



 *Following  
the Way  
of Development*

# 2010

## **ANNUAL REPORT**

Following the Way  
of Development

# ANNUAL REPORT

for 2010 fiscal year

## “Interregional Distribution Grid Company of Volga” Joint-Stock Company

*Pre-approved by the resolution  
of the Board of Directors of  
IDGC of Volga, JSC on April 25, 2011  
(Minutes No. 20 dated April 27, 2011)*

General  
director  
V.A. Ryabikin



Chief  
accountant  
I.A. Tamlenova



Saratov,  
2011

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ADDRESS

# ADDRESS OF CHAIRMAN OF THE BOARD OF DIRECTORS AND GENERAL DIRECTOR

## DEAR SHAREHOLDERS AND INVESTORS!

The activities performed by “Interregional Distribution Grid Company of Volga”, Joint-Stock Company as one of major infrastructure organizations in Volga federal district are of system importance for economic development of the Middle Volga Region and the Orenburg Region. As a result of cooperation between the Company and IDGC Holding, JSC (being a majority shareholder of IDGC of Volga, JSC owing the equity of 67.63% of shares) and due to the effective work executed by the Board of Directors, Management and personnel of IDGC of Volga, JSC, the Company discharged its obligations and timely implemented its planned projects.

Facing challenging macroeconomic situation in 2010, IDGC of Volga, JSC proved the efficiency and balance in financial and economic policy implemented by Company’s Management. By the end of 2010, the scope of power transmission services delivered by IDGC of Volga, JSC amounted to 56,367.76 M kWh. This scope exceeded the results achieved in 2009 (53,355.64 M kWh) by 3,012.12 M kWh or by 5.65%. The line losses decreased by 0.48%. As compared to the previous period, in 2010 the total amount of revenues increased by 34.5% reaching 39,420.4 M roubles, including power transmission services to the amount of 38,736.8 M roubles, and technological connection services to the amount of 276.5 M roubles Company’s net profit totaled 262.3 M roubles, that is 85.2% higher than in 2009.

During the reporting period, the actual disbursement of capital investments amounted to 4,253.5 M roubles (101.7% of planned value). The commissioning of Substation “Yagodnoe” and construction of Substation 110 kV “Tanaevskaya” (in the Samara region) are the major objects of the investment program in 2010.

Throughout 2010, IDGC of Volga, JSC actively implemented government regulations setting the priority of the objective for switching to a new long-term tariff setting method — RAB-based Regulation (method of Return on Invested Capital).

In 2010, all Branches of IDGC of Volga, JSC developed and approved long-term investment development programs for 2011-2015 according to the statutory procedure. These programs comply with the criteria of financing structure for investment programs when switching to RAB-based Regulation.

At the end of 2010, in order to fulfill government objective, the long-term tariff solutions were made in relation to all Company’s Branches within the areas of responsibility of IDGC of Volga, JSC under the auspices of executive bodies of RF constituents, and the Company switched to the method of Return on Invested Capital for the first long-term period of 2011-2015.

The events connected with switching of IDGC of Volga, JSC to long-term tariff setting method (RAB-based Regulation) and IR-policy implemented by IDGC of Volga, JSC in 2010 to improve its image, publicity level, corporate governance quality and corporate culture, highly contributed to stable growth of Company’s share quotations in organized stock market. Throughout the reporting year, the representatives of analytic and investment communities regularly published consensus forecasts on shares of IDGC of Volga, JSC (growth potential review) showing that Company’s shares are considered as an attractive investment tool. In 2010, the trading of shares of IDGC of Volga, JSC



*Chairman of the Board of Directors  
of IDGC of Volga, JSC*  
BINKO  
GENNADIY FELIKSOVICH



*General Director,  
Chairman of the Management Board  
of IDGC of Volga, JSC*

**RYABIKIN  
VLADIMIR ANATOLYEVICH**

on MICEX SE CJSC resulted in trading volume. As compared to the previous reporting period the securities liquidity and market capitalization of the Company as of December 31, 2010 increased by 38% amounting to 32.09 billion roubles.

Increasing openness and transparency of the Company is an integral part of Corporate Governance improvement. Last year, the Company enjoyed major achievements in this domain evidenced by alteration in previous Corporate Governance Rating. The Consortium of Russian Institute of Directors and Rating Agency "Expert RA", "RID — Expert RA", noticed some significant positive changes that allowed to review Company's rating and raise it up to the level 7 rating.

The strategic development of the Company aims to form a reliable and effective distribution grid complex that will satisfy the needs of economic and social development in the regions serviced by the Company. The infrastructural role of the Company, its innovative development and complexity of technological process imposes special requirements to staff knowledge and skills. The Company focuses on professional development of its staff, occupational safety and health. The teams of IDGC of Volga, JSC regularly gain top honors at Russian and international professional competitions. The planned implementation of the system for continuous training and coaching of technical operations staff helped the team of IDGC of Volga, JSC to win All-Russia Professional Skill Competition among brigades maintaining high-voltage power lines of distribution grids of IDGC Holding, JSC.

When recovering damages caused by climatic anomalies in 2010, Company's employees showed their high professional level. The Company mitigated the effects of major unfavorable factors induced by extremely high temperature and rainfall shortage in summer in the Volga and Orenburg Regions that caused the occurrence of multiple fire spots. Due to the responsibility of Company's personnel and accurate organization of fire-fighting training at IDGC Holding, JSC, the Company avoided major disturbances in operation of Power Grid Complex. In December, 2010 the freezing rain, squally wind and wet snow occurred in the Samara and Ulyanovsk Regions caused trees to fall on power transmission lines and resulted in wire breaks and damage to power transmission line supports. As a result of 24-hour accident recovery works of unprecedented size and complexity executed jointly with operations personnel of other companies of IDGC Holding, JSC the power supplies to weather-beaten regions were restored within a short time.

The Human Resources and Social Policy implemented in the Company offers both professional and personal development for Company's staff. Company's Management focuses on promotion of healthy life style. In 2010, Company's sport team took third place at the Third All-Russian Winter Competition among workers of Distribution Power Grid Complex and gained top prize at the Second Summer Competition. The Social Policy covers electric power industry veterans and young newcomers. All Branches and administrative body of the Company incorporate Veterans Councils and Youth Councils.

The outcomes of the reporting year give evidence for the right choice of strategic benchmarks of the Company and assure further successful implementation of the policy combining social responsibility and improvements in Company's profitability and attraction.

BINKO  
GENNADIY FELIKSOVICH

RYABIKIN  
Vladimir Anatolyevich



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SECTION  
№ 1

# COMPANY INFORMATION

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LENGTH  
**675** km

WATERSHED  
**24,000** km<sup>2</sup>

RIVER DISCHARGE  
**23** m<sup>3</sup>/s

### The Great Irgiz River

The Great Irgiz River is a left tributary of the Volga flowing in the Saratov Region. It is used as water supply for irrigation purposes. Numerous dams provide flood protection. The river is the main water source for the Saratov irrigation and water-supply canal.

# SARATOV DISTRIBUTION GRIDS

BRANCH OF IDGC  
OF VOLGA, JSC

**ADDRESS:**

42/44,  
Pervomayskaya  
Street, Saratov,  
410031

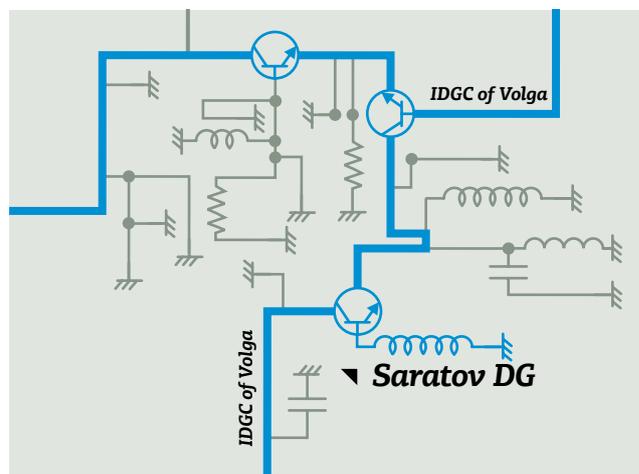
LENGTH OF POWER  
TRANSMISSION LINE  
**53,408.2** km

NUMBER OF SUBSTATIONS  
**9,417** pieces

INSTALLED CAPACITY  
OF SUBSTATIONS  
**8,935.15** MVA

**PRODUCTION DEPARTMENTS:**

ZAVOLZHSKOYE, NORTHWESTERN,  
PRAVOBEREZHNOYE, CENTRAL  
PRIVOLZHSKOYE,  
PRIKHOPERSKOYE,  
NORTHERN,



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## GENERAL INFORMATION. INDUSTRY POSITION

**“Interregional Distribution Grid Company of Volga”, Joint-Stock Company** (hereinafter referred to as IDGC of Volga, JSC or the Company) is now a successful and fast growing consolidated operating company that dominates on the power supply market within its service area — 7 regions of the Volga Federal District of the Russian Federation: Republic of Mordovia, Chuvash Republic, Samara, Saratov, Orenburg, Penza and Ulyanovsk regions with the area of 403 thousand square kilometers and the population of more than 13 million people.

*IDGC of Volga, JSC was established on June 29, 2007 as wholly owned subsidiary of RAO UES of Russia, JSC.*

*On April 1, 2008, the reorganization of the Company has been completed by affiliating with five distribution grid companies: Volzhskaya MRK, JSC, Mordovenergo, JSC, Orenburgenergo, JSC, Penzaenergo, JSC and Chuvashenergo, JSC.*

*Companies affiliated to IDGC of Volga, JSC, ceased to exist as legal entities and have been operating as the Company’s branches since April 1, 2008 under the following names: Mordovenergo, Orenburgenergo, Penzaenergo, Samara Distribution Grids, Saratov Distribution Grids, Ulyanovsk Distribution Grids and Chuvashenergo.*

**IDGC OF VOLGA, JSC CORE BUSINESS ACTIVITIES ARE:**

- ◆ power supply services using 0.4-220 kV grids;
- ◆ dispatch and operation control;
- ◆ technological connection of power receivers (power systems) of legal entities and natural persons to power grids.

The Company's activity is aimed at providing efficient, steady and reliable power supply to customers, eliminating power shortfall within its service area, increasing power grids capacity as well as modernization and renewal of fixed assets.

*The production facilities of the Company consist of 1,691 35-220 kV substations with 26,893.2 MVA capacity, 44,096 6-10/0.4 kV transformer substations with 7,245.15 MVA capacity and 0.4-220 kV power lines with the overall mileage of 223,265 km.*



The key consumers of services delivered by IDGC Holding, JSC are the following sales companies formed as a result of reforming RAO UES of Russia, JSC: Samaraenergo, JSC; Saratovenergo, JSC; Ulyanovskenergo, JSC; Mordovia Energy Sales Company, JSC; Penzaenergosbyt, JSC; Orenburgenergosbyt, JSC; Chuvash Energy Sales Company, JSC; as well as participants of wholesale and retail energy markets (the major participants are Mezhrregionenergosbyt, JSC and Rusenergosbyt, JSC). In addition, the changes occurring in the electric power industry and Company's campaign for signing direct power supply contracts with consumers will contribute to significant growth in number of consumers of Company's services.

*In accordance with the Order of the Federal Tariff Service of June 27, 2008 No. 273-9, IDGC of Volga, JSC was entered into the register of natural monopolies in the energy sector.*



**THE OPERATION AREA OF COMPANY'S BRANCHES HOSTS OTHER MAJOR GRID ORGANIZATIONS OPERATING ON A SPECIALLY ASSIGNED SITE:**

- ◆ The Samara Region: Samara City Electric Networks, CJSC; Samara Network Company, CJSC; Electric Network, JSC;
- ◆ The Saratov Region: Oblkommunenergo, JSC; Saratov City Electric Network Enterprise, CJSC; Gazpromenergo, LLC; Volga Railway, Branch of Russian Railways, JSC; Energosbyt; South-East Railway, Branch of Russian Railways, JSC; Promenergo, LLC; Balenergoset, LLC;
- ◆ The Ulyanovsk Region: Municipal Unitary Enterprise Ulyanovsk City Electric Networks; Ulyanovsk Network Company, JSC;
- ◆ The Orenburg Region: South-Ural Branch of Gazpromenergo, JSC; State Unitary Enterprise Orenburg Municipal Electric Networks;
- ◆ The Penza Region: Penza Gorelektroset, CJSC; Municipal Enterprise Gorelektroset (Zarechniy); Municipal Unitary Enterprise Gorelektroset (Kuznetsk); Network Company, LLC; Penza Electrical Company, LLC;
- ◆ The Republic of Mordovia: Technical Firm WATT, CJSC; Life Support Systems, LLC; Elektroteploset, LLC;
- ◆ The Chuvash Republic: Municipal Technologies, LLC; Kanash City Electric Networks, JSC; Municipal Unitary Enterprise Shumerlya City Electric Networks; Gazpromenergo, LLC.

IDGC of Volga, JSC does not have any competitors in a very real sense of this term because the Company's business activity as a natural monopoly on the power supply market is subject to regulation under item 1 of the Article 4 of the Federal Law on Natural Monopolies of August 17, 1995 No. 147-FZ.

Competition among local distribution grid companies operating within the service area of IDGC of Volga, JSC almost does not exist in the current environment. Competition among distribution grid companies can be possible only if several companies operate the grids of the same voltage level within their service area. Regional and local distribution grid companies are currently operating 0.4-10 kV grids but the competition in this sector of power supply is not observed because this voltage level can only be used to supply power to the general public and government-owned organizations where operating costs exceed the revenue from servicing these customers.

# GEOGRAPHY OF SERVICES



BRANCH OF IDGC OF VOLGA, JSC	REGION/REPUBLIC	COVERS THE AREA, thousand square kilometers	POPULATION, thousand people
«SARATOV DISTRIBUTION GRIDS»	THE SARATOV REGION	100,2	2 572,9
«SAMARA DISTRIBUTION GRIDS»	THE SAMARA REGION	53,6	3 170,2
«ULYANOVSK DISTRIBUTION GRIDS»	THE ULYANOVSK REGION	37,2	1 321
«MORDOVENENERGO»	THE REPUBLIC OF MORDOVIA	26,1	833,0
«PENZAENERGO»	THE PENZA REGION	44,5	1 388
«ORENBURGENENERGO»	THE ORENBURG REGION	123,7	2 133,3
«CHUVASHENERGO»	THE CHUVASH REPUBLIC	18,3	1 279,4

## NOTABLE EVENTS OF THE YEAR

### JANUARY

- ◆ Company's power employees ensured reliable operation of Power Grid Complex in increased preparedness mode during New Year holidays.
- ◆ The Board of Directors of IDGC of Volga, JSC issued a resolution altering the membership of the Committee for Strategy and Development.

### FEBRUARY

- ◆ Basing upon monitoring results, the Consortium "RID – Expert RA" raised the rating of the Company up to the level NRKU 6+ "Advanced Practice of Corporate Governance" on Corporate Governance National Rating scale.



- ◆ IDGC of Volga, JSC implemented new method of chromatographic analysis of electric equipment diagnostics.

### MARCH

- ◆ The Board of Directors of IDGC of Volga, JSC reviewed the list of on nominees for the appointive offices in the management and control bodies of the Company proposed by Company's shareholders.
- ◆ The scheduled meeting of Scientific and Technical Council of IDGC of Volga, JSC took place in Saratov.



- ◆ The Branch of IDGC of Volga, JSC, Samara Distribution Grids, commissioned its own Grid Control Center (GCC).

### APRIL

- ◆ The Branch of IDGC of Volga, JSC, Orenburgenergo, developed a program for large-scale renewal of Power Grid Complex in the Orenburg region.
- ◆ IDGC of Volga, JSC participated in VIII All-Russia Power Forum "Russian Fuel and Energy Industry in XXI Century".

## MAY



- ◆ The production meeting of Chief Engineers and Managers of Technical Services of subsidiary distribution grid companies of IDGC Holding, JSC took place in Saratov.
- ◆ The Board of Directors of IDGC of Volga, JSC adopted new version of Regulation for Audit Committee under the Board of Directors and Regulation for Personnel and Awards Committee of the Board of Directors of the Company.
- ◆ The Governor of the Ulyanovsk region highly appreciated the activities of Grid Control Center of the Branch of IDGC of Volga, JSC, Ulyanovsk Distribution Grids.

## JUNY

- ◆ IDGC of Volga, JSC disclosed its Financial Statements for 2009 issued in compliance with the International Financial Reporting Standards (IFRS).



- ◆ On Juny 22, the Day of Memory and Grief, IDGC of Volga, JSC completed the historical and memorial action "Relay Race of the Banner of Victory".
- ◆ General Meeting of Shareholders of IDGC of Volga, JSC was held.

## JULY

- ◆ The Branch of IDGC of Volga, JSC, Saratov Distribution Grids, performed overall testing of the modular mobile substation.
- ◆ The Chairman of the Board of Directors of IDGC of Volga, JSC was elected at the first meeting of the renewed Board of Directors of IDGC of Volga, JSC.

## AUGUST

- ◆ The Board of Directors of IDGC of Volga, JSC adopted the Regulation on Dividend Policy.



- ◆ IDGC of Volga, JSC among the first Russian companies tested a new diagnostic system.
- ◆ The meeting devoted to the issues of reconstruction and upgrading of power energy facilities took place under the guidance of the Minister of Industry and Energy of the Saratov region.

## SEPTEMBER



- ◆ IDGC of Volga, JSC won top honor in All-Russia Professional Skill Competition among operations mobile brigades of IDGC Holding, JSC.
- ◆ IDGC Holding, JSC and the Government of the Saratov region entered into the Agreement aiming to improve reliability of electric grid infrastructure of the region for the period till December 31, 2015.
- ◆ IDGC of Volga, JSC implemented a range of measures aimed to improve anti-terrorism safety of electric grid facilities.
- ◆ The Branch of IDGC of Volga, JSC, Mordovenergo, participated in 17th Conference of Mordovian Republican Organization of All-Russia Elektroprofsoyuz.

## ОКТОБЕР



- ◆ IDGC of Volga, JSC obtained the Passport of operational readiness for autumn-winter season for 2010–2011.
- ◆ The meeting of Top Management of IDGC of Volga, JSC and representatives of Russian investment community was held in Saratov.

## NOVEMBER

- ◆ IDGC of Volga, JSC was awarded a top prize for its annual report in the category “Disclosure Level” and “Design”.



- ◆ IDGC Holding, JSC awarded a top honor to Company's IR Service for the best meeting with investment community.

## DECEMBER

- ◆ The President of Chuvashia took part in the ceremony of opening Repair and Operation Station in Yantikovskiy region of distribution grids of Chuvashenergo, Branch of IDGC of Volga, JSC.



- ◆ DGC of Volga, JSC participated in the exhibition “Russian Power Grids” as part of joint display of IDGC Holding, JSC.
- ◆ Opening of Substation 110 kV “Yagodnoe” in the Samara region.
- ◆ Basing upon monitoring results, the Consortium “RID — Expert RA” raised the rating of the Company up to the level NRKU 7 “Advanced Practice of Corporate Governance” on Corporate Governance National Rating scale.

# OUTCOMES OF THE YEAR

PARAMETER	UNIT OF MEASUREMENT	2009	2010	CHANGE (%)
<b>REVENUE</b>	TH. ROUBLES	29,318,215	<b>39,420,368</b>	34.46
FROM POWER TRANSMISSION SERVICES	TH. ROUBLES	28,491,849	<b>38,736,861</b>	35.96
FROM TECHNOLOGICAL CONNECTION SERVICES	TH. ROUBLES	393,466	<b>276,478</b>	-29.73
<b>NET INCOME</b>	TH. ROUBLES	141,607	<b>262,267</b>	85.21
<b>RETURN ON TOTAL ASSETS (%)</b>	%	0.28	<b>0.52</b>	85.71
<b>RETURN ON CAPITAL (%)</b>	%	0.35	<b>0.64</b>	82.86
<b>COST OF PRODUCTS</b>	TH. ROUBLES	27,127,483	<b>36,640,242</b>	35.07
<b>GROSS INCOME</b>	TH. ROUBLES	2,190,732	<b>2,780,123</b>	26.90
<b>NET ASSETS PER 1 SHARE (ROUBLES)</b>	ROUBLES	0.2294	<b>0.2309</b>	0.65
<b>INCOME PER 1 SHARE (ROUBLES)</b>	ROUBLES	0.00079	<b>0.00147</b>	86.08
<b>RETURN ON SALES (%)</b>	%	7.47	<b>4.58</b>	-38.69
<b>EBITDA</b>	TH. ROUBLES	4,707,846	<b>4,686,352</b>	-0.46
<b>ABSOLUTE LIQUIDITY RATIO</b>		0.35	<b>0.44</b>	25.71
<b>CAPITALIZATION</b>	BILLION ROUBLES	23.18	<b>32.09</b>	38.44
<b>ELECTRICITY SUPPLIES</b>	M kWh	53,355.64	<b>56,367.76</b>	5.65
<b>ACTUAL POWER LOSSES</b>	%	7.38	<b>6.90</b>	-0.48



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SECTION  
№ 2

# STRATEGY AND FUTURE DEVELOPMENT

<b>MISSION AND TARGETS</b>	<b>19</b>
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LENGTH  
**375** km

WATERSHED  
**16,700** km<sup>2</sup>

RIVER DISCHARGE  
**34** m<sup>3</sup>/s (26 km from the estuary)

### The Sviyaga River

The Sviyaga River is a right tributary of the Volga River flowing across the territories of the Ulyanovsk region and the Republic of Tatarstan. The river originates in the eastern slope of the Volga Uplands (Privolzhskaya vozvyshehnost) and flows from the south to the north parallel to the Volga River. The Sviyaga River flows into the Sviyaga Cove of the Kuybyshev Reservoir.

# ULYANOVSK DISTRIBUTION GRIDS

BRANCH OF IDGC  
OF VOLGA, JSC

**ADDRESS:**

48, Efremova  
Street, Ulyanovsk,  
432042

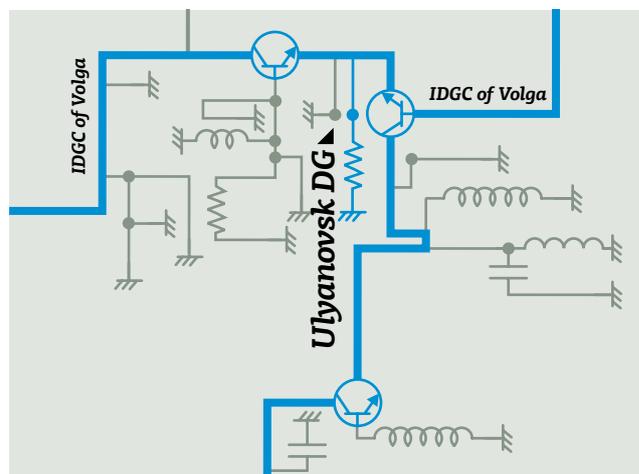
LENGTH OF POWER  
TRANSMISSION LINE  
**22,468.8** km

NUMBER OF SUBSTATIONS  
**5,433** pieces

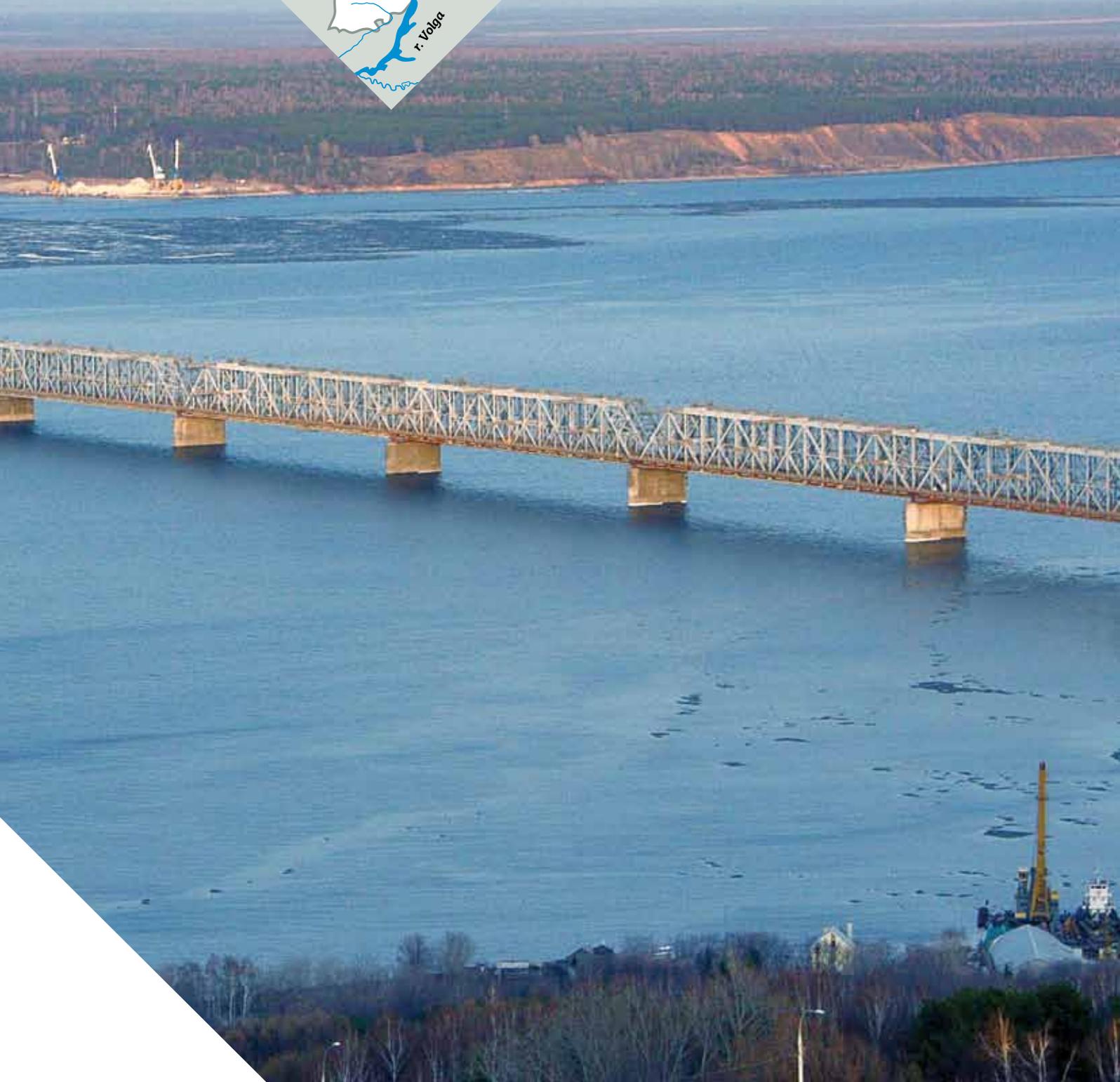
INSTALLED CAPACITY  
OF SUBSTATIONS  
**3,354.36** MVA

**PRODUCTION DEPARTMENTS:**

BARYSHSKOYE,  
DIMITROVGRADSKOYE,  
SOUTHERN



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# MISSION AND TARGETS

MISSION OF IDGC OF VOLGA, JSC IS TO EFFECTIVELY USE THE DISTRIBUTION GRID ASSETS OF THE COMPANY, MAINTAIN THEIR RELIABILITY AND RAISE INVESTMENT RESOURCES FOR THE BENEFIT OF EACH SHAREHOLDER AND THE COMPANY.

MAJOR STRATEGIC TARGET OF IDGC OF VOLGA, JSC IS TO PROVIDE RELIABLE AND STEADY POWER SUPPLY TO POWER CONSUMERS WHILE CUTTING DOWN ON THE COST OF POWER TRANSMISSION AND ENSURING EQUAL ACCESS TO POWER GRIDS THAT GENERATE PROFIT TO THE COMPANY.

Strategic development of the Company is aimed at building innovative and efficient distribution grid complex that is able to meet the demands of economic growth and social modernization in the regions where the Company operates.

**MAJOR STRATEGIC TARGET OF THE COMPANY CAN BE ACHIEVED PROVIDED THAT THE FOLLOWING STRATEGIC OBJECTIVES ARE COMPLETED:**

- ◆ ensuring system reliability and safety to maintain stable operation of distribution grid complex in the regions serviced by the Company, safe operation of main and auxiliary equipment and facilities, prevention of hazards to life of population;
- ◆ quality improvement and increase in volume of power transmission services, ensuring environment safety, formation of infrastructural basis for economic development of regions serviced by the Company;
- ◆ growth of Company value that implies a continuous increase in revenues and profitability, expansion and qualitative renewal of Company's asset portfolio to satisfy the interests of the shareholders, to make IDGC of Volga, JSC and its projects attractive to investors and to evaluate the efficiency of resource consumption and quality of managerial work.

## THE MILESTONES IN SOLVING STRATEGIC OBJECTIVES FOR IDGC OF VOLGA, JSC ARE AS FOLLOWS:

- ◆ to reduce the physical deterioration of distribution grid assets;
- ◆ to increase the operating effectiveness to the level of effectiveness of distribution grid companies in advanced economies;
- ◆ to increase the reserve of transfer capacity of electric grids;
- ◆ to ensure the profitability of investments in the distribution grid complex at the level of profitability of companies with comparable market risks in Russia;
- ◆ to raise funds needed to implement massive fixed assets renewal for higher reliability and quality of services and more efficient business activity of distribution grid companies;
- ◆ to introduce innovative technologies corresponding to the best world standards in the area of electric energy distribution and at each stage of technological process.

To reach the above objectives the Company needs both additional large-scale financial resources and qualitative modifications in power transmission activities.

In 2010, in order to implement a major renewal of fixed assets the Company took preparatory measures to switch to a new tariff setting system (RAB-based Regulation) starting January 01, 2011. This system provides for long-term tariff regulation ensuring the recovery and return on capital invested by Company's investors.

### SWITCHING TO RAB-BASED REGULATION OF ALL BRANCHES OF THE COMPANY HAS THE FOLLOWING ADVANTAGES:

- ◆ stable long-term economic and budget planning for the regions;
- ◆ relation between price and quality of power transmission and supply services;
- ◆ release of funds from recovery and return on old capital for repayment of payables;
- ◆ the investment attractiveness of the Company due to transparency and guaranteed recovery and return on new invested capital.

Despite the adverse effects faced in the active phase of global economic recession in 2010, the Company gained a positive financial result with net income amounting to 262.3 M roubles, ensured a high degree of financial stability and independence, discharged the obligations to its personnel specified in the Collective Agreements entered into with regional committees of public association "All-Russian Elektroprofsoyuz", implemented the repair and investment programs in full, took special measures to reduce power losses in distribution grids that allowed to achieve the economic effect to the amount of 212.7 M roubles.



## INFORMATION ON AGREEMENTS ENTERED INTO BETWEEN THE COMPANY AND ADMINISTRATIONS OF CONSTITUENTS OF THE RUSSIAN FEDERATION IN 2010

On September 21, 2010 IDGC Holding, JSC and the Government of the Saratov region signed the Agreement providing measures aiming to ensure the reliable power supply and to establish conditions for technological connection of consumers to power grids in the Saratov region.

The main goal of the above Agreement is to provide the reliable power supplies to consumers in the Saratov region, improve the efficiency of operation and development of regional power grid complex.

Currently, the works related to approval and signing of the Agreement for interaction and cooperation in the field of power grid complex development between IDGC Holding, JSC and the Governments of the regions of the Russian Federation located in the area services by IDGC of Volga, JSC is in progress.

## INFORMATION ON PERSPECTIVE DEVELOPMENT SCHEMES

### BRANCH OF IDGC OF VOLGA, JSC — SAMARA DISTRIBUTION GRIDS

The Electric Power Industry Development Plan for 2010-2014 was adopted by the Order of the Ministry of Industry, Energy and Technologies of the Samara region No. 133-π dated July 07, 2010. This Plan fully conforms to the revised version of guidelines to the Electric Power Industry Development Plans for the Constituents of the Russian Federation.

### BRANCH OF IDGC OF VOLGA, JSC — ULYANOVSK DISTRIBUTION GRIDS

The Electric Power Industry Development Plan for the Ulyanovsk region and the Electric Power Industry Development Scheme adopted by the order of the Ministry of Construction of the Government of the Ulyanovsk region No. 156-OD dated August 12, 2010 were prepared in compliance with the Regulations for development and approval of schemes and plans for power industry perspective development (adopted by the Decree of the Government of the Russian Federation No. 823 dated October 17, 2009). The above Plan and Scheme approved by all generating and electric grid companies operating in the region as well as by Regional Dispatching Office of SO UES fully comply with the revised guidelines.

### BRANCH OF IDGC OF VOLGA, JSC — SARATOV DISTRIBUTION GRIDS

The Electric Power Industry Perspective Development Plan for the Saratov region providing the specific development directions and goals of Saratov electric power industry for 2011-2015 was adopted by the Government

of the Saratov region at the meeting held on December 01, 2010. The above Plan synchronized with the investment programs of electric power industry subject fully complies with the requirements of regulatory documents describing the procedure for its preparation and revised guidelines for preparation of the Electric Power Industry Development Scheme and Plan for the Constituent of the Russian Federation for Five-Year Period issued by the Ministry of Energy of the Russian Federation.

### BRANCH OF IDGC OF VOLGA, JSC — PENZAENERGO

The Council of the Government of the Penza region was formed pursuant to the Order of the Governor of the Penza region No. 396-pИ dated July 26, 2010. Currently, this Council develops the Electric Power Industry Perspective Development Plan for the Penza region.

### BRANCH OF IDGC OF VOLGA, JSC — MORDOVENENERGO

The Scheme and Plan for Electric Power Industry Perspective Development for the Republic of Mordovia till 2015 adopted in 2010 substantially conform to the revised guidelines issued by the Ministry of Energy of the Russian Federation.

### BRANCH OF IDGC OF VOLGA, JSC — CHUVASHENERGO

At the present time, all interested subjects of power industry of the Chuvash Republic finalize the projects covered by the Electric Power Industry Development Plan adopted for the Republic for 2011-2015 and Technical Assignment for implementation of the Scheme and Plan for Electric Power Industry Perspective Development till 2015 and in perspective till 2020.

### BRANCH OF IDGC OF VOLGA, JSC — ORENBURGENENERGO

On July 09, 2010 the Governor of the Orenburg region adopted the Scheme and Plan for Electric Power Industry Perspective Development for the Orenburg region till 2015.

## INFORMATION ON FEDERAL PURPOSE-ORIENTED PROGRAMS IMPLEMENTED BY COMPANY'S BRANCHES:

### BRANCH OF IDGC OF VOLGA, JSC — SAMARA DISTRIBUTION GRIDS

At the present time, a range of programs of technological connection directly from the grids of the Branch of IDGC of Volga, JSC, Samara Distribution Grids, is implemented in the Samara region:

- ◆ Purpose-Oriented Program "Establishment of High-Technology Park "Zhigulyovskaya Dolina" in Tolyatti City District" for 2010-2014 (Decree of the Government of the Samara region No. 168 dated 12.05.2010). Construction of High-Technology Park "Zhigulyovskaya Dolina". Required capacity – 10 MW;

- ◆ National Project “Affordable and Comfortable Housing for Russian Citizens” (Decree of the Government of the Samara region No. 43 dated 02.05.2006). Construction of housing area “Volgar” in the Kuibyshev region of Samara city district. Required capacity – 4.279 MW.

#### BRANCH OF IDGC OF VOLGA, JSC —

##### ULYANOVSK DISTRIBUTION GRIDS

For the purpose of implementation of the Federal purpose-oriented program “Affordable Housing”, the Company and OOO Zapad entered into the Technological Connection Agreement for 6 MW (Agreement value is 36,207.12 th.roubles) with project implementation period till 2011. Then, on January 28, 2011 two companies signed the Addendum thereto. According to the Addendum, the capacity of connected energy receivers is 1.57 MW and the cost of technological connection is 9,474,196.40 roubles respectively. The estimated date of Agreement expiry: April, 2011. Currently, OOO Zapad placed a new request for connection of housing area “Zapad-1” in the Complex “Simbirskoe Koltso” for 10.44 MW.

#### BRANCH OF IDGC OF VOLGA, JSC —

##### ORENBURGENERGO

In 2010, 24 federal purpose-oriented programs and subprograms were financed with federal funds in the Orenburg region. These programs covered the issues of capital construction of facilities of social importance, development of material base for education, public health care, public utilities, utilities infrastructure, provision of housing for separate categories of citizens (including young families), as well as the issues of improvement in quality of life of population (drug supplies and payment of grants and allowances).

Federal funds amounting to 21 M roubles were allocated for construction of educational building of the Mechanical Faculty and dormitory complex of Orenburg State University under the Federal purpose-oriented program “Development of Education for 2006-2010” in the reporting period. The connection of the above facilities is scheduled in Quarter 2, 2011.

The Program “Provision of Housing for Young Families in the Orenburg Region for 2003-2010” was launched under the National Project “Affordable and Comfortable Housing for Russian Citizens” in the Orenburg region during the reporting period.

#### BRANCH OF IDGC OF VOLGA, JSC —

##### PENZAENERGO

Pursuant to the Order of the President of the Russian Federation No. 714 dated May 07, 2008 “On Provision of Housing for Veterans of the Great Patriotic War of 1941-1945” and to the Order of the Penza region No. 1870-3ΠO dated February 27, 2010 “On Provision of Housing for Separate Categories of Veterans Who Need Better Housing Conditions in the Penza Region”, the Housing Construction Program was actively implemented in the region in 2010. The Branch of IDGC of Volga, JSC, Penzaenergo, fully satisfied all 238 requests for connection to electric power grids received in 2010 and signed the respective

contacts with the requestors. In addition, according to the requirements of Regulations for technological connection of energy receivers of electricity consumers, electricity generation facilities as well as electric power grid facilities owned by grid organizations and other persons to electric power grids, the Investment Program of the Branch of IDGC of Volga, JSC, Penzaenergo, included all necessary actions related to construction of electric power grids to the boundaries of land plot of every requestor (out of 158 requestors). To discharge the above obligations, the Branch commissioned 7.6 km long overhead transmission lines of 10-0.4 kV and 3 transformer substations with total capacity of 0.95 MVA. The amount of capital investments of the Branch of IDGC of Volga, JSC, Penzaenergo, totaled 4,335.4 th. roubles.



*Following  
the Way  
of Development*

SECTION  
№ 10

# INFORMATION FOR SHAREHOLDERS AND INVESTORS

<b>SECURITIES</b>	<b>27</b>
<b>STOCK MARKET</b>	<b>29</b>
<b>DIVIDEND POLICY</b>	<b>31</b>

LENGTH

**364** km

WATERSHED

**11,700** km<sup>2</sup>

RIVER DISCHARGE

**33.3** m<sup>3</sup>/s

### The Sok River

The Sok River is a left tributary of the Volga River. The river originates in the Bugulma-Belebey Uplands (Bugulminslo-Belebeyevskaya Vozvyshennost). It flows into the Saratov reservoir in the north part of Samara. The river further flows into the Kaspian Sea that is isolated from the World Ocean.

# SAMARA DISTRIBUTION GRIDS

BRANCH OF IDGC  
OF VOLGA, JSC

**ADDRESS:**

106, building 133,  
Novo-Sadovaya  
street, Samara,  
443068

LENGTH OF POWER  
TRANSMISSION LINE

**31,671.2** km

NUMBER OF SUBSTATIONS

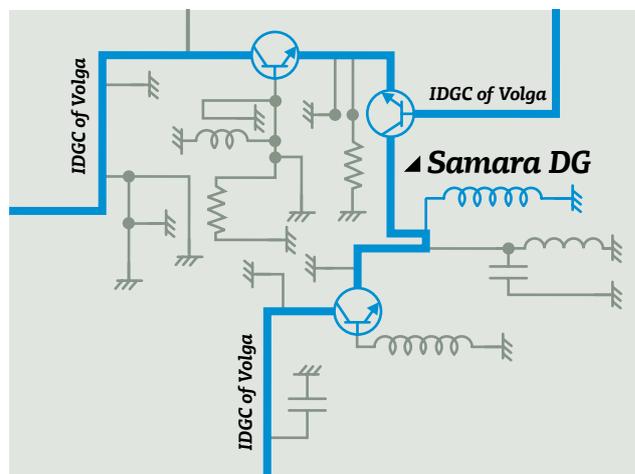
**5,507** pieces

INSTALLED CAPACITY  
OF SUBSTATIONS

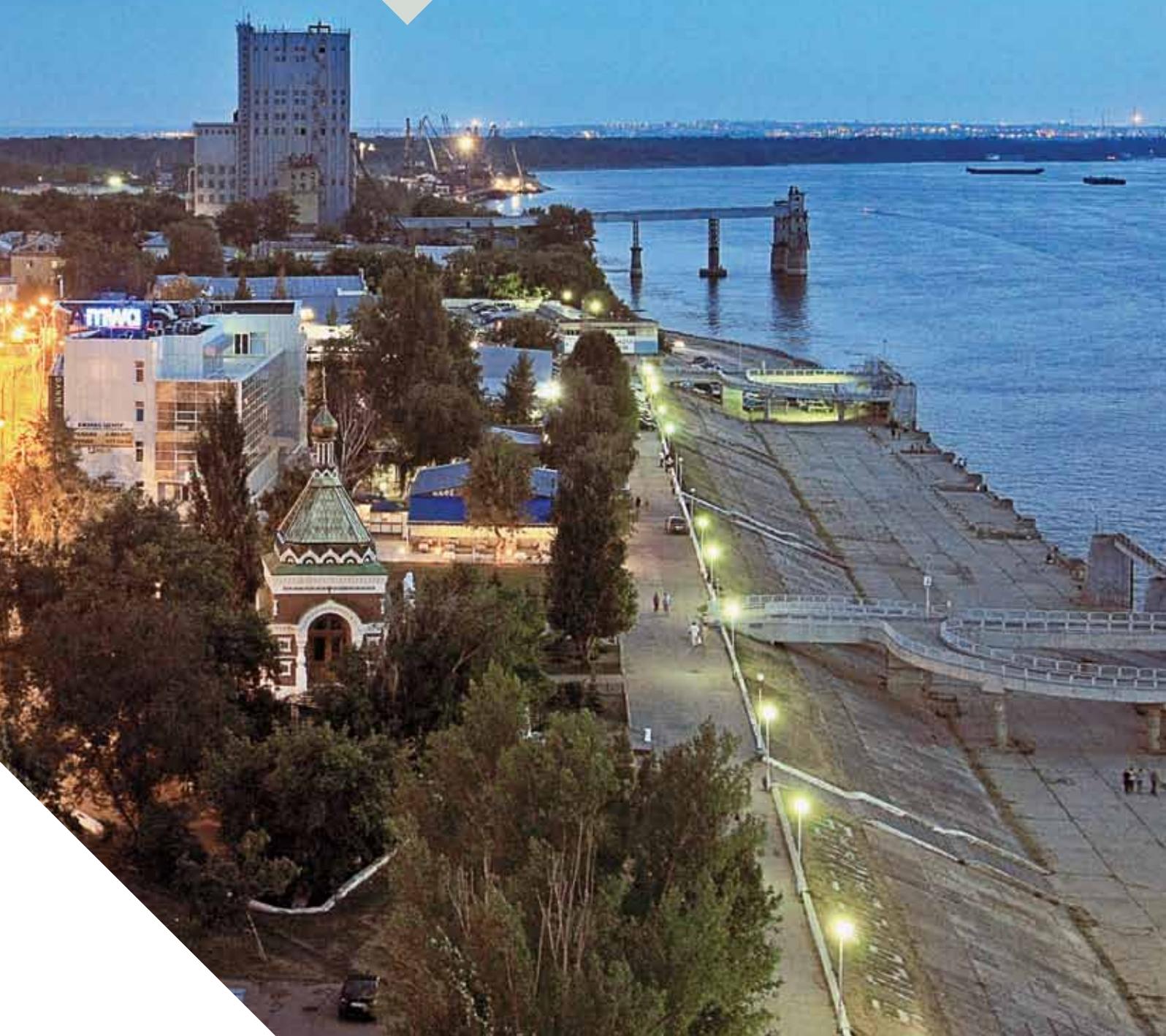
**7,332.45** MVA

PRODUCTION DEPARTMENTS:

SAMARSKOYE,  
VOLZHSKOYE,  
ZHIGULEVSKOYE,  
CHAPAEVSKOYE



Following the Way  
of Development



# SECURITIES

## NET WORTH (AS OF DECEMBER 31, 2010)

The charter capital of IDGC of Volga, JSC amounting to 17,857,780,114.60 roubles is divided into 178,577,801,146 shares with a par value of 10 kopecks each.

