

**Interregional Distribution Grid Company of
Volga
IDGC of Volga**

Preliminarily approved by JSC “IDGC of
Volga” Board of Directors Resolution

dd. _____ . _____ 2008
(Minutes № _____)

**ANNUAL REPORT
OF THE JOINT STOCK COMPANY
“INTERREGIONAL DISTRIBUTION GRID COMPANY OF VOLGA”**

Based on the results of 2007 financial year

General Director

Ryabov D.V.

Chief Accountant

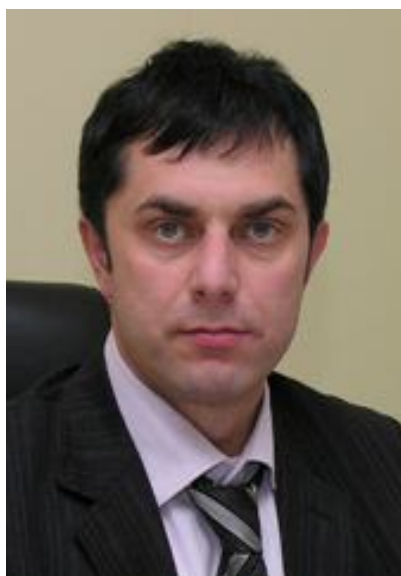
Vaitulenis N.V.

Saratov
2008 year

The Application to Shareholders of the Board of Directors Chairman and General Director of JSC “IDGC of Volga”.



***JSC “IDGC of Volga”
Board of Directors Chairman
Chistyakov A.N.***



***JSC “IDGC of Volga”
General Director
Ryabov D.V.***

Dear Shareholders!

Last year was the year of founding (forming) and the beginning of business activity of JSC “IDGC of Volga” from June 22, 2007 year.

The Board of Directors and Company management played the crucial role in the Company business activity in the process of its development.

JSC “IDGC of Volga” Board of Directors fully realizes its responsibility before shareholders during the complex period of reorganization and building-up of a sole operating company. The main goal is to fulfill the duties of effective management of the Company and to provide the realization of the Shareholders’ rights, support and growth of the Company stock value.

Distributing grid companies governed by JSC “IDGC of Volga” – JSC “Volgskaya IDC”, JSC “Mordovenergo”, JSC “Orenburgenergo”, JSC “Penzaenergo”, JSC “Chuvashenergo” – provided the reliable work of regional power network services and continued corporate development.

During the 2007 year JSC “IDGC of Volga” Board of Directors made several significant decisions that determine the future direction of the Company development. The Company and regional distribution grid companies (RDGC) business priority was the reorganization in the form of regional grid companies joining to IDGC. The plans and schedules of JSC “IDGC of Volga” and RDGC reorganization were approved. The Board of Directors examined the question of calling of JSC “IDGC of Volga” Special General Shareholders Meeting concerning the reorganization of JSC “IDGC of Volga” in the form of joining of JSC “Volgskaya IDC”, JSC “Mordovenergo”, JSC “Orenburgenergo”, JSC “Penzaenergo”, JSC “Chuvashenergo” to it and approval of the adhesion contract.

All corporate activities were held in time in accordance with the approved reorganization schedule of JSC “IDGC of Volga” and RDGC.

In August 2007 the Boards of Directors of RDGC approved the independent evaluating organizations for shares evaluation to determine the repurchase price . In November 2007 market shares valuation of the regional grid companies was finished. The swap ratios of RGGC to JSC “IDGC of

Volga” shares were officially received from the investment bank. They were calculated on the basis of independent values’ reports.

Last year Special General Shareholders Meeting of JSC “Volgskaya IDC”, JSC “Mordovenergo”, JSC “Orenburhenergo”, JSC “Penzaenergo”, JSC “Chuvashenergo” made the decisions to delegate the authority of the sole executive body to JSC “IDGC of Volga”.

In the second quarter of 2008 year it is planed to finish the reorganization and joining of JSC “Volzhskaya IDC”, JSC “Mordovenergo”, JSC “Orenburgenergo”, JSC “Penzaenergo”, JSC “Chuvashenergo” to JSC “IDGC of Volga”. Regional distribution grid companies will be the branches of the united operating company JSC “Interregional Distribution Grid Company of Volga”. The unified administration system, technical policy, quality standards will definitely rise the quality and reliability of consumers power supply in the regions of JSC “IDGC of Volga” business activity.

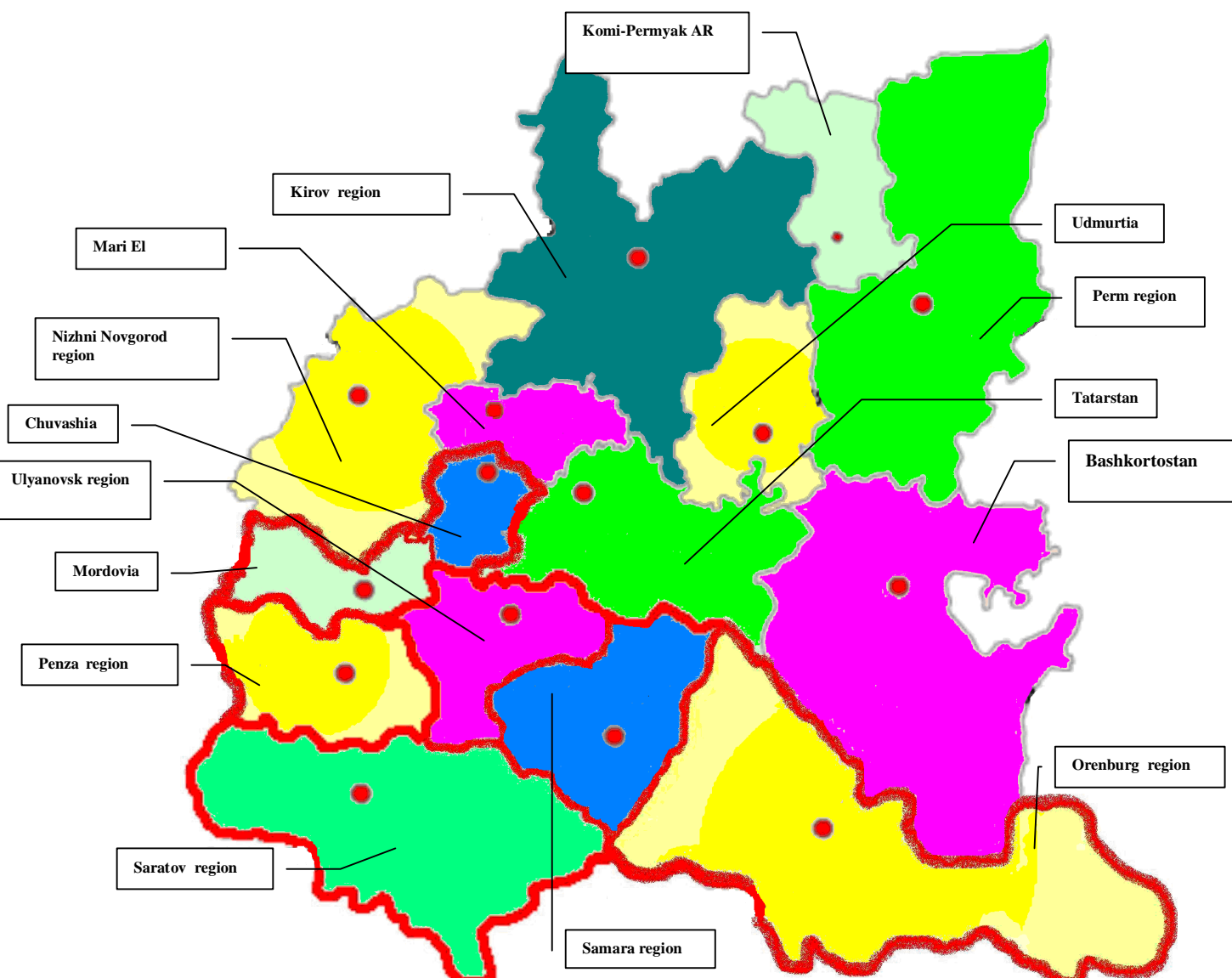
As a whole, at the year-end we can say with confidence that in spite of all difficulties of the organization period the Company successfully fulfilled the main aim: to provide safe and uninterrupted power supply of the consumers in seven regions of Volga Federal District.

