



**MPSC** ЦЕНТРА И  
ПРИВОЛЖЬЯ  
ОТКРЫТОЕ АКЦИОНЕРНОЕ ОБЩЕСТВО

# Joint Stock Company Interregional Distribution Grid Company of Center and Volga Region

September of 2012

ISO 9001  
ISO 14001  
OHSAS 18001  
BUREAU VERITAS  
Certification



Management by Company IDGC of Center and Volga Region, JSC is made according to the requirements of standards ISO 9001, OHSAS 18001, ISO 14001



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# INFORMATION ON THE COMPANY



- \* IDGC of Center and Volga Region, JSC transmits the electric power through the distribution grids and provides the technological connection of consumers to the electric grid infrastructure
- \* The main shareholder of IDGC of Center and Volga Region, JSC is IDGC Holding, OJSC – 50,4 % (stake of the state is 53,7%)
- \* About 10 % of the population of Russia live in the service territory
- \* Company owns the electric grids of 0,4–220 kV and equipment, through which the electric power of the service zone is transmitted
- \* Company is a subject of the natural monopoly. Stake of the transmitted electric power at the serviced territories is 84.49%
- \* Regional regulating authorities of 9 constituent entities of RF approve the final parameters, a tariff for electric power transmission and payment amount for the technological connection
- \* Company's proceeds is made up from the regulated activities:
  - payment for electric power transmission
  - payment for connection of new consumers



## Key operating and financial indicators

|  | 2010   | 2011   | 2012P  |
|--|--------|--------|--------|
| Electric power supply in the grid (mln. kWh) | 59,492 | 59,653 | 60,102 |
| Connected capacity volume (mW)               | 331    | 364    | 667    |
| Proceeds (RUR mln.)                          | 54,395 | 64,404 | 60,321 |
| EBITDA (RUR mln.)                            | 6,774  | 10,958 | 9,870  |
| Profitability of EBITDA                      | 12,5%  | 17,0%  | 16,4%  |
| Net profit (RUR mln.)                        | 1,269  | 4,232  | 1,763  |
| Assets (RUR mln.)                            | 65,288 | 79,294 | 83,355 |
| Debt (RUR mln.)                              | 15,548 | 23,150 | 21,650 |
| Net Debt (RUR mln.)                          | 12,369 | 19,221 | 19,597 |
| Net Debt/EBITDA                              | 1,9    | 1,8    | 2,1    |



# GEOGRAPHY OF ACTIVITIES

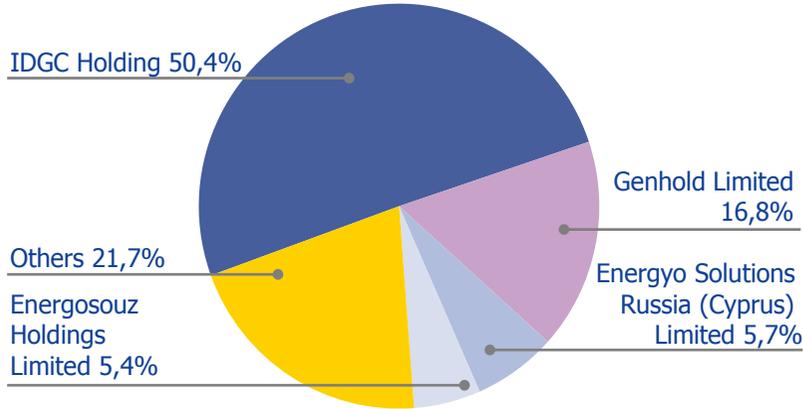


|                | Gross Regional Product, 2010<br>RUR bln. | Average revenue,<br>RUR/month. | Number of the population, ths.<br>people |
|----------------|--|--------------------------------|--|
| Vladimirenergo | 218,7                                    | 12,424                         | 1,445                                    |
| Ivenergo       | 98,2                                     | 10,980                         | 1,062                                    |
| Kalugaenergo   | 184,6                                    | 15,342                         | 1,012                                    |
| Kirovenergo    | 166,2                                    | 13,385                         | 1,341                                    |
| Marienergo     | 82,4                                     | 10,195                         | 696                                      |
| Nizhnovenergo  | 646,7                                    | 16,358                         | 3,310                                    |
| Ryazanenergo   | 173,5                                    | 13,663                         | 1,154                                    |
| Tulenergo      | 237,2                                    | 15,358                         | 1,554                                    |
| Udmurtenergo   | 264,5                                    | 12,423                         | 1,523                                    |

|  | IDGC of Center and Volga region | Vladimir-energo | Iv-energo | Kaluga-energo | Kirov-energo | Mari-energo | Nizhnov-energo | Ryazan-energo | Tul-energo | Udmurt-energo |
|--|---------------------------------|-----------------|-----------|---------------|--------------|-------------|----------------|---------------|------------|---------------|
| average staffing number of the personnel (people)                      | 21,728                          | 2,208           | 1,455     | 2,449         | 2,507        | 960         | 4,932          | 2,245         | 2,581      | 2,101         |
| Number of substations of 35 kV and more (pcs.)                         | 1,548                           | 139             | 141       | 152           | 224          | 88          | 259            | 154           | 172        | 219           |
| Total transformer capacity of substations of 35 kV and more (ths. MVA) | 29,4                            | 3,3             | 2,6       | 2,9           | 2,9          | 1,1         | 5,2            | 3,5           | 4,1        | 3,7           |
| Number of 6-35/0.4 kV transformer substations (pcs.)                   | 59,053                          | 4,709           | 3,800     | 6,260         | 8,700        | 2,956       | 14,028         | 5,972         | 6,973      | 5,655         |
| Number of 6-10 kV distribution points (pcs.)                           | 568                             | 4               | 6         | 59            | 17           | 13          | 227            | 42            | 182        | 18            |
| Length of PTL (by chains) (ths. km)                                    | 262                             | 22              | 15        | 27            | 39           | 12          | 60             | 31            | 32         | 25            |
| Wear of the fixed assets   | 60,1%                           | 56,4%           | 69,1%     | 51,9%         | 67,9%        | 60,4%       | 67,5%          | 54,4%         | 41,1%      | 58,8%         |
| Volume of electric grids (ths. c.u.)                                   | 1,423                           | 118             | 80        | 151           | 188          | 64          | 378            | 144           | 166        | 135           |
| Stake of productive supply in the region                               | 63%                             | 64%             | 51%       | 78%           | 63%          | 49%         | 65%            | 49%           | 68%        | 75%           |



## Structure of the stock capital as of 03.07.2012

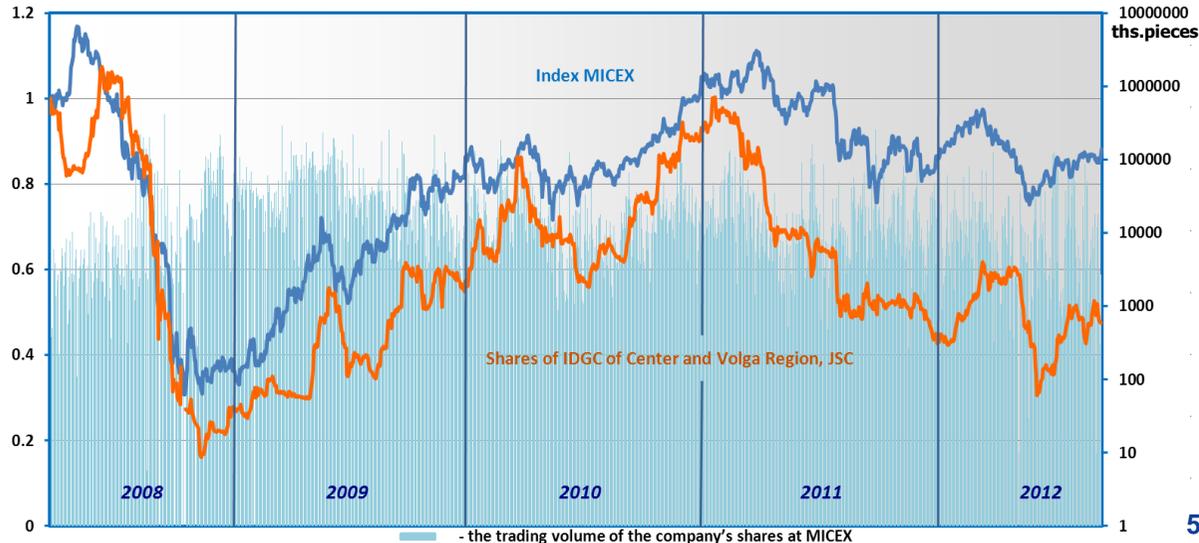


- \* Constructive dialogue between the principle shareholder and minorities
- \* Efficient IR-program
- \* Disclosure of the reports according to IFRS
- \* Social reports on international standards AA 1000 AS with assignment level GRI B+
- \* Payout of dividends by the results of 2010, 2011 years.

## Information by shares

- \* Number of the placed shares is – 112,697,817,043 pcs.
- \* Share's nominal value is – RUR 0,1.
- \* Cost of shares at MICEX\* (trade code MRKP):
  - VWAP (as of 07.09.12) is – RUR 0,16.
  - minimal price for a year\*\* is – RUR 0,1.
  - maximal price for a year\*\* is – RUR 0,21.
- \* Turnovers of bidding for a year\*\* is – RUR 905,33 mln.
- \* Market capitalization (as of 07.09.12) is – RUR 18,53 bln.
- \* Free-float is – 20,7%
- \* Quotation list – "A" of the first level
- \* Inclusion in indices – MICEX SC, RTS-2, MSCI Russia Small Cap Index

\* Csector of the main bidding  
 \*\* 08.09.2011–07.09.2012





## DELEGATION BY JSC «FGC UES» OF POWERS OF THE SOLE EXECUTIVE BODY (SEB) TO IDGC HOLDING, OJSC



- |            |   |
|------------|---|
| 30.06.2012 | Approval of the SEB agreement by the Board of Directors of IDGC Holding, OJSC |
| 09.07.2012 | Approval of the SEB agreement by the Board of JSC «FGC UES»                   |
| 11.07.2012 | Signing of the SEB agreement between IDGC Holding, OJSC and JSC «FGC UES»     |

### Advantages

- Uniform approach to the technical policy implementation and governance principles by the electric grid complex of Russia.
- Acutely coordinated work in the field of the efficient development and upgrades of Russia's electric grid complex on the innovative and high technology basis.
- United investment, financial and economic and personnel policy.
- Orderly cost saving.
- Increase of reliability and economic efficiency of the Russian electric power industry.
- Increase of transparency as to the technological connection issues.
- Increase of the companies' investment appeal.
- Increase of the responsibility and independence level of the subsidiaries and dependent companies, their more efficient activities.





