

**COMPANY PROFILE****S.C. Enel Distributie Muntenia S.A.****1. Identification**

Trade Registry number /	J40 /1859 /2002
Fiscal number	14507322
Listed /unlisted	Unlisted
Sub-sector	Electricity distribution

**2. General information**

Controlling shareholder	Enel Investment Holding B.V.– 64.4251% <sup>1</sup>
Brief history	<p>In 2008, Enel S.p.A. purchased 50% of S.C. FDFEE Electrica Muntenia Sud S.A. and increased its stake in the company up to 64.4251% by way of share capital increase.<sup>2</sup></p> <p>The shareholders of S.C. FDFEE Electrica Muntenia Sud S.A. decided the separation of the distribution and supply activities of in accordance with European regulation (Directive 2003/54/EC) and Romanian legislation (Electricity Law no.13/2007).<sup>3</sup></p> <p>The spin off process from S.C. FDFEE Electrica Muntenia Sud S.A. of the assets pertaining to the supply activity into the newly created company, S.C. Electrica Furnizare Muntenia Sud S.A., was finalized in July 2008. The resulting distribution company was renamed S.C. Electrica Distributie Muntenia Sud S.A.<sup>2</sup></p> <p>Subsequently, in September 2008, the name of the distribution company was changed from S.C. Electrica Distributie Muntenia Sud S.A to S.C. Enel Distributie Muntenia S.A.<sup>2</sup></p> <p>On 28 December 2009, the entire stake of Enel S.p.A. was transferred to Enel Investment Holding B.V.<sup>1</sup></p>
Description of main activity	Electricity distribution (NACE code 3513)

<sup>1</sup> Directors' report 2009, 2010

<sup>2</sup> Notes to the financial statements 2008

<sup>3</sup> JPA Audit & Consultanta Valuation Report, October 2010 (valuation reference date 31 May 2010)

Other activities	Interconnection services (for both consumers and producers), electricity measurement services (installation and maintenance of power meters, reporting measurements). <sup>4</sup>
Organization structure Branches	The company is structured into 3 territorial units for electricity distribution: Bucharest, Ilfov and Giurgiu. <sup>4</sup>
Management structure <sup>3</sup>	Board of directors (5 members with a mandate of 4 years, out which 3 are appointed at the recommendation of Enel and 2 at the recommendation of Electrica). Day-to-day management activities are delegated to 3 independent managers (general manager, financial director and acquisitions director).
Regulatory Institution	Romanian Energy Regulatory Authority (ANRE)

### 3. **Operational information**

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<sup>4</sup> [www.enel.ro](http://www.enel.ro) – as of 25 November 2010

## Quantitative information

Total electricity distributed in 2010 was of approximately 6,269 GWh as compared to the level recorded in 2009 of 6,017GWh.<sup>5</sup>

During the last two years, the company distributed electricity as per category of final consumers:<sup>5</sup>

- GWh –	2009	2010
Captive	4,429	4,221
Eligible	1,588	2,048
<b>TOTAL</b>	<b>6,017</b>	<b>6,269</b>

The turnover and power distribution revenues of the company for the 2009-2010 period is presented in the following table.<sup>6</sup>

- Lei -	2009	2010
<b>Turnover, out of which</b>	<b>732,665,278</b>	<b>733,830,506</b>
Electricity distribution	704,212,699	706,137,916

The structure of total operating expenses with it main components for the last two years is enclosed in the following table.<sup>7</sup>

- Lei -	2009	2010
<b>Total operating expenses, out of which:</b>	<b>655,484,151</b>	<b>741,211,276</b>
Electricity cost	302,298,467	291,462,940
Expenses with third party services	135,404,312	129,973,873
Personnel expenses	96,557,133	102,202,931

## Tariff setting components and overall description of regulatory framework

Electricity distribution is regulated using the “tariffs basket cap” methodology approved by ANRE Order no. 31/2004, which was replaced by ANRE Order no. 39/2007 (amended by Order no 24/2010). The distribution tariffs are set on voltage levels (high, medium or low).<sup>8</sup>

The regulated tariffs for distribution services approved by ANRE for S.C. Enel Distributie Muntenia S.A.\*, for the 2009 – 2011 period, as per voltage category, are enclosed in the table below:<sup>9</sup>

- Lei / MWh -	2009	2010	2011
High voltage	9.25	9.39	8.92
Medium voltage**	27.79	28.09	26.44
Low voltage***	127.94	125.77	115.85

Notes: \*In 2007, at the time ANRE issued the tariff order, the

<sup>5</sup> Directors’ report 2009 & 2010

<sup>6</sup> Notes to the financial statements 2009 & 2010, Directors’ report 2009, 2010

<sup>7</sup> Notes to the financial statements 2010

<sup>8</sup> ANRE Order no. 31/2004, ANRE Order no. 39/2007, [www.anre.ro](http://www.anre.ro) – as of 25 November, 2010

<sup>9</sup> ANRE Orders no 130/ 2008, no 100/ 2009 and no 889/2010 setting the 2009, 2010 and 2011 distribution tariffs