General Information, the Position of the Company in the Industry Sector.

Geographic position.

JSC “IDGC of Volga” governs RDGC with the executive territory of seven constituent entities of Russian Federation, including:

- JSC “Volzhskaya IDC” (includes 15 grid branches) performs business activity in Samara, Saratov and Ulyanovsk regions. The number of employees is 9178 people.
- JSC “Mordovenergo” (includes 3 grid branches) performs business activity in Mordovia Republic on the territory of 26,2 thousand km² and the population of 8761,1 thousand people. The number of employees is 1474 people.
- JSC “Penzaenergo” (includes 6 grid branches) performs business activity in Penza region on the territory of 43,3 thousand km² and the population of 1516 thousand people. The number of employees is 2537 people.
- JSC “Orenburhenergo” (includes 6 grid branches) performs business activity in Orenburg region on the territory of 124 thousand km² and the population of 2150,4 thousand people. The number of employees is 3849 people.
- JSC “Chuvashenergo” (includes 3 grid branches) performs business activity in Chuvash Republic on the territory of 18,3 thousand km² and the population of 1299,3 thousand people. The number of employees is 1269 people



Total length of RDGC electrical networks as part of JSC “JDGC of Volga” configuration – is about 230 000 km.

Total number of the power plants – is over 46 000, total volume of transferred electric power is 56 billion kWh per year.

The number of grid branches - 32.

Balance sheet ratio

Based on the results of JSC “JDGC of Volga” business activity for 2007 year the received income is 155 387 thousand rubles. JSC “JDGC of Volga” service prime cost for 2007 year is 106 760 thousand rubles. The gross profit of JSC “JDGC of Volga” for 2007 year is 48 626 thousand rubles. JSC “JDGC of Volga” profit margin for 2007 is 31,29%. JSC “JDGC of Volga” clean profit for 2007 year is 301 thousand rubles.

The number of employees as of 12.31.2007 is 18501.

Company mission and strategy.

Emitter mission

The efficient usage of distributing grid Company assets, support of their reliability, investments attracting for the benefit of every Company shareholder and the Company itself.

Strategic goals of the Company are the main key points both for everyday activity and the Company development. They focus the Company on the objects necessary for its mission fulfillment. Strategic goals are formulated on the basis of ability analysis, Company role and potential, external factors, possibilities and threats for the Company mission fulfillment, the best national and world operation practice of power industry distributing systems.

Strategic goals of emitter are:

- provision of the system reliability and safety for stable distributing system operation support in the regions, safe operation of the main and subsidiary equipment and constructions, prevention threats for the life of the population.
- steady increase of the quality and volume of power transfer provided service, provision of environmental security. It should assist the Company cost increase and on the same time built the infrastructural base for the economical development of the regions;
- the Company cast increase with the steady income and profit rise, widening and qualitative renewal of the Company assets portfolio which should provide shareholders interests satisfaction, make the Company and its projects investment attractive and help to assess the efficiency of resource usage and quality of management work.

Production Activity

Types of production activity

Main directions (types) of the Company production activity are:

- Transportation and distribution of electric energy (facility);
- Technological connection to the Company electrical networks;
- Technological re-equipment, reconstruction of the existed and building new electrical networks and stations;
- Repair and operational service of the electrical networks and equipment diagnostics;
- Operational and technological management;
- Development of the electrical power accounting system;
- Provision of the opportunity to connect the new consumers to the Company grids.
- Energetic objects operation which is not on the balance sheet of the Company under the contracts with the owners of these objects.
- Exploitation of the new equipment which provides the efficiency, safety and ecological compatibility of the Company industrial objects work. Provision of the conditions for power complex development and fulfillment of the scientific, technological and innovation branch programs.

The main Company activities are the growth of electrical energy transfer, loss enhancement, fulfillment of the technical re-equipment, reconstruction and repair programs.

The Main Indexes of the Company Accounting and Financial Reports.

The analysis of business activity results dynamics and the Company financial position (including of the net assets structure and dynamics analysis) for the last three years.

According to the accounting reports' information total raw materials potential (compiled receipts) of JSC "JDGC of Volga" for 31.12.2007 is 48 458 thousand rubles. The Company carrying amounts for 01.01.2007 are equal to zero because the Company was founded and registered on June 29, 2007.

JSC "JDGC of Volga" net assets as of 31.12.2007 are equal to 10 301 thousand rubles.

The specifics of JSC "JDGC of Volga" business activity during 2007 – the management company determines the low ratio of the capital assets within the whole Company property. The ratio of the fixed

capital and property investment (intangible assets, building in progress, long-term financial investment) in the total assets volume for 31.12.07 is 3,3%.

<i>JSC “JDGC of Volga” non-current and current assets profile for 2005-2007 years</i>						
Inventory items	balance sheet line code	Total value			Total value correlation	
		2005	2006	2007	2006 to 2005	2007 to 2006
1	2	3	4	5	6	7
Intangible assets	110	-	-	-	-	-
Fixed assets	120	-	-	1 410	-	-
Building in progress	130	-	-	185	-	-
Long term financial investments	140	-	-	-	-	-
Other non-current assets	148	-	-	-	-	-
non-current assets	190	-	-	1 595	-	-
Supplies	210	-	-	28 398	-	-
Tax on sales	220	-	-	8	-	-
Account receivable (redemption time is more than 12 months)	230	-	-	-	-	-
Account receivable (redemption time is less than 12 months)	240	-	-	18 003	-	-
Short-term financial investment	250	-	-	-	-	-
Cash	260	-	-	454	-	-
Current assets	290	-	-	46 863	-	-

The ratio of short-term liabilities (76,7%) prevail over JSC “JDGC of Volga” passive balance part.

JSC “JDGC of Volga” liability structure for 2005-2007 years

Balance liability items	Balance sheet line code	Total value, thousand rubles			Total value correlation	
		2005	2006	2007	2006 to 2005	2007 to 2006
IV. CAPITAL AND RESERVES	490	-	-	10 301	-	-
V. LONG-TERM LIABILITIES	590	-	-	30	-	-
VI. SHORT-TERM LIABILITIES	690	-	-	38 127	-	-
Including:						
borrowed funds	610	-	-	-	-	-
accounts payable	620	-	-	38 127	-	-
other short-term liabilities	640+650+660	-	-	-	-	-
BALANCE	700	-	-	48 458	-	-

The analysis of asset and liability profile helps to make the conclusion about the stable financial position of JSC “JDGC of Volga”.