# COMPANY'S BUSINESS MODEL



## Business environment of the Company



TARIFFS' MARGIAL GROWTH  
AGREEMENT OF TRANSFER TO  
RAB-REGULATION OF TARIFFS

DECREE ON THE TARIFFS  
ESTABLISHMENT FOR ELECTRIC  
POWER TRANSMISSION AND  
TECHNOLOGICAL CONNECTION

Federal Tariff  
Service

Regional Tariff  
Services



Electric power  
transmission  
Technological  
connection



money

APPLICATIONS FOR THE  
TARIFFS ESTABLISHMENT

consumers, sales companies

## Chain of the cost creation in the electric-power industry. Company's market segment

Suppliers of  
electric power

Rushydro

TGC

WGC

FGC

Others

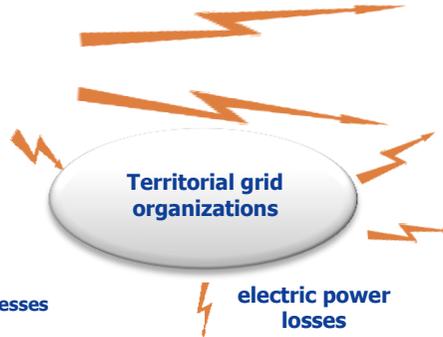
SUPPLY OF  
ELECTRIC  
POWER IN THE  
GRID



electric power  
losses



- Technological losses due to the physical processes under electric power transmission
- Commercial losses – systemic error of electric power accounting, unaccounted consumption



electric power  
losses



PRODUCTIVE SUPPLY  
OF ELECTRIC POWER

Power supply  
companies

Guaranteed supply  
companies

Direct consumers –  
participants of the  
wholesale market for  
electric power



# INVESTMENT APPEAL'S FACTORS



## Regions with the effective demand

Location in the economically favorable regions, having the total area of 408 ths. sq. km, with the population of 13,1 mln. people. The regions of activities are characterized by a stable volume of the gross regional product, which is accompanied by a constant demand for electric power.

## Dynamics of electrical energy consumption

According to the analysts' forecasts a an average annual growth tempo of electric power consumption in Russia will amount to 2,4%. The Company hopes that the productive supply of electric power will grow gradually die to the economics development.

## Perspectives of growth

Modernization of the system is aimed at the growth of efficiency and reliability of the electrical transmission network, and also development of model smart grid. Support form the state.  
Benign level of debt.  
Potential of growth to the analysts' consensus forecasts of the investment banks – 77,7%

## Experienced team of professionals

Strong team of the management.  
Job experience of the Company's Director General in the electric-power industry is – 24 years.

## Favorable treatment of regulation

Regulation system was changed in 2008 and now it conforms to the world's best practice: the normative base has been adopted. In 2011 all the branches of the Company transferred to the methodology of the tariffs calculation under the repayment principle to the regulated asset base (RAB). New possibilities for the operating indicators improvement have appeared: the Company has a goal to reduce expenses in relation to the regulatory level.

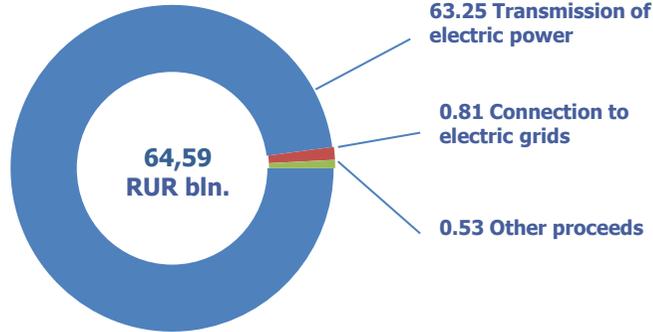




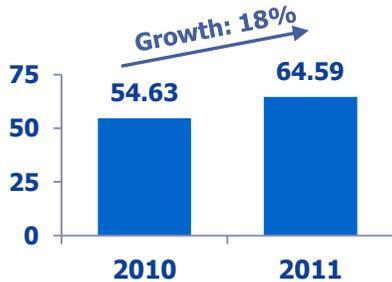
# FINANCIAL INDICATORS (IFRS)



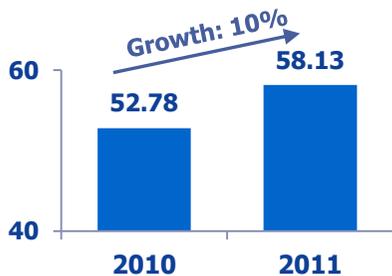
Structure of the proceeds (2011)



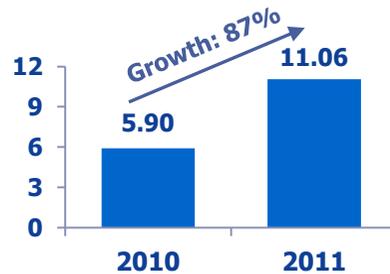
Proceeds, RUR bln.



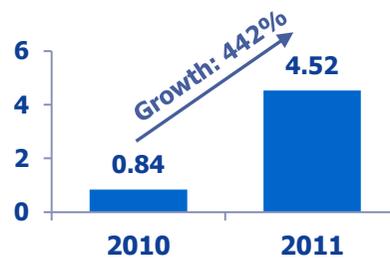
Operating expenses, RUR bln.



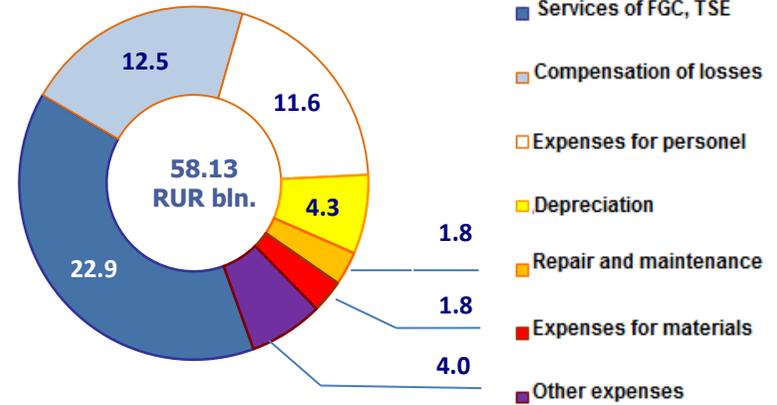
EBITDA, RUR bln.



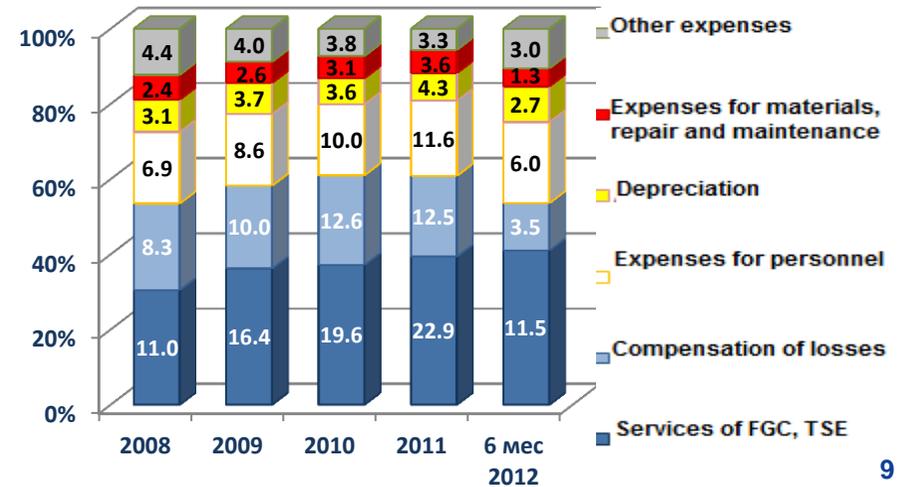
Profit for the period, RUR bln.



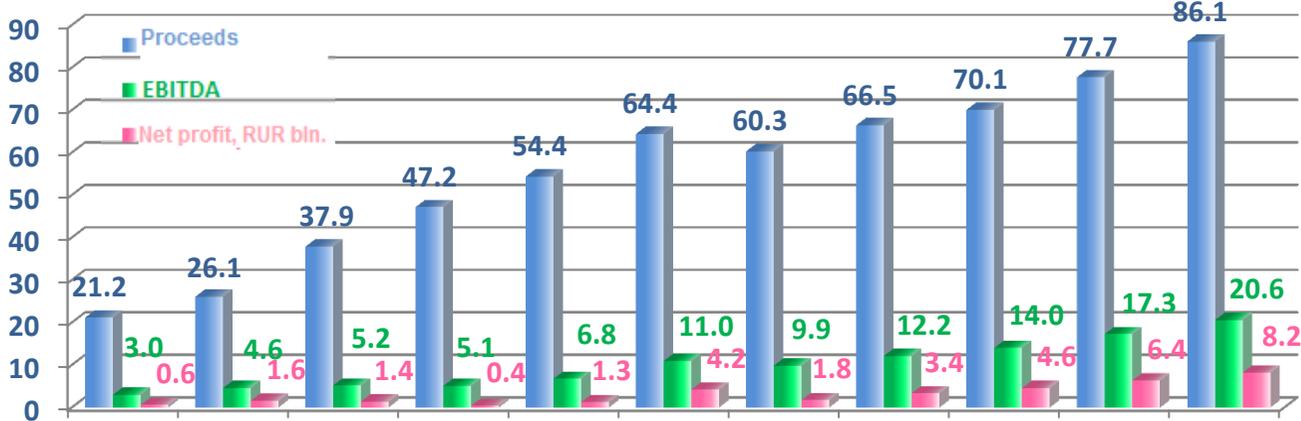
Structure of the prime cost (2011)



Dynamics of the operating expenses, RUR bln.