	<p>company was named S.C. FDEE Electrica Muntenia Sud S.A.</p> <p>**For medium voltage, the actual tariff for the consumer is calculated by summing up the high and medium voltage tariffs set by ANRE as electricity has to pass through high and medium voltage lines to reach its destination</p> <p>*** For low voltage, the actual tariff for the consumer is calculated by summing up the high, medium and low voltage tariffs as electricity has to pass through high, medium and low voltage lines to reach its destination</p> <p>In 2009 and 2010, the company distributed electricity at the following average tariffs:<sup>5</sup></p> <table><tr><td>- Lei / MWh -</td><td>2009</td><td>2010</td></tr><tr><td>Captive</td><td>136.07</td><td>139.61</td></tr><tr><td>Eligible</td><td>38.69</td><td>42.95</td></tr><tr><td>Overall average</td><td>110.37</td><td>108.04</td></tr></table> <p>Presently, the agreed rate of return on regulated assets for privately controlled main power distributors is of 10% for the 2008 – 2012 period. For the 2005 – 2007 period the rate stood at 12%.<sup>10</sup></p>	- Lei / MWh -	2009	2010	Captive	136.07	139.61	Eligible	38.69	42.95	Overall average	110.37	108.04
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Network details	<p>3 territorial units providing services for two counties, Ilfov and Giurgiu, and in the Bucharest area<sup>4</sup>, benefiting from a concession right on distribution services for these areas (49 years) granted by the Ministry of Economy in April 2005.<sup>8</sup></p> <p>The main facts and figures of the company's distribution network are as follows:<sup>5</sup></p> <ul style="list-style-type: none"><li>• 63 transformer stations</li><li>• 6,816 transformer posts</li><li>• 7,192.15 MVA power in transformer stations and posts</li><li>• 47,117 km network out of which 31,613 km low voltage lines, 14,400 km medium voltage lines, 1,104 km high voltage lines</li></ul>												
Information about the investment plans <sup>4</sup>	<p>Enel is currently implementing a 5-year investment plan amounting to EUR 700 million for the modernization of the infrastructure in Banat, Dobrogea and Muntenia Sud, which is to improve the quality of the distribution service.</p> <p>During the 2010 – 2012 period, most of the investments will be concentrated on the modernization of the Bucharest network, where the company plans to introduce the Telecontrol technology, modernize power stations and transformer posts and, also, replace power lines.</p>												
Major contracts / Main clients	<p>According to 2010 figures, the company's main client was a related party, Enel Energie Muntenia S.A. (accounting for revenues of Lei 631.88 million as compared to net turnover amounting to Lei 733.83 million).<sup>8</sup></p> <p>Enel Distributie Muntenia provided in 2010 distribution services to approx. 1.141 million end consumers.<sup>1</sup></p>												

<sup>10</sup> ANRE Order no 39 / 2007

Main suppliers	Some of the main suppliers of the company are related parties: e.g. Electrica Serv, Enel Energie Muntenia. <sup>8</sup>
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#### **4. Selected Financial Information**

<b>Indicators:</b>	2008 (Lei mn)	2009 (Lei mn)	2010 (Lei mn)
Fixed assets	1,397.87	1,778.51	2,343.48
Current assets, out of which:	1,974.83	2,151.07	2,070.27
Cash and current account	1,773.35	1,854.93	1,858.99
Total assets	3,373.23	3,929.64	4,413.90
Equity	2,348.20	2,705.20	2,810.31
Long term liabilities, out of which:	0.00	0.00	0.00
Long term financial debt	0.00	0.00	0.00
Current liabilities, out of which:	334.35	302.49	567.10
Short term financial debt	0.00	0.00	0.00
Deferred revenue, out of which:	494.46	734.56	814.39
Investment subsidies	494.46	734.56	814.39
Turnover	1,440.48	732.67	733.83
Operational expenses	1,447.03	655.48	741.21
Operational profit/loss	49.49	122.92	76.00
EBITDA*)	102.02	189.26	163.34
Interest expenses	0.00	0.00	0.00
Net Profit/ loss	220.64	280.052	149.31
Average staff number	1,840	1,377	1,354

\*) Note: EBITDA is calculated as Operational result + Depreciation – Other operational revenues + Expenses with indemnifications donations and assets sold

<b>Information about the financial statements</b>	2008	2009	2010
Bases of preparation: IFRS/RAS	RAS	RAS	RAS
audited/ un-audited	Audited by KPMG Audit SRL	Audited by KPMG Audit SRL	Audited by KPMG Audit SRL

## **5. Share capital information**

No of shares as of 31 December 2010	27,136,525 shares						
Nominal value /share	Lei 10 / share						
Total share capital as of 31 December 2010	Lei 271,365,250						
Shareholding structure as of 31 December 2010	<table> <tr> <td>Enel Investment Holding B.V.</td><td>64.4251%</td></tr> <tr> <td>S.C. Electrica S.A.</td><td>23.5749%</td></tr> <tr> <td>Fondul Proprietatea S.A.</td><td>12.0000%</td></tr> </table>	Enel Investment Holding B.V.	64.4251%	S.C. Electrica S.A.	23.5749%	Fondul Proprietatea S.A.	12.0000%
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S.C. Electrica S.A.	23.5749%						
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Recent modification in share capital	Last change in equity was in 2008, following the partial split of SC Electrica Muntenia Sud SA. The company transferred to SC Electrica Furnizare Muntenia Sud SA (currently SC Enel Energie Muntenia SA), share capital amounting to Lei 37.00 million, revaluation reserves of Lei 0.84 million and other reserves of Lei 170.16 million. <sup>3</sup>						

## **6. Other information – Transactions with related parties (2010 figures)**<sup>7</sup>

Receivables	Lei 158.06 million as compared to total receivables of Lei 194.62 million; mainly refer to distribution services provided by the company
Liabilities	Lei 196.77 million as compared to total liabilities of Lei 567.10 million; mainly refer to advisory and support services provided by group companies, acquisitions of IT programs
Revenues	Lei 647.06 million as compared to net turnover of Lei 733.83 million
Expenses	Lei 324.98 million as compared to total operating expenses of Lei 741.21 million

Related parties: e.g. Enel Energie Muntenia, Enel Romania