



**QUARTERLY REPORT**  
**OF THE BOARD OF DIRECTORS OF S.N. NUCLEARELECTRICA S.A. (“SNN”)**  
**for 4<sup>th</sup> Quarter 2015**

prepared in accordance with the provisions of art. 7.19 and art. 7.21 from the administration contracts of the members of the Board of Directors and the provisions of GEO 109/2011 regarding the corporate governance of public companies

**Date of the report: March 2016**

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## 1. FOREWORD

The report of the administrators for the IV quarter, 2015 is prepared based on the provisions of the articles 7.19 and 7.21 of the administration contracts of the Board members, as well as in compliance with the provisions in GEO no. 109/2011 regarding the corporate governance of public companies.

Thus, the Board of Directors must submit quarterly to the General Meeting of Shareholders a report on the administration activity, which also includes information on the execution of the warrant contracts of the directors, details concerning the operational activities, the company's financial performances and accounting reports; also, the quarterly reports must include information on the degree of fulfillment of the performance criteria.

This report will be presented and submitted for approval to the General Meeting of SNN Shareholders on 25<sup>th</sup> of April 2016.

## 2. ANALYSIS OF THE FINANCIAL STATEMENT

The financial information presented in this report is based on the audited individual financial statement for the financial year concluded on 31 December 2015, prepared in compliance with OMFP no. 1286/2012 for the approval of the Accounting Regulations in accordance with the International Standards of Financial Reporting, with the related amendments, applicable to companies whose securities are allowed for trading on a regulated market. The submitted indicators are in lei (RON) unless otherwise stated.

### 2.1 Financial position as at 31.12.2015

The financial position as at 31.12.2015 is presented in **Appendix 1**.

| Thousand Lei                          | 31 Dec 2015<br>(audited) | 31 Dec 2014<br>(audited,<br>restated) | Variation   |
|---------------------------------------|--------------------------|---------------------------------------|-------------|
| Non-current assets                    | 7,696,228                | 8,025,243                             | -4%         |
| Current assets                        | 1,861,187                | 1,770,489                             | 5%          |
| <b>Total assets</b>                   | <b>9,557,415</b>         | <b>9,795,732</b>                      | <b>-2%</b>  |
| Long term liabilities                 | 1,642,689                | 1,887,967                             | -13%        |
| Current liabilities                   | 421,003                  | 478,451                               | -12%        |
| <b>Total liabilities</b>              | <b>2,063,692</b>         | <b>2,366,418</b>                      | <b>-13%</b> |
| <b>Equities</b>                       | <b>7,493,723</b>         | <b>7,429,314</b>                      | <b>1%</b>   |
| <b>Total equities and liabilities</b> | <b>9,557,415</b>         | <b>9,795,732</b>                      | <b>-2%</b>  |

According to in force accountancy policies, the lands, buildings and constructions (assets highlighted on the fair value) included in the **non-current assets** were revaluated on 31.12.2015 by an independent evaluator. The results of the revaluation reflect a reduction of the net accounting value of these assets of 11,519 thousand lei.

**The current assets** registered an increase since 31.12.2014, due, mainly, to the increase of the cash availabilities 15% that have compensated the decrease of the trade receivables and of other receivables with 36%. The company has implemented detailed procedures that have considered the determination of the possible value loss related to the inventories, especially the slow motion ones and the ones inflated according to IAS

29, inflated until December 31<sup>st</sup> 2003. The results indicate impairment in amount of 69.709 thousand lei, out of which 69.583 thousand lei, related to some previous periods of the current year, which have been treated as accounting errors through the modification of the comparative information related to the financial year concluded at December 31<sup>st</sup> 2014.

**The long term liabilities** decreased due to bank installment payments related to the external loans contracted with Societe Generale and Euratom for the completion and commissioning of the Cernavoda NPP Unit 2.

On 31.12.2015, the deduction of the **current debts** is due, mainly, to the decrease of the trading creditors with 71%, the assets providers recording a decrease of 14% compared to 31.12.2014.

On 06.02.2015, the Company Board of Directors acknowledged and approved the capital increase to the amount of 194.383 thousand lei representing the cash contribution of the Romanian State, respectively the value of the budget grants afferent to the period 2006-2009 for the construction of Unit 2 and for finalizing the works at Units 3-5 from CNE Cernavoda (194.377 thousand lei) and with the cash contribution of the minority shareholders, resulted from exercising the preferential right (6,15 thousand lei).

During the meeting of 23.11.2015, the Board of Directors have approved the share capital increase with the contribution of the Romanian State, following the obtaining of the certificate attesting the property right issued by the Ministry of Economy upon the undivided share land with the surface of 239,05 sqm from Bd. Gheorghe Magheru, no. 33, Bucharest and the certificate attesting the property right issued by the Ministry of Economy for the land "Guard house and Access road" from Saligny county, Constanta district, respectively, with the amount of 2.928 thousand lei, representing a number of 292.810 shares.

Consequently, the prepayment reserve to the share capital has been decreased with the value of the increase of the paid and subscribed share capital. On December 31<sup>st</sup> 2015, the value of the company's share capital, integrally paid and subscribed is of 3.015.139 thousand lei (2.817.826 thousand lei at December 31<sup>st</sup> 2014)

The company registered an increase of the reevaluation reserve in amount of 3.773 thousand lei upon the revaluation from December 31<sup>st</sup> 2015 out of which has been deducted the debt with the deferred tax, in amount of 604 thousand lei.

## 2.2 Profit and loss account for the period ended on 31.12.2015

During the period ended on 31.12.2015, SNN recorded a net profit of 149,144 thousand lei.

| <b>Thousand LEI</b>               | <b>2015</b>    | <b>2014</b>    | <b>Variatio</b> |
|-----------------------------------|----------------|----------------|-----------------|
| <b>Sold energy quantity (GWh)</b> | 10,781         | 10,844         | -1%             |
| Operating income                  | 1,782,998      | 1,814,253      | -2%             |
| Operating expenses                | (1,129,096)    | (1,213,170)    | -7%             |
| <b>EBITDA</b>                     | <b>653,902</b> | <b>601,082</b> | <b>9%</b>       |
| Depreciation and amortization     | (493,762)      | (425,873)      | 16%             |
| <b>EBIT</b>                       | <b>160,139</b> | <b>175,209</b> | <b>-9%</b>      |
| Income / Net financial expenses   | 18,185         | (20,882)       | -187%           |
| Profit tax net expense            | (29,180)       | (21,262)       | 37%             |
| <b>Net profit</b>                 | <b>149,144</b> | <b>133,065</b> | <b>12%</b>      |

The operational profit (EBITDA) increased by 9% compared to the same period of last year, this evolution being the result of the following factors:

- The operating incomes have decreased, slightly, compared to 2014, provided that the total quantity of electricity sold has not varied significantly. On the regulated market, the quantity of electricity sold in 2015 has decreased with 40% compared to the same period of the year 2014, but this difference has reflected into an increase of 20% of the total quantity of electricity sold on the free market in the year 2014. This change of the sales structure has not lead to an increase, because, while on the regulated market the electricity price has recorded an increase (5,67% compared to the year 2014), on the competitive market of the bilateral contracts the prices have decreased with 2,41% compared to the same period of the year 2014.
- The positive evolution of the operation expenses, following the decrease of the tax upon special constructions from 1,5% in the year 2014 to 1% for 2015, as well as the decrease of the expenses for maintenance and spare parts, the decrease of the expenses regarding the technical assistance services, engineering for the operation of the nuclear plants.

The amortization costs have increased with 16% compared to the year 2014, due to the commissioning of some investments in the 4<sup>th</sup> quarter of the year 2014, respectively in 2015, as well as due to the fact that, on 31.12.2015, the depreciation and amortization include 15.291 thousand lei representing expenses resulting from the reduction of the net accounting value of the reevaluated assets, as well as 8.137 thousand lei provision regarding the adjustments for the depreciation of the assets proposed for cassation upon the annual inventory.

The company is exposed to exchange risk relating to several currencies among which EUR, CAD and USD. During the year 2015, the net differences in exchange rate for EUR and CAD positively influenced the net result of the company, compensating the negative exchange rate of USD. So, in 2015 profit was registered from the financial activity of 18,185 thousand lei compared to the year 2014 when a loss of 20,882 thousand lei was recorded.

The profit and loss account for the period ended on 31.12.2015 is presented in the **Appendix 2**.

### **2.3 Execution of the Revenues and Expenses Budget as at 31.12.2015**

The revenues and expenses budget (“BVC”) of SNN for the year 2015 was approved by the Resolution of the Romanian Government no. 468/24.06.2015 and by the Resolution no. 6/14.09.2015 of the Ordinary General Meeting of Shareholders of SNN (“OGMS”).

In the Board of Directors meeting dated 23.11.2015, the update of the BVC indicators for 2015 was approved. Thus, the total revenues estimate an increase of 82,519 thousand lei (+4.38%), and the expenses a decrease of 30,586 thousand lei (-1.67%) compared to the Budget initially approved, the updated gross estimated profit being of 167,352 thousand lei (+209%).

The company is monitored regarding the compliance with the performance indicators, objectives and criteria, respectively the compliance with the salary payroll level, with the revenues and expenses level, the program to reduce the arrears and the outstanding receivables. The BVC execution on 31.12.2015 is presented in **Appendix 3** to the present report.

As per the analysis of the Budget of Revenues and Expenses execution for 31.12.2015 (**Appendix 3**), a degree of accomplishment of the operating revenues programed as per the BVC approved by GO of 103.5%, (99.1% of the BVC rectified by the BoD decision) was registered and a reduction of the operating expenses compared to the budgeted level of 3.2% (1.5% of the BVC rectified by BoD decision).

### 3. OPERATIONAL ACTIVITIES

#### 3.1 Electricity production

During the year 2015, the two units of Cernavoda NPP produced a quantity of energy of 11,639,819 MWh (gross) and delivered to the National Energy System 10,694,642 MWh (the difference, namely 945 thousand MWh, is represented by the own consumption of the units during operation, as well as during the planned and unplanned outages). Compared to the year 2014, when 10,739,129 MWh were produced and delivered to the National Energy System, a decrease of 0.4% was recorded.

During the quarter IV of 2015, the two units of Cernavoda NPP produced an electricity quantity of 3,083,942 MWh (gross) and delivered 2,840,995 MWh to the National Energy System (the difference, namely 242 thousand MWh is represented by the own consumption of the units during operation). Compared to the IV quarter of 2014, when 2,809,335 MWh were produced and delivered to the National Energy System, an increase of 1.1% was recorded.

During the year 2015, the electricity production program approved by the Board of Directors of SNN for 2015, which considered for the year 2015 a quantity of produced and delivered electricity of 10,510,355 MWh, was 101,75% accomplished.

The energy production program approved by the Board of Directors of SNN for 2015 considered for the IV quarter a quantity of produced and delivered electricity of 2,775,613 MWh, was 102.36% accomplished during this period.

The installed capacity factors registered by the Cernavoda NPP Units during the IV quarter of 2015, yearly as well as from the beginning of the commercial operation (Unit 1 on December 2, 1996 and Unit 2 on November 1, 2007) until December 31, 2015, were:

|        | October<br>2015 | November<br>2015 | December<br>2015 | Cumulated<br>Year 2015 | Cumulated since the<br>commercial<br>operation |
|--------|-----------------|------------------|------------------|------------------------|--|
| Unit 1 | 99.10%          | 99.17%           | 99.46%           | 96.92%                 | 90.72%   |
| Unit 2 | 99.25%          | 99.71%           | 99.91%           | 92.23%                 | 94.26%   |

The annual capacity factor of Unit 2 in 2015 is influenced by the planned outage, which lasted 581 hours.

