

## QUARTERLY REPORT

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

**Issuer code: 04247-E**

**Q4 2011**

Issuer location:

**42/44, Pervomayskaya Str., Saratov, 410031, Russian Federation**

**Information contained in this quarterly report is subject to disclosure in compliance with the Russian Federation legislation on securities**

General Director

Date: February 13, 2012

\_\_\_\_\_ V.A. Ryabikin  
signature

Chief Accountant

Date: February 13, 2012

\_\_\_\_\_ I.A. Tamlenova  
signature

Contact person: **Burtseva Yuliya Gennadyevna, Head of Section of Cooperation with Shareholders and Investors within the Department of Corporate Governance and Cooperation with Shareholders**

Telephone: **(8452) 30-24-89**

Fax: **(8452) 28-34-82**

E-mail: **yg.burceva@mrsk-volgi.ru**

Address of web-page (web-pages), where information contained in this quarterly report is disclosed:

**[http://www.mrsk-volgi.ru/i/files/2011/11/10/ezhekv.otchet\\_3kv.2011g.pdf](http://www.mrsk-volgi.ru/i/files/2011/11/10/ezhekv.otchet_3kv.2011g.pdf)**

## Contents

Contents .....	2
Introduction .....	5
I. Brief information on the Members of the Issuer's Management Bodies, Bank Accounts, Auditor, Appraiser and the Financial Advisor of the Issuer and other Signatories of the Quarterly Report .....	6
1.1. The Members of the Issuer's Management Bodies .....	6
1.2. Information on the Issuer's Bank Accounts .....	6
1.3. Information on the Auditor(s) of the Issuer .....	8
1.4. Information on the Issuer's Appraiser(s) .....	15
1.5. Information on the Issuer's Advisors .....	15
1.6. Information on other Signatories of the Quarterly Report .....	15
II. General Information on the Issuer's financial and economic performance .....	15
2.1. Indices of the Issuer's financial and economic performance .....	15
2.2. The Issuer's market capitalization .....	15
2.3. Issuer's Liabilities .....	15
2.3.1. Payables .....	15
Structure of the Issuer's accounts payable .....	<b>Error! Bookmark not defined.</b>
2.3.2. Issuer's Credit History .....	15
2.3.3. Issuer's liabilities for collateral pledged to third parties .....	28
2.3.4. Other liabilities of the Issuer .....	28
2.4. Primary purposes of issue and intended use of funds raised from issue of securities .....	28
2.5. Risks involved in acquiring of issuable securities to be placed (placed) .....	29
2.5.1. Industry Risks .....	30
2.5.2. Country and Regional Risks .....	31
2.5.3. Financial risks .....	31
2.5.4. Legal risks .....	33
2.5.5. Risks associated with the Issuer's business activity .....	33
III. Detailed information about the Issuer .....	33
3.1. History of establishment and development of the Issuer .....	33
3.1.1. Information on the Issuer's business name .....	33
3.1.2. Information on State Registration of the Issuer .....	34
3.1.3. Information on Establishment and Development of the Issuer .....	34
3.1.4. Contact details .....	36
3.1.5. Taxpayer Identification Number .....	36
3.1.6. Branches and Representative Offices of the Issuer .....	36
3.2. Issuer's Core Business Activity .....	37
3.2.1. Issuer's Industry .....	37
3.2.2. Issuer's Core Business Activity .....	37
3.2.3. Materials, Goods (Raw Material) and Suppliers of the Issuer .....	37
3.2.4. Markets for the Issuer's Goods (Works, Services) .....	37
3.2.5. Information on licenses held by the Issuer .....	38
3.2.6. The Issuer's joint-venture activity .....	38
3.3. The Issuer's Outlook .....	39
3.4. The Issuer's participation in industrial, bank and financial groups, holdings, corporate groups and associations .....	39
3.5. Subsidiaries and affiliated business entities of the Issuer .....	40
3.6. List, Structure and Value of the Issuer's Fixed Assets, Information on Plans for Acquisition, Replacement and Disposal of Fixed Assets as well as All Facts about Encumbrances of Fixed Assets of the Issuer .....	43
3.6.1. Property, Plant and Equipment .....	43
IV. Information on Financial and Business Activities of the Issuer .....	43

4.1. Results of Financial and Business Activities of the Issuer.....	43
4.1.1. Profit and Losses.....	43
4.1.2. Factors that Affected the Amount of Revenue from Sales of Goods, Products, Works, Services and the Amount of Profit (Loss) of the Issuer from Core Business Activity.....	43
4.2. Liquidity of the Issuer, Sufficiency of Equity and Current Assets.....	43
4.3. Amount and Structure of Equity and Current Assets of the Issuer.....	43
4.3.1. Amount and Structure of Equity and Current Assets of the Issuer.....	43
4.3.2. Financial Investments of the Issuer.....	43
4.3.3. Intangible Assets of the Issuer.....	43
4.4. Data on policy and expenses of the Issuer in the field of scientific and technical development, with regard to licenses and patents, new researches and developments.....	44
4.5. Analysis of Development Trends in the Issuer's Core Business Activity.....	45
4.5.1. Analysis of Factors and Conditions Affecting the Issuer's Activity.....	46
4.5.2. The Issuer's Competitors.....	50
V. Detailed Information on Members of the Issuer's Management Bodies, the Issuer's Financial and Business Supervisory Bodies and Brief Information on the Issuer's Personnel (Employees).....	51
5.1. Information on the structure and responsibilities of the Issuer's Management Bodies.....	51
5.2. Information on members of the Issuer's Management Bodies.....	58
5.2.1. The Issuer's Board of Directors (Supervising Board).....	58
5.2.2. Information on the Sole Executive Body of the Issuer.....	67
5.2.3. Members of the Collegial Executive Body of the Issuer.....	68
5.3. Information on the amount of rewards, benefits and/or compensations due to each Management Body of the Issuer.....	74
5.4. Information on the structure and responsibilities of the Issuer's Financial and Business Supervisory Bodies.....	75
5.5. Information on the members of the Issuer's Business and Financial Supervisory Bodies.....	78
5.6. Information on the Amount of Remunerations, Benefits and/or Compensation of Expenses for the Members of the Issuer's Financial and Business Supervisory Body.....	87
5.7. Information on the Number of Personnel (Employees) and Summary Data on Their Education as well as on Changes in the Number of Personnel (Employees) of the Issuer.....	88
For information related to the Issuer's employees having significant influence on financial and economic activities of the Company (key employees) refer to paragraph 5.2 of this Quarterly Report. ....	<b>Error! Bookmark not defined.</b>
5.8. Information on any obligations of the Issuer to personnel (employees) related to the possibility of their participation in authorized (share) capital (mutual funds) of the Issuer.....	88
VI. Information on stockholders (shareholders) of the Issuer and the Issuer's interested party transactions.....	88
6.1. Information on the overall number of shareholders (stockholders) of the Issuer.....	88
6.2. Information on stockholders (shareholders) of the Issuer who own no less than 5 percent of the Issuer's authorized (share) capital (mutual fund) or no less than 5 percent of the Issuer's ordinary shares as well as information on stockholders (shareholders) of such organizations which own no less than 20 percent of the authorized (share) capital (mutual fund) or no less than 20 percent of ordinary shares of such organizations.....	88
6.3. Information on the share of the State or Municipality in the authorized (share) capital (mutual fund) of the Issuer and veto right (golden share).....	90
6.4. Information on the restrictions on the participation in the authorized (share) capital (mutual fund) of the Issuer.....	90
6.5. Information on changes in the body and the amount of participation of shareholders (stockholders) of the Issuer who own no less than 5 percent of the Issuer's authorized (share) capital (mutual fund) or no less than 5 percent of the Issuer's ordinary shares.....	90
6.6. Information on the Issuer's interested party transactions.....	91
6.7. Information on the Amount of Receivables.....	92
VII. Accounting statements of the Issuer and other financial data.....	92
7.1. Annual accounting statements of the Issuer.....	92
7.2. The Issuer's quarterly financial statements for the last closed reporting quarter.....	92
7.3. Consolidated accounting statements of the Issuer for the last closed financial year.....	92
7.5. Information on the Total Amount of Exports and the Portion of Exports in the Total Amount of Sales.....	92
7.6. Information on the value of fixed property of the Issuer and substantial changes to the structure of the fixed property.....	92

of the Issuer after the end date of the last closed financial year .....	139
7.7. Information on the Issuer's involvement in lawsuits which could substantially affect financial and business activities of the Issuer .....	139
VIII. Additional information on the Issuer and issuable securities placed by the Issuer .....	139
8.1. Additional Information on the Issuer .....	139
8.1.1. Information on the amount and structure of authorized (share) capital (mutual fund) of the Issuer .....	139
8.1.2. Information on changes in the amount of authorized (share) capital (mutual fund) of the Issuer .....	139
8.1.3. Information on Accumulation and Use of Reserve Fund and Other Funds of the Issuer .....	140
8.1.4. Information on the procedure for convening and holding the meeting (session) of the Top Management Body of the Issuer .....	140
8.1.5. Information on commercial organizations in which the Issuer owns not less than 5 percent of the authorized (share) capital (mutual fund) or not less than 5 percent of ordinary shares .....	142
8.1.6. Information on major transactions made by the Issuer .....	143
8.1.7. Information on credit ratings of the Issuer .....	143
8.2. Information on each category (type) of shares of the Issuer .....	143
8.3. Information on previous issues of securities of the Issuer other than shares of the Issuer .....	144
8.3.1. Information on the issues with fully redeemed securities (cancelled) .....	144
8.3.2. Information on the issues with currently outstanding securities .....	144
8.3.3. Information on defaulted issues of securities .....	144
8.4. Information on person (persons) who pledged collateral for issued bonds .....	144
8.5. Conditions of ensuring the fulfillment of obligations for issued bonds .....	144
8.5.1. Conditions of ensuring the fulfillment of obligations for mortgage-backed bonds .....	144
8.6. Information on organizations that maintain records of rights for issuable securities of the Issuer .....	145
8.7. Information on statutes regulating imports and exports of capital which may affect payment of dividends, interests and other payments to non-residents .....	145
8.8. Description of the Procedure for the Taxation of Income from Placed and to be Placed issuable securities of the Issuer .....	145
8.9. Information on announced (accrued) and paid dividends on shares of the Issuer and income from bonds of the Issuer .....	151
8.9.1. Information on announced (accrued) and paid dividends on shares of the Issuer for the most recent five closed financial years or for each closed financial year if the Issuer operates for less than five years. ....	151
8.9.2. Issues of bonds that paid coupons for five most recent closed financial years preceding the end date of the reporting quarter or for each closed financial year preceding the end date of the reporting quarter if the Issuer operates for less than five years .....	151
8.10. Other information .....	151
8.11. Information on underlying securities and Issuer of underlying securities, the right of ownership for which is confirmed by Russian depository receipts .....	152

## Introduction

Grounds obliging the Issuer to disclose information in the form of Quarterly Report.  
***With regard to Issuer's securities, securities prospectus has been registered.***

"Interregional Distribution Grid Company of Volga", Joint-Stock Company (hereinafter referred to as IDGC of Volga, JSC) shall disclose information in the form of Quarterly Report in conformity with the Article 30 of the Federal Law "On Securities Market" of April 22, 1996 No. 39-FZ and the subparagraph a) of the paragraph 5.1 of the Regulation on information disclosure by issuers of securities approved by the Order of the Russian Federal Securities Commission of October 10, 2006 No. 06-117/pz-n, due to the registration of Securities Prospectus of IDGC of Volga, JSC by the Federal Securities Commission on March 20, 2008.

The Issuer's full business name: "Interregional Distribution Grid Company of Volga", Joint-Stock Company;

Abbreviated business name: IDGC of Volga, JSC.

The present Quarterly Report provides estimates and forecasts by authorized management bodies of the Issuer which concern future events and/or actions, outlook for the industry in which the Issuer performs its main business activity and the Issuer's performance including the Issuer's plans, probability of certain events occurrence and certain actions performance. Investors should not fully rely on the estimates and forecasts by management bodies of the Issuer since the Issuer's actual performance in future may differ from forecasted performance for many reasons. Acquisition of the Issuer's securities involves risks described herein.

**I. Brief information on the Members of the Issuer's Management Bodies, Bank Accounts, Auditor, Appraiser and the Financial Advisor of the Issuer and other Signatories of the Quarterly Report**

**1.1. The Members of the Issuer's Management Bodies**

**Members of the Issuer's Board of Directors**

Full Name	Year of Birth
Perepelkin, AlekseyYurievich (Chairman)	1970
Varvarin, Aleksandr Viktorovich	1975
Vasilyev, Sergey Vyacheslavovich	1975
Gavrilova, Tatiana Vladimirovna	1982
Golubev, Pavel Vladilenovich	1962
Gromov, Oleg Aleksandrovich	1968
Kulikov, Denis Viktorovich	1975
Martsinkovsky, Gennady Olegovich	1968
Nikonov, Vasiliy Vladislavovich	1972
Pankstyanov, Yuri Nikolayevich	1980
Ryabikin, Vladimir Anatolyevich	1965

**Issuer's Sole Executive Body**

Full name	Year of birth
Ryabikin, Vladimir Anatolievich	1965

**Members of Collegial Executive Body of the Issuer**

Full name	Year of birth
Ryabikin, Vladimir Anatolievich (Chairman)	1965
Kucherenko, Vladimir Ivanovich	1957
Ponomarev, Vladimir Borisovich	1950
Puchkova, Irina Yurievna	1963
Pyatigor, Victor Ivanovich	1951
Rebrova, Natalia Leonidovna	1960
Solostovsky, Viktor Nikolaevich	1951
Tamlenova, Irina Alekseevna	1965
Frolov, Sergey Petrovich	1960

**1.2. Information on the Issuer's Bank Accounts**

Information on credit institution

Full business name: **ALFA-BANK, JSC, Branch "Nizhegorodsky"**

Abbreviated business name: **ALFA-BANK, JSC, Branch "Nizhegorodsky"**

Address: **27, Kalanchevskay Str., Moscow, 107078 Russia**

INN (Taxpayer Identification Number): **7728168971**

BIC: **042202824**

Account number: **40702810502010000855**

Correspondent account: **30101810200000000824**

Account type: **Settlement account**

Information on credit institution

Full business name: **Saratov Branch No. 8622 of Open Joint-Stock Company Sberbank of Russia**

Abbreviated business name: **Saratov Branch No. 8622 of Sberbank of Russia, OJSC**

Address: **19, Vavilova Str., Moscow, 117997 Russia**

INN (Taxpayer Identification Number): **7707083893**

BIC: **046311649**

Account number: **40702810256020102436**

Correspondent account: **30101810500000000649**

Account type: **Settlement account**

Information on credit institution

Full business name: **Saratov Branch No. 8622 of Open Joint-Stock Company Sberbank of Russia**

Abbreviated business name: **Saratov Branch No. 8622 of "Sberbank of Russia", OJSC**

Address: **19, Vavilova Str., Moscow, 117997 Russia**

INN (Taxpayer Identification Number): **7707083893**

BIC: **046311649**

Account number: **40702978156030000311**

Correspondent account: **30101810500000000649**

Account type: **Foreign currency settlement account**

Information on credit institution

Full business name: **Saratov Branch of Gazprombank, OJSC**

Abbreviated business name: **Saratov Branch of GPB (OJSC)**

Address: **building 1, 16, Nametkina Str., Moscow, 117420 Russia**

INN (Taxpayer Identification Number): **7744001497**

BIC: **046322763**

Account number: **40702810100000000962**

Correspondent account: **30101810000000000763**

Account type: **Settlement account**

Information on credit institution

Full business name: **Saratov Branch of Nordea Bank, OJSC**

Abbreviated business name: **Saratov Branch of Nordea Bank, OJSC**

Address: **19/1, Yamskogo Polya 3d Str., Moscow, 125040 Russia**

INN (Taxpayer Identification Number): **7744000398**

BIC: **046311853**

Account number: **40702810100400000553**

Correspondent account: **30101810600000000853**

Account type: **Settlement account**

Information on credit institution

Full business name: **Interregional Commercial Bank for Settlements of the Telecommunications and Postal Services (Open Joint-Stock Company) (AKB Sviaz-Bank, OJSC)**

Abbreviated business name: **Interregional Commercial Bank for Settlements of the Telecommunications and Postal Services (Open Joint-Stock Company) (AKB Sviaz-Bank, OJSC)**

Address: *7, Tverskaya Str., Moscow, 125375 Russia*

INN (Taxpayer Identification Number): *7710301140*

BIC: *046311823*

Account number: *40702810600280000425*

Correspondent account: *30101810300000000823*

Account type: *Settlement account*

Information on credit institution

Full business name: *Orenburg Branch No. 8623 of Open Joint-Stock Company Sberbank of Russia*

Abbreviated business name: *Orenburg Branch No. 8623 of Sberbank of Russia, OJSC*

Address: *19, Vavilova Str., Moscow, 117997 Russia*

INN (Taxpayer Identification Number): *7707083893*

BIC: *045354601*

Account number: *40702810246020002670*

Correspondent account: *30101810600000000601*

Account type: *Settlement account*

Information on credit institution

Full business name: *Ulyanovsk Branch No. 8588 of Open Joint-Stock Company Sberbank of Russia*

Abbreviated business name: *Ulyanovsk Branch No. 8588 of Sberbank of Russia, OJSC*

Address: *19, Vavilova Str., Moscow, 117997 Russia*

INN (Taxpayer Identification Number): *7707083893*

BIC: *047308602*

Account number: *40702810469160011444*

Correspondent account: *30101810000000000602*

Account type: *Settlement account*

Information on credit institution

Full business name: *Chuvashia Branch No. 8613 of Open Joint-Stock Company Sberbank of Russia*

Abbreviated business name: *Chuvashia Branch No. 8613 of Sberbank of Russia, OJSC*

Address: *3, Moskovskiy Prospekt, Cheboksary, 428018 Chuvash Republic*

INN (Taxpayer Identification Number): *7707083893*

BIC: *049706609*

Account number: *40702810875020102992*

Correspondent account: *30101810300000000609*

Account type: *Settlement account*

Information on credit institution

Full business name: *Samara Branch of Nordea Bank, OJSC*

Abbreviated business name: *Samara Branch of Nordea Bank, OJSC*

Address: *138A, Chapaevskaya Str., 443010 Samara*

INN (Taxpayer Identification Number): *7744000398*

BIC: *043601792*

Account number: *40702810900200003778*

Correspondent account: *30101810500000000792*

Account type: *Settlement account*

### **1.3. Information on the Auditor(s) of the Issuer**

On Auditor (auditors) carrying out independent audit of accounting records and financial (accounting) statements of the Issuer under concluded contract and on Auditor (auditors) approved (assigned) for the audit of the Issuer's annual financial (accounting) statements based on the results of the current or closed fiscal year:

**1. Full business name: “Nexia Pacioli”, Limited Liability Company**

Abbreviated business name: **Nexia Pacioli, LLC**

Address: **2, Malaya Polyanka Str., Moscow, 119180, Russian Federation**

INN (Taxpayer Identification Number): **7729142599**

OGRN (Primary State Registration Number): **1027739428716**

Telephone: **(495) 221-2415**

Fax: **(495) 221-2415**

E-mail: **pacioli@pacioli.ru**

Information on audit license

License Issuing Body: **Ministry of Finance of the Russian Federation**

Number: **No. E 000733**

Date of issue: **June 25, 2002**

Expiry date **June 25, 2012**

Information on auditor's membership in self-regulating auditor's organizations

Full business name: **Institute of Professional Auditors of Russia**

Address: **office 812, 813, bld. 1, 14 Nametkin Str., Moscow, 117420, Russia**

Supplementary information:

Date of entering the data on the self-regulating auditor's organization in the register:

**October 30, 2009 (Order of the Ministry of Finance of the Russian Federation No. 514 of October 30, 2009);**

**Registered with the state register of self-regulating auditors' organizations under registration entry No. 02.**

Information on auditor's membership in panels, associations or other types of professional organizations:

The company is a member of the international network of audit and consulting companies Nexia International.

– Nexia Pacioli is one of the founders and a member of Council of Institute of Professional Auditors of Russia (IPAR).

– Nexia Pacioli is an associated member of the Russian Society of Appraisers since 2002.

– Nexia Pacioli, LLC is a member of Non-Commercial Partnership “Partnership for Support of Appraisers Accredited by Russian Society of Appraisers” (RSA Partnership, NCP) since 2004.

– Nexia Pacioli, LLC, is a member of National Insurance Guild (since 2004).

Fiscal year (years) in which the Auditor carried out an independent audit of accounting records and financial (accounting) statements of the Issuer

Year
2011

Factors that can affect the Auditor's independence from the Issuer including information on existing substantial self-interest of the auditor (officers of the Auditor) in the activities of the Issuer (officials of the Issuer).

Participatory shares of the Auditor (the Auditor's officials) in the authorized (reserve) capital (share fund) of the Issuer: **the Auditor has no participatory share in the authorized capital of the Issuer;**

Provision of borrowed funds to the Auditor (the Auditor's officials) by the Issuer:  
***the Issuer has not provided any borrowed funds to the Auditor (the Auditor's officials);***

Any close business relations (participation in the promotion of goods (services) of the Issuer, participation in joint entrepreneurial activities, etc.) and any sibling connections: ***the Issuer has no close business relations or kinship with the Auditor;***

Information on the Issuer's officials being simultaneously the Auditor's officials (the Auditor): ***the Issuer's officials are not simultaneously the Auditor's officials.***

Other factors which may influence the Auditor's independence from the Issuer:  
***there are no other factors.***

Measures taken by the Issuer and the Auditor to decrease the influence of the said factors:

The Auditor is not a member of the Issuer's shareholding structure, the Issuer is not a member of the Auditor's shareholding structure, the Issuer's chief accountant is not the Auditor's employee, no loan/credit contracts have been made between the Auditor and the Issuer.

The Issuer and the Auditor will act (acted) under the applicable law, in particular in accordance with Federal Law No. 307-FZ of December 30, 2008 "On Audit Activities", p. 1 of cl. 8 of which states that audit cannot be performed:

1) by audit organizations the heads and other officials of which are the founders (stockholders) of the audited parties, their officials, accountants and other persons responsible for the organization and keeping of the accounting records and preparation of the accounting (financial) statements;

2) by audit organizations the heads and other officials of which have kinship with (are parents, spouses, siblings, children or siblings, parents and children of spouses of) the founders (stockholders) of the audited parties, their officials, accountants and other persons responsible for the organization and keeping of the accounting records and preparation of the accounting (financial) statements;

3) by audit organizations with respect to the audited parties being their founders (stockholders), with respect to the audited parties for which these audit organizations are the founders (stockholders), with respect to the subsidiaries, branches and representatives offices of the said audited parties, as well as with respect to organizations having common founders (stockholders) with this audit organization;

4) by audit organizations, individual auditors providing audit services for restoration and keeping of accounting records and for preparation of the accounting (financial) statements to physical persons and legal entities for three years immediately preceding the audit, with respect to such persons;

5) by the auditors being the founders (stockholders) of the audited parties, their heads, accountants and other persons responsible for the organization and keeping of the accounting records and preparation of the accounting (financial) statements;

6) by the auditors closely relating to the founders (stockholders) of the audited parties, their officials, accountants and other persons responsible for the organization and keeping of the accounting records and preparation of the accounting (financial) statements (parents, spouses, siblings, children, as well as siblings, parents and children of their spouses).

The basic measure taken by the Issuer to prevent the dependency of the Issuer and the Auditor on each other is the process of thorough examination of the candidature of the Auditor for the latter's independence from the Issuer. The Auditor is fully independent of the Issuer's management bodies in accordance with Article 8 of Federal Law No. 307-FZ of December 30, 2008 "On Audit Activities"; the amount of the Auditor's fee does not depend on the results of the audit conducted.

Procedure for selection of the Issuer's Auditor

Tendering procedure for the selection of auditor and its general conditions:

The Issuer's auditor was selected by Tender. To take part in Tender, audit organizations had to

meet the following requirements:

- not to be under the liquidation;
- not to have the decision ordering the suspension of activity issued in compliance with the Code of Administrative Offences of the Russian Federation at the date of the approval of the application for Tender;
- not to have unsettled tax liabilities, unpaid levies and other outstanding statutory payments to all budget levels or to state non-budgetary funds from the previous calendar year, the amount of which exceeds twenty-five percent of the applicant's book value of assets as appears on financial statements for the most recent closed reporting period;
- not to meet the conditions (in respect to the Company and SDCs of IDGC Holding, JSC) listed in the paragraph 1 of the Article 8 of the Federal Law "On Audit Activities" of December 30, 2008 No. 307-FZ.

Procedure for nominating auditors for appointment by the Meeting of Shareholders (stockholders) including management body authorized to make such decision:

In accordance with subparagraph 11 of paragraph 10.2 of the Company's Articles of Association, the candidature of the Auditor shall be approved by the General Meeting of Shareholders of IDGC of Volga, JSC.

By the decision of the Annual General Meeting of Shareholders of IDGC of Volga, JSC that took place on June 10, 2011 (Minutes No. 4/2011 of June 14, 2011) "Nexia Pacioli" Limited Liability Company was approved as the Auditor of the Issuer.

The Issuer's Auditor shall carry out an audit of the Issuer's financial and business activities in compliance with the laws of the Russian Federation and under concluded contract.

Information on special audit engagements:

There were no special audit engagements in the reporting period.

Information on the procedure for determination of the Auditor's compensation and the actual amount of fee paid by the Issuer to Auditor for each of five most recent closed fiscal years in which the Auditor carried out an independent audit of accounting records and financial (accounting) statements of the Issuer:

The amount of fee payable to the Auditor approved by the Annual General Meeting of Shareholders of the Issuer for services of conducting annual compulsory audit and validating annual financial statements is determined by the Board of Directors of the Company in accordance with the paragraph 24.9 of the Article 24 and the subparagraph 14 of the paragraph 15.1 of the Article 15 of the Articles of Association of the Company.

Information on existing deferred or outstanding payments for audit services:

There are no deferred or outstanding payments for audit services provided.

2. Full business name: ***"KPMG", Closed Joint-Stock Company***  
Abbreviated business name: ***KPMG, CJSC***  
Address: ***office 3035, 18/1, Olympiysky Prospekt, Moscow, 129110, Russian Federation***  
INN (Taxpayer Identification Number): ***7702019950***  
OGRN (Primary State Registration Number): ***1027700125628***  
Telephone: ***(495) 937-4477***  
Fax: ***(495) 937-4499***  
E-mail: ***moscow@kpm.***

Information on audit license

License Issuing Body: ***Ministry of Finance of the Russian Federation***

Number: *E 003330*

Date of issue: *January 17, 2003*

Expiry date: *January 17, 2013*

Information on auditor's membership in self-regulating auditor's organizations

Full business name: *Non-commercial partnership "Russian Audit Chamber"*

Address: *building 3, 3/9, 3-y Syromyatnichesky Pereulok, Moscow, 105120 Russia*

Supplementary information:

Date of entering the data on the self-regulating auditors' organization in the register:

*October 1, 2009 (Order of the Ministry of Finance of the Russian Federation No. 455 of October 1, 2009);*

*Registered with the state register of self-regulating auditors' organizations under registration entry No. 01.*

Information on auditor's membership in panels, associations or other types of professional organizations:

- *European Business Association*
- *US Chamber of Commerce*
- *Canadian Business Association in Russia and Eurasia*
- *International Business Leaders Forum*
- *Japanese Business Club*
- *Russo-British Chamber of Commerce*
- *Russian Venture Capital Association*
- *Russian-German Chamber of Commerce*
- *Russian-American Business Council*
- *Association of Russian Banks*
- *Russian Audit Chamber*
- *French Chamber of Commerce and Industry in Russia*
- *National Council on Corporate Governance*
- *Russian Union of Industrialists and Entrepreneurs*

Fiscal year (years) in which the Auditor carried out an independent audit of accounting records and financial (accounting) statements of the Issuer

Year
2007
2008
2009
2010
2011

Factors that can affect the Auditor's independence from the Issuer including information on existing substantial self-interest of the Auditor (officers of the Auditor) in the activities of the Issuer (officials of the Issuer).

Participatory shares of the Auditor (the Auditor's officials) in the authorized (reserve) capital (share fund) of the Issuer: *the Auditor has no participatory share in the authorized capital of the Issuer;*

Provision of borrowed funds to the Auditor (the Auditor's officials) by the Issuer: *the Issuer has not provided any borrowed funds to the Auditor (the Auditor's officials);*

Any close business relations (participation in the promotion of goods (services) of the Issuer, participation in joint entrepreneurial activities, etc.) and any sibling connections: ***the Issuer has no close business relations or kinship with the Auditor;***

Information on the Issuer's officials being simultaneously the Auditor's officials (the Auditor): ***the Issuer's officials are not simultaneously the Auditor's officials.***

Other factors which may influence the Auditor's independence from the Issuer: ***there are no other factors.***

Measures taken by the Issuer and the Auditor to decrease the influence of the said factors:

the Auditor is not a member of the Issuer's shareholding structure, the Issuer is not a member of the Auditor's shareholding structure, the Issuer's chief accountant is not the Auditor's employee, no loan/credit contracts have been made between the Auditor and the Issuer.

The Issuer and the Auditor will act (acted) under the applicable law, in particular in accordance with Federal Law No. 307-FZ of December 30, 2008 "On Audit Activities", p.1 of cl.8 of which states that audit cannot be performed:

1) by audit organizations the heads and other officials of which are the founders (stockholders) of the audited parties, their officials, accountants and other persons responsible for the organization and keeping of the accounting records and preparation of the accounting (financial) statements;

2) by audit organizations the heads and other officials of which have kinship with (are parents, spouses, siblings, children or siblings, parents and children of spouses of) the founders (stockholders) of the audited parties, their officials, accountants and other persons responsible for the organization and keeping of the accounting records and preparation of the accounting (financial) statements;

3) by audit organizations with respect to the audited parties being their founders (stockholders), with respect to the audited parties for which these audit organizations are the founders (stockholders), with respect to the subsidiaries, branches and representatives offices of the said audited parties, as well as with respect to organizations having common founders (stockholders) with this audit organization;

4) by audit organizations, individual auditors providing audit services for restoration and keeping of accounting records and for preparation of the accounting (financial) statements to physical persons and legal entities for three years immediately preceding the audit, with respect to such persons;

5) by the auditors being the founders (stockholders) of the audited parties, their heads, accountants and other persons responsible for the organization and keeping of the accounting records and preparation of the accounting (financial) statements;

6) by the auditors closely relating to the founders (stockholders) of the audited parties, their officials, accountants and other persons responsible for the organization and keeping of the accounting records and preparation of the accounting (financial) statements (parents, spouses, siblings, children, as well as siblings, parents and children of their spouses).

The basic measure taken by the Issuer to prevent the dependency of the Issuer and the Auditor on each other is the process of thorough examination of the candidature of the Auditor for the latter's independence from the Issuer. The Auditor is fully independent of the Issuer's management bodies in accordance with Article 8 of Federal Law No. 307-FZ of December 30, 2008 "On Audit Activities"; the amount of the Auditor's fee does not depend on the results of the audit conducted.

Procedure for selection of the Issuer's Auditor

Tendering procedure for the selection of auditor and its general conditions:

The Issuer's auditor was selected by Tender. To take part in Tender, audit organizations had to meet the following requirements:

- not to be under the liquidation;
- not to have the decision ordering the suspension of activity issued in compliance with the

Code of Administrative Offences of the Russian Federation at the date of the approval of the application for Tender;

- not to have unsettled tax liabilities, unpaid levies and other outstanding statutory payments to all budget levels or to state non-budgetary funds from the previous calendar year, the amount of which exceeds twenty-five percent of the applicant's book value of assets as appears on financial statements for the most recent closed reporting period;

- not to meet the conditions (in respect to the Company and SDCs of IDGC Holding, JSC) listed in the paragraph 1 of the Article 8 of the Federal Law "On Audit Activities" of December 30, 2008 No. 307-FZ.

Procedure for nominating auditors for appointment by the Meeting of Shareholders (stockholders) including management body authorized to make such decision:

Nominee auditors assigned to carry out an audit of consolidated financial statements of IDGC of Volga, JSC, in accordance with the International Financial Reporting Standards are not put forward for consideration by the General Meeting of Shareholders.

Information on special audit engagements shall be specified: There were no special audit engagements.

Information on the procedure for determination of Auditor's compensation and the actual amount of fee paid by the Issuer to Auditor for each of five most recent closed fiscal years in which the Auditor carried out an independent audit of accounting records and financial (accounting) statements of the Issuer:

The amount of fee and the payment procedure for auditor's services are provided in the contract concluded between the Company and the Auditor.

Information on existing deferred or outstanding payments for audit services:

There are no deferred or outstanding payments for audit services provided.

Information on the amount of fee paid to the Auditor based on the results of 2007-2010:  
Audit of the statements under RAS

Financial year	Name of the auditing company	Fee, rubles (including VAT)
2007	Fineart-Audit, LLC	354,000 rubles, including VAT of 54,000 rubles
2008	Fineart-Audit, LLC	12,300,000 rubles, including VAT of 1,876,271.19 rubles
2009	Nexia Pacioli, LLC	2,065,000 rubles, including VAT of 315,000 rubles
2010	AC AUDITINFORM, CJSC	2,006,000 rubles, including VAT of 306,000 rubles
2011	Nexia Pacioli, LLC	1,003,000 rubles, including VAT of 153,000 rubles

Audit of the statements under IFRS

Financial year	Name of the auditing company	Fee, rubles (including VAT)
2007	KPMG, CJSC	18,880,000 rubles, including VAT of 2,880,000 rubles
2008	KPMG, CJSC	13,570,000 rubles, including VAT of 2,070,000 rubles
2009	KPMG, CJSC	20,000,000 rubles, including VAT of 3,050,847.46 rubles
2010	KPMG, CJSC	9,735,000 rubles, including VAT of 1,485,000

		rubles.
2011	KPMG, CJSC	9,735,000 rubles, including VAT of 1,485,000 rubles.

#### **1.4. Information on the Issuer's Appraiser(s)**

*The Issuer did not assign Appraisers*

#### **1.5. Information on the Issuer's Advisors**

*The Issuer did not assign Financial Advisors*

#### **1.6. Information on other Signatories of the Quarterly Report**

*There are no additional signatories*

### **II. General Information on the Issuer's financial and economic performance**

#### **2.1. Indices of the Issuer's financial and economic performance**

It is not underlined in the report for 4 quarter

#### **2.2. The Issuer's market capitalization**

Item name	Q3 2011
Market capitalization, rubles	15,848,779,851.70

Information on securities trade organizer that provides data used for the calculation of market capitalization and any other information on public trading of securities described at option of the Issuer:

The Company's shares appear in the Quotation List A of tier two of MICEX Stock Exchange Closed Joint-Stock Company, and in the over-the-counter margin stock list of RTS Stock Exchange, Open Joint-Stock Company.

Market capitalization of IDGC of Volga, JSC provided in this section relies on data from CJSC "MICEX Stock Exchange" (<http://www.micex.ru/marketdata/quotes>) as of the last date of each mentioned reporting period.

#### **2.3. Issuer's Liabilities**

##### **2.3.1. Payables**

It is not underlined in the report for 4 quarter

##### **2.3.2. Issuer's Credit History**

This section provides information on the Issuer's fulfillment of its liabilities occurred during 5 most recent closed financial years, or for each closed financial year in case the Issuer operates less than 5 years, and its liabilities under Facility Agreements and/or Loan Agreements effective as of the end date of reporting quarter, the amount of which is 5 percent or more of the Issuer's book value of assets as of the date of most recent closed reporting quarter preceding the conclusion of the respective agreement as well as under other Facility Agreements and/or Loan Agreements which the Issuer considers as substantial.

If the Issuer issued bonds, the Issuer provides a report on the fulfillment of its liabilities for each bond issue with total par value of 5 or more percent of the Issuer's book value of assets as of the end date of the last closed quarter preceding state registration of the bond placement report; if bond placement is in process or bond placement report is not registered by state for any other reason, such information shall be provided as of the end date of the last closed quarter preceding the state registration of bond issue.

Liability	Creditor (lender)	Principal amount	Currency	Credit period (loan) / maturity	Delay in fulfillment of liabilities for
-----------	-------------------	------------------	----------	---------------------------------	---

				date	repayment of principal debt and/or interest due, period of delay, days
Liabilities under agreements effective during 2008					
Line of credit	AB “ORGRESBANK”	450,000,000	RUB	over 24 months / March 16, 2009	--
Line of credit	AB “ORGRESBANK”	300,000,000	RUB	over 24 months / March 16, 2009	--
Line of credit	AB “ORGRESBANK”	200,000,000	RUB	over 18 months / July 17, 2009	--
Line of credit	AB “ORGRESBANK”	200,000,000	RUB	over 18 months / November 19, 2009	--
Line of credit	AB “ORGRESBANK”	200,000,000	RUB	over 18 months / January 09, 2010	--
Line of credit	AB “ORGRESBANK”	300,000,000	RUB	over 18 months / January 10, 2010	--
Line of credit	AKB “Rosbank”	700,000,000	RUB	18 months / September 30, 2009	--
Line of credit	AKB “Rosbank”	500,000,000	RUB	18 months / August 07, 2011	--
Line of credit	Gazprombank (OJSC)	800,000,000	RUB	18 months / August 26, 2011	--
Line of credit	Sberbank	230,000,000	RUB	12 months / November 12, 2008	--
Line of credit	Sberbank	200,000,000	RUB	12 months / November 21, 2008	--
Line of credit	Sberbank	270,000,000	RUB	up to 12 months / March 16, 2009	--
Line of credit	Sberbank	200,000,000	RUB	up to 12 months / March 20, 2009	--
Line of credit	Sberbank	300,000,000	RUB	up to 12 months / March 25, 2009	--
Line of credit	Sberbank	300,000,000	RUB	up to 12 months / July 08, 2009	--
Line of credit	Sberbank	200,000,000	RUB	up to 12 months / July 08, 2009	--

Line of credit	Sberbank	300,000,000	RUB	up to 12 months / April 07, 2009	--
Line of credit	Sberbank	300,000,000	RUB	up to 12 months / December 04, 2009	--
Line of credit	KB Agropromkredit, LLC	100,000,000	RUB	over 12 months / November 28, 2008	--
Line of credit	Sberbank	130,000,000	RUB	over 18 months / April 14, 2009	--
Line of credit	Sberbank	80,000,000	RUB	up to 12 months / July 11, 2008	--
Credit	AB "ORGRESBANK"	153,164,000	RUB	36 months / December 24, 2010	--
Line of credit	Gazprombank (OJSC)	250,000,000	RUB	over 12 months / January 23, 2009	--
Line of credit	AB "ORGRESBANK"	150,000,000	RUB	over 12 months / April 01, 2009	--
Line of credit	AB "ORGRESBANK" (OJSC)	50,000,000	RUB	over 12 months / October 17, 2008	--
Line of credit	AB "ORGRESBANK" (OJSC)	50,000,000	RUB	up to 12 months / September 26, 2008	--
Line of credit	AB "ORGRESBANK" (OJSC)	60,000,000	RUB	over 12 months / October 17, 2008	--
Line of credit	AB "ORGRESBANK" (OJSC)	30,000,000	RUB	over 12 months / October 17, 2008	--
Line of credit	AB "ORGRESBANK" (OJSC)	60,000,000	RUB	over 12 months / October 17, 2008	--
Line of credit	AB "ORGRESBANK" (OJSC)	30,000,000	RUB	over 12 months / October 17, 2008	--
Credit	VTB Bank	120,000,000	RUB	over 12 months / February 16, 2009	--
Credit	VTB Bank	130,549,000	RUB	60 months / September 22, 2012	--
Line of credit	VTB Bank	269,451,000	RUB	up to 12 months / August 01, 2008	--
Line of credit	KB Agropromkredit, LLC	95,000,000	RUB	12 months / May 27, 2008	--

