



QUARTERLY REPORT

**OF THE BOARD OF DIRECTORS OF S.N. NUCLEARELECTRICA S.A. ("SNN")
for January 1 - March 31, 2018**

1st Quarter 2018

Report date: May 2018

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1. BASIS OF THE REPORT

The quarterly report of the Board of Directors for the 1st quarter of 2018 is drafted based on GEO no. 109/2011 regarding the corporate governance of public companies, as further amended and supplemented (“GEO no. 109/2011”) and art. 67 of Law no. 24/2017 regarding the issuers of financial instruments and market operations.

2. ANALYSIS OF THE FINANCIAL STATEMENTS

The information and the unaudited simplified individual interim financial statements on the date and for the period of 3 months that ended on March 31, 2018 presented in this report are not audited by the financial auditor of SNN and were drafted according to the Order of the Ministry of Public Finance no. 2844/19.12.2016 (“OMFP 2844/2016”) for approving the Accounting Regulations according to the International Financial Reporting Standards (“IFRS”), based on Accounting Standard 34 - “Interim financial reporting” passed by the European Union. The submitted indicators are in lei (RON) unless otherwise stated.

2.1. Financial position statement as of March 31, 2018

The financial position as at March 31, 2018 is presented in **Annex 1**.

Thousand RON	March 31, 2018 (unaudited)	December 31, 2017 (audited)	Variation
Non-current assets	6,827,216	6,948,684	-1.7%
Current assets	2,495,259	2,239,865	11.4%
Total assets	9,322,475	9,188,549	1.5%
Long-term liabilities	1,251,491	1,308,219	-4.3%
Current liabilities	452,842	452,185	0.1%
Total liabilities	1,704,333	1,760,404	-3.2%
Equities	7,618,142	7,428,145	2.6%
Total equities and liabilities	9,322,475	9,188,549	1.5%

Non-current assets registered a slight drop compared to the level registered on 31.12.2017, especially due to the drop of the net value of the tangible assets by acknowledging the amortization for the 1st quarter of 2018. The impact of the period’s amortization was partially compensated by the investments performed for Units 1 and 2 Cernavoda CNE.

Circulating assets increased by 11.4% compared to December 31, 2017, mainly based on the increase by 12.4% of the monetary liquidities (cash, cash equivalents and bank deposits with maturity higher than 3 months) and the increase by 13% of commercial receivables and other receivables, based on the increase of the average price for the sale of electricity related to the receivables remained in the balance on March 31, 2018 compared to March 31, 2017, given the maintenance of the collection period and the collection of receivables (approximately 22 days).

Long-term debts decreased by 4.3%, compared to the values recorded on 31.12.2017. The decrease is mainly caused by the decrease of the long-term portion of the external credits contracted from Societe

Generale and EURATOM for building and starting up unit 2 CNE Cernavoda, following the reclassification of the outstanding installments in the short-term portion, gradually with the maturity of the credits.

Current debts were maintained on a similar level to the one recorded on March 31, 2017, and increased by only 0.1%, based on the decrease by 24.2% of the commercial debts and other debts following the existence in the balance, on December 31, 2017, of the debt regarding local taxes and duties worth 45.3 million RON, paid in the 1st quarter of 2018, compensated by the increase by 16% of the other current debts, mainly the payable profit tax.

2.2. Profit and loss account for the 3-month period ended on March 31, 2018

During the period of 3 months ended on March 31, 2018, SNN recorded a net profit of 189,997 thousand lei.

Thousand RON	3-month period ended on March 31, 2018 (unaudited)	3-month period ended on March 31, 2017 (audited, restated)	Variation
Production (GWh)*	2,714	2,766	-1.9%
Operating income, of which:	571,008	494,997	15.4%
<i>Income from electricity sales**</i>	541,245	483,910	11.8%
Operating expenses, minus depreciation and amortization	(235,273)	(226,710)	3.8%
EBITDA	335,735	268,287	25.1%
Depreciation and amortization	(122,504)	(120,658)	1.5%
EBIT	213,231	147,629	44.4%
Net financial result	19,939	(1,838)	n/a
Profit tax expenses, net	(43,173)	(20,519)	110.4%
Net profit	189,997	125,272	51.7%

*Electricity produced and delivered by CNE Cernavoda in the National Energy System.

**Including revenues from the sale of thermal energy, insignificant in the total revenues.

Operational profit (EBITDA) increased by 25% compared to the same period of the previous year, mainly following the increase of operational revenues by 15%, influenced by the increase by 11.8% of the revenues from the sale of electricity.

