

**Joint-Stock Company
IDGC of Centre**



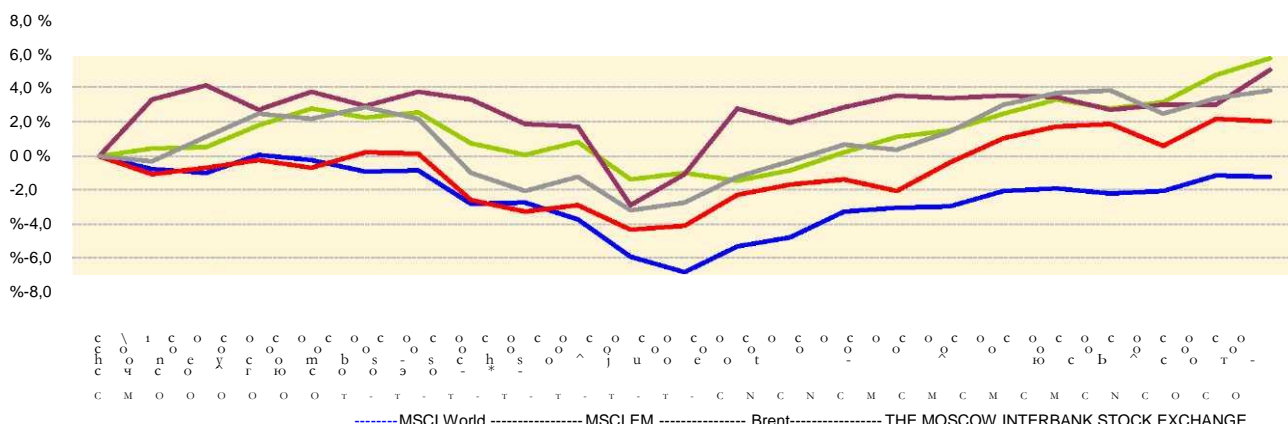
**IDGC of Centre, JSC securities market in March,
2011**

Moscow, April 2011

International and Russian share markets

The world markets of stocks have finished March in different directions: the index of developed countries MSCI World has lost 1,2 %, the index of emerging markets MSCI EM has grown on 5,7 %. Pressure upon stock exchange platforms of developed countries was influenced by the difficult situation on the Japanese atomic power station, which has suffered during earthquake Fukushima-1, by events round Libya, remaining instability in the countries of the North Africa and the Near East and an aggravation of the European debt problems.

Dynamics of emerging markets looked essentially better than the dynamics of the markets of developed countries, despite fears of toughening of a credit policy and outflow of means proceeding on this background from the funds investing in emerging markets.



Source: the Moscow Interbank Stock Exchange, RTS, Bloomberg

In the beginning of the month the volatile dynamics of the basic stock indexes of developed countries has been caused by action of two heteropolar vectors: optimism concerning prospects of the American economy and strengthening of geopolitical intensity in the countries of the North Africa and the Near East, become occasion to growth of fears of delay of rates of world economy because of rise in prices for petroleum. Growing price pressure of petroleum was felt within all month - against expectations of distribution of the military conflict in Libya on neighbouring countries - key exporters of power resources - Algeria, Kuwait and Saudi Arabia.

From the middle of March - after occurrence of the information on the largest earthquake in the history of Japan - in situation development news began to play the markets of developed countries round the emergency Japanese atomic power station Fukushima-1 a dominant role. For situation stabilisation on financial market the Bank of Japan has been forced to give emergency means for the sum more than \$400 billion, for the purpose of restraint of growth of a rate of yen. Countries G7 for the first time since 2000 have made the decision on carrying out of joint interventions in the exchange market. Restoration of the western platforms has begun only after the statement of the head of IAEA that the situation on the atomic power station Fukushima-1 is under the control.

Additional pressure upon the markets in March was rendered by the situation with the European debts. So, in the beginning of month agency Moody's has lowered a rating of Greece at once on three steps and a rating of Spain - on one step. Level a negative achievement of the arrangement by leaders of the countries of a zone of euro about increase in volume of the time fund of financial stability created in last year to €440 billion with present €250 billion and alleviating of conditions of returning of loans could not. In the end of March, having expressed negative attitude to the new plan of EU, agency S&P has reported about lowering of ratings of Portugal and Greece. The political crisis connected with resignation of the prime minister and dissolution by the president of parliament of the country became a basis for rating actions concerning Portugal also.