Pursuant to the Article 4.6 of the Charter, in addition to the outstanding stock IDGC of Volga, JSC declares 37,398,854 registered ordinary shares with a par value of 10 kopecks each for the total amount of nominal value of 3,739,885.40 roubles.

### STATISTICAL INFORMATION ON THE NUMBER OF REGISTERED PERSONS\*

TYPE OF SHAREHOLDER	NUMBER OF SHAREHOLDERS	% OF THE TOTAL NUMBER OF SHARE
<b>SHAREHOLDERS — INDIVIDUALS INCLUDING: :</b>	18,497	2.939
RESIDENTS OF RF	18,473	2.931
NON-RESIDENTS OF RF	24	0.008
<b>SHAREHOLDERS – LEGAL ENTITIES INCLUDING:</b>	138	4.122
RESIDENTS OF RF	123	4.077
NON-RESIDENTS OF RF	15	0.046
<b>NOMINEE SHAREHOLDERS</b>	14	92.927
<b>TRUSTEES</b>	2	0.002
<b>PLEDGE HOLDERS</b>	0	0
<b>SHARES HELD BY OTHER PERSONS</b>	1	0.009
<b>TOTAL</b>	<b>18,652</b>	<b>100</b>

\* without regard to information on clients of nominal holders

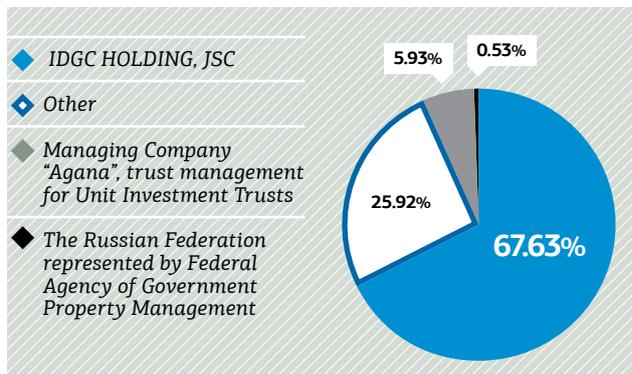
SECURITIES

**INFORMATION ON SHARES  
IN CROSSHOLDING**

COMPANY	NUMBER OF ORDINARY SHARES (pcs)	EQUITY IN CHARTER CAPITAL (%)
<b>INFORMATION ON SHARES OF IDGC OF VOLGA, JSC OWNED BY IDGC HOLDING, JSC</b>		
IDGC HOLDING, JSC	120,765,085,671	67.626
<b>INFORMATION ON SHARES OF IDGC HOLDING, JSC OWNED BY IDGC OF VOLGA, JSC</b>		
IDGC OF VOLGA, JSC	9,400	0.00002

The Appendix No. 1 to this Annual Report contains information on Company's participating interest in other organizations.

**STRUCTURE OF SHARE  
CAPITAL<sup>1</sup>**



<sup>1</sup> The information given as of May 12, 2010 — the date of issue of register of shareholders of IDGC of Volga, JSC (last date when the nominal holders disclose the register of shareholders owning the shares held by these nominal holders) empowered to participate in annual general meeting of shareholders of the Company.

**INFORMATION ON CHANGES IN THE COMPANY'S CHARTER CAPITAL**

DATE OF STATE REGISTRATION	STATE REGISTRATION NUMBER	NUMBER OF SHARES (shares)	PLACEMENT METHOD	AMOUNT OF CHARTER CAPITAL (RUR)
<b>OCTOBER 10, 2007</b>	1-01-04247-E	100,000,000	Purchase of shares by the sole founder of the Company — RAO UES of Russia	10,000,000.00
<b>MARCH 20, 2008</b>	1-01-04247-E-001D	51,756,840,992	Conversion of shares of DGC into additional registered shares of IDGC of Volga, JSC as a result of affiliation	17,857,780,114.60 (based on Additional Securities Placement Report for the Company's securities registered by the Russian Federal Securities Commission on April 24, 2008)
	1-01-04247-E-002D	11,558,321,461		
	1-01-04247-E-003D	9,553,277,567		
	1-01-04247-E-004D	2,712,970,897		
	1-01-04247-E-005D	12,953,643,326		
	1-01-04247-E-006D	1,155,126,447		
	1-01-04247-E-007D	88,787,620,456		

On July 31, 2008 individual numbers for additional securities placements were cancelled (due to the expiration of 3 months from the date of state registration of the reports on additional placement of uncertificated registered ordinary shares of the Company)

In accordance to the notification from non-profit partnership National Depository Center of March 25, 2008 No A9-11/2108, the shares IDGC of Volga, JSC received ISIN (International Securities Identification Number) — RU000A0JPPN4.

# STOCK MARKET

The securities of IDGC of Volga, JSC were traded in organized stock market for the first time in May, 2008 on the list of RTS, JSC and MICEX SE, CJSC — «Securities accepted for circulation but not added to quotation lists».

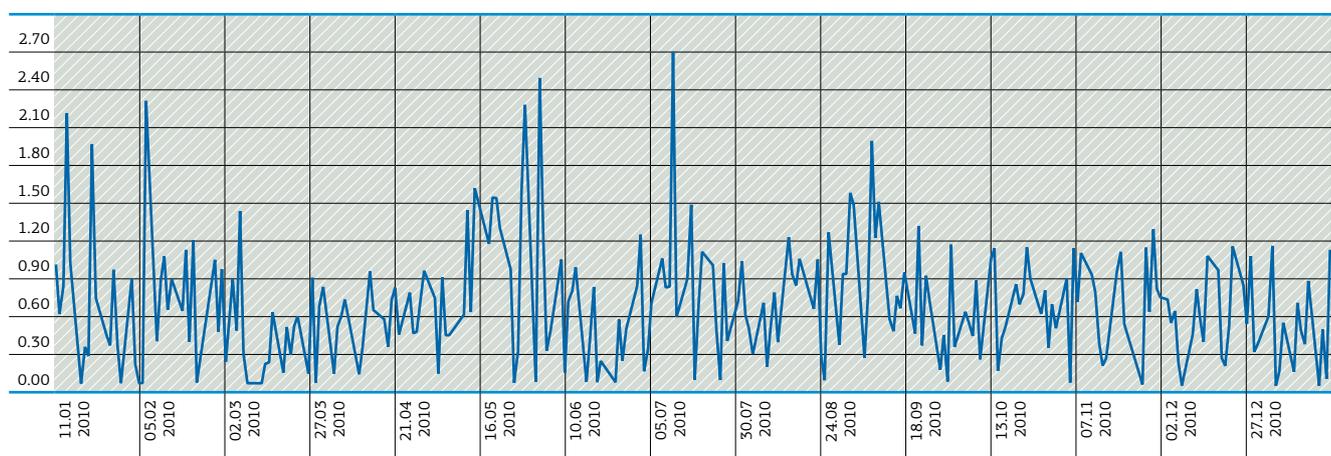
In June 2009, after the listing procedure the shares of IDGC of Volga, JSC were listed in the Quotation List B of MICEX SE, CJSC.

The ordinary shares of IDGC of Volga, JSC are added to the index of MICEX SC (MICEX Start Cap Index), index for shares of companies of basic capitalization.

## RESULTS OF THE TRADING WITH THE IDGC OF VOLGA, JSC IN 2010

PARAMETER	MICEX SE, CJSC		RTS, JSC	
	2009	2010	2009	2010
MINIMAL PRICE (roubles)	0.0600	0.0839	0.0651	0.10
MAXIMAL PRICE (roubles)	0.1420	0.1949	0.1345	0.2125
NUMBER OF TRANSACTIONS	22,345	46,082	78	25
VOLUMES (pcs.)	9,614,591,400	8,206,207,400	530,735,471	55,319,516
VOLUMES (roubles)	1,004,528,701.28	1,151,528,911.59	51,071,117.40	7,279,786.62

## SPREAD CHANGE (ACCORDING TO MICEX INFORMATION) IN 2010

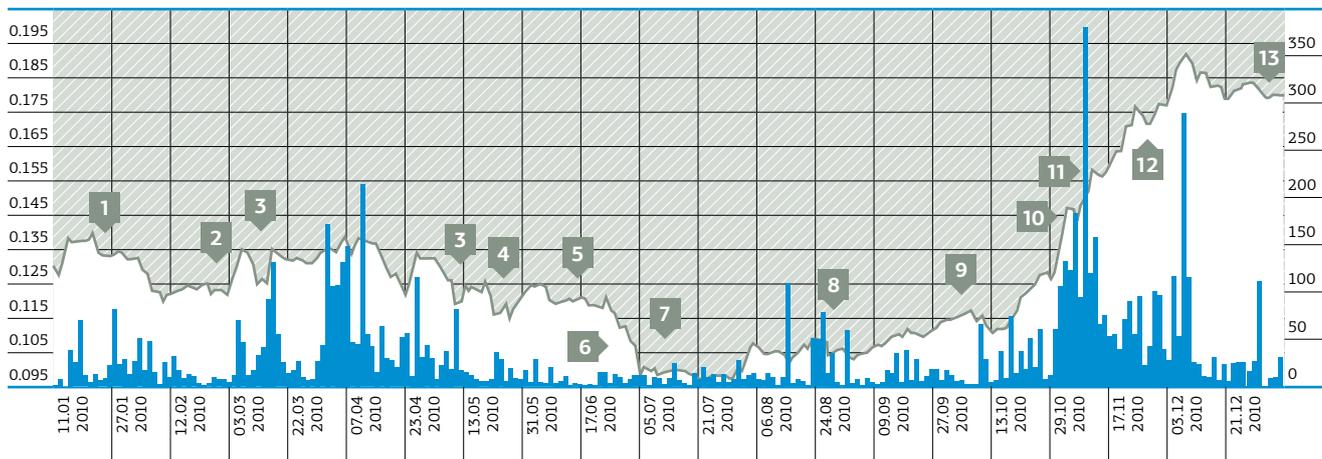


During last reporting period, the measures aiming to increase information transparency of the Company, IR actions and all events and news related to switching of IDGC of Volga, JSC to long-term tariff setting method,

RAB-based Regulation, (method of Return on Invested Capital) boosted the growth of Company's share quotations.

STOCK MARKET

**TREND IN THE MARKET VALUE OF THE SHARES OF IDGC OF VOLGA,  
JSC AND EVENTS HAVING SIGNIFICANTLY EFFECT ON THESE CHANGES  
(BASED ON TRADING RESULTS ON MICEX IN 2010)**



◇ dynamics of closing share price (roubles)

◆ dynamics of trading volume (M pcs)

< 1 >

RF Government adopted the action plan and time for switching of all Branches of IDGC of Volga, JSC to RAB-based Regulation (Order No. 30-p dated January 19, 2010) before July 01, 2010;

< 2, 4, 8, 12 >

quarterly disclosure of information on key financial and production performance indicators of the Company on its web-site;

< 3 >

analysts of electric power industry published optimistic consensus forecasts on shares of IDGC of Volga, JSC basing on scheduled implementation of RAB-based Regulation;

< 5 >

the Company disclosed its accounting (financial) statements issued in compliance with the International Financial Reporting Standards (IFRS) reflecting moderate decrease in key performance indicators of the Company in 2009;

< 6 >

Company's shareholders decided to omit dividends on shares of IDGC of Volga, JSC at the annual general meeting based on operation outcomes in 2009;

< 7 >

delay in switching to RAB-based Regulation and uncertain time and parameters of new regulation had a negative effect on share quotations and volume of transactions with shares of IDGC of Volga, JSC;

< 9 >

The meeting devoted to the issues of tariff setting (in particular, switching of all subsidiary operating companies of IDGC Holding, JSC to RAB-based Regulation starting January 01, 2011) took place under the guidance of the Minister of Energy of the Russian Federation, Sergey Shmatko, in IDGC Holding, JSC;

< 10 >

On October 28, 2010 the Federal Tariff Service (FTS) of Russia approved the switch of five Branches of IDGC of Volga, JSC (Samara Distribution Grids, Saratov Distribution Grids, Ulyanovsk Distribution Grids, Orenburgenergo and Penzaenergo) to the tariff regulation based on the method of return on invested capital (RAB-based Regulation);

< 11 >

Based on the outcomes of the meeting of Company's Top Management and representatives of analytic and investment communities, analysts of electric power industry published consensus forecasts on shares of IDGC of Volga, JSC (growth potential view), showing that Company's shares are considered as an attractive investment tool;

< 13 >

On December 28, 2010 the Federal Tariff Service (FTS) of Russia approved the switch of two last Branches of IDGC of Volga, JSC (Mordovenergo and Chuvashenergo) to the tariff regulation based on the method of return on invested capital (RAB-based Regulation).

**TREND IN THE MARKET CAPITALIZATION OF IDGC OF VOLGA, JSC  
COMPARED TO MICEX INDEX AND MICEX-POWER MARKET INDEX  
(BASED ON TRADING RESULTS ON MICEX IN 2010)**



◆ Dynamics of capitalization of IDGC of Volga, JSC

◆ MICEX-power market index

◆ MICEX index

The above diagrams show high jump in share prices in September, 2010 succeeded with accelerate and stable growth till the end of the year. As a result, the capitalization of IDGC of Volga, JSC as of December 31, 2010 amounted to 32.09 billion roubles that is 38 % higher than in last reporting period. Throughout this period, the Company enjoyed the changes in other parameters having impact on attraction of its shares for investors: growth in trading volume, decrease and appearance of fixed spreads (securities liquidity indicator). Key events having effect on the above significant and stable change in share prices include: Government approval and scheduling of certain time for switching of IDGC of Volga, JSC to RAB-

based Regulation; implementation of IR-policy aiming to improve Company's image and publicity level; corporate governance quality and corporate culture; increase in information transparency of the Company, in particular, support and development of effective and constructive communication with participants of stock market.

In general, basing on trading results in 2010 on MICEX trading floor, IDGC of Volga, JSC closed 46,082 transactions with its securities; total and average daily number of transactions is over 2 times higher than in 2009. In addition, the average turnaround in rubles increased by 15 % amounting to 4.6 M roubles.

## DIVIDEND POLICY

*The Regulation on Dividend Policy of IDGC of Volga, JSC prepared in compliance with the applicable law of the Russian Federation, Company's Charter, Guidelines of the Corporate Governance Code of IDGC of Volga, JSC and other by-laws of the Company was adopted by the Resolution of the Board of Directors of the Company dated August 24, 2010 (Minutes No. 2 dated August 25, 2010).*



The Dividend Policy of IDGC of Volga, JSC implying that the calculation of dividends is based on the balance of interests of the Company and its shareholders, on respect and strict observance of rights of shareholders aims to improve Company's attraction for investors and to increase the growth of its market capitalization.

The Board of Directors of the Company recommends the amount of dividends on ordinary shares basing upon financial performance indicators of the Company and sub-

mits this issue for consideration by the General meeting of shareholders to make a final decision on payment (omission) of dividends.

In accordance to the decisions made at the General Meeting of Shareholders of IDGC of Volga, JSC (Minutes No. 1/2008 dated June 7, 2008, Minutes No. 2/2009 dated June 10, 2009 and Minutes No. 3/2010 dated June 29, 2010), dividends per shares of IDGC of Volga, JSC were not accrued and paid based on the results of the Company's financial and business performance.



*Following  
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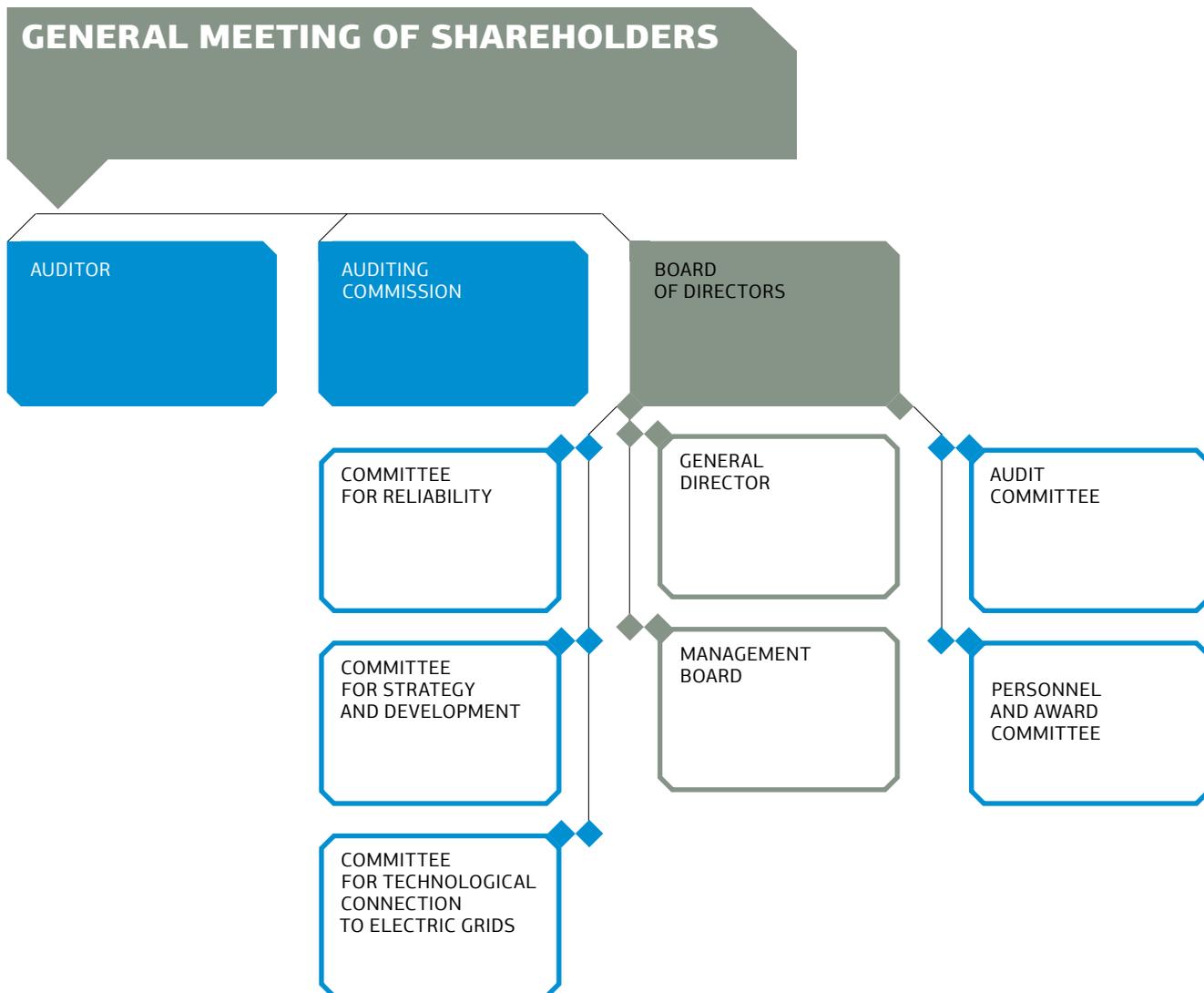
SECTION  
№10

# CORPORATE GOVERNANCE

<b>STRUCTURE AND PRINCIPLES OF CORPORATE GOVERNANCE</b>	<b>33</b>
<b>MANAGEMENT AND SUPERVISORY BODIES</b>	<b>35</b>



## CORPORATE GOVERNANCE STRUCTURE AS OF DECEMBER 31, 2010



# MANAGEMENT AND SUPERVISORY BODIES\*

## ACCORDING TO THE CHARTER OF IDGC OF VOLGA, JSC, MANAGEMENT BODIES OF THE COMPANY INCLUDE:

- ◆ General Meeting of Shareholders
- ◆ Board of Directors
- ◆ Management Board
- ◆ General Director

Auditing Commission performs the functions of the Company's Business and Financial Supervisory Body.

## GENERAL MEETING OF SHAREHOLDERS

General Meeting of Shareholders is the superior management body of the Company that makes decisions on the crucial business matters. Procedure for convening and holding the General Meetings of Shareholders of IDGC of Volga, JSC is set forth in the Charter and the Procedure for Convening and Holding the General Meeting of Shareholders of the Company.

## BOARD OF DIRECTORS

The Board of Directors of IDGC of Volga, JSC is responsible for overall management of the Company and acts within the authority provided by the Charter and the Procedure for Convening and Holding the Meetings of the Board of Directors of IDGC of Volga, JSC.

The Board of Directors is charged with strategic management, elaboration of plans for strategic and financial development, determination of investment policies, assessment of the performance of executive bodies of the Company and management, adoption of corporate governance procedures, approval of transactions and supervision over overall business activity of the Company.

The Board of Directors includes 11 members, according to the Charter of IDGC of Volga, JSC.

## THE MEMBERS OF THE BOARD OF DIRECTORS THAT ACTED DURING THE PERIOD FROM JUNE 5, 2009 TO JUNE 24, 2010\*

<b>OKLEY PAVEL IVANOVICH</b>	Deputy Director General — Technical Director of IDGC Holding, JSC
<b>AMETOV ISKANDER DZHANGIROVICH</b>	General Director of the Branch of SO UES, JSC — Middle Volga UDM.
<b>VINOGRADOVA TATYANA VIKTOROVNA</b>	Deputy of the Head of the Property Management Department of IDGC Holding, JSC
<b>GROMOV MAKSIM EVGENYEVICH</b>	General Director of «Energia razvitiya, audit», JSC
<b>IVANOV SERGEY NIKOLAYEVICH</b>	First Deputy Chairman of Management Board of FGC UES, JSC
<b>INOZEMTSEV VLADIMIR VYACHESLAVOVICH</b>	Head of the Department for Power Dispatch and Cooperation with Customers of IDGC Holding, JSC
<b>KATINA ANNA YURIEVNA</b>	Head of analysis and supervision unit of the Corporate Governance and Cooperation with Shareholders Department of IDGC Holding, JSC
<b>POPOVSKIY SERGEY NIKOLAYEVICH</b>	Member of the Management Board — Deputy Chairman of the Management Board of «Sovet rynka», NP (Nonprofit Partnership)
<b>RYABIKIN VLADIMIR ANATOLYEVICH</b>	General Director of IDGC of Volga, JSC
<b>SAUKH MAKSIM MIKHAILOVICH</b>	First Deputy of the Head of the Corporate Governance and Cooperation with Shareholders Department of IDGC Holding, JSC
<b>TIHONOVA MARYA GENNADYEVNA</b>	Deputy Director of the Department for Economic Regulation and Property Relations in the Energy Sector at the Ministry of Energy of the Russian Federation

\* Pursuant to the requirements of personal information law of the Russian Federation, the information on members of management and control bodies of IDGC of Volga, JSC is disclosed with their prior written consent.

\* — titles at the moment of election

**THE BOARD OF DIRECTORS  
ELECTED ON JUNE 24, 2010\***

<b>BINKO GENNADIY FELIKSOVICH</b>	Member of the Management Board, Deputy General Director of IDGC Holding, JSC
<b>OKLEY PAVEL IVANOVICH</b>	Director of the Department for Economic Regulation and Property Relations in the Energy Sector at the Ministry of Energy of the Russian Federation
<b>TIKHONOVA MARYA GENNADYEVNA</b>	Director of the Department for Economic Regulation and Property Relations in the Energy Sector at the Ministry of Energy of the Russian Federation
<b>KUROCHKIN ALEKSEY VALERYEVICH</b>	Head of Department of Corporate Governance and Cooperation with Shareholders of IDGC Holding, JSC
<b>AMETOV ISKANDER DZHANGIROVICH</b>	Adviser of the Chairman of the Management Board of SO UES, JSC
<b>PANKSTYANOV YURI NIKOLAYEVICH</b>	Head of Charging Policy Department of IDGC Holding, JSC
<b>RYABIKIN VLADIMIR ANATOLYEVICH</b>	General Director of IDGC of Volga, JSC
<b>MARTSINKOVSKIY GENNADIY OLEGOVICH</b>	Head of Capital Development Department of IDGC Holding, JSC
<b>CHIGRIN ANDREY VALERYEVICH</b>	Head of the Personnel Department of IDGC Holding, JSC
<b>VASILYEV SERGEY VYACHESLAVOVICH</b>	Member of the Management Board, Director for Legal Issues of IDGC Holding, JSC
<b>KULIKOV DENIS VIKTOROVICH</b>	Executive Director of Association for Protection of Investors' Rights

\* — titles at the moment of election

**BINKO, GENNADIY FELIKSOVICH —**

*Chairman of the Board of Directors*

Born in 1958. Graduated from Moscow Engineering Physics Institute (degree in Experimental Nuclear Physics) and All-Russian Open Institute of Finance and Economics (degree in Organization Management). Appointed as Deputy General Director of IDGC Holding, JSC since 2009. At the present time, holds office of Member of the Management Board of IDGC Holding, JSC. Chairman of Audit Committee under the Board of Directors of the Company. The member does not hold any shares of the Company.

**VASILYEV, SERGEY VYACHESLAVOVICH —**

*Deputy Chairman of the Board of Directors*

Born in 1975. Graduated from Lomonosov Moscow State University, degree in Law. Appointed as Director for Legal Issues of IDGC Holding, JSC since 2008. At the

present time, holds office of Member of the Management Board of IDGC Holding, JSC. The member does not hold any shares of the Company.

**AMETOV, ISKANDER DZHANGIROVICH**

Born in 1950. Graduated from the energy department of the Tashkent Polytechnical Institute. Since 2006, the General Director of the Branch of SO UES, JSC of Middle Volga UDM. Since June 2010 the Counselor of the Chairman of the Management Board of SO UES, JSC. The member does not hold any shares of the Company.

**KULIKOV, DENIS VIKTOROVICH**

Born in 1975. Graduated from Moscow State Law Academy, degree in Law. Appointed as Executive Director of Association for Protection of Investors' Rights since 2008. Member of Audit Committee under the Board of Directors of the Company.

As of December 31, 2010 D.V. Kulikov is a shareholder of IDGC of Volga, JSC (participation interest in the charter capital: 0.0016799%; ordinary stock: 0.0016799%).

**KUROCHKIN, ALEKSEY VALERYEVICH**

Born in 1973. Graduated from Ural State Law Academy, degree in Legal Science. Appointed as Head of Department of Corporate Governance and Cooperation with Shareholders of IDGC Holding, JSC since 2009. Member of Personnel and Awards Committee and Audit Committee under the Board of Directors of the Company. The member does not hold any shares of the Company.

**MARTSINKOVSKIY, GENNADIY OLEGOVICH**

Born in 1968. Graduated from Tselinograd Agricultural Institute, qualified as Electrical Engineer. Candidate of Economic Science. Appointed as Head of Capital Development Department of IDGC Holding, JSC since 2008. The member does not hold any shares of the Company.

**OKLEY, PAVEL IVANOVICH**

Born in 1970. Graduated from the Omsk Institute of Railway Transport Engineers, majoring in «Automatics, telemechanics and communications at railway transport» and from the Academy of National Economy of the Russian Federation Government (ANE), majoring in «Business development management». From 2007 to August 2010 the Deputy Director General — Technical Director of IDGC Holding, JSC. Since October 2010 the Member of the Management Board, Head of the Block of industrial activity of INTER RAO UES, JSC, Executive Director of O GK-1, Chairman of the Committee for Reliability and Member of the Committee for Strategy and Development of the Board of Directors of the Company. The member does not hold any shares of the Company.

**PANKSTYANOV, YURI NIKOLAYEVICH**

Born in 1980. Graduated from State University of Management, qualified as Manager. Appointed as Head of Charging Policy Department of IDGC Holding, JSC since 2008. Member of Audit Committee under the Board of Directors of the Company. The member does not hold any shares of the Company.



— *On approval of Action Plan for 2010–2012 aiming to mitigate the risks of injuries of third persons from the equipment of IDGC of Volga, JSC.*

The Action Plan for 2010-2012 aiming to mitigate the risks of injuries of third persons from the equipment of the Company was prepared and approved to ensure the effective mitigation of risks of injuries of third persons at the facilities of IDGC of Volga, JSC. The range of organizational, technical, information and training measures covered by this Plan allows preventing and avoiding injuries of third persons from the equipment of the Company.

— *On approval of Plan for Perspective Development of Electric Power Metering Systems for Grids of IDGC of Volga, JSC.*

As a result, this Plan will allow implementing automated power metering system. The automated power metering system has a range of advantages. It will allow to make settlements with consumers automatic, increase the accuracy and speed of power metering process, implement the automated monitoring of technical condition of electric power systems and to apply various control schemes for distribution of power and capacity between consumers and to improve overall performance of the Company.

— *On participation of the Company in Non-profit Partnership “Union of Energy Auditors and Energy Service Companies”.*

The membership of the Company in this Union will allow effectively cooperating with profiles organizations in the field of development and implementation of energy-efficient and energy-saving technologies, harmless energy generation and reduction of energy intensity of production.

— *On participation of the Company in Energoservis Volgi, JSC by its foundation (formation).*

RF law provides a range of measures aiming to encourage energy saving and to improve efficient use of energy resources.

The subsidiary founded by IDGC of Volga, JSC to carry out energy service activities is an effective tool used to fulfill legal requirements of energy saving and energy efficiency improvement, as well as to implement related government policy.

In 2010, in order to normalize the system of management, preparation of reports and carrying-out of analyses of financial, business and production activities of the Company, the Board of Directors issued the following internal documents:

- ◆ Non-Government Pension Plan for Employees of the Company for 2010;
- ◆ Insurance Coverage Program of the Company for 2010;
- ◆ Charity Program of the Company for 2010;
- ◆ Human Resource Support and Development Program of IDGC of Volga, JSC;
- ◆ Plan of top-priority measures aiming to improve anti-terrorism and sabotage safety of electric power grid facilities of the Company;
- ◆ Risk Management Policy of IDGC of Volga, JSC;
- ◆ Internal Control Policy of IDGC of Volga, JSC;
- ◆ Regulation of Dividend Policy of IDGC of Volga, JSC.

The Appendix No. 3 to this Annual Report contains the list of transactions performed by the Company in 2010 and recognized as interested-party transactions according to the Federal Law “On Joint-Stock Companies”.

In 2010, IDGC of Volga, JSC did not enter into transactions defined as “large-scale transactions” by the Federal Law “On Joint-Stock Companies” or other transactions subject to the Procedure on approval of large-scale transactions in accordance with the Charter of the Company.

## COMMITTEES OF THE BOARD OF DIRECTORS

The Charter of the Company allows the Board of Directors to establish committees that are charged with delivering draft reports and preparing recommendations for the Board of Directors on the matters of importance.

The Committees of the Board of Directors represent advisory bodies that should ensure that the Board of Directors efficiently performs its functions for the overall management of the Company. The Committees are not the management bodies of the Company and have no right to act on behalf of the Company. The Committees function in compliance with the Regulations which cover the legal status, goals and objectives, rights and responsibilities, structure and membership of each Committee. When performing its functions, the Committees shall comply with the Federal Laws and other regulations of the Russian Federation, the Charter of IDGC of Volga, JSC, the Regulation on the Procedure for Convening and Holding the Meetings of the Board of Directors of the Company and the Decisions of the Board of Directors of the Company.

### IN 2010, THE FOLLOWING COMMITTEES OPERATED UNDER THE BOARD OF DIRECTORS OF IDGC OF VOLGA, JSC:

- ◆ Audit Committee
- ◆ Committee for Strategy and Development
- ◆ Committee for Reliability
- ◆ Personnel and Award Committee
- ◆ Committee for Technological Connection to Electric Grids

#### AUDIT COMMITTEE

The Audit Committee of the Board of Directors is responsible for making recommendations and suggestions regarding the arrangement and carrying out of the audit, identification and prevention of situations that can trigger financial and transaction risks. The Committee verifies the compliance of financial statements of the Company and external audit report with applicable laws of the Russian Federation as well as Russian and international accounting standards. By virtue of the decision of the Board of Directors, the Committee includes 4 members. During the reporting period the Audit Committee held 8 meetings, one of them – in the form of compresence.

#### MEMBERSHIP OF THE AUDIT COMMITTEE\*

(approved by the Company's Board of Directors on July 28, 2010)

<b>BINKO GENNADIY FELIKSOVICH</b> (Chairman of the Committee)	Member of the Board, Deputy General Director of IDGC Holding, JSC
<b>KULIKOV DENIS VIKTOROVICH</b>	Executive Director of the Association for Investors' Rights Protection
<b>KUROCHKIN ALEKSEY VALERYEVICH</b>	Head of the Corporate Governance and Cooperation with Shareholders Department of IDGC Holding, JSC
<b>PANKSTYANOV YURI NIKOLAYEVICH</b>	Head of the Tariff Making Department of IDGC Holding, JSC

\* — titles at the moment of election

In 2010, a decision was passed at the meeting of the Audit Committee on engagement of an employee of the Internal Audit and Risk Management Department of IDGC Holding, JSC in the Committee's audit activities as an expert. The expert's participation allows providing more substantiated and detailed recommendations to the Company's Board of Directors and will additionally help to identify and eliminate possible deficiencies in internal control and risk management systems.

For the purposes of ensuring compliance with the requirements of the RF FFMS that are compulsory for shares listing and keeping in quotation lists of Russian stock exchanges, the Company's Board of Directors approved the Regulation on Audit Committee of IDGC of Volga, JSC as amended and restated in May 2010.

#### COMMITTEE FOR STRATEGY AND DEVELOPMENT

The Committee is responsible for the determination of strategic goals of the Company, setting priorities for the Company's business activity, assessment of long-term business performance and making recommendations to the Board of Directors on adjusting the existing development strategy of the Company. By virtue of the decision of the Board of Directors, the Committee includes 7 members. In 2010, the Committee held 12 meetings, one of them — in the form of compresence.

#### MEMBERSHIP OF THE COMMITTEE FOR STRATEGY AND DEVELOPMENT\*

(approved by the Company Board of Directors on July 28, 2010)

<b>PETUKHOV KONSTANTIN YURYEVICH</b> (Chairman of the Committee)	Director for Strategy and Development of IDGC Holding, JSC
<b>OKLEY PAVEL IVANOVICH</b>	Member of the Board, Deputy General Director — Technical Director of IDGC Holding, JSC
<b>SERGUTIN ALEKSEY VLADIMIROVICH</b>	Director for Economy of IDGC Holding, JSC
<b>LAPIN SERGEY NIKOLAYEVICH</b>	First Deputy Head of the Strategy and Development Centre of IDGC Holding, JSC
<b>TIKHONOVA MARYA GENNADYEVNA</b>	Director of the Department for Economic Regulation and Property Relations in the Energy Sector at the Ministry of Energy of the Russian Federation
<b>POKROVSKIY SERGEY VADIMOVICH</b>	Expert of the Association for Investors' Rights Protection
<b>BEREZOVSKIY ALEKSEY ALEKSEYEVICH</b>	Deputy General Director for Economy and Finance of IDGC of Volga, JSC

\* — titles at the moment of election

#### COMMITTEE FOR RELIABILITY

The Committee is responsible for making recommendations (opinions) to the Board of Directors and the Executive Body regarding the assessment of the Company's technical agencies performance, completeness and adequacy of measures taken following accidents or serious technological breakdowns as well as their performance supervision. By virtue of the decision of the Board of Directors, the Committee includes 7 members. The Committee for Reliability held 8 meeting in 2010.

**MEMBERSHIP OF THE COMMITTEE FOR RELIABILITY\***  
(approved by the Company Board of Directors on July 28, 2010)

<b>OKLEY PAVEL IVANOVICH</b> (Chairman of the Committee)	Member of the Board, Deputy General Director – Technical Director of IDGC Holding, JSC
<b>GOLUBEV PAVEL VLADILENOVICH</b>	Head of the Tariff Making Department of IDGC Holding, JSC
<b>KUCHERENKO VLADIMIR IVANOVICH</b>	Deputy Director General for Technical Issues – Chief Engineer of IDGC of Volga, JSC
<b>BEREZOVSKIY ALEKSEY ALEKSEYEVICH</b>	Deputy Director General for Finance and Economy of IDGC of Volga, JSC
<b>ASTAFYEV SERGEY OLEGOVICH</b>	Director for Technological Development and Operation of IDGC of Volga, JSC
<b>KRITSKIY VIKTOR ANATOLYEVICH</b>	Deputy Director General of the Branch of SO UES, JSC –Middle Volga UDM
<b>BOGACHEVA IRINA VLADIMIROVNA</b>	Leading Expert of the Master Planning and Reporting Division of the Investment Department of IDGC Holding, JSC

\* — titles at the moment of election

**PERSONNEL AND AWARD COMMITTEE**

The Personnel and Award Committee assists the Board of Directors in addressing the issues related to human resources management, social responsibility and corporate governance. The Committee's major responsibility is to hire duly qualified managers and create incentives to ensure the efficiency of their work. By virtue of the decision of the Board of Directors, the Committee includes 4 members. During the reporting period the Personnel and Award Committee held 4 meeting.

**CURRENT MEMBERSHIP OF THE PERSONNEL AND AWARD COMMITTEE\***

(approved by the Company Board of Directors on July 28, 2010)

<b>CHIGRIN ANDREY VALERYEVICH</b> (Chairman of the Committee)	Head of the Personnel Department of IDGC Holding, JSC
<b>ERPSHER NATALIA ILINICHNA</b>	Head of the Organizational Development Directorate of IDGC Holding, JSC
<b>KUROCHKIN ALEKSEY VALERYEVICH</b>	Head of the Corporate Management and Communication with Shareholders Department of IDGC Holding, JSC.
<b>KATELIN SERGEY GENNADYEVICH</b>	Director for Personnel and Organizational Planning — Head of the Personnel and Organizational Planning Department of IDGC of Volga, JSC

\* — titles at the moment of election

For the purposes of ensuring compliance with the requirements of the RF FFMS that are compulsory for shares listing and keeping in quotation lists of Russian stock exchanges, the Company's Board of Directors approved the Regulation on the Personnel and Award Committee of IDGC of Volga, JSC as amended and restated in May 2010.

**COMMITTEE FOR TECHNOLOGICAL CONNECTION TO ELECTRIC POWER**

The Committee's major responsibility is to assess the effectiveness of technological connection services provided by the Company, make recommendations on in-house procedures and standards for technological connection, provide customers with equal access to technological connection services, analyze current environment and prepare suggestions to the Board of Directors regarding technological connection of customers to power grids. By virtue of the decision of the Board of Directors, the Committee includes 5 members. The Committee for Technological Connection to Electric Power held 6 meetings in 2010.

**MEMBERSHIP OF THE COMMITTEE FOR TECHNOLOGICAL CONNECTION TO ELECTRIC POWER\***

(approved by the Company Board of Directors on July 28, 2010)

<b>GORSHENIN KIRILL VLADIMIROVICH</b> (Chairman of the Committee)	Acting Minister of the Industry and Power of Saratov Region
<b>PYATIGOR VIKTOR IVANOVICH</b>	Deputy Director General for Development and Sales of Services of IDGC of Volga, JSC
<b>REBROVA NATALIYA LEONIDOVNA</b>	Deputy Director General for Corporate Governance of IDGC of Volga, JSC
<b>KOMAROV VALENTIN MIKHAILOVICH</b>	Head of the Technological Connection Department of the Prospective Development and Technological Connection Division of IDGC Holding, JSC
<b>LUKINA OLGA PETROVNA</b>	Head of the Prospective development service of the Branch of SO UES, JSC — Middle Volga UDM

\* — titles at the moment of election



**RYABIKIN,  
VLADIMIR ANATOLYEVICH —**

*Chairman of the Management Board*

Born in 1965. He graduated from Russian State Open Technical University of Railway Transport, majoring in «Automatics, telemechanics and communications for railway transport». Since December 2008 — General Director of IDGC of Volga, JSC. Since 2009 — member of the Board of Directors of the Company. The member does not hold any shares of the Company.



**KUCHERENKO,  
VLADIMIR IVANOVICH**

Born in 1957. He graduated from the Saratov Polytechnic Institute, majoring in electrical engineering. Since April 2009, Deputy Director General for Technical Issues — Chief Engineer of IDGC of Volga, JSC. Member of the Committee for Reliability of the Board of Directors. The member does not hold any shares of the Company.



**PUCHKOVA  
IRINA YURYEVA**

Born in 1963. She graduated from Saratov Economic Institute (1985) with a degree in economics (industry planning), from Volga Academy of State Service (2000) with a degree in management (state and municipal management). Since 2011 holds the post of the Deputy General Director on economy and financing, IDGC of Volga, JSC. The member does not hold any shares of the Company.

## MANAGEMENT BOARD

The Management Board of IDGC of Volga, JSC was established to address crucial issues that relate to the current business activity of the Company and need group discussion or decision making, as well as to ensure bona fide, timely and proper execution of the decisions of the Board of Directors and the General Meeting of Shareholders. Activities of the Management Board are subject to the Charter and the Regulation on Management Board of the Company.

The Management Board includes the most qualified and experienced specialists in major functional areas of management who have contributed their knowledge and expertise in finance, production and strategy for better effectiveness of the Management Board to implement its functions. The General Director of the Company acts as the Chairman of the Management Board. The Management Board held 24 meetings at which management decisions related to the main areas of the Company's activities were made.