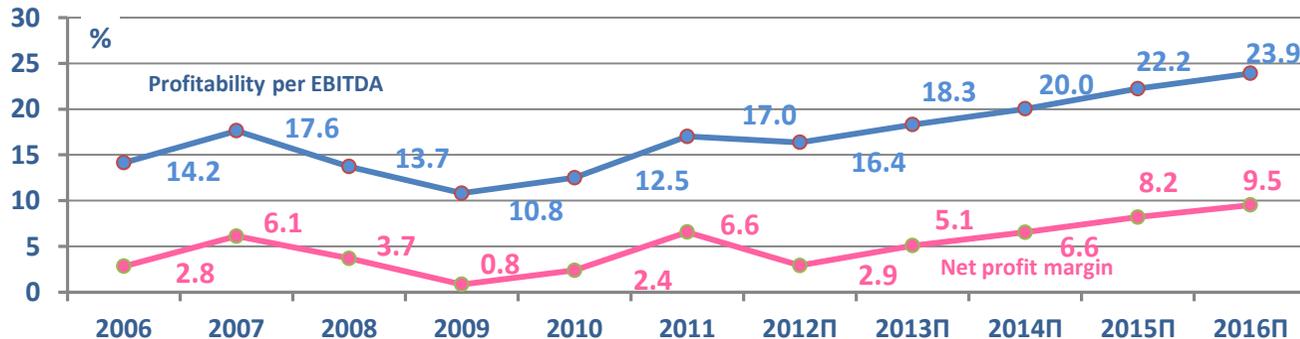


Proceeds, EBITDA, net profit, RUR bln.



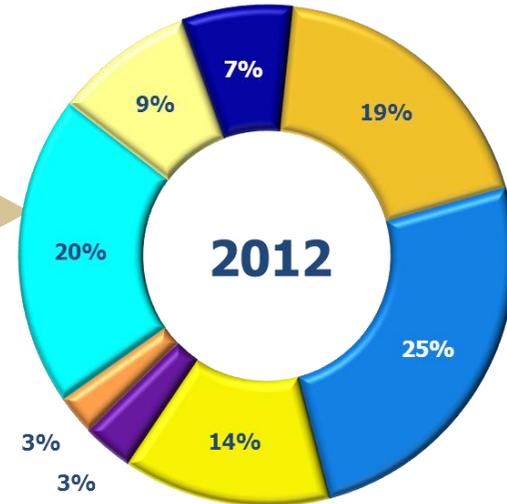
|                                | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012P | 2013P | 2014P | 2015P | 2016P |
|--------------------------------|------|------|------|------|------|------|-------|-------|-------|-------|-------|
| Transmission of electric power | 20.5 | 24.5 | 35.6 | 45.7 | 53.1 | 63.2 | 58.9  | 65.4  | 69.3  | 76.9  | 85.4  |
| Technological connection       | 0.3  | 1.2  | 1.9  | 1.2  | 1.0  | 0.8  | 1.2   | 0.8   | 0.5   | 0.4   | 0.4   |
| Other production               | 0.4  | 0.4  | 0.4  | 0.3  | 0.3  | 0.4  | 0.3   | 0.3   | 0.3   | 0.3   | 0.4   |

Profitability indicators, RUR bln.

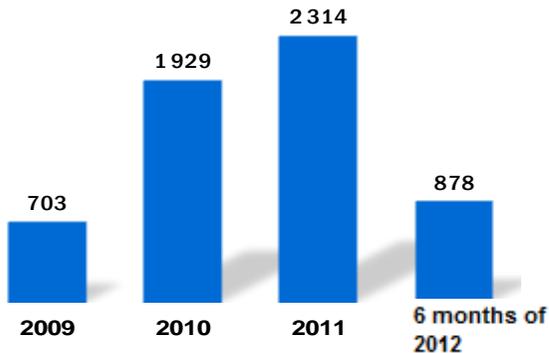


## Structure of the prime cost

| <i>In RUR mln.</i>   | 2011            | 2012<br>plan    | relative<br>variation | 2011<br>1 <sup>st</sup> half year | 2012<br>1 <sup>st</sup> half year | relative<br>variation |
|--|-----------------|-----------------|-----------------------|-----------------------------------|-----------------------------------|-----------------------|
| <b>PRIME COST, TOTALLY</b>                                       | <b>57,089.2</b> | <b>53,888.7</b> | <b>-5.6%</b>          | <b>28,525.9</b>                   | <b>25,335.9</b>                   | <b>-11.2%</b>         |
| Services of JSC "FGC UES"  | 9,823.5         | 10,216.6        | 4.0%                  | 5,051.47                          | 4,852.70                          | -3.9%                 |
| Services of TSE on electric power transmission                   | 13,096.5        | 13,603.4        | 3.9%                  | 6,502.67                          | 6,306.29                          | -3.0%                 |
| Purchased electric power for compensation of losses              | 11,885.4        | 7,322.6         | -38.4%                | 6,270.89                          | 3,272.82                          | -47.8%                |
| Raw material and materials                                       | 1,625.9         | 1,755.3         | 8.0%                  | 634.39                            | 695.97                            | 9.7%                  |
| Contractors' services on maintenance and repair of equipment     | 1,842.1         | 1,405.3         | -23.7%                | 848.95                            | 565.97                            | -33.3%                |
| Salary budget (SB) and insurance premiums                        | 10,186.3        | 10,821.0        | 6.2%                  | 4,703.70                          | 4,556.63                          | -3.1%                 |
| Depreciation of the fixed assets (FA) and intangible assets (IA) | 4,056.2         | 4 899.6         | 20.8%                 | 1,947.95                          | 2,405.71                          | 23.5%                 |
| Other expenses   | 4,573.5         | 3 864.9         | -15.5%                | 2 ,565.85                         | 2,679.85                          | 4.4%                  |



- Services of FGC UES, ISC
- Services of TSE on electric power transmission
- Purchased electric power for compensation of losses
- Raw material and materials
- Contactors services on maintenance and repair of equipment
- SB and insurance premiums
- Depreciation of FA and IA
- Other Expenses



Economic effect from fulfillment of the cost control Program (in RUR mln.)

## Cost Control Program

- \* The arrangements on the costs reduction are constantly realized in IDGC of Center and Volga Region, JSC. The Cost Control Program is approved by the Company's Board of Directors as part of an annual business plan.
- \* The main part of the economic effect is the result of the complex program implementation for the electric power losses reduction, cost reduction of procurement due to the regulated procedures holding.



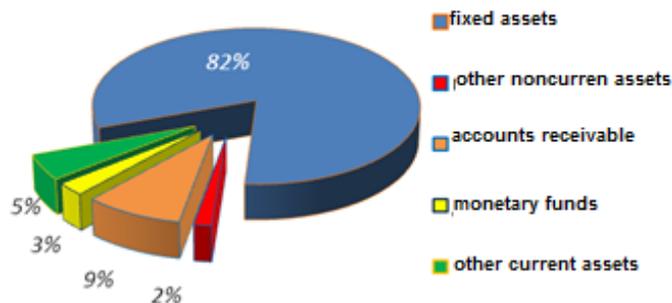
# BOOKKEEPING BALANCE SHEET AND LIQUIDITY FIGURES



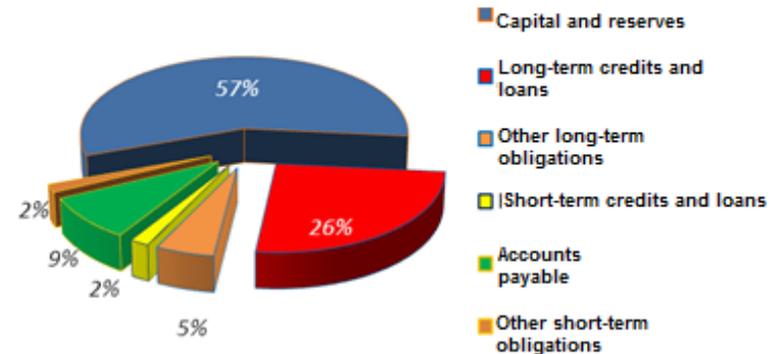
*In RUR mln.*

|                                  | As of 30.06.2011 | As of 31.12.2011 | As of 30.06.2012 |
|----------------------------------|------------------|------------------|------------------|
| <b>ASSET</b>                     |                  |                  |                  |
| <b>I. Noncurrent assets</b>      | <b>57,166</b>    | <b>65,687</b>    | <b>66,339</b>    |
| fixed assets                     | 55,692           | 64,503           | 65,064           |
| <b>II. Current assets</b>        | <b>14,113</b>    | <b>13,607</b>    | <b>13,222</b>    |
| accounts receivable              | 6,962            | 5,700            | 7,072            |
| monetary funds                   | 3,455            | 3,889            | 2,052            |
| <b>LIABILITY SIDE</b>            |                  |                  |                  |
| <b>III. Capital and reserves</b> | <b>44,481</b>    | <b>45,297</b>    | <b>45,399</b>    |
| <b>IV. Long-term obligations</b> | <b>18,181</b>    | <b>25,462</b>    | <b>24,461</b>    |
| credits and loans                | 15,334           | 21,373           | 20,269           |
| <b>V. Short-term obligations</b> | <b>8,617</b>     | <b>8,535</b>     | <b>9,701</b>     |
| credits and loans                | 1,085            | 1,754            | 1,375            |
| accounts payable                 | 6,969            | 6,177            | 7,035            |
| <b>BALANCE SHEET</b>             | <b>71,279</b>    | <b>79,294</b>    | <b>79,561</b>    |

Structure of assets as of 30.06.2012



Structure of liabilities as of 30.06.2012





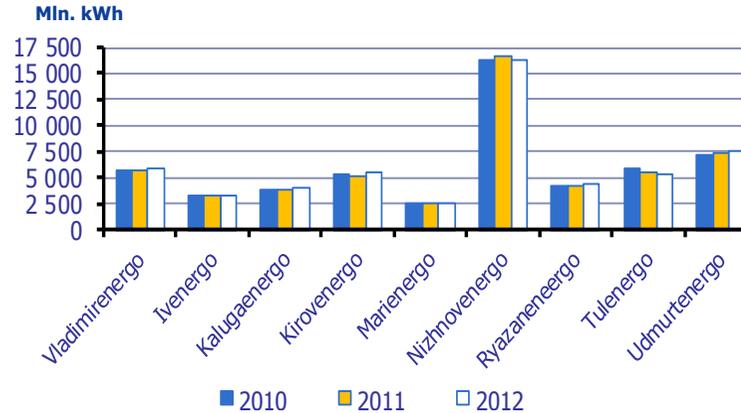
# ELECTRIC POWER TRANSMISSION



## Dynamics of electric power supply in the grid



## Dynamics of productive supply of electric power by branches



Losses of electric power for the 1<sup>st</sup> half year of 2012 amounted to **8,51 %**