Following the completion of the process of liberalizing the electricity market in Romania, starting with 2018 the Energy Regulation National Authority (“ANRE”) no longer set for manufacturers delivery obligations under regulated contracts, by abrogating Order no. 83/2013 on the methodology of setting prices for the electricity sold by the manufacturers based on regulated contracts and electricity quantities from the regulated contracts concluded by the manufacturers with last-instance suppliers, after completing the schedule for gradually removing regulated fees.

In the 3-month period that ended on March 31, 2018, the Company did not sell energy on the regulated market (11% in the 3-month period ended on March 31, 2017), a 12% increase of the electricity quantity sold on the competition market compared to the comparative period of the previous year. Compared to the same period of the previous year, the quantity of electricity sold on the competition market of bilateral contracts increased by 11%, and benefited from an increase of the average sale

price on this market by 24% (without Tg), while the electricity quantity sold on the spot market (PZU) increased by 17%, but the average sale price on this market was lower by 32% (without Tg).

Operating expenses increased by 3.8% in the first quarter of 2018, compared to the same period of 2017, mainly following the increase of the cost of the purchased electricity and balancing market expenses, partially compensated by the decrease of the other expenses that compose the operating expenses.

Expenses with depreciation and amortization increased by 1.5% compared to the same period of the previous year, mainly caused by the increase of expenses with amortization related to the startup of investments in the period previous to Q1 2017.

Net currency exchange differences positively influenced the net result, so in period January 1 - March 31, 2018, net financial revenues were recorded, while in the same period of the previous year net financial expenses were recorded. The main currencies to which there are exposures are EUR, CAD and USD.

The profit and loss account for the period of 3 months ended on March 31, 2018 is presented in **Annex 2**.

2.3. Execution of the Revenues and Expenses Budget as at March 31, 2018

The Revenues and Expenses Budget (“BVC”) of SNN for the year 2018 was approved by the Resolution no. 3/02.03.2018 of the Ordinary General Meeting of Shareholders of SNN.

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 March 31, 2018 is presented in **Annex 3** to the hereby report.

As per the analysis of the Budget of Revenues and Expenses execution as of 31.03.2018 (presented in **Annex 3**), a degree of accomplishment of the programmed operating revenues of 99.8% and a reduction of the operating expenses compared to the budgeted level of 7.9%. The performance level of the total income is 101.1%, superior to the performance level of total expenses of 89.5%.

3. OPERATIONAL ACTIVITIES

3.1. Electricity production

The gross production of electricity of the two operational units of CNE Cernavoda was 2,950,627 MWh in Q1 2018; from this gross production, the own technological consumption of the Units during the operation, and during the outages ensured from own production was 237 thousand MWh in Q1 2018.

Thus, the electricity produced and delivered in the National Energy System (“SEN”) was 2,713,982 MWh in Q1 2018, compared to Q1 2017 (2,766,310 MWh), a decrease of 1.89%.

The net electricity production program approved by the Board of Directors for 2018 considered a quantity of 10,405,516 MWh; out of this, for the 1st quarter of 2018, the production program targeted a quantity of 2,721,146 MWh, and was implemented 99.74%.

The installed power usage factor, recorded by each operational unit within the CNE Cernavoda during the 1st quarter of 2018, and cumulated after the start of commercial usage (Unit 1 on December 2, 1996, Unit 2 on November 1, 2007) until March 31, 2018 was:

CNE Cernavoda unit	January 2018	February 2018	March 2018	Cumulated 1st quarter 2018	Cumulated from commercial exploitation
Unit 1	98.64%	98.48%	91.73%	96.21%	90.76%
Unit 2	99.45%	100.10%	96.34%	98.58%	94.39%

The low value of the factor of using the installed power at the units of CNE Cernavoda in March 2018 reflects the influence of unplanned stoppages with an actual duration of 63.4 hours, as follows:

- at Unit 1 CNE Cernavoda there was an unplanned stoppage with a total duration of 46.3 hours: starting with March 25, 2018, at 09:20 Unit 1 CNE Cernavoda was disconnected for investigating and remedying the triggering caused by the inverter and voltage regulator;
- at Unit 2 CNE Cernavoda there was an unplanned stoppage with a total duration of 17.1 hours: starting with March 29, 2018, Unit 2 CNE Cernavoda was disconnected following the automatic triggering of the main switch. Also, in March 25-26, the turbogenerator operated at a low charge with 55% for replacing the bearing at the engine of a condensation pump, caused by high vibration.

