



IR PRESENTATION

IDGC OF CENTRE

Key strategic priorities for 2011-2015,
financial results for 2010 & 1H 2011

Chief Financial Officer – Konstantin Orlov

Non deal road show Helsinki-Stockholm (Goldman Sachs)
October 25-26, 2011



IDGC
HOLDING



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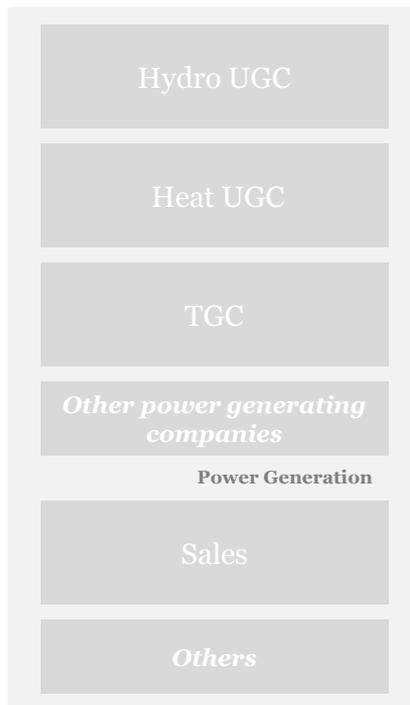
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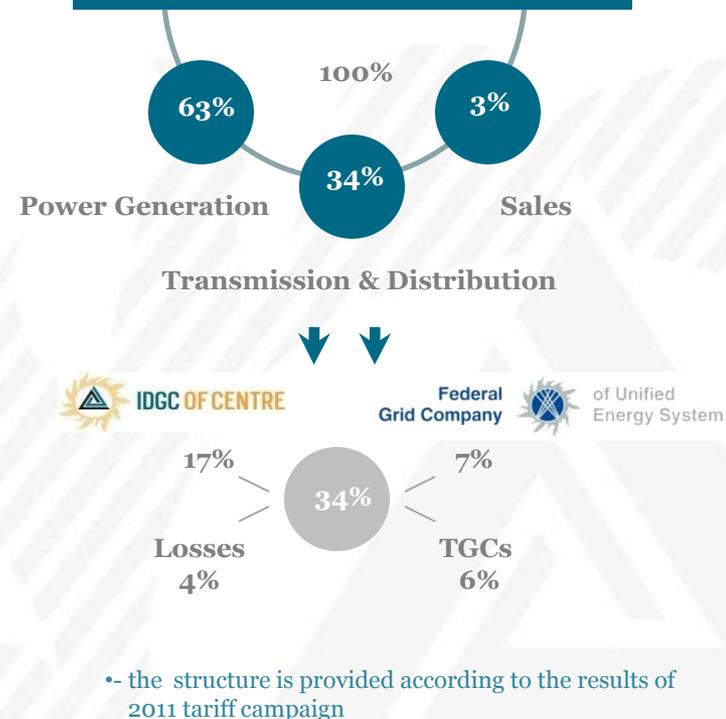
I.

Key strategic priorities for 2011-2015

Industry restructuring 2003-2007

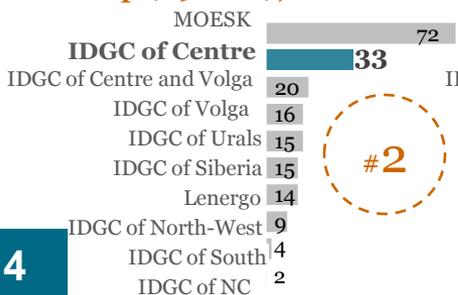


Current Tariff Structure

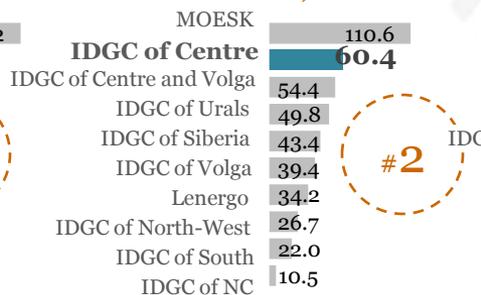


Benchmark among IDGCs (2010)