Company balance sheet for the financial period

BALANCE SHEET

as of December 31, 2007

Company: **JSC "Interregional Distribution Grid Company of Volga"**

Tax payer number: **6450925977/645001001**

Business activity: **electric power transmission**

Business legal structure / form of ownership: **Open Joint Stock Company Private Ownership**

Unit of measure: **Thousands of rubles**

Location (address): **410031, Saratov, Pervomayskaya street 42/44, tel (845-2)30-26-59, fax (845-2)73-69-09**

<i>to the Ministry of Finance Order as of 22.07.2003 №67n</i>			
CODES			
Form №1 in All-Russia Classifier of Management Documentation	0710001		
Date (year, month, date)	2007	12	31
Russian Business and Organization Classification	96956370		
Tax payer number	6450925977		
Russian National Classifier of Economic Activities	40.10.2, 74.15.2		
All-Russian Classifier of Legal Structures of Businesses \ All-Russian Classifier of Forms of Ownership	47	16	
All-Russia Classifier of Measurement Units	384		

Date of approval

Date of dispatch (adoption)

ASSETS	Line code	As of the beginning of the accounting period	As of the end of the accounting period
1	2	3	4
Part I NON-CURRENT ASSETS			
Intangible assets	110	-	-
Fixed assets	120	-	1 410
Building in progress	130	-	185
Profitable investment	135	-	-
Long-term financial investments	140	-	-
Deferred tax assets	145	-	-
Other non-current assets	150	-	-
<i>Assets total Part I</i>	190	-	1595
Part II CURRENT ASSETS			
Resources	210	-	28 398
Including:			
raw materials, supplies and other similar valuables	211	-	29
rears and fatteners	212	-	-
incomplete production expenses (marketing costs)	213	-	-
finished products and goods for resale	214	-	-
shipped goods	215	-	-
deferred expenses	216	-	28369
other resources and expenses	217	-	-
Input value added tax	220	-	8
Account receivable (redemption time is less than 12 months)	230	-	-
except:			
byers and customers	231	-	-
Account receivable (redemption time is less than 12 months)	240	-	18 003
including:			
byers and customers and	241	-	5 666
Short-term financial investments	250	-	-
Cash	260	-	454
Other current assets	270	-	-
<i>Assets total Part II</i>	290	-	46 863
Balance	300	-	48 458

Form 0710001 c.2

LIABILITY	Line code	As of the beginning of the accounting period	As of the end of the accounting period
1	2	3	4
Part III. CAPITAL AND RESOURCES			
Authorized capital	410	-	10 000
Treasury stock	411	-	-
Capital surplus	420	-	-
Reserve fund	430	-	-
<i>including:</i>			
reserve funds, developed in accordance with the legislation	431	-	-
resources developed in accordance with the article of incorporation	432	-	-
Accumulated surplus (uncovered loss)	470	-	301

Total Part III	490	-	10 301
Part IV LONG-TERM LIABILITIES			
Debts and borrowings	510	-	-
Deferred tax liabilities	515	-	30
Long-term liabilities total	520	-	-
Total Part IV	590	-	30
Part V SHORT-TERM LIABILITIES			
Short-term credits and loans	610	-	-
Accounts payable	620	-	38 127
<i>including:</i>			
suppliers and contractors	621	-	7 356
trade liability	623	-	-
personnel liability	624	-	12 228
state non-budgetary funds liability	625	-	4 194
taxation and revenue budget settlements	626	-	13 823
other payables	628	-	526
Founder liability	630	-	-
Deferred credit	640	-	-
Provisions for liabilities and charges	650	-	-
Other short-term liabilities	660	-	-
Part V total	690	-	38 127
BALANCE	700	-	48 458
STATEMENT OF VALUE CHARGED ON OFF-BALANCE ACCOUNTS			
Leased fix assets	910	-	-
including on lease	911.10	-	-
Inventory under custody	920	-	-
Goods on commission	930	-	-
Bad debt write-off	940	-	-
Securities received for obligations and payments	950	-	-
Securities given for obligations and payments	960	-	-
Housing resources depreciation	991	-	-
Land improvement facilities and other similar objects depreciation	992	-	-
Intangible assets received in use	999	-	-

Director /signature/
(signature)

Ryabov D.V.
(print full name)

Seal/ JSC "JDGC of Volga"

Chief Accountants /signature/
(signature)

Vajtulenis N.V.
(print full name)

Date: February 4, 2008

4.4 Company profit and loss statement for the financial year

REPORT ON PROFIT AND LOSSES

for January-December 2007

Company: JSC “Interregional Distribution Grid Company of Volga”

Tax payer number: 6450925977/645001001

Business activity: electric power transmission

Business legal structure / form of ownership: Open Joint Stock Company

Unit of measure: Thousands of rubles

Annex №1 to the Ministry of Finance Order as of 22.07.2003 №67n			
CODES			
Form №2 in All-Russia Classifier of Management Documentation	0710001		
Date (year, month, date)	2007	12	31
Russian Business and Organization Classification	96956370		
Tax payer number	6450925977		
Russian National Classifier of Economic Activities	40.10.2, 74.15.2		
All-Russia Classifier of Legal Structures of Businesses \ All-Russia Classifier of Forms of Ownership	47	16	
All-Russia Classifier of Measurement Units	384		

Name of index	Line code	Accounting period	Last year accounting period
1	2	3	4
Ordinary activities income and expenditures. Goods, works and services sales proceeds (netto) (except value-added tax, excise tax and other obligatory payments) including:	010	155 387	-
electric and heat power transportation	011	-	-
technological connection	012	-	-
other industrial goods, products, works and services	015	155 387	
other non-industrial goods, products, works, services	016	-	-

Cost of goods, products, works, services sold	020	(106 760)	-
<i>including soled:</i>		-	-
electric and heat power transportation service	021	-	-
technological connection	022	-	-
other industrial goods, products, works and services	025	(106760)	-
other non-industrial goods, products, works, services	026	-	-
Total profit	029	48 627	-
Business expenses	030	-	-
Management expenses	040	-	-
Sales profit (loss)	050	48 627	-
Other earnings and expenses			
Interest receivable	060	-	-
Interest payable	070	-	-
Revenues from other organizations participation	080	-	-
Other revenues	090	-	-
Other costs	100	(34 753)	-
Before-tax income (loss)	140	13 874	-
Deferred income tax asset	143	-	-
Deferred income tax liability	144	(30)	-
Current income tax	145	(13 543)	-
Other similar mandatory payments	146	-	-
Income tax and other mandatory payments	150	(13 573)	-
Net profit (profit (loss) surplus for the accounting period)	190	301	-
FOR THE REFERENCE			
Permanent income tax liability	200	10 244	-
Basic earnings (loss) per share	201	-	-
Diluted earnings (loss) per share	202	-	-