Dynamics of stock markets of developing states differed with more stability. The basic negative factor for the markets emerging markets still are expectations of toughening of a credit policy for struggle

with growing inflation. So, in March the Central Bank of India in the seventh time of the current financial year has increased interest rates, the Central Bank of South Korea - in the second time. The markets continue to expect similar steps and from the Central Bank of China, in March increased reserve requirements for banks in the third time for a year. On this background outflow of means from the funds investing in the markets of developing states proceeds.

Dynamics of the Russian market the most part of month looked slightly worse dynamics of share platforms of developing states and it is better than dynamics of the developed markets. Following the results of March the Moscow Interbank Stock Exchange index has grown on 2,0 %, having renewed annual maxima on rise in prices for petroleum and own positive news background.

The basic losses of the Russian platforms had for the second decade of March - against investor concern growth by the European debt problems. However since third decade of month the Russian market has continued growth on increase of stocks of Gazprom because of expectations of increase in a world demand and the prices for gas and Nornikel where the information on readiness of Metalinvest to increase the share in the company's authorised capital began the basic driver of quotations.

In the end of the month positive dynamics of the western platforms where investors won back conditions stabilisation on the emergency Japanese atomic power station and decision G7 on joint intervention, growth of oil quotations and own, basically a positive, news background continued to render to our market support.

Significant news in the reporting period began to leave the decision of the Central Bank of the Russian Federation without change a base rate and interest rates on operations of Bank of Russia and to increase, since April, 1st, specifications of required reserves.

Other significant news, which have supported the Russian market in March, it is possible to mention the increase by a number of equity analysts of forecasts of rates of increase of gross national product of Russia in 2011 against the rise in prices for petroleum. Barclays Capital has lifted the forecast of growth of the Russian economy from 3,8 % to 4,3 %, Citi - about 4 % to 4,3 %, UniCredit Securities - from 4,3 % to 4,6 %, ING Bank - from 4,7 % to 7,4 %. Agency Fitch also has reviewed the forecast towards increase - on 0,2 point to 4,5 %. Some discord against general increase of forecasts of growth of gross national product of the Russian Federation in 2011 estimations of the World bank (WB), the growth which has lowered the forecast of the Russian economy from 4,5 % to 4,4 %. According to WB, downside risks of rates of increase of economy of the Russian Federation, connected with high volatility of the prices and a world demand for petroleum, remain.

The contribution to moods of the Russian market makers was brought by the ambiguous macroeconomic statistics published by Rosstat. Following the results of February:

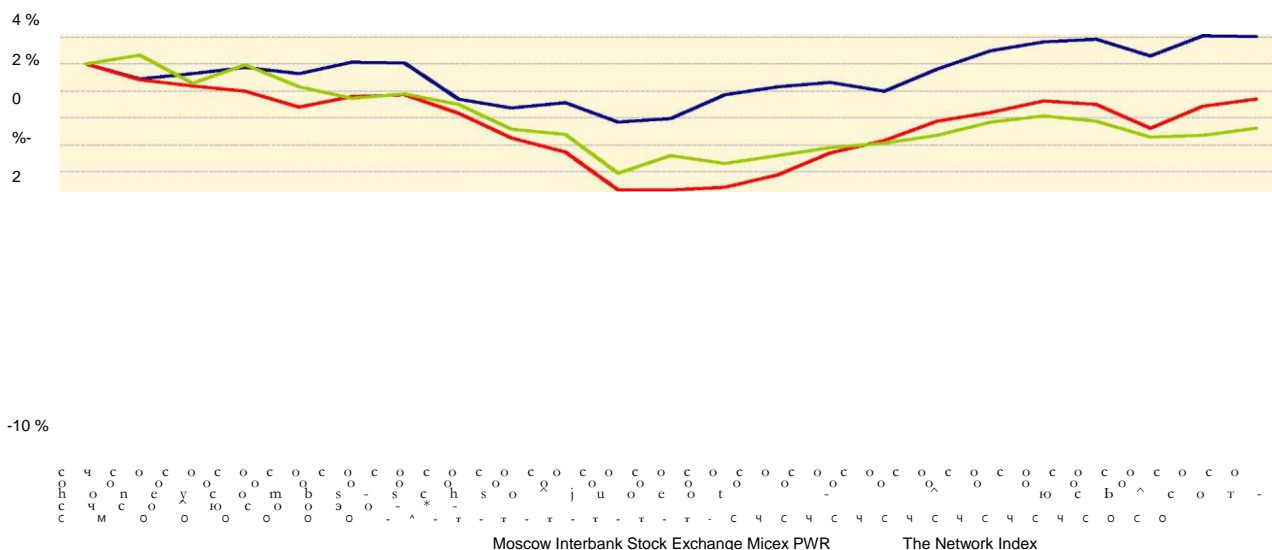
- Investments into fixed capital in February, 2011 have decreased on 0,4 % in comparison with February, 2010 after falling on 4,7 % in January and growth on 10,1 % in December, 2010;
- Real cash incomes of the population in February, 2011 have fallen in comparison with February, 2010 to 1,5 %, for January-February, 2011 incomes have decreased on 3,4 % in real expression in comparison with January-February, 2010;
- Retail trade turnover in February, 2011 has grown on 3,3 % in comparison with an indicator of February of last year, by January, 2011 this indicator has fallen to 25 %;
- The level of unemployment in February has decreased on 0,2 percentage points - to 7,4 % - after growth on 0,4 items in January and 0,5 items in December;
- Output and services in base kinds of economic activities in February has increased by 3,6 % in comparison with February, 2010.