In the IV quarter of 2015 no unplanned outages took place.

During the year 2015, the quantity of energy produced and delivered by Cernavoda NPP was 0.4% less than the similar period of 2014. During the IV quarter of 2015, the quantity of energy produced and delivered by Cernavoda NPP was 1.1 % higher than the similar period of 2014, situation caused mainly by the extended unplanned outages from December 2014 to each of the NPP Units.

#### 3.2 Electricity sales

The quantities of energy sold during the year 2015 and the corresponding incomes, distributed on sale contract types are presented in the table below:

### SNN electricity sales (quantities, prices and values) during the year 2015

| Sales on types   | Quantities in MWh | % of total sales | Price (lei /TG included MWh) | Value (lei)          |
|--|-------------------|------------------|------------------------------|----------------------|
| Regulated contracts  | 2,252,443         | 20.8%            | 165.66                       | 373,149,340          |
| Sales on the free market (bilateral contracts and PZU and PI contracts), out of which: | 8,528,174         | 78.8%            | 160.97                       | 1,372,785,717        |
| - contract sales (PCCB, PCCB-LE, PCCB-NC and supply contracts)                         | 7,419,783         | 68.6%            | 163.20                       | 1,210,942,083        |
| - PZU and PI sales   | 1,108,391         | 10.2%            | 146.02                       | 161,843,634          |
| - PRE positive imbalances and balance energy   | 43,532            | 0.4%             |                              | 630,953              |
| <b>Total sales 2015</b>  | <b>10,824,149</b> | <b>100%</b>      |                              | <b>1,746,566,010</b> |

Regarding the energy transactions during 2015, the following results were registered:

- The quantity of energy sold based on contracts, on the spot market (PZU-the Day Ahead Market and PI-the Intraday Market) and on the balancing market is of 10,824,149 MWh, with 1.1% above the sales program of 10,701,008 MWh.
- The income on the energy market, during 2015, is of 1,746,566,010 lei (exceeding by 0.04% the revenues value provided in the Budget for 2015 approved by OGMS, but 2.55% lower compared to the accomplishments in the same period of the last year).

The average weighted sale price, for the energy quantities sold (without the balancing market), in 2015, is 161.95 lei/MWh (including TG). During the year 2014, the average weighted sale price was 165.20 lei/MWh.

Out of the actual production of Cernavoda NPP during the year 2015, a percentage share of 21.06% was delivered on regulated contracts.

The quantities of energy sold on the competitive market (bilateral contracts) represented in the year 2015 a percentage share of 68.6% of the total volume of sold energy. The average sale price of the contracts concluded on PCCB during this period was 163.20 lei/MWh, registering a decrease of 4.9% compared to the average price recorded on PCCB contracts in 2014, of 171.64 lei/MWh.

During the year 2015, SNN performed 181 energy sales contracts, as follows:

- 6 regulated contracts (with addendums concluded for 2015);
- 81 contracts concluded on PCCB,
- 64 contracts concluded on PCCB –LE,
- 25 contracts concluded on PCCB- NC;
- 4 contracts concluded on PCSU,
- 1 supply contract (with an addendum concluded for 2015).

On spot market, during the year 2015, an energy quantity representing 10.2% of the total volume of sales was sold, compared to a percentage share of 9.5% recorded in the year 2014. The average selling price of energy on the spot market (PZU, PI) achieved by SNN in 2015 was 146.02 lei/MWh, compared to 145.11 lei/MWh recorded in 2014.

The quantities of energy sold in the IV quarter of 2015 and the corresponding incomes, separated on types of sale contracts, are presented in the table below:



**Electricity sales (quantities, prices and values) during the IV quarter of 2015**

| Sales on types   | Quantities in MWh | % of total sales | Price (lei /TG included MWh) | Value (lei)        |
|--|-------------------|------------------|------------------------------|--------------------|
| Regulated contracts  | 595,059           | 20.9%            | 162.65                       | 96,788,933         |
| Sales on the free market (bilateral contracts and PZU and PI contracts), out of which: | 2,248,763         | 78.9%            | 163.36                       | 367,367,654        |
| - contract sales (PCCB, PCCB-LE, PCCB-NC and supply contracts)                         | 2,113,938         | 74.2%            | 162.86                       | 344,286,436        |
| - PZU sales  | 134,825           | 4.7%             | 171.19                       | 23,081,218         |
| - PRE positive imbalances  | 6,701             | 0.2%             |                              | 146,636            |
| <b>Total sales on IV quarter 2015</b>  | <b>2,850,523</b>  | <b>100%</b>      |                              | <b>464,303,223</b> |

Regarding the energy transactions in the **IV quarter of 2015**, the following results were recorded:

- The quantity of energy sold based on contracts, on the spot market (PZU-the Day Ahead Market and PI- the Intraday Market) and on the balancing market is 2,850,523 MWh, with 0.86% over the sales program of 2,826,055 MWh.
- The incomes recorded on the electricity market, determined for the deliveries in the IV quarter 2015 are of 464,303,223 lei (less by 1.05% compared to the value provided in the Budget for the year 2015 approved by OGMS, but 4.78% lower compared to the accomplishments of the same period of last year).

The average weighted sale price for the sold energy quantities (without the balancing market), resulted in the IV quarter of 2015, is 163.22 lei/MWh (including TG). During the IV quarter of 2014, the average weighted sale price was 170.21 lei/MWh.

In the year 2015, compared to the previous year achievements, no significant difference is noticed between the weighted average price of the contracts concluded by SNN on the centralized markets and the one from the regulated contracts. At the end of December 2015, the weighted average price recorded from the sale contracts on the competitive market was with 2,46 lei/MWh lower than the weighted average price of the regulated contracts.

The energy sales of SNN were performed, as during the previous period, based on regulated contracts, contracts concluded on the competitive market- assigned on PCCB concluded before 2015, PCCB-LE, PCCB-NC, PCSU, plus a negotiated supply contract, with C.N.T.E.E Transelectrica S.A. - as well as through transactions on the spot market.

The quantities of energy sold based on contracts concluded on the regulated market were in compliance with the ANRE Decision no. 2719/2014. Compared to the year 2014, ANRE reduced the regulated quantities from 35% to 21% of the programmed production of Cernavoda NPP. For the year 2015, ANRE set for SNN a regulated price of 158.63 lei / MWh (without Tg), which also includes recognition of some unrecognized justified costs in the previous year (50% of the tax on special constructions related to the year 2014, semester 1).

Regarding the regulated energy sale contracts, to this price, is added the TG regulated tariff for the introduction into the grid, of 10.32 lei/MWh (by the ANRE Order 51/26.06.2014) valid for January – June period, and of 4.04 lei/MWh (by the ANRE Order 89/16.06.2015) valid for 2015 July – December period.

Out of the production effectively performed on Cernavoda NPP during the IV quarter of 2015, a percentage share of 21% was delivered on regulated contracts.

The quantities of energy sold on the competitive market (bilateral contracts) represented, during the IV quarter of 2015, a percentage share of 74.2% of the total volume of the sold energy. The average sale price for the



contracts concluded on PCCB for the IV quarter of 2015 was 162.86 lei/MWh, recording a decrease of 5.7% compared to the average price recorded on the PCCB contracts during the IV quarter of 2014, of 172.69 lei/MWh.

During the IV quarter of 2015, SNN unfolded 112 energy sales contracts, as follows:

- 6 regulated contracts (with addendums concluded for 2015);
- 34 contracts concluded on PCCB,
- 64 contracts concluded on PCCB –LE,
- 5 contracts concluded on PCCB- NC;
- 2 contracts concluded on PCSU,
- 1 supply contract (with an addendum concluded for 2015).

During the IV quarter of 2015, there were no cancelled/terminated contracts.

On the spot market, during the IV quarter of 2015, a quantity of energy representing 4.7% of the total sale volumes was sold, compared to the percentage share of 3% recorded in the IV quarter of 2014. The energy average selling price on the spot market achieved by SNN during this period was 171.19 lei/MWh, compared to 183.03 lei/MWh, recorded during the same period of 2014.

No significant delays compared to the due dates provided in the contracts were signaled during the year 2015.

### **3.3 Expenses on the energy market**

During the year 2015, the total value of the expenses on the energy market, as responsibility of SNN, is of 102,692,428 lei (out of which 14,295,470 lei in the IV quarter of 2015),

From this value, the taxes for the introduction of energy into the energy power grid (corresponding to TG-the regulated tariff that is paid to Transelectrica) and the taxes for the transactions performed on the OPCOM platform represents 75,864,109 lei (from which 11,593,228 in the IV quarter of 2015).

During the year 2015, expenses were performed with the purchase of energy from the spot in value of 6,419,373 lei (out of which 40,425 lei during the IV quarter of 2015) with the purpose to fully fulfilling the contractual obligations of energy delivery during the unplanned outage / significant power reductions of the NPP units. During the year 2015, an electricity quantity of 47.654 MWh was purchased (out of which 171 MWh were purchased during the IV quarter of 2015), at an average price of 134.7 lei/MWh for the period January-December 2015 and, respectively, 236.75 lei/MWh for Q4 2015.

During the year 2015, the expenses on the Balancing Market were of 20,409,525 lei, and the expenses with the Balancing Market related to the IV quarter of 2015 were in value of 2,662,558 lei. This amount represents the counter value of the energy received from the Balancing Market for the compensation of the negative imbalances which occurred because of the differences between the quantities of actual delivered energy and quantities notified on the market as per the daily prognosis for each hour frame. The main impact was recorded in March and April 2015, as result of the unplanned shutdown of the Cernavoda NPP unit 1.

### 3.4 Investment program on 31.12.2015

The value for the investment program for the year 2015 is 282,705 thousand lei

The structure of the investment program of SNN for 2015, approved by the Revenues and Expenses Budget of SNN for 2015, by the GO no.468/24.06.2015 and the OGMS decision no. 6/14.09.2015, is presented in the table below:

| No. | Organizational structure | Ongoing investments [ths lei] | New investments [ths lei] | Investments performed in tangible assets (modernizations) [ths lei] | Equipment [ths lei] | Total [ths lei] | Completion degree at 31 December 2015 (%) |
|-----|--------------------------|-------------------------------|---------------------------|---|---------------------|-----------------|---|
| 1   | SNN Executive            | 13,419                        | 21,658                    | -   | 818                 | 35,895          | 2.55%                                     |
| 2   | NPP Cernavoda            | 187,087                       | 8,558                     | 4,355   | 30,355              | 230,355         | 63.76%                                    |
| 3   | FCN Pitesti              | 1,196                         | 116                       | 5,571   | 9,572               | 16,455          | 30.63%                                    |
|     | <b>TOTAL</b>             | <b>201,702</b>                | <b>30,332</b>             | <b>9,926</b>  | <b>40,745</b>       | <b>282,705</b>  | <b>54.06%</b>                             |

The completion level of the value of the investment plan at the end of the year 2015 is 54.06 %.

The compared situation of the investment accomplishments (value and percentage) for the year 2015 compared to the year 2014 is presented in the table below:

| Year | Value of the investment program [ths lei] | Achieved in the IV quarter (1.10-31.12) [ths lei] | Completion degree for the IV quarter (1.10-31.12) (%) | Cumulated achieved in 1.10-31.12 [ths lei] | Completion degree at the end of year (%) |
|------|---|---|---|--|--|
| 2015 | 282,705                                   | 56,472  | 20%   | 152,832                                    | 54.06%                                   |
| 2014 | 296,737                                   | 73,141  | 24.6%   | 184,828                                    | 62.3%                                    |

#### *Analysis of the completion degree of the investment program on December 31<sup>st</sup>, 2015.*

##### **SNN Executive**

The investments program of the Branch SNN Executive for the year 2015 is in amount of 35.895 thousand lei. The execution degree at the level of SNN Executive at the end of the year 2015 is of 2,55%, representing, mainly, the purchase of independent equipment.

