stages, revenue is recognized in proportion to the stage of completion when an act of acceptance is signed by the customer.

Revenue from installation, repair and maintenance services and other sales is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer or when the services are provided.

(i) Finance income and costs

Finance income comprises interest income on cash balances and bank deposits, dividend income and changes in the fair value of financial assets at fair value through profit and loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Group’s right to receive payment is established.

Finance costs comprise interest expense on borrowings, employee benefits, finance leases, changes in the fair value of financial assets at fair value through profit and loss. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualified asset are recognised in profit or loss using the effective interest method.

(j) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future;
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

In accordance with the tax legislation of the Russian Federation, tax losses and current tax assets of a company in the Group may not be set off against taxable profits and current tax liabilities of other Group companies. In addition, the tax base is determined separately for each of the Group's main activities and, therefore, tax losses and taxable profits related to different activities cannot be offset.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(k) Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans, including Russia's State pension fund, are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(ii) Defined benefits plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and any unrecognised past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the net total of any unrecognised past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in profit or loss.

The Group recognises all actuarial gains and losses arising from defined benefit plans in profit or loss in the period in which they arise.

The Group recognises gains and losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs.

(iii) Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits other than pension plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted.

The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Group's obligations as at reporting date and that are denominated in the same currency in which the benefits are expected to be paid.

The Group calculates obligation in respect of other long-term employee benefits using the projected unit credit method.

Interest cost as a result of discount release is recognized as finance costs in profit or loss.

Actuarial gain and losses and past benefit costs that are measured because of introduction of new or changes in existing social programs, are recognized in full amount in profit or loss in the period in which they occur.

(iv) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and if the obligation can be estimated reliably.

(l) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

(m) Earnings per share

The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

(n) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Board of Experts, the Group's operating decision making body, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

(o) New Standards and Interpretations not yet adopted

A number of new Standards, amendments to Standards and Interpretations are not yet effective as at 31 December 2010, and have not been applied in preparing Financial Statements. Of these pronouncements, potentially the following will have an impact on the Group's operations. The Group plans to adopt these pronouncements when they become effective.

- Revised IAS 24 Related Party Disclosures (2009) introduces an exemption from the basic disclosure requirements in relation to related party disclosures and outstanding balances, including commitments, for government-related entities. Additionally, the standard has been revised to simplify some of the presentation guidance that was previously non-reciprocal. The revised standard is to be applied retrospectively for annual periods beginning on or after 1 January 2011. The Group has not yet determined the potential effect of the amendment.
- IFRS 9 Financial Instruments will be effective for annual periods beginning on or after 1 January 2013. The new standard is to be issued in several phases and is intended to replace International Financial Reporting Standard IAS 39 Financial Instruments: Recognition and Measurement once the project is completed by the end of 2010. The first phase of IFRS 9 was issued in November 2009 and relates to the recognition and measurement of financial assets. The second phase regarding classification and measurement of financial liabilities was published in October 2010. The remaining parts of the standard are expected to be issued during the first half of 2011. The Group recognises that the new standard introduces many changes to the accounting for financial instruments and is likely to have a significant impact on Group's consolidated financial statements. The impact of these changes will be analysed during the course of the project as further phases of the standard are issued. The Group does not intend to adopt this standard early.

Various Improvements to IFRSs have been dealt with on a standard-by-standard basis. All amendments, which result in accounting changes for presentation, recognition or measurement purposes, will come into effect not earlier than 1 January 2011. The Group has not yet analysed the likely impact of the improvements on its financial position or performance.

4. Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and for disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(a) Property, plant and equipment

The fair value of property, plant and equipment recognised as a result of a business combination is based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably and willingly. The fair value of items of plant, equipment, fixtures and fittings is based on market approach and cost approaches using quoted market prices for similar items when available.

When no quoted market prices are available, the fair value of property, plant and equipment is primarily determined using depreciated replacement cost. This method considers the cost to reproduce or replace the property, plant and equipment, adjusted for physical, functional or economical depreciation, and obsolescence.

(b) Investments in equity

The fair value of financial assets at fair value through profit or loss and available-for-sale financial assets is determined by reference to their quoted bid price at the reporting date.

(c) Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes or when acquired in a business combination.

(d) Inventories

The fair value of inventories acquired in a business combination is determined based on its estimated selling price in the ordinary course of business less the estimated costs of sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

(e) Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases the market rate of interest is determined by reference to similar lease agreements.

5. Acquisition of subsidiary

In the fourth quarter of 2010 the Group obtained control of OJSC "Yargorelectroset" by acquiring 100 % of the shares in the company from Committee for the Management of Municipal Property of Yaroslavl city. The acquisition is not considered as acquisition under common control.

The purpose of the acquisition was to benefit from the synergies of the combination in order to optimise the Group's transmission process through access to territorial grids.

From the date of acquisition to 31 December 2010 OJSC "Yargorelectroset" contributed revenue of RUR 208,025 thousand and loss of RUR 3,623 thousand. If the acquisition had occurred on 1 January 2010, management estimates that consolidated revenue would have been RUR 61,000,853 thousand, and consolidated profit for the year would have been RUR 5,141,753 thousand. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2010.

(a) Identifiable assets acquired and liabilities assumed

The identifiable assets acquired and the liabilities assumed were as follows:

	Recognised fair value on at acquisition
Non-current assets	
Intangible assets	395
Property, plant and equipment	1,709,987
Deferred tax assets	12,935
Other non-current assets	273,729
Total non-current assets	1,997,046
Current assets	
Inventories	45,772
Income tax receivable	10,054
Other taxes receivable	348
Trade and other receivables	149,110
Cash and cash equivalents	24,883
Other current assets	513
Total current assets	230,680
Non-current liabilities	
Deferred tax liabilities	88,487
Other non-current liabilities	377,920
Total non-current liabilities	466,407
Current liabilities	
Trade and other payables	197,060
Employee payables	4,813
Taxes payable	10,925
Total current liabilities	212,798
Net identifiable assets and liabilities	1,548,521

The trade and other receivables comprise gross contractual amounts due of RUR 186,326 thousand, of which RUR 37,216 thousand was expected to be uncollectable at the acquisition date.

(b) Goodwill

Goodwill (negative goodwill) was recognised as a result of the acquisition as follows:

Total consideration transferred (settled in cash)	1 100 000
Fair value of identifiable net assets	1 548 521
Gain on bargain purchase	(448 521)

As OJSC "Yargorelectroset" was acquired at auction where the selling price was determined by the forces of demand, the transaction resulted in a gain. The gain of RUR 448,521 thousand was recognised within other income in the consolidated statement of comprehensive income.

6. Operating segments

The Group has eleven reportable segments representing branches of the Company, as described below. These are the Group's strategic business units. The strategic business units offer similar services representing transmission of electric power and connection services, and are managed separately. For each of the strategic business units, the Board of Experts, the Group's operating decision making body, reviews internal management reports on at least a quarterly basis.

"Others" include operations of subsidiaries and the head office branch. None of them meets any of the quantitative thresholds for determining reportable segments in 2010 or 2009.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax, as included in the internal management reports that are reviewed by the Board of Experts.

Segment reports are based on the information reported in statutory accounts, which differ significantly from the consolidated financial statements prepared under IFRS. The reconciliation of items measured as reported to the Board of Experts with similar items in these Financial Statements includes those reclassifications and adjustments that are necessary for financial statements to be presented in accordance with IFRS.

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(i) Information about reportable segments

As at and for the year ended 31 December 2010:

	Belgorod- energo	Bryansk- energo	Voronezh- energo	Kostroma- energo	Kursk- energo	Lipetsk- energo	Orel- energo	Smolensk- energo	Tambov- energo	Tver- energo	Yar- energo	Others	Total
Revenue from electricity transmission	9,775,272	4,733,174	6,807,153	3,082,771	4,899,351	7,227,147	2,637,602	3,859,267	2,885,417	6,406,131	5,249,866	262,186	57,825,337
Revenue from connection services	100,996	725,164	319,062	65,233	95,453	98,149	12,639	61,727	8,336	173,966	524,812	188,560	2,374,097
Other revenue	201,923	31,951	69,273	20,924	12,896	36,831	10,613	206,778	16,997	29,567	18,448	82,664	738,865
Total external revenues	10,078,191	5,490,289	7,195,488	3,168,928	5,007,700	7,362,127	2,660,854	4,127,772	2,910,750	6,609,664	5,793,126	533,410	60,938,299
Results from operating activities	2,040,013	1,439,642	568,246	359,951	(264,474)	1,571,498	67,737	(91,564)	(145,117)	287,596	748,530	(3,115)	6,578,943
Finance income	53	—	—	203	2	—	—	6	—	—	29	35,219	35,512
Finance costs	(193,159)	(14,908)	(48,243)	(83,181)	(64,632)	(52,524)	(86,867)	(105,811)	(102,990)	(183,845)	(50,120)	(28,655)	(1,014,935)
Reportable segment profit/(loss) before income tax	1,846,907	1,424,734	520,003	276,973	(329,104)	1,518,974	(19,130)	(197,369)	(248,107)	103,751	698,439	3,449	5,599,520
Depreciation and amortization	1,176,483	195,279	367,973	220,485	428,995	545,056	164,675	372,782	195,938	340,675	334,270	31,580	4,374,191
Reportable segment assets	15,366,630	4,068,434	6,889,075	3,298,969	6,337,531	9,705,393	2,584,246	4,071,055	3,008,469	8,055,018	5,516,936	4,106,558	73,008,314
Property, plant and equipment	14,465,129	2,766,793	5,736,632	2,700,315	4,964,015	7,832,785	2,064,423	3,122,690	2,632,047	4,157,777	4,044,484	1,099,249	55,586,339
Reportable segment liabilities	1,616,115	320,828	1,102,305	335,762	1,268,529	1,108,503	264,071	619,211	346,984	2,269,721	1,205,656	15,312,272	25,769,957
Capital expenditure	3,682,325	733,283	945,980	410,874	1,221,730	1,370,454	309,745	455,086	224,087	860,101	900,512	1,183,209	12,297,386

As at and for the year ended 31 December 2009:

	Belgorod- energo	Bryansk- energo	Voronezh- energo	Kostroma- energo	Kursk- energo	Lipetsk- energo	Orel- energo	Smolensk- energo	Tambov- energo	Tver- energo	Yar- energo	Others	Total
Revenue from electricity transmission	7,536,615	3,496,307	5,960,673	2,668,654	3,647,160	5,063,352	2,284,146	3,457,572	2,731,409	5,363,316	4,660,730	11,897	46,881,831
Revenue from connection services	231,497	83,678	360,556	88,696	115,000	97,836	21,473	55,247	30,684	246,231	315,796	59	1,646,753
Other revenue	220,876	22,027	7,744	10,609	29,701	28,089	6,861	160,997	12,828	14,296	22,620	32,730	569,378
Total external revenues	7,988,988	3,602,012	6,328,973	2,767,959	3,791,861	5,189,277	2,312,480	3,673,816	2,774,921	5,623,843	4,999,146	44,686	49,097,962
Results from operating activities	1,151,886	117,663	572,039	73,995	163,538	245,856	22,098	87,441	(108,913)	630,134	555,510	111,576	3,622,823
Depreciation and amortization	44	1	—	307	2	—	—	4	—	—	13	2,750	3,121
Reportable segment assets	(138,848)	(43,462)	(72,607)	(105,880)	(69,819)	(99,571)	(144,585)	(155,437)	(108,808)	(204,988)	(84,386)	(4)	(1,228,395)
Property, plant and equipment	1,013,082	74,202	499,432	(31,578)	93,721	146,285	(122,487)	(67,992)	(217,721)	425,146	471,137	114,322	2,397,549
Reportable segment liabilities	1,057,735	181,557	318,777	201,409	430,976	505,000	139,457	371,296	188,391	310,741	290,689	11,460	4,007,488
Capital expenditure	12,997,598	3,387,491	6,083,090	3,159,800	5,580,320	8,826,623	2,495,025	4,110,094	2,951,214	5,606,942	4,914,660	996,937	61,109,794
Основные средства	12,130,101	2,437,699	5,224,500	2,620,583	4,260,733	7,381,976	1,876,184	3,173,060	2,573,951	3,671,534	3,740,003	31,140	49,121,464
Обязательства сегмента	1,842,165	771,365	1,035,939	719,902	552,921	532,104	867,262	921,706	383,835	1,308,372	1,532,339	9,382,688	19,850,598
Капитальные затраты	2,466,632	323,769	603,017	229,695	490,877	654,901	266,388	304,472	169,936	536,083	473,074	11,717	6,530,561

(ii) Major customer

In 2010 revenue from one customer of the Group's segment (Belgorodenergo) represented approximately 14% (RUR 8,452,582 thousand) of the Group's total revenue (in 2009 - RUR 6,450,482 thousand or 13% of the Group's total revenue).

(iii) Reconciliations of reportable segment revenues, profit or loss and assets and liabilities

Reconciliation of key segment items measured as reported to the Board of Experts with similar items in these Financial Statements is presented in the tables below.

Revenues	Year ended 31 December 2010	Year ended 31 December 2009
Total revenue for reportable segments	60,938,299	49,097,962
Elimination of inter-segment revenue	(389,933)	(12,271)
Reclassification	65,252	228,018
Consolidated revenue	60,613,618	49,313,709

Profit before income tax	Year ended 31 December 2010	Year ended 31 December 2009
Total profit before income tax for reportable segments	5,599,520	2,397,549
Adjustments for depreciation of property, plant and equipment	(167,951)	(179,378)
Recognition of financial assets related to employee benefit fund	(240,331)	179,970
Unused vacation and annual bonus provision	195,960	(13,265)
Recognition of employee benefit obligations	(372,585)	(301,741)
Adjustment for finance lease	580,324	718,190
Adjustment for allowance for impairment of account receivables	293,285	57,303
Provision for inventory obsolescence	97,515	(130,860)
Other adjustments	404,042	17,717
Consolidated profit before income tax	6,389,779	2,745,485

Assets	31 December 2010	31 December 2009
Total assets for reportable segments	73,008,314	61,109,794
Elimination of investments in subsidiaries	(1,116,295)	(16,295)
Elimination of other inter-segment assets	(274,135)	(25,973)
Adjustments for deemed cost of property, plant and equipment	(11,137,976)	(11,913,095)
Adjustments for property, plant and equipment under finance lease	2,601,091	3,278,837
Recognition of financial assets related to employee benefit fund	384,734	625,065
Adjustment for allowance for impairment of account receivables	(51,064)	(307,134)
Provision for inventory obsolescence	(194,548)	(275,607)
Adjustment for deferred tax	(215,385)	(136,000)
Other adjustments	(32,658)	(13,300)
Consolidated total assets	62,972,078	52,326,292

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Liabilities	31 December 2010	31 December 2009
Total liabilities for reportable segments	25,769,957	19,850,598
Elimination of inter-segment liabilities	(274,135)	(25,973)
Adjustment for finance lease	1,444,635	2,209,395
Unused vacation and annual bonus provision	4,398	190,919
Recognition of employee benefit obligations	1,828,754	1,447,817
Adjustment for deferred tax	573,243	138,993
Other adjustments	(29,231)	(38,637)
Consolidated total liabilities	29,317,621	23,773,112

7. Revenue

	Year ended 31 December 2010	Year ended 31 December 2009
Electricity transmission	57,436,585	46,777,977
Connection services	2,249,873	1,646,753
Rent	164,977	293,767
Repairs and maintenance	188,994	159,753
Other	573,189	435,459
	60,613,618	49,313,709

Revenue from connection services represents a non-refundable fee for connecting the customer to the electricity grid network.

8. Operating expenses

	Year ended 31 December 2010	Year ended 31 December 2009
Electricity transmission	16 813 340	12 853 883
Purchased electricity	13 032 523	9 767 839
Personnel costs (Note 9)	11 635 300	8 687 723
Depreciation and amortization	5 011 364	4 631 208
Raw materials and supplies	1 735 089	1 471 110
Outsourcing services	763 246	1 300 180
Electricity metering services	—	864 177
Allowance for impairment of accounts receivable	272 690	768 261
Repairs, maintenance and installation services	533 581	567 494
Electricity for own needs	441 100	420 871
Rent	477 251	413 622
Transportation costs	416 462	405 700
Information services	221 586	289 179
Consulting, legal and audit services	75 604	64 439
Insurance	167 424	239 072
Taxes other than income tax	337 303	214 519
Security	214 618	194 027
Provision for inventory obsolescence	—	130 860
Telecommunication services	102 152	120 008
Agent's fees on purchases	—	16 353

	Year ended 31 December 2010	Year ended 31 December 2009
Membership fee	9,140	14,227
Bad debt written-off	6,120	5,478
Other	1,836,897	1,825,789
	54,102,790	45,266,019

9. Personnel costs

	Year ended 31 December 2010	Year ended 31 December 2009
Salaries and wages	7,928,959	6,381,304
Contribution to the state pension fund	1,452,049	1,066,215
Recognized actuarial loss	248,336	495,127
Insurance contributions (Unified Social Tax in 2009)	426,969	389,051
Finance aid to employees and pensioners	369,249	236,072
Current service cost	84,783	61,902
Unused vacation provision	41,556	56,508
Annual bonus provision	312,945	(43,243)
Past service cost	95,328	(188,703)
Other personnel costs	675,126	233,490
	11,635,300	8,687,723

The average number of employees (including production and non production staff) was 29,256 in 2010 (2009: 25,412 employees).

10. Finance income and costs

	Year ended 31 December 2010	Year ended 31 December 2009
Finance income		
Net change in fair value of financial investments at fair value through profit and loss	99,450	95,925
Interest income	35,512	2,823
	134,962	98,748
Finance costs		
Interest expense	1,013,303	1,228,395
Interest on finance lease liabilities	493,153	743,828
Interest expense on employee benefits obligation	135,388	151,055
	1,641,844	2,123,278

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11. Income tax expense

The Group's applicable tax rate is the income tax rate of 20%.

	Year ended 31 December 2010	Year ended 31 December 2009
Current tax expense		
Current year	(1,071,666)	(773,309)
Adjustment for prior years	896,304	58,830
	(175,362)	(714,479)
Deferred tax expense		
Origination and reversal of temporary differences	(485,541)	75,001
Change in tax the base of property, plant and equipment	(627,599)	—
	(1,113,140)	75,001
	(1,288,502)	(639,478)

In 2010 the Group recalculated income tax for prior periods (2006-2008) related to the deductibility for tax purposes of certain operating expenses which were previously capitalized in the tax value of property, plant and equipment and accelerated depreciation of property, plant and equipment operated in an aggressive environment.

As a result, income tax overprovided in prior periods, in accordance with the adjusted tax declarations submitted to the tax authorities, amounted to RUR 896,304 thousand. Also the Group corrected the tax value of property, plant and equipment which resulted in an increase of deferred tax liabilities of the Group in the amount of RUR 627,599 thousand.

Reconciliation of effective tax rate:	Year ended 31 December 2010	%	Year ended 31 December 2009	%
Profit before income tax	6,389,779	100	2,745,485	100
Income tax expense at applicable tax rate	(1,277,956)	(20)	(549,097)	(20)
Adjustment for prior years	896,304	14	58,830	2
Change in tax base of property, plant and equipment	(627,599)	(10)	—	—
Net effect of other items which are not deductible/not taxable for taxation purposes	(279,251)	(4)	(149,211)	(5)
<i>Welfare, social and discretionary payments to employees</i>	<i>(135,344)</i>	<i>(2)</i>	<i>(109,014)</i>	<i>(4)</i>
<i>Other</i>	<i>(143,907)</i>	<i>(2)</i>	<i>(40,197)</i>	<i>(1)</i>
	(1,288,502)	(20)	(639,478)	(23)

12. Property, plant and equipment

	Land and buildings	Transmission networks	Equipment for electricity transformation	Other	Construction in progress	Total
Deemed cost						
At 1 January 2009	7,905,226	21,973,609	9,089,922	4,409,660	4,146,965	47,525,382
Additions	72,745	202,302	242,507	29,487	6,107,348	6,654,389
Transfers	2,021,709	1,919,576	2,496,963	1,044,981	(7,483,229)	—
Disposals	(29,433)	(61,563)	(39,683)	(149,185)	(44,336)	(324,200)
Balance as at 31 December 2009	9,970,247	24,033,924	11,789,709	5,334,943	2,726,748	53,855,571
At 1 January 2010	9,970,247	24,033,924	11,789,709	5,334,943	2,726,748	53,855,571
Acquisitions through business combinations	419,131	842,111	336,416	35,913	76,416	1,709,987
Additions	60,183	173,595	50,785	—	11,194,145	11,478,708
Transfers	2,484,866	2,465,660	2,959,677	1,550,594	(9,460,797)	—
Disposals	(10,127)	(30,795)	(17,548)	(116,668)	(57,419)	(232,557)
Balance as at 31 December 2010	12,924,300	27,484,495	15,119,039	6,804,782	4,479,093	66,811,709
Accumulated depreciation						
At 1 January 2009	(705,399)	(3,403,160)	(1,218,919)	(853,270)	—	(6,180,748)
Depreciation for the year	(574,860)	(2,131,305)	(976,890)	(679,553)	—	(4,362,608)
Disposals	4,068	23,814	14,901	40,107	—	82,890
At 31 December 2009	(1,276,191)	(5,510,651)	(2,180,908)	(1,492,716)	—	(10,460,466)
At 1 January 2010	(1,276,191)	(5,510,651)	(2,180,908)	(1,492,716)	—	(10,460,466)
Depreciation for the year	(633,243)	(2,342,980)	(876,016)	(809,255)	—	(4,661,494)
Disposals	1,914	17,465	6,683	62,861	—	88,923
At 31 December 2010	(1,907,520)	(7,836,166)	(3,050,241)	(2,239,110)	—	(15,033,037)
Net book value						
At 1 January 2009	7,199,827	18,570,449	7,871,003	3,556,390	4,146,965	41,344,634
At 31 December 2009	8,694,056	18,523,273	9,608,801	3,842,227	2,726,748	43,395,105
At 31 December 2010	11,016,780	19,648,329	12,068,798	4,565,672	4,479,093	51,778,672

As at 31 December 2010 construction in progress includes advance payments for property, plant and equipment of RUR 47,603 thousand (as at 31 December 2009: RUR 54,898 thousand).

The amount of capitalized interest in 2010 was RUR 91,858 thousand (in 2009: RUR 183,103 thousand).

Leased property, plant and equipment

The Group leases production equipment and transportation vehicles under a number of finance lease agreements. Title to the leased assets transfers to the Group at the end of each lease.

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As at 31 December 2010 and 31 December 2009 the net book value of leased property, plant and equipment, accounted for as part of the Group's property, plant and equipment, was as follows:

	Land and Buildings	Transmission networks	Equipment for electricity transformation	Other	Total
Cost	111,551	363,915	2,821,671	638,248	3,935,385
Accumulated depreciation	(14,607)	(37,953)	(299,960)	(149,519)	(502,039)
Net book value at 31 December 2009	96,944	325,962	2,521,711	488,729	3,433,346
Cost	84,704	363,915	2,533,484	313,440	3,295,543
Accumulated depreciation	(14,538)	(52,356)	(425,557)	(81,006)	(573,457)
Net book value at 31 December 2010	70,166	311,559	2,107,927	232,434	2,722,086

13. Intangible assets

	Software	Licenses	Other intangible assets	Total
Cost				
At 1 January 2009	333 642	198 088	558 469	1 090 199
Reclassification	(56 622)	(4 716)	61 338	—
Additions	182 714	2 277	464 044	649 035
Disposals	(35 097)	(37 616)	(8 307)	(81 020)
At 31 December 2009	424 637	158 033	1 075 544	1 658 214
At 1 January 2010	424 637	158 033	1 075 544	1 658 214
Acquisitions through business combinations	189	206	—	395
Additions	69 588	10 362	119 208	199 158
Disposals	(11 323)	(51 588)	(24 882)	(87 793)
At 31 December 2010	483 091	117 013	1 169 870	1 769 974
Accumulated amortization				
At 1 January 2009	(37 633)	(86 523)	(65 294)	(189 450)
Reclassification	5 379	392	(5 771)	—
Amortization for the year	(100 498)	(54 014)	(114 088)	(268 600)
Disposals	35 097	19 117	8 307	62 521
At 31 December 2009	(97 655)	(121 028)	(176 846)	(395 529)
At 1 January 2010	(97 655)	(121 028)	(176 846)	(395 529)
Amortization for the year	(74 216)	(21 265)	(254 389)	(349 870)
Disposals	11 323	50 750	24 882	86 955
At 31 December 2010	(160 548)	(91 543)	(406 353)	(658 444)
Net book value				
At 1 January 2009	296 009	111 565	493 175	900 749
At 31 December 2009	326 982	37 005	898 698	1 262 685
At 31 December 2010	322 543	25 470	763 517	1 111 530

14. Deferred tax assets and liabilities

(a) Recognized deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following items:

	Assets		Liabilities		Net	
	2010	2009	2010	2009	2010	2009
Property, plant and equipment	18,350	23,186	(3,541,618)	(2,751,091)	(3,523,268)	(2,727,905)
Other non-current assets	719	1,158	—	719	1,158	—
Inventories	39,052	55,171	—	—	39,052	55,171
Trade and other receivables	15,460	270,852	(122,218)	—	(106,758)	270,852
Other current assets	—	66	—	—	—	66
Finance lease liabilities	288,927	441,879	—	—	288,927	441,879
Post employment benefit liability	186,083	155,172	—	—	186,083	155,172
Employee payables	110,972	39,541	—	—	110,972	39,541
Other	3,802	776	(76,524)	(125,013)	(72,722)	(124,237)
Deferred tax assets/(liabilities)	663,365	987,801	(3,740,360)	(2,876,104)	(3,076,995)	(1,888,303)

(b) Movements in temporary differences during the year

	1 January 2010	Recognised in profit or loss	Acquisition of subsidiary	31 December 2010
Property, plant and equipment	(2,727,905)	(707,493)	(87,870)	(3,523,268)
Other non-current assets	1,158	(439)	—	719
Inventories	55,171	(19,410)	3,291	39,052
Trade and other receivables	270,852	(385,053)	7,443	(106,758)
Other current assets	66	(66)	-	—
Finance lease liabilities	441,879	(152,952)	-	288,927
Post employment benefit liability	155,172	29,241	1,670	186,083
Employee payables	39,541	70,900	531	110,972
Other	(124,237)	52,132	(617)	(72,722)
	(1,888,303)	(1,113,140)	(75,552)	(3,076,995)

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	1 January 2009	Recognised in profit or loss	Recognised directly in equity	31 December 2009
Property, plant and equipment	(2,667,603)	(60,302)	—	(2,727,905)
Other non-current assets	1,236	(78)	—	1,158
Inventories	31,770	23,401	—	55,171
Trade and other receivables	79,393	191,459	—	270,852
Other current assets	79	(13)	—	66
Finance lease liabilities	625,257	(183,378)	—	441,879
Post employment benefit liability	19,057	136,115	—	155,172
Employee payables	36,888	2,653	—	39,541
Other	(362)	(34,856)	(89,019)	(124,237)
	(1,874,285)	75,001	(89,019)	(1,888,303)

15. Investments and financial assets

	31 December 2010	31 December 2009
Financial assets related to the employee benefit fund	384,734	625,065
Investments designated at fair value through profit and loss	227,712	128,191
Available-for-sale financial assets	1,934	2,005
	614,380	755,261

Investments designated at fair value through profit and loss represent investments in shares of JSC OGC-4 and other securities, which are listed on MICEX and RTS, recorded at fair market value (belong to Level 1 and Level 2 in the fair value hierarchy).

Financial assets related to employee benefit fund

Financial assets related to the employee benefit fund relate to the Group's contributions accumulated in the solidary and employees' individual pension accounts with the Non-State Pension Fund of Electric Power Industry (employee benefit fund). Subject to certain restrictions contributions to the employee benefit fund can be withdrawn at the discretion of the Group.

The Group's exposure related to credit risks and impairment losses related to other investments and financial assets is disclosed in Note 28.

16. Other non-current assets

	31 December 2010	31 December 2009
Non-current advances receivable	1,538	—
Other accounts receivable	47,693	61,858
Other accounts receivable impairment allowance	(1,658)	(3,854)
Other assets	76,665	47,036
Trade accounts receivable	9,960	1,055
	134,198	106,095

17. Cash and cash equivalents

Cash and cash equivalents mainly represent cash in bank accounts amounted to RUR 258,889 thousand denominated in roubles (31 December 2009: RUR 368,171 thousand).

18. Trade and other receivables

	31 December 2010	31 December 2009
Trade receivables	7,363,454	5,339,951
Trade receivables impairment allowance	(1,712,608)	(1,387,140)
Advances issued	487,994	378,600
Advances issued impairment allowance	(17,210)	(62,295)
VAT recoverable	468,095	327,055
Taxes receivable	137,875	14,812
Other receivables	488,134	470,721
Other receivables impairment allowance	(18,169)	(46,237)
	7,197,565	5,035,467

For more detailed information concerning the Group's exposure to credit risks and impairment losses related to trade and other receivables refer to Note 28.

19. Inventories

	31 December 2010	31 December 2009
Materials and supplies	1,543,857	1,505,427
Inventory for resale	1,116	2,310
Total inventories	1,544,973	1,507,737
Less: provision for inventory obsolescence	(194,548)	(275,607)
Total	1,350,425	1,232,130

At 31 December 2010 no inventories were pledged as collateral for bank loans (31 December 2009: RUR 964,108 thousand) (refer to Note 22).

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20. Equity

(a) Share capital

	Ordinary shares 31 December 2010	Ordinary shares 31 December 2009
Issued shares, fully paid	42,217,941,468	42,217,941,468
Par value (in RUR)	0.10	0.10

(b) Dividends

In accordance with Russian legislation the Company's distributable reserves are limited to the balance of accumulated retained earnings as recorded in the Company's statutory financial statements prepared in accordance with Russian Accounting Principles. As at 31 December 2010 the Company had retained earnings, including profit for the current year, of RUR 8,281,725 thousand (31 December 2009: RUR 3,634,541 thousand).

At the annual shareholders meeting held on 11 June 2009 the decision was made not to declare dividends for the year 2008. At the annual shareholders meeting held on 22 June 2010 the decision was made not to declare dividends for the year 2009.

21. Earnings per share

The calculation of earnings per share was based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding during the year. The Company has no dilutive potential ordinary shares.

<i>Number of shares unless otherwise stated</i>	Ordinary shares 31 December 2010	Ordinary shares 31 December 2009
Authorized shares	42,217,941,468	42,217,941,468
Par value (in RUR)	0.10	0.10
Weighted average number of shares	42,217,941,468	42,217,941,468
Profit for the year attributable to shareholders	5,097,201	2,105,390
Earning per share (in RUR): basic and diluted	0.12	0.050

22. Loans and borrowings

This note provides information about the contractual terms of the Group's loans and borrowings. For more information about the Group's exposure to interest rate risk, refer to Note 28.

Long-term loans and borrowings

Name of lender		Effective interest rate 31 December 2010	Effective interest rate 31 December 2009	Maturity	31 December 2010	31 December 2009
Finance department of Belgorodskaya oblast	Secured	9.45%	9.45%	2011	345,738	345,738
OJSC "Alfa-Bank"	Unsecured	7.65-7.8%	—	2017	2,472,103	—
OJSC "Bank of Moscow"	Unsecured	12-12.5%	12-12.50%	2010	—	109,816
OJSC "Bank VTB"	Unsecured	9.70%	9.70%	2010	—	380,606
OJSC "Gazprombank"	Unsecured	8.00%	11-17%	2012	1,052,751	1,227,098
OJSC "Ogresbank" (OJSC "Nordeabank")	Unsecured	8.00%	11.10-19.50%	2011	410,000	410,000
OJSC "Rosbank"	Unsecured	8.00%	10.90-18%	2012	3,800,000	1,508,637
OJSC "Sberbank"	Secured	13.5-18%	13.50-18%	2014	—	1,428,295
OJSC "Sberbank"	Unsecured	7.5-8.4%	13.50-18%	2014	6,855,411	4,254,684
OJSC "Svyazbank"	Unsecured	8.8%	11.45%	2011	—	228,082
OJSC "Transcreditbank"	Unsecured	8.8-9.6%	11-17.95%	2011	—	833,294
					14,936,003	10,726,250
Less: current portion						
Finance department of Belgorodskaya oblast	Secured	9.45%	9.45%	2010-2011	345,738	5,738
OJSC "Alfa-Bank"	Unsecured	7.65-7.8%	—	2011	2,103	—
OJSC "Bank of Moscow"	Unsecured	12-12.5%	12-12.50%	2010	—	109,816
OJSC "Bank VTB"	Unsecured	9.70%	9.70%	2010	—	380,606
OJSC "Gazprombank"	Unsecured	8.00%	11-17%	2010-2011	402,751	402,099
OJSC "Ogresbank" (OJSC "Nordeabank")	Unsecured	8.00%	11.10-19.50%	2011	410,000	—
OJSC "Rosbank"	Unsecured	8.00%	10.90-18%	2010	—	1,395,895
OJSC "Sberbank"	Secured	13.5-18%	13.50-18%	2010	—	1,428,295
OJSC "Sberbank"	Unsecured	7.5-8.4%	13.50-18%	2010-2011	5,411	899,420
OJSC "Svyazbank"	Unsecured	8.8%	11.45%	2010	—	224,561
OJSC "Transcreditbank"	Unsecured	8.8-9.6%	11-17.95%	2010	—	716,676
					1,166,003	5,563,106
Total long-term borrowings					13,770,000	5,163,144

All the Group's borrowings are denominated in RUR and bear a fixed interest rate. The effective interest rate is the market interest rate applicable to the loan on the date of its receipt.

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The carrying value of borrowings approximates their fair value.

Current borrowings and current portion of long-term borrowings

Name of lender		Effective interest rate	Effective interest rate	31 December 2010	31 December 2009
Finance department of Belgorodskaya oblast	Secured	9.45%	9.45%	345,738	5,738
OJSC "Alfa-Bank"	Unsecured	7.65-7.8%	—	2,103	—
OJSC "Bank of Moscow"	Unsecured	12-12.5%	12-12.50%	—	109,816
OJSC "Bank VTB"	Unsecured	9.70%	9.70%	—	380,606
OJSC "Gazprombank"	Unsecured	8.00%	11-17%	402,751	802,099
OJSC "Ogresbank" (OJSC "Nordeabank")	Unsecured	8.00%	11.10-19.50%	410,000	—
OJSC "Rosbank"	Unsecured	8.00%	10.90-18%	—	1,395,895
OJSC "Sberbank"	Secured	13.5-18%	13.5-18%	—	1,428,295
OJSC "Sberbank"	Unsecured	7.5-8.4%	13.5-18%	5,411	899,420
OJSC "Svyazbank"	Unsecured	8.80%	11.45%	—	224,561
OJSC "Transcreditbank"	Unsecured	8.8-9.6%	11-17.95%	—	716,676
				1,166,003	5,963,106

As at 31 December 2010 and 2009 the bank loans in the amount of RUR 345,738 thousand are secured over bank guarantees received.

As at 31 December 2010 no bank loans are secured over inventories (31 December 2009: RUR 964,108 thousand) (refer to Note 19).

23. Finance lease

The finance lease liabilities are secured by the leased assets.

The Group leases production equipment and transportation vehicles under a number of finance lease agreements. Finance lease liabilities are payable as follows:

At 31 December 2010			
	Minimum lease payments	Present value of minimum lease payments	Interest
Less than one year	902,489	580,984	321,505
Between one and five years	1,124,304	866,735	257,569
	2,026,793	1,447,719	579,074
At 31 December 2009			
	Minimum lease payments	Present value of minimum lease payments	Interest
Less than one year	1,261,347	762,393	498,954
Between one and five years	2,020,275	1,447,002	573,273
	3,281,622	2,209,395	1,072,227

24. Employee benefits

The tables below provide information about the employee benefit obligations and actuarial assumptions used for the years ended 31 December 2010 and 31 December 2009.

The defined benefits obligations arise from unfunded plans. Other benefits include jubilee benefits and funeral compensations in the case of death in the employee's immediate family.

(a) Movements in net liability of the defined benefit obligations

	31 December 2010	31 December 2009
Present value of defined benefit obligation	2,100,824	1,815,215
Unrecognized past service cost	(272,070)	(367,398)
	1,828,754	1,447,817

(b) Amounts recognized in profit or loss

	Year ended 31 December 2010	Year ended 31 December 2009
Current service cost	84,783	61,902
Interest expense	135,388	151,055
Past service cost	95,328	(188,703)
Adjustment for obligations to pensioners	69,481	—
Recognized actuarial losses	248,336	495,127
Net expense	633,316	519,381

(c) Movements in the present value of the defined benefit obligations

	31 December 2010	31 December 2009
Present value of defined benefit obligation at 1 January	1,815,215	1,756,253
Current service cost	84,783	61,902
Interest expense	135,388	151,055
Adjustment for obligations to pensioners	69,481	—
Acquisition of subsidiary	8,352	—
Actuarial losses	248,336	495,127
Benefits paid	(260,731)	(217,638)
Past service cost	—	(431,484)
Present value of defined benefit obligation at 31 December	2,100,824	1,815,215

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(d) Actuarial assumptions

Principal actuarial assumptions are as follows:

	2010	2009
Discount rate, annual	8.00%	8.70%
Future salary increase, per year	5.00%	5.50%
Inflation rate, per year	5.00%	5.50%

(e) Expense recognised in profit or loss

	Year ended 31 December 2010	Year ended 31 December 2009
Operating expenses	497,928	368,326
Finance costs	135,388	151,055
	633,316	519,381

25. Employee payables

	31 December 2010	31 December 2009
Salaries and wages payable	272,408	289,955
Unused vacation provision	241,914	190,919
Annual bonus provision	312,945	—
	827,267	480,874

Provision for annual bonuses includes bonuses and other similar payments accrued (including unified social tax) based on employees' performance.

26. Trade and other payables

	31 December 2010	31 December 2009
Trade accounts payable	3,934,567	3,887,181
Advances received	2,391,391	1,634,660
Other payables and accrued expenses	481,487	356,108
	6,807,445	5,877,949

27. Other taxes payable

	31 December 2010	31 December 2009
Value added tax	27,851	440,903
Employee taxes	15,489	66,242
Property tax	50,339	42,876
Other taxes	67,630	94,402
	161,309	644,423

28. Financial instruments and risk management

(a) Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk;
- market risk.

The Group does not have any significant exposure to currency risk on sales, purchases and borrowings, because no significant sales, purchases, or borrowings are denominated in a currency other than the functional currency of the Company, which is the Russian Rouble.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

The Group's principal objective when managing capital risk is to sustain its creditworthiness and a normal level of capital adequacy for doing business as a going concern, in order to ensure returns for shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of borrowed capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

(b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

(i) Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer.

To manage credit risk the Group attempts, to the fullest extent possible, to demand prepayments from customers. As a rule, prepayment for connection services is set in a contract and depends on the amount of capacity to be connected.

The customer base for electricity transmission services is limited to several distribution companies and a small number of large manufacturing/extraction enterprises. Payments are tracked weekly and electricity transmission customers are advised of any failures to submit timely payments. For quick collection and complete control of accounts receivable collection a working team was formed to reduce the Company's finance losses, caused by non-fulfilment or insufficient fulfilment by some contractors of their contractual obligations.

The Group does not require collateral in respect of trade and other receivables.

The Group establishes an allowance for impairment that represents its estimate of anticipated losses in respect of trade and other receivables that relate to individually significant exposures.

(ii) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

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	31 December 2010	31 December 2009
Trade and other receivables	6,176,806	4,436,354
Investments and financial assets	614,380	755,261
Cash and cash equivalents	258,889	368,171
	7,050,075	5,559,786

Financial guarantees are disclosed in Note 31.

The Group's two most significant customers, regional distribution entities, account for RUR 3,031,388 thousand of the trade receivables carrying amount at 31 December 2010 (31 December 2009: RUR 1,482,111 thousand).

The maximum exposure to credit risk for trade receivables (excluding other receivables) at the reporting date by type of customer was:

	Carrying amount at 31 December 2010	Carrying amount at 31 December 2009
Electricity transmission customers	5,350,827	3,735,659
Connection services customers	187,268	150,701
Other customers	122,711	67,506
	5,660,806	3,953,866

Impairment losses

The tables below analyze the Group's trade and other receivables into relevant groups based on the past due periods:

	At 31 December 2010		At 31 December 2009	
	Gross	Allowance	Gross	Allowance
Not past due	2,207,375	(11,801)	2,526,250	(49,674)
Past due 0-3 months	533,928	(797)	35,790	(11,511)
Past due 3-6 months	3,211,085	(273)	553,166	(96,419)
Past due 6-12 months	216,037	(87,989)	1,844,302	(431,891)
Past due more than 12 months	1,740,816	(1,631,575)	914,077	(847,736)
	7,909,241	(1,732,435)	5,873,585	(1,437,231)

The movements in the allowance for impairment in respect of trade and other receivables during the year were as follows:

	Year ended 31 December 2010	Year ended 31 December 2009
Balance at 1 January	1,437,231	774,576
Increase during the period	605,084	1,069,338
Amounts written-off against receivables	(25,187)	(94,146)
Decrease due to reversal	(284,693)	(312,537)
Balance at 31 December	1,732,435	1,437,231

(c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group monitors the risk of cash shortfalls by means of current liquidity planning. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. This approach is used to analyze payment dates associated with financial assets, and also to forecast cash flows from operating activities.

To manage the liquidity risk, the Group has negotiated long-term and short-term credit lines with a pool of commercial banks, designated as highly rated banks.

As at 31 December 2010 the Group's unused portion of long-term and short-term credit line facilities amounted to RUR 8,800,000 thousand (31 December 2009: RUR 5,495,768 thousand).

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Carrying amount	Contractual cash flows	12 months or less	Between 1 and 5 years	More than 5 years
Liabilities as at 31 December 2010					
Long-term municipal loans	345,738	352,221	352,221	—	—
Long-term bank loans including current portion	14,590,265	19,851,345	1,960,666	13,834,547	4,056,132
Finance lease liabilities	1,447,719	2,026,793	902,489	1,124,304	—
Trade and other payables	4,192,865	4,192,865	4,183,739	647	8,479
	20,576,587	26,423,224	7,399,115	14,959,498	4,064,611
Financial guarantees	1,203,717	1,203,717	1,203,717	—	—

	Carrying amount	Contractual cash flows	12 months or less	Between 1 and 5 years	More than 5 years
Liabilities as at 31 December 2009					
Long-term municipal loans	345,738	388,587	27,200	361,387	—
Long-term bank loans including current portion	10,380,512	13,078,384	5,825,617	7,252,767	—
Short-term bank loans	400,000	404,734	404,734	—	—
Finance lease liabilities	2,209,395	3,281,622	1,261,347	2,020,275	—
Trade and other payables	4,039,055	4,039,055	4,029,470	—	9,585
	17,374,700	21,192,382	11,548,368	9,634,429	9,585
Financial guarantees	1,781,552	1,781,552	1,781,552	—	—

(d) Market risk

Market risk is the risk that changes in market prices, such as interest rates will affect the Group's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(i) Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group is exposed to interest rate risk only through market value fluctuations of loans and borrowings. The interest rates on most long- and short-term loans and borrowings are fixed. Changes in interest rates impact primarily loans and borrowings by changing either their fair value (fixed rate debt) or their future cash flows (variable rate debt).

Management does not have a formal policy of determining how much of the Group's exposure should be to fixed or variable rates. However, at the time of raising new loans or borrowings management uses its judgment to decide whether it believes that a fixed or variable rate would be more favourable to the Group over the expected period until maturity.