Occasion to anxiety of economists still is growing inflation which from the beginning of month on March, 28th has constituted - 0,5 %, from the beginning of year - 3,7 %. Besides, in February the rise in prices of manufacturers - to 3,3 from 2,1 % in January and 1,0 % in December was accelerated.

The share market of the companies of electric power industry

The companies of electric power sector in the reporting period have shown decrease: the index of MicexPWR has on monthly results decreased for 2,6 % while the Moscow Interbank Stock Exchange index has grown on 2,0 %.

Shares of company of IDGC of Centre have decreased on 5,0 %. The index of the Network reflecting dynamics of stocks of the companies of distribution grid sector, has lost 4,8 %.



Source: the Moscow Interbank Stock Exchange, RTS, calculations DKT

Negative dynamics of industry index MicexPWR in the first half of the month was, mainly, is caused by uncertainty concerning the governmental decisions on the measures directed on price reduction on the electric power.

So, on March, 4th, acting at session of the State Council devoted to development of electric power industry, the President of the Russian Federation has expressed fear that the further rise in prices for the electric power can brake economic development of the country. In this connection the head of the state, having underlined personal responsibility of heads of regions and the government, has charged to the government to develop to the middle of May measures on restraint of a rise in prices for the electric power. Carrying out the given commission, the head of Ministry of Energy has reported on March, 17th that the program of forming of the tariffs, agreed regions, will be ready by May. Within the limits of its realisation respective alterations in the near future will be brought in statutory acts which regulate the electricity and capacity market, - the minister has declared.

In total since February, 16th when there was an information on government proposals on restraint of tariffs, on March, 18th capitalisation of the companies of electric power sector has fallen almost to 11 %, or 320 billion roubles.

The greatest losses have incurred the electric grid companies - 43 % from total decrease, including FGC UES - 29 %, IDGC Holding - 7 %. The company of heat generation had 31 % of general losses of the sector, RusHydro - 14 %, Inter RAO-7 %.

In the second and third decades of March the considerable contribution to negative dynamics of industry index MicexPWR was brought by stocks of FGC decreasing on negative news background. Sharp falling of quotations was preceded dated on March, 11th by the statement of agency Interfax referring to head of FGC according to whom privatisation of 4,1 % shares of the company, most likely, will take place in 2012 taking into account requirements on achievement of stock value of at the mark of 0,5 roubles for a share. Pressure upon securities has amplified after occurrence on March, 14th information on delay of the company's technical listing in London and Ministry of Energy offers decrease in tariffs for FGC on 5 % in 2011.

To reduce losses to industry index of MicexPWR it was possible only in second half of March - thanks to returning of investors to essentially fallen in price stocks of the companies of sector against improvement of moods in the western markets. Thus the news background for the electric power companies at the best could be characterised as ambiguous.

