

**COMPANY PROFILE****S.C. Hidroelectrica S.A.****1. Identification**

Trade Registry number /	J40/7426/2000
Fiscal number	13267213
Listed /unlisted	Unlisted
Sub-sector	Electricity generation
Market share	Hidroelectrica is the most important electricity producer, accounting for almost 32.66% of total electricity generated in 2010 <sup>1</sup> .

**2. General information**

Controlling shareholder	Ministry of Economy – 80.06% <sup>2</sup>
Brief history <sup>2</sup>	<p>Hidroelectrica was initially incorporated in 1998 by Government Decision 365/1998, as a result of the reorganization of the Romanian Electricity Agency (RENEL).</p> <p>Following the reorganization of the National Electricity Company (CONEL) in August 2000, on the basis of the Government Decision no 627/2000, Hidroelectrica was reincorporated, maintaining the current line of business.</p> <p>The company operates over 250 hydropower plants and pumping stations.</p> <p>In 2004 the privatisation of 150 small power plants began and, by August 2009, 87 of them were sold.</p>
Description of main activity	<p>The company's main activities are electricity production in hydro power plants and sale of electricity.</p> <p>Electricity generation (NACE code 3511)</p>
Other activities	<p>Other activities of the company are<sup>1</sup>:</p> <ul style="list-style-type: none"><li>- Provide system services, as Hidroelectrica is the main stabilization factor of the National Energy System</li><li>- Water management services</li><li>- Ensuring the navigation on Danube river through locks</li></ul>
Organization structure Branches	<p>The company is headquartered in Bucharest and has 13 operating branches across the country in Bistrita, Buzau, Caransebes, Curtea de Arges, Cluj Napoca, Hateg, Portile de Fier, Ramnicu Valcea, Sebes, Sibiu, Slatina, Targu Jiu and Oradea.<sup>2</sup></p>
Management structure	Board of directors (7 members) <sup>3</sup>

<sup>1</sup> Directors' Report 2009 & 2010

<sup>2</sup> KPMG Valuation Report, October 2010 (valuation reference date 31 May 2010)

<sup>3</sup> Romanian Trade Registry – as of 25 November 2010

Regulatory Institution	Romanian Energy Regulatory Authority (ANRE)
Subsidiaries	Hidroelectrica owns 8 subsidiaries which provide maintenance services, technical revisions, repairs and upgrades at power plants: Hidroserv Bistrita, Hidroserv Cluj, Hidroserv Curtea de Arges, Hidroserv Hateg, Hidroserv Portile de Fier, Hidroserv Rm. Valcea, Hidroserv Sebes and Hidroserv Slatina. <sup>4</sup>

### 3. Operational information

Quantitative information for the period 2008-2010

In 2010 gross electricity production stood at 19,852 GWh, while in 2009 gross electricity production was of 15,516 GWh.<sup>5</sup>

Breakdown of electricity sold in 2008 - 2010, by market segments<sup>6</sup>:

GWh	2008	2009	2010
Regulated Market (Electrica)	3,816	3,880	4,091
Balancing Market (Transelectrica)	1,288	969	978
Competitive Market (Eligible consumers and licensed suppliers)	12,396	11,645	15,965
Export	1,512	1,273	989
Other producers and Day Ahead Market	333	510	1,510
Electricity delivered directly to consumers	17	18	20
<b>TOTAL</b>	<b>19,362</b>	<b>18,295</b>	<b>22,567</b>

The company's turnover contains sales of electricity and sales of other services. Breakdown of revenues from the sale of electricity, by market segments<sup>6</sup>:

- Lei th -	2008	2009	2010
Regulated Market (Electrica)	277,767	324,017	352,321
Balancing Market (Transelectrica)	294,838	185,419	184,239
Competitive Market (Eligible clients and licensed suppliers)	1,228,238	1,196,586	1,828,523
Export	204,377	207,812	161,466
Other producers and Day Ahead Market	52,481	84,488	196,813
Electricity delivered directly to consumers	6,668	7,222	7,805
<b>TOTAL</b>	<b>2,064,370</b>	<b>2,005,544</b>	<b>3,287,073</b>

Revenues from the sale of other services (system services, transport, green certificates) for 2008 - 2010:<sup>6</sup>

<sup>4</sup> Directors' report 2009 & KPMG Valuation Report, October 2010 (valuation reference date 31 May 2010)