Profile

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

	Carrying amount 31 December 2010	Carrying amount 31 December 2009
Fixed rate instruments		
Financial liabilities	16,383,722	13,335,645

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit and loss, and the Group does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore a change in interest rates at the reporting date would not affect profit or loss.

(e) Fair values

Management believes that at the reporting date the fair value of the Group's financial assets and liabilities approximates their carrying amounts.

(f) Capital management

Management's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital, which the Group defines as result from operating activities divided by total shareholders' equity.

Management seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

There were no changes in the Group's approach to capital management during the year.

The Company and its subsidiaries are subject to external capital requirements that require that their net assets as determined in accordance with Russian Accounting Principles must exceed their charter capital at all times.

29. Operating leases

The Group leases a number of land plots owned by local governments under operating leases. In addition, the Group leases non-residential premises and vehicles.

Land leases were entered in prior periods and represented land plots on which power lines, equipment for electricity transformation and other assets are located. The land leases typically run for an initial period of 5 to 49 years, with an option to renew the lease after that date. Lease payments are reviewed regularly to reflect market rentals.

The land title does not pass and the landlord retains control over land usage. The Group determined that substantially all the risks and rewards of the land plots are with the landlord, therefore the leases are considered as operating leases.

Operating lease rentals under non-cancellable leases are payable as follows:

	31 December 2010	31 December 2009
Less than one year	512,581	286,303
Between one year and five years	1,210,693	601,235
More than five years	3,139,098	2,758,529
	4,862,372	3,646,067

The amount of lease expense under operating leases recognized in profit or loss in 2010 was RUR 477,251 thousand (in 2009: RUR 413,622 thousand).

30. Commitments

The Group has outstanding commitments under the contracts for the purchase and construction of property, plant and equipment for RUR 1,865,776 thousand as at 31 December 2010 (net of VAT) (as at 31 December 2009: RUR 2,337,551 thousand).

31. Contingencies

(a) Insurance

The insurance industry in the Russian Federation is in a developing state and many forms of insurance protection common in other parts of the world are not yet generally available. The Group has full insurance coverage for its production facilities and third party liability in respect of property, health and environmental damage arising from operation of dangerous production units. The Group has no insurance coverage against losses caused by business interruption.

(b) Litigation

The Group is a party to certain legal proceedings arising in the ordinary course of business. Management does not believe that these matters will have a material adverse effect on the Group's financial position and operating results.

(c) Taxation contingencies

The taxation system in the Russian Federation is continues to evolve and is characterised by frequent changes in legislation, official pronouncements and court decisions, which are sometimes, contradictory and subject to varying interpretation by different tax authorities. Taxes are subject to review and investigation by a number of authorities, which have the authority

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to impose severe fines, penalties and interest charges. A tax year remains open for review by the tax authorities during the three subsequent calendar years; however, under certain circumstances a tax year may remain open longer. Recent events within the Russian Federation suggest that the tax authorities are taking a more assertive position in their interpretation and enforcement of tax legislation.

These circumstances may create tax risks in the Russian Federation that are substantially more significant than in other countries. Management believes that it has provided adequately for tax liabilities based on its interpretations of applicable Russian tax legislation, official pronouncements and court decisions. However, the interpretations of the relevant authorities could differ and the effect on these Financial statements, if the authorities were successful in enforcing their interpretations, could be significant.

(d) Environmental matters

The Company and its predecessors have operated in the electric transmission industry in the Russian Federation for many years. The enforcement of environmental regulations in the Russian Federation is evolving and the enforcement posture of Government authorities is continually being reconsidered. Management periodically evaluates its obligations under environmental regulations.

Potential liabilities might arise as a result of changes in legislation and regulation or civil litigation. The impact of these potential changes cannot be estimated, but could be material. In the current enforcement climate under existing legislation, management believes that there are no significant liabilities for environmental damage.

(e) Other contingencies

The Group believes that all Group's sales arrangements on electricity transmission are in compliance with the Russian legislation regulating electric power transmission. However, based on uncertainty of legislation that regulates the lease of Unified National (All-Russia) Electricity Network property ("last-mile") by the Group there is a risk that certain customers may take legal actions against the Group on the basis that the Group has no legal ground to invoice them and hence recognize revenue for electric power transmission services provided via leased "last-mile" grids and courts may agree with the customers' view. Since a draft decree "On confirmation of the Procedure for agreeing the leasing of electricity network facilities belonging to the Unified National (All-Russia) Electricity Network to territorial network organizations" is currently awaiting approval from the Government of the Russian Federation, the Group assesses these risks as low.

(f) Guarantees

The Group issued financial guarantees for loans received by a lessor of the Group.

	Amount on contract 31 December 2010	Amount on contract 31 December 2009
OJSC «Rosbank»	1,009,201	1,267,130
Belgorodskoe OSB №8582	194,516	463,051
CJSC «Gazenergoprombank»	—	51,371
	1,203,717	1,781,552

32. Related party transactions

(a) Control relationships

The Company's parent as at 31 December 2010 and 2009 was JSC IDGC Holding. The party with the ultimate control over the Company is the Government of the Russian Federation, which held the majority of the voting rights of JSC IDGC Holding.

(b) Transactions with management and close family members

There are no transactions or balances with key management and their close family members except for remuneration in the form of salary and bonuses.

(i) Management compensation

Total remuneration paid to the members of the Board of Directors and the Management Board for the year ended 31 December 2010 was RUR 220,555 thousand (2009: RUR 157,929 thousand).

(c) Transactions with other related parties

(i) Revenue

	Transaction value 2010	Outstanding balance 31 December 2010	Transaction value 2010	Outstanding balance 31 December 2009
Electricity transmission:				
Entities under common control of the parent	—	—	—	—
Other state controlled entities	1,936,194	159,824	314,582	3,598
Other revenue:				
Entities under common control of the parent	—	—	—	—
Other state controlled entities	1,007,636	18,658	99,046	5,150
	2,943,830	178,482	413,628	8,748

Related party revenue for electricity transmission is based on the tariffs determined by the government.

(ii) Expenses

	Transaction value 2010	Outstanding balance 31 December 2010	Transaction value 2009	Outstanding balance 31 December 2009
Electricity transmission:				
Entities under common control of the parent	—	—	—	—
Other state controlled entities	11,168,640	71,795	8,084,513	628,406
Other expenses:				
Entities under common control of the parent	41,269	8,977	1,269	9,585
Parent company	441,000	26,019	441,000	26,019
Other state controlled entities	682,699	17,918	139,850	7,990
Related party lessors	20,702	1,050	—	—
	12,354,310	125,759	8,666,632	672,000

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(iii) Advances received

	Outstanding balance 31 December 2010	Outstanding balance 31 December 2009
Other state controlled entities	109,963	268,124
	109,963	268,124

(iv) Advances issued

	Outstanding balance 31 December 2010	Outstanding balance 31 December 2009
Entities under common control of the parent	514	—
Other state controlled entities	103,421	45,727
	103,935	45,727

All outstanding balances with related parties are to be settled in cash within a year from the reporting date. None of the balances are secured.

(v) Loans and borrowings

	Amount loaned 2010	Outstanding balance 31 December 2010	Amount loaned 2009	Outstanding balance 31 December 2009
Loans received:				
State controlled entities	2,600,000	7,201,149	5,690,000	7,580,514
	2,600,000	7,201,149	5,690,000	7,580,514

Loans are received at market interest rates (refer to Note 28).

Breakdown of Separate Performance and Financial Indicators

Tariffs for 2006-2010 per Unit

Average Tariffs for Power Transmission Services and Payment Rates for Technological Connections in the Regions

Unit	Average tariffs for power transmission services without regard to the expenditures of cooperating Territorial Grid organisations (TGO)		
	2008*	2009	2010
Belgorodenergo	64.5	79.8	98.9
Bryanskenergo	55.4	70.4	83.8
Voronezhenergo	52.8	62.6	71.5
Kostromaenergo	90.2	104.5	126.4
Kurskenergo	52.0	60.4	65.8
Lipetskenergo	52.9	68.9	91.6
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	120.6
Yarenergo	42.1	51.2	60.6
IDGC of Centre	60.00	74.23	88.80

* For 2008, the average tariff is shown, with due account for the tariffs of other TGOs.

Average (estimated) rate* of payments for technological connections

Unit	Technological connection, RUR/kW		
	2008	2009	2010
Belgorodenergo	24,537	637	566
Bryanskenergo	9,657	8,931	8,931
Voronezhenergo	18,045	18,045	18,045
Kostromaenergo	15,334	9,991	9,991
Kurskenergo	13,430	11,453	9,770
Lipetskenergo	7,395	7,395	7,395
Orelenergo	9,003	9,003	9,003
Smolenskenergo	4,077	4,077	5,619
Tambovenergo	2,347	2,347	3,047
Tverenergo	10,271	10,271	10,271
Yarenergo	10,323	10,323	10,323
IDGC of Centre	14,822	7,831	7,353
Rate of growth, %	39.3%	-47.2%	-6.1%

* Average payment rates do not take into account the payment rates for technological connections for privileged categories of consumers, or for individual connections. For privileged categories of consumers, the payment rate for a technological connection is RUR 550 (VAT inclusive) for one connection up to 15 kW.

Breakdown of Accounts Receivable and Payable

Indicator, RUR mln	2008	2009	2010
Accounts receivable, including:	6,013.6	5,474.3	7,647.5
Buyers and customers	4,111.7	4,149.3	5,648.0
Bills receivable	1.0	0.0	0.0
Amounts owed by subsidiaries and dependent companies	0.0	0.0	0.0
Down payments issued	909.0	384.3	477.0
Other borrowers	991.9	940.6	1,522.5
Accounts payable, including:	7,116.5	6,685.1	6,930.3
Suppliers and contractors	3,859.5	3,904.7	3,868.8
Bills payable	0.0	0.0	0.0
Amounts owed to subsidiaries and dependent companies	0.0	0.0	0.0
Debts on wages	295.7	288.2	276.4
Debts to state extra-budgetary funds	93.6	45.3	14.5
Tax arrears	436.3	593.6	124.5
Down payments received	2,182.9	1,640.7	2,224.6
Other debt holders	248.5	212.5	421.6

Proceeds (regions) in 2008-2010

Unit	2008	2009	2010	2009/2008	2010/2009
Belgorodenergo	7,986	7,989	10,078	1.00	1.26
Bryanskenergo	3,164	3,602	5,490	1.14	1.52
Voronezhenergo	5,555	6,329	7,195	1.14	1.14
Kostromaenergo	2,369	2,768	3,169	1.17	1.14
Kurskenergo	3,110	3,792	5,008	1.22	1.32
Lipetskenergo	4,627	5,189	7,362	1.12	1.42
Orelenergo	2,179	2,312	2,661	1.06	1.15
Smolenskenergo	3,245	3,674	4,128	1.13	1.12
Tambovenergo	2,547	2,775	2,911	1.09	1.05
Tverenergo	4,549	5,624	6,610	1.24	1.18
Yarenergo	4,049	4,999	5,793	1.23	1.16
Total per IDGC	43,379	49,053	60,405	1.13	1.23

Income before tax (regions) in 2008-2010

Unit	2008	2009	2010	2009/2008	2010/2009
Belgorodenergo	1,587	1,013	1,847	0.64	1.82
Bryanskenergo	3	74	1,425	24.75	19.20
Voronezhenergo	154	499	520	3.25	1.04
Kostromaenergo	107	-32	277	-0.29	-8.77
Kurskenergo	205	94	-329	0.46	-3.51
Lipetskenergo	339	146	1,519	0.43	10.38
Orelenergo	-202	-122	-19	0.61	0.16
Smolenskenergo	182	-68	-197	-0.37	2.90
Tambovennergo	-242	-218	-248	0.90	1.14
Tverenergo	-86	425	104	-4.94	0.24
Yarenergo	205	471	698	2.29	1.48
Total per IDGC	2,252	2,395	5,596	1.01	2.45

Network reliability

Indicator	2008	2009	2010
Number of emergencies (technological failures)	17,171	25,299	29,367
Major reasons for emergencies, %			
Effect of the acts of God	3	15	15
Actions of third persons	11	7	7
Insulation damage	12	7	4
Impact of animals and birds	4	3	3
Unsatisfactory quality of instruction annuals and maintenance	45	39	43
Falling trees, units	2	23	26
Not identified	23	5	2

Amount of transmission services and losses of energy in 2008-2010 per units (in the circuits of the IDGC of Centre)

Unit	2008								2009
	Network supply	Amount of transmission services	Losses		Network supply	Amount of transmission services	Losses		
	kWh, thousand	kWh, thousand	kWh, thousand	%	kWh, thousand	kWh, thousand	kWh, thousand	%	
1	2	3	4	5	6	7	8	9	
Belgorodenergo	3,030,032	2,567,791	462,241	15.26	2,852,410	2,400,819	451,591	15.83	
Bryanskenergo	7,498,894	7,065,855	433,040	5.77	7,037,486	6,563,934	473,552	6.73	
Voronezhenergo	3,937,821	3,734,839	202,982	5.15	3,799,504	3,570,667	228,837	6.02	
Kostromaenergo	4,063,342	3,392,705	670,638	16.50	4,055,433	3,339,182	716,251	17.66	
Kurskenergo	5,557,094	4,739,115	817,979	14.72	5,329,681	4,505,555	824,126	15.46	
Lipetskenergo	11,086,744	10,312,208	774,536	6.99	10,810,129	10,044,571	765,557	7.08	
Orelenergo	8,306,170	7,496,552	809,618	9.75	7,958,215	7,188,269	769,946	9.67	
Smolenskenergo	5,669,769	5,167,509	502,260	8.86	5,328,524	4,804,215	524,309	9.84	
Tambovennergo	7,699,885	7,053,752	646,132	8.39	6,709,880	6,035,897	673,983	10.04	
Tverenergo	2,456,442	2,145,757	310,685	12.65	2,403,445	2,087,340	316,105	13.15	
Yarenergo	3,187,313	2,942,328	244,985	7.69	2,821,695	2,588,713	232,982	8.26	
Total per IDGC	62,493,506	56,618,410	5,875,096	9.40	59,106,402	53,129,162	5,977,239	10.11	

Amount of transmission services and losses of energy in 2010 per units (in the circuits of the IDGC of Centre)

Unit	Network supply, kWh, thousand	Amount of transmission services, kWh, thousand	Losses	
			kWh, thousand	%
Belgorodenergo	11,277,405	10,376,189	901,216	7.99
Bryanskenergo	3,976,208	3,741,821	234,387	5.89
Voronezhenergo	8,418,904	7,647,873	771,032	9.16
Kostromaenergo	2,962,626	2,524,874	437,751	14.78
Kurskenergo	5,642,700	5,149,774	492,926	8.74
Lipetskenergo	7,412,288	6,736,989	675,299	9.11
Orelenergo	2,364,603	2,054,024	310,578	13.13
Smolenskenergo	4,166,277	3,414,625	751,652	18.04
Tambovenergo	3,066,775	2,825,810	240,965	7.86
Tverenergo	5,566,950	4,703,285	863,666	15.51
Yarenergo	7,403,790	6,853,662	550,128	7.43
Total per IDGC	62,258,526	56,028,926	6,229,600	10.01

Dynamics of power transmission services in 2009-2010 (without TGO)

Unit	2009	2010	Difference	
			mln kWh	%
Belgorodenergo	10,035.04	10,364.80	320.3	3.20%
Bryanskenergo	3,195.84	3,381.40	185.5	5.80%
Voronezhenergo	6,721.60	7,031.90	310.3	4.60%
Kostromaenergo	2,391.23	2,507.10	115.9	4.80%
Kurskenergo	4,712.69	4,905.10	192.4	4.10%
Lipetskenergo	6,035.90	6,719.80	683.9	11.30%
Orelenergo	1,974.83	1,936.20	-38.7	-2.00%
Smolenskenergo	3,294.65	3,345.40	50.7	1.50%
Tambovenergo	2,387.54	2,613.50	226	9.50%
Tverenergo	3,975.74	4,183.10	139.1	3.40%
Yarenergo	6,120.00	6,367.40	236.4	3.90%
Total per IDGC	50,845.06	53,355.70	2,421.90	4.80%

Actual Losses of Electric Energy in 2009-2010

Unit	Losses of Electric Energy					
	Actual, 2009		Actual, 2010		Difference	
	mln kWh	%	mln kWh	%	mln kWh**	%*
Belgorodenergo	765.6	7.08	901.2	7.99	102.6	0.91
Bryanskenergo	228.8	6.02	234.4	5.89	-5.1	-0.13
Voronezhenergo	769.9	9.67	771.0	9.16	-43.5	-0.52
Kostromaenergo	451.6	15.83	437.8	14.78	-31.3	-1.06
Kurskenergo	524.3	9.84	492.9	8.74	-62.3	-1.10
Lipetskenergo	674.0	10.04	675.3	9.11	-69.2	-0.93
Orelenergo	316.1	13.15	310.6	13.13	-0.4	-0.02
Smolenskenergo	716.3	17.66	751.7	18.04	15.8	0.38
Tambovenergo	233.0	8.26	241.0	7.86	-12.3	-0.40
Tverenergo	824.1	15.46	863.7	15.51	5.1	0.05
Yarenergo	473.6	6.73	550.1	7.43	51.9	0.70
Total per IDGC	5,977.2	10.11	6,229.6	10.01	-62.2	-0.10

Actual losses of electric energy in the electric networks of IDGC of Centre amounted to 6,229.6 mln kWh, or 10.01 percent of the supply to the network. When compared to the similar period in 2009 with a 5.3% increase in the supply to the network, the decrease in electric energy losses amounted to 62.2 mln kWh, or 0.10% in relation to the supply of electric energy into the network (the effect is calculated as a difference between the actual losses in 2009 in % and the actual losses in 2010 in % in relation to the actual supplies into the network in 2010).

Activities to reduce electric energy losses

Activities to reduce electric energy losses are implemented at the IDGC of Centre on a regular basis. The scope of activities implemented in 2010 and their effectiveness are given in the table below.

Activity	Annual effect from reduced losses due to implemented activities, thousand kWh
Activities, total	203,171.94
1. Institutional arrangements	190,458.42
Optimisation of the distribution of load among the substations of the 110 kV (and higher) main electric network due to switches in its design	4,026.00
Optimization of the points of opening of electric networks with different nominal voltages	36.08
Optimization of working voltages in main substations of radial electric networks	1,746.99
Shutdown in light-load conditions	20,851.94
Shutdown of transformers at substations with seasonal load	1,382.48
Phase load balancing in 0.38 kV electric networks	3,610.47
Reduced time for repairs	3.968
Saving of energy consumption for substations (house load)	7,417.53
Commissioning of unused automatic voltage control equipment (AVC) at LTC transformers	1,700.00
Detection of unaccounted electric energy during raids	144,619.45
Other institutional arrangements	5,063.52

Activity	Annual effect from reduced losses due to implemented activities, thousand kWh
2. Operational arrangements	8,363.15
Installation and commissioning of reactive power compensation equipment	1,515.21
Replacement of wires on overloaded lines	4,054.28
Replacement of unit lines from 0.38 kV OL to buildings	160.329
Replacement of overloaded and installation and commissioning of additional power transformers at operating substations	256.03
Replacement of under-loaded power transformers	630.829
Installation and commissioning of on-load tap changers at transformers with non-excitation type switch	1,170.00
Installation and commissioning of booster transformers with quadrature voltage control	53.6
Downsizing of 0.38-35 kV distribution lines	203.806
Other operational arrangements	319.071
3. Activities to improve systems of estimated and operational energy accounting	4,350.37
Installation of electric meters of increased accuracy rating	984.09
Other activities to improve accounting systems	3,366.28

Characteristics of the IDGC of Centre assets

Length of power transmission lines

Unit	Length of 0.4 —110 kV OL along the route as of 01.01.11, km				0.4-110 kV cable lines
	OL 110 kV and over	35 kV OL	6-10 kV OL	0.4 kV OL	
Belgorodenergo	1,712.9	2,497.1	17,592.6	16,862.7	4,518.5
Bryanskenergo	1,750.9	1,763.3	11,415.8	10,429.4	90.2
Voronezhenergo	3,104.8	3,684.3	20,457.9	23,351.4	148.0
Kostromaenergo	1,773.3	2,531.2	10,764.5	8,607.0	1,442.1
Kurskenergo	1,912.9	2,804.3	15,283.6	14,203.1	208.9
Lipetskenergo	1,524.1	2,311.9	12,552.1	10,944.7	184.6
Orelenergo	1,360.8	1,720.6	12,853.6	11,762.4	97.4
Smolenskenergo	2,545.2	3,770.2	18,580.4	13,175.4	1,918.2
Tambovenergo	1,882.1	3,069.2	11,615.6	11,225.5	125.4
Tverenergo	2,843.0	4,082.8	25,010.7	13,971.2	235.9
Yarenergo	1,050.9	2,083.1	12,279.8	10,327.6	265.6
IDGC of Centre	21,460.9	30,318.0	168,406.6	144,860.4	9,234.8

Substation capacity

Unit	Substation 35-110 kW, MVA	Substation 6-35/0.4 kW, MVA
Belgorodenergo	2,684.3	2,907.5
Bryanskenergo	2,296.8	735.5
Voronezhenergo	4,555.2	1,610.3
Kostromaenergo	1,707.0	1,436.4
Kurskenergo	3,335.1	1,481.4
Lipetskenergo	2,665.0	1,035.7
Orelenergo	1,707.5	797.9
Smolenskenergo	3,071.6	1,792.8
Tambovenergo	2,471.1	935.7
Tverenergo	3,966.9	1,478.1
Yarenergo	2,943.4	980.5
IDGC of Centre	31,403.9	15,191.8

Availability of Metering Equipment for the Supply Points for Production and Economic Needs (total equipment per all DCS without lessees)

№	Energy resource	Supply points			Including those supplied with metering equipment at the balance inventory border			Including those supplied with metering equipment at the balance inventory border			Equip-ment status, %
		total	out of them at facilities	total	out of them installed at facilities	total	out of them envisaged for installation at facilities				
								Affili-ates	RSO*	Affili-ates	
1	2	3	4	5	6	7	8	9	10	11	12=6/3%
1.	Supply points at facilities belonging to affiliates and dependent companies	2,044	2,040	4	2,031	2,027	4	13	13	0	99
1.1.	electric energy	1,430	1,426	4	1,430	1,426	4	0	0	0	100
1.1.1.	facilities for production (operational) needs	1,430	1,426	4	1,430	1,426	4	0	0	0	100
1.1.2.	lessee's facilities	0	0	0	0	0	0	0	0	0	
1.2.	thermal energy	90	90	0	87	87	0	3	3	0	97
1.2.1.	facilities for production (operational) needs	90	90	0	87	87	0	3	3	0	97
1.2.2.	lessees' facilities	0	0	0	0	0	0	0	0	0	
1.3.	cold water supply	425	425	0	419	419	0	6	6	0	99
1.3.1.	facilities for production (operational) needs	425	425	0	419	419	0	6	6	0	99
1.3.2.	lessees' facilities	0	0	0	0	0	0	0	0	0	
1.4.	hot water supply	27	27	0	23	23	0	4	4	0	85
1.4.1.	facilities for production (operational) needs	27	27	0	23	23	0	4	4	0	85
1.4.2.	lessees' facilities	0	0	0	0	0	0	0	0	0	
1.5.	natural gas	72	72	0	72	72	0	0	0	0	100
1.5.1.	facilities for production (operational) needs	72	72	0	72	72	0	0	0	0	100
1.5.2.	lessees' facilities	0	0	0	0	0	0	0	0	0	

* Resource Supplying Organisation

Funds for the Organization of the Accounting of Energy Resources (Disbursement, Financing and Input to Fixed Assets)

Unit	Disbursement of capital investment in 2010, RUR thousand, VAT exclusive			Financing of capital investment in 2010, RUR thousand, VAT inclusive		
	Planned	Actual	Performance, %	Planned	Actual	Performance, %
Belgorodenergo	293	290	99.0	345.74	342.2	99.0
Bryanskenergo	638	638	100.0	752.84	752.84	100.0
Voronezhenergo	1,993	116.48	5.8	2,351.74	137.4464	5.8
Kostromaenergo	4,116	773.87	18.8	4,856.88	913.1666	18.8
Kurskenergo	149	125.299	84.1	175.82	147.85282	84.1
Lipetskenergo	1,039	1039	100.0	1,226.02	1226.02	100.0
Orelenergo	93	62	66.7	109.74	73.16	66.7
Smolenskenergo	577	220	38.1	680.86	259.6	38.1
Tambovenergo	1,739	690	39.7	2,052.02	814.2	39.7
Tverenergo	2,658	0	0.0	3,136.44	0	0.0
Yarenergo	1,884	1,680.15	89.2	2,223.12	1,982.577	89.2
TOTAL	15,179	5,634.799	37.1	17911.22	6,649.06282	37.1

Information on drawn statements of unaccounted consumption

Type of consumer	Statements drawn		Received for inclusion into the amount of electric energy transmission*		Suits filed		Won in court	
	pcs.	thousand kWh	pcs.	thousand kWh	pcs.	RUR thousand	pcs.	RUR thousand
Total	21,342	125,913	20,904	122,360	0	0	0	0
Legal entities	6,992	104,322	6,851	101,189	0	0	0	0
Natural persons	14,350	21,591	14,053	21,171	0	0	0	0

* The amount of unaccountable consumption of electric energy is included into the amount of electric energy transmission and excluded from the amount of electric energy losses.

Information on the drawn statements on consumption beyond contracts

Type of consumer	Statements drawn			Paid according to statements			Suits filed		Won in court	
	pcs.	thousand kWh	RUR thousand	pcs.	thousand kWh	RUR thousand	pcs.	RUR thousand	pcs.	RUR thousand
Total	14,048	124,364	318,263	10,816	59,648	156,906	1,731	57,343	1,266	30,223
Legal entities	4,546	98,780	273,289	3,135	43,517	128,459	714	49,401	443	23,744
Natural persons	9,502	25,584	44,974	7,681	16,131	28,447	1,017	7,942	823	6,479

Data on the Actual Amount of Investments in 2008-2010 per Unit

	2008						
	Disbursement, VAT exclusive	Commissioning of Oblast units, VAT exclusive	Financing, VAT inclusive	Commissioning of capacities		Capacity gain	
	RUR mln	RUR mln	RUR mln	km	MVA	km	MVA
IDGC of Centre	9,071	7,730	10,252	3,263	660	1,886	489
Belgorodenergo	2,625	2,587	2,837	1,268	189	889	164
Bryanskenergo	452	152	505	56	26	6	6
Voronezhenergo	960	763	1,211	207	125	90	125
Kostromaenergo	453	271	524	240	25	183	24
Kurskenergo	651	599	788	423	51	239	38
Lipetskenergo	1,183	888	1,277	307	25	106	25
Orelenergo	406	244	489	84	6	60	6
Smolenskenergo	721	630	773	133	11	23	7
Tambovenergo	301	279	365	110	49	36	33
Tverenergo	728	747	803	134	114	12	40
Yarenergo	581	570	674	303	40	244	22
Executive office	9	—	8	—	—	—	—

	2009						
	Disbursement, VAT exclusive	Commissioning of Oblast units, VAT exclusive	Financing, VAT inclusive	Commissioning of capacities		Capacity gain	
	RUR mln	RUR mln	RUR mln	km	MVA	km	MVA
IDGC of Centre	6,529	7,687	6,440	2,414	877	1,449	685
Belgorodenergo	2,467	2,464	2,404	945	146	690	139
Bryanskenergo	324	238	294	23	31	0.9	30
Voronezhenergo	603	788	500	100	158	41	147
Kostromaenergo	230	471	227	104	65	104	65
Kurskenergo	491	350	439	311	50	230	42
Lipetskenergo	655	1,053	826	218	152	126	144
Orelenergo	266	445	221	70	69	45	6
Smolenskenergo	304	597	208	122	23	37	10
Tambovenergo	170	228	235	26	55	10	30
Tverenergo	536	555	578	264	35	69	22
Yarenergo	473	488	500	230	94	98	50
Executive office	11	11	9	0	0	0	0

	2010						
	Disbursement, VAT exclusive	Commissioning of Oblast units, VAT exclusive	Financing, VAT inclusive	Commissioning of capacities		Capacity gain	
	RUR mln	RUR mln	RUR mln	km	MVA	km	MVA
IDGC of Centre	12,230	10,009	12,504	4,155	1,050	2,777	770
Belgorodenergo	3,682	3,700	4,639	1,561	192	1,023	172
Bryanskenergo	733	528	455	93	90	57	72
Voronezhenergo	946	883	1090	611	91	500	49
Kostromaenergo	411	302	367	237	19	233	18
Kurskenergo	1,222	1,129	1138	227	116	157	111
Lipetskenergo	1,370	1,043	958	314	146	221	109
Orelenergo	310	354	272	29	65	29	40
Smolenskenergo	455	328	491	207	17	117	9
Tambovenergo	224	256	215	125	71	105	41
Tverenergo	860	828	863	422	135	166	48
Yarenergo	901	642	897	329	108	167	102
Executive office	1,116	15	1,118	0	0		

Areas of Focus of the Investment Programme for the Period of 2011-2016 per Unit

Unit	2011	2012	2013	2014	2015	2016
Belgorodenergo	4,053	4,864	5,513	5,853	5,901	5,901
Technical upgrade	1,605	2,593	2,294	2,743	3,130	3,043
New construction	2,387	2,187	3,203	3,093	2,754	2,858
Other	61	85	17	17	17	0
Bryanskenergo	763	1,344	1,816	2,839	2,710	2,710
Technical upgrade	560	994	1,382	2,102	2,585	2,165
New construction	204	341	426	732	110	530
Other	0	10	7	5	15	15
Voronezhenergo	2,180	1,728	4,932	2,880	5,330	5,330
Technical upgrade	1,770	1,572	3,622	2,135	4,182	3,177
New construction	403	156	1,309	745	1,148	2,153
Other	7	0	0	0	0	0
Kostromaenergo	877	1,407	2,440	2,786	2,747	2,747
Technical upgrade	696	1,145	2,039	2,161	2,157	2,113
New construction	154	252	401	625	590	634
Other	27	10	0	0	0	0
Kurskenergo	1,198	996	2,291	2,524	2,781	2,870
Technical upgrade	799	710	1,723	1,632	2,058	2,770
New construction	400	285	508	822	623	0
Other	0	0	60	70	100	100
Lipetskenergo	3,190	2,673	2,959	3,279	3,635	3,635
Technical upgrade	1,274	1,374	1,357	1,500	1,359	1,859
New construction	1,916	1,300	1,602	1,778	2,276	1,776
Other	0	0	0	0	0	0
Orelenergo	500	449	1,419	3,583	2,062	2,263
Technical upgrade	323	302	1,074	2,041	1,115	2,154
New construction	177	147	346	1,543	947	108
Other	0	0	0	0	0	0

Unit	2011	2012	2013	2014	2015	2016
Smolenskenergo	1,600	2,400	3,350	4,414	4,850	4,850
Technical upgrade	1,499	1,812	2,685	3,655	4,048	3,925
New construction	90	585	661	737	801	925
Other	11	3	4	22	2	0
Tambovenergo	902	1,124	818	1,431	1,454	1,100
Technical upgrade	322	560	413	776	829	892
New construction	580	564	404	655	626	208
Other	0	0	0	0	0	0
Tverenergo	1,177	4,313	4,079	3,789	4,097	4,225
Technical upgrade	1,104	3,953	3,987	3,789	4,097	4,225
New construction	73	360	92	0	0	0
Other	0	0	0	0	0	0
Yarenergo	1,225	1,308	1,160	1,175	1,202	1,257
Technical upgrade	506	456	551	618	820	588
New construction	606	708	489	547	371	658
Other	112	145	120	10	11	11
Executive office IDGC	12	16	17	18	19	19
Technical upgrade	12	16	17	18	19	19
New construction	0	0	0	0	0	0
Other	0	0	0	0	0	0
Total per IDGC	17,678	22,623	30,794	34,571	36,788	36,906
Technical upgrade	10,469	15,487	21,146	23,170	26,398	26,931
New construction	6,990	6,884	9,440	11,277	10,246	9,849
Other	219	252	208	124	144	126

Summary of Accounting Policy in 2010

Asset Assessment Method

The accounting policy of IDGC of Centre for 2010 was adopted by Order №295-ЦА of 31.12.2009.

The document was elaborated in accordance with the requirements of the accounting and financial legislation of the Russian Federation, and ensures the following:

- The common methods for the organization of the accounting and the accounting itself;
- The main presumptions, requirements and approaches to the organization of the accounting and accounting itself;
- The reliability of the prepared financial (accounting) statements;
- The accumulation of full and reliable information on such tax accounting subjects as income, expenditures, property, proprietary rights, obligations and economic transactions; the cost estimate of which determines the taxable base for the current reporting (fiscal) period.

The managers and personnel of all of the Company's units, services and departments that are responsible for the timely submission of the underlying instruments and other accounting information to the accounts department are guided in their work by the provisions of the accounting policy.

The Company's accounting policy has been developed in keeping with the requirements of the following:

- The Civil Code of the RF;
- The federal law, On Accounting, №129-FZ of 21.11.96;
- The regulations on Accounting and Financial Statements in the Russian Federation (Order of the Ministry of Finance of the RF №34-н of 29.07.1998), and also the following:
RAS 1/2008, Accounting Policy of an Organisation; RAS 3/2006, Accounting of Assets and Liabilities, the Cost of which is Expressed in Foreign Currency; RAS 4/99, Accounting Statements of an Organisation; RAS 5/01, Inventory Accounting; RAS 6/01, Asset Accounting; RAS 7/98, Post Balance Sheet Events; RAS 8/01, Contingencies; RAS 9/99, Income of an Organisation; RAS 10/99, Expenditures of an Organisation; RAS 11/2008, Information on Related Parties; RAS 12/2000, Information per Segments; RAS 13/2000, Accounting for Government Assistance; RAS 14/2007, Accounting for Intangible Assets; RAS 15/2008, Accounting for Expenditures on Loans and Credit; RAS 16/02, Information on Discontinued Activity; RAS 17/02, Accounting for Expenditures on R&D and Technology; RAS 18/02, Accounting for Settlements on Profit Taxes for Organisations; RAS 19/02, Accounting for Financial Investments; RAS 20/03, Information Concerning Participation in Joint Activities; and RAS 21/2008, Changes in Accounting Estimates.

Accounting for property, liabilities and economic transactions is performed based upon natural measures in monetary terms through a continuous, uninterrupted, documentary and interrelated display. Indicators of annual financial statements are given based upon the principle of relevance to assist all interested users in evaluating the Company's financial standing.

You may become acquainted with the full version of the accounting policy of IDGC of Centre at the corporate website of the Company at: http://www.mrsk-1.ru/inform/fin_bux/.

The compliance of the accounting standards of the Company to the requirements of the accounting standards adopted in the Russian Federation has been confirmed by the auditor's report of BDO CJSC dated March 1, 2011 regarding the Company's annual financial statements in 2010.

The assessment of the Company's assets is performed by an independent appraiser in those cases specified by the federal law, On Joint-Stock Companies, and the regulations of IDGC of Centre. In the assessment of assets, the appraiser employs the approaches and methods specified by the federal law, On Assessment Activity, of 29.07.1998. №135-FZ and Federal Assessment Standards (FAS №1, FAS №2, and FAS №3) adopted by orders №254, 255 and 256 of the MEDT of Russia dated 20 July 2007.

The financial investments of the Company are assessed in accordance with the requirements of RAS 19/02, Accounting for Financial Investments, adopted by order of the Ministry of Finance №126н of 10.12.2002, as well as the accounting policy of the Company.

Rights of Shareholders

The Corporate Governance Code was adopted by the Company (Minutes of the Board of Directors №009/06 dated 18 October 2006). In accordance with paragraph 1 of section IV of this Code, the Board of Directors of the Company, the Sole Executive Body of the Company, is to ensure the observance of the following rights and legitimate interests of the Company's shareholders:

1) The Company acknowledges the inalienable right of a shareholder to participate in the governing of the Company.

Shareholders have the right to participate in corporate governance, firstly, through making decisions at the General Meeting of the Shareholders regarding the Company's activities. To exercise this right, the Company shall adopt internal documents providing, in accordance with the legislation of the Russian Federation, for the right of shareholders to demand the convening of the General Meeting and to introduce proposals into the agenda of such a meeting in order that each shareholder may prepare in due course for their participation in the General Meeting of Shareholders, as well as exercise their voting rights. The Company's shareholders have the right to propose candidates for the management and supervisory bodies of the Company in accordance with the rules set out in the federal law, On Joint-Stock Companies, the Articles of Association, and the internal documents of the Company.

2) Shareholders who own voting shares have the right to participate in the General Meeting of the Shareholders, exercising voting powers on all issues within his/her scope of competence.

In order to ensure the proper execution and protection of this right, the Company undertakes to organize the General Meeting of the Shareholders in such a manner that the participation of shareholders would not incur major material costs for the shareholders, or the spending of considerable time, while ensuring equal access to all shareholders.

3) The Company undertakes to provide shareholders with sufficient information concerning the issues on the agenda of the General Meeting of the Shareholders and in a sufficiently timely fashion that would allow the shareholders to make reasoned decisions.

In those cases specified by the legislation currently in force and the Articles of Association of the Company, the General Meeting of the Shareholders shall consider issues solely upon the proposition of the Board of Directors. The entire information concerning the General Meeting of the Shareholders shall be obligatorily disclosed on the Company's website on the Internet.

4) Shareholders have the right to freely dispose of their shares in accordance with the provisions of the legislation of the Russian Federation currently in force.

The Company ensures the adequate protection of the shareholders' rights concerning their shares. The system of accounting for the rights to shares ensures not only the reliability of the process, but also the possibility of the free and quick alienation of shares belonging to the shareholders. The registry of the Company's shareholders is maintained by an independent registrar approved by the Company's Board of Directors. The nomination and choice of an independent registrar possessing all of the necessary qualifications and an impeccable reputation allows the Company to ensure the reliable and efficient registration of the ownership of the shares and other securities of the Company.

5) The right to a dividend is an inalienable right of a shareholder.

The dividend policy is determined by an internal Company document approved by the Board of Directors, and is based upon a balance between the interests of shareholders (in regards to attaining a portion of the Company's profits) and the interests of the Company (in regards to the allocation of funds for its further development). During the preparation of the annual meeting, the shareholders are provided with information concerning the possibility that the Company may disburse dividends, which makes it possible to assess the actual financial achievements for the reporting period. All financial statements, an annual report,

the conclusions of an independent auditor and an audit commission (based upon the results of the Company's economic activities), and information concerning the procedures for the calculation and disbursement of dividends are provided. The Company is obliged to pay the declared dividends when they fall due in accordance with the decision of the General Meeting of the Shareholders.

6) Shareholders have the right to the regular and timely acquisition of sufficient information concerning the activities of the company, in order to make informed and reasonable decisions concerning the disposal of shares.

In order to ensure the proper observance and protection of these rights, the Company ensures that it meets all of the legal requirements concerning the disclosure of information. All information, however it is originally disclosed, shall also be obligatorily disclosed on the Company's website on the Internet. The Company shall disclose financial statements in accordance with the requirements of the legislation of the Russian Federation, as well as International Financial Reporting Statements (IFRS).

7) A shareholder has the right to demand an audit of the financial and economic activities of the Company in accordance with the rules set out in the federal law, On Joint-Stock Companies, the Articles of Association, and the internal documents of the Company.

The Company expects that shareholders will not misapply the rights granted to them or undertake anything solely with the purpose of inflicting harm upon other shareholders or the Company. Detailed information concerning the observance of these shareholders' rights is given in Annex 7 to this Annual Report (Report on the Compliance of IDGC of Centre with the Corporate Code of Conduct).

Shareholders' rights are also stipulated in the Company's Articles of Association.

In accordance with Paragraph 4 of Item 2.5 of the Articles of Association of IDGC of Centre, shareholders have the right to dispose of the shares in their possession without the consent of other shareholders or the Company.

In accordance with items 5.5 and 5.6 of the Articles of Association, shareholders of the Company (in those cases specified by the legislation of the Russian Federation) have a pre-emptive right to buy additional shares and issuable securities convertible into shares, placed by subscription, in an amount proportionate to the number of the shares of this category (type) that they possess. If it is not possible to buy a whole number of shares based upon such pre-emptive right to purchase additional shares, or in the event of a reverse split, portions of shares (fractional shares) shall be formed. A fractional share provides a shareholder – its owner – with the rights secured by an entire share of the respective category (type) to a degree corresponding to the portion of the entire share it represents.

In accordance with Item 6.2 of the Articles of Association, each registered ordinary share of the Company provides to the shareholder – its owner – the same degree of rights. Shareholders (owners) of registered ordinary shares of the Company have the right to:

1. Participate personally or through representatives in the General Meeting of the Shareholders of the Company, with voting rights concerning all questions within his/her competence;
2. Introduce proposals for the agenda of the General Meeting in accordance with the procedures stipulated by the legislation of the Russian Federation and the present Articles of Association;
3. Receive information on the activity of the Company and become familiarized with the documents of the Company in accordance with Article 91 of the federal law, On Joint-Stock Companies, other regulatory acts, and the present Articles of Association;
4. Collect dividends declared by the Company;
5. Engage in the pre-emptive buying of additional shares and issuable securities convertible into shares, placed by subscription, in an amount proportionate to the number of ordinary shares in their possession, in those cases stipulated by the legislation of the Russian Federation;
6. Obtain a portion of the Company's property in the event of its dissolution;
7. Exercise additional rights stipulated by the legislation of the Russian Federation and the present Articles of Association.

Detailed Information concerning the Members of the Board of Directors, the Board of Directors's Committees, the Management Board, and the Auditing Committee

Detailed Information on the Members of the Company's Board of Directors

Identities of the Board of Directors elected by the Annual General Meeting of the Shareholders on 11 June 2009 (Record №01/09 dated 16 June 2009)¹.