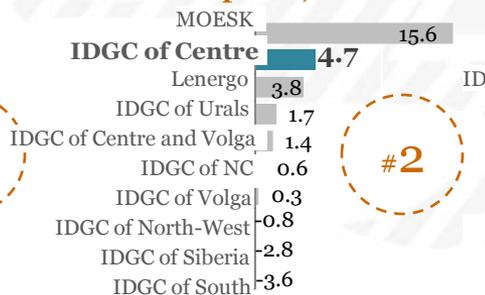
MCap (09.2011), RUR billion



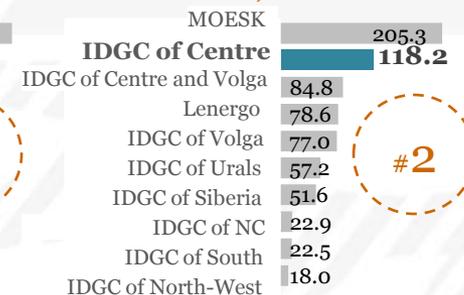
Revenue, RUR billion



Net profit, RUR billion



RAB, RUR billion

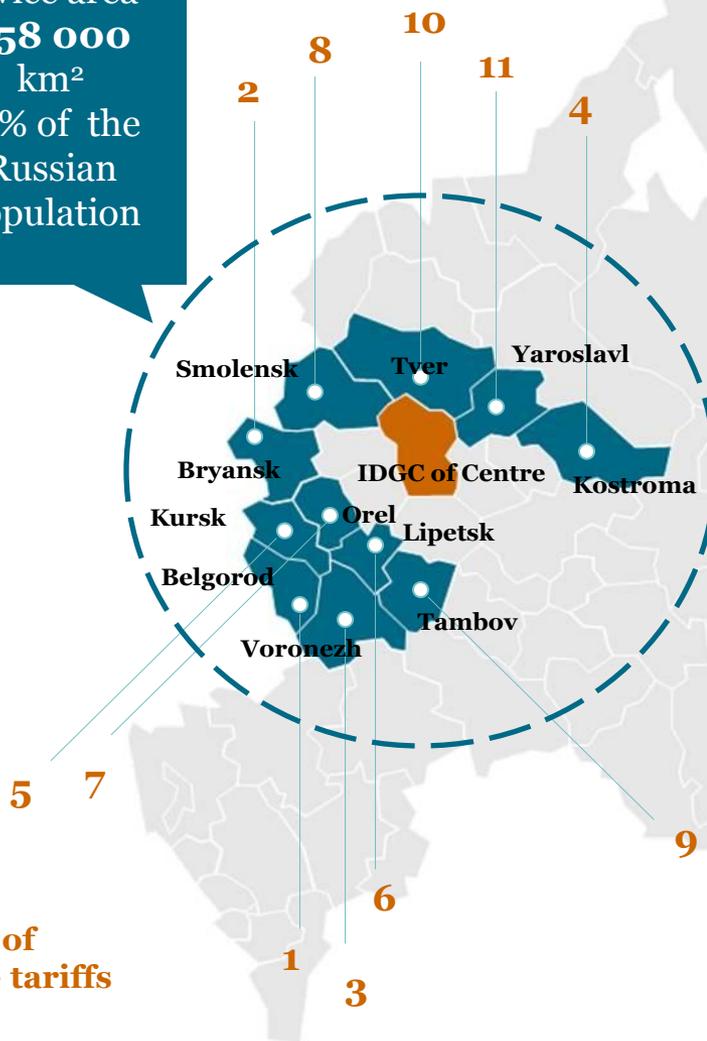




IDGC of Center

- 1 Belgorodenergo
- 2 Bryanskenergo
- 3 Voronezhenergo
- 4 Kostromaenergo
- 5 Kurskenergo
- 6 Lipetskenergo
- 7 Orelenergo
- 8 Smolenskenergo
- 9 Tambovenergo
- 10 Tverenergo
- 11 Yarenergo

Service area—
458 000
 km²
 15% of the
 Russian
 population



	2010
MCap, <i>RUR billion</i> <i>as at September 30, 2011</i>	33
Revenue (IFRS) <i>RUR billion</i>	61
Length of lines, <i>km thousand*</i>	365
Substation capacity, <i>MVA</i>	
35-110 kV	31 404
6-10/0.4 kV	15 192
Staff number	30 906
Number of shareholders**	16 775

The Company controls 83,6% of power transmission market – tariffs are regulated by the State

* - overhead power lines 0.4-110 kV

** - as at 12.05.2011 – the date of registry closed



09.2010

11.2010

12.2010

01.2011

06.2011

08.2011

12.2004 – 2009



Board of directors approved the Regulations on the dividend policy based on a system executing a set of criteria

December '04

As part of RAO UES reforming IDGC of Centre and North Caucasus had been registered for RGC integration

April '07

The final structure of the Company had been accepted, including 11 regional grid companies of central Russia (the decision of The board of directors of RAO UES)

March '08 Affiliation of RGCs

May '08 Listing on MICEX and RTS

5 years RAB tariff system had been adopted in Orelenergo and Bryanskenergo iRAB amounts USD 3.9 billion (RUR 118 bln)

The first stage of Smart Grid program is completed in Belgorod

The company acquired 100% of Yargorelectroset, the share of IDGC of Centre in regional grid assets increased to 90%

Successful implementation of the business plan and the investment program for 2010, the actual volume of CAPEX amounted to 103% of the plan – USD 401 million (RUR 12 billion)

5 years RAB tariff system adopted in Kostromaenergo, Tambovenergo, Voronezhenergo, Smolenskenergo and Yargorelectroset

The AGSM approved USD 20.1 million (RUR 611 million) of **dividend payment (the pay-out ratio – 12.6%)**. The Company fulfilled its obligations to pay dividends on 17.08.2011

Company stocks moved across to **MICEX quotation list A2**. Company confirmed **7+ rating of corporate governance** (on the national scale) the highest among all IDGCs.

Company reported 1H2011 IFRS financials, demonstrating material growth throughout the reporting period across key financial indicators

Board of directors **approved the corrected business plan** and investment program for 2011 due to the new tariff balanced solutions



Consolidation of power grid assets

1

Consolidation of TGCs and abandoned power grids in regions

- Management of inefficient owners' power grids
- Settlement of the "last mile" and the tariff rates growth in the regions of TGCs

Improvement of quality and reliability of customer services

2

- Reliable sources of technical and commercial losses calculation system established
- Replacement of lines and transformers on the basis of economic expediency
- Implementation of the innovative projects (smart grid, smart metering)
- Increasing of the reliability indicators (SAIDI, SAIFI)

Improving the efficiency of operating activities

3

- Working in accordance with the RAB methodology
- Assets management program (unified technical policy)
- Improving the procurement process
- Optimization of the management structure

Improvement of the Company's equity story

- Shareholder value growth through meeting strategic goals 1-3;
 - Share liquidity program implementation;
 - Possible privatization in 2013-2014



Russian Federation

↓ 53.69%

IDGC Holding

↓ 50.23%

Minor shareholders

↓ 49.77%*

Group of companies

IDGC of Center, JSC

Subsidiaries – 100%

11 operating business units

Energetik, JSC

51%

YarESK, JSC

100%

CIEET, Closed JSC

Centre of innovations and energy efficient technologies

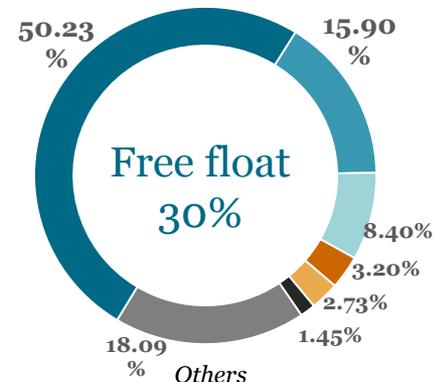
Yargorelectroset, JSC

Yargorelectroset, JSC is the largest Territory Grid Organization in the Central Federal Region. The result of acquisition of the 100% stake is that IDGC of Center now controls more than 90% of power grid assets in the Yaroslavl region