3.2. Electricity sales

Within the activity of electricity trading, the Company is obligated to submit letters of bank guarantee to certain contractual partners, according to the provisions stipulated in the electricity sale-purchase contracts. Mainly, these refer to: the contract concluded with Transelectrica S.A. for electricity transportation (a letter of bank guarantee is not necessary given the status of good payer; the contract provides the situations where the security is mandatory); the agreement concluded with OPCOM S.A. for electricity trading on PZU (Next Day Market) and PI (Intra-daily Market); contracts concluded on the PCCB – NC market (centralized market of bilateral electricity contracts – the trading method according to which contracts are awarded by Continuous Negotiation); contracts concluded on the PCSU platform (centralized market for the universal service), plus tender procedure securities; the agreement for PE (balancing market) concluded with Transelectrica S.A. and the contract concluded with Ciga Energy S.A. for PE representation.

For the purpose of this activity, in Q1 2018, 3 letters of bank guarantee were issued. Their cumulated value is 19,633,184 lei, for which collateral deposits were set up in equivalent value. In Q1 2018, 13 collateral deposits were liquidated related to letters of bank guarantee in value of 41,480,641 lei, issued both in 2018 and in 2016 - 2017. On March 31, 2018, there are in balance 33 collateral deposits set up for letters of bank guarantee on that date, in value of 88,630,277 lei.

The quantities of electricity sold in the 1st quarter of 2018 and the corresponding incomes, separated on types of sale contracts, are presented in the table below:

Electricity sales (quantities, prices and values) during the 1st quarter of 2018

Sales on types	Quantities in MWh	% of total sales	Average price [lei/MWh with included T _g]	Revenues from sales [lei]
Sales on the free market (bilateral contracts and PZU contracts), out of which:	2,757,492	99.7%	196.29	541,261,904
- Contract sales PCCB - LE, PCCB - NC, PCSU and supply contracts	2,278,684	82.4%	203.86	464,535,818
- PZU sales	478,808	17.3%	160.24	76,726,086
PE positive unbalances ^{*)}	7,587	0,3%	94.94	720,317
Total sales on 1st quarter of 2018	2,765,079	100%	196.01	541,982,221

^{*)} NB: 12,801 lei of the presented value represents redistributed revenues resulted from the balancing of the system, based on the application of ANRE order no. 51/2016 and ANRE order no. 76/2017.

The electricity quantity sold based on contracts, on the spot market (PZU) and on PE is 2,765,079 MWh, with 0.07% less than the sales program, of 2,767,094 MWh (sized on the production estimate, without estimating unplanned outages) and 0.87% less than the electricity quantity sold in Q1 of 2017. The difference between the electricity sold by the Company and the electricity produced and delivered by CNE Cernavoda is represented by the electricity purchased for fully covered the contractual obligations, an electricity quantity that was purchased 74% from PE and the rest from PZU.

The revenues obtained from the electricity market related to electricity deliveries in Q1 2018 are 541,982,221 lei (out of which 12,801 lei represents redistributed revenues resulted from balancing the system, based on the application of ANRE Order no. 51/2016 and ANRE Order no. 76/2017), 2.39% lower than the budget revenues for Q1 2018, and 11.4% higher than the same period of the previous year.

The average weighted sale price, for the electricity quantities sold (without PE), result Q1 2018, is 196.29 lei/MWh (including T_g). For comparison, the weighted average price of all the transactions performed on the markets on which SNN operated in Q1 2018 (PCCB - LE, PCCB - NC, PCSU, PZU), calculated based on the values published by OPCOM in the monthly market reports, is 190.87 lei/MWh. In Q1 2017 the average weighted sale price, for the energy quantities sold (without PE) was 174.28 lei/MWh (including T_g).

Starting with 2018 the Energy Regulation National Authority ("ANRE") no longer set for manufacturers delivery obligations under regulated contracts, by abrogating Order no. 83/2013 on the methodology of setting prices for the electricity sold by the manufacturers based on regulated contracts and electricity quantities from the regulated contracts concluded by the manufacturers with last-instance suppliers, after completing the schedule for gradually removing regulated fees.

The sold electricity quantities on the competitive market (bilateral contracts) represented in Q1 2018 a percentage rate of 82.4% out of the total volume of the sold energy. The average sale price on bilateral contracts to be delivered in Q1 2018 was 203.86 lei/MWh (with T_g included), registering an increase of 24% compared to the average price registered in Q1 2017, of 164.34 lei/MWh (T_g included), given that T_g in Q1 2017 was higher by 0.29 lei/MWh.

On the spot market (PZU), during the 1st quarter of 2018, a quantity of electricity representing 17.3% of the total sale volumes was sold, compared to the percentage share of 14.6% recorded in Q1 quarter of 2017. The energy average selling price on the spot market (PZU) achieved by SNN in Q1 2018 was 160.24 lei/MWh (with T_g included), compared to 234.56 lei/MWh (with T_g included) recorded during the same period of 2017.