Form 0710001c.2

SEPARATE PROFITS AND LOSSES BREAKDOWN

Name of index	Line code	Accounting period		Last year accounting period	
		Profit	Loss	Profit	Loss
1	2	3	4	5	6
Acknowledged fines, penalties and forfeitures or arbitration court decision of their collection	210	-	-	-	-
Profit (loss) of past years	220	-	-	-	-
Compensation paid for non-fulfillment or obligations improper fulfillment	230	-	-	-	-
Exchange rate differences of foreign currency transactions	240	X	(28 583)	X	-
Contributions to the valuation reserves	250	-	-	-	-
Receivables and payables write off with the expired limitation period	260	-	-	-	-
Total number	270	-	(28 583)	-	-

Director /signature/
(signature)

Ryabov D.V.
(print full name)

Seal/ JSC "JDGC of Volga"

Chief Accountants /signature/
(signature)

Vajtulenis N.V.
(print full name)

4.5 Company auditor's report

JSC “JDGC of Volga”

LLC “Fineart-Audit”

119607, RF, Moscow, Udaltsova street, 60

Tel/ fax: (495) 431-99-70, (499) 726-91-12/13

E-mail: fineart-audit@bk.ru, office@fineart-audit.ru

Tax payer number 4027022866, Tax registration reason code 772901001,

Principle State Registration Number 1024001083898

License to carry out audit activity № E 006407

(Ministry of Finance Order as of September 7, 2004 № 205)

Audit report

**on financial and accounting reporting
of Open Joint-Stock Company**

“Interregional Distribution Grid Company of Volga” for 2007

Moscow, 2008

AUDITOR'S REPORT
on financial and accounting reporting
of Open Joint-Stock Company
"Interregional Distribution Grid Company of Volga"
(JSC "IDGC of Volga")
at 2007 year-end

to JSC "IDGC of Volga" shareholders

Auditor:

Full name: Limited Liability Company "Fineart-Audit".

Short name: LLC "Fineart-Audit"

Principle place of business: RF, 119607, Moscow, Udaltsova street 60

State registration:

Certificate of State Registration LLC "Fineart-Audit" ОБ №128 given 24.01.1995

Certificate of Record in the Unified State Register of Legal Entities as of February 9, 2007, registered before July 1, 2002 with the principle state registration number (PSRN) 1024001183898.

License for: auditing activity № E 006407 given by RF Ministry of Finance on 07.09.2004 for five years.

Membership of the certified professional association of auditors: member of Moscow Chamber of Auditors. Certificate №1531 given in accordance with the Moscow Chamber of Auditors Board of Directors decision on November 1, 2006 №99.

Auditee:

Full name: Open Joint-Stock Company "Interregional Distribution Grid Company of Volga"

Short name: JSC "IDGC of Volga"

Principle place of business: RF, Saratov, Pervomayskay street 42/44.

Postal address of the Company: 410031, Saratov, Pervomayskay street 42/44.

State registration:

Certificate of Legal Body State Registration series 64 № 002263079 dated of 29.06.2007 given by Interdistrict Inspectorate of the Federal Tax Service №8 in Saratov region with the principle state registration number (PSRN) 1076450006280.

LLC "Fineart-Audit" 119607, RF, Moscow, Udaltsova street 60; tel/ fax: (495) 431-99-70, (499) 726-91-12/13

**Auditor's report
on financial and accounting reporting
of Open Joint-Stock Company
"Interregional Distribution Grid Company of Volga"
(JSC "IDGC of Volga")
at 2007 year end**

1. We conducted the audit of Open Joint-Stock Company "Interregional Distributing Grid Company of Volga" financial (accounting) reporting attached to the present Audit Report for the period since January 1 through December 31, 2007 inclusive. Financial (accounting) reporting contains:

- Accounting balance sheet (form № 1);
- Profit-and-loss report (form №2);
- Statement of changes in equity (form №3);
- Cash flow statement (form №4);
- Appendices to the accounting balance sheet (form №5);
- Explanatory notes.

Present report is prepared by the Company management in accordance with the Federal Law provisions as of 21.11.1996 № 129-FZ "On audit activity", Accounting Regulations, RF Ministry of Finance Order dd. 22.07.2003 № 67n "On the forms of the company accounting reports" and other RF normative acts regulating the order of the accounting record-keeping and making of the accounting reports.

2. The executive body of Joint Stock Company "Interregional Distribution Grid Company of Volga" acting by the General Director Ryabova Dmitriya Vladislavovicha bears the full responsibility for preparation and performance of the present financial (accounting) report. Our obligation is on the basis of conducted audit to express the opinion about the reliability in all the material respects of the present report and conformity of the accounting record-keeping to the Russian Federation legislation.

3. We conducted the audit in accordance with Federal Law as of 07.08. 2001 № 119-FZ "On Audit Activity", Federal rules (standards) of the audit activity, approved by Russian Federation Government Regulations as of 23.09. 2002 № 696 (with future amendments and additions), certified professional audit association Moscow Chamber of Auditors internal rules (standards), auditing company internal standards. The audit was planned and performed to ensure that the financial (accounting) reporting does not contain the material misstatements. The audit was performed on the test basis and comprised the study on the test basis of facts approving the indexes and disclosure in the financial (accounting) reporting of the information on the financial and economic activity, the estimation of accounting principles and rules used during the financial (accounting) reporting preparation, study of the main estimated figures received by the management of the auditee and estimation of the reporting performance. We suppose that the performed audit gives the reasonable cause to express our opinion on reliability of the financial (accounting) reporting and conformity of the accounting report keeping to the Russian Federation legislation.

4. In our opinion the financial (accounting) reporting of the Joint Stock Company "Interregional Distribution Grid Company of Volga" gives the reliable information in all the material respects the financial situation of the Company as of December 31, 2007 and the results of the financial and economic activity for the period since January 1 through December 31, 2007 inclusive, and the order of accounting report preparation conforms to the Russian Federation requirements.

5. Not changing the opinion of the reliability of the financial (accounting) reporting we draw the attention to the following events which took place after the reporting date:

The Company General Shareholders meeting which duties performs RAO UES of Russia, on 25.12. 2007 (minutes as of 12.25.2007 № 1795pr/8) made the decision of JSC "IDGC of Volga" reorganization in the form of JSC "Volgskaya IDC", JSC "Mordovenergo", JSC "Orenburhenergo", JSC "Penzaenergo", JSC "Chuvashenergo" joining to it and also of the Company share capital increase by the supplement shares placing by means of joining Companies shares conversion in the amount of 178 515 2000 000 (One hundred seventy-eight billion five hundred fifteen million two hundred thousand) of the par value of 10 (ten) kopeks of every share. The total face value sum is equal to 17 851 520 000 (Seventeen billion eight hundred fifty one million five hundred twenty thousand) rubles.

Changes and additions to the Joint Stock Company "Interregional Distribution Grid Company of Volga" Articles of Association in terms of the Company Nominal Capital by means of supplement shares placing registered in Saratov region Interdistrict Inspectorate of Federal Tax Service №8 dd. January 22, 2008 (State Registration Number 2086450000811).

Joint Stock Company "Interregional Distribution Grid Company of Volga" Articles of Association amendments in terms of branches and representative offices development (Board of Directors Minutes № 6 as of 15.01. 2008) registered in Saratov region Interdistrict Inspectorate of Federal Tax Service №8 as of January 22, 2008 (State Registration Number 2086450000811).