Energy service company, JSC

The main activities are providing saving energy services, energy efficiency

Share capital structure, %



- IDGC Holding, JSC
- Jamica Limited
- The Bank of New York Mellon
- Immenso Enterprises Limited
- Energosoyuz Holdings Limited
- Rusenergo Fund Limited

* - including the State share 0.46%

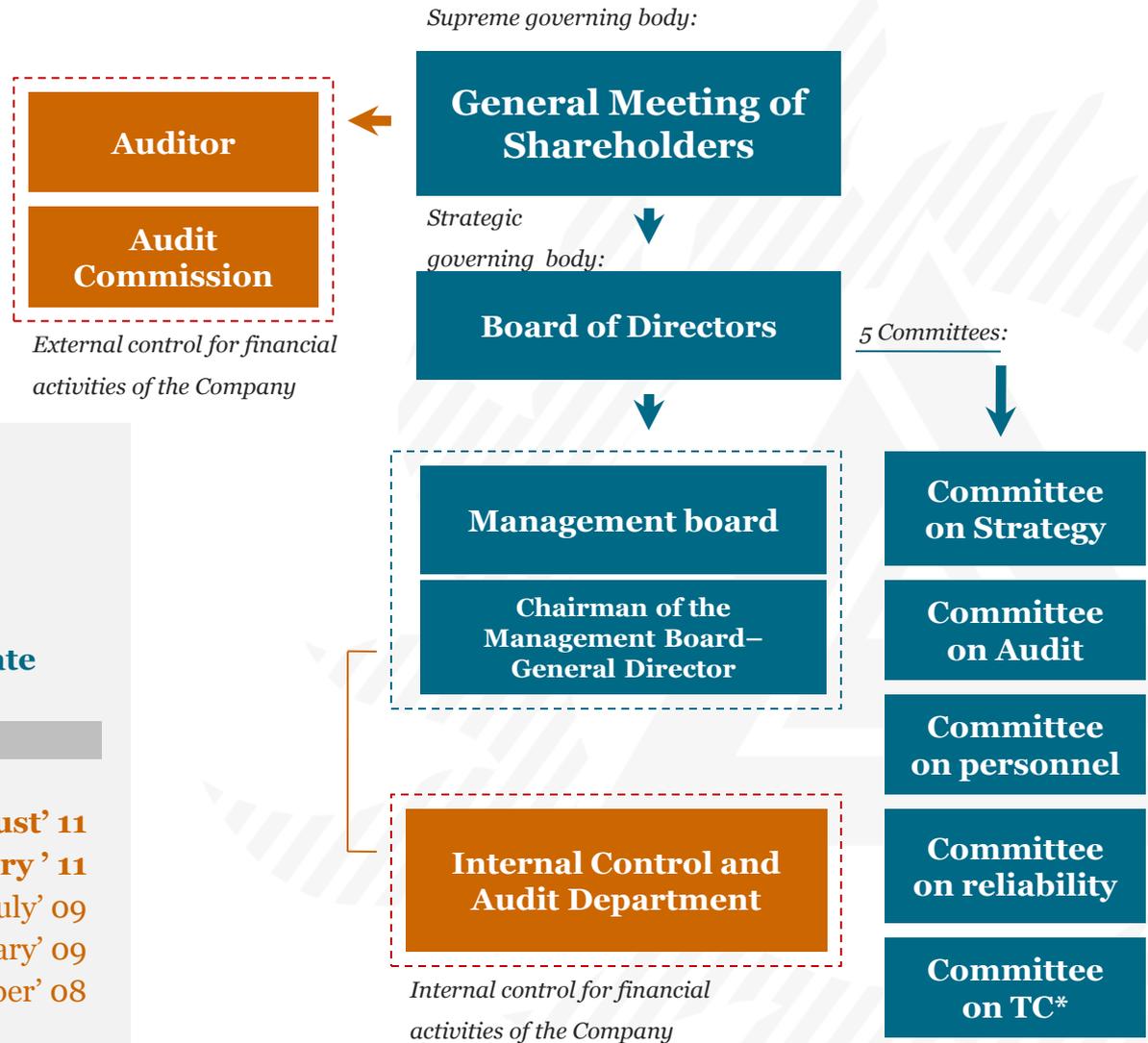


Developed corporate governance practice, leading position among IDGCs



History of IDGC of Center corporate rating on the national scale

NRCG**	
Confirmed (7+)	August' 11
Upgraded (7+)	January' 11
Confirmed	July' 09
Confirmed	February' 09
Assigned	September' 08

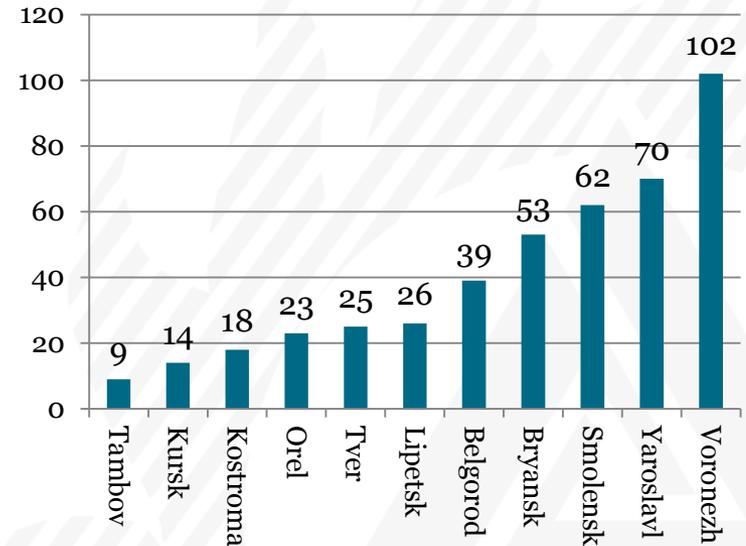


* - technological connection



TGCs in IDGC of Centre service area

Amount of other TGCs = 441



- **The other TGCs’ average share in revenue in IDGC of Centre service areas – 20%;**
- **Required Gross Revenue (RGR) of the Company due to the assets consolidation in regions may increase to RUR 10 billion by 2015, RGR share may grow by 97%;**
- **One of the key goals of the Company is the integration of power grid assets that will allow:**
 - increasing the reliability level of power supply
 - enlarging the power distribution sales market
 - improving the quality of customer service
 - balancing the tariff on power distribution