Liabilities under agreements effective during 2009					
Line of credit	Nordea Bank	450,000,000	RUB	over 24 months / August 13, 2009	--
Line of credit	Nordea Bank	300,000,000	RUB	over 24 months / August 13, 2010	--
Line of credit	Nordea Bank	200,000,000	RUB	over 18 months / July 28, 2009	--
Line of credit	Nordea Bank	200,000,000	RUB	over 18 months / November 19, 2009	--
Line of credit	Nordea Bank	200,000,000	RUB	over 18 months / March 09, 2010	--
Line of credit	Nordea Bank	300,000,000	RUB	over 18 months / March 10, 2010	--
Line of credit	Nordea Bank	370,000,000	RUB	over 12 months / March 14, 2010	--
Line of credit	Nordea Bank	370,000,000	RUB	over 12 months / March 19, 2010	--
Line of credit	Nordea Bank	150,000,000	RUB	up to 12 months / March 27, 2010	--
Line of credit	AKB "Rosbank"	700,000,000	RUB	over 24 months / August 07, 2011	--
Line of credit	AKB "Rosbank"	500,000,000	RUB	over 24 months / August 07, 2012	--
Line of credit	AKB "Rosbank"	100,000,000	RUB	over 12 months / July 21, 2010	--
Line of credit	AKB "Rosbank"	400,000,000	RUB	over 12 months / July 21, 2011	--
Line of credit	Gazprombank	800,000,000	RUB	over 24 months / August 26, 2011	--
Line of credit	Gazprombank	400,000,000	RUB	36 months / December 10, 2012	--
Line of credit	Gazprombank	400,000,000	RUB	36 months / December 10, 2012	--
Line of credit	Gazprombank	350,000,000	RUB	36 months / December 10, 2012	--
Line of credit	Gazprombank	300,000,000	RUB	36 months / December 10, 2012	--
Line of credit	Gazprombank	250,000,000	RUB	up to 12 months / February 19, 2010	--
Line of credit	TransCreditBank	350,000,000	RUB	over 18 months / January 20, 2011	--
Line of credit	TransCreditBank	250,000,000	RUB	over 18 months /	--

credit				January 21, 2011	
Line of credit	TransCreditBank	200,000,000	RUB	over 18 months / February 03, 2011	--
Line of credit	TransCreditBank	250,000,000	RUB	over 18 months / February 12, 2011	--
Line of credit	Sberbank	270,000,000	RUB	up to 12 months / March 16, 2009	--
Line of credit	Sberbank	200,000,000	RUB	up to 12 months / March 20, 2009	--
Line of credit	Sberbank	300,000,000	RUB	up to 12 months / March 25, 2009	--
Line of credit	Sberbank	300,000,000	RUB	up to 12 months / July 08, 2009	--
Line of credit	Sberbank	200,000,000	RUB	up to 12 months / July 08, 2009	--
Line of credit	Sberbank	300,000,000	RUB	up to 12 months / May 29, 2009	--
Line of credit	Sberbank	300,000,000	RUB	up to 12 months / December 04, 2009	--
Line of credit	Sberbank	300,000,000	RUB	up to 12 months / October 30, 2009	--
Line of credit	Sberbank	300,000,000	RUB	up to 18 months / December 10, 2009	--
Line of credit	Sberbank	300,000,000	RUB	up to 18 months / December 10, 2009	--
Line of credit	Sberbank	200,000,000	RUB	up to 18 months / December 10, 2009	--
Line of credit	Sberbank	350,000,000	RUB	up to 18 months / December 10, 2009	--
Line of credit	Sberbank	330,000,000	RUB	up to 18 months / February 17, 2010	--
Line of credit	Sberbank	370,000,000	RUB	up to 18 months / February 17, 2010	--
Line of credit	Sberbank	300,000,000	RUB	up to 18 months / February 26, 2010	--
Line of credit	Sberbank	300,000,000	RUB	up to 18 months / February 26, 2010	--
Line of credit	Sberbank	200,000,000	RUB	up to 18 months / March 01, 2010	--
Line of credit	Sberbank	350,000,000	RUB	up to 18 months / March 01, 2010	--
Line of	Sberbank	40,000,000	RUB	18 months /	--

credit				January 21, 2009	
Line of credit	Sberbank	30,000,000	RUB	18 months / January 24, 2009	--
Line of credit	Sberbank	30,000,000	RUB	18 months / February 07, 2009	--
Credit	Nordea Bank	153,164,000	RUB	36 months / December 24, 2010	--
Line of credit	Nordea Bank	150,000,000	RUB	over 12 months / April 10, 2009	--
Line of credit	Gazprombank (OJSC)	250,000,000	RUB	over 12 months / January 23, 2009	--
Credit	VTB Bank, Saransk	120,000,000	RUB	over 18 months / March 04, 2009	--
Credit	VTB Bank, Saransk	130,549,000	RUB	60 months / September 22, 2012	--
Line of credit	Bank of Moscow	250,000,000	RUB	over 36 months / October 01, 2012	--
Line of credit	Bank of Moscow	350,000,000	RUB	over 36 months / October 01, 2012	--
Line of credit	Bank of Moscow	400,000,000	RUB	over 36 months / October 01, 2012	--
Line of credit	Sviaz-Bank	250,000,000	RUB	over 18 months / May 03, 2011	--
Line of credit	Sviaz-Bank	350,000,000	RUB	over 18 months / May 03, 2011	--
Line of credit	Sviaz-Bank	400,000,000	RUB	over 18 months / May 03, 2011	--
Line of credit	Sviaz-Bank	300,000,000	RUB	over 18 months / May 03, 2011	--
Line of credit	Alfa-Bank	300,000,000	RUB	over 36 months / November 23, 2012	--
Line of credit	Alfa-Bank	400,000,000	RUB	over 36 months / November 23, 2012	--
Line of credit	Alfa-Bank	250,000,000	RUB	over 36 months / November 25, 2012	--
Line of credit	Alfa-Bank	350,000,000	RUB	over 36 months / November 30, 2012	--
Line of credit	Alfa-Bank	350,000,000	RUB	over 36 months / November 30, 2012	--
Line of	Alfa-Bank	250,000,000	RUB	up to 36 months /	--

credit				November 09, 2012	
Line of credit	Alfa-Bank	400,000,000	RUB	up to 36 months / November 09, 2012	--
Line of credit	Alfa-Bank	400,000,000	RUB	up to 36 months / November 09, 2012	--
Line of credit	Alfa-Bank	350,000,000	RUB	up to 36 months / November 09, 2012	--
Line of credit	Alfa-Bank	300,000,000	RUB	up to 36 months / November 09, 2012	--
Line of credit	Alfa-Bank	250,000,000	RUB	up to 36 months / November 09, 2012	--
Liabilities under agreements effective during 2010					
Line of credit	Gazprombank	800,000,000	RUB	over 24 months / August 26, 2011	--
Line of credit	Gazprombank	400,000,000	RUB	36 months / December 10, 2012	--
Line of credit	Gazprombank	400,000,000	RUB	36 months / December 10, 2012	--
Line of credit	Gazprombank	350,000,000	RUB	36 months / December 10, 2012	--
Line of credit	Gazprombank	300,000,000	RUB	36 months / December 10, 2012	--
Line of credit	Gazprombank	150,000,000	RUB	60 months / November 17, 2015	--
Line of credit	Gazprombank	200,000,000	RUB	60 months / November 17, 2015	--
Line of credit	Gazprombank	250,000,000	RUB	60 months / November 17, 2015	--
Line of credit	Gazprombank	450,000,000	RUB	60 months / November 17, 2015	--
Line of credit	TransCreditBank	350,000,000	RUB	over 18 months / January 20, 2011	--
Line of credit	TransCreditBank	250,000,000	RUB	over 18 months / January 21, 2011	--

Line of credit	TransCreditBank	200,000,000	RUB	over 18 months / February 03, 2011	--
Line of credit	TransCreditBank	250,000,000	RUB	over 18 months / February 12, 2011	--
Line of credit	Sberbank	330,000,000	RUB	over 24 months / November 04, 2011	--
Line of credit	Sberbank	370,000,000	RUB	over 24 months / November 04, 2011	--
Line of credit	Sberbank	300,000,000	RUB	up to 18 months / June 06, 2011	--
Line of credit	Sberbank	300,000,000	RUB	up to 18 months / June 06, 2011	--
Line of credit	Sberbank	200,000,000	RUB	up to 18 months / June 06, 2011	--
Line of credit	Sberbank	350,000,000	RUB	up to 18 months / June 06, 2011	--
Line of credit	Sberbank	330,000,000	RUB	over 24 months / February 20, 2012	--
Line of credit	Sberbank	370,000,000	RUB	over 24 months / February 20, 2012	--
Line of credit	Sberbank	300,000,000	RUB	up to 18 months / August 25, 2011	--
Line of credit	Sberbank	300,000,000	RUB	up to 18 months / August 25, 2011	--
Line of credit	Sberbank	200,000,000	RUB	up to 18 months / August 30, 2011	--
Line of credit	Sberbank	350,000,000	RUB	up to 18 months / August 30, 2011	--
Line of credit	Sberbank	200,000,000	RUB	18 months / January 19, 2012	--
Line of credit	Sberbank	250,000,000	RUB	18 months / January 19, 2012	--
Line of credit	Sberbank	300,000,000	RUB	18 months / January 19, 2012	--
Line of credit	Sberbank	350,000,000	RUB	18 months / January 19, 2012	--
Line of credit	Sberbank	400,000,000	RUB	18 months / January 19, 2012	--
Line of credit	Sberbank	350,000,000	RUB	over 24 months / December 24, 2013	--
Line of	Sberbank	400,000,000	RUB	60 months /	--

credit				November 18, 2015	
Line of credit	Sberbank	300,000,000	RUB	up to 18 months / June 19, 2012	--
Line of credit	Sberbank	300,000,000	RUB	up to 18 months / June 19, 2012	--
Line of credit	Sberbank	200,000,000	RUB	up to 18 months / June 19, 2012	--
Line of credit	Sberbank	350,000,000	RUB	up to 18 months / June 19, 2012	--
Credit	VTB Bank, Saransk	130,549,000	RUB	60 months / September 22, 2012	--
Line of credit	Sviaz-Bank	250,000,000	RUB	over 18 months / May 03, 2011	--
Line of credit	Sviaz-Bank	350,000,000	RUB	over 18 months / May 03, 2011	--
Line of credit	Sviaz-Bank	400,000,000	RUB	over 18 months / May 03, 2011	--
Line of credit	Sviaz-Bank	300,000,000	RUB	over 18 months / May 03, 2011	--
Line of credit	Alfa-Bank	300,000,000	RUB	over 36 months / November 23, 2012	--
Line of credit	Alfa-Bank	400,000,000	RUB	over 36 months / November 23, 2012	----
Line of credit	Alfa-Bank	250,000,000	RUB	over 36 months / November 25, 2012	--
Line of credit	Alfa-Bank	350,000,000	RUB	over 36 months / November 30, 2012	--
Line of credit	Alfa-Bank	350,000,000	RUB	over 36 months / November 30, 2012	--
Line of credit	Alfa-Bank	250,000,000	RUB	up to 36 months / November 09, 2012	--
Line of credit	Alfa-Bank	400,000,000	RUB	up to 36 months / December 28, 2012	--
Line of credit	Alfa-Bank	400,000,000	RUB	up to 36 months / December 28, 2012	--
Line of	Alfa-Bank	350,000,000	RUB	up to 36 months /	--

credit				December 28, 2012	
Line of credit	Alfa-Bank	300,000,000	RUB	up to 36 months / December 28, 2012	--
Line of credit	Alfa-Bank	250,000,000	RUB	up to 36 months / December 28, 2012	--
Liabilities under agreements effective as of March 31, 2011					
Line of credit	Gazprombank	0	RUB	36 months /December 10, 2012	--
Line of credit	Gazprombank	45,000,000	RUB	36 months / December 10, 2012	--
Line of credit	Gazprombank	0	RUB	36 months / December 10, 2012	--
Line of credit	Gazprombank	0	RUB	36 months / December 10, 2012	--
Line of credit	Gazprombank	0	RUB	60 months /November 17, 2015	--
Line of credit	Gazprombank	200,000,000	RUB	60 months /November 17, 2015	--
Line of credit	Gazprombank	250,000,000	RUB	60 months /November 17, 2015	--
Line of credit	Gazprombank	450,000,000	RUB	60 months /November 17, 2015	--
Line of credit	Sberbank	0	RUB	up to 18 months / July 16, 2012	--
Line of credit	Sberbank	340,000,000	RUB	over 36 months / December 24, 2013	--
Line of credit	Sberbank	0	RUB	60 months / November 18, 2015	--
Line of credit	Sberbank	300,000,000	RUB	up to 18 months / June 19, 2012	--
Line of credit	Sberbank	300,000,000	RUB	up to 18 months / June 19, 2012	--
Line of credit	Sberbank	200,000,000	RUB	up to 18 months / June 19, 2012	--
Line of credit	Sberbank	350,000,000	RUB	up to 18 months /	--

credit				June 19, 2012	
Line of credit	Sberbank	200,000,000	RUB	over 36 months / May 07, 2014	--
Line of credit	Sberbank	300,000,000	RUB	over 36 months / May 07, 2014	--
Line of credit	Sberbank	100,000,000	RUB	over 36 months / May 07, 2014	--
Line of credit	Sberbank	400,000,000	RUB	over 36 months / March 07, 2014	--
Line of credit	Sberbank	450,000,000	RUB	over 36 months / March 07, 2014	--
Liabilities under agreements effective as of June 30, 2011					
Line of credit	Gazprombank	0	RUB	36 months /December 10, 2012	--
Line of credit	Gazprombank	0	RUB	36 months / December 10, 2012	--
Line of credit	Gazprombank	0	RUB	36 months / December 10, 2012	--
Line of credit	Gazprombank	0	RUB	36 months / December 10, 2012	--
Line of credit	Gazprombank	0	RUB	60 months /November17, 2015	--
Line of credit	Gazprombank	200,000,000	RUB	60 months /November17, 2015	--
Line of credit	Gazprombank	250,000,000	RUB	60 months /November 17, 2015	--
Line of credit	Gazprombank	450,000,000	RUB	60 months /November 17, 2015	--
Line of credit	Sberbank	0	RUB	up to 18 months / July 16, 2012	--
Line of credit	Sberbank	0	RUB	60 months /November18, 2015	--
Line of credit	Sberbank	200,000,000	RUB	over 36 months / May 07, 2014	--
Line of credit	Sberbank	300,000,000	RUB	over 36 months / May 07, 2014	--
Line of credit	Sberbank	350,000,000	RUB	over 36 months / May 07, 2014	--

Line of credit	Sberbank	400,000,000	RUB	over 36 months / March 07, 2014	--
Line of credit	Sberbank	450,000,000	RUB	over 36 months / March 07, 2014	--
Line of credit	Sberbank	100,000,000	RUB	up to 18 months / October 08, 2012	--
Line of credit	Sberbank	250,000,000	RUB	up to 18 months / October 08, 2012	--
Line of credit	Sberbank	300,000,000	RUB	up to 18 months / October 08, 2012	--
Line of credit	Sberbank	250,000,000	RUB	up to 18 months / October 08, 2012	--
Line of credit	Sberbank	0	RUB	over 36 months / May 22, 2015	--
Line of credit	Sberbank	0	RUB	over 36 months / May 22, 2015	--
Line of credit	Sberbank	0	RUB	over 36 months / May 22, 2015	--
Line of credit	Sberbank	350,000,000	RUB	over 36 months / July 28, 2014	--
Liabilities under agreements effective as of September 30, 2011					
Line of credit	Gazprombank	0	RUB	36 months / December 10, 2012	--
Line of credit	Gazprombank	0	RUB	36 months / December 10, 2012	--
Line of credit	Gazprombank	0	RUB	36 months / December 10, 2012	--
Line of credit	Gazprombank	0	RUB	36 months / December 10, 2012	--
Line of credit	Gazprombank	150,000,000	RUB	60 months / November 17, 2015	--
Line of credit	Gazprombank	200,000,000	RUB	60 months / November 17, 2015	--
Line of credit	Gazprombank	250,000,000	RUB	60 months / November 17, 2015	--
Line of credit	Gazprombank	450,000,000	RUB	60 months / November 17, 2015	--
Line of credit	Sberbank	400,000,000	RUB	60 months / November 18, 2015	--
Line of credit	Sberbank	200,000,000	RUB	over 36 months /	--

credit				May 07, 2014	
Line of credit	Sberbank	300,000,000	RUB	over 36 months / May 07, 2014	--
Line of credit	Sberbank	350,000,000	RUB	over 36 months / May 07, 2014	--
Line of credit	Sberbank	400,000,000	RUB	over 36 months / March 07, 2014	--
Line of credit	Sberbank	450,000,000	RUB	over 36 months / March 07, 2014	--
Line of credit	Sberbank	200,000,000	RUB	up to 18 months / October 08, 2012	--
Line of credit	Sberbank	350,000,000	RUB	up to 18 months / October 08, 2012	--
Line of credit	Sberbank	0	RUB	over 36 months / May 22, 2015	--
Line of credit	Sberbank	0	RUB	over 36 months / May 22, 2015	--
Line of credit	Sberbank	0	RUB	over 36 months / May 22, 2015	--
Line of credit	Sberbank	350,000,000	RUB	over 36 months / July 28, 2014	--
Line of credit	Sberbank	0	RUB	over 36 months / June 11, 2015	--
Line of credit	Sberbank	0	RUB	over 36 months / June 11, 2015	--
Line of credit	Sberbank	0	RUB	over 36 months / June 11, 2015	--
Line of credit	Sberbank	0	RUB	over 36 months / June 11, 2015	--
Line of credit	Sberbank	0	RUB	over 36 months / June 11, 2015	--
Line of credit	Sberbank	400,000,000	RUB	up to 18 months / January 11, 2013	--
Line of credit	Sberbank	250,000,000	RUB	up to 18 months / March 12, 2013	--
Line of credit	Sberbank	300,000,000	RUB	up to 18 months / March 22, 2013	--
Liabilities under agreements effective as of December 31, 2011					
Line of credit	Gazprombank	0	RUB	36 months / 10.12.2012	--
Line of credit	Gazprombank	0	RUB	36 months / 10.12.2012	--
Line of credit	Gazprombank	0	RUB	36 months / 10.12.2012	--
Line of credit	Gazprombank	0	RUB	36 months / 10.12.2012	--
Line of credit	Gazprombank	150 000 000	RUB	60 months / 17.11.2015	--
Line of credit	Gazprombank	200 000 000	RUB	60 months / 17.11.2015	--
Line of credit	Gazprombank	250 000 000	RUB	60 months /	--

credit				17.11.2015	
Line of credit	Gazprombank	450 000 000	RUB	60 months / 17.11.2015	--
Line of credit	Sberbank	400,000,000	RUB	60 months / 18.11.2015	--
Line of credit	Sberbank	200,000,000	RUB	over 36 months / 07.05.2014	--
Line of credit	Sberbank	300,000,000	RUB	over 36 months / 07.05.2014	--
Line of credit	Sberbank	350,000,000	RUB	over 36 months / 07.05.2014	--
Line of credit	Sberbank	400,000,000	RUB	over 36 months / 07.03.2014	--
Line of credit	Sberbank	450,000,000	RUB	over 36 months / 07.03.2014	--
Line of credit	Sberbank	250,000,000	RUB	over 36 months / 22.05.2015	--
Line of credit	Sberbank	300,000,000	RUB	over 36 months / 22.05.2015	--
Line of credit	Sberbank	350,000,000	RUB	over 36 months / 22.05.2015	--
Line of credit	Sberbank	350,000,000	RUB	over 36 months / 28.07.2014	--
Line of credit	Sberbank	200,000,000	RUB	over 36 months / 11.06.2015	--
Line of credit	Sberbank	250,000,000	RUB	over 36 months / 11.06.2015	--
Line of credit	Sberbank	300,000,000	RUB	over 36 months / 11.06.2015	--
Line of credit	Sberbank	350,000,000	RUB	over 36 months / 11.06.2015	--
Line of credit	Sberbank	400,000,000	RUB	over 36 months / 11.06.2015	--
Line of credit	Sberbank	400,000,000	RUB	up to 18 months / 12.03.2013	--
Line of credit	Sberbank	250,000,000	RUB	up to 18 months / 12.03.2013	--
Line of credit	Sberbank	300,000,000	RUB	up to 18 months / 22.03.2013	--

### **2.3.3. Issuer's liabilities for collateral pledged to third parties**

*There are no such liabilities*

### **2.3.4. Other liabilities of the Issuer**

*The Issuer does not have other liabilities not recognized on its balance sheet which can substantially affect its financial standing, liquidity, financing sources and conditions of their use, business performance and expenses*

### **2.4. Primary purposes of issue and intended use of funds raised from issue of securities**

*The Issuer did not place its securities through public offering in the reporting quarter*

## **2.5. Risks involved in acquiring of issuable securities to be placed (placed)**

The Issuer's risk management strategy:

Acquiring issuable securities by the Issuer involves certain risks that may result in incurring damages by their holders related to loss of income or invested funds as well as to loss exceeding investment amounts.

This subsection contains information on risk factors related to acquiring issuable securities by the Issuer. The list of factors presented is not limiting and only reflects Issuer's own opinion and judgments.

The Issuer considers risk management as one of the crucial elements of strategic management and internal control. The Issuer's risk management policy covers both possible adverse events (threats) and favorable events (opportunities). The Issuer constantly identifies, assesses and controls threats and opportunities, adjusts its activities as to minimize possibility and consequences of potential threats and to realize opportunities, and informs shareholders and other concerned persons of such factors.

The Issuer's risk management policy is aimed not at risk elimination but at increasing possibility of achieving strategic goals and reducing possibility of occurrence and extent of possible loss. For these purposes the Issuer establishes acceptable risk levels for each category of material risks.

The Issuer's risk management policy accounts for correlation between risks of different categories. To assess their joint impact on its activities the Issuer applies a unified approach to assessment of finance, operational and other risks.

Within the framework of the risk management policy the Issuer considers not only shareholders' interests but also possible effect of its activities on other concerned persons.

Main tasks of the Issuer's risk management policy are:

- ensuring compliance with the requirements of due corporate governance practices requiring the Issuer to pay special attention to risk tracking, monitoring and management and due disclosure of information on such issues;
- preventing situations threatening Company's strategic goals and ensuring relevant protection measures;
- ensuring coordination and integration of risk management processes relating to different aspects of business activities with the purpose of general improvement of Company management effectiveness;
- ensuring use of new opportunities for increasing value of Issuer's assets and profitability in the long-term.

The Issuer will use the best efforts to minimize the effect of adverse changes in case of their occurrence.

The Issuer's risk management system is interlinked with the process of strategic and operational planning as well as with the budgeting procedure and is used for making the most effective and economical decisions by the Issuer's management bodies.

The Risk Management Policy of IDGC of Volga, JSC approved by the resolution of the Company's Board of Directors (minutes No.20 dated June 18, 2010) is the procedural and institutional base for the Issuer's risk management system functioning. This document sets the key principles for organization, implementation and control of risk management processes at IDGC of Volga, JSC. The Policy provides for the top-priority actions to be taken for the purpose of establishing the risk management system.

An analysis of the most essential risks that may affect the Issuer's activities is presented below in paragraphs 2.5.1 – 2.5.5. In case that one or several of them occur the Issuer will take all possible measures to minimize adverse effects of their occurrence. To neutralize a part of risks the Issuer will take a range of protective actions. A plan of possible measures to be taken by the Issuer in case of occurrence of one or another risk is also developed.

However, it should be noted that the Issuer leaves open the possibility of existence of other risks including those that the Company is not aware of at the moment or considers insignificant. Previous elaborating adequate measures for response to such risks is embarrassed by the uncertainty of situation development and the scope of actions taken will rather depend on specifics of the conditions

created in each particular case. Along with this the Issuer cannot guarantee that actions aimed at overcoming of such adverse changes occurred will be sufficient to remedy the situation as the factors described may fall outside its control.

### **2.5.1. Industry Risks**

Projected development trend of the industry depends on the overall trend of social and economic development of the region and other industries of the Russian economy.

Consumer demand for the Issuer's industry services is steady and is subject to minor fluctuations. However, due to the crisis in the global and Russian economy and, thus, stagnation of real sector, there are risks of considerable decrease in the power consumption by industrial sector, which can lead to lower revenue from distribution grid services and, accordingly, poorer financial performance.

The Issuer generates most of its sales from power supply services to customers in 7 regions: Saratov Region, Samara Region, Ulyanovsk Region, Penza Region, Orenburg Region, Republic of Mordovia and Chuvash Republic.

Besides the Issuer other large grid companies operate in the territory of these regions, each confined to a certain area:

- in the Samara Region: “Samara Municipal Electric Power Grids”, CJSC, “Samara Grid Company”, CJSC, “Elektroset”, JSC;
- in the Saratov Region: “Oblkommunenergo”, JSC, “Saratov Enterprise of Municipal Electric Power Grids”, CJSC, “Gazpromenergo”, LLC, RZhD, JSC “Privolzhye Railway” branch, “Energosbyt”, RZhD, JSC “South-Eastern Railway” branch, “Promenergo”, LLC, “Balenergset”, LLC;
- in the Ulyanovsk Region: Municipal Unitary Enterprise “Ulyanovsk Municipal Electric Power Grids”, “Ulyanovsk Grid Company”, JSC;
- in the Orenburg Region: South Ural Branch of “Gazpromenergo”, OJSC, State Unitary Enterprise “Orenburg Utility Electric Power Grids”;
- in the Penza Region: “Penzenskaya Gorelektroset”, CJSC, Municipal Enterprise “Gorelektroset” (Zarechny), Municipal Unitary Enterprise “Gorelektroset” (Kuznetsk), “Grid Company”, LLC, “Penzenskaya Electrotechnical Company”, LLC;
- in the Republic of Mordovia: “WATT” Technical Firm”, CJSC, “Life Support Systems”, LLC, “Elektroteploset”, LLC;
- in the Chuvash Republic: “Utility Technology”, LLC, “Kanash Municipal Electric Power Grids”, JSC, Municipal Unitary Enterprise “Shumerlya Municipal Electric Power Grids”, “Gazpromenergo”, LLC.

The Company does not have risks associated with the possible changes in industrial commodity prices because the Issuer does not use commodities for its business.

However, there is a high risk of increase in the purchased power cost to compensate for the losses in distribution grids in connection with the price liberalization on the wholesale electricity market.

Risks of changes in prices for materials, equipment and services used by the Issuer in its business are managed by conducting public tenders in accordance with the Regulation on Procedure for Carrying out Standardized Procurement of Goods, Works and Services for IDGC of Volga, JSC.

According to applicable laws, an entity that provides power transmission services operates on the natural monopoly market where the business competition does not exist. The activity of such company is subject to government regulation.

Charges (prices) for services provided by the Issuer are set by regulating authorities of respective entities of the Russian Federation (Samara Region, Saratov Region, Ulyanovsk Region, Penza Region, Orenburg Region, Republic of Mordovia and Chuvash Republic) within the powers provided in the Federal Law on “Government Regulation of Charges for Power and Heat Energy in the Russian Federation” No. 41-FZ of April 14, 1995, according to which validity period of charges is not less than 12 months and can be reviewed only by the resolution of the RF Government (Resolution of

the RF Government No. 1172 of December 27, 2010 providing for charges growth from May 01, 2011 by no more than 15 %).

Therefore, the risk of changes in charges during one financial year is probable but insignificant.

There are no risks associated with changes in prices on foreign markets since the Issuer does not export its services.

### **2.5.2. Country and Regional Risks**

At the stage of formation of the report, the country is in the conditions of sufficient certainty as to its economic development: the task of transfer to an innovative model of economic development which has been put by the President and the Government is being performed. Besides, increase in energy efficiency and introduction of energy-saving technologies has been determined as one of priorities of further development.

On the other hand, the consequences of the global financial crisis have not been eliminated in full, due to which the risk of stagnation of the global economy still exists, in particular, with the USA and the European Union.

Further slowdown of global economic growth can't but affect Russian economy and power consumption, but, taking into consideration the RF Government's policy of comprehensive support of real economy of the Russian Federation, the Company expects the lowest risks of decrease in power consumption in the mid-term.

In case of possible military conflicts, announcement of the state of emergency or strikes, the Issuer faces the risk of suspension of its financial and business activities and non-receipt of a part of income from its core business activity.

Risks associated with geographic conditions of the regions including increased risk of natural calamities (fires, icing, etc.), disruption of transportation networks due to remoteness and/or inaccessibility are possible but cannot be forecast.

Thus, the Issuer does not forecast a significant impact of country and regional risks on its ability to meet liabilities for securities.

### **2.5.3. Financial risks**

#### *Risks related to revision of interest rates*

Possible fluctuations of interest rates will not significantly affect finance and economic activity of the Issuer, since share of credits and loans in the financing sources structure and share of expenses to cover interests for use of borrowed funds are negligible in the total sum of the Issuer's expenses.

Credit facilities with interest rates lower than refinance rates of Central Bank of Russia obtained from leading credit institutions of Russia in 2011 allowed to minimize the risk of growth in debt servicing costs despite of a decline in global finance markets evidenced by increase in interest rates on raised credits.

It should be noted that the Issuer is the subject of natural monopoly and selects finance and credit institutions through open single-stage tender for the right to enter into financial service agreements with regard to the provision of credit resources in compliance with the requirements of the Federal Law No. 135-FZ dated July 26, 2006 "On Protection of Competition" and the Federal Law No. 94-FZ dated July 21, 2005 "On Placement of Orders for Supplies of Goods, Performance of Works, Rendering of Services for State and Municipal Requirements".

According to the part 4.1. of the Article 9 of the Federal Law No. 94-FZ dated July 21, 2005 "On Placement of Orders for Supplies of Goods, Performance of Works, Rendering of Services for State and Municipal Requirements", the price of state contract is fixed and may not be modified in process of its fulfillment. Therefore, the risk of interest rates variation in Facility Agreements diminishes.

#### *Inflation risk*

Recently the status of the Russian economy is characterized by high rates of inflation. The table below provides data on inflation indices for the period from December 31, 1999 until December 31, 2011.

<b>Period</b>	<b>Inflation of the period*</b>
2011	6,1%
2010	8.8%
2009	8.8%
2008	13.3%
2007	11.9%
2006	9.0%
2005	10.9%
2004	11.7%
2003	12.0%
2002	15.1%
2001	18.6%
2000	20.1%
1999	36.5%

*\* data of Federal Service of State Statistics of the Russian Federation (Rosstat)*

Based on the results of 2011 inflation amounted to 6.1%. For the nine months of 2010 this index amounted to 6.2%. For 2010 the value of inflation was 8,8%. As compared to 2010, there is a trend to inflation rates decrease.

On the whole, influence of inflation factors on financial stability of the Issuer in the future is negligible.

In the specified situation the probability of the Issuer's failure to fulfill obligations on securities in actual terms of money is low.

*Risks related to fluctuations of foreign currency exchange rates*

In process of investment activity, the Issuer may be purchasing goods from foreign suppliers, the cost of which directly depends on fluctuation of currencies. However, the Issuer engages into finance and economic activity exclusively in the domestic market and makes settlements in rubles. Therefore liability of the Company's financial state, liquidity and results of the Issuer's activity to the fluctuations of the currency exchange rate is minimum.

*Liability of indices of the Issuer's financial statements prepared in accordance with the Russian accounting standards to influence of specified financial risks.*

The following indices of financial statements are most liable to variation as a result of influence of specified financial risks:

- accounts receivable – increased turnover time;
- accounts payable – increased turnover time;
- monetary funds – less free monetary funds;
- profit from the main activity – reduction.

These risks may be mitigated using the following methods:

- elaboration of a single development strategy for various fields of finance activity in the Company;

- establishment of proper loan policy of the Company; raising credit resources to eliminate cash deficiency;
- establishment of budget policy and efficient performance of income and expenses plan;
- optimization of financial flows through strengthening of financial discipline;
- financial performance analysis in order to develop proposals for increasing profitability and improving efficiency, saving financial resources and increasing financial stability of the Company;
- optimization of costs management through reduction of expenses;
- efficient monitoring of accounts receivable and accounts payable;
- claims work with past-due accounts receivable;
- maintenance of corporate supervision over finance and economic activity of the Issuer.

#### **2.5.4. Legal risks**

The Issuer is not engaged in exporting goods, works and services. Therefore, legal risks associated with the Issuer's business activities can occur only in the national market. Generally, risks associated with the Issuer's business activity are common for the majority of businesses operating within the territory of the Russian Federation.

Changes in laws on currency regulation and currency control cannot affect the Issuer's business activity because the Issuer's total amount of investments and major part of operating expenses are denominated in national currency and do not relate to transactions with foreign suppliers.

As with any other business, the Issuer is subject to tax regulations. In the Russian Federation these regulations currently include the Tax Code and a series of laws governing various taxes set by the federal and local authorities. Imposed taxes comprise value added tax, income tax, property tax, consolidated social tax and other deductions. Respective regulations often contain vague definitions or no definitions at all with minimal base. Moreover, various state ministries and agencies along with their representatives often disagree on legal interpretation of different issues, creating uncertainty and ambiguity. Preparing and presenting of tax reports along with other components of regulation system are governed and supervised by various authorities which are legally entitled to imposed sizable fines, penalties and late fees. As a result, tax risks in Russia are higher than those in countries with more developed fiscal system.

The Issuer's management believes the Company fully adheres to tax laws related to its activities. In this group of risks the risk of rising taxes is a key risk for the Issuer.

Changes in regulations on customs control and duties cannot create any risks for the Issuer.

According to the laws of the Russian Federation, the Issuer's core business activity, power supply services, is not subject to obtaining a license.

The probability of changes in court practices related to the Issuer's activity (including licensing issues) is considered as low and cannot substantially affect the Issuer's activities since, pursuant to applicable laws, a leading case cannot become a source of law.

In case of changes in court practices regarding the Company business, the Issuer intends to plan its financial and business activity with such changes in mind.

#### **2.5.5. Risks associated with the Issuer's business activity**

The Company is currently not involved in court proceedings which could cause risks related to the Issuer's activity.

The Issuer is currently not liable for debts of third parties including subsidiaries and dependent companies.

As power supply provider, the Issuer has no competitors since this type of business activity represents a natural monopoly. There are no risks associated with losing customers who make up not less than 10 percent of the Issuer's overall revenue from sales of goods (works, services).

### **III. Detailed information about the Issuer**

#### **3.1. History of establishment and development of the Issuer**

##### **3.1.1. Information on the Issuer's business name**

The Issuer's full business name: ***"Interregional Distribution Grid Company of Volga", Joint-Stock Company***

The Issuer's abbreviated business name: ***IDGC of Volga, JSC***

***Full or abbreviated business name of the Issuer (name if non-commercial organization) is similar to a name of other legal person***

Names of such legal persons:

1. "Holding of Interregional Distribution Grid Companies", Joint-Stock Company (IDGC Holding, JSC);
2. "Interregional Distribution Grid Company of Center", Joint-Stock Company (IDGC of Center, JSC);
3. "Interregional Distribution Grid Company of North Caucasus", Joint-Stock Company (IDGC of North Caucasus, JSC);
4. "Interregional Distribution Grid Company of Northwest", Joint-Stock Company (IDGC of Northwest, JSC);
5. "Interregional Distribution Grid Company of Ural", Joint-Stock Company (IDGC of Ural, JSC);
6. "Interregional Distribution Grid Company of Siberia", Joint-Stock Company (IDGC of Siberia, JSC);
7. "Interregional Distribution Grid Company of South", Joint-Stock Company (IDGC of South, JSC);
8. "Interregional Distribution Grid Company of Center and Volga Region", Joint-Stock Company (IDGC of Center and Volga Region, JSC).

Notes necessary to avoid confusing the mentioned names:

To avoid confusion the Issuer's name with the names of above-mentioned interregional distribution grid companies, the Issuer advises focusing on geographical part of full and abbreviated names of such companies.

All previous names of the Issuer over its history

***The Issuer did not change its name over its history***

### **3.1.2. Information on State Registration of the Issuer**

Primary state registration number: ***1076450006280***

Registration date: ***June 29, 2007***

Name of registering authority: ***Interdistrict Tax Office of the Federal Tax Service of the Russian Federation No. 8 for the Saratov Region***

### **3.1.3. Information on Establishment and Development of the Issuer**

Information on the duration of the Issuer from the state registration date as well as business termination date if the Issuer has been established for a certain period of time or to achieve a definite purpose:

The duration of the Issuer from the state registration date to the approval date of Quarterly Report is 54 (fifty-four) full months. The Issuer has been established to operate for indefinite period of time.

Brief description of the Issuer's establishment and development history. The Issuer's purpose, mission (if any) and other information on the Issuer's activities necessary for making decisions on purchasing securities of the Issuer:

The Issuer is registered on June 29, 2007 based on the decision of the sole founder OAO RAO "UES of Russia" (the Ordinance of the Management Board of OAO RAO "UES of Russia" of June 22, 2007 No. 191r) in compliance with the Civil Code of the Russian Federation, the Federal Law "On Joint-Stock Companies" and other bylaws of the Russian Federation.

IDGC of Volga, JSC, is established to ensure effective management for the distribution grid complex of Volga in the course of implementing the investment stage of the reorganization of OAO

RAO “UES of Russia”, which resulted in the subdivision of interregional distribution grid companies.

According to the structure of IDGC approved by the resolution of the Board of Directors of OAO RAO “UES of Russia” (Minutes No. 250 of April 27, 2007), IDGC of Volga, JSC included the following distribution grid companies (DGC):

- Volzhskaya IDC, JSC;
- Mordovenergo, JSC;
- Penzaenergo, JSC;
- Orenburgenergo, JSC;
- Chuvashenergo, JSC.

The structure of IDGC of Volga, JSC was based on the principle of territorial proximity and comparability of asset value of DGCs belonging to the group. Service area of IDGC of Volga, JSC comprises service areas of DGCs belonging to its structure and consists of:

- Volzhskaya IDC, JSC (comprises 15 branch distribution grid companies) operated on the territory of the Samara, Saratov and Ulyanovsk Regions with the total area of 200.28 thousand square kilometers and the population of 4,559.8 thousand of people; 9,818 employees;
- Mordovenergo, JSC (comprises 3 branch distribution grid companies) operated on the territory of the Republic of Mordovia with the total area of 26.2 thousand square kilometers and the population of 876.1 thousand of people; 1,428 employees;
- Orenburgenergo, JSC (comprises 6 branch distribution grid companies) operated on the territory of the Orenburg Region with the total area of 124 thousand square kilometers and the population of 2,150.4 thousand of people; 3,401 employees;
- Penzaenergo, JSC (comprises 5 branch distribution grid companies) operated on the territory of the Penza Region with the total area of 43.3 thousand square kilometers and the population of 1,516 thousand of people; 2,497 employees;
- Chuvashenergo, JSC (comprises 3 branch distribution grid companies) operated on the territory of the Chuvash Republic with the total area of 18.3 thousand square kilometers and the population of 1,299.3 thousand of people; 1,475 employees;

Total mileage of power grids of IDGC of Volga, JSC is about 230,000 kilometers. Overall number of power substations serviced is more than 46,000 with the total power output of 56 billion kWh/year.

During the period from June 29, 2007 to March 31, 2008, IDGC of Volga, JSC provided management to DGCs belonging to its group in accordance with the structure of IDGC. As part of creating a target management model for DGCs and in accordance with resolutions of the General Meetings of Shareholders of companies, on October 1, 2007 powers of sole executive bodies of DGCs were delegated to IDGC of Volga, JSC.

Following the opinion No. AF/23341 as of December 03, 2007, the Federal Antimonopoly Service of Russia approved the reorganization of IDGC of Volga, JSC by affiliating with Volzhskaya IDC, JSC, Mordovenergo, JSC, Orenburgenergo, JSC, Penzaenergo, JSC, and Chuvashenergo, JSC.

On December 25, 2007, Unscheduled General Meeting of Shareholders of the Company passed the following resolutions (Minutes of December 25, 2007 No. 1795pr/8):

- on the reorganization of IDGC of Volga, JSC by affiliating with Volzhskaya IDC, JSC, Mordovenergo, JSC, Orenburgenergo, JSC, Penzaenergo, JSC, and Chuvashenergo, JSC;
- on the approval of the Agreement on Affiliation of DGCs to IDGC of Volga, JSC;
- on the increase in the authorized capital of the Company through the placement of additional ordinary shares in the amount of 178,515,200,000 shares. The method of placement is conversion of affiliated joint-stock companies into additional ordinary shares of IDGC of Volga, JSC in the procedure stipulated in the Agreement on Affiliation.

On April 1, 2008, the reorganization of “Interregional Distribution Grid Company of Volga”, Joint-Stock Company was completed by affiliating with five regional grid companies: Volzhskaya IDC, JSC, Mordovenergo, JSC, Orenburgenergo, JSC, Penzaenergo, JSC and Chuvashenergo, JSC. As of April 1, 2008, DGCs affiliated to IDGC of Volga, JSC, ceased their activities as independent legal persons and began operating as branches: Mordovenergo,

Orenburgenergo, Penzaenergo, Samara Distribution Grids, Saratov Distribution Grids, Ulyanovsk Distribution Grids, Chuvashenergo.

IDGC of Volga, JSC is currently a consolidated managing company with headquarters in Saratov.

According to the Order of the Federal Tariff Service (FTS) No. 237-e of June 27, 2008, IDGC of Volga, JSC was entered into the register of natural monopolies in energy sector.

The mission of the Issuer is effective use of distribution grid assets of the Company, maintaining their reliability and raising investment resources for the benefit of each shareholder and the whole Company.

Strategic goals of the Issuer:

- ensuring system reliability and safety for maintaining sustainable operation of the distribution grid complex and safe operation of major and auxiliary equipment and facilities and prevention of health hazards;

- sustainable enhancing of power supply services, increasing their quality and volume and ensuring environmental safety, which promotes the growth in the Company's value while improving the infrastructure for economic growth of the region;

- growing the value of the Company which implies a steady income growth, increased profitability, expanding and improving the Company's asset portfolio, which will ensure meeting the shareholders' interests, will make the Company and its projects attractive for investors as well as make it possible to evaluate the performance of management and effectiveness of the resources use.

The reorganization of OAO RAO "UES of Russia" was completed on July 1, 2008. Based on the Reorganization Balance Sheet of OAO RAO "UES of Russia", the shares of IDGC of Volga, JSC in the amount of 120,765,085,671 shares which makes up 67.6260% of the authorized capital of IDGC of Volga, JSC were transferred to the ownership of IDGC Holding, JSC.

#### **3.1.4. Contact details**

Issuer's place of location: *42/44, Pervomayskaya Str., Saratov, 410031, the Russian Federation*

Location of permanent executive body of the Issuer: *42/44, Pervomayskaya Str., Saratov, 410031, the Russian Federation*

Mailing address: *42/44, Pervomayskaya Str., Saratov, 410031, the Russian Federation*

Telephone: *(8452) 30-26-59*

Fax: *(8452) 28-53-70, 28-54-10*

E-mail: *office@mrsk-volgi.ru*

Web-page (web-pages) providing information on the Issuer and the securities issued and/or to be issued by the Issuer *www.mrsk-volgi.ru*

Information on a special business unit of the Issuer for cooperation with shareholders and investors of the Issuer: *Department for Corporate Governance and Cooperation with Shareholders*

Location of the unit: *42/44, Pervomayskaya Str., Saratov, 410031, the Russian Federation*

Telephone: *(8452) 30-24-89*

Fax: *(8452) 28-34-82*

E-mail: *yg.burceva@mrsk-volgi.ru*

Web-page: *not available.*

#### **3.1.5. Taxpayer Identification Number**

*6450925977*

#### **3.1.6. Branches and Representative Offices of the Issuer**

Changes in the list of branches and representative offices of the Issuer occurred in the reporting quarter and information on changes in name and address of a branch and representative office, name of its director, duration of a Letter of Attorney given by the Issuer to the director occurred in the

reporting quarter (if any).

*Changes in the list of Issuer's branches occurred in Q4, 2011:*

Branch/ representative office	Address
Branch of IDGC of Volga, JSC, Penzaenergo	440000 Penza, ul. Pushkina/ ul. Gladkova 1/2
Director	By the Order of IDGC of Volga, JSC No. 428-Л dated December 21, 2011, the duties of Deputy General Director of IDGC of Volga, JSC - Director of Penzaenergo have been charged upon Igor Viktorovich Tolbin.
Duration of the Power of Attorney for Director	01.06.2012

### **3.2. Issuer's Core Business Activity**

#### **3.2.1. Issuer's Industry**

OKVED codes
40.10.2
40.10.3
40.10.5
64.20.11
74.14
74.15.2
55.51
60.24.1
60.24.2
70.2

#### **3.2.2. Issuer's Core Business Activity**

Not specified in this reporting quarter

#### **3.2.3. Materials, Goods (Raw Material) and Suppliers of the Issuer**

Not specified in this reporting quarter

#### **3.2.4. Markets for the Issuer's Goods (Works, Services)**

Major markets where the Issuer operates:

The Issuer is operating within the territory of 7 constituent entities of the Russian Federation: the Chuvash Republic ("Chuvashenergo" branch), the Republic of Mordovia ("Mordovenergo" branch), Orenburg Region ("Orenburgenergo" branch), Penza Region ("Penzaenergo" branch), Saratov Region ("Saratov Distribution Grids" branch), Samara Region ("Samara Distribution Grids" branch) and Ulyanovsk Region ("Ulyanovsk Distribution Grids" branch). Core business activities include power transmission services and services for technological connection of power receivers (power systems) of legal and natural persons to power grids. Major customers of the Issuer are distribution companies emerged as a result of the reorganization of OAO RAO "UES of Russia": "Samaraenergo", JSC, "Saratovenergo", JSC, "Ulyanovskenergo", JSC, "Mordovia Power Distribution Company", JSC, "Penzaenergobyt", JSC, "Orenburgenergobyt", JSC, "Chuvashia Power Distribution Company", JSC and the consumers operating on the wholesale and retail power market including the largest consumers "Mezhregionenergobyt", JSC and "Rusenergobyt", LLC. The number of the Issuer's customers is expected to grow rapidly due to changes in the power industry and on-going campaign promoting signing "direct" contracts on power supply services.