Sergey Borisovich Kosarev — Chairperson of the Board of Directors

Year of birth: **1960**

Citizenship: **Russian Federation**

Education: **Higher**

1982, Kostroma State Pedagogical Institute named after N.A. Nekrasov

Specialty: **Teacher of History**

2000, Higher International University (Master of Management)

Academic degrees, titles: **Candidate of Science (History), Associate Professor**

Primary employment: **Director of the Law Department of the State Corporation "Rosnano"**

Other positions: **Adviser of the General Director of IDGC Holding, JSC, member of the Board of Directors of: "Real Estate, of All-Russian Research, Development and Design Institute of Power Industry" (VNIPlenergoprom)", JSC, "Real Estate of IC of Volga Region Power Industry", JSC, "Kubanenergo", JSC, "Interregional Distribution Grid Company of Siberia", JSC**

Date of first election to the Board of Directors: **11 June 2009**

Elected as the Chairman of the Board of Directors on 8 July 2009 (Record of the Board of Directors №11/09 dated 10 July 2009)

Share fraction of the Company and its subsidiaries and associates held by this member of the Board of Directors (number): **does not hold**

Transactions related to acquisition and alienation of shares of the Company, including date, subject thereof, class (type) and number of shares being the subject of such transaction in 2010: **1,000,000 ordinary registered shares of IDGC of Centre, JSC were sold on 25 February 2010 (0.0024% of the Company's authorized capital)**

Tatiana Alexandrovna Seliverstova — Deputy Chairperson of the Board of Directors

Year of birth: **1972**

Citizenship: **Russian Federation**

Education: **Higher**

1995, State Management Academy named after S. Ordzhonikidze

Specialty: **Manager**

1997, The Russian Academy of the National Economy under the Government of Russia (Professional Retraining)

Specialty: **Finance Management**

Primary employment: **Head of the Securities Division of the Department for Corporate Governance and Interaction**

¹ Hereinafter, the information is as of the date of nomination.

with the Shareholders of IDGC Holding JSC

Other positions: **Member of the Board of Directors of the “Research and Development Institute of Power Economy”, JSC “Sibenergosetproekt, JSC, “R&D Centre of Volga region”, JSC, “Middle Volga Interregional Management Power Company”, JSC**

Share fraction of the Company and its subsidiaries and associates held by this member of the Board of Directors (number): **does not hold**

Date of first election to the Board of Directors: **11 June 2009**

Elected as the Deputy Chairperson of the Board of Directors on 08 July 2009 (Record of the Board of Directors №11/09 dated 10 July 2009)

Transactions related to the acquisition and alienation of shares of the Company, including the date, subject thereof, class (type) and number of shares that were the subject of such a transaction in 2010: **None**

Alexandr Markovich Branis

Year of birth: **1977**

Citizenship: **Russian Federation**

Education: **Higher**

2001, Academy of the National Economy under the Government of the Russian Federation (Bachelor of Management)

Primary employment: **General Director of “Prosperity Capital Management”, Ltd., Director of the Analytical Division of the Representative Office of “Prosperity Capital Management (RF)” Ltd.**

Other positions: **Member of the Board of Directors of: “TGC-6”, JSC, “Bashkirenergo”, JSC**

Date of first election to the Board of Directors: **09 December 2004**

Share fraction of the Company and its subsidiaries and associates held by this member of the Board of Directors (number): **does not hold**

Transactions related to the acquisition and alienation of shares of the Company, including the date, subject thereof, class (type) and number of shares that were the subject of such a transaction in 2010: **None**

Sergey Nikolaevich Ivanov

Year of birth: **1961**

Citizenship: **Russian Federation**

Education: **Higher**

1984, Moscow Engineering and Physics Institute

Specialty: **Theoretical Nuclear Physics**

Primary employment (as of the date of nomination): **First Deputy Chairperson of the Management Board of “FGC of UES”, JSC**

Other positions: **Member of the Board of Directors of: “Lenenergo”, JSC, “IDGC of Volga”, JSC, “IDGC of North-West”, JSC, “IDGC of Ural”, JSC, “IDGC of Siberia”, JSC, “IDGC of Centre and Volga region”, JSC, “Moscow Unified Power Grid Company”, JSC, “Power Russian Company (ERKO)”, JSC, “Small power industry”, JSC, “Energostroysnabkomplekt”, JSC, “Index of power industry of FGC of UES”, Ltd., “Engineering and Construction Management Centre of UES”, JSC, “Balance Forecasting Agency in Power Industry”, CJSC, Chairperson of the Presidium — President of the Institute of Autonomous NonCommercial Organisation “National Institute of Power Security”**

Date of first election to the Board of Directors: **11 June 2009**

Share fraction of the Company and its subsidiaries and associates held by this member of the Board of Directors (number):
does not hold

Transactions related to the acquisition and alienation of shares of the Company, including the date, subject thereof, class (type) and number of shares that were the subject of such a transaction in 2010: **None**

Evgeny Fedorovich Makarov

Year of birth: **1955**

Citizenship: **Russian Federation**

Education: **Higher**

2003, Finance Academy under the Government of the Russian Federation

Specialty: **Finances and Credit**

1978, Ivanovo Power Engineering Institute

Specialty: **Electric Power Systems**

Primary employment (as of the date of nomination): **General Director of "IDGC of Centre", JSC**

Other positions (as of the date of nomination): **Chairman of the Supervisory Board of All-Russian industrial association of power industry employers (RAEL)**

Date of first election to the Board of Directors: **09 December 2004**

Stake of shares of the Company and its subsidiaries and affiliates belonging to the member of the Board of Directors (number):
0.4894% (206,622,069 ordinary registered shares of the Company)

Transactions related to the acquisition and alienation of shares of the Company, including the date, subject thereof, class (type) and number of shares that were the subject of such a transaction in 2010: **None**

Sergey Nikolaevich Popovsky

Year of birth: **1971**

Citizenship: **Russian Federation**

Education: **Higher**

1993, Krasnoyarsk Institute of Non-Ferrous Metals

Specialty: **Research and Design Work for CAD Systems**

Primary employment: **Non-Commercial Partnership "Council of Market on Organization of Efficient System of Electric Power and Capacity Wholesale and Retail" (NP "Council of market") — Member of the Management Board — Deputy Chairman of the Management Board**

Other positions: **does not occupy**

Date of first election to the Board of Directors: **11 June 2009**

Share fraction of the Company and its subsidiaries and associates held by this member of the Board of Directors (number):
does not hold

Transactions related to the acquisition and alienation of shares of the Company, including the date, subject thereof, class (type) and number of shares that were the subject of such a transaction in 2010: **None**

Denis Alexandrovich Spirin

Year of birth: **1980**

Citizenship: **Russian Federation**

Education: **Higher**

2006, Moscow State Law Academy

Specialty: **Jurisprudence**

2002, Moscow State University of Means of Communication

Specialty: **Railcars (Management of Railcar Repair and Production)**

Primary employment: **Director for Corporate Governance of the Representative Office of Prosperity Capital Management (RF) Ltd**

Other positions: **Member of the Board of Directors of: "ODGC of Centre and Volga region", JSC, "Arkhangelsk power sales company", JSC, "Voronezh power sales company", JSC, "Kursk power sales company", JSC, "Postpromstroybank", JSC, "Novgorodsetstroy", JSC, "SevertRUroprovodstroy", JSC, "UrengoytRUroprovodstroy", JSC, "YuzhtRUroprovodstroy", JSC, "Tver power repair company", JSC, "Smolensk power repair company", JSC, "Penza power repair company", JSC, "Energospetsmontazh", JSC, "Dalkhimfarm", JSC.**

Date of first election to the Board of Directors: **11 June 2009**

Share fraction of the Company and its subsidiaries and associates held by this member of the Board of Directors (number):
does not hold

Transactions related to the acquisition and alienation of shares of the Company, including the date, subject thereof, class (type) and number of shares that were the subject of such a transaction in 2010: **None**

Alexandr Grigoryevich Starchenko

Year of birth: **1968**

Citizenship: **Russian Federation**

Education: **Higher**

1991, Moscow State Technical University named after N.E. Bauman

Specialty: **Informatics and Control Systems**

Primary employment: **Director for Power Engineering of "NLMK", JSC**

Other positions: **Member of the Board of Directors of: "Lipetsk city power company", Ltd., "Lipetsk power sales company", JSC, "Lipetskoblغاز", JSC, "Altay-Koks", JSC**

Date of first election to the Board of Directors: **30 May 2008**

Share fraction of the Company and its subsidiaries and associates held by this member of the Board of Directors (number):
does not hold

Transactions related to the acquisition and alienation of shares of the Company, including the date, subject thereof, class (type) and number of shares that were the subject of such a transaction in 2010: **None**

Sergey Borisovich Syutkin

Year of birth: **1959**

Citizenship: **Russian Federation**

Education: **Higher**

1983, Moscow Power Engineering Institute

Specialty: **Thermal Electric Stations**

Primary employment: **General Director of the Unit of “System Operator of UES”, JSC — Operational Dispatching Office of Centre**

Other positions: **Member of the Board of Directors of “IDGC of Centre and Volga region”, JSC**

Date of first election to the Board of Directors: **30 May 2008**

Share fraction of the Company and its subsidiaries and associates held by this member of the Board of Directors (number): **does not hold**

Transactions related to the acquisition and alienation of shares of the Company, including the date, subject thereof, class (type) and number of shares that were the subject of such a transaction in 2010: **None**

Maria Gennadyevna Tikhonova

Year of birth: **1980**

Citizenship: **Russian Federation**

Education: **Higher**

2008, Higher School of the Economy. Program “Master of Business Administration (MBA)”

Specialty: **Finances**

2005, Academy of the National Economy under the Government of the Russian Federation. Professional Retraining for the “State Management of Economic Development Programme”

2002, Volgo-Vyatka Academy of State Service

Specialty: **Manager**

Primary employment: **Deputy Director of the Department for Economic Regulation and Property Relations of Fuel and Energy Complex of Ministry of Energy of the Russian Federation, Moscow**

Other positions: **Member of the Board of Directors of: “IDGC of Volga”, JSC, “Moscow Unified Power Grid Company”, JSC, “Lenenergo”, JSC, “Enel OGC-5”, JSC**

Date of first election to the Board of Directors: **11 June 2009**

Share fraction of the Company and its subsidiaries and associates held by this member of the Board of Directors (number): **does not hold**

Transactions related to the acquisition and alienation of shares of the Company, including the date, subject thereof, class (type) and number of shares that were the subject of such a transaction in 2010: **None**

Roman Alexeevich Filkin

Year of birth: **1983**

Citizenship: **Russian Federation**

Education: **Higher**

2005, Finance Academy under the Government of the Russian Federation

Specialty: **Finances and Credit**

Primary employment: **Deputy Director of the Representative Office of “Prosperity Capital Management (RF)” Ltd.**

Other positions: **Member of the Board of Directors of: Bank “Yuzhny region”, JSC, “Bashkienergo”, JSC, “Dagestan power sales company”, JSC, “Dalenergmontazh”, JSC, “Energospetsmontazh”, JSC, Taganrog Boiler Construction Plant “Krasny kotelshchik”, JSC, “Kyrskennergosbyt”, JSC, “IDGC of Centre and Volga region”, JSC, “Novgorodsetstroy”, JSC, “Novaya ERA”, JSC, “Novgorodoblkommunelektro”, JSC, “Penza**

power repair company”, JSC, “SevertRUroprovodstroy”, JSC, “Sevzapelektrosetstroy”, JSC, “Smolensk power repair company”, JSC, high-voltage power transmission lines and substations “Spetssetstroy”, “TGC-6”, JSC, “UrengoytRUroprovodstroy”, JSC, “YuzhtRUroprovodstroy”, JSC, “Magadanenergo”, JSC, “Voronezh joint-stock aircraft construction society”, JSC, “Voronezh power sales company”, JSC, “Yaroslavl power company”, JSC, “Tver power repair company”, JSC, “Arkhangelsk sales company”, JSC.

Date of first election to the Board of Directors: **11 June 2009**

Share fraction of the Company and its subsidiaries and associates held by this member of the Board of Directors (number):
does not hold

Transactions related to the acquisition and alienation of shares of the Company, including the date, subject thereof, class (type) and number of shares that were the subject of such a transaction in 2010: **None**

Identities of the Board of Directors elected by the Annual General Meeting of the Shareholders on 22 June 2010 (Record №01/10 dated 24 June 2010)²

Nikolay Nikolaevich Shvets, Chairperson of the Board of Directors

Year of birth: **1956**

Citizenship: **Russian Federation**

Education: **Higher**

1983, All-Russian Correspondence Polytechnic Institute

Specialty: **Electrical Engineer;**

1991, Military Command Red-Banner Academy of Air Defence named after Marshall of the Soviet Union G.K. Zhukov

Specialty: **Officer with Higher Military Education;**

1997, Military Academy of the General Staff of the Armed Forces of the Russian Federation,

Specialty: **Officer with Higher Military Operational-Strategic Education.**

Primary employment: **General Director of IDGC Holding, JSC**

Academic degrees, titles: **Candidate of Science (Economics), Associate Professor, Corresponding Member of the Academy of Military Sciences**

Other positions: **Chairman of the Management Board of “IDGC Holding”, JSC; member of the Board of Directors of “IDGC of the Urals”, JSC, “MOESK” (Moscow Unified Power Grid Company), JSC, “Yantarenergo”, JSC, “IDGC of the Northwest”, JSC, “Lenenergo”, JSC, “IDGC of Centre and the Volga Region”, JSC, “Tyumenenergo”, JSC.**

Share fraction of the Company and its subsidiaries and associates held by this member of the Board of Directors (number):
does not hold

Number of times as a member of the Company’s Board of Directors: **first election to the Board of Directors**

Date of first election to the Board of Directors: **22 June 2010.**

Transactions related to the acquisition and alienation of shares of the Company, including the date, subject thereof, class (type) and number of shares that were the subject of such a transaction in 2010: **None**

Alexey Yuryevich Perepelkin, Deputy Chairman of the Board of Directors

Year of birth: **1970**

Citizenship: **Russian Federation**

Education: **Higher**

² Hereinafter, the information is as of 31 December 2010. If the member of the Company’s Board of Directors is stated to hold the position to date, the reporting date, 31 December 2010, is meant.

1998, Moscow State Law Academy

Specialty: **Jurisprudence**

Qualification: **Lawyer;**

1993, Moscow State Technical University named after N.E. Bauman

Specialty: **Optical Instruments and Systems**

Qualification: **Optical Engineer.**

Primary employment: **Deputy General Director for Corporate Governance and Property of “IDGC Holding”, JSC**

Other positions: **Member of the Management Board of “IDGC Holding”, JSC; member of the Board of Directors of “IDGC of Centre and Volga Region”, JSC, “IDGC of the North-West”, JSC, UES Payment Optimization Centre**

Share fraction of the Company and its subsidiaries and associates held by this member of the Board of Directors (number): **does not hold**

Number of times as a member of the Company's Board of Directors: **first election to the Board of Directors**

Date of first election to the Board of Directors: **22 June 2010.**

Transactions related to the acquisition and alienation of shares of the Company, including the date, subject thereof, class (type) and number of shares that were the subject of such a transaction in 2010: **None**

Evgeny Fedorovich Makarov

See Information on the Company's General Director

Number of times as a member of the Company's Board of Directors: **seventh election to the Company's Board of Directors**

Date of first election to the Board of Directors: **09 December 2004.**

Alexandr Markovich Branis

Year of birth: **1977**

Citizenship: **Russian Federation**

Education: **Higher**

2001, Academy of the National Economy under the Government of the Russian Federation (Bachelor's Degree in Management)

Primary employment: **Director of the Representative Office of Prosperity Capital Management (RF) Ltd.**

Other positions: **Chief Accountant, Chairman of the Liquidation Committee of Prosperity Capital Management Ltd; Director for Investments of the Representative Office of Prosperity Capital Management (RF) Ltd; Member of the Board of Directors of “IDGC of Centre and Volga Region”, JSC, “Bashkiria Joint-Stock Company of Power and Electrification” (Bashkirenergo), “Territorial Generating Company №6”, JSC**

Share fraction of the Company and its subsidiaries and associates held by this member of the Board of Directors (number): **does not hold**

Number of times as a member of the Company's Board of Directors: **seventh election to the Company's Board of Directors**

Date of first election to the Board of Directors: **09 December 2004**

Transactions related to the acquisition and alienation of shares of the Company, including the date, subject thereof, class (type) and number of shares that were the subject of such a transaction in 2010: **None**

Konstantin Yuryevich Petukhov

Year of birth: **1971**

Citizenship: **Russian Federation**

Education: **Higher**

1997, Altay State Technical University named after I.I. Polzunov

Specialty: **Power Supply (for sectors)**

Qualification: **Engineer**

2001, Altay State Technical University

Specialty: **Finance and Credit**

Qualification: **Economist**

Primary employment: **Director for Strategy and Development of IDGC Holding, JSC**

Other positions: **Member of the Board of Directors of: IDGC of Ural, JSC, "MOESK" (Moscow Unified Power Grid Company), JSC; "Yantarenergo", JSC; "VNIPlenergoprom", JSC; "Scientific Research Institute of Energy Economy", JSC; "Special Design Engineering Bureau of All-Russian Thermal Engineering Institute", JSC**

Share fraction of the Company and its subsidiaries and associates held by this member of the Board of Directors (number): **does not hold**

Number of times as a member of the Company's Board of Directors: **first election to the Board of Directors**

Date of first election to the Board of Directors: **22 June 2010**

Transactions related to the acquisition and alienation of shares of the Company, including the date, subject thereof, class (type) and number of shares that were the subject of such a transaction in 2010: **None**

Alexandr Albertovich Popov

Year of birth: **1955**

Citizenship: **Russian Federation**

Education: **Higher**

1976, Zhitomir Higher Education Military Command School of Radio Electronics for Air Defence named after Lenin Komsomol

Specialty: **Commands and Tactics, Radio Engineering Facilities**

Qualification: **Officer, Higher Military Special Education, Engineer for Operating Radio Engineering Facilities;**

1991, Military Command Red-Banner Academy of Air Defence named after Marshall of the Soviet Union G.K. Zhukov

Specialty: **Commands and Headquarters, Operations and Tactics, Air Defence Armies;**

2000, The Russian Academy of State Service under the President of the Russian Federation, State and Municipal Management.

Primary employment: **Deputy General Director, Head of IDGC Holding, JSC Apparatus**

Other positions: **Member of the Board of Directors of: "MOESK" JSC; "Yantarenergo", JSC; "VNIPlenergoprom", JSC; "Scientific Research Institute of Energy Economy", JSC; "IDGC of North-West", JSC; "IDGC of Siberia", JSC; "Lenenergo", JSC**

Share fraction of the Company and its subsidiaries and associates held by this member of the Board of Directors (number): **does not hold.**

Number of times as a member of the Company's Board of Directors: **first election to the Board of Directors**

Date of first election to the Board of Directors: **22 June 2010.**

Transactions related to the acquisition and alienation of shares of the Company, including the date, subject thereof, class (type) and number of shares that were the subject of such a transaction in 2010: **None**

Alexey Vladimirovich Sergutin

Year of birth: **1961**

Citizenship: **Russian Federation**

Education: **Higher**

1987, Moscow State University named after M.V. Lomonosov

Specialty: **Economist-Cybernetician**

Primary employment: **Director for Economics of IDGC Holding, JSC**

Other positions: **Member of the Board of Directors of IDGC of Centre and Volga Region", JSC; "VNIPlenergoprom", JSC**

Share fraction of the Company and its subsidiaries and associates held by this member of the Board of Directors (number): **does not hold**

Number of times as a member of the Company's Board of Directors: **first election to the Board of Directors**

Date of first election to the Board of Directors: **22 June 2010.**

Transactions related to the acquisition and alienation of shares of the Company, including the date, subject thereof, class (type) and number of shares that were the subject of such a transaction in 2010: **None**

Denis Alexandrovich Spirin

Year of birth: **1980**

Citizenship: **Russian Federation**

Education: **Higher**

2006, Moscow State Law Academy

Specialty: **Jurisprudence**

2002, Moscow State University of Means of Communication

Specialty: **Railcars (Management of Railcar-Repair and Production)**

Primary employment: **Director for Corporate Governance for the Representative Office of Prosperity Capital Management (RF) Ltd.**

Other positions: **Member of the Board of Directors of: "Energospetsmontazh", JSC; "Smolensk Energy and Repair Company", JSC; "Penza Energy and Repair Company", JSC; "IDGC of Centre and Volga Region", JSC; "Dalkhimfarm", JSC; "Urengoytruboprovodstroy", JSC; "Yuzhtruboprovodstroy", JSC; "Novgorodsetstroy", JSC; "Rostpromstroybank", JSC; "Tver Energy and Repair Company", JSC; "Selenginsky CKK"; "TGC-6" plc**

Share fraction of the Company and its subsidiaries and associates held by this member of the Board of Directors (number): **does not hold**

Number of times being the member of the Company's Board of Directors: **second election to the Board of Directors**

Date of first election to the Board of Directors: **11 June 2009**

Transactions related to the acquisition and alienation of shares of the Company, including the date, subject thereof, class (type) and number of shares that were the subject of such a transaction in 2010: **None**

Alexandr Grigoryevich Starchenko

Year of birth: **1968**

Citizenship: **Russian Federation**

Education: **Higher**

1991, Moscow State Technical University named after N.E. Bauman

Specialty: **Informatics and Control Systems**

Primary employment: **Director for Power Engineering of “Novolipetsk Metallurgical Combine”, JSC**

Other positions: **Member of the Board of Directors of Lipetsk City Power Company Ltd, Lipetsk Power Sales Company JSC, Lipetskoblغاز JSC, Altai-Koks JSC**

Share fraction of the Company and its subsidiaries and associates held by this member of the Board of Directors (number):
does not hold

Number of times as a member of the Company’s Board of Directors: **third election to the Board of Directors**

Date of first election to the Board of Directors: **30 May 2008**

Transactions related to the acquisition and alienation of shares of the Company, including the date, subject thereof, class (type) and number of shares that were the subject of such a transaction in 2010: **None**

Sergey Borisovich Syutkin

Year of birth: **1959**

Citizenship: **Russian Federation**

Education: **Higher**

1983, Moscow Power Institute

Specialty: **Thermal Electric Power Stations**

Primary employment: **General Director of the Unit of “System Operator of UES”, JSC — Operational Dispatching Office of Centre**

Other positions: **Member of the Board of Directors of: “IDGC of Centre and Volga Region”, JSC**

Share fraction of the Company and its subsidiaries and associates held by this member of the Board of Directors (number):
does not hold

Number of times being the member of the Company’s Board of Directors: **third election to the Board of Directors**

Date of first election to the Board of Directors: **30 May 2008**

Transactions related to the acquisition and alienation of shares of the Company, including the date, subject thereof, class (type) and number of shares that were the subject of such a transaction in 2010: **None**

Roman Alexeevich Filkin

Year of birth: **1983**

Citizenship: **Russian Federation**

Education: **Higher**

2005, Finance Academy under the Government of the Russian Federation

Specialty: **Finances and Credit**

Primary employment: **Co-Director of the Representative Office of Prosperity Capital Management (RF) Ltd.**

Other positions: **Member of the Board of Directors of: “Bashkienergo”, JSC, “Dagestan power sales company”, JSC, “Dalenergomontazh”, JSC, “Energospetsmontazh”, JSC, “IDGC of Centre and Volga region”, JSC,**

“Novgorodsetstroy”, JSC, “Novaya ERA”, JSC, “Novgorodoblkommunelektro”, JSC, “Penza power repair company”, “Sevzapelektrosetstroy”, JSC, “Smolensk power repair company”, JSC, “TGC-6”, JSC, “Urengoytruboprovodstroy”, JSC, “Yuzhtruboprovodstroy”, JSC, “Tver power repair company”, JSC, “Magadanenergo”, “Yuzhtrubprovodstroy”, JSC, “Tambov Power Supply Company”

Number of times as a member of the Company's Board of Directors: **second election to the Board of Directors**

Date of first election to the Board of Directors: **11 June 2009**

Transactions related to the acquisition and alienation of shares of the Company, including the date, subject thereof, class (type) and number of shares that were the subject of such a transaction in 2010: **None**

Detailed Information concerning the Members of the Board of Directors` Committees

The Committee for Audit

The Committee for Audit Elected by the Board of Directors on 08 July 2009 (Record №11/9 dated 10 July 2009)³ and acting until 19 July 2010⁴.

Sergey Borisovich Kosarev — Chairperson of the Committee for Audit

See Information on the Members of the Board of Directors for details.

Date of first election to the Committee for Audit 08 July 2009

Tatiana Alexandrovna Seliverstova — Deputy Chairman for Audit

See Information on the Members of the Board of Directors for details.

Date of first election to the Committee for Audit 08 July 2009

Alexandr Grigoryevich Starchenko

See Information on the Members of the Board of Directors for details.

Date of first election to the Committee for Audit 08 July 2009

Roman Alexeevich Filkin

See Information on the Members of the Board of Directors for details.

Date of first election to the Committee for Audit 08 July 2009

Acting Committee for Audit Elected by the Board of Directors on 30 July 2010 (Record №16/10 dated 30 July 2010)⁵

Alexey Yuryevich Perepelkin — Chairperson of the Committee for Audit

See Information on the Members of the Board of Directors for details.

Date of first election to the Committee for Audit 30 July 2010

³ Hereinafter the information as of 30 June 2010.

⁴ According to Subclause 6.8 of the Provisions on the Committee for Audit approved by a decision of the Company's Board of Directors in the new edition of 31 May 2010 (Record №12/10 of 02 June 2010), the members of the Committee are elected until the first meeting of the new Board of Directors.

⁵ Hereinafter the information as of 31 December 2010.

Alexey Vladimirovich Sergutin — Deputy Chairperson of the Committee for Audit

See Information on the Members of the Board of Directors for details.

Date of first election to the Committee for Audit 30 July 2010

Alexandr Grigoryevich Starchenko

See Information on the Members of the Board of Directors for details.

Date of first election to the Committee for Audit 08 July 2009

Roman Alexeevich Filkin

See Information on the Members of the Board of Directors for details.

Date of first election to the Committee for Audit 08 July 2009

The Committee for Personnel and Remuneration

The Committee for Personnel and Remuneration elected by the Board of Directors on 08 July 2009 (Record №11/09 dated 10 July 2009), Amended on 18 December 2009 (Record №23/09 dated 18 December 2009⁶, and Acting until 19 July 2010⁷

Andrey Valeryevich Chigrin — Chairperson of the Committee for Personnel and Remuneration

Year of birth: **1968**

Citizenship: **Russian Federation**

Education: **Higher**

1998, International Institute of Economy and Law

Specialty: **Jurisprudence**

1990, Military Engineering Institute named after A.F. Mozhaysky

Specialty: **Radioelectronic Means**

Primary employment: **Head of the Department for Personnel Management of “IDGC Holding”, JSC**

Date of first election to the Committee for Personnel and Remuneration: **08 July 2009.**

Share fraction of the Company and its subsidiaries and associates held by this member of the Committee (number): **does not hold.**

Transactions related to the acquisition and alienation of shares of the Company, including the date, subject thereof, class (type) and number of shares that were the subject of such a transaction in 2010: **None**

Natalia Ilyinichna Erpsher — Deputy Chairperson of the Committee for Personnel and Remuneration

Year of birth: **1969**

Citizenship: **Russian Federation**

Education: **Higher**

1991, Moscow State Means of Communication (MIIT)

Specialty: **System Engineer**

⁶ Hereinafter, the information is as of 30 June 2010.

⁷ According to Subclause 6.7 of the Provisions on the Committee for Personnel and Remuneration, approved by a decision of the Company's Board of Directors in the new edition of 31 May 2010 (Record №12/10 of 02 June 2010), the members of the Committee are elected until the first meeting of the new Board of Directors.

2002, Moscow State University (MSU)

Specialty: **Personnel Management Psychology**

Primary employment: **Chief of the Directorate of Organizational Development of “IDGC Holding”, JSC**

Date of first election to The Committee for Personnel and Remuneration: **30 April 2008**

Share fraction of the Company and its subsidiaries and associates held by this member of the Committee (number): **does not hold**

Transactions related to the acquisition and alienation of shares of the Company, including the date, subject thereof, class (type) and number of shares that were the subject of such a transaction in 2010: **None**

Sergey Alexandrovich Arkhipov

See Information on the Members of the Management Board

Date of first election to the Committee for Personnel and Remuneration: **28 November 2008**

Alexey Alexandrovich Zelensky

Year of birth: **1981**

Citizenship: **Russian Federation**

Education: **Higher**

2003, Belgorod State Technological University named after Shukhov

Specialty: **Economy and Management for Enterprise (by Industries)**

Qualification: **Economist/Manager**

2005, Peoples' Friendship University of Russia

Specialty: **Jurisprudence**

Qualification: **Lawyer**

2006, Belgorod State Technological University named after Shukhov

Academic degree: **Candidate of Science (Economics)**

Primary employment: **Director for Personnel of “IDGC of Centre”, JSC**

Date of first election to The Committee for Personnel and Remuneration: **17 December 2009**

Share fraction of the Company and its subsidiaries and associates held by this member of the Committee (number): **does not hold**

Transactions related to the acquisition and alienation of shares of the Company, including the date, subject thereof, class (type) and number of shares that were the subject of such a transaction in 2010: **None**

Konstantin Viktorovich Kotikov

Year of birth: **1974**

Citizenship: **Russian Federation**

Education: **Higher**

1997, Moscow Power Engineering Institute

Specialty: **Electric Stations**

2002, Moscow State Law Academy

Specialty: **Jurisprudence**

Primary employment: **Deputy General Director of “IDGC of Volga”, JSC — Head of Samara Distribution Grids unit**

Date of first election to The Committee for Personnel and Remuneration: **30 April 2008**

Share fraction of the Company and its subsidiaries and associates held by this member of the Committee (number): **does not hold.**

Transactions related to the acquisition and alienation of shares of the Company, including the date, subject thereof, class (type) and number of shares that were the subject of such a transaction in 2010: **None**

Denis Alexandrovich Spirin

See Information on the Members of the Board of Directors for details.

Date of first election to the Committee for Personnel and Remuneration: **08 July 2009**

Stanislav Eduardovich Tsyrlin

Year of birth: **1968**

Citizenship: **Russian Federation**

Education: **Higher**

1991, Moscow Physics and Technical Institute

Specialty: **Engineer/Physicist**

Primary employment: **Vice-president for Personnel and Management System of “NLMK”, JSC**

Date of first election to the Committee for Personnel and Remuneration: **08 July 2009**

Share fraction of the Company and its subsidiaries and associates held by this member of the Committee (number): **does not hold**

Transactions related to the acquisition and alienation of shares of the Company, including the date, subject thereof, class (type) and number of shares that were the subject of such a transaction in 2010: **None**

The Acting Committee for Personnel and Remuneration elected by the Board of Directors on 30 July 2010 (Record №16/10 of 30 July 2010)⁸

Alexandr Albertovich Popov — Chairperson of the Committee for Personnel and Remuneration

See Information on the Members of the Board of Directors for details.

Date of first election to the Committee for Personnel and Remuneration: **30 July 2010**

Alexey Yuryvich Perepelkin — Deputy Chairperson of the Committee for Personnel and Remuneration

See Information on the Members of the Board of Directors for details.

Date of first election to the Committee for Personnel and Remuneration: **30 July 2010**

Konstantin Yuryevich Petukhov

See Information on the Members of the Board of Directors for details.

Date of first election to the Committee for Personnel and Remuneration: **30 July 2010**

⁸ Hereinafter, the information as of 31 December 2010.

Alexander Grigorievich Starchenko

See Information on the Members of the Board of Directors for details.

Date of first election to the Committee for Personnel and Remuneration: **30 July 2010**

Denis Alexandrovich Spirin

See Information on the Members of the Board of Directors for details.

Date of first election to the Committee for Personnel and Remuneration: **08 July 2009**

The Reliability Committee

The Reliability Committee Elected by the Board of Directors on 08 July 2009 (Record №11/09 of 10 July 2009), and Amended (Record №21/09 of 02 December 2009)⁹ that Acted until 19 July 2010¹⁰

Olga Valentinovna Zuikova — Chairperson of the Reliability Committee

Year of birth: **1964**

Citizenship: **Russian Federation**

Education: **Higher**

1986, Ivanovo Power Engineering Institute named after V.I. Lenin

Specialty: **Electric Systems**

Primary employment: **Chief of the Directorate for Production Control and Labour Protection of “IDGC Holding”, JSC**

Date of first election to the Reliability Committee: **17 January 2006**

Share fraction of the Company and its subsidiaries and associates held by this member of the Committee (number): **does not hold**

Transactions related to the acquisition and alienation of shares of the Company, including the date, subject thereof, class (type) and number of shares that were the subject of such a transaction in 2010: **None**

Sergey Anatolyevich Shumakher — Deputy Chairperson of the Reliability Committee

See Information on the Members of the Management Board

Date of first election to the Reliability Committee: **17 January 2006**

Evgeny Alexeevich Bronnikov

See Information on the Members of the Management Board

⁹ Hereinafter, the information is as of 30 June 2010.

¹⁰ According to Subclause 7.4 of the Provisions on the Reliability Committee, approved by a decision of the Company's Board of Director on 30 November 2009 (Record №21/09 of 02 December 2009), the members of the Committee are elected until the first meeting of the new Board of Directors.

Date of first election to the Reliability Committee: **01 August 2008**

Mikhail Sergeevich Kalinin

Year of birth: **1979**

Citizenship: **Russian Federation**

Education: **Higher**

2001, Lipetsk State Technical University

Specialty: **Electric Drives and Automation of Industrial Installations and Technological Complexes**

Academic degrees, titles: **Candidate of Science (Technology) in the Specialty of Electromechanics and Electric Machinery**

Primary employment: **Chief Specialist on Power Supply of the Directorate for Power Engineering of “Novolipetsk Metallurgical Combine”, JSC**

Date of first election to the Reliability Committee: **30 April 2008**

Share fraction of the Company and its subsidiaries and associates held by this member of the Committee (number): **does not hold**

Transactions related to the acquisition and alienation of shares of the Company, including the date, subject thereof, class (type) and number of shares that were the subject of such a transaction in 2010: **None**

Vladimir Valeryevich Litvinov

Year of birth: **1970**

Citizenship: **Russian Federation**

Education: **Higher**

1994, Saint-Petersburg State Electric and Technical University named after V.I. Ulyanov (Lenin),

Control systems for Rockets and Space Objects and the Complexes of Flying Apparatus

Specialty: **Electric Engineer**

Primary employment: **Deputy General Director of the Unit of “System Operator of UES”, JSC — Operational Dispatching Office of Centre**

Date of first election to the Reliability Committee: **30 November 2009**

Share fraction of the Company and its subsidiaries and associates held by this member of the Committee (number): **does not hold**

Transactions related to the acquisition and alienation of shares of the Company, including the date, subject thereof, class (type) and number of shares that were the subject of such a transaction in 2010: **None**

Dmitry Leonidovich Pankov

Year of birth: **1971**

Citizenship: **Russian Federation**

Education: **Higher**

1993, Ivanovo State Power Engineering University

Specialty: **Electric Power Systems and Grids**

Primary employment: **Director for Operation and Repairs of “IDGC of Centre”, JSC**

Date of first election to the Reliability Committee: **30 April 2008**

Share fraction of the Company and its subsidiaries and associates held by this member of the Committee (number): **does not hold**

Transactions related to the acquisition and alienation of shares of the Company, including the date, subject thereof, class (type) and number of shares that were the subject of such a transaction in 2010: **None**

Denis Alexandrovich Spirin

See Information on the Members of the Board of Directors for details.

Date of first election to the Reliability Committee: **08 July 2009**

Valeria Nikolaevna Chernykh

Year of birth: **1953**

Citizenship: **Russian Federation**

Education: **Higher**

1975, Moscow Engineering and Construction Institute named after V.V. Kuybyshev (MISI)

Specialty: **Industrial and Civil Construction**

Primary employment: **Head of the Estimate and Analytical Division of the Department for Capital Construction of “IDGC Holding”, JSC**

Date of first election to the Reliability Committee: **30 November 2009**

Share fraction of the Company and its subsidiaries and associates held by this member of the Committee (number): **does not hold**

Transactions related to the acquisition and alienation of shares of the Company, including the date, subject thereof, class (type) and number of shares that were the subject of such a transaction in 2010: **None**

Acting Reliability Committee Elected by the Board of Directors on 30 July 2010 (Record №16/10 of 30 July 2010)¹¹

Olga Valentinovna Zuikova — Chairperson of the Reliability Committee

Year of birth: **1964**

Citizenship: **Russian Federation**

Education: **Higher**

1986, Ivanovo Power Engineering Institute named after V.I. Lenin

Specialty: **Electric Systems**

Primary employment: **Chief of the Directorate for Production Control and Labour Protection of “IDGC Holding”, JSC**

Date of first election to the Reliability Committee: **17 January 2006**

Share fraction of the Company and its subsidiaries and associates held by this member of the Committee (number): **does not hold**

Transactions related to the acquisition and alienation of shares of the Company, including the date, subject thereof, class (type) and number of shares that were the subject of such a transaction in 2010: **None**

Sergey Anatolyevich Shumakher — Deputy Chairperson of the Reliability Committee

See Information on the Members of the Management Board

Date of first election to the Reliability Committee: **17 January 2006**

¹¹ Hereinafter, the information is as of 31 December 2010.

Evgeny Alexeevich Bronnikov

See Information on the Members of the Management Board

Date of first election to the Reliability Committee: **01 August 2008**

Sergey Borisovich Vasiliyev

Year of birth: **1969**

Citizenship: **Russian Federation**

Education: **Higher**

1997, Kuban State University of Technology

Specialty: **Electric Supply of Industrial Facilities**

Qualification: **Electric Engineer**

2003, Interdisciplinary Institute of Advanced Training of MSTU named after N.E. Bauman

Program: **Management**

Specialty: **Technology of Effective Business Management**

Primary employment: **Deputy Chief of the Directorate for Production Control and Labour Protection of "IDGC Holding", JSC**

Date of first election to the Reliability Committee: **30 July 2010**

Share fraction of the Company and its subsidiaries and associates held by this member of the Committee (number): **does not hold**

Transactions related to the acquisition and alienation of shares of the Company, including the date, subject thereof, class (type) and number of shares that were the subject of such a transaction in 2010: **None**

Mikhail Sergeevich Kalinin

Year of birth: **1979**

Citizenship: **Russian Federation**

Education: **Higher**

2001, Lipetsk State Technical University

Specialty: **Electric Drives and Automation of Industrial Installations and Technological Complexes**

Academic degrees, titles: **Candidate of Science (Technology) in the Specialty of Electromechanics and Electric Machinery**

Primary employment: **Chief specialist on power supply of the Directorate for Power Engineering of "Novolipetsk Metallurgical Combine", JSC**

Date of first election to the Reliability Committee: **30 April 2008.**

Share fraction of the Company and its subsidiaries and associates held by this member of the Committee (number): **does not hold**

Transactions related to the acquisition and alienation of shares of the Company, including the date, subject thereof, class (type) and number of shares that were the subject of such a transaction in 2010: **None**

Vladimir Valeryevich Litvinov

Year of birth: **1970**

Citizenship: **Russian Federation**

Education: **Higher**

1994, Saint-Petersburg State Electric and Technical University named after V.I. Ulyanov (Lenin), control systems of rocket and space objects and complexes of flying apparatus

Specialty: **Electric Engineer**

Primary employment: **Deputy General Director of the Unit of “System Operator of UES”, JSC — Operational Dispatching Office of Centre**

Date of first election to the Reliability Committee: **30 November 2009**

Share fraction of the Company and its subsidiaries and associates held by this member of the Committee (number): **does not hold**

Transactions related to the acquisition and alienation of shares of the Company, including the date, subject thereof, class (type) and number of shares that were the subject of such a transaction in 2010: **None**

Dmitry Leonidovich Pankov

Year of birth: **1971**

Citizenship: **Russian Federation**

Education: **Higher**

1993, Ivanovo State Power Engineering University

Specialty: **Electric Power Systems and Grids**

Primary employment: **Director for Operation and Repairs of “IDGC of Centre”, JSC**

Date of first election to the Reliability Committee: **30 April 2008**

Share fraction of the Company and its subsidiaries and associates held by this member of the Committee (number): **does not hold**

Transactions related to the acquisition and alienation of shares of the Company, including the date, subject thereof, class (type) and number of shares that were the subject of such a transaction in 2010: **None**

Denis Alexandrovich Spirin

See Information on the Members of the Board of Directors for details.

Date of first election to the Reliability Committee: **08 July 2009**

Valeria Nikolaevna Chernykh

Year of birth: **1953**

Citizenship: **Russian Federation**

Education: **Higher**

1975, Moscow Engineering and Construction Institute named after V.V. Kuybyshev (MISi)

Specialty: **Industrial and Civil Construction**

Primary employment: **Head of the Estimate and Analytical Division of the Department for Capital Construction of IDGC Holding, JSC**

Date of first election to the Reliability Committee: **30 November 2009**

Share fraction of the Company and its subsidiaries and associates held by this member of the Committee (number): **does not hold**

Transactions related to the acquisition and alienation of shares of the Company, including the date, subject thereof, class (type) and number of shares that were the subject of such a transaction in 2010: **None**

The Committee for Strategy and Development

The Committee for Strategy and Development Elected by the Board of Directors on 08 July 2009 (Record No, 11/09 of 10 July 2009), and Amended on 15 February 2010 (Record №02/10 of 24 February 2010)¹², that Acted until 19 July 2010¹³.

Vladimir Vasilyevich Kuznetsov — Chairperson of the Committee for Strategy and Development

Year of birth: **1949**

Citizenship: **Russian Federation**

Education: **Higher**

1972, Lomonosov Moscow State University

Specialty: **Economist**

Primary employment: **Head of the Centre for Strategy and Development of “IDGC Holding”, JSC**

Date of first election to the Committee for Strategy and Development: **15 February 2010**

Share fraction of the Company and its subsidiaries and associates held by this member of the Committee (number): **does not hold**

Transactions related to the acquisition and alienation of shares of the Company, including the date, subject thereof, class (type) and number of shares that were the subject of such a transaction in 2010: **None**

Alexey Yuryvich Perepelkin — Deputy Chairperson of the Committee for Strategy and Development

See Information on the Members of the Board of Directors for details

Date of first election to The Committee for Strategy and Development: **08 July 2009**

Svetlana Alexandrovna Balaeva

Citizenship: **Russian Federation**

Education: **Higher**

1995, State Management Academy

Specialty: **Economist Manager**

Primary employment: **Head of the Investment Department of “IDGC Holding”, JSC**

Date of first election to the Committee for Strategy and Development: **30 April 2009**

Share fraction of the Company and its subsidiaries and associates held by this member of the Committee (number): **does not hold**

Transactions related to the acquisition and alienation of shares of the Company, including the date, subject thereof, class (type) and number of shares that were the subject of such a transaction in 2010: **None**

Evgeny Alexeevich Bronnikov

See Information on the Members of the Management Board

Date of first election to the Committee for Strategy and Development: **30 April 2008**

¹² Hereinafter, the information is as of 30 June 2010.

¹³ According to Subclause 6.8 of the Provisions for the Committee for Strategy and Development, approved by the Company's Board of Directors on 30 April 2008 (Record №09/08 of 04 May 2008), the members of the Committee are elected until the first meeting of the new Board of Directors.

Alexey Yuryevich Voronin

Year of birth: **1980**

Citizenship: **Russian Federation**

Education: **Higher**

2002, State Management University

Specialty: **Manager**

Primary employment: **Deputy Chief of the Department for Tariffs Formation of "IDGC Holding", JSC**

Date of first election to the Committee for Strategy and Development: **08 July 2009**

Share fraction of the Company and its subsidiaries and associates held by this member of the Committee (number): **does not hold**

Transactions related to the acquisition and alienation of shares of the Company, including the date, subject thereof, class (type) and number of shares that were the subject of such a transaction in 2010: **None**

Alexey Vitalyevich Klaptsov

Year of birth: **1978**

Citizenship: **Russian Federation**

Education: **Higher**

2001, Moscow Engineering and Physics Institute

Specialty: **Nuclear Physics**

2005, Kurchatov Institute Russian Research Centre

Specialty: **Condensed Matter Physics**

Academic degrees, titles: **Candidate of Science (Physics and Mathematics)**

Primary employment Vice-President of Halcyon International

Date of first election to the Committee for Strategy and Development: **30 April 2008**

Share fraction of the Company and its subsidiaries and associates held by this member of the Committee (number): **does not hold**

Transactions related to the acquisition and alienation of shares of the Company, including the date, subject thereof, class (type) and number of shares that were the subject of such a transaction in 2010: **None**

Konstantin Viktorovich Kotikov

See Information on the Members of the Management Board

Date of first election to the Committee for Strategy and Development: **30 April 2008**

Roman Alexeevich Filkin

See Information on the Members of the Board of Directors for details.