The total decreased execution degree of the value plan of the investments program for the year 2015 is explained by the fact that a significant share of the investments included in the program of SNN Executive for the year 2015 is referring to the participation of the SNN contribution to the establishment of the IPP company type for the completion of Cernavoda NPP Units 3-4 (8.840 thousand lei), the contribution of SNN to the share capital of the company Hidro Tarnita (8.840 thousand lei) and to the Project Company "HVDCC Romania – Turcia S.A. (8.840 thousand lei) for which, according to the resolution of the EGMS from 29.04.2015, no decision has been taken regarding the participation waiver to the capital of the two companies.

The failure to achieve the aforementioned projects has a significant impact on the achievement degree of the SNN Investment Program for the year 2015, by their value share within the total amount (approx. 73.88% of the total amount of the SNN investment program for the year 2015).

## Cernavoda NPP Branch

The investment program of the Cernavoda NPP for the year 2015 amounts to 230,355 thousand lei. The degree of achievement of the investment program at the end of 2015 is 63.76%.

During the year 2015, a series of important projects have been successfully completed: within the modernization program, improvements and investments, as well as activities within the investments objectives:

- Installation of the SLMS HP system at U1/U2;
- Installation of the signal for Sustained Low pressure at ECC 1;
- Rehabilitation of the Waste Waters Treatment Plant (STA);
- Installation of the Smart Candu Tools system;
- Refurbishment of the 110 KV Station;
- Heating station relocation from U3 to U1;
- Extension of RMS U2 for the integration of the radio-protection systems from U1;
- Installation of subsystem LEM on-line at U2 and the unitary integration with the current system LEM;
- Improvement of the man-machine interface of the process computers DCC U2 by replacing the CRT monitors and the DCC consoles;
- Optimization of the chemical sampling system from the plant;
- The environment qualification works of the existent measure loops of the security critical parameters (CSP) and the extension of the measure field at Unit 2 during the Planned Outage (OP) 2015;
- The implementation works of the batteries of 220 Vcc – 2A and 2B;
- The design works and the delivery of the necessary equipment for replacing the excitation system GENEREX at Unit 1 during the planned outage from 2016;
- The contracted design activities for the detritiation installation, inclusive for the certification support documentations, which have allowed the obtaining of the comfort letter from CNCAN, confirming that the project is certifiable.

The completion degree for the major investment objectives at the end of Q4 2015 is of 23.7%, as presented in the table below:

| Project code | Project name/ Investment objective   | 2015                        |                                  | Completion stage (%) |
|--------------|--|-----------------------------|----------------------------------|----------------------|
|              |  | Planned acc. 468/24.06.2015 | BVC GO Achieved until 31.12.2015 |                      |
| PJ-05-016    | Intermediate storage of spent fuel (including SICA U2)   | 9.411                       | 7.294                            | 77,51%               |
| PJ-04-001    | Upgrading and expansion of the physical protection   | 15.040                      | 4.117                            | 27,37%               |
| PJ-11-006    | Improvement of the Cernavoda NPP's response, namely the improvement of the nuclear safety functions in case of events outside the design base as a consequence of the nuclear accident that occurred at Fukushima 1, Japan | 44.794                      | 5.001                            | 11,16%               |
|              | <b>Total</b>   | <b>69.245</b>               | <b>16.412</b>                    | <b>23,70%</b>        |

The works performed for the major investment objectives during 2015 are as follows:

- *Intermediary Storage of Spent Fuel, including SICA U # 2*: works of the physical protection system related to the module 7 DICA were completed, design services were contracted for the extension of the Intermediary Storage for Spent Fuel site and replacement of the MACSTOR 200 modules with MACSTOR 400 type mdoules starting with module 10; the supply of baskets necessary for the intermediary storage of spent fuel as per the activity completion chart;

- *Modernization and expansion of the physical protection systems: physical protection works priority 1 – stage 2 were completed (elaboration, approval and certification of the execution documentation, equipment procurement, assembling and PIF);*
- *Improvement of the Cernavodă NPP response, respectively the improvement of the nuclear security functions in case of events outside the design bases as result of the nuclear accident occurred at the Fukushima nuclear power plant: nuclear safety analysis services for the update of the EPSN Level 1 and the preparation of EPSN Level 3 were completed; the works scheduled to be implemented during the planned outage of U2 in 2015 were successfully implemented (environment qualification works of the measure loops of the critical security parameters (CSP) and the extension of the measure field at U2; at 31.12.2015 works and services necessary for changing the destination of the existent construction at the location of U5 were contracted, with 12 months of delay compared to the initial planning. The delay has been generated by the successive rounds of clarifications after publishing of the documentation in the SEAP, which lead to the redrafting of the tender book. These delays have generated the postponement for 2016 of all the activities, respectively the associated costs (approximately 35,8 mil. lei), programmed initially to be executed in 2015.*

### **FCN Pitesti Branch**

The investments program of FCN Pitesti for the year 2015 was in amount of 16,455 thousand lei. The achievement degree at FCN at the end of the year 2015 is of 30.63%.

The works executed within the investments program of FCN are presented bellow:

- *Modernization of the nuclear fuel fabrication line in order to optimize the fabrication flow and to improve the quality of the final product: refurbishment of the auto platform and access alleys to FCN; modernization of the aerosols sampling system; manipulation, weighting and storing systems for the containers with UO2 powder; the assembling and commissioning works of the centrifuge installation 2500 G slam have been completed;*
- *Ventilation and air conditioning in Hall IV (feasibility study, Project, execution, environment study): The „Environment impact study”(RIM) and the „ Evaluation study of the impact upon the population health” (SEISSP) were elaborated; the above mentioned documents have passed the public consulting procedure and have been analyzed by the Technical Analysis Commission (CAT) within the Ministry of Environment, Waters and Forests, without any comments; in January 2016 the Environment Agreement and the Construction Permit are going to be obtained;*
- *Rehabilitation of the working stations , airlocks, offices, laboratory and bathrooms (FCN buildings repairs);*
- *Design and execution of the ventilation installation for the electricity station;*
- *Design and execution of the evacuation system for the smoke and hot gas for the FCN Archive, the Central nuclear fuel warehouse, the Zy-4 Warehouse, the New nuclear fuel warehouse.*

### **3.5. The activity of the subsidiary Cernavoda NPP**

The operation activity was conducted without events that might have impact an impact on nuclear safety, upon the own personnel, population and environment. The relationship with the regulators was conducted in compliance with the requirements and conditions in the operation licenses.

In the year 2015 nooperation event to exceed the level 1 on the international scale of the nuclear events was registered, regarding the degrading of the in depth defense barriers, impact on the site or outside (indicator 1).

On March 27<sup>th</sup> 2015 an unplanned controlled outage took place at Unit 1 with a duration of 49 hours (2,04 days), in order to carry out the remedy works of the faults noticed at an auxiliary system afferent to the classical part of the plant. The synchronization with the National Power System (“SEN”) took place on March 29<sup>th</sup> 2015.

On April 6<sup>th</sup> an unplanned controlled outage took place at Unit 1, in order to execute some remedy works of an auxiliary system afferent to the classical part of the plant. The synchronization with the National Power System (“SEN”) took place on April 8<sup>th</sup> 2015.

On May 9<sup>th</sup> 2015, Unit entered the planned shutdown program. The outage duration was of 24,8 days, the synchronization of Unit 2 to the grid taking place on June 2<sup>nd</sup> 2015. Under these conditions, the duration of the planned outage, initially estimated for 30 days, has been observed.

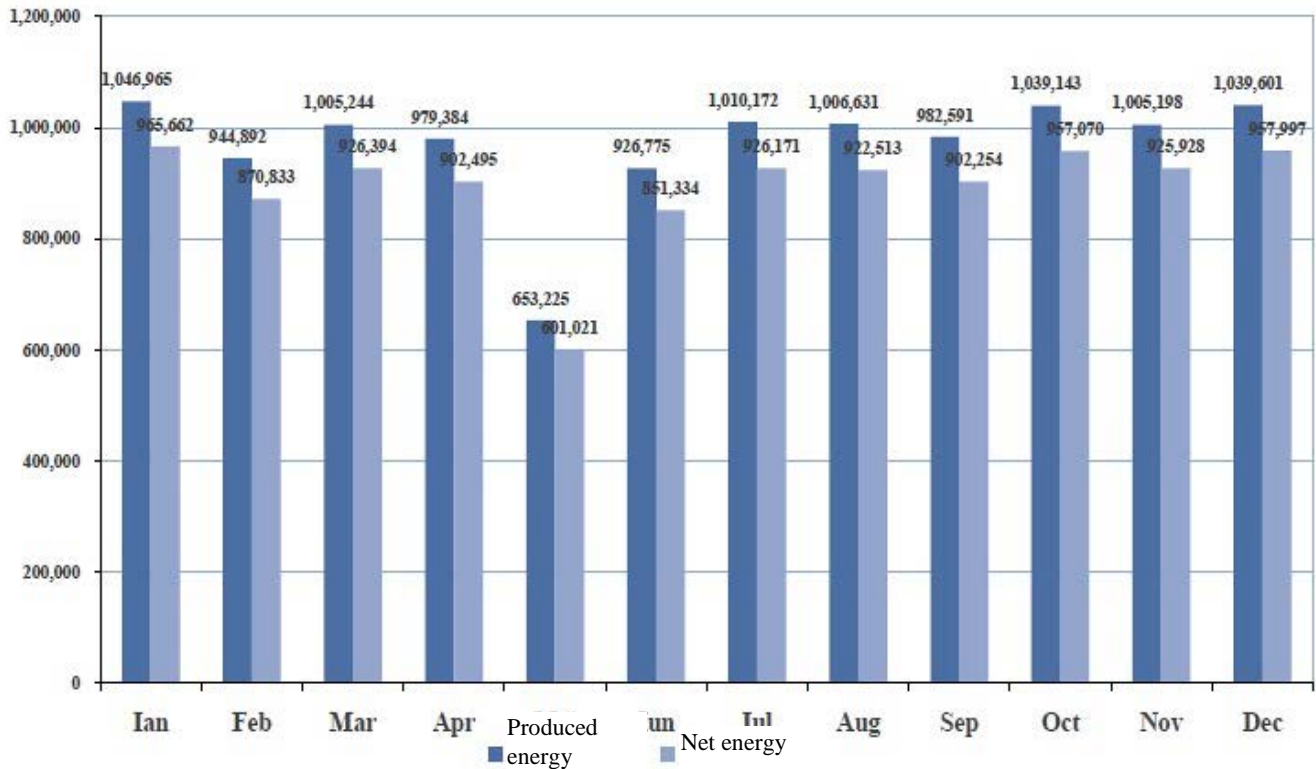
On June 10<sup>th</sup> 2015 an unplanned controlled outage took place at Unit 1, with a duration of 55,3 hours, for the execution of some corrective maintenance works at the electric power evacuation path maintaining the reactor on power. The synchronization with the National Energetic System (“SEN”) took place on June 12<sup>th</sup> 2015.

The main production activity indicators are emphasized in the charts below.