Factors that could adversely affect the distribution of the Issuer's goods (works, services) and the Issuer's expected actions to reduce such risks:

- Decline in the volume of rendered services due to the decrease in power consumption by large manufacturers and due to the increase in the amount of technical (as a result of physical deterioration of power supply facilities) and commercial (as a result of non-metered power consumption, undermetering) losses of power. IDGC of Volga, JSC is using the Scheme on Losses Reduction and improving the power supply metering systems to reduce the amount of losses;
- Non-fulfillment of contractual payment obligations by power distribution companies established as a result of the reorganization of OAO RAO "UES of Russia", due to crisis developments in the Russian economy. Major method to lower the risk of non-payment is signing direct contracts on power supply services with large industrial consumers and independent power distribution companies;
- Physical deterioration of machinery and plant. In order to minimize this negative factor, IDGC of Volga, JSC is implementing investment programs to ensure the modernization of existing production facilities and introduction of new production facilities;
- Lack of qualified professionals. The management of IDGC of Volga, JSC takes measures to implement relevant personnel training programs, ensures the participation of personnel in workshops and research-to-practice conferences as well as creates programs of sharing expertise between employees of regional distribution grid complexes.

### **3.2.5. Information on licenses held by the Issuer**

License Issuing Body: *Federal Environmental, Industrial and Nuclear Supervision*

#### **Service**

Number: *VP-51-001493 (K)*

Type(s) of activity: *operating explosive industrial facilities*

Date of issue: *March 20, 2009*

Expiry date: *March 20, 2014*

License Issuing Body: *Federal Environmental, Industrial and Nuclear Supervision*

#### **Service**

Number: *OT-00-009635 (00)*

Type(s) of activity: *collection, use, decontamination, transportation and storage of hazardous waste*

Date of issue: *February 11, 2009*

Expiry date: *February 10, 2014*

License Issuing Body: *Directorate of Federal Security Service of Russia for the Saratov*

#### **Region**

Number: *975*

Type(s) of activity: *use of information classified as state secret*

Date of issue: *October 08, 2008*

Expiry date: *September 08, 2016*

License Issuing Body: *Subsurface Resources Directorate for the Saratov Region*

Number: *SRT-01291-VE*

Type(s) of activity: *subsurface use permit*

Date of issue: *April 29, 2009*

Expiry date: *April 28, 2034*

License Issuing Body: *Federal Service of State Registration, Cadastre and Cartography*

Number: *64-00007G*

Type of activity (activities): *for the performance of geodesic activities*

Date of issue: *March 25, 2011*

Expiry date: *March 25, 2016*

### **3.2.6. The Issuer's joint-venture activity**

*The Issuer is not engaged in joint-ventures with other organizations*

### 3.3. The Issuer's Outlook

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 goal of the Company can be achieved provided that the following strategic objectives are completed:

- increasing the effectiveness of distribution grid complex;
- modernization and building new infrastructure for distribution grid complex based on a large-scale innovative reconstruction;
- improving the investment attractiveness of the Company.

To achieve these objectives IDGC of Volga, JSC needs to focus on the following targets:

- reducing the physical deterioration of distribution grid assets by 50% by 2020;
- increasing the operating effectiveness to the level of effectiveness of distribution grid companies in advanced economies by 2020;
- creating the reserve of power grids capacity that would outrun the demands of economic growth for 3 years by 2020;
- ensuring the profitability of investments in the distribution grid complex at the level of profitability of companies with comparable market risks in Russia;
- raising funds needed to implement massive fixed assets renewal for higher reliability and quality of services and more efficient business activity of distribution grid companies;
- introducing state-of-the-art technologies in compliance with the world best practices in the area of power distribution and transmission at all stages of production process.

These goals require both additional major financial resources and high-quality power transmission improvements.

The Company drew up the principal directions in work:

- 1) increasing the reliability and quality of services and providing system safety through implementation of repair and investment programs;
- 2) improving operational effectiveness through implementation of cost-cutting schemes;
- 3) ensuring business integration, power grids consolidation and bigger market presence;
- 4) increasing the investment attractiveness of the company.

On January 01, 2011 the Company started to implement new charging policy for power transmission – RAB regulation for 2011-2015.

New charging policy would provide long-term regulation of charges to ensure return on investment and investment income for investors.

Transition to RAB has the following advantages:

- reliable economic and long-term budget planning in regions;
- correlation of quality and price for power transmission and supply services;
- release of funds from existing investment income to settle payables;
- attractiveness for investors built on transparent and guaranteed return on investment.

### 3.4. The Issuer's participation in industrial, bank and financial groups, holdings, corporate groups and associations

Name of the group, holding, corporate group or association: *The Issuer is a member of the group of companies "IDGC Holding", Joint-Stock Company (hereinafter referred to as Holding)*

Entry year: **2008**

Status (role) and functions of the Issuer in the Holding:

Taking into consideration that Holding's stake in the authorized capital of the Issuer amounts to 67.626%, IDGC of Volga, JSC is considered as a subsidiary and affiliated company to the Holding according to the Articles 105, 106 of the Civil Code of the Russian Federation.

The Issuer performs the following major functions within the Holding:

- implementing the integrated power policy initiated by the Government of the Russian Federation and IDGC Holding, JSC at the regional level;
- ensuring the reliability of distribution grid complex;
- implementing long-term investment programs in power industry;
- preventing crisis developments in the power industry;
- creating benefits for customers and shareholders.

### 3.5. Subsidiaries and affiliated business entities of the Issuer

1. Full business name: **"Social Sphere-M", Joint-Stock Company**

Abbreviated business name: **Social Sphere-M, JSC**

Address: **50, Lenin Avenue, Saransk, 430003 Republic of Mordovia, Russia**

INN (Taxpayer Identification Number): **1326185581**

OGRN (Primary State Registration Number): **1021300973033**

Subsidiary: **Yes**

Affiliated company: **Yes**

Grounds for a company to be considered as a subsidiary or affiliated company to the Issuer: **In accordance with Article 105 and Article 106 of the Civil Code of the Russian Federation the Company is considered a subsidiary and affiliated company.**

The Issuer's share in the authorized capital of the entity, %: **100**

The share of the entity's ordinary shares owned by the Issuer, %: **100**

The entity's share in the authorized capital of the Issuer, %: **0**

The share of the Issuer's ordinary shares owned by the entity, %: **0**

Description of the core activity of the company. Description of the company value for the Issuer's activities: recreation and resort services; lodging, catering and medical treatment and prevention services. Non-core activity.

Members of the Board of Directors (Supervisory Board) of the company

**There is no Board of Directors (Supervisory Board)**

Sole Executive Body of the company:

Full name	Year of birth	Share of the person in the authorized capital of the Issuer, %	The person's portion of ordinary shares of the Issuer, %
Sedin, Sergey Borisovich	1961	0	0

Members of Collegial Executive Body of the company

**There is no Collegial Executive Body**

2. Full business name: **"Chuvash Auto Transport Company", Joint-Stock Company**

Abbreviated business name: **ChAK, JSC**

Address: **21, Promyshlennaya Str., Novocheboksarsk, 429954 Chuvash Republic, Russia**

INN (Taxpayer Identification Number): **2124021783**

OGRN (Primary State Registration Number): **1042124002117**

Subsidiary: **Yes**

Affiliated company: **Yes**

Grounds for a company to be considered as a subsidiary or affiliated company to the Issuer: **In accordance with Article 105 and Article 106 of the Civil Code of the Russian Federation the Company is considered a subsidiary and affiliated company.**

The Issuer's share in the authorized capital of the entity, %: **99.99**

The share of the entity's ordinary shares owned by the Issuer, %: **99.99**

The entity's share in the authorized capital of the Issuer, %: **0**

The share of the Issuer's ordinary shares owned by the entity, %: **0**

Description of the core activity of the company. Description of the company value for the Issuer's activities: transportation services; operation, maintenance and repair of vehicles.

The Company provides transportation services to "Chuvashenergo", the branch of IDGC of Volga, JSC.

Members of the Board of Directors (Supervisory Board) of the company:

Full name	Year of birth	Share of the person in the authorized capital of the Issuer, %	The person's portion of ordinary shares of the Issuer, %
Zaretskiy, Dmitriy Lvovich	1967	0.00052	0.00052
Eremina, Elena Petrovna	1985	0	0
Puchkova, Irina Yurievna	1963	0	0
Fedoseev, Aleksey Yurievich	1976	0	0
Shashurin, German Lvovich	1969	0	0

Sole Executive Body of the company:

Full name	Year of birth	Share of the person in the authorized capital of the Issuer, %	The person's portion of ordinary shares of the Issuer, %
Shashurin, German Lvovich	1969	0	0

Members of Collegial Executive Body of the company

***There is no Collegial Executive Body***

3. Full business name: ***"Solnechniy" Sanatorium-Preventorium", Joint-Stock Company***

Abbreviated business name: ***"Solnechniy" Sanatorium-Preventorium", JSC***

Address: ***58, Turbinnaya Str., Orenburg, 460023, Russia***

INN (Taxpayer Identification Number): ***5611031844***

OGRN (Primary State Registration Number): ***1045607457345***

Subsidiary: ***Yes***

Affiliated company: ***Yes***

Grounds for a company to be considered as a subsidiary or affiliated company to the Issuer: ***In accordance with Article 105 and Article 106 of the Civil Code of the Russian Federation the Company is considered a subsidiary and affiliated company.***

The Issuer's share in the authorized capital of the entity, %: ***99.99***

The share of the entity's ordinary shares owned by the Issuer, %: ***99.99***

The entity's share in the authorized capital of the Issuer, %: ***0***

The share of the Issuer's ordinary shares owned by the entity, %: ***0***

Description of the core activity of the company. Description of the company value for the Issuer's activities: medical, recreation and resort, fitness and recovery services.

Non-core activity.

Members of the Board of Directors (Supervisory Board) of the company:

Full name	Year of birth	Share of the person in the authorized capital of the Issuer, %	The person's portion of ordinary shares of the Issuer, %
Katelin, Sergey Gennadievich (Chairman)	1968	0	0
Zhidkova, Nina Nikolaevna	1959	0.002	0.002
Nisiforov, Aleksey Viktorovich	1978	0	0
Stepanova, Maria Dmitrievna	1982	0	0
Shapiro, Ekaterina Grigorievna	1947	0	0

Sole Executive Body of the company:

Full name	Year of birth	Share of the person in the authorized capital of the Issuer, %	The person's portion of ordinary shares of the Issuer, %
Shapiro, Ekaterina Grigorievna	1947	0	0

Members of Collegial Executive Body of the company

***There is no Collegial Executive Body***

4. Full business name: ***Energoservice of Volga, Joint Stock Company***

Short business name: ***Energoservice of Volga, JSC.***

Location: ***42/44, Pervomayskaya Str., 410031, Saratov, Russia***

INN (Taxpayer Identification Number): ***6450945684***

OGRN (Primary State Registration Number): ***1116450000061***

Subsidiary: ***Yes***

Affiliated company: ***Yes***

Grounds for a company to be considered as a subsidiary or affiliated company to the Issuer:

***In accordance with Article 105 and Article 106 of the Civil Code of the Russian Federation the Company is considered a subsidiary and affiliated company.***

The Issuer's share in the authorized capital of the entity, %: ***100***

The share of the entity's ordinary shares owned by the Issuer, %: ***100***

The entity's share in the authorized capital of the Issuer, %: ***0***

The share of the Issuer's ordinary shares owned by the entity, %: ***0***

Description of the core activity of the company. Description of the company value for the Issuer's activities:

Maintenance of electrical and heat grid operability.

Members of the Board of Directors (Supervisory Board) of the company

Full name	Year of birth	Share of the person in the authorized capital of the Issuer, %	The person's portion of ordinary shares of the Issuer, %
Kuliev, Vyacheslav Igorevich (Chairman)	1971	0	0
Gorshenin, Kirill Vladimirovich	1978	0	0
Vorsunov, Pavel Anatolievich	1960	0	0
Mikheev, Dmitry Dmitrievich	1983	0	0

Puchkova, Irina Yurievna	1963	0	0
Rebrova, Natalia Leonidovna	1960	0.000035	0.000035
Sofinskiy, Aleksey Valerianovich	1958	0.00000044	0.00000044

Sole Executive Body of the company

Full name	Year of birth	Share of the person in the authorized capital of the Issuer, %	The person's portion of ordinary shares of the Issuer, %
Vorsunov, Pavel Anatolievich	1960	0	0

Members of the Collegial Executive Body of the company

*There is no Collegial Executive Body*

### **3.6. List, Structure and Value of the Issuer's Fixed Assets, Information on Plans for Acquisition, Replacement and Disposal of Fixed Assets as well as All Facts about Encumbrances of Fixed Assets of the Issuer**

#### **3.6.1. Property, Plant and Equipment**

The information isn't underlined in the report for quarter 4

## **IV. Information on Financial and Business Activities of the Issuer**

### **4.1. Results of Financial and Business Activities of the Issuer**

#### **4.1.1. Profit and Losses**

The information isn't underlined in the report for quarter 4

#### **4.1.2. Factors that Affected the Amount of Revenue from Sales of Goods, Products, Works, Services and the Amount of Profit (Loss) of the Issuer from Core Business Activity**

The information isn't underlined in the report for quarter 4

#### **4.2. Liquidity of the Issuer, Sufficiency of Equity and Current Assets**

The information isn't underlined in the report for quarter 4

### **4.3. Amount and Structure of Equity and Current Assets of the Issuer**

#### **4.3.1. Amount and Structure of Equity and Current Assets of the Issuer**

The information isn't underlined in the report for quarter 4

#### **4.3.2. Financial Investments of the Issuer**

The information isn't underlined in the report for quarter 4

#### **4.3.3. Intangible Assets of the Issuer**

The information isn't underlined in the report for quarter 4

#### **4.4. Data on policy and expenses of the Issuer in the field of scientific and technical development, with regard to licenses and patents, new researches and developments**

##### **1. Issuer's policy in the field of scientific and technical development:**

- Installation of multi-sided metal supports for 35-110 kV overhead transmission lines with wire and cable hangers of different types;
- Peculiarities of upgrading and new building of power facilities in a space-limited urban environment: installation of present-day wires on existing supports of overhead transmission lines, installation of compact-sized devices in indoor switchgears;
- System for early detection of ice-covered wires of overhead transmission lines;
- Experience of ice melting with variable-resistant cables of 10 kV overhead transmission S-4 from Substation "Stepanovskaya" in Orenburgenergo, Branch of IDGC of Volga, JSC (Decision of Scientific Technical Council dated August 18-22, 2008);
- Complex OVM-3 for testing and diagnostics of cables lines. Overhead Transmission Cable Line Monitoring System. Detection of short circuits of power transmission lines. Cable insulation monitoring by measuring partial discharge;
- Methods to prevent bird collisions against 35-110 kV transmission lines.

##### **1.2. Representatives of IDGC of Volga, JSC participated in:**

- Final event aimed to form young personnel reserve of IDGC Holding, JSC (December 14-17, 2011);
- Meeting of the Scientific Technical Council of IDGC of Urals, JSC (December 07-08, 2011) to present the report "Results of Operation of Measurement Transformers produced by OAO "Ramensky Electrical Engineering Plant ENERGIA" in IDGC of Volga, JSC";
- Exhibition "Russian Electrical Grids-2011" (November 28 - December 03, 2011, Moscow);
- All-Russian Conference and Workshop "Innovative Methods for Distribution Grid Operation" (October 12-14, 2011, Moscow, KUE);
- Workshop and meeting in Penza (December 06–08, 2011).

And attended the following training courses:

- "Construction, Upgrading and Repair of Buildings and Structures", St-Petersburg, Federal State Educational Establishment of Continuing Professional Education "Petersburg Power Engineering Institute of Professional Development" (October 01-23, 2011);
- "Technologies and Tooling for Operation of Overhead Transmission Lines of 35 kV and over", St-Petersburg, Federal State Educational Establishment of Continuing Professional Education "Petersburg Power Engineering Institute of Professional Development" (October 08-23, 2011);
- "Internal Control of Measurement Quality While Testing Transformer Oil", St-Petersburg, Federal State Educational Establishment of Continuing Professional Education "Petersburg Power Engineering Institute of Professional Development" (December 03-12, 2011);
- Advance training for diagnosticians and operators of 35-500 kV substations, Ekaterinburg, November 19-27, 2011;
- IBM Cognos 13 Software, Unified Corporate Presentation Day "Best Ideas and Solutions - 2011", St-Petersburg, December 13-17, 2011.

1.3. During new construction, technical upgrading and reconstruction, and also in operation of electrical equipment and materials, worn and obsolescent equipment is replaced with new one, which provides for improved reliability of equipment under normal and abnormal modes of operations, higher safety level.

2. The Issuer does not own items of intellectual property (patents for invention, useful model or industrial sample, trademarks or service marks).

3. The Issuer hasn't created or ensured the legal protection of items of intellectual property over the period of its existence. Expenses for legal protection of items of intellectual property or results of intellectual activity have not been incurred by the Issuer.

The Issuer has obtained the following certificates for trademarks (service marks) registered in the Public Register of Trademarks and Service Marks.

April 29, 2008:

- trademark certificate No. 349047 under inquiry No. 2007730029;
- trademark certificate No. 349048 under inquiry No. 2007730031;
- trademark certificate No. 349049 under inquiry No. 2007730033.

December 3, 2008:

- trademark certificate No. 366456 under inquiry No. 2007730032.

December 5, 2008:

- trademark certificate No. 366537 under inquiry No. 2007730028.

#### **4.5. Analysis of Development Trends in the Issuer's Core Business Activity**

The following information is based on opinions of the Issuer's Management Bodies.

Outline of development trends in the industry where the Issuer performs its main business activity:

Historically, the power industry is the key for the Russian economy. As part of the energy sector, the industry influences all industries and serves as an indicator of economic stability in the country.

The development of power industry in the period from 2000 to 2008 was primarily characterized by turnaround of negative power practices formed in mid 90s and the growth in power consumption that emerged in 1999. Rising industrial production was accompanied by the increase in solvency of manufacturers - consumers of power and heat energy, which allowed to solve the problem of non-payment in the power industry.

The country's economic growth along with structural reforms that go along with this growth sets a new goal for the power industry. At this new stage, the power industry is challenged to provide the infrastructure that would enable the creation of new or expansion of existing industrial facilities at locations required by the nature of emerging manufacturing enterprises. The achievement of this goal would require accelerated development of grid and equipment components of the power industry and its increased flexibility.

Major development trends in the industry in the period from 2002 to 2005:

- setting up infrastructure wholesale companies: System Operator "SO-CDA UES", JSC; UNEG Management Company "FGC UES", JSC; Trading System Administrator - NP "ATS";
- arrangement and commencement of the reorganization of AO-energo, establishing power generating, sales, grid (distribution and dispatch) companies;
- opening of the free wholesale power market "5-15";
- opening of the free wholesale electrical capacity market.

It is important to point out negative effects caused by global financial and economic crisis. Positive economic growth developed in the period from 2000 to the first half of 2008 was followed by a slowdown in the fourth quarter of 2008 and then the decline in power consumption by large metal manufacturers and engineering manufactures.

Negative effects lingered throughout 2009. For instance, the amount of power supply to the grids of IDGC of Volga, JSC dropped by 8.2% for 12 months of 2009 compared to the same period in 2008.

The growth in electricity transmission started in Q4, 2009 - Q1, 2010 extended to Q1, 2011. This trend is generally attributed to the increase in electricity consumption by major industrial companies as a result of overall economic improvement in Russia.

Changes in regulations in the course of power industry reorganization:

1. As of January 01, 2006, power generating companies belonging to OAO RAO "UES of Russia", emerged as a result of reorganization of AO-energo and "FGC UES", JSC, entered the wholesale power market. This led to the revision of the information exchange practices with market players and strengthening of requirements on power metering at DGCs.

2. Approval and enactment of the Transitional Rules for Retail and Wholesale Power Market as of September 01, 2006 (the Ordinance of the Government of the Russian Federation No. 529 and 530 of August 31, 2006). In addition to the transformation of the existing structure of the wholesale power market and clear standardization of the functions of each entity operating on the wholesale and retail power market, these regulations changed the payment procedures for services provided by DGCs and their relationships with customers.

3. Changes in the charging policy for services provided by “FGC UES”, JSC as of July 01, 2006. Introduction of new rules for the pricing policy of UNEG (changing to announced capacity based charges) allowed DGCs to more precisely plan for the volume and cost of services provided by “FGC UES”, JSC in 2006 and later.

4. Changes in the charging policy for services provided by distribution grid companies as of January 01, 2008 that introduced double-rate charges for the transmission of power including the rate for grid maintenance (per announced capacity), and the rate for covering losses (per actual amount of transmitted power).

5. Setting unified “boiler” charges for power transmission services in compliance with the requirements laid down by the FTS and the Government of the Russian Federation. Apart from setting a unified charge for power transmission services in regions, this relationship model requires DGCs to conclude contracts on power transmission to end users with every power grid company operating in their region.

Factors having significant effect on the condition of the industry: reorganization pace, availability of regulatory base in particular; solvent demand from customers; technical condition of plant and machinery.

Overall assessment of the Issuer's performance in the industry

IDGC of Volga, JSC successfully meets its objectives of nationwide importance to provide reliable and steady power supply to customers from every industry of the economy.

Power transmission volume of IDGC of Volga, JSC (for the purpose of data comparability power productive supply within the boundary point of IDGC of Volga, JSC was considered) for the fourth quarter of 2011 amounted to 15,473 million kW\*h, showing the increase by 1.41% to the same period of 2010. Power productive supply within the boundary point of IDGC of Volga, JSC for twelve months of 2011 amounted to 57,623 million kW\*h, showing the increase by 2.23% to the same period of 2010.

Proceeds from power transmission services for the fourth quarter of 2011 amounted to 12,449 million rubles (VAT exclusive). Proceeds from power transmission services for twelve months of 2011 amounted to 47,222 million rubles (VAT exclusive).

Power losses for the fourth quarter of 2011 amounted to 1,293 million kW\*h that conforms to the standards approved by the RF Ministry of Energy. Expenses related to loss compensation amounted to 3,837 million rubles (VAT exclusive). Power losses for twelve months of 2011 amounted to 4,207 million kW\*h that conforms to the standards approved by the RF Ministry of Energy. Expenses related to loss compensation for twelve months of 2011 amounted to 12,825 million rubles (VAT exclusive).

The reasons underlying the above operating results:

Growth in electric power distribution into grids is due to the increased power consumption by large industrial enterprises.

Increase in revenue is conditioned by the growth of power consumption.

Reduced electric power losses in the grids of IDGC of Volga, JSC have been achieved through implementing comprehensive “Programs for reducing electric power losses” aimed to improve the systems of energy accounting for technical and commercial (billing) purposes.

#### **4.5.1. Analysis of Factors and Conditions Affecting the Issuer's Activity**

Factors and conditions affecting the Issuer's activity and the results of such activity, and outlook for the duration of mentioned factors and conditions:

Power industry reorganization and extensive government regulation of the industry (including

charging policy) represent the major factors affecting the power industry and the Issuer's activity.

Factors and conditions that could substantially affect the activity of companies managed by the Issuer include:

- overstatement of announced (contractual) capacity factored in when calculating charges for power transmission compared to the value in a forecast balance sheet of the RF FTS; possible non-payment of customers for contractual capacity factored in when calculating charges;
- decrease in actual power consumption compared to the values budgeted when calculating charges for power transmission services;
- FGC UES, JSC refusal to perform the contracts of use of the facilities of power grid industry (last mile agreements) from January 01, 2011;
- setting limiting charges for power transmission by the Federal Tariff Service of Russia which do not fully reflect financial expenditures of the Company needed to ensure reliable and steady operation and its further growth;
- increasing emergency risk due to physical deterioration of machinery and plant. Physical deterioration and obsolescence of plant and machinery, increased requirements of reliability and safety operation, higher risk of severe accidents related to the destruction of power supply facilities, all call for emphasis on the reliability and safety issues.

These factors are components of the overall development trend in the Issuer's market. In the Issuer's opinion, they could make a lasting effect on the Issuer's activity in the mid-term.

Measures which are being taken by the Issuer and measures which the Issuer plans to take in future in order to minimize the negative impact of factors and conditions affecting the Issuer's activity:

In the Issuer's opinion, the following are the most effective ways to reduce the negative impact of factors and conditions affecting the Company's activity at present and in near future:

- cooperating with customers on formation of the scheduled balances of power applied to charges calculation which take into account the economic interests of the grid company and the participants of the sector of power supply;
- reaching an economically viable level of charges for power sources while striking a balance of economic interests between energy companies and power consumers;
- providing investment-friendly environment in the power industry;
- team working on the discussion of development plan for constituent entities of the Russian Federation to ensure more accurate and precise planning for power industry development;
- increasing the effectiveness of local power industry;
- creating an integrated power grid environment in the regions to increase the reliability of power supply;
- reaching an economically viable level of charges for power sources while striking a balance of economic interests between energy companies and power consumers.

Substantial events/factors which may have a substantially negative impact on the Issuer's achievement of the same or better results in future compared with those achieved for the last reporting period:

- introduction of limiting charges by the Federal Tariff Service of Russia which do not fully reflect financial expenditures of the Company needed to ensure reliable and steady operation and its further growth;
- continuation of financial and economic crisis in the global and Russian economy for an indefinite period;
- progress of the Russian power industry reorganization;
- increase in prices for component parts, materials and equipment.

Probability of occurrence of such events/factors:

Since these factors are beyond the Issuer's control, the probability of their occurrence is considered by the Issuer as high.

Substantial events/factors which may improve the Issuer's performance, the probability of their occurrence and their duration:

- implementation of long-term projects, attraction long-term investments at minimal cost;

- effective allocation of risks among all participating parties;
- creation of incentives to increase company's effectiveness by cutting down costs and investing in advanced technologies;
- ensuring fair price for power supply services consistent with the reliability and quality of services;
- dramatic improvement of payment discipline of the consumers of power;
- adjusting charges for power supply to economically viable levels to ensure both proper maintenance of fixed assets and investment potential of the industry.

The growth of profit from providing power supply services can be primarily achieved by cutting down costs, minimizing losses through modernization of worn equipment and increasing the volume of services through expansion of facilities.

Actions undertaken by the Issuer and actions which the Issuer plans to undertake in future to use these factors and conditions effectively:

In order to use above mentioned factors and conditions effectively, the Issuer is undertaking and plans to undertake in future the following actions:

- ensuring a steady growth of effectiveness of all organizational components of the Company;
- implementing active investment policy aimed at the modernization of deteriorated electrical equipment, development of the power industry and commissioning of new facilities.

Measures which are being taken by the Issuer and measures which the Issuer plans to take in the future in order to minimize the negative impact of factors and conditions affecting the Issuer's activity:

In order to minimize the negative impact of factors and conditions affecting the Issuer's activity, the Issuer is undertaking and plans to undertake in the future the following actions:

- modernization of fixed assets;
- prevention of non-payment by power consumers;
- tightening of financial controls and reduction of costs.

In 2011, Company's gross profit totaled 3,350.8 M rubles.

The gross profit structure features three components:

- profit from electricity transmission services;
- profit from technological connection services;
- profit from sales of other products (services) from core and non-core activities.

In 2011, the profit from electricity transmission totaled 3,071.1 M rub. (higher than in 2010 by 668.7 M rub. (27.8%)).

The following Table shows the impact of key indicators on financial result:

**Factor analysis of impact of changes in production and economic indicators on financial results of Company's operations in 2011**

**M rub.**

N Item No.	KPIs	As compared to 2010	
		Absolute value of changes in indicators: (+) increase., (-) decrease	Impact on financial result (+) profit, (-) loss
1	2	3	4
<b>1.</b>	<b>Changes in sales, total</b>	<b>8 406,8</b>	<b>8 406,8</b>
<i>1.1.</i>	<i>Electricity transmission services</i>	<i>8 485,3</i>	<i>8 485,3</i>
	including as a result of:		
1.1.1.	change in electricity productive supply	1 112,8	1 112,8
1.1.2.	change in average electricity output tariff	7 372,4	7 372,4

1.2.	<i>Services of transformer substations</i>	-10,1	-10,1
1.3.	<i>Other services</i>	-68,3	-68,3
<b>2.</b>	<b>Changes in product costs, total</b> including	<b>7 836,1</b>	<b>-7 836,1</b>
2.1.	electricity transmission services	7 816,6	-7 816,6
2.2.	services of transformer substations	54,6	-54,6
2.3.	other products	-35,0	35,0
<b>3.</b>	<b>Changes in cost of services of JSC FGC UES</b>	<b>1 720,8</b>	<b>-1 720,8</b>
<b>4.</b>	<b>Services of distribution grid companies</b>	<b>79,2</b>	<b>-79,2</b>
<b>5.</b>	<b>Changes in costs of purchased power, total</b> including	<b>3 319,9</b>	<b>-3 319,9</b>
5.1.	change in costs of purchased electricity and loss compensation, total	3 267,1	-3 267,1
5.1.1.	change in costs of purchased electricity and loss compensation, total	74,2	-74,2
5.1.2.	change in average tariff for payment of losses	3 192,9	-3 192,9
<b>6.</b>	<b>Changes in fixed costs, total</b> including as a result of:	<b>2 716,2</b>	<b>-2 716,2</b>
6.1.	changes in repair costs	296,4	-296,4
<b>7.</b>	<b>TOTAL change in gross profit</b>	<b>X</b>	<b>570,6</b>
7.1.	<i>electricity transmission services</i>	x	668,7
7.2.	<i>services of transformer substations</i>	x	-64,7
7.3.	<i>other products</i>	x	-33,3
<b>8.</b>	<b>Changes in administrative expenses</b>	<b>154,4</b>	<b>-154,4</b>
<b>9.</b>	<b>Changes in other incomes</b>	<b>-2 939,6</b>	<b>-2 939,6</b>
<b>10.</b>	<b>Changes in other expenses</b>	<b>-3 124,0</b>	<b>3 124,0</b>
<b>11.</b>	<b>Changes in profit before tax</b>	<b>600,6</b>	<b>600,6</b>
<b>12.</b>	<b>Changes in profit tax</b>	<b>-443,0</b>	<b>443,0</b>
<b>13.</b>	<b>TOTAL net profit (loss)</b>	<b>X</b>	<b>1 043,7</b>

In 2011, the electricity transmission exceeded the volume of electricity transmitted in 2010 by 1,578.9 M kWh or by 2.9% and contributed to the increase in gross profit by 1,112.8 M rub.

In addition, the growth in average electricity output tariff by 130.4 rub./MWh or by 18.5% as compared with the relevant period contributed to the increase in profit by 7,372.4 M rub. In general, in 2011, the profit from electricity transmission exceeded the profit gained in 2010 by 8,485.3 M rub.

It should be noted that setting of tariffs for core operations of the Issuer is characterized by the following key peculiarities having significant effect on incomes:

- In all Branches, the tariffs have been set on the basis of long-term regulation parameters for 2011-2015 using RAB method of return on invested capital;
- application of uniform (boiler) tariffs for electricity transmission services delivered to consumers of the relevant regions with account both of necessary gross revenues (GR) of the Issuer and GR of other regional distribution grid companies and JSC FGC UES.

Thus, the incomes from the core activities gained as a result of changes in electricity transmission tariff include the schemes of mutual settlements with other grid companies basing upon adopted "boiler formation" scheme.

In 2011, the increase in cost of sales of services amounted to 7,836.1 M rub. as compared to 2010, including the cost of services delivered by JSC FGC UES (1,720.8 M rub.), cost of services delivered by distribution grid companies 79.2 M rub. and expenses associated with compensation of electricity losses (3,267.1 M rub.).

In general, the increase in cost of services delivered by JSC FGC UES by 1,720.8 M rub. or 21% is attributed to the growth in tariff for maintenance of the Unified National Power Grid by 29%.

In general, the increase in cost of purchased power for compensation of losses is attributed to the growth in average tariff for payment of electricity losses by 759 rub./th. kWh or 32.6% as compared to the tariff of the relevant period that caused the increase in expenses by 3,192.9 M rub. and the decrease in profit by this amount.

In general, the increase in expenses associated with electricity purchase to compensate losses as compared to 2010 is attributed to the growth in costs of electricity losses caused by the increase in the share of free segment within the structure and in cross-subsidization as a result of tariff solutions adopted in 2011.

As compared to 2010, the fixed costs increased by 2,716.2 M rub. or by 21.2%, including the increase in repair costs (by 296.4 M rub. or 28.3%) that caused the decrease in gross profit by the above amount.

The increase in administrative costs as compared to 2010 caused the decrease in profit before tax by 154.4 M rub.

In 2011, the change in balance of other incomes and expenses of the Company effected the actual profit before tax. The decrease in negative balance of other incomes and expenses as compared to 2010 contributed to the increase in profit by 184.4 M rub.

The decrease in profit tax (with account of other similar payments) by 443 M rub. as compared to 2010 contributed to the increase of Company's net profit by the above amount. In 2011, the net profit totaled 1,305.9 th. rub.

#### **4.5.2. The Issuer's Competitors**

Core business activity of the Issuer is providing services of power supply and technological connection to power networks. The Issuer does not have competitors in the real sense of this term since power supply services are defined as a monopoly activity, according to paragraph 1 of Article 4 of the Federal Law No. 147-FZ "On Natural Monopolies" of August 17, 1995.

Power grid sector of the power industry is characterized by the following features.

There are currently three levels of power grid companies which have been formed on the technological and territory basis:

Level 1 - Federal power grid company, operating 220 kV grids and above. This company operates across the Russian Federation and has branches in all regions of RF;

Level 2 - Regional grid companies, emerged as a result of AO-energo reorganization. These companies operate 110-0.4 kV grids and provide power transmission services within the territory of the constituent entity of the Russian Federation where they are based.

Level 3 - local power grid companies, operating 0.4-10 kV grids. These companies basically emerged from wholesale power companies set up as municipal enterprises to service customers within a single municipality.

IDGC of Volga, JSC, falls into Level 2 - Regional Power Grid Company.

In the current environment, there is almost no competition among power grid companies

operating within the area of responsibility of IDGC of Volga, JSC. 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 power grid companies are currently operating 0.4-10 kV grids, but the competition in this sector of power transmission market is almost absent as this level of voltage basically serves households and government-financed organizations who, as power consumers, do not generate enough revenue for the power grid companies to cover their power transmission expenses.

## **V. Detailed Information on Members of the Issuer's Management Bodies, the Issuer's Financial and Business Supervisory Bodies and Brief Information on the Issuer's Personnel (Employees)**

### **5.1. Information on the structure and responsibilities of the Issuer's Management Bodies**

Detailed description of the structure and responsibilities of the Issuer's Management Bodies as stipulated in the Articles of Association (Constituent Documents) of the Issuer:

Detailed description of the structure and responsibilities of the Issuer's Management Bodies as stipulated in the Articles of Association (Constituent Documents) of the Issuer:

Management Bodies of the Company include:

- General Shareholders' Meeting;
- Board of Directors;
- Management Board;
- General Director.

According to the paragraph 10.2. of the Article 10 of the Articles of Association of IDGC of Volga, JSC, General Shareholders' Meeting is responsible for the following matters:

- 1) amending and revising the Articles of Association or adoption of restated Articles of Association;
- 2) reorganization of the Company;
- 3) liquidation of the Company, appointment of the Liquidation Committee and approval of the intermediate and final liquidation balance sheet;
- 4) determination of the amount, par value, category (type) of authorized shares and rights granted by these shares;
- 5) increasing the authorized capital of the Company by increasing the par value of shares or by placing additional shares;
- 6) reducing the authorized capital of the Company by decreasing the par value of shares, by repurchasing of a part of shares to reduce their total amount as well as by redemption of purchased shares or shares bought out by the Company;
- 7) Company's shares split or reverse split;
- 8) making decisions on the placement of bonds, convertible to shares or other issuable securities convertible to shares;
- 9) determination of the number of members of the Board of Directors of the Company, election of members of the Board of Directors and early termination of their powers;
- 10) election of the members of the Auditing Commission of the Company and early termination of their powers;
- 11) appointment of the Auditor of the Company;
- 12) making decision on the delegation of the authority of the Sole Executive Body of the Company to a managing organization (managing executive) and early termination of its powers;
- 13) approval of annual reports, annual accounting statements including profit and loss statements (profit and loss account) of the Company as well as allocation of profit (including dividend payout (announcement), excluding profit allocated as dividends based on results of the first quarter of, the first half of, first nine months of financial year) and losses of the Company based on the results of financial year;

- 14) payout (announcement) of dividends based on the results of the first quarter of, the first half of, first nine months of financial year;
  - 15) determination of the procedure for holding the General Meeting of Shareholders of the Company;
  - 16) making decisions on approval of transactions in cases stipulated in the Article 83 of the Federal Law "On Joint-Stock Companies";
  - 17) making decisions on approval of large transactions in cases stipulated in the Article 79 of the Federal Law "On Joint-Stock Companies";
  - 18) making decisions on participation in financial and industrial groups, associations and other unions of commercial organizations;
  - 19) approval of internal documents governing the activity of the Company's bodies;
  - 20) making decision on paying remunerations and/or compensations to the members of the Auditing Commission of the Company;
  - 21) making decision on paying remunerations and/or compensations to the members of the Board of Directors of the Company;
  - 22) deciding on other matters stipulated in the Federal Law "On Joint-Stock Companies".
- According to paragraph 15.1 of Article 15 of the Articles of Association of IDGC of Volga, JSC, the Board of Directors of the Company is responsible for the following matters:
- 1) setting priorities for the Company's business activity and its development strategy;
  - 2) convening of the annual and extraordinary General Meetings of Shareholders of the Company, excluding the cases provided for in paragraph 14.8 of Article 14 of the Articles of Association, as well as announcement of a new date for General Meeting of Shareholders in place of a meeting failed due to the lack of quorum;
  - 3) approval of the agenda of the General Meeting of Shareholders of the Company;
  - 4) election of the Secretary of the General Meeting of Shareholders of the Company;
  - 5) setting the date for providing the list of persons entitled to participate in the General Meeting of Shareholders, approval of expenses estimate for the holding of the General Meeting of Shareholders and attending to other matters related to the arrangement and holding of the General Meeting of Shareholders;
  - 6) presenting matters stipulated in items 2, 5, 7, 8, 12-20 of paragraph 10.2. of Article 10 of the Articles of Association for consideration by the General Meeting of Shareholders as well as decreasing the authorized capital of the Company by decreasing the par value of shares;
  - 7) placement of bonds and other issuable securities by the Company, excluding the cases stipulated by law of the Russian Federation and the Articles of Association;
  - 8) approval of resolution on the issue (additional issue) of securities and securities prospectus, approval of securities issue (additional issue) report, share repurchase reports, redemption of shares reports and buyout requirement reports;
  - 9) determination of price (monetary value) of assets, price of placement and buyout of issuable securities in cases stipulated in the Federal Law "On Joint-Stock Companies" as well as when deciding on the matters stated in the items 11, 22, 38 of paragraph 15.1 of Article 15 of the Articles of Association;
  - 10) repurchasing of outstanding shares, bonds and other securities in cases stipulated by the Federal Law "On Joint-Stock Companies";
  - 11) disposal (selling) of shares of the Company which become property of the Company through repurchasing or buyout from shareholders of the Company as well as in other cases stipulated by the Federal Law "On Joint-Stock Companies";
  - 12) election of the General Director of the Company and early termination of its powers, including deciding on early termination of the employment agreement with the General Director;
  - 13) deciding on the number of members of the Management Board of the Company, electing the members of the Management Board and determination of their remunerations and compensations, early termination of their powers;

- 14) recommending the amount of remunerations and compensations paid to the members of the Auditing Commission of the Company for consideration by General Meeting of Shareholders and determining the amount of fee payable to the Auditor;
- 15) recommendations on the amount of dividend on shares and dividend payout procedure;
- 16) approval of internal documents governing the procedure for accumulation and use of funds of the Company;
- 17) making decision on the use of funds of the Company; approval of financial plans for use of special purpose funds and evaluating the results of financial plans for use of special purpose funds;
- 18) approval of internal documents of the Company, excluding the internal documents approval of which is assigned to the responsibility of the General Meeting of Shareholders as well as other internal documents approval of which is assigned to the responsibility of the Executive Bodies of the Company;
- 19) approval of business plan (adjusted business plan), including investment plan, and business plan performance report as well as approval (adjustment) of key figures of the cash flow of the Company;
- 20) consideration of the investment program, including amendment thereto;
- 21) setting up branches and opening representative offices of the Company, their liquidation as well as making changes to the Articles of Association of the Company in relation to setting up of branches, opening of representative offices of the Company (including changes in names and locations of branches and representative offices of the Company) and their liquidation;
- 22) making decisions on the participation of the Company in other organizations (on joining an existing organization or setting up a new organization including approval of constituent documents) as well as on purchasing, disposal and impairment of shares or participation interest in authorized capitals of organizations in which the Company participates, changing the portion of participation interest in the authorized capital of respective organization and termination of the participation of the Company in other organizations;
- 23) determination of the credit policy of the Company with regard to lending loans, concluding facility agreements and borrowing agreements, granting guarantees, assuming liabilities under bills of exchange (issuing promissory notes or bills of exchange), pledging property and making decisions on effecting mentioned transactions by the Company in cases when the procedure for making decisions on such transactions is not determined by credit policy of the Company as well as making decisions in the procedure defined by the credit policy of the Company on adjusting liabilities of the Company to the limits set by the credit policy of the Company;
- 24) approval of major transactions in cases stipulated in Section X of the Federal Law "On Joint-Stock Companies";
- 25) approval of transactions stipulated in Section XI of the Federal Law "On Joint-Stock Companies";
- 26) approval of the Company's Registrar, terms and conditions of the employment agreement with Registrar as well as termination of the agreement;
- 27) election of the Chairman of the Board of Directors of the Company and early termination of its powers;
- 28) election of the Deputy Chairman of the Board of Directors of the Company and early termination of its powers;
- 29) election of the Corporate Secretary of the Company and early termination of its powers;
- 30) preliminary approval of decisions on effecting transactions related to the transfer of the Company's property without compensation or transfer of property rights (claims) to the Company itself or a third party; transactions related to the release from property responsibilities before the Company itself or a third party; transactions related to providing services (works) without compensation to third parties in cases (amount) determined by resolutions of the Board of Directors of the Company as well as making decisions on effecting such transactions by the Company when above mentioned cases (amounts) are not determined;

31) making decision on suspending the powers of the managing organization (managing executive);

32) making decision on the appointment of the Acting General Director of the Company in cases provided for by separate resolutions of the Company's Board of Directors as well as bringing the Acting General Director to disciplinary responsibility;

33) bringing the General Director of the Company and the members of the Management Board to disciplinary responsibility and paying rewards to them as required by labor laws of the Russian Federation;

34) approval of the company performance report submitted by the General Director (including the report on execution of duties by General Director), the report on execution of the resolutions of the General Meeting of Shareholders and the Board of Directors of the Company;

35) approval of the procedure for the cooperation between the Company and organizations in which the Company participates;

36) determination of the position of the Company (representatives of the Company), including ordering to take or not to take part in voting on matters of the agenda or vote as "in favor", "against", or "abstained", on the following matters of the agendas of the General Meetings of Shareholders (stockholders) of affiliates and subsidiaries (hereinafter referred to as SDCs) (excluding cases when the functions of General Meeting of Shareholders of SDCs are delegated to the Board of Directors of the Company) and the agendas of the Meetings of the Board of Directors of SDCs (excluding the matter on the approval of the agenda of the General Meeting of Shareholders of SDCs when the functions of General Meeting of Shareholders of SDCs are delegated to the Board of Directors of the Company):

a) defining the agenda of the General Meeting of Shareholders (stockholders) of SDCs;

b) reorganization or liquidation of SDCs;

c) determination of the number of members of the management bodies and supervisory bodies of the SDCs, nomination and election of the members and early termination of their powers, nomination and election of the Sole Executive Body of SDCs and early termination of its powers;

d) determination of the amount, par value, category (type) of authorized shares of SDCs and the rights granted by these shares;

e) increasing the authorized capital of the SDCs by increasing the par value of shares or by placing additional shares;

f) placement of securities of SDCs which are convertible into ordinary shares;

g) split or reverse split of shares of SDCs;

h) approval of major transactions effected by SDCs;

i) participation of SDCs in other organizations (entering existing organization or establishing new organization) as well as purchasing, disposal and impairment of shares and participation interest in authorized capitals of organizations in which SDCs participate, changing a portion of the participation interest in the authorized capital of respective organization;

j) transactions of SDCs (including several associated transactions) related to acquisition, disposal of or possible disposal of property which represents fixed assets, intangible assets, facilities under construction which are intended for generating, transmission, dispatch, distribution of power and heat energy in cases (amounts) determined by the procedure for cooperation between the Company and the organizations in which the Company participates approved by the Board of Directors of the Company;

k) amending and revising constituent documents of SDCs;

l) approval of the procedure for awarding compensations to the members of the Board of Directors and the Auditing Commission of SDCs;

m) approval of targeted levels of key performance indicators (adjusted targeted key performance indicators);

n) approval of the report on meeting targeted annual and quarterly key performance indicators;

o) approval of business plan (adjusted business plan), including investment program, and business plan performance report;

p) approval (consideration) of the business plan performance report;

- q) approval of the allocation of profit and losses based on financial year results;
- r) recommendations on the amount of dividend on shares and dividend payout procedure;
- s) payout (announcement) of dividends based on results of the first quarter of, the first half of, first nine months of financial year as well as based on entire financial year results;
- t) consideration of the investment program, including amendment thereto;
- u) approval (consideration) of the investment program performance report.