## Volume of the services rendered per electric power transmission, mln. kWh

| Branch                        | 2010          | 2011          | Change of 2011/2010 | 6 months of 2011 | 6 months of 2012 | Change of 6 months of 2011/ 6 months of 2010 | 2012 expected | Change of 2012/2011 |
|-------------------------------|---------------|---------------|---------------------|------------------|------------------|--|---------------|---------------------|
|                               |               |               | %                   |                  |                  | %  |               | %                   |
| Vladimirenergo                | 5,764         | 5,788         | 0.4                 | 2,913            | 2,929            | 0.5  | 5,823         | 0.6                 |
| Ivenergo                      | 3,327         | 3,220         | -3.2                | 1,631            | 1,652            | 1.3  | 3,263         | 1.3                 |
| Kalugaenergo                  | 3,768         | 3,770         | 0.1                 | 1,876            | 2,024            | 7.9  | 3,999         | 6.1                 |
| Kirovenergo                   | 5,276         | 5,117         | -3.0                | 2,598            | 2,846            | 9.5  | 5,570         | 8.9                 |
| Marienergo                    | 2,559         | 2,535         | -0.9                | 1,313            | 1,380            | 5.1  | 2,567         | 1.3                 |
| Nizhnovenergo                 | 16,225        | 16,608        | 2.4                 | 8,426            | 8,289            | -1.6   | 16,288        | -1.9                |
| Ryazanenergo                  | 4,193         | 4,235         | 1.0                 | 2,091            | 2,161            | 3.3  | 4,350         | 2.7                 |
| Tulenergo                     | 5,804         | 5,577         | -3.9                | 2,827            | 2,786            | -1.5   | 5,379         | -3.6                |
| Udmurtenergo                  | 7,184         | 7,449         | 3.7                 | 3,708            | 3,793            | 2.3  | 7,595         | 2.0                 |
| <b>Totally in the Company</b> | <b>54,100</b> | <b>54,299</b> | <b>0.4</b>          | <b>27,381</b>    | <b>27,860</b>    | <b>1.7</b>                                   | <b>54,833</b> | <b>1.0</b>          |



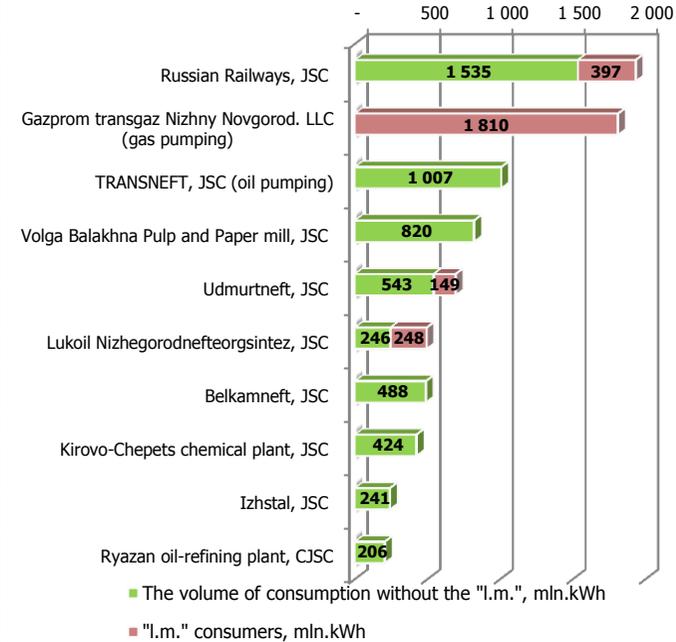


# ELECTRIC POWER TRANSMISSION

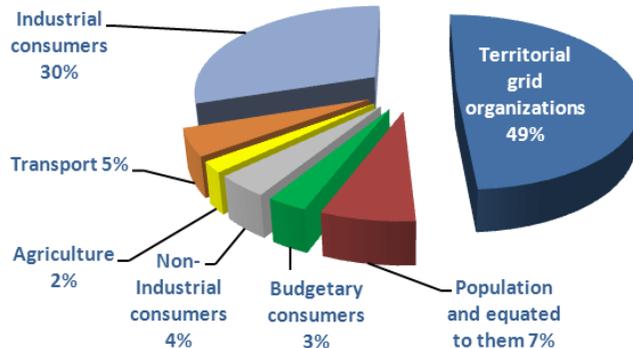


## Electric power consumption from the grids of IDGC of Center and Volga Region, JSC by 10 largest consumers

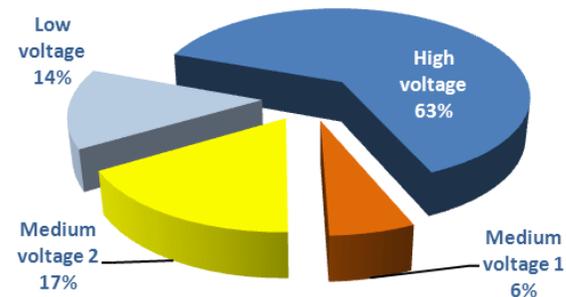
| #   | Branch  | Consumer title                                      | Consumption volume, mln. kWh | Stake, %    | Including the "last mile" consumers |          |
|---|---|---|------------------------------|-------------|-------------------------------------|----------|
|   |   |   |                              |             | Mln. kWh                            | Stake, % |
| 1   | Vladimirenergo+Kalugaenergo+Kirovenergo+Nizhnovenergo+Ryazanenergo+Tulenergo+Udmurtenergo | Russian Railways, JSC                               | 1,932                        | 5.6%        | 397                                 | 21%      |
| 2   | Nizhnovenergo+ Marienergo   | Gazprom transgaz Nizhny Novgorod. LLC (gas pumping) | 1,810                        | 5.2%        | 1 810                               | 100%     |
| 3   | Vladimirenergo+Ivenergo+Kirovenergo+Marienergo+ Nizhnovenergo+Ryazanenergo+Udmurtenergo   | TRANSNEFT, JSC (oil pumping)                        | 1,007                        | 2.9%        |                                     |          |
| 4   | Nizhnovenergo   | Volga Balakhna Pulp and Paper mill, JSC             | 820                          | 2.4%        |                                     |          |
| 5   | Udmurtenergo  | Udmurtneft, JSC                                     | 692                          | 2.0%        | 149                                 | 22%      |
| 6   | Nizhnovenergo   | Lukoil Nizhegorodnefteorgsintez, JSC                | 493                          | 1.4%        | 248                                 | 50%      |
| 7   | Udmurtenergo  | Belkamneft, JSC                                     | 488                          | 1.4%        |                                     |          |
| 8   | Kirovenergo   | Kirovo-Chepets chemical plant, JSC                  | 424                          | 1.2%        |                                     |          |
| 9   | Udmurtenergo  | Izhstal, JSC  | 241                          | 0.7%        |                                     |          |
| 10  | Ryazanenergo  | Ryazan oil-refining plant, CJSC                     | 206                          | 0.6%        |                                     |          |
| <b>TOTALLY by 10 largest consumers for 7 months of 2012</b>                               |   |   | <b>8,113</b>                 | <b>23%</b>  |                                     |          |
| <b>Totally, productive supply in IDGC of Center and Volga Region for 7 months of 2012</b> |   |   | <b>34,623</b>                | <b>100%</b> |                                     |          |



### Structure of electric power supply from the grid in 2011, by customer groups



### Structure of electric power supply from the grid in 2011, by voltage levels of the electric grid





# TARIFF REGULATION - RAB PARAMETERS



In 2011 IDGC of Center and Volga Region completed a transfer to RAB of all its branches

## Advantages of RAB introduction:

- Inflow of additional investments in the regions;
- extra electric grid capacities for connection;
- Load in the tariff for the investments return is distributed in a long-term period;
- Proceeds inflow by higher tempos.

### RAB parameters, established before review

|                | Invested capital amount, RUR mln. | Operating expenses   |                     | Rate of return on "old" capital, % |      |      |      |      |      |
|----------------|-----------------------------------|----------------------|---------------------|------------------------------------|------|------|------|------|------|
|                |                                   | Base level, RUR mln. | Efficiency index, % | 2012                               | 2013 | 2014 | 2015 | 2016 | 2017 |
| Vladimirenergo | 7 210                             | 1 136                | 1,13%               | 12%                                | 11%  | 11%  |      |      |      |
| Ivenergo       | 3 847                             | 701                  | 1,5%                | 9%                                 | 11%  | 11%  | 11%  |      |      |
| Kalugaenergo   | 9 818                             | 923                  | 1%                  | 12%                                | 11%  | 11%  |      |      |      |
| Kirovenergo    | 5 498                             | 1 472                | от 1% до 2,5%*      | 9%                                 | 11%  | 11%  | 11%  |      |      |
| Marienergo     | 4 047                             | 514                  | 1%                  | 9%                                 | 11%  | 11%  | 11%  |      |      |
| Nizhnovenergo  | 31 094                            | 4 357                | 1%                  | 9%                                 | 11%  | 11%  | 11%  |      |      |
| Ryazanenergo   | 5 713                             | 1 098                | 1%                  | 12%                                | 11%  |      |      |      |      |
| Tulenergo      | 8 813                             | 1 419                | от 1% до 2,5%**     | 12%                                | 11%  | 11%  | 11%  | 11%  |      |
| Udmurtenergo   | 5 639                             | 971                  | 1%                  | 12%                                |      |      |      |      |      |

Review of the long-term parameters RAB since July of 2012 is made by the regulatory authorities upon agreement with the Federal tariff Service of Russia in relation to 6 branches of IDGC of Center and Volga Region, JSC. As for the rest branches, a review is planned till November of 2012.