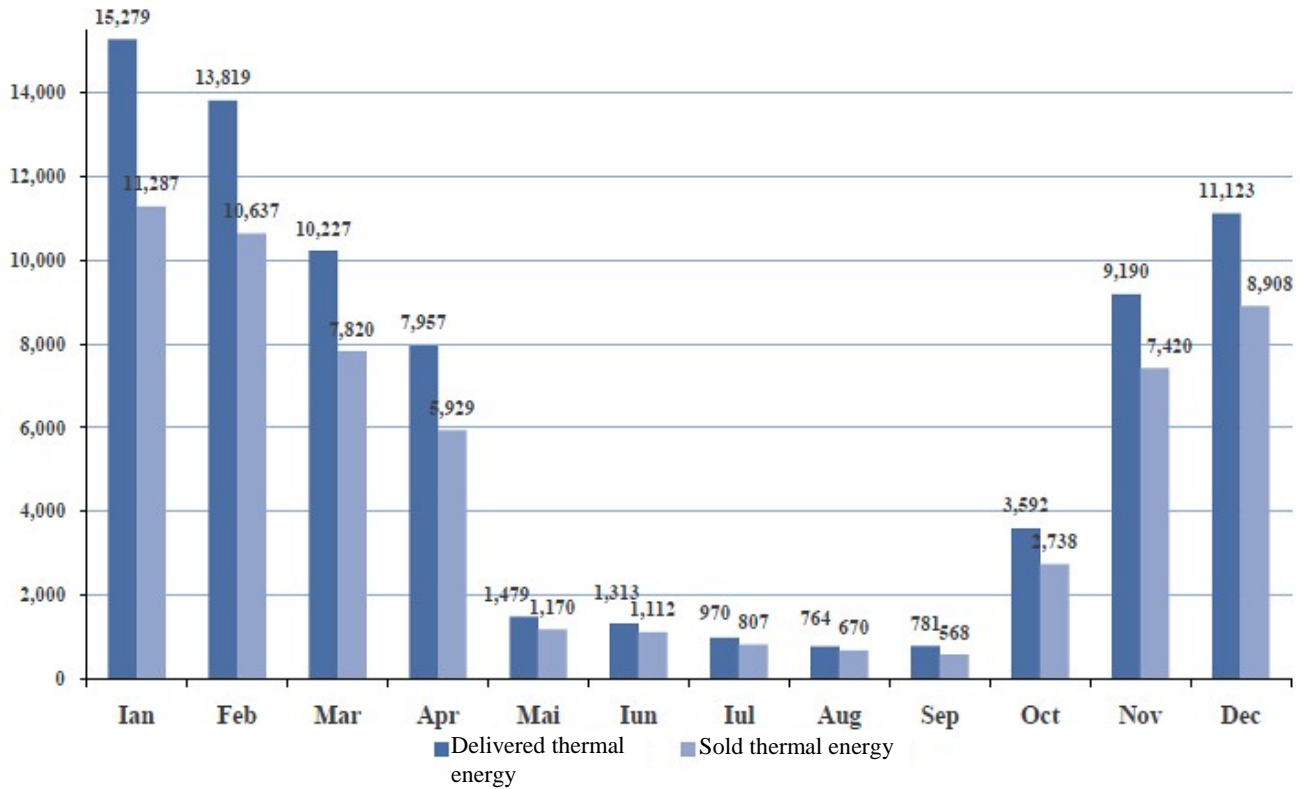
**Produced electricity/net U1 + U2 (MWh)**

**(Produced electricity: 11,639,819 MWh/ Net electricity: 10,709,672**

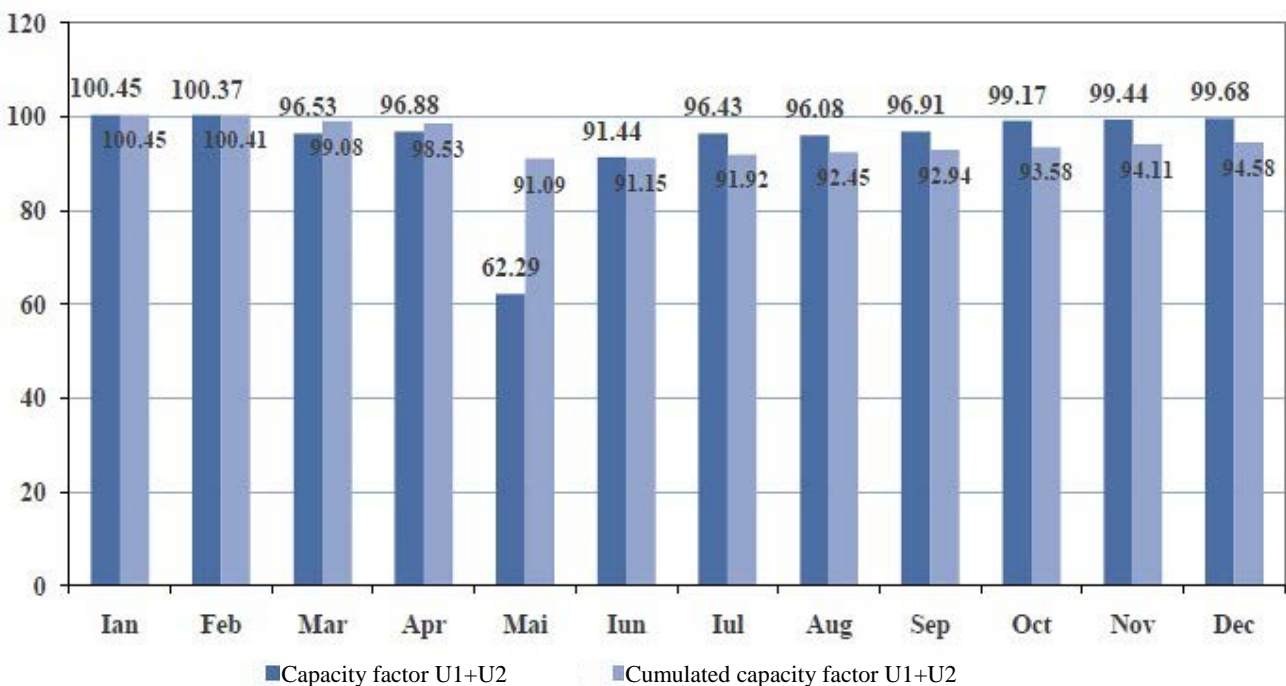
**MWh) (Own cumulated technological consumption 2015: 7,99%)**



**Thermal power delivered to the heating system / sold (Gcal)**  
**(Delivered thermal power: 76,494 Gcal/ Sold thermal power: 59,065 Gcal)**