Share of the Company in the power transmission market, 2007-2015F

	2007	2008	2009	2010	2015F
Market share in terms of money	83%	83.6%	83.8%	84%	97%



Target/ Program

- Providing monopoly on power grid services market in the regions of presence with more than 97% share;
- Long-term target program for the consolidation of power grid assets have been developed and approved (power grid assets consolidation plan for 2011 - 2015)

Methods and advantages of consolidation

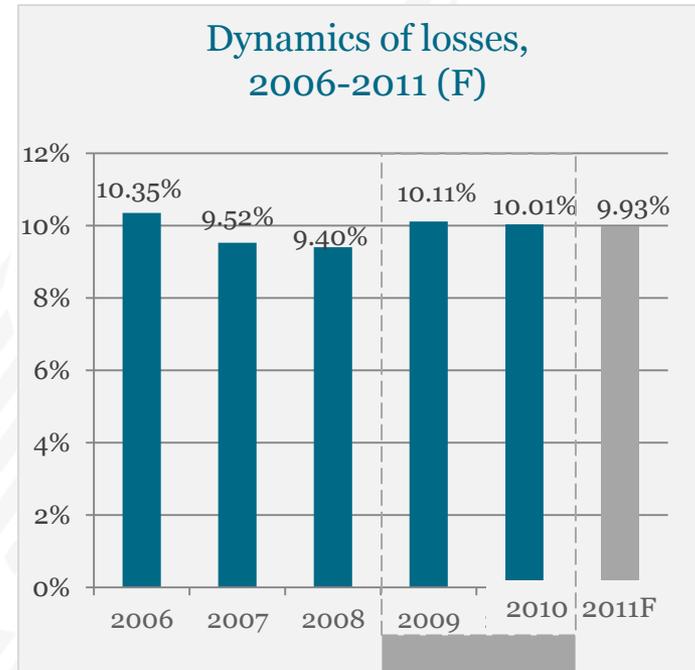
- Company consolidates the assets primarily in 3 ways: acquisition of power grid, long term property rent, purchase of shares of power grid companies;
- The basic advantages of consolidation are as follows: implementation of a unified technical policy, the development of a unified scheme of long-term development of power grids, improving the reliability of electricity supply to consumers of all categories, increasing of power grid capacity

Plans for 2011-2015

- It is planned in 2011 to consolidate municipal power grid assets of the Voronezh region, to acquire the property in the Lipetsk region and to consolidate the assets in the Tver region;
- Program provides working with more than 5 thousand owners



Year	Output kW (thousand)	%	Change, p.p.
2006	6 238	10.35	
2007	5 932	9.52	(0.83)
2008	5 875	9.40	(0.12)
2009	5 977	10.11	0.71
2010	6 230	10.01	(0.10)
2011F	6 237	9.93	(0.08)



- **Reduction of losses – the priority target for the management**
- Implementation of renovation program and modern metering systems will allow IDGC to reduce losses by 1% by 2015

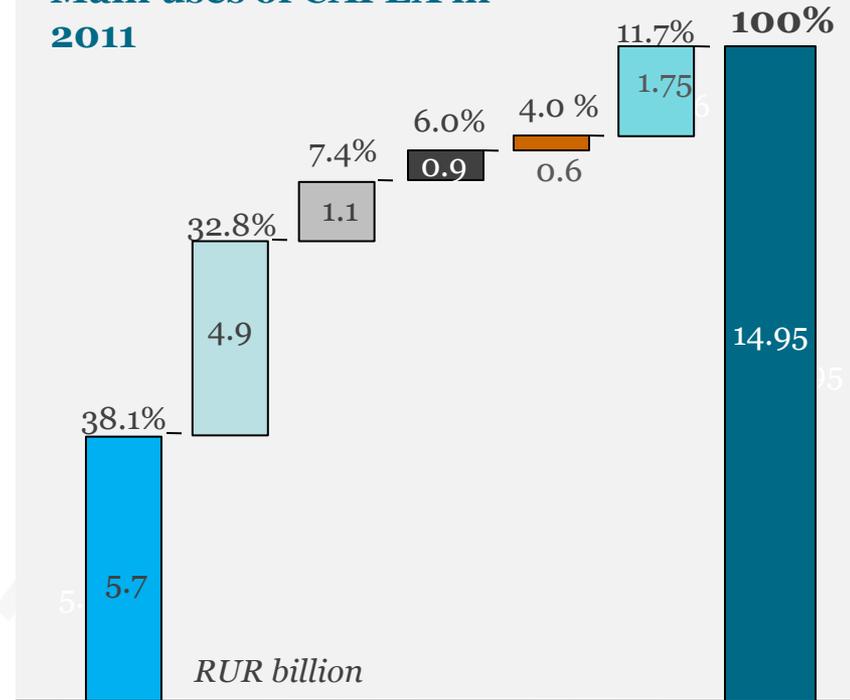
Increase of losses was a result of implementation of integration program, introduction of common technical requirements for all subsidiaries will allow to reduce losses