February 12, 2008

Deputy General Director

Power attorney №018/D as of 15.01. 2008

/signature/ Ye..M.Kotova

Head of the Audit:

(Qualification certificate on the right of auditor activity performance in the sphere of general audit № K 016932, for an indefinite term)

/signature/ A.F.Sanina

Seal: "Fineart-Audit"/ Fineart-Audit/

Profit distribution and dividend policy

The order of dividends payment is determined by Federal Company Law and Company Articles of Association.

In accordance with article 7 of JSC "IDGR of Volga" Articles of Association the Company has the right on the basis of the first quarter, six months, nine months and/or financial year results to make the decision (to announce) the outstanding shares dividends payment. The decision of dividends payment (announce) on the basis of the first quarter, six months, nine months of the financial year results could be made during three months after the end of the corresponding period. Dividends on shares generation depends on the net profit received by the Company. The net profit is assessed on the basis of the Company accounting reports data. The distribution of profit received by the Company in the financial year is approved by the annual general shareholders meeting. The Board of Directors recommends to the annual general shareholders meeting the dividends on shares value, period and form of payment.

JSC "IDGC of Volga" was registered on 29.06.2007 and the General Meeting of Shareholders devoted to the dividends payment was not held.

In 2007 year end the following profit distribution in RDGC is planned:

(thousand rubles)

Name of DGC	Net profit for 2007	Application of profit of 2007 year as current investments	The accumulating surplus
JSC "Volgskaya IDC"	180 240	121 228	59 012
"Mordovenergo"	102 985	73 336	29 649
"Orenburhenergo"	2 511	-	2 511
"Penzaenergo"	422 184	327 254	94 930
"Chuvashenergo"	392 977	272 146	120 831

JSC "IDGC of Volga" investment activity for the period of 2007 year.

The volume and pattern of the investments for the period of 2007 year.

Stable and affective development of the electric power industry is impossible without investment policy activation.

GSC "IDGC of Volga" fixed capital investments are made in the form of capital investments which contain principle building expenses, widening, reconstruction and technical re-equipment of the operating capacities, equipment purchasing and other capital expenses.

Main JSC "IDGR of Volga" investment program indexes of period of 2007

billion rubles without VAT

Name of the indexes	Plan	Fact	Plan fulfilment, %
All in JSC "IDGC of Volga"			
All capital investment, including:	5 300,597	5 316,172	100%
- technical re-equipment and reconstruction	3 143,845	3 311,582	105%
- new building and widening	1 992,821	1 881,709	94%
-acquisition core property	151,273	108,552	72%
- non-material assets	12,658	14,329	113%

Thus, the Company capital investments in 2007 is equal to 5 316,172 million rubles, including, 62,3% from the specified sum was spent to the reconstruction, 35,4 % - for the new building, 2% - for core property acquisition, 0,3% - for non-material assets acquisition.

The investment program goals for 2008 - 2012

The investment program goals for 2008 -2012 are:

- The reliable consumers power energy supply and power energy demand satisfaction in a view of economic growth and national projects fulfillment.
- Provision of the reliable power energy supply wherein the electric power supply of consumers is made without burden limitation and with the power energy quality compliance;
- Growth of power energy transfer service market;
- Loss enhancement of the power energy in the grids;
- Effective saving costs to support the electrical grid infrastructure;

To provide the increasing consumers demand of electric power and energy JSC “IDGC of Volga” includes the set of actions of technical re-equipment, reconstruction and building of the new electric power facilities in its investment activity.

Main investment projects in the electrical distribution systems are oriented on the growth of reliability of consumers supply with the power energy and the connection of new consumers.

Five-year investment Company program was developed in accordance with the general principles determined for the investment programs for subsidiaries and associates of the company JSC RAO UES of Russia. Investment program is formed in the volume enough to perform the agreement with the regions to increase the reliability of the power energy supply and new consumers’ connection.

JSC “IDGC of Volga” goal for 2008-2010 is to carry-out the long-term investment program in the volume of capital investment equal to 28 759,989 million rubles, including by the years:

<i>Name of RDC</i>	<i>2008 year</i>	<i>2009 year</i>	<i>2010 year</i>	<i>2011 year</i>	<i>2012 year</i>
<i>Total sum in JSC “IDGC of Volga”, including</i>	<i>5493,522</i>	<i>5647,172</i>	<i>5680,888</i>	<i>6187,672</i>	<i>5750,735</i>
JSC “Volgskaya IDC”	2916,735	2817,189	2520,587	2559,663	2684,956
JSC “Mordovenergo”	360,543	399,929	393,549	360,126	362,727
JSC “Orenburhenergo”	1220,082	1429,708	1550,596	2190,644	1611,781
JSC “Penzaenergo”	461,084	342,280	558,970	392,964	396,271
JSC “Chuvashenergo”	535,078	658,066	657,186	684,275	695,0

Purchasing Activity

At 2007 year-end JSC “IDGC of Volga” carried out 2 172 purchases on the sum equal to 5 942 816,22 thousand rubles, 79,28% among them – are open procedures that tells about transparency and openness of the Company business activity.

Market Share, Marketing and Sales

Main markets trends, macro and micro changes.

Service market transfer depends on the structure and economic situation in the regions, development rates of the power grid, relationship with the clients, regulatory system and also on the climatic factors.

Macroeconomic. RF economy continued to develop in 2007. The growth of GDP was 7,8% that exceeds the growth of GDP in 2006 by 1%. In this case, oil and gas industry sectors, chemical industry, non-ferrous and ferrous metal industry showed the best dynamics. In a view of the personal

income growth increased the power energy locations and commerce demand. At the same time, industry and agriculture power energy demand remained stable. These tendencies influenced on the demand regional differentiation: RDGC in the regions where the raw lifting and refinery is localized showed better power energy consumption history than the depressive regions.

Power purchase changes for the losses compensation took place in RDGC. RDGC like the other consumers began to buy the part of power energy taking into account free prices segment as the acquisition procedure of tariff and balance decision for the participants of the wholesale electricity market was strictly formalized and limited in time. RDGC are also made a big job to execute the contract relations with the new clients entered the wholesale electricity market.

The continued process of the regional unowned grids and utilities and, the growth of main equipment capital repair volume allowed to improve the quality of power transfer service in the market and to reduce the power transportation expenses.

The review of the competitive environment and market share development controlled by the Company

DGK (marker coverage)	"Volgskaya IDC"		Mordovenergo		Orenburgenergo*		Penzaenergo		Chuvashenergo		IDGC of Volga	
	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007
Market coverage of power energy transfer services, % (MC)	55,95%	59,09%	68,97%	72,28%	94,70%	93,79%	72,86%	76,09%	73,63%	76,28%	67,53%	69,82%
Power energy productive supply of RDGC branches consumers, billion kWh	33 094	34 462	2 435,6	2 514	11 738	11 952	3 678,7	3 789	4 687,7	4 843	55 611	57 560
Power energy productive supply of the territorial grid companies situated in the zone of RDGC branches, billion kWh	15 329	15 500	771,9	762	622,406	776	998,278	1 042	1288,33	1 269	19 010,0	19 349
Total volume of the power energy, consumed by the final customer of the RDGC territorial zone, billion kWh	31 750	32 092	2412,1	2 424	11738,3	11 916	3678,699	3 611	4616,89	4 685	54 196,0	54 728

Company market share growth in 2007 year in relation to 2006 year is determined, first of all, by the lease contracts. It affected the Company service market coverage. On the same time, the decrease of JSC "Orenburgenergo" service market coverage dynamics by 0,9% has the following reasons:

- the number of contracts with allied network organization (SSO) has increased;
- growth of power energy transfer volume through the networks of cooperating grid companies;
- tariff formation with the help of kettle method. JSC "Orenburgenergo" is the "kettle holder" for the cooperating grid company CJSC "OrenburgselenergoSeti".