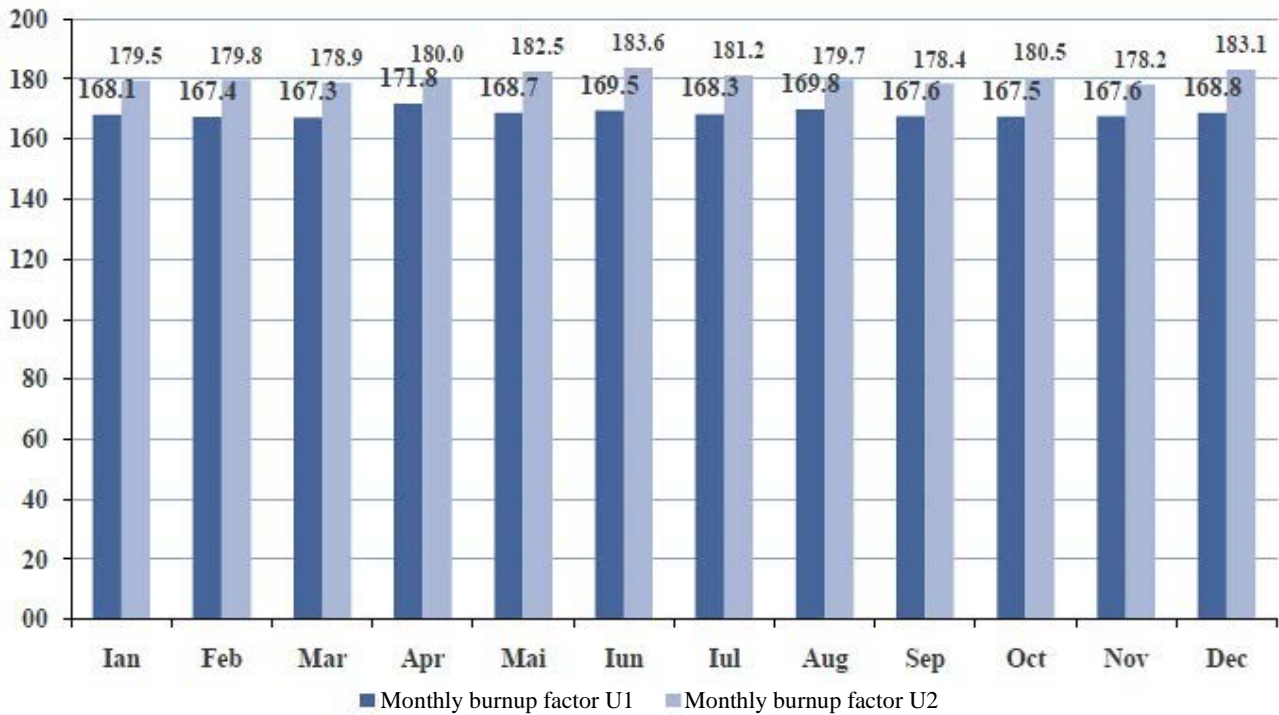


**Installed capacity using factor U1 + U2 (%)**  
**(Cumulated 2015: 94.58%)**

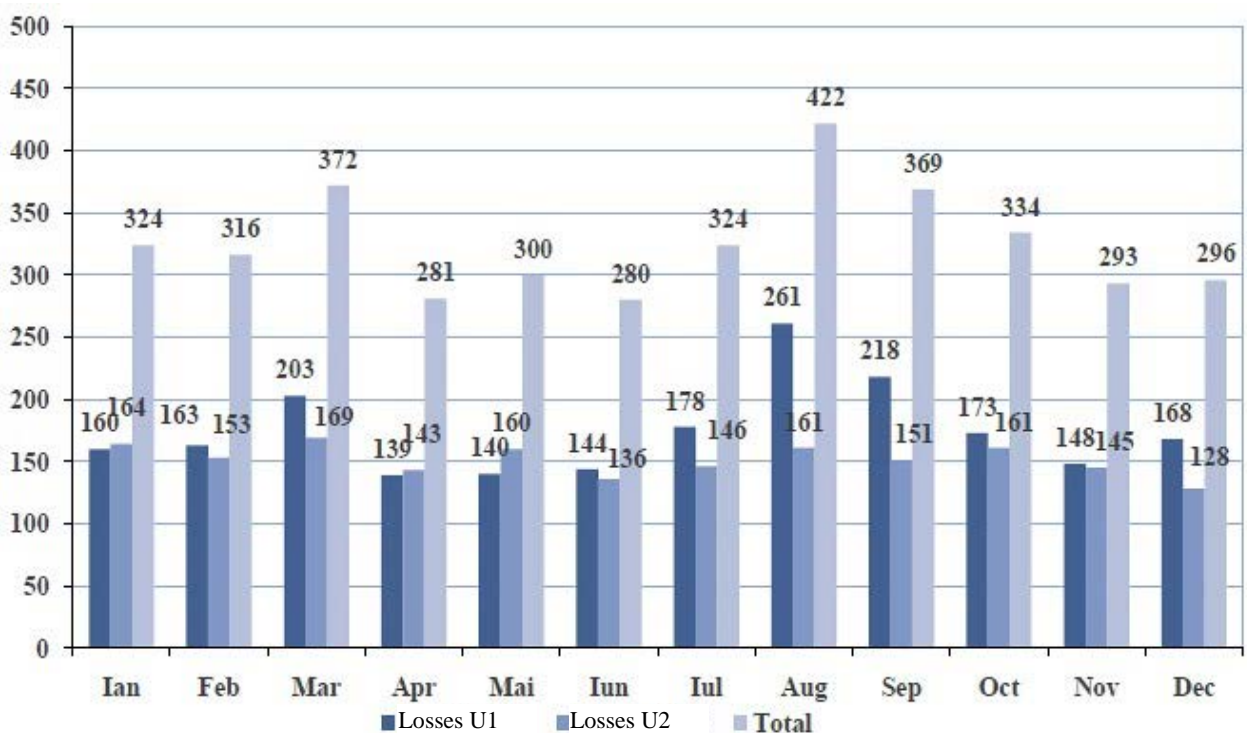




**Nuclear fuel burnup factor (MWh/KgU)**  
 (Cumulated 2015: 174.44 /Project provided: min. 156.00)

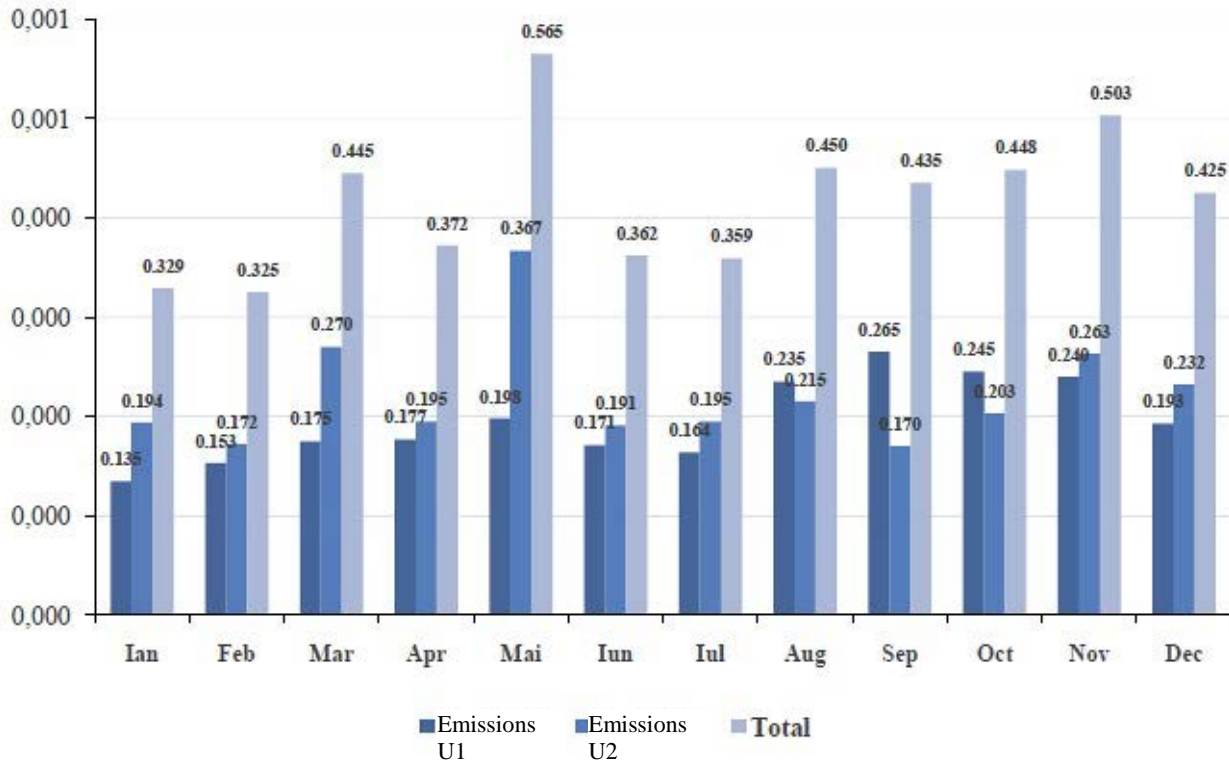


**Heavy water losses U1+U2 (Kg)**  
 (Cumulated 2015: 3,911 / Estimated 2015: max. 6,800)





**U1/U2 radioactive emissions volume in the environment (μSv)**  
 (Total 2015: 5.01/ Annual limit: 13.00)



**3.6. The activity of FCN Pitesti Branch**

In the year 2015, FCN produced 11,628 nuclear fuel bundles, according to the production plan. Thus, in the first quarter of 2015 3,600 nuclear fuel bundles were controlled and accepted, in the second quarter of 2015 2,477 nuclear fuel bundles were controlled and accepted, in the third quarter 2015, 2,711 nuclear fuel bundles were controlled and accepted, all of them according to the specifications, and in the fourth quarter 2015, 3,840 nuclear fuel bundles were and accepted.

By comparison to the similar period of 2014, the production of nuclear fuel bundles increased with 11.51% (from 10,428 pieces in the year 2014, to 11,628 pieces in the year 2015).

In the year 2015, FCN delivered to Cernavoda NPP a quantity of 10,800 nuclear fuel bundles, complying with the agreed delivery schedule: 2,160 nuclear fuel bundles delivered in the first quarter, 2,880 nuclear fuel bundles delivered in the second quarter of 2015, 2,880 nuclear fuel bundles delivered in the third quarter of 2015 and, respectively 2,880 nuclear fuel bundles delivered in the fourth quarter of 2015.

The price of the sintered uranium powder in 2015 was of 475 lei/kg. In 29.12.2015 SNN terminated the contract for sintered uranium powder no. 434/2014, because the supplier CNU Bucuresti did not fulfill its contractual obligations.

## 4. OTHER SIGNIFICANT ASPECTS

### 4.6. Company share capital increase

Based on the Decision no. 8/06.10.2014 issued by the General Extraordinary Meeting of Shareholders, the increase of the Company's share capital with a cash input by issuing new, nominal, dematerialized shares, for a price of 10 RON/share, equal to the nominal value (excluding the share premium) was approved. The shares sale was unfolded during 05.01.2015 - 04.02.2015, according to the Prospectus approved by the Company's Board of Directors by decision no. 174/02.12.2014 and by the Financial Supervision Authority by the decision no. 2246/23.12.2014.

On 06.02.2015, the Company's Board of Directors acknowledged and approved the subscription of a number of 19.438.285 shares in amount of 194.382.850 RON, of which 19.437.670 shares with a nominal value of 194.376.700 RON, registered by the majority shareholder – Ministry of Energy, and 615 shares with a nominal value of 6.150 RON subscribed according to the pre-emption right by the other shareholders of the Company, who had the capacity of shareholder on the Registration Date (22.10.2014), in order to maintain the participation quotas in the share capital. The value of the share capital resulted following this operation is 3.012.210.410 RON, fully subscribed and paid up.

On 05.03.2015 the registration certificate for the new shares was issued by the Trade Register regarding: the share capital, the number of shares and data modifications of the legal persons shareholders and the list of the natural and legal persons shareholders. As per the Resolution no. 415/11.03.2015 the Financial Supervisory Authority, has blocked, as an insurance measure, for a single two weeks period, the transfer of the package of 19.438.285 shares issued upon the increase of the share capital of SNN based on the resolution of EGMS from 16.10.2014.

SNN unfolded during 19.10.2015 – 18.11.2015 a share capital increase process, as per to the Resolution of the Extraordinary General Meeting of the Shareholders number 2/29.01.2015 regarding the competence delegation to the Board of Directors for a period of 1 year and the Resolution of the Board of Directors of SNN number 102/11.08.2015 regarding the approval of the share capital increase with in kind and in cash contributions, based on the offer Prospectus approved by the Board of Directors of SNN through the resolution no.117/14.09.2015 and by the Financial Supervisory Authority through the resolution no.2662/15.10.2015.

The shareholders recorded in the Shareholders Registry at the registration date 28.08.2015 had the right to subscribe and pay shares from the present issuing, proportional to the participation share to the company capital they held at the registration date. Within the subscription period (19.10.2015 – 18.11.2015), a number of 292.810 new shares was subscribed, with a nominal value of 2.928.100 RON, representing the in kind contribution of the Romanian State, represented by the Ministry of Energy, no other subscriptions being recorded from the persons that had the preference right at the registration date (28.08.2015).

The share capital increase has been recorded at the competent state authorities, the process being concluded on 23.12.2015. The share capital of SNN was increased from 3.012.210.410 RON to 3.015.138.510 RON.

### 4.7. The project for the Units 3 and 4 of Cernavoda NPP

During January and February 2015, meetings of the negotiation committee took place for reaching a common negotiation position of the involved authorities/institutions regarding the proposals of China General Nuclear Corporation (CGN) for modifying the Memorandum of Understanding (MoU).

During March 2015, the position of the Romanian party was presented, as it is defined in the strategy by CGN and after this date, the negotiations regarding the MoU were finalized.

On July 27<sup>th</sup> 2015, the meeting of the Interministerial Committee for the project of Units 3 and 4 Cernavoda NPP took place, upon which the MoU was approved, including the appendixes, in the form proposed by the negotiation committee and, on September 2<sup>nd</sup> 2015, the MoU was approved by the Romanian Government.

On October 22<sup>nd</sup> 2015 The Memorandum of Understanding regarding the development, construction, operation and decommissioning of the Units 3 and 4 Cernavoda NPP was approved by the Extraordinary General Meeting of the Shareholders.

On November 9<sup>th</sup> 2015, the Memorandum of Understanding was signed by the management of the parties involved in the project: SN Nuclearelectrica SA and China General Nuclear Power Corporation.

#### 4.8. Update and approval of the Regulations regarding the organization and unfolding of SNN General Meeting of Shareholders

SNN has updated and approved the Regulation regarding the organization and unfolding of the General Meetings of the Shareholders SNN through the resolution of the Board of Directors no. 271 from February 20<sup>th</sup> 2015, following the modification of the capital market legislation and the update of the Articles of Incorporation of SNN.

#### 4.9. Litigation with Fondul Proprietatea S.A.

Fondul Proprietatea S.A. has registered at Bucharest Court of Law the annulment request of the Resolution of the General Extraordinary Meeting of the Shareholders (“EGMS”) no. 8/6.10.2014 through which was approved the increase of the share capital of SNN through cash contribution in a maximum total amount of 239.172.630 lei, by issuing a maximum number of 23.917.263 new shares, at the price of 10 lei/share.

The next trial date is established by the Court for 18.04.2016.

#### 4.10. Major litigations

The situation of the major litigations (in amount of over 500,000 lei) and of the monetary unevaluated ones in progress on 31.12.2015 is presented in **Appendix 4**.

### 5. THE MAIN ECONOMIC FINANCIAL INDICATORS ON 31.12.2015

The company performance is reflected in the accomplishment of the main economic financial indicators, as follows:

| Indicator name*)                               | Formula   | M.U. | Result on 31.12.2015 |
|--|---|------|----------------------|
| <b>1. The current liquidity ration</b>         | Current assets/<br>Current liabilities                  | x    | 4.42                 |
| <b>2. The indebttness degree ratio</b>         |   |      |                      |
| 2.1. The indebttness degree indicator (1)      | Long term liabilities/<br>shareholder’s Equity x<br>100 | %    | 19.8%                |
| 2.1. The indebttness degree indicator (2)      | Borrowed capital/<br>Engaged capital x<br>100           | %    | 16.5%                |
| <b>3. Receivables turnover ratio - clients</b> | Clients average<br>balance/ Turnover x<br>270           | days | 30                   |
| <b>4. Assets rotation ratio *)</b>             | Turnover/<br>Non-current assets                         | x    | 0.23                 |

\*) based on the audited individual annual financial statements

## **6. THE ACCOMPLISHMENT DEGREE OF THE PERFORMANCE INDICATORS**

The indicators and the performance criteria included in the mandate contracts of the Directors have been predicted at the middle of the year 2013 based on the local in force accounting standards. Starting with the financial year 2013, SNN is applying the International Standards of Financial Reporting (IFRS).