### RAB parameters, established after review

|                | Invested capital amount, RUR mln. | Operating expenses   |                     | Rate of return on "old" capital, % |      |      |      |      |      |
|----------------|-----------------------------------|----------------------|---------------------|------------------------------------|------|------|------|------|------|
|                |                                   | Base level, RUR mln. | Efficiency index, % | 2012                               | 2013 | 2014 | 2015 | 2016 | 2017 |
| Vladimirenergo | 6 878                             | 1 186                | 1,13%               | 1%                                 | 1%   | 1%   | 1%   | 4%   | 11%  |
| Ivenergo       | 3 847                             | 719                  | 3%                  | 1%                                 | 1%   | 1%   | 1%   | 1%   | 11%  |
| Kalugaenergo   | 9 462                             | 995                  | 1%                  | 1%                                 | 1%   | 1%   | 1%   | 1%   | 11%  |
| Kirovenergo    | 4 943                             | 1 581                | 1,5%                | 1%                                 | 1%   | 6%   | 6%   | 4%   | 11%  |
| Ryazanenergo   | 5 713                             | 1 174                | 1%                  | 1%                                 | 1%   | 1%   | 1%   | 1%   | 11%  |
| Udmurtenergo   | 3 876                             | 1 015                | 1%                  | 1%                                 | 1%   | 3%   | 3%   | 3%   | 11%  |

\* In 2012 – 1%, in 2013 – 1,5%, in 2014 – 2%, in 2015 – 2,5%

\*\* In 2012 – 1%, in 2013-2016 – 2,5%



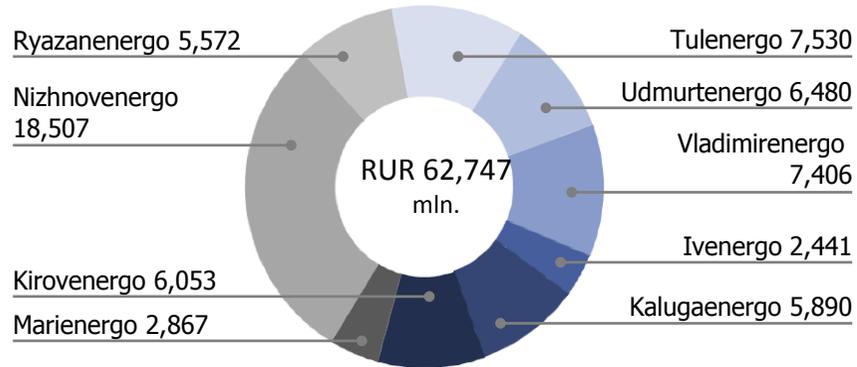


# TARIFF REGULATION - DYNAMICS OF Required Gross Proceeds (RGP)

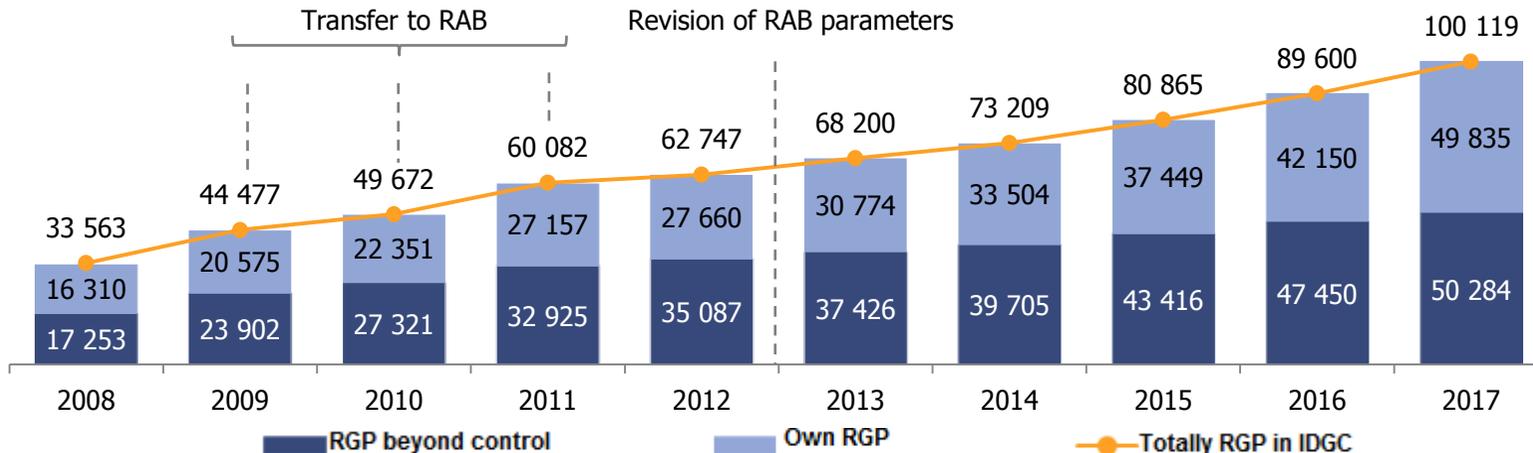


- \* **Under transfer to RAB** the following growth tempo of own RGP was provided on the whole in the Company, for maintenance of the grids: in 2009 – 126%, in 2010 – 109%, in 2011 – 122%
- \* **Under revision of RAB parameters** since July of 2012 the growth tempo of own RGP amounted to 102% at average by year
- \* Own RGP amount in 2012 will amount to RUR 27,660 mln. by all the branches of IDGC of Center and Volga Region

Boiler RGP of 2012, by branches, RUR mln.



Dynamics of RGP of IDGC of Center and Volga Region, RUR mln.



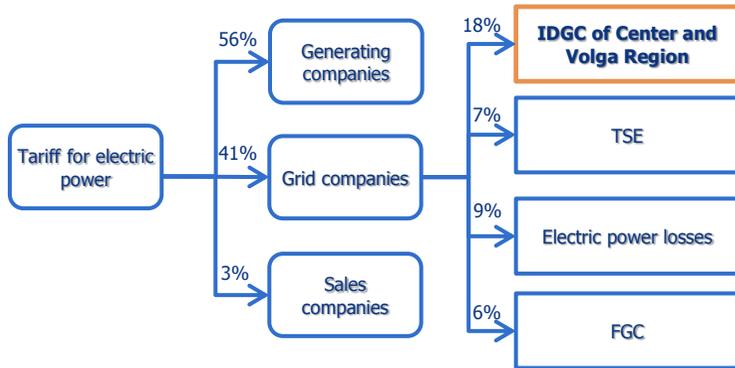
The data are given without regard to cross-subsidization, applied in relation to "Nizhnovenergo" branch prior to year 2012.



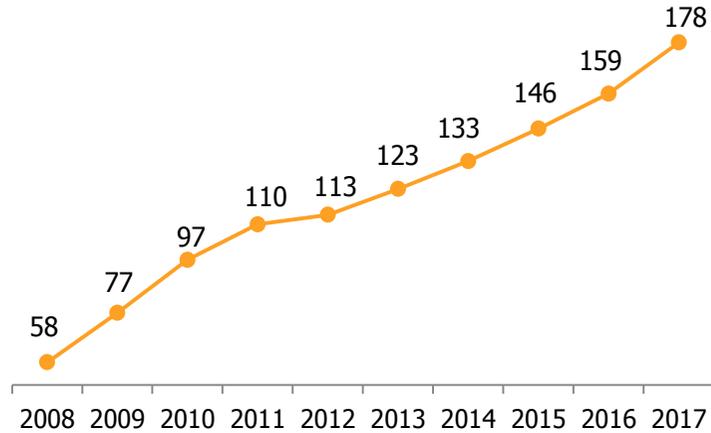
# DYNAMICS OF AVERAGE BOILER TARIFF



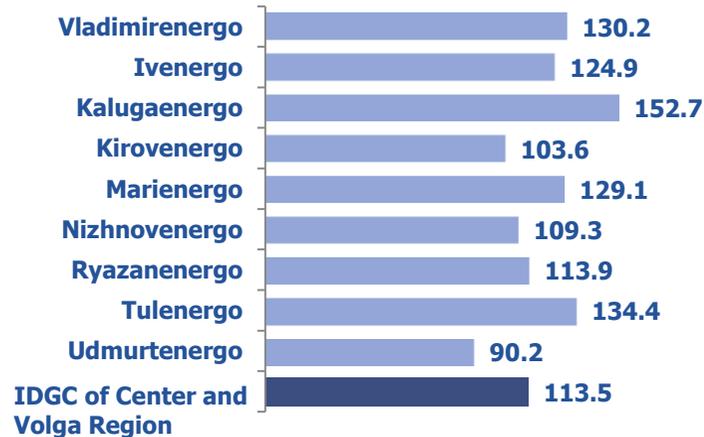
## Structure of the end tariff for electric power



## Dynamics of the average boiler tariff of IDGC of Center and Volga Region, kop./kWh



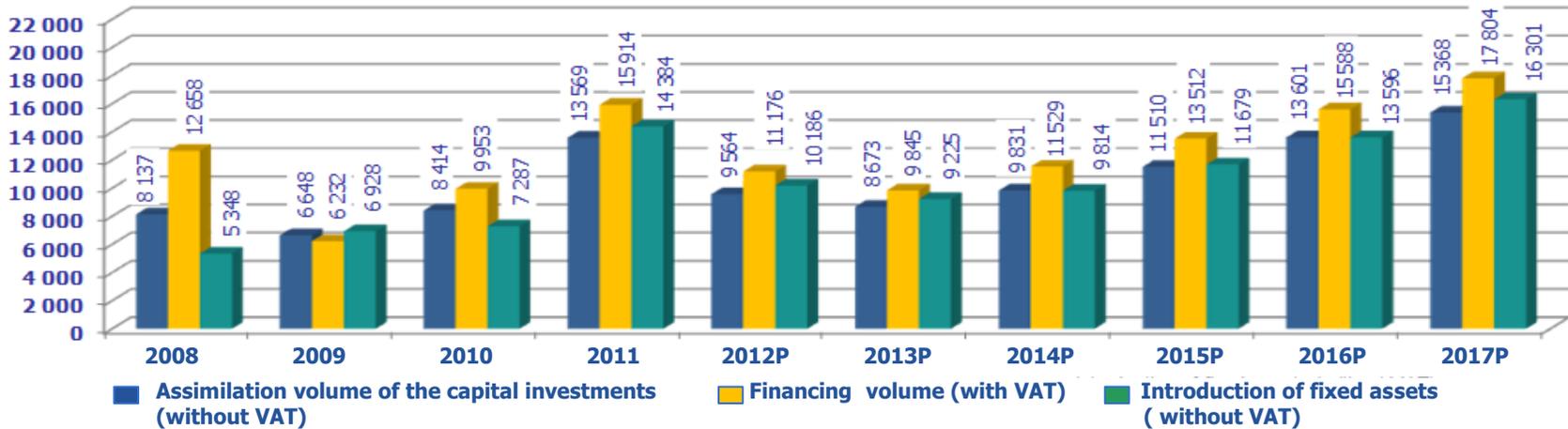
## Average boiler tariff for 2012 by branches