Securities and Share Capital

JSC "IDGC of Volga" registered capital at the end of financial period is equal to 10 000 000 (ten million) rubles and consists of 100 000 000 ordinary registered stock shares with the nominal price of 10 (ten) kopecks.

Float is registered on October 10, 2007, by the South-East Federal Service on Financial Markets Registration Department with the issue state registration code -1-01-04247-E.

JSC RAO “UES of Russia” is the sole promoter of JSC “IDGC of Volga”.

JSC “IDGC of Volga” is the associated company of JSC RAO “UES of Russia” which is the owner of 100% of Company voting shares.

JSC “IDGC of Volga” did not have associated and depended companies.

JSC RAO “UES of Russia” Board of Directors (minutes № 250) as of 27.04.2007 made the decision of the practicability of IDGC formation as the operating company by accession of RDGC as the part of their configuration.

Special general shareholders meeting of the Company (Minutes № 1795 pr/8 as of December 25, 2007) made the decision to reorganize JSC “IDGC of Volga” in the form of joining of JSC “Volgskaya IDC”, JSC “Mordovenergo”, JSC “Orenburhenergo”, JSC “Penzaenergo”, JSC “Chuvashenergo” to it, and also to increase Company registered capital by stock promotion (accessioned RDGC shares conversion to the additional ordinary nominal shares of JSC “IDGC of Volga”) of the additional ordinary nominal shares equal to 178 515 200 000 shares with the nominal price of 10 (Ten) kopeks each one.

On February 15, 2008, the Decision of the additional share issue and JSC “IDGC of Volga” securities Prospectus was send to the Russian Federal Service on Financial Markets.

Since JSC “IDGC of Volga” is the 100% associated company of JSC RAO “UES of Russia” Company shares were not in the stock-market trading or other securities market makers.

To increase the liquidity and Company market capitalization at the end of JSC “IDGC of Volga” reorganization in the form of JSC “Volzhskaya IDC”, JSC “Mordovenergo”, JSC “Orenburhenergo”, JSC “Penzaenergo”, JSC “Chuvashenergo” joining to it. In the second quarter of 2008 year it is planned to put JSC “IDGC of Volga” shares to the Russian Boards of trade trading platforms of Joint Stock Company “Stock exchange. “Russian Trading system” and Close Joint Stock Company “Moscow Interbank Currency Exchange”.

Production Control and Labor Safety

Labour safety expenses

JSC “IDGC of Volga” spent 210393,44 thousand rubles (in 2006 – 197733,09 thousand rubles) for the labour safety measures, including:

Name of RDGC	Hygienic measures expenses, thousand rubles	Accident prevention expenses, thousand rubles	Better working conditions expenses, thousand rubles	Total sum of expenses, thousand rubles	One employee expenses, thousand rubles
“Volgskaya IDC”,	10377,59	18538,17	13122,58	92482,18	10,06
“Mordovenergo”	1106,70	2529,00	146,00	15100,00	10,31
“Orenburhenergo”,	7666,59	7142,04	4010,81	36975,24	9,50
“Penzaenergo”,	2628,42	38694,29	443,93	41766,64	16,35
“Chuvashenergo”	503,27	5827,59	2006,82	24069,38	23,40
Total sum in JSC “IDGC of Volda”	22282,57	72731,09	19730,14	210393,44	11,30

Accident reduction programs development and execution in accordance with JSC RAO “UES of Russia” Order № 656 as of 16.10.2007 “On mortal accidents prevention measures”.

In accordance with JSC RAO “UES of Russia” Order № 656 as of 16.10.2007 “On mortal accidents prevention measures” JSC “IDGC of Volga” made the Order № 55 dd. 29.10.2007 “On mortal accidents prevention measures” and developed the program to prevent injuries in JSC “IDGC of Volga”.

In JSC “IDGC of Volga” subordinate Companies the abovementioned orders were filed They also developed their own program measures to prevent industrial injuries with the aim to solve the problems of work organization and safe production technologies implementation, the internal technical control system upgrading, working clothes, safety and communication equipment provision, development of organizational and methodological work for labour protection, contracting organizations and third persons injuries prevention, road traffic accidents prevention. Present programs requirements were included to the labour protection working plans in the subsidiary Companies in 2008 year.

Structure and Principles of Corporate Management

Principles. Documents.

JSC “IDGC of Volga” management structure is based on the current Russian Federation legislation, Company Articles of Association and Corporate Management Code.

The main Company corporate management direction is the development of interrelation system between Company managers and owners (shareholders), and also with the other concerned parties concerning to the problems connected to the Company operating efficiency and owner and the other concerned parties interests provision.

Company forms its corporate management policy in accordance with Corporate Management Code approved by the RF Government as of 28.11.2002 №421/p (minutes № 49) and Federal Commission for the Securities Market Order as of 04.04.2002 № 421/p “On usage recommendations of the Code of Corporate Conduct”, Articles of Association and other internal Company documents.

Corporate management influence on the Company business activity economic indexes and its ability to attract the capital essential for the economic growth.

Corporate management goals – are the efficient management of the Company assets with the strict observance of the shareholders rights and legitimate interests.

Company fulfills the complex of measures directed to corporate management improvement, increase of the Board of Directors role, all shareholders groups and other concerned parties interests accommodation:

- develops and accepts new Company qualitative statutory and regulatory documents in accordance with the current legislation;
- carries out further Company business activity in accordance with the modern Russian regulatory and legal requirements, regulating the corporate management issues, including the practice of Company business activity information disclosure.

The Code of Corporate Conduct text is always free to access in the Company web-site http://www.mrsk-volgi.ru/documents/wordfiles/MRSK_Kodex.pdf.

Annex №3 to the annual report is the example of the Code of Corporate Conduct observance.

Authorized capital

JSC “IDGC of Volga” authorized capital as of 31.12.2007 is equal to 10 000 000 (Ten million) rubles and consists of nominal ordinary shares with the nominal price of 10 (ten) kopeks.

Company management and control bodies

The bodies of the Company management and control system are: General Shareholders meeting, Board of Directors, General Director, Check-up committee and Company auditor. In accordance with the Company Articles of Association registered on June 29, 2007, the Company management is not prescribed. New amended Articles of Association is planned to register on April 2008. It contains the article devoted to the Company Management.

The most important decisions connected to the Company business activity are made by the: General Board of Directors meeting within its competence established by legislation and the Board of Directors. Decisions connected to the routine management of the current Company business activity are made by the Company executive bodies.

Personal Policy and Social Partnership

Main principles and goals of the Company personal policy

Personal policy is the general direction of the personal management. It is the sum of principles, methods, forms of the organizational means for the goals treatment, aims with the aim to keep, consolidate and develop the human resources, to create the responsible, highly-productive and close-knit collective able to react to the fluid market situation taking into account the Company development.

As the result, the main goal of the Company personnel policy is to provide the correspondence of the personnel qualitative and quantitative characteristics to the strategic goals of JSC "IDGC of Volga".