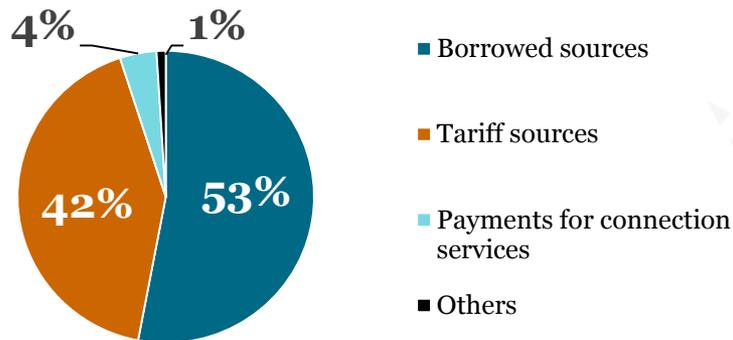
Expected CAPEX for 2011-2015 amounts to RUR 102 billion*

Year	Development, RUR billion	Commissioning, RUR billion
2011F	14.95	15.68
2012F	17.58	18.84
2013F	20.82	20.82
2014F	23.92	23.93
2015F	24.57	24.15

Main uses of CAPEX in 2011



Sources of finance in 2011



- - Replacement of the main power equipment
- - New construction (substations, overhead и cable lines)
- - ASMD systems, connection, IT
- - Developing/Modernization of accounting systems
- - Modernization and reconstruction
- - Others

* - in accordance with the adjusted IP which had been approved in September, 2011



The development of energy-saving technologies – Energy Service Company, JSC

The Program of the RF Government - "Energy-saving and enhancement of power efficiency for the period up to 2020"



Share in the authorized capital -100%

Energy Service Company, JSC

Key goals of establishment

1

- Diversification of the Company's operations, strengthening its market positions, increase of revenues;

2

- Formation of the competence center for the implementation of measures for energy-saving and power efficiency based on Energy Service Company (design and construction of facilities using energy-efficient technologies);

3

- Formation of the resource base of highly qualified personnel and technology for implementation of the repair program and the program of energy-saving and power efficiency of IDGC of Centre.

Key tasks

- Conducting energy audits, evaluation and reduction of energy losses of consumers;
- Implementation of service and maintenance functions to ensure stable and reliable operation of power facilities;
- Work on the analysis of new projects and existing utility systems and equipment (expert review);
- Development of design and estimate documentation and its coordination (examination) in the supervisory bodies;
- The activities within energy service contracts.



RAB regulation

- Transition to RAB is a vigorous driver for increase in operational efficiency and decrease in costs per unit
- The first IDGC among others which transferred all its branches to RAB: *2009: 3 branches, 2010: 4 branches, since 01.01.2011: 4 branches*
- High level of RAB - **USD 4.0 billion** (RUR 121 billion as at 01.01.2011)
- Capital formation rate is lower than profitability rate of invested capital

Strong team of managers

- Developed and implemented KPI system
- Strong financial performance - **positive dynamics** on all key financial and operating indicators for 4 years
- Transparent system of corporate management (7+ corporate governance rating on national scale)

Prospects of growth

- **Investment history of distribution grid complex attracts high attention of analysts and investors:**
 - on 21.06.2011 Annual General Meeting of Shareholders approved dividend payments for 2010 in amount of USD 20.05 million (RUR 610 million)
 - sector is significantly **undervalued as compared to foreign peers**



II.

Financial results for 2010 & 1H2011 (IFRS)



Key indicators 2008-2010 and 1H2011 (IFRS)

<i>RUR billion</i>	<i>2008</i>	<i>2009</i>	<i>2010</i>	<i>CAGR</i>
Revenue	43.7	49.3	60.6	17.8%
Revenue growth		12.8%	22.9%	
EBITDA	8.8	8.6	12.4	18.7%
<i>EBITDA margin</i>	20.2%	17.4%	20.5%	
Net Income	2.8	2.1	5.1	35.0%
<i>Net margin</i>	6.4%	4.3%	8.4%	
Net Debt	9.3	10.8	14.7	25.6%
Net Debt/EBITDA	1.1	1.3	1.2	5.8%

Sources: Company's data, KPMG auditor

<i>1H2010</i>	<i>1H2011</i>	<i>Growth, %</i>
29.5	35.2	19.2%
28.6	33.6	17.6%
5.7	8.6	49.9%
19.3%	24.3%	5 p.p.
2.3	3.8	63.7%
7.9%	10.9%	3 p.p.
14.7	11.4	-22.4%

Sources: Company's data

Key operating drivers in 1H2011:

•The control for final commercial and procurement procedures

- The economy on procurement for 1H2011 amounts to RUR 1.9 billion (about 14% of all procurement procedures)

• Staff optimization

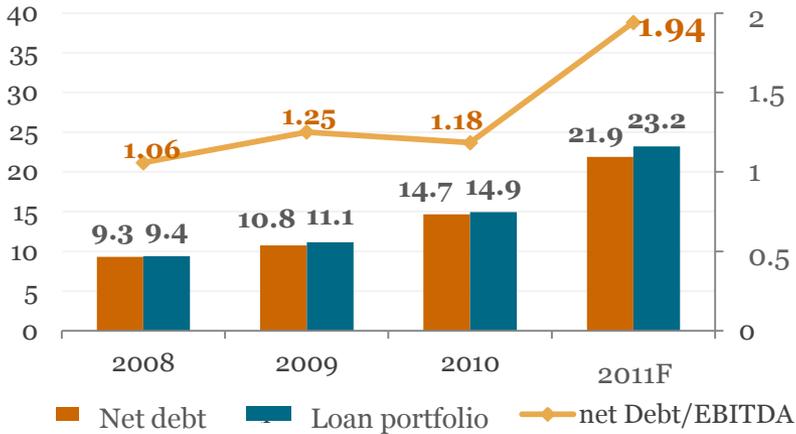
- The number of employees within the executive office reduced by 154 in 9 months of 2011 (-7%)

•The conclusion of the single contract between FGC UES and IDGC of Centre

- In April 2011 the working group between UES FGC and IDGC of Centre was created – the single contract on providing the services has been concluded. The principle advantage is that the payment for the services provided is based on balanced capacity. The estimated economical effect is about RUR 1.4 billion per year of reducing the tariff