Date of first election to the Committee for Strategy and Development: **30 April 2008**

Sergey Vladimirovich Chebotarev

Year of birth: **1980**

Citizenship: **Russian Federation**

Education: **Higher**

2002, Lipetsk State Technical university

Specialty: **Applied Mathematics**

Primary employment: **Head of the Power Policy Department of “Novolipetsk Metallurgical Combine”, JSC**

Date of first election to The Committee for Strategy and Development: **30 April 2008**

Share fraction of the Company and its subsidiaries and associates held by this member of the Committee (number): **does not hold**

Transactions related to the acquisition and alienation of shares of the Company, including the date, subject thereof, class (type) and number of shares that were the subject of such a transaction in 2010: **None**

Acting Committee for Strategy and Development Elected by the Board of Directors on 30 July 2010 (Record №16/10 of 30 July 2010)¹⁴

Mihail Yurievich Kurbatov — Chairperson of the Committee for Strategy and Development

Year of birth: **1981**

Citizenship: **Russian Federation**

Education: **Higher**

2003, Saint Petersburg State University of Economics and Finance

Specialty: **Economist**

Primary employment: **Deputy General Director of “IDGC Holding”, JSC**

Date of first election to The Committee for Strategy and Development: **30 July 2010**

Share fraction of the Company and its subsidiaries and associates held by this member of the Committee (number): **does not hold**

Transactions related to the acquisition and alienation of shares of the Company, including the date, subject thereof, class (type) and number of shares that were the subject of such a transaction in 2010: **None**

Alexey Vladimirovich Demidov — Deputy Chairperson of the Committee for Strategy and Development

Year of birth: **1976**

Citizenship: **Russian Federation**

Education: **Higher**

1998, Saint Petersburg Trade and Economic Institute

Specialty: **Accounting and Audit**

Primary employment: **Deputy General Director for Economy and Finance of “IDGC Holding”, JSC**

Date of first election to the Committee for Strategy and Development: **04 May 2009**

Share fraction of the Company and its subsidiaries and associates held by this member of the Committee (number): **does not hold**

Transactions related to the acquisition and alienation of shares of the Company, including the date, subject thereof, class (type) and number of shares that were the subject of such a transaction in 2010: **None**

Alexey Yuryvich Perepelkin

See Information on the Members of the Board of Directors for details.

Date of first election to the Committee for Strategy and Development: **08 July 2009**

¹⁴ Hereinafter, the information is as of 31 December 2010.

Evgeny Alexeevich Bronnikov

See Information on the Members of the Management Board

Date of first election to the Committee for Strategy and Development: **30 April 2008**

Alexey Vitalyevich Klaptsov

Year of birth: **1978**

Citizenship: **Russian Federation**

Education: **Higher**

2001, Moscow Engineering and Physics Institute

Specialty: **Nuclear Physics**

2005, Kurchatov Institute Russian Research Centre

Specialty: **Condensed Matter Physics**

Academic degrees, titles: **Candidate of Science (Physics and Mathematics)**

Primary employment Vice-President of “Halcyon International”

Date of first election to the Committee for Strategy and Development: **30 April 2008**

Share fraction of the Company and its subsidiaries and associates held by this member of the Committee (number): **does not hold**

Transactions related to the acquisition and alienation of shares of the Company, including the date, subject thereof, class (type) and number of shares that were the subject of such a transaction in 2010: **None**

Konstantin Yuryevich Petukhov

See Information on the Members of the Board of Directors for details.

Date of first election to the Committee for Strategy and Development: **30 July 2010**

Roman Alexeevich Filkin

See Information on the Members of the Board of Directors for details.

Date of first election to the Committee for Strategy and Development: **30 April 2008**

Sergey Vladimirovich Chebotarev

Year of birth: **1980**

Citizenship: **Russian Federation**

Education: **Higher**

2002, Lipetsk State Technical University

Specialty: **Applied Mathematics**

Primary employment: **Head of the Power Policy Department of “Novolipetsk Metallurgical Combine”, JSC**

Date of first election to The Committee for Strategy and Development: **30 April 2008**

Share fraction of the Company and its subsidiaries and associates held by this member of the Committee (number): **does not hold**

Transactions related to the acquisition and alienation of shares of the Company, including the date, subject thereof, class (type) and number of shares that were the subject of such a transaction in 2010: **None**

Marina Evgenievna Shvedko

Year of birth: **1966**

Citizenship: **Russian Federation**

Education: **Higher**

Primary employment: **Head of the Department for Capital Construction of “IDGC Holding”, JSC**

Date of first election to The Committee for Strategy and Development: **30 July 2010**

Share fraction of the Company and its subsidiaries and associates held by this member of the Committee (number): **does not hold**

Transactions related to the acquisition and alienation of shares of the Company, including the date, subject thereof, class (type) and number of shares that were the subject of such a transaction in 2010: **None**

Committee for Technological Connections to Power Grids

The Committee for Technological Connections to Power Grids Elected by the Board of Directors on 08 July 2009 (Record №11/09 of 10 July 2009)¹⁵ that Acted until 19 July 2010¹⁶.

Sergey Vladimirovich Chebotarev — Chairperson of the Committee for Technological Connections to Power Grids

Year of birth: **1980**

Citizenship: **Russian Federation**

Education: **Higher**

2002, Lipetsk State Technical university

Specialty: **Applied Mathematics**

Primary employment: **Head of the Power Policy Department of “Novolipetsk Metallurgical Combine”, JSC**

Date of first election to the Committee for Strategy and Development: **30 April 2008**

Share fraction of the Company and its subsidiaries and associates held by this member of the Committee (number): **does not hold**

Transactions related to the acquisition and alienation of shares of the Company, including the date, subject thereof, class (type) and number of shares that were the subject of such a transaction in 2010: **None**

Vadim Nikolaevich Federov — Deputy Chairperson of the Committee for Technological Connections to Power Grids

See Information on the Members of the Management Board.

Date of first election to the Committee for Technological Connections: **27 February 2009**

Gennady Feliksovich Binko

Year of birth: **1958**

Citizenship: **Russian Federation**

Education: **Higher**

1982, Moscow Engineering Physics University (MEPU)

¹⁵ Hereinafter, the information is as of 30 June 2010.

¹⁶ According to Subclause 6.9 of the Provisions for the Committee for Technological Connections to Power Grids, approved by the Company's Board of Directors on 10 February 2009 (Record №01/09 of 13 February 2009), the members of the Committee are elected until the first meeting of the new Board of Directors.

Specialty: **Experimental Nuclear Physics**

2004, All-Russian Correspondence Financial and Economic University (ARCFEU)

Specialty: **Business Management**

Primary employment: **Deputy General Director of “DIGC Holding”, JSC**

Date of first election to the Committee for Technological Connections: **08 July 2009**

Share fraction of the Company and its subsidiaries and associates held by this member of the Committee (number): **does not hold**

Transactions related to the acquisition and alienation of shares of the Company, including the date, subject thereof, class (type) and number of shares that were the subject of such a transaction in 2010: **None**

Konstantin Viktorovich Kotikov

See Information on the Members of the Management Board

Date of first election to the Committee for Technological Connections: **27 February 2009**

Denis Alexandrovich Spirin

See Information on the Members of the Board of Directors for details.

Date of first election to the Committee for Technological Connections: **08 July 2009**

Acting Committee for Technological Connections to Power Grids Elected by the Board of Directors on 30 July 2010 (Record No, 16/10 of 30 July 2010)¹⁷

Sergey Vladimirovich Chebotarev — Chairperson of the Committee for Technological Connections to Power Grids

Year of birth: **1980**

Citizenship: **Russian Federation**

Education: **Higher**

2002, Lipetsk State Technical university

Specialty: **Applied Mathematics**

Primary employment: **Head of the Power Policy Department of “Novolipetsk Metallurgical Combine”, JSC**

Date of first election to The Committee for Strategy and Development: **30 April 2008**

Share fraction of the Company and its subsidiaries and associates held by this member of the Committee (number): **does not hold**

Transactions related to the acquisition and alienation of shares of the Company, including the date, subject thereof, class (type) and number of shares that were the subject of such a transaction in 2010: **None**

Vadim Nikolaevich Federov — Deputy Chairperson Of the Committee for Technological Connections to Power Grids

See Information on the Members of the Management Board

Date of first election to the Committee for Technological Connections: **27 February 2009**

¹⁷ Hereinafter, the information is as of 31 December 2010.

Igor Dmitrievich Alushenko

Year of birth: **1967**

Citizenship: **Russian Federation**

Education: **Higher**

1991, Novocherkassk Polytechnic Institute named after Sergo Ordzhonikidze

Specialty: **Electrical Power Systems and Grids, Electric Engineer**

Primary employment: **Director for Development for the Technological Development of the Unit of the “System Operator of UES”, JSC — Operational Dispatching Office of Centre**

Date of first election to the Committee for Technological Connections: **30 July 2010**

Share fraction of the Company and its subsidiaries and associates held by this member of the Committee (number): **does not hold**

Transactions related to the acquisition and alienation of shares of the Company, including the date, subject thereof, class (type) and number of shares that were the subject of such a transaction in 2010: **None**

Gennady Feliksovich Binko

Year of birth: **1958**

Citizenship: **Russian Federation**

Education: **Higher**

1982, Moscow Engineering Physics University (MEPU)

Specialty: **Experimental Nuclear Physics**

2004, All-Russian Correspondence Financial and Economic University (ARCFEU)

Specialty: **Business Management**

Primary employment: **Deputy General Director of “DIGC Holding”, JSC**

Date of first election to the Committee for Technological Connections: **08 July 2009**

Share fraction of the Company and its subsidiaries and associates held by this member of the Committee (number): **does not hold**

Transactions related to the acquisition and alienation of shares of the Company, including the date, subject thereof, class (type) and number of shares that were the subject of such a transaction in 2010: **None**

Dmitry Olegovich Gudzhoyan

See Information on the Members of the Management Board

Date of first election to the Committee for Technological Connections: **30 July 2010**

Eduard Kazemirovich Rakovsky

Year of birth: **1971**

Citizenship: **Russian Federation**

Education: **Higher**

1993, Karaganda Iron and Steel Institute

Specialty: **Electric Drives and Automation of Industrial Installations and Technological Complexes**

Primary employment: **Head of the Department of Technological Connections of “IDGC of Centre”, JSC**

Date of first election to the Committee for Technological Connections: **27 February 2009**

Share fraction of the Company and its subsidiaries and associates held by this member of the Committee (number): **does not hold**

Transactions related to the acquisition and alienation of shares of the Company, including the date, subject thereof, class (type) and number of shares that were the subject of such a transaction in 2010: **None**

Denis Alexandrovich Spirin

See Information on the Members of the Board of Directors for details.

Date of first election to the Committee for Technological Connections: **08 July 2009**.

Detailed Information on the Members of the Management Board

Information on the Management Board of IDGC of Centre, JSC as of 31 December 2010:

Evgeny Fedorovich Makarov

Year of birth: **1955**

Citizenship: **Russian Federation**

Education: **Higher**

1978, Ivanovo Power Engineering Institute

Specialty: **Electrical Engineer**

2003, Finance Academy under the Government of the Russian Federation

Specialty: **Finances and Credit**

Qualification: **Economist**

Primary employment: **Member of the Partnership Council, Chairperson of the Management Board of the “EmergoProfAudit” Noncommercial Partnership**

Positions held in the Company and other organizations during the past five years: **24 April 2009 to date**

Member of the Supervisory Board of the All-Russian Industrial Association of Power Industry Employers (PIE Association) (since 5 May 2009, Chairman of the Supervisory Board)

30 April 2008 to 17 December 2010

“IDGC of Centre”, JSC, Chairman of the Management Board

09 December 2004 to date

“IDGC of Centre”, JSC, member of the Board of Directors

09 December 2004 to 17 December 2010

“IDGC of Centre”, JSC, General Director

Date of first election to the Board of Directors: **09 December 2004**

Number and class (type) of shares in the authorized capital of the Company: **206,622,069 ordinary shares, 0.4894%**

This individual holds no shares in the authorised capital of the subsidiaries or affiliates of the Company

Transactions related to acquisition and alienation of shares of the Company, including date, subject thereof, class (type), and number of shares being the subject of such transaction in 2010: **None**

Evgeny Fedorovich Makarov has received the following awards and commendations:

2000 — A commendation from the Head of the Belgorod Regional Administration;

2001 — The title of Honorary Power Engineer from the Ministry of Energy of the Russian Federation; a Certificate of Merit from the Belgorod Regional Administration;

2003 — The title of Honoured Worker of “RAO UES” of Russia;

2004 — The title of Honorary Worker for the Fuel and Energy Complex from the Ministry of Industry and Energy;

2005 — The Order of Merit for the Fatherland of the II Degree; the Badge of Honour for Merit for the Russian Power Industry from RAO UES of Russia JSC; the Medal of Merit for the Territory of Belgorod of the II Degree;
2006 — The Badge for Eighty-Five Years of the Plan for the State Commission on the Electrification of Russia;
2007, 2008 — A commendation from the Board of Directors of IDGC of Centre JSC (for the excellent organization of sports/mass activities and for the holding of the Eighth Summer and Seventh Winter Olympics for Power Engineers);
2010 — The Badge of Honour For the Development of the Distribution Grid Complex of IDGC Holding JSC.

Dmitry Olegovich Gudzhoyan

Year of birth: **1977**

Citizenship: **Russian Federation**

Education: **Higher**

1998, International University

Specialty: **Economic Theory**

1999, Moscow State Automobile and Road Technical Institute

Specialty: **Organization of Transportation and Transport Management (by Types)**

Qualification: **Engineer/Manager**

Academic title, degree: **Ph.D. in Economics**

Positions held in the Company and other organizations during the past five years:

4 February 2011 to date — General Director of “IDGC of Centre”, JSC

20 November 2010 to date

Member of the Coordination Youth Council for Science and Education under the Presidential Committee for Science, Technology, and Education

18 December 2010 — 3 February 2011

Acting General Director of “IDGC of Centre”, JSC

18 December 2010 to date

Chairman of the Company's Management Board

17 February 2010 — 17 December 2010

Deputy Director for Corporate Governance of “IDGC of Centre”, JSC

23 November 2009 — 16 February 2010

Director of Economics of “IDGC of Centre”, JSC

1 March 2006 — 20 November 2009

Chief Commercial Officer of ZAO “Kriokor-Energiya”

1 August 2005 — 28 February 2006

Chief Commercial Officer of Oregon LLC (CEO of Kriokor AO LLC as secondary employment)

Primary employment: **General Director of IDGC of Centre, JSC**

Positions held in the Company and other organizations during the past five years:

Number and class (type) of shares in the authorized capital of the Company: **none**

This individual holds no shares in the authorised capital of the subsidiaries or affiliates of the Company.

Transactions related to acquisition and alienation of shares of the Company, including date, subject thereof, class (type), and number of shares being the subject of such transaction in 2010: **None**

Sergey Alexandrovich Arkhipov

Year of birth: **1967**

Citizenship: **Russian Federation**

Education: **Higher**

1990, Alma-Ata Power Engineering Institute

Specialty: **Electric and Power Systems and Networks**

Primary employment: **General Director of IDGC of the South, JSC**

Positions held in the Company and other organizations during the past five years:

July 2010 to date

"IDGC of Centre", JSC, General Director, Chairperson of the Management Board

14 November 2008 — 31 August 2010

"IDGC of Centre", JSC, Deputy Chairperson of the Management Board

01 October 2008 — 08 July 2010

"IDGC of Centre", JSC, First Deputy General Director

01 April 2008 — 01 October 2008

"IDGC of Centre", JSC, Deputy General Director — Director of the unit of IDGC of Centre, JSC — "Smolenskenergo"

13 March 2008 — 01 April 2008

"IDGC of Centre", JSC, Executive Director of "Smolenskenergo", JSC

01 August 2007 — 26 November 2007

"SGC TGC-8", JSC, First Deputy General Director

23 July 2007 — 01 August 2007

"SGC TGC-8", JSC, Acting First Deputy General Director for Economy and Finance

01 April 2007 — 01 July 2007

"IDGC of Centre", JSC and "North Caucasus", JSC, Deputy General Director — Managing Director of JSC, "Rostovenergo" in the Southern Management

30 September 2006 — 01 April 2007

"IDGC of Centre", JSC and "North Caucasus", JSC, Managing Director of JSC "Rostovenergo" in the Southern Management

19 May 2006 — 05 March 2007

"Energosbyt Rostovenergo", JSC, General Director

23 January 2006 — 19 May 2006

"Energosbyt Rostovenergo", JSC, Executive Director

02 June 2003 — 23 January 2006

"Khabarovskenergo" JSC of power industry and electrification, Deputy General Director for Thermal and Electric Power Sale

Date of first election to the Management Board: **14 November 2008**

Positions occupied at present in management bodies of other legal entities: **none**

Number and class (type) of shares in the authorized capital of the Company: **none**

Number and class (type) of shares in the authorized capital of the Company's subsidiaries and associates: **none**

Transactions related to acquisition and alienation of shares of the Company, including date, subject thereof, class (type), and number of shares being the subject of such transaction in 2010: **none**

In 2004, he was awarded the Certificate of Honour of RAO UES of Russia JSC, and in 2009 a commendation from the RF Ministry of Energy.

Sabir Rafikovich Agamaliev

Year of birth: **1977**

Citizenship: **Russian Federation**

Education: **Higher**

2006, St. Petersburg Academy of Management and Economics

Specialty: **Public and Municipal Management;**

1999, Moscow Military Institute of Federal Border Guard Service of the Russian Federation

Specialty: **Jurisprudence**

Primary employment: **Deputy General Director for Logistics and Material and Technical Supply of IDGC of Centre, JSC**

Positions held in the Company and other organizations during the past five years:

31 July 2009 to date

"IDGC of Centre", JSC, member of the Management Board

01 July 2009 to date

"IDGC of Centre", JSC, Deputy General Director for Logistics and Material and Technical Supply

05 March 2009 — 30 June 2009

"IDGC of Centre", JSC, Deputy General director for Capital Construction

21 April 2008 — 04 March 2009

"Smolenskenergo", unit of IDGC of Centre, JSC, Deputy General Director for Capital Construction

12 March 2007 — 20 April 2008

"Smolenskenergo", unit of IDGC of Centre, JSC, Director for Logistics and Material and Technical Supply

06 February 2006 — 02 March 2007

"IDGC of Centre", JSC and "North Caucasus", JSC, Principal Specialist of the Department for Investments and Material and Technical Support

01 February 2005 — 01 February 2006

"Smolenskenergo", JSC, Head of the Sector for Tenders of the Division for Material and Technical Support

Date of first election to the Management Board: **31 July 2009**

Positions occupied at present in management bodies of other legal entities: **none**

Number and class (type) of shares in the authorized capital of the Company: **none**

Number and class (type) of shares in the authorized capital of the Company's subsidiaries and associates: **none**

Transactions related to acquisition and alienation of shares of the Company, including date, subject thereof, class (type), and number of shares being the subject of such transaction in 2010: **none**

In 2009, he was awarded a commendation from the Ministry of Energy of the Russian Federation

Evgeny Alexeevich Bronnikov

Year of birth: **1974**

Citizenship: **Russian Federation**

Education: **Higher**

2003, Postgraduate Studies at Belgorod State Technological University named after V.G. Shukhov. Chair of Strategic Management

Specialty: **Economy and Management of National Economy**

1997, Belgorod Unit of All-Russian Distance Institute of Finance and Economics

Specialty: **Economy and Management of National Economy**

Academic degrees, titles: **Candidate of Science (Economics)**

Primary employment: Deputy **General Director for Economy and Finance of IDGC of Centre, JSC**

Positions held in the Company and other organizations during the past five years:

30 April 2008 to date

"IDGC of Centre", JSC, member of the Management Board

April 2005 to date

"IDGC of Centre", JSC, Deputy General Director for Economy and Finance

Date of first election to the Management Board: **30 April 2008**

Positions occupied at present in management bodies of other legal entities: **none**

Number and class (type) of shares in the authorized capital of the Company: **none**

Number and class (type) of shares in the authorized capital of the Company's subsidiaries and associates: **none**

Transactions related to acquisition and alienation of shares of the Company, including date, subject thereof, class (type), and number of shares being the subject of such transaction in 2010: **none**

In 2005 and 2006, he was awarded the Certificate of Honour of RAO UES of Russia JSC, and in 2009, he was awarded a commendation from the Ministry of Energy of the Russian Federation

Ivan Petrovich Kleimenov

Year of birth: **1960**

Citizenship: **Russian Federation**

Education: **Higher**

1989, Volgograd Agricultural Institute

Specialty: **Economist**

1987, Volgograd Agricultural Institute

Specialty: **Electric Engineer**

Primary employment: **Deputy General Director — Director of The Voronezhenergo Unit of IDGC of Centre, JSC**

Positions held in the Company and other organizations during the past five years:

15 February 2010 to date

"IDGC of Centre", JSC, member of the Management Board

19 July 2008 to date

The "Voronezhenergo" Unit of IDGC of Centre, JSC, Deputy General Director, Director of the unit

01 July 2008 — 18 August 2008

The "Voronezhenergo" Unit of IDGC of Centre, JSC, Acting Director

31 March 2008 — 30 June 2008

The "Voronezhenergo" Unit of IDGC of Centre, JSC, Deputy Director for Technical Issues, Chief Engineer

01 October 2007 — 30 March 2008

"Voronezhenergo", JSC, Deputy Director for Technical Issues, Chief Engineer

01 January 2007 — 30 September 2007

"Voronezhenergo", JSC, Technical Director

04 October 2005 — 31 December 2006

“Voronezhenergo”, JSC, Chief Engineer

Date of first election to the Management Board: **15 February 2010**

Positions occupied at present in management bodies of other legal entities: **none**

Number and class (type) of shares in the authorized capital of the Company: **none**

Number and class (type) of shares in the authorized capital of the Company’s subsidiaries and associates: **none**

Transactions related to acquisition and alienation of shares of the Company, including date, subject thereof, class (type), and number of shares being the subject of such transaction in 2010: **none**

Konstantin Viktorovich Kotikov

Year of birth: **1974**

Citizenship: **Russian Federation**

Education: **Higher**

2002, Moscow State Law Academy

Specialty: **Jurisprudence, Lawyer;**

1997, Moscow Power Engineering Institute

Specialty: **Electric Stations, Electric Engineer**

Primary employment: **Deputy General Director of IDGC of Volga, JSC — Head of Samara Distribution Grids unit**

Positions held in the Company and other organizations during the past five years:

2010 to date

Deputy General Director of “IDGC of Volga”, JSC — Head of Samara Distribution Grids unit

30 April 2008 — 02 March 2010

“IDGC of Centre”, JSC, member of the Management Board

05 April 2005 — 15 January 2010

“IDGC of Centre”, JSC, Deputy General Director for Corporate Governance

Date of first election to the Management Board: **30 April 2008**

Positions occupied at present in management bodies of other legal entities: **none**

Number and class (type) of shares in the authorized capital of the Company: **none**

Number and class (type) of shares in the authorized capital of the Company’s subsidiaries and associates : **none**

Transactions related to acquisition and alienation of shares of the Company, including date, subject thereof, class (type), and number of shares being the subject of such transaction in 2010: **none**

In 2005, he was awarded the Certificate of Honour of “RAO UES of Russia”, JSC; in 2009, he was awarded the Certificate of Honour of “IDGC Holding”, JSC; and in 2009, he was awarded a commendation from the Ministry of Energy of the Russian Federation

Rustem Leronovich Nabiullin

Year of birth: **1961**

Citizenship: **Russian Federation**

Education: **Higher**

1983, Leningrad Higher Military Engineering Construction Technical School of the Red Banner named after Army General A.N. Komarovsky

Specialty: **Project Construction**

Primary employment: **Deputy General Director for the Capital Construction of “IDGC of Centre”, JSC**

Positions held in the Company and other organizations during the past five years:

31 July 2009 to date

“IDGC of Centre”, JSC, member of the Management Board

01 July 2009 to date

“IDGC of Centre”, JSC, Deputy General Director for the Capital Construction

06 August 2007 — 16 October 2008

Ministry of Construction, Architecture and Housing and Utilities of Amur region, First Deputy Minister of Construction, Architecture and Housing and Utilities of the Region

01 November 1999 — 19 July 2007

“Spektr” Sport Complex Communal Institution, Director

Date of first election to the Management Board: **31 July 2009**

Positions occupied at present in management bodies of other legal entities: **none**

Number and class (type) of shares in the authorized capital of the Company: **none**

Number and class (type) of shares in the authorized capital of the Company’s subsidiaries and associates : **none**

Transactions related to acquisition and alienation of shares of the Company, including date, subject thereof, class (type), and number of shares being the subject of such transaction in 2010: **none**

Vadim Nikolaevich Federov

Year of birth: **1972**

Citizenship: **Russian Federation**

Education: **Higher**

1994, Novocherkassk State Technical University

Specialty: **Automated Control of Electric and Power Systems;**

2004, Saratov State University named after N.G. Chernyshevsky

Specialty: **Business Management**

Primary employment: **Deputy General Director for Grid Services Realization of “IDGC of Centre”, JSC**

Positions held in the Company and other organizations during the past five years:

01 September 2008 to date

“IDGC of Centre”, JSC, Deputy General Director for Grid Services Development and Realization

30 April 2008 to date

“IDGC of Centre”, JSC, member of the Management Board

01 August 2007 — 01 September 2008

“IDGC of Centre”, JSC, Deputy General Director for Grid Services Realization

01 November 2006 — 01 August 2007

“IDGC of Centre”, JSC and “North Caucasus”, JSC, Deputy Technical Director, Head of the Department for Interaction with Entities of Electric Power Market

01 August 2005 — 01 November 2006

“IDGC of Centre”, JSC and “North Caucasus”, JSC, Head of the Department for Interaction with Entities of Electric Power Market

Date of first election to the Management Board: **30 April 2008**

Positions occupied at present in management bodies of other legal entities: **none**

Number and class (type) of shares in the authorized capital of the Company: **none**

Number and class (type) of shares in the authorized capital of the Company's subsidiaries and associates: **none**

Transactions related to acquisition and alienation of shares of the Company, including date, subject thereof, class (type), and number of shares being the subject of such transaction in 2010: **none**

In 2005, he was awarded the Certificate of Honour of "RAO UES of Russia", JSC

Sergey Anatolyevich Shumakher

Year of birth: **1955**

Citizenship: **Russian Federation**

Education: **Higher**

1977, Moscow Institute of Engineers of Agricultural Production

Specialty: **Electrical Engineer**

Primary employment: **Deputy General Director for the Technical Policy of IDGC of Centre, JSC**

Positions held in the Company and other organizations during the past five years:

30 April 2008 to date

"IDGC of Centre", JSC, member of the Management Board

03 May 2005 to date

"IDGC of Centre", JSC, Deputy General Director for the Technical Policy

Date of first election to the Management Board: **30 April 2008**

Positions occupied at present in management bodies of other legal entities: **none**

Number and class (type) of shares in the authorized capital of the Company: **none**

Number and class (type) of shares in the authorized capital of the Company's subsidiaries and associates: **none**

Transactions related to acquisition and alienation of shares of the Company, including date, subject thereof, class (type), and number of shares being the subject of such transaction in 2010: **none**

In 1994, he was awarded the Certificate of Honour of "RAO UES of Russia", JSC; in 1995, the Certificate of Honour of the Ministry of Energy of the Russian Federation; in 2001, the honorary title of Deserving Employee of UES of Russia; in 2005, the honorary title of Veteran of the Power Sector; in 2006, the title of Honorary Power Engineer; and in 2007, a commendation from "RAO UES of Russia", JSC

No claims were filed against any member of the Management Board in 2010

Detailed Information on the Auditing Committee Members:

Izumrud Aligadzhievna Alimuradova (Chairperson)

Year of birth: **1971**

Education: **Higher**

Positions held in the Company and other organizations during the past five years:

2010 until the present

"IDGC Holding", JSC

Director for Internal Audit and Risk Management (Head of the Department of Internal Audit and Risk Management)

2009 — 2010

“IDGC Holding”, JSC

Head of the Department of Internal Audit and Risk Management

2003 — 2009

“Energoconsulting”, CJSC

Director for Development

Vladimir Nikolaevich Arkhipov

Year of birth: **1956**

Education: **Higher**

Positions held in the Company and other organizations during the past five years:

2009 until the present:

“IDGC Holding”, JSC

First Deputy Director of Security Department

2006 — 2009

“Rustel”, CJSC

Director General

2000 — 2006

Rosoboronexport Federal State Unitary Enterprise

Consultant

Anna Yuryevna Katina

Year of birth: **1982**

Education: **Higher**

Positions held in the Company and other organizations during the past five years:

2008 until the present

“IDGC Holding”, JSC

Head of the Division of Management Consulting Analysis and Control, Department of Corporate Governance and Interaction with Shareholders

2004 — 2008

“RAO “UES of Russia”, JSC

Lead specialist, Chief Specialist, Lead Expert, Chief Expert of the Department of Corporate Governance and Interaction with Shareholders of the Corporate Centre

Galina Ivanovna Meshalova

Year of birth: **1957**

Education: **Higher**

Positions held in the Company and other organizations during the past five years:

2009 until the present

“IDGC Holding”, JSC

Chief Expert of Department of Internal Audit and Risk Management

2004 — 2009

“Energoconsulting”, JSC

Chief Specialist of Management Consulting Department

Olga Vladimirovna Rokhlina

Year of birth: **1974**

Education: **Higher**

2008 to 2010

“IDGC Holding”, JSC

Chief Expert of Department of Internal Audit and Risk Management

Members of the Auditing Committee of IDGC of Centre JSC do not have shares in the authorized capital of the Company or its subsidiaries or associates. They had no transactions related to the acquisition or alienation of shares of the Company during the reporting year. They have no affinity to other members of the Company's management bodies and/or control bodies for the financial and economic activities of the Company. They were assessed no administrative penalties for business activity offences or offences in the fields of finance, taxes and levies, or the stock market, or criminal responsibility (no record of conviction) for economic activity crimes or crimes against the government. They were not members of the management bodies of any business entities that may have gone through bankruptcy and/or through a bankruptcy procedure according to the laws of the Russian Federation on insolvency (bankruptcy).

Data on IDGC of Centre, JSC's Compliance with the Code of Corporate Conduct

(Prepared in accordance with the Federal Commission for the Securities Market, Instruction №03-849/r dated 30 April 2003, On Methodological Recommendations Concerning the Composition and Form of Data Presentation for Compliance with the Code of Corporate Conduct in Joint-Stock Companies' Annual Reports.)

№	Provision of the Code of Corporate Conduct	Compliance/ Non-compliance	Note
1	2	3	4
General Shareholders' Meeting			
1.	Shareholders shall be notified about the General Shareholders' Meeting not less than 30 days before the date of its holding, irrespective of issues included in its agenda, unless a longer period is provided by legislation.	Complied	The procedure for notifying the shareholders about the holding of the Company's General Shareholders' Meeting is formalized in Clause 11.5, Article 11, of the Articles of Association. According to Clause 11.5 of the Articles of Association, "The notice for the holding of the General Shareholders' Meeting shall be published by the Company in the Izvestiya newspaper, as well as on the Company's website on the Internet, no later than 30 (thirty) days prior to the date of its holding".
2.	Shareholders shall be given the ability to familiarize themselves with the list of persons entitled to participate in the General Shareholders' Meeting, starting from the date when the notice on the General Shareholders' Meeting was given and up to the closing of the General Shareholders' Meeting, and in the event that the General Shareholders' Meeting is held in absentia, until the date when the acceptance of the voting bulletins is completed.	Complied	The Company complies with the requirements of Article 51 of the Federal Law, On Joint-Stock Companies. The list of persons entitled to participate in the General Shareholders' Meeting is presented by the Company for examination upon the demand of persons included on this list and possessing not less than one percent of the total votes. Herewith, the contents of the documentation and the postal address of individuals included on this list can be disclosed only upon the consent of these persons.
3.	Shareholders shall be given the ability to examine by electronic means (including the Internet) any information (materials) subject to being presented during the process of preparation for the General Shareholders' Meeting.	Complied	Provided by Clause 11.7, Article 11 of the Articles of Association. According to Clause 4.1 of the Regulation on General Shareholders' Meeting Preparation and Holding Procedures, informational materials concerning the agenda items for the General Shareholders' Meeting shall be available on the Company's website on the Internet within the period of the shareholders' notification about the holding of the General Shareholders' Meeting.
4.	Shareholders shall be given the ability to introduce an issue to the General Shareholders' Meeting agenda, or to call for the convening of the General Shareholders' Meeting without the provision of an extract from the Shareholder Register, in the event that the shareholder's share right is registered in the Shareholder Register administration system. If his share rights are kept on depository account, the depository account statement shall be sufficient to exercise the abovementioned rights.	Partially complied	Provided by Subclause 2, Clause 6.2, Article 6, 13.1 of the Articles of Association.

5.	The Articles of Association or Joint-Stock Company's internal documents shall include a requirement for the compulsory attendance at the General Shareholders' Meeting by the General Director, corporate executives, members of the Board of Directors, members of the Auditing Committee and the Auditor of the Joint-Stock Company.	Partially complied	Notwithstanding that the Articles of Association or Joint-Stock Company's internal documents have no provisions for their compulsory attendance at a General Shareholders' Meeting, it's an established practice that the General Director of the Company, the Chairperson of the Board of Directors, and the members of the Board of Directors are present at General Shareholders' Meetings. In compliance with Clause 10.10, Article 10, of the Company's Articles of Association, the Chairperson of the Board of Directors exercises the functions of the Chairperson presiding at the General Shareholders' Meeting. In the event that the Chairperson of the Board of Directors or his/her Deputy is absent, any member of the Board of Directors can exercise the functions of the Chairperson presiding at the General Shareholders' Meeting by a resolution of the Board of Directors of the Company, or by a decision of the members of the Board of Directors present at the General Shareholders' Meeting.
6.	In the event that members of the Board of Directors, the General Director, the corporate executives, or the members of the Auditing Committee are being elected, or in the event that the Auditor of the Joint-Stock Company is being considered for approval, the candidates shall attend the General Shareholders' Meeting without fail.	Partially complied	Compulsory attendance at the General Shareholders' Meeting by these candidates is not required by Russian Federation legislation. There is no special provision in the Articles of Association. As a practical matter, when members of the Board of Directors, the General Director, the corporate executives, or members of the Auditing Committee are being elected at the General Shareholders' Meeting, the candidates are sent invitations to take part in the General Shareholders' Meeting.
7.	The Joint-Stock Company's internal documents shall include a registration procedure for the General Shareholders' Meeting participants.	Complied	The registration procedure for persons entitled to take part in the General Shareholders' Meeting is described in Clause 5.1 of Provisions for General Shareholders' Meeting Preparation and Holding Procedures.
Board of Directors			
8.	The Articles of Association of the Joint-Stock Company shall authorize the Board of Directors to approve the Joint-Stock Company's financial and economic plan annually.	Complied	According to Subclauses 19 – 21, Clause 15.1, Article 15, of the Company's Articles of Association, the Board of Directors' terms of reference include: - Business-plan (adjusted business-plan) approval, including the investment program and a quarterly report on the results of their implementation; - Consideration of the investment program and any changes introduced to it; - Approval (adjustment) of the Company's cash flow benchmarks.
9.	The Joint-Stock Company shall have a Risk Management Procedure approved by the Board of Directors.	Complied	Clauses 3.1, 5.1, 6.2 and 6.4 of the Regulation on Internal Control Procedures (approved by Board of Directors Resolution Record №01/09 dated 13 February 2009). The IDGC of Centre, JSC Risk Management Policy (approved by Board of Directors Resolution Record №13/10 dated 15 June 2010).
10.	According to the Articles of Association of a Joint - Stock Company, the Board of Directors shall be authorized to make a decision to suspend the powers of the General Director appointed at a General Shareholders' Meeting.	Complied	As provided by Sub-Clause 12, Clause 15.1, Article 15, of the Company's Articles of Association, the Board of Directors terms of reference include the right to elect the General Director of the Company, and to terminate his/her tenure, including making a decision concerning the early termination of his/her contract of employment.

11.	According to the Articles of Association, the Board of Directors shall be authorized to set the requirements for the professional qualifications and level of remuneration for the General Director, the corporate executives, and the heads of the principal departments of a Joint - Stock Company.	Partially complied	As provided by Subclause 13, Clause 15.1, Article 15, of the Articles of Association, the Board of Directors terms of reference include the right to determine the number of corporate executives, to elect the corporate executives, to set the remuneration and compensations paid out to them, and to terminate their tenure before the term ends.
12.	According to the Articles of Association of a Joint - Stock Company, the Board of Directors shall be authorized to approve the terms of the contract with the General Director and the corporate executives.	Complied	According to Clause 21.6, Article 21, of the Articles of Association, a Contract of Employment is signed by the Chairperson of the Board of Directors or by a person authorized by the Board of Directors. Furthermore, as provided by Clause 21.7, Article 21, of the Articles of Association, the Board of Directors or a person authorized by the Board of Directors of the Company defines the terms of the contract of employment with the General Director and the corporate executives, and according to Clause 21.9, Article 21, of the Company's Articles of Association, exercises employer rights and obligations in regard to the General Director and the corporate executives.
13.	The Articles of Association or Joint-Stock Company's internal documents shall include a requirement not to take into account the votes of such members of the Board of Directors as the General Director or the corporate executives in the procedures for approving the General Director's (Management Company's, Manager's) contract of employment terms.	Not complied	The Articles of Association or Joint-Stock Company's internal documents do not comprise this requirement.
14.	The Joint-Stock Company Board of Directors shall have at least three independent Directors who meet the Code of Corporate Conduct requirements.	Complied	There are not less than 3 (three) independent Directors on the Company's Board of Directors.
15.	The Joint-Stock Company Board of Directors shall not be comprised of persons convicted of economic activity crimes or crimes against the government, civil service or local authorities, or those who were assessed administrative penalties for business activity offences or offences in the field of finance, taxes and levies, or the stock market.	Complied	There are no such persons on the Company's Board of Directors.
16.	The Joint-Stock Company Board of Directors shall not be comprised of persons who are members, the General Director (Manager), the corporate executives, or employees of a legal entity competing with the Joint-Stock Company.	Complied	There are no such persons on the Company's Board of Directors.
17.	The Articles of Association shall include a requirement on the election of the Board of Directors by cumulative voting.	Complied	Provided by Clause 16.2, Article 16, and Clause 10.8, Article 10, of the Company's Articles of Association.

18.	The Joint-Stock Company's internal documents shall include a provision for the members of the Board of Directors' liability to abstain from actions that will result, or may potentially result, in a conflict of interest between themselves and the Joint-Stock Company, and in the event of such a conflict, an obligation to disclose all such information to the Board of Directors.	Complied	In compliance with Clause 1, Section V, of the Code of Corporate Governance (approved by Board of Director Resolution Record №009/06 dated 18 October 2006), the members of the Board of Directors shall abstain from actions which may, in the member's opinion, result in a conflict between the member's and the Company's interests, and immediately inform the Board of Directors about any such conflicts that may arise. Furthermore, in the context of Clause 3.5 of the Regulation for General Shareholders' Meeting Preparation and Holding Procedures (approved by an Extraordinary General Shareholders' Meeting, Record №1829/pr1 dated 28 February 2008), the members of the Board of Directors shall act for the benefit of the Company, and reasonably and in a good faith exercise their rights and fulfil their obligations in respect to the Company, while exercising their rights and fulfilling their obligations.
19.	The Joint-Stock Company's internal documents shall include a provision for the members of the Board of Directors' liability to inform the Board of Directors in writing upon any intention to settle transactions with the securities of the Joint-Stock Company or any subsidiaries (affiliates) for which they also serve as members of the Board of Directors, as well as disclose information on such securities deals effected by them.	Partially complied	The requirements to disclose information on insider transactions are specified in Clause 4 of the Regulation on Insider Information of IDGC of Centre, JSC. Thus, information on all insider transactions with the securities of the Company and its subsidiaries and affiliates as set in Clause 4.4 of the Regulation on Insider Information is identified and controlled by a special subdivision of the Company exercising control over such insider information. Furthermore, according to Clause 4.2 of the Regulation, insiders shall present a written declaration on any transactions with the securities of the Company and its subsidiaries and affiliates that have been settled in any given accounting month to the subdivision exercising control over the use of insider information, no later than on the third day of the month immediately following the accounting month.
20.	The Joint-Stock Company's internal documents shall include a requirement for the meetings of the Board of Directors to be held at least once every six weeks.	Partially complied	According to Clause 18.2, Article 18, of the Company's Articles of Association, the meetings of the Board of Directors are held as needed, but at least once every six weeks.
21.	The meetings of the Joint-Stock Company's Board of Directors shall be held as often as once every six weeks during the course of the year for which the Joint-Stock Company's annual report is made.	Complied	The Board of Directors holds meetings according to a Work Plan approved by the Board of Directors on 30 July 2010 (Record №16/10 dated 30 July 2010) and amended by a Board of Directors resolution dated 29 October 2010 (Record №22/10). The Board of Directors holds meetings at least twice per month. In 2010, there were 28 meetings held, three of those in person (on 02 April 2010, 19 October 2010, and 24 December 2010).
22.	The Joint-Stock Company's internal documents shall include a procedure for the holding of meetings of the Board of Directors.	Complied	The procedure for the holding of the meetings of the Company's Board of Directors is provided by Clause 7 of the Provisions for General Shareholders' Meeting Preparation and Holding Procedures of IDGC of Centre, JSC.

23.	The Joint-Stock Company's internal documents shall include a provision for the Board of Directors' approval of any of the Joint-Stock Company's transactions involving amounts representing 10 or more percent of the Company's asset value, excluding transactions completed in the normal course of business.	Partially complied	Subclause 40, Clause 15.1, Article 15, of the Company's Articles of Association provide.
24.	The right of the members of the Board of Directors to receive the information they need to perform their functions from the executive bodies and heads of the Joint-Stock Company's main structural divisions, as well as the responsibility for any failure to present such information, shall be provided by the Joint-Stock Company's internal documents.	Complied	As stated by Clause 3.1.1 of the Regulation on Provisions for General Shareholders' Meeting Preparation and Holding Procedures of IDGC of Centre, and Clause 3.1 of the Regulation on Insider Information, the members of the Board of Directors have the right to receive information on the Company's activities, including commercially confidential information, and to familiarize themselves with the Company's constituent, regulatory, accounting, reporting, contractual and other documents.
25.	The Board of Directors shall have a Strategic Planning Committee, or assign the functions of this Committee to any other committees, excluding the Auditing Committee or the HR and Remuneration Committee.	Complied	The Strategy and Development Committee was established by a Board of Directors' resolution on 30 April 2008.
26.	The Board of Directors shall have a special committee (the Committee for Audit) that shall recommend a Joint-Stock Company Auditor to the Board of Directors, and cooperate with him and the Auditing Committee of the Joint-Stock Company.	In Compliance	The Committee for Audit was established by a Board of Director resolution dated 30.04.2008.
27.	The Committee for Audit shall consist of only independent and non-executive directors.	Not in Compliance	The Committee for Audit consists of four persons. The Committee for Audit includes two independent/non-executive directors.
28.	An independent director shall govern the Committee for Audit.	Not in Compliance	An independent director does not govern the Committee for Audit.
29.	A Joint-Stock Company's internal documents shall provide all of the Committee's members with the right to access any of the Joint-Stock Company's documentation or information, on the condition that they will not disclose any confidential information.	In Compliance	Provided by Clause 11.3 of the Provisions for the Auditing Committee.
30.	The Board of Directors shall establish a special committee (the Committee for Personnel and Remuneration), which will define the criteria for the selection of candidates for the Board of Directors and develop a Joint-Stock Company Remuneration Policy.	In Compliance	The Committee for Personnel and Remuneration was established by a Board of Directors resolution dated 30.04.2008. Among its responsibilities are the definition of criteria for the selection of candidates for the Board of Directors and the development of a Joint-Stock Company Remuneration Policy.
31.	An independent director shall govern the Committee for Personnel and Remuneration.	Not in Compliance	An independent director does not govern the Committee for Personnel and Remuneration.
32.	the Committee for Personnel and Remuneration shall not include Joint-Stock Company executive officers.	In Compliance	The Committee for Personnel and Remuneration does not include any of the Company's executive officers.
33.	The Board of Directors shall have a Risk Management Committee or assign the functions of this Committee to any of its other Committees, excluding the Auditing Committee or the Committee for Personnel and Remuneration	Not in Compliance	The Board of Directors does not have such a committee.