At present time in the posses of strategic JSC "IDGC of Volga" goals fulfillment main stress is put on high level of Company industrial activity and management system achievement. As the result, the main emphasis in the personnel policy is put, first of all on the provision of essential qualitative characteristics of the staff (qualification, motivation, readiness to fulfill labour functions). The indirect measure of the efficiency of the personnel management work is the quality criteria of work satisfaction of the Company employee.

Personnel policy covers the following main aspects of the Company development:

- the sphere of industrial personnel policy;
- qualitative and quantitative staff planning;
- staff workload (staff marketing); personnel reduction;
- staff training;
- personnel management (personnel control);
- management policy;
- stimulation policy;
- social policy;
- information (communication) policy;
- company activity (social and economic) assistance;
- the sphere of labour conflicts and interrelation with the administration;

In the modern market circumstances the Company could not act as the passive user of the labour power. For the efficient work it is necessary to influence on the whole process of the staff acquisition, that is, to carry out an *active personnel policy*. This means, first of all, the Company supply with the qualitative labour force, second, its further development within the Company, third, its stabilization (consolidation).

To form its personnel policy the Company acts in accordance with the following principles:

- planning the workforce requirements and personnel management taking into account the influence of external and internal factors which determine the qualitative and quantitative condition of the regional labour resources and the Company staff itself on the particular stage.
- choice of the optimal methods of the staff relations taking into account the Company current development based on the forecast and account of the social and demographic, political, economical, legal and other external environment changes and their influence on the Company staff;
- development and operation of the personnel management system that provides the efficient and flexible Company human resources management;
- all levels managers should understand the decisive role of staff and social essence of the personnel management in provision of the Company prosperity ;
- provision of the high efficiency of the means used for the staff training. The costs saving from the inefficient usage of staff potential and surplus labour force.

The main principle of the personnel policy is the efficient work and personal contribution to the common cause should be worthy valued.

Environmental Protection

JSC "IDGC of Volga" is interested in the ecological safety of the subsidiary RDGC in Saratov, Samara, Ulyanovsk, Orenburg, Penza regions, Mordovia and Chuvash republics industrial activity.

One of JSC "IDGC of Volga" priority tasks is to provide the customers with the power energy and to satisfy the requirements of safety, reliability and responsibility for the environmental impact.

The electrical networks has the specific environmental impact and refer to the industry with the soft influence on the environment: aerial power lines (APL) and substations (SS) has the weak environmental impact. Electric grids are not the source of the harmful effect to the air and surficial piece of water. Generally, soil pollution takes place in the process of substations and power transmission lines building (support building) and during the repair works.

Payment for the environmental impact was regular and was made in accordance with Russian legislation time frames.

The fulfillment of the air and water defense measures, protection and efficient usage of the soil, physical factors impact mitigation (electric field, magnetic floor, acoustic noise).

The following measures were fulfilled for the air and water defense, protection and efficient usage of the soil, physical factors impact mitigation by RDGC entering to the JSC "IDGC of Volga" in 2007 year:

- the delivery of 1-5 class hazardous waste to the special organizations and landfills (dumping places) with the license for the hazardous waste management;
- the ecological monitoring was made during the design of aerial power lines (APL) and substations (SS) and other energy objects. Special features of such objects building are set out in the project documentation in "Environmental protection" article.
- in the process of technical re-equipment and reconstruction the phased withdrawal of the oil-filled and replacing by the gas-insulated and vacuum equipment is made. These equipment provides the ecological cleanness of the operation: replace of oil-filled switchers with 6-110 voltage by the vacuum with 6-10 voltage and gas-insulated with 35-110 voltage, replace of oil-filled high-voltage leads to the leads with solid or RIP insulation;
- during the High voltage line reconstruction (HV line-0,4-10 kW) self-supporting insulated conductors (SSIC) were set. They helped to reduce the harmful impact of the business activity to the environment the reduction of the cutting off glade in the forest before laying and in the process of operation of the power transmission lines width. At the 2007 year end program of technical re-equipment and reconstruction (TRR) total length of HV lines with SSIC is 1960km.
- repair of oil-sump devises in the substations was made;
- regime of technological equipment work prescribed in the service record was controlled during 2007 year;
- control and measurement devices were tested according to the approved schedule;
- the industrial emission and soils samples were obtained on the territories of RDGC manufacturing branches and the instrumental and laboratory measurements were made. Samples analysis showed the absence of maximum concentration limit excess in the air tests and non-exceedance of TPH-in-soil;
- calculation and measurement of the actual harmful substances emission in the atmosphere from gaz-cleaning facilities "Tsiklon" installed with the woodworking equipment in JSC "Volzhskaya IDC" rooms.
- JSC "Mordovenergo" controlled the prescribed normative emission of the pollutants in the atmosphere, monitored the environmental conditions in the waste locations of the special accredited laboratory FSI Centre of Laboratory Analysis and Technical Metrology;
- In JSC "Chuvashenergo" branches the demercurization of the utilizing fluorescent batters to prevent the soil and atmosphere pollution was made;
- Purchased the packages and containers for the separate waste collection.

Information Technologies

Main directions of JSC “IDGC of Volga” Informational technologies development of the IDGC – RDGC automatization Conception fulfillment.

JSC “IDGC of Volga” IT infrastructure in 2007 developed in accordance with the strategic goals and objectives stated in RAO UES of Russia technical policy Conception, principle provisions of Technical policy in the sphere of BU “Networks” information technologies and Conception of IDGC-DGC automatization.

Data transfer distribution grids are building to form the united telecommunication space of the Company.

In 2007 the Company continued to connect the DGC communication electronics to the corporate communications network. This will allow finishing the building of JSC “IDGC of Volga” united informational and technological space. In JSC “Orenburgenergo” 17 communications electronics were connected and the protecting paths in the data transmission channels are being built.

The Company was connected to the video conference system (VCS). Weekly meetings with the subordinate RDGC are held with the help of video conference which helps to improve JSC “IDGC of Volga” work efficiency as the management body.

Company computer infrastructure has been building-up during the last year

JSC “IDGC of Volga” is preparing to the implementation of the corporate information system (CIS) based of mySAP Business Suite of SAP AG Company. JSC “Orenburgenergo” operates the CIS based of SAP R/3, SAP BW.

Company carries out an active software licensing policy. In 2007 Company started to fulfill the corporate program of Microsoft operating and application systems licensing.

Company continuously improves the office and IT reserves and integrates them as the applications.

All RDGC use hardware protection of the corporate network, antivirus programs, VPN channels including for the mobile access.

The essential modernization of the Internet access was made. This seriously increases the traffic output and function capabilities. Internet access is provided by two independent providers. Public access network is used as the reserve network for the leased communication channels between the regions.

The first stage of investment program fulfillment of the intrusions monitoring system based on Cisco for the Internet access center was finished in JSC “Orenburgenergo”

Technological processes key points of the IT business units are obligatory equipped with the back supply system with the help of UPS or organized (secured) two-feed power system. All fuel-injection system (FIS) equipment is set on the working place only in case it was checked and recorded in accordance with construction norms and regulations (CNR) 2.2.2.542-96.

Hot standby server clusters are used to provide the high level of data and servers access.

Data stores, bases and operation programs are backedup and archived in accordance with security and reliability regulations of power grid complex management infrastructure. Access to the important economic, technical and administration archive copies is strictly limited by the administrative access functions or physically inaccessible for the third persons.