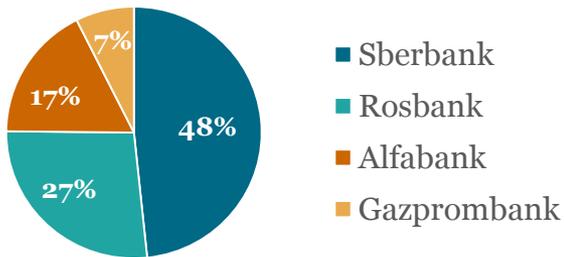


Net debt/EBITDA, RUR billion



Recommended ratio Net Debt/EBITDA = 3

Structure of loan portfolio (%), 2011



Credit rating history

History of IDGC of Centre credit rating

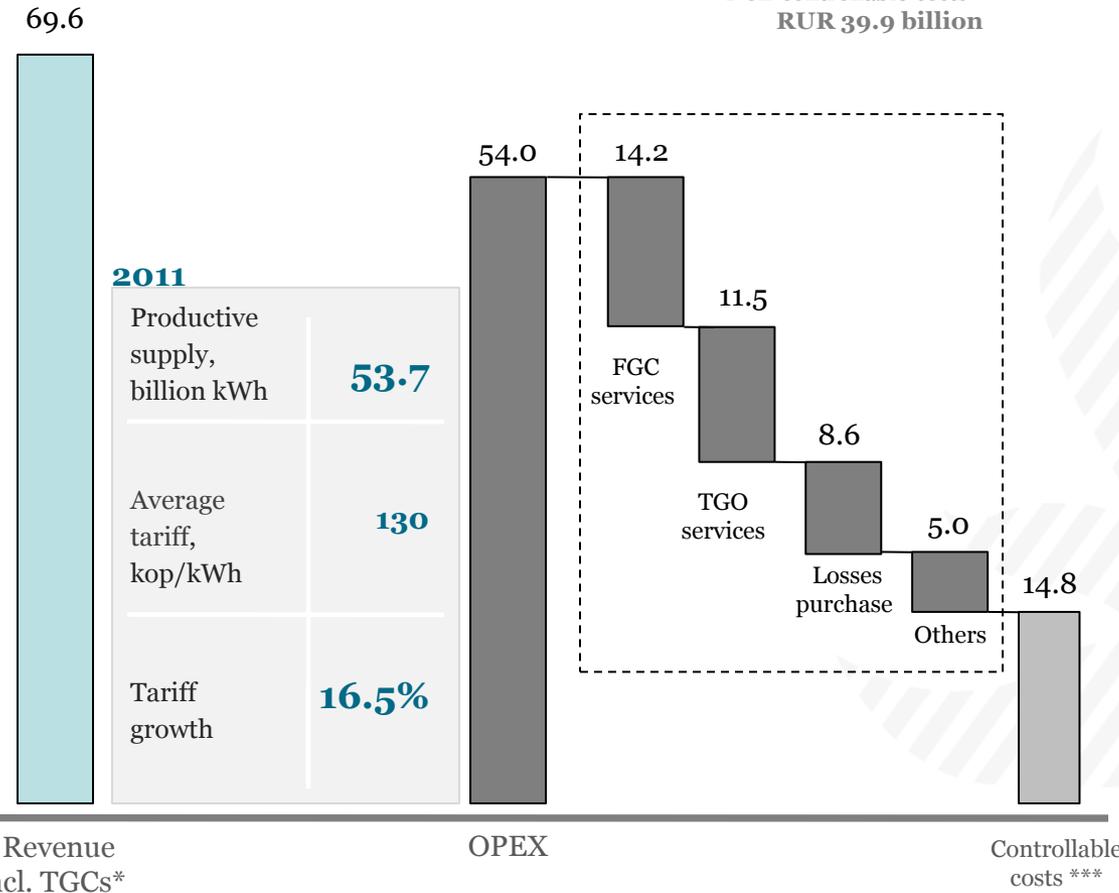
Standard&Poor's	
Confirmed	February'11
Confirmed	July '10
Assigned	November'09
NRA*	
Upgraded to AA-	December '10
Confirmed	October'10
Confirmed	September'09
Upgraded (level A+)	September'08
Upgraded (level A)	August'07