34.	The Board of Directors shall have an Arrangements for Resolving Corporate Conflict Committee or assign the functions of this Committee to any of its other Committees, excluding the Auditing Committee or the Committee for Personnel and Remuneration.	Not in Compliance	The Board of Directors does not have such a committee.
35.	The Arrangements for Resolving Corporate Conflict Committee shall not include Joint-Stock Company executive officers.	Not in Compliance	The Board of Directors does not have such a committee.
36.	The Arrangements for Resolving Corporate Conflict Committee shall be governed by an independent director.	Not in Compliance	The Board of Directors does not have such a committee.
37.	A Joint-Stock Company shall have internal documents regulating the procedures for the organization of the Board of Directors' Committees, and for their operation, which shall be approved by the Board of Directors.	In Compliance	<p>The procedures for the organization of the Board of Directors' Committees are provided by Article 19 of the Company's Articles of Association. Furthermore, the procedures for the organization of the Board of Directors' Committees and for their operation are regulated by the following provisions:</p> <ul style="list-style-type: none"> • Provisions for the Audit Committee of IDGC of Centre, JSC (approved as amended by a Board of Directors' resolution, Record №18/09 dated 02.06.2010); • Provisions for the Committee for Personnel and Remuneration of IDGC of Centre, JSC (approved by a Board of Directors' resolution, Record №12/10 dated 02.06.2010); • Provisions for the Committee for Strategy of IDGC of Centre, JSC (approved by a Board of Directors' resolution, Record №09/08 dated 30.04.2008); • Provisions for the Reliability Committee of IDGC of Centre, JSC (approved by a Board of Directors' resolution, Record №21/09 dated 02.12.2009); • Provisions for the Board of Directors Reliability Committee of IDGC of Centre, JSC (approved by a Board of Directors' resolution, Record №21/09 dated 02.12.2009); • Provisions for the Board of Directors Committee for Technological Connections to Power Grids of IDGC of Centre, JSC (approved by a Board of Directors' resolution, Record №01/09 dated 13.02.2009).
38.	A Joint-Stock Company's Articles of Association shall regulate the procedures for establishing a quorum for the holding of meetings by the Board of Directors, which will ensure the compulsory participation of independent directors in the Board of Directors' meetings.	In Compliance	As provided by Clause 18.13, Article 18 of the Company's Articles of Association, the quorum for the holding of meetings by the Board of Directors is not less than half of the elected members of the Company's Board of Directors.
Executive Bodies			
39.	A Joint- Stock Company shall have a collective executive body (Executive Board).	In Compliance	In compliance with Clause 21.1, Article 21 of the Company's Articles of Association, a collective executive body (the Executive Board) was established on 30.04.2008.
40.	A Joint-Stock Company's Articles of Association or internal documents shall include a provision for the Executive Board's approval of any real estate transactions or the obtaining of credit by the Joint-Stock Company, unless such transactions are minor in nature and within the scope of the normal course of the Joint-Stock Company's business.	In Compliance	According to Sub-Clause 7, Clause 22.2, Article 22 of the Company's Articles of Association, the Company Executive Board's responsibilities include the making of resolutions concerning property transactions, or for work or services for which the cost ranges between five and 25 percent of the book value of the Company's assets as of the date of making a resolution on the transaction (except as provided in Sub-Clause 40, Clause 15.1 of the Articles of Association).

41.	A Joint-Stock Company's internal documents shall provide an approval procedure for transactions that are beyond the scope of the Joint-Stock Company's financial and economic plan.	In Compliance	According to Clauses 2-4 of the Provisions for IDGC of Centre's Cash Flow Management (approved by an IDGC of Centre Board of Directors' resolution, Record №08/08 dated April, 08, 2008), the Board of Directors and the Executive Board consider those matters related to the conducting of transactions that are beyond the scope of the financial and economic plan, since such transactions are included in the business and cash flow management plan adjustments that are to be approved by the Board of Directors and Executive Board, respectively. The processes of business planning and cash flow management in the Company are regulated by the following documents: Business-Planning Standard of IDGC of Centre and the Northern Caucasus, JSC (approved by an IDGC of Centre, JSC Board of Directors' resolution, Record №02/08 dated January, 31, 2008) and the Provisions for IDGC of Centre, JSC's Cash Flow Management (approved by an IDGC of Centre, JSC Board of Directors' resolution, Record №08/08 dated April, 08, 2008).
42.	Executive Bodies shall not include members that serve as the General Director (executive manager), executive body members, or employees of any legal entity competing with the Joint-Stock Company.	In Compliance	There are no such individuals on the Company's Executive Board.
43.	A Joint-Stock Company Executive Board shall not include persons convicted of economic activity crimes or crimes against the government, civil service or local authorities, or those who were assessed administrative penalties for business activity offences or offences in the fields of finance, taxes and levies, or the stock market. In the event that the sole executive body's functions are performed by an Executive Board or Executive Manager, the General Director and Executive Board members shall comply with the requirements for the Joint-Stock Company's General Director and Corporate Executives.	In Compliance	The Company's Executive Board does not include such individuals.
44.	A Joint-Stock Company's Articles of Association or internal documents shall prohibit the Executive Board (or Executive Manager) from performing similar functions for a rival Company, as well as from being in any other property relationship with the Joint-Stock Company, except for rendering service on the Executive Body (or as Executive Manager).	In Compliance	Provided by Sub-Clause 2, Clause V of the Code of Corporate Governance.
45.	A Joint-Stock Company's internal documents shall include a provision for the liability of any member of the Executive Bodies to abstain from actions that will, or may potentially, result in a conflict between their interests and those of the Joint-Stock Company, and in the event that such a conflict exists, their obligation to inform the Board of Directors concerning such a conflict.	Partially in Compliance	In compliance with Sub-Clause 2, Clause V of the Company's Code of Corporate Governance, the General Director must abstain from any actions that may result in a conflict between his/her interests and those of the Joint-Stock Company. The General Director shall immediately inform the Board of Directors if there is a conflict between his/her interests and those of the Joint-Stock Company. In addition, as provided by Clause 21.14, Article 21 of the Articles of Association, the General Director and the Executive Board members of the Company, while exercising their rights and fulfilling their obligations, shall act for the benefit of the Company and reasonably exercise their rights and fulfil their obligations in respect to the Company and in a good faith.

46.	A Joint-Stock Company's Articles of Association or internal documents shall include selection criteria for Executive Board members (or the Executive Manager).	In Compliance	Provided by Clause 2 of the Company's Code of Corporate Governance.
47.	Joint-Stock Company Executive Bodies shall present monthly reports concerning their work to the Board of Directors.	Partially in Compliance	<p>In accordance with Sub-Clause 36, Clause 15.1, Article 15 of the Company's Ar-ticles of Association, the Company's Board of Directors is responsible for the approval of the General Director's reports concerning the Company's activities (including those concerning the performance of his/her position's obligations), and on the implementation of the resolutions of both the Company's General Meeting of the Shareholders and the Board of Directors. The General Director submits the following reports for approval to the Board of Directors on a regular basis (monthly, quarterly, semi-annually or annually):</p> <ul style="list-style-type: none"> • On the securing of insur-ance coverage (quarterly); • On the implementation of the Company's Business Plan (quar-terly/annually); • On the implementation of the Annual General Meeting of the Sharehold-ers resolution in respect to dividend distribution (annually); • On the implementation of the Investment Program (quarterly/annually); • On the implementation of the Purchasing Pro-gram (quarterly); • On the implementation of the Board of Directors' resolutions (quar-terly); • On the sales of non-core assets (quarterly); • On the Company's compliance with the Regulations on the Information Policy of the Company (quarterly); • On the Company's Credit Policy (quarterly); • On KPI performance (quarterly/annually); • On cash flow performance benchmarks for the relevant quarter (quarterly); • On the Company's compli-ance with its Code of Corporate Governance (semi-annually); • On the Company's prepara-tion for work in the autumn/winter period (annually); • On measures taken in respect to the transition to electric power service rate regulation by the return on invested capital method (RAB) (monthly); • On the implementation of the plan for measuring the enforcement of the company's investment plan for 2009 (monthly);

			<ul style="list-style-type: none"> • On the handling of work regarding the registration of property rights for items of immovable property, for the right to use real estate, and for property registration/re-registration (annually); • On the disposition of housing and public utilities (annually); • On the rectifying of violations discovered during the course of carrying out internal control procedures (quarterly/annually); • On the reliability status of the Company (quarterly); • On the organization of the Company's Occupational Safety and Health Program (quarterly); • On the implementation of the Company's Environmental Policy Program (quarterly); • On the current situation concerning the Company's actions in regard to its customers' technical connection to power grids (quarterly). <p>The Board of Directors Plan for Work in 2010 – 2011 was approved by a Board of Directors' resolution on 30.07.2010 (Record №16/10 dated 30.07.2010) and adjusted by a Board of Directors' resolution on 29.10.2010 (Record №22/10). In compliance with this plan, the General Director reports his activities to implement such directions to the Board of Directors.</p>
48.	The contracts concluded by a Joint-Stock Company with the General Director (or the Executive Board or Executive Manager) and members of the Board of Directors shall include liabilities for the violation of provisions for the use of confidential or inside information.	In Compliance	The contracts concluded with the General Director and corporate executives include liabilities for the violation of provisions for the use of confidential or inside information.
Company Secretary			
49.	A Joint- Stock Company shall have a special official (Company Secretary) whose responsibility is to ensure that the Joint-Stock Company's bodies and officials are in compliance with the procedural requirements that guarantee the enforcement of the Company Shareholders' rights and legal interests.	Partially in Compliance	According to Clause 4 of the Provisions for Procedures for the Preparation and Holding of the General Meeting of the Shareholders, provided by a Board of Directors' resolution made on 23.03.2009 (Record №05/09), all technological (informational, documentary, reporting and secretarial) provisions of the Board of Directors' day-to-day activities are the responsibility of the Company's Corporate Secretary, acting upon the basis of the Articles of Association, the Provisions for the Company's Corporate Secretary, and other internal documents of the Company, and that such provisions are consistent with the instructions of the Chairperson of the Board of Directors.
50.	The Joint-Stock Company's Articles of Association or internal documents shall include procedures for the appointment (election) of the Company Secretary and the responsibilities associated with the position of Company Secretary.	In Compliance	Clause 4.2 of the Provisions for Procedures for the Preparation and Holding of the General Meeting of the Shareholders and Clause 3 of the Provisions for the Company's Corporate Secretary specify the procedures for the Corporate Secretary's election. Clause 4.3 of the Provisions for Procedures for the Preparation and Holding of the General Meeting of the Shareholders and Clause 3 of the Provisions for the Company's Corporate Secretary specify the duties and responsibilities of the Corporate Secretary.

51.	The Joint-Stock Company's Articles of Association shall include the requirements for candidates for the position of Company Secretary.	Partially in Compliance	As specified by Clause 20.6, Article 20 of the Company's Articles of Association, the regulations for the activities of the Corporate Secretary, the procedures for his/her appointment and the termination of his/her powers, and the rights and responsibilities of the Corporate Secretary are regulated by the Provisions for the Company's Corporate Secretary approved by the Company's Board of Directors. The Provisions for the Corporate Secretary of IDGC of Centre, JSC were approved on 18.10.2006 (Record №009/06). The requirements for a candidate for the position of the Company's Corporate Secretary are specified in Clause 2.3 of the Provisions for the Corporate Secretary.
Essential Corporate Actions			
52.	The Joint-Stock Company's Articles of Association and internal documents shall include requirements for the approval of large transactions before their settlement.	Partially in Compliance	There are no such specific requirements in the Articles of Association or the internal documents of the Company. However, according to the Company's Articles of Association, the approval of large transactions in cases provided for by Article X of the federal law, On Joint-Stock Companies, is related to the competence of the General Meeting of the Shareholders (Sub-clause 17, Clause 10.2, Article 10) and the Board of Directors (Sub-clause 26, Clause 15.1, Article 15).
53.	The obligatory involvement of an evaluator is required for the making of an assessment of the market value of any property that is the subject of a large transaction.	In Compliance	This is implemented in the Company's compliance with the requirements of the federal law, On Joint-Stock Companies.
54.	A Joint-Stock Company's Articles of Association shall include a prohibition when acquiring major minority shareholdings of another Joint-Stock Company (takeover) against taking any actions intended to protect the interests of the executive bodies (or members of these bodies) or the members of the Board of Directors of the Joint-Stock Company, as well as any actions aggravating the position of shareholders in comparison with existing ones (in particular, a prohibition against the Board of Directors from making a decision on the issuing of supplemental shares, the issuing of securities to be converted into shares, or the issuing of securities giving the right to acquire shares of Company, before the end of the suggested term for the acquisition of shares, even if the right for making such a decision is given by the Articles of Association).	Not in Compliance	These requirements are not specified by the Articles of Association. At the same time, according to Item 21.14, Article 21 of the Articles of Association, the following is provided: "The General Director and members of the Company's Executive Board, when exercising their rights and fulfilling their obligations, should act on behalf of the Company, and reasonably exercise their rights and fulfil their obligations in respect to the Company, and in good faith ...".
55.	A Joint-Stock Company's Articles of Association shall include a requirement for the obligatory involvement of an independent evaluator for the assessment of the current market value of its shares and any possible changes in their market value as the result of a takeover.	Not in Compliance	The Company's Articles of Association do not include such a requirement. This is implemented by the Company in compliance with the requirements of the federal law, On Joint-Stock Companies.
56.	There must not be a provision in a Joint-Stock Company's Articles of Association releasing an acquirer from its obligation to propose that shareholders sell ordinary shares of the Company (issue securities being converted into ordinary shares) held by them during a takeover.	In Compliance	There is no such provision in the Articles of Association.

57.	A Joint-Stock Company's Articles of Association shall include a requirement for the obligatory involvement of an independent evaluator for the determination of the proper correlation of share conversions during any reorganization.	Not in Compliance	Neither the Company's Articles of Association nor its internal documents include such a requirement. This is implemented by the Company in its compliance with the requirements of the federal law, On Joint-Stock Companies.
Disclosure of Information			
58.	The availability of an internal document, approved by the Board of Directors, shall be provided to specify the Joint-Stock Company's rules and approaches for information disclosures (Regulations on Information Policy).	In compliance	The Regulations on the Information Policy of IDGC of Centre, JSC was approved by a decision of the Board of Directors of the Company (Record №009/06 dated 18.10.2006)
59.	A Joint-Stock Company's internal documents shall include requirements for the disclosure of information on the purposes for the placing of shares, any persons who intend to acquire the shares being placed (including any major minority shareholding), and whether the senior officials of the Joint-Stock Company will participate in the acquisition of the Company's placed shares.	Not in Compliance	Information disclosure is implemented in compliance with the requirements of the legislation of the Russian Federation and the Regulations on the Information Policy of the Company.
60.	A Joint-Stock Company's internal documents shall include a list of information, documents and materials that should be submitted to the shareholders for solving issues raised at the General Meeting of the Shareholders.	Partially in Compliance	In accordance with Sub-clause e, Clause 2.2 of the Provisions for the Procedures for the Preparation and Holding of the General Meeting of the Shareholders of IDGC of Centre, JSC, the list of information, documents and materials that should be submitted to the shareholders for solving issues raised at the General Meeting of the Shareholders is approved by the Company's Board of Directors as part of their preparations for holding the General Meeting of the Shareholders
61.	The availability of a website for the Joint-Stock Company on the Internet shall be provided, along with regular disclosures of information concerning the Joint-Stock Company on such a site.	In Compliance	The Company has a website where it discloses information concerning the Company. The website address is http://www.mrsk-1.ru/ . The Company provides timely updates on the corporate website, including information disclosures in accordance with the requirements of the current laws of the Russian Federation and the Regulations on the Information Policy of the Company.
62.	A Joint-Stock Company's internal documents shall include a requirement on the disclosure of information concerning the Company's transactions with persons who are senior officials of the Joint-Stock Company according to the Articles of Association, as well as concerning the Joint-Stock Company's transactions with organisations in which senior officials hold, whether directly or indirectly, 20 and more percent of the Joint-Stock Company's authorized capital, or upon which such persons may otherwise exercise considerable influence.	In Compliance	According to Sub-clauses 5.2.8.2 and 5.2.8.3 of the Regulations on the Information Policy, the Company discloses information concerning the possession of the Company's shares and of its subsidiaries and affiliates by members of its executive bodies, or by those persons with whom they are affiliated, including the number and class of shares and information concerning any transactions between such individuals and the Company.
63.	A Joint-Stock Company's internal documents shall include a requirement on the disclosure of information concerning all transactions that may influence the market value of the Joint-Stock Company's shares.	In Compliance	Clause 5.2.10 of the Regulations on the Information Policy of IDGC of Centre, JSC provides that the Company discloses information on all essential transactions. In this regard, an essential transaction is one that may considerably influence the Company's business.

64.	The availability of an internal document, approved by the Board of Directors, shall be provided to re-regulate the use of essential information concerning the Joint-Stock Company's business, shares or other securities, along with any transactions involving such shares or securities, that is not publicly available, and the disclosure of which may considerably influence the market value of the Joint-Stock Company's shares or other securities.	In Compliance	The Regulations on Insider Information was approved by the Company (approved by a Board of Directors' resolution, Record №008/05 dated 14.10.2005).
Business and Financial Performance Control			
65.	The availability of procedures, approved by the Board of Directors, for internal control over the Joint-Stock Company's financial and business activities, shall be provided.	In Compliance	The Regulations on Internal Control Procedures of IDGC of Centre (Record №01/09 dated 13.02.2009) and the Internal Control Policy of IDGC of Centre (Record №13/10 dated 15.06.2010) were approved by a resolution of the Company's Board of Directors.
66.	The availability of a special subdivision of the Joint-Stock Company, ensuring compliance with the procedures for internal control (i.e., a supervision and auditing service), shall be provided.	In Compliance	A special subdivision — the Internal Control and Audit Department — ensures compliance with the procedures for internal control in the Company.
67.	A Joint-Stock Company's internal documents shall include a requirement on the determination of the structure and composition of the Joint-Stock Company's supervision and auditing service by the Board of Directors.	Not in Compliance	
68.	The Joint-Stock Company's supervision and auditing service shall not include persons convicted of economic activity crimes or of crimes against the government, civil service or local authorities, or those who were assessed administrative penalties for business activity offences or offences in the fields of finance, taxes and levies, or the stock market.	In Compliance	There are no such individuals in the supervision and auditing service.
69.	The Joint-Stock Company's supervision and auditing service shall not include persons who serve as members, the General Director (or Executive Manager), corporate executives, or employees of a legal entity competing with the Joint-Stock Company.	In Compliance	There are no such individuals in the supervision and auditing service.
70.	A Joint-Stock Company's internal documents shall include the terms for evaluating the documents and materials of completed financial and business operations, their submission to the supervision and auditing service, and the liabilities of the Joint-Stock Company's officials and employees for their non-submission within the specified terms.	Partially in Compliance	According to Clause 7.5 of the Regulations on the Auditing Committee of IDGC of Centre, JSC, the required documents and materials should be submitted to the members of the Company's Auditing Committee within two working days from the date that the request was received. According to Clause 6.1.2 of the Regulations on the Internal Control Procedures of IDGC of Centre, the submission of the necessary documents for the performance of inspections is to be made by the heads of the Company's subdivisions, units and representative offices within three days of a request of the Company's subdivision authorized to perform an internal control/audit.
71.	A Joint-Stock Company's internal documents shall include the obligation of the supervision and auditing service to inform the Committee for Audit, and if there is no such committee, the Board of Directors of the Joint-Stock Company, concerning any detected violations.	In Compliance	Provided for by Clause 6.1.4 of the Regulations on the Internal Control Procedures of IDGC of Centre, JSC.

72.	A Joint-Stock Company's Articles of Association shall include a requirement for a preliminary evaluation by the supervision and auditing service concerning the expediency of performing operations not provided for by the financial and business plan of the Joint-Stock Company (non-standard operations).	Not in Compliance	Such a procedure is not provided for by the Company's Articles of Association.
73.	A Joint-Stock Company's internal documents shall include a procedure for the approval of non-standard operations by the Board of Directors.	In Compliance	<p>Non-standard operations (operations that are beyond the scope of the financial and business plan) are subject to inclusion into the adjustments to the business plan and cash flow.</p> <p>According to Sub-clause 19, Clause 15.1, Article 15 of the Articles of Association, approval of the adjusted business-plan is relegated to the competence of the Board of Directors.</p> <p>According to Sub-clause 2, Clause item 22.2, Article 22 of the Articles of Association, approval of the adjusted cash flow is relegated to the competence of the Executive Board.</p> <p>In accordance with Sub-clause 4.2.5 of the Regulations on Cash Flow Management of the Company, the adjusted cash flow is sent to the members of the Company's Board of Directors no later than one day from the date of the approval of the final cash flow adjustment.</p>
74.	The availability of an internal document, approved by the Board of Directors, defining the procedures for inspecting the Joint-Stock Company's financial and business activities by the Auditing Committee, shall be provided.	In Compliance	The Regulations for the Auditing Committee of IDGC of Centre, JSC were approved by a resolution of an Extraordinary General Meeting of the Shareholders (Record №1429/pr1 dated 30.03.2006).
75.	An estimation by the Committee for Audit of the Auditor's report shall be made before the report is presented to the shareholders at the General Meeting of the Shareholders.	In Compliance	According to Clause 3.1 of the Regulations on the Committee for Audit, the committee exercises control over the implementation of the annual independent audit of the consolidated financial statements and the accounting (financial) statements of the Company, as well as the estimation of the Auditor's report. The estimation of the Auditor's report is presented in material form at the annual General Meeting of the Shareholders.
Dividends			
76.	The availability of an internal document, approved by the Board of Directors, by which the Board of Directors is to be governed when issuing recommendations concerning the amount of dividends, shall be provided (Regulations on the Dividend Policy).	In Compliance	The Company's Board of Directors (Record №011/06 dated 30.11.2006) approved the Regulations on the Dividend Policy, by which the Board of Directors is governed when issuing recommendations concerning the amount of dividends.

77.	The Regulations on the Dividend Policy shall include procedures for determining the minimum share of the Joint-Stock Company's net profit intended for dividend payout, and the conditions under which any dividends on preferred shares (the amount of dividends for which is determined by the Joint-Stock Company's Articles of Association) are not to be paid, or not paid in full.	Partially in Compliance	In compliance with Clause 4.1 of the Regulations on the Dividend Policy, a decision concerning dividend payout is made under the following conditions: The availability of a net profit at the end of the financial period; The availability of a net profit at the end of the financial period without regard to a revaluation of financial investments; • The ratio of debt (at the end of the relevant period) to the EBITDA rate (the rate is calculated based upon the current Recommendations on Credit Policy) should be less than 3. If this criteria is not followed, the priority prior to dividend payout is the repayment of debts.
78.	The publishing of data on the Joint-Stock Company's dividend policy and any changes to the same in the periodical provided by the Joint-Stock Company's Articles of Association for publishing the notice of the holding of the General Meeting of the Shareholders, as well as the presenting of such data on the Joint-Stock Company's website on the Internet, shall be provided.	Partially in Compliance	The Company ensures anytime access to the Regulations on the Dividend Policy and all changes to the same on the Company's website on the Internet at http://www.mrsk-1.ru (Clause 9.1 of the Regulations on the Dividend Policy).

Report on Interregional distribution grid company of centre jsc, compliance with the code of corporate governance, 2010

Code of Corporate Governance Provision	In Compliance or Not in Compliance	Measures Taken to Comply with the Provision	Comments on the Cases of Non-Compliance
CORPORATE GOVERNANCE FUNDAMENTALS			
Corporate Governance is based upon its members' rights and legitimate interests and respect and facilitates the Company's effective operational activities, including the increasing of the Company's shareholder value, job creation, and maintaining the financial stability and profitability of the Company. The Company Corporate Governance Fundamentals are:	In Compliance	<p>The company protects its Shareholders rights and legitimate interests by means of:</p> <ul style="list-style-type: none"> • The provision of a reliable method of share ownership recording, as well as the opportunity of free and rapid alienation of shares held by the shareholders; <p>Since 18.12.2010, Register-RN JSC has been the Company Registrar, approved by a Board of Directors' resolution (Record №24/10 dated 30.11.2010). The Company signed a contract with Register-RN JSC for Share Register keeping and maintenance on 02.12.2010. Register-RN JSC possesses all of the necessary technical means and an impeccable reputation, and has a perpetual license (№10-000-1-00330) issued by the FFMS of the Russian Federation, dated 16.12.2004.</p> <p>Moscow Central Depository JSC (MCD JSC) was the Company Registrar until 18.12.2010. The Company signed a contract with MCD JSC for Share Register keeping and maintenance on 03.04.2006. MCD JSC had a perpetual license (№10-000-1-00255) issued by the Federal Securities Commission of Russia on 13.09.2002, and a Certificate of Conformity with the requirements of the Registrar Activities Standards PARTAD dated June16, 2005.</p> <ul style="list-style-type: none"> • The provision for the Shareholders' rights to participate in Joint-Stock Company management by means of making decisions on the most important aspects of the Company's activities at the General Shareholders' Meeting; <p>The right to participate in Joint-Stock Company management is provided by the following:</p> <ul style="list-style-type: none"> - The scope of the shareholders' rights and the General Shareholders' Meeting's functions are clearly specified by the Articles of Association. Issues in the scope of the General Shareholders' Meeting's 	

competency may not be transmitted to the Company's Board of Directors, the Executive Board or the General Director for consideration (according to the Company's Articles of Association, approved by Annual General Meeting Resolution, Record №01/10 dated 24.06.2010).

- The establishment of procedures and methods to inform the Shareholders concerning the General Shareholders' Meeting's agenda, date, time and place of holding, along with a presentation to the shareholders of the information (documentation) at the General Shareholders' Meeting and other events, and the results achieved during the course of its business and financial activities. (according to the Company's Articles of Association, approved by Annual General Meeting Resolution, Record №01/10 dated 24.06.2010, Procedures for the Provisions for the Preparation and Holding of the General Shareholders' Meeting of IDGC of Centre JSC (approved by Extraordinary General Shareholders' Meeting Resolution, Record №1829/pr1 dated 28.02.2008)).

- **The provision of the possibility to have a share in the Company's profits.** Article 7 of the Company's Articles of Association specifies the provisions according to which ordinary dividends are to be paid, in terms determined by the General Shareholders' Meeting Resolution, but no later than 60 days after the date that the decision on their payment was taken, which is relevant to Corporate Governance best practice recommendations.

Transparency

1) In compliance with the requirements of the current legislation of the Russian Federation, the Company discloses all emitter's relevant information provided by Federal Law №39, On the Stock Market, dated 22.04.1996; Federal Law №208, On Joint-Stock Companies, dated 26.12.1995, and FFMS of the Russian Federation Decree №06-117/pz-n, On the Approval of Provisions for Information Disclosure by Equity Securities Emitters.

Within the accounting period, information concerning all substantial facts was disclosed, as well as any data which might have a significant influence on the Company's securities' value, affiliates' registers, and emitters' quarterly reports. The Company discloses such information on the newfeed of Interfax News Agency (<http://www.e-disclosure.ru/>). In addition, all such information disclosed by the Company is available on the Company's website (<http://www.mrsk-1.ru/inform/>), thereby providing free access to this information for all concerned persons.

In 2010, the following information was disclosed:

- Emitter Quarterly Report for the fourth quarter of 2009;
- Emitter Quarterly Report for the first quarter of 2010;
- Emitter Quarterly Report for the second quarter of 2010;
- Emitter Quarterly Report for the third quarter of 2010;
- Affiliates Register for the fourth quarter of 2009;
- Affiliates Register for the first quarter of 2010;
- Affiliates Register for the second quarter of 2010;
- Affiliates Register for the third quarter of 2010.

Adjustments to the Affiliates Register were made on 24.02.2010, 26.02.2010, 02.03.2010, 31.03.2010, 24.06.2010, 01.07.2010, 03.09.2010, 16.09.2010, 04.10.2010 and 21.12.2010.

Information on Substantial Facts:

- 27.02.2010 — Factual information resulted in emitter's net profits or net loss to increase (decrease) by more than 10 per cent;
- 27.04.2010 — Factual information resulted in emitter's net profits or net loss to increase (decrease) by more than 10 per cent;
- 05.05.2010 — Information concerning the date of the emitter's record;
- 26.05.2010 — Appearance of a shareholder owning not less than five percent of the emitter's ordinary shares, or a change of such a shareholder's share;
- 25.06.2010 — Information concerning General Meeting resolutions;
- 28.07.2010 — Factual information resulted in emitter's net profits or net loss to increase (decrease) by more than 10 per cent;
- 28.10.2010 — Factual information resulted in emitter's net profits or net loss to increase (decrease) by more than 10 per cent.

Statements concerning information that can significantly influence the Joint-Stock Company' securities' value:

- 24.02.2010 — Resolutions taken by the Board of Directors (Corporate Executive election);
- 26.02.2010 — Information on changes of the Joint-Stock Company's Board of Directors' member's share of participation in the Joint-Stock Company's authorized capital;
- 02.03.2010 — Resolutions taken by the Board of Directors (termination of the powers of the Corporate Executive);
- 05.05.2010 — Resolutions taken by the Board of Directors (Annual Shareholders' Meeting convention);
- 05.05.2010 — Resolutions taken by the Board of Directors (recommendations on dividends);
- 01.09.2010 — On the validity expiration of the Joint-Stock company's permission (license) for restrictedly transferrable object and natural resource use;
- 03.09.2010 — Resolutions taken by the Board of Directors (termination of the powers of the Corporate Executive);
- 16.09.2010 — Resolutions taken by the Board of Directors (termination of the contract with the Registrar);
- 16.09.2010 — On the acquisition of stake accounting for not less than 5% in the authorized capital of another business corporation;
- 30.11.2010 — Resolutions taken by the Board of Directors (the approval of the Company Registrar and the conditions of their Contract);
- 17.12.2010 — On the expiration of the Joint-Stock Company's sole Executive Body's term of office;
- 17.12.2010 — On the acquisition of stake accounting for not less than 5% in the authorized capital of another business corporation, or on a change in such a share;
- 20.12.2010 — Resolutions taken by the Board of Directors (on the establishment of the Company's Sole Executive Body).

In 2010, in order to improve the usability of disclosed information, the website section, Disclosure of Information, was updated. The information in this section is now presented by taking into account the FFMS of Russia information letter, "On Methodological Recommendations to Emitters of Equity Securities on the Discharge of their Duty to Perform the Disclosure of Information by its Publishing (the Publishing of Texts of the Documents Containing the Information to be Disclosed) on the Internet".

2) In addition to the information to be disclosed in compliance with Russian Federation legislation regulating the disclosure of information by emitters of securities, the Company discloses additional information pursuant to the Regulations on Information Policy approved by the Company (approved by a resolution of the Company's Board of Directors, Record №009/06 dated October 18, 2006).

Along with the information disclosed pursuant to the Regulations on Information Policy, the Company analyses the needs of investment banking professionals and does its best to disclose the maximum scope of information required for them to make sound investment decisions. In addition to traditional channels of information disclosure, new possibilities are being used. For instance, since 2009 the Company has been conducting webcasts on the Internet with the participation of IDGC of Centre JSC's top managers, in which the Management Team gives an account of its business performance for the accounting period and answers investors' questions. These webcasts enjoy great popularity with investment banking professionals. Their attendance ranges from two to three thousand unique visitors. To provide more user-friendly access to information, the Company website's Investors and Shareholders section was updated at the end of 2009 (<http://www.mrsk-1.ru/stockholder/>). In addition, relevant information about the Company is sent directly to investment banking professionals' e-mail addresses on the condition of their prior approval to receive such mailings. An integrated call centre with a free national number (+7 800 50 50 115) was created to answer shareholders' inquiries.

Accountability of the Company Executive to Shareholders

The fundamental of Accountability of the Executive Bodies to Shareholders is implemented as follows:

- In compliance with Sub-Clause 4, Clause 22.2, Article 22 of the Company's Articles of Association, the Company Executive Body controls the Company Management's performance by consideration of the Company Deputy General Directors' and economically autonomous Structural Subdivision Managers' reports on the implementation results of the approved plans, programs and recommendations, consideration of reports, documents and other information on the Company's and its subsidiaries and affiliates business performance;
- Pursuant to Clause 21.2, Article 21 of the Company's Articles of Association, the Company's General Director and Corporate Executives are accountable to the General Shareholders' Meeting and Company Board of Directors.

The General Director submits the following reports to the Board of Directors for approval on a regular basis (monthly, quarterly, semi-annually, annually):

- On the securing of insurance coverage (quarterly);
- On the implementation of the Company's Business Plan (quarterly/annually);
- On the implementation of the resolution of the Annual General Shareholders' Meeting in respect to dividend distribution (annually);
- On the implementation of the Investment Program (quarterly/annually);
- On the implementation of the Purchasing Program (quarterly);
- On the implementation of the Board of Directors resolutions (quarterly);
- On the sales of non-core assets (quarterly);
- On the Company's compliance with the Regulations on Information Policy (quarterly);
- On the Company's Credit Policy (quarterly);
- On KPI performance (quarterly/annually);
- On cash flow performance benchmarks for the relevant quarter (quarterly);
- On compliance with the Company's Code of Corporate Governance (semi-annually);
- On the Company's preparation for work in the autumn/winter period (annually);
- On measures taken in respect to the transition to electric power service rate regulation by the return on invested capital method (RAB) (monthly);
- On the implementation of the Plan of Measures enforcing the implementation of the Company's Investment Plan for 2009 (monthly);
- On the handling of work regarding property rights registration for items of immovable property, and the rights for the use of real estate and property registration/re-registration (annually);
- On the disposition of housing and public utilities (annually);
- On the rectification of violations discovered during the course of carrying out internal control procedures (quarterly/annually);
- On the Company's reliability status (quarterly);
- On the organization of the Company's Occupational Safety and Health Program (quarterly);
- On the implementation of the Company's Environmental Policy Program (quarterly);
- On the current situation concerning the Company's actions in regard to customers' technical connection to the power grids (quarterly).

The Board of Directors Plan of Work for 2010 – 2011 was approved by a Board of Directors' resolution (Record №16/10 dated 30.07.2010), and in compliance with this resolution, the General Director reports to the Board of Directors on his activities in these directions.

Pursuant to Sub-Clause 23.6, Clause 15.1, Article 15 of the Company's Articles of Association, the Company's Board of Directors approves the General Director's reports concerning the Company's activities (including those on the performance of his/her position's obligations) and on the implementation of the Company's General Shareholders' Meeting's and Board of Directors' resolutions, and in turn, is accountable to the Shareholders, who approve the Annual Report at the Annual General Shareholders' Meeting.

Auditability of Business and Financial Performance

This approach enables the Board of Directors to be totally liable for controlling management's performance, to monitor the Company's Executive Board's performance effectively, and to take appropriate measures based upon these results.

Company shareholders can familiarize themselves with all resolutions taken by the General Shareholders' Meeting, the Board of Directors and the Board of Directors' committees and submit any corresponding requests for clarifications via the website, by written request, or by calling the direct line (+7 800 50 50 115).

Business and Financial Performance Control in the Company is performed by the Board of Directors, the Auditing Committee and the Company Auditor, as follows:

Board of Directors, Auditing Committee:

- The Board of Directors exercises business and financial performance control of the Company by means of their approval of the General Director's reports, according to the abovementioned list in the Section, The Company's Executive Bodies's Accountability to Shareholders

In addition, a special Board of Directors' committee was established to enable the Company's Board of Directors to effectively exercise direct control of the Company's business and financial performance by a Board of Directors' resolution (Record №09/08 dated 30.04.2008). The committee responsible for this field of concern is the Committee for Audit (<http://www.mrsk-1.ru/docs/Appendixx9.doc>), and its main task is the elaboration and presentation of recommendations (conclusions) concerning the Company's audit and reporting to the Company's Board of Directors.

Quarterly, the Committee for Audit considers the report on the internal control procedures taken according to the inspection schedule of the Inner Control and Audit Department and presents this report to the Company's Board of Directors.

Subsequent to the results of the abovementioned Committee for Audit Report's consideration by the Company's Board of Directors, the General Director is given instructions to correct any violations discovered during the course of the Inner Control Procedure and present a report on such measures taken to rectify the specified violations at the Board of Directors' meeting. Therefore, on a quarterly basis the Committee for Audit considers and presents a report on the rectification of violations to the Board of Directors as well.

Along with the Committee for Audit, the Committee for Strategy and Development, the Reliability Committee, the HR and Compensation Committee, and the Committee for Technological Connections to Power Grids were established in the Company. These committees consider reports on the Company's business operations on a monthly or quarterly basis.

Every month, the Committee for Strategy and Development considers a report on the measures taken in respect to the Company's transition to the electric power services rate regulation by return on invested capital method (RAB), and a report on the pursuance of the Plan of Measures providing for the implementation of the Company's Investment Program, and also considers reports on the implementation of the Business Plan and Investment Program quarterly.

The Reliability Committee considers the reports on the situation of power objects' gross assets, on the reliability situation, on the organization of the Health and Safety System, and on the progress of the implementation of the Ecological Policy Program quarterly.

The Committee for Technological Connections to the Power Grids considers the reports on the most problematic claims for the Company on a monthly basis, and on the current situation in regards to the Company's activity on technological connections of consumers to the power grids on a quarterly basis.

Auditing Committee

The Auditing Committee was elected at the Annual General Shareholders' Meeting (hereinafter referred to as AGSM) on 22.06.2010. Information concerning the Auditing Committee's members is disclosed on the website (http://www.mrsk-1.ru/about/administration/control/control_2010/).

The Auditing Committee performs occasional, scheduled, and random checks. Since 13.12.2010, the Company has been performing an audit analysis of the Company's economic activities, especially of financial lease (leasing) operations and other areas of the Company's business pursuant to an Auditing Committee resolution (Record №2 dated 09.12.2010).

At the end of the audit, the Company's Executive Body's Division and Subdivision Managers provide an explanation for the reasons behind any violations discovered by the Committee, and based upon the results of their analysis, the Company issues instructions stating the corrective and preventive measures for such violations, as well as penalties for those persons responsible, where applicable.

According to Clause 8.6 of the Provisions for the Auditing Committee (approved by the Extraordinary General Shareholder's Meeting, Record №1429/pr1 dated 30.03.2006), one copy of the Statement (Act) is kept with the Auditing Committee Secretary, one is sent to the Company Board of Directors' Chairperson, and one to the Company's General Director.

According to Sub-Clause 5, Clause 4.5 of the Provisions for the Auditing Committee, the Auditing Committee members shall provide a report on the results of the Company's Annual Business Audit, including an assessment of the Company's Annual Report, no later than 45 days before the date of the holding of the Annual General Shareholders' Meeting.

Auditor

On 22.06.2010 at the AGSM, BDO CJSC was approved as the Company Auditor. BDO CJSC is a member of the professional auditing association, Non-Commercial Partnership Russian Audit Chamber (their main registration number of record in the national register of auditors and auditing organizations is №10201018307. NP RAC is entered into the national register of self-regulated auditing organizations under №1, pursuant to Order №455 of the ministry of Finance of Russia dated 01.10.2009). BDO CJSC is an auditing company with extensive experience in compulsory annual audits of accounting and financial reporting and the complex consulting of power industry enterprises having a wide unit

network. BDO CJSC has a third general rating and is the first among Russian national ACGs in the top list of the biggest Audit and Consulting Groups of Expert RA agencies for 2009 (Expert Magazine №11 dated March 22, 2010).

The Auditor candidature was recommended by the Auditing Committee (Record №04/10 April 23, 2010) to the Company's Board of Directors to present to the Annual General Shareholders' Meeting (AGSM 22.06.2010) for approval.

Pursuant to Clause 3, Article 52 of the federal law, On Joint-Stock Companies, during the process of preparation for the Company's General Shareholders' Meeting in 2010, persons who have the right to participate in the General Shareholders' Meeting were presented with the annual financial statements, including the Auditor's and the Company's Auditing Committee's (controller's) conclusions on the results of the inspection of the annual financial statements. This information is disclosed on the Company's website (<http://www.mrsk-1.ru/stockholder/meeting/documents/>).

Department of Internal Control and Audit

The Recommendations on Internal Control Procedures was approved by a resolution of the Company's Board of Directors (Record №1 dated 10.02.2009) (<http://www.mrsk-1.ru/docs/yJFfOC.doc>). This document defines the purposes and objectives of internal control, the internal control procedures, those persons responsible for the implementation of internal control procedures, and for the implementation control of internal control procedures.

To provide operational internal control of all business transactions, a structural subdivision, the Department of Internal Control and Audit, was established in the Company. The Department of Internal Control and Audit performs a wide range of functions recommended by the best practices of corporate governance; in particular, an assurance of the completeness and reliability of the Company's financial and governance reporting. All employees of the Department of Internal Control and Audit have degrees in economics, experience in audit and revisory inspections, and regular special training in accounting and audit. In compliance with the Recommendation on Internal Control Procedures, the Department of Internal Control and Audit coordinates the plan for audits with the Board of Directors' Auditing Committee and reports on their results to that Committee on a quarterly basis. After prior consideration by the Committee, the report is presented to the Board of Directors for examination. Subsequent to the results of this examination, the Company's General Director presents information concerning the reasons for any discovered violations and the plan of measures for their correction and prevention to the Board of Directors. The Department of Internal Control and Audit provides control over the measures taken on the correction of such violations.

Additionally, the Internal Control Policy of IDGC of Centre JSC was approved by the Board of Directors of IDGC of Centre JSC (Record №13/10 dated 15.06.2010). This policy specifies the main compulsory organizational principles of the Company's internal control system and the development of a consistent approach to the internal control processes of the Company.

In corporate governance practice, the Company organizes its relationship with third parties, including its employees, upon the basis of respect and the observance of the rights of those parties concerned, as stipulated by current legislation.

The Company approved documents regulating the social responsibility of the Company and the consideration of the interests of other concerned parties. The Board of Directors of IDGC of Centre JSC approved the Collective Bargaining Contract for 2009-2011 (Record №01/09 dated 10.02.2009) regulating social and labour relations in the Company and establishing the rights and duties of the Company 's social partnership parties, the Employer, the Employees and their representatives, in particular.

Loyalty to Third Parties

The following documents were approved as well: the redrafted Recommendations on Corporate Assistance and Support of IDGC of Centre JSC Employees in Improvements to their Dwellings (Board of Directors' Record №13/08 dated 01.08.2008), the Program of Non-State Pension Provision for IDGC of Centre JSC Employees for 2010 (Board of Directors Record №05/10 dated 17.03.2010), Recommendations on IDGC of Centre JSC's Housing and Public Utilities Usage (Board of Directors Record №21/09 dated 02.12.2009), and the Program of Human Resource Support and Development of IDGC of Centre JSC (Board of Directors Record №19/10 dated 16.09.2010).