Audit of the stored information in made in order to determine its demand regularity and actuality.

The internet technologies are widely used:

- Company financial subdivisions carried out the financing operations with the help of “client-bank” system;
- Tax inspection, pension fund and other regulatory bodies reports are sent with the help of data e-linking;

- “Client-bank” system allows the Company to reduce the time payment pass and to sent the cash flow through the most efficient in that moment channel;
- For the Company own purchasing organization. Trading site <http://www.b2b-energo.ru> (Goods, services and technologies market for power industry companies) and the governed companies own official web-sites are used for the information devoted to the coming purchasing and tenders, tender results, Company purchasing normative documents and other essential information storage.

Trading sites purchasing is declared by RAO “UES of Russia” management as the strategic direction of the trading and purchasing activity in Russian power industry.

The development of dial-in service in headquarters Company branches continued in 2007:

- The access of IT-specialists of the branches and Management to their own local area networks with the help of the global internet network (the reserve is the dial-up access) for quick long-distance disposal of the incidents with IT infrastructure. These decreases the waiting time for the users on the week end and holidays;
- The branches users access to the centralized software disposed in the management body services;
- The Company staff access to their own mail boxes in the global Internet network increases the users work efficiency in travel orders.

During 2007 are fulfilled:

- fiber-optic communication line building, Saratov and Samara regions communication channels reconstruction. These allowed to make the dispatch and technological communication digital channels with the Company branches, Central Control Center and transmission system operator branches;
- the Executive management private automatic exchange implementation and traffic lines laying between the Company branches, System administrator branches and public domain connection;
- the installation of digital communication equipment, teleautomatic central transmitting and receiving station in Central Control Center of JSC “Volzhskaya IDC”, JSC “Orenburhenergo” to provide the power networks mode control;
- fiber-optics communication channels building with the 8 JSC “Mordovenergo” sites to fulfill the requirements of the “Purpose-oriented model of commands path, communication channels and information transmission set-up between Dispatcher Control Room and Central Control Center of the network organizations and substation”;
- Modern dispatch and technological complex Operational information Complex (OIC) “Contact” (producer is CJSC “CCT”, St.Petersburg) was put into commercial operation and successfully works, modern dispatch and technological monitoring panel based on display cube for the Central dispatcher service has been building in JSC “Orenburhenergo” in 2007;
- 38 substations of the 35-110 (220) voltage were telemechanized in JSC “Orenburhenergo” to increase the observability and management of the distribution grids.

Financial Reporting, Notes and Comments

The information about the correspondence of the Company reporting standards to Russian Federation reporting standards requirements

Financial (accounting) reporting standards used in JSC “IDGC of Volga”, JSC “Volzhskaya IDC”, JSC “Mordovenergo”, JSC “Orenburhenergo”, JSC “Penzaenergo”, JSC “Chuvashenergo” are fully correspond to Russian Federation reporting standards. This is proved by the independent auditors.

Consolidated information about the RDGC main key performance indicators (KPI) fulfillment

Information about KPI established in JSC “IDGC of Volga” by JSC RAO “UES of Russia” Board decision (MD) as of 03.12.2007 for 2007 year.

IDGC	ROE,%		Net profit, thousand rubles		Own capital, thousand rubles.	
	MD	fact	MD	fact	MD	fact
JSC “IDGC of Volga”	0,00	3,01	0	300,8	10000	10301

All KPI established for the Company are fulfilled.

Information about the established KPI of the subordinate RDGC for 2007 (by JSC RAO “UES of Russia” Board decision №1593/pr2 as of 26.12.2006 and №1691/pr as of 25.06.2007 and their fulfillment analysis):

DGC	ROE,%		Electric loss to the grid supply, %		Criteria of reliability						Efficiency of investment program fulfillment in current year (based on the terms and costs)	
					Exclusion of the limit number accidents surplus fall within the article 2.1. of the Instruction		Criteria of reliability: System index of the consumers power supply interruption (for feeders of 6 kW voltage and more)		Criteria of reliability: System index of the average duration of the consumers power supply interruption (for feeders of 6 kW voltage and more)			
	MD	fact	MD	fact	M D	fact	M D	fact	M D	fact	M D	fact
Volgskaya IDC	1,01	1,02	9,50	7,16	0	0	<1	<1	<1	<1	100	80
Orenburenergo	6,45	6,53	10,43	7,84	0	0	<1	<1	<1	<1	100	132
Penzaenergo	0,06	0,06	10,95	10,33	0	0	<1	<1	<1	<1	100	121
Mordovenergo	6,33	6,38	10,80	9,94	0	0	<1	<1	<1	<1	100	105
Chuvashenergo	6,51	11,08	7,71	6,33	0	0	<1	<1	<1	<1	100	147

All the annual key performance indicators of RDGC are fulfilled with the exception of Efficiency of investment program fulfillment in the current year (based on the terms and costs) in JSC “Volzhskaya IDC”.

The reasons of the present indicator non-fulfillment are the following:

1. The substation “Vostok” of the 80 MBA voltage was not put into operation because of incorrect planning of the substation “Vostok” operation beginning in 2007 (the normative term of substation building is 1,5 years, the building began in 2007) and also because of the contractors unpreparedness for the building.
2. HV line – 0,4 kW reconstruction with the replacement of package transformer substation 19 km was not put into operation because of the tender delay devoted to the choice of contractor and, as the result, the delay works;
3. HV line – 35 kW “Mayskaja” and HV line – 0,4 kW and HV line – 110 kW reconstruction in Big Glushitsa 35 km were not put into operation. The power was not put into the operation because of

the Special service control (SSK) tender delay devoted to the choice of contractor and as the result the delay works.

Company Goals and Perspectives for the Future year, Strategic Goals Solution

The reorganization of the Company in the form of DGC joining to it (JSC “Volgskaya IDC”, JSC “Mordovenergo”, JSC “Orenburhenergo”, JSC “Penzaenergo”, JSC “Chuvashenergo”) would be finished and the Company would begin to work as Interregional Distribution Grid operating Company. The main goals of the united Company with the electrical grids situated in sever regions of RF for 2008 are:

- the rise of reliability of the electrical grid facilities;
- optimization of the operational dispatch management system of the electrical grids operating mode;
- synchronization of the Company investment program with the region development plans taking into account of the region development perspectives, actualization of the perspective shames of the Company electrical grids development;
- realization of the strategic goal “Setting-up united grid company in the region based of the electrical grid facilities”;
- “One window” idea implementation and principles of the client-oriented approach;
- quality management system implementation based on the international standards OHSAS 14000 and ISO 9001;
- the decrease of the physical deterioration of the main technological equipment of the grid facilities taking into account JSC “Federal Grid Company United Power Grid” recommendations;

To deliver the targets the Company has developed:

- JSC “IDGC of Volga” strategy of the technical policy for 2008-2012 years with the ways of the Company goals collusion;
- program of the electrical grids reliability increase of the 110 kW voltage for 2208-2012 years;
- program of electrical grid property ageing control;
- DGC medium-term investment programs for 2008-2010 years;
- RDGC repair programs for 2008 year;
- environmental policy programs in accordance with RF legislation requirements;
- technological discharge (loss) in the electrical grids decrease program;
- accidents prevention program for 2008-2009 years.