The following changes in the membership of the Management Board were made in 2010: The powers of the member of the Management Board Berezovsky Aleksey Alekseevich were terminated.

March 3, 2011 Puchkova Irina Yuryevna was elected to the Management Board.

The members of the Management Board did not sell or buy shares of the Company during the reporting period.

The Company has no information about bringing any action against the members of the Management Board.

Awards and compensations are paid to the members of the Management Board in accordance with the employment agreements. The total amount of awards and compensations paid to the members of the Management Board was 1,467,441 roubles in 2010.

MANAGEMENT AND  
SUPERVISORY BODIES



**SOLOSTOVSKY,  
Viktor Nikolayevich**

Born in 1951. Graduated from the Saratov Polytechnic Institute, majoring in electrical and heat engineering. Since February 2009, Deputy Director General for Capital Projects. As of December 31, 2010, the member holds shares of IDGC of Volga, JSC (share in the charter capital — 0.00004%, portion of ordinary shares — 0.00004%).



**REBROVA,  
NATALIYA LEONIDOVNA**

Born in 1960. She graduated from the Saratov Polytechnic Institute, majoring in electrical engineering. Since September 2009, Deputy Director General for Corporate Governance of IDGC of Volga, JSC. Member of the Committee for Technological Connection to Electric Grids of the Board of Directors of the Company. As of December 31, 2010, the member holds shares of IDGC of Volga, JSC (share in the charter capital — 0.000035%, portion of ordinary shares — 0.000035%).



**PYATIGOR,  
VIKTOR IVANOVICH**

Born in 1951. He graduated from the Tselinograd Agriculture Institute, majoring in electrical engineering. Since 2009, Deputy Director General for Development and Sales of Services of IDGC of Volga, JSC. Member of the Committee for Technological Connection to Electric Grids of the Board of Directors of the Company. The member does not hold any shares of the Company.



**PONOMAREV,  
VLADIMIR BORISOVICH**

Born in 1950. He graduated from the Saratov N.G. Chernyshevskiy State University majoring in geological engineering. Since April 2009, Deputy Director General for Security of IDGC of Volga, JSC. The member does not hold any shares of the Company.



**TAMLENOVA,  
IRINA ALEKSEYEVNA**

Born in 1965. She graduated from the Saratov Polytechnic Institute, majoring in planning engineer. Since March 2009, Chief Accountant — Head of Accounting and Reporting Department of IDGC of Volga, JSC. The member does not hold any shares of the Company.



**FROLOV,  
SERGEY PETROVICH**

Born in 1960. He graduated from the Ulyanovsk Polytechnic Institute, majoring in electrical engineering. Since 2008, Deputy Director General — Director of the Branch of IDGC of Volga, JSC — Ulyanovsk DG. The member does not hold any shares of the Company.



## GENERAL DIRECTOR

The Sole Executive Body — General Director is responsible for overseeing the day to day running of the IDGC of Volga, JSC.

Responsibilities of the General Director of the Company include all matters concerning management of current operations of the Company, excluding matters assigned to the responsibility of the General Meeting of Shareholders and the Board of Directors and the Management Board of the Company.

Since December 12, 2008, General Director of IDGC of Volga, JSC — Ryabikin, Vladimir Anatolyevich.

### **RYABIKIN, VLADIMIR ANATOLYEVICH**

Born January 24, 1965.

Graduated from the Russian State Open Technical University of Railway Transport in 1996.

#### **POSITIONS HELD DURING**

*last 5 years:*

- ◆ 2003-2006 — Director of Volga Electrical Network Branch of IDGC of Volga, JSC;
- ◆ 2006-2007 — First Deputy General Director of IDGC of Volga, JSC;
- ◆ 2007-11.12.2008 — Deputy General Director for Technical Issues — Chief Engineer of IDGC of Volga, JSC;
- ◆ Since 12.12.2008 — General Director, Chairman of the Management Board of IDGC of Volga, JSC.

Ryabikin, Vladimir Anatolyevich, received Certificate of Merits and Acknowledgments from The Ministry of Industry and Energy of the Russian Federation, The Ministry of Power of the Russian Federation, the Governor of the Saratov Region, IDGC Holding, JSC and other industry awards for his contributions to the development of the power industry.

Ryabikin, Vladimir Anatolyevich was granted with National Award “Person of the Year” for compliance with high quality standards of power supply.

He has been the member of the Board of Directors of the Company since 2009. The General Director does not hold any shares of the Company. There were no transactions between the Company and the General Director during the reporting period.

The General Director is paid in accordance with the Regulation on the financial incentive program for the General Director of IDGC of Volga, JSC. The Regulation provides the procedure for the determination, approval and modification of the official salary, principles and types of financial incentives as well as the procedure for their calculation and payment.

## AUDITING COMMISSION

The Auditing Commission of the Company is a permanently acting body for internal control that is responsible for regular overseeing the business and financial activities of the Company, its officials and management bodies to ensure compliance with the laws of the Russian Federation, the Charter of the Company and other Regulations and Policies of the Company.

The Auditing Commission functions independently of the officials of the management bodies of the Company. The Auditing Commission acts within the authority provided by the Charter and the Regulation on the Auditing Commission of IDGC of Volga, JSC.

The Auditing Commission of IDGC of Volga, JSC includes 5 members.

### THE MEMBERS OF THE AUDITING COMMISSION

*that acted during the period from June 5, 2009 to June 24, 2010\**

<b>SIDOROV SERGEY BORISOVICH</b>	Head of the Internal Audit Department of IDGC Holding, JSC
<b>ROKHLINA OLGA VLADIMIROVNA</b>	Chief Expert of the Internal Audit Department of IDGC Holding, JSC
<b>BEDRIDINOVA ELENA SERGEEVNA</b>	Leading Expert of the Internal Audit Department of IDGC Holding, JSC
<b>IVANOVA KSENIA VALERYEVNA</b>	Head of the Corporate Governance and Cooperation with Shareholders Department of IDGC Holding, JSC
<b>PUCHKOVA IRINA YURYEVA</b>	Head of the Economy Department of IDGC of Volga, JSC

\* — titles at the moment of election

### AUDITING COMMISSION

*elected on June 24, 2010\**

<b>ALIMURADOVA IZUMRUD ALIGADZHEVNA</b> <i>(Chairman of the Auditing Commission)</i>	Head of Internal Audit and Risk Management Department) of IDGC Holding, JSC
<b>ARKHIPOV VLADIMIR NIKOLAYEVICH</b>	Deputy head of Security Department of IDGC Holding, JSC
<b>BIKMURZIN ADEL FYARITOVYCH</b>	Chief Expert of Section of Standards and Methodology within Department of Corporate Governance and Cooperation with Shareholders of IDGC Holding, JSC
<b>ROKHLINA OLGA VLADIMIROVNA</b>	Chief Expert of Audit Department of Internal Audit and Risk Management Department) of IDGC Holding, JSC
<b>PHILIPPOVA IRINA ALEKSANDROVNA</b>	Leading Expert of Audit Department of Internal Audit and Risk Management Department) of IDGC Holding, JSC

\* — titles at the moment of election

### ALIMURADOVA, Izumrud Aligadzhievna — Chairman of the Auditing Commission

Born in 1971. Graduated from Dagestan State University N.A. Lenin, majoring in economics. She obtained Candidate of Economics degree. Since 2009 she has held the position of Head of the Internal Audit and Risk Management Department of IDGC Holding, JSC. On July 2, 2010, she was elected the Chairman of the Company's Auditing Commission by the decision of the Auditing Commission.

### ARKHIPOV, VLADIMIR NIKOLAYEVICH

Born in 1956. Graduated from Novosibirsk Electrotechnical Institute of Communication qualified as Telecommunications Engineer. Since 2009 he has held the position of First Deputy Head of the Security Department of IDGC Holding, JSC.

### BIKMURZIN, Adel Fyaritovych

Born in 1979. Graduated from the State University N.A. N.P. Ogarev, majoring in finance&credit. Since 2008 — Main Expert of Head of the Standards and Metrology Department of Corporate Management and Communication with Shareholders Division of IDGC Holding, JSC.

### ROKHLINA, Olga Vladimirovna

Born in 1974. Graduated from the S.P. Korolev Samara State Aerospace University, engineer-production planner and the International Market Institute, manager-economist. Since 2008 she has held the position of Chief Expert of the Internal Audit and Risk Management Department of IDGC Holding, JSC.

### FILIPPOVA IRINA ALEXANDROVNA

Born in 1958. Graduated from Ryazan Agriculture Institute N.A. Prof. Kostychev, majoring in accountancy in agricultural sector. Since 2008 she has held the position of Leading Expert of the Audit Organization and Conducting Division of the Internal Audit and Risk Management Department of IDGC Holding, JSC.

The members of the Auditing Commission do not hold any ownership interests in the Company.

The members of the Auditing Commission did not sell or buy the shares of the Company during the reporting period.

The Company has no information about bringing any action against the members of the Auditing Commission.



SECTION  
№ 10

# THE COMPANY'S INTERNAL CONTROLS AND RISK MANAGEMENT POLICIES

**INTERNAL CONTROLS AND RISK  
MANAGEMENT POLICIES ORGANIZATION**

46

**KEY RISKS AND ACTIONS  
AIMED AT THEIR MINIMIZATION**

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# INTERNAL CONTROLS AND RISK MANAGEMENT POLICIES ORGANIZATION

One of the high-priority areas of IDGC of Volga, JSC's activities is ensuring efficiency and constant improvement of its internal control and risk management system.

Development of internal control and risk management is primarily aimed at gaining reasonable assurance that strategic goals laid down by IDGC of Volga, JSC would be achieved in the most efficient manner as well as its assets and investment attractiveness would be unharmed, its management world be efficient, and uninterrupted power supply to its customers and energy efficiency would be ensured.

The internal control and risk management system of IDGC of Volga, JSC (hereinafter — IC&RMS) is functioning subject to the local regulations approved by the resolution of the Company's Board of Directors that are aimed at improvement of the internal control and risk management such as Risk Management Policies and Internal Control Policies.

In accordance with the local regulations related to IC&RMS improvement, managers and specialists of IDGC of Volga, JSC at all management levels both in Company's HQ and branches are involved in risk management and internal control processes. The Company's Board of Directors establishes instructions for IC&RMS development and approves local regulations that IC&RMS is based on. General Director is responsible for IC&RMS efficiency and execution of local regulations. Heads of specialized subdivisions are responsible for establishment and execution of risk-oriented control procedures and risk management actions as well as for timeous risk identification and assessment. The Internal Audit Department conducts monitoring and evaluation of IC&RMS's performance. Moreover, the Internal Audit Department is responsible

for arrangement and coordination of IC&RMS processes and ensuring flow of information on risks and internal control procedures at the Company among related parties.

For the purpose of IC&RMS processes improvement, IC&RMS implementation focused on standartization of control environment and risks attributable to the key Company's business processes, and implementation of risk management processes were arranged at the Company in 2010. The main area of IC&RMS development is defined as transition from exclusively auditorial (revealing) nature of control procedures to the three-type combination of auditorial, current and preventive controls. Subject to the results of IC&RMS improvement, Regulations on control environment and risks attributable to the key Company's business processes and key risks register have been developed. The Company's future activities will be focused on further IC&RMS improvement based on transition from "standardized" to "optimized" level of IC&RMS development and automation of control procedures and risk management processes.

# KEY RISKS AND ACTIONS AIMED AT THEIR MINIMIZATION

The Company's risk management policies focus on timely identification and prevention of possible risks to minimize their negative impact on financial and business activities of the Company.

Due to the fact that activities of IDGC of Volga, JSC are affected by a large number of factors, the main tasks of integrated risk management and internal control system are identification, assessment and management of risks attributable to business activities, delivery of information on risks to the management for decision-making purposes, and development of response programs for risk situations.

## STRATEGIC RISKS

### COUNTRY AND REGIONAL RISKS

The Company generated the major portion of its income from power transmission services on the territory of seven regions: Samara, Saratov, Ulyanovsk, Penza and Orenburg Regions, the Republic of Mordovia, and the Chuvash Republic.

Development prospects of the Russian economy depend upon stability of world stock and mineral markets. Global financial and economic recession of 2008-2009 highly influenced the economic situation in the country. However, during recent years rates of economic development have been recovering to the pre-crisis levels. Nevertheless, in case of significant inhibition of economic development in Russia industrial decline is expected which would result in decrease of power consumption. Taking into the consideration the position of Russian government focused on complex support of real sector of economy, the Company estimates risks of significant decrease of power consumption as remote.

Geographic and climatic particularities of the territory situated in the middle of the Volga region bear threat of emergencies occurrence at power plants as a result of adverse natural conditions (heavy snowfall, glaze, fires etc.). To minimize such risks, the Company designs power facilities with due account for regional geographic and climatic characteristics and implements an insurance coverage program for grid facilities in the events of natural disasters occurrence.

Therefore, the Company does not expect country and regional risks to significantly affect its financial and business performance.

### INDUSTRY RISKS

Forecasted trends of the industry development are defined by general dynamics of social and economic development of the region and branches of the RF economy.

During last years power industry undergoes significant changes. Industry reforming started in 2000s bears a range of uncertainties defining the conditions that the RF distribution grid complex is operating in.

The main risk factor is insufficient development of retail power market mechanisms that involves risks related to disagreements between grid and sales companies as to power consumption volumes, increase in receivables and low payment discipline of consumers. To minimize such risks IDGC of Volga, JSC takes actions aimed at elimination of causes of conflicts with consumers and reduction of receivables related to power transmission services, and acquires court experience and creates positive precedents from controversies with debtors.

Another equally important factor of industry risks is that relations between distribution grid companies and OAO FSK UES as to "last mile" lease agreements are not statutorily regulated. Despite that the right to made up agreements on lease of grid connection facilities of OAO FSK UES with territorial grid companies is stipulated by law, there is no established procedure for approval of such agreements by the RF Ministry of Energy. Apart from that, the obligation to conclude contracts between consumers and OAO UES FGC increases downside risks associated with the termination of "last mile" contracts concluded between OAO UES FGC and IDGC of Volga, JSC. To minimize such risk, the Company performs control over compliance with terms set in agreements concluded with OAO FSK UES and timely submission of information for continuation of the "last mile" lease agreements.

### REGULATORY RISKS

The main activities of the Company are power supply and grid connection. Such activities fall into the group of services subject to governmental regulation and approval by regional executive authorities. In connection with

KEY RISKS AND ACTIONS AIMED  
AT THEIR MINIMIZATION

implementation of the tariff containment policy by the RF government, change of the regulatory method bears a number of risks related to non-recognition by regional authorities of components comprising the tariff for power supply services in full that may result in limitation of growth of cap tariffs established at the federal level and lead to impossibility of full reimbursement of the Company's economically substantiated expenses that finally would cause limitation of own investment into development of the grid complex. To minimize such risks, IDGC of Volga, JSC interacts with regional regulatory authorities for the purpose of establishment of economically substantiated tariffs that would compensate all the Company's expenses and ensure its investment program implementation as required, and implements harmonized costing policy and controls own expenses.

In view of the fact that the Company is a natural monopoly entity, there is a possibility of occurrence of risks related to violation of competition laws as to provision of power transmission and grid connection services. To minimize risks related to bringing IDGC of Volga, JSC to responsibility for violation of competition laws, the Company has developed a system controlling terms of conclusion and execution of agreements on grid connection of applicants. Simultaneously, the Company carries out explanatory work on the process of grid connection services provision by means of placing information on the Company's official web-site and creation of a Customer Support Centre.

## FINANCIAL RISKS

### EXCHANGE RISKS

IDGC of Volga, JSC is performing its financial and business activities within the territory of the Russian Federation and does not plan to operate in external markets. With all liabilities denominated in the Russian currency, the risks associated with changes in foreign exchange rates are considered as being low. On the other hand, the Company purchases foreign equipment the cost of which will increase in case of rising foreign exchange rate. In case of the increase in the cost of foreign equipment, the Company plans to reduce foreign purchases in favor of domestic equipment. In doing so the Company will lower its exposure of its financial condition, liquidity and business performance to the risk of changes in exchange rate.

### RISKS RELATED TO CHANGE IN INTEREST RATES ON BORROWINGS

As IDGC of Volga, JSC raises borrowed funds for conducting its main activities, there are risks related to change in interest rates on such borrowings.

Evolution of the refinancing rate of the Central Bank reflecting current macro-economic situation affects cost of raising credit resources. Increase of rates on raised credit resources may result in unplanned growth of debt expenses and, respectively, lead to increase in costs. Nevertheless, it is unlikely that interest rates fluctuations will have a material impact on the Company's financial

and economic activities as the portion of costs related to payment of interest on borrowings in the total amount of the Company's costs is insignificant. IDGC of Volga, JSC proceeded its policy focused on cutoff of its credit portfolio in 2010.

To minimize such risks, IDGC of Volga, JSC takes actions aimed at optimization of its credit portfolio in the context of changed market conditions and credit market monitoring for the purpose of discovery of the most acceptable credit terms.

### INFLATIONARY RISKS

Russian economy is characterized by high inflation rate. The inflation rate was at 8.8% in 2010. Recent years saw a gradual decline in inflation rate.

To reduce negative impact of inflation processes on financial and economic activities, IDGC of Volga, JSC conducts cost optimization and implements a cost management program.

In case of higher inflation the Company plans to optimize receivables and cost management process, improve current assets turnover with preservation of favorable counterparties' payment terms.

### RISKS RELATED TO NON-PERFORMANCE OF OBLIGATIONS CONNECTED WITH COMMISSIONING OF INVESTMENT FACILITIES

For the purposes of its main business, the Company implements an investment program involving new construction, expansion, reconstruction, re-equipment etc. Scope of the investment program is annually extended that results in occurrence of risks related to non-performance of obligations connected with commissioning of facilities and full application of sources of capital investments approved by regulatory bodies when making tariff-and-balance decisions. To reduce such risks, the Company performs control over timely conducting tender procedures for investment program facilities, weekly supervision of course of construction and reconstruction within the framework of the investment program implementation, conducts checks of actual volumes of capital investments and controls terms of agreements execution. Due to the full implementation of the above risk management actions, probability of occurrence of such risks is assessed as low.

## OPERATIONAL AND TECHNOLOGICAL RISKS

The Company's production activities are connected with operational and technological risks such as disturbances in grid equipment operation, emergencies occurrence, power supply shortfalls and grid overloading.

Main factors attributable to risks of this group are high degree of equipment depreciation, impact of natural disasters, third parties and entities. Such risks may also arise from wrong or incorrect actions of the Company's personnel and outside personnel, and disturbance of dispatching regime.

To minimize such risks, the Company takes actions aimed at grid renovation, development and implementation of target programs for improvement of power supply reliability. Monitoring and diagnostics of power electrical equipment, examinations and analysis of accident rates are conducted on an ongoing basis. The Personnel of IDGC of Volga, JSC undergoes training and certification.

Operational risks also include risks related to personnel management. Insufficient employees' qualification and low level of education of graduates from secondary and higher vocational education institutions, non-compliance of employees' qualification with level of technological innovations, high level of personnel turnover (especially for technical staff) are main factors attributable to such risks.

Main actions for minimization of such risks are aimed at job market monitoring by specialized technical occupations as to level of the Company's attractiveness as an employer, and cooperation with secondary and higher education institutions as to education of students of specialized occupations. For the purposes of professional development, employees training and certification is conducted on a regular basis. For uprise of personnel incentivization level, local regulations were developed and implemented stipulating social securities benefits and guarantees in the whole territory of the Company's presence (Collective Agreement, Regulation on Labor Compensation) in 2010.

## LEGAL RISKS

The Company conducts permanent monitoring of changes in the legislation and does not expect in the short-run that any significant risks related to changes in law and civil legislation would affect its business.

At the same time, changes in the field legislation introduced during the last two years including those regulating connection of applicants' power receiving devices and other facilities to the grid and activities related to preparation, approval and reporting on implementation of investment programs, create risks connected with occurrence of conflicts with consumers and federal and regional executive bodies and application of sanctions by regulatory authorities.

Generally, to minimize different legal risks, the Company performs obligatory preliminary analysis of scheduled corporate procedures, transactions entered and other aspects of the Company's business stipulated by the effective legislation and the Company's Articles of Association.



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# FINANCING ACTIVITIES

<b>FINANCIAL AND ECONOMIC PERFORMANCE INDICATORS</b>	<b>51</b>
<b>ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</b>	<b>52</b>
<b>CREDIT POLICY</b>	<b>53</b>

# FINANCIAL AND ECONOMIC PERFORMANCE INDICATORS

INDICATORS	2008, ACTUAL	2008, ACTUAL (based on data reported by RGC for 1Q)	2009, ACTUAL	2010, ACTUAL
<b>REVENUE (K, RUR)</b>	22,614,524	30,640,061	29,318,215	<b>39,420,368</b>
POWER TRANSMISSION	19,791,516	27,257,423	28,491,849	<b>38,736,861</b>
TECHNOLOGICAL CONNECTION	1,508,656	1,606,702	393,466	<b>276,478</b>
<b>PRODUCTION COST (K, RUR)</b>	19,901,923	27,351,789	27,127,483	<b>36,640,242</b>
<b>GROSS INCOME FROM SALES (K, RUR)</b>	2,712,601	3,288,271	2,190,732	<b>2,780,123</b>
<b>MANAGEMENT EXPENSES (K, RUR)</b>	0	0	0	<b>973,537</b>
<b>REVENUE FROM SALES (K, RUR)</b>	2,712,601	3,288,271	2,190,732	<b>1,806,586</b>
<b>OTHER INCOME (K, RUR)</b>	1,430,066	1,910,350	1,600,269	<b>5,354,272</b>
<b>OTHER EXPENSES (K, RUR)</b>	2,581,116	3,586,364	3,153,543	<b>6,289,742</b>
<b>INTEREST ON LOANS</b>	345,903	412,320	653,454	<b>305,644</b>
<b>PROFIT BEFORE TAX (K, RUR)</b>	1,561,551	1,612,259	637,458	<b>871,116</b>
<b>INCOME TAX AND SIMILAR PAYMENTS (K, RUR)</b>	753,468	454,733	495,851	<b>608,849</b>
<b>NET INCOME (K, RUR), INCLUDING</b>	808,083	1,157,526	141,607	<b>262,267</b>
RESERVE FUND	40,404	—	7,080	<b>13,113</b>
PRODUCTION DEVELOPMENT	767,679	—	0	<b>0</b>
CURRENT YEAR INVESTMENTS	0	—	134,527	<b>249,154</b>
<b>NET ASSET VALUE PER SHARE (RUR)</b>	0.2286	0.2286	0.2294	<b>0.2309</b>
<b>NET INCOME PER SHARE (RUR)</b>	0.00453	0.00648	0.00079	<b>0.00147</b>
<b>DIVIDENDS PER SHARE (RUR)</b>	0.0	0.0	0.0	0.0
<b>EBITDA (K, RUR)</b>	3,878,892	4,664,493	4,707,846	<b>4,686,352</b>
<b>DEBT (K, RUR)</b>	4,564,788	4,564,788	2,683,445	<b>2,719,981</b>
<b>DEBT / EBITDA</b>	1.18	0.98	0.57	<b>0.58</b>
<b>EBITDA MARGIN</b>	0.17	0.15	0.16	<b>0.12</b>
<b>PROFITABILITY OF SALES (%)</b>	11.99	10.73	7.47	<b>4.58</b>

\* For all reporting periods concerned, the calculation of «Net asset value per share», «Net income per share» and «Dividends per share» uses the conventional number of shares in the amount of 178,577,801,146 pieces to ensure comparability (as of December 31, 2010)

# ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

INDICATORS	2009	2010
<b>NET WORTH (K, RUR)</b>	40,979,424	<b>41,241,238</b>
<b>DEBT TO EQUITY AND RESERVES RATIO, (%)</b>	21.83	<b>22.82</b>
<b>DEBT SERVICE COVERAGE RATIO, (%)</b>	8	<b>13</b>
<b>RECEIVABLES TURNOVER RATIO, THE NUMBER OF TIMES</b>	0.00	<b>0.00</b>
<b>DEFAULT RATE, (%)</b>	0.28	<b>0.52</b>
<b>RETURN ON ASSETS (%)</b>	0.35	<b>0.64</b>
<b>RETURN ON EQUITY (%)</b>	2.09	<b>1.70</b>
<b>CURRENT LIQUIDITY RATIO</b>	1.59	<b>1.34</b>
<b>QUICK LIQUIDITY RATIO</b>	0.35	<b>0.44</b>
<b>ASSET/EQUITY RATIO</b>	0.82	<b>0.81</b>
<b>DEBT/EQUITY RATIO</b>	4.58	<b>4.38</b>

The increase of net worth of the Company by 261,814 thousand roubles is primarily associated with increase in fixed assets and cash balance and decrease in long-term loan and credit obligations.

Debt to equity and reserves ratio indicates a measure of a company's financial leverage. Compared to the same period last year, the Company's dependence on borrowed capital insignificantly increased in connection with increase in short-term liabilities.

Receivables turnover ratio in 2010 increased, which indicates faster receivables turnover.

The Company does not have default receivables.

Compared to 2009, profitability ratios showed positive movement due to increase in paid positive supply and net profit received in 2010.

Net profit for 2010 amounted to 262, 267 th. roubles.

Financial stability is assessed on the basis of asset/equity ratio (financial independence ratio). This ratio characterizes the share of the Company's assets paid by means of own capital.

Estimated indicator of financial independence of IDGC of Volga, JSC is asset/equity ratio, which stood at 0.81 by the end of the reporting period, that shows significant share of own financing sources and high financial stability of the Company.

As one of the major measures of cash availability, the current liquidity ratio describes the overall availability of current assets in the Company to perform its business activities and pay off its short-term debt obligations in a timely manner. This ratio stands at 1.70. The value of this ratio implies a sizeable surplus of liquid assets over outstanding short term liabilities, which stems from the Company's smart financial management.

More rigid measures of liquidity such as quick liquidity ratio and operating cash flow ratio that show the portion of current liabilities which can be paid off with cash after subtracting inventories from current assets stand at acceptable levels.

Growth dynamics of absolute liquidity ratio is evidenced over analyzed period compared to 2009 from 0.35 to 0.44, which demonstrates the Company's high paying capacity and repayment current liabilities sources.

Debt/equity ratio shows the portion of equity per 1 rouble spent to finance the company's assets. During the period concerned, the ratio slightly decreased and, as of December 31, 2010, stood at 4.38, which implies sound financial stability of the Company.

All financial stability indicators of IDGC of Volga, JSC are in compliance with the guideline, which demonstrates the Company's ability to properly and timely meet its obligations.

From December 31, 2009 to December 31, 2010, DEBT/EBITDA ratio changed by 0.06, from 1.14 to 1.08, which demonstrates the financial stability of the Company and its ability to pay off debt obligations.

Basing on the results of the reporting period a conclusion can be made that business activities of IDGC of Volga, JSC is characterized by stable financial position which means that the Company is able to upkeep its financial solvency in the course of its operational, investment and finance activities.

# CREDIT POLICY

Due to the elaborated credit policy properly implemented in the reporting period that included conducting permanent monitoring of situation in the debt capital market and carrying out operative actions aimed at optimization of the Company's credit portfolio, the Company managed to achieve the following goals:

- ◆ creation of a high-quality credit portfolio with preservation of optimal balance between the acceptable level of interest risk borne by the Company when raising long-

term borrowed capital and profit received from its main activities and investment projects including those for which purposes such borrowings were raised;

- ◆ reduction of the Company's lending receivables by 6.4%;
- ◆ minimization of debt costs by reduction of weighted average interest rate as of the end of the year to 7.28% per annum (compared to 11.95% per annum in 2009).

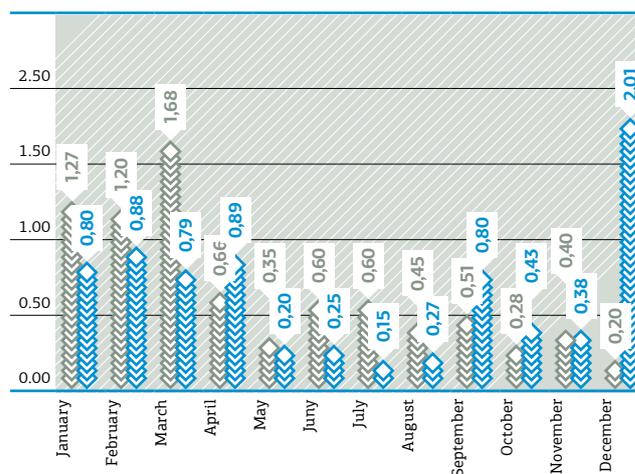
**EVOLUTION OF LOAN INDEBTEDNESS OF IDGC OF VOLGA, JSC IN 2010, RUR billion**



◆ amount of loan indebtedness, bln rub

◆ including fixed debt liability, bln rub

**GROSS VOLUME OF LOAN RAISING/REPAYMENT BY IDGC OF VOLGA, JSC IN 2010, RUR billion**



◆ Loan raising, billion rubles

◆ Loan repayment, billion rubles



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SECTION  
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# PRODUCTION PERFORMANCE

<b>POWER TRANSMISSION AND DISTRIBUTION</b>	<b>57</b>
<b>THE COMPANY'S USE OF POWER RESOURCES</b>	<b>61</b>
<b>TECHNOLOGICAL GRID CONNECTION</b>	<b>62</b>
<b>PRODUCTION BASE DEVELOPMENT</b>	<b>63</b>

LENGTH  
**594** km

WATERSHED  
**46,500** km<sup>2</sup>

RIVER DISCHARGE  
**50** m<sup>3</sup>/s

### The Samara River

The Samara River, a left tributary of the Volga River, flows in the Orenburg Region in Russia. Rising 50 km to the north-west of Orenburg, the river flows into the Volga near Samara.

# ORENBURGENERGO

BRANCH OF IDGC  
OF VOLGA, JSC

**ADDRESS:**

44, Im. Marshala  
G.K. Zhukova  
Street, Orenburg,  
460024

LENGTH OF POWER  
TRANSMISSION LINE  
**43,124.3** km

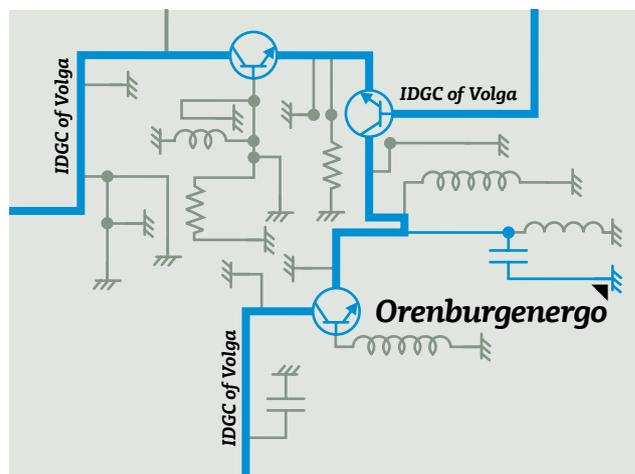
NUMBER OF SUBSTATIONS  
**10,175** pieces

INSTALLED CAPACITY  
OF SUBSTATIONS  
**5,560.82** MVA

**PRODUCTION DEPARTMENTS:**

ORENBURG MPG,  
CENTRAL PG,  
EASTERN PG,

ORSK MPG,  
WESTERN PG,  
NORTHERN PG



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# POWER TRANSMISSION AND DISTRIBUTION

According to the results of IDGC of Volga, JSC's performance, power transmission volume amounted to 56,367.76 M kWh in 2010 that is by 3,012.12 M kWh, or by 5.65% more than in 2009 (53,355.64 M kWh).



## PRODUCTION PERFORMANCE IN 2010

BRANCH NAME	GRID OUTPUT, kWh, M	NET OUTPUT, kWh, M	LOSSES	
			kWh, M	%
<b>SARATOV DISTRIBUTION GRIDS</b>	10,281.24	9,369.11	912.13	8.87%
<b>SAMARA DISTRIBUTION GRIDS</b>	20,547.76	19,613.23	934.54	4.55%
<b>ULYANOVSK DISTRIBUTION GRIDS</b>	4,888.43	4,370.28	518.15	10.60%
<b>ORENBURGENERGO</b>	13,273.52	12,395.14	878.38	6.62%
<b>PENZAENERGO</b>	4,124.54	3,734.34	390.20	9.46%
<b>MORDOVENERGO</b>	2,861.82	2,593.07	268.75	9.39%
<b>CHUVASHENERGO</b>	4,566.46	4,292.60	273.86	6.00%
<b>IDGC OF VOLGA, JSC, TOTAL</b>	<b>60,543.76</b>	<b>56,367.76</b>	<b>4,176.00</b>	<b>6.90%</b>

## TOTAL SALES OF POWER TRANSMISSION SERVICE TREND FOR 2009 AND 2010

BRANCH NAME	TOTAL SALES OF POWER TRANSMISSION SERVICE, kWh, M.			
	2009	2010	VARIATION	
			kWh, M	%
<b>SARATOV DISTRIBUTION GRIDS</b>	8,799.45	<b>9,369.11</b>	569.66	<b>6.47%</b>
<b>SAMARA DISTRIBUTION GRIDS</b>	18,538.18	<b>19,613.23</b>	1,075.05	<b>5.80%</b>
<b>ULYANOVSK DISTRIBUTION GRIDS</b>	4,092.31	<b>4,370.28</b>	277.96	<b>6.79%</b>
<b>ORENBURGENERGO</b>	11,706.98	<b>12,395.14</b>	688.15	<b>5.88%</b>
<b>PENZAENERGO</b>	3,620.11	<b>3,734.34</b>	114.23	<b>3.16%</b>
<b>MORDOVENERGO</b>	2,491.57	<b>2,593.07</b>	101.50	<b>4.07%</b>
<b>CHUVASHENERGO</b>	4,107.04	<b>4,292.60</b>	185.56	<b>4.52%</b>
<b>IDGC OF VOLGA, JSC , TOTAL</b>	<b>53,355.64</b>	<b>56,367.76</b>	<b>3,012.12</b>	<b>5.65%</b>

Actual losses of power in the grid of IDGC of Volga, JSC amounted to 4,176.00 M kWh, or 6.90% of supply to the grid. In comparison to the same period of 2009, with increase of supply to the grid by 5.1%, losses of power decreased by 289.30 M kWh, or 0.48% in relation to power supply to the grid.

## ACTUAL LOSSES OF POWER FOR 2009 AND 2010

BRANCH NAME	LOSSES					
	ACTUAL, 2009		ACTUAL, 2010		VARIATION	
	kWh, M	%	kWh, M	%	kWh, M	%
<b>SARATOV DISTRIBUTION GRIDS</b>	888.83	9.17%	<b>912.13</b>	8.87%	-31.11	-0.30%
<b>SAMARA DISTRIBUTION GRIDS</b>	957.46	4.91%	<b>934.54</b>	4.55%	-74.60	-0.36%
<b>ULYANOVSK DISTRIBUTION GRIDS</b>	561.65	12.07%	<b>518.15</b>	10.60%	-71.79	-1.47%
<b>ORENBURGENERGO</b>	891.89	7.08%	<b>878.38</b>	6.62%	-61.27	-0.46%
<b>PENZAENERGO</b>	390.54	9.74%	<b>390.20</b>	9.46%	-11.43	-0.28%
<b>MORDOVENERGO</b>	278.30	10.05%	<b>268.75</b>	9.39%	-18.79	-0.66%
<b>CHUVASHENERGO</b>	282.78	6.44%	<b>273.86</b>	6.00%	-20.30	-0.44%
<b>IDGC OF VOLGA, JSC , TOTAL</b>	<b>4,251.46</b>	<b>7.38%</b>	<b>4,176.00</b>	<b>6.90%</b>	<b>-289.30</b>	<b>-0.48%</b>

Subject to the results of 2010, actual losses of power are by 310.55 M kWh, or by 0.51% lower than amount of losses set in the Company's business plan.

## ENERGY SAVING AND ENERGY EFFICIENCY IMPROVEMENT

1. In accordance with the energy saving program, the following indicators are accepted as target energy saving and energy efficiency improvement indicators:

- ◆ reduction of power losses due to implementation of technical and organizational measures;
- ◆ equipment of points of power supply for domestic needs with accounting meters;
- ◆ equipment with power accounting meters in the retail market.

2. Numerical values of the target indicators established for 2010 are as follows:

- ◆ reduction of power losses by 7,665 K kWh;
- ◆ equipment of points of power supply for domestic needs with accounting meters — 100%;
- ◆ equipment with power accounting meters in the retail market — 2.91%.
- ◆ For achievement of target levels the following organizational and technical actions were taken with the results obtained:

- ◆ from technical actions — 3,509 M kWh;
- ◆ from organizational actions — 5,669 M kWh.

3. Structure of the energy saving program consists of the following sub-programs:

- ◆ program for prospective development of electric power metering systems in the Russian power market (hereinafter — RPM Program);
- ◆ program for installation/modernization of accounting meters for power, heat, cold/hot water and gas metering at production and domestic facilities (hereinafter — Domestic Needs Program);
- ◆ technical and organizational actions aimed at loss reduction (hereinafter — loss reduction actions).
- ◆ Total savings gained from the program implementation in 2010 amounted to 9.875 MRUR (exclusive of VAT). Costs amounted to 404.12 MRUR (exclusive of VAT) (for organizational actions –0.338 MRUR, for technical actions — 242.755 MRUR, for RPM Program — 153.967 MRUR, for Domestic Needs Program — RUR 7.069 MRUR).

4. Power resources consumption for production and domestic needs (with account for lessees' supply points):

ITEM No.	DESCRIPTION	UNITS	2010	
			PLAN	ACTUAL
1.	<b>TOTAL POWER RESOURCES SUPPLIED UNDER SUPPLY AGREEMENTS (PURCHASE AND SALE AGREEMENTS)</b>	K RUR.*	413,867.06	371,243.70
1.1.	<b>POWER</b>	K RUR.	322,825.33	317,115.92
		K kWh	111,838.74	114,189.55
1.2.	<b>HEAT</b>	K RUR	78,730.44	41,998.53
		Gcal	44,188	44,334
1.3.	<b>COLD WATER SUPPLY</b>	K RUR	6,031.24	5,823.05
		th.m <sup>3</sup>	457.653	350.904
1.4.	<b>HOT WATER SUPPLY</b>	K RUR	604.06	635.49
		th.m <sup>3</sup>	13.90	53.9
1.5.	<b>NATURAL GAS</b>	K RUR	5,675.98	5,670.73
		th.m <sup>3</sup>	1,750.47	1,278.42

\* — amount in K RUR including VAT

5. Equipment of points of power supply for domestic needs with accounting meters.

6. The Company has buildings and rooms of total area 472,264 m<sup>2</sup> in its balance. Specific consumption of power resources amounted to 0.046 tons of reference fuel per m<sup>2</sup>.

Equipment of points of power supply for domestic needs with accounting meters is 100%, in particular, power meters — 867, heat meters — 78, cold water meters — 356, hot water meters — 36, natural gas — 18.

Planned financing of implementation of energy resources recording for 2010 amounted to 7,891 K RUR while actual funds application and payment of fixed assets amounted to 7,071 K RUR.

## POWER LOSS REDUCTION ACTIONS

IDGC of Volga, JSC implements a range of actions aimed at optimization (reduction) of power losses as a part of high-priority activities.

The main actions conducive to reduction of power consumption in the technological distribution process:

- ◆ disconnecting transformers at two (and more) transformer substations (220)110/35/10 and 110(35)/10 kW in light load mode;
- ◆ disconnecting transformers KTI 10/0,4 kW with seasonable load; balancing phase load 0.4 kW by redistribution of connected consumers;
- ◆ increasing sections of overloaded power lines 10 and 0.4 kW;
- ◆ replacement of overloaded and underloaded power transformers; optimization of distribution power grids load and operating modes.

The overall effect from the implementation of power loss cutting measures at IDGC of Volga, JSC was at 139.562 million of kWh. The effect from implementing measures aimed at cutting down the commercial loss was 111.465 million kWh, while the cut down on technical losses through the implementation of organizational and technical measures amounted to 24.586 million kWh and 3.509 million kWh respectively. The overall economic benefit from implemented measures amounted to 145.19 million roubles, expenses amounted to 243.092 million roubles. The payback time for the implementation of power loss cutting measures, taking into account the total cost, is more than 5 years. The performance of power loss cutting plan for 2010 stood at 104%.

#### MAJOR POWER LOSS CUTTING MEASURES IN 2010

MEASURE	REDUCTION IN LOSS kWh, M
ACTIONS AIMED AT REDUCTION OF TECHNICAL POWER LOSSES	28.1
REDISTRIBUTION OF LOAD ON THE MAIN GRID BY POWER SWITCHING	4.2
REPLACEMENT OF TRANSMISSION LINE WIRES	2.2
REPLACEMENT OF OVERLOADED/UNDERLOADED TRANSFORMERS	0.2
SWITCHING OFF THE TRANSFORMERS AT TWIN TRANSFORMER SUBSTATIONS AND STATIONS WITH SEASONABLE LOAD	14.3
PHASE LOAD BALANCING IN 0.4 kV GRIDS	2.5
REDUCTION OF EXPENSES FOR OWN NEEDS OF SUBSTATIONS	3.1
OTHER	1.6
ACTIONS AIMED AT REDUCTION OF COMMERCIAL POWER LOSSES	111.465

#### IMPLEMENTATION OF THE PROGRAM FOR PROSPECTIVE DEVELOPMENT OF ACCOUNTING SYSTEMS IN THE RETAIL POWER MARKET.

The Program is approved by the Company's Board of Directors. More than 11.397 thousand commercial meters were installed and replaced in 2010 that allowed increase of recorded volume of power transmission services provided by 0.01% at average. The effect from taking that measure is expected to be gained in 2011.

#### REPLACEMENT OF HV 0.4 kW TAPPINGS TO BUILDINGS.

During the reporting year 6.115 thousand HV 0.4 kW bare wire tappings to buildings were replaced with self-supporting insulated wire. Such actions are taken with simultaneous meters offset to faces of buildings and allow to recording elements, external impact on meters reliability, interference with grid and sales companies' personnel access to meters for taking of readings from domestic consumers etc. The effect from taking that measure is expected to be gained in 2011. Analysis of information on technical actions shows that if those are comprehensively implemented, recorded (according to meter readings but not paid) productive supply of electricity will increase by 0.28% compared to the same period of 2010.