In the first half year of 2010, during the course of the implementation of the IDGC of Centre JSC Awards Program, employees were recognized as follows:

- Departmental awards of the RF Ministry of Energy (Records: №25p dated 27.02.2010 — 4 employees; №36p dated 10.03.2010 — 13 employees; №63p dated 26.04.2010 — 10 employees); 27 employees in total;
- Corporate awards of IDGC Holding Company JSC (Records: №2p dated 20.01.2010 — 41 employees;
№5p dated 05.02.2010 — 1 employee;
№7p dated 11.03.2010 — 24 employees;
№9p dated 24.03.2010 — 4 employees;
№14p dated 15.06.2010 — 32 employees;
№16p dated 23.06.2010 — 22 employees); 124 employees in total;
- Corporate awards of IDGC of Centre JSC (Records: №7p dated 15.02.2010 — 44 employees;
№8-I dated 15.02.2010 — 1 employee;
№12-I dated 26.03.2010 — 64 employees;
№19-I dated 26.03.2010 — 9 employees;
№16-I dated 31.03.2010 — 10 employees;
№18-I dated 07.04.2010 — 7 employees;
№23-I dated 20.04.2010 — 23 employees;
№24-I dated 28.04.2010 — 1 employee;
№25-I dated 01.06.2010 — 1 employee;
№26-I dated 03.06.2010 — 4 employees;

№27-I dated 03.06.2010 — 3 employees);
148 employees in total.
In total, there were 299 employees rewarded in all categories.

In the second half year of 2010 during the course of the implementation of the IDGC of Centre JSC Awards Program, employees were recognized as follows:

- Departmental awards of the RF Ministry of Energy (Records: №142p dated 16.08.2010 — 11 employees; №186p dated 25.10.2010 — 11 employees; №190p dated 25.10.2010 — 52 employees; №238p dated 20.12.2010 — 45 employees);
119 employees in total;
- Corporate awards of IDGC Holding Company JSC (Records: №25p dated 20.01.2010 — 31 employees,
№26p dated 20.09.2010 — 1 employee;
№35p dated 20.10.2010 — 15 employees;
№38p dated 01.11.2010 — 8 employees;
№43p dated 20.11.2010 — 7 employees;
№40p dated 15.11.2010 — 52 employees;
№45p dated 14.12.2010 — 118 employees);
232 employees in total;
- Corporate awards of IDGC of Centre JSC (Records: №28-I dated 15.02.2010 — 44 employees,
№29-I dated 01.07.2010 — 51 employees;
№44-I dated 06.07.2010 — 1 employee;
№51-I dated 03.08.2010 — 5 employees;
№52-I dated 17.09.2010 — 47 employees;
№150-I dated 15.10.2010 — 279 employees;
№151-I dated 15.12.2010 — 60 employees;
№152-I dated 15.12.2010 — 6 employees;
№153-I dated 15.12.2010 — 7 employees;
№154-I dated 15.12.2010 — 2 employees);
459 employees in total;
- Corporate awards of All-Russian Industrial Group of Electric Power Industry Employers (Record №66 dated 26.11.2010 – 17 employees).

In total, there were 827 employees rewarded in all categories.

The Board of Directors approved the Program on Injury Risk Reduction of IDGC of Centre JSC for 2009 — 2012 (Record №13/09 dated 02.09.2009). This Program regulates the organization of work on accident and occupational disease prevention, priority measures to be taken to reduce any risks discovered during the course of IDGC of Centre JSC's business activities, the organization of individual

workplaces, work safety and the quality of personnel training inspections, personnel development, psycho-physiologic job security for personnel, the provision of safe working conditions on transport, the means of application of individual protection, operational/dispatching office system development, and safety assurance at electrical installation settings.

During the process of program implementation, it's planned to equip teams with earthing stick sets for temporary ground installation in order to reduce injury risks when working at height levels. Furthermore, it's planned to gradually equip emergency and investigation crews and with technical devices allowing them to determine their location with reference to certain electrical installations, which will raise the level of personnel discipline and enhance the operational controllers' and management's control over the working teams.

For the purpose of achieving an integrated system of HR management organization as a part of the operation of the Company and the means and methods of working with youth development, the main document on the Youth Policy of IDGC of Centre JSC, Recommendation on Work with Youth in IDGC of Centre JSC was approved by the IDGC of Centre JSC Executive Board's resolution on December 23, 2008 and put into effect by the General Director (Decree №27-CA dated 16.02.2009). This document provides methodological support for an integrated system for work with the youth organization, the operations of the Company of IDGC of Centre JSC, and regulating the processes for attracting, adapting, developing and retaining the Company's young employees.

The Recommendations also include:

- Provisions for the procedures for organizing and conducting practical training for young professionals (graduates);
- Provisions for the Youth Council of IDGC of Centre JSC;
- The standard annual schedule of actions for the Youth Council;
- A standard contract/cooperation agreement concerning specialists' training, retraining and professional development;
- A list of educational establishments specializing in the field of the Company's core activities, including two main HEIs (ISPU and the Smolensk Unit of MEI).

The Redrafted Program of the Company's Ecological Policy Implementation for 2009 – 2010 was approved in 2009 (Board of Directors' Record №09/09 dated 08.06.2009), the guidelines of which are:

- Technological re-equipment and phasing-out of outdated equipment, implementation of the best current technologies for transportation and electric energy distribution;
- Improvement of the technological process of electrical power distribution and transmission, implementation of measures for power saving and reducing the loss of power during transportation;
- Waste generation during manufacturing and the provision for its safe handling;
- The Company's management system in the field of environmental protection, the exploitation of natural resources, and the prevention and elimination of emergency situations leading to negative ecological consequences;
- Ecological management system implementation as an integrated part of the non-financial risk corporate governance system, in compliance with the requirements of ISO 14001:2004/GOST R ISO 14001-2007.

- The enhancement of the ecological culture and the educational and skill level of the Company's personnel in the field of environmental protection, and the efficient use of natural resources and ecological safety.

An electronic Customer Service Office may be found on the Company's website (<http://www.mrsk-1.ru/client/>), as well as a direct toll-free power engineers' call line 8-800-50-50-115 (24 hours). Recommendations on Customer Claims Handling were approved (IDGC of Centre JSC General Director Decree №277 dated 24.11.2008). Currently, there are 34 Customer Service Centers (CSC) in operation within the territory of the Company's service.

The Company's affiliates received 623,298 customer appeals (of which 295,315 were made in person and 327,494 in absentia) in total during 2010. The Contact Center received 262,558 calls from the Company's customers on different issues in 2010. The Standard of Business Process Customer Relationship Management STO BP 9/01-01/2009 was put into effect in 2009 as well.

The Company is in operational cooperation with investment banking professionals and other concerned parties. To implement this process, there was a special structural division the Department of Interaction with the Shareholders, established at IDGC of Centre JSC. This Department's responsibilities include not only working with existing shareholders, but with all investment banking professionals with the purpose to increase the Company's shareholder value. Regular management meetings with investors and unit analysts, participation in investment conferences, and responding favorably to requests for disclosing information that is not a commercial secret are the Company's normal practice.

In 2010, there were 48 events held as part of the Company's interaction with investment banking professionals, including:

- Meetings with investors one-on-one in Russia (12);
- Panel meetings with investors in Russia (2);
- Meetings with investors one-on-one abroad (2);
- Meetings with investment bank analysts one-on-one (4);
- Teleconferences with investment bank analysts (4);
- On-line conferences – (13).

There were 28 press releases on the Company's business operations, results, and/or IR event presentations. The information is presented both in Russian and in English. In addition, starting with the third quarter of 2009, the Company's website was translated into English, including the section, Investors and Shareholders, in addition to on-line quotation tools, the market value of the Company's stock, and change analyses (diagrams, etc.).

The Company's shares were included on the MICEX Stock Exchange CJSC quotation list B on 08.04.2009, and they were also included in the MICEX PWR index calculation base in 2009. In June 2010, the Company's shares were included in the RTS-2 index calculation base. The Company regularly presents information to the RTS JSC Exchange and the MICEX Stock Exchange CJSC in compliance with their requirements.

There is a Provision for an Employee Stock Option Plan in operation at the Company (approved by a Board of Directors' resolution, Record №011/06 dated 30.11.2006), focused on management motivation to improve the authorization of capital in the Company. While there was no individual Board of Directors' resolution to launch the Employee Stock Option Plan, the Company complies with the compulsory conditions for the launch of an Employee Stock Option Plan required by the Provision, and it is ready to present this matter to the Board of Directors meeting. The text of the Provision for an Employee Stock Option Plan is published on the Company's website (http://www.mrsk-1.ru/docs/301106_011_06.doc).

INTERNAL DOCUMENTS

This Code is a set of principles fundamental for corporate governance. The structures, procedures and corporate governance practice are regulated by the Company's Articles of Association and internal documents, which can be found on the Company's website <http://www.mrsk-1.ru/inform/documents/>.

The Company's internal documents are developed in compliance with the Russian Federation's legislation and according to the core provisions of the Code of Corporate Governance recommended for use by the Federal Securities Commission of Russia (FSCR Instruction №421/r dated 04.04.2002).

The Company's internal documents are developed in compliance with the Russian Federation's current legislation and the Company's Articles of Association, and are published on the Company's website <http://www.mrsk-1.ru/inform/documents1/>.

The following documents are approved by the Company:

Regulations on the Auditing Committee (approved by an Extraordinary General Shareholder's Meeting resolution presented by the RAO Unified Energy Systems of Russia JSC Executive Board, Executive Board Record №1429/pr1 dated 30.03.2006), stating the objectives and operating procedures of the Auditing Committee and regulating the matters of interaction with the Company's executive bodies.

Regulations on the Payment of Remuneration and Indemnity to Members of the Auditing Committee (approved by an Annual General Shareholder's Meeting resolution, Record №01 dated 03.06.2008), stating the rates and manner of payment of remuneration and indemnity for members of the Auditing Committee.

Regulations on the Procedures for the Preparation and Holding of the General Shareholders' Meeting of IDCG of Centre JSC (approved by an Extraordinary General Shareholder's Meeting resolution presented by the RAO Unified Energy Systems of Russia JSC Executive Board, Executive Board Record №1829/pr1 dated 28.02.2008), stating the procedures for the organization of the preparation and holding of the General Shareholders' Meeting.

Regulations on the Procedures for the Convening and Holding of IDCG of Centre JSC's Board of Directors' Meetings (approved by an Extraordinary General Shareholder's Meeting resolution presented by the UES of Russia JSC Executive Board, Executive Board Record №1829/pr1 dated 28.02.2008), stating the procedures for organizing the preparation and holding of the Board of Directors' Meetings.

Regulations on IDGC of Centre JSC's Executive Board (approved by an Extraordinary General Shareholder's Meeting resolution presented by the UES of Russia JSC Executive Board, Executive Board Record №1829/pr1 dated 28.02.2008), stating the procedures for the preparation and holding of the Executive Board.

Regulations on the Purchases of IDGC of Centre (approved by a Board of Directors' resolution, Record №06/08 dated 28.02.2008), regulating the procedures for purchasing any goods, work or services at the expense of the Company at a cost greater than 500,000 RURles (exclusive of VAT).
Regulations on Remuneration Payments to the Board of Directors of IDGC of Centre JSC (approved by an Annual General Shareholder's Meeting resolution, Record №01 dated 03.06.2008), stating the rates and manner of payment of remuneration and indemnity for the members of the Company's Board of Directors.

Provisions for an Employee Stock Option Plan at IDGC of Centre JSC (approved by a Board of Directors' resolution, Record №011/06 dated 30.11.2006), regulating the motivation system for members of the Board of Directors, as well as the General Director and other employees of the Company, focused on stock appreciation and shareholder value based upon the Company's improvement, defining the participants' manner of gaining such rights to shares and the enforcement of the participants' right to share buyback of the shares by the Company at a predetermined price, with share transfer and payment moratoriums.

Regulations on Insider Information (approved by a Board of Directors' resolution, Record №008/05 dated 14.10.2005), regulating the approach to the definition of information, the disclosure of which may significantly influence the market price of the said securities, which puts persons possessing such information into a privileged position in comparison with others in regards to making decisions on whether to hold, and/or acquire, and/or alienate securities.

Regulations on the Reliability Committee of IDGC of Centre JSC Board of Directors (approved by a Board of Directors' resolution, Record №21/09 dated 02.12.2009), stating the legal status, goals and objectives, rights, responsibilities, structure and members of the Committee.

Code of Corporate Governance (approved by a Board of Directors' resolution, Record №009/06 dated 18.10.2006), representing the code of voluntarily undertaken obligations by participants in corporate relations of the Company, including the members of the Board of Directors and corporate executives.

Regulations on the Corporate Secretary of IDGC of Centre JSC (approved by a Board of Directors' resolution, Record №009/06 dated 18.10.2006), stating the status, functions and responsibilities of the Corporate Secretary, as well as the procedures for his/her election and the termination of his/her powers, the procedures of his/her work and those of the Company's Executive Bodies.

Regulations on the Information Policy of the Company (approved by a Board of Directors' resolution, Record №009/06 dated 18.10.2006), defining the rules and approaches to information disclosure, a list of information and documents subject to disclosure to the shareholders, creditors, and potential investors, as well as to the professional participants of the securities market, state structures and other interested parties; the document also determines the order and terms of information disclosure and presentation.

Regulations on the Preferences of IDGC of Centre JSC (approved by a Board of Directors' resolution, Record №009/06 dated 18.10.2006), stating preferences in favor of certain groups of suppliers during the course of making competitive purchases of products for meeting the needs of the Company.

Regulations on Dividend Policy (approved by a redrafted Board of Directors' resolution, Record №18/10 dated 03.09.2010), defining the main principles of dividend payment conditions, the procedures for determining the rate of dividend payments, the procedures for making the decision on dividend payments, as well as the procedures and payout period for dividend payments on the Company's shares.

Regulations on the Company's Investment Activity (approved by a Board of Directors' resolution, Record №02/07 dated 28.02.2007), stating a complex of norms, rules and requirements for the classification, consideration, agreement and approval of investment programs for the Company, and individual investment projects that are part of the investment programs of the Company.

Regulations on the Development and Approval of the Five-Year Investment Program of the Company (approved by a Board of Directors' resolution, Record №02/07 dated 28.02.2007), which annually determines the order of interaction between IDGC of Centre JSC and the development of the five-year Investment Program, as well as the terms of development, consideration and approval of the five-year Investment Program of IDGC of Centre JSC by the Company's Board of Directors.

Standards of IDGC of Centre JSC's Customer Service (approved by a redrafted Board of Directors' resolution, Record №20/09 dated 20.11.2009), stating the standards and rules of interaction with customers, the standard requirements for the quality of customer service, and the optimization and formalization of the procedures of interaction between the entity providing power transmission and technological connections to the power grid services and its customers.

Regulations on the Committee for Audit of IDGC of Centre JSC (approved by a redrafted Board of Directors' resolution, Record №12/10 dated 02.06.2010), stating the legal status, goals and objectives, rights, responsibilities, structure and members of the Committee.

Regulations on the HR and Compensation Committee of IDGC of Centre JSC (approved by a redrafted Board of Directors' resolution, Record №12/10 dated 02.06.2010) stating the legal status, goals and objectives, rights, responsibilities, structure and members of the Committee.

Regulations on the Strategy Committee of IDGC of Centre JSC (approved by a Board of Directors' resolution, Record №09/08 dated 30.04.2008), stating the legal status, goals and objectives, rights, responsibilities, structure and members of the Committee.

Regulations on Remuneration and Indemnification Payments to Members of the Board of Directors' Reliability Committee of IDGC of Centre JSC (approved by a redrafted Board of Directors' resolution, Record №13/09 dated 02.09.2009), regulating the procedures for remuneration and indemnification payments to the Committee's members.

Regulations on Remuneration and Indemnification Payments to Members of the Board of Directors' Committee for Audit of IDGC of Centre JSC (approved by a redrafted Board of Directors' resolution, Record №13/09 dated 02.09.2009) regulating the procedures for remuneration and indemnification payments to the Committee's members.

Regulations on Remuneration and Indemnification Payments to Members of the Board of Directors' HR and Compensation Committee of IDGC of Centre JSC (approved by a redrafted

Board of Directors' resolution, Record №13/09 dated 02.09.2009), regulating the procedures for remuneration and indemnification payments to the Committee's members.

Regulations on Remuneration and Indemnification Payments to Members of the Board of Directors' Strategy and Development Committee of IDGC of Centre JSC (approved by a redrafted Board of Directors' resolution, Record №13/09 dated 02.09.2009), regulating the procedures for remuneration and indemnification payments to the Committee's members.

Regulations on Internal Control Procedures (approved by a resolution of the Company's Board of Directors, Record №01/09 dated 13.02.2009), defining the goals and objectives of internal control, the procedures for internal control, those persons responsible for the implementation of internal control, and control over the implementation of internal control procedures.

Regulations on Technological Connections to Power Grids Board of Directors' Committee of IDGC of Centre JSC (approved by a resolution of the Company's Board of Directors, Record №01/09 dated 13.02.2009), stating the legal status, goals and objectives, rights, responsibilities, structure and members of the Committee.

Regulations on Remuneration and Indemnification Payments to Members of the Technological Connections to Power Grids Board of Directors' Committee of IDGC of Centre JSC (approved by a redrafted resolution of the Company's Board of Directors, Record №13/09 dated 02.09.2009), regulating the procedures for remuneration and indemnification payments to the Committee's members.

Arrangements on the Cooperation of IDGC of Centre JSC with Economic Organizations of which IDGC of Centre JSC possesses shares (fractions) (approved by a resolution of the Company's Board of Directors, Record №05/09 dated 27.03.2009), regulating the enforcement of the Company's rights as a shareholder certified by its shares and fractional shares in relation to its subsidiaries and affiliated companies (SACs), in order to ensure the effective performance of the Company's representatives at general shareholders'/participants' meetings, on the boards of directors, and on the auditing committees of SACs.

Regulations on Housing and Public Facility Management of IDGC of Centre JSC (approved by a resolution of the Company's Board of Directors, Record №21/09 dated 02.12.2009), regulating the procedures and conditions of housing and public facility management, for property owned by Interregional Distribution Grid Company of Centre JSC, and which is on the books of the executive office or unites of Interregional Distribution Grid Company of Centre JSC, excluding those facilities provided upon the basis of an agreement for leasing the premises to third parties for the period of the performance of such duties, as well as obligations entrusted upon the basis of contracts concluded by them after 01.07.2009.

Risk Management Policy of IDGC of Centre JSC (approved by a Board of Directors' resolution, Record №13/10 dated 15.06.2010), defining the core principles of organization, implementation and control over risk management processes in the Company.

Internal Control Policy of IDGC of Centre JSC (approved by a Board of Directors' resolution, Record №13/10 dated 15.06.2010), defining the compulsory core principles of the Company's internal control system's organization and the development of a consistent approach to internal control process implementation in the Company.

SHAREHOLDERS

<p>The Company organizes the General Shareholders' Meeting in such a way so that the participation of shareholders is not associated with significant material or time expenses for participants, ensuring equal access to all shareholders.</p>	<p>Compliance</p>	<p>In compliance with Article 10.9 of the Company's Articles of Association, the General Shareholders' Meeting can be held in Moscow or any other place according to a Board of Directors' resolution. Detailed regulations on the procedures for the holding of the General Shareholders' Meeting is contained in the Provisions for the Procedures for the Preparation and Holding of the General Shareholders' Meeting of IDGC of Centre JSC (approved by an Extraordinary General Shareholders' Meeting, Record №1829/pr1 dated 28.02.2008).</p> <p>The exact address for the holding of the Company's General Shareholders' Meeting is determined by the Board of Directors when deciding issues related to the holding of the General Shareholders' Meeting. When holding the Annual General Shareholders' Meeting, following the results of 2009 and earlier (of 2008-2007), there had been a transfer organized between those regions in which the Company's affiliates are situated so that shareholders who wanted to take part in the AGSM from those regions could participate.</p> <p>Taking into account the vast territory of the Company's business, later General Shareholders' Meetings have been held in Moscow, the city where the Company is registered. Furthermore, Moscow is equidistant from the regions of the Company's activity and the regions where most of the shareholders reside (it has traditionally been the case that most of the Company's shareholders are former or current Company employees residing within the territory of its activity). The Company provides those shareholders who express a desire to take part in the Annual General Shareholders' Meeting with free round-trip transportation from the central offices of the Company's affiliates in each of its 11 regions of activity to the location of the AGSM.</p>
<p>The Company presents to the shareholders information concerning the agenda is—sues of the General Shareholders' Meeting within the scope and terms that allow the shareholders to make grounded decisions.</p>	<p>Compliance</p>	<p>Clause 11.7 of the Company's Articles of Association states that the information (documents) concerning the General Shareholders' Meeting's agenda items shall be presented to those persons who have the right to participate in the General Shareholders' Meeting for examination in the office of the Executive Board or at other such addresses that are stated in the notice concerning the holding of the General Shareholders' Meeting for a period of 20 (twenty) days, or in the event that the holding of a General Shareholders' Meeting includes an agenda item concerning the Company's reorganization, for a period of 30 (thirty) days, prior to the holding of the General Shareholders' Meeting. Such information (documents) shall be available to those persons taking part in the General Shareholders' Meeting during its holding. The procedures for examining the information (documents) on the agenda items of the General Shareholders' Meeting by those persons who have the right to participate in the General Shareholders' Meeting, and the list of such information (documents), are defined by a resolution of the Company's Board of Directors.</p> <p>While defining the list of information, the Board of Directors relies on the need to present the shareholders with the maximal level of information on all of the items of the agenda in order to allow the shareholders to make reasonable and informed decisions, in keeping with the requirements of the Articles of Association and internal documents regulating the procedures for holding the AGSM (Provisions for the Procedures for the Preparation and Holding of the General Shareholders' Meeting (approved by an Extraordinary General Shareholders' Meeting, Record №1829/pr1 dated 28.02.2008), along with those requirements of the federal law, On Joint-Stock Companies, and the Recommendation for Additional Requirements to the Procedures for the Preparation, Convening and Holding of a General Shareholders' Meeting (approved by RF FFMS Resolution №17/ps dated 31.05.2002).</p>

		Alongside the methods provided by the abovementioned Article of the Articles of Association, this information is obligatory published on the Company's website under the section, Investors and Shareholders (http://www.mrsk1.ru/stockholder/meeting/). There were corresponding premises for the shareholders to examine the information in the documents for the AGSM at the location of MCD JSC and at the locations provided of the Company's affiliates during the process of preparation for the AGSM at the end of 2009, as well as on the day and at the location of the Meeting's holding. The requirements of the Company's Articles of Association were in Compliance without fail at the AGSM on 22.06.2010.
It is mandatory for all of the information relating to the General Shareholders' Meeting to be disclosed on the Company's website on the Internet.	In Compliance	In compliance with the Regulations on the Information Policy approved by the Company, all of the information regarding the Company's General Shareholders' Meeting is disclosed on the Company's website in the section, Documents for the General Meetings (http://www.mrsk-1.ru/stockholder/meeting/). The Company publishes all of the required information concerning the location of the AGSM, including a location map.
The system of share right registration provides for the reliability of share ownership recording, as well as the possibility of free and rapid alienation of the stockholders' shares. The Shareholder Register is kept by an independent registrar approved by the Board of Directors.	In Compliance	Since 18.12.2010, Register-RN JSC (http://www.reestrn.ru/) has been the Company Registrar, approved by a Board of Directors' resolution (Record №24/10 dated 30.11.2010). The Company signed the contract with Register-RN JSC for Share Register keeping and maintenance on 02.12.2010. Register-RN JSC possesses all of the necessary technical means and an impeccable reputation, and has a perpetual license (№10-000-1-00330) issued by FFMS of the Russian Federation, dated 16.12.2004. Moscow Central Depository JSC (MCD JSC) was the Company Registrar until 18.12.2010. The Company signed the contract with MCD JSC for Share Register keeping and maintenance on 03.04.2006. MCD JSC had a perpetual license (№10-000-1-00255) issued by the Federal Securities Commission of Russia on 13.09.2002, and a Certificate of Conformity with the requirements of the Registrar Activities Standards PARTAD dated June16, 2005.
Dividend policy is defined by an internal document approved by the Company's Board of Directors and is based upon a balance of the Company' interests (with regard to using the assets for its further development) and those of its shareholders (in regard to receiving a portion of the Company's profits).	In Compliance	The Redrafted Regulation on the Dividend Policy of IDGC of Centre JSC (Record №18/10 dated 03.09.2010) was approved by the Board of Directors (http://www.mrsk-1.ru/docs/pril12_polozhenie.doc), defining the main principles and approaches for making decisions by the Board of Directors on recommendations to the General Shareholders' Meeting concerning dividend payments on shares, with the purpose of providing transparency concerning the rates for determining dividends and their payment procedures, as well as the process of informing the shareholders and other stakeholders concerning the Company's Dividend Policy. It also determines the procedures for making a decision on dividend payments (announcement), the conditions for their payment (including the terms, place and method for their payment), as well as the Company's liability for the failure to pay such dividends. The provisions of the Company's Dividend Policy indicate that dividend payments are to be based upon a balance of the Company's interests and those of its shareholders in determining the rate of dividend

payments, upon a respect and strict observance of the shareholders' rights under the Russian Federation's current legislation, the Company's Articles of Association and internal documents, and with the aim of increasing the attractiveness of the Company to investors and a growth in its market capitalization.

This provision complies with the requirements of current legislation and regulates the terms of dividend payments, the sources for dividend payments, the rate of dividend payments, the procedures for making a decision on dividend payments, the method and timing for dividend payments, any restrictions on dividend payments, the disclosure of information on the Dividend Policy and the consequences incurred in the event that dividend payments are not made in full or in the event of a delay.

According to Clause 6.1 of this Provision, decisions concerning the announcement, terms and procedures of dividend payments, including the decision on the rate of dividends, the method, terms and procedures for their payment on shares of each category, is made at the Company's General Shareholders' Meeting in compliance with the Company's Articles of Association, and based upon the recommendations of the Company's Board of Directors concerning the dividend rate. The dividend rate may not be larger than the rate recommended by the Company's Board of Directors.

The Board of Directors is comprised of representatives of different groups of the Company's shareholders, including independent representatives of allied industrial bodies representing groups of minority shareholders. This suggests that while making decisions on recommendations regarding dividend payments, all different interests and points of view will be taken into account. It's also worth noting that the Board of Directors and management are not dependent upon one another.

In the process of preparation for the annual meeting, the shareholders are presented with information concerning the Company's conditions for dividend payouts, which allows them to evaluate the actual financial progress for the accounting period. They are presented with all forms of accounting statements, the annual report, the independent auditor's and auditing committee's conclusions on the results of the Company's business activities, and information on the procedures for dividend rate calculation and their payout.

In Compliance

The company observes the dividend payout periods.

Note:

In compliance with one shareholder's decision of 24.06.2006, there was a decision made on dividend payouts for the year of 2005, in which the dividends were paid out on time and in full.

In compliance with one shareholder's decision of 29.06.2007, there was a decision made on dividend payouts for the year of 2006, in which the dividends were paid out on time and in full.

In compliance with the decisions of the Annual General Shareholders Meetings of 30.05.2008, 11.06.2009 and 22.06.2010, there was a decision made to not pay ordinary dividends on the results of the years of 2007, 2008 and 2009.

The Company pays the announced dividends within the time limits determined by the General Meeting.	In Compliance	<p>The company observes the dividend payout periods.</p> <p>Note:</p> <p>In compliance with one shareholder's decision of 24.06.2006, there was a decision made on dividend payouts for the year of 2005, in which the dividends were paid out on time and in full.</p> <p>In compliance with one shareholder's decision of 29.06.2007, there was a decision made on dividend payouts for the year of 2006, in which the dividends were paid out on time and in full.</p> <p>In compliance with the decisions of the Annual General Shareholders Meetings of 30.05.2008, 11.06.2009 and 22.06.2010, there was a decision made to not pay ordinary dividends on the results of the years of 2007, 2008 and 2009.</p>
It is mandatory that all of the information disclosed in any manner is also published on the Company's website on the Internet.	In Compliance	<p>The Regulations on the Information Policy of IDGC of Centre (approved by a resolution of the Company's Board of Directors, Record №009/06 of October 18, 2006) operates in the Company, as well as regulations approved by the Company's General Director concerning the preparation, approval and control of the contents and terms of the disclosure of information subject to disclosure under the current legislation of the Russian Federation and under the Regulations on the Information Policy (Record №219 of November 01, 2006 (as amended by Record №85 dated May 18, 2007) and Record №96 dated April 2, 2008, On Presenting the Information to be Disclosed by the Subdivisions of IDGC of Centre JSC" (as amended by the Record №185 dated August 13, 2008)).</p> <p>These documents bind the Company to disclose on the Company's website the information which should be disclosed under current legislation and the abovementioned internal documents of the Company.</p> <p>For the purpose of the implementation of the adopted information policy, the business process of the second level, "The Exercising of Shareholders' Rights to Information" is separated in the Company.</p> <p>The General Director reports quarterly on the Company's compliance with the Regulations on the Information Policy to the Board of Directors.</p> <p>Information concerning the Company is disclosed on its website, http://www.mrsk-1.ru, particularly in the Information Disclosure section (http://www.mrsk-1.ru/inform/), in which the following documents are disclosed:</p> <ul style="list-style-type: none"> - Constituent documents of the Company; - Internal documents; - Annual reports; - Financial statements; - Accounting policy; - List of affiliated persons; - Quarterly reports; - Material fact statements; - Statements concerning data which may have a material effect on the cost of securities; - Documents concerning securities issues; - IFRS statements; - Methods of asset evaluation; - Information on major transactions; - Disclosure of information at the emission stages.

<p>The Company discloses financial statements in compliance with the requirements of Russian Federation legislation and pursuant to International Financing Reporting Standards (IFRS).</p>	<p>In Compliance</p>	<p>The requirement on disclosure by the Company of its financial statements in accordance with the requirements of Russian Federation legislation (http://www.mrsk-1.ru/inform/accounting/2010_fin/), as well as in accordance with International Financial Reporting Statements (IFRS), is stated in the Regulations on the Information Policy of the Company. The Company strictly complies with this requirement, disclosing the statements on the Company website (http://www.mrsk-1.ru/stockholder/presentation/), as well as in the Issuer's quarterly report. The Company publishes statements in the press (the newspaper, Rossiyskaya Gazeta, №112 (5191) of May 26, 2010) in those cases provided for by Russian Federation legislation.</p> <p>The Company's Board of Directors determined that financial reporting development in accordance with IFRS is a priority area of activity of the Company (Record №006/05 dated 12.08.2005). Thus, the Company has been performing annual financial (accounting) reporting in accordance with International Financial Reporting Standards (IFRS) since 2005.</p>
<p>The Company does its best to provide the shareholders participating in the General Meeting with the possibility to examine the information necessary to make reasonable and considered decisions on the General Meeting agenda items, taking efforts to give the shareholders the easiest method of access to such information. The scope of the information and documents presented to the shareholders is determined by Russian Federation legislation, the Articles of Association and the Company's internal documents.</p>	<p>In Compliance</p>	<p>In accordance with Clause 4.1 of the Regulations on the Procedures for the Preparation and Holding of the IDGC of Centre JSC General Shareholders' Meeting, the "Notification of the holding of the General Shareholders' Meeting and informational materials related to the agenda of the General Shareholders' Meeting, along with other means of informing the Shareholders of the Company, should be made available on the Company's website on the Internet no later than the expiration of the term of the shareholders' notification of the holding of the General Shareholders' Meeting".</p>
<p>At the General Meeting, the shareholders are given the possibility to discuss the matters on the Company's activities which are included on the agenda.</p>	<p>In Compliance</p>	<p>In compliance with Clauses 5.3.2 and 5.3.3 of the Regulations on the Procedures for the Preparation and Holding of the IDGC of Centre JSC General Shareholders' Meeting, a shareholder who wishes to speak during a debate on an item of the General Shareholders' Meeting agenda shall submit a relevant application in writing to the Secretary of the General Shareholders' Meeting.</p> <p>The application shall contain the surname, name and patronymic (name) of the shareholder (or its representative), the item of the agenda on which the shareholder wishes to speak, and the shareholder's signature.</p> <p>The item shall be sent in writing to the Secretary of the General Shareholders' Meeting. Together with the item's wording, the shareholder (or the representative of the shareholder) shall state his surname, name and patronymic (name of the shareholder or legal entity), and the shareholder should sign the item.</p> <p>The Secretary of the General Shareholders' Meeting transfers the applications and items received from the shareholders to the person who acts as the Chairperson at the General Shareholders' Meeting. The Chairperson organizes the debate on the items of the agenda to include the participation of shareholders and officials of the Company and the answers to any questions from shareholders.</p> <p>At the Annual General Shareholders' Meeting following the results of 2009, held on June 22, 2010, all questions put by the shareholders were answered in accordance within the time limits of the Meeting.</p>

The Company has a Dividend Policy in action, which the Board of Directors follows when making decisions regarding dividend payouts.	In Compliance	The Company's Board of Directors has approved the Regulations on the Dividend Policy of IDGC of Centre JSC (Record №18/10 dated 03.09.2010), pursuant to which the Company considers the dividend policy as a system of ratios and principles of the dividend amount calculation. The policy includes the procedures and time period for their payout, and defines the Company's responsibility for its failure to fulfil its obligations related to dividend payouts.
The Company informs the shareholders and other stakeholders of its dividend policy, taking into account its great significance for making investment decisions. With this purpose, the information on the Company's Dividend Policy and all of its changes are published on the Company's website on the Internet.	In Compliance	The Regulations on the Dividend Policy is available on the Company's website at http://www.mrsk-1.ru/docs/pril12_polozhenie.doc . In addition, the Board of Directors' recommendations on dividends are available on the website in the General Shareholders' Meeting section (http://www.mrsk-1.ru/stockholder/meeting/).
The Company provides the shareholders with the possibility to receive comprehensive information on the amount and method of the payment of dividends. In this regard, the decision on dividend payouts includes the amount of the dividends on the shares of each category (type) and the method and period for their payout.	In Compliance	The decision on dividend payouts obligatorily contains the amount of the dividends for each class (type) of shares, as well as the form and terms of the dividend payout. Following the results of 2009 at the AGMS (Record №01/09 dated 24.06.2010) it was decided to not pay out dividends, in accordance with the recommendations of the Board of Directors.
When determining the method of dividend payouts, the Company tries to choose the most convenient method for the shareholders, and the one complying with the requirements of the respective legislation.	In Compliance	The Regulations on the Dividend Policy of the Company (approved by a resolution of the Company's Board of Directors, Record №18/10 dated 03.09.2010) specify that dividend payouts are meant to serve as the transfer of appropriate monetary funds from the Company's accounts to the bank account (or postal address) stated in the system for keeping the Company's shareholders' register. A shareholder chooses independently the manner of receiving the dividend payout when submitting the registered person questionnaire (or when introducing changes to the questionnaire). Obligatory on the questionnaire is the form of income payment on securities (in cash or without a cash transfer), which is defined in Clause 3.4.1 of the Regulations on Keeping the Register of Registered Securities Holders (approved by Order of the Federal Commission for the Securities Market №27 dated 02.10.1997).

BOARD OF DIRECTORS

<p>The members of the Board of Directors provide the Company with information on themselves in accordance with the internal documents of the Company.</p>	<p>In Compliance</p>	<p>The members of the Board of Directors shall provide information on themselves in volume, and according to the procedures specified in the Regulations on Insider Information of IDGC of Centre (approved by a resolution of the Company's Board of Directors, Record №008/05 dated 14.10.2005) (http://www.mrsk-1.ru/inform/documents1/insider/) and the Regulations on the Corporate Secretary of IDGC of Centre JSC (approved by a resolution of the Company's Board of Directors, Record №009/06 dated October 18, 2006) (http://www.mrsk-1.ru/docs/sekretar.pdf), which specify the personal data forms used by the members of the Board of Directors to provide information on themselves, and correspondingly, on transactions with the Company's securities on a monthly basis, as well as on any changes in personal data on a quarterly basis.</p> <p>In accordance with Clause 3.2 of the Regulations on the Corporate Secretary of IDGC of Centre, the Corporate Secretary collects the personal data of the Board of Directors and members of the committees of the Board of Directors regularly (at least once a quarter), and provides this information to the structural subdivisions of the Company upon their request.</p> <p>In accordance with Section 4 of the Regulations on Insider Information of IDGC of Centre, the members of the Company's Board of Directors, the Company's collegial executive body members, and the person functioning as the sole executive body are obliged to disclose information on the ownership of the Company's securities to the Committee for Audit.</p> <p>The Committee for Audit, in its turn, submits a report on transactions involving the Company's securities and its SACs to the Company's Board of Directors no later than the 20th day of the month following the reporting month.</p>
<p>The Board of Directors' members inform the Company in writing on whether they are affiliated, or their intention to enter into transactions with the shares of the Company or its subsidiaries or affiliates, as well as to disclose information on any transactions with such securities into which they may have entered.</p>	<p>In Compliance</p>	<p>The Board of Directors' members are to provide information on whether they are affiliated in accordance with the Regulations on the Corporate Secretary of IDGC of Centre (approved by a resolution of the Company's Board of Directors, Record №009/06 dated October 18, 2006) on a regular basis (at least once a quarter).</p> <p>In accordance with Section 4 of the Regulations on Insider Information of IDGC of Centre (approved by a resolution of the Company's Board of Directors, Record №008/05 dated 14.10.05) the Board of Directors' members are to disclose information on the Company's securities in their possession to the Committee for Audit, and provide the subdivision controlling the use of insider information with a written report on transactions with the securities of the Company and/or its subsidiaries and affiliates into which they may have entered, no later than on the third day of the month following the reporting month.</p> <p>The Committee for Audit, in its turn, submits a report on transactions involving the Company's securities or its SACs to the Company's Board of Directors, no later than the 20th day of the month following the reporting month.</p> <p>The aforesaid Regulation is available on the Company's website: http://www.mrsk-1.ru/docs/pologenie.pdf.</p>

The Company Board of Directors ensures the efficiency of its work, unites the representatives of different groups of shareholders, and takes into account various interests and points of view when making decisions.

In Compliance

At present, the Board of Directors comprises representatives of different groups, including the representatives of the major shareholder, the representative of the main industrial body that provides the integrated system of power transmission (System Operator UES JSC), and representatives of the minority shareholders of the Company:

Nikolay Nilolaevich Shvets, Chairman of the Executive Board, General Director of IDGC Holding JSC;

Alexey Yurievich Perepelkin, Deputy General Director for Corporate Governance and Property of IDGC Holding JSC;

Alexandr Markovich Branis, Director of the Representative Office of Prosperity Capital Management (RF) Ltd;

Evgeny Fedorovich Makarov, President of the Supervisory Board of Employers in Power Industry, Member of the Partnership NP EnergoProfAudit Council, Chairman of the Board of Directors of NP EnergoProfAudit;

Konstantin Yuryevich Petukhov, Acting General Director of IDGC of Siberia JSC;

Alexandr Albertovich Popov, Deputy General Director, Chief of Staff of IDGC Holding JSC;

Alexey Vladimirovich Sergutin, Director for Economy of IDGC Holding JSC;

Denis Alexandrovich Spirin, Director for Corporate Governance of the Representative Office of Prosperity Capital Management (RF) Ltd;

Alexandr Grigoryevich Starchenko, Director for Power of NLMK JSC;

Sergey Borisovich Syutkin, General Director of the Unit of SO UES JSC, Operational Dispatching Office of Centre;

Roman Alexeevich Filkin, Co-Director in Power and Engineering Industries of the Representative Office of Prosperity Capital Management (RF) Ltd.

Detailed information concerning the members of the Board of Directors is available in the materials for the AGMS on the website (http://www.mrsk-1.ru/docs/sd_inf.doc).

This composition of the Company's Board of Directors is sufficiently irrespective of the management of the Company to allow the members to make fair and independent judgements in relation to the current operations of the Company and to criticize the current activity of management.

Furthermore, representatives of different groups of minority shareholders and independent representatives of related industry organizations are among the members of the Board of Directors' committees:

Reliability Committee:

Olga Valentinovna Zuikova — Committee Chairwoman, Head of the Production Supervision and Work Safety Management Board of IDGC Holding JSC;

Sergey Anatolyevich Shumakher — Deputy Committee Chairman, Deputy General Director for Technical Policy of IDGC of Centre JSC;

Evgeny Alexeevich Bronnikov — Deputy General Director for Economy and Finances of IDGC of Centre JSC;

Sergey Borisovich Vasiliev — Deputy Head of the Production Supervision and Work Safety Management Board of IDGC Holding JSC;

Mikhail Sergeevich Kalinin — Principal Specialist for Power Supply of the Directorate for Power Engineering of Novolipetsk Metallurgical Combine JSC;

Vladimir Valerievich Litvinov — Deputy General Director of the Unit of SO UES JSC, Operational Dispatching Office of Centre;

Dmitriy Leonidovich Pankov — Director for Operations and Repairs of IDGC of Centre JSC;

Denis Alexandrovich Spirin — Director of the Representative Office of Prosperity Capital Management (RF) Ltd;

Valeria Nikolaevna Chernykh — Head of the Consolidated Analytical Department of the Capital Construction Department of IDGC Holding JSC.

Detailed information concerning the members of the committee is available on the website (<http://www.mrsk-1.ru/about/administration/apparatus/comitet/>).

Committee for Audit:

Alexey Yuryevich Perepelkin — Chairman of the Committee for Audit, Deputy General Director for Corporate Governance and Property of IDGC Holding JSC;

Alexey Vladimirovich Sergutin — Director for Economy of IDGC Holding JSC;

Alexandr Grigoryevich Starchenko — Director for Power Engineering of NLMK JSC;

Roman Alexeevich Filkin — Deputy Director of the Representative Office of Prosperity Capital Management (RF) Ltd.

Detailed information concerning the members of the committee is available on the website (<http://www.mrsk-1.ru/about/administration/apparatus/audit/>).

Committee for Strategy and Development:

Mikhail Yuryevich Kurbatov — Chairman of the Committee for Strategy and Development, Deputy General Director of IDGC Holding JSC;

Alexey Yuryevich Perepelkin — Deputy General Director for Corporate Governance and Property of IDGC Holding JSC;

Evgeny Alexeevich Bronnikov — Deputy General Director of IDGC of Centre JSC for Economics and Finances;

Alexey Vladimirovich Demidov — Deputy General Director for Economy and Finance of IDGC Holding JSC;

Alexey Vitalyevich Klaptsov — Vice President of Halcyon International;

Konstantin Yuryevich Petukhov — Director for Strategy and Development of IDGC Holding JSC;

Roman Alexeevich Filkin — Deputy Director of the Representative Office of Prosperity Capital Management (Russian Federation) Ltd;

Sergey Vladimirovich Chebotarev — Head of the Department for Power Policy of Novolipetsk Metallurgical Combine JSC;

Marina Evgenyevna Shvedko — Deputy Head of the Department for Capital Construction of IDGC Holding JSC.

Detailed information concerning the members of the committee is available on the website (http://www.mrsk-1.ru/about/administration/apparatus/strategy/strategy_30072010/).

Committee for HR and Compensation:

Alexandr Albertovich Popov — Chairman of the HR and Compensation Committee, Deputy General Director, Chief of Staff of IDGC Holding JSC;

Alexey Yuryevich Perepelkin — Deputy General Director for Corporate Governance and Property of IDGC Holding JSC;

Konstantin Yuryevich Petukhov — Director for Strategy and Development of IDGC Holding JSC;

Alexandr Grigoryevich Starchenko — Director for Power Sector of NLMK JSC;

Denis Alexandrovich Spirin — Director for Corporate Governance of the Representative Office of Prosperity Capital Management (RF) Ltd.

Detailed information concerning the members of the committee is available on the website (<http://www.mrsk-1.ru/about/administration/apparatus/recompense1/>).