In the end of March FAS has acted with offers on cancellation of a marginal level of the price for capacity (price cap) for a zone of a free overflow (ZFO) in Siberia, having applied the level of the price, which have developed during a competitive output coupling for 2011. By rough estimates of representatives FAS, leaving from price cap in ZFO of Siberia will allow to lower aggregate expenditures of consumers of this zone on 5,2 billion rbl.

According to branch experts, from accepting of the given offer can suffer the majority of the companies of the Siberian heat generation which stations work in the forced mode. Thus, as analysts believe, the positive effect for heat generation from cancellation of price restrictions will be rather insignificant and will be reflected only in indicators OGC-4 and OGC-6. Also as possible beneficiaries such decisions of regulator experts are called the Siberian hydroelectric power stations.

The basic contribution to growth of a branch index in the end of the reporting period was brought by the electric grid companies a positive for which was the information on Ministry of Energy plans on forming of offers on the tax concessions and their representation for the coordination of relevant departments.

The share market of distribution grid companies

Dynamics distribution grid companies in March has been caused, first, by expectations of a concrete definition of measures offered by the government for restraint of a rise in prices for the electric power and, secondly, the rich news background.

In first half of March fears of adverse tariff decisions and growth регуляторных risks became the reasons of decrease in stocks of the distribution grid companies. Negative moods of investors have amplified after comments of the head of Ministry of Energy which have declared that a basic reason of excess 15 % growth of the final prices for the electric power in 2011 became tariff decisions for IDGC. Additional pressure on distribution grid companies has rendered performance of the President of the Russian Federation devoted to development of industry of electric power industry State Council session in which course the head of the state has paid attention to that fact that the basic increase in the prices at the electric power during the current year is necessary on distribution facilities and on sale. After this, the president named the tariffs established for 2011 for electric power transfer through networks in regions of the Russian Federation "extreme". On this background the offer of D. Medvedev about privatisation of IDGC or their transfer to management could not improve moods of investors though traditionally privatisation of IDGC was considered by analysts as one of long-term factors of investment appeal of these companies.

The coordination of IDGC Holding and affiliated company of French EDF - ERDF - conditions of transfer Tomsk DG in management of ERDF became the main event of second half of March for the distribution grid companies. As a whole industry analysts believe that transfer of distribution grid companies to private management, including, to foreign investors will be the serious driver of growth of stocks of IDGC. Their privatisation could become even more preferable variant from the point of view of growth of cost of IDGC experts, however, believe, it is a question not of the near future.

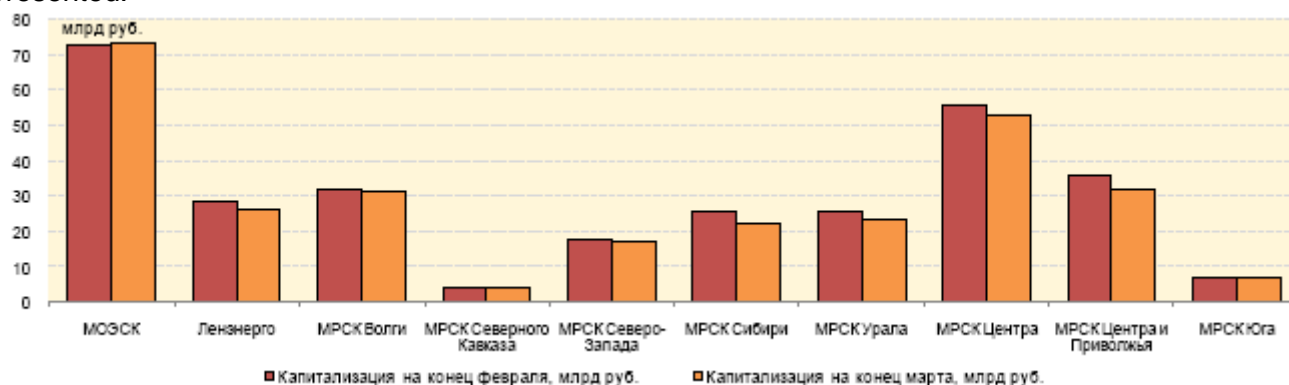
From other news of distribution grid companies it is necessary to note:

- the statement of the head of IDGC Holding according to which RAB-tariff smoothing in 2011 will occur in 13 regions where growth of the final price for the electric power for the consumer has exceeded 15 %. At this N. Shvets has underlined that final decisions will be possible after modification of statutory acts, including, regarding change of the period of adjustment;
- The message of agency Interfax referring to S.Shmatko that Ministry of Energy of the Russian Federation plans to generate offers on the tax concessions for the power companies and to present

them on the coordination of profile departments in 3-4 months. Besides, the ministry considers inexpedient entering of the moratorium on sale of IDGC to private investors;

- Offers of Ministry of Energy and FTS about increase from five till seven years of term of tariff adjustment of services distribution grid companies on method RAB.

On the following chart results of change of capitalisation of IDGC in the reporting period are presented:



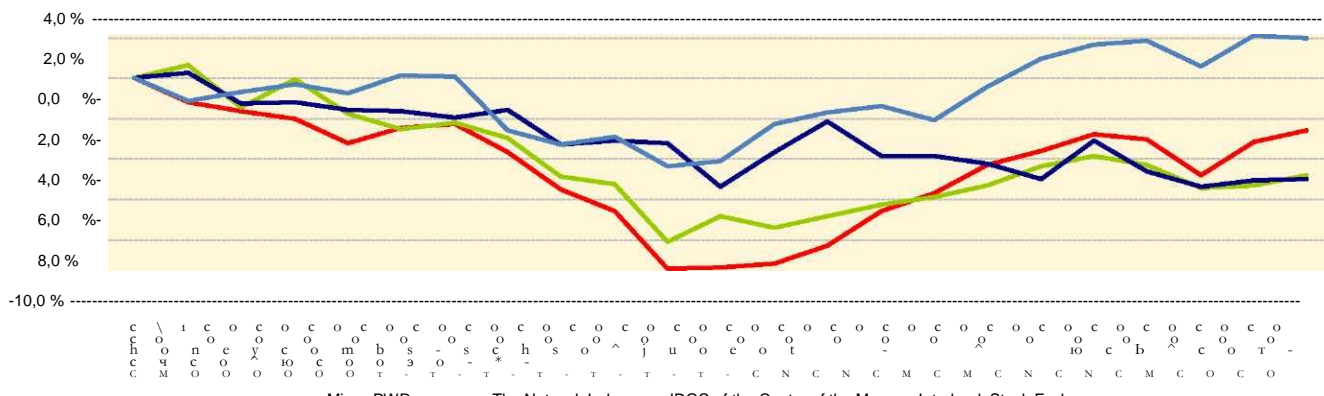
Source: the Moscow Interbank Stock Exchange, calculations DKT

Following the results of March the capitalisation of all IDGC have shown negative dynamics, an exception became MOESK, which capitalisation has grown on 0,4 %. The worst dynamics have shown IDGC of Siberia and IDGC of Centre and Volga, which have lost 13,8 % and 10,6 % accordingly. Value of capitalisation of IDGC at the end of February and March, 2011 (on weighted average prices on the Moscow Interbank Stock Exchange), and also change for the month, are presented in the table:

Company	Capitalisation, billion rbl. (On weighted average prices on the Moscow Interbank Stock Exchange)		Change for the month, %
	On 28.02.11	On 31.03.11	
MOESK	72,8	73,1	0,4 %
Lenenergo	28,3	26,7	-5,7 %
IDGC of Volga	32,1	31,7	-1,3 %
IDGC of North Caucasus	4,4	4,2	-3,7 %
IDGC of Northwest	17,8	17,4	-2,6 %
IDGC of Siberia	25,9	22,3	-13,8 %
IDGC of Ural	25,5	23,6	-7,3 %
IDGC of Centre	55,7	53,0	-4,8 %
IDGC of Centre and Volga	35,7	31,9	-10,6 %
IDGC of South	7,2	6,9	-3,5 %

Share market of IDGC of Center

Stocks of IDGC of Centre have finished the month with decrease in quotations on 5,0 % on the prices of last deals on the Moscow Interbank Stock Exchange. The index of the Network reflecting dynamics of stocks of the companies of distribution grid sector, has lost 4,8 %.