#### TECHNICAL CHECK OF POWER METERING FACILITIES.

582.018 thousand Power metering facilities underwent technical (instrumental) check in 2010. Subject to the results of the above actions, disturbances were revealed and eliminated that allowed to reduce losses by 12.816 M kWh, and also unaccounted (uncontractual and unmetered) consumption was revealed that accounted to 111.465 M kWh. Underrecorded consumption volume documented by additional charge acts is calculated in accordance with the RF legal regulations from the date of the last technical check or by period of limitation of actions (not more than 3 years). That means that kWh "lost" in the previous years were included in power productive supply for 2010.

#### IMPLEMENTATION OF POWER TECHNICAL METERING BY THE COMPANY'S SUBSTATIONS.

With the purpose of arrangement of more detailed analysis of causes of excessive losses, their localization and elimination, actions aimed at equipment of additional points of technical metering were taken. Thus, more than 1.9 thousand metering facilities were installed, replaced or repaired in 2010.

**PROCEEDS FROM POWER TRANSMISSION SERVICES  
GAINED IN 2010**

BRANCH NAME	APPROVED BUSINESS PLAN FOR 2010				ACTUAL, 2010			
	VOLUME OF NET OUTPUT M kWh	REVENUE FOR THE REPORTING PERIOD, M RUR including VAT		AVERAGE TARIFF EXCLUSIVE OF VAT, roubles/ kWh	VOLUME OF NET OUTPUT, M kWh	REVENUE FOR THE REPORTING PERIOD, M RUR including VAT		AVERAGE TARIFF EXCLUSIVE OF VAT, roubles/ kWh
		TOTAL	INCLUDING LOAD LOSSES			TOTAL	INCLUDING LOAD LOSSES	
<b>IDGC OF VOLGA, JSC, TOTAL</b>	<b>52,544.49</b>	<b>44,601.05</b>	<b>1,117.54</b>	<b>0.7374</b>	<b>54,959.16</b>	<b>45,709.49</b>	<b>1,099.22</b>	<b>0.7218</b>
<b>SARATOV DG</b>	8,506.02	8,727.47	191.52	0.8886	9,010.37	9,371.00	201.65	0.9003
<b>SAMARA DG</b>	18,802.67	9,555.46	376.04	0.4476	19,613.23	9,714.07	322.76	0.4337
<b>ULYANOVSK DG</b>	3,561.01	4,588.70	107.82	1.1177	3,682.66	4,511.68	104.17	1.0622
<b>ORENBURGENERGO</b>	11,756.93	11,887.23	245.70	0.8746	12,351.49	11,910.96	270.80	0.8358
<b>PENZAENERGO</b>	3,429.55	4,860.19	79.73	1.2207	3,540.19	5,062.09	82.42	1.2315
<b>MORDOVENERGO</b>	2,509.58	2,060.54	50.28	0.7128	2,593.07	2,141.93	52.05	0.7170
<b>CHUVASHENERGO</b>	3,978.72	2,921.46	66.46	0.6364	4,168.15	2,997.78	65.36	0.6228

Increase in paid positive supply resulted in increase in revenue with respect to the business plan figures.

## THE COMPANY'S USE OF POWER RESOURCES

No	ENERGY RESOURCE TYPE	VOLUME IN NATURAL UNITS	VOLUME K RUR, including VAT
1.	<b>HEAT, Gcal</b>	44,334.0	41,998.53
2.	<b>POWER, kWh thous.</b>	114,189.55	317,115.92
3.	<b>FUEL AND LUBRICANTS</b>		
3.1.	FUEL AI 80 (L)	9,504,518.33	174,990.14
3.2.	FUEL AI 92 (L)	3,910,171.68	84,305.61
3.3.	FUEL AI 95 (L)	877,431.14	20,339.83
3.4.	DIESEL OIL (L)	4,087,900.19	74,812.84
3.5.	NATURAL GAS (K m <sup>3</sup> )	1,278.42	5,670.73

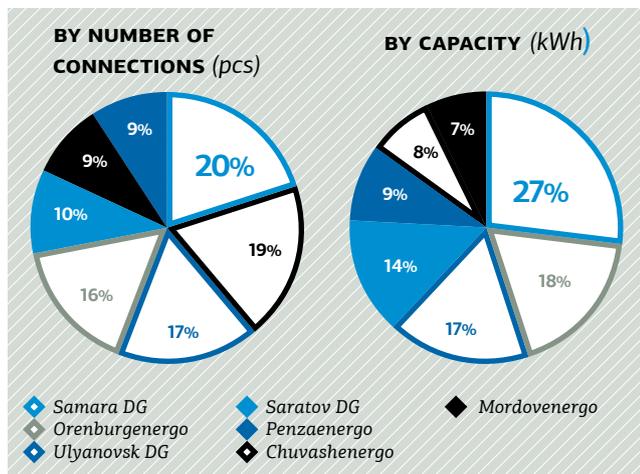
# TECHNOLOGICAL GRID CONNECTION

According to the results of 2010, IDGC of Volga, JSC accepted 14,494 applications for technological connection to the Company's grid for total capacity of 768,442 kWh, concluded 13,259 technological grid connection agreements for total capacity of 384,827 kWh, and made 8,444 connections for total capacity of 158,223 kWh.

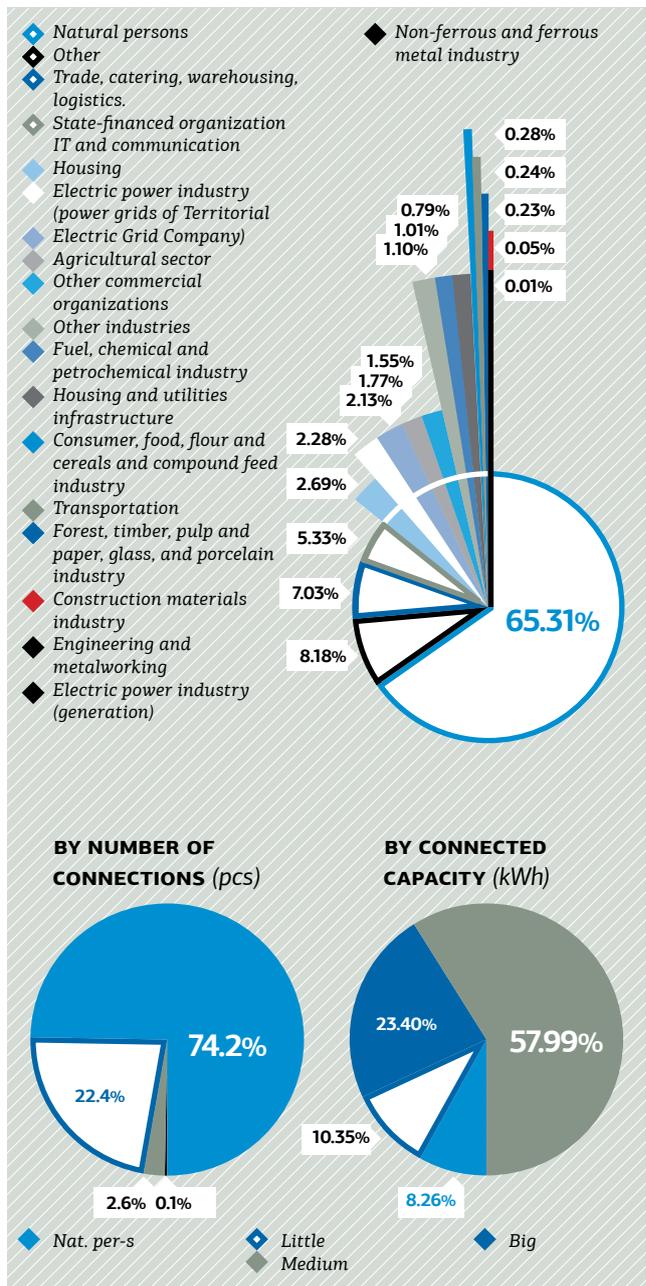
## NUMBER OF INDIVIDUALS CONNECTED TO THE GRIDS OF IDGC OF VOLGA, JSC BRANCHES FOR POWER SUPPLY FOR DOMESTIC NEEDS FOR 2010

BRANCH NAME	AGREEMENTS EXECUTED	
	pcs	FOR TOTAL CAPACITY OF (N) kWh
SARATOV DG	594.0	5,139.8
SAMARA DG	1,143.0	9,970.0
ULYANOVSK DG	973.0	6,188.3
ORENBURGENERGO	883.0	6,592.0
PENZAENERGO	512.0	3,244.2
CHUVASHENERGO	1,058.0	3,174.9
MORDOVENENERGO	520.0	2,693.1
<b>IDGC OF VOLGA, JSC , TOTAL</b>	<b>5,683.0</b>	<b>37,002.3</b>

## DISTRIBUTION OF CONNECTED INDIVIDUALS BY BRANCHES OF IDGC OF VOLGA, JSC FOR 2010



## BREAKDOWN OF ACCEPTED APPLICATIONS BY TYPES OF ACTIVITIES



# PRODUCTION BASE DEVELOPMENT

## GRIDS CHARACTERISTICS (as of 01.11.2011)

BRANCH	SS 35-220kW		TS 6-10/0.4kW		HV, KM BY LINES		CC, KM BY LINES	
	Number, pcs.	Installed capacity, MVA	Number, pcs.	Installed capacity, MVA	35-220 kW	0.4-10 kW	35-220 kW	0.4-10 kW
<b>SARATOV DISTRIBUTION GRIDS</b>	528	7,655.1	8,889	1,280.05	13,422.7	39,818.1	40.5	126.9
<b>SAMARA DISTRIBUTION GRIDS</b>	267	6,379.5	5,240	952.95	9,281.0	22,161.0	45.0	184.2
<b>ULYANOVSK DISTRIBUTION GRIDS</b>	171	2,431.0	5,262	923.36	4,228.0	18,210.2	8.7	21.9
<b>ORENBURGENERGO</b>	304	3,871.1	9,871	1,689.72	11,211.7	31,419.4	4.5	488.7
<b>PENZAENERGO</b>	196	3,019.1	6,524	929.09	5,647.5	26,979.3	4.0	110.3
<b>MORDOVENERGO</b>	124	1,312.3	3,668	629.48	3,064.6	15,680.1	0.0	130.4
<b>CHUVASHENERGO</b>	101	2,225.1	4,642	840.49	2,626.9	18,299.1	0.0	50.3
<b>IDGC OF VOLGA, JSC, TOTAL</b>	1,691	26,893.2	44,096	7,245.15	49,482.4	172,567.2	102.7	1112.7

### COMPARED TO THE SAME PERIOD OF THE LAST YEAR AS OF DECEMBER 31, 2010, THE FOLLOWING INDICATORS OF IDGC OF VOLGA, JSC'S BRANCHES CHANGED AS FOLLOWS.

1. Extension of length of CC 110 kW related to construction:
  - ◆ CC 110 kW tap on SS 110kW «Tanayevskaya» from HV 110 kW «Promishlennaya-2» and HV 110 kW «Gorodskaya-1» (L=1 km) at Samara DG — Branch of IDGC of Volga, JSC;
  - ◆ CC 110 kW «Kordonnaya-Beregovaya» (L=4.5 km) at Orenburgenergo — Branch of IDGC of Volga, JSC.

2. Extension of length of HV 110 kW related to construction:

- ◆ taps from HV 110 kW «Sovkhoznaya 1» (L=9.92 km) and HV 110 kW «Suskan 1» (L=14.4 km) to SS 110 kW «Yagodnaya» at Samara DG — Branch of IDGC of Volga, JSC.

3. Extension of length of SS 35-110 kW by 4 pcs related to construction:

- ◆ SS 110 kW «Yagodnaya», SS 110 kW «Tanayevskaya», SS 110 kW MMPS at Samara DG — Branch of IDGC of Volga, JSC;

- ◆ SS 110 kW «Rostoshy» at Orenburgenergo — Branch of IDGC of Volga, JSC.



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# 8

SECTION  
№ 8

## CHARGING POLICY

<b>POWER TRANSMISSION CHARGES</b>	<b>67</b>
<b>SERVICES FOR TECHNOLOGICAL CONNECTION</b>	<b>69</b>

LENGTH  
**170** km

WATERSHED  
**4,690** km<sup>2</sup>

RIVER DISCHARGE  
**17.2** m<sup>3</sup>/s (51 km from the estuary)

### The Tsvil River

a right tributary of the Volga River, is formed by the confluence of two rivers, the Great Tsvil (Bolshoy Tsvil) and the Little Tsvil (Malyi Tsvil) near Tsvil'sk. It flows within the north part of the Volga Uplands.

# CHUVASHENERGO

BRANCH OF IDGC  
OF VOLGA, JSC

**ADDRESS:**

4/4, I. Yakovleva  
Prospekt,  
Cheboksary,  
Chuvash Republic,  
428000

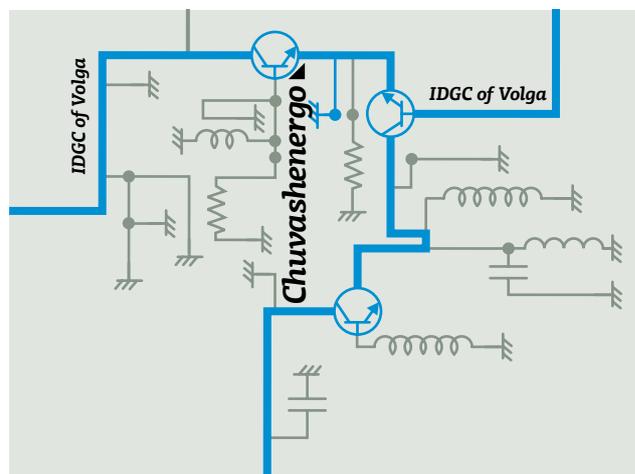
LENGTH OF POWER  
TRANSMISSION LINE  
**20,976.3** km

NUMBER OF SUBSTATIONS  
**4,743** pieces

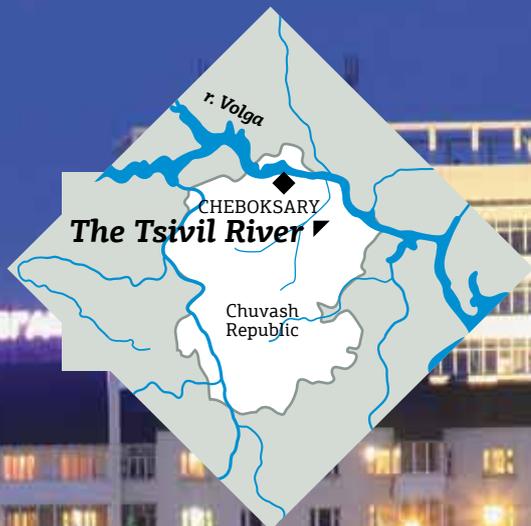
INSTALLED CAPACITY  
OF SUBSTATIONS  
**3,065.59** MVA

**PRODUCTION DEPARTMENTS:**

NORTHERN,  
SOUTHERN,  
ALATYRSKOYE



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# POWER TRANSMISSION CHARGES

The main Company's area of activities is provision of power transmission services and technological connection of applicants which is regulated by the government and is expressed in establishment and control over prices and tariffs for services provided by natural monopolies.

The basic objective of governmental regulation of prices (charges) in the power industry is to strike a balance between economic interests of sellers and buyers of electricity that can ensure the affordability of power and the generation of commercially reasonable gross income by regulated companies.

According to the effective legislation, power transmission tariffs are established by the relevant executive authority of the RF constituent entity in the field of governmental tariffs regulation separately for each branch.

Power transmission tariffs are subject to annual revision and introduction into effect from the beginning of each financial year.

Since 2008 throughout the service area of IDGC of Volga, JSC power transmission charges have been set in a manner that ensures the equal charge for all customers regardless to what distribution grid they are connected.

Branches of IDGC of Volga, JSC have a significant market share among all grid companies of the region by their volumes of power grid assets almost in all territories falling into IDGC of Volga, JSC's area of responsibility:

BRANCH OF IDGC OF VOLGA, JSC	C.U. SHARE OF THE BRANCH IN TOTAL C.U. OF THE GRID ORGANIZATIONS OF THE REGION (%)
SARATOV DISTRIBUTION GRIDS	64%
SAMARA DISTRIBUTION GRIDS	26%
ULYANOVSK DISTRIBUTION GRIDS	49%
ORENBURGENERGO	55%
PENZAENERGO	67%
CHUVASHENERGO	63%
MORDOVENENERGO	68%

In each region, power transmission charges are calculated based on the specifics of charging policy for the end customers by applying one of the following boiler charging methods: «boiler-above», «boiler-below» and «boiler-wholesale market».

Boiler charging method is designed to set uniform regional charges for power transmission to be applied by all distribution grid companies in order to eliminate the difference in the ultimate charge paid by the customers of different distribution grid companies.

Within the service area of IDGC of Volga, JSC, the regional regulatory authorities are currently providing different «boiler schemes», but not all of the branches of the Company are «boiler owners» for power transmission services.

POWER TRANSMISSION CHARGES

A classical tariff-making «boiler on top» method is used in the Penza Region and the Chuvash Republic where the main “boiler holder” are branches of IDGC of Volga, JSC that make settlements with all regional grid organizations.

Another boiler formation method named “mixed boiler” is used in remaining 5 regions where branches of IDGC of Volga, JSC act both as payers for grid services and consumers of power transmission services depending on agreements made up with grid organizations and direction of net power flow.

Based on the adopted charging schemes, price regulation authorities set the uniform boiler charges for power transmission services to be paid by the power consumers and individual charges for reciprocal payments between the companies involved in the process of delivering the power to the consumers.

In accordance with the effective legislation, unified (boiler) tariffs for transmission services for all regions for 2011 are established as double-rate and single-rate tariffs with a breakdown by voltage limits and by six regions: the Saratov Region, the Penza Region, the Ulyanovsk Region, the Samara Region, the Chuvash Republic, and the Republic of Mordovia divided by consumers groups: “other” and “citizens”.

During 2010, IDGC of Volga, JSC has run activities related to compliance with governmental regulatory documents that defined the priority of transition to the new method of establishment of long-term tariffs known as RAB-regulation. The result is that long-term investment programs for development in 2011-2015 are developed and duly approved for all branches of IDGC of Volga, JSC that are compliant with the criteria of investment programs financing structure for transition to RAB-regulation.

In the end of 2010, within the framework of execution of the Governmental Task and with the support of executive authorities of the RF constituent entities in the territories of IDGC of Volga, JSC responsibility long-term tariff decisions were made and transition to the method of return on the invested capital is performed for all branches of IDGC of Volga, JSC: Saratov Distribution Grids, Samara Distribution Grids, Ulyanovsk Distribution Grids, Orenburgenergo, Penzaenergo, Chuvashenergo, and Mordovenergo for the first long-term period 2011-2015.

**EVOLUTION OF CHANGE OF AVERAGE TARIFFS FOR POWER TRANSMISSION SERVICES PER 1 kWh OF BOILER NET SUPPLY FOR THE PERIOD OF 2010-2011**

BRANCH	AVERAGE POWER TRANSMISSION TARIFF, RUR/MWh		
	2010	2011	GROWTH RATE, %
<b>IDGC OF VOLGA, JSC</b>	748.5	912.2	21.9%
<b>SAMARA DG</b>	463.7	525.7	13.4%
<b>SARATOV DG</b>	882.4	1,041.1	18.0%
<b>ULYANOVSK DG</b>	1,053.7	795.9	-24.5%
<b>ORENBURGENERGO</b>	917.7	1,366.6	48.9%
<b>PENZAENERGO</b>	1,231.7	1,534.0	24.5%
<b>MORDOVENERGO</b>	709.8	952.2	34.1%
<b>CHUVASHENERGO</b>	637.7	741.8	16.3%

Tariffs for power transmission services include costs related to payment for services provided by OAO FSK UES, purchase of losses from guaranteeing suppliers, payment for services provided by subordinate grid organizations and funds required for own maintenance of power facilities of branches of IDGC of Volga, JSC .

**STRUCTURE OF AVERAGE GRID TARIFF AND ITS EVOLUTION FOR IDGC OF VOLGA, JSC (WITHIN THE LIMITS OF BOILER NET SUPPLY) FOR THE PERIOD OF 2010-2011**

BRANCH	STRUCTURE OF AVERAGE POWER TRANSMISSION TARIFF, RUR/MWh		
	2010	2011	DEVIATION
<b>IDGC OF VOLGA, JSC</b>	748.5	912.2	21.9%
<b>AVERAGE TARIFF FOR LOSSES PURCHASE</b>	182.0	262.7	44.0%
<b>AVERAGE TARIFF FOR SERVICES PROVIDED BY JSC FSK UES</b>	166.7	213.4	28.0%
<b>AVERAGE TARIFF FOR SERVICES PROVIDED BY SUBORDINATE GRID ORGANIZATIONS</b>	107.3	111.5	3.9%
<b>AVERAGE TARIFF FOR SERVICES PROVIDED BY IDGC OF VOLGA, JSC</b>	292.5	324.6	11.0%

# SERVICES FOR TECHNOLOGICAL CONNECTION

Another regulated area of the Company's activities is technological connection. Technological connection is subject to governmental regulation in case of first commissioning of previously connected reconstructed power receiving devices connected capacity of which is growing, and also in case of change in category of consumers' reliability and external power supply scheme.

The connection service is one-time-only.

Change of ownership structure and owner does not require repeated payment for technological connection.

The effective legislation does not stipulate an exact period of validity for established tariff for technological connection in which connection it may be established for one year and more.

Generally, it is a grid organization that initiates revision of the established tariff for technological connection but it may be also revised at the initiative of a regulatory body.

The tariff for technological connection may be established both with differentiation by each voltage level and depending on the capacity required by a consumer, and without such differentiation, and also on an area basis and by individual projects.

## THE TARIFF FOR THE GRID CONNECTION EFFECTIVE FOR 2010:

BRANCH	CONNECTION CATEGORY		TARIFF, RUR/kWh (VAT exclusive)	
	APPLICANT'S CAPACITY, kW	VOLTAGE LEVEL AT CONNECTION POINT, kV		
<b>SAMARA DG</b>	over 15 kW	0.4 ; 6-10	870	
<b>SARATOV DG</b>			Saratov, Engels, Balakovo	Saratov Region
	less than 10,000 kVA	less than 35	13,908	X
	less than 10,000 kVA	0.4-1	X	11,629
	less than 10,000 kVA	6-10	X	9,818
<b>ULYANOVSK DG</b>	up to 100 kW inclusively (temporary technological connection)	0.4; 6-10	517.2	
	up to 100 kW inclusively	0.4; 6-10	6,349.6	
	up to 750 kVA	0.4; 6-10	6,358.1	
	not indicated above	0.4; 6-10	6,434.6	

BRANCH	CONNECTION CATEGORY		TARIFF, RUR/kWh (VAT exclusive)	
	APPLICANT'S CAPACITY, kW	VOLTAGE LEVEL AT CONNECTION POINT, kV		
<b>MORDOVENERGO</b>	up to 100 kW	1-0.4	54.61	
	100-750 kW	1-0.4	54.78	
	more than 750 kW	1-0.4	94.64	
	up to 100 kW	6-10	54.61	
	100-750 kW	6-10	54.78	
	more than 750 kW	6-10	94.64	
<b>ORENBURGENERGO</b>	up to 100 kW	less than 20	3,102.00	
	100 — 750 kW	0.4	59.71	
	100 — 750 kVA	6-10	15.81	
	more than 750 kVA	6-10	24.04	
	up to 750 kVA (adjoining)	6-10	8.27	
<b>CHUVASHENERGO</b>			region	city
	up to 30 kW		5,279.0	5,279.0
	30 — 100 kW		6,561.2	6,561.2
	up to 100 kW		6,930.4	12,017.3
	up to 100 kW		2,203.4	9,618.8
<b>PENZAENERGO</b>	over 15 kW	less than 35	less than 10,000 kVA	4,314.3
	—	less than 35	Reliability category 2	Penza
			less than 10,000 kVA	5,064.27

In each region tariffs for technological connection are established with account for different particularities of tariff-making.

Since 2011, in accordance with Article 23 of Federal Law No.35 dated March 26, 2003 "On Power Industry", including of an investment element for compensation of costs related to development of existing infrastructure into the structure of the tariff for technological grid connection is prohibited except for costs related to construction of power facilities from existing power facilities to connected power receiving devices.

In result of the stated, in the end of 2010 regulatory bodies of the RF entities in the area of tariff-making had revised the effective tariffs for technological connection for 2011 by way of cancellation of tariffs including the investment element and establishment of new tariffs without the investment element as follows:

BRANCH	CONNECTION CATEGORY (EXCEPT FOR PREFERENTIAL CATEGORIES)		TARIFF, RUR/kWh (VAT exclusive)
	APPLICANT'S CAPACITY, kW	VOLTAGE LEVEL AT CONNECTION POINT, kV	
SARATOV DG	от 15 до 100	0.4 ; 6-10	4353
	up to 100	0.4	780
		6-10	842
SAMARA DG	more than 15	0.4 ; 6-10	870
ULYANOVSK DG	more than 15	0.4 ; 6-10	749.15
MORDOVENERGO	more than 15	0.4 ; 6-10	93.6
CHUVASHENERGO	more than 15	0.4	2,114.76
		6-10	2,804.67

As to preferential consumers' category, in accordance with the list specified subject to the effective legislation, connection fee is preserved at the level of RUR 550 per connection.



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SECTION  
№ 9

# INVESTMENT ACTIVITY

<b>INVESTMENT PROGRAM OF THE COMPANY FOR 2010</b>	<b>75</b>
<b>TREND AND STRUCTURE OF CAPITAL INVESTMENTS OF THE COMPANY IN 2010</b>	<b>77</b>
<b>INVESTMENT PROGRAM FINANCING SOURCES</b>	<b>80</b>

LENGTH  
**656** km

WATERSHED  
**51,000** km<sup>2</sup>

RIVER DISCHARGE  
**95** m<sup>3</sup>/s (72 km from the estuary)

### The Moksha River

The Moksha, a right tributary of the Oka River, is a typical lowland river in central Russia (Mordovia). Originating near the Kadom settlement (the Penza Region), it flows into the Oka River and further into the Volga River.

# MORDOVENERGO

BRANCH OF IDGC  
OF VOLGA, JSC

**ADDRESS:**

50, Lenina  
Prospekt, Saransk,  
430003

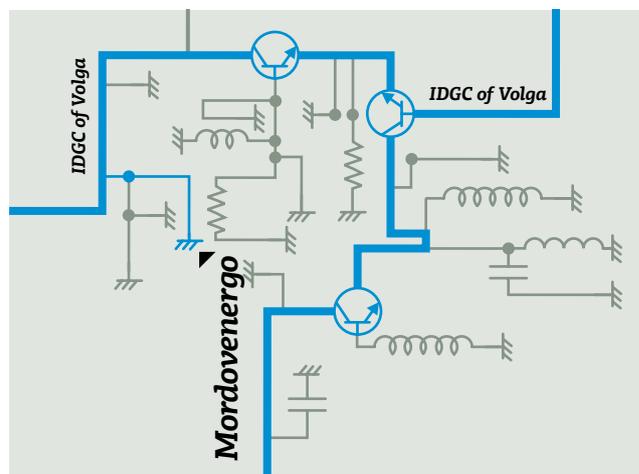
LENGTH OF POWER  
TRANSMISSION LINE  
**18,875.1** km

NUMBER OF SUBSTATIONS  
**3,792** pieces

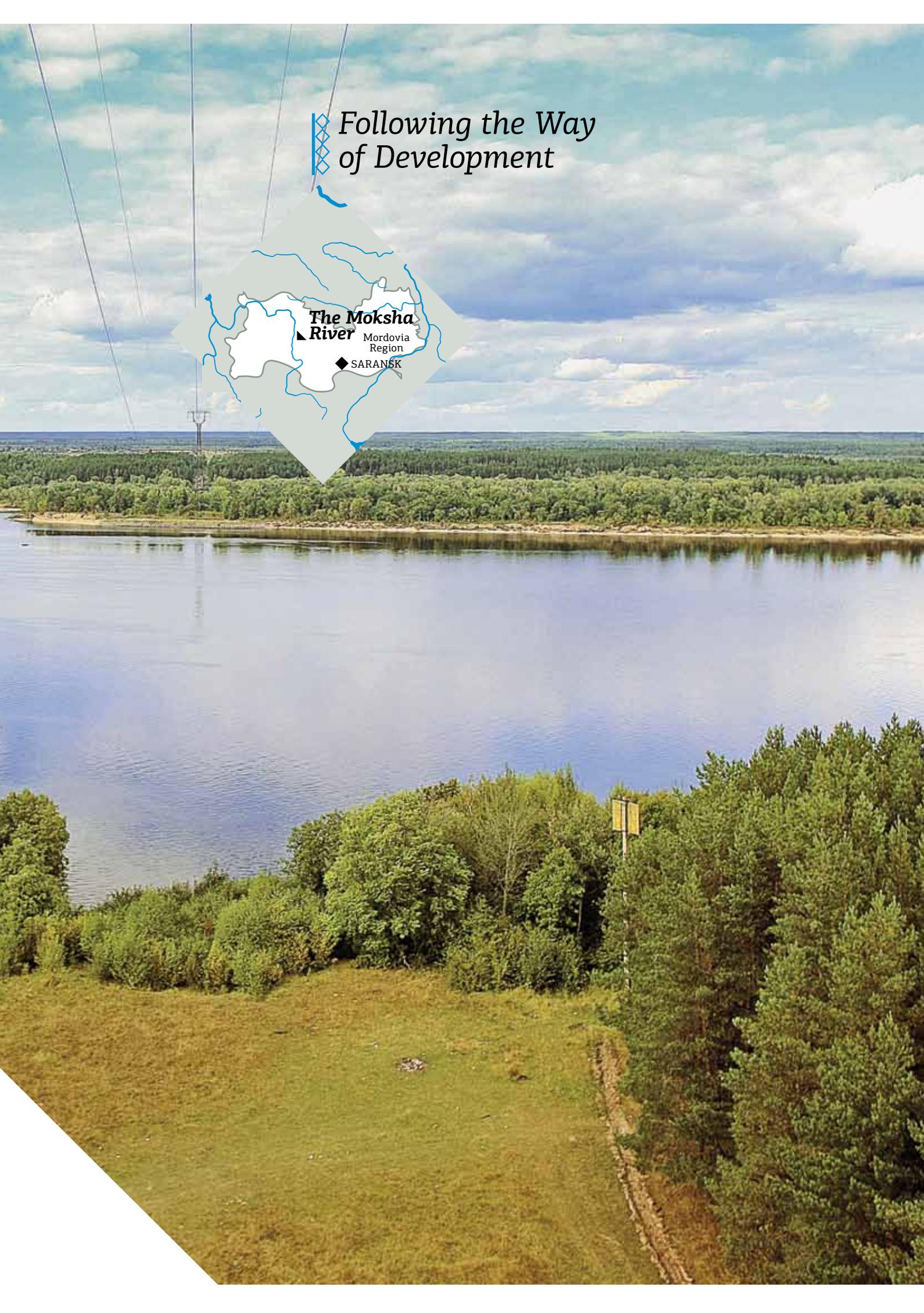
INSTALLED CAPACITY  
OF SUBSTATIONS  
**1,941.78** MVA

**PRODUCTION DEPARTMENTS:**

SARANSKOYE,  
KOVLKINSKOYE,  
KOMSOMOLSKOYE,  
KRASNOSLOBODSKOYE



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# INVESTMENT PROGRAM OF THE COMPANY FOR 2010

## TOTAL CAPITAL INVESTMENT

*Investment program plan of IDGC of Volga, JSC for application of capital investments in 2010 is formed in the volume of 4,181.448 MRUR; the volume of capital investments application in 2010 amounted to 4,253.51 MRUR, or 101.7% of the plan.*



### IN PARTICULAR:

- ◆ planned application of capital investments for technical upgrade and reconstruction for 2010 is 3,456.87 MRUR while actual volume of capital investments application amounted to 3,382.19 MRUR, or 97.8% of the plan of capital investments application for 2010;
- ◆ planned application of capital investments for new construction and extension of existing facilities for 2010 is 716.71 MRUR while actual volume of capital investments application amounted to 830.84 MRUR, or 115.9% of the plan of capital investments application for 2010;
- ◆ planned application of capital investments for acquisition of fixed assets for 2010 is 7.86 MRUR while actual volume of capital investments application amounted to 40.49 MRUR, or 514.9% of the plan of capital investments application for 2010.

IDGC/BRANCH NAME	CAPITAL INVESTMENTS APPLICATION		
	PLAN (MRUR)	ACTUAL (MRUR)	% OF COMPLETION
MORDOVENERGO	296.32	331.17	111.8%
ORENBURGENERGO	1,293.52	1,203.50	93.0%
PENZAENERGO	428.61	528.10	123.2%
SAMARA DG	807.33	804.66	99.7%
SARATOV DG	936.45	893.38	95.4%
ULYANOVSK DG	180.20	226.25	125.6%
CHUVASHENERGO	230.50	259.01	112.4%
ADMINISTRATIVE STAFF	8.52	7.45	87.4%
<b>TOTAL FOR IDGC OF VOLGA, JSC</b>	<b>4,181.45</b>	<b>4,253.51</b>	<b>101.7%</b>

Over fulfillment of the plan for capital investments application that amounted to 72.06 million, or 1.7% in 2010 as to new construction and extension of existing facilities is attributable to fulfillment of obligations for

technological connection of consumers unaccounted in the investment program plan, and as to fixed assets acquisition it is attributable to acceptance of ownerless power grid facilities on the balance under court decisions.

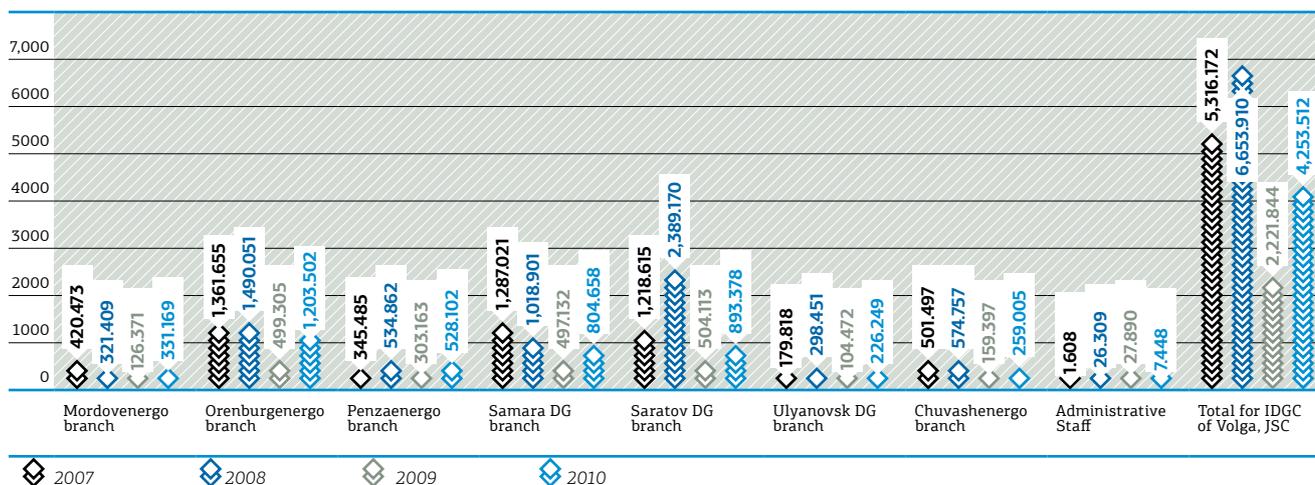
## PARAMETERS OF INVESTMENT ACTIVITIES

IDGC/ BRANCH NAME	2010							
	APPLICATION MRUR	FIXED ASSETS COMMISSIONING MRUR	FUNDING		COMMISSIONING OF CAPACITY		CAPACITY GROWTH	
			VAT EXCLUSIVE MRUR	VAT INCLUSIVE MRUR	MBA	km	MBA	km
<b>MORDOVENERGO</b>	331.17	352.12	343.110	396.076	51.77	19.86	19.69	3.00
<b>ORENBURGENERGO</b>	1,203.50	1,142.92	1,040.215	1,217.910	147.51	425.03	111.09	189.76
<b>PENZAENERGO</b>	528.10	362.98	536.905	627.894	29.68	126.92	22.50	92.62
<b>SAMARA DG</b>	804.66	1,314.73	727.390	850.296	145.87	101.45	142.31	40.55
<b>SARATOV DG</b>	893.38	866.56	859.037	1,006.404	136.29	227.82	31.60	3.31
<b>ULYANOVSK DG</b>	226.25	224.32	206.927	241.880	5.93	206.28	2.98	14.11
<b>CHUVASHENERGO</b>	259.01	284.53	259.831	303.366	3.43	36.72	3.23	36.72
<b>ADMINISTRATIVE STAFF</b>	7.45	7.45	8.110	9.570	—	—	—	—
<b>TOTAL FOR IDGC OF VOLGA, JSC</b>	<b>4,253.51</b>	<b>4,555.60</b>	<b>3,981.521</b>	<b>4,653.396</b>	<b>520.47</b>	<b>1,144.09</b>	<b>333.39</b>	<b>380.07</b>

In total the structure of applied capital investments by voltage categories in 2010 remained at the same level as compared to 2007-2009. The main volume of capital investments is directed to technical upgrading and reconstruction, improvement of reliability of functioning of the distribution power grid facility due to the need for prevention of power grid equipment depreciation, upkeep of

operational characteristics of power grid equipment within the acceptable limits, development of power grid business, increase in volumes of power transmission attributable to new consumers connection to the grid, ensuring system grid reliability and uninterrupted transmission of required power volumes.

## EVOLUTION OF VOLUMES OF CAPITAL INVESTMENTS APPLICATION BY IDGC OF VOLGA, JSC FOR 2007-2010, MRUR



# TREND AND STRUCTURE OF CAPITAL INVESTMENTS OF THE COMPANY IN 2010

## ACTIONS TAKEN AND RESULTS ACHIEVED UNDER MAIN INVESTMENT PROJECTS IN 2010 FOR IDGC OF VOLGA, JSC

### BRANCH OF IDGC OF VOLGA, JSC — MORDOVENERGO

Main facilities: Reconstruction of 110/10 kV SS «Severo-Zapadnaya» in Northwestern part of Saransk (replacement of 2 power transformers, 110 kV outdoor switchgear (ORU), including: replacement of 110 kV oil breaker (MV), 110 kV current transformer (TT), breakers; 10 kV indoor switchgear (ZRU) including: units installment) and establishment of network control center (TSUS).

### BRANCH OF IDGC OF VOLGA, JSC — ORENBURGENERGO

Main facilities: Reconstruction of 35/10/6 kV SS «Kardonnaya» (transition of SS «Kardonnaya» 35/10 kV of 35 kV voltage to 110 kV), Construction of CC-110 kV «Beregovaya-Kardonnaya» 1, 2 line and Construction of SS 110/10 kV «Rostoshy».

### BRANCH OF IDGC OF VOLGA, JSC — PENZAENERGO

Main facilities: Reconstruction of 110/35/10 kV SS «Lunino s/kh» (110 kV outdoor switchgear) and Construction of 110/10 kV SS «Arbekovo-3».

### BRANCH OF IDGC OF VOLGA, JSC — SAMARA DG

Main facilities: Construction of SS «Yagodnoye» (construction of new 110/6 kV SS, 110 kV HV transmission line, 10 kV HV transmission line) and Construction of 110 kV SS «Tanaevskaya», 2x40 MVA with 110 kV cable line.

### BRANCH OF IDGC OF VOLGA, JSC — SARATOV DG

Main facilities: Construction of 110 kV HV transmission line «B. Karabulak-Baltay» with 110/35/10 kV SS «Baltay» and 6 units of V-110 kV at 110/35/10 kV SS «Bazarny Karabulak», Reconstruction of 110 kV SS «GPZ» (Reconstruction of 110 kV outdoor switchgear) and Reconstruction of 110/10 kV SS «Zhilrayon» (110 kV outdoor switchgear).

### BRANCH OF IDGC OF VOLGA, JSC — ULYANOVSK DG

Main facilities: Reconstruction of 110/10 kV SS «Tsentralnaya».

### BRANCH OF IDGC OF VOLGA, JSC — CHUVASHENERGO

Main facilities: Reconstruction of 110/6 kV SS «Uzhnaya».

*Investment program plan for commissioning of fixed assets in 2010 is formed in the volume of 4,479.092 million of rubles; actual fixed assets commissioning in 2010 amounted to 4,555.603 million of rubles, or 101.7% of the plan.*

Investment program plan of IDGC of Volga, JSC for power transmission lines commissioning in 2010 is formed in the volume of 733.41km; the total length of actual power transmission lines commissioned in 2010 amounted to 1,144.09km, or 156% of the plan.

Investment program plan of IDGC of Volga, JSC for transformer capacity commissioning is formed in the volume of 477.17 MVA; the total actual transformer capacity commissioned in 2010 amounted to 520.47 MVA, or 109.1% of the plan.

TREND AND STRUCTURE OF CAPITAL  
INVESTMENTS OF THE COMPANY IN 2010

IDGC/BRANCHES	COMMISSIONING OF CAPACITY						COMMISSIONING OF FIXED ASSETS, MRUR		
	PLAN		ACTUAL		% OF THE PLAN FOR THE YEAR		PLAN	ACTUAL	% OF THE PLAN FOR THE YEAR
	km	MVA	km	MVA	km	MVA			
<b>TOTAL FOR IDGC OF VOLGA, JSC</b>	733.41	477.17	1,144.09	520.47	156.0%	109.1%	4,479.092	4,555.603	101.7%
<b>MORDOVENERGO BRANCH</b>	17.85	51.67	19.86	51.77	111.3%	100.2%	272.585	352.116	129.2%
<b>ORENBURGENERGO BRANCH</b>	245.78	136.81	425.03	147.51	172.9%	107.8%	1,185.315	1,142.921	96.4%
<b>PENZAENERGO BRANCH</b>	130.06	23.98	126.92	29.68	97.6%	123.8%	342.370	362.984	106.0%
<b>SAMARA DG BRANCH</b>	69.88	140.33	101.45	145.87	145.2%	103.9%	1,322.260	1,314.732	99.4%
<b>SARATOV DG BRANCH</b>	212.79	120.03	227.82	136.29	107.1%	113.5%	923.856	866.558	93.8%
<b>ULYANOVSK DG BRANCH</b>	27.15	3.13	206.28	5.93	759.7%	189.5%	171.806	224.320	130.6%
<b>CHUVASHENERGO BRANCH</b>	29.90	1.22	36.72	3.43	122.8%	280.8%	252.377	284.525	112.7%
<b>ADMINISTRATIVE STAFF</b>							8.523	7.448	87.4%

Significant excess of commissioned power transmission lines length, kms, transformer capacity and MVAs is attributable to:

- ◆ need for fulfillment of obligations for technological connection of consumers unrecorded in the investment program plan for 2010 equal to 68 km and 9.27 MVA;

- ◆ need for elimination of results of emergencies occurred in the Ulyanovsk Region due to unfavorable weather conditions equal to 166.33 km;

- ◆ entering in books acquisition of fixed assets and abandoned property under court decisions equal to 100.05 km and 11.11 MVA;

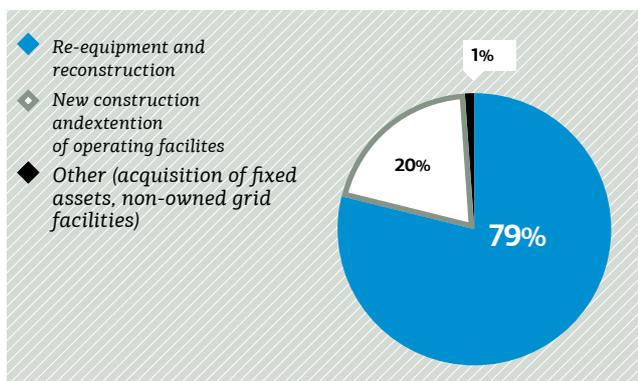
- ◆ shifting commissioning dates by 76.35 km and 22.92 MVA.