In Q1 2018, SNN implemented 154 energy sale contracts, as follows:

- 113 contracts concluded on PCCB-LE;
- 36 contracts concluded on PCCB-NC;
- 4 contracts concluded on PCSU;
- 1 supply contract (with an addendum concluded for 2018).

No other significant delays were notified compared to the due payment terms provided in the contracts in Q1 2018.

3.3. Expenses on the energy market

In Q1 2018 the total value of expenses on the electricity market by SNN is 24,173,584 lei, out of which 2,849,577 lei represents T_g , namely the regulated fee paid by Transelectrica S.A. for injecting the electricity generated by CNE Cernavoda in the electricity transportation network. The expenses representing the equivalent value of the green certificates that needed to be purchased for the delivered electricity are 6,715 lei, and the fees paid to OPCOM S.A. for the sale-purchase transactions performed on the platforms managed by OPCOM S.A. are 164,962 lei.

The expenses with electricity purchases from the spot market (PZU) in Q1 2018 were 11,011,611 lei. The actual costs incurred with the purchase of electricity amount to 3,011,611 lei (1st quarter of 2017: 1,184,795 lei) in order to ensure the full fulfillment of the contractual obligations to supply electricity during the unplanned shutdown of Unit 1 Cernavoda NPP, during March 25 - 26, when Unit 2 CNE Cernavoda functioned in low power; the amount of electricity purchased was 13,196 MWh (1st quarter of 2017: 4,202 MWh) at an average price of 228.22 lei/MWh (1st quarter of 2017: 281.99 lei/MWh). The Company has recognized a preliminary quarterly commitment for the electricity to be purchased during the unplanned stoppages of RON 8 million, included in the electricity purchase expenses.

The PE expenses in Q1 2018 were 10,103,087 lei, and the purchased electricity quantity was 37,900 MWh (Q1 2017: 7,289,495 lei, and the purchased quantity of electricity was 18,708 MWh). 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 and the value of the unbalance upon notification.

The expenses with purchases of electricity and negative unbalances were significantly higher in Q1 2018 than in the similar quarter of the previous year. The number of stoppages of the two units CNE Cernavoda higher in Q1 2018 compared to the same period of 2017, led to the increase of the quantity of electricity that was purchased, at a lower purchase price than in the previous period. In Q1 2018, the number of hours of stoppages was higher by 42 hours than in the similar quarter from the previous year.

In February 2018 SNN completed the negotiation process with at least 8 eligible partners of EFET contracts (a contract used on international level), which makes it possible to trade on the OPCOM PC - OTC market. By accessing PC - OTC, SNN will benefit from the most liquid electricity market in Romania by trading products in real time.

3.4. Investment program as at March 31, 2018

The total value of the investment program of SNN for 2018 is 244,867 thousand lei (without the component allocated to the payment of the debt service related to long-term loans), a program approved by Resolution no. 3/02.03.2018 of the Ordinary General Assembly of Shareholders of SNN.

The comparative situation of the investment accomplishments (value and percentage) for Q1 2018 compared to the same period of 2017 is presented in the table below:

Year	Value of the investment program [thousand RON]	Performed (01.01 - 31.03) [thousand RON]	Achievement level (01.01 - 31.03) (%)
2018	244,867	8,448	3.5%
2017	231,593	36,451	15.7%

As in the previous years, the highest rate in the investment program is for long-term investments (ongoing). This is due to the need of upgrade/replacement of certain systems, out of economical reasons (specific consumption deductions, improvement of certain parameters related to served processes, with a positive impact on efficiency), out of legal reasons – the need to implement new upgrades associated with nuclear security, environment protection and labor security representing imperative requirements from the regulatory authorities in the field (e.g.: CNCAN and the Ministry of Environment).

Analysis of the completion degree of the investment program on March 31, 2018

The investment program of SNN for 2018 annexed to BVC was value-sized by considering the ongoing contractual commitments, the estimates regarding the investment objectives to be made in the following year, including amounts allocated to investment projects for which the fulfillment of certain requirements outside the control of SNN is anticipated (e.g. prior approvals of regulation authorities, legal terms regarding the completion of public tender procedures, including appeals, obtaining the necessary approvals from SNN corporate bodies, etc.), in order to allow the implementation of these projects by fitting into the approved budget values.

The value degree analysis must consider the fact that this can differ from the physical achievement degree; thus, if an investment project was successfully completed, the physical achievement degree is 100% but the value “achievement” degree can be sub-unitary, namely less than 100%, if the project was implemented at a cost lower than the budget amounts; these savings represent benefits for the company, because the same results are obtained with lower resources.