Source: the Moscow Interbank Stock Exchange, calculations DKT

In March stocks of IDGC of Centre showed outstripping dynamics in comparison with dynamics Micex PWR and the Network Index, in the end of the month dynamics of stocks of IDGC of Centre and network index were made even.

The characteristic of volumes of the trades on the Moscow Interbank Stock Exchange and RTS in the reporting period is presented by stocks of IDGC of Centre in the table:

Stock Exchange	Quantity of deals	Volume, pieces	Volume, million rbl.
RTS (classical) *	16	8 019 991	10,06
RTS (exchange)	2	586 900	0,74
THE MOSCOW INTERBANK STOCK EXCHANGE	1 857	287 785 000	372,19

* - including address deals

In March on RTS it has been concluded only 18 deals for the sum of 10,8 million rbl. The main trades passed at the Moscow Interbank Stock Exchange where turnover of stocks of IDGC of Centre has constituted 287,79 million pieces or 0,68 % from total quantity of shares of company. Turnover on company securities in March in comparison with the last month has grown 1,7 times. The daily average volume of the trades has constituted about 13,1 million pieces whereas last month the given indicator was at level of 8,9 million pieces.

The maximum volumes of the trades were on March 3rd, 4th and 14th, 2011 - 56,1 million, 25,2 million and 52,4 million stocks accordingly, or about 46 % from all turnover for the month.

The stocks of IDGC of Centre average bid-ask spread¹ has increased from 0,36 % to 0,79 %. The maximum spread for the period reached 2,56 % (on March, 15th), and the spread reached the minimum value on March, 18th and has constituted 0,01 %.

Among news of IDGC of Centre in the reporting period it is possible to note the statement that the company can direct on dividend payout for 2010 about 13 % of net profit.

On the given news of analytics have commented as follows:

UniCredit | + | «Though we consider the size of dividends small, we positively estimate the fact of dividend payout as it testifies the discipline of the company and can become the first step in creation of a track record of company (the company did not pay dividends in 2009). We consider that start of the program of optional compensation should become strong stimulus to reducing of operational expenses of the company and improvement of indicators of activity further. Tariffs RAB suppose economy accumulation on costs and effect from operational improvements at the level of net profits»

¹ The spread is calculated as (ask/bid-1)
 «Depository and corporate technologies» LLC, March 2011

Energocapital	+	<p>«Dividend yield of stocks of IDGC of Centre is not high, therefore <u>the statement will not render essential influence on dynamics of quotations</u>. Besides we will note, dividend payout should not appear a surprise for the market - the management of IDGC Holding repeatedly noticed that dividend payments are necessary for holding financing from affiliated companies. At the same time, start of the optional program can become interesting medium-term idea. Stocks will be redeemed, most likely, from the market <u>that will cause speculative elevating of quotations</u>».</p> <hr/> <p>«We regard the given news as <u>positive</u> for quotations of the company and we confirm our target objective on securities in 0.06407\$/for stock, which 43 % correspond to potential of growth of quotations and the recommendation to BUY. The basic risk for the company at the moment is revision of tariff decisions on this and the next years in view of a restraint policy growth of tariffs».</p>
TKB Capital	+	
BKC	=	<p>«We believe that the market will neutrally apprehend news about dividends of IDGC of Centre, considering low dividend yield. At the same time intention to pay stable dividends speaks about growth of level of corporate <u>managements in the grid company</u>».</p> <p><i>Translation from English</i></p> <p>«The dividend payout beginning is positive news though we consider, that market reaction will be neutral. Now the core attention of the market is focused on possible application of smoothing revenues in 2011, and, probably, in 2012. IDGC of Centre is <u>one of candidates on smoothing application</u>».</p>
Opening	= / +	

In the beginning of March analysts also made comments on results of IDGC of Centre on PCBY for last year:

Comments on March, 1st - IDGC of Centre publishes indicators for 2010.

The revenue for 2010 has constituted 60,4 billion rbl., growth on 23 % to previous year, net profit has grown on 256 % and has constituted 4,71 billion rbl.