**STRUCTURE OF CAPITAL INVESTMENTS  
OF IDGC OF VOLGA, JSC FOR 2007-2010**

AREAS OF INVESTMENT ACTIVITY	CAPITAL INVESTMENTS			
	2007	2008	2009	2010
<b>AREAS OF INVESTMENT ACTIVITY — TOTAL:</b>	5,316.189	6,653.910	2,221.844	4,253.512
<b>GRID FACILITIES</b>	4,255.172	5,278.901	1,546.849	3,192.230
<b>ELECTRIC LINES, INCLUDING</b>	1,304.065	1,229.909	352.296	1,000.911
<b>AERIAL LINES, INCLUDING</b>	1,119.271	1,169.907	335.028	822.171
<b>HVPTL OF 110-220 kV (HV)</b>	300.731	407.008	82.385	109.283
<b>HVPTL OF 35 kV (MV1)</b>	96.969	102.741	59.766	63.081
<b>HVPTL OF 1-20 kV (MV2)</b>	253.025	213.618	105.053	196.016
<b>HVPTL OF 0.4 kV (LV)</b>	468.546	446.540	87.825	453.791
<b>CABLE LINES, INCLUDING</b>	184.794	60.002	17.268	178.741
<b>CPTL OF 110 kV (HV)</b>	11.014	0.386	0.104	96.020
<b>CPTL OF 20-35 kV (MV1)</b>	59.639	4.365	1.214	15.687
<b>CPTL OF 3-10 kV (MV2)</b>	106.485	4.038	15.679	64.354
<b>CPTL UNDER 1 kV (LV)</b>	7.656	51.212	0.271	2.679
<b>SUBSTATIONS, INCLUDING</b>	2,494.954	3,587.565	1,028.461	1,923.256
<b>LEVEL OF INCOMING VOLTAGE HV</b>	2,126.139	3,085.121	878.780	1,657.493
<b>LEVEL OF INCOMING VOLTAGE MV1</b>	314.459	497.592	141.193	259.686

AREAS OF INVESTMENT ACTIVITY	CAPITAL INVESTMENTS			
	2007	2008	2009	2010
LEVEL OF INCOMING VOLTAGE MV2	54.356	4.851	8.487	6.077
OTHER GRID FACILITIES	456.154	461.428	166.091	268.063
RE-EQUIPMENT AND RECONSTRUCTION	3,311.582	4,354.132	1,758.290	3,382.185
NEW CONSTRUCTION AND EXTENSION OF OPERATING FACILITIES	1,882.520	1,705.318	576.997	830.842
DISBURSEMENT OF CAPITAL INVESTMENTS FOR TECHNOLOGICAL CONNECTION OF CONSUMERS	556.854	992.641	259.367	265.028
TOOLS OF ACCOUNTING AND CONTROL OF ELECTRICITY	224.023	93.109	89.034	153.967
INCLUDING DISBURSEMENT OF CAPITAL INVESTMENTS FOR AEPFMS OF THE WHOLESALE MARKET	84.839	28.152	—	—
DESIGN AND SURVEY OF FUTURE CONSTRUCTIONS	152.687	180.495	147.822	269.774
OTHER PRODUCTION AND ECONOMIC FACILITIES	178.812	173.609	79.588	286.858
EQUIPMENT NOT INCLUDED IN CONSTRUCTION ESTIMATES	382.604	333.021	288.850	310.148
NON-PRODUCTION FACILITIES	0.811	0.316	0.214	0.049
CAPITAL INVESTMENTS IN INTANGIBLE ASSETS	14.328	0.431	1.729	—
LONG-TERM FINANCIAL INVESTMENTS	47.825	—	—	—
ACQUISITION OF FIXED ASSETS	59.926	594.029	67.757	40.485

#### STRUCTURE OF CAPITAL INVESTMENTS OF IDGC OF VOLGA, JSC FOR 2010



# INVESTMENT PROGRAM FINANCING SOURCES

## STRUCTURE OF INVESTMENT PROGRAM FINANCING SOURCES (PER CAPITAL INVESTMENT ABSORPTION) OF IDGC OF VOLGA, JSC FOR 2010, MRUR.

NAME	TOTAL
<b>SOURCES OF INVESTMENTS, TOTAL</b>	<b>4,253.5</b>
<b>OWNED FINANCING SOURCES</b>	
DEPRECIATION IN THE REPORTING YEAR	<b>3,509.6</b>
UNUSED DEPRECIATION IN THE PREVIOUS YEARS	—
UNUSED PROFIT IN THE PREVIOUS YEARS	—
PROFIT IN THE REPORTING PERIOD FOR ITS USE FOR THE INVESTMENT PROGRAM IN THE REPORTING YEAR, INCLUDING:	<b>249.1</b>
Renewal, included in the tariff	<b>96.8</b>
Fee for the technological connection	<b>152.3</b>
Other owned financing sources	<b>98.6</b>
<b>EXTERNAL FINANCING SOURCES</b>	
BUDGET FUNDS (FEDERAL, MUNICIPAL)	—
ATTRACTED FUNDS (BORROWED, INTEREST)	<b>303.4</b>
ATTRACTED FUNDS (ADDITIONAL ISSUE)	—
FEE FOR THE TECHNOLOGICAL CONNECTION	<b>92.8</b>
OTHER EXTERNAL FINANCING SOURCES, INCLUDING PARTICIPATORY INTEREST IN CONSTRUCTION AND OTHER SOURCES	

## STRUCTURE OF INVESTMENT PROGRAM FINANCING SOURCES (PER CAPITAL INVESTMENT ABSORPTION) OF IDGC OF VOLGA, JSC FOR 2010-2013, MRUR

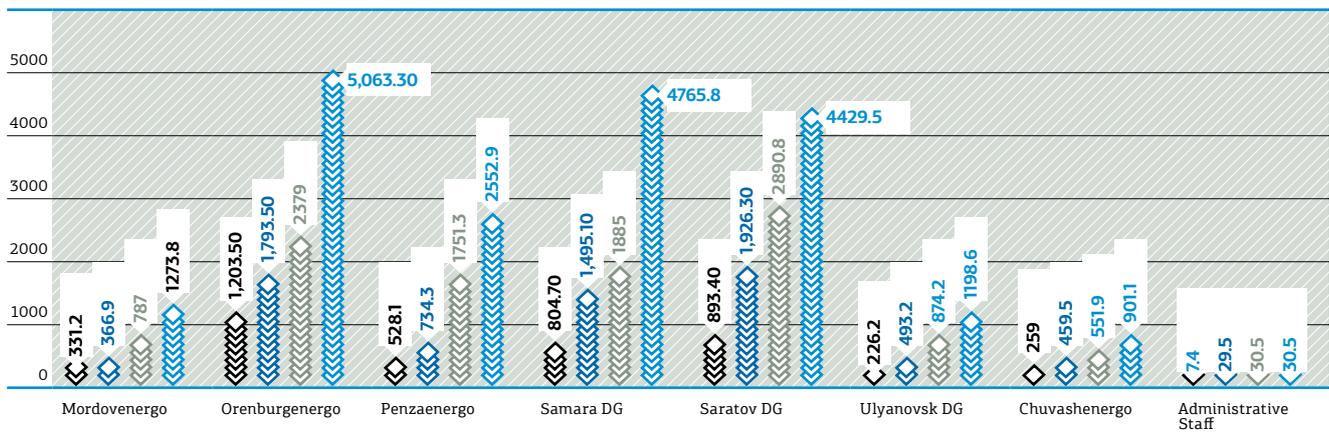
BRANCH NAME	2010	2011	2012	2013
<b>MORDOVENERGO</b>	331.169	366.917	787.032	1,273.754
TU&R	313.506	258.926	377.572	899.468
NEW CONSTRUCTION	15.692	107.990	409.460	299.286
OTHER	1.972	—	—	75.000
<b>ORENBURGENERGO</b>	1,203.502	1,793.464	2,378.952	5,063.281
TU&R	793.635	1,317.435	1,963.579	4,241.888
NEW CONSTRUCTION	375.684	446.029	390.374	821.392
OTHER	34.183	30.000	25.000	—
<b>PENZAENERGO</b>	528.102	734.346	1,751.271	2,552.938
TU&R	446.328	574.616	1,651.084	2,368.378
NEW CONSTRUCTION	77.560	158.729	99.187	177.560
OTHER	4.215	1.000	1.000	7.000
<b>SAMARA DG</b>	804.658	1,495.105	1,884.990	4,765.771
TU&R	553.906	1,409.305	1,630.465	4,123.359
NEW CONSTRUCTION	250.637	85.800	254.525	642.412
OTHER	0.115	—	—	—
<b>SARATOV DG</b>	893.378	1,926.333	2,890.846	4,429.454
TU&R	817.173	1,766.037	2,566.434	4,151.955
NEW CONSTRUCTION	76.204	160.296	324.412	277.499
OTHER	—	—	—	—
<b>ULYANOVSK DG</b>	226.249	493.241	874.179	1,198.569
TU&R	218.172	493.241	853.991	1,155.825
NEW CONSTRUCTION	8.078	—	20.188	42.744
OTHER	—	—	—	—

BRANCH NAME	2010	2011	2012	2013
<b>CHUVASHENERGO</b>	259.005	459.453	551.878	901.120
TU&R	232.017	265.697	306.538	631.389
NEW CONSTRUCTION	26.988	93.756	145.340	169.730
OTHER	—	100.000	100.000	100.000
<b>ADMINISTRATIVE STAFF</b>	7.448	29.470	30.471	30.471
TU&R	7.448	29.470	30.471	30.471
NEW CONSTRUCTION	—	—	—	—
OTHER	—	—	—	—
<b>IDGC OF VOLGA, JSC, TOTAL</b>	4,253.512	7,298.329	11,149.619	20,215.357
TU&R	3,382.185	6,114.728	9,380.133	17,602.733
NEW CONSTRUCTION	830.842	1,052.601	1,643.486	2,430.624
OTHER	40.485	131.000	126.000	182.000

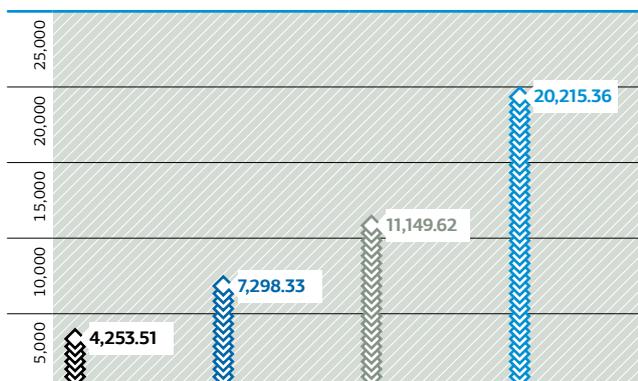
#### DISBURSEMENT OF INVESTMENT PROGRAM FINANCING SOURCES FOR 2010-2013 MRUR

INDICATORS	2010	2011	2012	2013
<b>INVESTMENT SOURCES, TOTAL</b>	4,253.5	7,298.3	11,149.6	20,215.4
<b>OWNED FINANCING SOURCES</b>				
DEPRECIATION IN THE REPORTING PERIOD	3,509.6	3,886.7	4,249.7	4,755.6
RENEWAL, INCLUDED IN THE TARIFF	96.8		3052.0	6 569,5
FEE FOR THE TECHNOLOGICAL CONNECTION	152.3	85.7		
OTHER OWNED FINANCING SOURCES	98.6			
<b>EXTERNAL FINANCING SOURCES</b>				
ATTRACTED FUNDS (BORROWED, INTEREST)	303.4	3,325.9	3,847.9	8,890.3
FEE FOR THE TECHNOLOGICAL CONNECTION	92.7			
OTHER EXTERNAL FINANCING SOURCES, INCLUDING PARTICIPATORY INTEREST IN CONSTRUCTION USING OTHER SOURCES				

#### CAPITAL INVESTMENTS FOR 2010-2013 BROKEN BY IDGC OF VOLGA, JSC'S BRANCHES (BRUR)



#### CAPITAL INVESTMENTS FOR 2010-2013 IN IDGC OF VOLGA, JSC (BRUR)



2010
  2011
  2012
  2013

The schedule shows that as compared to 2010, volume of investments in reconstruction, re-equipment and new construction has increased. At the same time, in 2011, total volume of investments as compared to 2010 has increased 1.7 times as much, and in 2012 is expected to increase 2.6 times as much, in 2013 — 4.8 times as much.

The IDGC of Volga, JSC's investment program is drawn up in accordance with criteria of transition to RAB-regulation. It was approved by the executive bodies of the Russian Federation's constituent entities aimed at using a new tariffication method RAB-regulation since January 1, 2011.



Following  
the Way  
of Development

# 10

SECTION  
№10

## HUMAN RECOURSES POLICY AND SOCIAL RESPONSIBILITY

<b>HUMAN RESOURCES POLICY</b>	<b>85</b>
<b>SOCIAL RESPONSIBILITY</b>	<b>88</b>

LENGTH

**841** km

WATERSHED

**67,500** km<sup>2</sup>

RIVER DISCHARGE

**260** m<sup>3</sup>/s (in the estuary)

### The Sura River

The Sura river is a right tributary of the Volga River. It flows across the territories of the Ulyanovsk Region, the Nizhny Novgorod Region and the Penza Region, the Republic of Mordovia, the Republic of Mari El and of the Chuvash Republic. The river originates in the Volga Uplands near the Surskiye Vershiny settlement and initially flows to the west, then mainly to the north. The river is floatable and navigable in its lower reaches. It is used as a source of water for industrial needs.

# PENZAENERGO

BRANCH OF IDGC  
OF VOLGA, JSC

**ADDRESS:**

1/2, Pushkina  
Street/Gladkova  
Street, Penza,  
440000

LENGTH OF POWER  
TRANSMISSION LINE

**32,741.1** km

NUMBER OF SUBSTATIONS

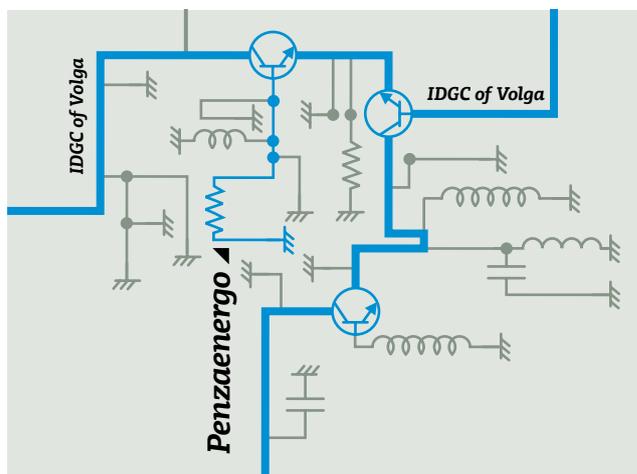
**6,720** pieces

INSTALLED CAPACITY  
OF SUBSTATIONS

**3,948.19** MVA

PRODUCTION DEPARTMENTS:

KAMENSKOYE,  
KUZNETSKOYE,  
NIZHNELOMOSKOYE,  
SERDOBSKOYE,  
PENZENSKOYE



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# HUMAN RESOURCES POLICY

An effective and well-organized human resources policy of IDGC of Volga, JSC, being a scope of principles, elements and forms of personnel management, is foremost aimed at constant professional development of the Company's staff.

## MAIN GOALS OF THE HUMAN RESOURCES POLICY ARE AS FOLLOWS:

- ◇ DRAWING UP OF AN APPROPRIATE SOCIAL AND PROFESSIONAL PERSONNEL STRUCTURE ENSURING ACHIEVEMENT BY THE COMPANY OF ITS TARGETED STRATEGIC GOALS;
- ◇ IMPROVEMENT OF THE PERSONNEL SYSTEM ENSURING EFFECTIVE AND FLEXIBLE MANAGEMENT OF THE COMPANY'S HUMAN RESOURCES.

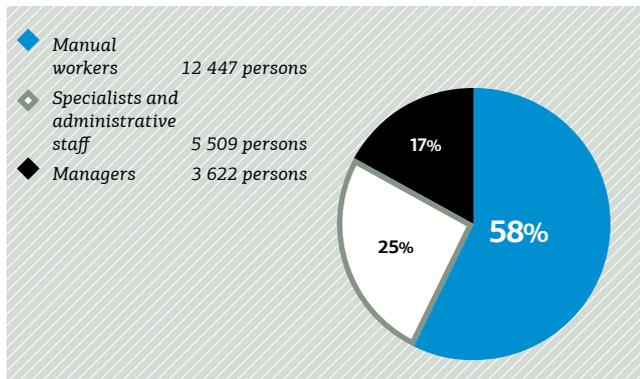
ACCORDING TO THE CONCEPT OF SUPPORT AND DEVELOPMENT OF THE PERSONNEL OF THE DISTRIBUTION GRID COMPLEX, NOWADAYS IT IS IMPLEMENTED THE PROGRAM OF SUPPORT AND DEVELOPMENT OF IDGC OF VOLGA, JSC'S PERSONNEL AIMED AT ENSURING AND DEVELOPING THE GRID INFRASTRUCTURE MEETING THE REQUIREMENTS OF TECHNICAL RELIABILITY AND DYNAMICS OF DEVELOPMENT OF SOCIAL AND ECONOMIC SPHERE IN THE REGIONS WHERE THE COMPANY RUNS ITS BUSINESS.

Considering the carried out analysis of the current personnel situation both inside and outside the Company for successful preservation, renewal and development of personnel, the Program focuses on the following vectors:

- ◆ outlining of a specific category of employees, the retention of which is of great importance for the Company;
- ◆ development and introducing of measures for rejuvenation of the Company's personnel, especially that of production subdivisions (workers and white collars);
- ◆ enhancement of collaboration with leading institutions of higher, secondary and additional education making an emphasis on specialized energy educational institutions and departments;
- ◆ development of the training and retraining systems by widely using regional training centers and implementing flexible educational schemes;
- ◆ improvement of the motivation system and development of the social partnership system;
- ◆ enhancement of work with the personnel reserve;
- ◆ enhancement of work on psychological and physiological safety of labour of the operational personnel.
- ◆ A complex of measures was developed for every vector, introduction of which was specified in the five-year schedule.

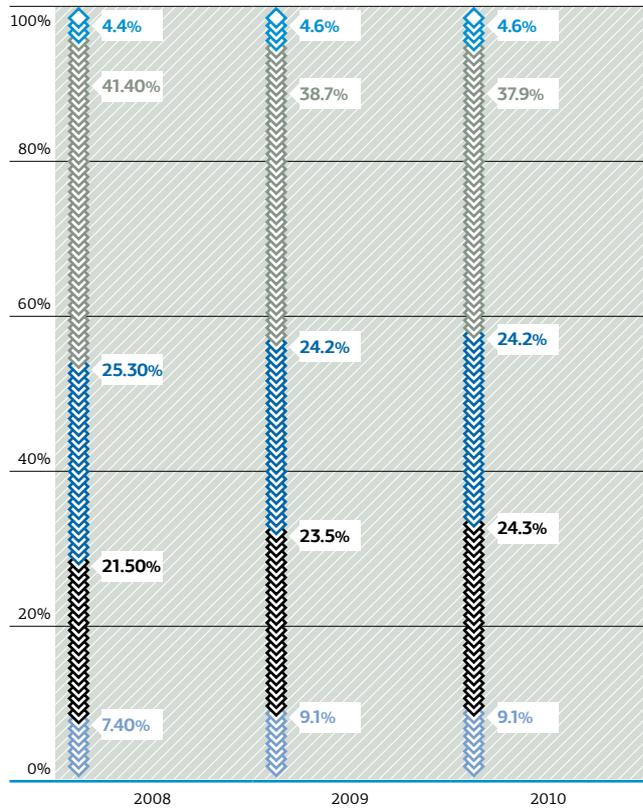
## SIZE, STRUCTURE AND ROTATION OF PERSONNEL

As of December 31, 2010 the number of staff at IDGC of Volga, JSC was 21,578 persons, among them:



Compared to the previous reporting period, the number of personnel in the Company grew in 2010 by 292 people due to transition to energy accounting employing internal resources. In the analyzed period, the staffing level tended to increase and by the end of 2010 exceeded 98%, and the active personnel turnover slightly exceeded 6%.

According to the comparative analysis, for the last three years the number of young specialists has been increasing and the number of workers from 45 and to pension age has decreased.



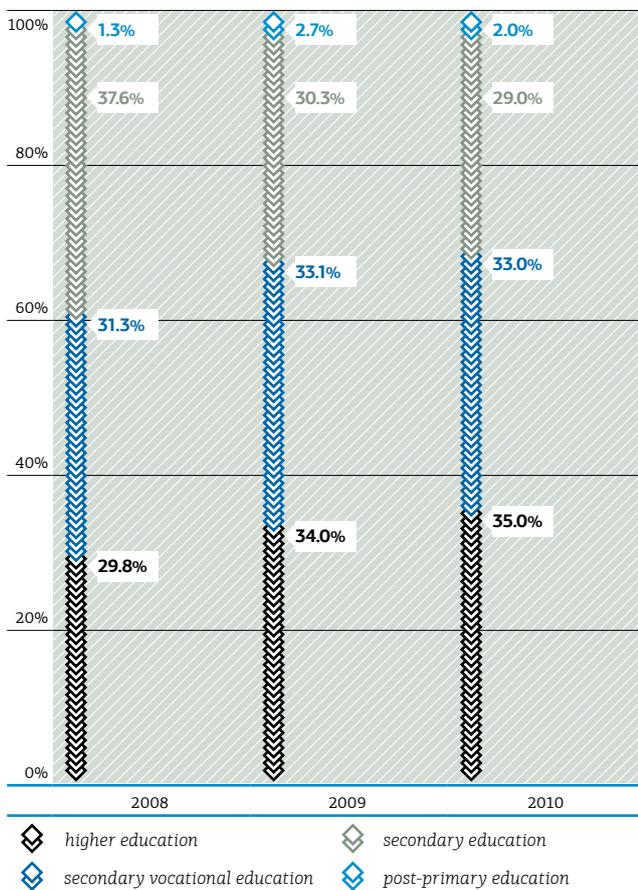
- ◆ Under 25
- ◆ 25-35
- ◆ 35-45
- ◇ From 45 to pension age
- ◆ Working pensioners

The IDGC of Volga, JSC's staff is characterized by an optimal balance between young enterprising employees and skilled and professional employees sharing their experience with the youth.

In spite of the fact that IDGC of Volga, JSC employs people of all age groups, the majority of the Company's staff are under 45 (about 57%); of whom over 9% are young people under 25. Thus, over half of the employees are people in the most productive age-group, and the Company's management emphasizes this fact in planning the Company's strategic development.

The IDGC of Volga, JSC's staff is quite high-skilled. As of December 31, 2010 over 68% of the IDGC of Volga, JSC's staff has higher or secondary vocational education. The majority of young people, employed by the Company, has higher education or is graduating from the higher educational institutions.

**DYNAMICS OF IDGC OF VOLGA,  
JSC'S STAFF FOR THE LAST THREE YEARS**



The total numbers of employees at IDGC of Volga, JSC who participated in various activities (training, retraining, re-certification, skills improvement, etc.) during 2010 amounted to 98% of the average staffing number, of who 47% received off-the-job training.

Currently, the Company and its branches have concluded agreements with the majority of Russian higher educational institutions in order to make its personnel receive higher vocational education and the Company's managers and specialists to undergo advanced training. Moreover, IDGC of Volga, JSC closely collaborates with educational institutions on selection of skilled personnel for major positions as well as economists, managers and lawyers.

## STAFF TRAINING AND DEVELOPMENT

Every Company's employee undergoes continuous training in order to develop his skills, according to requirements to his positions. Training and advanced training of the IDGC of Volga, JSC's personnel is carried out in accordance with the Rules of Personnel Management in the Russian Energy Industry and other normative documents specifying training of personnel working for energy companies.

In the reporting period, the personnel underwent training with work being discontinued at Training Institutions and without discontinuing work — at the Company's branches.

In 2010, the number of managers who underwent training was 19% of the total number, for specialists and administrative staff the figure was 12%, and for manual workers — 69%.

# SOCIAL RESPONSIBILITY



Main goals and tasks of the Company's social policy are as follows: making conditions for the personnel's self-actualization, ensuring and maintaining social stability, encouraging employees to be highly productive and more prosperous. In order to achieve the targeted social goal, IDGC of Volga, JSC seeks to create an effective system of social motivation which will attract, retain and motivate employees whose qualification and effectiveness ensures successful accomplishment by the Company of its mission and achievement of its business goals.

Collective Agreement is one of the main legal instruments regulating social and labor relations in the Company and its branches and insuring that the existing level of

social benefits and protection for employees is preserved. Every branch of IDGC of Volga, JSC has concluded collective agreements with trade unions according to which in 2010 the branches paid material aid and provided additional paid leaves to employees of social category.

In addition, in the framework of the active social policy the Company is fulfilling lots of other programs and events included in the social package:

- ◆ provides medical aid, including voluntary medical insurance;
- ◆ helps with arrangements for summer holidays for employees' children, and repays part of the trips' cost;





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# 1

SECTION No 1

## LABOUR PROTECTION AND ENVIRONMENTAL PROTECTION

<b>ORGANIZATION OF LABOUR PROTECTION</b>	<b>91</b>
<b>ENVIRONMENTAL PROTECTION</b>	<b>92</b>



# ENVIRONMENTAL PROTECTION

Annually, every branch of IDGC of Volga, JSC draws up a Program of Measures on Environmental Protection. The Program includes measures on utilization of domestic and industrial wastes, drawing up of project ecological documentation, carrying out of industrial ecological control and proper maintenance of wastes storage sites, installation of birds' protection facilities at HV-line of 10 kW, etc.

Taking measures on wastes utilization facilitates reduction of impact of the production activity of the Company's branches on environment. Monitoring of the environment state allows controlling environmental quality standards at waste storage sites and developing and taking needed corrective measures if those standards are not met. Drawing up of the project ecological documentation is directed to duly obtaining of limits and permissions and avoidance of excessive payments for damaging environment.

Calculation and payment for damaging environment during 2010 was made quarterly within the timeframe expressly provided for in the Russian Federation's legislation. There is no indebtedness on payments.

**PAYMENT FOR DAMAGING ENVIRONMENT EFFECTED BY ALL BRANCHES TOTALED 3,518.3 THOUSAND RUBLES, INCLUDING FEES FOR:**

- ◆ wastes disposal — 2,875.9 thousand rubles;
- ◆ air emissions from permanent and mobile sources — 94.3 thousand rubles;
- ◆ dumping of contaminants into water — 548,1 thousand roubles.

In 2010, IDGC of Volga, JSC according to the Ecological Policy approved by the Company's Board of Directors systematically takes measures on reducing damage to environment.

According to the Regulation on Organization of Internal Ecological Audit of IDGC of Volga, JSC, the specially trained specialists of Company's branches carry out an internal ecological audit. Availability and maintenance of ecological documentation and its compliance with ecological legislation is audited along with visual inspection of facilities.

There were no serious infringements of environmental standards. The recommendations on improvement of the environmental management system and the proce-

cedure of maintenance of obligatory ecological documentation were given. Based on such recommendations, correction plans were drawn up with setting timeframes and appointing those in charge of their implementation.

**IN THE FRAMEWORK OF PRODUCTION ECOLOGICAL CONTROL THE FOLLOWING MEASURES ARE TAKEN ANNUALLY:**

- ◆ monitoring the state of environment in landfill sites;
- ◆ conducting quality control of underground water and sewage;
- ◆ controlling observance of MPE standards at sources of emission and control points.

Results of measurements made in 2010 showed that:

- ◆ standards of maximum permissible concentration of contaminants in samples of outside air at the sources of emission, control points and wastes sites were met;
- ◆ microbiological indicators of water samples met the hygienic standards.

In order to justify the size of sanitary and protective areas, field surveys are carried out with measurement of level of contamination of outside air, soil with high-density metal and levels of physical impact on outside air, such as noise, electromagnetic strength. In 2010, it was found out that IDGC of Volga, JSC had not infringed environmental legislation.



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A large, stylized number "12" is the central focus of the page. The number is white and set against a blue background with a fine, diagonal hatched pattern. The "1" and "2" are connected at the top. The entire graphic is presented as a 3D block with a grey shadow on the bottom and right sides.

SECTION No

# INFORMATION TECHNOLOGIES AND TELECOMMUNICATIONS

In 2010, development of information and telecommunications infrastructure at IDGC of Volga, JSC proceeded towards improving reliability of fundamental components of IT services in the Company's administration and branches, bringing them in line with growing needs of information systems servicing the Company's business processes, including:

- ◆ spare channels of data transmission between the Company's Administrative Staff and branches and production departments of Saratov DG branch were installed, channels capacity was increased so as it could be used by production departments of the branches, and a network for data transmission to RES was improved;
- ◆ equipment of data processing centers of the Administrative Staff and branches was upgraded along with active implementation of technology of servers virtualization;
- ◆ works on transfer of the message exchange services, used in the Company and branches, allowing use of the unified systems of abonents reference books and calendars, to the Microsoft Exchange platform were performed, and mobile access to this information along with total reduction of expenses and enhanced reliability and confidentiality of delivery and processing of information was provided.

In the area of improvement of the applied information systems:

- ◆ measures on formation of the united electronic library of the quality management system were taken;
- ◆ experimental exploitation of subsystem "Procurement Logistics" in the corporate data managing system of the Company's administrative staff, which allows IDGC of Volga, JSC managing procurement activity, preparing and drawing up operational reports of inventories and services procurements, was carried out;
- ◆ a version of ASUD software was updated;
- ◆ a technical assignment on implementation of the automated system of accounting of provided electricity transmission services, which was scheduled for 2011, had been drawn up.

## IN ORDER TO IMPROVE QUALITY OF OPERATIONAL AND TECHNOLOGICAL MANAGEMENT IN THE REPORTING PERIOD, THE COMPANY TOOK THE FOLLOWING MEASURES:

### IDGC OF VOLGA, JSC'S BRANCH SARATOV DISTRIBUTION GRIDS

- ◆ program complexes on calculation of the grid regimes were implemented (PC KOSMOS); (PC RastrWin3);
- ◆ 5 mini telephone automatic stations with functions of a dispatcher switch board (Ozinki SS, Dergachi SS, Gornovskiy ODG, Tatishchevskiy RES, Atkarskiy RES) were upgraded;
- ◆ 5 production departments (Pravoberezhnoye RD, Privolzhskoye RD, Severo-Vostochnoye RD, Severnoye RD, Prikhoperskoye RD), 4 substations of 100 kV (Melzavodskaya SS, Nalivnaya SS, Lepekhinka SS, Novaya SS) and 1 substation of 220 kV Tereshka were equipped with modern telemechanical complexes (upgraded by the Central Station of Fire Communication);
- ◆ digital communication channels were installed at 4 substations of 110 kV (Melzavodskaya SS, Severo-Vostochnaya SS, Dergachi SS, Ozinki SS) and 1 substation of 220 kV Tereshka.

### IDGC OF VOLGA, JSC'S BRANCH SAMARA DISTRIBUTION GRIDS

- ◆ NCC's facilities were put into operation;
- ◆ digital communication channels were installed at 13 substations of 110 kV (Severnaya SS, Tanayevskaya SS, Gorodskaya-1 SS, Tsentralnaya-3 SS, Ovoshchnaya SS, NFTP SS, ASK-2 SS, Gidronamyv SS, Yertzovka SS, Melioratsiya SS, Utevka SS, M. Malyshevka SS, Yagodnaya SS) and 1 substation of 35 kV (Tsentralnaya-1 SS);
- ◆ 2 substations of 110 kV were equipped with modern telemechanical complexes (Severnaya SS, Tanaevskaya SS).

**IDGC OF VOLGA, JSC'S BRANCH ULYANOVSK DISTRIBUTION GRIDS:**

- ◆ NCC's facilities were put into operation;
- ◆ two RES (Ulyanovskiy RES, Korsunskiy RES) were equipped with modern dispatcher sensor panel boards.

**IDGC OF VOLGA, JSC'S BRANCH MORDOVENERGO**

- ◆ works on 2nd and 3rd start-up complex for NCC's equipment were performed (at that NCC's facility was taken for experimental operation);
- ◆ digital communication and data transmission channels were installed at 1 substation of 110 kV (Severno-Zapadnaya SS of 110 kV);

**IDGC OF VOLGA, JSC'S BRANCH PENZAENERGO**

- ◆ digital communication channels and data transmission channels were installed at 6 substations of 110 kV (Poselki SS, Bashmakovo SS, Znamenka SS, Sursk SS, Yuzhnaya SS, Sr. Yelyuzan SS);
- ◆ 5 substations of 110 kV (Yuzhnaya SS, Sosnovoborsk SS, Poselki SS, Znamenka SS, M. Kombinat SS) were equipped with modern telemechanical complexes.

**IDGC OF VOLGA, JSC'S BRANCH ORENBURGENERGO**

- ◆ ODC was upgraded and dispatcher panels at Zapadnye Elektricheskie Seti DG, Buguruslankiy and Alekseevskiy RES were replaced.

**IDGC OF VOLGA, JSC'S BRANCH CHUVASHENERGO**

- ◆ digital communication channel of 2Mb/s at substation of 110 kV Katrasi-Severnoye DG (leased at ZAO NSS) with provision of channels of 64 Kb/s for dispatcher connection and transmission to TM SS Katrasi-Chuvashskoye RDU of 110 kV was installed;
- ◆ 10 sets of sound recorders for recording of dispatcher talks Echo+ were acquired and put into operation;
- ◆ project and working documentation for the program "Upgrading of the branch's system of exchange of technological information with automated system of the System Operator of Chuvashskoye RDU Branch" was drawn up; connection networks (construction of VOLS) between NCC — Parkovaya SS — ORU CHP-2 — Novyi Gorod SS — Novaya SS — Sputnik SS — CHP-3 — Broilernaya SS — Atlashevo SS — Kabelnaya SS — Tingovatovo SS — Tsvilsk SS was installed.

As of January 1, 2011, IDGC of Volga, JSC organized digital communication and data transmission channels with 129 substations 110 kV, 16% of the total number of substations 110 kV, and 31 substations 35 kV (3.5%); 96 substations of 110 kV (12%) and 37 substations 35 kV (4.2%) were fitted with advanced teleautomatic systems, 6 Network Control Center of branches (86%), 26 CU OD of production departments (79%) and 47 regional electrical networks (23%) were equipped with ADCS.

In 2010, an upgrade of electrical power information and measurement systems was performed under the REM Program in the branches of IDGC of Volga, JSC. The

following equipment was installed: 99 high voltage fiscal metering points (FMP) on the border with problem customers, 779 interval metering devices for substations 110/35 kV commercial and technical connections, 9,997 meters with remote reading for individual consumers in areas of highest losses. Automated Electric Power Fiscal Metering System (AEPFMS) was commissioned on 31 sites, 99 current and voltage transformers for voltage levels 110/35/10/6 kV were replaced.

In part of information and telecommunications infrastructure development at IDGC of Volga, JSC for the purpose of the Company's information systems customer service improvement the following main priorities will remain in 2011-2012:

- ◆ improving reliability and security of the main network-forming IT services;
- ◆ maintaining them at a level adequate for the needs of information systems that serve the Company's business processes;
- ◆ cutting down on IT infrastructure maintenance costs (financial and time costs)
- ◆ improvement of level of servicing of clients of the Company's information systems.

Further development of the following technologies and solutions is intended to accomplish these goals:

- ◆ increased use of soft hardware for load balancing and efficiency backup using services of independent providers;
- ◆ continued integration of branches' IT infrastructure in a single environment (full completion of the IP-space unification is planned for 2011-2012);
- ◆ increased use of server and work stations virtualization (VDI — Virtual Desktop Infrastructure), terminal access to applications allowing for reduction of costs (in terms of time and money) for support of information network users, and growing demand for computing resources and the scope of tasks without having to purchase additional equipment (including extra utility systems to support IT-infrastructure). It is planned to transfer up to 70% of work stations to VDI and RDS (Remote Desktop Service) platforms during 2011-2014 (in course of scheduled replacement of customer equipment), which should allow savings of about 30% on purchase of customer equipment (in addition to reducing maintenance costs and downtime);
- ◆ continued implementation and expansion of Service Desk functionality through application of appropriate control software systems.



*Following  
the Way  
of Development*



# REFERENCE AND CONTACT INFORMATION

## COMPANY INFORMATION

<b>«INTERREGIONAL DISTRIBUTION GRID COMPANY OF VOLGA», JOINT-STOCK COMPANY (IDGC OF VOLGA, JSC)</b>	
<b>ADDRESS</b>	42/44, Pervomayskaya Street, Saratov, Russian Federation
<b>POSTAL ADDRESS</b>	42/44, Pervomayskaya Street, Saratov, 410031
<b>INFORMATION ON THE COMPANY'S STATE REGISTRATION</b>	The Certificate of the State Registration of the Legal Person issued by the Interregional Inspection of the Federal Tax Service No.8 for the Saratov Region with assignment of the primary state registration number 1076450006280, the entry was made on June 29, 2007
<b>THE CHARTER CAPITAL AMOUNTS</b>	17,857,780,114.6 rubles (178,577,801,146 nominal ordinary uncertified shares with nominal value of 10 kopecks per a share). The state registration issue of the Company's securities - 1-01-04247-E was registered on October 10, 2007 by the Regional Department of the Federal Service for Financial Markets in the South-Eastern Region (RD FSFM in SER)
<b>WEBSITE</b>	<a href="http://www.mrsk-volgi.ru">www.mrsk-volgi.ru</a>
<b>E-MAIL</b>	<a href="mailto:office@mrsk-volgi.ru">office@mrsk-volgi.ru</a>
<b>TEL</b>	(8452) 30-26-59
<b>FAX</b>	(8452) 28-53-70, 28-54-10

## BRANCH INFORMATION

### BRANCH OF IDGC OF VOLGA, JSC: SARATOV DISTRIBUTION GRIDS

**ADDRESS:** 42/44, Pervomayskaya Street, Saratov, 410031  
**WEBSITE:** [http://www.mrsk-volgi.ru/ru/o\\_kompanii/filiali/filial\\_\\_samarskie\\_raspredelitelnie\\_seti\\_/](http://www.mrsk-volgi.ru/ru/o_kompanii/filiali/filial__samarskie_raspredelitelnie_seti_/)

### BRANCH OF IDGC OF VOLGA, JSC: SAMARA DISTRIBUTION GRIDS

**ADDRESS:** 106, building 133, Novo-Sadovaya, Samara, 443068  
**WEBSITE:** [http://www.mrsk-volgi.ru/ru/o\\_kompanii/filiali/filial\\_oao\\_\\_mrsk\\_volgi\\_\\_saratovskie\\_raspredelitelnie\\_seti\\_/](http://www.mrsk-volgi.ru/ru/o_kompanii/filiali/filial_oao__mrsk_volgi__saratovskie_raspredelitelnie_seti_/)

### BRANCH OF IDGC OF VOLGA, JSC: ULYANOVSK DISTRIBUTION GRIDS

**ADDRESS:** 48, Efremova Street, Ulyanovsk, 432042  
**WEBSITE:** [http://www.mrsk-volgi.ru/ru/o\\_kompanii/filiali/filial\\_\\_ulyanovskie\\_raspredelitelnie\\_seti\\_/](http://www.mrsk-volgi.ru/ru/o_kompanii/filiali/filial__ulyanovskie_raspredelitelnie_seti_/)

### BRANCH OF IDGC OF VOLGA, JSC: MORDOVENERGO

**ADDRESS:** 50, Lenina Prospekt, Saransk, 430003  
**WEBSITE:** [http://www.mrsk-volgi.ru/ru/o\\_kompanii/filiali/filial\\_oao\\_\\_mrsk\\_volgi\\_\\_\\_\\_mordovenergo\\_/](http://www.mrsk-volgi.ru/ru/o_kompanii/filiali/filial_oao__mrsk_volgi____mordovenergo_/)

### BRANCH OF IDGC OF VOLGA, JSC: PENZAENERGO

**ADDRESS:** 1/2, Pushkina Street/Gladkova Street, Penza, 440000  
**WEBSITE:** [http://www.mrsk-volgi.ru/ru/o\\_kompanii/filiali/filial\\_oao\\_\\_mrsk\\_volgi\\_\\_\\_\\_penzaenergo\\_/](http://www.mrsk-volgi.ru/ru/o_kompanii/filiali/filial_oao__mrsk_volgi____penzaenergo_/)

### BRANCH OF IDGC OF VOLGA, JSC: ORENBURGENERGO

**ADDRESS:** 44 Im. Marshala G.K. Zhukova Street, Orenburg, 460024  
**WEBSITE:** [http://www.mrsk-volgi.ru/ru/o\\_kompanii/filiali/filial\\_oao\\_\\_mrsk\\_volgi\\_\\_\\_\\_orenburgenergo\\_/](http://www.mrsk-volgi.ru/ru/o_kompanii/filiali/filial_oao__mrsk_volgi____orenburgenergo_/)

### BRANCH OF IDGC OF VOLGA, JSC: CHUVASHENERGO

**ADDRESS:** 4/4, I. Yakovleva Prospekt, Cheboksary, Chuvash Republic, 428000  
**WEBSITE:** [http://www.mrsk-volgi.ru/ru/o\\_kompanii/filiali/filial\\_oao\\_\\_mrsk\\_volgi\\_\\_\\_\\_chuvashenergo\\_/](http://www.mrsk-volgi.ru/ru/o_kompanii/filiali/filial_oao__mrsk_volgi____chuvashenergo_/)

## AUDITOR INFORMATION

**CLOSED JOINT-STOCK COMPANY "JOINT-STOCK AUDIT COMPANY "AUDITINFORM" (SJAC AUDITINFORM)**

**ADDRESS:** 4, Yaroslavskaya Street, Moscow, Russian Federation, 129164

**TELEPHONE/FAX:** (495) 933-81-65

**WEBSITE:** [www.auditinform.ru](http://www.auditinform.ru)

**E-MAIL:** [auditinform@auditinform.ru](mailto:auditinform@auditinform.ru)

Licence No. E 003505 of March 4, 2003 issued by the Ministry of Finance of the Russian Federation for 10 years.