* National Rating Agency

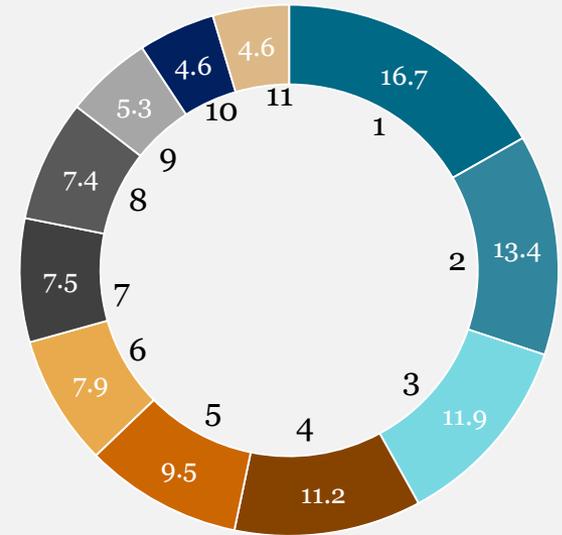


RUR billion

Non-controllable costs –
RUR 39.9 billion

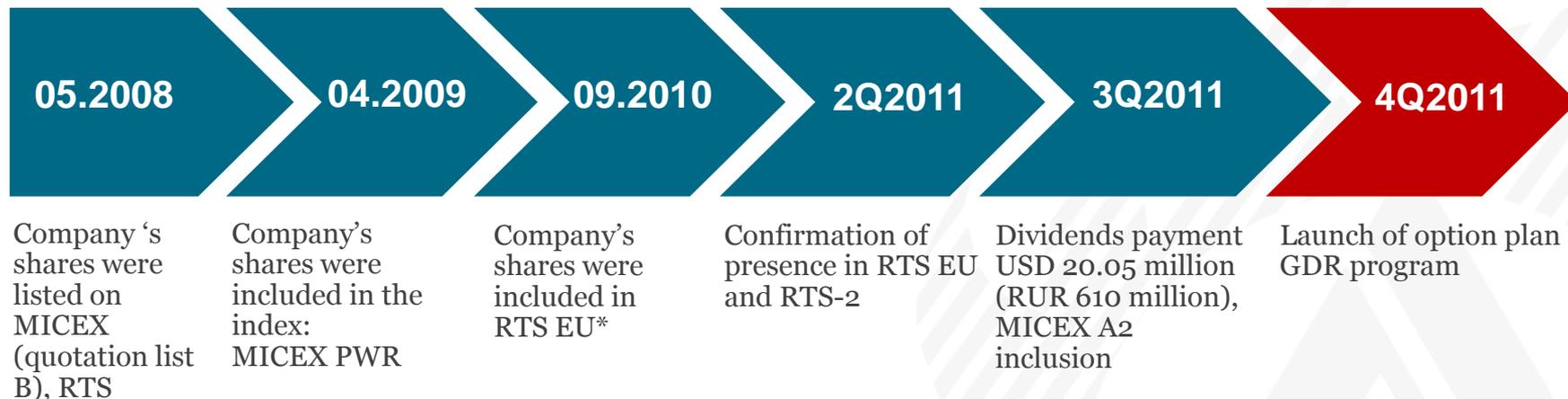


Required gross revenue structure, %



- Belgorod (1)
- Lipetsk (2)
- Voronezh (3)
- Tver (4)
- Yaroslavl (5)
- Kursk (6)
- Bryansk (7)
- Smolensk (8)
- Kostroma (9)
- Tambov (10)
- Orel (11)

* - RGR according to the Tariff Balanced Solutions for 2011 (according to the revision on 01.08.2011, Government Regulation 1172)
 ** - exc. Yargorelectroset
 *** - Controllable costs within OPEX



Dividends for 2010:

Total (RUR million)	610.9
Net profit share	12.6%
Dividend yield	1.37%

Company's priorities for the stock performance improvement:

- Stable dividend policy
- Quotation list update (MICEX A1)
- Depository receipts launching
- Inclusion in international indexes

■ - forecast

* - RTS energy utilities



Stock market indicators, multipliers

TSR (2010)	66%	Peer companies	
P/E	4,5	6,6	8,8*
EV/EBITDA	3,2	3,2	5,1*
EV/S	0,8	0,6	1,2*
EV/RAB	0,44	0,41	1,29*

70%
60%
50%
40%
30%
20%
10%
0%
-10%
-20%
-30%
-40%
-50%
-60%
-70%
-80%
-90%

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September 2011.

— IDGC of Centre — MICEX — MICEX Power

Company reports the good financials for 2009 and plans on all the branches to adopt RAB after Jul 01, 2010

Beginning of trading:

May 21, 2008

Quotation list:

«A2» MICEX

Shares of IDGC of Centre are part of the calculation base in indices:

- MICEX PWR
- RTS-electricity
- RTS-2

Feb 17. Head of Russian Government announced the need to curb the growth rate of tariffs on power

Remaining branches to adopt RAB (Nov'10, Jan'11)

The information that government intends to adopt RAB

Shares of the Company have been included into MICEX A2 quotation list
Company reports good IFRS financials on 1H2011

* - Average international peer companies



THANK YOU FOR YOUR ATTENTION!

IR specialists will provide you with any additional information upon your request:

Head of IR

Miroshnichenko Tatiana

ir@mrsk-1.ru

IDGC of Center

4, 2nd Yamskaya str., Moscow, Russia 127018

T: +7 495 747 9292 F: +7 495 747 9292

www.mrsk-1.ru

Tickers:

MICEX: MRKC

RTS: MRKC, MRKCG



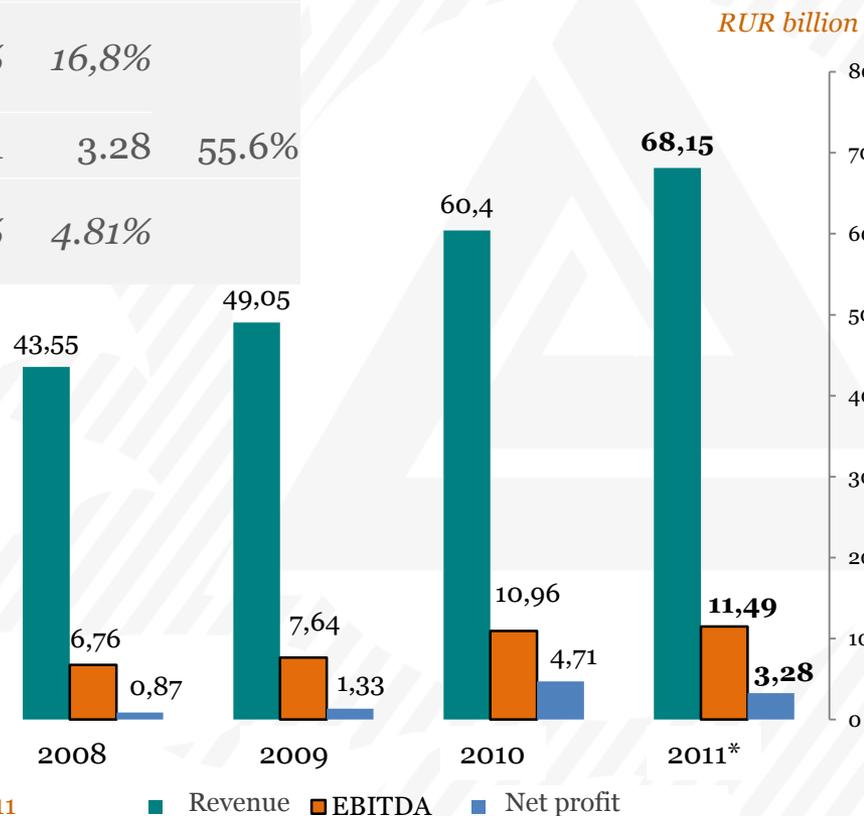
APPENDIX



	<i>RUR billion</i>	2008	2009	2010	2011*	CAGR
Revenue		43.6	49.1	60.4	68.2	16.1%
Costs		37.6	43.3	50.9	57.9	15.5%
EBITDA		6.76	7.64	10.96	11.49	19.3%
<i>EBITDA margin</i>		15,5%	15,6%	18,2%	16,8%	
Net profit		0.87	1.33	4.71	3.28	55.6%
<i>Net profit margin</i>		2.00%	2.71%	7.80%	4.81%	