Bank of Moscow IDGC The centre	+	<p>«Good results of IDGC of Centre payout and also possibility to pay dividends confirm advantage of new adjustment for shareholders and <u>can support</u> company quotations in the share market».</p> <p><i>Translation from English</i></p> <p>«We believe that the company will pay 150 million rbl. as dividends on the results of 2010. The coefficient of dividend payments will constitute 3 %. Dividend Profitableness at current price - only 0,2 %. Nevertheless, we consider that the sum subsequently can be increased, and in the future the company can pay More considerable dividends. We consider the given news as <u>positive for IDGC of Centre</u>».</p>
JP Morgan IDGC of Centre	+	
Metropol	=	<p><i>Translation from English</i></p> <p>«We with impatience will expect detailed results on RAS for 2010, which will be issued later. For today, in our opinion, investors expect detailed elaboration of the program of the government on restraint of rates of increase of the tariff in 2011 and 2012 as it will influence parameters of RAB of IDGC of Centre. <u>We consider that news will not render some significant influence on the prices of shares of company</u>».</p>
IDGC The centre		

TKB
Capital =
IDGC
of Centre

«IDGC of Centre has completely passed to RAB-regulation from 2011, therefore by results of current year we expect to see a considerable increase of financial indicators. The company belongs to our favourites in the grid segment, however there is serious risk in revision of parameters of regulation and tariff decisions owing to government initiatives on»

Forecasts and recommendations of share analysts of IDGC of Centre and opinion on distribution grid companies as a whole

In March experts of investment group "Alemar" have issued the review of the Russian electric power sector in which, in particular, have noticed that IDGC of Centre is the first distribution grid company, which completely has passed to RAB regulation that has provided to it the highest coefficient of revaluation of own assets at determination of initial base of invested capital. Thus, arguing on appeal of stocks of IDGC of Centre, experts of "Alemar" notice that «the company stock value in many respects already considers effect from introduction of RAB».

The information on current recommendations of analysts of investment companies is presented in the table (colour allocates original estimations, without converting in other currency):

The company	Estimation (forecast)		Potential growth	Date of renewal	The recommendation ⁴
	\$	Rbl. ²			
<i>Estimations in roubles</i>					
1 Alemar	0,047	1,350	7 %	3/28/2011	To hold
2 Opening	0,060	1,700	35 %	2/22/2011	To buy
3 Morgan Stanley	0,053	1,500	19 %	1/31/2011	equal-weight
4 Deutsche Bank	0,071	2,030	61 %	1/18/2011	To buy
5 Citi	0,068	1,930	53 %	11/8/2010	To buy
6 Metropol	0,068	1,920	52 %	11/2/2010	To buy
<i>Estimations in US dollars</i>					
7 TKB Capital	0,0641	1,822	45 %	3/3/2011	To buy
8 Uralsib	0,052	1,478	17 %	2/25/2011	To buy
9 VTB Capital	0,088	2,502	99 %	2/17/2011	To buy
10 Goldman Sachs	0,069	1,962	56 %	2/16/2011	To buy
11 Alpha bank	0,066	1,876	49 %	1/25/2011	Above the market
12 Unicredit	0,0654	1,859	48 %	12/22/2010	To buy
13 JP Morgan	0,0484	1,376	9 %	12/3/2010	Neutral
14 Bank of Moscow	0,047	1,336	6 %	12/2/2010	To hold
15 Rye, Man AND Gor Securities	0,04	1,137	-10 %	8/23/2010	To hold
16 Aton	0,0643	1,828	45 %	6/2/2010	To buy
17 Renaissance Capital	0,0484	1,376	9 %	11/3/2009	To buy
<i>Estimations on revision and not entering into a consensus</i>					
18 Troika Dialog ¹	0,052-0,069			3/4/2011	-
Consensus	0,060	1,705	35 %		
Current price ³	1,26				