**KPMG, CLOSED JOINT-STOCK COMPANY (KPMG)**

**ADDRESS:** off. 3035, 18/1, Olimpiyskiy Prospekt, Moscow, 129110

**POSTAL ADDRESS:** 11, Gogolevskiy Boulevard, Moscow, 121019

**TELEPHONE:** (495) 937-44-77, Fax (495) 937-44-99

**WEBSITE:** [www.kpmg.ru](http://www.kpmg.ru)

**E-MAIL:** [moscow@kpmg.ru](mailto:moscow@kpmg.ru)

Licence No. E003330 of January 17, 2003 issued by the Ministry of Finance of the Russian Federation for 10 years.

## DETAILS OF REGISTRAR AND ITS OFFICES

**LIMITED LIABILITY COMPANY REGISTER-RN (REGISTER-RN, LLC)**

**ADDRESS:** Bld. 3-4, 2/6 Podkopayevskiy Pereulok, Moscow, 109028

**POSTAL ADDRESS:** p/o box 4, Moscow, 115172

**TELEPHONE:** (495) 411-79-11, **FAX:** (495) 411-83-12

**WEBSITE:** [www.reestrn.ru](http://www.reestrn.ru)

**E-MAIL:** [support@reestrn.ru](mailto:support@reestrn.ru)

License for maintenance of a register No. 10-000-1-00330 of December 16, 2004 issued by the Federal Service for Financial Markets in the Russian Federation.

## CONTACTS FOR THE SHAREHOLDER AND INVESTOR RELATIONS SECTION

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## THE OFFICIAL MEDIA AGENCY FOR INFORMATION DISCLOSURE:

«ROSSIYSKAYA GAZETA» NEWSPAPER



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# APPENDIX No. 1

## INFORMATION ON PARTICIPATION OF IDGC OF VOLGA, JSC IN ORGANIZATIONS

(as of December 31, 2010)

### PARTICIPATION OF IDGC OF VOLGA, JSC IN PROFIT

NO.	NAME AND ADDRESS OF ORGANIZATION	DATE OF REGISTRATION OF COMPANY	MAIN ACTIVITY	PARTICIPATORY INTEREST
<b>MORE THAN 75 %</b>				
1.	Open Joint-Stock Company Sotsialnaya Sfera-M 50, Saransk, Republic of Mordovia, Russian Federation	August 27, 2002	rendering services for organization of hotel accommodation; rendering resort services.	100%
2.	Open Joint-Stock Company Chuvashskaya Avtotransportnaya Kompaniya 21, Promyshlennaya Street, Novocheboksarsk, Chuvash Republic	April 22, 2004	transportation of passengers by automobiles equipped for transportation of over 8 people (except for the cases when such activity is performed for own needs of a legal person or an individual entrepreneur); commercial transportation of passengers by motor cars.	99.99%
3.	Open Joint-Stock Company Sanatoriy-profilaktoriy Solnechnyi 58, Turbinnaya Street, Orenburg, Russian Federation	August 26, 2004	Rendering medical, consultation, expert, tourist, informa- tional, organizational and management services.	99.99%
<b>LESS THAN 25%</b>				
4.	Open Joint-Stock Company Concern Mordovskaya GRES Saransk, Republic of Mordovia, Russian Federation	September 5, 2003	production and economic activity on preparation of project for construction of Mordovian GRES; construction, installation, start-up and finishing works on the project for construction of Mordovian GRES.	2.32%
5.	Open Joint-Stock Company Holding of Interregional Grid Companies 5A, Akademika Chelomeya Street, Moscow, 117630	July 1, 2008	exercising the rights of a shareholder (member) in economic societies whose shares belong to the Company; exercising authority of executive bodies in joint-stock and other economic societies according to the procedure provided for in legislation and concluded agreements.	0.0000218%
6.	Open Joint-Stock Company First Generation Company of the Wholesale Electricity Market Bld 1, 1, Odesskaya Street, Tyumen, Tyumen Region, Russian Federation	March 23, 2005	generation of electricity and heat; transmission (sale) of electricity and heat.	0.0000203%
7.	Open Joint-Stock Company Second Generation Company of the Wholesale Electricity Market Posyolok Solnechnodolsk, Izobilnenskiy Region, Stavropol Krai, Russian Federation	March 9, 2005	exercising authority of executive bodies in joint-stock and other economic societies according to the procedure provided for in legislation and concluded agreements; generation of electricity and heat and/or capacity.	0.0000144%
8.	Open Joint-Stock Company Third Generation Company of the Wholesale Electricity Market 28, Im. 50-letiya Oktyabrya Prospekt, Ulan- Ude, Republic of Buryatia, Russian Federation	November 23, 2004	exercising authority of executive bodies in joint-stock and other economic societies according to the procedure provided for in legislation and concluded agreements; transmission (sale) of electricity and heat.	0.0000081%

No.	NAME AND ADDRESS OF ORGANIZATION	DATE OF REGISTRATION OF COMPANY	MAIN ACTIVITY	PARTICIPATORY INTEREST
9.	Open Joint-Stock Company Fourth Generation Company of the Wholesale Electricity Market Bld. 34, 23, Energostroitely Street, Surgut, Khanty-Mansi Autonomous Okrug — Ugra, Tyumen Region, Russian Federation	March 4, 2005	generation of electricity and heat and capacity; transmission (sale) of electricity and capacity, particularly in wholesale electricity (capacity) market.	0.0000153%
10.	Open Joint-Stock Company Enel OGK-5 38, Lenina Street, Yekaterinburg, Sverdlovsk Region, Russian Federation	October 27, 2004	generation of electricity and heat; transmission (sale) of electricity and heat.	0.0000109%
11.	Open Joint-Stock Company Sixth Generation Company of the Wholesale Electricity Market Bld. 3, 101 Vernadskogo Prospekt, Moscow Russian Federation, 119526	March 17, 2005	generation of electricity and heat; transmission (sale) of electricity and heat.	0.0000170%
12.	Open Joint-Stock Company Territorial Generation Company No. 1 1 Marsovo Pole, St. Petersburg, Russian Federation, 191186	March 25, 2005	generation of electricity and heat; transmission (sale) of electricity and heat.	0.0000093%
13.	Open Joint-Stock Company Territorial Generation Company No. 2 42, Otyabrya Prospekt, Yaroslavl, Yaroslavl Region, Russian Federation, 150040	April 19, 2005	exercising authority of executive bodies in joint-stock and other economic societies according to the procedure provided for in legislation and concluded agreements; transmission (sale) of electricity and heat.	0.0000083%
14.	Open Joint-Stock Company of Electricity and Electrification Mosenergo 8, Raushskaya Naberezhnaya, Moscow, Russian Federation, 115035	October 11, 2002	generation of electricity and heat; transmission (sale) of electricity and heat.	0.0000079%
15.	Open Joint-Stock Company Territorial Generation Company No. 4 99B, Timiryazeva Street, Tula, Russian Federation, 300600	April 20, 2005	generation of electricity and heat; sale of electricity (capacity).	0.0000075%
16.	Open Joint-Stock Company Territorial Generation Company No. 5 4/4, I. Yakovleva Prospekt, Cheboksary, Chuvash Republic, Russian Federation	March 22, 2005	exercising authority of executive bodies in joint-stock and other economic societies according to the procedure provided for in legislation and concluded agreements; trust property management.	0.0000104%
17.	Open Joint-Stock Company Territorial Generation Company No. 6 10/16, Alekseevskaya Street, Nizhnyi Novgorod, Russian Federation, 603950	April 27, 2005	exercising authority of executive bodies in joint-stock and other economic societies according to the procedure provided for in legislation and concluded agreements; transmission (sale) of electricity and heat.	0.0000077%
18.	Open Joint-Stock Company Volzhskaya Territorial Generation Company 15, Mayakovskogo Street, Samara, Russian Federation	August 1, 2005	generation of electricity and heat; transmission (sale) of electricity and heat.	0.0000105%
19.	Open Joint-Stock Company Territorial Generation Company No. 9 48, Komsomolskiy Prospekt, Perm, Russian Federation	December 9, 2004	exercising authority of executive bodies in joint-stock and other economic societies according to the procedure provided for in legislation and concluded agreements; transmission (sale) of electricity and heat.	0.0000081%
20.	Open Joint-Stock Company TGK-11 Holding Bld. 3, 101, Vernadskogo Prospekt, Moscow, 119526	July 1, 2008	exercising authority of executive bodies in joint-stock and other economic societies according to the procedure provided for in legislation and concluded agreements; transmission (sale) of electricity and heat.	0.0000674%
21.	Joint-Stock Company Yeniseyskaya Territorial Generating Company (TGK-13) 144A, Bograda Street, Krasnoyarsk Krai, Krasnoyarsk, Russian Federation, 660021	July 1, 2005	transmission (sale) of electricity, steam and hot water (heat) at specified tariffs according to dispatcher schedules of electric and heat loads; generation of electricity; generation of steam and hot water (heat); acquisition (purchase) of electricity in wholesale and retail electricity (capacity) market; acquisition (purchase) of heat from third-party organizations.	0.0000102%

No.	NAME AND ADDRESS OF ORGANIZATION	DATE OF REGISTRATION OF COMPANY	MAIN ACTIVITY	PARTICIPATORY INTEREST
22.	Open Joint-Stock Company Territorial Generation Company No. 14 1, Lazo Street, Chita, Russian Federation, 672020	December 7, 2004	exercising authority of executive bodies in joint-stock and other economic societies according to the procedure provided for in legislation and concluded agreements; transmission (sale) of electricity and heat.	0,0000067%
23.	Open Joint-Stock Company Federal Grid Company of United Energy Systems 5A, Akademika Chelomeya Street, Moscow, 117630	August 20, 2002	rendering services for transmission and distribution of electricity; rendering services for connection to electricity grids.	0.0000077%
24.	Open Joint-Stock Company Fedral Hydro Generation Company 51, Respubliki Street, Krasnoyarsk, Krasnoyarsk Krai	December 24, 2004	generation of electricity and heat and/or capacity; transmission (sale) of electricity and heat.	0.0000112%
25.	Open Joint-Stock Company INTER RAO UES Podezd 7, 12, Kransopresnenskaya Naberezhnaya, Moscow, Russian Federation, 123610	November 1, 2002	generation of electricity and heat; provision of operability of electric and heat networks.	0.0000136%
26.	Open Joint-Stock Company RAO Eastern Energy Systems 28, Shevchenko Street, Blagoveshchensk, Amursk Region, 675000	July 1, 2008	exercising authority of executive bodies in joint-stock and other economic societies according to the procedure provided for in legislation and concluded agreements; trust property management.	0.0000218%
27.	Kuzbass Open Joint-Stock Company of Electricity and Electrification 2, Brilliantovaya Street, Barnaul, Altai Krai, Russian Federation	July 23, 2002	sale and purchase of electricity and capacity according to the Rules of Electricity and Capacity Wholesale and Retail Markets and Agreement on Entering the Trade Wholesale System of Electricity and Capacity, Steam and Hot Water (Heat) at Specified Tariffs; generation of electricity according to dispatcher schedules of electric loads.	0.0000093%

## PARTICIPATION OF IDGC OF VOLGA, JSC IN NONPROFIT ORGANIZATIONS

No.	NAME AND ADDRESS OF ORGANIZATION	DATE OF ENTRY IN ORGANIZATION	MAIN ACTIVITY
<b>ASSOCIATIONS OF LEGAL PERSONS (ASSOCIATIONS AND ALLIANCES)</b>			
1.	All-Russian Association of Electric Energy Employers Bld. 1, 14/23, Avtozavodskaya Street, Moscow, Russian Federation, 115280	December 8, 2008	Collaboration, representation and defense of interests of employers in state authorities, local governments, trade unions, their associations and other organizations of employees, other associations.
<b>NONPROFIT PARTNERSHIPS</b>			
1.	Nonprofit Partnership Innovations in Energy Industry Bld. 506, 119, Prospekt Mira, Moscow, Russian Federation, 129223	April 1, 2008 (following reorganization by way of legal succession)	Assistance to members of the Partnership in research and development works, innovation and pilot projects, including production of new knowledge-intensive products, elaboration of new and improvement of applied technologies, enhancement of technical level during generation, transmission, distribution and sale of electricity and EHS in the energy industry.
2.	Nonprofit Partnership Scientific and Technical Council of the United Energy Systems Bld. 1, 2 Vorontsovskiy Pereulok, Russian Federation, 109044	December 1, 2008	Activity of professional organizations, researches and developments in the area of natural and technical sciences. Priority researches, R&D programs.
3.	Nonprofit Partnership Association of Organizations Performing Construction, Reconstruction and Complete Overhaul of Energy Facilities, Grids and Substations Energostroy Bld. 1, 26, Ulanskiy Pereulok, Moscow, Russian Federation, 107996	December 7, 2009	Prevention of damaging life and health of natural persons, property of natural and legal persons, state or municipal property, environment, life and health of animals and plants, cultural objects (including historical and cultural monuments) of the Russian Federation's nations following works which affect the Capital Construction Facilities' safety and are performed by the Partnership's members.

PARTICIPATION OF IDGC OF VOLGA,  
JSC IN NONPROFIT ORGANIZATIONS

No.	NAME AND ADDRESS OF ORGANIZATION	DATE OF ENTRY IN ORGANIZATION	MAIN ACTIVITY
4.	Nonprofit Partnership Association of Organizations Preparing Project Documentation for Energy Facilities, Grids and Substations Energoproekt Bld. 1, 26, Ulanskiy Pereulok, Moscow, Russian Federation, 107996	January 1, 2010	Prevention of damaging life and health of natural persons, property of natural and legal persons, state or municipal property, environment, life and health of animals and plants, cultural objects (including historical and cultural monuments) of the Russian Federation's nations following faults during preparation of project documentation which affect the Capital Construction Facilities' safety and are made by the Partnership's members.
5.	Nonprofit Partnership Alliance of Auditors and Servicing Companies for Energy Industry Office XXXVI, Bld. 2, 8, Leningradskoye Shosse, Moscow, Russian Federation, 125171	November 26, 2010	Enhancement of quality of works during auditing of any energy companies and rendering services to them. Prevention of damaging life and health of natural persons, property of natural and legal persons, state or municipal property, environment, life and health of animals and plants, cultural objects (including historical and cultural monuments) of the Russian Federation's nations following faults of works (services) performed (provided) by the Partnership's members.
<b>INSTITUTIONS</b>			
1.	Private Educational Institution of Additional Vocational Education and Training Mordovian Training Center Energetic 117, Bolshevistskaya Street, Saransk, Republic of Mordovia, Russian Federation, 430003	April 1, 2008 <i>(following reorganization by way of legal succession)</i>	Preparation of qualified workers (workers and employees) under main and additional educational programs of retraining advanced training for workers and employees.
2.	Nonstate Educational Institution Chuvash Training School 43, Moskovskiy Prospekt, Cheboksary, Chuvash Republic, Russian Federation, 428017	April 1, 2008 <i>(following reorganization by way of legal succession)</i>	Preparation of qualified workers (workers and employees) under main and additional educational programs of retraining advanced training for workers and employees.
3.	Private Educational Institution of Additional Vocational Education and Training Training Center Energetic-Orenburg 3, Aksakova, Orenburg, Russian Federation, 460024	April 1, 2008 <i>(following reorganization by way of legal succession)</i>	Preparation of qualified workers (workers and employees) under main and additional educational programs of retraining advanced training for workers and employees.

# APPENDIX No. 2

## CORPORATE GOVERNANCE STATEMENT OF COMPLIANCE BY IDGC OF VOLGA, JSC

(Prepared in accordance with the Order of the Federal Securities Market Commission of 30.04.2003 No. 03-849/p «On Guidelines for Composition and Format of Reporting on Compliance with the Corporate Governance Statement and Annual Reports of Joint Stock Companies»)

No.	RULES IN THE CORPORATE GOVERNANCE STATEMENT OF COMPLIANCE	COMPLIANT OR COMPLIANT	NOTE
<b>GENERAL MEETING OF SHAREHOLDERS</b>			
1.	Shareholders must be notified of the General Meeting at least 30 days before the scheduled date regardless of the issues included in its agenda, unless the law provides for longer period.	Compliant	Procedure for notification of shareholders of the General Meeting is prescribed in paragraph 11.5 Article 11 of the Company Charter. According to the paragraph 11.5 of the Charter of the Company, «Notice on holding the General Meeting of Shareholders shall be published by the Company in «Rossijskaya Gazeta» and on the Company's website in the Internet not later than 30 (thirty) days prior to date of the Meeting».
2.	Shareholders must be provided an opportunity to familiarize themselves with a list of persons entitled to attend the General Meeting of shareholders, beginning with the date of notification of the General Meeting of Shareholders and until the end of in presentia General meeting of shareholders, and in the case of in absentia General Meeting of Shareholders — before the deadline for accepting ballots for voting.	Compliant	The Company adheres to the requirement in the Article 51 of the Federal Law «On Joint-Stock Companies» stating that the list of persons entitled to participate in the General Meeting of Shareholders shall be made available by the Company upon request by persons included in the list and holding no less than 1 percent of votes. The data of the documents and mailing addresses of the persons so listed are provided only upon consent of such persons.
3.	Shareholders must be provided an opportunity to familiarize themselves with information (materials) subject to be provided during preparation of the General Meeting of Shareholders, by electronic means, including Internet.	Compliant	In accordance with the Article 52 of the Federal Law «On Joint Stock Companies and paragraph 11.7 of Article 11 of the Charter shareholders of IDGC of Volga, JSC have an opportunity within 20 days, in the case of the General Meeting of Shareholders the agenda of which includes the matter of Company reorganization, within 30 days before the General Meeting, to familiarize themselves with the material for the General Meeting of Shareholders in premises of the executive body of the Company and other places, addresses of which are specified in the notice of the General Meeting of Shareholders. Familiarization procedure for persons entitled to attend the General Meeting of Shareholders with information (materials) on the agenda of the General Meeting of Shareholders and the list of such information (materials) are determined by the Board of Directors of the Company. In addition, under paragraph 4.1 of the Standing Orders on preparing for and conducting a General Meeting of Shareholders, information materials on the agenda of the General Meeting of Shareholders are published on the Company's website no later than the date of shareholders notification of the General Meeting, in addition to other means of the Company shareholders notification. It is recommended to publish these materials in English as well.
4.	Shareholders are to be provided an opportunity to include an issue in the agenda of General Meeting of Shareholders or to request convening of a General Meeting without submission of an extract from the shareholders register, if his rights to shares are recorded in the system of shareholders register, and if his rights to shares are recorded in the depot account — an extract from depot account is to be sufficient for the exercise of said rights.	Compliant in part	In accordance with subparagraph 2, the paragraph 6.2 of the Article 6 of the Company Charter, shareholders are entitled to propos items for the agenda of the General Meeting in accordance with the laws of the Russian Federation and the Company Charter. According to paragraph 13.1 of Article 13 of the Company Charter shareholder(s), who jointly hold at least 2 percent of the voting shares not later than 60 days after the end of the fiscal year may bring items to the agenda of the annual General Meeting of Shareholders and nominate candidates for the Board of Directors and Auditing Commission of the Company.

No.	RULES IN THE CORPORATE GOVERNANCE STATEMENT OF COMPLIANCE	COMPLIANT OR COMPLIANT	NOTE
5.	The Charter or internal documents of the Joint Stock Company are to contain a requirement for mandatory presence at the General Meeting of Shareholders of the Directors, members of Executive Board, members of the Board of Directors, members of the Auditing Commission and the Auditor of the Company.	Compliant	In accordance with paragraph 5.2.3 Article 52 of the Code of Corporate Governance of IDGC of Volga, JSC, the Company where possible provides for attendance at the General Meeting of Shareholders of members of the Board of Directors, executive bodies, Auditing Commission and the Auditor of the Company, and authorizes them to answer the questions of shareholders. According to the paragraph 10.10 of the Article 10 of the Charter of the Company, the Chairman of the Board of Directors is responsible for discharging the functions of the Chairman at the General Meeting of Shareholders. In the absence of the Chairman of the Board and his deputy, any member of the Board of Directors may preside at the General Meeting of Shareholders by resolution of the Company's Board of Directors or at the discretion of Board members present at the General Meeting of Shareholders.
6.	Nominees must be present when the General Meeting of Shareholders considers matters of electing members of the Board of Directors, General Director, Executive Board, members of the Auditing Commission, as well as the matter of approval of the Company's Auditor.	Compliant in part	A respective rule is not provided in the Charter. In practice, when General Meeting of Shareholders is considering the matter of electing members of the Board, General Director, Executive Board, members of the Auditing Commission, nominees are always sent invitations to the General Meeting of Shareholders.
7.	Internal documents of the Joint Stock Company must contain procedures for registration of participants of the General Meeting of Shareholders.	Compliant	Paragraph 5.1 of the Standing Orders on preparing for and conducting a General Meeting of Shareholders determines the procedure for registration of persons entitled to attend the General Meeting of Shareholders.
<b>BOARD OF DIRECTORS</b>			
8.	The Company Charter must authorize the Board of Directors to conduct annual approval of financial and business plan of the Joint Stock Company.	Compliant	In accordance with subparagraph 19, the paragraph 15.1 of the Article 15 of the Company Charter, the Board of Directors is authorized to approve the business plan (adjusted business plan), including investment program and report on the results of their performance, and approve (correct) benchmark values of the Company's cash flow.
9.	Availability of risk management procedures in the Company approved by the Board of Directors.	Compliant	Procedures of internal control are integral part of the organization's business processes. By the decision of the Board of Directors of IDGC of Volga, JSC dated June 18, 2010 (minutes No. 20) the following policies are approved: — the Internal Control Policy of IDGC of Volga, JSC; — the Risk Management Policy of IDGC of Volga, JSC.
10.	The Company Charter grants the Board of Directors a right to suspend the powers of the General Director appointed by the General Meeting of Shareholders.	Compliant	In accordance with subparagraph 12, the paragraph 15.1 of the Article 15 of the the Company Charter, the Board of Directors is authorized to elect the General Director of the Company and the early terminate his powers, including the adopting a resolution on early termination of an employment contract with the Director.
11.	The Charter of the Joint Stock Company authorizes the Board of Directors to set requirements to qualifications and remuneration of the General Director, Executive Board, heads of the main structural units of the Company.	Compliant	The Board of Directors determines the number of members of the Board elects the members of the Board, sets the remuneration paid to members of the Board and compensation. Authority of the Board of Directors also includes early termination of powers, including early termination of employment contracts with members of the Company's Executive Board, enforcing disciplinary liability in respect of the General Director and Executive Board members, adopting resolutions on their promotion and approving the structure of the executive department and approving individual nominees for various positions in the Company's executive department (subparagraphs 13, 33, 41, 42 and paragraph 15.1 of Article 15 of the Charter of the Company). In addition, under paragraph 21.4 Article 21 of the Charter formation of the executive bodies of the Company and the termination of their powers is performed by a decision of the Board of Directors except as provided by federal law and the Company Charter. Board of Directors may decide to terminate the powers of the General Director and corporate executives and formation of new executive bodies (paragraph 21.10, Article 21 of the Charter).
12.	The Company Charter authorizes the Board of Directors to approve the terms of contracts with General Director and Board members.	Compliant	According to paragraph 21.6 Article 21 of the Charter, employment contract is signed on behalf of the Company by the Chairman of the Board or a person authorized by the Board of Directors. Besides, according to the paragraph 21.7 of the Article 21 of the Charter, the Board of Directors or a person authorized by the Board of Directors shall determine the provisions of the Employment Agreement with the General Director and the members of the Management Board and, according to the paragraph 21.9 of the Article 21 of the Charter of the Company, shall exercise the rights and responsibilities of an employer towards the General Director and the members of the Management Board.

No.	RULES IN THE CORPORATE GOVERNANCE STATEMENT OF COMPLIANCE	COMPLIANT OR COMPLIANT	NOTE
13.	The Charter or internal documents of the Joint Stock Company contain a requirement that, in approving terms of contracts with the General Director (managing organization, CEO) and corporate executives, votes of members of the Board of Directors who are the General Director and corporate executives, are not considered in vote count.	Non-compliant	Such requirement is not provided in the Charter and other internal documents of the Company.
14.	The Company's Board of Directors includes at least 3 independent directors who meet the requirements of the Code of Corporate Governance.	Compliant	The Board of Directors includes at least 3 (three) independent directors.
15.	The Company's Board of Directors does not include persons who were convicted for committing crimes in the area of economic activities or a crimes against the State, interests of public service and service in local government or who were subject to administrative penalties for violations in the field of business or finance, taxes and duties, and securities market.	Compliant	Such persons were not included in the Board of Directors elected at the Annual General Meeting of Shareholders on June 24, 2010.
16.	The Company's Board of Directors does not include persons who are participants, General Directors (CEO), members of an executive body or employees of a legal entity competing with the Joint Stock Company.	Compliant	Such persons were not included in the Board of Directors elected at the Annual General Meeting of Shareholders on June 24, 2010.
17.	The Company Charter includes a requirement on election of the Board of Directors by cumulative vote.	Compliant	According to the paragraph 16.2 of the Article 16 of the Charter, the members of the members of the Board of Directors are elected at the General Meeting of Shareholders in accordance with the procedure provided in the paragraph 10.8 of the Article 10 of the Charter. Paragraph 10.8 of the Article 10 of the Company Charter prescribes that the Board of Directors shall be elected by cumulative vote.
18.	Internal documents of the Company provide for obligation of Board members to refrain from any action that would or potentially could lead to conflict between their interests and the interests of the Company, and in case of such a conflict — obligation to disclose information about this conflict to the Board.	Compliant	According to the paragraph 4.1.6 of the Corporate Governance Code, members of the Board of Directors act in good faith and with due care in the interests of the Company and all its shareholders. Each Director makes an effort to participate in all meetings of the Board of Directors. Board members are aware of their responsibility to shareholders and consider their primary goal bona fide and competent discharge of responsibilities of Company management, which ensures maintenance and growth in the value of its shares, as well as protection and the opportunity for the shareholders to exercise their rights. Board members seek to engage in ongoing dialogue with shareholders. Members of the Board of Directors ensure creation and implementation of the Company's development strategy. The members of the Board of Directors shall not disclose or use for personal purposes the confidential information about the Company. The members of the Board of Directors shall avoid actions that can result in the conflict between their personal interest and interests of the Company. If such conflict arises, a member of the Board of Directors shall inform other members about it and withdraw from voting on the relevant matters. Besides, pursuant to paragraph 3.5. of Standing Orders on the procedure for convening and conducting meetings of the Board of Directors at IDGC of Volga, JSC the Board members in exercising their rights and duties act in the interests of the Company, exercise their rights and perform their duties in respect of the Company in good faith and on reasonable grounds.
19.	Internal documents of the Joint Stock Company provide for the duty of the Board members to notify the Board of Directors in writing of their intent to perform transactions with securities of the Joint Stock Company, whose Board of Directors they are members of, or its subsidiaries (dependent companies), and disclose information on their transactions with such securities.	Compliant	Requirements for the submission of information on insider transactions are provided in Section 4 of the Standing Order on insider information of IDGC of Volga, JSC. According to paragraph 4.4 of Standing Order on insider information, unit in charge of control over the use of insider information within 15 day of the month following the reporting month, reviews the possible use of insider information in the declared transactions, and identifies insider transactions that were not included in declarations, and submits information on all insider transactions with securities of the Company and its SDCs to the Audit Committee of the Company's Board. In addition, under paragraph 4.2 of the Standing Order, insiders are required no later than on the third day of the month following the reporting period, submit a written report on transactions performed in the reporting month with securities of the Company and (or) its SDCs to the department controlling use of insider information.

CORPORATE GOVERNANCE STATEMENT  
OF COMPLIANCE BY IDGC OF VOLGA, JSC

No.	RULES IN THE CORPORATE GOVERNANCE STATEMENT OF COMPLIANCE	COMPLIANT OR COMPLIANT	NOTE
20.	The Company's internal documents contain a provision requiring that Board meetings are held at least once every six weeks.	Compliant in part	Is practically fulfilled. According to paragraph 5.1 of the Article 5 of the Charter the Board of Directors of the Company held as necessary, as but not less than once a quarter.
21.	Meetings of the Company's Board during the year for which the annual report of Joint Stock Company is drawn up, at intervals of at least once every six weeks.	Compliant	During 2010, Board of Directors' meetings were held at least once every six weeks. 22 meetings of the Board of IDGC of Volga, JSC were held in the reporting year.
22.	The Company's internal documents contain a provision on procedure of the Board meetings.	Compliant	The Company approved the Standing Order on the procedure for convening and conducting meetings of the Board of Directors at IDGC of Volga, JSC, regulating the meetings procedure of the Company's Board of Directors.
23.	Internal documents of the Joint Stock Company contain a requirement of approval by the Board of the Company's transactions in amount of 10 and more percent of the Company's assets value, except for transactions occurring in the ordinary course of business.	Compliant	Requirements on mandatory approval by the Board of IDGC of Volga, JSC for transactions performed by the Company in the amount 10 and more percent of the assets value are provided in subparagraph 38 of the paragraph 15.1 of the Article 15 of the Charter of the Company.
24.	Internal documents of the Joint Stock Company provide for a right of the Board members for obtaining from executive bodies and heads of major structural units of the Company information necessary to perform his or her functions, as well as liability for failure to provide such information.	Compliant	According to paragraphs 3.1-3.3 of the Standing Orders Standing Orders on the procedure for convening and conducting meetings of the Board of Directors at IDGC of Volga, JSC and paragraph 3.1 of the Standing Order on insider information, the Company's Board of Directors has a right of access to any insider information.
25.	Committee of the Board for strategic planning is created, or the functions of the Committee are assigned to another Committee (except the Audit Committee and the Personnel and Award Committee).	Compliant	By decision of the Board of Directors a Committee for Strategy and Development under the Board of Directors of the IDGC of Volga, JSC was set up on November 30, 2009.
26.	Committee of the Board (Audit Committee) has been established, which recommends to the Board of Directors a Company Auditor and liaises with latter and the Auditing Commission of the Company.	Compliant	The Audit Committee of the Board of IDGC of Volga, JSC was established on November 13, 2008 by decision of the Board.
27.	Audit Committee includes only independent non-executive directors.	Compliant in part	On August 26, 2009 the Board of IDGC of Volga, JSC resolved to elect members of the Audit Committee of the Company's Board of Directors in the amount of 3 (three) persons. Since August 26, 2009, 3 (three) of non-executive directors joined the Audit Committee. On July 28, 2009 the Board of IDGC of Volga, JSC resolved to elect new members of the Audit Committee of the Company's Board in amount of 4 (four) persons. Since July 28, 2009, one independent director (Kulikov Denis Viktorovich) and 3 (three) of non-executive directors joined the Audit Committee.
28.	An independent director leads the Audit Committee.	Non-compliant	The Committee is run by a person who is a member of the Company's Board of Directors.
29.	Internal documents of the Company provide an access rights for all members of the Audit Committee to any documents and information of the Joint Stock Company subject to nondisclosure of confidential information.	Compliant	This right is provided for by Paragraph 11.3. Regulation on the Company's Audit Committee.
30.	Establishment of a Board of Directors Committee (Personnel and Award Committee), whose function is to define the criteria for selection of the Board nominees and develop policy of the Joint Stock Company in the part of remuneration.	Compliant	On February 20, 2009 a Personnel and Award Committee of the Board of IDGC of Volga, JSC was established pursuant to resolution of the Company's Board of Directors.
31.	Personnel and Award Committee is run by an independent director.	Non-compliant	The Committee is run by a person who is a member of the Company's Board of Directors.
32.	The Personnel and Award Committee does not include officers of the Joint Stock Company.	Non-compliant	The Personnel and Award Committee includes an officer of the Joint Stock Company.
33.	Establishing a Risk Committee of the Board or delegating functions of this Committee to other committees (except the Audit Committee and the Personnel and Award Committee).	Non-compliant	Such Committee was not created under the Board of Directors.

No.	RULES IN THE CORPORATE GOVERNANCE STATEMENT OF COMPLIANCE	COMPLIANT OR COMPLIANT	NOTE
34.	Establishing a Corporate Conflict Management Committee of the Board or the delegating functions of the said Committee to other committees (except the Audit Committee and the Committee on Personnel and Award).	Non-compliant	Such Committee was not created under the Board of Directors.
35.	The Corporate Conflict Management Committee does not include any officers of the Joint Stock Company.	Non-compliant	Such Committee was not created under the Board of Directors.
36.	The Corporate Conflict Management Committee is led by an independent director.	Non-compliant	Such Committee was not created under the Board of Directors.
37.	Internal documents of the Joint Stock Company approved by the Board providing for the procedures of establishing and operation of the Board Committees.	Compliant	The procedures for establishing Committees of the Board of Directors are provided in Article 19 of the Company Charter. The procedures for establishing and operation of the Board Committees regulates the following standing orders: — Standing Order on the Audit Committee of the Company's Board of Directors; — Standing Order on the Personnel and Award Committee of the Company's Board of Directors; — Standing Order on the Committee for Strategy and Development of the Company's Board of Directors; — Standing Order on the Committee for Reliability of the Company's Board of Directors; — Standing Order on Committee for Technological Connection to Electric Power under the Company's Board of Directors.
38.	The Charter of Joint-Stock Company must include the procedure for determining a quorum of the Board that would allow for compulsory participation of independent directors on the Board meetings.	Compliant	According to paragraph 18.12 Article 18 of the Company Charter, the quorum for the Board meeting means at least half of the elected members of the Company's Board.
<b>EXECUTIVE BODIES</b>			
39.	Collegian executive body (Executive Board) of the Company must be created.	Compliant	In accordance with paragraph 21.1 Article 21 of the Charter the Company's current activities are governed by the sole executive body — the General Director and the collective executive body — the Executive Board of the Company.
40.	The Charter or internal documents of the Company must include a provision requiring Executive Board approve for real estate transactions, obtaining loans by the Company, if such transactions cannot be regarded as large transactions and their performance does not apply to ordinary business of the Joint Stock Company.	Compliant	In accordance with subparagraph 7 paragraph 22.2 Article 22 of the Charter the Executive Board is authorized to make decisions on transactions with property, work and services, priced at 1 to 25 percent of the Company's book value as evaluated on the date of the transaction decision (except as provided by subparagraph 38 and the paragraph 15.1 of the Article 15 of the Charter of the Company).
41.	Internal documents of the Company must contain approval procedures for operations beyond the Company's business plan.	Compliant	The Board of Directors and the Executive Board of IDGC of Volga, JSC consider matters related to operations outside the business plan, as they are to be included in adjustments to business plan and cash flow plan, which are reviewed by the Board of Directors and the Executive Board, respectively. Documents governing the process of business planning and management of cash flow must be in place in the Company.
42.	Executive bodies do not include persons who are participants, General Director (CEO), a member of the management body or employee of a legal entity competing with the Joint Stock Company.	Compliant	Said persons are not included in the executive bodies.
43.	Executive bodies of the Company do not include persons convicted for committing crimes in the area of economic activities or crimes against the State, interests of public service and service in local government or who were subject to administrative penalties for violations in the field of business or finance, taxes and duties, and securities market. If the functions of sole executive body are performed by the management organization or managing executive, the General Director and Board members of the management organization or managing executive must comply with requirements to the Company's General Director and members of the Executive Board.	Compliant	Said persons are not included in the executive bodies.

CORPORATE GOVERNANCE STATEMENT  
OF COMPLIANCE BY IDGC OF VOLGA, JSC

No.	RULES IN THE CORPORATE GOVERNANCE STATEMENT OF COMPLIANCE	COMPLIANT OR COMPLIANT	NOTE
44.	The Charter or internal documents of the Company prohibit the managing organization (managing executive) to carry out similar functions in a competitor company, and to be in any property relationship with the Company, other than to provide services of the managing organization (managing executive).	Compliant	In accordance with paragraph 21.8 of Article 21 of the Charter of IDGC of Volga, JSC the Director General and Board members may simultaneously hold other positions in management of other organizations, as well as other paid positions in other organizations only with consent of the Board of Directors.
45.	Internal documents of the Company provide for obligation of executive bodies to refrain from any action that would or potentially could lead to conflict between their interests and the interests of the company, and in case of such a conflict — obligation to disclose information about this conflict to the Board.	Compliant	In accordance with paragraph 21.14 of Article 21 of the Company's Charter stipulate that the General Director, members of the Executive Board in executing their rights and duties must act in the interests of the Company, exercise their rights and perform their duties in respect of the Company in good faith and on reasonable grounds.
46.	The Charter or internal documents of the Company include selection criteria for managing organization (managing executive).	Compliant in part	In accordance with subparagraph 12, paragraph 10.2 of Article 10 of the Company Charter, General Meeting of Shareholders is authorized to adopt resolutions on transfer of authority of the Company's executive body (managing executive) and early termination of its powers. Rights and duties of the managing organization (managing executive) in management of the Company's day-to-day operations are determined by the laws of the Russian Federation and the contract concluded between the managing organization (managing executive) and the Company.
47.	Submission by the Company's executive bodies of monthly work reports to the Board of Directors.	Compliant	The General Director provides to the Board of Directors reports on the Company's operations (including discharge of Director's duties), on implementation of resolutions of the General Shareholders Meeting and the Board of Directors in the manner and time set forth in internal documents of the Company. In addition, reports are submitted in accordance with the applicable Russian laws, the Board's work plan, as well as in the cases stipulated by individual resolutions of the Company's Board of Directors.
48.	Establishing liability for violation of provisions on the use of confidential and proprietary information in contracts concluded by the Company with the General Director (managing organization, managing executive) and members of the Board.	Compliant	Contracts of members of the Board and General Director establish liability for violation of provisions on use of confidential and proprietary information.
<b>SECRETARY OF THE COMPANY</b>			
49.	The Joint Stock Company has a special officer (Secretary of the Company), whose task is to ensure compliance by agencies and officials of the Company with procedural requirements to ensure exercise of rights and legitimate interests of shareholders.	Compliant	The Secretary of the Company was elected in compliance with the Article 20 of the Charter of IDGC of Volga, JSC and the Regulation on the Procedure for Convening and Holding the Meetings of the Board of Directors.
50.	The Charter or internal documents of the Joint Stock Company must include the procedure for appointment (election) of the Company Secretary and duties of the Company Secretary.	Compliant	Corporate Secretary of IDGC of Volga, JSC performs his or her functions in accordance with the Standing Order on procedures for convening and holding meetings of the Board of Directors at IDGC of Volga, JSC, which defines the procedure for appointment (election) of the Company Secretary, functions, rights and duties of the Company Secretary.
51.	The Company Charter contains requirements to nominee for Secretary of the Company.	Non-compliant	Such requirements are not included in the Charter.
<b>MATERIAL CORPORATE ACTIONS</b>			
52.	The Charter or internal documents of the Company include requirements for approval of a major transaction prior to its execution.	Compliant	In accordance with subparagraph 24 paragraph 15.1 of Article 15 of the Charter of IDGC of Volga, JSC a major transaction must be approved by the Board of Directors prior to its execution.
53.	An independent appraiser must be hired to assess the market value of property subject to major transaction.	Compliant	Subparagraph 45, paragraph 15.1 of Article 15 of the Charter sets out the powers of the Company's Board of Directors to approve nominees for independent appraiser (appraisers) position to determine the value of shares, property and other Company assets in cases stipulated by the Federal Law «On Joint Stock Companies», the Charter, and individual resolutions of the Board of Directors.

No.	RULES IN THE CORPORATE GOVERNANCE STATEMENT OF COMPLIANCE	COMPLIANT OR COMPLIANT	NOTE
54.	The Charter of Joint-Stock Company prohibits taking any action aimed at protecting the interests of executive bodies (members of these bodies) and members of the Company's Board of Directors in acquisition of large blocks of Company's shares (acquisition), as well as actions worsening position of shareholders as compared to the existing position (in particular prohibition of adoption by the Board of Directors prior to the expected time of share acquisition of a resolution to issue additional shares, or securities granting the right to acquire shares of the Company, even if the right to make such resolution is granted to it by the Charter).	Compliant in part	These requirements are not prescribed in the Charter. In accordance with paragraph 21.14 of Article 21 of the Company's Charter stipulate that the General Director, members of the Executive Board in executing their rights and duties must act in the interests of the Company, exercise their rights and perform their duties in respect of the Company in good faith and on reasonable grounds.
55.	The Charter of Joint-Stock Company contains a requirement for mandatory hiring of an independent appraiser to assess the current market value of shares and possible changes in their market value as a result of acquisition.	Non-compliant	The Company's Charter does not contain such requirement. It is practically fulfilled by the Company in accordance with the requirements of the Federal Law "On Joint-Stock Companies".
56.	The Company Charter provides for no release the purchaser from obligation to offer shareholders to sell their common shares in the Company (issued securities convertible into ordinary shares) in case of acquisition.	Compliant	The Charter does not provide for such requirement.
57.	The Charter or internal documents of the Joint-Stock Company contain a requirement for mandatory hiring of an independent appraiser to determine the share conversion ratio in restructuring.	Non-compliant	The Charter and the Company's internal documents do not contain such requirement. It is practically fulfilled by the Company in accordance with the requirements of the Federal Law "On Joint-Stock Companies".
<b>INFORMATION DISCLOSURE</b>			
58.	The Board of Directors approves an internal document defining the rules and approaches of the Joint Stock Company to information disclosure (Standing Order on Information Policy).	Compliant	Standing Order on Information Policy of IDGC of Volga, JSC approved by the Company's Board on August 29, 2007 (Minutes No. 2).
59.	The Company has internal documents with requirement to information disclosure on goals of share flotation, persons who intend to purchase the shares including a large stake, as well as on whether senior officials of the Company participate in the purchase of the Company shares.	Compliant in part	In accordance with the Regulations on information disclosure by issuers of securities approved by order of the Federal Financial Markets Service of October 10, 2006 No. 06-117/пз-н, the Company discloses information on all stages of securities placement. This requirement is not prescribed in the internal documents of the Company. However, the Company discloses this information when it resolves to float shares by general rule.
60.	Internal documents of the Company contain a list information, documents and materials that must be provided to shareholders to address the issues referred to the General Meeting.	Compliant	In accordance with subparagraph «e» in paragraph 2.2. of the Standing Orders on preparing for and conducting a General Meeting of Shareholders of IDGC of Volga, JSC, a list of data, documents and materials that must be provided to shareholders to address the issues referred to the General Meeting of Shareholders is adopted by the Company Board in preparation for the General Meeting of Shareholders.
61.	The Joint Stock Company has a website and regularly discloses its information on this site.	Compliant	The Company has a website where its discloses its information: <a href="http://www.mrsk-volgi.ru/">http://www.mrsk-volgi.ru/</a> The company provides for timely update of corporate website, including disclosure in accordance with the Standing Orders on Information Policy of the Company.
62.	Internal documents of the Company contain a requirement for disclosure of information on transactions conducted by the Company with persons who may be deemed chief executives of the Company in accordance with its Charter, and on transactions of the Company with organizations, where chief executives of the Joint Stock Company, directly or indirectly, hold 20 percent or more of the Company's authorized stock, or on which such persons may otherwise have significant influence.	Compliant	In accordance with subparagraphs 5.2.8.2 and 5.2.8.3 of the Standing Orders on Information Policy, the Company discloses information on ownership by members of executive bodies and their affiliates of shares in the Company and its subsidiaries or dependent business entities, indicating the number and category of shares, as well as information on transactions between these entities and the Company.