On March 31, 2018, the value of the investment program was 3.5%, at an investment program value of 244,867 thousand lei. The target level at the end of the first quarter of 2017, also considered for the first quarter of 2018, was at least 5%. Thus, a 3.5% achievement rate of at least 5% is a 70% achievement of the investment plan to be achieved in the first quarter of 2018.

The 5% target level associated with the first months of the year is justified by the fact that the first months of the year are dedicated to planning/contracting, with investment projects to be implemented predominantly in the second half of the year. Thus, (i) for further investment projects - a high value share is associated with the works to be delivered starting with the second quarter, for example during the planned stop, and (ii) for the new investment projects, their implementation starts in part second of the calendar year following the signing of the related contracts.

Out of the investment projects provided in the investment program, we mention:

- **“Burnt fuel intermediary storage (including SICA Unit 2)”**: budgeted 14,177 thousand lei – the value achievement degree as of March 31, 2018 is 9.1%. In January - March 2018, the construction and assembly works were completed, and the reception was performed upon the completion of the works for Module 9 DICA. The physical protection works related to Module 8 are in progress. For modules 10 and 11 type Macstor 200, the contracting of construction and assembly works is in progress. At the same time, the company contracted services of updating the DICA plan necessary for obtaining the CNCAN building permit for modules 10 and 11. There are delays in contracting the physical protection works for Module 9, caused by the modification of the contracting strategy and the decision to redo the procurement documentation, so the contracting will be made cumulatively for Modules 9, 10 and 11 by two procedures: one with a sole source and one with a competitive source. There are delays in contracting the assessment services and drafting environment studies in order to obtain the Environment Agreement for the Macstor 400 modules starting with Module 12 DCA, caused by the successive redoing of the procurement documentation and the necessity of defining as clearly as possible the requirements of the Tender Book.

- **“Modernization and expansion of the physical security system”**: budget 16,600 thousand lei – the achievement value degree on March 31, 2018 is 8.7%. The delayed contracting of some works and the necessity of obtaining the industrial security certificate (ORNIS) caused delays in the performance of the activities in the contractual schedule. The revised economic estimates were remade several times, and their final form is still in progress in order to be included in the addendum to the contract, in order to start the works.

- **“Improving the CNE Cernavoda response, respectively the nuclear security functions in case of events outside the design bases following the nuclear accident occurred at the Fukushima 1 nuclear plant, Japan”**: budget 26,241 thousand lei - achievement value degree as of March 31, 2018 is 0.2%. Within the objective of changing the destination of the existing buildings at the location of Unit 5 CNE Cernavoda, the activities of approving the performance details are in progress, and these activities are delayed compared to the contractual schedule (approximately 60% of the packages delivered by the contractor were approved, and the rest are analyzed by CNE Cernavoda and returned with the comments of the contractor). The accumulated delay was caused by the fact that the design documentation sent by the contractor does not fully comply with the requirements of CNE, and reiterations are necessary in the approval process, by consequently extending the approval and the implementation.

- **“Extending the life cycle of unit 1 by re-tubing the reactor and refurbishing the main systems (studies)”**: budget 10,373 thousand lei - on March 31, 2018 there were no value accomplishments for this investment objective.

- **“Increasing the safety in the operation of the power evacuation system of CNE Cernavoda, by retooling the power evacuation transformers and providing a spare trafo for two units”**: budget

4,644 thousand lei – on March 31, 2018 there were no value accomplishments for this investment objective.

- **“Modernization of the communication infrastructure, fitting the data center according to the TIA 942-1 standard and implementing measures for mitigating the information security risk”**: budget 2,170 thousand lei – until March 31, 2018 the purchase for the first stage was initiated - fitting the data center, structured cabling and the communication infrastructure.

- **“Capital repairs on the R53 rotating press”**: budgeted 1,840 thousand lei – the procurement initiation documentation was completed, but until March 31, 2018, there were no value accomplishments for this investment objective.

- **“SNN contribution to the establishment of the IPP company type for the completion of Cernavoda NPP Units 3-4”** estimated to 9,100 thousand lei (equivalent of 2,000 thousand euros), according to the resolution of the EGMS no. 7/22.08.2014 for approving the strategy for the Project of Units 3 and 4 from Cernavoda NPP. The essential prior condition is represented by the approval by AGEA of the Investment Documents with the Selected Investor - a process implemented by the Negotiation Board and coordinated by the Inter-ministry Commission for Project U3 - U4, and this contribution will be implemented after creating the project company.

- **European Liability Insurance for Nuclear Industry** - estimated at 5,915 thousand lei (equivalent value 1,300 thousand euros), representing the contribution of the company as a new member in the European Mutual Association for Civil Liability Insurance (“ELINI”), for the purpose of benefitting from the advantages of the association; the approval of joining ELINI is within the competence of AGEA SNN. On March 31, 2018, there were no value accomplishments for this type of investments.