Committee for Technological Connections to Power Grids:

Sergey Vladimirovich Chebotarev — Chairman of the Committee for Technical Connections to Power Grids, Head of the Department for Energy Policy of NLMK JSC;

Igor Dmitrievich Alyushenko — Director for Development of Technologies of the Dispatching Management of the Unit of SO UES JSC, Operational Dispatching Office of Centre;

Gennady Feliksovich Binko — Deputy General Director of IDGC Holding JSC;

Dmitry Olegovich Gudzhoyan — Acting General Director of IDGC of Centre JSC;

Eduard Kazimirovich Rakovsky — Head of the Department for Technological Connections of IDGC of Centre JSC;

Denis Alexandrovich Spirin — Director for Corporate Governance of the Representative Office of Prosperity Capital Management (RF) Ltd;

Vadim Nikolaevich Fedorov — Deputy General Director of IDGC of Centre JSC in the Development and Implementation of Power Grid Services.

Detailed information concerning the members of the committee is available on the website (<http://www.mrsk-1.ru/about/administration/apparatus/technology/>).

It should be noted that the Committee for Audit has included only the members of the Board of Directors of the Company since 2009. The Company assumed such an obligation when the Company shares were in the process of being listed into the "B" quotation list of the MICEX Stock Exchange JSC.

The composition of the Board of Directors is determined in order to include the representatives of different groups of shareholders, including minority shareholders.

In Compliance

At the Annual General Shareholders' Meeting on 22.06.2010 (Record №01/10 dated 24.06.2010) new members of the IDGC of Centre JSC Board of Directors were elected; in particular:

Nikolay Nilolaevich Shvets, Chairman of the Executive Board, General Director of IDGC Holding JSC;

Alexey Yurievich Perepelkin, Deputy General Director for Corporate Governance and Property of IDGC Holding JSC;

Alexandr Markovich Branis, Director of the Representative Office of Prosperity Capital Management (RF) Ltd;

Evgeny Fedorovich Makarov, President of Supervisory Board of Employers in Power Industry, Member of the Partnership NP EnergoProfAudit Council, Chairman of the Board of Directors of NP EnergoProfAudit;

Konstantin Yuryevich Petukhov, Acting General Director of IDGC of Siberia JSC;

Alexandr Albertovich Popov, Deputy General Director, Chief of Staff of IDGC Holding JSC;

Alexey Vladimirovich Sergutin, Director for Economy of IDGC Holding JSC;

Denis Alexandrovich Spirin, Director for Corporate Governance of the Representative Office of Prosperity Capital Management (RF) Ltd;

Alexandr Grigoryevich Starchenko, Director for Power of NLMK JSC;

Sergey Borisovich Syutkin, General Director of the Unit of SO UES JSC, Operational Dispatching Office of Centre;

Roman Alexeevich Filkin, Co-Director in Power and Engineering Industries of the Representative Office of Prosperity Capital Management (RF) Ltd.

This member composition of the Company's Board of Directors provides for the relevant balance of interests that makes it possible to take into account all stakeholder opinions, allows the Board of Directors to be effective in their professional work in all core areas of its possible business activities, and makes it possible to fairly organize and independently control management performance.

The composition of the Board of Directors includes specialists in various areas, in both the core activities of the Company, and in other fields and regions in which the Company operates.	In Compliance	An analysis of the member composition of the Company's Board of Directors from the viewpoint of its members' exhibiting those core skills which are critical for the Board of Directors' effective work shows a high level of balance. Experience and education, as well as knowledge and qualifications in various areas (business planning, investing, corporate governance, the stock market, strategic management, management and electric-power development) of the persons elected to the Board of Directors allows them to perform their duties as members of the Board of Directors and to contribute directly to the effective work of the entire Board of Directors, to the benefit of the Company and its shareholders. The current Board of Directors includes directors having specific knowledge in the field of the operating activity of the Company (the transition and distribution of electric power). For example, - S.B. Syutkin (1983, Moscow Power Engineering Institute, majoring in thermal power stations); - E.F. Makarov (1978, Ivanovo Power Institute, electrical engineer).
The Board of Directors is governed by a non-executive director, as this allows the Board of Directors to work more efficiently.	In Compliance	The Chairman of the Board of Directors, N.N. Shvets, does not have any labour relations with the Company.
The Board of Directors includes no more than 25% of executive directors who are employees of the Company.		The Board of Directors (11 persons) does not include any executive directors.
To provide objectivity in decision-making and to maintain a balance between the interests of different groups of shareholders, the Board of Directors of the Company includes independent directors.	In Compliance	The Board of Directors includes more than three independent directors complying with the requirements of independency established by the Company's Corporate Governance Code (approved by a Board of Directors' resolution, Record №009/06 dated October 18, 2006). The criteria for directors' independency are defined in Section V of this Code.
To provide objectivity in decision-making and to maintain a balance between the interests of different groups of shareholders, the Company aims to have at least 3 (three) independent directors on the Board of Directors.	In Compliance	The Board of Directors includes more than three independent directors complying with the requirements of independency established by the Company's Corporate Governance Code (approved by a Board of Directors' resolution, Record №009/06 dated October 18, 2006). The criteria for directors' independency are defined in section V of this Code.

<p>The form for holding the meetings of the Board of Directors is determined by taking into account the importance of the agenda items. Keeping in mind that only those Board of Directors' meetings held in presentia make it possible to discuss the items on the agenda, the most important items are resolved at meetings held in presentia.</p>	<p>In Compliance</p>	<p>The form for holding a meeting is defined by taking into account the importance of the agenda items. The form for holding meetings is selected by the Chairperson of the Board of Directors, according to Clause 8 of the Regulations on the Convening and Holding of the Meetings of the Board of Directors of IDGC of Centre (approved by the Executive Board of RAO UES of Russia, Record №1829/pr1 dated 28.02.2008).</p> <p>In compliance with Clause 18.1 of the Company's Articles of Association, the items provided for by Sub-clauses 19 and 21 of Clause 15.1, Article 15 of the Company's Articles of Association are considered at meetings of the Company's Board of Directors held in the form of the shareholders joint presence. In addition, in cases involving the most important items, the Board of Directors' committees are also held in presentia. In 2010, eight meetings of the Committee for Strategy (Record №04/10 dated 09.03.2010, Record №06/10 dated 30.03.2010, Record №07/10 dated 23.04.2010, Record №10/10 dated 14.06.2010, Record №12/10 dated 19.07.2010, Record №13/10 dated 11.08.2010, Record №17/10 dated 14.10.2010, Record №21/10 dated 20.12.2010) were held in presentia.</p>
<p>The Board of Directors' meetings are held in accordance with the schedule developed at the beginning of the term of its powers, which ensures the proper fulfilment of its duties. The Board of Directors holds meetings at least once a quarter.</p>	<p>In Compliance</p>	<p>The Board of Directors Meetings are held in accordance with the Working Plan approved by the Board of Directors on 30.07.2010 (Record №16/10 dated 30.07.2010).</p> <p>The Board of Directors holds meetings at least twice a month. In 2010, there were 28 meetings held, three of them in presentia. (02.04.2010, 19.10.2010, 24.12.2010).</p>
<p>The procedure for the Board of Directors' work is governed by the Regulations thereon.</p>	<p>In Compliance</p>	<p>The Company's Board of Directors operates under the Regulations on the Convening and Holding of Meetings of the Board of Directors of IDGC of Centre (approved by the Executive Board of RAO UES of Russia, Record №1829/pr1 dated 28.02.2008).</p> <p>The aforesaid Regulation is available on the Company's website: http://www.mrsk-1.ru/inform/documents1/.</p>
<p>Directors are provided in a timely fashion with exhaustive information, concurrently with the notification of the holding of a Board of Directors' meeting, but no later than 11 working days prior to each meeting, unless other terms are set forth by the internal documents of the Company.</p>	<p>In Compliance</p>	<p>In accordance with Clause 6.6.1 of the Regulations on the Convening and Holding of Meetings of the Board of Directors of IDGC of Centre (approved by the Executive Board of RAO UES of Russia, Record №1829/pr1 dated 28.02.2008), any notification on the holding of a Board of Directors' meeting shall be forwarded in writing by the Secretary of the Board of Directors to each member thereof no later than 11 (eleven) working days prior to the Board of Directors' meeting (the expiration of the receipt of voting questionnaires), unless otherwise provided for by these Regulations. There were no complaints received from Board of Directors members concerning preparations for the meetings.</p> <p>As a rule, in accordance with Clause 6.6.2 of the Regulations on the Convening and Holding of Meetings of the Board of Directors of IDGC of Centre, the Secretary of the Board of Directors sends a notification on the holding of a Board of Directors' meeting to each member of the Board of Directors in writing, no later than 15 working days prior to the Board of Directors' meeting (the expiration of the receipt of voting questionnaires).</p>

The Board of Directors establishes committees for the preliminary consideration of the most important items related to the competence of the Board of Directors.

In Compliance

The following committees of the Board of Directors were established by the Company:
(<http://www.mrsk-1.ru/about/administration/apparatus/>)

- The Reliability Committee, which develops and provides recommendations (opinions) for the Board of Directors on expert evaluations of investment programs and plans for the repair of power facilities, provides an analysis of their implementation regarding compliance with complex reliability requirements, and monitors and assesses the activities of the Company's operating services. Regulations on the Reliability Committee of the Board of Directors of IDGC of Centre, approved by a Board of Directors' resolution as amended, Record №21/09 dated 02.12.2009. The Committee held six meetings in 2008, 13 meetings in 2009 (on 29.12.2009, in presentia), and 14 meetings in 2010.
- The HR and Compensation Committee, which develops and provides recommendations (opinions) to the Board of Directors on the amount of remuneration to be paid to members of the Board of Directors, and defines the principles and criteria applied to the remuneration and material encouragement of the Executive Board members and other personnel matters. Regulations on the HR and Compensation Committee of IDGC of Centre, approved by a Board of Directors' resolution, Record №12/10 dated 02.06.2010. The Committee held seven meetings in 2008, eight meetings in 2009 and seven meetings in 2010.
- The Committee for Strategy and Development, which develops and provides recommendations (opinions) to the Board of Directors on priority areas of activity and the development strategy of the Company. Regulations on the Committee for the Strategy and Development of the Board of Directors of IDGC of Centre, approved by a Board of Directors resolution, Record №09/08 dated April 30, 2008. The Committee held eight meetings in 2008, 12 meetings in 2009 (five meetings in presentia) and 22 meetings in 2010 (eight meetings in presentia).
- The Committee for Audit, which controls the annual independent audit of the consolidated financial statements and accounting (financial) statements of the Company, checks the drafts of quarterly and annual statements by the executive bodies of the Company, and ensures the fairness of such reports and other issues related to audits. Regulations on the Committee for Audit of IDGC of Centre, approved by a Board of Directors' resolution, Record №12/10 dated June 02, 2010. The Committee held six meetings in 2008, 15 meetings in 2009 and 14 meetings in 2010.
- The Committee for Technological Connections to Power Grids, which ensures the transparency of performance and non-discriminatory access to services for consumers' technological connections to the power grids of the Company.

Regulations on the Committee for Technological Connections to Power Grids under the Board of Directors of IDGC of Centre, approved by a Board of Directors' resolution, Record №01/09 dated 13.02.2009.

The Committee held 10 meetings in 2009 and 15 meetings in 2010.

The operating and formation procedures, competence, and term of powers of the committees of the Board of Directors are defined by individual Board of Directors' resolutions.

In Compliance

In accordance with Article 19 of the Company's Articles of Association, the committees of the Board of Directors are established by Board of Directors' resolutions.

The committees of the Board of Directors that exist in the Company operate on the basis of regulations in respect to each Committee that have been approved by the Board of Directors:

- Regulations on the Reliability Committee of the Board of Directors of IDGC of Centre (approved by the Board of Directors as amended, Record №21/09 dated December 2, 2009);
- Regulations on the Committee for Audit of the Board of Directors of IDGC of Centre (approved by the Board of Directors as amended, Record №12/10 dated June 02, 2010);
- Regulations on the Committee for Personnel and Remuneration of the Board of Directors of IDGC of Centre JSC (approved by the Board of Directors as amended, Record №12/10 dated June 02, 2010);
- Regulations on the Committee for Strategy and Development of the Board of Directors of IDGC of Centre JSC (approved by the Board of Directors on April 30, 2008, Record №09/08);
- Regulations on the Committee for Technological Connections to Power Grids of the Board of Directors of IDGC of Centre (approved by the Board of Directors on February 13, 2009, Record №01/09).

The purposes, objectives and competence of the committees are specified in the mentioned regulations. In addition, the Board of Directors of IDGC of Centre approved regulations setting forth the procedure of remuneration and compensation payments to the abovementioned committee members (<http://www.mrsk-1.ru/inform/documents1/>):

- Regulations on the Payment of Remuneration and Compensation to the Members of the Committee for Audit of the Board of Directors of IDGC of Centre (approved by the Board of Directors as amended on August 31, 2009, Record №13/09 dated 02.09.2009);
- Regulations on the Payment of Remuneration and Compensation to the Members of the Committee for HR and Compensation of the Board of Directors of IDGC of Centre (approved by the Board of Directors as amended on August 31, 2009, Record №13/09 dated 02.09.2009);
- Regulations on the Payment of Remuneration and Compensation to the Members of the Reliability Committee of the Board of Directors of IDGC of Centre (approved by the Board of Directors as amended on August 31, 2009, Record №13/09 dated 02.09.2009);
- Regulations on the Payment of Remuneration and Compensation to the Members of the Committee for the Strategy and Development of the Board of Directors of IDGC of Centre (approved by the Board of Directors as amended on August 31, 2009, Record №13/09 dated 02.09.2009);
- Regulations on the Payment of Remuneration and Compensation to the Members of the Committee for Technological Connections to Power Grids of the Company's Board of Directors (approved by the Board of Directors as amended on August 31, 2009, Record №13/09 dated September 2, 2009).

The budget of each committee is approved by the Board of Directors on a quarterly basis under the preliminary advice of the corresponding committee.

The abovementioned regulations are available on the Company's website: <http://www.mrsk-1.ru/inform/documents1/>.

<p>The making of decisions on the payment of remuneration and/or compensation to the Board of Directors' members is the responsibility of the Company's General Shareholders' Meeting. The system of remuneration should be transparent and comprehensible for shareholders. The data concerning such decisions should be disclosed in the annual report of the Company.</p>	<p>In Compliance</p>	<p>The Company applies the Regulations on the Payment of Remuneration and Compensation to the Members of the Board of Directors of IDGC of Centre approved at the AGSM of the Company on 30.05.2008, Record №1 dated June 03, 2008. These regulations are available for examination at the Company's website (http://www.mrsk-1.ru/docs/H2H9nK.pdf). Members of the Board of Directors are paid remuneration for their participation in meetings (depending upon whether the meeting was held is presentia or absentia). Members of the Board of Directors are motivated by the shareholders to achieve effective results for the Company's performance though the payment of additional remuneration for achieving the operational performance indicators of the Company, the net profit indicator of the Company according to the annual financial statements and the market capitalization of the Company as well.</p> <p>Data concerning the remuneration of the members of the Board of Directors is available at the Company's website: http://www.mrsk-1.ru/about/administration/apparatus/recompense/. Information concerning the total amount of remuneration to the Board of Directors' members for participation in the Board of Directors' meetings held in 2008 is disclosed in the Annual Report for 2008 in the Corporate Governance Section.</p> <p>The Regulations on an Employee Stock Option Plan (approved by a Board of Directors' regulation, Record №011/06 dated November 30, 2006) is intended to motivate management in order to increase the Company's capitalization. In spite of the fact that there was no separate decision of the Board of Directors on the implementation of an Employee Stock Option Plan, the Company meets the obligatory conditions required by the Regulations for an Employee Stock Option Plan for implementation, and it is ready to introduce this item for consideration at a Board of Directors' meeting. The text of the Regulations on an Employee Stock Option Plan is available on the Company's website (http://www.mrsk-1.ru/docs/301106_011_06.doc).</p>
<p>The conditions of remuneration to the Board of Directors are set in order to ensure the involvement and participation of highly qualified specialists in the work of the Board of Directors, and to motivate them to diligent and efficient work.</p>	<p>In Compliance</p>	<p>The Company pays out remuneration to the Board of Directors' members, which is a pre-condition for their motivated participation in the work of the Board of Directors.</p> <p>Remuneration paid to the members of the Board of Directors depends upon the operating results of the Company. Pursuant to the Regulations on the Payment of Remuneration and Compensation to the Board of Directors' Members of IDGC of Centre approved at the Company's Annual General Shareholders' Meeting, Record №1 dated June 03, 2008, the performance indicators for the payment of remuneration are related to the net profit of the Company according to the data of the annual financial statements and the market capitalization of the Company.</p> <p>The Company is not obligated to the Board of Directors' members regarding remuneration payments.</p>
<p>The amount of remuneration to the members of the Board of Directors depends upon the results of the Company's business activities and the Board of Directors' performance results.</p>	<p>In Compliance</p>	<p>Remuneration paid to the Board of Directors' members depends upon the operating results of the Company. Pursuant to the Regulations on the Payment of Remuneration and Compensation to the Board of Directors' Members of IDGC of Centre approved at the Company's Annual General Shareholders' Meeting, Record №1 dated June 03, 2008, the performance indicators for the payment of remuneration are related to the net profit of the Company in accordance with the annual financial statements and the market capitalization of the Company.</p>

<p>Regulations on the Board of Directors' activities states that each member of the Board of Directors shall be held liable for the non-performance (or improper performance) of his/her obligations, and the Company may initiate legal action against any member of the Board of Directors for damages inflicted.</p>	<p>In Compliance</p>	<p>Pursuant to Clause 3.6 of the Regulations on the Procedures for the Convening and Holding of the Meetings of the Board of Directors of IDGC of Centre, members of the Board of Directors are liable to the Company for damages inflicted by their actions (or failure to act), in accordance with corresponding legislation. Herewith, the Board of Directors' members, who voted against the decision resulting in damages to the Company, or who did not participate in voting, shall not be liable to the Company.</p>
<p>GENERAL DIRECTOR</p>		
<p>The General Director reports to the Company's Board of Directors, performs his/her activities in strict compliance with the rules determined by the Company's Board of Directors, and systematically reports his/her activity to the Board of Directors.</p>	<p>In Compliance</p>	<p>In compliance with Sub-clause 36 of Clause 15.1, Article 15 of the Company's Articles of Association, the Board of Directors considers the reports of the General Director on the Company's activities (including reports concerning the performance of his/her official duties), and on the performance related to the decisions of the General Shareholders' Meeting and the Company's Board of Directors. The General Director regularly (monthly, quarterly, once every half-year, or annually) submits the following reports for consideration to the Board of Directors of the Company:</p> <ul style="list-style-type: none"> • On the securing of insurance coverage (quarterly); • On the fulfillment of the Company's business plan (quarterly/annually); • On the fulfillment of the Annual General Shareholders' Meeting's decisions on dividend payments (annually); • On the fulfillment of the investment program (quarterly/annually); • On the fulfillment of the purchase program (quarterly); • On the fulfillment of the Board of Directors' decisions (quarterly); • On the course of non-core asset sales (quarterly); • On the Company's compliance with the Regulation on the Information Policy of the Company (quarterly); • On the credit policy of the Company (quarterly); • On the fulfillment of key performance indicators (quarterly /annually); • On the cash flow control indicators for the relevant quarter (quarterly); • On the Company's compliance with its Corporate Governance Code (once per half-year); • On the preparation of the Company to operate in the autumn/winter period (annually); • On measures taken on the transfer to a regulation of tariffs on electric power transmission services by the return on invested capital method (RAB) (monthly); • On the fulfillment of plan of measures providing for the fulfillment of the approved parameters of the Company's Investment Program for 2009 (monthly); • On the performance of work on property rights registration for items of immovable property, and the registration/re-registration of the rights of use for land plots (annually); • On the disposal of housing and utility units (annually); • On the elimination of violations detected during internal control procedures (quarterly /annually); • On the Company's reliability status (quarterly); • On the organization of the Health and Safety program by the Company (quarterly); • On the course of the Company's Environmental Policy Program's implementation (quarterly); • On the current situation of the Company's activity on the technical connections of consumers to the power grids (quarterly).

		The Board of Directors' Work Plan for 2010-2011, according to which the General Director reports his/her activity under the directions of the Board of Directors, was approved by a Board of Directors resolution (Record №16/10 dated 30.07.2010).
The system of remuneration for the General Director is defined by the Company's Board of Directors.	In Compliance	The Board of Directors of IDGC of Centre JSC (Record №19/08 dated November 28, 2008) approved the Regulations on Compensation for the General Director of IDGC of Centre as amended, which defines the system of remuneration for the General Director. Remuneration depends upon the results and achievement of set ROE indications, reliability, etc.
The General Director of the Company provides the Board of Directors with quarterly reports on his/her activities.	In Compliance	<p>In compliance with Sub-clause 36, Clause 15.1, Article 15 of the Company's Articles of Association, consideration of the General Director's reports on the Company's activities (including the reports on performing his/her official duties) and the implementation of the decisions of the General Shareholders' Meeting and the Company's Board of Directors lies in the competence of the Company's Board of Directors.</p> <p>The General Director every quarter submits the following reports to the Company's Board of Directors for consideration:</p> <ul style="list-style-type: none"> • On the securing of insurance coverage; • On the fulfillment of the Company's business plan; • On the fulfillment of the Annual General Shareholders' Meeting's decisions on dividend payments; • On the fulfillment of the investment program; • On the fulfillment of the purchase program; • On the fulfillment of the Board of Directors' decisions; • On the course of non-core asset sales; • On the Company's compliance with its Regulations on the Information Policy; • On the credit policy of the Company; • On the fulfillment of key performance indicators; • On the cash flow control indicators for the relevant quarter; • On the elimination of violations detected during internal control procedures; • On the Company's reliability status; • On the organization of the Health and Safety program by the Company; • On the course of the Company's Environmental Policy Program's implementation; • On the current situation of the Company's activity on the technical connection of consumers to the power grids. <p>The Board of Directors' Work Plan for 2010-2011, according to which the General Director reports his/her activity under the directions of the Board of Directors, was approved by a Board of Directors resolution (Record №16/10 dated 30.07.2010).</p>

CORPORATE SECRETARY

<p>The Company has appointed an officer whose main duty is to ensure compliance by the Company's bodies and officers with procedural requirements, and securing the rights and legitimate interests of the Company's shareholders. The position of this officer is denoted as Corporate Secretary.</p>	<p>In Compliance</p>	<p>The Company created the position of Corporate Secretary, whose main duty is to ensure observance by the Company's bodies and officers of the procedural requirements securing the realization of the Company shareholders' rights and legitimate interests.</p> <p>The Corporate Secretary shall act upon the basis of the Company's Articles of Association and the Regulations on the Corporate Secretary approved by a resolution of the Company's Board of Directors (Record No 009/06 of October 18, 2006), determining the status, duties and official powers of the Corporate Secretary, the procedures for his/her election and the termination of his/her powers, the procedures regulating his/her work, and his/her interaction with the Company's executive bodies.</p> <p>The Corporate Secretary organizes not only the work of the Board of Directors, but work of the committees serving under the Company's Board of Directors as well.</p> <p>Sveltiana Vladimirovna Lapinskaya was appointed to the position of Corporate Secretary on 25.03.2009 (Board of Directors' Record №05/09 dated 27.03.2009) and was re-elected by the Board of Directors by unanimous resolution on 08.07.2009 (Record №11/09 dated July 10, 2009) and 19.07.2010 (Record №15/10 dated July 21, 2010)</p> <p>These regulations are available on the Company's website at http://www.mrsk-1.ru/docs/sekretar.pdf.</p>
<p>The specified requirements for the position of the Company's Corporate Secretary, the election procedure for this position, and his/her duties are determined by the Company's Articles of Association, the Corporate Governance Code, and the Regulations on the Company's Corporate Secretary.</p>	<p>In Compliance</p>	<p>Article 20 of the Company's Articles of Association stipulates that the duties, the procedures for the appointment and termination of his/her powers, and the rights and obligations of the Company's Corporate Secretary are determined by the Regulations on the Corporate Secretary, subject to approval by the Company's Board of Directors.</p> <p>The Regulations on the Corporate Secretary (approved by a resolution of the Company's Board of Directors, Record No 009/06 of October 18, 2006) and the Corporate Governance Code (approved by a resolution of the Company's Board of Directors, Record No 009/06 of October 18, 2006) contain all of the requirements indicated above.</p> <p>S.V. Lapinskaya, the Corporate Secretary of the Company, meets the requirements specified for Corporate Secretary in full.</p>
<p>The person appointed to hold the position of the Corporate Secretary of the Company shall have an unblemished reputation, higher legal or economic education, no less than three years of work experience, and meet all of the other requirements stipulated by the Company's internal documents.</p>	<p>In Compliance</p>	<p>These requirements are contained in the Company's Regulations on the Corporate Secretary approved by the Company's Board of Directors. At present, S.V. Lapinskaya occupies the position of the Corporate Secretary of the Company, and meets the requirements stipulated by the Company's Corporate Governance Code and the Regulations on the Corporate Secretary. She was appointed to this position in keeping with a resolution of the Company's Board of Directors dated March 25, 2009, Record No 05/09 (S.V. Lapinskaya was re-appointed to the position of Corporate Secretary by a Board of Directors' resolution dated July 10, 2009, Record No 11/09).</p>

INFORMATION DISCLOSURE AND TRANSPARENCY

The Company shall ensure the timely and accurate disclosure of information on all significant aspects of its activity by the means stipulated in the requirements of Russian Federation legislation, as well as the voluntarily disclosing of additional information.

In Compliance

In accordance with the requirements of the current laws of the Russian Federation, the Company ensures timely and accurate information disclosure (Regulations on Information Disclosure for Equity Securities by Issuers, approved by Order of the Federal Financial Markets Service of Russia №06-117/pz-n dated 10.10.2006) by publishing on the news feed (www.e-disclosure.ru) and making available on the Company's website (www.mrsk-1.ru) the following information:

- The Articles of Association and internal documents regulating the activity of the executive bodies of the Company;
- Annual reports;
- Annual financial statements;
- Issuer's quarterly reports;
- Lists of affiliated persons;
- Statements of material facts;
- Statements of data which may have a material effect upon the Company's securities costs;
- Press-releases on decisions taken by the executive bodies of the Company;
- Prospectuses and statements disclosed within the stages of the Company's securities emissions.

The Regulations on the Information Policy of IDGC of Centre was approved by a resolution of the Company's Board of Directors (Record No 009/06 dated October 18, 2006). In accordance with this regulation, the Company assumes the responsibilities of the disclosure of additional information. For the purposes of this regulation, the Company has approved the Regulations on the Drafting, Approval and Control over the Contents and Terms of Disclosure of Information, in respect of which such disclosure is provided for by the requirements stipulated by the existing laws of the Russian Federation and the Regulations on the Information Policy (Instruction No 219 dated November 1, 2006 (as revised and amended by virtue of Order No 85 dated May 18, 2007)).

In accordance with the requirements of the above mentioned documents, the Company voluntary discloses the following information: general data on the Company, information concerning the activity of the executive bodies (Records of the General Shareholders' Meetings, the Board of Directors meetings, the committees under the Company's Board of Directors, and the meetings of the Audit Committee of the Company (except for information classified as "commercially confidential" by the laws of the Russian Federation and the internal documents of the Company); on the appraisal of corporate governance; on the Company's securities, financial information, data concerning the financial and economic activities of the Company, data concerning the market environment, and information on the major transactions of the Company

This Regulation is available on the Company's website at <http://www.mrsk-1.ru/docs/PologinformPolit.pdf>.

Information on the key events related to the Company, which are recognized as such under the laws of the Russian Federation and upon the Company's own initiative, shall be published in the mass media and be available on the Company's website on the Internet.	In Compliance	<p>All information disclosed by the Company, including information on the key events related to the Company, shall be available on the Company's website (http://www.mrsk-1.ru/), and shall also be published in the mass media (e.g., the newspapers Izvestiya and Trud) in those cases provided for by existing laws.</p> <p>In addition to the information which is disclosed in accordance with the Regulations on the Information Policy, the Company analyzes the needs of the representatives of the investment community and tries to disclose the maximum volume of information required to assist them in making reasonable investment decisions. Along with the traditional channels of information disclosure, new possibilities are used. Therefore, since 2009 the Company has been holding conferences on the Internet with the participation of the top managers of IDGC of Centre, in which management personnel report on the results of the Company's activity for the accounting period and answers the questions of investors. Such conferences are popular among the representatives of the investment community. Between two to three thousand unique participants attend. For the providing of more convenient access to information, the Investors and Shareholders section of the Company's website (http://www.mrsk-1.ru/stockholder/) was updated at the end of 2009. Furthermore, this important information on the Company is emailed directly to the addresses of the representatives of the investment community on the condition of their prior approval for receiving such mailings. An integrated call centre with a federal toll-free number (+7 800 50 50 115) was established to deal with shareholders' inquiries.</p>
The Company shall take the necessary measures for the protection of information classified as commercially confidential. The list of information classified as commercially confidential, the terms of access to such information, and the limitations applicable to the use of such information are determined by the Company in relevant regulations, taking into account the necessity of maintaining a reasonable balance between the transparency of the Company and the need to avoid any potential harm to its interests.	In Compliance	<p>The following documents were approved by General Director Decree No 232 dated November 14, 2006:</p> <ul style="list-style-type: none"> • The uniform policy of work management in respect to information classified as commercially confidential protection; • The regulations on procedures and interactions applicable to operations involving information classified as commercially confidential. • The list of information classified as commercially confidential by IDGC of Centre. <p>Furthermore, these documents determine the list of information classified as commercially confidential, the terms of access to such information, and the limitations applicable to the use of such information. Also, the regulations specifying the procedures for the use of the information resources of IDGC of Centre common for all users of the corporate computer network was approved by General Director Instruction №291-CA dated December 31, 2009.</p>
The Company exercises control over the use of insider information. The use and protection of insider information is governed by the Company's Regulations on Insider Information.	In Compliance	<p>The Board of Directors approved by its resolution dated October 14, 2005 (Record No 008/05) the Regulations on Insider Information of IDGC of Centre, developed with the purposes of protecting the rights and legitimate interests of the shareholders and those persons settling transactions with the Company, its subsidiaries, and dependent companies' securities; ensuring the Company's economic security; exercising control over insiders' activities upon the basis of introducing restrictions to the use and management of insider information; establishing universal norms of data protection in respect to data classified by the Company as insider information; establishment of the procedures for periodic reporting of insiders to the Company; and reporting on sanctions applicable in the event of violations of the requirements stipulated by the regulations.</p> <p>These regulations are available on the Company's website at http://www.mrsk-1.ru/docs/pologenie.pdf.</p>

According to Clauses 4.1 and 4.2 of this Regulation, members of the Company's Board of Directors, members of the Company's collegiate executive management body, and the person acting as the sole executive body, including the managing company and its officers, shall disclose to the Committee for Audit under the Company's Board of Directors all information relating to the holding of the Company's securities.

No later than on the third day of the month following the reporting month, the insiders shall submit a written declaration on transactions concluded during the reporting month involving the securities of the Company and/or its subsidiaries or dependent companies (in accordance with the form contained in Appendix 1 to the regulations) to the subdivision in charge of exercising control over the use of insider information.

The Committee for Audit submits a report on the transactions of the Company's insiders with the Company and its SDC securities to the Board of Directors for consideration on a quarterly basis.

The Company keeps records and compiles financial accounts in compliance with accepted Russian accounting and financial reporting practices.

Financial reporting is accompanied by detailed notes and explanations helping the recipient to interpret the Company's financial performance data correctly. The financial data shall be supplemented by comments and analytical estimations from the Company's administration, as well as by the statements of the Company Auditor and the Auditing Committee.

In Compliance

The Company's financial statements are available on its website (<http://www.mrsk-1.ru/inform/accounting/>). In addition, the materials for the AGMS that are provided to shareholders include Annual financial statements for the year, including the profit and loss statement, explanatory notes to the annual financial statements for the year, the Findings of the Auditing Committee concerning the results of the inspection of the financial and economic activities of IDGC of Centre for the year, the Auditor's Opinion (HLB Vnesheaudit CJSC) on the accounting (financial) statements of the Company for 2009, and an Evaluation of the Auditor's Opinion (HLB Vnesheaudit CJSC) on the accounting (financial) statements of the Company for 2009 made by the Committee for Audit.

In addition, information on the Company's Accounting Policy is available on the Company's website (http://www.mrsk-1.ru/inform/fin_bux/uchpolitik/).

The Auditor's Opinion (HLB Vnesheaudit CJSC) on the accounting (financial) statements of the Company for 2009 is available on the Internet at <http://www.mrsk-1.ru/docs/audit2009.pdf>.

The Findings of the Auditing Committee on the results of the inspection of the financial and economic activities of IDGC of Centre for the year is available at <http://www.mrsk-1.ru/docs/zak2009.pdf>

In Sections II and IV of the Company's quarterly reports (<http://www.mrsk-1.ru/inform/report/>), general information and data concerning the issuer's financial and economic state is disclosed as well. In addition, information concerning the financial results, an analysis of the Company's financial state, the dynamics of and changes to the structure of the accounts receivable and accounts payable of IDGC of Centre are disclosed on the website (http://www.mrsk-1.ru/stockholder/fh_account/analisis2/).

The Company compiles financial accounts and statements in compliance with International Financial Reporting Standards (IFRS) and makes such statements available on its website on the Internet.	In Compliance	The Company's financial statements, compiled in accordance with International Financial Reporting Standards (IFRS), and the Auditor's Opinion are available on the Company website (http://www.mrsk-1.ru/stockholder/presentation/). The Company's Board of Directors determined the formation of financial reporting in accordance with IFRS to be a priority area of the Company's activity (Record №006/05 dated August 12, 2005). Thus, the Company has been making annual financial (accounting) reporting in accordance with International Financial Reporting Standards (IFRS) since 2005.
The Company shall ensure the disclosure of information on the actual holders of five or more percent of the voting shares of the Company, aiming to ensure the transparency of the stock capital's structure.	In Compliance	Information concerning the shareholders of IDGC of Centre is available on the Company website (http://www.mrsk-1.ru/stockholder/equity/).
CONTROL OVER THE COMPANY'S FINANCIAL AND ECONOMIC ACTIVITY		
For the purposes of exercising internal control over all business operation procedures, the Company establishes a structural subdivision in charge of exercising an internal audit.	In Compliance	The Board of Directors has approved (Record No 1 dated February 10, 2009) the Regulations on Internal Control Procedures, determining the goals and tasks related to internal control, the internal control procedures, the bodies responsible for internal control procedure implementation, and those responsible for the control over such implementation.
The internal control procedures, as well as matters relating to interactions between the Company's bodies (subdivisions, officials) in charge of exercising internal control over the Company's financial and economic activities, as well as the identification of the risks of the Company, are governed by the local regulatory acts of the Company approved by the Company's Board of Directors.	In Compliance	This document defines the conceptual framework of the Company's internal control system, including the internal control objectives and tasks, the guidelines for internal control, the Company's structural subdivisions in charge of developing and implementing internal control procedures, the Company's structural subdivisions in charge of evaluating the effectiveness of internal control procedures, and the accountability of the structural subdivisions within the internal control system. In accordance with the Regulations on Internal Control Procedures, the Internal Control and Audit Department quarterly conforms to a plan/schedule of inspections of the Committee for Audit of the Board of Directors and reports their performance to that committee. The report of the Internal Control and Audit Department preliminary considered by the Committee is submitted to the Board of Directors for consideration. Following the results of such consideration, the Company's General Director submits information behind the reasons for any detected violations and the plan of measures for their elimination and prevention to the Board of Directors. The Internal Control and Audit Department exercises control over the elimination of the violations and the measures taken.

RELATIONS WITH SUBSIDIARIES AND DEPENDENT BUSINESS COMPANIES

<p>The Company organizes its interaction with its subsidiaries and dependent companies in compliance with the requirements of the laws of the Russian Federation, the Articles of Association and the internal documents of the Company, and the Articles of Association of its subsidiaries and dependent business companies.</p>	<p>In Compliance</p>	<p>In accordance with Sub-clauses 38 and 39, Clause 15.1, Article 15 of the Company's Articles of Association, the determination of the Company's position on key items of the agendas of the General Shareholders' Meetings (Participants) of its subsidiaries and dependent business companies (SDC) is in the competence of the Board of Directors of IDGC of Centre.</p> <p>The Company's Board of Directors has adopted the following documents:</p> <ul style="list-style-type: none"> • The procedures for the interaction of IDGC of Centre with business companies of which IDGC of Centre holds shares (stakes) (approved by a decision of the Company's Board of Directors dated March 25, 2009, Record №05/09); • The formation standards applicable to the management and supervisory bodies of the subsidiaries and dependent companies of IDGC of Centre (approved by a resolution of the Company's Board of Directors dated December 12, 2005, Record №010/05); • The standards of organizational activity for the representatives of IDGC of Centre in the supervisory bodies of the companies which are subsidiary and dependant in relation to IDGC of Centre (approved by a resolution of the Company's Board of Directors dated December 12, 2005, Record №010/05). <p>Currently, the Company has two subsidiary and dependent companies, Energetik JSC and YarGorElectroset JSC. Information concerning these companies is available on the website (http://www.mrsk-1.ru/about/administration/society/).</p>
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SETTLEMENT OF CORPORATE CONFLICTS

<p>The Company shall ensure conditions for the maximally complete and prompt detection of conflicts, if any have occurred or may potentially occur within the Company, as well as bring the Company's stance in the corporate conflict (based upon the provisions of the current laws of the Russian Federation) to the Company shareholders' notice.</p>	<p>In Compliance</p>	<p>There are no corporate conflicts in the Company.</p> <p>In accordance with Clause 3.5 of the Regulations on the Corporate Secretary, approved by a resolution of the Company's Board of Directors (Record №009/06 dated October 18, 2006) the Corporate Secretary is responsible for the organization of interactions between the Company (represented by the Board of Directors and the General Director) and its shareholders, including:</p> <ul style="list-style-type: none"> • Control over the timely examination of shareholders' reports by the Company's bodies and subdivisions; • The taking of measures intended for the prompt and effective resolution of any conflicts, including conflicts related to the maintenance of the shareholders' register; • The most complete and prompt detection of conflicts that may potentially occur within the Company; • The recording and preliminary assessment of corporate conflicts (the submission of reports and findings based upon the results of such an assessment to the Board of Directors and the General Director), the registration of reports, messages and requests from shareholders, and the drafting of relevant replies to such communications. <p>The Corporate Secretary shall inform the Board of Directors of any situations which may potentially lead to a violation of the current laws of the Russian Federation, or of the shareholders' rights, or which might give rise to a corporate conflict.</p>
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Report of the Board of Directors on Priority Areas in 2010

Measures to Increase the Counter-Terrorism and Counter-Sabotage Safety Level of the Company's Electric Network Facilities

According to a resolution of the Board of Directors of IDGC of Centre (Minutes of 19.08.2010, №17/10) one of the priority areas of the Company is ensuring the counter-terrorism and counter-sabotage safety of the electric network facilities.

In order to implement concrete activities to this end, the Security Service of IDGC of Centre developed its Plan of Top Priority Measures to Increase the Safety of IDGC of Centre Facilities from Potential Terrorist Acts for 2010 (hereinafter referred to as the Plan). According to the Plan, RUR 57,743,230 were allocated to outfit electric network facilities with technical security equipment. The measures envisaged by the Plan have been implemented in full, and the allocated monetary funds have been fully spent.

As a result of the work of the Company's and its Units' security units in 2010, damages in the amount of RUR 226,801,378 in other areas of activity were compensated.

In December 2010, the security service of IDGC of Centre developed and put into force (by the order of the Director General) its Comprehensive Programme for Ensuring Counter-Terrorism Security of the Electric Network Facilities of IDGC of Centre. This programme specified both the organizational measures necessary for enhancing the counter-terrorism security of the electric network facilities and measures focused upon improvements to technical and engineering security.

In order to improve the counter-terrorism safety of the Company's electric network facilities, IDGC of Centre elaborated terms of reference for equipping these facilities with physical security stations. Based upon this initiative, TOR closed-tender procedures were carried out, and the Vypel Centre private security firm was awarded the contract (with a maximal service cost equal to RUR 601,431,840, VAT inclusive).

Currently, there is work being done to conclude contracts for equipping the electric network facilities with physical security in accordance with the terms of the agreement with Vypel Centre.

Activities for the Registration of Ownership for Real Property Facilities and the Registration/Re-issuance of Rights to Use Land Plots

On 08.07.2009, the Board of Directors of IDGC of Centre identified work on the registration of ownership for real property facilities and the registration/re-issuance of rights to use land plots as one of the priority areas of its activities (Minutes №11/09 dated 10.07.2009).

On 31.03.2010, the Board of Directors of IDGC of Centre (Minutes of 02.04.2010, No 06/10) adopted the updated its Programme of Work of IDGC of Centre on the Registration of Ownership for Real Property Facilities and the Registration/Re-issuance of Rights to Use Land Plots up to 2012/2015 (hereinafter referred to as the Programme). The Programme is a portion of the business planning procedure. Adjustment of the Programme was due to changes in the legislation currently in effect, which stipulated new terms for the completion of the re-issuance of the rights for permanent (unlimited) use, as well as an increase in the state duty for the registration of real facility rights. It was also decided to approve expenditures related to the corresponding year, subject to break-downs per established targets. In this regard, the Company's Board of Directors (Minutes №13/10 dated 10.06.2010) adopted the Programme, adjusted in accordance with the business plan.

The total expenditures for the Programme's implementation in 2010, with due account for the adjustments performed during the year, amounted to RUR 48,619,980.

The following activities were implemented as part of the said Programme:

1. Registration of ownership for real property facilities

Cadastral activities have been accomplished and cadastre certificates for land plots under OL facilities (including 6-10 kV OL) have been produced for a total length of 4,388.94 km, while the planned target was 2,340.14 km.

Documents regarding 132 land-based facilities have been registered, while the planned target was 157 facilities.

The total actual expenditures for the registration of ownership for real property facilities amounted to RUR 9,340,078, while the target value was RUR 14,828,059.

A surplus in financing in the amount of RUR 5,487,981 during the performance of the planned work was due to objective causes related to a change in the position of the contractors in regards to the sale of a number of electric network facilities to IDGC of Centre.

2. State cadastral registration of land plots

Activities concerning the state registration of land plots under power transmission towers, with an overall length of 1,064.29 km (with a planned value of 1,975.86 km), as well as 242 land plots under land-based facilities (with a planned target was 243 plots), were performed.

Unspent funds in the amount of RUR 3,859,582 included expenditures for entering information concerning the exclusion zones of the network facilities of the Bryanskenergo unit of IDGC of Centre, as well as an amount not paid to the contractor at the Yarenergo unit of IDGC of Centre because of the incomplete execution of obligations under the contract (i.e., the cadastral registration was not performed).

3. Re-issuance of the right of permanent (unlimited) use

In order to re-issue permanent (unlimited) use rights, land management work was performed for land plots under overhead facilities with the total length of 1,371.17 km (according to the plan, 1,987.82 km), as well as under 462 land plots under land-based facilities (with a planned target of 295 plots).

For the re-issuance of rights for land use under electric network facilities, RUR 21,683,745 were envisaged, while RUR 12,203,253 were spent.

A unit of IDGC of Centre (Tambovenergo) transferred a portion of its funds from this entry towards a payment to Tambovgiprozem OJSC for its work.

The saving of funds at the Belgorodenergo IDGC of Centre unit in a total amount of RUR 521,445 was due to the fact that during the survey of land plots under overhead power transmission lines, another 164 land plots for substations were also surveyed at a much lower cost.