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No.	RULES IN THE CORPORATE GOVERNANCE STATEMENT OF COMPLIANCE	COMPLIANT OR COMPLIANT	NOTE
63.	Internal documents of the Company contain a requirement of information disclosure in respect of all transactions, which may affect the market value of the Company's shares.	Compliant	In accordance with subparagraph 5.2.10 of the Standing Orders on Information Policy of IDGC of Volga, JSC, the Company discloses information on material transactions. Material Transaction means a deal that could have a significant impact on the Company's operations.
64.	The Board of Directors approves an internal document on the use of material information on operations of the Joint Stock Company, shares and other securities and transactions therewith, which is not publicly available, and disclosure of which may have a significant impact on the market value of shares and other securities of the Company.	Compliant	Standing Orders on Insider Information of IDGC of Volga, JSC approved by the Company's Board of Directors on August 29, 2007 (Minutes No. 2).
<b>CONTROL OVER FINANCIAL AND OPERATING ACTIVITIES</b>			
65.	The Company has procedures of internal control financial and operating activities of the Joint-Stock Company approved by the Board of Directors.	Compliant	Resolution of the General Meeting of Shareholders — (Minutes No. 1751 пп/3) approved the Standing Orders on Auditing Commission at IDGC of Volga, JSC. On December 26, 2008, Board of Directors approved the Standing Orders on Audit Committee at IDGC of Volga, JSC (Minutes No. 9). On June, 18, 2007, by the decision of the Board of Directors of IDGC of Volga, JSC (Minutes No. 20) were approved: — Internal controls policy of IDGC of Volga, JSC; — Risk management policy of IDGC of Volga, JSC.
66.	The Joint Stock Company has a special unit responsible for ensuring compliance with internal control procedures (control and auditing service).	Compliant	The Board of Directors at IDGC of Volga, JSC (Minutes No. 1 of July 19, 2007) approved organizational structure of the Company's administration staff, which included Internal Control and Auditing Department. Subject to organizational structure of the administrative staff as approved by the Board of Directors (Minutes No. 16 of April 9, 2009), starting April 22, 2009 the Internal Control and Audit Department was renamed Internal Audit Department. General Meeting of Shareholders elected the Company's Auditing Commission (paragraph 24.1 of Article 24 of the Charter) to oversee financial and operating activities of the Company.
67.	Internal documents of the Company contain requirement in respect of defining the structure and composition of the Company's Control and Audit Service by the Board of Directors.	Compliant	Paragraph 24.1 Article 24 of the Charter at IDGC of Volga, JSC defines the number of members of the Auditing Commission. Paragraph 4.6 of the Standing Orders on the Audit Committee defines requirements to the members of Auditing Commission.
68.	Control and Audit Service does not include persons who were convicted for committing crimes in the area of economic activities or a crimes against the State, interests of public service and service in local government or who were subject to administrative penalties for violations in the field of business or finance, taxes and duties, and securities market.	Compliant	There are no such persons in the Control and Audit Service.
69.	Control and Audit Service does not include persons who are members of the Company's executive bodies, as well as participants, General Directors (managing executive), members of management or employees of a legal entity competing with the Joint Stock Company.	Compliant	There are no such persons in the Control and Audit Service.
70.	Company's internal documents provide for a deadline for submission to the Control and Audit Service of documents and materials for assessment of financial and business operations, as well as the accountability of the Company officials and employees for their failure to submit them within the deadline.	Compliant	According to paragraph 7.5 of the Standing Orders on the Auditing Commission, requested documents and materials must be submitted to members of the Auditing Commission 2 (two) business days after such request is received. According to paragraph 6.1.2 of the Standing Orders on Internal Control Procedures at IDGC of Volga, JSC submission of required documents for audits is performed by the heads of Company units, subsidiaries and representative offices within three days upon request of the Company's unit authorized to perform internal control/audit.
71.	Internal documents of the Company stipulate that the Control and Audit Service must inform of any identified violations to the Audit Committee, and in its absence, to the Board of Directors.	Compliant	Paragraph 8.6 of the Regulation on the Auditing Commission of IDGC of Volga, JSC and subparagraph 6.1.14 of the Regulation on the Procedures for Internal Audit of the Company

No.	RULES IN THE CORPORATE GOVERNANCE STATEMENT OF COMPLIANCE	COMPLIANT OR COMPLIANT	NOTE
72.	The Charter of the Company contains a requirement for preliminary assessment by Control and Audit Service of expediency of transaction that are not covered by financial and operations plan of the Joint Stock Company (non-standard operations).	Non-compliant	Such procedure not provided for in the Charter.
73.	Internal documents of the Company contain a procedure for non-standard operation approval by the Board of Directors.	Compliant	According to the subparagraph 19 of the paragraph 15.1 of the Article 15 of the Charter of the Company, the Board of Directors is responsible for the approval of adjusted business plan. According to the subparagraph 2 of the paragraph 22.2 of the Article 22 of the Charter, the Management Board is responsible for the approval of adjusted cash flow plan (CFP).
74.	The Company has an internal document approved by the Board, which defines the procedure for audits of financial and business activities of the Company by Auditing Commission.	Compliant	Audits procedures shall comply with section 7 of Standing Orders of the Auditing Commission at IDGC of Volga, JSC.
75.	The Audit Committee assesses the Auditor's report before submitting it to shareholders at the General Meeting.	Compliant	According to the Regulation on the Audit Committee, the Committee's terms of reference cover as follows: — control over carrying out of annual independent audit of the Company's consolidated financial and accounting statements; — assessment of candidates for auditor of the Company;
<b>DIVIDENDS</b>			
76.	The Company has a Board-approved internal document that serves as guidelines for the Board of Directors in adopting recommendations on the amount of dividends (Standing Orders on Dividend Policy).	Compliant	By the decision of the Board of Directors of IDGC of Volga, JSC dated August 24, 2010, the Regulation on the Company's Dividend Policy (minutes No.2) was approved.
77.	Standing Orders on Dividend Policy contain procedures for determining the minimum share of the Company's net profit, allocated for payment of dividends, and conditions under which the dividends are not paid or paid partially on preferred shares, size of dividends on which is prescribed in the Charter.	Compliant	Paragraph 4.1. Regulation on the Company's Dividend Policy specifies an order of definition (calculation) of dividends following the reporting period, Paragraph 3.4 specifies conditions on which dividends on preferred shares, the amount of which is provided for in the Company's Charter (in case of their placement), are fully or partially outstanding. The Company has not placed the preferred shares in the reporting period.
78.	Publication of information on dividend policy of the Joint Stock Company and amendments to it in a periodical, as provided in the Charter for the publication of announcements of General Shareholder Meetings, as well as placement of the said information on the website of the Company.	Compliant	Information on adoption by IDGC of Volga, JSC of resolutions on dividend payments is disclosed in the manner prescribed by applicable Russian laws and the Company Charter: — Publication in the newspaper «Rossijskaya Gazeta»; — Publication in the news feeds of information agencies, authorized federal executive body for securities market for the distribution of data disclosed in the securities market; — Posting on the Company's website ( <a href="http://www.mrsk-volgi.ru/ru/aktsioneram_i_investoram/korporativnoe_upravlenie/sobraniya_aktsionerov/">http://www.mrsk-volgi.ru/ru/aktsioneram_i_investoram/korporativnoe_upravlenie/sobraniya_aktsionerov/</a> and <a href="http://www.mrsk-volgi.ru/ru/aktsioneram_i_investoram/raskritie_informatsii_obcshestvom_i_otchetnaya_informatsiya/informatsiya_o_sucshestvennih_faktah/">http://www.mrsk-volgi.ru/ru/aktsioneram_i_investoram/raskritie_informatsii_obcshestvom_i_otchetnaya_informatsiya/informatsiya_o_sucshestvennih_faktah/</a> ), and also is posted on the Company website by of reference for all interested stakeholders: <a href="http://www.mrsk-volgi.ru/ru/aktsioneram_i_investoram/informatsiya_dlya_aktsionerov/informatsiya_o_dividendah/">http://www.mrsk-volgi.ru/ru/aktsioneram_i_investoram/informatsiya_dlya_aktsionerov/informatsiya_o_dividendah/</a> .

# APPENDIX No. 3

## OVERVIEW OF INTERESTED PARTY TRANSACTIONS APPROVED BY THE BOARD OF DIRECTORS OF IDGC OF VOLGA, JSC FOR 2010

ITEM No.	PARTIES TO THE TRANSACTION	INTERESTED PARTY	SUBJECT OF THE TRANSACTION	TRANSACTION VALUE
1.	Client: IDGC of Volga, JSC (Orenburgenergo, Branch of IDGC of Volga, JSC); OAO Solnechniy Sanatorium-Preventorium;	Pursuant to Article 81 of the Federal Law "On Joint Stock Companies", this agreement shall be considered as the interested party transaction involving the interests of IDGC Holding, JSC, the Company's shareholder holding over 20 per cent of the Company's voting shares; with OAO Solnechniy Sanatorium-Preventorium, the Company's affiliate, being a party to the transaction.	The Client undertakes to provide services for psychophysical examination of the Client's staff, and the Client undertakes to accept and to pay for the above services.	533,984 rubles (inclusive of VAT)
2.	Lessor: IDGC of Volga, JSC (Chuvashenergo, Branch of IDGC of Volga, JSC); Lessee: OAO ChAK.	Pursuant to Article 81 of the Federal Law "On Joint Stock Companies", this agreement shall be considered as the interested party transaction involving the interests of IDGC Holding, JSC, the Company's shareholder holding over 20 per cent of the Company's voting shares, with OAO ChAK, the Company's affiliate, being a party to the transaction.	The Lessor transfers, and the Lesser accepts, for temporary possession and use (under the lease), on a fee basis (in return for payment of rent), the motor vehicles owned by the Lessor, excluding maintenance, technical support and operation services (motor vehicles without crews).	26,008,974.97 rubles (inclusive of VAT)
3.	Consignor: IDGC of Volga, JSC (Chuvashenergo, Branch of IDGC of Volga, JSC); Freight Forwarder: OAO ChAK.	Pursuant to Article 81 of the Federal Law "On Joint Stock Companies", this agreement shall be considered as the interested party transaction involving the interests of IDGC Holding, JSC, the Company's shareholder holding over 20 per cent of the Company's voting shares, with OAO ChAK, the Company's affiliate, being a party to the transaction.	The Freight Forwarder undertakes, as requested by the Consignor, to deliver Consignor' cargo to a specific point of destination and hand it over to the person or entity (Consignee) authorized by the Consignor to perform acceptance thereof, and the Consignor undertakes to pay for freight services as set forth in the Agreement.	Shall not exceed 7,805,461.74 rubles (inclusive of VAT)
4.	Client: IDGC of Volga, JSC (Chuvashenergo, Branch of IDGC of Volga, JSC); Contractor: OAO ChAK.	Pursuant to Article 81 of the Federal Law "On Joint Stock Companies", this agreement shall be considered as the interested party transaction involving the interests of IDGC Holding, JSC, the Company's shareholder holding over 20 per cent of the Company's voting shares, with OAO ChAK, the Company's affiliate, being a party to the transaction.	The Contractor undertakes to perform, as requested by the Client, and the Client undertakes to accept and pay for the following works performed by means of special-purpose motor vehicles and machinery (truck-mounted cranes, mobile elevated work platforms, excavators, etc.) owned by the Contractor: — cargo loading/unloading; — earthworks; — work at heights (using truck-mounted cranes, mobile elevated work platforms, etc.); — other works as requested by the Client.	Shall not exceed 8,797,135.78 rubles (inclusive of VAT)

ITEM No.	PARTIES TO THE TRANSACTION	INTERESTED PARTY	SUBJECT OF THE TRANSACTION	TRANSACTION VALUE
5.	Client: IDGC of Volga, JSC (Chuvashenergo, Branch of IDGC of Volga, JSC); Contractor: OAO ChAK.	Pursuant to Article 81 of the Federal Law "On Joint Stock Companies", this agreement shall be considered as the interested party transaction involving the interests of IDGC Holding, JSC, the Company's shareholder holding over 20 per cent of the Company's voting shares, with OAO ChAK, the Company's affiliate, being a party to the transaction.	The Contractor transfers, and the Client accepts, for temporary possession and use on a fee basis, motor vehicles owned by the Customer, and provides services for operation and maintenance of the above vehicles (with crews).	Shall not exceed 33,410,867.45 rubles (inclusive of VAT)
6.	Client: IDGC of Volga, JSC (Chuvashenergo, Branch of IDGC of Volga, JSC); Contractor: OAO ChAK.	Pursuant to Article 81 of the Federal Law "On Joint Stock Companies", this agreement shall be considered as the interested party transaction involving the interests of IDGC Holding, JSC, the Company's shareholder holding over 20 per cent of the Company's voting shares, with OAO ChAK, the Company's affiliate, being a party to the transaction.	The Contractor undertakes, as requested by the Client, to provide services for storage, maintenance checks, after-sales servicing, maintenance and operation of six (6) Ssang Yong Rexton R4 cars, and one (1) AUDI Q7 car (color: black metallic), with the following plate numbers: VIN: XU3GOA1S7Z000466, VIN: XU3GOA1S8Z001069, VIN: XU3GOA1S8Z001103, VIN: XU3GOA1S8Z001205, VIN: XU3GOA1S8Z001516, VIN: XU3GOA1S8Z001514, VIN: WAUZZZ4L49D013732, with the following State Registration Numbers: B 320 EB; B 321 EB; B 322 EB; B 323 EB; B 324 EB; B 325 EB; A 208 AA respectively (hereinafter referred to as "motor vehicles"), and provide the above motor vehicles for operation by the Client, in good working order, on terms and conditions set forth in the Agreement, and the Client undertakes to pay for above services.	Shall not exceed 5,989,741.45 rubles (inclusive of VAT)
7.	Lessor: IDGC of Volga, JSC (Chuvashenergo, Branch of IDGC of Volga, JSC); Lessee: OAO ChAK.	Pursuant to Article 81 of the Federal Law "On Joint Stock Companies", this agreement shall be considered as the interested party transaction involving the interests of IDGC Holding, JSC, the Company's shareholder holding over 20 per cent of the Company's voting shares, with OAO ChAK, the Company's affiliate, being a party to the transaction.	The Lessor transfers, and the Lessee accepts, for temporary possession and use (under the lease) buildings and structures owned by the Lessor, in compliance with Appendix No. 1 to the Agreement, in a condition allowing normal operation of the buildings and structures for the purposes set forth in the Agreement.	1,273,086 rubles (inclusive of VAT)
8.	Lessor: IDGC of Volga, JSC (Chuvashenergo, Branch of IDGC of Volga, JSC); Lessee: OAO ChAK.	Pursuant to Article 81 of the Federal Law "On Joint Stock Companies", this agreement shall be considered as the interested party transaction involving the interests of IDGC Holding, JSC, the Company's shareholder holding over 20 per cent of the Company's voting shares; with OAO ChAK, the Company's affiliate, being a party to the transaction.	The Lessor transfers, and the Lessee accepts, for temporary possession and use (under the lease) buildings and structures owned by the Lessor, in compliance with Appendix No. 1 to the Agreement, in a condition allowing normal operation of the buildings and structures for the purposes set forth in the Agreement.	2,207,115.47 rubles (inclusive of VAT)
9.	Lessor: IDGC of Volga, JSC (Chuvashenergo, Branch of IDGC of Volga, JSC); Lessee: OAO ChAK.	Pursuant to Article 81 of the Federal Law "On Joint Stock Companies", this agreement shall be considered as the interested party transaction involving the interests of IDGC Holding, JSC, the Company's shareholder holding over 20 per cent of the Company's voting shares; with OAO ChAK, the Company's affiliate, being a party to the transaction.	The Lessor transfers, and the Lessee accepts, for temporary possession and use (under the lease) buildings and structures owned by the Lessor, in compliance with Appendix No. 1 to the Agreement, in a condition allowing normal operation of the buildings and structures for the purposes set forth in the Agreement.	1,955,260.94 rubles (inclusive of VAT)
10.	Client: IDGC of Volga, JSC (Saratov DG, Branch of IDGC of Volga, JSC); Contractor: OAO Volzhskaya TGC (Saratov Motor Fleet Operator), Branch of OAO Volzhskaya TGC).	Pursuant to Article 81 of the Federal Law "On Joint Stock Companies", this transaction shall be considered as the interested party transaction for IDGC of Volga, JSC, involving the interests of Tikhonova M.G., a member of the Board of Directors of the Company.	The Contractor undertakes, using its own resources, to provide fee-based employee transportation services as requested by the Client; and the Client undertakes to pay any service fees upon terms and conditions as set forth in this Agreement.	Shall not exceed 519,200 rubles (inclusive of VAT)

OVERVIEW OF INTERESTED PARTY TRANSACTIONS  
APPROVED BY THE BOARD OF DIRECTORS OF IDGC  
OF VOLGA, JSC FOR 2010

ITEM No.	PARTIES TO THE TRANSACTION	INTERESTED PARTY	SUBJECT OF THE TRANSACTION	TRANSACTION VALUE
11.	Client: IDGC of Volga, JSC (Mordovenergo, Branch of IDGC of Volga, JSC ); Contractor: OAO Social Sphere-M.	Pursuant to Article 81 of the Federal Law "On Joint Stock Companies", this agreement shall be considered as the interested party transaction involving the interests of IDGC Holding, JSC, the Company's shareholder holding over 20 per cent of the Company's voting shares, with OAO Social Sphere-M, the Company's affiliate, being a party to the transaction.	The Contractor, acting on behalf of the Client, undertakes to provide, on a fee basis, package of health improvement services for children of employees of Mordovenergo, Branch of IDGC of Volga, JSC, at "Energetik" recreation camp.	327, 600 rubles (VAT exempt)
12.	Party 1 — IDGC Holding, JSC; Party 2 — IDGC of Volga, JSC ;	Pursuant to Article 81 of the Federal Law "On Joint Stock Companies", settlement of this transaction by IDGC of Volga, JSC shall be considered as the interested party transaction, involving the interests of IDGC Holding, JSC, the Company's shareholder holding over 20% of the Company's shares, and Okley P.I, a member of the Board of Directors.	Party 2 undertakes to organize and hold the Event on the training ground of Penzaenergo, Branch of IDGC of Volga, JSC (Penza) during September 06, 2010 — September 10, 2010, in compliance with the Regulation on holding All-Russian professional skill contest-2010 among the emergency teams responsible for servicing high-voltage transmission lines of the distribution grids of IDGC Holding, JSC; and Party 1 undertakes to provide financial support of the Event on the terms and conditions set forth in this Agreement.	1,000,000 rubles (inclusive of VAT)
13.	Party 1 — IDGC of the North-West; Party 2 — IDGC of Volga, JSC ;	Pursuant to Article 81 of the Federal Law "On Joint Stock Companies", settlement of this transaction by IDGC of Volga, JSC shall be considered as the interested party transaction, involving the interests of Ivanov S.N. and Popovskiy S.N., members of the Board of Directors of the Company.	Party 2 undertakes to organize and hold the Event on the training ground of Penzaenergo, Branch of IDGC of Volga, JSC (Penza) during September 06, 2010 — September 10, 2010, in compliance with the Regulation on holding All-Russian professional skill contest-2010 among the emergency teams responsible for servicing high-voltage transmission lines of the distribution grids of IDGC Holding, JSC; and Party 1 undertakes to provide financial support of the Event on the terms and conditions set forth in this Agreement.	834,000 rubles (inclusive of VAT)
14.	Party 1: IDGC of the North Caucasus; Party 2: IDGC of Volga, JSC ;	Pursuant to Article 81 of the Federal Law "On Joint Stock Companies", settlement of this transaction by IDGC of Volga, JSC shall be considered as the interested party transaction involving the interests of Popovskiy S.N., a member of the Board of Directors of the Company.	Party 2 undertakes to organize and hold the Event on the training ground of Penzaenergo, Branch of IDGC of Volga, JSC (Penza) during September 06, 2010 — September 10, 2010, in compliance with the Regulation on holding All-Russian professional skill contest-2010 among the emergency teams responsible for servicing high-voltage transmission lines of the distribution grids of IDGC Holding, JSC; and Party 1 undertakes to provide financial support of the Event on the terms and conditions set forth in this Agreement.	834,000 rubles (inclusive of VAT)
15.	Party 1: IDGC of Siberia; Party 2: IDGC of Volga, JSC ;	Pursuant to Article 81 of the Federal Law "On Joint Stock Companies", settlement of this transaction by IDGC of Volga, JSC shall be considered as the interested party transaction, involving the interests of Okley P.I. and Ivanov S.N., members of the Board of Directors of the Company.	Party 2 undertakes to organize and hold the Event on the training ground of Penzaenergo, Branch of IDGC of Volga, JSC (Penza) during September 06, 2010 — September 10, 2010, in compliance with the Regulation on holding All-Russian professional skill contest-2010 among the emergency teams responsible for servicing high-voltage transmission lines of the distribution grids of IDGC Holding, JSC; and Party 1 undertakes to provide financial support of the Event on the terms and conditions set forth in this Agreement.	834,000 rubles (inclusive of VAT)
16.	Party 1: IDGC of the Ural; Party 2: IDGC of Volga, JSC ;	Pursuant to Article 81 of the Federal Law "On Joint Stock Companies", settlement of this transaction by IDGC of Volga, JSC shall be considered as the interested party transaction, involving the interests of Ivanov S.N. and Popovskiy S.N., members of the Board of Directors of the Company.	Party 2 undertakes to organize and hold the Event on the training ground of Penzaenergo, Branch of IDGC of Volga, JSC (Penza) during September 06, 2010 — September 10, 2010, in compliance with the Regulation on holding All-Russian professional skill contest-2010 among the emergency teams responsible for servicing high-voltage transmission lines of the distribution grids of IDGC Holding, JSC; and Party 1 undertakes to provide financial support of the Event on the terms and conditions set forth in this Agreement.	834,000 rubles (inclusive of VAT)

ITEM No.	PARTIES TO THE TRANSACTION	INTERESTED PARTY	SUBJECT OF THE TRANSACTION	TRANSACTION VALUE
17.	Party 1: IDGC of Center and Volga Region; Party 2: IDGC of Volga, JSC ;	Pursuant to Article 81 of the Federal Law "On Joint Stock Companies", settlement of this transaction by IDGC of Volga, JSC shall be considered as the interested party transaction, involving the interests of Okley P.I., Ivanov S.N. and Popovskiy S.N., members of the Board of Directors of the Company.	Party 2 undertakes to organize and hold the Event on the training ground of Penzaenergo, Branch of IDGC of Volga, JSC (Penza) during September 06, 2010 — September 10, 2010, in compliance with the Regulation on holding All-Russian professional skill contest-2010 among the emergency teams responsible for servicing high-voltage transmission lines of the distribution grids of IDGC Holding, JSC; and Party 1 undertakes to provide financial support of the Event on the terms and conditions set forth in this Agreement.	834,000 rubles (inclusive of VAT)
18.	Party 1: IDGC of Centre; Party 2: IDGC of Volga, JSC ;	Pursuant to Article 81 of the Federal Law "On Joint Stock Companies", settlement of this transaction by IDGC of Volga, JSC shall be considered as the interested party transaction, involving the interests of Ivanov S.N. and Popovskiy S.N., members of the Board of Directors of the Company.	Party 2 undertakes to organize and hold the Event on the training ground of Penzaenergo, Branch of IDGC of Volga, JSC (Penza) during September 06, 2010 — September 10, 2010, in compliance with the Regulation on holding All-Russian professional skill contest-2010 among the emergency teams responsible for servicing high-voltage transmission lines of the distribution grids of IDGC Holding, JSC; and Party 1 undertakes to provide financial support of the Event on the terms and conditions set forth in this Agreement.	834,000 rubles (inclusive of VAT)
19.	Party 1: IDGC of the South; Party 2: IDGC of Volga, JSC ;	Pursuant to Article 81 of the Federal Law "On Joint Stock Companies", settlement of this transaction by IDGC of Volga, JSC shall be considered as the interested party transaction, involving the interests of Okley P.I. and Popovskiy S.N., members of the Board of Directors of the Company.	Party 2 undertakes to organize and hold the Event on the training ground of Penzaenergo, Branch of IDGC of Volga, JSC (Penza) during September 06, 2010 — September 10, 2010, in compliance with the Regulation on holding All-Russian professional skill contest-2010 among the emergency teams responsible for servicing high-voltage transmission lines of the distribution grids of IDGC Holding, JSC; and Party 1 undertakes to provide financial support of the Event on the terms and conditions set forth in this Agreement.	834,000 rubles (inclusive of VAT)
20.	Party 1: OAO Tyumenenergo; Party 2: IDGC of Volga, JSC ;	Pursuant to Article 81 of the Federal Law "On Joint Stock Companies", settlement of this transaction by IDGC of Volga, JSC shall be considered as the interested party transaction involving the interests of Okley P.I., a member of the Board of Directors of the Company.	Party 2 undertakes to organize and hold the Event on the training ground of Penzaenergo, Branch of IDGC of Volga, JSC (Penza) during September 06, 2010 — September 10, 2010, in compliance with the Regulation on holding All-Russian professional skill contest-2010 among the emergency teams responsible for servicing high-voltage transmission lines of the distribution grids of IDGC Holding, JSC; and Party 1 undertakes to provide financial support of the Event on the terms and conditions set forth in this Agreement.	834,000 rubles (inclusive of VAT)
21.	Party 1: OAO Yantarenergo; Party 2: IDGC of Volga, JSC ;	Pursuant to Article 81 of the Federal Law "On Joint Stock Companies", this agreement shall be considered as the interested party transaction involving the interests of IDGC Holding, JSC, the Company's shareholder holding over 20 per cent of the Company's voting shares; with OAO Yantarenergo, the Company's affiliate, being a party to the transaction.	Party 2 undertakes to organize and hold the Event on the training ground of Penzaenergo, Branch of IDGC of Volga, JSC (Penza) during September 06, 2010 — September 10, 2010, in compliance with the Regulation on holding All-Russian professional skill contest-2010 among the emergency teams responsible for servicing high-voltage transmission lines of the distribution grids of IDGC Holding, JSC; and Party 1 undertakes to provide financial support of the Event on the terms and conditions set forth in this Agreement.	834,000 rubles (inclusive of VAT)
22.	Party 1: OAO Lenenergo; Party 2: IDGC of Volga, JSC ;	Pursuant to Article 81 of the Federal Law "On Joint Stock Companies", settlement of this transaction by IDGC of Volga, JSC shall be considered as the interested party transaction, involving the interests of Okley P.I. and Ivanov S.N., members of the Board of Directors of the Company.	Party 2 undertakes to organize and hold the Event on the training ground of Penzaenergo, Branch of IDGC of Volga, JSC (Penza) during September 06, 2010 — September 10, 2010, in compliance with the Regulation on holding All-Russian professional skill contest-2010 among the emergency teams responsible for servicing high-voltage transmission lines of the distribution grids of IDGC Holding, JSC; and Party 1 undertakes to provide financial support of the Event on the terms and conditions set forth in this Agreement.	834,000 rubles (inclusive of VAT)
23.	Party 1: OAO MOESK (Moscow United Electric Grid Company); Party 2: IDGC of Volga, JSC ;	Pursuant to Article 81 of the Federal Law "On Joint Stock Companies", settlement of this transaction by IDGC of Volga, JSC shall be considered as the interested party transaction involving the interests of Ivanov S.N., a member of the Board of Directors of the Company.	Party 2 undertakes to organize and hold the Event on the training ground of Penzaenergo, Branch of IDGC of Volga, JSC (Penza) during September 06, 2010 — September 10, 2010, in compliance with the Regulation on holding All-Russian professional skill contest-2010 among the emergency teams responsible for servicing high-voltage transmission lines of the distribution grids of IDGC Holding, JSC; and Party 1 undertakes to provide financial support of the Event on the terms and conditions set forth in this Agreement.	834,000 rubles (inclusive of VAT)

OVERVIEW OF INTERESTED PARTY TRANSACTIONS  
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OF VOLGA, JSC FOR 2010

ITEM No.	PARTIES TO THE TRANSACTION	INTERESTED PARTY	SUBJECT OF THE TRANSACTION	TRANSACTION VALUE
24.	IDGC of Volga, JSC IDGC Holding, JSC	Pursuant to Article 81 of the Federal Law "On Joint Stock Companies", settlement of this transaction by IDGC of Volga, JSC shall be considered as the interested party transaction, involving the interests of IDGC Holding, JSC, the Company's shareholder holding over 20% of the Company's shares.	Arranging mutual access to the information resources of the contracting parties that contain information constituting the commercial secrets, and defining the terms and conditions for transfer of the information constituting the commercial secrets. Assumption of obligations by the parties related to non-disclosure of information constituting the commercial secrets of the other party, ensuring special measures on protection and usage of the above information and defining liabilities for the breach of the above obligations in compliance with the RF laws and this Agreement.	
25.	Contractor: IDGC of Volga, JSC (Operating Department "Central Electric Grids" of Orenburgenergo, Branch of IDGC of Volga, JSC ); Client: OAO Solnechniy Sanatorium-Preventorium.	Pursuant to Article 81 of the Federal Law "On Joint Stock Companies", this agreement shall be considered as the interested party transaction involving the interests of IDGC Holding, JSC, the Company's shareholder holding over 20 per cent of the Company's voting shares; with OAO Solnechniy Sanatorium-Preventorium, the Company's affiliate, being a party to the transaction.	The Contractor undertakes to provide passenger and freight transportation services to the Client using vehicles listed in Appendix No. 1 to the Agreement, upon requests made by the authorized representative of the Client. For the purposes of due discharge of obligations, the Contractor may, as agreed upon with the Client, use the vehicles other than those specified in Appendix No.1 to the Agreement for provision of the contracted services, provided that such alternative vehicles are similar to those specified in all material respects. The transport services are to be provided using the vehicles owned by the Contractor. Provision of services by the Contractor to the Client shall comply with the terms and conditions of the Agreement and Appendices No. 1 and No. 2 constituting an integral part thereof.	Shall not be equal or exceed two per cent of the book value of the Company's assets according to the data reported in its accounting (financial) statements as of the date of this decision.
26.	Client: IDGC of Volga, JSC (Orenburgenergo, Branch of IDGC of Volga, JSC ); Contractor: OAO Solnechniy Sanatorium-Preventorium.	Pursuant to Article 81 of the Federal Law "On Joint Stock Companies", this agreement shall be considered as the interested party transaction involving the interests of IDGC Holding, JSC, the Company's shareholder holding over 20 per cent of the Company's voting shares; with OAO Solnechniy Sanatorium-Preventorium, the Company's affiliate, being a party to the transaction.	The Contractor undertakes to provide, and the Client undertakes to pay for health improvement and recreational services for children of the Client's employees at the Children Recreation Camp "Energetik" (based on Energetik" recreation camp) located in "Dubki", a landscape protected area near Orenburg, during summer holidays. The services are provided on the basis of vouchers being mandatory accounting documents. The Contractor provides, and the Client purchases eighty-one vouchers for three successive sojourns at the Children Recreation Camp "Energetik" as per Appendix No. 1 to the Agreement.	841,995 rubles (VAT exempt)
27.	Client: IDGC of Volga, JSC ; Contractor: OAO Volzhskaya TGC.	Pursuant to Article 81 of the Federal Law "On Joint Stock Companies", settlement of this transaction by IDGC of Volga, JSC shall be considered as the interested party transaction involving the interests of Tikhonova M.G., a member of the Board of Directors of the Company.	The Contractor undertakes, in compliance with the Statement of Work issued by the Client (Appendix No. 3 to the Agreement), to provide transportation services, and the Client undertakes to pay any transportation service fees as set forth in this Agreement. For the purposes of this Agreement, the "services" mean the entire set of obligations related to the transport services provided to the Client as set forth in this Agreement, and covering the unlimited number of the Client's employees. The list of motor cars provided to the Client for the above services, specifying the addresses of the relevant business subdivisions of the Client covered by these transport services is included in Appendix No. 1 attached to the Agreement and constituting an integral part thereof. The transportation services are to be provided using the vehicles owned or taken on lease by the Contractor. The Contractor may use the vehicles other than those specified in Appendix No.1 to the Agreement, provided that such alternative vehicles are similar to those specified in all material respects. The Client's representative under the Agreement shall be the Operating Department "Prihopperskoye" of Saratov DG, Branch of IDGC of Volga, JSC.	Shall not exceed 4,768,380 rubles (inclusive of VAT)
28.	Client: IDGC of Volga, JSC (Mordovenergo, Branch of IDGC of Volga, JSC ); Contractor: OAO Social Sphere-M.	Pursuant to Article 81 of the Federal Law "On Joint Stock Companies", this agreement shall be considered as the interested party transaction involving the interests of IDGC Holding, JSC, the Company's shareholder holding over 20 per cent of the Company's voting shares, with OAO Social Sphere-M, the Company's affiliate, being a party to the transaction.	The Contractor undertakes to provide a package of services including accommodation and meals for 250 employees of Mordovenergo, Branch of IDGC of Volga, JSC, participating in the "Spartakiad" Sports Event held for power sector employees, at "Energetik" recreation camp. Period of services: August 2010.	743,000 rubles (VAT exempt)

ITEM No.	PARTIES TO THE TRANSACTION	INTERESTED PARTY	SUBJECT OF THE TRANSACTION	TRANSACTION VALUE
29.	Client: IDGC of Volga, JSC (Mordovenergo, Branch of IDGC of Volga, JSC); Contractor: OAO Social Sphere-M.	Pursuant to Article 81 of the Federal Law "On Joint Stock Companies", this agreement shall be considered as the interested party transaction involving the interests of IDGC Holding, JSC, the Company's shareholder holding over 20 per cent of the Company's voting shares, with OAO Social Sphere-M, the Company's affiliate, being a party to the transaction.	The Client requests, and the Contractor undertakes to provide psycho-physiological examination services for employees of Mordovenergo, Branch of IDGC of Volga, JSC. The Client undertakes to bear expenses related to the provision of services by the Contractor and to pay any service fees in a timely manner upon the terms and conditions set forth in the Agreement. The services shall be provided in compliance with the document titled "Feasibility evaluation of setting up the Laboratory of Psycho-Physiological Support (LPPS) (Appendix No. 1 to the Agreement) and "Schedule of Psycho-Physiological Examination of Employees" agreed upon between the parties hereunder (Appendix No. 2 to the Agreement), both Appendices constituting an integral part thereof. Any services not covered by the Agreement, requested during discharge of obligations by the parties hereunder, will be defined in separate agreements.	M a x i m u m 530,400 rubles (VAT exempt)
30.	Client: IDGC of Volga, JSC (Chuvashenergo, Branch of IDGC of Volga, JSC); Contractor: OAO ChAK.	Pursuant to Article 81 of the Federal Law "On Joint Stock Companies", this agreement shall be considered as the interested party transaction involving the interests of IDGC Holding, JSC, the Company's shareholder holding over 20 per cent of the Company's voting shares; with OAO ChAK, the Company's affiliate, being a party to the transaction.	The Contractor transfers, and the Client accepts, for temporary possession and use (i.e. under the lease), on a fee basis, motor vehicles owned by the Customer (see Appendix No. 1 to the Agreement), and provides services for operation and maintenance of the above vehicles (with crews). Number, type and make of the motor vehicles shall be defined by the Client's requests documented according to the Form set forth in Appendix No. 3 to the Agreement. Upon execution of the Agreement, the Contractor provides the Client with motor vehicles upon the written requests issued by the Client, on the terms and conditions set forth in the Agreement, and in accordance with the requested composition of a crew. Crew members are employees of the Contractor. i.e. persons having employment agreements with the Contractor. Members of crews (drivers) follow instructions issued by the Contractor related to technical operation and maintenance of the motor vehicles, and instructions issued by the Client related to commercial operation of the motor vehicles.	M a x i m u m 13,856,000 rubles (inclusive of VAT)
31.	Client: OAO Solnechniy Sanatorium-Preventorium. Client: IDGC of Volga, JSC (Orenburgenergo, Branch of IDGC of Volga, JSC);	Pursuant to Article 81 of the Federal Law "On Joint Stock Companies", this agreement shall be considered as the interested party transaction involving the interests of IDGC Holding, JSC, the Company's shareholder holding over 20 per cent of the Company's voting shares; with OAO Solnechniy Sanatorium-Preventorium, the Company's affiliate, being a party to the transaction.	The Contractor undertakes to provide services to the Client on a fee basis, related to technical maintenance of Panasonic TDA KX 200RU Automated Telephone Exchange and internal subscriber's telephone loop; and the Client undertakes to pay the relevant service fees.	70,878.48 rubles (inclusive of VAT) — for the entire effective period of the Agreement. Monthly subscriber fee: 5,906.54 rubles (inclusive of VAT)
32.	Client: IDGC of Volga, JSC ; Contractor: OAO Volzhskaya TGC.	Pursuant to Article 81 of the Federal Law "On Joint Stock Companies", settlement of this transaction by IDGC of Volga, JSC shall be considered as the interested party transaction involving the interests of Tikhonova M.G., a member of the Board of Directors of the Company.	The Contractor undertakes, using its own resources, to provide fee-based employee transportation services as requested by the Client; and the Client undertakes to pay any service fees upon terms and conditions as set forth in this Agreement. The list of motor cars provided to the Client for the above services is included in Appendix No. 1 attached to the Agreement and constituting an integral part thereof.	M a x i m u m 1,750,000.00 rubles (inclusive of VAT)
33.	Consignor: IDGC of Volga, JSC ; Freight Forwarder: OAO ChAK.	Pursuant to Article 81 of the Federal Law "On Joint Stock Companies", this agreement shall be considered as the interested party transaction involving the interests of IDGC Holding, JSC, the Company's shareholder holding over 20 per cent of the Company's voting shares; with OAO ChAK, the Company's affiliate, being a party to the transaction.	The Freight Forwarder undertakes, as requested by the Consignor, to deliver Consignor' cargo (namely: ТДН-10000-110/10 transformer and auxiliary equipment) to a specific point of destination and hand it over to the person or entity (Consignee) authorized by the Consignor to perform acceptance thereof, and the Consignor undertakes to pay freight service fees as set forth in the Agreement. The Freight Forwarder performs the following forwarding works and services related to freight transportation: services for the transformer transportation, truck-mounted crane operations, arranging for the transformer transportation, arranging for truck-mounted crane transfer to/from the worksite.	422,833.56 rubles (inclusive of VAT)

OVERVIEW OF INTERESTED PARTY TRANSACTIONS  
APPROVED BY THE BOARD OF DIRECTORS OF IDGC  
OF VOLGA, JSC FOR 2010

ITEM No.	PARTIES TO THE TRANSACTION	INTERESTED PARTY	SUBJECT OF THE TRANSACTION	TRANSACTION VALUE
34.	Client: IDGC of Volga, JSC; Contractor: OAO ChAK.	Pursuant to Article 81 of the Federal Law "On Joint Stock Companies", this agreement shall be considered as the interested party transaction involving the interests of IDGC Holding, JSC, the Company's shareholder holding over 20 per cent of the Company's voting shares; with OAO ChAK, the Company's affiliate, being a party to the transaction.	The Contractor undertakes, at its own risk and as requested by the Client, to perform repair, recovery and maintenance of motor vehicles and special-purpose machinery, in compliance with the Specification agreed upon between the Parties (see Appendix No. 1 thereto) and constituting an integral part thereof. While performing the above works, the Contractor uses its own materials listed in the Specification attached to the Agreement.	M a x i m u m 816,000.00 rubles (inclusive of VAT)
35.	Client: IDGC of Volga, JSC (Saratov Distribution Grids, Branch of IDGC of Volga, JSC); Contractor: OAO NIITs IDGC (Research Engineering Center of Inter-regional Distribution Grid Companies)	Pursuant to Article 81 of the Federal Law "On Joint Stock Companies", settlement of this transaction by IDGC of Volga, JSC shall be considered as the interested party transaction involving the interests of Binko G.F. and Okley P.L., members of the Board of Directors of the Company.	The Contractor undertakes to perform the following services as requested by the Client: 1. Perform an expert review of the materials substantiating the established normative value for electric power transmission losses in the power grids of Saratov Distribution Grids, Branch of IDGC of Volga, JSC, submitted for approval to the Ministry of Power Engineering of Russia (Minenergo) in compliance with the Order of the RF Government "On the Ministry of Power Engineering of the Russian federation" No. 400 dated May 28, 2008, and in compliance with the Administrative Regulations of the Ministry of Industry and Power Engineering related to implementation of the state function on approval of normative values for electric power transmission losses in the power grids, approved by the Order of the RF Ministry of Industry and Power No. 470 dated November 01, 2007 (subparagraph 1.1.1 of the Agreement). 2 Prepare the expert opinion on compliance with the Instruction for organizing activities at the RF Ministry of Power Engineering related to calculation and substantiation of the normative values for power transmission losses in the power grids, approved by the Order of the RF Ministry of Power Engineering No. 326 dated December 30, 2008 (paragraph 1.1.2 of the Agreement). 3. Take part in the review and approval of the normative values for power transmission losses in the Client's power grids by the RF Ministry of Power Engineering (subparagraph 1.1.3 of the Agreement). 4. Develop the methodological instructive regulations on defining the rates of reducing the normative values for power transmission losses in the power grids over the long-term regulation period (subparagraph 1.1.4 of the Agreement). The Contractor's services shall be delivered in two stages: Stage I — services specified in subparagraphs 1.1.1 — 1.1.3 of the Agreement; Stage II — services specified in subparagraph 1.1.4 of the Agreement In the absence of any defects and drawbacks, the Client undertakes to accept the services provided in compliance with the contractual requirements, and to pay the full cost of services actually provided upon the terms and conditions of the Agreement.	2,300,000 rubles (inclusive of VAT)