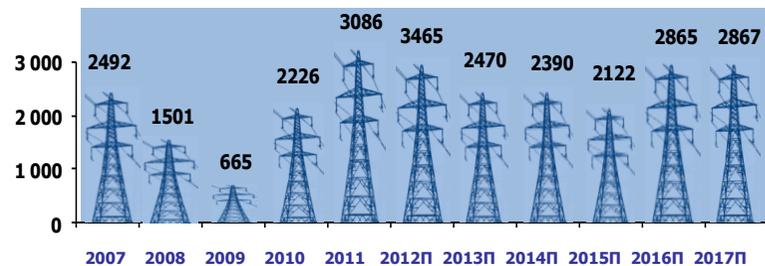
- \* **Under transfer to RAB** the growth tempo of the average boiler tariff on the whole in the Company amounted to: in 2009 – 131,4%, in 2010 – 125,8%, in 2011 – 113,7%
- \* **Under revision of RAB parameters** since July of 2012 the growth tempo of the average boiler tariff amounted to 103,3% at average by year



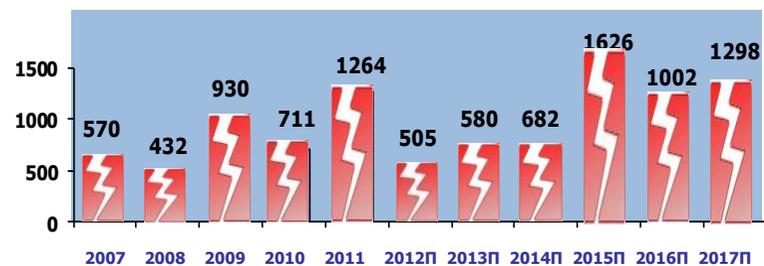
**Capital investments (assimilation, financing, introduction of the fixed assets),  
RUR mln.**



**Introduction of PTL (power transmission lines), km**



**Introduction of transformer capacity, MVA**



**Implementation of investment programs in 2012**

- \* Renovation program of the primary and auxiliary equipment
- \* Program for energy saving and energy efficiency increase
- \* Program for installation of the devices for voltage regulation and reactive capacity compensation

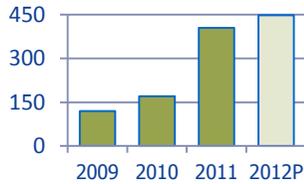




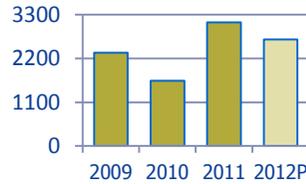
# INVESTMENT ACTIVITIES BY BRANCHES



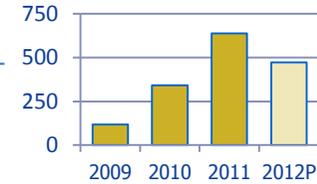
Ivenergo



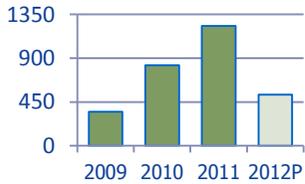
Nizhnoenergo



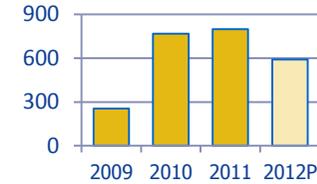
Kirovenergo



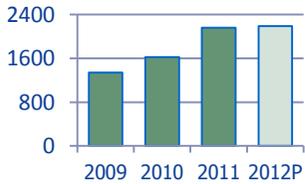
Vladimirenergo



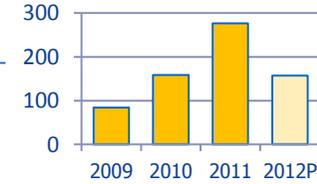
Udmirtenergo



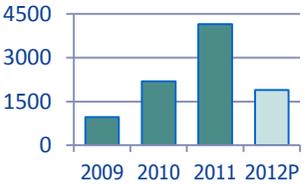
Kalugaenergo



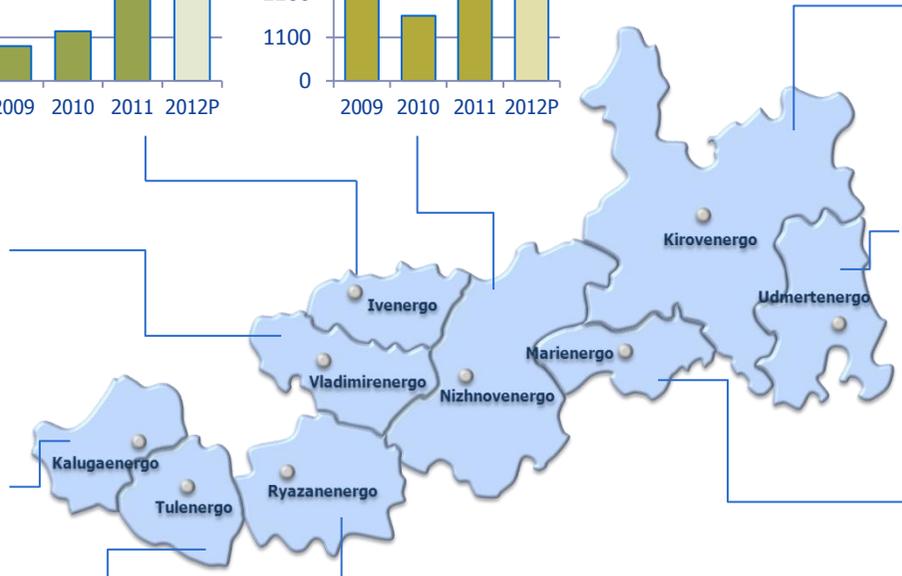
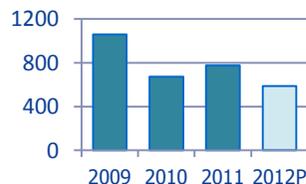
Marienergo



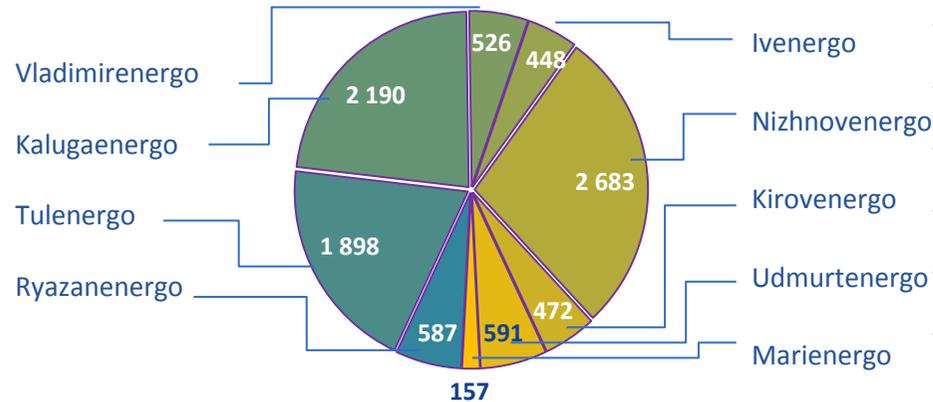
Tulenergo



Ryazanenergo



2012 PLAN







# KEY INVESTMENT PROJECTS in the 1<sup>st</sup> half year of 2012



## Nizhnovenergo

Reconstruction of 110 kV OL #104 NiGRES-Zavolzhszkaya

Beginning of construction: 2011  
Completion deadline: 2012  
Lead-in power: 15 km

Reconstruction of 110 kV OL Molitovskaya–Priokskaya

(crossing through river Oka)  
Beginning of construction: 2009  
Completion deadline: 2012  
Lead-in power: 1,3 km

Reconstruction of 110 kV OL Sverdlovskaya–NIITOP

Beginning of construction: 2009  
Completion deadline: 2012  
Lead-in power: 4 km

Construction of 110 kV SS "Strelka" with 110 kV CL

Beginning of construction: 2008  
Completion deadline: 2018  
Lead-in power: 80 MVA/3,4 km

## Ivenergo

Reconstruction of 35/6 kV SS "Yuzhnaya"

Beginning of construction: 2012  
Completion deadline: 2012  
Lead-in power: 12,6 MVA

## Vladimirenergo

10/6 kV SS Lizunovo. Construction of 110 kV SS 2x10

Beginning of construction: 2010  
Completion deadline: 2012  
Lead-in power: 10 MVA

## Kalugaenergo

Reconstruction of 110 kV SS "Rosva"

Beginning of construction: 2011  
Completion deadline: 2012

Construction of 220 kV SS "Sozvezdiye" (the 2<sup>nd</sup> stage)

Beginning of construction: 2012  
Completion deadline: 2012

## Tulenergo

Reconstruction of 110 kV OL "Zvezda-Begichevo" and 110 kV OL "Zvezda-Volovo"

Beginning of construction: 2012  
Completion deadline: 2013  
Lead-in power: 49,4 km

## Ryazanenergo

Reconstruction of 110 kV SS "Skopin" (the 2<sup>nd</sup> stage)

Beginning of construction: 2012  
Completion deadline: 2012  
Lead-in power: 25 MVA

## Kirovenergo

Construction of two-chain 110 kV OL TPP3-Chepetsk, TPP3-Vyatka

Beginning of construction: 2012  
Completion deadline: 2013

## Udmurtenergo

110/10 kV Substation "Pazely" with 110 kV OL (the 1<sup>st</sup> stage)

Beginning of construction: 2012  
Completion deadline: 2012  
Lead-in power: 7 km