The performances indicators have been calculated based on the Income and expenses budget of SNN, approved through HG no. 468/24.06.2015 and through the Resolution of SNN OGMS no. 6/14.09.2015, as well as based on the Appendixes 1 and 1.1 to the administration contracts concluded between the administrators and the company, updated through the resolution of the GMS no. 7/14.09.2015, containing the level of the indicators and performance criteria for the year 2015.

The indicators have been observed in a proportion of over 100% in the IV quarter 2015, as it results from Appendix 5 (the fulfillment degree being in a proportion of 114,80%).

Regarding the fulfillment degree of the annual value of the investment plan according to the Table 28 from the management plan and Annual Budgets, for establishing the accomplishment degree of the value of the investments plan, only the investments presented in table 28 from the management plan are considered and the execution degree is limited at maximum 100% (realized vs planned).

The Board of Directors is monitoring, as well, the quarterly reports of the Managers, the execution of their mandate contracts; for information, the indicators and performance criteria included in the mandate contracts of the managers have been achieved in a proportion of over 100% in the IV quarter of 2015 (104,07% the General manager and the Financial Manager, 123,40% the Manager of Cernavoda NPP branch).

**Board of Directors**  
**Alexandru Sandulescu**  
**President**

**Appendix 1 – Financial position as at 31.12.2015**

| <b>31 December 2015<br/>(audited)</b>                |                      | <b>31 December 2014<br/>(audited, retreated)</b> |
|--|----------------------|--|
| <b>Assets</b>  |                      |  |
| <b>Non-current assets</b>                            |                      |  |
| Tangible assets                                      | 7.474.555.551        | 7.788.998.048                                    |
| Intangible assets                                    | 79.982.771           | 94.558.653                                       |
| Financial investments                                | 141.689.201          | 141.686.201                                      |
| <b>Total non-current assets</b>                      | <b>7.696.227.523</b> | <b>8.025.242.902</b>                             |
| <b>Current assets</b>                                |                      |  |
| Inventories  | 323.222.947          | 328.082.555                                      |
| Profit tax to be recovered                           | 1.173.730            | -  |
| Trade and other receivables                          | 163.499.181          | 240.118.861                                      |
| Payments made in advance                             | 12.072.918           | 18.546.205                                       |
| Bank deposits  | 1.103.841.528        | 31.442.715                                       |
| Cash and cash equivalents                            | 257.376.819          | 1.152.298.625                                    |
| <b>Total current assets</b>                          | <b>1.861.187.123</b> | <b>1.770.488.961</b>                             |
| <b>Total assets</b>                                  | <b>9.557.414.646</b> | <b>9.795.731.863</b>                             |
| <b>Equity and liabilities</b>                        |                      |  |
| <b>Equity</b>  |                      |  |
| Share capital, out of which:                         | 3.210.641.253        | 3.013.330.303                                    |
| <i>Subscribed and paid in share capital</i>          | <i>3.015.138.510</i> | <i>2.817.827.560</i>                             |
| <i>Inflation adjustments to the share capital</i>    | <i>195.502.743</i>   | <i>195.502.743</i>                               |
| Share premiums                                       | 31.474.149           | 31.474.149                                       |
| Reserve for payments in advance to the share capital | 21.553.537           | 217.820.977                                      |
| Revaluation reserve                                  | 293.329.577          | 313.405.061                                      |
| Reported result                                      | 3.936.724.775        | 3.853.283.081                                    |
| <b>Total own equity</b>                              | <b>7.493.723.291</b> | <b>7.429.313.571</b>                             |
| <b>Liabilities</b>                                   |                      |  |
| <b>Long term liabilities</b>                         |                      |  |
| Long term borrowings                                 | 1.279.606.054        | 1.496.191.642                                    |
| Long term advance incomes                            | 157.791.277          | 172.135.939                                      |
| Deferred tax liability                               | 173.496.018          | 186.372.003                                      |
| Obligations regarding employees benefits             | 31.796.021           | 33.267.120                                       |
| <b>Total long term liabilities</b>                   | <b>1.642.689.370</b> | <b>1.887.966.704</b>                             |
| <b>Current liabilities</b>                           |                      |  |
| Trading and other liabilities                        | 197.281.806          | 244.366.147                                      |
| Due profit tax                                       | -                    | 4.495.676  |
| Short term advance incomes                           | 21.671.875           | 24.909.505                                       |
| Current portion of the long term borrowings          | 202.048.304          | 204.680.260                                      |
| <b>Total current liabilities</b>                     | <b>421.001.985</b>   | <b>478.451.588</b>                               |
| <b>Total liabilities</b>                             | <b>2.063.691.355</b> | <b>2.366.418.292</b>                             |
| <b>Total equity and liabilities</b>                  | <b>9.557.414.646</b> | <b>9.795.731.863</b>                             |

**Appendix 2 – Profit and loss account for the year ended on 31.12.2015**

|                                       | <b>2015 (audited)</b>  | <b>2014 (audited)</b>  |
|---------------------------------------|------------------------|------------------------|
| <b>Incomes</b>                        |                        |                        |
| Incomes from electric power sales     | 1.673.421.590          | 1.685.350.384          |
| Incomes from electric power transport | 75.247.078             | 109.272.960            |
| <b>Total incomes</b>                  | <b>1.748.668.668</b>   | <b>1.794.623.344</b>   |
| Other incomes                         | 34.329.171             | 19.629.242             |
| <b>Operating expenses</b>             |                        |                        |
| Depreciation and amortization         | (493.762.157)          | (425.873.117)          |
| Personnel expenses                    | (301.369.015)          | (298.622.905)          |
| Cost of traded electricity            | (26.828.898)           | (29.499.135)           |
| Repairing and maintenance             | (129.820.114)          | (130.414.701)          |
| Electricity transmission expenses     | (75.247.078)           | (109.272.960)          |
| Costs with spare parts                | (18.721.768)           | (24.748.712)           |
| Cost of nuclear fuel                  | (139.198.799)          | (134.241.709)          |
| Other operating expenses              | (437.910.555)          | (486.370.170)          |
| <b>Total operating expenses</b>       | <b>(1.622.858.384)</b> | <b>(1.639.043.409)</b> |
| <b>Operating profit</b>               | <b>160.139.455</b>     | <b>175.209.177</b>     |
| Financial costs                       | (150.843.084)          | (117.836.207)          |
| Finance income                        | 169.027.593            | 96.953.834             |
| <b>Net finance income</b>             | <b>18.184.509</b>      | <b>(20.882.373)</b>    |
| <b>Profit before income tax</b>       | <b>178.323.964</b>     | <b>154.326.804</b>     |
| Income tax expense                    | (29.180.235)           | (21.262.149)           |
| <b>Net profit for the year</b>        | <b>149.143.729</b>     | <b>133.064.655</b>     |

### Appendix 3 – Execution of the Revenues and Expenses Budget as at 31.12.2015

- thousand lei-

| INDICATORS |    | No row  | Revenue and expenditure budget 2015 approved by 468/24.06.2015 | Revenue and expenditure budget 2015 approved by AB 162/23.11.2015 | Achieved 2015  | % Achieved vs Initial (col.6/col.4) | % Achieved vs Rectified (col.6/col.5) |               |
|------------|----|---|--|---|----------------|-------------------------------------|---------------------------------------|---------------|
| 0          | 1  | 2   | 3  | 4   | 5              | 6                                   | 7                                     | 8             |
| I.         |    | <b>TOTAL REVENUES (L.2=L.22+L.28)</b>   | 1  | 1.884.174   | 1.966.693      | 1.949.776                           | 103,5%                                | 99,1%         |
|            | 1  | <b>Operating revenues, (L.3+L.8+L.9+L.12+L.13+L.14) out of which:</b>   | 2  | 1.765.015   | 1.783.543      | 1.780.745                           | 100,9%                                | 99,8          |
|            | c1 | Discounts, in compliance with the legal provisions  | 3  | -   | -              | -                                   | -                                     | -             |
|            | c2 | Transfers, in compliance with the legal provisions  | 4  | -   | -              | -                                   | -                                     | -             |
|            | 2  | <b>Finance revenues (L.23+L.24+L.25+L.26+L.27), out of which:</b>   | 5  | 119.159   | 183.150        | 169.031                             | 141,9%                                | 92,3          |
|            | 3  | <b>Extraordinary revenues</b>   | 6  | -   | -              | -                                   | -                                     | -             |
| II         |    | <b>TOTAL EXPENSES (L.30+L.136+L.144)</b>  | 7  | 1.829.927   | 1.799.342      | 1.771.452                           | 96,8%                                 | 98,5          |
|            | 1  | <b>Operating expenses (L.31+L.79+L.86+L.120), out of which:</b>   | 8  | 1.691.010   | 1.669.885      | 1.620.609                           | 95,8%                                 | 97,0%         |
|            | A. | <b>Expenses with goods and services (L.32+L.40+L.46), out of which:</b>   | 9  | 692.722   | 674.835        | 610.204                             | 88,1%                                 | 90,4%         |
|            | B. | <b>Expenses with fees, taxes and assimilated payments (L.80+L.81+L.82+L.83+L.84+L.85), out of which:</b>  | 10   | 173.912   | 174.001        | 178.405                             | 102,6%                                | 102,5%        |
|            | C. | <b>Personnel expenses, (L.87+L.100+L.104+L.113), out of which:</b>  | 11   | 307.462   | 307.462        | 303.615                             | 98,7%                                 | 98,7%         |
|            | C0 | Salaries expenses (L.88+ L.92)  | 12   | 229.742   | 229.742        | 229.192                             | 99,8%                                 | 99,8%         |
|            | C1 | Salaries (L.89+L.90+L.91), out of which:  | 13   | 216.050   | 216.050        | 216.025                             | 100,0%                                | 100,0%        |
|            | C2 | Bonuses (L.93+L.96+L.97+L.98+ L.99), out of which:  | 14   | 13.692  | 13.692         | 13.167                              | 96,2%                                 | 96,2%         |
|            | C3 | <b>Other personnel expenses (L.101+L.102+L.103), out of which:</b>  | 15   | 1.033   | 1.033          | 1.027                               | 99,4%                                 | 99,5%         |
|            |    | a) Expenses with compensations for early release of personnel   | 16   | -   | -              | -                                   | -                                     | -             |
|            | C4 | <b>Expenses afferent to the mandate contract and other management and control authorities, commissions and committees (L.105+L.108+L.111+ L.112), out of which:</b> | 17   | 3.262   | 3.274          | 2.903                               | 89,0%                                 | 88,7%         |
|            | C5 | <b>Expenses related to social protection, special funds and other legal obligations (L.114+L.115+L.116+L.117+L.118+L.119), out of which:</b>                        | 18   | 73.425  | 73.413         | 70.493                              | 96,0%                                 | 96,0%         |
|            | D. | <b>Other operating expenses (L.121+L.124+L.125+L.126+L.127+L.128), out of which:</b>  | 19   | 516.915   | 513.587        | 528.385                             | 102,2%                                | 102,9%        |
|            | 2  | <b>Finance expenses (L.137+L.140+L.143), out of which:</b>  | 20   | 138.917   | 129.456        | 150.843                             | 108,6%                                | 116,5%        |
|            | 3  | <b>Extraordinary expenses</b>   | 21   | -   | -              | -                                   | -                                     | -             |
| III        |    | <b>GROSS RESULT (profit / loss) (Rd.1-Rd.29)</b>  | 22   | 54.247  | 167.351        | 178.324                             | 328,7%                                | 106,6%        |
| IV         |    | <b>INCOME TAX</b>   | 23   | 15.904  | 31.618         | 29.180                              | 183,5%                                | 92,3%         |
| V          |    | <b>PROFIT AFTER INCOME TAX</b>  | 24   | <b>38.343</b>   | <b>135.733</b> | <b>149.144</b>                      | <b>389,0%</b>                         | <b>109,9%</b> |