37) determination of the position of the Company (representatives of the Company) on the following matters of the agendas of the Meetings of the Board of Directors of SDCs (including ordering to take or not to take part in voting on matters of the agenda or vote as "in favor", "against", or "abstained"):

a) determination of the position of the representatives of SDCs on the matters of the agendas of the General Meetings of Shareholders (stockholders) and the Meetings of the Boards of Directors of affiliates and subsidiaries to SDCs concerning making (approval) of transactions (including several associated transactions) related to acquisition, disposal of or possible disposal of assets which represent fixed assets, intangible assets, facilities under construction which are intended for generating, transmission, dispatch, distribution of power and heat energy in cases (amounts) determined by the procedure for cooperation between the Company and the organizations in which the Company participates approved by the Board of Directors of the Company;

b) determination of the position of the representatives of SDCs on the matters of the agendas of the General Meetings of Shareholders (participants) and the Meetings of the Boards of Directors of affiliates and subsidiaries to SDCs which generate, transmit, dispatch, distribute and sell power or heat energy, on the reorganization, liquidation, increasing the authorized capital of such companies by increasing the par value of shares or by placing additional shares, and on placement of securities convertible into ordinary shares;

38) preliminary approval of the following transactions of the Company:

a) transactions with fixed assets of the Company which represent more than 10 percent of the book value of the Company's fixed assets as estimated in the accounting statements as of the last reporting date;

b) transactions (including several associated transactions) related to acquisition, disposal of or possible disposal of property which represents fixed assets, intangible assets, facilities under construction which are intended for generating, transmission, dispatch, distribution of power and heat energy in cases (amounts) determined by resolutions of the Board of Directors of the Company;

c) transactions (including several associated transactions) related to acquisition, disposal of or possible disposal of property which represents fixed assets, intangible assets, facilities under construction which are not intended for generating, transmission, dispatch, distribution of power and heat energy in cases (amounts) determined by resolutions of the Board of Directors of the Company;

39) nomination of candidates for the position of the Sole Executive Body and for other Management Bodies, Supervisory Bodies as well as nomination of auditors of organizations in which the Company participates and which generate, transmit, dispatch, distribute and sell power or heat energy or perform maintenance and service activities;

40) determination of the areas of insurance coverage for the Company, including the approval of the Insurer of the Company;

41) approval of the administrative structure of the Company's executive bodies and making changes thereto;

42) approval of the rules of material incentives for the General Director, rules of material incentives for the Company's top managers; approval of the top managers list;

43) approval of candidates for positions in the Executive Body of the Company nominated by the Board of Directors of the Company;

44) making decision on nominating the General Director of the Company for State Awards;

45) preliminary approval of the collective agreement and agreements concluded by the Company as part of regulation of social and employment relationships as well as approval of documents related to the provision of non-state pension to the employees of the Company;

46) establishing the Committees under the Board of Directors of the Company, election of the members of the Committees under the Board of Directors of the Company and early termination of their powers, election and early termination of powers of Chairmen of the Committees under the Board of Directors of the Company;

47) approval of independent appraiser (appraisers) for the evaluation of the value of shares, property and other assets of the Company in cases stipulated in the Federal Law "On Joint-Stock Companies", the Articles of Association or determined by resolutions of the Board of Directors of the Company;

48) approval of financial advisor hired in compliance with the Federal Law "On Securities Market" as well as book runners and consultants on transactions which are directly related to raising funds through public offering;

49) preliminary approval of transactions which may result in liabilities denominated in foreign currency (or liabilities the amount of which is based on foreign currency) in cases and in the amounts determined by resolutions of the Board of Directors of the Company, or, if mentioned cases (amounts) are not determined by the Board of Directors of the Company;

50) determination of the procurement policy of the Company including the approval of the Regulation on Procedure for Carrying Out Standardized Procurement of Goods, Works and Services, the appointment of the Head of the Central Procurement Body of the Company and its members as well as the approval of the Annual Integrated Procurement Plan and making other decisions in compliance with the Company's Regulations and Policies governing the procurement activities of the Company;

51) approval of targeted levels (adjusted levels) of key performance indicators (KPI) of the Company and KPI performance reports;

52) defining the Company's policy aimed at improvement of reliability of distribution grid complex and other facilities of power grid industry including approval of strategic plans of the Company for improving reliability of distribution grid complex, distribution grid complex development and safety;

53) defining the housing policy of the Company with regard to providing corporate support to employees for the improvement of housing conditions in form of entitlements, compensation of expenses, non-interest bearing loans and the approval of resolutions on providing such support by the Company in cases when the procedure for providing such support is not defined in the Company's housing policy;

54) other matters assigned to the responsibility of the Board of Directors by the Federal Law "On Joint-Stock Companies" and the Articles of Association.

According to paragraph 22.2. of Article 22 of the Articles of Association of IDGC of Volga, JSC the Management Board of the Issuer is responsible for the following matters:

1) preparation of the Company's development strategy and its submission for approval of the Board of Directors;

2) preparation of annual (quarterly) business plan (including the investment program) and performance report thereon, and approval (adjustment) of the Company's cash flow (budget);

3) preparation of the annual report on the Company's financial and business activities and on implementation of resolutions of the Company's General Meeting of Shareholders and the Board of Directors by the Management Board;

4) review of reports prepared by the Deputy General Directors of the Company and Directors of separate structural subdivisions of the Company on implementation of the approved plans, programs and orders; review of reports, documents and other information on the activities of the Company and its subsidiaries and dependent companies;

5) making decisions on the issues covered by the Top Management of business entities with 100 (one hundred) percent of the authorized capital owned by the Company (with account of items 36, 37, paragraph 15.1, Article 15 of the Articles of Association);

6) preparation of reports on financial and business activities of business entities with 100 (one hundred) percent of the authorized capital owned by the Company and their submission for

consideration by the Board of Directors;

7) making decisions on entering into transactions related to property, works and services to the amount of 1-25 percent of the book value of the Company's fixed assets estimated in the accounting statements as of the last reporting date (except for the cases specified in item 38, paragraph 15.1 of the Articles of Association);

8) making decision on other issues related to the management of the current activities of the Company in compliance with the resolutions passed by the General Meeting of Shareholders and the Board of Directors of the Company, and on the issues submitted by the General Director of the Company for consideration by the Management Board.

Responsibilities of the General Director are stipulated in the Article 23 of the Articles of Association of the Issuer:

23.2. 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 Shareholders' Meeting, the Board of Directors and the Management Board of the Company.

23.3. The General Director of the Company acts on behalf of the Company without the letter of attorney in compliance with restrictions imposed by the applicable laws, the Articles of Association and resolutions passed by the Board of Directors of the Company and is responsible for:

- ensuring the implementation of the Company's plans aimed at reaching the goals of the Company;
- organizing the maintenance of accounting records and preparation of financial statements of the Company;
- disposing of the Company's assets, making transactions on behalf of the Company, issuing letters of attorney, opening settlement and other accounts of the Company in banks and other credit institutions (as well as in organizations of securities market professionals in cases stipulated by law);
- issuing orders, approving procedures, local regulations and policies and other internal documents of the Company related to matters assigned to responsibilities of the General Director, and giving instructions binding on all employees of the Company;
- approving the Regulation on branches and representative offices of the Company;
- approving staff chart and official salaries of employees of the Company based on the administrative structure of the Company;
- exercising rights and responsibilities concerning the employees of the Company in accordance with employment laws;
- performing functions of the Chairman of the Management Board of the Company;
- assigning responsibilities among deputies of the General Director;
- submitting financial and business activities reports of subsidiaries and dependent companies which shares (participation interest) are owned by the Company to the Board of Directors as well as submitting information on other organizations in which the Company participates, excluding the cases provided in the item 6 of the paragraph 22.2 of the Article 22 of the Articles of Association;
- submitting Annual Report, Annual Accounting Statements, Profit and Loss Account of the Company, Report on Distribution of Profit and Losses of the Company to the Board of Directors of the Company not later than 45 (forty-five) days prior to the date of Annual General Shareholders' Meeting of the Company;
- managing other matters concerning current activities of the Company, excluding matters assigned to the responsibility of the General Shareholders' Meeting, the Board of Directors and the Management Board of the Company.

***The Issuer approved (endorsed) the Code of Corporate Conduct or other similar document.***

Information on the Code of Corporate Conduct or other similar document:  
the Board of Directors of IDGC of Volga, JSC, approved the Code of Corporate Governance on August 29, 2007 (Minutes No. 2).

Its full text is available at: [www.mrsk-volgi.ru/ru/aktsioneram\\_i\\_investoram/korporativnie\\_dokumenti/vnutrennie\\_dokumenti\\_obcshestva/](http://www.mrsk-volgi.ru/ru/aktsioneram_i_investoram/korporativnie_dokumenti/vnutrennie_dokumenti_obcshestva/)

The full text of the effective version of the Issuer's Articles of Association and its internal documents regulating activities of Issuer's management bodies is available at:

- [www.mrsk-volgi.ru/ru/aktsioneram\\_i\\_investoram/korporativnie\\_dokumenti/ustav\\_obcshestva](http://www.mrsk-volgi.ru/ru/aktsioneram_i_investoram/korporativnie_dokumenti/ustav_obcshestva)  
- [www.mrsk-volgi.ru/ru/aktsioneram\\_i\\_investoram/korporativnie\\_dokumenti/vnutrennie\\_dokumenti\\_obcshestva/](http://www.mrsk-volgi.ru/ru/aktsioneram_i_investoram/korporativnie_dokumenti/vnutrennie_dokumenti_obcshestva/)

## 5.2. Information on members of the Issuer's Management Bodies

### 5.2.1. The Issuer's Board of Directors (Supervising Board)

Full name: *Perepelkin, Aleksey Yurievich (Chairman)*

Year of birth: *1970*

Education: *University Degree*

*Bauman Moscow State Technical University (1993);*

*Moscow State Legal Academy (1998).*

Positions held within the Issuer or in other companies for the past 5 years and at present, including part-time positions:

Period		Company name	Position
from	to		
2006	2007	Federal Tax Service	Head of the Analytics Department
2007	2009	Ministry of Defense of the Russian Federation	Advisor to the Minister, Head of the Principal Legal Department
2009	2009	IDGC Holding, JSC	Director for Corporate Policy
2009	present	IDGC Holding, JSC	Member of the Management Board, Deputy General Director for Corporate Governance and Property
2010	present	IDGC of Center and Volga Region, JSC	Member of the Board of Directors
2010	present	IDGC of Center, JSC	Member of the Board of Directors
2011	present	IDGC of the South, JSC	Member of the Board of Directors
2011	present	VOLS-VL Management, JSC	Member of the Board of Directors

***The person does not have any share in the Issuer's authorized capital or hold any ordinary shares.***

The number of shares of each category (type) issued by the Issuer that can be purchased by the person by exercising the options issued by the Issuer: ***the Issuer has not issued options.***

The person's ownership interests in the authorized (share) capital (mutual fund) of the Issuer's affiliates and subsidiaries: ***the person does not have mentioned ownership interests.***

Details on the nature of any family relationships with other persons who are members of the Issuer's Management Bodies and/or the Issuer's Financial and Business Supervisory Bodies: ***there are no mentioned family relationships.***

Information on the imposition of administrative sanctions for offences in the area of finance, taxes and levies, securities market or the prosecution (possession of criminal record) for economic

crimes or crimes against the State: ***the person is free of any criminal records.***

Information on holding positions in management bodies of commercial companies in the period when bankruptcy procedures were initiated against mentioned organizations and/or when one of the bankruptcy procedures provided by bankruptcy (insolvency) laws of the Russian Federation was introduced: ***the person has not held mentioned positions.***

Full name: ***Varvarin Aleksandr Viktorovich***

Year of birth: ***1975***

Education: ***University degree***

***International Law and Economics Institute named after A.S. Griboyedov (1998)***

All positions held within the Issuer or in other companies for the past 5 years and at present, including part-time positions:

Period		Company name	Position
from	to		
2003	2008	NP "Self-Regulatory Interregional Organization of Professional Administrators"	Vice-President, Chairman of Disciplinary Committee
2005	2009	Russian Union of Industrialists and Entrepreneurs	Head of Legal Department, Director of Corporate Relations Department
2006	present	NP "Corporate Disputes Settlement Center"	Director, member of Council
2006	present	Russian Union of Self-Regulatory Organizations of Professional Administrators	Deputy Chairman of the Management Board
2008	present	NP "Self-Regulatory Interregional Organization of Professional Administrators"	Chairman of Council
2009	present	Russian Union of Industrialists and Entrepreneurs	Managing Director for Corporate Relations and Legal Support
2009	present	OAD Russian Road Leasing Company "Rosdorleasing"	Member of the Board of Directors
2009	present	OAD Oil Refining and Petrochemical Industry Scientific Research and Design Institute	Member of the Board of Directors
2009	present	OAD All-Russia Center for Public Opinion Surveys	Member of the Board of Directors

***The member does not have any share in the Issuer's authorized capital or hold any ordinary shares.***

The number of shares of each category (type) issued by the Issuer that can be purchased by the person by exercising the options issued by the Issuer: ***the Issuer has not issued options.***

The person's ownership interest in the authorized (share) capital (mutual fund) of the Issuer's affiliates and subsidiaries: ***the person does not have mentioned ownership interests.***

Details on the nature of any family relationships with other persons who are members of the Issuer's Management Bodies and/or the Issuer's Financial and Business Supervisory Bodies: ***there are no mentioned family relationships.***

Information on the imposition of administrative sanctions for offences in the area of finance, taxes and levies, securities market or the prosecution (possession of criminal record) for economic crimes or crimes against the State: ***the person is free of any criminal records.***

Information on holding positions in management bodies of commercial companies in the period when bankruptcy procedures were initiated against mentioned organizations and/or when one of the bankruptcy procedures provided by bankruptcy (insolvency) laws of the Russian Federation was introduced: ***the person has not held mentioned positions.***

Full name: ***Vasilyev, Sergey Vyacheslavovich***

Year of birth: ***1975***

Education: ***University degree***

***Moscow State University named after M.V. Lomonosov (1997)***

***State University – Higher School of Economics (2010)***

Positions held within the Issuer or in other companies for the past 5 years and at present, including part-time positions:

Period		Company name	Position
from	to		
2003	2008	ОАО РАО “UES of Russia”	Head of the Legal Department
2008	July 01, 2011	IDGC Holding, JSC	Director for Legal Issues, Head of the Department for Legal Support
July 01, 2011	present	IDGC Holding, JSC	Director for Legal Issues and Relations with Power Market Participants
2009	present	IDGC Holding, JSC	Member of the Management Board
2010	present	IDGC of Urals, JSC	Member of the Board of Directors
2009	present	Tomsk GC, JSC	Member of the Board of Directors
2010	present	Yantarenergo, JSC	Member of the Board of Directors
2009	present	UES Center for Settlement Optimization, JSC	Member of the Board of Directors

***The member does not have any share in the Issuer's authorized capital or hold any ordinary shares.***

The number of shares of each category (type) issued by the Issuer that can be purchased by the person by exercising the options issued by the Issuer: ***the Issuer has not issued options.***

The person's ownership interest in the authorized (share) capital (mutual fund) of the Issuer's affiliates and subsidiaries: ***the person does not have mentioned ownership interests.***

Details on the nature of any family relationships with other persons who are members of the Issuer's Management Bodies and/or the Issuer's Financial and Business Supervisory Bodies: ***there are no mentioned family relationships.***

Information on the imposition of administrative sanctions for offences in the area of finance, taxes and levies, securities market or the prosecution (possession of criminal record) for economic crimes or crimes against the State: ***the person is free of any criminal records.***

Information on holding positions in management bodies of commercial companies in the period when bankruptcy procedures were initiated against mentioned organizations and/or when one of the bankruptcy procedures provided by bankruptcy (insolvency) laws of the Russian Federation was introduced: ***the person has not held mentioned positions.***

Full name: ***Gavrilova Tatiana Vladimirovna***

Year of birth: ***1982***

Education: *University degree*  
*State University – Higher School of Economics (2005)*

All positions held within the Issuer or in other companies for the past 5 years and at present, including part-time positions:

Period		Company name	Position
from	to		
2006	present	Representative Offices of Specialized Research Limited, LLC	analyst

***The member does not have any share in the Issuer's authorized capital or hold any ordinary shares.***

The number of shares of each category (type) issued by the Issuer that can be purchased by the person by exercising the options issued by the Issuer: ***the Issuer has not issued options.***

The person's ownership interest in the authorized (share) capital (mutual fund) of the Issuer's affiliates and subsidiaries: ***the person does not have mentioned ownership interests.***

Details on the nature of any family relationships with other persons who are members of the Issuer's Management Bodies and/or the Issuer's Financial and Business Supervisory Bodies: ***there are no mentioned family relationships.***

Information on the imposition of administrative sanctions for offences in the area of finance, taxes and levies, securities market or the prosecution (possession of criminal record) for economic crimes or crimes against the State: ***the person is free of any criminal records.***

Information on holding positions in management bodies of commercial companies in the period when bankruptcy procedures were initiated against mentioned organizations and/or when one of the bankruptcy procedures provided by bankruptcy (insolvency) laws of the Russian Federation was introduced: ***the person has not held mentioned positions.***

Full name: ***Golubev Pavel Vladilenovich***

Year of birth: ***1962***

Education: *University degree*

***Omsk Polytechnic Institute (1984).***

All positions held within the Issuer or in other companies for the past 5 years and at present, including part-time positions:

Period		Company name	Position
from	to		
2002	2007	MUPEP "Omskelektro"	Deputy Director
2007	2008	MOESK, JSC	Head of Production Technical Department
2008	present	IDGC Holding, JSC	Head of Department for organization of operation, technical services and repairs

***The member does not have any share in the Issuer's authorized capital or hold any ordinary shares.***

The number of shares of each category (type) issued by the Issuer that can be purchased by the person by exercising the options issued by the Issuer: ***the Issuer has not issued options.***

The person's ownership interest in the authorized (share) capital (mutual fund) of the Issuer's affiliates and subsidiaries: ***the person does not have mentioned ownership interests.***

Details on the nature of any family relationships with other persons who are members of the Issuer's Management Bodies and/or the Issuer's Financial and Business Supervisory Bodies: ***there are no mentioned family relationships.***

Information on the imposition of administrative sanctions for offences in the area of finance, taxes and levies, securities market or the prosecution (possession of criminal record) for economic crimes or crimes against the State: ***the person is free of any criminal records.***

Information on holding positions in management bodies of commercial companies in the period when bankruptcy procedures were initiated against mentioned organizations and/or when one of the bankruptcy procedures provided by bankruptcy (insolvency) laws of the Russian Federation was introduced: ***the person has not held mentioned positions.***

Full name: ***Gromov Oleg Aleksandrovich***  
 Year of birth: ***1968***  
 Education: ***University degree***  
***Chelyabinsk State Technical University (1992)***

All positions held within the Issuer or in other companies for the past 5 years and at present, including part-time positions:

Period		Company name	Position
from	to		
September 01, 2002	January 17, 2010	JDO of Ural Branch of SO UES, JSC	Deputy Head of Operational Dispatch Service, Deputy Chief Dispatcher, Director for Dispatch Management Technologies Development
January 18, 2010	June 08, 2010	SO UES, JSC	Deputy Director for UES Development Management – Head of Prospective Development Service
June 09, 2010	present	JDO of the Middle Volga Branch of SO UES, JSC	General Director

***The member does not have any share in the Issuer's authorized capital or hold any ordinary shares.***

The number of shares of each category (type) issued by the Issuer that can be purchased by the person by exercising the options issued by the Issuer: ***the Issuer has not issued options.***

The person's ownership interest in the authorized (share) capital (mutual fund) of the Issuer's affiliates and subsidiaries: ***the person does not have mentioned ownership interests.***

Details on the nature of any family relationships with other persons who are members of the Issuer's Management Bodies and/or the Issuer's Financial and Business Supervisory Bodies: ***there are no mentioned family relationships.***

Information on the imposition of administrative sanctions for offences in the area of finance, taxes and levies, securities market or the prosecution (possession of criminal record) for economic crimes or crimes against the State: ***the person is free of any criminal records.***

Information on holding positions in management bodies of commercial companies in the period when bankruptcy procedures were initiated against mentioned organizations and/or when one of the bankruptcy procedures provided by bankruptcy (insolvency) laws of the Russian Federation was introduced: ***the person has not held mentioned positions.***

Full name: ***Kulikov, Denis Viktorovich***  
 Year of birth: ***1975***  
 Education: ***University degree***  
***Moscow State Legal Academy (2005)***

Positions held within the Issuer or in other companies for the past 5 years and at present, including part-time positions:

Period		Company name	Position
from	to		
2001	2006	Investors Protection Association	Expert
2006	2008	Investors Protection Association	Deputy Executive Director
2008	present	Investors Protection Association	Executive Director
2004	present	YuTK, JSC	member of the Board of Directors
2007	present	OGC-2, JSC	member of the Board of Directors
2007	present	MOEK, JSC	member of the Board of Directors
2008	present	Severo-Zapadny Telecom, JSC	member of the Board of Directors
2009	present	Baikalvestkom, JSC	member of the Board of Directors
2009	present	OEK, JSC	member of the Board of Directors
June, 2010	present	VolgaTelecom, JSC	member of the Board of Directors
June, 2010	present	Dalsvyaz, JSC	member of the Board of Directors
June, 2010	present	Uralsvyazinform, JSC	member of the Board of Directors
June, 2010	present	CenterTelecom, JSC	member of the Board of Directors
June, 2010	present	IDGC of Northwest, JSC	member of the Board of Directors

Person's share in the authorized capital of the Issuer, %: **0.00168**

The share of the person's ordinary shares owned by the Issuer, %: **0.00168**

The number of shares of each category (type) issued by the Issuer that can be purchased by the person by exercising the options issued by the Issuer: **the Issuer has not issued options.**

The person's ownership interest in the authorized (share) capital (mutual fund) of the Issuer's affiliates and subsidiaries: **the person does not have mentioned ownership interests.**

Details on the nature of any family relationships with other persons who are members of the Issuer's Management Bodies and/or the Issuer's Financial and Business Supervisory Bodies: **there are no mentioned family relationships.**

Information on the imposition of administrative sanctions for offences in the area of finance, taxes and levies, securities market or the prosecution (possession of criminal record) for economic crimes or crimes against the State: **the person is free of any criminal records.**

Information on holding positions in management bodies of commercial companies in the period when bankruptcy procedures were initiated against mentioned organizations and/or when one of the bankruptcy procedures provided by bankruptcy (insolvency) laws of the Russian Federation was introduced: **the person has not held mentioned positions.**

Full name: **Martsinkovsky, Gennady Olegovich**

Year of birth: **1968**

Education: **University degree**

**Tselinograd Agricultural Institute (1993)**

Positions held within the Issuer or in other companies for the past 5 years and at present, including part-time positions:

Period		Company name	Position
from	to		
2003	2006	FGC UES, JSC	Head of Section for Capital Construction
2006	2008	TsIUS UES, JSC	Head of Directorate for Construction Management in the

			South Region
2008	present	IDGC Holding, JSC	Head of the Capital Construction Department

***The member does not have any share in the Issuer's authorized capital or hold any ordinary shares.***

The number of shares of each category (type) issued by the Issuer that can be purchased by the person by exercising the options issued by the Issuer: ***the Issuer has not issued options.***

The person's ownership interest in the authorized (share) capital (mutual fund) of the Issuer's affiliates and subsidiaries: ***the person does not have mentioned ownership interests.***

Details on the nature of any family relationships with other persons who are members of the Issuer's Management Bodies and/or the Issuer's Financial and Business Supervisory Bodies: ***there are no mentioned family relationships.***

Information on the imposition of administrative sanctions for offences in the area of finance, taxes and levies, securities market or the prosecution (possession of criminal record) for economic crimes or crimes against the State: ***the person is free of any criminal records.***

Information on holding positions in management bodies of commercial companies in the period when bankruptcy procedures were initiated against mentioned organizations and/or when one of the bankruptcy procedures provided by bankruptcy (insolvency) laws of the Russian Federation was introduced: ***the person has not held mentioned positions.***

Full name: ***Nikonov Vasily Vladislavovich***

Year of birth: ***1972***

Education: ***University degree***

***Kuibyshev Polytechnic Institute (1994);***

***Samara State Economic Academy (1997).***

All positions held within the Issuer or in other companies for the past 5 years and at present, including part-time positions:

Period		Company name	Position
from	to		
2005	2008	Volga TGC, JSC	General Director
2008	2010	AVTOVAZ, JSC	President Advisor
2010	present	Ministry of Energy of the Russian Federation	Director of Energy Development Department
2011	present	DVEUK, JSC	Member of the Board of Directors, Deputy Chairman of the Board of Directors
2011	present	DVEUK, JSC	Chairman of Strategic Development and Investment Committee under the Board of Directors
2011	present	DVEUK, JSC	Member of Audit Committee under the Board of Directors
2011	present	TsIUS UES, JSC	Member of the Board of Directors
2011	present	Bashkirenergo, JSC	Member of the Board of Directors
2011	present	OAO "RAO ES of the East"	Chairman of Strategic Development and Investment Committee under the Board of Directors

***The member's share in the Issuer's authorized capital, %: NA***

The number of shares of each category (type) issued by the Issuer that can be purchased by the person by exercising the options issued by the Issuer: ***the Issuer has not issued options.***

The person's ownership interest in the authorized (share) capital (mutual fund) of the Issuer's affiliates and subsidiaries: ***the person does not have mentioned ownership interests.***

Details on the nature of any family relationships with other persons who are members of the Issuer's Management Bodies and/or the Issuer's Financial and Business Supervisory Bodies: ***there are no mentioned family relationships.***

Information on the imposition of administrative sanctions for offences in the area of finance, taxes and levies, securities market or the prosecution (possession of criminal record) for economic crimes or crimes against the State: ***the person is free of any criminal records.***

Information on holding positions in management bodies of commercial companies in the period when bankruptcy procedures were initiated against mentioned organizations and/or when one of the bankruptcy procedures provided by bankruptcy (insolvency) laws of the Russian Federation was introduced: ***the person has not held mentioned positions.***

Full name: ***Pankstyanov, Yuri Nikolaevich***

Year of birth: ***1980***

Education: ***University degree***

***State University of Management (2002)***

Positions held within the Issuer or in other companies for the past 5 years and at present, including part-time positions:

Period		Company name	Position
from	to		
December, 2004	July, 2008	FGC UES, JSC	Head of Administration
July, 2008	present	IDGC Holding, JSC	Head of the Tariffs Formation Department

***The member does not have any share in the Issuer's authorized capital or hold any ordinary shares.***

The number of shares of each category (type) issued by the Issuer that can be purchased by the person by exercising the options issued by the Issuer: ***the Issuer has not issued options.***

The person's ownership interest in the authorized (share) capital (mutual fund) of the Issuer's affiliates and subsidiaries: ***the person does not have mentioned ownership interests.***

Details on the nature of any family relationships with other persons who are members of the Issuer's Management Bodies and/or the Issuer's Financial and Business Supervisory Bodies: ***there are no mentioned family relationships.***

Information on the imposition of administrative sanctions for offences in the area of finance, taxes and levies, securities market or the prosecution (possession of criminal record) for economic crimes or crimes against the State: ***the person is free of any criminal records.***

Information on holding positions in management bodies of commercial companies in the period when bankruptcy procedures were initiated against mentioned organizations and/or when one of the bankruptcy procedures provided by bankruptcy (insolvency) laws of the Russian Federation was introduced: ***the person has not held mentioned positions.***

Full name: ***Ryabikin, Vladimir Anatolievich***

Year of birth: ***1965***

Education: ***University degree***

***Russian State Open Technical University for Railway Transportation (1996)***

Positions held within the Issuer or in other companies for the past 5 years and at present, including part-time positions:

Period		Company name	Position
from	to		
2003	2005	“The Volga Region (Privolzhskie) Electrical Grids”, branch of Saratovenergo, JSC	Director
2006	2006	“The Volga Region (Privolzhskie) Electrical Grids”, branch of Volzhskaya IDC, JSC	Director
2006	2007	Volzhskaya IDC, JSC	First Deputy General Director
2007	December 11, 2008	IDGC of Volga, JSC	Deputy General Director for Technical Issues - Chief Engineer
December 12, 2008	present	IDGC of Volga, JSC	General Director
December 12, 2008	present	IDGC of Volga, JSC	Chairman of the Management Board

***The member does not have any share in the Issuer's authorized capital or hold any ordinary shares.***

The number of shares of each category (type) issued by the Issuer that can be purchased by the person by exercising the options issued by the Issuer: ***the Issuer has not issued options.***

The person's ownership interest in the authorized (share) capital (mutual fund) of the Issuer's affiliates and subsidiaries: ***the person does not have mentioned ownership interests.***

Details on the nature of any family relationships with other persons who are members of the Issuer's Management Bodies and/or the Issuer's Financial and Business Supervisory Bodies: ***there are no mentioned family relationships.***

Information on the imposition of administrative sanctions for offences in the area of finance, taxes and levies, securities market or the prosecution (possession of criminal record) for economic crimes or crimes against the State: ***the person is free of any criminal records.***

Information on holding positions in management bodies of commercial companies in the period when bankruptcy procedures were initiated against mentioned organizations and/or when one of the bankruptcy procedures provided by bankruptcy (insolvency) laws of the Russian Federation was introduced: ***the person has not held mentioned positions.***

***Information on Committees under the Board of Directors of IDGC of Volga, JSC***

The following committees have been formed under the Board of Directors of IDGC of Volga, JSC:

- Audit Committee;
- Personnel and Award Committee;
- Committee for Reliability;
- Committee for Strategy and Development;
- Committee for Technological Connection to Electric Power Grids.

Information on the members and powers of the Committees under the Board of Directors of IDGC of Volga, JSC is available at the following pages of the Company's website:

- Audit Committee - [http://www.mrsk-volgi.ru/ru/aktsioneram\\_i\\_investoram/korporativnoe\\_upravlenie/sovet\\_direktorov/komiteti\\_pri\\_sovete](http://www.mrsk-volgi.ru/ru/aktsioneram_i_investoram/korporativnoe_upravlenie/sovet_direktorov/komiteti_pri_sovete)

[\\_direktorov/komitet\\_po\\_auditu/](#)

- Personnel and Award Committee - [http://www.mrsk-volgi.ru/ru/aktsioneram\\_i\\_investoram/korporativnoe\\_upravlenie/sovet\\_direktorov/komiteti\\_pri\\_sovete\\_direktorov/komitet\\_po\\_kadram\\_i\\_voznagrazhdeniyam/](http://www.mrsk-volgi.ru/ru/aktsioneram_i_investoram/korporativnoe_upravlenie/sovet_direktorov/komiteti_pri_sovete_direktorov/komitet_po_kadram_i_voznagrazhdeniyam/)

- Committee for Reliability - [http://www.mrsk-volgi.ru/ru/aktsioneram\\_i\\_investoram/korporativnoe\\_upravlenie/sovet\\_direktorov/komiteti\\_pri\\_sovete\\_direktorov/komitet\\_po\\_nadezhnosti/](http://www.mrsk-volgi.ru/ru/aktsioneram_i_investoram/korporativnoe_upravlenie/sovet_direktorov/komiteti_pri_sovete_direktorov/komitet_po_nadezhnosti/)

- Committee for Strategy and Development - [http://www.mrsk-volgi.ru/ru/aktsioneram\\_i\\_investoram/korporativnoe\\_upravlenie/sovet\\_direktorov/komiteti\\_pri\\_sovete\\_direktorov/komitet\\_po\\_strategii\\_i\\_razvitiu/](http://www.mrsk-volgi.ru/ru/aktsioneram_i_investoram/korporativnoe_upravlenie/sovet_direktorov/komiteti_pri_sovete_direktorov/komitet_po_strategii_i_razvitiu/)

- Committee for Technological Connection to Electric Power Grids - [http://www.mrsk-volgi.ru/ru/aktsioneram\\_i\\_investoram/korporativnoe\\_upravlenie/sovet\\_direktorov/komiteti\\_pri\\_sovete\\_direktorov/komitet\\_po\\_tehnologicheskomu\\_prisoedineniu\\_k\\_elektricheskim\\_setyam/](http://www.mrsk-volgi.ru/ru/aktsioneram_i_investoram/korporativnoe_upravlenie/sovet_direktorov/komiteti_pri_sovete_direktorov/komitet_po_tehnologicheskomu_prisoedineniu_k_elektricheskim_setyam/)

### 5.2.2. Information on the Sole Executive Body of the Issuer

Full name: **Ryabikin, Vladimir Anatolievich**

Year of birth: **1965**

Education: **University degree**

**Russian State Open Technical University for Railway Transportation (1996)**

Positions held within the Issuer or in other companies for the past 5 years and at present, including part-time positions:

Period		Company name	Position
from	to		
2003	2005	“The Volga Region (Privolzhskie) Electrical Grids”, branch of Saratovenergo, JSC	Director
2006	2006	“The Volga Region (Privolzhskie) Electrical Grids”, branch of Volzhskaya IDC, JSC	Director
2006	2007	Volzhskaya IDC, JSC	First Deputy General Director
2007	December 11, 2008	IDGC of Volga, JSC	Deputy General Director for Technical Issues – Chief Engineer
December 12, 2008	present	IDGC of Volga, JSC	General Director
December 12, 2008	present	IDGC of Volga, JSC	Chairman of the Management Board
June 10, 2011	present	IDGC of Volga, JSC	Member of the Board of Directors

***The member does not have any share in the Issuer's authorized capital or hold any ordinary shares***

The number of shares of each category (type) issued by the Issuer that can be purchased by the person by exercising the options issued by the Issuer: ***the Issuer has not issued options.***

The person's ownership interest in the authorized (share) capital (mutual fund) of the Issuer's branches and affiliates: ***the person does not have mentioned ownership interests.***

Details on the nature of any family relationships with other persons who are members of the Issuer's Management Bodies and/or the Issuer's Financial and Business Supervisory Bodies: ***there are no mentioned family relationships.***

Information on the imposition of administrative sanctions for offences in the area of finance, taxes and levies, securities market or the prosecution (possession of criminal record) for economic crimes or crimes against the State: ***the person is free of any criminal records.***

Information on holding positions in management bodies of commercial companies in the period when bankruptcy procedures were initiated against mentioned organizations and/or when one of the bankruptcy procedures provided by insolvency (bankruptcy) laws of the Russian Federation was introduced: ***the person has not held mentioned positions.***

### **5.2.3. Members of the Collegial Executive Body of the Issuer**

Full name: ***Ryabikin, Vladimir Anatolievich***

(***Chairman***)

Year of birth: ***1965***

Education: ***higher***

***Russian State Open Technical University for Railway Transportation (1996)***

Positions held within the Issuer or in other companies for the past 5 years and at present, including part-time positions:

Period		Company name	Position
from	to		
2003	2005	“The Volga Region (Privolzhskie) Electrical Grids”, branch of Saratovenergo, JSC	Director
2006	2006	“The Volga Region (Privolzhskie) Electrical Grids”, branch of Volzhskaya IDC, JSC	Director
2006	2007	Volzhskaya IDC, JSC	First Deputy General Director
2007	December 11, 2008	IDGC of Volga, JSC	Deputy General Director for Technical Issues - Chief Engineer
December 12, 2008	present	IDGC of Volga, JSC	General Director
June 10, 2011	present	IDGC of Volga, JSC	member of the Board of Directors

***The member does not have any share in the Issuer's authorized capital or hold any ordinary shares.***

The number of shares of each category (type) issued by the Issuer that can be purchased by the person by exercising the options issued by the Issuer: ***the Issuer has not issued options.***

The person's ownership interest in the authorized (stock) capital (mutual fund) of the Issuer's affiliates and subsidiaries: ***the person does not have mentioned ownership interests.***

Details on the nature of any family relationships with other persons who are members of the Issuer's Management Bodies and/or the Issuer's Financial and Business Supervisory Bodies: ***there are no mentioned family relationships.***

Information on the imposition of administrative sanctions for offences in the area of finance, taxes and levies, securities market or the prosecution (possession of criminal record) for economic crimes or crimes against the State: ***the person is free of any criminal records.***

Information on holding positions in management bodies of commercial companies in the period when bankruptcy procedures were initiated against mentioned organizations and/or when one of the bankruptcy procedures provided by bankruptcy (insolvency) laws of the Russian Federation was introduced: ***the person has not held mentioned positions.***

Full name: ***Kucherenko, Vladimir Ivanovich***

Year of birth: ***1957***

Education: ***University degree***

***Saratov Polytechnic Institute (1980)***

Positions held within the Issuer or in other companies for the past 5 years and at present, including part-time positions:

Period		Company name	Position
from	to		
1993	2005	Saratovenergo, JSC	Head of the Central Service for Voltage Protection and High-voltage Equipment Testing
January 01, 2006	2007	Volga TGC , JSC	Deputy Head of the Department for Operation and Maintenance of Electrical Equipment
August 20, 2007	2008	IDGC of Volga, JSC	Director for Technical Development and Operation
December 15, 2008	February 23, 2009	IDGC of Volga, JSC	Acting Deputy General Director for Technical Issues - Chief Engineer
February 24, 2009	present	IDGC of Volga, JSC	Deputy General Director for Technical Issues - Chief Engineer
March 01, 2010	present	IDGC of Volga, JSC	Acting Deputy General Director of IDGC of Volga, JSC – director of Saratov Distribution Grids branch

***The member does not have any share in the Issuer's authorized capital or hold any ordinary shares.***

The number of shares of each category (type) issued by the Issuer that can be purchased by the person by exercising the options issued by the Issuer: ***the Issuer has not issued options.***

The person's ownership interest in the authorized (share) capital (mutual fund) of the Issuer's affiliates and subsidiaries: ***the person does not have mentioned ownership interests.***

Details on the nature of any family relationships with other persons who are members of the Issuer's Management Bodies and/or the Issuer's Financial and Business Supervisory Bodies: ***there are no mentioned family relationships.***

Information on the imposition of administrative sanctions for offences in the area of finance, taxes and levies, securities market or the prosecution (possession of criminal record) for economic crimes or crimes against the State: ***the person is free of any criminal records.***

Information on holding positions in management bodies of commercial companies in the period when bankruptcy procedures were initiated against mentioned organizations and/or when one of the bankruptcy procedures provided by bankruptcy (insolvency) laws of the Russian Federation was introduced: ***the person has not held mentioned positions.***

Full name: ***Ponomarev, Vladimir Borisovich***

Year of birth: ***1950***

Education: ***University degree***

***Saratov State University named after N.G. Chernyshevsky (1973)***

Positions held within the Issuer or in other companies for the past 5 years and at present, including part-time positions:

Period		Company name	Position
from	to		

2001	2005	Saratovenergo, JSC	Head of the Department for Safety and Operation Conditions
January 01, 2006	2007	Volzhskaya IDC, JSC	Head of the Department for Safety
May 14, 2007	2007	Volzhskaya IDC, JSC	Director for Economic Security and Operation Conditions
October 03, 2007	April 23, 2009	IDGC of Volga, JSC	Deputy General Director for Economic Security and Controlling
April 24, 2009	present	IDGC of Volga, JSC	Deputy General Director for Security

***The member does not have any share in the Issuer's authorized capital or hold any ordinary shares.***

The number of shares of each category (type) issued by the Issuer that can be purchased by the person by exercising the options issued by the Issuer: ***the Issuer has not issued options.***

The person's ownership interest in the authorized (share) capital (mutual fund) of the Issuer's affiliates and subsidiaries: ***the person does not have mentioned ownership interests.***

Details on the nature of any family relationships with other persons who are members of the Issuer's Management Bodies and/or the Issuer's Financial and Business Supervisory Bodies: ***there are no mentioned family relationships.***

Information on the imposition of administrative sanctions for offences in the area of finance, taxes and levies, securities market or the prosecution (possession of criminal record) for economic crimes or crimes against the State: ***the person is free of any criminal records.***

Information on holding positions in management bodies of commercial companies in the period when bankruptcy procedures were initiated against mentioned organizations and/or when one of the bankruptcy procedures provided by bankruptcy (insolvency) laws of the Russian Federation was introduced: ***the person has not held mentioned positions.***

Full name: ***Puchkova, Irina Yurievna***

Year of birth: ***1963***

Education: ***University degree***

***Saratov Economic Institute (1985),***

***Volga Region Academy of Public Administration (2000).***

Positions held within the Issuer or in other companies for the past 5 years and at present, including part-time positions:

Period		Company name	Position
from	to		
2006	2007	Volzhskaya IDC, JSC	Director for Economic Issues
2007	2011	IDGC of Volga, JSC	Head of the Economics Department
2011	present	IDGC of Volga, JSC	Deputy General Director for Economic and Financial Issues

***The member does not have any share in the Issuer's authorized capital or hold any ordinary shares.***

The number of shares of each category (type) issued by the Issuer that can be purchased by the person by exercising the options issued by the Issuer: ***the Issuer has not issued options.***

The person's ownership interest in the authorized (share) capital (mutual fund) of the Issuer's affiliates and subsidiaries: ***the person does not have mentioned ownership interests.***

Details on the nature of any family relationships with other persons who are members of the Issuer's Management Bodies and/or the Issuer's Financial and Business Supervisory Bodies: ***there are no mentioned family relationships.***

Information on the imposition of administrative sanctions for offences in the area of finance, taxes and levies, securities market or the prosecution (possession of criminal record) for economic crimes or crimes against the State: ***the person is free of any criminal records.***

Information on holding positions in management bodies of commercial companies in the period when bankruptcy procedures were initiated against mentioned organizations and/or when one of the bankruptcy procedures provided by bankruptcy (insolvency) laws of the Russian Federation was introduced: ***the person has not held mentioned positions.***

Full name: ***Pyatigor, Viktor Ivanovich***

Year of birth: ***1951***

Education: ***University degree***

***Tselinograd Agricultural Institute (1974)***

Positions held within the Issuer or in other companies for the past 5 years and at present, including part-time positions:

Period		Company name	Position
from	to		
2004	2005	FGC UES, JSC	Deputy Head of the Department for Regional Power Grid Complexes
2005	2007	Voronezhenergo, JSC	General Director
2007	2009	IDGC of Center, JSC	Deputy General Director - Managing Director of Voronezhenergo, JSC
2009	present	IDGC of Volga, JSC	Deputy General Director for Development and Sales

***The member does not have any share in the Issuer's authorized capital or hold any ordinary shares.***

The number of shares of each category (type) issued by the Issuer that can be purchased by the person by exercising the options issued by the Issuer: ***the Issuer has not issued options.***

The person's ownership interest in the authorized (share) capital (mutual fund) of the Issuer's affiliates and subsidiaries: ***the person does not have mentioned ownership interests.***

Details on the nature of any family relationships with other persons who are members of the Issuer's Management Bodies and/or the Issuer's Financial and Business Supervisory Bodies: ***there are no mentioned family relationships.***

Information on the imposition of administrative sanctions for offences in the area of finance, taxes and levies, securities market or the prosecution (possession of criminal record) for economic crimes or crimes against the State: ***the person is free of any criminal records.***

Information on holding positions in management bodies of commercial companies in the period when bankruptcy procedures were initiated against mentioned organizations and/or when one of the bankruptcy procedures provided by bankruptcy (insolvency) laws of the Russian Federation was introduced: ***the person has not held mentioned positions.***

Full name: ***Rebrova, Nataliya Leonidovna***

Year of birth: ***1960***

Education: ***University degree***

***Saratov Polytechnic Institute (1983)***

Positions held within the Issuer or in other companies for the past 5 years and at present, including part-time positions:

Period		Company name	Position
from	to		
2006	2007	Volzhskaya IDC, JSC	Head of the Corporate Department, Head of the Department for Corporate Affairs
2007	2008	IDGC of Volga, JSC	Head of the Section for Corporate Events and Reports within the Department for Corporate Governance
2008	2009	IDGC of Volga, JSC	Head of the Department for Corporate Governance
March 02, 2009	September 16, 2009	IDGC of Volga, JSC	Acting Deputy General Director for Corporate Governance
September 17, 2009	present	IDGC of Volga, JSC	Deputy General Director for Corporate Governance

Share of the person in the authorized capital of the Issuer, %: **0.000035**.