Sou
50
30
10
40
20

Date

Value of estimation

The recommendation

Source: the Moscow Interbank Stock Exchange, quote.ru, calculations DKT, reports

1 The estimation of Troika Dialog - an indicative price range - is not included in consensus account

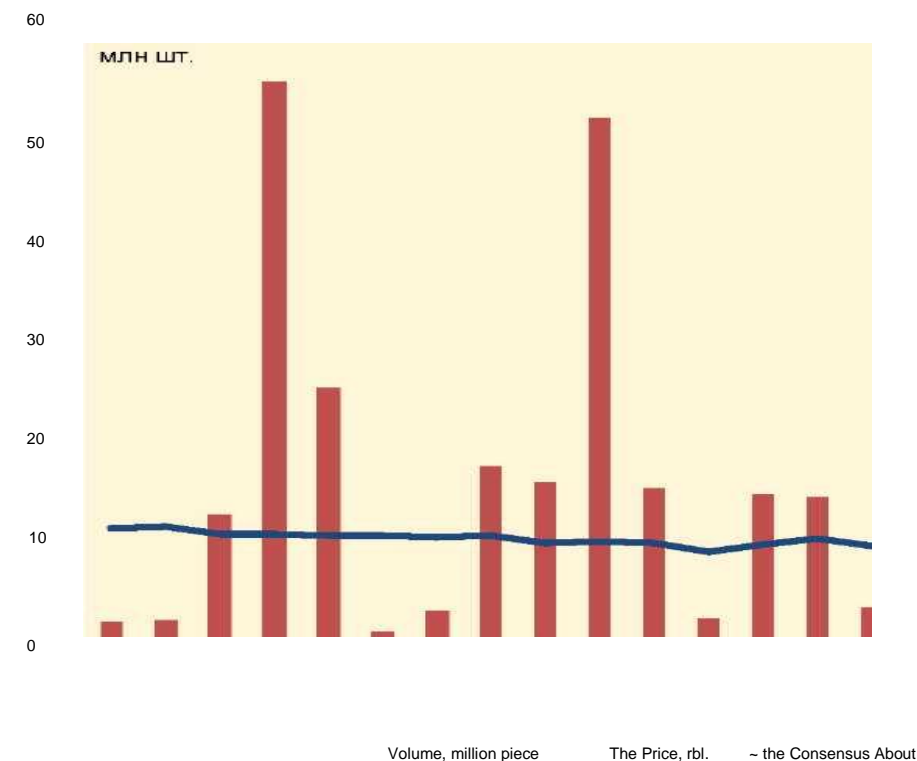
2 At the rate of rbl. / US dollar for 31.03.11

3 The final price of the Moscow Interbank Stock Exchange of 31.03.11

4 neutral - determination JP Morgan - expectation of that throughout the next 6-12 months the income under this stock will be comparable to an average return under stocks of the companies of the industry "covered" with the given analyst (or a team of analysts); equal-weight - definition Morgan Stanley - expectation of that throughout the next 12-18 months the income under this stock (a gain cost + dividend yield) will be up to standard of an average return under stocks of the companies of the industry "covered" with the given analyst (or a team of analysts);

The rouble potential of growth of stocks of IDGC of Centre as of the reporting period end in comparison with the end of last month has grown from 29 % to 35 % that, first of all, is connected with decrease in quotations whereas forecasts of the majority of analysts remained at former level.

Graphical estimations of stocks of IDGC of Centre by analysts of investment companies and consensus-forecast look as follows:



Source: the Moscow Interbank Stock Exchange, quote.ru, SPARK, calculations DKT

In March analysts of company TKB Capital have begun covering of the distribution grid companies. The shares of IDGC of Centre company was given the rating to "buy", the look-ahead price - \$0,0641 that corresponds to potential of growth of 44 %, is marked in the report.

Thus, at the end of March the analytical covering of stocks of IDGC of Centre is performed by eighteen banks and the investment companies, six of which belong to global broker houses.

As for existing estimations and recommendations about stocks of IDGC of Centre in March analysts made the following changes:

1. Analysts of Troika Dialog have changed a range in which in their opinion there is an estimation of the stock of IDGC of Centre with \$0,057 - \$0,071 to \$0,052 - \$0,069, thus they notice that average value of the range has decreased at 6 %. Recommendations about shares of company still are not present;
2. Specialists of "Alemar" have renewed their estimation - the new look-ahead price 1,35 rbl. for the stock, before the estimation was given in US dollars. The recommendation is appropriated "to hold", earlier the recommendation was not published.

Changes of estimations/ratings of stocks of IDGC of Centre are presented in the table:

<i>Sou</i>	Date	Value of estimation	The recommendation
50			
30			
10			
40			
20			

* - the previous estimation was in US dollar, change is specified, proceeding from recalculation of new estimation at the Central Bank rate of the Russian Federation for date of the report of the analysts.

** the beginning of analytical covering