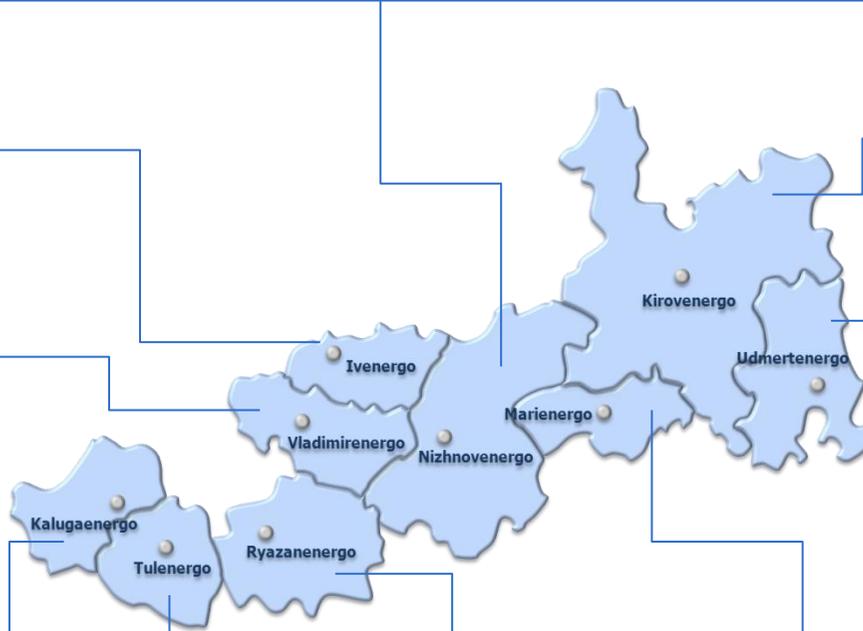
Re-equipment of OL-0,4-10 kV of rural settlement Karakulino, upgrades of the accounting system, creation of CPCS (the 2<sup>nd</sup> stage)

Beginning of construction: 2012  
Completion deadline: 2012  
Lead-in power: 25,5 km

## Marienergo

10 kV OL Pig complex in rural settlement Velikopol'ye of Orshansk district

Beginning of construction: 2011  
Completion deadline: 2012  
Lead-in power: 3,883km

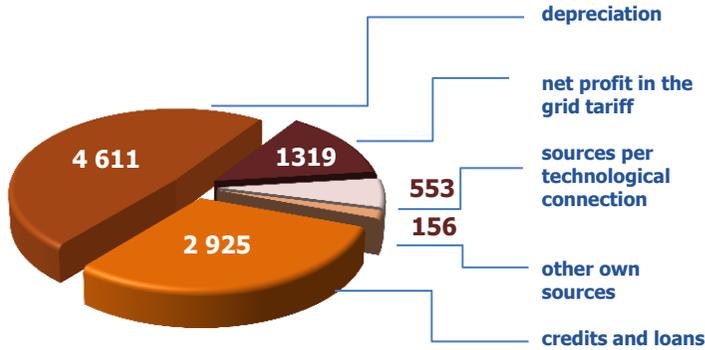




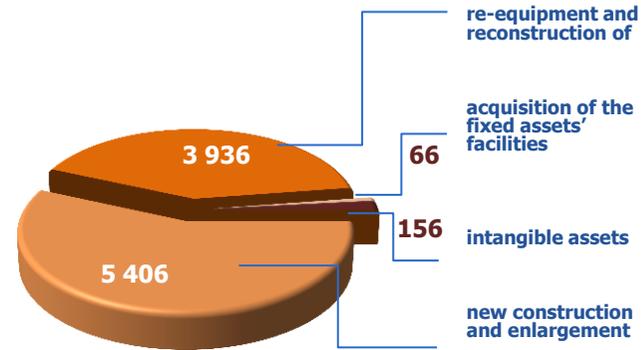
# INVESTMENT AND REPAIR PROGRAMS



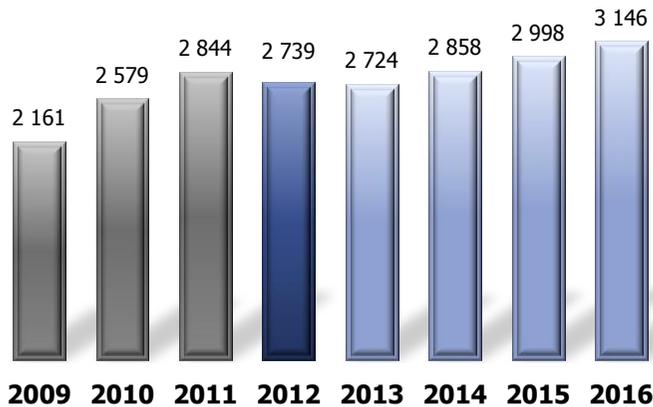
Sources of the investment program per assimilation in 2012, RUR mln.



Directions of the capital investments per assimilation in 2012, RUR mln.



Expenses for repair, totally, RUR mln.



Expenses for repair in 2012 by the regions, RUR mln.





# RENOVATION OF EQUIPMENT



- \* The main problem of IDGC of Center and Volga Region, JSC – is a wear of the fixed assets – needs a large-scale renovation of the equipment.
- \* Target value of the wear – is 50% towards year 2020.

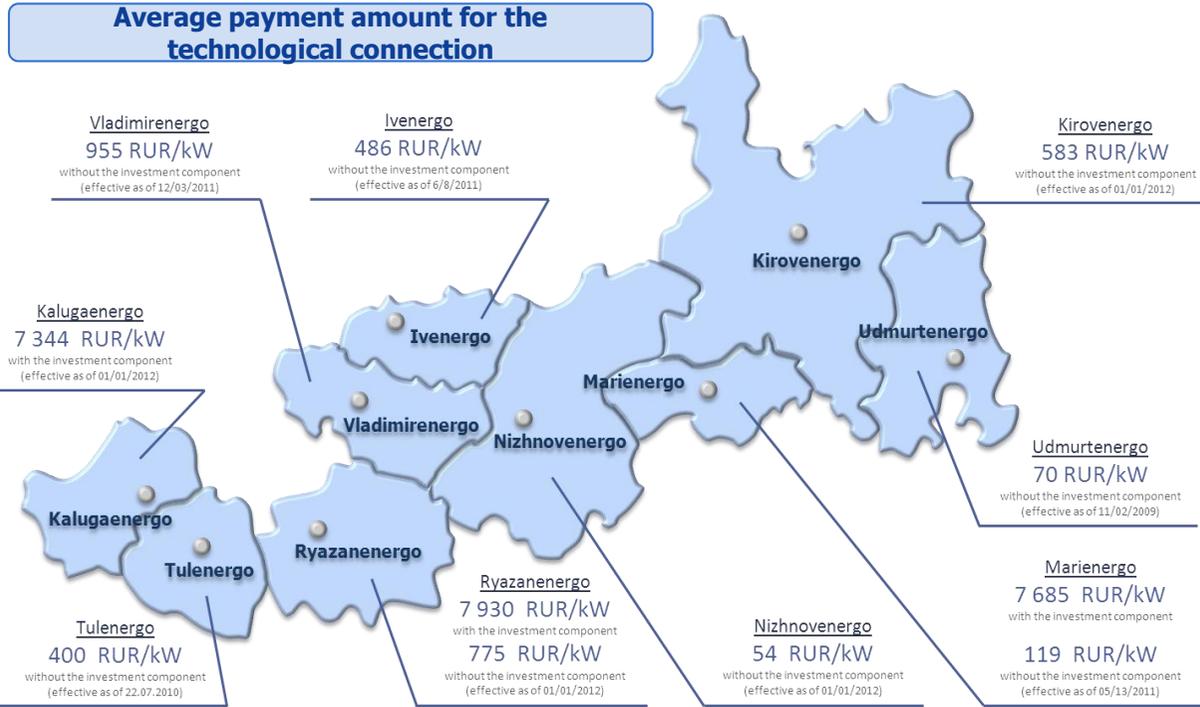
The main objective of the renovation program – is bringing of the electric grids' technical level to the world standards, increase of reliability and manageability by way of usage of the new highly efficient methods and technology, introduction of new, safe, maintenance-free types of equipment, controlled remotely.

The investment program of IDGC of Center and Volga Region, JSC for 2012-2017 stipulates the expenses for renovation in the amount of RUR 33,8 bln.

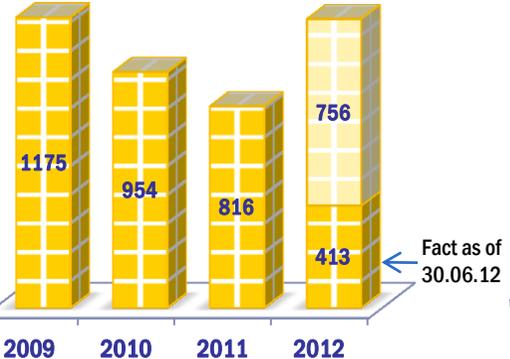
Sources of financing of renovation:

- \* tariff sources
- \* borrowed funds
- \* economy from the renovation program implementation – reduction of losses

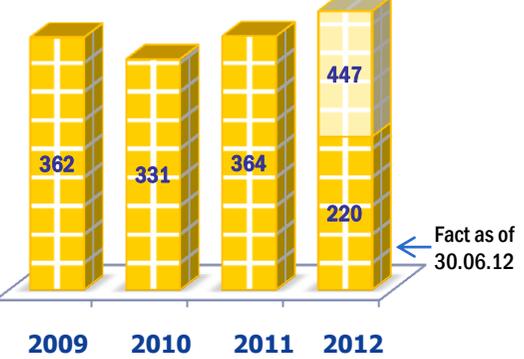




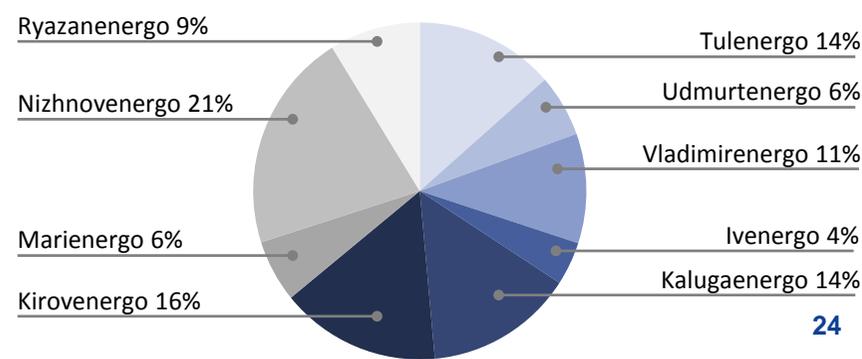
### Proceeds from the services on TC, RUR mln.