The share of the person's ordinary shares owned by the Issuer, %: **0.000035**.

The number of shares of each category (type) issued by the Issuer that can be purchased by the person by exercising the options issued by the Issuer: ***the Issuer has not issued options***.

The person's ownership interest in the authorized (share) capital (mutual fund) of the Issuer's affiliates and subsidiaries: ***the person does not have mentioned ownership interests***.

Details on the nature of any family relationships with other persons who are members of the Issuer's Management Bodies and/or the Issuer's Financial and Business Supervisory Bodies: ***there are no mentioned family relationships***.

Information on the imposition of administrative sanctions for offences in the area of finance, taxes and levies, securities market or the prosecution (possession of criminal record) for economic crimes or crimes against the State: ***the person is free of any criminal records***.

Information on holding positions in management bodies of commercial companies in the period when bankruptcy procedures were initiated against mentioned organizations and/or when one of the bankruptcy procedures provided by bankruptcy (insolvency) laws of the Russian Federation was introduced: ***the person has not held mentioned positions***.

Full name: ***Solostovsky, Viktor Nikolaevich***

Year of birth: ***1951***

Education: ***University degree***

***Saratov Polytechnic Institute (1973)***

Positions held within the Issuer or in other companies for the past 5 years and at present, including part-time positions:

Period		Company name	Position
from	to		
1997	2005	Saratov CHP-5, branch of Saratovenergo, JSC	Director
January 01, 2006	2006	Saratov CHP-5, branch of Volga TGC, JSC	Director
May 24, 2006	2008	Volga TGC, JSC	Deputy Technical Director at the Administrative Directorate for the Saratov Region
May 27,	2009	Engels CHP-3, branch of	Director - Chief Engineer

2008		Volga TGC, JSC	
February 02, 2009	2009	IDGC of Volga, JSC	Advisor of General Director
February 25, 2009	present	IDGC of Volga, JSC	Deputy General Director for Capital Construction

Share of the person in the authorized capital of the Issuer, %: **0.00004**.

The share of the person's ordinary shares owned by the Issuer, %: **0.00004**.

The number of shares of each category (type) issued by the Issuer that can be purchased by the person by exercising the options issued by the Issuer: ***the Issuer has not issued options.***

The person's ownership interest in the authorized (share) capital (mutual fund) of the Issuer's affiliates and subsidiaries: ***the person does not have mentioned ownership interests.***

Details on the nature of any family relationships with other persons who are members of the Issuer's Management Bodies and/or the Issuer's Financial and Business Supervisory Bodies: ***there are no mentioned family relationships.***

Information on the imposition of administrative sanctions for offences in the area of finance, taxes and levies, securities market or the prosecution (possession of criminal record) for economic crimes or crimes against the State: ***the person is free of any criminal records.***

Information on holding positions in management bodies of commercial companies in the period when bankruptcy procedures were initiated against mentioned organizations and/or when one of the bankruptcy procedures provided by bankruptcy (insolvency) laws of the Russian Federation was introduced: ***the person has not held mentioned positions.***

Full name: ***Tamlenova, Irina Alekseevna***

Year of birth: ***1965***

Education: ***University degree***

***Saratov Polytechnic Institute (1988)***

Positions held within the Issuer or in other company for the past 5 years and at present, including part-time positions:

Period		Company name	Position
from	to		
September 01, 2003	2005	"The Volga Region (Privolzhskie) Electrical Grids", branch of Saratovenergo, JSC	Chief Accountant
January 01, 2006	2008	"The Volga Region (Privolzhskie) Electrical Grids", branch of Volzhskaya IDC, JSC	Chief Accountant
April 01, 2008	2009	The Volga region production division of Saratov Distribution Grids, the branch of IDGC of Volga, JSC	Chief Accountant
March 31, 2009	present	IDGC of Volga, JSC	Chief Accountant - Head of the Department for Accounting and Reporting

***The member does not have any share in the Issuer's authorized capital or hold any ordinary shares.***

The number of shares of each category (type) issued by the Issuer that can be purchased by the person by exercising the options issued by the Issuer: ***the Issuer has not issued options.***

The person's ownership interest in the authorized (share) capital (mutual fund) of the Issuer's

affiliates and subsidiaries: ***the person does not have mentioned ownership interests.***

Details on the nature of any family relationships with other persons who are members of the Issuer's Management Bodies and/or the Issuer's Financial and Business Supervisory Bodies: ***there are no mentioned family relationships.***

Information on the imposition of administrative sanctions for offences in the area of finance, taxes and levies, securities market or the prosecution (possession of criminal record) for economic crimes or crimes against the State: ***the person is free of any criminal records.***

Information on holding positions in management bodies of commercial companies in the period when bankruptcy procedures were initiated against mentioned organizations and/or when one of the bankruptcy procedures provided by bankruptcy (insolvency) laws of the Russian Federation was introduced: ***the person has not held mentioned positions.***

Full name: ***Frolov, Sergey Petrovich***

Year of birth: ***1960***

Education: ***University degree***

***Ulyanovsk Polytechnic Institute (1983)***

Positions held within the Issuer or in other companies for the past 5 years and at present, including part-time positions:

Period		Company name	Position
from	to		
November 04, 1983	December 31, 2005	Ulyanovsk Power Grids, business division of Ulyanovskenergo, JSC	Director
January 01, 2006	March 31, 2008	Ulyanovsk Distribution Grids, branch of Volzhskaya IDC, JSC	Director
April 01, 2008	present	Ulyanovsk Distribution Grids, branch of IDGC of Volga, JSC	Deputy General Director - Director of branch

***The member does not have any share in the Issuer's authorized capital or hold any ordinary shares.***

The number of shares of each category (type) issued by the Issuer that can be purchased by the person by exercising the options issued by the Issuer: ***the Issuer has not issued options.***

The person's ownership interest in the authorized (share) capital (mutual fund) of the Issuer's affiliates and subsidiaries: ***the person does not have mentioned ownership interests.***

Details on the nature of any family relationships with other persons who are members of the Issuer's Management Bodies and/or the Issuer's Financial and Business Supervisory Bodies: ***there are no mentioned family relationships.***

Information on the imposition of administrative sanctions for offences in the area of finance, taxes and levies, securities market or the prosecution (possession of criminal record) for economic crimes or crimes against the State: ***the person is free of any criminal records.***

Information on holding positions in management bodies of commercial companies in the period when bankruptcy procedures were initiated against mentioned organizations and/or when one of the bankruptcy procedures provided by bankruptcy (insolvency) laws of the Russian Federation was introduced: ***the person has not held mentioned positions.***

### **5.3. Information on the amount of rewards, benefits and/or compensations due to each Management Body of the Issuer**

Information on the amount of reward due to each Management Body (excluding a natural person holding the position of the Sole Executive Body of the Issuer). Information on the type of rewards, including salaries, bonuses, fees, benefits and/or compensations of expenses as well as other pecuniary rewards which were paid by the Issuer for the last closed financial year:

Unit of measurement: *rubles*

Board of Directors:

Remuneration	10,142,879
Salaries	4,281,423
Bonuses	8,835,479
Fees	0
Benefits	0
Compensation of expenses	0
Other pecuniary rewards	0
Other	0
TOTAL	23,259,781

Information on effective agreements on paying such rewards in the current financial year:

Agreements on rewards have not been concluded in the current financial year.

Awarding rewards to the members of the Board of Directors of the Issuer is made in compliance with the Regulation on awarding rewards and compensations to the members of the Board of Directors of IDGC of Volga, JSC approved by the decision of the Annual General Shareholders' Meeting of the IDGC of Volga, JSC (Minutes No. 1/2008 of June 07, 2008).

The amount of reward due to this body for the last closed financial year as set (approved) by the authorized management body of the Issuer but remaining outstanding at the end date of the reporting period: ***there are no unpaid rewards.***

The Collegial Executive Body:

Remuneration	1,486,128
Salaries	20,039,535
Bonuses	22,425,249
Fees	0
Benefits	0
Compensation of expenses	0
Other pecuniary rewards	0
Other	1,420,476
TOTAL	45,371,388

Information on effective agreements on such payments in the current financial year:

As of November 30, 2009, pursuant to the Articles of Association and the Regulation on the Management Board, the Issuer concluded additional agreements to the Employment Agreement on Exercising Powers of the Collegial Executive Body which entitle the members of the Management Board of the Company to receive a monthly bonus of 15,830 rubles for the period of their powers.

The amount of reward due to this body for the last closed financial year as set (approved) by the authorized management body of the Issuer but remaining outstanding at the end date of the reporting period: ***there are no unpaid rewards.***

#### **5.4. Information on the structure and responsibilities of the Issuer's Financial and Business Supervisory Bodies**

Detailed description of the structure and responsibilities of the Issuer's Financial and Business Supervisory Bodies as stipulated in the Articles of association (Constituent Documents) of the Issuer:

Business and Financial Supervisory Body of the Issuer is represented by the Auditing Commission. According to the paragraph 24.1 of the Article 24 of the Articles of Association of the Issuer, the Auditing Commission contains 5 (Five) members. According to the paragraph 24.3 of the Article 24, responsibilities of the Auditing Commission of the Company include:

- verification of the integrity of data contained in the annual report, annual accounting statements, profit and loss account of the Company;
- analysis of the financial condition of the Company, identification of opportunities for improvement of the financial condition of the Company and working out recommendations for the Company's Management Bodies;
- organization and carrying out of the verification (audit) of financial and business activity of the Company, including:
  - verification (audit) of financial, accounting, payment and other documents of the Company related to the Company's financial and business activities for the compliance with laws of the Russian Federations, the Articles of Association, internal and other corporate documents;
  - supervision over preservation and use of fixed assets;
  - supervision over the compliance with the procedure for the writing off bad debts as losses of the Company;
  - supervision over the use of funds of the Company in accordance with the approved business plan and the budget of the Company;
  - supervision over the accumulation and use of reserve and other special purpose funds of the Company;
  - verification of the accuracy and promptness of accruing and paying out the dividends on the Company's shares, interests on bonds, and earnings on other securities;
  - follow-up control of the execution of previously issued instructions for elimination of irregularities and shortcomings identified by previous verifications (audits);
  - performing other actions (measures) associated with the audit of financial and business activities of the Company.

***The Issuer has set up the Department for Internal Audit***

Duration of the Department for Internal Audit/Control and its key members:

According to the Organizational Structure of the Issuer approved by the Board of Directors of the Company (Minutes No. 1 of July 17, 2007), the Department for Internal Control and Audit was established.

As of April 22, 2009, according to a new organizational structure of administration approved by the Board of Directors of IDGC of Volga, JSC (Minutes No. 16 of April 07, 2009), the Department for Internal Control and Audit was renamed into the Department for Internal Audit.

Key members of the Department for Internal Audit of IDGC of Volga, JSC are:

- the Head of the Department for Internal Audit and Risk Management of IDGC of Volga, JSC, Klimova Elena Viktorovna;
- Deputy Head of the Department for Internal Audit and Risk Management of IDGC of Volga, JSC, Irkhin Mikhail Viktorovich.

Major functions of the Department for Internal Audit; accountability of the Department for Internal Audit and its relationships with Executive Bodies of the Issuer and the Board of Directors (Supervisory Board) of the Issuer:

According to the Article 2 of the Regulation on the Department for Internal Audit and Risk Management (hereinafter referred to as Regulation), the Department performs the following major functions:

2.1. The Department performs its functions in compliance with the Annual Plan Of Activities approved by the General Director and preliminary approved by the Audit Committee of the Company. The approved Annual Plan Of Activities is submitted to the Auditing Commission of the Company.

2.2 Proposals for amending the approved Annual Plan of Activities may be submitted by the Audit Committee, General Director, or by the Head of the Department in compliance with the procedures provided by the internal regulations of the Company and this Regulation.

2.3. Audit results and the report on identified irregularities in financial and business activities of the Company shall be submitted to the Audit Committee of the Company (upon request), General Director of the Company, the Head of the relevant audited facility and the Auditing Commission of the Company.

2.4 Pursuing the objective to evaluate the efficiency of the Company's ICS and to monitor adherence to the internal control procedures, the Department shall carry out the following functions:

- auditing and assessing the efficiency the Company's Internal Control System;
- checking for availability of the internal control procedures and adherence thereto;
- monitoring the Internal Control System, taking actions to improve the internal control to ensure its effectiveness and efficiency, with due consideration of changing internal and external factors that affect financial and business activities of the Company;
- monitoring the compliance of the internal procedures with the local regulatory requirements, nature of activities and the gravity of the risks assumed;
- submitting the results of ICS monitoring to the Audit Committee to assess the efficiency of internal control procedures;
- preparing proposals for improving the internal control procedures;

2.5 Pursuing the objective to monitor adherence of the Company to the applicable legal requirements, internal regulations of the Company, as well as to monitor the efficiency of utilization and safe custody of the Company's assets (property), the Department shall carry out the following functions:

- verifying credibility and impartiality of the Company's managerial reporting, including information on the Company's financial and business activity;
- assessing financial viability and efficiency of the Company's business transactions;
- verifying credibility, completeness, impartiality and reliability of financial accounting and reporting; assessing timeliness of collecting and submitting the information on the Company's activities and the relevant reports;
- verifying whether any identified irregularities and discrepancies are rectified in a timely manner and in full;
- auditing the preservation and effectiveness of use of the Company's assets (property).

2.6 Pursuing the objective to implement the Risk Management System, the Department shall carry out the following functions:

- ensuring smooth functioning of the Company's Risk Management System, coordinating efforts of all stakeholders in compliance with the requirements of the Company's internal documents;
- ongoing monitoring of the Risk Management System, including the activities of the Company's managers responsible for risk management;
- improving the Risk Management System, providing the stakeholders with any relevant information on the risks identified through auditing the Company's activities;
- verifying whether all applicable risk assessment methods and procedures are implemented in full;
- assessing the efficiency of the Risk Management System, submitting the report on the audit results to the Audit Committee under the Company's Board of Directors;
- analyzing and assessing the proposals of the management bodies for rectifying the irregularities and mitigating the risks identified by the Department; preparing recommendations for implementing the above proposals.

2.7 Maintaining close interactions with the Audit Committee and external auditors on all issues related to the Company's accounting statements in keeping with the Russian and international accounting standards, the Company's Auditing Commission, judicial, executive and governmental authorities of the Russian Federation, representatives of tax and other supervisory authorities on all issues within the scope of competence of the Department.

2.8 Preparing information and analytical materials on all issues within the scope of competence of the Department.

2.9 Enriching skills and expertise of employees of the Department in compliance with the Training Plan approved by the Company's Audit Committee.

2.10 Studying the experience of Russian and foreign companies related to issues within the scope of competence of the Department.

2.11 Submitting the materials related to issues within the scope of competence of the Department to the Company's subdivisions for review and approval.

2.12 Preparing and holding the meetings on the issues related to activities of the Department.

Interaction between the Department for Internal Audit and External Auditor of the Issuer: According to Regulation, on administrative level the Department for Internal Audit and Risk Management is subordinate to the General Director of the Company and on functional level it is subordinate to the Audit Committee under the Board of Directors of the Company.

***The Issuer has endorsed (approved) a regulation that provides the rules for prevention of use of confidential (insider) information.***

Information on availability of the regulation on prevention of use of confidential (insider) information:

By the decision of the Board of Directors of IDGC of Volga, JSC on December 26, 2011 (Minutes No 13 as of December 28, 2011) the Regulation on Insider Information in new edition is approved.

Full text of the Regulation is available at: [www.nnsk-volgi.ru/ru/aktsioneram\\_i\\_investoram/korporativnie\\_dokumenty/vnutrennie\\_dokumenty\\_obcshestva/](http://www.nnsk-volgi.ru/ru/aktsioneram_i_investoram/korporativnie_dokumenty/vnutrennie_dokumenty_obcshestva/).

#### **5.5. Information on the members of the Issuer's Business and Financial Supervisory Bodies**

Name of the Issuer's Financial and Business Supervisory Body: ***Auditing Commission***

Full name: ***Alimuradova, Izumrud Aligadzhievna (Chairman)***

Year of birth: ***1971***

Education: ***University degree***

***Dagestan State University named after V.I. Lenin***

Positions held within the Issuer or in other companies for the past 5 years and at present, including part-time positions:

Period		Company name	Position
from	to		
2003	2009	Energoconsulting, LLC	Director for Development
2009	2010	IDGC Holding, JSC	Head of the Department for Internal Audit and Risk Management
2010	present	IDGC Holding, JSC	Director for Internal Audit and Risk Management (Head of the Department for Internal Audit and Risk Management)

***The member does not have any share in the Issuer's authorized capital or hold any ordinary shares***

The number of shares of each category (type) issued by the Issuer that can be purchased by the person by exercising the options issued by the Issuer: ***the Issuer has not issued options.***

The person's ownership interest in the authorized (share) capital (mutual fund) of the Issuer's affiliates and subsidiaries: ***the person does not have mentioned ownership interests.***

Details on the nature of any family relationships with other persons who are members of the Issuer's Management Bodies and/or the Issuer's Financial and Business Supervisory Bodies: ***there are no mentioned family relationships.***

Information on the imposition of administrative sanctions for offences in the area of finance, taxes and levies, securities market or the prosecution (possession of criminal record) for economic crimes or crimes against the State: ***the person is free of any criminal records.***

Information on holding positions in management bodies of commercial companies in the period when bankruptcy procedures were initiated against mentioned organizations and/or when one of the bankruptcy procedures provided by insolvency (bankruptcy) laws of the Russian Federation was introduced: ***the person has not held mentioned positions.***

Full name: ***Arkhipov, Vladimir Nikolaevich***

Year of birth: ***1956***

Education: ***University degree***

***Novosibirsk Electronic Technical Institute of Communications (1979)***

Positions held within the Issuer or in other companies for the past 5 years and at present, including part-time positions:

Period		Company name	Position
from	to		
2000	2006	Federal State Unitary Enterprise "Rosoboronexport"	Advisor
2006	2009	Rustel, CJSC	General Director
2009	2011	IDGC Holding, JSC	First Deputy Head of the Security Department
2011	present	IDGC Holding, JSC	Head of the Security Department

***The member does not have any share in the Issuer's authorized capital or hold any ordinary shares***

The number of shares of each category (type) issued by the Issuer that can be purchased by the person by exercising the options issued by the Issuer: ***the Issuer has not issued options.***

The person's ownership interest in the authorized (share) capital (mutual fund) of the Issuer's affiliates and subsidiaries: ***the person does not have mentioned ownership interests.***

Details on the nature of any family relationships with other persons who are members of the Issuer's Management Bodies and/or the Issuer's Financial and Business Supervisory Bodies: ***there are no mentioned family relationships.***

Information on the imposition of administrative sanctions for offences in the area of finance, taxes and levies, securities market or the prosecution (possession of criminal record) for economic crimes or crimes against the State: ***the person is free of any criminal records.***

Information on holding positions in management bodies of commercial companies in the period when bankruptcy procedures were initiated against mentioned organizations and/or when one of the bankruptcy procedures provided by insolvency (bankruptcy) laws of the Russian Federation was introduced: ***the person has not held mentioned positions.***

Full name: ***Bikmurzin, Adel Fyaritovich***

Year of birth: ***1979***

Education: ***University degree***

***Mordovian State University named after N.P. Ogarev***

Positions held within the Issuer or in other companies for the past 5 years and at present, including part-time positions:

Period		Company name	Position
from	to		
September 01, 2003	June 30, 2008	OAO RAO "UES of Russia"	Senior Expert at the Department for Ensuring the Board of Directors Activity, Corporate Secretary of the Audit Committee under the Board of Directors
September 10, 2008	present	IDGC Holding, JSC	Senior Expert at the Department for Standards and Methodology within the Department for Corporate Governance and Cooperation with Shareholders, Secretary of the Audit Committee under the Board of Directors
June 10, 2011	present	Ingushenergo, JSC	Member of the Board of Directors
June 29, 2011	present	Nedvizhimost of the Siberia Engineering Center, JSC	Member of the Board of Directors

***The member does not have any share in the Issuer's authorized capital or hold any ordinary shares***

The number of shares of each category (type) issued by the Issuer that can be purchased by the person by exercising the options issued by the Issuer: ***the Issuer has not issued options.***

The person's ownership interest in the authorized (share) capital (mutual fund) of the Issuer's affiliates and subsidiaries: ***the person does not have mentioned ownership interests.***

Details on the nature of any family relationships with other persons who are members of the Issuer's Management Bodies and/or the Issuer's Financial and Business Supervisory Bodies: ***there are no mentioned family relationships.***

Information on the imposition of administrative sanctions for offences in the area of finance, taxes and levies, securities market or the prosecution (possession of criminal record) for economic crimes or crimes against the State: ***the person is free of any criminal records.***

Information on holding positions in management bodies of commercial companies in the period when bankruptcy procedures were initiated against mentioned organizations and/or when one of the bankruptcy procedures provided by insolvency (bankruptcy) laws of the Russian Federation was introduced: ***the person has not held mentioned positions.***

Full name: ***Sinitsyna, Olga Sergeevna***

Year of birth: ***1979***

Education: ***University degree***

***Novosibirsk State Academy of Economics and Management (2001)***

Positions held within the Issuer or in other companies for the past 5 years and at present, including part-time positions:

Period		Company name	Position
from	to		
2005	2010	FinExpertiza, JSC	Project Manager of the Audit

			Department
August, 2010	present	IDGC Holding, JSC	Chief Expert of Section of Internal Audit, Auditory Checks and Expertise within the Department of Internal Audit and Risk Management

***The member does not have any share in the Issuer's authorized capital or hold any ordinary shares***

The number of shares of each category (type) issued by the Issuer that can be purchased by the person by exercising the options issued by the Issuer: ***the Issuer has not issued options.***

The person's ownership interest in the authorized (share) capital (mutual fund) of the Issuer's affiliates and subsidiaries: ***the person does not have mentioned ownership interests.***

Details on the nature of any family relationships with other persons who are members of the Issuer's Management Bodies and/or the Issuer's Financial and Business Supervisory Bodies: ***there are no mentioned family relationships.***

Information on the imposition of administrative sanctions for offences in the area of finance, taxes and levies, securities market or the prosecution (possession of criminal record) for economic crimes or crimes against the State: ***the person is free of any criminal records.***

Information on holding positions in management bodies of commercial companies in the period when bankruptcy procedures were initiated against mentioned organizations and/or when one of the bankruptcy procedures provided by insolvency (bankruptcy) laws of the Russian Federation was introduced: ***the person has not held mentioned positions.***

Full name: ***Filippova, Irina Aleksandrovna***

Year of birth: ***1958***

Education: ***University degree***

***Ryazan State Agricultural Academy named after Professor P.A. Kostychev (1979)***

Positions held within the Issuer or in other companies for the past 5 years and at present, including part-time positions:

Period		Company name	Position
from	to		
March, 2006	November, 2009	Energoconsalting, LLC	Lead Expert
December, 2009	present	IDGC Holding, JSC	Senior Expert of Section of Internal Audit, Auditory Checks and Expertise within the Department of Internal Audit and Risk Management

***The member does not have any share in the Issuer's authorized capital or hold any ordinary shares***

The number of shares of each category (type) issued by the Issuer that can be purchased by the person by exercising the options issued by the Issuer: ***the Issuer has not issued options.***

The person's ownership interest in the authorized (share) capital (mutual fund) of the Issuer's affiliates and subsidiaries: ***the person does not have mentioned ownership interests.***

Details on the nature of any family relationships with other persons who are members of the Issuer's Management Bodies and/or the Issuer's Financial and Business Supervisory Bodies: ***there are no mentioned family relationships.***

Information on the imposition of administrative sanctions for offences in the area of finance, taxes and levies, securities market or the prosecution (possession of criminal record) for economic crimes or crimes against the State: ***the person is free of any criminal records.***

Information on holding positions in management bodies of commercial companies in the period when bankruptcy procedures were initiated against mentioned organizations and/or when one of the bankruptcy procedures provided by insolvency (bankruptcy) laws of the Russian Federation was introduced: ***the person has not held mentioned positions.***

Name of the Issuer's Financial and Business Supervisory Body: ***The Audit Committee under the Board of Directors***

Full name: ***Perepelkin, Aleksey Yurievich (Chairman)***

Year of birth: ***1970***

Education: ***University Degree***

***Bauman Moscow State Technical University (1993);***

***Moscow State Legal Academy (1998).***

Positions held within the Issuer or in other companies for the past 5 years and at present, including part-time positions:

Period		Company name	Position
from	to		
2006	2007	Federal Tax Service	Head of the Analytics Department
2007	2009	Ministry of Defense of the Russian Federation	Advisor to the Minister, Head of the Principal Legal Department
2009	2009	IDGC Holding, JSC	Director for Corporate Policy
2009	present	IDGC Holding, JSC	Member of the Management Board, Deputy General Director for Corporate Governance and Property
2010	present	IDGC of Center and Volga Region, JSC	Member of the Board of Directors
2010	present	IDGC of Center, JSC	Member of the Board of Directors
2011	present	IDGC of the South, JSC	Member of the Board of Directors
2011	present	VOLS-VL Management, JSC	Member of the Board of Directors

***The member does not have any share in the Issuer's authorized capital or hold any ordinary shares***

The number of shares of each category (type) issued by the Issuer that can be purchased by the person by exercising the options issued by the Issuer: ***the Issuer has not issued options.***

The person's ownership interest in the authorized (share) capital (mutual fund) of the Issuer's affiliates and subsidiaries: ***the person does not have mentioned ownership interests.***

Details on the nature of any family relationships with other persons who are members of the Issuer's Management Bodies and/or the Issuer's Financial and Business Supervisory Bodies: ***there are no mentioned family relationships.***

Information on the imposition of administrative sanctions for offences in the area of finance, taxes and levies, securities market or the prosecution (possession of criminal record) for economic crimes or crimes against the State: ***the person is free of any criminal records.***

Information on holding positions in management bodies of commercial companies in the period when bankruptcy procedures were initiated against mentioned organizations and/or when one of the bankruptcy procedures provided by insolvency (bankruptcy) laws of the Russian Federation was introduced: ***the person has not held mentioned positions.***

Full name: ***Vasilyev, Sergey Vyacheslavovich***

Year of birth: ***1975***

Education: ***University degree***

***Moscow State University named after M.V. Lomonosov (1997)***

***State University – Higher School of Economics (2010)***

Positions held within the Issuer or in other companies for the past 5 years and at present, including part-time positions:

Period		Company name	Position
from	to		
2003	2008	OAO RAO “UES of Russia”	Head of the Legal Department
2008	July 01, 2011	IDGC Holding, JSC	Director for Legal Issues, Head of the Department for Legal Support
July 01, 2011	present	IDGC Holding, JSC	Director for Legal Issues and Relations with Power Market Participants
2009	present	IDGC Holding, JSC	Member of the Management Board
2010	present	IDGC of Urals, JSC	Member of the Board of Directors
2009	present	Tomsk GC, JSC	Member of the Board of Directors
2010	present	Yantarenergo, JSC	Member of the Board of Directors
2009	present	UES Center for Settlement Optimization, JSC	Member of the Board of Directors

***The member does not have any share in the Issuer's authorized capital or hold any ordinary shares***

The number of shares of each category (type) issued by the Issuer that can be purchased by the person by exercising the options issued by the Issuer: ***the Issuer has not issued options.***

The person's ownership interest in the authorized (share) capital (mutual fund) of the Issuer's affiliates and subsidiaries: ***the person does not have mentioned ownership interests.***

Details on the nature of any family relationships with other persons who are members of the Issuer's Management Bodies and/or the Issuer's Financial and Business Supervisory Bodies: ***there are no mentioned family relationships.***

Information on the imposition of administrative sanctions for offences in the area of finance, taxes and levies, securities market or the prosecution (possession of criminal record) for economic crimes or crimes against the State: ***the person is free of any criminal records.***

Information on holding positions in management bodies of commercial companies in the period when bankruptcy procedures were initiated against mentioned organizations and/or when one of the bankruptcy procedures provided by insolvency (bankruptcy) laws of the Russian Federation was introduced: ***the person has not held mentioned positions.***

Full name: ***Kulikov, Denis Viktorovich***

Year of birth: ***1975***

Education: *University degree*  
*Moscow State Legal Academy (2005)*

Positions held within the Issuer or in other companies for the past 5 years and at present, including part-time positions:

Period		Company name	Position
from	to		
2001	2006	Investors Protection Association	Expert
2006	2008	Investors Protection Association	Deputy Executive Director
2008	present	Investors Protection Association	Executive Director
2004	present	YuTK, JSC	member of the Board of Directors
2007	present	OGC-2, JSC	member of the Board of Directors
2007	present	MOEC, JSC	member of the Board of Directors
2008	present	Severo-Zapadny Telecom, JSC	member of the Board of Directors
2009	present	Baikalvestkom, JSC	member of the Board of Directors
2009	present	OEC, JSC	member of the Board of Directors
June, 2010	present	VolgaTelecom, JSC	member of the Board of Directors
June, 2010	present	Dalsvyaz, JSC	member of the Board of Directors
June, 2010	present	Uralsvyazinform, JSC	member of the Board of Directors
June, 2010	present	CenterTelecom, JSC	member of the Board of Directors
June, 2010	present	IDGC of Northwest, JSC	member of the Board of Directors

Share of the person in the authorized capital of the Issuer, %: **0.00168**

The share of the person's ordinary shares owned by the Issuer, %: **0.00168**

The number of shares of each category (type) issued by the Issuer that can be purchased by the person by exercising the options issued by the Issuer: ***the Issuer has not issued options.***

The person's ownership interest in the authorized (share) capital (mutual fund) of the Issuer's affiliates and subsidiaries: ***the person does not have mentioned ownership interests.***

Details on the nature of any family relationships with other persons who are members of the Issuer's Management Bodies and/or the Issuer's Financial and Business Supervisory Bodies: ***there are no mentioned family relationships.***

Information on the imposition of administrative sanctions for offences in the area of finance, taxes and levies, securities market or the prosecution (possession of criminal record) for economic crimes or crimes against the State: ***the person is free of any criminal records.***

Information on holding positions in management bodies of commercial companies in the period when bankruptcy procedures were initiated against mentioned organizations and/or when one of the bankruptcy procedures provided by insolvency (bankruptcy) laws of the Russian Federation was introduced: ***the person has not held mentioned positions.***

Full name: ***Pankstyanov, Yuri Nikolaevich***

Year of birth: ***1980***

Education: ***University degree***

***State University of Management (2002)***

Positions held within the Issuer or in other companies for the past 5 years and at present, including part-time positions:

Period	Company name	Position
--------	--------------	----------

from	to		
December, 2004	July, 2008	FGC UES, JSC	Chief of Administration
July, 2008	present	IDGC Holding, JSC	Chief of the Tariffs Formation Department

***The member does not have any share in the Issuer's authorized capital or hold any ordinary shares***

The number of shares of each category (type) issued by the Issuer that can be purchased by the person by exercising the options issued by the Issuer: ***the Issuer has not issued options.***

The person's ownership interest in the authorized (stock) capital (mutual fund) of the Issuer's affiliates and subsidiaries: ***the person does not have mentioned ownership interests.***

Details on the nature of any family relationships with other persons who are members of the Issuer's Management Bodies and/or the Issuer's Financial and Business Supervisory Bodies: ***there are no mentioned family relationships.***

Information on the imposition of administrative sanctions for offences in the area of finance, taxes and levies, securities market or the prosecution (possession of criminal record) for economic crimes or crimes against the State: ***the person is free of any criminal records.***

Information on holding positions in management bodies of commercial companies in the period when bankruptcy procedures were initiated against mentioned organizations and/or when one of the bankruptcy procedures provided by insolvency (bankruptcy) laws of the Russian Federation was introduced: ***the person has not held mentioned positions.***

Full name: ***Klimova, Elena Viktorovna***

Year of birth: ***1962***

Education: ***University degree***

***Saratov State Economic Institute (1983)***

Positions held within the Issuer or in other companies for the past 5 years and at present, including part-time positions:

Period		Company name	Position
from	to		
January 01, 2006	February 18, 2008	Volzhskaya IDC, JSC	Head of the Internal Audit and Supervision Directorate
February 19, 2008	April 24, 2009	IDGC of Volga, JSC	Head of the Department for Internal Control and Audit
April 24, 2009	August 8, 2011	IDGC of Volga, JSC	Head of the Department for Internal Audit
August 08, 2011	present	IDGC of Volga, JSC	Head of the Department for Internal Audit and Risk Management

***The member does not have any share in the Issuer's authorized capital or hold any ordinary shares***

The number of shares of each category (type) issued by the Issuer that can be purchased by the person by exercising the options issued by the Issuer: ***the Issuer has not issued options.***

The person's ownership interest in the authorized (stock) capital (mutual fund) of the Issuer's affiliates and subsidiaries: ***the person does not have mentioned ownership interests.***

Details on the nature of any family relationships with other persons who are members of the Issuer's Management Bodies and/or the Issuer's Financial and Business Supervisory Bodies: **there are no mentioned family relationships.**

Information on the imposition of administrative sanctions for offences in the area of finance, taxes and levies, securities market or the prosecution (possession of criminal record) for economic crimes or crimes against the State: **the person is free of any criminal records.**

Information on holding positions in management bodies of commercial companies in the period when bankruptcy procedures were initiated against mentioned organizations and/or when one of the bankruptcy procedures provided by insolvency (bankruptcy) laws of the Russian Federation was introduced: **the person has not held mentioned positions.**

Full name: **Irkhin, Mikhail Viktorovich**

Year of birth: **1981**

Education: **University degree**

**Saratov State Technical University (2003)**

Positions held within the Issuer or in other companies for the past 5 years and at present, including part-time positions:

Period		Company name	Position
from	to		
January 01, 2006	February 18, 2008	Volzhskaya IDC, JSC	Specialist of the 1st category of the Directorate for Internal Audit and Supervision
February 19, 2008	July 25, 2008	IDGC of Volga, JSC	Leading specialist of the Department for Internal Control and Audit
July 28, 2008	November 22, 2010	“The Second Generating Company of the Wholesale Electricity Market”, JSC	Chief Expert of the Section of Audit within the Directorate for Internal Control
November 26, 2010	August 08, 2011	IDGC of Volga, JSC	Deputy Head of the Internal Audit Department
August 08, 2011	January 01, 2011	IDGC of Volga, JSC	Deputy Head of the Internal Audit and Risk Management Department
January 01, 2011	Present	IDGC of Volga, JSC	Deputy Head of the Internal Audit and Risk Management Department – Head of the Division of Internal Audit and risk management of the Internal Audit and Risk Management Department

**The member does not have any share in the Issuer's authorized capital or hold any ordinary shares**

The number of shares of each category (type) issued by the Issuer that can be purchased by the person by exercising the options issued by the Issuer: **the Issuer has not issued options.**

The person's ownership interest in the authorized (share) capital (mutual fund) of the Issuer's affiliates and subsidiaries: **the person does not have mentioned ownership interests.**

Details on the nature of any family relationships with other persons who are members of the Issuer's Management Bodies and/or the Issuer's Financial and Business Supervisory Bodies: **there are no mentioned family relationships.**

Information on the imposition of administrative sanctions for offences in the area of finance, taxes and levies, securities market or the prosecution (possession of criminal record) for economic crimes or crimes against the State: **the person is free of any criminal records.**

Information on holding positions in management bodies of commercial companies in the period when bankruptcy procedures were initiated against mentioned organizations and/or when one of the

bankruptcy procedures provided by insolvency (bankruptcy) laws of the Russian Federation was introduced: *the person has not held mentioned positions.*

#### **5.6. Information on the Amount of Remunerations, Benefits and/or Compensation of Expenses for the Members of the Issuer's Financial and Business Supervisory Body**

Information on the amount of remunerations due to each Financial and Business Supervisory Body. Information on the type of remunerations, including salaries, bonuses, fees, benefits and/or compensations of expenses as well as other pecuniary rewards which were paid by the Issuer for the last closed financial year:

Measurement unit: *rubles*

Name of the Issuer's Business and Financial Supervisory Body: *Auditing Commission*

Remuneration	491,288
Salaries	0
Bonuses	0
Fees	0
Benefits	0
Compensation of expenses	0
Other pecuniary rewards	0
Other	0
TOTAL	491,288

Information on effective agreements on paying such rewards in the current financial year: Agreements on Rewards have not been concluded in the current financial year.

Awarding remunerations to the members of the Auditing Commission of the Issuer is made in compliance with the Regulation on awarding remunerations to the members of the Auditing Commission of IDGC of Volga, JSC approved by the decision of the General Meeting of Shareholders of the Issuer (Minutes of October 05, 2007 No. 1751pr/3) and revised Regulation on awarding remunerations and compensations to the members of the Auditing Commission of IDGC of Volga, JSC approved by the decision of the Annual General Meeting of Shareholders of IDGC of Volga, JSC (Minutes No. 1/2008 dated June 07, 2008).

The amount of remuneration due to this body for the last closed financial year as set (approved) by the authorized management body of the Issuer but remaining outstanding at the end date of the reporting period: *there are no unpaid remunerations*

Name of the Issuer's Business and Financial Supervisory Body: *Audit Committee under the Board of Directors*

Remuneration	1,182,769
Salaries	
Bonuses	
Fees	
Benefits	
Compensation of expenses	
Other pecuniary rewards	
Other	
TOTAL	1,182,769

Information on effective agreements on paying such rewards in the current financial year:

Awarding remunerations to the members of the Audit Committee under the Board of Directors of the Issuer is made in compliance with the Regulation on awarding remunerations to the members of the Audit Committee under the Board of Directors approved by the decision of the Board of Directors of IDGC of Volga, JSC (Minutes No. 6 dated November 13, 2008).