Considerable savings (RUR 4,736,534) was due to the reduced cost of cadastral activities according to the results of the competitive tendering performed at the Orelenergo unit of IDGC of Centre, while the contractor completed all work envisaged under the Programme.

Contract work under an agreement with Bryanskzemprom OJSC made on 18.11.2010 for an amount of RUR 769,695 will continue in 2011 at the Bryanskenergo unit of IDGC of Centre.

In addition, RUR 4,222,000 were not paid under contract agreements at the Yarenergo IDGC of Centre unit because the contractor failed to execute his contract obligations.

4. Registration of rights for land plots, the title for which is not defined

Work has been performed on land plots, the title for which has not been defined, under power transmission facilities, with a length of 891.33 km (the target was 926.69), as well as for 831 land plots under land-based facilities (the target was 933 plots).

Surplus expenditures for this type of activity in the amount of RUR 3,360,559 are related to the reallocation of resources at the Tambovenergo unit of IDGC of Centre to repay its debt from recent years to a contracting agency (Tambovgiprozem OJSC).

5. Purchasing land plots for transferring into real property

Activities for purchasing land plots were not performed due to:

- A change in strategy in the choice of the right to use a land plot at the Yarenergo unit of IDGC of Centre;
- The fact that a land plot planned for purchase by the Tambovenergo unit of IDGC of Centre was purchased out of funds from the unit's investment programme.

A report of the Director General of the Company concerning the work to register ownership for real property facilities and register/re-issue rights to use land plots in 2010 was received by the Board of Directors of IDGC of Centre at its meeting of 31.01.2011 (Minutes of 03.02.2011, №01/11).

Information on Large Deals and Related Party Transactions Closed in 2010

Information on the large deals of the Company closed in 2010, as well as other deals covered by the procedures for the approval of large deals in accordance with the Articles of Association of the Company

IDGC of Centre did not close any large deals in 2010. The Articles of Association of the Company do not provide for other deals covered by the procedures for the approval of large deals.

Information on Transactions Involving Proprietary Interest Closed in 2010

Transaction, closing date (Contract details)	Essential conditions				Related party (parties)	Information on the approval of the deal, in which there was an interest (name of the governing body, details of the minutes)
	Subject of transaction	Parties to the transaction, Beneficiary(-ies) (if any)	Transaction price, RUR	Other essential conditions		
Addendum №2 of 01.04.2010 to Contract №146 of 06.02.2006	Leasing of real estate	IDGC of Centre (Tambovenergo, a unit of IDGC of Centre), Lessor, and System Operator of the Unified Energy System (Tambov Regional Dispatching Office, a unit of SO UES), Lessee	The lease payment under the contract is RUR 24,623.06 (VAT inclusive) per month, or RUR 270,853.66 (VAT inclusive) during the entire period of the contract	—	A Company shareholder possessing more than 20% of the voting shares (IDGC Holding), whose affiliated persons (M.Yu. Kurbatov, S.I. Shmatko and E.V. Dod, members of the Board of Directors of IDGC Holding) are at the same time members of the Board of Directors of SO UES	Minutes of the meeting of the Board of Directors №20/09 dated 20.11.2009
Addendum №DS6700/00607/10 of 20.05.2010 to Contract 6700/00754/09 of 28.08.2009	Increase in the contract value	IDGC of Centre (Smolenskenergo, a unit of IDGC of Centre), Contractor, and FGC UES, Subscriber	The cost of services under the contract is RUR 601.80 (VAT inclusive) per month, or RUR 6,018 (VAT inclusive) for 10 months	—	An affiliated person (S.N. Ivanov, a member of the Board of Directors of IDGC Holding) is at the same time the First Deputy Chairman of the Board of FGC UES. A Company shareholder possessing more than 20% of the voting shares (IDGC Holding), whose affiliated persons (M.Yu. Kurbatov, M.Yu. Maslov, V.V. Tatsiy, and S.I. Shmatko, members of the Board of Directors of IDGC Holding) are at the same time members of the Board of Directors of FGC UES	Minutes of the meeting of the Board of Directors №08/10 dated 15.04.10

Contract №30/6900/10335/10 of 31.05.2010	Leasing of non-residential premises	IDGC of Centre (Tverenergo, a unit of IDGC of Centre), Lessor, and SO UES (Tver Regional Dispatching Office, a unit of SO UES), Lessee	The lease payment under the contract is RUR 4,258,703.24 (VAT inclusive) for 11 months	—	A Company shareholder possessing more than 20% of the voting shares (IDGC Holding), whose affiliates (M.Yu. Kurbatov, S.I. Shmatko and E.V. Dod, members of the Board of Directors of IDGC Holding) are at the same time members of the Board of Directors of SO UES	Minutes of the meeting of the Board of Directors №12/10 dated 02.06.10
Addendum №28/DS 6900/00281/10 of 31.05.2010 to Contract №1 of 22.10.07	Termination of the real property lease agreement	IDGC of Centre (Tverenergo, a unit of IDGC of Centre), Lessor, and SO UES (Tver Regional Dispatching Office, a unit of SO UES), Lessee	—	—	A Company shareholder possessing more than 20% of the voting shares (IDGC Holding), whose affiliates (M.Yu. Kurbatov, S.I. Shmatko and E.V. Dod, members of the Board of Directors of IDGC Holding) are at the same time members of the Board of Directors of SO UES	Minutes of the meeting of the Board of Directors №12/10 dated 02.06.10
Contract №7700/00456/10 of 29.06.2010	Agreement on the shared funding of activities for the provision of services in holding the All-Russia Competition for the Workmanship of Teams Maintaining High Voltage Power Transmission Lines of the Distribution Networks of IDGC Holding	IDGC of Volga, Participant 2, IDGC of Centre, Participant 1	The cost of services under the contract is RUR 834,000.00 (VAT inclusive) for the entire period of the contract	—	In accordance with P. 1 of Article 81 of the federal law, On Joint-Stock Companies, the transaction between IDGC of Centre and IDGC of Volga is acknowledged to be a transaction in relation to which there is an interest of A Company shareholder (IDGC Holding) possessing more than 20% of the Company's voting shares.	Minutes of the meeting of the Board of Directors №12/10 dated 02.06.10
Contract №6700/09560/10 of 13.07.2010	Lease of a land plot	IDGC of Centre (Smolenskenergo, a unit of IDGC of Centre), Lessee, and System Operator of the Unified Energy System (Smolensk Regional Dispatching Office, a unit of SO UES), Lessor	The lease payment under the contract is RUR 22,823.17 (VAT inclusive) per year	—	A Company shareholder possessing more than 20% of the voting shares (IDGC Holding), whose affiliates (M.Yu. Kurbatov, S.I. Shmatko and E.V. Dod, members of the Board of Directors of IDGC Holding) are at the same time members of the Board of Directors of SO UES	Minutes of the meeting of the Board of Directors №13/10 dated 10.06.10

Contract №4400/10155/10 of 25.09.10	Leasing of non-residential premises	IDGC of Centre (Kostromaenergo, a unit of IDGC of Centre), Lessee, and Federal Grid Company of the Unified Energy System (Volga and Oka Enterprise of Backbone Power Grids, a unit of FGC UES), Lessor	The lease payment under the contract is RUR 1,392,143.94 (VAT inclusive) for the entire period of the contract	—	A Company shareholder possessing more than 20% of the voting shares (IDGC Holding), whose affiliates (G.P. Kutovoy, I.V. Khvalin and S.I. Shmatko, members of the Board of Directors of IDGC Holding) are at the same time members of the Board of Directors of FGC UES	Minutes of the meeting of the Board of Directors №17/10 dated 19.08.10
Addendum №1/DS 4600/00629/10 of 14.10.2010 to Contract №40025111 of 10.03.09	Reduction of the leased area of non-residential premises and the corresponding lease payment	IDGC of Centre (Kurskenergo, a unit of IDGC of Centre), Lessor, and SO UES (Kursk Regional Dispatching Office, a unit of SO UES), Lessee	The lease payment under the contract is RUR 382,772.41 (VAT inclusive) per month, or RUR 16,076,441.22 (VAT inclusive) for 42 months	—	A Company shareholder possessing more than 20% of the voting shares (IDGC Holding), whose affiliates (S.I. Shmatko, a member of the Board of Directors of IDGC Holding, and M.Yu. Kurbatov, a member of the Board of IDGC Holding) are at the same time members of the Board of Directors of SO UES	Minutes of the meeting of the Board of Directors №19/10 dated 16.09.10
Addendum №1/DS 4600/00630/10 of 14.10.2010 to Contract №40025096 of 10.03.09	Reduction of the amount of the leased movable property and the lease payment	IDGC of Centre (Kurskenergo, a unit of IDGC of Centre), Lessor, and SO UES (Kursk Regional Dispatching Office, a unit of SO UES), Lessee	The lease payment under the contract is RUR 1,829.00 (VAT inclusive) per month, or RUR 76,818.00 (VAT inclusive) for 42 months	—	A Company shareholder possessing more than 20% of the voting shares (IDGC Holding), whose affiliates (S.I. Shmatko, a member of the Board of Directors of IDGC Holding, and M.Yu. Kurbatov, a member of the Board of IDGC Holding) are at the same time members of the Board of Directors of SO UES	Minutes of the meeting of the Board of Directors №19/10 dated 16.09.10
Contract №4644003716/07-6/756 (2010) KS of 01.11.10	Leasing of non-residential premises	IDGC of Centre (Kostromaenergo, a unit of IDGC of Centre), Lessor, and Federal Grid Company of the Unified Energy System (Volga and Oka Enterprise of Backbone Power Grids, a unit of FGC UES), Lessee	The lease payment under the contract is RUR 111,719.63 (VAT inclusive) for 11 months	—	A Company shareholder possessing more than 20% of the voting shares (IDGC Holding), whose affiliates (S.I. Shmatko, G.P. Kutovoy and I.V. Khvalin, members of the Board of Directors of IDGC Holding), are at the same time members of the Board of Directors of FGC UES	Minutes of the meeting of the Board of Directors №22/10 dated 01.11.10

Addendum №3/ DS3200/00309/10 of 01.11.10 to Contract 34-Bukh-06/a* of 31.10.06	Change of lease payment	IDGC of Centre (Bryanskenergo, a unit of IDGC of Centre), Lessor, and System Operator of the Unified Energy System (Smolensk Regional Dispatching Office, a unit of SO UES), Lessee	The lease payment under the contract is RUR 4,948.81 (VAT inclusive) per month, or RUR 59,385.72 (VAT inclusive) for 12 months	—	A Company shareholder possessing more than 20% of the voting shares (IDGC Holding), whose affiliates (S.I. Shmatko, a member of the Board of Directors of IDGC Holding, and M.Yu. Kurbatov, a member of the Board of IDGC Holding) are at the same time members of the Board of Directors of SO UES	Minutes of the meeting of the Board of Directors №22/10 dated 01.11.10
Addendum №3/ DS3200/00310/10 of 01.11.10 to Contract 34-Bukh-06/a-1 of 31.10.06	Change of lease payment	IDGC of Centre (Bryanskenergo, a unit of IDGC of Centre), Lessor, and System Operator of the Unified Energy System (Smolensk Regional Dispatching Office, a unit of SO UES), Lessee	The lease payment under the contract is RUR 3,652.54 (VAT inclusive) per month, or RUR 25,567.78 (VAT inclusive) for 7 months	—	A Company shareholder possessing more than 20% of the voting shares (IDGC Holding), whose affiliates (S.I. Shmatko, a member of the Board of Directors of IDGC Holding, and M.Yu. Kurbatov, a member of the Board of IDGC Holding) are at the same time members of the Board of Directors of SO UES	Minutes of the meeting of the Board of Directors №22/10 dated 01.11.10
Contract №7700/00570/10 of 08.11.10	Interrelations between the Parties involved in the prevention and cleanup of the consequences of accidents at power industry facilities caused by damage to the equipment (including due to acts of God), as well as the necessity to shut down the electric power supply in order to eliminate risks to life and health, and also accidents caused by other reasons in the areas of responsibility of the Parties	FGC UES, Enterprise of Backbone Power Grids of Centre; and IDGC of Centre, Parties	The cost of work cannot be equal to two or more percent of the book price of IDGC of Centre, according to its financial statements as of the last reporting date prior to the agreement's closing date	—	A Company shareholder possessing more than 20% of the voting shares (IDGC Holding), whose affiliates (S.I. Shmatko, G.P. Kutovoy and I.V. Khvalin, members of the Board of Directors of IDGC Holding), are at the same time members of the Board of Directors of FGC UES	Minutes of the meeting of the Board of Directors №22/10 dated 01.11.10

Addendum №4800/00003/11 of 16.11.2010 to Contract 40002712 of 19.12.2005	Prolongation of the contract for the lease of movable property until 31.03.2012 (without a change in the lease payment)	IDGC of Centre (Lipetskenergo, a unit of IDGC of Centre), Lessor, and SO UES, Lessee	The lease payment under the contract is RUR 29,346.22 (VAT inclusive) per month, or RUR 704,309.28 (VAT inclusive) for 24 months	—	A Company shareholder possessing more than 20% of the voting shares (IDGC Holding), whose affiliates (S.I. Shmatko, a member of the Board of Directors of IDGC Holding, and M.Yu. Kurbatov, a member of the Board of IDGC Holding) are at the same time members of the Board of Directors of SO UES	Minutes of the meeting of the Board of Directors №22/10 dated 01.11.10
Contract №7700/00571/10 of 22.11.10	Interrelations between the Parties involved in the prevention and cleanup of the consequences of accidents at power industry facilities caused by damage to the equipment (including due to acts of God), as well as the necessity to shut down the electric power supply in order to eliminate risks to life and health, and also accidents caused by other reasons in the areas of responsibility of the Parties	FGC UES, North-West Enterprise of Backbone Power Grids; and IDGC of Centre, Parties	The cost of work cannot be equal to two or more percent of the book price of IDGC of Centre, according to its financial statements as of the last reporting date prior to the agreement's closing date	—	A Company shareholder possessing more than 20% of the voting shares (IDGC Holding), whose affiliates (S.I. Shmatko, G.P. Kutovoy and I.V. Khvalin, members of the Board of Directors of IDGC Holding) are at the same time members of the Board of Directors of FGC UES	Minutes of the meeting of the Board of Directors №22/10 dated 01.11.10
Contract №7700/00577/10 of 24.11.10	Agreement on information exchange during design	SO UES, Unified Dispatcher Office of Centre, System Operator; and IDGC of Centre	No cost	—	A Company shareholder possessing more than 20% of the voting shares (IDGC Holding), whose affiliates (S.I. Shmatko, a member of the Board of Directors of IDGC Holding, and M.Yu. Kurbatov, a member of the Board of IDGC Holding) are at the same time members of the Board of Directors of SO UES	Minutes of the meeting of the Board of Directors №22/10 dated 01.11.10

In 2010, the Company made transactions making more than 2% of the asset value of the Company as of the date of the end of the reporting period prior to the settlement of such transactions, which are acknowledged to be essential in accordance with the Regulations on the Information Policy of the Company (Minutes №009/06 of 18.10.2006).

Transaction, closing date (Contract details)	Essential conditions		Transaction price, RUR	Other essential conditions	Information on the approval of the large deal (name of the governing body, details of the minutes)
	Subject of transaction	Parties to the transaction, Beneficiary(-ies) (if any)			
Agreement №RK/020/10/7700/00329/10 of 11.05.10	Credit facility agreement	IDGC of Centre, Borrower, and Rosbank, Loan holder	RUR 1,500,000,000	—	No approval was necessary, as the agreement price did not exceed five percent of the Company's asset value as of the transaction date
Agreement №OOCA9L/7700/0438/10 of 25.05.2010	Credit facility agreement	IDGC of Centre, Borrower, and Alfa-Bank, Loan holder	RUR 2,000,000,000	—	Minutes of the meeting of the Board of Directors №11/10 dated 30.04.10
Agreement №3023/7700/00584/10 of 12.11.10	Credit facility agreement	IDGC of Centre, Borrower, and Sberbank Rossii, Loan holder	RUR 1,600,000,000	—	Minutes of the meeting of the Board of Directors №36/10 dated 25.10.10
Agreement №3024/7700/00585/10 of 12.11.10	Credit facility agreement	IDGC of Centre, Borrower, and Sberbank Rossii, Loan holder	RUR 1,500,000,000	—	Minutes of the meeting of the Board of Directors №36/10 dated 25.10.10
Agreement №5384/7700/00626/10 of 23.12.10	Agreement on the opening of a non-revolving credit line	IDGC of Centre, Borrower, and Sberbank Rossii, Loan holder	RUR 3,000,000,000	—	Minutes of the meeting of the Board of Directors №46/10 dated 15.12.10

Information is available concerning intra-group transactions, as well as the Company's transactions with state companies and the other essential transactions of the Company during 2010, at the corporate website of the Company at: <http://www.mrsk-1.ru/inform/transaction/2010>.

The Procedures for Convening and for the Submission of Issues for the Agenda of the General Meeting of the Shareholders and the Procedures for Nominating Candidates to the Board of Directors

In accordance with the federal law, On Joint-Stock Companies, the Articles of Association and the Regulations concerning the procedures for the preparation and holding of the General Meeting of the Shareholders of IDGC of Centre, the decision for convening the General Meeting of the Shareholders shall be taken by the Board of Directors of the Company. During preparations for the General Meeting of the Shareholders, the Board of Directors shall define the format of the General Meeting of the Shareholders, the date, venue and time of the meeting, the agenda, the date for the preparation of the list of persons entitled to participate, the list of information (materials) provided to shareholders during preparation and the procedures for the shareholders' familiarization with the described information, the form and wording of voting notices, the date for sending notices to persons entitled to participate, and the procedures for notifying the Company's shareholders about the meeting.

According to the Articles of Association of the Company, the General Meeting of the Shareholders of the Company may be held in the city of Moscow, or in another place in keeping with a resolution of the Board of Directors of the Company. The specific address for the General Meeting of the Shareholders shall be settled by the Board of Directors during the course of resolving those issues related to the General Meeting of the Shareholders.

The Annual General Meeting of the Shareholders of the Company is to be held no earlier than two months and no later than six months after the end of the fiscal year.

The shareholders (shareholder) of the Company who collectively own not less than two percent of the Company's voting shares have the right, at least 60 (Sixty) days after the end of the fiscal year, to introduce questions for the agenda of the Annual General Meeting of the Shareholders and to nominate candidates for the Board of Directors and the Audit Committee of the Company. The number of such candidates shall not exceed the quantitative composition of the respective body.

An Extraordinary General Meeting of the Shareholders may be convened by the Audit Committee of the Company, the Company's Auditor, or by any shareholders (shareholder) who own at least ten percent of the voting shares of the Company, in the event that, within five days following the date they demand the convening of an Extraordinary General Meeting of the Shareholders, the Board of Directors did not make a decision on convening such an Extraordinary General Meeting of the Shareholders or made a decision to refuse to convene such a meeting.

In the event that the proposed agenda of the Extraordinary General Meeting of the Shareholders contains a question concerning the election of the members of the Company's Board of Directors, the shareholders (shareholder) of the Company who collectively own at least two percent of the voting shares of the Company have the right to propose candidates for the Board of Directors of the Company. The number of such candidates shall not exceed the quantitative composition of the Board of Directors of the Company.

Such propositions should reach the Company at least thirty days prior to the date of the Extraordinary General Meeting of the Shareholders.

The Board of Directors of the Company is obliged to review the received propositions and make decisions regarding their inclusion onto the agenda of the Extraordinary General Meeting of the Shareholders, or any refusal to include them onto such an agenda.

In articles 13-14 of the Articles of Association of the Company, and in accordance with the standards of the active legislation of the Russian Federation, the following procedures for nominating candidates to the Board of Directors of the Company is established.

The shareholders (shareholder) of the Company who collectively own not less than two percent of the Company's voting shares have the right, at least 60 (sixty) days after the end of the fiscal year, to introduce questions for inclusion in the agenda of the Annual General Meeting of the Shareholders, and to nominate candidates for the Board of Directors and the Audit Committee of the Company. The number of such candidates shall not exceed the quantitative composition of the respective body.

A proposition for introducing questions onto the agenda of the General Meeting of the Shareholders and a proposition for nominating candidates shall be submitted in written form indicating the name (title) of the shareholders (shareholder) submitting such questions, as well as the quality and category (type) of the shares in their possession, and shall be signed by the shareholders (shareholder).

A proposition on introducing questions for inclusion on the agenda of the General Meeting of the Shareholders should contain the wording for each proposed question. A proposition for nominating candidates should contain the name and the details of the identity document (the series and/or number of the document, the date and place of issue, and the entity which issued the document) for each proposed candidate, as well as the body to which he/she is proposed.

The demand to hold an Extraordinary General Meeting of the Shareholders of the Company should indicate the wording for the questions to be introduced onto the agenda of the meeting.

The persons (person) demanding the convening of an Extraordinary General Meeting of the Shareholders have the right to submit the draft decision of the Extraordinary General Meeting of the Shareholders and a proposition regarding the format of the Extraordinary General Meeting of the Shareholders. In the event that the demand for convening an Extraordinary General Meeting of the Shareholders contains a proposition concerning the nomination of candidates, the corresponding provisions of Article 13 of the Articles of Association shall apply to the proposition.

If the demand for convening an Extraordinary General Meeting of the Shareholders comes from a shareholder (shareholders), it should contain the name (title) of the shareholder (shareholders) who demands the convening of the meeting and state the number and category (type) of Company shares in their possession.

Any demand for convening an Extraordinary General Meeting of the Shareholders shall be signed by the person (persons) who makes the demand.

In the event that the proposed agenda of the Extraordinary General Meeting of the Shareholders contains a question concerning the election of members to the Board of Directors of the Company:

The General Meeting of the Shareholders should be held within 90 (Ninety) days from the moment of the submission of the demand for holding an Extraordinary General Meeting of the Shareholders of the Company.

The shareholders (shareholder) of the Company who own collectively at least two per cent of the Company's voting shares have the right to propose candidates to be elected to the Board of Directors of the Company. The number of such candidates shall not exceed the quantitative composition of the Board of Directors of the Company.

Such propositions must reach the Company at least thirty days prior to the date of the Extraordinary General Meeting of the Shareholders.

Information on Non-Current Assets

Information on the Land Plots of IDGC of Centre as of 01.01.2011

№	Types of land plots	Total number and area of land plots		Portion of which:								Portion of which:			
				Purchased as of the reporting date		Taken on lease (sublease) as of the reporting date		Under the right of permanent (continuous) use as of the reporting date		Rights not defined as of the reporting date		Easement registered as of the reporting date		Cadastral registration performed as of the reporting date	
		number	ha	number	ha	number	ha	number	ha	number	ha	number	ha	number	ha
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
1.	Land plots under power station facilities	5.00	0.18	2.00	0.01	2.00	0.03	0.00	0.00	1.00	0.14	0.00	0.00	4.00	0.04
2.	Land plots under boiler-house facilities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3.	Land plots under substation facilities	7,616.00	873.45	346.00	67.68	3,328.00	508.09	2,926.00	279.10	1,015.00	18.57	1.00	0.01	6,006.00	846.66
	including:														
	under substations 220 kV and over	1.00	10.94	0.00	0.00	0.00	0.00	1.00	10.94	0.00	0.00	0.00	0.00	1.00	10.94
	under 110 kV substations	764.00	519.94	52.00	40.02	475.00	314.26	230.00	162.90	7.00	2.75	0.00	0.00	752.00	515.52
	under substations 35 kV and below	6,851.00	342.57	294.00	27.66	2,853.00	193.82	2,695.00	105.26	1008.00	15.82	1.00	0.01	5,253.00	320.20
4.	Land plots under OHL 220 kV or greater	2.00	12.60	0.00	0.00	0.00	0.00	2.00	12.60	0.00	0.00	0.00	0.00	1.00	0.88
5.	Land plots under OHL 110 kV or less	8,085.00	1,592.55	20.00	13.43	3,268.00	359.92	3,851.00	642.97	946.00	576.23	0.00	0.00	7,364.00	730.53
	including:														
	under 110 kV OHL	1,804.00	208.41	11.00	12.94	1,049.00	111.32	695.00	71.33	49.00	12.82	0.00	0.00	1,722.00	192.08
	under 35 kV OHL	2,821.00	226.82	2.00	0.18	1,518.00	103.08	1,100.00	76.04	201.00	47.53	0.00	0.00	2,572.00	173.08
	under 0.4 / 6 / 10 kV OHL	3,460.00	1,157.32	7.00	0.32	701.00	145.52	2,056.00	495.61	696.00	515.88	0.00	0.00	3,070.00	365.36
6.	Land plots under heat supply system facilities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
7.	Land plots under other facilities	1,957.00	494.13	86.00	50.09	1,509.00	268.89	266.00	168.97	96.00	6.17	0.00	0.00	1,866.00	474.78
TOTAL:		17,665.00	2,972.91	454.00	131.22	8,107.00	1,136.93	7,045.00	1,103.64	2,058.00	601.11	1.00	0.01	15,241.00	2,052.88

Information on the structure of the property complex and its changes

№	Name	Physical values:	At the beginning of the reporting period	Arrived	Withdrawn	At the end of the reporting period
		As for OHL, cable networks – length of circuits (km);	net assets (book) value	within the reporting period	within the reporting period	net assets (book) value
		as for substations, other assets – quantity (pcs.)	(RUR thousand)	(RUR thousand)	(RUR thousand)	(RUR thousand)
I	II	III	IV	V	VI	VII
1.	Assets related to electric grid facilities, including:		39,374,709	7,553,082	95,674	43,683,148
1.1.	OHL 220 kV or greater	74	16,319	0	0	15,840
1.2.	110 kV OHL	26,365	4,989,024	221,655	10,290	4,911,122
1.3.	35 kV OHL	32,482	4,086,411	70,102	9,601	3,956,313
1.4.	OHL 10 kV or less	302,364	14,752,215	1,901,179	47,245	15,344,493
1.5.	Substations 220 kV or greater	0	0	0	0	0
1.6.	Substations 110 kV	1,148	5,688,754	2,407,256	11,999	7,596,331
1.7.	Substations 35 kV	2,058	2,132,399	223,547	3,025	2,101,352
1.8.	Substations 10 kV or less	63,229	3,215,745	946,501	8,649	3,893,756
1.9.	Cable networks (all voltage classes)	12,448	3,027,851	979,431	1,983	3,821,089
1.10.	Other Assets intended for ensuring electric connections	21,478	1,465,989	803,412	2,881	2,042,851
2.	Marginal assets entered into the Registry of Marginal Assets	237	401,000	48,224	2,036	435,160
3.	Other assets (i.3 = i.4 – i.2 – i.1)		9,329,365	2,270,841	20,800	10,387,942
4.	Capital assets (line 120 of the accounting balance sheet)		49,105,074	9,872,148	118,510	54,506,250
5.	Leased assets related to electric grid facilities, including:		1,328,959	317,899	16,913	1,629,945
5.1.	OHL 220 kV or greater	60	9,364	0	0	9,364
5.2.	110 kV OHL	198	8,600	0	0	8,600
5.3.	35 kV OHL	24	1,626	0	0	1,626
5.4.	OHL 10 kV or less	4,203	798,375	245,721	8,625	1,035,471
5.5.	Substations 220 kV or greater	7	0	64,600	0	64,600
5.6.	Substations 110 kV	5	8,375	0	0	8,375
5.7.	Substations 35 kV	2	58	0	0	58
5.8.	Substations 10 kV or less	1,427	46,731	5,975	6,668	46,038
5.9.	Cable networks (all voltage classes)	1,253	212,796	1,105	1,547	212,353
5.10.	Other leased assets intended for ensuring electric connections	1,966	243,034	498	73	243,459
6.	Other leased assets	12,539	8,946,585	2,717,589	307,447	11,356,726.2

7.	Assets used under lease agreements related to electric grid facilities, including:	1,239,213	2	79,402	1,159,813
7.1.	OHL 220 kV or greater	0	0	0	0
7.2.	110 kV OHL	1	1958	0	1,958
7.3.	35 kV OHL	0	0	0	0
7.4.	OHL 10 kV or less	555	374,910	2	374,910
7.5.	Substations 220 kV or greater	0	0	0	0
7.6.	Substations 110 kV	908	545,131	0	545,131
7.8.	Substations 35 kV	180	184,683	0	105,283
7.9.	Substations 10 kV or less	115	52,111	0	52,111
7.10.	Cable networks (all voltage classes)	73	80,421	0	80,421
8.	Other assets used under lease agreements intended for ensuring electric connections	3127	2,148,945	192,768	1,988,237
9.	Other assets used under lease agreements	588	53,2196	247,466	311,206
10.	Leased assets, including those under lease agreements (line 910 of the accounting balance sheet), total (i.10= i.5 + i.6 + i.7 + i.8 + i.9)	14,195,898	3,475,724	1,225,694	16,445,928
11.	TOTAL (i.11 = i.4 + i.10)	63,300,972	13,347,872	1,344,204	70,952,178

Clarifications on Changes

Receipt of assets	Commissioning of new, completed, constructed facilities, commissioning of refitted network facilities, acceptance of the transfer of ownership for an electric network property (either ownerless, the property of third parties under agreements of compensation, or due to technological connection), or the purchase of assets providing for the production and economic activity of the Company.
Retirement of assets	Writing off (liquidation) due to a full depreciation of fixed asset facilities, refitting (dismantlement) of facilities, the sale of marginal assets or other property not called for during production or economic activity.
Changes of lease	Acceptance for a lease of property, purchasing property as part of an integration of electric network property, registration of lease rights for land plots under power industry facilities, termination of contracts of land plot use due to liquidation, the refitting of facilities, or the change of lease relations regarding the use of office premises, etc.

Information on the Participation of IDGC of Centre in For-Profit Organisations

Information on the Affiliates of IDGC of Centre as of 31.12.2010:

No	Name of affiliate	Location of affiliate	Basic activity of affiliate	Company's ownership participation in affiliate (%)	Earning of affiliate (RUR thousand)	Finance result of affiliate (RUR thousand)
1	Yargorelektroset OJSC	Russian Federation, Yaroslavl, 150000, 37 Chaikovskogo St.	Transmission of electric power	100	1,139,561	36,853
2	Energetik OJSC	392515, Tambov Oblast, Tambov District, worker's settlement Novaya Lyada, 1 Sanatornaya St.	Sanatorium and resort therapy for people	100	32,018	877

Information on the Participation of IDGC of Centre in Other For-Profit Organisations as of 31.12.2010:

No	Name and location of for-profit organisation	Basic activity	Ownership participation of IDGC of Centre in the equity capital of the organisation (%)
1	Smolensk Power Repair Company OJSC (ordinary and privileged shares), Smolensk, 5 Industrialnaya St.	Ensuring the operation of power facilities in accordance with current regulatory requirements; timely and high-quality repairs; the upgrading and refitting of power facilities; repairs of equipment, buildings, engineering facilities, and transfer devices involved in the generation and transmission of electric power	2.34
2	The Fourth Generating Company of the Wholesale Electricity Market OAO, Russian Federation, Tyumen Oblast, Khanty-Mansi Autonomous Area – Yugra, Surgut, 23 Energostroitelei St., building 34	Electricity generation	0.11
3	Kvadra OJSC, 300012, Russian Federation, Tula Oblast, Tula, 99v Timiryazeva St.	Electricity generation	0.02649 (privileged shares)
4	Tula Sales Company OJSC, 300012, Tula Oblast, Tula, 99v Timiryazeva St.	Supply (sale) of electricity for the wholesale and retail electricity markets (capacity markets) to consumers (including individuals)	0.0218

5	Vladimir Sales Company OJSC, 600018 Russia, Vladimir, 24 Komissarova St.	Purchase of electricity for the wholesale and retail electricity markets (capacity markets); supply (sale) of electricity for the wholesale and retail electricity markets (capacity markets) to consumers (including individuals)	0.01
6	IDGC of Centre and the Volga Area, 603950, Russian Federation, Nizhni Novgorod, 33 Rozhdestvenskaya St.	Power transmission	0.00407
7	Territorial Generating Company №6 OJSC, 603950, Russian Federation, Nizhni Novgorod, 10/16 Alekseevskaya St.	Electricity generation	0.00155
8	Federal Grid Company of the Unified Energy System, 117630, Moscow, 5A Akademika Chelomeya St.	Power transmission	0.0015

Local Regulations

№	Title of the local regulatory enactment	Main provisions	Reference to the page of the Company on the Internet where this document is posted
1	Regulations on the Procedures for the Preparation and Holding of the General Meeting of the Shareholders of the Company (Minutes of the General Meeting of the Shareholders №1829 pr/1 of 28.02.2008)	This document defines the procedures for the preparation and holding of the General Meeting of the Shareholders (hereinafter – GMS). It stipulates the following: — Procedures for the convening and preparation of the GMS; — Procedures for convening an extraordinary GMS; — Information coverage of the GMS; — Holding the GMS in the form of a meeting; — Holding the GMS in the form of absent voting; — The working bodies of the GMS.	http://www.mrsk-1.ru/docs/sa.pdf
2	Regulations on the Procedures for Convening and Holding of the Meeting of the Board of Directors of the Company (Minutes of the General Meeting of the Shareholders №1829 pr/1 of 28.02.2008)	This document defines the procedures for the convening and holding of the Meeting of the Board of Directors of the Company (hereinafter – BD). It stipulates the following: — The organisation of the operations of the BD; — Procedures for convening and holding meetings of the BD; — Procedures for the preparation of the minutes of BD meetings; — The rights and responsibilities of the members of the BD; — The Corporate Secretary and secretariat of the BD.	http://www.mrsk-1.ru/file/sd.pdf
3	Regulations on the Committees under the Board of Directors of the Company: Regulations on the Reliability Committee of the Board of Directors of IDGC of Centre (Minutes of the Board of Directors of the Company №21/09 of 02.12.2009) Regulations on the Audit Committee of the Board of Directors of IDGC of Centre (Minutes of the Board of Directors of the Company №12/10 of 02.06.10) Regulations on the Personnel and Remuneration Committee of the Board of Directors of IDGC of Centre (Minutes of the Board of Directors of the Company №12/10 of 02.06.10) Regulations on the Strategy and Development Committee of the Board of Directors of IDGC of Centre (Minutes of the Board of Directors of the Company №09/08 of 30.04.08) Regulations on the Committee on Technological Connection to Electric Networks of the Board of Directors of IDGC of Centre (Minutes of the Board of Directors of the Company №01/09 of 13.02.09)	These regulations define the goals, objectives and procedures for the operation of the committees under the Board of Directors of the Company; establish the rights and responsibilities of the Committee members; and define the issues of interaction with the Company's governing bodies and the structural units of the executive office of the Company.	http://www.mrsk-1.ru/docs/KN_301109.doc http://www.mrsk-1.ru/docs/Appendix9.doc http://www.mrsk-1.ru/docs/appendix.doc http://www.mrsk-1.ru/docs/308.doc http://www.mrsk-1.ru/docs/VYbuzx.doc

4	Regulations on the Company's Audit Committee (Minutes of the General Meeting of the Shareholders №1429 pr/1 of 30.03.06)	This document defines the objectives and procedures for the operation of the Audit Committee, establishes its powers, and regulates the issues of its interaction with the Company's governing bodies and the structural units of the Company's executive office.	http://www.mrsk-1.ru/docs/pologenieRK.pdf
5	Regulations on the Payment of Remuneration and Compensation to the Members of the Board of Directors of the Company (Minutes of the annual General Meeting of the Shareholders №1 of 03.06.2008)	These regulations establish the amount and procedures for the payment of remuneration and compensation to the members of the Board of Directors of the Company.	http://www.mrsk-1.ru/docs/H2H9nK.pdf
6	Regulations on the Payment of Remuneration and Compensation to the Members of the Audit Committee of the Company (Minutes of the annual General Meeting of the Shareholders №1 of 03.06.2008)	These regulations establish the amount and procedures for the payment of remuneration and compensation to the members of the Audit Committee of the Company.	http://www.mrsk-1.ru/docs/rk.pdf
7	Regulations on the Information Policy of the Company (Minutes of the Board of Directors of the Company №009/06 of 18.10.2006)	The principal local regulatory act of the Company, which determines the rules and approaches to the disclosure of information and the list of information and documents subject to disclosure, as well as establishing the procedure and the time limits for such disclosures and presentations.	http://www.mrsk-1.ru/docs/PologinformPolit.pdf
8	Regulations on Insider Information of the Company (Minutes of the Board of Directors of the Company №008/05 of 14.10.2005)	These regulations specify the definition and the list of information related to insider information, regulates the interrelations between insiders and the Company, and specifies the responsibilities of insiders.	http://www.mrsk-1.ru/inform/documents1/insider/
9	Corporate Governance Code of the Company (Minutes of the Board of Directors of the Company №009/06 of 18.10.2006)	This document of the Company contains a code of responsibilities assumed voluntarily by the participants of corporate relations within the Company, including shareholders, the members of the Board of Directors of the Company, and its executive bodies. The Code reflects the following: – The principles and structure of corporate governance; – Information concerning the Company' shareholders (shareholders' rights, the General Meeting of the Shareholders, the dividend policy); – The practice of corporate policy implemented at the Company; – Information concerning the Corporate Secretary; – The disclosure of information and transparency; – The settlement of corporate conflicts; – Relations with affiliates.	http://www.mrsk-1.ru/docs/koduprav.pdf
10	Regulations on Internal Control Procedures (Minutes of the Board of Directors of the Company №01/09 of 13.02.09)	These regulations define the goals and objectives of internal control, the internal control procedures and their objects, and the persons responsible for the implementation of the internal control procedures.	http://www.mrsk-1.ru/docs/yJFfOC.doc

11	Regulations on Preferences (Minutes of the Board of Directors of the Company №009/06 of 18.10.2006)	These regulations establish advantages in favour of certain groups of suppliers during the competitive procurement of products for use by the Company.	http://www.mrsk-1.ru/docs/kKlahn.pdf
12	Regulations on the Option Programme (Minutes of the Board of Directors of the Company №011/06 of 30.11.06)	These regulations define the procedures for accepting and exercising the right to buy Company shares at a previously determined price, with postponed obligations for the transmission of the shares and payment for participants in the Option Programme.	http://www.mrsk-1.ru/docs/301106_011_06.doc
13	Regulations on Procurement (Minutes of the Board of Directors of the Company №06/08 of 28.03.2008)	These regulations govern the procedures for the procurement of any goods, work or services at the expense of the Company costing more than RUR 500,000, VAT exclusive.	http://www.mrsk-1.ru/about/administration/state/
14	Regulations on the Corporate Secretary (Minutes of the Board of Directors of the Company №009/06 of 18.10.2006)	These regulations establish the status, functions and authorities of the Corporate Secretary, the procedures for electing and termination of his/her powers, the procedures for his/her work, and his/her relations with the governing bodies of the Company.	http://www.mrsk-1.ru/docs/sekretar.pdf
15	Regulations on Dividend Policy (Minutes of the Board of Directors of the Company №18/10 of 03.09.10)	These regulations define the main provisions for the disbursement of dividends, the procedures for determining the amount of dividends, the procedures for making decisions on the disbursement of dividends, and the procedures and time for the disbursement of dividends on the Company's shares.	http://www.mrsk-1.ru/docs/pril12_polozhenie.doc
16	Regulations on the Management Board (Minutes of the General Meeting of the Shareholders №1829 pr/1 of 28.02.2008)	These regulations determine the procedures for the organisation, preparation and holding of a Management Board meeting.	http://www.mrsk-1.ru/docs/K4im4A.TIF
17	Customer Service Standard (Minutes of the Board of Directors of the Company №20/09 of 20.11.09)	The standard establishes rules for interaction with clients, standard requirements for the quality of services, and the optimization and institutionalization of procedures of interaction between the client and the legal entity providing services for the transmission of electricity and the technological connection to the networks.	http://www.mrsk-1.ru/docs/w4Ojzh.doc

18	Regulations on Investment Activity (Minutes of the Board of Directors of the Company №02/07 of 28.02.07)	These regulations establish the set of standards, rules and requirements for the classification, review, agreement and adoption of the Company's investment programmes, and certain investment projects that are part of the Company's investment programmes.	http://www.mrsk-1.ru/about/administration/activity/
19	Regulations on remuneration and compensation for committee members: Regulations on the Payment of Remuneration and Compensation to the Members of the Audit Committee of the Board of Directors of IDGC of Centre (Minutes of the Board of Directors of the Company №13/09 of 02.12.2009) Regulations on the Payment of Remuneration and Compensation to the Members of the Personnel and Remuneration Committee of the Board of Directors of IDGC of Centre (Minutes of the Board of Directors of the Company №13/09 of 02.09.2009) Regulations on the Payment of Remuneration and Compensation to the Members of the Reliability Committee of the Board of Directors of IDGC of Centre (Minutes of the Board of Directors of the Company №13/09 of 02.12.2009) Regulations on the Payment of Remuneration and Compensation to the Members of the Strategy and Development Committee of the Board of Directors of IDGC of Centre (Minutes of the Board of Directors of the Company №13/09 of 02.09.2009) Regulations on the Payment of Remuneration and Compensation to the Members of the Committee on Technological Connections to Electric Networks of the Board of Directors of IDGC of Centre (Minutes of the Board of Directors of the Company №13/09 of 02.12.2009)	These regulations govern the procedures for the payment of remuneration and compensation to committee members.	http://www.mrsk-1.ru/docs/audit16.doc http://www.mrsk-1.ru/docs/kadri18.doc http://www.mrsk-1.ru/docs/nadegnost19.doc http://www.mrsk-1.ru/docs/development17.doc http://www.mrsk-1.ru/docs/pr20.doc

20	Procedures for the Interaction of IDGC of Centre with those Economic Entities of which IDGC of Centre Owns Shares (Equity Stakes) (Minutes of the Board of Directors of the Company №05/09 of 27.03.2009)	<p>This document:</p> <ul style="list-style-type: none"> – Regulates issues related to the Company's exercising of shareholder's rights, and its relation to affiliates of the Company certified with shares (equity stakes), to ensure the effective activity of the representatives of the Company at the general shareholders/ participants meetings, with the boards of directors, and the Audit committees of affiliates; – Establishes general conditions for the corporate interaction of the Company and its affiliates along stated focus areas according to procedures, including corporate planning, organisation and the control of corporate activities, for consideration by the governing bodies of the affiliates of those issues, upon which, in accordance with the Articles of Association of the Company, it is necessary to determine the position of the Company (Representatives of the Company). 	http://www.mrsk-1.ru/docs/dzo.rtf
21	Regulations on the Disposal of Housing and Utility Facilities of IDGC of Centre (Minutes of the Board of Directors of the Company №21/09 of 02.12.2009)	These regulations establish the procedures and conditions for the disposal of housing and utility facilities belonging to IDGC of Centre and which are on the books of the executive office or unites of IDGC of Centre, except those facilities provided under a lease contract as residential premises to third parties for the time period of the discharging of their duties, as well as those facilities procured under contracts concluded after 01.07.2009.	http://www.mrsk-1.ru/docs/gkx_301109.doc
22	Internal Control Policy of IDGC of Centre (Minutes of the Board of Directors of the Company №13/10 of 15.06.10)	This policy defines the main principles for the organization of the system of internal control of the Company, to which compliance is obligatory, and which form a unified approach to the internal control processes in the Company.	http://www.mrsk-1.ru/docs/regulations7.doc
23	Risk Management Policy of IDGC of Centre (Minutes of the Board of Directors of the Company №13/10 of 15.06.10)	This policy defines the main principles of the organisation and the implementation and control of the processes of risk management at the Company.	http://www.mrsk-1.ru/docs/Regulition6.doc