**Appendix 4 – Major litigations of SNN in progress on 31.12.2015, inclusive the non-monetary evaluated ones**

| No. | File number    | Litigation nature                                  | SNN's title        | Opposing party   | Value   | Stage                                    | Description   | Term  |
|-----|----------------|--|--------------------|--|---|--|---|---|
| 1.  | 3868/118/2012  | Constanta Civil Court of Law                       | Creditor           | S.C. Proconex Universal S.R.L.                               | Receivable 3.369.886,85 lei   | Merits of the case                       | Bankruptcy  | 11.04.2016                                      |
| 2.  | 27406/3/2012   | Civil The high court of cassation and justice      | Plaintiff Creditor | SC Tinmar Ind S.A.   | Penalties for delay, transport tariff (TG) and legal interest admitted 1.286.326,78 lei and 18.345,23 lei court costs | Retrial by the Bucharest Court of Appeal | <p><b>Merits of the case (TB)</b><br/>Partially admits the claim of SNN - Tinmar Ind S.A. is obliged to pay to SNN the amount of 1.230.780,39 lei and 16.423,80 lei court costs.</p> <p><b>On appeal (CAB)</b><br/>Partially changes the sentence - in addition to the merits of the case, Tinmar Ind S.A. is obliged to pay to SNN the amount of 55.546,39 lei and 555,47 lei court costs. In addition for the merits of the case and 1365,96 lei court costs in appeal.</p> <p><b>Appeal (ICCJ)</b><br/>Admits the appeal, annuls the decision of Bucharest Court of Appeal and sends the file for retrial to Bucharest Court of Appeal.</p>      | 13.04.2016                                      |
| 3.  | 2183/115/2010  | Civil Caras-Severin Court of Law                   | Creditor           | CET Energoterm Resita S.A.                                   | Receivable 580.974,21 lei   | Merits of the case                       | Bankruptcy  | 7.04.2016                                       |
| 4.  | 48031/299/2010 | Penal District Courthouse                          | Civil part         | Rotaru Ioan, Ispas Gh, Irimie Traian TESS civil liable party | Prejudice 13.493.080,3 lei  | Merits of the case                       | <b>Merits of the case:</b> sentences the defendants to jail and damages payment. The defendants and DNA have formulated an appeal.  | Term to be established                          |
| 5.  | 9089/101/2013  | Civil Mehediinti Court of Law                      | Creditor           | RAAN   | Insolvency Receivable 7.828.405,48 lei  | Trial on the merits of the case          | Insolvency<br>SNN has requested the receivable in amount of 7.828.405,48 lei. By the civil sentence no. 10/28.01.2016 the instance asked for bankruptcy procedure start for RAAN and named as provisory liquidator Euro Insol SPRL.   | 7.04.2016                                       |
| 6.  | 7238/120/2012  | Civil Dambovitza Court of Law                      | Creditor           | Eco Energy   | Receivable 2.464.059,64 lei   | Trial on the merits of the case          | Bankruptcy  | 04.04.2016                                      |
| 7.  | 3793/2/2013    | Administrative High Court of Cassation and Justice | Defendant          | Greenpeace CEE Romania                                       | Overrules the decision to issue the environment agreement and of the environment agreement regarding the U3-4         | Appeal                                   | <p><b>Merits of the case:</b> Admits the exception of lack of object of the second end of the initial petition (cancellation of the environment agreement regarding the project „Continuation of the construction works and completion of U 3 and 4).<br/><b>Appeal:</b> Overrules the second end of the initial petition to the annulment of the environment agreement regarding the project „ Continuation of the construction works and completion of units 3 and 4 la Cernavoda NPP”, as lacking object. Overrules the rest of the petition, as it was completed by the additional petition, as ungrounded.<br/>Resolution 1436/09.05.2014.</p> | The Court of Law is going to establish the term |

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|     |                  |   |           |   |  |                                       |  |  |
|-----|------------------|---|-----------|---|--|---------------------------------------|--|--|
| 8.  | 873/1259/2008    | Civil<br>Arges Court<br>of Law  | Creditor  | Termoficare<br>2000 SA  | Receivable<br>2.713.986,71 lei   | Trial on the<br>merits of<br>the case | Bankruptcy   | 31.05.2016                               |
| 9.  | 18770/3/<br>2007 | Civil<br>Bucharest<br>Court of Law  | Creditor  | Condem<br>S.A.  | Receivable<br>2.446.227,08 lei   | Trial on the<br>merits of<br>the case | Bankruptcy   | 13.04.2016                               |
| 10. | 416/2/<br>2014   | Administrative<br>Bucharest<br>Court of<br>Appeal   | Claimant  | The National<br>Energy<br>Regulatory<br>Authority                 | Change in<br>regulated tariff<br>through the<br>Decision<br>3609/2013  | Merits of the<br>case                 | <b>Merits of the case:</b> On 14.10. 2014<br>SNN petition was rejected as<br>ungrounded. With appeal.  | The court<br>will<br>establish a<br>term |
| 11. | 13275/3/2015     | Civil<br>Bucharest<br>Court of Law  | Defendant | Hidroelectri<br>ca S.A.   | 40.812.717 lei   | Merits of the<br>case                 | The claimant requests the value<br>difference from ensuring electricity<br>buying contract and electricity sale, as<br>well as the legal interest<br><b>Merits of the case:</b> The Court admits the<br>prescription exception of the material<br>right to action. Overrules the action as<br>being prescribed. With appeal in 30 days<br>from the communication. Resolution<br>6860/ 07.12.2015 |  |
| 12. | 3490/121/2015    | Civil Galati<br>Court of Law  | Claimant  | ArcelorMitt<br>al Galati<br>S.A.                                  | 8.575.245,78 lei   | Merits of the<br>case                 | The company requests the value<br>difference from selling the energy<br>made available and other associated<br>expenses  | The instance<br>will establish<br>a term |
| 13. | 26063/3/2015     | Administrative<br>Bucharest<br>Court of Law   | Claimant  | Court of<br>Accounts<br>and<br>Chamber<br>of<br>Accounts<br>Arges | annulment<br>-Resolution CC<br>9/23.03.2015<br>-Conclusion CC<br>38/19.06.2015 -<br>Control Report<br>341/27/2015 at<br>FCN Pitesti  | Merits of the<br>case                 | <b>Merits of the case:</b> the Court<br>overrules the inadmissibility<br>exception of the petition head<br>regarding the annulment of the control<br>Report, as not funded. Overrules the<br>action as not funded. With recourse in<br>15 days from the<br>communication. Resolution<br>1297/29.02.2016.   |  |
| 14. | 26062/3/2015     | Administrative<br>Bucharest<br>Court of Law   | Claimant  | Court of<br>Accounts<br>and<br>Chamber<br>of<br>Accounts<br>Arges | suspension<br>-Resolution CC<br>9/23.03.2015<br>-Conclusion CC<br>38/19.06.2015 -<br>Control Report<br>341/27/2015 at FCN<br>Pitesti | Merits of the<br>case                 | <b>Merits of the case:</b> Admits the request<br>and disposes the execution suspension of<br>the Resolution no. 9/23.03.2015 until the<br>final solving of the case<br>action. Binding. With recourse in 5 days<br>from the communication. Resolution<br>90/01.02.2016.  |  |
| 15. | 4960/2/2015      | Administrative<br>Appeal Court<br>Bucharest<br>High Court<br>of<br>Cassation<br>and Justice | Claimant  | Court of<br>Accounts  | Suspension and<br>execution measure.<br>D&O INSURANCE<br>POLICIES  | Merits of the<br>case                 | <b>Merits of the case:</b> Partially admits the<br>petition and suspends<br>the execution of point II.12 part of the<br>resolution no. 16/11.05.2015 issued by<br>the Romanian Court of<br>Accounts, Department IV until the final<br>solving of the case action   | The instance<br>will establish<br>a term |

|     |             |   |          |                   |   |  |   |                                 |
|-----|-------------|---|----------|-------------------|---|--|---|---------------------------------|
|     |             |   |          |                   |   |  | registered in the file no. 4912/2/2015. Binding. Overrules as inadmissible the execution suspension petition regarding point 10 from the conclusion no. 59/17.07.2015 and point 3.1.10 from the Control Report no. 4371/10.04.2015 issued by the Romanian Court of Accounts. With recourse in 5 days from the communication, Resolution 2608/15.10.2015<br>Recourse :   |                                 |
| 16. | 4961/2/2015 | Administrative Appeal Court Bucharest High Court of Cassation and Justice | Claimant | Court of Accounts | suspension of execution TOURIST SERVICES                    | Merits of the case<br><br><br><br><br><br><br><br><br><br>recourse | <b>Merits of the case:</b> Admits the inadmissibility exception of the petition head regarding the execution suspension pct. 3.1.5 of the Control Report no. 4371/10.04.2015 and, consequently, overrules as inadmissible this petition head. Overrules, in the rest, the execution suspension as not funded. With recourse in 5 days from the communication. Resolution 2660/20.10.2015  | The court will establish a term |
| 17. | 4962/2/2015 | Administrative Appeal Court Bucharest                                     | Claimant | Court of Accounts | Execution suspension measure BENEFITS and COURT RESOLUTION  | Merits of the case   | <b>Merits of the case:</b> Admits the inadmissibility exception claimed by the claimant. Overrules as inadmissible the petition heads representing the execution suspension of the points 3.1.7 and 3.1.8 from the Control Report no. 4371/10.04.2015. Rejects as not being interesting the execution suspension petitions for point 8 from the Conclusion no. 59/17.07.2015 of the Petitions Solving Committee and point II 10 from the Decision 16/11.05.2015 issued by the claimant. Overrules as not funded the execution suspension petitions for point 7 from the Conclusion no. 59/17.07.2015 of the Claims Solving Committee and point II 9 from the Decision 16/11.05.2015 issued by the claimant. With recourse in term of 15 days from the communication Resolution pronounced on 08.12.2015 |                                 |
| 18. | 4968/2/2015 | Administrative Appeal Court Bucharest                                     | Claimant | Court of Accounts | Execution suspension measure contributions LEGAL COUNSELORS | Merits of the case   | <b>Merits of the case:</b> Partially admits the action. Disposes the partial execution suspension of the Resolution no. 16/2015, namely the measure disposed at pct. II.11, as well as the Conclusion no. 59/2015-pct. 9, until the final solving of the action in annulment of pct. II.11 from the Decision no. 16/2015 and pct. 9 from the Conclusion no. 59/2015. Overrules the suspension petition of the control report no. 4371/2015- pct. 3.1.9- as inadmissible. With recourse right in 5 days from the communication. Resolution 2684/ 20.10.2015  |                                 |