The amount of remuneration due to this body for the last closed financial year as set (approved) by the authorized management body of the Issuer but remaining outstanding at the end date of the reporting period: *there are no unpaid remunerations*

Name of the Issuer's Business and Financial Supervisory Body: ***Department for Internal Audit and Risk Management***

Remuneration	0
Salaries	7,040,716
Bonuses	1,905,034
Fees	0
Benefits	0
Compensation of expenses	0
Other pecuniary rewards	0
Other	0
TOTAL	8,945,750

Information on existing agreements on such remunerations in the current financial year:

Remunerations to employees of the Department for Internal Audit and Risk Management of IDGC of Volga, JSC shall be paid in the current financial year in accordance with the terms and conditions of the relevant employment contracts.

No additional agreements have been made by and between the Issuer and the employees of the Department for Internal Audit and Risk Management of IDGC of Volga, JSC.

The amount of remuneration due to this body for the last closed financial year as set (approved) by the authorized management body of the Issuer but remaining outstanding at the end date of the reporting period: *there are no unpaid remunerations*

#### **5.7. Information on the Number of Personnel (Employees) and Summary Data on Their Education as well as on Changes in the Number of Personnel (Employees) of the Issuer**

It is not underlined in the report for the fourth quarter

#### **5.8. Information on any obligations of the Issuer to personnel (employees) related to the possibility of their participation in authorized (share) capital (mutual funds) of the Issuer**

*The Issuer does not have any obligations to personnel (employees) related to the possibility of their participation in the authorized (share) capital of the Issuer.*

### **VI. Information on stockholders (shareholders) of the Issuer and the Issuer's interested party transactions**

#### **6.1. Information on the overall number of shareholders (stockholders) of the Issuer**

The overall number of persons registered in the Issuer's Shareholder Register as of the end date of the last reporting quarter: **18,341**.

Overall number of nominee shareholders of the Issuer: **13**.

#### **6.2. Information on stockholders (shareholders) of the Issuer who own no less than 5 percent of the Issuer's authorized (share) capital (mutual fund) or no less than 5 percent of the Issuer's ordinary shares as well as information on stockholders (shareholders) of such organizations which own no less than 20 percent of the authorized (share) capital (mutual fund)**

**or no less than 20 percent of ordinary shares of such organizations**

Stockholders (shareholders) of the Issuer who own no less than 5 percent of the Issuer's authorized (share) capital (mutual fund) or no less than 5 percent of the Issuer's ordinary shares.

1 Full business name: ***Holding of Interregional Distribution Grid Companies, Joint-Stock Company***

Abbreviated business name: ***IDGC Holding, JSC***

Address: ***26, Ulanskiy pereulok., Moscow, 107996, Russia***

INN (Taxpayer Identification Number): ***7728662669***

OGRN (Primary State Registration Number): ***1087760000019***

The company's share in the authorized capital of the Issuer, %: ***67.626***

The company's portion of ordinary shares owned by the Issuer, %: ***67.626***

Stockholders (shareholders) of the company who own no less than 20 percent of the authorized (share) capital (mutual fund) or no less than 20 percent of the ordinary shares of the company.

Full business name: ***The Russian Federation represented by the Federal Agency for State***

***Property Management***

Abbreviated business name: ***Rosimushchestvo***

Address: ***9, Nikolsky per., Moscow, 103685, Russia***

INN (Taxpayer Identification Number): ***7710723134***

OGRN (Primary State Registration Number): ***1047796345794***

The company's share in the authorized capital of the Issuer's shareholder (stockholder), %: ***52.683***

The portion of ordinary shares of the Issuer's shareholder (stockholder) held by the company, %: ***54.992***

The company's share in the authorized capital of the Issuer, %: ***0.529***

The company's portion of ordinary shares owned by the Issuer, %: ***0.529***

2. Full business name: ***ENERGYO SOLUTIONS RUSSIA (CUPRUS) LIMITED***

Abbreviated business name: ***N/A***

Address: ***Lochagou Kapota, 23 ARMONIA COMPLEX BLOCK A, 4th floor, Flat/Office 401 P.C. 3020, Limassol, Cyprus***

The company's share in the authorized capital of the Issuer, %: ***7.8358***

The company's portion of ordinary shares owned by the Issuer, %: ***7.8358***

Stockholders (shareholders) of the company who own no less than 20 percent of the authorized (share) capital (mutual fund) or no less than 20 percent of the ordinary shares of the company.

***The Issuer was not provided with the information on the said stockholders (shareholders).***

***Nominee Shareholder***

Information on the nominee shareholder:

1. Full business name: ***"Depositary and Corporate Technologies", Limited Liability Company***

Abbreviated business name: ***Depositary and Corporate Technologies, LLC***

Address: ***4/1, Stromynka, Moscow, 107014, Russia***

INN (Taxpayer Identification Number): ***7729520219***

OGRN (Primary State Registration Number): ***1057746181272***

Telephone: ***(495) 641-3031***

Fax: ***(495) 641-3031***

E-mail: ***dkt@depotech.ru***

Information on the license for securities market professional

Number: ***177-11151-000100***

Date of issue: ***03.04.2008***

Expiry date: ***open ended***

License Issuing Body: ***Federal Securities Commission***

The number of ordinary shares of the Issuer registered in the Issuer's Shareholder Register as

held by a nominee shareholder: **120,765,085,671**

The number of preferred shares of the Issuer registered in the Issuer's Shareholder Register as held by a nominee shareholder: **0**

2. Full business name: **“Depositary Clearing Company”, Closed Joint-Stock Company**

Abbreviated business name: **DCC, CJSC**

Address: **bld. 1, 4/7, Vozdvizhenka, Moscow, 125009, Russia**

INN (Taxpayer Identification Number): **7710021150**

OGRN (Primary State Registration Number): **1027739143497**

Telephone: **(495) 956-0999**

Fax: **(495) 232-6804**

E-mail: **dcc@dcc.ru**

Information on the license for securities market professional

Number: **177-06236-000100**

Date of issue: **09.10.2002**

Expiry date: **open ended**

License Issuing Body: **Federal Securities Commission**

The number of ordinary shares of the Issuer registered in the Issuer's Shareholder Register as held by a nominee shareholder: **27,967,574,554**

The number of preferred shares of the Issuer registered in the Issuer's Shareholder Register as held by a nominee shareholder: **0**

### **6.3. Information on the share of the State or Municipality in the authorized (share) capital (mutual fund) of the Issuer and veto right (golden share)**

Portion of authorized (share) capital (mutual fund) of the Issuer held by the Federal Government, % – **0.529**

Managing entity.

Full business name: **The Russian Federation represented by the Federal Agency for State Property Management**

Portion of authorized (share) capital (mutual fund) of the Issuer held by the constituent entities of the Russian Federation, %: **no portion**

Portion of authorized (share) capital (mutual fund) of the Issuer held by Municipalities, %: **no portion**

Veto right (golden share) of the Russian Federation, Constituent Entities of the Russian Federation or Municipalities to govern the Issuer – Joint-Stock Company and the validity period of the veto right (golden share): **veto right is not available.**

### **6.4. Information on the restrictions on the participation in the authorized (share) capital (mutual fund) of the Issuer**

***There are no restrictions on the participation in the authorized (share) capital of the Issuer.***

### **6.5. Information on changes in the body and the amount of participation of shareholders (stockholders) of the Issuer who own no less than 5 percent of the Issuer's authorized (share) capital (mutual fund) or no less than 5 percent of the Issuer's ordinary shares**

The body of shareholders (stockholders) of the Issuer who held no less than 5 percent of the authorized (share) capital of the Issuer, and no less than 5 percent of the Issuer's ordinary shares if the Issuer is a joint-stock company, determined as of the date of the list of persons entitled to participate in each General Shareholders' (Stockholders) Meeting of the Issuer held for five most recent closed financial years preceding the end date of the reporting quarter or for each closed financial year preceding the end date of the reporting quarter if the Issuer operates for less than five years as well as for the last quarter based on the list of persons entitled to participate in each of such Meetings.

1. Date of the list of persons entitled to participate in the General Shareholders' (Stockholders) Meeting of the Issuer: **April 18, 2008**  
List of Shareholders (Stockholders)  
Full business name: **Russian Joint-Stock Company of Energetics and Electrification "UES of Russia"**  
Abbreviated business name: **ОАО РАО "UES of Russia"**  
The company's share in the authorized capital of the Issuer, %: **67.626**  
The company's portion of ordinary shares owned by the Issuer, %: **67.626**
  
2. Date of the list of persons entitled to participate in the General Shareholders' (Stockholders) Meeting of the Issuer: **April 24, 2009**  
List of Shareholders (Stockholders)  
Full business name: **Holding of Interregional Distribution Grid Companies, Joint-Stock Company**  
Abbreviated business name: **IDGC Holding, JSC**  
The company's share in the authorized capital of the Issuer, %: **67.626**  
The company's portion of ordinary shares owned by the Issuer, %: **67.626**
  
3. Date of the list of persons entitled to participate in the General Meeting of Shareholders (Stockholders) of the Issuer: **May 12, 2010**  
List of Shareholders (Stockholders)
  - a) Full business name: **Holding of Interregional Distribution Grid Companies, Joint-Stock Company**  
Abbreviated business name: **IDGC Holding, JSC**  
The company's share in the authorized capital of the Issuer, %: **67.626**  
The company's portion of ordinary shares owned by the Issuer, %: **67.626**
  
  - b) Full business name: **AGANA Management Company, Limited Liability Company**  
Abbreviated business name: **AGANA MC, LLC**  
The company's share in the authorized capital of the Issuer, %: **5.928**  
The company's portion of ordinary shares owned by the Issuer, %: **5.928**
  
4. Date of the list of persons entitled to participate in the General Meeting of Shareholders (Stockholders) of the Issuer: **April 29, 2011**  
List of Shareholders (Stockholders)
  - a) Full business name: **Holding of Interregional Distribution Grid Companies, Joint-Stock Company**  
Abbreviated business name: **IDGC Holding, JSC**  
The company's share in the authorized capital of the Issuer, %: **67.626**  
The company's portion of ordinary shares owned by the Issuer, %: **67.626**
  
  - b) Full business name: **ENERGYO SOLUTIONS RUSSIA (CUPRUS) LIMITED**  
Abbreviated business name: **N/A**  
The company's share in the authorized capital of the Issuer, %: **7.8358**  
The company's portion of ordinary shares owned by the Issuer, %: **7.8358**

#### **6.6. Information on the Issuer's interested party transactions**

Information on the number and monetary amount of interested party transactions as defined by the laws of the Russian Federation and subject to approval by an authorized Management Body of the Issuer based on the results of the last reporting quarter.

Measurement unit: **rubles**

Item	Overall number, pcs	Total monetary amount
The Issuer's interested party transactions subject to approval by an authorized Management Body of the Issuer	11	45,055,764
The Issuer's interested party transactions approved by the General Stockholders' (Shareholders) Meeting of the Issuer		
The Issuer's interested party transactions approved by the Board of Directors (Supervisory Board) of the Issuer	11	45,055,764
The Issuer's interested party transactions subject to approval but not approved by an authorized Management Body of the Issuer		

Transactions (group of associated transactions), the value of which make up 5 and more percent of the book value of the Issuer's assets as estimated based on the data from the Issuer's accounting statements as of the last reporting date before making the transaction made by the Issuer for the last reporting quarter: *mentioned transactions were not effected.*

Total monetary amount of interested party transactions made by the Issuer for the last reporting quarter, rub.: **45,055,764.**

Interested party transactions (group of associated transactions) subject to approval under the laws of the Russian Federation but not approved by the Board of Directors (Supervisory Board) or by the General Shareholders' (Stockholders) Meeting: *mentioned transactions were not effected.*

#### **6.7. Information on the Amount of Receivables**

It is not underlined in the report for the IV quarter

### **VII. Accounting statements of the Issuer and other financial data**

#### **7.1. Annual accounting statements of the Issuer**

Not specified in this reporting quarter

#### **7.2. The Issuer's quarterly financial statements for the last closed reporting quarter**

Not specified in this reporting quarter

#### **7.3. Consolidated accounting statements of the Issuer for the last closed financial year**

Not specified in this reporting quarter

#### **7.4. Information on the Issuer's accounting policy**

### **ACCOUNTING POLICY**

### **MAIN REGULATIONS**

## **ORGANIZATIONAL AND TECHNICAL ASPECTS OF ACCOUNTING POLICY**

The accounting policy regulations have been developed in compliance with requirements of accounting, finance and tax legislation system of the Russian

Federation as of 30 March, 2008 (with account of amendments to accounting legislation), and also on the basis of professional opinion and judgments provided by:

- employees of IDGC of Volga, JSC;
- management of the Company accounting and reporting department, accounting directorates and functions of accounting and reporting in branches;
- agents responsible to collect complete and reliable information regarding the Company activity and its property status.

The Regulations' objective is as follows:

- to declare the main assumptions, requirements and approaches to organization and keeping of accounting process (including reporting);
- to provide for unity of methodological approaches to accounting process keeping in the Company;
- to ensure reliability of prepared finance (accounting) reports;
- to maintain collection of complete and reliable information on such entities of tax accounting as income, expenses, property, property rights, obligations and business operations of the Company, cost estimation of which determines the tax base of the current reporting (tax) period;
- to provide internal and external users with information to verify accuracy of calculation, completeness and timeliness of tax amounts payment into the budget with account of organizational and industry features of the Company;
- to ensure provision of complete and reliable information to collect actual data in the budget management system.

Other order documents of the Company shall not contradict provisions of the present aspects of the accounting policy.

## **ORGANIZATION PRINCIPLES AND OBJECTIVES OF ACCOUNTING**

The General Director of IDGC of Volga, JSC, is liable for organization of accounting and provision of reliable accounting reports of the Company, compliance with the legislation in process of business transactions execution, support of obligatory audit performance.

For the purpose of maintaining accounting and tax records and to develop accounting and tax reports of the Company, the following is arranged:

• accounting functions are established, headed by the Chief Accountant, who directly reports to the Company Director. The Chief Accountant is held liable for development of accounting policy, maintaining accounting records, timely submittal of complete and reliable accounting reports. The Chief Accountant ensures supervision over assets and obligations flow, generation of income and expenses, safety and gain of capital and fulfillment of the Company obligations. Besides, the requirements of the Chief Accountant regarding documentation of business transactions and provision of required documents and data to accounting functions are mandatory for all employees of the executorial office and branches.

The organizational structure of the Company accounting function fully complies with the organizational structure of the Company management. The Company accounting function consists of the accounting and reporting department of the management, accounting and reporting directorates of branches and functions of accounting and reporting of branches.

According to hierarchy of the Company management organizational structure, the accounting function is also hierarchical in part of *administrative subordination* and motion of information flows of accounting data, and also in part of accounting reports development procedure.

Apart from administrative subordination to branch managers, employees of directorates and functions of accounting and reporting in branches report to the accounting and reporting department (of the management).

Directors of accounting and reporting directorates and functions in branches are responsible for keeping accounting records in their branch and timely submission of complete and reliable reports. They ensure supervision over flow of assets, generation of income and expenses.

Branches prepare and submit reports following forms accepted in the Company to the accounting and reporting department on a monthly basis.

Distribution of accounting duties among the accounting and reporting functions in branches, and also definition of accounting entities list for each accounting and reporting function are ensured depending on production activities in branches and business processes that take place in them, and these are registered in the regulations on organizational structure of a branch accounting function.

#### **FORMS OF SOURCE ACCOUNTING DOCUMENTS AND DOCUMENT CONTROL RULES**

Accounting records are made on the basis of source documents that register a fact of business transactions completion.

Non-standard source and consolidated accounting documents drawn by contractors are accepted for accounting, provided that they include all mandatory essential elements of a source document.

Circulation of source documents in the Company (generation or collection from other enterprises, institutions or companies, circulation among branches and structural subdivisions, acceptance for accounting, processing, submission to archives – document control) is regulated by the document control schedule. This schedule of document control is approved by the Company Director.

The Company keeps source accounting documents, accounting ledgers and reports for the time specified by internal organizational-order documents of the Company, but at least for five years.

Working chart of bookkeeping accounts, other documents of accounting policy, coding procedures, programs of machine data processing (with specification of time of their use), accounting references on amendments to accounting and reporting are stored by the Company for at least five years after the year of their last use for the purpose of accounting reports making.

The Company Director is liable for organization of accounting documents and ledgers storage.

#### **PROCEDURE AND TIME OF MAKING REPORTS**

Reports are made on the basis of accounting ledgers data. To ensure individual responsibility of accounting function staff, ledges are printed out and signed off by employees who prepared them on a monthly basis. These employees are held liable for proper reflection of business transactions in accumulating ledgers.

The Company provides the stakeholders with accounting reports that reflect condition of its assets and obligations, income and expenses, in scope and according to procedure specified by the Accounting Law.

Accounting reports are signed by the Director and Chief Accountant of the Company.

The annual accounting report is approved by the decision of the annual meeting of the Company shareholders.

Intermediate accounting reports of the Company are made within 30 days on completion of a quarter; the annual report is made within 90 days on completion of a year.

Property, obligations and business transactions of the Company are accounted for in rubles and kopecks. Accounting records are made in thousands of rubles.

The decision on distribution of the reporting year profit taken by the annual

meeting of the Company shareholders is reflected in accounting reports in the period, when the meeting was held, i.e. in the next one following the reporting year.

The final part of the audit report issued following the results of the mandatory audit of accounting records is attached to reports submitted for approval of the shareholders' meeting. The Company submits annual reports according to addresses and deadlines specified by the existing legislation. Besides, the Company publishes annual reports not later than on 1 July of the year following the reporting year.

#### **PROCEDURE OF ACCOUNTING POLICY DEVELOPMENT, APPROVAL AND AMENDMENT**

Within the year the Chief Accountant prepares and justifies decisions regarding amendment of various provisions of accounting policy, which may be accepted for execution since the next year.

Any amendment of the accounting policy is drawn as additions and amendments to the present regulations, which are approved according to the same procedure as the regulations are.

Amendments of the accounting policy are announced by the Company in the explanatory note to accounting reports for the year that precedes the year, when their application started.

In case new types of business transactions appear in the Company activity, methods of accounting of which are not defined in the accounting policy, an addition and amendment is drawn to the accounting policy. The addition and amendment to the accounting policy is drawn as an addition to the present Regulations, which is not considered to be a new revision of the regulations and takes effect from the moment of approval.

Disclosure of accounting methods approved in development of the accounting policy, which significantly affect appraisal and decision-making by accounting records stakeholders, is carried out by the Company by inclusion of extracts from the present Regulations into the explanatory note attached to the accounting reports of the reporting year.

Substantial are those methods of bookkeeping, knowledge of which is essential for accounting reports users to reliably evaluate the financial position, cash flow or financial results of the Company activity.

#### **APPLIED CHART OF ACCOUNTS**

The Company applies the working chart of bookkeeping accounts, which is developed on the basis of a standard plan of accounts attached to the present Regulations.

The working chart of bookkeeping accounts makes it possible to implement the

scheme of registering and grouping data on actual business activity, which is required to generate appropriate types of reports (finance, statistical, tax, budget management system), and is intended to unify accounting in the Company.

The process to register and group data is realized by means of a standard set of accounts (subaccounts), reference books of analytics on accounts (subaccounts), correlations of accounts in combination with applied reference books of analytics.

The working chart of accounts is developed without linkage to specific software. As it is adapted to certain software, it is possible to finalize individual characteristics of analytical account in compliance with the features of implemented software.

### **APPLIED INTERNAL ACCOUNTING STANDARDS**

The Company applies internal accounting regulations (internal company accounting standards), which are developed on the basis of standard internal corporate accounting standards.

Internal company accounting standards include requirements (detailed instructions) to bookkeeping of specific business transactions of the Company, organization of document control.

All current amendments to internal company accounting standards caused by amendment of legislation, nature of performed transactions or organization of accounting process are made according to a centralized procedure, which is registered in an order from the Company Director.

### **PROCEDURE OF ASSETS AND OBLIGATIONS INVENTORY**

The Company takes an inventory for the purpose to ensure reliability of accounting data and accounting reports. All types of assets and obligations of the Company are subject to inventory, including property (regardless of location), owned by the Company through the right of property, volumes of goods in process, uncompleted investments into operating and fixed assets, accounts payable and items of capital, property, which does not belong to the Company, but is registered in bookkeeping at off-balance accounts (property under custody, received for sale according to commission agreement, rented property, etc.).

The main objectives of the inventory are as follows: detection of actual availability of property, comparison of actual availability of property with data of accounting records, inspection of completeness of obligations reflection in the accounting records.

Apart from inventories provided for the purpose to make accounting reports, the Company takes inventories required to confirm data of real-time accounting and for

other purposes.

The schedule of taking inventories is approved by the Company Director or by authorized branch managers for their entrusted branches.

Discrepancies between actual availability of property and data of accounting records detected in process of inventory are reflected in the bookkeeping accounts as per the following procedure:

- surplus of property is recorded as received according to the market cost as of the date of inventory, the appropriate amount is credited to the account 91 “Other income and expense”;
- shortage of property and its spoilage within the norms of natural loss are charged to manufacturing or circulation expenses, and over the norms – to guilty people. If the guilty people have not been identified or the court has rejected cost recovery from them, then losses from shortage of property and its spoilage are written off to the account 91 “Other income and expense”.

## **METHODOLOGICAL ASPECTS OF ACCOUNTING POLICY**

### **GENERAL REQUIREMENTS TO REPORTS. REQUIREMENTS AND ASSUMPTIONS ACCEPTED FOR ACCOUNTING AND MAKING REPORTS. REQUIREMENTS TO INFORMATION GENERATED BY ACCOUNTING SYSTEM**

The Company accounting system shall provide for reliability, completeness and trustworthiness of accounting information at the permissible level of expenses for its generation and submission.

The accounting reports generated in compliance with the rules established by regulatory accounting documents are considered to be reliable and complete.

The reports are considered to be trustworthy, if they do not contain substantial errors. To ensure trustworthiness, a multi-level supervision is established to observe trustworthiness of the Company accounting and making reports: supervision of an expert in charge of appropriate accounting procedures, supervision of an accounting and reporting department (function) manager, who signs off summary accounting ledgers, supervision of the internal supervision and auditing service, audits.

The data (apart from special-purpose reports) must be neutral, i.e. free of one-sidedness, of one-sided taking into account requirements of one of reports users (for

instance, tax authorities). The data is not neutral, if its collection or form of representation affects decisions and opinions of stakeholders for the purpose to achieve pre-determined results or consequences.

External reports include information on property status of the Company (submitted in the form of balance sheet – form No. 1) for their users, as well as on financial results of activity and changes in financial status of the Company (submitted in the form of profit and loss statement – form No. 2), breakdowns and explanations.

Annual reports are provided by the Company in full scope of forms with attachment of an explanatory note, intermediate reports are provided by the Company in scope of a Balance Sheet and a Profit and Loss Statement.

As regards information for internal users, the purpose of accounting is to generate information, which is useful for the Company management to make management decisions. The Company management is interested in information provided to external users, and in various additional information, which is provided in forms of internal accounting in scope approved by the Company Director or an authorized person.

When generating information, the Company is guided by the generally accepted requirements to accounting and making reports: *requirement of discretion, requirement of completeness, requirement of rationality, requirement of consistency, requirement of content priority to form.*

Apart from the specified requirements, the accounting process (including making reports) is maintained by the Company on the basis of the following assumptions:

- property and obligations of the Company are accounted for separately from property and obligations of this company owners (the assumption of the company separate entity);
- the Company will continue its activity in the nearest future, and it has not intent and necessity to liquidate or substantially reduce activity, and therefore, obligations will be discharged in accordance with the established procedure (the assumption of the company going concern);
- the accounting policy selected by the Company is applied consistently: from one reporting year to another, within the framework of a single organization, and also by a group of interconnected organizations (the accounting continuity assumption);
- the Company economic events are accrued to that accounting period (and are therefore reflected in the accounting records), when they had taken place,

regardless of the actual time of receipt or payment of funds related to these events (the accrual principle assumption).

#### **GENERAL APPROACHES TO QUALIFICATION OF ACCOUNTING ENTITIES**

The Company assets are subdivided into actually assets and expenses (unfinished investments into assets development).

Within the reporting period the Company uses (consumes) various resources: material, finance, labor, etc. The cost estimate of used resources accepted for accounting is qualified as expenses (unfinished investments into assets development).

On completion of the accrual period the expenses result in development of assets (fixed assets, finished goods, etc.), or costs (making decision to write off unfinished capital investments as losses as a result of liquidation or sale of incomplete construction object, write-off of R&D expenses that produced no results, write-off of prime cost of performed works and rendered services, etc.).

*The moment of expenses accrual period completion* is defined by the moment, when conditions of assets recognitions are met or when it becomes evident that the costs incurred reduce economic benefits of the Company without creation of any asset.

The expenses are divided into capital (non-current) and operating (current) expenses.

*Capital* is expenses, the purpose of which is to create non-current assets, including expenses to purchase new entities, new construction, expansion, reconstruction, modernization and technical re-equipment. All other expenses are treated as *operating*.

The accounting of expenses in accounts for accounting of expenses to purchase (create) non-current assets is carried out as broken down by entities.

The accounting of expenses in accounts for accounting of expenses to purchase current assets is carried out as broken down by nomenclature numbers of stocks.

On completion of expenses accrual period the Company recognizes the fact that expenses resulted in creation of an asset, if a property has been produced, use or alienation of which may bring economic gain in the future.

Future economic benefits represent potential opportunity of a property to directly or indirectly promote inflow of funds or their equivalents into the Company.

In order to recognize a property in accounting, its cost should be measured with a sufficient extent of reliability. The Company accepts cost measurement as quite reliable in case, when a property is ready for use for anticipated purposes, and all costs to bring it to this condition are recognized in accounting and estimated, on the basis of settlement documents, contractual or market prices and rates.

Should requirements of regulatory documents for qualification of certain accounting entities change, the Company qualifies all accounting entities in compliance with the new requirements.

If expenses incurred did not result in creation of an asset, then on completion of expenses accrual period the Company recognizes all costs. On the other hand the expenses are recognized as reduction of the Company economic benefits as a result of assets disposal (funds, other properties) and (or) occurrence of obligations resulting in reduction of capital (excluding reduction of participants' contributions).

The Company recognizes expenses only in case when disposal of assets is of an *unconditional nature*. If under certain circumstances the disposed assets are returned to the Company, then accounts receivable or creation of another asset (for instance, financial investments) are recognized in the accounting.

The Company does not treat as expenses those funds and other properties, which are transferred under the condition of a possible or obligatory subsequent return (issued loans, advance payments, transfer of property for sale to an agent or an attorney, amounts of turnover taxes identified as a separate line in settlement documents with suppliers, etc.).

The Company does not recognize receipt of monetary funds and other property as income, when they are received under the condition of a possible or obligatory subsequent transfer to other participants of commerce (received loans, received advance payments and prepayments, amounts of turnover taxes identified as a separate line in settlement documents with customers, etc.).

The Company recognizes accounts payable in accounting, if there is a chance of outflow of the Company resources, capable of bringing economic benefits, which are the effect of fulfillment of an appropriate obligation, besides, the value of this obligation may be measured with a sufficient extent of reliability.

#### **GENERAL APPROACHES TO APPRAISAL OF PROPERTY ENTITIES**

To accept property and obligations for accounting, the Company appraises their money value. The property is appraised in the following manner:

- property received as a contribution to a charter capital is estimated according to the money value identified by founders (shareholders) of the Company, in compliance with the requirements of existing legislation;
- purchased property is estimated according to the amount of actually incurred expenses for its acquisition. In case costs to purchase securities are insignificant (5% of contract price) (apart from amounts paid to a seller in compliance with the contract), such costs are treated as other expenses;
- property produced by the Company is estimated by the prime cost to manufacture it (actual expenses related to manufacturing of a property entity);
- tangible property left from write-off of fixed assets, which are not fit for recovery and further use, spare parts produced as a result of fixed assets recovery (reconstruction, modernization, repair), is estimated by current market price for the date of spare parts recognition for accounting;
- property received free of charge and property detected in inventory of assets and obligations is estimated by current market price as of the date of property recognition for accounting;

Current market price is formed on the basis of prices that are in effect for this or similar type of property. In these circumstances the data on price in effect must be confirmed by a document or an expert opinion.

To identify current market price, data on similar fixed assets may be used, which is received in writing from manufacturing companies, as well as data on a level of prices available with state statistics authorities, trade inspections, and also in mass media and specialized books, expert opinions (for instance, of appraisers) on cost of certain entities of fixed assets. An expert opinion is a report of an independent expert or an authorized specialist (specialists) of the Company, having appropriate knowledge and skills. These specialists are assigned by the Company Director order for the management apparatus and by a branch director – for branches (or by his or her authorized people) as members of a permanent commission for property accounting or write-off.

The current market price of securities, having market quotes, is accepted in amount of their market price calculated in accordance with the prescribed procedure by a trade organizer in the securities market, which is confirmed with a document (a message in professional printed media, stock exchange listing, etc.);

- property received according to contracts providing for fulfillment of obligations (payment) with non-monetary funds (in particular, according to barter agreements), is estimated by cost of values transferred or to be transferred to the Company. Cost of values transferred or to be transferred is established based on price, which is usually used by the Company under similar circumstances to determine cost of similar values.

To appraise property purchased on any grounds, its actual cost is formed with addition of expenses incurred to bring the property to a condition suitable for utilization (for expertise, consultations and estimates, to pay for services of agents and other mediators, for delivery, assembly and trial start-ups, registration of transactions, payment of duties, etc.).

Property and obligations, cost of which when purchased (occurring) is represented in a foreign currency, are appraised in rubles by recalculation of a foreign currency in accordance with an exchange rate of the Central Bank of the Russian Federation that exists on the date of property entities recognition for accounting.

Fixed assets, cost of which when acquired is represented in a foreign currency, are appraised in rubles by recalculation of foreign currency amounts according to an exchange rate of the Central Bank of the Russian Federation that exists on the date of an entity recognition for accounting as investments into non-current assets.

Cost of property accepted for accounting is not to be modified, except for circumstances provided by the Russian Federation legislation:

- for non-current assets (apart from intangible assets) it is permissible in case of completion, re-equipment, reconstruction, modernization, partial liquidation and re-appraisal of fixed assets entities;

- for current assets it is permissible in case when stocks have become outdated, fully or partially lost their initial quality or their current market cost, cost of sale dropped. Reduction of cost of stocks is reflected in accounting records as accrual of allowance;

- for financial investments, current market price of which may be identified in accordance with the prescribed procedure, their accounting cost is corrected to the market value.

If at the moment of property receipts (fixed assets, stocks, etc.) there are no documents available on cost of received entities, they are accepted for accounting on the grounds of a conditional estimate with account of contract price, delivery expenses

determined according to data of transport and rail waybills and other transportation documents.

Cost of property, value of income and expenses are determined with account of (increased or decreased) an exchange difference that occurs in circumstances, when the payment is made in rubles in amount equivalent to an amount of a foreign currency (conventional monetary units).

Accounts receivable and payable are recorded in accounting and reports with account of penalties, fines, surcharges, which are recognized or imposed. Interest on loans and credits in accounting records is reflected separately from accounts receivable (payable) for loans and credits.

In reports the property included into depreciated assets (fixed assets, intangible assets and interest-bearing investments into tangible property) is recorded by depreciation value (initial cost less the accrued depreciation).

Reports on property referred to securities, inventory holdings and accounts receivable apply method of net estimate, providing for generation of allowances for reduction of specified assets costs in certain accounts.

Allowance for depreciation of financial investments with unidentified market cost is created for the end of a reporting year.

## **SELECTED METHODS TO RECORD CAPITAL EXPENSES AND NON-CURRENT ASSETS**

Capital expenses are related to the following:

- capital construction in the form of new construction, and also reconstruction, expansion and technical re-equipment (hereinafter referred to as construction);
- acquisition of buildings, structures, equipment, vehicles and other individual entities (or their parts) of fixed assets;
- acquisition of land plots and environmental facilities;
- acquisition and development of assets of intangible nature.

Capital investments in the form of construction (reconstruction, modernization) of entities made in an economic manner are recorded in the accounting records on a monthly basis, when occurred. Meanwhile a department (a branch), which makes capital

investments, records them in the account “Investments into non-current assets” on a monthly basis.

Capital investments made in process of works of a capital nature performed for the Company by third-party contractors are recorded in accounting as completed on the basis of signed certificates of completed works and settlement documents.

In order to identify procedure of capitalized expenses accounting in part of interest on employed loans and credits, the Company allocates investment assets among entities of investments. Investment assets are property entities, which will be accepted for accounting as fixed assets, intangible assets or other non-current assets regardless of term and amount of investments. Expenses for reconstruction and modernization of fixed assets are recognized as an investment asset.

Costs on received loans and credits incurred before works are started to create assets are not included into cost of investments into non-current assets, but are referred to other expenses.

If acquisition, erection and (or) manufacturing of an investment asset is suspended for a long period of time (for more than three months), interest due to a lender (creditor), is no longer included into cost of an investment project from the first day of the month following the month of suspension of acquisition, erection and (or) manufacturing of such an asset. For the specified period the interest due to a lender (creditor) is included into other expenses. When acquisition, erection and (or) manufacturing of an investment asset is recovered, interest due to a lender (creditor), is included into cost of an investment asset from the first day of the month following the month of recovery of acquisition, erection and (or) manufacturing of such an asset.

Time to additionally approve technical and (or) organizational issues that occurred in process of acquisition, erection and (or) manufacturing of an investment asset is not treated as a period of suspension of acquisition, erection and (or) manufacturing of an investment asset.

Expenses on loans are recognized as other expenses, excluding the part to be included into cost of an investment asset.

The Company recognizes such assets as fixed assets, which meet the following requirements simultaneously:

- anticipated use in production of goods, performance of works or rendering services or for management needs for a long period of time (time of value-added use of more than 12 months or standard operational cycle, if it exceeds 12 months);
- ability to bring economic benefits (income) in the future, besides, the Company does not plan to further resell these assets;

- assets that meet the specified requirements, with cost of not more than 20,000 RUR per piece, included into a list approved by the General Director, are recorded into accounting and reports as stocks.

The Company does not treat those entities as fixed assets, regarding which at the moment of recognition for accounting (at the moment of qualification) the decision was made to alienate them for benefit of third parties – resale, barter, etc. is planned. In this case the entity is qualified as goods.

An inventory entity of fixed assets is an entity with all accessories and fittings or a structurally separated object intended to perform certain independent functions.

If one or more objects of the same or different purpose represent a separate complex of structurally coupled objects, having common accessories and fittings, common control, mounted on the same foundation, as a result of which each of the objects may perform its functions only when included into the complex, the whole complex is accepted for accounting as an inventory entity – as a comprehensive whole.

In case a single inventory entity has several parts, having substantially different time of value-added use (inclusion into different depreciation groups), every such part is recorded as an independent inventory entity regardless of the fact whether the specified part of an entity may perform an independent function or not.

Independent inventory entities are the following:

- capital investments into leased entities of fixed assets;
- capital investments for fundamental land improvement (drainage, irrigation and other meliorative works);
- shares of entities of fixed assets jointly owned by the Company and other owner (owners) or company (companies).

Information technology equipment is recorded as independent entities of fixed assets: a system unit, a monitor, a printer, a copier, a multifunctional device, a server, a commutator, etc.

Fixed assets are accepted for accounting according to their initial cost identified depending on method of receipt – purchased, created by own efforts (construction), free receipt, etc.

Initial cost of purchased fixed assets is a sum of actual costs for acquisition, erection and manufacturing (excluding value added tax and other reimbursed taxes).

Movement of entities of fixed assets among the branches and structural subdivisions inside the Company is recorded via the account 79 “Internal settlements”.

Meanwhile cost of fixed assets and amount of accumulated depreciation are both transferred. Expenses for internal movement of entities of fixed assets among the Company branches are not included into initial cost, but are referred to current expenses.

Estimation of a fixed assets entity, cost of which when acquired is represented with a foreign currency, is made in rubles by recalculation of a foreign currency amount according to an exchange rate of the Central Bank of the Russian Federation, effective on the date of an entity acceptance for accounting as investments into non-current assets, or according to an exchange rate and date specified in the contract.

Expenses to do all kinds of repair of fixed assets (routine and capital) are included into expenses for ordinary types of activities in the period, when repair works are completed and accepted. No allowances or a repair fund are created for repair of fixed assets.

Changing initial cost of fixed assets, which is accepted for accounting, is possible in case of completion, re-equipment, reconstruction, modernization, partial liquidation and re-estimation of fixed assets entities.

Entities of fixed assets are re-estimated by re-calculation of initial (replacement) cost. Procedure (method, groups) of re-estimation is determined by an order document of the Company Director.

Works of completion, reconstruction and modernization (including partial liquidation) of the basic assets of the Company are made on the basis of the annual plan of reconstruction and modernization of the basic assets approved by the Company Director.

In case of partial liquidation of the basic assets entities, their accrued depreciation is written-off in the same proportion.

Modernization of the basic assets entities is also possible during capital repair of the fixed assets entities.

Acceptance of fixed assets from reconstruction and modernization is registered with an acceptance certificate of reconstructed and modernized entities (form OS-3) on the basis of a repair completion certificate (form KS-2), which is used to fill a certificate

of completed works and expenses cost (form KS-3).

Useful life of the fixed assets entities is defined on the basis of expected physical wear, which depends on mode of operation, natural conditions and effect of aggressive medium, system of repair performance. Useful life of fixed assets entities is defined within the limits approved by the Regulation of the Russian Federation Government dated 01.01.2002 No. 1 “On classification of fixed assets included into depreciation groups”.

Useful life of fixed assets entities is established when they are accepted for accounting on the basis of an entity passport, other technical documents or on the basis of assessment by technical services of the Company management or branch in compliance with internal documents, based on the decision of the permanent committee. Useful life is registered in an inventory card (OS-6).

Useful life of a fixed assets entity is revised in case initially accepted regulatory indices of the entity improvement (increase) as a result of performed completion, re-equipment, reconstruction or modernization. Besides, useful life of fixed assets may be extended within the limits established for depreciation group, where this particular entity is included.

Useful life of a modernized part of an entity is calculated as the difference between newly established useful life of an entity after restoration and time of its operation at the moment of modernization completion.

Useful life of a fixed assets entity, which has previously been used in another company, is defined on the basis of remaining service life of fixed assets or other expected useful life for the Company, which is determined with account of the following:

- expected period of this entity use in the company in compliance with expected efficiency or capacity;
- expected physical wear, depending on mode of operation; natural conditions and effect of aggressive medium, system of repair performance;
- regulatory documents and other limitations of this entity use.

Expected useful life of fixed assets on the basis of a document confirmation of its value is determined by the committee and is approved by the Company Director or a branch director (where this entity will be operated), when the entity is accepted for accounting as a fixed asset.

Cost of fixed assets is settled by accrual of depreciation deductions during their useful life.

The Company applies straight-line method of fixed assets depreciation. Depreciation of each inventory entity is accrued monthly by application of established norms calculated depending on the entity useful life.

Depreciation for property received by the Company according to a leasing agreement and recorded in the Company balance is accrued on the basis of the agreement period, unless otherwise specified in the agreement.

Real estate items (that require registration of titles), capital investments in which are completed, appropriate source accounting documents of acceptance of which are drawn, which are actually operated, are accepted for accounting as fixed assets and are segregated in analytical accounting until documents of title are received.

In accrual of depreciation for fixed assets received free of charge, and also for fixed assets acquired with attraction of special-purpose financing funds, simultaneously with write-off of depreciation, in the same proportion part of future income is recognized as other income.

Accrual of depreciation is suspended in the following instances:

- for fixed assets changed over to preservation. The Company understands preservation as a temporary termination of an entity operation for a period of more than three months. Expenses to preserve entities (visual inspection, lubrication, jacketing, fencing, etc.), and also to temporarily terminate entities operation for more than three months are recognized by the Company as other expenses;
- for the period of reconstruction and modernization, capital repair of fixed assets entities, if duration of works exceeds 12 months.

Regarding specified entities, their depreciation is terminated from the month that follows month of changeover, and is recovered from the month that follows month of these entities commissioning.

As for the property in stock (in reserve), which is not changed over to the preservation mode, depreciation is accrued in compliance with the standard procedure.

The Company (the Lessor) may rent out fixed assets acquired for own production activity or for management needs. These fixed assets are recorded in the account “Fixed assets”, but are segregated in analytical accounting.

- Expenses to do routine maintenance are recognized as expenses, if a lease agreement provides for routine maintenance performance at the Lessor’s expense, otherwise, the Lessee shall maintain the property in good condition and do *routine maintenance* at their expense.

- The Lessor shall do *capital repair* of the rented out property at their expenses, unless otherwise specified in the legislation, other regulatory documents or the lease agreement. In this case the Lessor allocates expenses to do capital repair of rented out property to expenses related to gaining income from leasing.

The Company (the Lessee) may rent fixed assets owned by other proprietors in accordance with signed agreements.

- The Lessee shall upkeep the property in good condition, do routine maintenance at their expense and bear expenses for the property maintenance, unless otherwise specified in the legislation and the lease agreement. Specified expenses are reflected in the same accounts of expenses as the expenses for rent of fixed assets.

- The Lessee has the right to do capital repair provided for by the agreement or caused by immediate need (when the Lessor violates their obligation to do capital repair). In this case cost of capital repair may be recovered from the Lessor or the rental payment may be accordingly reduced.

- If capital repair expenses are compensated to the Company (the Lessee) as the rental payment, then the agreement parties settle counterclaims of identical nature: the Lessee owes a certain amount of the rental payment to the Lessor; the Lessor owes a certain amount for capital repair services to the Lessee.

- Fittings of a leased property made by the Company (the Lessee) at their expense and without the Lessor's consent to compensate for the made expenses are the Lessee's property. Useful life of such property is defined in accordance with generally accepted procedure (in accordance with internal documents on the basis of the decision of the permanent committee).

Cost of improvements made by the Company (the Lessee), which *may not be removed* without damage to the rented property and are made at their expense and with the Lessor's consent, may be taken into account in settlement of the rental payment, or the Lessee has the right to be compensated for the cost of these improvements after the agreement termination, unless otherwise specified by the rental agreement.

Fixed assets intended exclusively to be allocated by the company for temporary possession and use for a payment or for temporary use for the purpose to gain income, are recorded in accounting and reports as interest-bearing investments into tangible property.

Equipment to be installed is equipment, which is put in service only after assembly of its parts and attachment to foundation or supports, floor, floor slabs and other bearing structures of buildings and structures, and also spare parts kits of such equipment.