ITEM No.	PARTIES TO THE TRANSACTION	INTERESTED PARTY	SUBJECT OF THE TRANSACTION	TRANSACTION VALUE
36.	Client: IDGC of Volga, JSC (Samara Distribution Grids, Branch of IDGC of Volga, JSC ); Contractor: OAO NIITS IDGC (Research Engineering Center of Inter-regional Distribution Grid Companies)	Pursuant to Article 81 of the Federal Law "On Joint Stock Companies", settlement of this transaction by IDGC of Volga, JSC shall be considered as the interested party transaction involving the interests of Binko G.F. and Okley P.I., members of the Board of Directors of the Company.	<p>The Contractor undertakes to perform the following services as requested by the Client:</p> <ol style="list-style-type: none"> <li>1. Perform an expert review of the materials substantiating the established normative value for electric power transmission losses in the power grids of Samara Distribution Grids, Branch of IDGC of Volga, JSC, submitted for approval to the Ministry of Power Engineering of Russia (Minenergo) in compliance with the Order of the RF Government "On the Ministry of Power Engineering of the Russian Federation" No. 400 dated May 28, 2008, and in compliance with the Administrative Regulations of the Ministry of Industry and Power Engineering related to implementation of the state function on approval of normative values for electric power transmission losses in the power grids, approved by the Order of the RF Ministry of Industry and Power Engineering No. 470 dated November 01, 2007 (subparagraph 1.1.1 of the Agreement).</li> <li>2. Prepare the expert opinion on compliance with the Instruction for organizing activities at the RF Ministry of Power Engineering related to calculation and substantiation of the normative values for power transmission losses in the power grids, approved by the Order of the RF Ministry of Power No. 326 dated December 30, 2008 (subparagraph 1.1.2 of the Agreement).</li> <li>3. Take part in the review and approval process of the normative values for power transmission losses in the Client's power grids by the RF Ministry of Power Engineering (subparagraph 1.1.3 of the Agreement).</li> <li>4. Develop the methodological instructive regulations on defining the rates of reducing the normative values for power transmission losses in the power grids over the long-term regulation period (subparagraph 1.1.4 of the Agreement).</li> </ol> <p>The Contractor's services shall be delivered in two stages: Stage I — services specified in subparagraphs 1.1.1 — 1.1.3 of the Agreement Stage II — services specified in subparagraph 1.1.4 of the Agreement</p> <p>In the absence of any defects and drawbacks, the Client undertakes to accept the services provided in compliance with the contractual requirements, and to pay the full cost of services actually provided upon the terms and conditions of the Agreement.</p>	2,300,000 rubles (inclusive of VAT)
37.	Client: IDGC of Volga, JSC (Ulyanovsk Distribution Grids, Branch of IDGC of Volga, JSC ); Contractor: OAO NIITS IDGC (Research Engineering Center of Inter-regional Distribution Grid Companies)	Pursuant to Article 81 of the Federal Law "On Joint Stock Companies", settlement of this transaction by IDGC of Volga, JSC shall be considered as the interested party transaction involving the interests of Binko G.F. and Okley P.I., members of the Board of Directors of the Company.	<p>The Contractor undertakes to perform the following services as requested by the Client:</p> <ol style="list-style-type: none"> <li>1. Perform an expert review of the materials substantiating the established normative value for electric power transmission losses in the power grids of Saratov Distribution Grids, Branch of IDGC of Volga, JSC , submitted for approval to the Ministry of Power Engineering of Russia (Minenergo) in compliance with the Order of the RF Government "On the Ministry of Power Engineering of the Russian Federation" No. 400 dated May 28, 2008, and in compliance with the Administrative Regulations of the Ministry of Industry and Power Engineering related to implementation of the state function on approval of normative values for electric power transmission losses in the power grids, approved by the Order of the RF Ministry of Industry and Power No. 470 dated November 01, 2007 (subparagraph 1.1.1 of the Agreement).</li> <li>2. Prepare the expert opinion on compliance with the Instruction for organizing activities at the RF Ministry of Power related to calculation and substantiation of the normative values for power transmission losses in the power grids, approved by the Order of the RF Ministry of Power No. 326 dated December 30, 2008 (subparagraph 1.1.2 of the Agreement).</li> <li>3. Take part in the review and approval process of the normative values for power transmission losses in the Client's power grids by the RF Ministry of Power Engineering (subparagraph 1.1.3 of the Agreement).</li> <li>4. Develop the methodological instructive regulations on defining the rates of reducing the normative values for power transmission losses in the power grids over the long-term regulation period (subparagraph 1.1.4 of the Agreement).</li> </ol> <p>The Contractor's services shall be delivered in two stages: Stage I — services specified in subparagraphs 1.1.1 — 1.1.3 of the Agreement Stage II — services specified in subparagraph 1.1.4 of the Agreement</p> <p>In the absence of any defects and drawbacks, the Client undertakes to accept the services provided in compliance with the contractual requirements, and to pay the full cost of services actually provided upon the terms and conditions of the Agreement.</p>	1,836,000 rubles (inclusive of VAT)

OVERVIEW OF INTERESTED PARTY TRANSACTIONS  
APPROVED BY THE BOARD OF DIRECTORS OF IDGC  
OF VOLGA, JSC FOR 2010

ITEM No.	PARTIES TO THE TRANSACTION	INTERESTED PARTY	SUBJECT OF THE TRANSACTION	TRANSACTION VALUE
38.	Client: IDGC of Volga, JSC (Mordovenergo, Branch of IDGC of Volga, JSC ); Contractor: OAO NIITs IDGC (Research Engineering Center of Inter-regional Distribution Grid Companies)	Pursuant to Article 81 of the Federal Law "On Joint Stock Companies", settlement of this transaction by IDGC of Volga, JSC shall be considered as the interested party transaction involving the interests of Binko G.F. and Okley P.I., members of the Board of Directors of the Company.	<p>The Contractor undertakes to perform the following services as requested by the Client:</p> <ol style="list-style-type: none"> <li>1. Perform an expert review of the materials substantiating the established normative value for electric power transmission losses in the power grids of Mordovenergo, Branch of IDGC of Volga, JSC , submitted for approval to the Ministry of Power Engineering of Russia (Minenergo) in compliance with the Order of the RF Government "On the Ministry of Power Engineering of the Russian Federation" No. 400 dated May 28, 2008, and in compliance with the Administrative Regulations of the Ministry of Industry and Power Engineering related to implementation of the state function on approval of the normative values for electric power transmission losses in the power grids, approved by the Order of the RF Ministry of Industry and Power Engineering No. 470 dated November 01, 2007 (subparagraph 1.1.1 of the Agreement).</li> <li>2. Prepare the expert opinion on compliance with the Instruction for organizing activities at the RF Ministry of Power Engineering related to calculation and substantiation of the normative values for power transmission losses in the power grids, approved by the Order of the RF Ministry of Power No. 326 dated December 30, 2008 (subparagraph 1.1.2 of the Agreement).</li> <li>3. Take part in the review and approval process of the normative values for power transmission losses in the Client's power grids by the RF Ministry of Power Engineering (subparagraph 1.1.3 of the Agreement).</li> <li>4. Develop the methodological instructive regulations on defining the rates of reducing the normative values for power transmission losses in the power grids over the long-term regulation period (subparagraph 1.1.4 of the Agreement).</li> </ol> <p>The Contractor's services shall be delivered in two stages: Stage I — services specified in subparagraphs 1.1.1 — 1.1.3 of the Agreement Stage II — services specified in subparagraph 1.1.4 of the Agreement</p> <p>In the absence of any defects and drawbacks, the Client undertakes to accept the services provided in compliance with the contractual requirements, and to pay the full cost of services actually provided upon the terms and conditions of the Agreement.</p>	1,110,800 rubles (inclusive of VAT)
39.	Client: IDGC of Volga, JSC (Orenburgenergo, Branch of IDGC of Volga, JSC ); Contractor: OAO NIITs IDGC (Research Engineering Center of Inter-regional Distribution Grid Companies)	Pursuant to Article 81 of the Federal Law "On Joint Stock Companies", settlement of this transaction by IDGC of Volga, JSC shall be considered as the interested party transaction involving the interests of Binko G.F. and Okley P.I., members of the Board of Directors of the Company.	<p>The Contractor undertakes to perform the following services as requested by the Client:</p> <ol style="list-style-type: none"> <li>1. Perform an expert review of the materials substantiating the established normative value for electric power transmission losses in the power grids of Orenburgenergo, Branch of IDGC of Volga, JSC , submitted for approval to the Ministry of Power Engineering of Russia (Minenergo) in compliance with the Order of the RF Government "On the Ministry of Power Engineering of the Russian Federation" No. 400 dated May 28, 2008, and in compliance with the Administrative Regulations of the Ministry of Industry and Power Engineering related to implementation of the state function on approval of the normative values for electric power transmission losses in the power grids, approved by the Order of the RF Ministry of Industry and Power Engineering No. 470 dated November 01, 2007 (subparagraph 1.1.1 of the Agreement).</li> <li>2. Prepare the expert opinion on compliance with the Instruction for organizing activities at the RF Ministry of Power Engineering related to calculation and substantiation of the normative values for power transmission losses in the power grids, approved by the Order of the RF Ministry of Power No. 326 dated December 30, 2008 (subparagraph 1.1.2 of the Agreement).</li> <li>3. Take part in the review and approval process of the normative values for power transmission losses in the Client's power grids by the RF Ministry of Power Engineering (subparagraph 1.1.3 of the Agreement).</li> <li>4. Develop the methodological instructive regulations on defining the rates of reducing the normative values for power transmission losses in the power grids over the long-term regulation period (subparagraph 1.1.4 of the Agreement).</li> </ol> <p>The Contractor's services shall be delivered in two stages: Stage I — services specified in subparagraphs 1.1.1 — 1.1.3 of the Agreement Stage II — services specified in subparagraph 1.1.4 of the Agreement</p> <p>In the absence of any defects and drawbacks, the Client undertakes to accept the services provided in compliance with the contractual requirements, and to pay the full cost of services actually provided upon the terms and conditions of the Agreement.</p>	1,565,000 rubles (inclusive of VAT)

ITEM No.	PARTIES TO THE TRANSACTION	INTERESTED PARTY	SUBJECT OF THE TRANSACTION	TRANSACTION VALUE
40.	Client: IDGC of Volga, JSC (Penzaenergo, Branch of IDGC of Volga, JSC); Contractor: OAO NIITs IDGC (Research Engineering Center of Inter-regional Distribution Grid Companies)	Pursuant to Article 81 of the Federal Law "On Joint Stock Companies", settlement of this transaction by IDGC of Volga, JSC shall be considered as the interested party transaction involving the interests of Binko G.F. and Okley P.I., members of the Board of Directors of the Company.	<p>The Contractor undertakes to perform the following services as requested by the Client:</p> <ol style="list-style-type: none"> <li>1. Perform an expert review of the materials substantiating the established normative value for electric power transmission losses in the power grids of Penzaenergo, Branch of IDGC of Volga, JSC, submitted for approval to the Ministry of Power Engineering of Russia (Minenergo) in compliance with the Order of the RF Government "On the Ministry of Power Engineering of the Russian Federation" No. 400 dated May 28, 2008, and in compliance with the Administrative Regulations of the Ministry of Industry and Power Engineering related to implementation of the state function on approval of the normative values for electric power transmission losses in the power grids, approved by the Order of the RF Ministry of Industry and Power Engineering No. 470 dated November 01, 2007 (subparagraph 1.1.1 of the Agreement).</li> <li>2. Prepare the expert opinion on compliance with the Instruction for organizing activities at the RF Ministry of Power Engineering related to calculation and substantiation of the normative values for power transmission losses in the power grids, approved by the Order of the RF Ministry of Power No. 326 dated December 30, 2008 (subparagraph 1.1.2 of the Agreement).</li> <li>3. Take part in the review and approval process of the normative values for power transmission losses in the Client's power grids by the RF Ministry of Power Engineering (subparagraph 1.1.3 of the Agreement).</li> <li>4. Develop the methodological instructive regulations on defining the rates of reducing the normative values for power transmission losses in the power grids over the long-term regulation period (subparagraph 1.1.4 of the Agreement).</li> </ol> <p>The Contractor's services shall be delivered in two stages: Stage I — services specified in subparagraphs 1.1.1 — 1.1.3 of the Agreement Stage II — services specified in subparagraph 1.1.4 of the Agreement</p> <p>In the absence of any defects and drawbacks, the Client undertakes to accept the services provided in compliance with the contractual requirements, and to pay the full cost of services actually provided upon the terms and conditions of the Agreement.</p>	1,290,500 rubles (inclusive of VAT)
41.	Client: IDGC of Volga, JSC (Chuvashenergo, Branch of IDGC of Volga, JSC); Contractor: OAO NIITs IDGC (Research Engineering Center of Inter-regional Distribution Grid Companies)	Pursuant to Article 81 of the Federal Law "On Joint Stock Companies", settlement of this transaction by IDGC of Volga, JSC shall be considered as the interested party transaction involving the interests of Binko G.F. and Okley P.I., members of the Board of Directors of the Company.	<p>The Contractor undertakes to perform the following services as requested by the Client:</p> <ol style="list-style-type: none"> <li>1. Perform an expert review of the materials substantiating the established normative value for electric power transmission losses in the power grids of Chuvashenergo, Branch of IDGC of Volga, JSC, submitted for approval to the Ministry of Power Engineering of Russia (Minenergo) in compliance with the Order of the RF Government "On the Ministry of Power Engineering of the Russian Federation" No. 400 dated May 28, 2008, and in compliance with the Administrative Regulations of the Ministry of Industry and Power Engineering related to implementation of the state function on approval of the normative values for electric power transmission losses in the power grids, approved by the Order of the RF Ministry of Industry and Power Engineering No. 470 dated November 01, 2007 (subparagraph 1.1.1 of the Agreement).</li> <li>2. Prepare the expert opinion on compliance with the Instruction for organizing activities at the RF Ministry of Power related to calculation and substantiation of the normative values for power transmission losses in the power grids, approved by the Order of the RF Ministry of Power Engineering No. 326 dated December 30, 2008 (subparagraph 1.1.2 of the Agreement).</li> <li>3. Take part in the review and approval of the normative values for power transmission losses in the Client's power grids by the RF Ministry of Power Engineering (subparagraph 1.1.3 of the Agreement).</li> <li>4. Develop the methodological instructive regulations on defining the rates of reducing the normative values for power transmission losses in the power grids over the long-term regulation period (subparagraph 1.1.4 of the Agreement).</li> </ol> <p>The Contractor's services shall be delivered in two stages: Stage I — services specified in subparagraphs 1.1.1 — 1.1.3 of the Agreement Stage II — services specified in subparagraph 1.1.4 of the Agreement</p> <p>In the absence of any defects and drawbacks, the Client undertakes to accept the services provided in compliance with the contractual requirements, and to pay the full cost of services actually provided upon the terms and conditions of the Agreement.</p>	1,290,500 rubles (inclusive of VAT)

OVERVIEW OF INTERESTED PARTY TRANSACTIONS  
 APPROVED BY THE BOARD OF DIRECTORS OF IDGC  
 OF VOLGA, JSC FOR 2010

ITEM No.	PARTIES TO THE TRANSACTION	INTERESTED PARTY	SUBJECT OF THE TRANSACTION	TRANSACTION VALUE
42.	Client: IDGC of Volga, JSC (Orenburgenergo, Branch of IDGC of Volga, JSC); Contractor: OAO Solnechniy Sanatorium-Preventorium.	Pursuant to Article 81 of the Federal Law "On Joint Stock Companies", this agreement shall be considered as the interested party transaction involving the interests of IDGC Holding, JSC, the Company's shareholder holding over 20 per cent of the Company's voting shares; with OAO Solnechniy Sanatorium-Preventorium, the Company's affiliate, being a party to the transaction.	The Client undertakes to provide services for psychophysical examination of the Client's staff (hereinafter referred to as the "PPE" services), and the Client undertakes to accept and to pay for the above services. PPE services include a psychologist's services, therapeutic examination, functional diagnostics services, and preparation of the report on examination results. Cost of PPE services shall be based on the PPE Services Price List for 2011.	563,288 rubles (inclusive of VAT)
43.	Party 1: OAO SO of UES; Party 2: IDGC of Volga, JSC.	Pursuant to Article 81 of the Federal Law "On Joint Stock Companies", this agreement shall be considered as the interested party transaction involving the interests of IDGC Holding, JSC, the Company's shareholder holding over 20 per cent of the Company's voting shares, with Shmatko S.I. (a member of the Board of Directors of IDGC Holding, JSC) and Kurbatov M.Yu. (a member of the Management Board of IDGC Holding, JSC), concurrently holding offices of members of the Board of Directors of OAO SO of UES, being parties to the transaction.	The System Operator is solely responsible for the centralized operation and dispatching within the Unified Energy System of Russia (hereinafter referred to as the "UES"), including management of process modes of operation and operating conditions of power grid facilities of IDGC, in the scope provided by the applicable laws and regulations of the Russian Federation and this Agreement, and meets the requirements set forth in this Agreement. IDGC performs a set of organizationally and technologically connected activities ensuring transmission of electric power by means of power grid facilities of IDGC, including technological control and management functions related to power grid facilities of IDGC classified as dispatching facilities, carries out and abides by orders, instructions and permits issued by the System Operator, and meet the requirements and conditions set forth in this Agreement.	—

# APPENDIX No. 4

## ACCOUNTING (FINANCIAL) STATEMENTS FOR THE REPORTING PERIOD PREPARED UNDER RUSSIAN ACCOUNTING STANDARDS

### BALANCE SHEET

as of December 31, 2010

Company: IDGC of Volga, JSC  
Taxpayer Identification Number: 6450925977/997450001  
Activity Type: power transmission  
Legal Form/Property Category: Joint-Stock Company  
Joint federal and foreign ownership  
Measurement Unit: thousand rubles  
Location (address): 42/44, ul. Pervomayskaya, Saratov  
410031. Tel.: (845-2) 30-26-32, fax: (845-2) 73-69-09

	CODES		
Date (year, month, day)	2010	12	31
as per OKPO	96956370		
INN	6450925977		
as per OKVED	40.10.2		
as per OKOPF/ OKFS	47		31
as per OKEI	384		

Approval date

Submission (acceptance) date

ASSETS	INDEX CODE	BEGINNING OF ACCOUNTING YEAR	END OF ACCOUNTING PERIOD
<b>SECTION I. FIXED ASSETS</b>			
INTANGIBLE ASSETS	110	125,860	
FIXED ASSETS	120	42,105,899	
CONSTRUCTION-IN-PROGRESS	130	1,823,695	
INCOME-BEARING INVESTMENTS IN TANGIBLE ASSETS	135	—	—
LONG-TERM FINANCIAL INVESTMENTS	140	100,776	
<b>INCLUDING:</b>			
INVESTMENTS IN AFFILIATE COMPANIES	141	100,529	
DEFERRED TAX ASSETS	145	26,348	
OTHER NON-CURRENT ASSETS	150	115 954	
<b>INCLUDING:</b>			
DEFERRED EXPENSES	151	114,051	
<b>TOTAL SECTION I.</b>	<b>190</b>	<b>44,298,532</b>	

APPENDIX No. 4

<b>ASSETS</b>	<b>INDEX CODE</b>	<b>BEGINNING OF ACCOUNTING YEAR</b>	<b>END OF ACCOUNTING PERIOD</b>
<b>SECTION II. II. CURRENT ASSETS</b>			
<b>INVENTORIES</b>	210	927,053	
<b>INCLUDING:</b>			
RAW MATERIALS, MATERIAL AND OTHER SIMILAR ASSETS	211	804,845	
<b>FINISHED PRODUCTS AND GOODS FOR RESALE</b>	213	1,293	
<b>DEFERRED EXPENSES</b>	214	120,915	
<b>VALUE ADDED TAX ON ASSETS PURCHASED</b>	220	60,833	
<b>ACCOUNTS RECEIVABLE (TO BE WRITTEN OFF IN MORE THAN 12 MONTHS)</b>	230	360,839	
<b>INCLUDING:</b>			
BUYERS AND CUSTOMERS	231	119,022	
<b>PREPAID EXPENSES</b>	234	5,708	
<b>OTHER DEBTORS</b>	235	236,109	
<b>ACCOUNTS RECEIVABLE (TO BE WRITTEN OFF IN LESS THAN 12 MONTHS)</b>	240	3,195,964	
<b>INCLUDING:</b>			
BUYERS AND CUSTOMERS	241	2,273,606	
<b>PREPAID EXPENSES</b>	245	667,890	
<b>OTHER DEBTORS</b>	246	254,468	
<b>SHORT-TERM FINANCIAL INVESTMENTS</b>	250	536,480	
<b>CASH ASSETS</b>	260	395,098	
<b>OTHER CURRENT ASSETS</b>	270	128,164	
<b>TOTAL SECTION II.</b>	<b>290</b>	<b>5,604,431</b>	
<b>BALANCE</b>	<b>300</b>	<b>49,902,963</b>	
<b>LIABILITIES</b>	<b>INDEX CODE</b>	<b>BEGINNING OF ACCOUNTING YEAR</b>	<b>END OF ACCOUNTING PERIOD</b>
<b>SECTION III. CAPITAL AND RESERVES</b>			
<b>AUTHORIZED CAPITAL</b>	410	17,857,780	17,857,780
<b>INCREMENTAL CAPITAL</b>	420	18,720,229	18,689,912
<b>RESERVE FUNDS</b>	430	218,921	226,001
<b>INCLUDING:</b>			
RESERVES FORMED IN ACCORDANCE WITH LEGISLATION	431	218,921	226,001
<b>UNDISTRIBUTED PROFIT (UNCOVERED LOSS)</b>	470	4,165,826	4,451,331
<b>TOTAL SECTION III.</b>	<b>490</b>	<b>40,962,756</b>	<b>41,225,024</b>
<b>SECTION IV. LONG-TERM LIABILITIES</b>			
<b>LOANS AND CREDITS</b>	510	5,379,110	5,035,000
<b>DEFERRED TAX LIABILITIES</b>	515	433,462	612,186
<b>OTHER LONG-TERM LIABILITIES</b>	520	440,609	451,168

<b>LIABILITIES</b>	<b>INDEX CODE</b>	<b>BEGINNING OF ACCOUNTING YEAR</b>	<b>END OF ACCOUNTING PERIOD</b>
<b>INCLUDING:</b>			
DEFERRED EXPENSES	521	15,719	15,270
ADVANCES RECEIVED	522	64,499	252,211
<b>TOTAL SECTION IV.</b>	<b>590</b>	<b>6,253,181</b>	<b>6,098,354</b>
<b>SECTION V. SHORT-TERM LIABILITIES</b>			
<b>LOANS AND CREDITS</b>	610	4,755	3,331
<b>ACCOUNTS PAYABLE</b>	620	2,669,673	2,709,597
<b>INCLUDING:</b>			
SUPPLIERS AND CONTRACTORS	621	800,641	1,072,318
PAYABLE TO THE COMPANY'S PERSONNEL	624	210,931	298,221
DEBTS TO EXTRA-BUDGETARY PUBLIC FUNDS	625	80,647	130,923
TAX PAYABLES,	626	631,712	201,556
ADVANCES RECEIVED	627	769,891	742,164
<b>OTHER CREDITORS</b>	628	175,851	264,415
<b>DEBTS TO MEMBERS (FOUNDERS) WITH RESPECT TO THEIR EARNINGS</b>	630	120	-
<b>DEFERRED EXPENSES</b>	640	949	944
<b>RESERVES FOR FUTURE EXPENSES</b>	650	2,632	590,137
<b>OTHER SHORT-TERM LIABILITIES</b>	660	8,897	7,053
<b>TOTAL SECTION V.</b>	<b>690</b>	<b>2,687,026</b>	<b>3,311,062</b>
<b>BALANCE</b>	700	49,902,963	50,634,440
<b>STATEMENT OF ASSETS ACCOUNTED FOR OFF-BALANCE-SHEET</b>			
<b>FIXED ASSETS TAKEN ON LEASE</b>	910	4,602,215	4,966,890
<b>INCLUDING LEASING AGREEMENTS</b>	911.10	287,470	322,796
<b>COMMODITIES AND MATERIALS ACCEPTED FOR SAFEKEEPING</b>	920	43,563	36,575
<b>GOODS ACCEPTED FOR COMMISSION SALE</b>	930	—	—
<b>DEBTS OF INSOLVENT DEBTORS WRITTEN OFF</b>	940	113,676	352,439
<b>SECURITY FOR OBLIGATIONS AND PAYMENTS OBTAINED</b>	950	2,828	73,306
<b>SECURITY FOR OBLIGATIONS AND PAYMENTS PROVIDED</b>	960	—	—
<b>HOUSING STOCK WARE</b>	991	175	214
<b>WARE OF PUBLIC AMENITIES AND ALIKE OBJECTS</b>	992	—	—
<b>INTANGIBLE ASSETS OBTAINED FOR USE</b>	999	—	52,522

General director  
(signature)

V.A. Ryabikin  
(printed name)

Chief accountant  
(signature)

I.A. Tamlenova  
(printed name)



ACCOUNTING (FINANCIAL) STATEMENTS FOR THE  
REPORTING PERIOD PREPARED UNDER RUSSIAN  
ACCOUNTING STANDARDS

## PROFIT AND LOSS STATEMENT

for January – December of the year 2010

Company: IDGC of Volga, JSC  
Taxpayer Identification Number: 6450925977/997450001  
Activity Type: power transmission  
Legal Form/Property Category: Joint-Stock Company  
Joint federal and foreign ownership  
Measurement Unit: thousand rubles

		CODES		
Date (year, month, day)		2010	12	31
as per OKPO		96956370		
		INN 6450925977		
as per OKVED		40.10.2		
as per OKOPF/OKFS		47	31	
as per OKEI		384		

ITEM	CODE	ACCOUNTING PERIOD	SAME PERIOD OF PREVIOUS YEAR
<b>INCOME AND EXPENSE FROM ORDINARY ACTIVITIES.</b>			
<b>NET INCOME FROM THE SALE OF GOODS, PRODUCTS, WORK, SERVICES (EXCLUSIVE OF VAT, EXCISE TAXES AND OTHER SIMILAR DUES)</b>	010	39,420,368	29,318,215
<b>INCLUDING:</b>			
POWER TRANSMISSION AND DISTRIBUTION SERVICES	011	38,736,861	28,491,849
TECHNOLOGICAL CONNECTION SERVICES	012	276,478	393,466
<b>COST VALUE OF GOODS, PRODUCTS, WORK, SERVICES SOLD</b>	020	(36,640,242)	(26,212,695)
<b>INCLUDING:</b>			
POWER TRANSMISSION AND DISTRIBUTION SERVICES	021	(36,334,441)	(25,911,127)
TECHNOLOGICAL CONNECTION SERVICES	022	(76,024)	(55 ,874)
GROSS MARGIN	029	2,780,123	3,105,519
ADMINISTRATIVE EXPENCES	040	(973,537)	(914,787)
SALES PROFIT (LOSS)	050	1,806,586	2,190,732
<b>OTHER INCOME AND EXPENSES</b>			
<b>INTEREST RECEIVABLE</b>	060	2,809	2,066
<b>INTEREST PAYABLE</b>	070	(305,644)	(653,454)
<b>INCOME FROM PARTICIPATION IN OTHER ORGANIZATIONS</b>	080	—	—
<b>OTHER INCOME</b>	090	5,351,463	1,598,203
<b>OTHER EXPENSES</b>	100	(5,984 ,098)	(2,500,089)
<b>PROFIT (LOSS) BEFORE TAX</b>	140	871,116	637,459
<b>DEFERRED TAX ASSETS</b>	143	7,839	11,062
<b>DEFERRED TAX LIABILITIES</b>	144	(179,129)	(299,995)
<b>CURRENT PROFIT TAX</b>	145	(439,581)	(338,237)
<b>PROFIT TAX ACC. TO RECALCULATIONS FOR THE LAST YEARS</b>	146	8,246	135,553
<b>OTHER SIMILAR COMPULSORY PAYMENTS</b>	147	(6,224)	(4,235)
<b>NET PROFIT (LOSS) OF ACCOUNTING PERIOD</b>	190	262,267	141,607
<b>FOR REFERENCE:</b>			
<b>PERMANENT TAX LIABILITIES (ASSETS)</b>	200	436,648	499,678
<b>BASIC EARNINGS (LOSS) PER SHARE</b>	201	0.000001	0.000001
<b>DILUTED EARNINGS (LOSS) PER SHARE</b>	202	—	—

## DETAILS OF SPECIFIC PROFITS AND LOSSES

ITEM	CODE.	ACCOUNTING PERIOD		SAME PERIOD OF PREVIOUS YEAR	
		PROFIT	LOSS	PROFIT	LOSS
<b>PENALTIES, INTEREST FINES, LIQUIDATED DAMAGES ADMITTED OR PAYABLE IN ACCORDANCE WITH COURT (ARBITRATION) DECISION</b>	210	142,477	(25,368)	16,412	(2,752)
<b>PROFIT (LOSS) OF PREVIOUS YEARS</b>	220	27,914	(112,330)	40,874	(105,950)
<b>INDEMNITY FOR LOSSES ARISING FROM NON-PERFORMANCE OR IMPROPER PERFORMANCE OF OBLIGATIONS</b>	230	19,318	(3,589)	22,753	(2,044)
<b>EXCHANGE RATE DIFFERENCES ARISING FROM FOREIGN EXCHANGE OPERATIONS</b>	240	39	(39)	92	(82)
<b>DEDUCTIONS TO ASSESSED RESERVES</b>	250	X	(262,273)	X	(271,045)
<b>ACCOUNTS RECEIVABLE AND ACCOUNTS PAYABLE WRITTEN OFF DUE TO EXPIRED PERIOD OF LIMITATION</b>	260	1,270	(4,047)	13,057	(241,931)
<b>TOTAL</b>	270	191,018	(407,646)	93,188	(623,804)

General director  
(signature)



V.A. Ryabikin  
(printed name)

Chief accountant  
(signature)

I.A. Tamlenova  
(printed name)

# APPENDIX No. 5

## AUDITOR'S REPORT ON ACCOUNTING (FINANCIAL) STATEMENTS OF IDGC OF VOLGA, JSC

*for the period from January 1, 2010  
till December 31, 2010*

*Made for users of accounting (financial) statements  
in accordance with the Russian legislation*

### AUDITEE

**FULL NAME OF THE COMPANY:**

"Interregional Distribution Grid Company of Volga", Joint-Stock Company

**ABBREVIATED NAME OF THE COMPANY:**

IDGC of Volga, JSC

**LOCATION:**

42/44, ul. Pervomayskaya, Saratov, 410031

**POSTAL ADDRESS:**

42/44, ul. Pervomayskaya, Saratov, 410031

**STATE REGISTRATION:**

The State registration certificate Series 64 No. 002263079 dated June 29, 2007 was issued to the Company by the Interregional inspectorate of the Federal tax service No.8 of the Saratov region. Entered into the Unified State Register of Legal Entities under primary state registration number 1076450006280

### AUDITOR

**FULL NAME OF THE COMPANY:**

"JOINT-STOCK AUDITING FIRM "AUDITINFORM"", Close Joint-Stock Company

**ABBREVIATED NAME OF THE COMPANY:**

"JSAF "AUDITINFORM"", CJSC

**STATE REGISTRATION NUMBER:**

1027739185044

**LOCATION:**

4, ul. Yaroslavskaya, Moscow, 129164

**POSTAL ADDRESS:**

P.O. Box 150, Moscow, 107078

The Company is a member of SRO NPO "Moskovskaya Auditorskaya Palata" ("Moscow Audit Chamber")  
Principal number of registration entry 10303000773

We have audited the submitted accounting statements of IDGC of Volga, JSC including Balance sheet as of December 31, 2010, Profit and loss statement, Statement of changes in capital, Cash flow statement for the year of 2010, other appendices to the Balance sheet and Profit and loss statement, Statement of Intended use of received assets and Explanatory note.

### AUDITEE'S RESPONSIBILITY FOR ACCOUNTING STATEMENTS

The executive board of the Auditee is responsible for execution and submission of the accounting statements in accordance with Russian rules as well as for the internal control system regulating the execution of accounting statements containing no material misstatements resulting from unfair acts or mistakes.

### AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the reliability of every substantial aspect of the statements based on our audit procedures. We executed the audit in compliance with the Federal standards of auditing activities. The standards require abidance by applicable ethic norms as well as planning and execution of the audit the way that could provide reasonable assurance that the accounting statements contain no material misstatements.

The audit consisted in audit procedures aiming at reception of audit evidence confirming accounting statements indexes and the information disclosure. The choice of audit procedures is based on the assessment of risk of material misstatements resulting from unfair acts or mistakes. When estimating the risk we analyzed the internal control system that provides execution and reliability of

accounting statements. Our goal was to determine the right audit procedures but not to express our opinion on the internal control system effectiveness.

The audit also consisted in estimation of the applicable accounting policy and relevance of estimated figures received by the executive board of IDGC of Volga, JSC as well as the general appraisal of the accounting statements. We believe that obtained audit results allow us to draw an opinion on the reliability of the accounting (financial) reports.

## OPINION

We believe that the accounting (financial) statements in all material aspects give a true and fair view of the financial situation of IDGC of Volga, JSC as of December 31, 2010; the results of its financial-economic activities as well as its cash flow for 2010 comply with the Russian rules regulating accounting statements execution.

General director  
JSAF "AUDITINFORM", CJSC  
Vyacheslav Mikhailovich Borisov



# APPENDIX No. 6

## REPORT OF THE AUDITING COMMISSION

*Auditing commission  
Minutes No. 3 dated June 29, 2010  
Elected by the decision of the General Meeting of Shareholders*

Following the audit of financial and economic activity of "Interregional Distribution Grid Company of Volga", JSC Name of the Company for 2010 April 5, 2011  
Moscow

### INFORMATION ON THE COMPANY

<b>FULL NAME</b>	«Interregional Distribution Grid Company of Volga», Joint-Stock Company
<b>LEGAL ADDRESS</b>	42/44, Pervomayskaya Street, Saratov, 410031
<b>POSTAL ADDRESS</b>	42/44, Pervomayskaya Street, Saratov, 410031
<b>КОНТАКТНАЯ ИНФОРМАЦИЯ</b>	(8452) 30-26-58, 30-25-29
<b>STATE REGISTRATION (OGRN, DATE)</b>	Certificate of State Registration of the Company Serial Number 64 No. 002263079 dated June 29, 2007 issued by the Interregional Inspection of the Federal Tax Service No. 8 for the Saratov Region. OGRN (Primary State Registration Number) 1076450006280 dated June 29, 2007.
<b>INN (TAXPAYER IDENTIFICATION NUMBER)</b>	6450925977
<b>BRANCHES AND ECONOMICALLY AUTONOMOUS SUBDIVISIONS WITH SEPARATE BALANCES</b>	Mordovenergo, Chuvashenergo, Orenburgenergo, Penzaenergo, Samara DG, Saratov DG, Ulyanovsk DG
<b>EXECUTIVE BODY (FULL NAME, OCCUPATION AND DATE OF APPOINTMENT)</b>	General Director Vladimir Anatoliyevich Ryabikin, since December 12, 2008, Order No. 407-JI dated December 12, 2008
<b>CHIEF ACCOUNTANT (FULL NAME, OCCUPATION AND DATE OF APPOINTMENT)</b>	Irina Alekseyevna Tamlenova, since March 31, 2009, Order No. 84-JI dated March 31, 2009.

### INFORMATION ON MEMBERS OF THE AUDITING COMMISSION

<b>CHAIRMAN OF THE AUDITING COMMISSION</b>	Izumrud Aligadzhievna Alimuradova
<b>SECRETARY OF THE AUDITING COMMISSION</b>	Irina Aleksandrovna Filippova
<b>MEMBERS OF THE AUDITING COMMISSION</b>	Vladimir Nikolayevich Arkhipov Adel Fyaritovich Bikmurzin Olga Vladimirovna Rokhlina

### INFORMATION ON THE AUDITOR

<b>FULL NAME OF ORGANISATION</b>	«Joint-Stock Audit Company «AUDITINFORM», Closed Joint-Stock Company
<b>LEGAL ADDRESS (LOCATION)</b>	4, Yaroslavskaya Street, Moscow, 129164
<b>POSTAL ADDRESS</b>	p/o box 150, Moscow, 107078

<b>STATE REGISTRATION (OGRN, DATE)</b>	Certificate of State Registration No. 272.502 issued by the Moscow Registration Chamber on September 30, 1992, and re-issued on November 11, 1996. OGRN (Primary State Registration Number) 1027739185044
<b>MEMBERSHIP IN SROs, DATE OF ENTRY, NAME OF SELF-REGULATORY AUDIT ASSOCIATION</b>	Moscow Audit Chamber, NP, December 28, 2009, ORNZ (Principal Number of Registration Entry) 10303000773
<b>MINUTES OF THE ANNUAL MEETING OF SHAREHOLDERS (WHICH HAS APPROVED THE AUDITING COMPANY ASSURING THE ACCOUNTING (FINANCIAL) STATEMENTS)</b>	No. 3/2010 dated June 29, 2010
<b>AUDITOR'S REPORT</b>	Dated February 28, 2011
<b>SIGNATORIES OF THE AUDITOR'S REPORT (FULL NAME, AUDITOR'S CERTIFICATE, MEMBERSHIP IN SROs)</b>	General Director of AAF AUDITINFORM, CJSC Vyacheslav Mikhailovich Borisov  Head of the Auditing Project of IDGC of Volga, JSC Yuriy Vladimirovich Anisimov, Qualification Certificate No. K 004457 dated April 27, 2000

# §1

## ANALYTICAL SECTION

### THE AUDIT WAS CARRIED OUT IN ACCORDANCE WITH:

- ◆ Federal Law "On Joint-Stock Companies";
- ◆ the Company's Articles of Association;
- ◆ the Regulation on the Auditing Commission;
- ◆ the Annual Meeting of Shareholders' decision on election of the Auditing Commission (Minutes No. 3 dated June 29, 2010);
- ◆ the Auditing Commission's decision on approval of this Report (Minutes No. 5 dated April 5, 2011);
- ◆ other regulations and decisions of the Company's authorised bodies.

### THE AUDIT'S TARGET:

Assurance of reliability of the accounting (financial) statements and annual report of IDGC of Volga, JSC (hereinafter referred to as the Company) for 2010 (hereinafter referred to as the Statements). The reliability means in every material respect the level of accuracy of the Statements' data, which allows their users drawing right conclusions on results of the Company's economic activity, financial and property state, and take reasonable decisions.

### SUBJECT:

The accounting (financial) statements, the annual report, compliance of the Company's financial and economic activity with the current legislation and internal local regulatory acts.

This Report is an official and public document intended for shareholders, investors and other stakeholders.

### THE AUDIT WAS CARRIED OUT IN ACCORDANCE WITH:

- ◆ Federal Law No. 129-FZ dated November 21, 1996 "On Accounting Procedures";
- ◆ Order of the Russian Federation Ministry of Finance "On Approval of the Regulation on Business Accounting in the Russian Federation";

- ◆ Order of the Russian Federation Ministry of Finance No. 67H dated July 22, 2003 "On Forms of Company Accounting Statements";
- ◆ other legislative and internal local acts.

The Company's executive body is responsible for compliance of the financial and economic operations with the legislation of the Russian Federation.

The Audit was scheduled and carried out so that we could be reasonably assured that the annual report and accounting (financial) statements for 2010, hereinafter jointly referred to as the Statements, do not contain material distortions.

The Audit was to be carried out on sample basis and included test analysis of the evidence confirming significance and disclosure in the Statements of the information on the Company's financial and economic activity, evaluation of principles and methods of accounting, rules of the Statements preparation, and definition of material accounting estimates.

When carrying out the Audit, we audited compliance of the Company with the legislation of the Russian Federation. We audited compliance of several Company's financial and economic operations with legislation exceptionally for the purpose of being reasonably and adequately assured that the Statements did not contain any serious distortions.

During the Audit we defined the materiality level (the level of a cumulative permissible error of distortion in the statements indicators). The materiality means the ability of information, disclosed in any annual statements and annual reports, to affect the decision-making process of the Statements' users. The level of permissible error is the criterion of assurance of reliability of the Company's Statements.

### THE MATERIALITY LEVEL IS DEFINED AS EQUIVALENT TO 1,718 MILLION RUBLES.

### THE AUDITED PERIOD:

We have carried out the Audit of the Statements attached to the Report for the following period:

- 1) reporting:

◆ from January 1, 2010 to December 21, 2010 within the frameworks of financial and economic activity for 2010.

2) Events after the reporting date:

◆ from January 1, 2011 to April 5, 2011.

The Report was made on the last day of the Audit.

The Statements are drawn up in accordance with legislative and regulatory acts of the Russian Federation (Russian Accounting Standards) and the Company's internal local regulations.

**THE COMPANY'S STATEMENTS APPROVED BY THE AUDITING COMMISSION INCLUDE:**

ITEM No. No. OF FORM	NAME OF ACCOUNTING FORM	DATE OF APPROVAL	NUMBER OF PAGES
1. No1	Balance sheet (consolidated under all the Company's economically autonomous subdivisions)	February 10, 2011	2
2. No2	Profit-and-Loss Statement (consolidated under all the Company's economically autonomous subdivisions)	February 10, 2011	2
3. No3	Statement on Changes in Equity	February 10, 2011	3
4. No4	Cash Flow Statement	February 10, 2011	1
5. No5	Appendix to the Balance Sheet	February 10, 2011	5
6. —	Explanatory Note (consolidated under all the Company's economically autonomous subdivisions)	February 10, 2011	59
7. —	Auditor's Report on the Accounting (Financial) Statements of IDGC of Volga, JSC for 2010	February 28, 2011	2
8. —	Annual Report (consolidated under all the Company's economically autonomous subdivisions with information on affiliates and subsidiaries)		142

We consider that the carried out Audit gives us substantial grounds for expressing an opinion as to the reliability of the Company's Statements.

## §2

### FINAL SECTION

In our opinion, the Company's Statements for 2010 attached to this Report reflects reliably, in every material respect, financial state and results of the Company's financial and economic activity for the period from January 1, 2010 to December 31, 2010 inclusive. The Statements are drawn up in accordance with the legislation of the

Russian Federation on accounting (financial) statements referring to carrying out of an audit and issuance of an auditor's report, and also in accordance with internal local acts referring to drawing up of a Company's annual report.

### DISSENTING OPINION

Members of the Auditing Commission have no individual opinion, which differs from that specified in the Final Section thereof.

Approved by Minutes No. 5 of the Auditing Commission dated April 5, 2011.

*Chairman of the Auditing Commission*  
I. A. Alimuradova