The basic causes to correct business plan of IDGC of Centre for 2011 are:

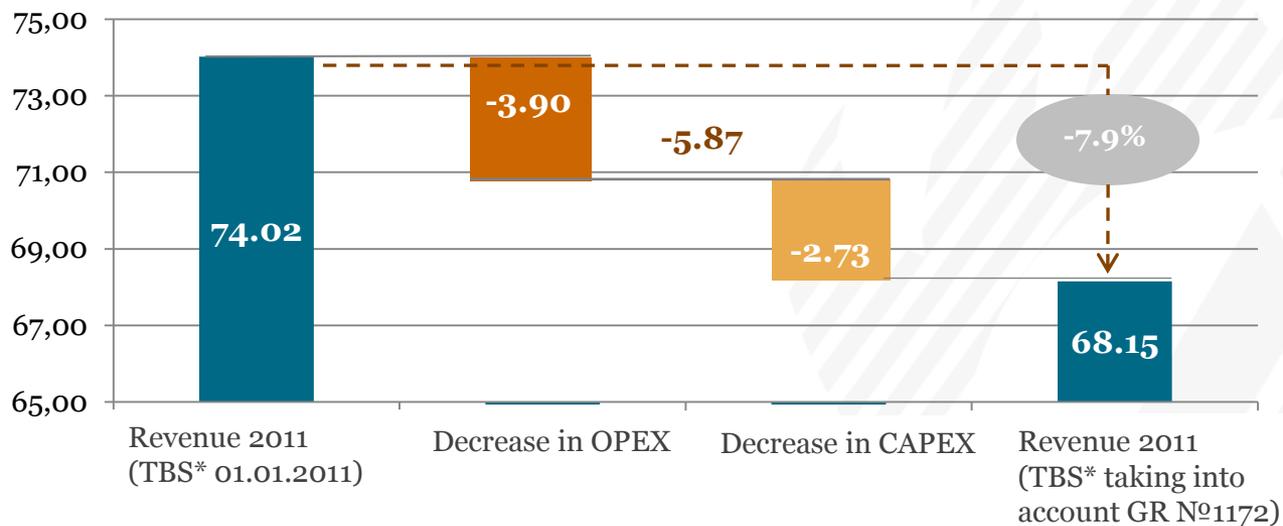
- Revision of the tariff balanced solutions for 2011 by the regional regulation authorities;
- Correction of investment program as a result of revision of the tariff balanced solutions for 2011.



* - corrected business plan, which had been approved by BD in September 2011



Decrease in RGR in accordance to Government Regulation №1172 offset by lower costs in 2011



Figures	Revenue from services	OPEX	CAPEX
2011 (TBS* 01.01.2011)	74.02	68.77	17.68
2011 (TBS* taking into account GR №1172)	68.15	64.87	14.95
Absolute CHNG	-5.87	-3.90	-2.73

*Tariff Balanced Solutions



Date of transition

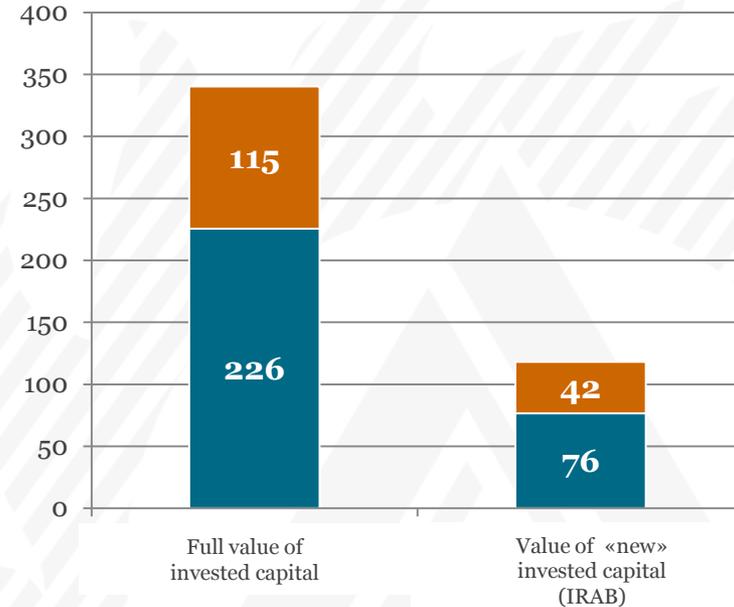
Subsidiaries

Total value of invested capital
RUR million

IRAB,
RUR million

Full value of IC and iRAB

Date of transition	Subsidiaries	Total value of invested capital RUR million	IRAB, RUR million
from 01.01.2009	Belgorodenergo	50 609	19 930
	Lipetskenergo	25 726	10 030
	Tverenergo	55 276	14 366
from 01.01.2010	Kurskenergo	30 782	10 802
	Yarenergo	21 586	8 968
from 01.11.2010	Bryanskenergo	20 045	5 989
	Orelenergo	21 571	6 407
from 01.01.2011	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



- RAB subsidiaries after 01.01.2011
- RAB subsidiaries before 01.01.2011

Approved iRAB on subsidiaries –
USD 3.9 billion
(RUR 118 billion)*

*Including Yargorelectroset 100% stake is owned by IDGC of Center