### Volume of the connected capacity, mW



### Distribution of technological connection in 2011, mW



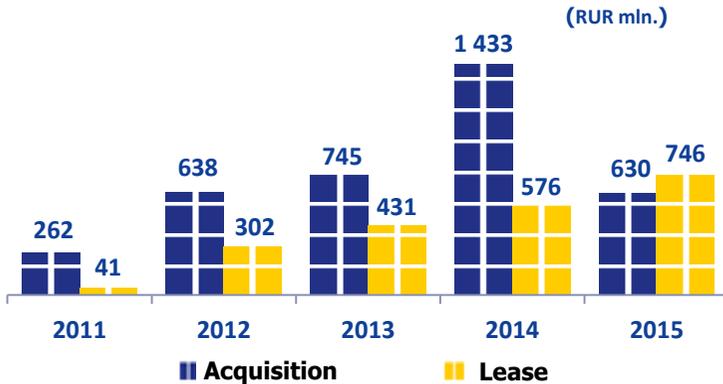


# CONSOLIDATION OF THE GRIDS

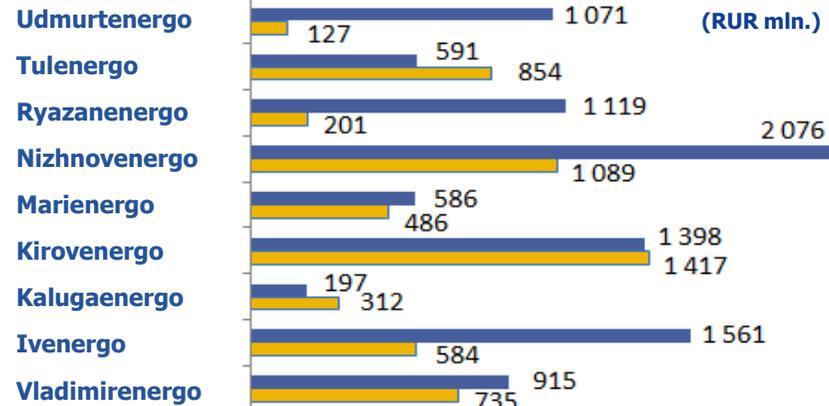


- \* IDGC of Center and Volga Region, JSC has a vast program of consolidation, which will increase the Company's market share and increase reliability of the consumers' power supply.
- \* The main finance sources of the program is the current year's profit in the tariff for transmission, depreciation, other own sources and borrowed funds
- \* Assumed total cost of the transactions in 2011–2015 amounts to RUR 5,8 bln. (RUR 2,1 bln. is spent to the lease )
- \* Assumed total increase of RGP (required gross profit) will amount to RUR 9,7 bln. (RUR 5,0 bln. is spent to the lease )

## Assumed cost of transactions

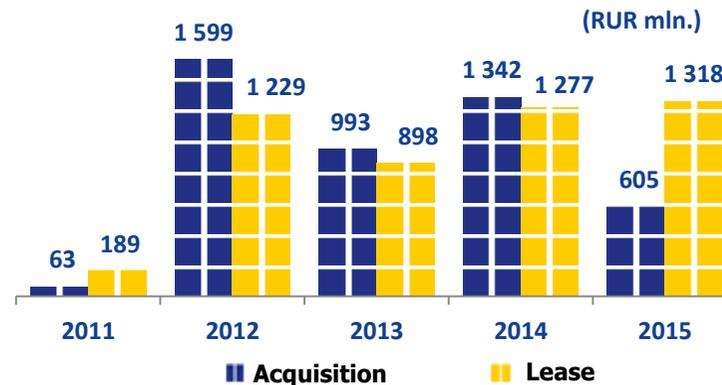


## Consolidation of the grids by branches, 2011–2015



- Assumed total increase of RGP
- Assumed total cost of transactions

## Assumed increase of RGP volume

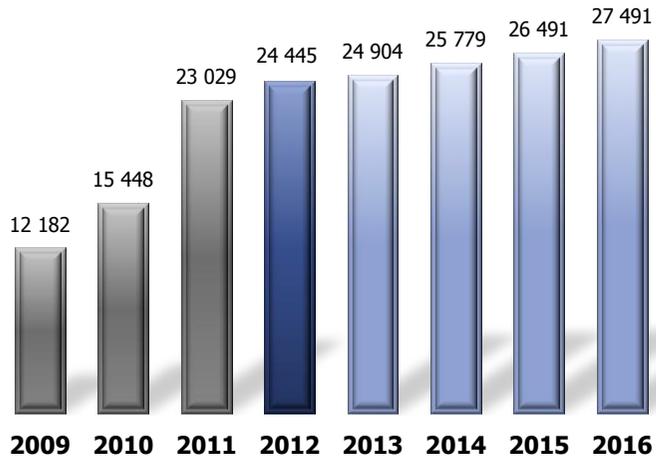




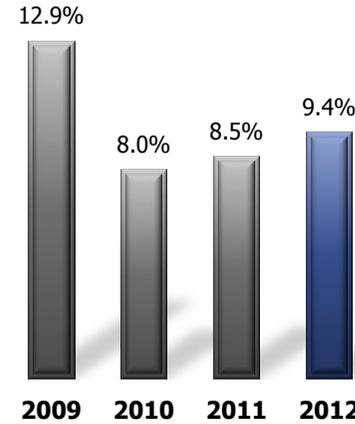
# CREDIT POLICY



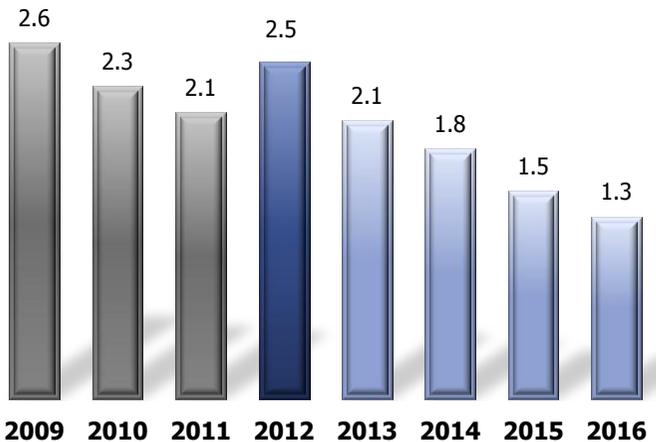
## Credits and loans as of the period's end, RUR mln.



## Average rate of borrowing



## Debt/EBITDA



## The first bonded loan

In 2012 they plan to place coupon commercial papers at MICEX.

Volume of issue : RUR 4,000,000 ths.  
 Circulation term : 3 years  
 Coupon's rate : will be determined on basis of monitoring of the bonds market на основании

Organizers of the bonds issue : IC "Troika Dialog", VTB Capital

The work on the credit rating receipt is carried out.





## Main directions of the strategy implementation

Provision of reliability and safety of the electric grid complex functioning, increase of quality of the services rendered

Increase of the operating and investment efficiency

Increase of the investment appeal and market capitalization

Innovative development of assets and the arrangements implementation in the framework of the program for energy efficiency increase

Enlargement and control of the market for the electric grid services

Formation of highly efficient management system and highly skilled professional team

## Milestones

Reduction of the grid's wear to 50% - towards year 2020

Bringing of the operating efficiency figures towards year 2020 to the level of efficiency of the distribution grid companies of the developed countries

Provision of a rate of return of the investments at a level of the companies' rate of return with the comparable market risks in the Russian Federation

Provision of the necessary funds attraction for the implementation of a large-scale renovation of the fixed assets, the result of which will be reliability and quality increase of the services, efficiency increase of the company's activities

Introduction of the innovative technologies, conforming to the best world standards in the sphere of electric power distribution, on all the stages of the technological process





The team of managers implements the specified strategy and goals of the company. These managers have:

- \* big job experience in the electric-power industry;
- \* high professional level of knowledge;
- \* huge wish to make great advances.



**Ushakov Evgeny Victorovich** -  
Chairperson of the Management Board,  
Director General of IDGC of Center and Volga  
Region, JSC

Year of birth - 1964

Education – Chelyabinsk polytechnical Institute  
after the name of Leninist Komsomol,  
engineer-electrician (electric power plants)

Job experience in the electric-power industry is  
- 24 years



**Andrus Sergey Timofeevich** – Deputy  
Chairperson of the Management Board, Deputy  
Director General for the technical issues – chief  
engineer of IDGC of Center and Volga Region,  
JSC

Year of birth - 1962

Education – Kishinevsk polytechnical Institute,  
engineer-electrician (electrical systems)

Job experience in the electric-power industry is  
- 23 years



**Podolskaya Lada Alexandrovna** -  
Deputy Director General for the corporate  
governance of IDGC of Center and Volga  
Region, JSC

Year of birth - 1974

Education – Ural State Juridical Academy,  
lawyer (jurisprudence)

Job experience in the electric-power industry  
is - 12 years



**Tikhomirova Olga Vladimirovna** -  
Deputy Director General for economics and  
finances of IDGC of Center and Volga Region,  
JSC

Year of birth - 1964

Education - Moscow Power Engineering  
Institute, engineer of the electronic technology  
(industrial electronics), All-Russian extramural  
financial and economic Institute, economist  
(finances and credit), Ph.D. in Economics

Job experience in the electric-power industry  
is - 19 years



**Vedernikov Andrey Yurievich** -  
Deputy Director General for development and  
services sales of IDGC of Center and Volga  
Region, JSC

Year of birth - 1976

Education – Vyatsky State Technical University,  
engineer-electrician (electrical power systems  
and networks), Vyatsk State Agricultural  
academy, economist (finances and credit).

Job experience in the electric-power industry is  
- 13 years



**Yashanina Irina Victorovna** - Deputy  
Director General – head of the Machinery of  
IDGC of Center and Volga Region, JSC

Year of birth - 1962

Education –Moscow Management Institute of  
the Order of the Red Banner of Labour,  
engineer-economist (governance bodies in the  
energy sector)

Job experience in the electric-power industry  
is - 27 years



**Shits Vladimir Victorovich** -  
Deputy Director General for the capital  
construction of IDGC of Center and Volga  
Region, JSC

Year of birth - 1972

Education – Omsk State Technical University,  
engineer-electrician (electric power supply)

Job experience in the electric-power industry is  
- 14 years



**Prepodobny Alexander Vasilievich** -  
Deputy Director General for safety of IDGC of  
Center and Volga Region, JSC

Year of birth - 1954

Education – Gorky higher school of Ministry of  
Home Affairs of USSR, Graduate military course  
of Research Institute of RF Ministry of Home  
Affairs, lawyer (jurisprudence), Cand.Sc.

Job experience in the electric-power industry is -  
4 years



**Nikitushkin Evgeny Vladimirovich** -  
head of the Treasury of IDGC of Center and  
Volga Region, JSC

Year of birth - 1977

Education – Saint Petersburg State Technical  
University, economist (finances and credit)

Job experience in the electric-power industry is -  
11 years