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|     |             |   |          |                   |   |                    |  |                                  |
|-----|-------------|---|----------|-------------------|---|--------------------|--|----------------------------------|
| 19. | 4969/2/2015 | Administrative Appeal Court Bucharest                                     | Claimant | Court of Accounts | measure execution suspension MICROSOFT                    | Merits of the case | <b>Merits of the case :</b> Overrules the suspension petition of pct. 3.1.11 of the control report no. 4371/10.04.2015 issued by the Romanian Court of Accounts, as inadmissible. Partially admits the suspension petition. Suspends the execution of point 11 of the Conclusion no. 59/17.07.2015 and of pct. II.13 of the Resolution no.16/11.05.2015 issued by the Romanian Court of Accounts until the final solving of the action on the case. Binding. With recourse right in term of 5 days from the communication. Resolution 2956/2015 11.11.2015 |                                  |
| 20. | 4970/2/2015 | Administrative Appeal Court Bucharest                                     | Claimant | Court of Accounts | suspension of measure execution NON-RESIDENTS             | Merits of the case | <b>Merits of the case :</b> Partially admits the petition.Brief solution: Partially admits the petition. Disposes the partial suspension of the Resolution no. 16/11.05.2015 regarding point II.8, respectively the Conclusion no. 59/17.07.2015 regarding point 6, until the final solving of the action in annulment. Rejects as inadmissible the suspension petition of point 3.1.3 of the Control Report no. 4371- 10.04.2015. With recourse right in term of 5 days from the communication. Resolution 2503/ 07.10.2015                               |                                  |
| 21. | 4971/2/2015 | Administrative Appeal Court Bucharest High Court of Cassation and Justice | Claimant | Court of Accounts | suspension of contract unfolding measure GENERAL CONCRETE | Merits of the case | <b>Merits of the case:</b> Overrules the action as not funded. With recourse in 5 days from the communication. Resolution 2773/ 28.10.2015<br><b>Recourse:</b>   | The court will establish a term. |
| 22. | 4959/2/2015 | Administrative Appeal Court Bucharest                                     | Claimant | Court of Accounts | Measure annulment TRIPS                                   | Merits of the case |  | 18.03.2016                       |
| 23. | 4902/2/2015 | Administrative Appeal Court Bucharest                                     | Claimant | Court of Accounts | Measure annulment CONTRIBUTION S and INCREASES            | Merits of the case | <b>Merits of the case:</b> Admits the main petition and the connected petition, regarding the points 1 and 2. Partially annules the Conclusion no. 59/17.07.2015 and the Decision no.16/11.05.2015, regarding pct. 9 and pct. 8 from the conclusion, respectively the measures from pct. II.11 and II.10 from the resolution. Overrules as inadmissible pct. 3 from both petitions, regarding the partial annulment of the control report no. 4371/10.04.2015. With recourse in 15 days from the communication.  |                                  |

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|     |             |                                       |          |                   |  |                    | Final. Resolution<br>3419/17.12.2015   |            |
|-----|-------------|---------------------------------------|----------|-------------------|--|--------------------|--|------------|
| 24. | 4906/2/2015 | Administrative Appeal Court Bucharest | Claimant | Court of Accounts | Measure annulment PROCUREMENT              | Merits of the case | <b>Merits of the case :</b> Based on art. 413 alin. 1 pct. 1 Cpc suspends the judgment of the present cause until the final solving of the file no. 62136/299/2015 of Bucharest Court of Law Sector 1. With recourse for the entire suspension duration. Conclusion–Suspension from 18.01.2016   |            |
| 25. | 4912/2/2015 | Administrative Appeal Court Bucharest | Claimant | Court of Accounts | Measure annulment D&O POLOCIES             | Merits of the case | <b>Merits of the case :</b> Admits the petition Brief solution: Overrules the inadmissibility solution of the partial annulment petition of the control report no.4371/10.07.2015. Admits the action. Partially annuls the Conclusion no.59/17.07.2015, issued by the defendant regarding pct.10, Decision no.16/11.05.2015 issued by the defendant regarding the measure disposed at pct.II.12 from the resolution, as well as pct.3.1.10 from the Control Report no.4371/10.04.2015 issued by the defendant. With recourse in 15 days from the communication. Resolution 173/2016 26.01.2016 |            |
| 26. | 4946/2/2015 | Administrative Appeal Court Bucharest | Claimant | Court of Accounts | Measure annulment GENERAL CONCRETE         | Merits of the case |  | 18.03.2016 |
| 27. | 4964/2/2015 | Administrative Appeal Court Bucharest | Claimant | Court of Accounts | Measure annulment COURT OF LAW RESOLUTIONS | Merits of the case | <b>Merits of the case :</b> Admits the inadmissibility exception of the petition head regarding the annulment of the point 3.1.7 from the Control Report no. 4371/10.04.2015 claimed by the claimant. Overrules as inadmissible the petition head regarding the annulment of point 3.1.7 from the Control Report no.4371/10.04.2015. Overrules as not funded the connected actions. With recourse in termen de 15 days from the communication. Resolution 373/09.02.2016   |            |
| 28. | 4965/2/2015 | Administrative Appeal Court Bucharest | Claimant | Court of Accounts | Measure annulment MICROSOFT                | Merits of the case | <b>Merits of the case :</b> Admits the petition regarding the points 1 and 2. Partially annuls the conclusion no. 59/17.07.2015 and the decision no. 16/11.05.2015, regarding pct. 11 from the conclusion, respectively the measure from pct. II.13 of the resolution. Overrules as inadmissible pct. 3, regarding the partial annulment of the control report no. 4371/10.04.2015. With recourse in 15 days from the communication. Resolution 236/28.01.2016   |            |
| 29. | 4958/2/2015 | Administrative                        | Claimant | Court of          | Measure annulment                          | Merits of the case | <b>Merits of the case:</b> Admits the action   |            |

|                      |   |                                     |             |  |  |                       |  |   |
|----------------------|---|-------------------------------------|-------------|--|--|-----------------------|--|---|
|                      |   | Appeal Court<br>Bucharest           |             | Accounts   | NON-RESIDENTS  |                       | Partially annuls the conclusion no. 59/17.07.2015, respectively regarding the rejection of pct. VI from the litigation no. 6420/28.05.2015 and, consequently, annuls the measure taken at pct. II.8 from the decision no. 6/11.05.2015 for removing the error presented at pct. 3 from the same resolution, as well as pct. 3.1.3 from the Control Report no. 4371/10.04.2005. With recourse in 15 days from the communication. Pronounced in public hearing, today, March 10 <sup>th</sup> 2016 |   |
| 30.                  | 45487/3/2015  | TB S VIII-a<br>Labour               | Claimant    | SNN employees  | prejudice<br>708.407 lei labour<br>litigation<br>execution of<br>measure disposed<br>by CC through<br>the 2012 report<br>regarding D&O<br>policies                             | Merits of<br>the case |  | 12.04.2016                                |
| 31.                  | 45494/3/2015  | TB S VIII-a<br>Labour               | Claimant    | Managers of<br>SNN and<br>GMS<br>members   | prejudice<br>708.407 lei<br>execution of<br>measure<br>disposed by CC<br>through the 2012<br>report regarding<br>D&O policies  | Merits of<br>the case |  | 14.04.2016                                |
| 32.                  | 1794/118/2016   | Penal<br>Constanta Tribunal         | Civil party | Bucur Ionel<br>Megulici Elena<br>Olteanu Madalina<br>Encica Ionel<br>Nicola Laurentiu<br>Daramus Victor<br>Davy Security SRL as<br>civil accountable party<br>through judiciary<br>administrator | Abuse of office,<br>conflict of<br>interests<br><br>Prejudice<br>Eur 3.471.463   | Merits of<br>the case | Merits of the case   | Trial date to be<br>established           |
| <b>NEC Cernavoda</b> |   |                                     |             |  |  |                       |  |   |
| 1.                   | 10673/118/2010  | Civil/<br>Constanta<br>Court of Law | Defendant   | Sava Marian  | Compensations  | Merits of<br>the case | Eviction of the land afferent to the heat pipelines and payment of compensations.<br><b><u>Merits of the case :</u></b>  | The Court is<br>to deliberate.<br>Pending |
| 2.                   | 14951/118/2011<br>(suspended based<br>on art. 36 of the<br>Law 85/2006) | Civil/<br>Medgidia<br>Court of Law  | Claimant    | SC Car<br>Construct SRL  | Land release,<br>property of SNN<br>SA – concrete<br>platform occupied<br>by SC CAR<br>CONSTRUCT<br>Based on the<br>sale-purchase<br>contract concluded<br>with SC CNE<br>SA - | Merits of<br>the case | According to art. 36 of the Law no. 85/2006 (Insolvency Law): the judgment cause has been suspended  | Suspended                                 |

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|----|---------------|-------------------------------------|----------|---|---|--------|--|--|
| 3. | 3657/256/2013 | Civil/<br>Constanta<br>Court of Law | Claimant | Tudose<br>Alexandru,<br>Predoiu Bogdan,<br>Purcarea Gica,<br>Laudatu Ioana,<br>etc. | Γ1 Section claim<br>request,<br>Cernavoda | Appeal | <b>Merits of the case :</b> company petition<br>admitted<br><b>Appeal:</b> Overrules as tardy the appeal<br>declared by SC CNE S.A. Overrules as<br>not funded the appeal formulated by<br>Tudose Alexandru, Lăudatu Ioana, and<br>the incident appeal formulated by<br>Predoiu Bogdan Gh. Final. Resolution<br>14/2016 07.01.2016 |  |
|----|---------------|-------------------------------------|----------|---|---|--------|--|--|



### Appendix 5 – The accomplishment degree of the performance indicators as at 31.12.2015 – the Board of Directors

| No  | Objective / Performance indicators   | MU                  | Estimated Q IV                             | Actual Q IV                                | Degree of accomplishment (%) | Weight coefficient | Accomplishment degree of the performance indicators col. 5 * col. 6 (%) |
|---|--|---------------------|--|--|------------------------------|--------------------|---|
| 0   | 1  | 2                   | 3  | 4  | 5                            | 6                  | 7   |
| <b>Improvement of the indicators regarding the financial performances of the company</b>  |  |                     |  |  |                              |                    |   |
| 1   | Annual turnover (cumulated since the beginning of the year)  | Million RON         | 1.750,00                                   | 1.749,91                                   | 99,99%                       | 0,20               | 20,00%  |
| 2   | Annual operation profit (cumulated since the beginning of the year)  | Million RON         | 74,00                                      | 160,14                                     | 216,40%                      | 0,20               | 43,28%  |
| 3   | Overdue payments   | Thousand RON        | -  | -  | 100,00%                      | 0,10               | 10,00%  |
| 4   | Labor productivity (cumulated since the beginning of the year)   | Thousand RON/person | 833,00                                     | 860,33                                     | 103,28%                      | 0,10               | 10,33%  |
| 5   | Operating expenses at 1000 lei turnover (cumulated since the beginning of the year)  | RON                 | 966,00                                     | 927,39                                     | 104,16%                      | 0,10               | 10,42%  |
| <b>Fulfillment of the major investment objectives</b>   |  |                     |  |  |                              |                    |   |
| 6   | Execution of the annual value plan of investments cumulated since the beginning of the year (According to Table 28 and to the annual budgets)                  | %                   | 90,00%                                     | 23,70%                                     | 26,33%                       | 0,15               | 3,95%   |
| <b>Maintenance of the electricity production capacity above the average level in the industry</b>                                     |  |                     |  |  |                              |                    |   |
| 7   | Capacity factor (cumulated since the beginning of the year)  | %                   | 80,00%                                     | 94,58%                                     | 118,23%                      | 0,10               | 11,82%  |
| <b>Operation of the nuclear units in safe conditions for the personnel, the population, the environment and the production assets</b> |  |                     |  |  |                              |                    |   |
| 8   | No operation event over the level 1 on the International Nuclear Events Scale, regarding the depth damage of the defense barriers, onsite and off-site impacts |                     | 0 events bigger than level 1 on INES scale | 0 events bigger than level 1 on INES scale | 100,00%                      | 0,05               | 5,00%   |
| <b>The accomplishment degree of the performance indicators</b>  |  |                     |  |  |                              | <b>1,00</b>        | <b>114,80%</b>  |