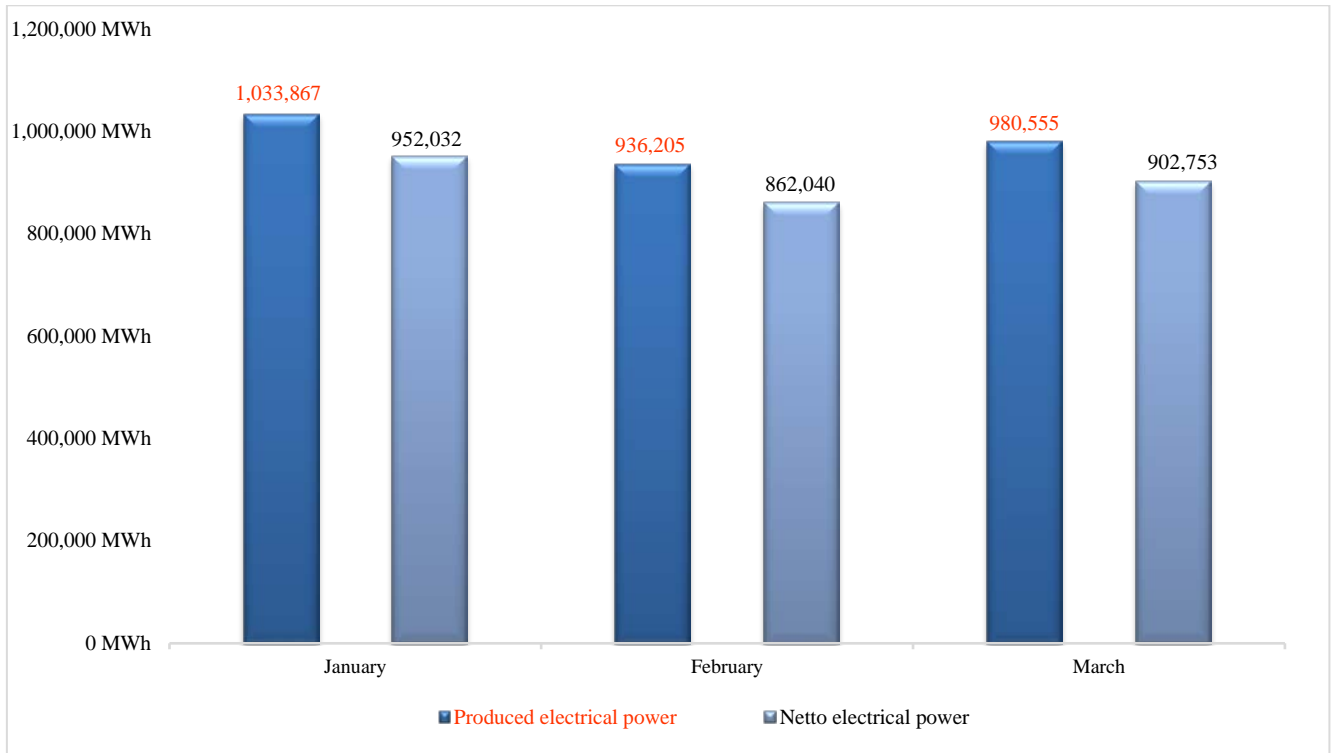
3.5. Activity of the Cernavoda CNE Branch

The operation activity was conducted without events that might have 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.