<sup>5</sup> Directors' reports 2008 & 2009 & 2010

<sup>6</sup> Notes to the financial statements 2009 & 2008 & 2010

		- Lei th -	2008	2009	2010
		System services provided to Transelectrica	325,384	267,885	326,795
		Transport services on the regulated market	26,862	25,432	31,061
		System services and transport for eligible clients and licensed producers	11,559	97,171	154,214
		Green certificates	7,024	13,282	17,819
		Other revenues (industrial water and other services)	6,751	11,485	11,368
		In 2010, the company provided 73.44% of the system services for the secondary control reserves of the National Energy System and 83.72% of the system services for the rapid tertiary reserve of the National Energy System. <sup>1</sup>			
Tariffs/ tariff setting components		The selling price for the electricity delivered on the regulated market is being periodically revised by ANRE. <sup>7</sup>			
Capacities		The total capacity installed is of 6,438.11 MW. <sup>1</sup>			
Information about the investment plans <sup>2</sup>		<p>In 2005, the company has split its long term strategy in two phases:</p> <ul style="list-style-type: none"> <li>- 2006 - 2008, with 16 investment objectives for which the average cost of electricity is less than EUR 35 /MWh</li> <li>- 2009 - 2011 when 10 investment objectives will be finalized, for which the average cost of energy is between EUR 35-50 MWh.</li> </ul> <p>These investment objectives are planned to be commissioned in late 2011. From these investments, the company will benefit from an increase in installed capacity of 392 MW, which can produce 1,400 GWh/year of electricity.</p> <p>The company is currently upgrading and revamping its power plants. By 2016, 3417 MW will be refurbished, with an additional electricity input of 333 GWh per year. The costs amount to almost EUR 1 bn.</p>			
Major contracts / Main clients		<p>On the regulated market, the company's main clients are: E.ON Moldova Furnizare, Enel Energie, Enel Energie Muntenia<sup>1</sup>.</p> <p>On the competitive market, the main clients are Alro, Energy Holding, Electromagnetica, EFT Romania, Alpiq Romenergie.<sup>1</sup></p> <p>The company's clients for green certificates are: Muntenia Nord Furnizare, Transilvania Nord Furnizare, Enel Energie and CEZ Vanzare.<sup>1</sup></p>			
Main suppliers <sup>2</sup>		<p>In 2010, Hidroelectrica acquired 3.18 mn MWh of electricity, while in 2009 the electricity acquisitions amounted to 3.16 mn MWh.</p> <p>Main suppliers of electricity (2010): Termoelectrica (accounting for 25% of the total electricity acquisitions in 2010), Electrocentrale Deva (10%), Nuclearelectrica (33%) etc</p>			

<sup>7</sup> Notes to the financial statements 2009

#### 4. Selected Financial Information

<b>Indicators:</b>	2007 (Lei mn)	2008 (Lei mn)	2009 (Lei mn)	2010 (Lei mn)
Fixed assets	18,921.84	19,337.86	22,601.97	19,667.19
Current assets, out of which:	540.23	608.32	387.30	476.47
Cash and current account	118.05	128.70	28.14	99.89
Total assets	19,471.97	19,946.95	22,989.89	20,933.66
Equity, out of which:	13,891.10	13,951.18	16,554.59	16,748.99
State patrimony	50.23	73.36	73.36	73.36
Long term liabilities, out of which:	4,111.91	4,026.13	4,385.01	1,280.02
Long term financial debt	556.71	453.12	804.00	1,200.33
Current liabilities, out of which:	1,210.45	1,708.11	1,795.64	1,728.95
Short term financial debt	455.67	567.82	677.01	701.06
Turnover	2,060.74	2,443.55	2,420.80	3,273.70
Operational expenses	1,943.81	2,401.62	2,304.23	2,784.28
Operational profit/loss	142.66	206.59	161.96	502.78
EBITDA*)	841.60	787.37	836.41	1,409
Interest expenses	52.68	74.90	69.13	85.42
Net Profit/ loss	52.58	65.12	48.38	292.37
Average staff number	5179	5222	5233	5,227

\*) 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>	2007	2008	2009	2010
Bases of preparation: IFRS/RAS	RAS	RAS	RAS	RAS
audited/ un-audited	Audited by KPMG Audit SRL	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 May 2010	444,096,765 shares	
Nominal value /share	Lei 10 / share	
Total share capital as of 31 May 2010	Lei 4,440,967,650	
Shareholding structure as of 31 May 2010	Ministry of Economy	80.06%
	Fondul Proprietatea S.A.	19.94%
Recent modification in share capital	In December 2009, the company's Board of Directors approved a share capital increase of Lei 2,882,980 representing value of land. Thus, the share capital of Hidroelectrica increased from Lei 4,438,084,670 to Lei 4,440,967,650 while the shareholder structure remained the same. <sup>8</sup>	

## 6. Details on main assets<sup>2</sup>

Branch	Rivers	No of hydropower units	Total Power (MW)
Portile de Fier	Danube	2	1,404
Sebes	Sebes	6	346
Tg. Jiu	Cerna-Motru-Tismana, Jiu	n/a	193
Sibiu	Olt. Boia, Sadu, Cibin, Rasinari, Sebes, Ghimbasel, Barsa, Turcu, Tarlung, Sebes	24	138
Slatina	Lower Olt	6	291
Ramnicu Valcea	Olt, Lotru	20	1,202
Curtea de Arges	Arges, Dambovita, Targului, Ialomita, Prahova, Doftana	50	610
Hateg	Raul Mare, Strei	24	502
Cluj	Somes, Bistrita Transilvana	n/a	330
Oradea	Cris	n/a	226
Bistrita	Bistrita, Prut, Trotus etc.	49	626
Buzau		21	218
Caransebes	Timis, Bistra, Cerna, Sucu, Sebes	n/a	194

<sup>8</sup> Board of Directors Decision no 14/2009 published in the Official Gazzette no 1946/ 4 May 2010