Equipment to be installed is accepted for accounting at the account 07 by actual prime cost of acquisition, which is made up from cost according to acquisition prices

and expenses of acquisition and delivery of this equipment to the Company warehouse.

Intangible assets are non-monetary entities that belong to the Company and do not have physical structure, regardless of their cost, intended for value-added use in production of goods, rendering services or for management needs for the period of at least 12 months and capable of gaining economic benefits in the future.

The Company does not treat those entities as intangible assets, regarding which the decision was made to alienate them for benefit of other parties – anticipated resale, barter, etc., when accepted for accounting (at the moment of qualification). In this case the entity is qualified as goods.

Entities of intangible assets include the following items developed or acquired on the basis of appropriate agreements: computer software; inventions; utility models; trade secrets (know-how); trademarks and service marks; goodwill.

Accounting entity of intangible assets is a combination of rights arising from a single patent, certificate, other titles of protection, agreement of alienation of exclusive right for result of intellectual activity, documents confirming transfer of exclusive right without an agreement. The main criterion to identify one entity from another is its independent function in manufacturing of goods, performance of works or rendering services or its use for the Company management needs.

Intangible assets are accepted for accounting at their initial assets defined depending on the reason of their receipt (acquisition, creation with own efforts, receipt as a contribution into the charter capital, etc.).

Cost of intangible assets accepted for accounting is not subject to change, apart from cases established by the Russian Federation legislation. Initial cost of intangible assets accepted for their accounting is changed in case of intangible assets reappraisal and devaluation.

Testing for devaluation of intangible assets is only done for entities of intangible assets with unlimited useful life, assets, which are not used according to their intended purpose as of the date of reports making, goodwill (business standing). In other cases the procedure of assets devaluation is only performed when criteria of substantial price reduction are detected. The test is carried out annually following the inventory results. Testing is carried out by IT Department in part of exclusive rights of software products use, for other intangible assets – appropriate departments, being cost centres of intangible assets. To assess probable reduction of asset cost, internal and external reasons are considered. External reasons include data on substantial reduction of the asset market price or data on fundamental revision of technologies. As for internal reasons, facts that indicate worse results of asset use compared to anticipate results are analyzed. Besides, substantial modifications in process of operation, plans of asset disposal in the nearest future and other factors are also significant.

If the fact of intangible asset devaluation is detected, cost of such asset is reflected in the balance according to reimbursable cost, and difference in cost is recorded in profit and loss statement as other expenses on the basis of testing report. The Testing Report is made by the department, which performs testing.

Goodwill is accepted for accounting in amount of difference between actual purchase price of an acquired company (or its part) as a property complex as a whole and cost of all (or appropriate part) of its assets and obligations according to the balance statement.

Adverse goodwill is fully allocated to financial results of the Company as other income.

Favorable goodwill is considered as a price markup paid by the customer in expectation of future economic benefits. It is accounted as a separate inventory entity.

Acquired goodwill is depreciated within twenty years (but for not more than the company life). Depreciation deductions of favorable goodwill are determined by straight-line method.

Amount of depreciation deductions for intangible assets is defined using norms calculated on the basis of their initial cost and useful life (straight-line method).

Useful life of intangible assets is defined by an expert commission and is approved by the Company Director for entities used in the executive directorate and by branch directors, if the entity is used in a branch (or by their authorized person), when the entity is accepted for accounting on the basis of the following provisions:

- period of the company rights validity for the result of intellectual activity or facility of individualization and period of control over the asset;
- expected time of asset use, within which the Company expects to gain economic benefits;

Depreciation is accrued monthly in the special account “Depreciation of intangible assets” (excluding goodwill, cost of which is cleared off by reduction of balance in the account of intangible assets recording). Intangible assets, useful life of which may not be detected, are intangible assets with undetermined useful life. No depreciation is accrued on intangible assets with undetermined useful life.

Depreciation deductions for intangible assets start from the first day of the month that follows the month of the asset acceptance for accounting, and are accrued until total clearing of cost or asset charge-off from the accounting records. During useful life of intangible assets accrual of depreciation deductions is not suspended.

Usage of intangible assets entities for the purpose of production, rendering services or for the Company management needs is terminated in the following cases:

- on expiration of service life recorded in patents, certificates or other similar documents of title;
- on expiration of service life recorded in appropriate agreements;
- when it is impossible to use the entity before above mentioned service lives expire, provided that in the future this entity will not be used in production of goods, rendering services or for the Company management needs;
- with concession of exclusive right and its handover in compliance with the procedure established by regulatory documents.

In case of intangible assets entity disposal, its cost is to be written off in the appropriate reporting period. Simultaneously with writing-off of intangible assets cost, amount of accrued depreciation deductions is to be written off.

Inventories are the following assets:

- used as materials, etc. to render services of power transfer and transit, to perform works (to produce goods intended for sale), also special tools, special accessories, special equipment, overalls;
- intended for sale – goods;
- used for the management needs.

Material and technical support of the Company may be organized both in centralized and decentralized manner. Centralized manner means through Department of Material and Technical Support, decentralized manner – directly through divisions of material and technical support in branches. Centralized supplies are accounted by the department of accounting and reporting of the executive directorate, while decentralized ones – by accounting and reporting functions of branches.

A unit of inventories accounting is an identifying number.

Inventories are evaluated depending on the reason for receipt for the purpose of acceptance for accounting: purchase, own manufacturing, free receipt, etc.

Actual prime cost of purchased materials is the amount of actual costs of the company incurred to purchase them, excluding value-added tax and other reimbursable taxes.

Actual prime cost of purchased materials includes the following:

- cost of materials according to contract prices;
- transportation and procurement costs;

- costs to bring materials to condition, which is suitable for their use as intended;
- other costs directly related to purchase of materials.

Inventories owned by the Company, transferred according to agreements of commission, deposit, etc. are recorded off-balance as estimated in appropriate agreements and acceptance documents (certificates, waybills, etc.).

Reserve for reduction of inventories cost is created for each unit of inventories accepted for accounting.

The company calculates current market cost of inventories on the basis of information available before the date of accounting reports signing. The calculation takes into account the following:

- change of price or actual prime cost, directly related to the event after the reporting date, confirming existence of certain economic conditions of the company activity as of the reporting date;

- purpose of inventories;

- current market cost of finished goods, production of which involves consumption of raw materials, auxiliary materials and other inventories. Reserve for reduction of inventories cost is not created for raw materials, auxiliary materials and other inventories used in production of finished goods, performance of works, rendering services, if as of the reporting date the current market price of this finished goods, works, services corresponds to or exceeds its actual prime cost.

The Company shall provide for confirmation of calculated current market price of inventories.

If in the period following the reporting period the market price of inventories, cost reduction of which is supported with the reserve allocated in the reporting period, increases, then appropriate part of reserve is allocated for reduction of material expenses recognized in the period that follows the reporting period.

Accrual of reserve for reduction of inventories cost is reflected in accounting in the account "Other income and expenses". Accrued reserve is written off to increase financial results (account "Other income and expenses") as its inventories are allocated. Reserve accrual is made at the end of the reporting year.

Purchased overalls and safety shoes, regardless of cost and useful life, are recorded in the Company as operating assets.

Cost of overalls with service life of more than 12 months is cleared by the

straight-line method based on useful life determined in compliance with regulations of the Ministry of Labor and Social Security.

Cost of overalls, service life of which, according to allowance norms, does not exceed 12 months, is subject to one-time write-off at the moment of transfer (release) for operation.

Overalls, service life of which exceeds 12 months, is subject to write-off within the useful life period from the month of its transfer for operation.

Materials are related to inventories. Materials include raw materials, main and auxiliary materials, purchased semi-finished products and components, fuel, containers, spare parts, construction and other materials, and also special tools, special accessories, special equipment, overalls.

Costs, which are directly related to process of materials procurement and delivery, are recognized as transportation and procurement costs. Transportation and procurement costs include the following:

- costs of materials loading into vehicles and their transportation, subject to payment by the customer apart from these materials cost according to the agreement;
- payment for materials storage at points of sale, at railway stations, ports, piers;
- other expenses.

Materials are accepted for accounting (accounted) in the account 10 “Materials” at actual prime cost of their purchase (procurement) or accounting prices. An accounting price is a price specified in a supplier’s agreement (a contract price).

When impossible to directly (immediately) include transportation and procurement costs into actual prime cost of materials (attachment to the material contract price), transportation and procurement costs are accepted for accounting by allocation to the account 15 “Procurement and purchase of inventories” and by application of the account 16 “Deviations in inventories cost”.

The balance of the account “Procurement and purchase of inventories” of the purchasing company may only include cost of materials specified in settlement documents of the supplier, and right, title and interest (right of possession) of these materials have been transferred from the supplier to the customer, while the materials themselves have not arrived yet.

Amount of deviations (difference between actual prime cost of purchased

inventories and accounting (contract) price) on completion of the month is fully written off to the account “Deviations in inventories cost”.

Write-off of deviations in cost of materials or transportation and procurement costs for certain types or groups of materials is made proportionally to the accounting cost of materials on the basis of the ratio of deviation value or transportation and procurement costs balance at the beginning of the month (of the reporting period) and current deviations or transportation and procurement costs for the month (the reporting period) to the amount of materials balance at the beginning of the month (the reporting period) and received materials within the month (reporting period) at accounting cost.

The value produced as a result and multiplied by 100 gives a percent to be applied when writing off a deviation or transportation and procurement costs for increase (rise in prices) of accounting cost of consumed materials.

Uninvoiced supplies are inventories that arrived to the Company with no settlement documents. Uninvoiced supplies are recorded as received and accounted for in analytical and synthetic accounting records at accounting prices – prices specified in the supplier’s agreement (contract prices).

Costs for internal freight of inventories (between branches and divisions or warehouses) are not included into cost of purchased inventories, but are allocated to the prime cost of services, works or goods.

Inventories written off for production, sold, disposed for other reasons are estimated at the unit prime cost.

Release of materials for production stands for their delivery from the warehouse directly to render services (perform works, manufacture goods), and also release of materials for the management needs.

Procedure of materials release from the warehouse to branches, areas, crews, workplaces is established by the Director of the Company material procurement department with the consent of the Chief Accountant of the executive directorate.

Materials are written off the appropriate company department accountability, and their cost is allocated to manufacturing costs (depending on the purpose of materials consumption) on the basis of the Report.

Spare parts recorded as received as a result of fixed assets recovery are estimated according to the current market price with account of actual wear percentage, in case such information on current market price is not available, spare parts are estimated at

accounting costs of the latter using time of similar spare parts purchase with account of actual wear percentage.

Spare parts recorded as received as a result of dismantling from fixed assets in process of restoration are accounted for separately from the new spare parts as independent identifying numbers.

If it is required to repair spare parts recorded as received as a result of dismantling from fixed assets at the stage of recovery, the following sequence of accounting records is performed. When transferred for repair, spare parts are written off the credit of inventories account (account 10 “Materials”) to the debit of expenses accounts for repair by structural departments of auxiliary production (for instance, the account 23 “Auxiliary production facilities”). Expenses to repair specified spare parts are debited to the same account. On completion of repair the recovered spare parts are recorded as received from the credit of account for repair expenses to the debit of inventories account (the account 10 “Materials”) at the cost with account of repair.

Accounting of goods. Costs of delivery and procurement are included into cost of goods. Goods are accounted at purchase prices without application of the account 42 “Trade markup”. Accounting of goods receipt is made according to actual prices with application of the accounts 15 “Procurement and purchase of inventories” and account 16 “Deviations in inventories cost”. Goods are written off by FIFO method. Expenses for sale are fully written off to the debit of the account 90 “Sales”.

Inventories (including spare parts), which are left after disposal of fixed assets and other disposal, are estimated on the basis of current market cost as of the date of acceptance for accounting. Current market cost is amount of monetary funds, which may be received as a result of specified assets sale.

The Company subdivides income into income from ordinary activities and other income. *Income from ordinary activities* is receipts related to rendering services, performance of works, sales of goods to external companies.

Income from ordinary activities is as follows:

- income from services of power transfer and distribution;
- income from services of technological connection to the grid;
- income from services of repair and maintenance of power grid complex facilities;
- income from construction and assembly works performance;
- income from property leasing;
- income from sale of other works and services:
  - of industrial nature;

- of non-industrial nature.

Income from services of power transfer and distribution include all income from transfer of power consumed by the market entities in the served region. Power transmission and distribution is a regulated type of activity. Income from services of power transmission and distribution is classified by categories of loads and by level of voltage of load connection: high voltage (HV), medium voltage (MV1 and MV2), low voltage (LV).

Income from services of technological connection to the grid includes income gained as a result of performance of a complex of works (measures) of organizational and technical nature, aimed at making it possible to transmit power to power-receiving devices of legal entities and individuals in compliance with their stated parameters, and also at provision of power generation by power plants. Income from technological connection is classified by groups of applicants, which are divided into groups depending on the level of voltage, connected power and applicant's power.

Income from services of repair and maintenance of power grid complex facilities includes income from operational and technical maintenance, routine and capital repair of power grid equipment, performed by the Company for external parties.

Income from performance of construction and assembly works includes income received by the Company as a result of performance of works and rendering services within the framework of building contracts for external parties.

Proceeds from performance of construction and assembly works, repair and maintenance with cycle of more than one reporting period are recognized as soon as works are completed, unless otherwise specified by the agreement.

Income from sale of other works and services includes all income related to sale of other works and services specified by the reference book "Type and direction of activity".

*Other income* includes all income, which is not related to sale of works and services of ordinary activities. Proceeds are accepted for accounting in the amount estimated in monetary terms, which is equal to value of funds and other property receipt and (or) to value of accounts receivable.

Income is recognized in the reporting period, when it occurred, regardless of actual time of related monetary funds receipt, in compliance with accrual principle.

Income received (accrued) in the reporting period, but related to future reporting periods, and also forthcoming receipts of debts for shortages detected in the reporting period for previous years, and difference between the amount to be recovered from guilty people, and cost of inventories accepted for accounting in detection of shortage and spoilage, are recognized as future income.

The Company divides expenses into expenses for ordinary activities and other expenses.

Expenses for ordinary activities are expenses related to rendering services, performance of works, to manufacturing of goods and sale of goods, purchase and sale of goods.

Expenses for ordinary activities are generated from expenses related to manufacturing (prime cost of services, works, goods), management and commercial expenses.

Expenses for ordinary activities include the following types:

- expenses of power transmission and distribution;
- expenses of technological connection to the grid;
- expenses of repair and maintenance of power grid complex facilities;
- expenses of construction and assembly works performance;
- expenses of property renting out;
- expenses of other works and services:
  - of industrial nature;
  - of non-industrial nature;

Methods of prime cost calculation:

- for power transmission and distribution – process-by-process;
- for repair, construction works, technological connection to the grid – order-by-order.

Prime cost of services for power transmission and distribution represents a combination of expenses related to maintenance and operation of the following:

- power transmission lines, distribution devices, substations and other structures and equipment, intended for power transmission and distribution;
- facilities of power accounting and monitoring.

Prime cost of services for technological connection to the grid represents a combination of expenses related to performance of a complex of works (measures) of organizational and technical nature aimed at making it possible to transmit power to power-receiving devices of legal entities and individuals in compliance with their stated parameters, and also at provision of power generation by power plants.

Prime cost of services for repair and maintenance represents a combination of expenses related to performance of works to do operational and technical maintenance, routine and capital repair of power networks of external parties.

Prime cost of construction and assembly works represents summary expenses related to performance of works and rendering services within the framework of building contracts for external parties. They include expenses related to erection of a construction facility and its handover to the investor.

Prime cost of other works and services represents total expenses related to sale of other works and services. These expenses are classified according to types of works and services:

- expenses for other works and services of “industrial” nature;
- expenses for other works and services of “non-industrial” nature.

Expenses for ordinary activities are accepted for accounting in the amount estimated in monetary value and equal to value of payment in monetary and other form or value of accounts payable.

General expenses are fully recognized as management expenses. On completion of the reporting period general expenses are written off the credit of the account 26 “General expenses” to the debit of the account 90 “Sales”. General expenses are distributed by types of activity and proportionally to cost of works, services for ordinary activities: services of power transmission and distribution, services of technological connection to the grid, services of repair and maintenance of power grid complex facilities, performance of construction and assembly works, from property renting out.

Income from services of power transmission is recognized on the basis of Completion Reports on scope of rendered services of power transmission according to made agreements. The Report is made on the basis of monthly Summary chart of power consumption (in natural indices) broken down by loads.

Income of power transmission is recognized in accounting as of the date the parties of settlements approve Completion Report on scope of rendered services of power transmission.

Accounting of expenses for sales of power transmission services is made by accounting and reporting function of branches, which incur costs related to upkeep and operation of power transmission lines, distribution devices, substations and equipment intended for transfer and distribution of power. Information on incurred expenses is monthly submitted to the department of accounting and reporting.

Items of expenses and elements of expenses for types of activities are established by regulations on accounting of expenses and prime cost of goods, works, services.

Process of power transmission is characterized by unavailability of unfinished goods. Expenses incurred to do this type of activity are recognized as expenses in full.

Expenses for ordinary types are accumulated in the accounts “Main production facilities”, “Auxiliary production facilities”, “General production expenses”.

“Main production facilities” account collects direct expenses, which are immediately related to rendering services of power transmission and transit, and other services of ordinary activities, indirect expenses related to serving the main production facilities, and also expenses of auxiliary production facilities. Expenses of auxiliary production facilities are written off to the account “Main production facilities” from the account “Auxiliary production facilities”. Indirect expenses related to serving production facilities are written off to the account “Main production facilities” from the account “General production expenses”.

“Auxiliary production facilities” account accumulates expenses related to processes, which are auxiliary compared to the main technological processes of power transmission.

“General production expenses” account is used to record information on expenses to manage and serve divisions of the main production facilities.

**Information on general production expenses is generated as broken down by items and elements of expenses.**

**On completion of the reporting period, general production expenses of each branch are allocated and written off to prime cost of works (services) it performed by the following expense items: “Prime cost of power transmission services”, “Prime cost of services of technological connection to the grid”, “Prime cost of services of repair and maintenance of external parties’ networks”, “Prime cost of construction and assembly works for external parties” and “Prime cost of other services of industrial nature”. The base for distribution of general production expenses of structural divisions of the main production facilities is represented by direct expenses for wages, made to perform this or that type of activity. The account “General expenses” is used to record management expenses, which provide for the Company functioning as an integral business entity, and are not**

**related directly to performance of production functions in the Company branches of the main and auxiliary production facilities.**

**Information on general expenses is generated as broken down by items and elements of expenses.**

Expenses to implement other works, services are recorded by the accounting departments in branches (places of their origination) as broken down by elements of expenses.

Other income is income of separate business transactions, which are not the subject matter of its activity, but have been made in order to gain this income, namely the following:

- income related to sale of the Company assets, which are not monetary funds, produce, goods:
  - income from sale of fixed assets;
  - income from sale of intangible assets;
  - income from sale of materials and inventories;
  - income from sale of other assets;
- income gained from certain separate agreements:
  - income from ownership of securities;
  - income from participation in chartered capitals of other companies;
  - profit received as a result of joint activity;
  - interest for use of monetary funds;
- other income.

Income from sale of goods and other property is recognized at the moment the title of this property is transferred to the customer. The moment of the title handover is defined in compliance with provisions of made agreements. As a rule, the title is handed over from the seller to the buyer at the moment of goods dispatch, unless otherwise specified in the agreement.

Other expenses are as follows:

- expenses related to deriving profit:
  - expenses for income producing disposal of property (barter, sale, conveyance as contribution into chartered capital);

- expenses for fulfillment of non-gratuitous contracts, which are not included into category of ordinary transactions;
- these expenses may be both one-off (depreciation value of disposed depreciated property, cost of materials, etc.) and periodical;
- expenses being the result of dedicated actions (transactions), caused by production or business necessity, but not accompanied by appropriate income, both periodical (expenses to preserve fixed assets, payment of interest on credits and loans), and one-off (related to participation in chartered capitals of other companies, cancellation of production orders, generation of valuation reserves, etc.);
- expenses being a collateral result of business transactions with no actions particularly undertaken to make those (exchange differences);
- expenses detected in case when undertaken actions did not bring expected result or rather brought a result opposite to the expected one – to loss (paid fines, penalties, forfeits, written-off uncollectible receivables);
- charitable and social expenses;
- in process of property surplus acceptance for accounting, the according amount is credited to the income account, being estimated according to market cost of surplus property;
- in process of property shortage writing-off over the norms of natural loss, provided that people in charge have not been detected or the court rejected recovery of losses from them, the according amount is credited to the expenses account, being estimated according to actual cost of missing property.

**Cost of surplus property is defined as cost of the latter at the time of similar property acquisition with account of actual wear of entities, which have been detected as surplus ones. In case there are no facts of similar property acquisition, cost of surplus property is defined by the working inventory committee and is approved by the Company Director.**

Norms of natural loss for the purpose of accounting are approved by the Company or authorized people order within indices specified by the regulatory documents of the Federal executive agencies.

The Company understands *other income* as receipts occurring as consequences of emergency circumstances of business activity (natural disaster, fire, accident, nationalization, etc.):

- insurance money;
- settlement of damages caused by emergency situations (fires, accidents, etc.);
- liquidation value of unusable property;

- other emergency income.

The Company's other expenses includes expenses occurring as consequences of emergency circumstances of business activity (natural disaster, earthquake, flood, fire, accident, property nationalization, etc.), for instance: payments for damage caused to environment, writing off depreciation cost of lost or unrecoverable entities of fixed assets, cost of lost or spoiled materials and goods, etc. Reports reflect expenses related to emergency circumstances as other expenses at the account 91 "Other income and expense".

Future income includes income from free receipt of assets, forthcoming receipts of debts on shortages detected in the previous years, differences between amounts to be recovered from people in charge and book cost for shortage of inventories, remains of special-purpose financing funds unused in the reporting period (also from the budget), etc.

Future income is accounted with a breakdown by the following items:

- fixed assets received free of charge;
- other inventories received free of charge;
- forthcoming receipts of debts for shortages detected in the previous years;
- difference between amount to be recovered from people in charge and book cost for shortage of inventories;
- other future income.

Future income for property received free of charge is written off to the account of other income proportionately to cost of property received free of charge recognized as expense: for fixed assets – proportionately to accrued depreciation, for current assets – on a nonrecurring basis, at the moment of materials cost write-off to expenses or cost of goods write-off to sales account.

In case entities of fixed assets are written off the balance on any grounds until the time of their complete depreciation, non-written-off part of future income is recognized as other income at the moment of fixed assets entities writing-off.

For entities of fixed assets received free of charge and with no depreciation accrued in compliance with the specified procedure, their cost is not recognized as future income. For such objects, at the moment of their acceptance for accounting, records are made at the account of investments into non-current assets (“Investments into non-current assets”), and income is recognized as other income (“Other income and expenses”).

In case entities of construction in process are received free of charge, future income writing-off to accounts of other income (“Other income and expenses”) starts only simultaneously with depreciation of specified entities, i.e. after their completion, commissioning and acceptance for accounting as fixed assets. If these entities are not completed, then future income is recognized as other income at the moment entities of construction in process are written off the balance on any grounds.

The Company recognizes expenses as referring to future periods and allocates these expenses between subsequent periods in case value of expenses is substantial, and expenses provide for gaining income within several reporting periods, or when relation between income and expenses may not be clearly determined or is indirectly determined.

The Company recognizes the made payments and (or) transfer of other property as future expenses, if these payments and (or) transfer of property are made unconditionally.

As the period occurs, when incurred expenses bring appropriate profit, future expenses are recognized as current ones.

Future expenses are written off to the account of current expenses proportionately to expired time period or at the moment income is gained for incurred expenses. At the same time future expenses are only one-off payments related to purchase of licenses and software. Periodical payments made in compliance with contract terms and related to use of licenses and software are included into current expenses (if monthly payments are made) or are isolated as a separate entity of future expenses accounting (if payments

are made for a period of more than one month – a quarter, a year, etc.).

Time of future expenses writing-off is determined by the manager depending on the expert opinion or other documentary confirmation. Future expenses are subject to writing off evenly within the period that they refer to or at the moment of gaining income for incurred expenses.

Income (expense) is classified on the basis of a specific agreement terms or time of asset use (obligation fulfillment). Assets and obligations are recorded as short-term, if time of their circulation (fulfillment) does not exceed 12 months after the reporting date.

Long-term expenses (income) are recognized as short-term at the moment when time of payment (accrual) makes less than 12 months as of each reporting date.

Exchange difference is the difference between a ruble evaluation of appropriate asset or obligation, cost of which is expressed in a foreign currency estimated using exchange rate of the Central Bank of the Russian Federation, as of the date of payment obligations fulfillment or the reporting date of accounting reports making for the reporting period, and a ruble evaluation of these asset and obligation estimated using exchange rate of the Central Bank of the Russian Federation, as of the data of their acceptance for accounting in the reporting period or the reporting date of accounting reports making for the previous reporting period.

Exchange difference occurs in the following cases:

- complete or partial pay-off of receivables or payables expressed in a foreign currency, if exchange rate of the Central Bank of the Russian Federation as of the date of payment obligations fulfillment differs from its rate as of the data of these receivables or payables acceptance for accounting in the reporting period or from exchange rate as of the reporting data of making reports for the reporting period, in which these receivables or payables have been recalculated for the last time;
- recount of assets and obligations cost expressed in a foreign currency:
  - currency notes in the Company petty cash;
  - funds in the accounts of credit organizations;
  - monetary and billing documents;
  - short-term currency securities (cost of long-term securities is not re-evaluated);
  - resources in settlement (including settlements of loan obligations) with legal entities and individuals (including advance holders);

– balance of special-purpose financing funds received from the budget or foreign sources within the framework of technical or other assistance rendered to the Russian Federation in compliance with the made agreements (contracts).

Exchange difference is subject to credit to financial results as other income or other expenses, apart from the cases, when the exchange difference related to formation (increase) of chartered capital is subject to allocation to the account of additional capital.

A bad debt is an account receivable (including unapproved one), which is not repaid in time specified by the contract, and is not secured with according guarantees (deposit, security, payment guarantee, bill of exchange guarantee, etc.).

The Company creates reserve for bad debts following the results of completed inventory of accounts receivable (on a quarterly basis).

Value of reserve is determined separately for each bad debt depending on financial status (solvency) of a debtor and the Company estimate on probability of full or partial debt pay-off in compliance with the regulations on formation and application of bad debt reserve.

To account bad debt reserve, the account 63 “Bad debt reserves” is applied.

Bad debt reserve is formed (including accounting of accrual, use and writing-off of unspent part of reserve) at the place of accounting of debt to be reserved.

As accounts receivable are disposed (paid off), according amount of reserve is written off. Written-off amounts of reserve are recognized as other income.

As the bad debt, for which the reserve was created, is recognized uncollectible, the amount of this debt is subject to writing off the balance to reduce the reserve (with a record to reduce balance at the account “Bad debt reserve” and appropriate reduction of accounts receivable). If, within the reporting year, accounts receivable with no bad debt reserve provision are recognized as uncollectible debt, the reserve of bad debts is not additionally accrued, and amount of bad debt is qualified as other expenses (account “Other income and expenses”).

In a similar manner, if the amount of bad debt exceeds the amount of bad debt reserve created for these accounts receivable, the reserve is not additionally accrued, and excessive amount is recorded as other expenses.

If before the end of the reporting year following the year of bad debt reserve creation, this reserve is not used to some extent, then unspent amounts are added at the

end of the reporting year to other income as other income.

Debt writing-off as a loss due to the debtor's insolvency is not cancellation of the debt. This debt must be recorded off balance for five years from the moment of write-off to monitor chances of its recovery in case debtor's property position changes.

Transactions of settlements with isolated divisions allocated to a separate balance are recorded in the account "Internal settlements" as broken down by analytical groups.

Accounting and reporting functions in branches and the department of accounting and reporting monthly reconcile data on internal settlements registered in accounting records. Data agreed in this manner are further compared to indices of internal settlements registered in the accounting records.

Reports made following the results of accounted business transactions in accordance with accounting forms of branches are submitted to the department of accounting and reporting on a monthly, quarterly, annual basis in time specified for submission of accounting reports. The Chief Accountant of a branch is in charge of submitted reports reliability.

All types of internal settlements between branches are processed through the department of accounting and reporting.

161. Financial investments are assets of intangible form capable of making future profits (income) as interest, dividends or increment of their cost (in the form of difference between price of sale (pay-off) and purchase cost) as a result of their exchange, application to fulfill obligations, increased current market cost.

Financial investments include the following:

- securities (governmental, municipal securities, securities of other companies, including bonds and bills);
- investments into chartered (share) capitals of other companies (also subsidiary and controlled companies);
- investments made according to simple partnership (joint venture) agreements;
- loans granted to other companies;
- deposits in credit organizations;
- accounts receivable acquired on the basis of assignment of claims, etc.

162. Bills issued by buyers of goods, works or services of companies that the Company received from a bill drawer in settlements for these goods, works or services, are not recognized as financial investments and are recorded in the accounting and reports as accounts receivable of buyers and customers secured with received bills.

163. Financial investments are divided into individually determinable and non-determinable. Individually determinable are those investments, a unit of which has its own individual distinctions: series and number of a security, essentials of a company, chartered capital of which was invested into by the Company, essentials of simple partnership, loan, deposit, receivables acquisition agreements, etc. Individually non-determinable are those investments, a unit of which has generic distinctions rather than individual ones – essentials of uncertificated shares, etc.

164. A unit of financial investments accounting is as follows:

- for individually determinable financial investments – a separate investment (a security, a contribution into a chartered capital of a separate company, a separate agreement of simple partnership, a loan or a deposit registered in a separate agreement, receivables purchased according to a separate agreement, etc.);
- for individually non-determinable financial investments – a block of securities. A block of securities is a combination of a single issue securities (i.e. of a single issuer, single type, time of circulation, par value, etc.), acquired as a result of a single transaction.

165. Analytical accounting of financial investments is carried out with a breakdown of short-term and long-term financial investments. Long-term financial investments include investments made with intent to gain profit for a period of more than one year. Other financial investments are short-term.

166. In accounting records the financial investments are to be presented with division into short-term and long-term depending on time of circulation (pay-off).

At the moment when 365 days remain until securities pay-off or repayment of loans issued by the company, long-term financial investments are changed over to short-term ones.

167. For the purpose of subsequent estimation the financial investments are divided into two groups:

- financial investments with determinable current market cost;
- financial investments with undeterminable current market cost.

Financial investments into securities circulating in a stock market (a stock exchange, an auction), quotes of which are regularly published, are referred to financial investments with determinable current market cost. All other are referred to financial investments with undeterminable current market cost. Financial investments with market cost determinable in accordance with the prescribed procedure are recorded in reports as of the end of the reporting quarter at the current market cost by correction of their estimate at the beginning of the reporting year. Specified correction is made on a quarterly basis. Current market cost of investments is determined on the basis of a market price calculated by MICEX, CJSC, RTS, JSC. If as of the reporting date one and

the same financial investment is evaluated at different market prices calculated by several of above specified trade organizers, a lower value is accepted for the purpose of this investment estimation.

The difference between estimate of financial investments at the current market cost as of the reporting date and previous estimate of financial investments is recognized as other income or expenses. Therefore, increment of investments market cost is recorded in the debit of the account “Financial investments” and in the credit of the account “Other income and expenses”, and its reduction – in the debit of the account “Other income and expenses” and in the credit of the account “Financial investments”.

If the current market cost is not determined as of the reporting date for an entity of financial investments that has previously been estimated at the current market cost, such an entity of financial investments is recorded in the reports by cost of its last estimate.

168. Financial investments with undeterminable current market cost are recorded in accounting at their initial cost. Annually as of the end of the reporting year the Company determines estimated cost of financial investments into chartered capital to determine stable reduction of financial investments. Estimated cost of a unit of financial investments (securities) is determined as ratio of the Issuer’s net assets cost to quantity of the Issuer’s securities.

169. When assets accepted for accounting as financial investments with determinable current market cost are disposed, their cost is determined according to the latest estimate.

When financial investments with undeterminable current market cost are disposed, their cost is determined in the following manner:

- investments into chartered capitals of other companies (excluding shares of joint-stock companies), loans granted to other companies, deposits in credit organizations, accounts receivable acquired on the grounds of assignment, are estimated at the initial cost of each disposed unit of financial investments;
- securities (shares and bonds) are estimated when disposed at the average initial cost, which is determined for each type of securities;
- purchased bills are estimated when disposed (payment for completed works, (goods, works, services)) at the prime cost of a unit;
- other financial investments – at the initial prime cost of each disposed unit.

170. Income of financial investments is recognized as other receipts (other income) as of the end of the reporting period.

171. Expenses related to granting loans to other companies, to servicing financial

investments, payment of bank and (or) depository services for storage of financial investments, provision of a statement of a depository account, etc.) are recognized as other expenses.

172. Own capital includes the following:

- chartered capital;
- reserve capital;
- additional capital;
- net (unappropriated) profit;
- other reserves.

173. The Company does not reduce amount of chartered capital recorded in its reports by value of unpaid capital: chartered capital and actual debts of charter members of investments into chartered capital are registered in accounting records separately.

174. All changes in chartered capital value (including forwarding additional capital funds to increase chartered capital) are recorded in the Company reports only after making appropriate changes into its constituent documents.

175. Reserve capital is formed by the Company from its profit on the basis of constituent documents and the decision of charter members (shareholders) of the Company. Reserve capital is intended to cover potential losses, and also to redeem shares of the Company in case other funds are unavailable.

176. Additional capital of companies consists of its property cost increment from its re-estimation and from share premium.

Additional capital is expensed separately. Amounts of property cost increment from re-estimation are used to mark down those entities of property, which have previously been exposed to write up, and only within the limits of amounts accrued for each separate inventory entity. At the moment an entity is written off accounting (on any grounds), amounts of its accumulated write-up are written off to the account of unappropriated profit. Share premium is used by decision of a meeting of shareholders (at the end of the year) as source of coverage of potential losses from the Company activity.

177. Unappropriated profit is spent by the Company for the following purposes:

- markdown of non-current assets over amounts of additional capital (accumulated for this inventory entity of write-up);
- purposes determined by the company charter members (shareholders), including payment of dividends, financial support of production development and other similar measures to acquire (create) new property, etc.

178. The Company recognizes payables those payables as *obligations*, which are the consequence of certain actions or inactions in respect of another party (a creditor)

and is related to a requirement to transfer monetary funds, property, to perform works or services, to do other actions for the benefit of this party (a creditor), which occurs as a result of an agreement, law or other legal norm, and also business practices.

Obligations are divided into the following:

- payables to suppliers of goods, works, services;
- payables to budget and off-budget funds;
- payables of wages to employees;
- payables of received advances to customers;
- payables of received borrowed funds (credits and loans);
- other payables.

179. Accounts payable to suppliers of goods, works, services, is recorded in amount of invoices accepted for payment and value of accrued obligations according to settlement documents.

180. Accounts payable of uninvoiced supplies is recorded in amount of received inventories determined on the basis of price and terms specified in agreements.

181. The Company recognizes payables of borrowed funds (loans and credits) as a separate type of obligations recorded in individual accounts.

Payables of credits and loans are divided into the following:

- short-term and long-term:
  - short-term payables are payables of received loans and credits with pay-off time of not more than 12 months according to agreement terms;
  - long-term payables are payables of received loans and credits with pay-off time of more than 12 months according to agreement terms.

182. The Company records available borrowed funds with pay-off time of more than 12 months according to a loan or credit agreement until expiration of specified time as long-term payables.

183. Payables of received loans and credits are estimated with account interest due as of the end of the reporting period according to agreement terms.

184. Expenses related to receipt and use of loans and credits (interest on received loans and credits, interest, discount on bills and bonds, additional costs of loans and credits, and also currency exchange differences referred to interest due on loans and credits), are recognized as other expenses of appropriate reporting period. An exception of this rule is expenses of loans and credits, which are subject to inclusion into cost of

investment assets or into cost of other property.

185. Expenses of loans and credits attracted to acquire entities of fixed assets and intangible assets, which may not be recognized as investment assets, are generally recorded as other expenses.

186. Additional expenses of loans and credits are as follows:

- Amounts paid for information and consultancy services.
- Amounts paid for expertise of a loan agreement (a credit agreement).
- Other expenses directly related to obtaining loans (credits).

In case additional expenses included into costs related to obtaining loans and credits are not referred to increase of an investment asset cost, then these additional expenses are included into other expenses in the reporting period, when they were made (without preliminary accounting as accounts receivable and even write-off to other expenses within the time of loan obligations pay-off).

187. When a bill (bonds) is issued to obtain a loan in monetary funds, the amount of interest or discount due to a bill holder is included into other expenses. Other expenses are recognized at the moment of their accrual. The amount of interest due is accrued for the expired month on the last working day of each month.

These expenses are not considered as future expenses.

188. Other expenses of discounts and interest on bills are accepted at the moment of their accrual. The Company does not consider these expenses as future expenses, the amount of discount due is included into other expenses at the moment the bill is handed over to the remittee (to the first bill holder), the amount of interest due is accrued for the expired month on the last working day of each month.

189. Information on calculation of profit tax is formed and disclosed in accounting records in compliance with accounting rules PBU 18/02 “Accounting of profit tax calculation”. Value of current profit tax is determined on the basis of data formed in accounting records. At the same time value of current profit tax must comply with amount of accrued profit tax recorded in a profit tax declaration.

Difference between accounting profit (loss) and taxable profit (loss) of the reporting period generated as a result of using different rules of income and expenses recognition, which are established in regulatory documents on accounting and the

Russian Federation legislation on taxes and levies, consists of permanent and temporary differences.

190. A permanent difference (PD) – income and expenses that form accounting profit (loss) of the reporting period and are excluded from calculation of tax base of both reporting and subsequent period. PD result in formation of a permanent tax liability (PTL), which is defined as product of a permanent difference occurred in the reporting period and profit tax rate.

For purposes of accounting and tax profit formation the following permanent differences are accepted:

- expenses for payment of labor made above expenses regulated by the article 255 of the Russian Federation Tax Code, and expenses, which are not accounted for the purpose of taxation in accordance with the article 270 of the Russian Federation Tax Code;
- expenses for voluntary insurance made above expenses regulated by the article 255 and article 263 of the Russian Federation Tax Code;
- expenses for non-governmental pension scheme made above expenses regulated by the article 255 of the Russian Federation Tax Code;
- interest on liabilities paid above interest recognized for the purpose of taxation (the article 269 of the Russian Federation Tax Code).

Limit value of interest recognized as expense is accepted as equal to the refinancing rate of the Central Bank of the Russian Federation increased 1.1 times when liabilities are in rubles and equal to 15 percent – for liabilities in foreign currency:

- expenses related to free handover of property (goods, works, services) in amount of property cost and expenses related to their transfer (clause 16 of the article 270 of the Russian Federation Tax Code);
- hospitality expenses made above expenses regulated by the article 264 of the Russian Federation Tax Code;
- advertising expenses made above expenses regulated by the article 264 of the Russian Federation Tax Code. Application of different procedure for acceptance of income from property received free of charge for the purposes of accounting and taxation (clause 4, sub-clause 1 of the article 271 of the Russian Federation Tax Code);
- profit (loss), related to occurrence of difference between estimate cost of property as it is included into chartered capital of other company and cost of this

property recorded in the balance of contributing party (clause 1 of the article 277 of the Russian Federation Tax Code);

- income in the form of amounts of accounts payable to budgets of various levels, which are written off or reduced in compliance with the Russian Federation legislation (clause 1, sub-clause 21 of the article 251 of the Russian Federation Tax Code);
- other expenses related to production and sale, and other expensed made above norms regulated by the chapter 25 of the Russian Federation Tax Code.

Information for record of permanent differences in accounting is generated on the basis of source documents and tax ledgers.

191. Temporary differences (TD) – income and expenses that generate accounting profit (loss) in one accounting period, and profit tax base – in other tax period or periods.

Temporary differences are divided into the following depending on nature of their effect at taxable profit:

- deductible temporary differences (DTD);
- taxable temporary differences (TTD).

192. Deductible temporary differences (DTD) result in formation of a deferred profit tax (a deferred tax asset – DTA), which should reduce the amount of profit tax to be paid to the budget in the following reporting periods.

In order to generate accounting and tax profit, the following deductible temporary differences are accepted:

- application of different rules for acceptance of fixed assets depreciation cost for accounting and taxation purposes in case of fixed assets sale (clause 3 of the article 268 of the Russian Federation Tax Code);
- excessive paid profit tax, amount of which is not refunded, but is accepted for offset as taxable profit is generated in reporting period that follows the reporting period or subsequent reporting periods;
- loss, which is transferred to the future and unused to reduce profit tax in the reporting period, but which will be accepted for taxation purposes in the subsequent reporting periods;
- other similar differences.

Information for recording deductible temporary differences in accounting is formed on the basis of source documents and tax ledgers.

193. Taxable temporary differences (TTD) result in formation of a deferred profit tax (a deferred tax liability – DTL), which should increase the amount of profit

tax to be paid to the budget in the following reporting periods.

In order to generate accounting and tax profit, the following deductible temporary differences are accepted:

- difference formed as fixed assets cost is generated for the purposes of accounting and tax bookkeeping (currency exchange differences, registration of property and other expenses, which are not accounted in generation of depreciated property cost for taxation purposes);
- application of different procedures of expenses acceptance in accounting and tax bookkeeping for overalls, service life of which exceeds 12 months according to allowance norms.

Information to record deductible temporary differences in accounting is generated on the basis of source documents and tax ledgers.

DTA and DTL are recorded in accounting in a detailed manner.

194. The reporting segment is represented by the Company branches: branch of IDGC of Volga, JSC – Saratov Distribution Grids, Samara Distribution Grids branch, Ulyanovsk Distribution Grids branch, Orenburgenergo branch, Penzaenergo branch, Chuvashenergo branch, Mordovenergo branch.

195. Expenses for research, development and technological works are subject to write-off as expenses of ordinary activities since the first day of the month following the month, when actual application of results gained from implementation of specified works in manufacturing of goods (performance of works, rendering services) or in the company management needs started. The amount of expenses for each separate piece of work is accepted as an accounting unit and is treated as an inventory entity.

196. Expenses for each completed research, development, technological work are written off using straight-line method.

197. Time to write off expenses of research, development and technological works is established by a specially created committee on the basis of the expected useful life of produced results of research, development and technological works, within which it is anticipated to gain profit (income), but for not more than 3 years.

198. The account 97 “Future expenses” is kept for the following purposes:

- development of new production facilities;
- expenses to purchase licenses;
- expenses to purchase computer software, title of which is not transferred to IDGC of Volga, JSC;

- expenses to pay for future vacations;
- expenses for obligatory and voluntary insurance;
- quality certificates;
- expenses for inspection control;
- expenses related to long-term disposal of an asset;
- ice deposit charts.