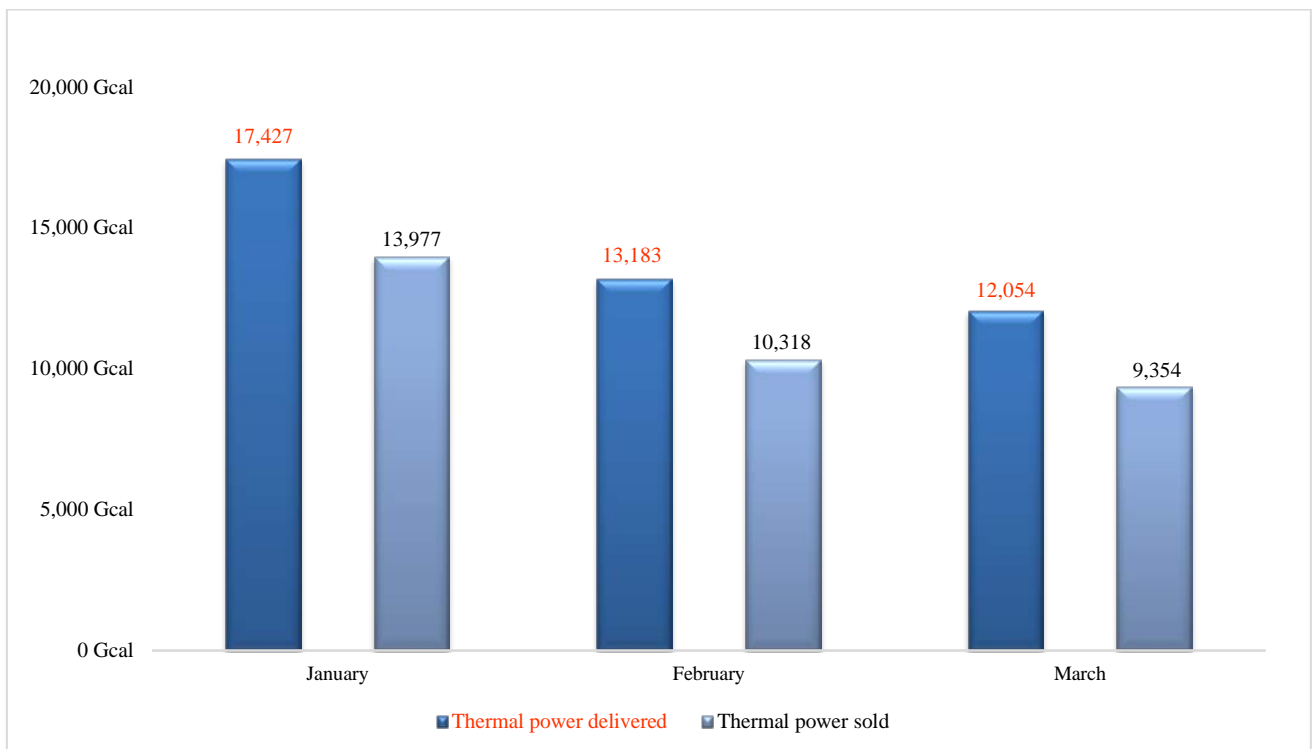
In Q1 2018 no operation event to exceed the level 1 on the international scale of the nuclear events was registered, regarding the degrading of the in depth defense barriers, impact on the site or outside (indicator 1).

The main indicators of the production activity are shown in the following graphics.

Produced/net electrical energy U1 + U2 (MWh)
(Produced electrical energy: 2,950,627/Net electricity delivered: 2,716,825)
(Own technological consumption cumulated for 2018: 7.93%)