Above specified expenses (excluding expenses related to long-term disposal of assets) are written off as expenses evenly within the time of their referral; expenses related to long-term disposal of assets are written off as an asset is disposed.

199. Expenses to subscribe to periodicals are recorded before periodicals are received as advances.

200. Reserves for vacations and remuneration by yearly results are not created. Expenses for vacations and remuneration by yearly results are recorded in accounting as actual accruals in the accrual period.

201. An event after the reporting date is a business event that affected or may affect financial status, cash flow or results of the company activity and that occurred between the reporting date and date of signing accounting reports of the reporting year. The event after the balance sheet date is announcement of annual dividends in accordance with the specified procedure following the results of the reporting year. Consequences of events after the balance sheet date are disclosed in the explanatory note to accounting records.

202. The Company records events after the balance sheet date, which affected or could affect financial status, cash flow or result of the company activity and which occurred in the period between the reporting date and date of reporting year accounting records signing.

203. Event after the balance sheet date is recorded in accounting records through clarification of data on appropriate assets, obligations, capital, income and expenses of the Company with disclosure of appropriate information in the explanatory note.

204. To estimate consequences of post-reporting date event in terms of money, a calculation is made with documentary confirmation. The calculation is made by the function, to which such an event is related in compliance with performed activities.

205. Information on associate parties and transactions with associate parties is disclosed in the explanatory note to the annual report. Information is provided by the non-finance capital department in writing for making the explanatory note not later than on 20 February of the year that follows the reporting year.

Associate parties include the following:

1. Affiliate parties;
2. Top management personnel: General Director, First Deputy General Director, Deputy General Director on Technical Issues – Chief Engineer, Deputy General Director on Economy and Finance, Deputy General Director on Corporate Governance, Deputy General Director on Capital Construction, Deputy General Director on Development and Sales of Services, Deputy General Director – Branch Director;
3. Research and Production Companies (NPF);
4. Controlled legal entities.

206. A criterion of substantiality: more than 5% of property (obligations) cost of appropriate balance sheet line; more than 5% of appropriate line of form No. 2.

207. Accounting records include contingencies, consequences of which and chances of their occurrence in the future are not determinable.

208. Contingency factors include the following:

- legal proceedings, which are in progress as of the reporting date;
- disagreements on payments to the budget with tax authorities, which are not settled as of the reporting date;
- guarantees and other types of obligation securities issued to external parties with pending deadlines;
- discounted bills with pending deadlines;
- other similar factors.

209. Contingent losses are recorded by accrual of future expenses reserve on a quarterly basis.

210. Loss (profit) is calculated in compliance with recommendations specified in Accounting Regulations “Contingencies” (PBU8/01). Calculation is made by the department, to which a contingency is referred in compliance with performed functions.

211. A substantial is an error, correction of which changes accounting index (in the period of an error) by more than 5%: for indices that affect generation of data according to form No. 1 “Balance sheet” – 5% of the balance currency; for indices that affect formation of income data according to form No. 2 “Profit and loss statement” – 5% of index “Proceeds (net) from sale of goods, works, services”, for expenses according to form No. 2 “Profit and loss statement” – 5% of index “Prime cost of sold goods, works, services”.

## **7.5. Information on the Total Amount of Exports and the Portion of Exports in the Total Amount of Sales**

Not specified in this reporting quarter

## **7.6. Information on the value of fixed property of the Issuer and substantial changes to the structure of the fixed property of the Issuer after the end date of the last closed financial year**

Total value of fixed property as of end date of reporting quarter, rub.: **25,357,854,664**

Amount of depreciation as of the end date of reporting quarter, rub.: **7,246,853,247**

Information on substantial changes to the structure of the fixed property of the Issuer that occurred during 12 months from the end date of reporting quarter.

***There were no substantial changes to the structure of the fixed property that occurred during 12 months from the end date of reporting quarter.***

Information on purchases or disposal for any reason of any other assets of the Issuer if the book value of such assets exceeds 5 percent of the total book value of the Issuer's assets as well as information on any other substantial changes to the structure of other assets of the Issuer that occurred after the end date of the last closed financial year prior to the end date of reporting quarter: ***mentioned changes did not occur.***

## **7.7. Information on the Issuer's involvement in lawsuits which could substantially affect financial and business activities of the Issuer**

***The Issuer was not involved/is not being involved in lawsuits which affected/could affect financial and business activities for the past three years prior to the end date of reporting quarter.***

## **VIII. Additional information on the Issuer and issuable securities placed by the Issuer**

### **8.1. Additional Information on the Issuer**

#### **8.1.1. Information on the amount and structure of authorized (share) capital (mutual fund) of the Issuer**

The amount of authorized (share) capital (mutual fund) of the Issuer as of the end date of reporting quarter, rub.: **17,857,780,114.60**

Ordinary shares

Total par value: **17,857,780,114.60**

Portion in authorized capital, %: **100**

Preferred shares

Total par value: **0**

Portion in authorized capital, %: **0**

#### **8.1.2. Information on changes in the amount of authorized (share) capital (mutual fund) of the Issuer**

Information on changes in the amount of authorized (share) capital (mutual fund) of the Issuer for the most recent 5 closed financial years preceding the end date of reporting quarter as well as in the reporting quarter.

Date of change in the amount of authorized capital: **May 08, 2008**

Amount of authorized capital before the change (rub.): **10,000,000**

Structure of authorized capital before the change

Ordinary shares

Total par value: **10,000,000**

Portion in authorized capital, %: **100**

Preferred shares

Total par value: **0**

Portion in authorized capital, %: **0**

Amount of authorized capital after the change (rub.): **17,857,780,114.60**

The Issuer's Management Body which passed the resolution on making changes to the amount of authorized (share) capital (mutual fund) of the Issuer: ***Management Board of OAO RAO "UES of Russia" discharging the duties of the Extraordinary General Shareholders' Meeting of IDGC of Volga, JSC.***

Minutes date of the meeting of the Issuer's Management Body at which the resolution on changing the amount of authorized (share) capital (mutual fund) of the Issuer was passed: ***December 25, 2007***

Minutes number: ***1795pr/8.***

### **8.1.3. Information on Accumulation and Use of Reserve Fund and Other Funds of the Issuer**

For the reporting quarter

Information on accumulation and use of reserve fund as well as other funds of the Issuer generated from net income.

Name: ***Reserve Fund***

Amount of fund provided by constituent documents: ***amount of the Reserve Fund - 5 (five) percent of the authorized capital of the Issuer.***

Monetary amount of the fund as of the end date of reporting period, rub.: ***239,114,401.39***

Percentage of the fund in the authorized (share) capital (mutual fund): ***1.3***

Amount of contributions to the fund during the reporting period: ***0***

Amount of fund used during the reporting period: ***0***

Intended use of funds: ***reserve funds were not used in the reporting quarter.***

### **8.1.4. Information on the procedure for convening and holding the meeting (session) of the Top Management Body of the Issuer**

Top Management Body of the Issuer: ***According to the paragraph 10.1 of the Article 10 of the Articles of Association of IDGC of Volga, JSC, Top Management Body of the Issuer is represented by the General Shareholders' Meeting.***

Procedure for notification of shareholders (stockholders) on holding the meeting (session) of the Top Management Body of the Issuer:

According to the paragraph 11.5 of the Article 11 and the paragraph 12.4 of the Article 12 of the Articles of Association of the Issuer, the notification on holding the General Shareholders' Meeting shall be published by the Company in the Rossiiskaya Gazeta as well as on the Company's website not later than 30 (thirty) days prior to the meeting held in the form of attendance by the shareholders, or not later than 30 (thirty) days prior to the end date for casting ballots if the General Shareholders' Meeting is held by absentee voting.

Persons (bodies) who have the right to convene (demand convening) an extraordinary meeting (session) of the Top Management Body of the Issuer and the procedure for forwarding (issuing) such demands:

Pursuant to the paragraph 14.2 of the Article 14 of the Articles of Association of the Issuer, the Board of Directors of the Company at its own initiative, the Auditing Commission of the Company, the Auditor of the Company and a shareholder (stakeholder) who holds no less than 10 (ten) percent of voting shares of the Company as of the date of issuing the demand are entitled to convene (demand convening) an Extraordinary General Shareholders' Meeting. According to the paragraph 14.4 of the Article 14 of the Articles of Association of the Issuer, the demand for convening the Extraordinary General Shareholders' Meeting of the Company shall contain articulated matters to be included on the agenda of the meeting. Person (persons) demanding the convening of the Extraordinary General Shareholders' Meeting of the Company is entitled to submit a proposal for decision by the General Shareholders' Meeting and a suggestion on the form of holding of the General Shareholders' Meeting. The demand for convening the Extraordinary General Shareholders' Meeting containing the suggestion on nominating candidates shall provide name and the data from the identity document (series and (or) number of the document, date and place of issue and the name of issuing body) of each nominated

candidate and the name of a body for which the candidate is nominated. According to the paragraph 14.5 of the Article 14 of the Articles of Association of the Issuer, if the demand for convening the Extraordinary General Shareholders' Meeting of the Company is initiated by shareholder (shareholders), such demand shall contain the name (institutional name) of shareholder (shareholders) demanding the convention of the meeting stating the number, category (type) of the Company's shares held by these shareholders. The demand for convening the Extraordinary General Shareholders' Meeting of the Company shall be signed by the person (persons) demanding the convention of the Extraordinary General Shareholders' Meeting of the Company.

Procedure for setting the date of meeting (session) of the Top Management Body of the Issuer:

According to the paragraph 11.1 of the Article 11 of the Articles of Association of the Issuer, the Annual General Shareholders' Meeting of the Company shall be held within the period of not earlier than two months prior to and not later than six months after the end of financial year. According to the paragraph 14.3 of the Article 14 of the Articles of Association of the Issuer, the convention of the Extraordinary General Shareholders' Meeting upon the demand of the Auditing Commission of the Company, the Auditor of the Company or shareholder (shareholders) who holds no less than 10 (ten) percent of voting shares of the Company shall be made by the Board of Directors of the Company. Such General Shareholders' Meeting shall be held within 40 (forty) days from the date of demand for convening the Extraordinary General Shareholders' Meeting, excluding the case when the agenda of the Extraordinary General Shareholders' Meeting contains a matter on election of the members of the Board of Directors of the Company. If the agenda of the Extraordinary General Shareholders' Meeting contains a matter on election of the members of the Board of Directors of the Company, the General Shareholders' Meeting shall be held within 90 (ninety) days from the date of issuing the demand for convening the Extraordinary General Shareholders' Meeting of the Company.

Persons who have the right to put forward suggestions for the agenda of the meeting (session) of the Top Management Body of the Issuer and the procedure for putting forward such suggestions:

According to the paragraph 13.1 of the Article 13 of the Articles of Association of the Issuer, shareholder (shareholders) of the Company who holds a total of at least 2 (two) percent of voting shares of the Company is entitled to put forward suggestions for the agenda of the Annual General Shareholders' Meeting and to nominate candidates for the positions in the Board of Directors and the Auditing Commission of the Company in the number not exceeding the number of members of the bodies in question within the period of not later than 60 (sixty) days from the end date of financial year. According to the paragraph 13.2 of the Article 13 of the Articles of Association of the Issuer, the suggestion on putting forward matters for the agenda of General Shareholders' Meeting and suggestions on nomination of candidates shall be presented in writing stating the name (institutional name) of shareholders (shareholder) initiating such suggestions, the amount and category (type) of shares owned by them and shall be signed by shareholders (shareholder). According to the paragraph 13.3 of the Article 13 of the Articles of Association of the Issuer, the suggestion on putting forward matters for the agenda of General Shareholders' Meeting shall contain the written statement of each suggested matter and the suggestion on nominating candidates shall provide a name and the data from the identity document (series and (or) number of the document, date and place of issue and the name of issuing body) of each nominated candidate and the name of a body for which the candidate is nominated.

Persons who are entitled to access the information (materials) provided for the arrangement and holding the meeting (session) of the Top Management Body of the Issuer and the procedure for accessing such information (materials):

According to the paragraph 11.7 of the Article 11 of the Articles of Association of the Issuer, the information (materials) on matters of the agenda of the General Shareholders' Meeting shall be made available to the persons entitled to participate in the General Shareholders' Meeting at the office of Executive Body of the Company or other places at addresses stated in the notice on holding the

General Shareholders' Meeting within the period of 20 (twenty) days, or, in case of holding the General Shareholders' Meeting to discuss the matter on reorganization of the Company, within 30 (thirty) days prior to the holding of the General Shareholders' Meeting. Mentioned information (materials) shall be available to persons participating in the General Shareholders' Meeting during the holding of the Meeting. The procedure for providing information (materials) on the matters of agenda of the General Shareholders' Meeting to the persons entitled to participate in the General Shareholders' Meeting and the scope of such information (materials) are determined by the decision of the Board of Directors of the Company.

Procedure for announcement (communication to shareholders (stockholders) of the Issuer) of resolution passed by the Top Management Body of the Issuer and voting results:

According to the paragraph 11.13 of the Article 11 of the Articles of Association of the Issuer, voting results and resolutions passed by the General Shareholders' Meeting of the Company can be announced at the General Shareholders' Meeting of the Company.

If voting results and resolutions passed by the General Shareholders' Meeting of the Company has not been announced at the General Shareholders' Meeting of the Company, the resolutions passed by the General Shareholders' Meeting of the Company and voting results in the form of voting results report (resolutions passed by the General Shareholders' Meeting held by absentee voting as well as voting results in the form of voting results report) shall be communicated to the persons entitled to participate in the General Shareholders' Meeting via publication in the Rossiiskaya Gazeta and on the Company's website not later than 10 (ten) days from the minutes on voting results.

#### **8.1.5. Information on commercial organizations in which the Issuer owns not less than 5 percent of the authorized (share) capital (mutual fund) or not less than 5 percent of ordinary shares**

List of commercial organizations in which the Issuer owns not less than 5 percent of the authorized (share) capital (mutual fund) or not less than 5 percent of ordinary shares as of the end date of the last reporting quarter.

1. Full business name: ***"Social Sphere-M", Joint-Stock Company***

Abbreviated business name: ***Social Sphere-M, JSC***

Address: ***50, Lenina Avenue, Saransk, 430003, Republic of Mordovia, Russia***

INN (Taxpayer Identification Number): ***1326185581***

OGRN (Primary State Registration Number): ***1021300973033***

Share of the Issuer in the authorized capital of the company, %: ***100***

Amount of company's ordinary shares held by the Issuer, %: ***100***

The company's share in the authorized capital of the Issuer, %: ***0***

The company's portion of ordinary shares of the Issuer, %: ***0***

2. Full business name: ***"Chuvash Auto Transport Company", Joint-Stock Company***

Abbreviated business name: ***ChAK, JSC***

Address: ***21, Promyshlennaya Str., Novocheboksarsk, 429954, Chuvash Republic, Russia***

INN (Taxpayer Identification Number): ***2124021783***

OGRN (Primary State Registration Number): ***1042124002117***

Share of the Issuer in the authorized capital of the company, %: ***99.99***

Amount of company's ordinary shares held by the Issuer, %: ***99.99***

The company's share in the authorized capital of the Issuer, %: ***0***

The company's portion of ordinary shares of the Issuer, %: ***0***

3. Full business name: ***"Solnechniy" Sanatorium-Preventorium", Joint-Stock Company***

Abbreviated business name: ***"Solnechniy" Sanatorium-Preventorium", JSC***

Address: ***58 Turbinnaya Street, Orenburg, 460023, Russia***

INN (Taxpayer Identification Number): ***5611031844***

OGRN (Primary State Registration Number): **1045607457345**  
 Share of the Issuer in the authorized capital of the company, %: **99.99**  
 Amount of company's ordinary shares held by the Issuer, %: **99.99**  
 The company's share in the authorized capital of the Issuer, %: **0**  
 The company's portion of ordinary shares of the Issuer, %: **0**

4. Full business name: **"Energoservice of Volga", Joint-Stock Company**  
 Abbreviated business name: **" Energoservice of Volga ", JSC**  
 Address: **42/44 Pervomayskaya St., Saratov, 410031, Russia**  
 INN (Taxpayer Identification Number): **6450945684**  
 OGRN (Primary State Registration Number): **1116450000061**  
 Share of the Issuer in the authorized capital of the company, %: **100**  
 Amount of company's ordinary shares held by the Issuer, %: **100**  
 The company's share in the authorized capital of the Issuer, %: **0**  
 The company's portion of ordinary shares of the Issuer, %: **0**

#### **8.1.6. Information on major transactions made by the Issuer**

For the reporting quarter

***There were no major transactions within the reporting quarter.***

#### **8.1.7. Information on credit ratings of the Issuer**

***The Issuer was not assigned any credit rating.***

#### **8.2. Information on each category (type) of shares of the Issuer**

Category of shares: **ordinary**

Par value of each share (rub.): **0.1**

Number of outstanding shares (number of shares which are not redeemed or cancelled):  
**178,577,801,146**

Number of additional shares which are in the process of placement (number of shares from additional issue in relation to which the placement report has not received state registration): **0**

Number of authorized shares: **37,398,854**

Number of balance sheet shares: **0**

Number of additional shares which can be placed due to conversion of previously placed securities convertible to shares or due to meeting liabilities for options of the Issuer: **0**

Issues of this category (type) of shares:

State registration date	Registration number
October 10, 2007	1-01-04247-E
March 20, 2008	1-01-04247-E-001D
March 20, 2008	1-01-04247-E-002D
March 20, 2008	1-01-04247-E-003D
March 20, 2008	1-01-04247-E-004D
March 20, 2008	1-01-04247-E-005D
March 20, 2008	1-01-04247-E-006D
March 20, 2008	1-01-04247-E-007D

Rights conferred by shares to their owners:

Rights conferred by shares to their owners are specified in the paragraph 6.2 of the Article 6 of the Articles of Association of the Issuer, namely:

Each registered ordinary share of the Company grants a shareholder – its owner – the equal scope of rights.

Shareholders-owners of registered ordinary shares of the Company are entitled to:

- 1) participate in the General Shareholders' Meeting of the Company personally or by proxy and vote on all matters assigned to the responsibility of the Meeting;
- 2) put forward suggestions for the agenda of the General Shareholders' Meeting in the procedure provided by laws of the Russian Federation and the present Articles of Association;
- 3) receive information on the Company's activities and access documents of the Company in accordance with the Article 91 of the Federal Law "On Joint-Stock Companies", other bylaws and the present Articles of Association;
- 4) receive dividends announced by the Company;
- 5) pre-emptive purchase of shares and issuable securities convertible to shares placed through subscription in the amount equal to the number of ordinary shares owned in cases provided by laws of the Russian Federation;
- 6) receive the portion of the Company's assets in case of the liquidation of the Company;
- 7) exercise other rights provided by the laws of the Russian Federation and the present Articles of Association.

Other information on shares specified by the Issuer at its own discretion:

As of July 31, 2008, the Federal Securities Commission made the Decision on Cancelling Identification Numbers (codes):

- 001D state registration number 1-01-04247-E-001D of March 20, 2008,
- 002D state registration number 1-01-04247-E-002D of March 20, 2008,
- 003D state registration number 1-01-04247-E-003D of March 20, 2008,
- 004D state registration number 1-01-04247-E-004D of March 20, 2008,
- 005D state registration number 1-01-04247-E-005D of March 20, 2008,
- 006D state registration number 1-01-04247-E-006D of March 20, 2008,
- 007D state registration number 1-01-04247-E-007D of March 20, 2008, assigned to additional issues of uncertified registered ordinary shares of "Interregional Distribution Grid Company of Volga", Joint-Stock Company (notification on cancelling No. 8-EK-03/17047 of August 12, 2008). This Decision was made due to the expiry of the three month period from the date of state registration of the reports on the placement of uncertified registered ordinary shares of IDGC of Volga, JSC.

### **8.3. Information on previous issues of securities of the Issuer other than shares of the Issuer**

#### **8.3.1. Information on the issues with fully redeemed securities (cancelled)**

*There are no mentioned issues.*

#### **8.3.2. Information on the issues with currently outstanding securities**

*There are no mentioned issues.*

#### **8.3.3. Information on defaulted issues of securities**

*There are no mentioned issues.*

### **8.4. Information on person (persons) who pledged collateral for issued bonds**

*The Issuer has not placed asset-backed bonds that have not yet been collateralized.*

### **8.5. Conditions of ensuring the fulfillment of obligations for issued bonds**

*The Issuer has not backed its bonds with outstanding (unredeemed) assets or defaulted assets.*

#### **8.5.1. Conditions of ensuring the fulfillment of obligations for mortgage-backed bonds**

*The Issuer has not placed mortgage backed bonds that have not yet been collateralized.*

## **8.6. Information on organizations that maintain records of rights for issuable securities of the Issuer**

Person who is responsible for maintaining the register of registered securities of the Issuer:

### **Registrar.**

Registrar details

Full business name: *"Reestr-RN", Limited Liability Company*

Abbreviated business name: *Reestr-RN, LLC*

Address: *bld. 3-4, 2/6, Podkopaevskiy per., Moscow, 109028*

INN (Taxpayer Identification Number): *7705397301*

OGRN (Primary State Registration Number): *1027700172818*

License for maintaining the register of issuable securities:

Number: *10-000-1-00330*

Date of issue: *December 16, 2004*

Expiry date: *open ended*

License Issuing Body: *Federal Securities Commission*

Date from which the registrar maintains the register of owners of the Issuer's securities:

*December 18, 2010*

## **8.7. Information on statutes regulating imports and exports of capital which may affect payment of dividends, interests and other payments to non-residents**

List of regulations on dividends including those governing payments to non-residents:

1. Civil Code of the Russian Federation (Part I) of November 30, 1994 No. 51-FZ;
2. Tax Code of the Russian Federation, Part I of July 31, 1998 No. 146-FZ (with subsequent amendments and additions);
3. Tax Code of the Russian Federation, Part II of August 05, 2000 No. 117-FZ (with subsequent amendments and additions);
4. Customs Code of the Russian Federation of May 28, 2003 No. 61-FZ (with subsequent amendments and additions);
5. Federal Law "On Securities Market" of April 22, 1996 No. 39-FZ (with subsequent amendments and additions);
6. Federal Law "On the Protection of the Rights and Legitimate Interests of Investors on the Securities Market" of March 05, 1999 No. 46-FZ (with subsequent amendments and additions);
7. Federal Law "On Foreign Investments in the Russian Federation" of June 09, 1999 No. 160-FZ (with subsequent amendments and additions);
8. Federal Law "On Investment Activity in the Russian Federation Realized in the Form of Foreign Capital Investments" of February 25, 1999 No. 39-FZ (with subsequent amendments and additions);
9. Federal Law "On Prevention of Legalization (Laundering) of Illegally Received Income and Terrorist Financing" of August 07, 2001 No. 115-FZ (with subsequent amendments and additions);
10. Federal Law "On the Legal Status of Foreign Citizens in the Russian Federation" of July 25, 2002 No. 115-FZ (with subsequent amendments and additions);
11. Federal Law "On Insolvency (Bankruptcy)" of October 26, 2002 No. 127-FZ (with subsequent amendments and additions);
12. Federal Law "On Currency Regulation and Currency Control" of December 10, 2003 No. 173-FZ (with subsequent amendments and additions);
13. Federal Law "On Central Bank of the Russian Federation (Bank of Russia)" of July 10, 2002 No. 86-FZ (with subsequent amendments and additions);
14. International Treaties of the Russian Federation on Avoiding Double Taxation.

## **8.8. Description of the Procedure for the Taxation of Income from Placed and to be Placed issuable securities of the Issuer**

Taxation of income from placed and to be placed issuable securities of the Issuer is regulated by

the Tax Code of the Russian Federation (hereinafter referred to as TC) and other regulations of the Russian Federation adopted in compliance with the Tax Code of the Russian Federation.

**TAX RATES**

Type of Income	Legal entities		Individuals	
	Residents	Non-residents	Residents	Non-residents
Income from sale of securities	20% (out of which: Federal budget: -2%; budget of constituent entity: -18%)	20%	13%	30%
Income from dividends	9%	15%	9%	15%

**PROCEDURE FOR TAXATION FOR INDIVIDUALS**

When calculating the tax base for income from transactions with securities, the tax base includes income received from the following transactions:

- 1) with securities traded in the organized stock market;
- 2) with securities not traded in the organized stock market;

The securities traded in the organized stock market include:

- 1) securities accepted for trades of Russian stock market trading organizer, including the stock exchange;
- 2) investment units of Unit Investment Trusts managed by the managing companies;
- 3) securities of foreign issuers accepted for trading in foreign stock exchanges;

The securities traded in the organized stock market include the securities with calculated market quotation.

The "Security market quotation" means:

- 1) volume-weighted average price of a security traded in the transactions during one trading day;
- 2) closing price of a security calculated by the foreign stock exchange based on transactions made during one trading day through the stock exchange.

Securities shall be deemed realized (purchased) in the event of termination of taxpayer's obligations to transfer (accept) the relevant securities as set-off counter claims of the same kind, including without limitation when exercising clearing in accordance with the law of the Russian Federation.

The claims with respect to assignment of the rights of the equal volume attached to securities of the same issuer, of the same type, same category (type) or securities of the same mutual investment fund (for investment units in the investment mutual funds) shall be deemed claims of the same kind.

In this case the set-off of the counter claims of the same kind shall, in accordance with the law of the Russian Federation, shall be confirmed by documents on termination of an obligation to transfer (accept) securities, including without limitation clearing organization's reports, reports of persons performing brokerage activities, or managers, which provide a taxpayer with the clearing, brokerage services or perform trust management in favor of a taxpayer in accordance with the law of the Russian Federation.

An income from purchase and sale of securities earned in the tax period shall be deemed incomes from transactions with securities.

An income in the form of interest (coupons, a discount) earned from securities in the tax period shall be included in income from the transactions with securities unless otherwise provided in Article 214.1 of the RF TC.

An income from transactions with the securities both traded and not traded in the organized stock market shall be included in the beneficiary income from transactions with securities both traded and not traded in the organized stock market.

Costs related to securities purchase, realization, holding or redemption, documented and actually incurred by a taxpayer shall be deemed costs of transactions with the securities.

Mentioned costs include:

1) amounts paid to the securities issuer (managing company of the mutual investment fund) in payment for placed securities and amounts paid under the securities contract, including without limitation the coupon amounts;

2) amounts of the paid variable margin and (or) premiums under contracts, as well as other periodic or fixed payments provided for by terms of the term transaction financial instruments;

3) payment for services provided by securities market professionals, exchange intermediaries and clearing centers;

4) premium paid to the managing company of the mutual investment fund in the event of purchase of an investment unit in the investment mutual fund determined in accordance with the RF laws on investments funds.

5) discount paid to the managing company of the mutual investment fund in the event of redemption of an investment unit in the investment mutual fund determined in accordance with the RF laws on investments funds.

6) expenses subject to compensation to securities market professionals, the managing company which administers the property trust constituting the investment mutual fund;

7) exchange charge (commission);

8) payment for services to persons who are responsible for maintaining the register;

9) tax payable by a taxpayer in the course of the securities receipt by way of succession;

10) tax payable by a taxpayer in case of receipt of securities, investment units by way of gift in accordance with paragraph 18.1 of Article 217 of the Code;

11) interest amounts paid by a taxpayer under loans and borrowings obtained for transactions with securities (including interests under loans and borrowings for making margin transactions), within the amounts calculated based on the refinancing rate of the Central Bank of the Russian Federation effective as of the interest payment date increased in 1.1 times for loans and borrowings in rubles and based on 9 percent for loans and borrowing in foreign currency;

12) other expenses directly related to transactions with securities, as well as expenses related to services rendered by securities market professionals, managing companies, which administer the property trust constituting the investment mutual fund, within the framework of their professional activities.

A financial result in connection with the securities transactions shall be determined as an income from transactions after deduction of the relevant expenses.

In this case the expenses which may not be directly allocated to reduction of the income from transactions with securities both traded and not traded in the organized stock market or reduction of the relevant income type shall be allocated in proportion to a portion of each separate income type.

A financial result shall be determined for each separate transaction and for each population of transactions, i.e. for securities traded in the organized stock market and for securities not traded in the organized stock market.

A financial result is determined upon termination of a tax period. A negative financial result received in a specific tax period from specific transactions with securities reduces the financial result received in the tax period on an aggregate basis of the relevant transactions. In this case the negative financial results for transactions with securities traded in the organized stock market which diminish the financial result for operations with the securities traded in the organized stock market shall be determined subject to fluctuation limits of the securities market value.

A negative financial result obtained in a tax period for separate transactions with securities not traded in the organized stock market, which at the time of their purchase were securities traded in the organized stock market, may diminish the financial result obtained in a tax period for transactions with the securities traded in the organized stock market.

A negative financial result for each transactions population shall be deemed as loss. Losses from transactions with securities shall be recorded in accordance with the procedure provided for by

Article 214.1 and Article 220.1 of the Tax Code.

The tax base for each transactions population shall be determined separately.

Taxpayers who received losses from transactions with the securities traded in the organized stock market in the previous tax period are entitled to reduce their tax base for transactions with the securities traded in the organized stock market accordingly in the relevant tax period for the total amount of the obtained loss or for a part of this sum (carry forward mentioned losses).

In this case the tax base of the on-going tax period shall be determined subject to provisions stipulated in this Article and Article 220.1 of the Tax Code.

The losses from transactions with the securities traded in the organized stock market which were carried forward reduce the tax base for such transactions of the relevant tax periods.

Carrying forward losses from transactions with the securities not traded in the organized stock market is not allowed. A taxpayer is entitled to carry forward the losses within 10 years following the year than such losses were incurred.

A taxpayer is entitled to carry forward to the on-going tax period the losses incurred in the previous tax periods. In this case the loss carried forward to the nearest subsequent year may be fully or partially carried forward to the next year from the subsequent nine years subject to provisions of this paragraph.

Should losses be incurred by a taxpayer in more than one tax period such losses shall be carried forward in the order in which such losses were incurred.

A taxpayer shall keep the documents confirming the amount of the incurred losses within the entire period when such taxpayer reduces his/her tax base of the current tax period for the amounts of the previously incurred losses.

Losses shall be recorded in accordance with Article 220.1 of the Tax Code at the time of submission of a declaration to a tax authority at the end of a tax period.

Tax base for transactions with securities and transactions with forward contracts and futures is calculated at the end of tax period.

Calculation, deduction and payment of a tax amount are made by a tax agent at the end of tax period or prior to the end of tax period.

To determine the tax base the tax agent shall calculate the financial result in accordance with paragraph 12 of Article 214.1 of the Tax Code for the taxpayer who receives money or the revenue in kind as of the date of the income payment. In this case if the amount payable to the taxpayer does not exceed the calculated amount equal to the financial result from transactions where a trustee (broker, a person entering into transactions under trust deed, commission agent agreement, agency contract to the benefit of a taxpayer, other person recognized as tax agent in accordance with the Code) acts as a tax agent, the tax shall be payable from the amount of the payment.

In the event of the revenue payment in kind the payment amount is determined in the amount of the actually incurred and documented expenses for purchase of the securities transferred to the taxpayer.

Should the amount payable to a taxpayer exceed the calculated amount of the financial result from transactions where a trustee (broker, a person entering into transactions under trust deed, commission agent agreement, agency contract to the benefit of a taxpayer, other person recognized as tax agent in accordance with the Code) acts as a tax agent, the tax shall be paid from the total amount corresponding to the financial result from transactions calculated for such taxpayer where a trustee (broker, a person entering into transactions under trust deed, commission agent agreement, agency contract to the benefit of a taxpayer, other person recognized as tax agent in accordance with the Code) acts as a tax agent.

When income (revenue in kind) is paid to a taxpayer more than once during the tax period, the calculation of tax amount is made on an accrual basis deducting previously paid tax amounts.

Date of actual receiving of income:

- date of payment of income including transferring the income to the taxpayer's bank account or bank accounts of third parties by his order if income is received in monetary form;
- date of purchase of securities.

Should accrued tax cannot be deducted at source (fully or partially), the tax agent (broker, trustee in bankruptcy or other person acting under the trust agreement, commission agreement, agency agreement for the benefit of taxpayer or other person recognized as tax agent in accordance with the Code) shall notify the local tax authority on the impossibility to make the mentioned deduction and on the amount of accrued taxes of the taxpayer in writing within one month from the date of occurrence of this circumstance. In this case, the amount of tax shall be paid in accordance with the Article 228 of the Code.

Tax agents calculate, deduct and transfer the tax amount deducted from a taxpayer within one month from the end date of the tax period or from the money payment (securities transfer) date.

A taxpayer is eligible for deduction in the actually incurred and documented expenses in tax calculation and payment from the tax agent (broker, trustee, managing company, which administers the property trust constituting the investment mutual fund or from other person acting under the trust agreement, commission agreement, other agreement for the benefit of a taxpayer) or upon termination of the tax period when a declaration is submitted to a tax authority.

Pursuant to the Federal Law No. 281-FZ dated November 25, 2009, Article 214.4 “Special considerations relating to the determination of the tax base for securities lending operations” was added to the RF Tax Code with effect from January 01, 2010. Provisions of Article 214.4 of the Tax Code were not applicable to the Company in Q1, 2011 due to the absence of the above operations.

#### PROCEDURE FOR TAXATION FOR LEGAL ENTITIES

Type of tax: income tax

Income includes:

- income from sales of securities untraded in the organized stock market;
- income from sales of securities traded in the organized stock market;
- non-operating income such as interests on securities and other debt instruments and/or from ownership interest in other organizations.

Tax base

Taxpayer income from transaction on sale or other disposal of securities (including redemption) is calculated based on a selling price or disposal price as well as based on the amount of the accrued interest (coupon) return paid by the buyer to the taxpayer and the amount of the accrued interest (coupon) return paid by the issuer (drawer) to the taxpayer. In this case the amounts of the interest (coupon) return previously recognized at taxation are not included in the taxpayer income from securities sale or other disposal.

Expenses connected with sales (or other disposal) of securities shall be calculated on the basis of the security price (including the expenses connected with its purchase), security sales expenses, discount on estimated prices of the investment units, amount of accumulated interest (coupon) income paid to the seller of the security by the taxpayer. In this case, the expense shall exclude the amount of accumulated interest (coupon) income previously accounted in the course of taxation.

When computing the expenses connected with sales (or other disposal) of securities, the cost of purchase of the security nominated in foreign currency (including the expenses connected with its purchase) shall be calculated on the basis of the rate fixed by the Central Bank of the Russian Federation as of the date of accounting of this security. The current revaluation of the securities nominated in foreign currency shall be avoided.

Securities shall be deemed as traded in the organized stock market provided the following requirements are met simultaneously:

- 1) if they have been admitted to trading by at least one trade organizer who is entitled to do so in accordance with national laws;
- 2) if the information on their price (quotation) is available in mass-media (including electronic mass media) or can be provided by a trade organizer or by other authorized person to any interested party within three years from the date of transaction with securities;
- 3) if the market quotation was calculated for these securities during last three months preceding the date of transaction with these securities made by the taxpayer, if provided by the applicable law.

The applicable law means the law of the country where securities circulate (where the taxpayer makes the civil transactions that cause the transfer of ownership in securities). In the event of failure to clearly define the exact country where the securities transaction were made out of the organized stock market (including the transactions made through electronic trading systems), the taxpayer may, at its own discretion, select this country basing on the location of seller or buyer of securities in compliance with its accounting policy used for the taxation purposes.

Securities shall be also deemed as sold (purchased) upon discharge of taxpayer's obligations to return (accept) these securities through mutual settlement of uniform claims, including the cases when these obligations were discharged through clearing in compliance with the law of the Russian Federation.

Market price of securities traded in the organized stock market for the taxation purposes refers to an actual selling price or disposal price of securities if this price stays within the interval between the minimum and the maximum price of transactions (price interval) with mentioned security registered by a trade organizer at the date of making such transaction.

In cases when transactions with one and same security were performed via two or more security trade organizers on the date of trade, the organization may, at its own discretion, select a trader whose price intervals will be used for taxation purposes.

If on the date of sales of securities no transactions were performed by the trade organizers for such securities, the organization shall use the price intervals effective as of the date of the most recent trading session prior to the sales date, if the trade organizer had at least one trading session with these securities within the last three months.

If securities traded in the organized stock market are sold (purchased) at the price below the minimum transaction prices in the organized stock market, the minimum (maximum) price of a transaction in the organized stock market shall be used for defining the financial results.

As for securities that are not traded in the organized stock market, the actual transaction price shall be used for taxation purposes if this price remains within the interval between the minimum and the maximum prices defined on the basis of the settlement price of a given security and the extreme price deviation, except as otherwise provided by this paragraph.

For the purposes of this Article, the extreme price deviation for securities that are not traded in the organized stock market shall be defined as 20 % below or above the settlement price for a given security.

If securities that are not traded in the organized stock market are sold (or purchased) at the price below the minimum (or above the maximum) price defined on the basis of the settlement price of a given security and the extreme price deviation, then the minimum (maximum) price defined on the basis of the settlement price of a given security and the extreme price deviation shall be used for defining financial results for taxation purposes.

The settlement price of a security shall be defined as its assessed value specified by an independent appraiser in the appraiser's report.

The tax base for securities trading shall be defined by taxpayers independently, except for tax base for securities trading which is defined by professional traders. In such a case taxpayers (except for professional traders in securities who are engaged in dealer's activities) shall define the tax base for securities traded in the organized stock market separately from the tax base for securities not traded in the organized stock market.

In case of selling or other disposal of securities the Issuer shall expense the cost of disposed securities as incurred based on the unit value (according to the Issuer's accounting policy). Taxpayers who received a loss (losses) from transactions with securities in the previous tax period or in the previous tax periods are entitled to reduce their tax base for transactions with securities in the reporting (tax) period (carry forward mentioned losses) in the procedure and on the terms provided in the Article 283 of TC.

In this case, losses from transactions with securities which are not traded in the organized stock market received in the previous tax period (previous tax periods) can be deducted from the tax base for transactions with such securities as calculated in the reporting (tax) period. Losses from transactions

with securities which are traded in the organized stock market received in the previous tax period (previous tax periods) can be deducted from the tax base for transactions on sale of this category of securities.

During tax period, carrying forward losses incurred in the respective reporting period from transactions with the securities traded in the organized stock market and the securities not traded in the organized stock market shall be made separately for mentioned categories of securities and, accordingly, within the amount of income received from transactions with such securities.

*3.5. Details on the procedure for taxation of foreign legal persons (non-residents) receiving the income from sources located on the territory of the RF:*

When applying the provisions of the international treaties of the Russian Federation, the foreign organization shall provide a tax agent who pays an income a confirmation that this foreign organization is permanently based in the country with which the Russian Federation has an international treaty (agreement) that governs taxation issues and which shall be certified by an authorized body of the respective foreign country. In case such confirmation is drawn up in foreign language, the tax agent shall be provided with a version translated into the Russian language.

When foreign organization entitled to receive an income presents the confirmation to the tax agent who pays an income prior to the payment of income in relation to which an international treaty of the Russian Federation provides tax benefits, such income shall be released from tax deduction at source or tax deduction at source at reduced rates.

In case a tax agent pays an income to a foreign organization which, in accordance with international treaties (agreements) is taxable at reduced rates in the Russian Federation, the calculation and deduction of income tax amount shall be made by the tax agent at the respective reduced rates provided that the foreign organization presents a confirmation provided in the paragraph 1 of the Article 312 of the TC of RF to the tax agent.

## **8.9. Information on announced (accrued) and paid dividends on shares of the Issuer and income from bonds of the Issuer**

### **8.9.1. Information on announced (accrued) and paid dividends on shares of the Issuer for the most recent five closed financial years or for each closed financial year if the Issuer operates for less than five years.**

*The Issuer has not made decisions on payment of dividends within the mentioned period.*

### **8.9.2. Issues of bonds that paid coupons for five most recent closed financial years preceding the end date of the reporting quarter or for each closed financial year preceding the end date of the reporting quarter if the Issuer operates for less than five years**

*The Issuer has not issued bonds.*

## **8.10. Other information**

Information on transactions (group of associated transactions) with affiliates and subsidiaries, intragroup transactions, transactions between and affiliates and subsidiaries as well as transactions which cannot be classified as substantial but could affect the Company's activities.

Information on the above-mentioned transactions is available on the Company's website at:  
<http://www.mrsk->

[volgi.ru/ru/osnovnie\\_pokazateli\\_deyatelnosti/svedeniya\\_o\\_sdelkah\\_obcshestva/](http://volgi.ru/ru/osnovnie_pokazateli_deyatelnosti/svedeniya_o_sdelkah_obcshestva/).

Information on accumulation and use of reserve fund and other funds of the Issuer

Information on reserve fund of the Company is provided in the paragraph 8.1.3 of the report.

Additional information on the Issuer's shares subject to disclosure.

In May 2008, shares of IDGC of Volga, JSC entered trading floors through entering into the lists of stock exchanges "Securities accepted for circulation but not added to quotation lists". As of May 19, the Issuer's shares began trading on RTS Classic Market and RTS Board at the RTS Stock

Exchange, Joint-Stock Company (location: 38/1 Dolgorukovskaya Str., Moscow, 127006) at starting price of 0.18 rubles and on May 23, 2008, at the MICEX Stock Exchange, Closed Joint-Stock Company (location: 13, Bolshoy Kislovsky per., Moscow, 125009), at the price of 0.195 rubles.

According to the decision of the Directorate of MICEX Stock Exchange, CJSC of June 23, 2009 (Minutes No. 93), ordinary shares of IDGC of Volga, JSC were listed in the Quotation List B of "MICEX Stock Exchange", CJSC and admitted to trading by listing in the section Quotation List B of the List of Securities Admitted to Trading at MICEX Stock Exchange, CJSC.

Pursuant to the Order of MICEX Stock Exchange, CJSC No. 924-r dated August 10, 2011, it was decided to transfer ordinary shares of IDGC of Volga, JSC from the Quotation list "B" of MICEX Stock Exchange, CJSC to the Quotation List "A" of Tier 2 of MICEX Stock Exchange, CJSC.

As a result of merge of two stock exchanges (RTS and MICEX ) in December 2011, the shares of IDGC of Volga, JSC are now added to the quotation list "A" of the second level of the Sector "Main Market" and to the non-listed securities schedule of the Sector "Classica" in the stock market of MICEX-RTS Group - MICEX SE.

**8.11. Information on underlying securities and Issuer of underlying securities, the right of ownership for which is confirmed by Russian depositary receipts**

*The Issuer does not issue underlying securities, the right of ownership for which is confirmed by Russian depositary receipts.*