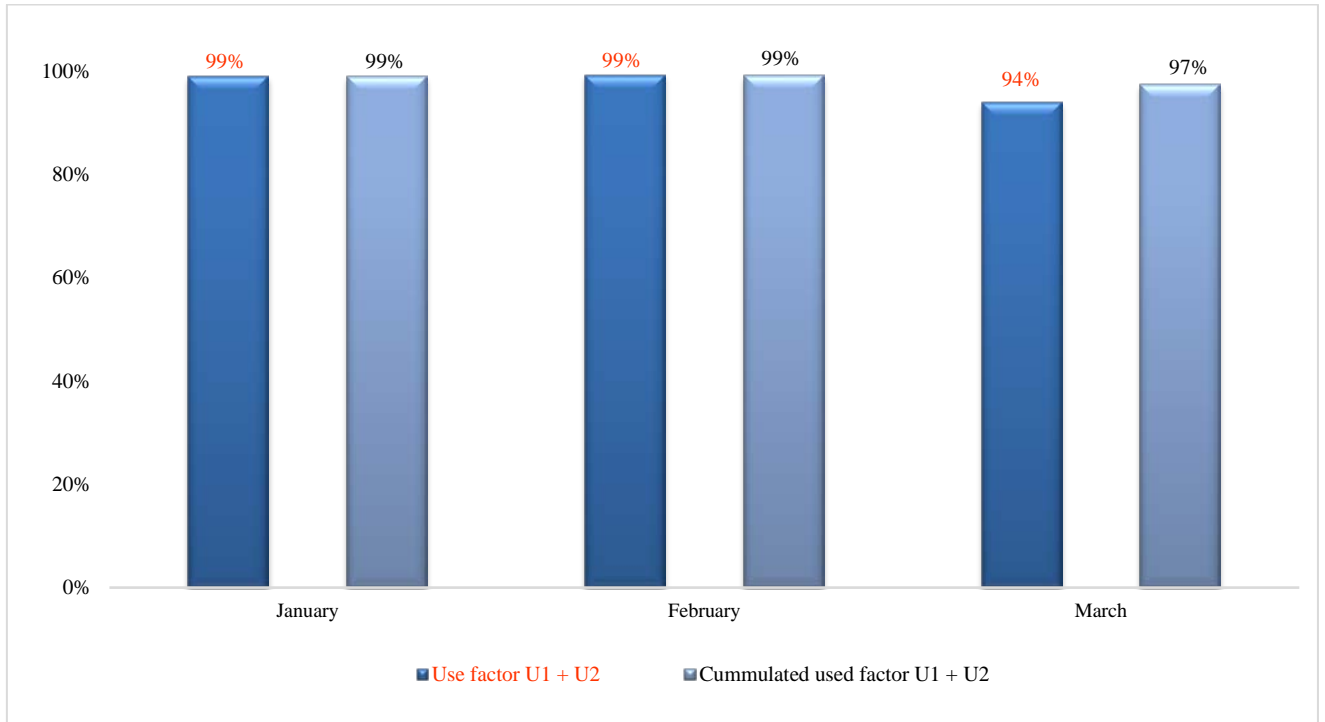


Thermal energy delivered to the district heating/ sold (Gcal)
(Delivered thermal energy: 42,663/Sold thermal energy: 33,650)

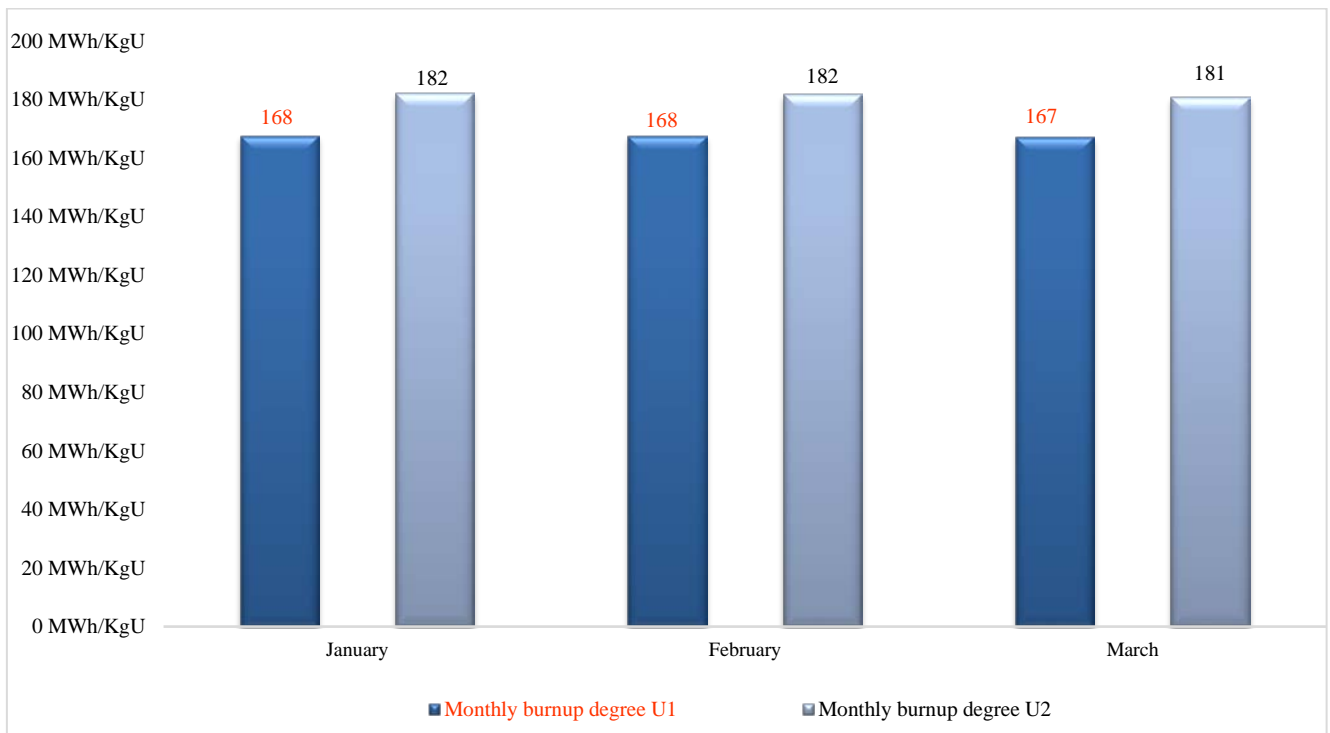


The above translation of the Quarterly report of the Board of Directors for the period January 1 – March 31, 2018 is provided as a free translation from Romanian, which is the official and binding version.

Installed capacity factor U1 + U2 (%)
(Cumulated 2018: 97.4%)

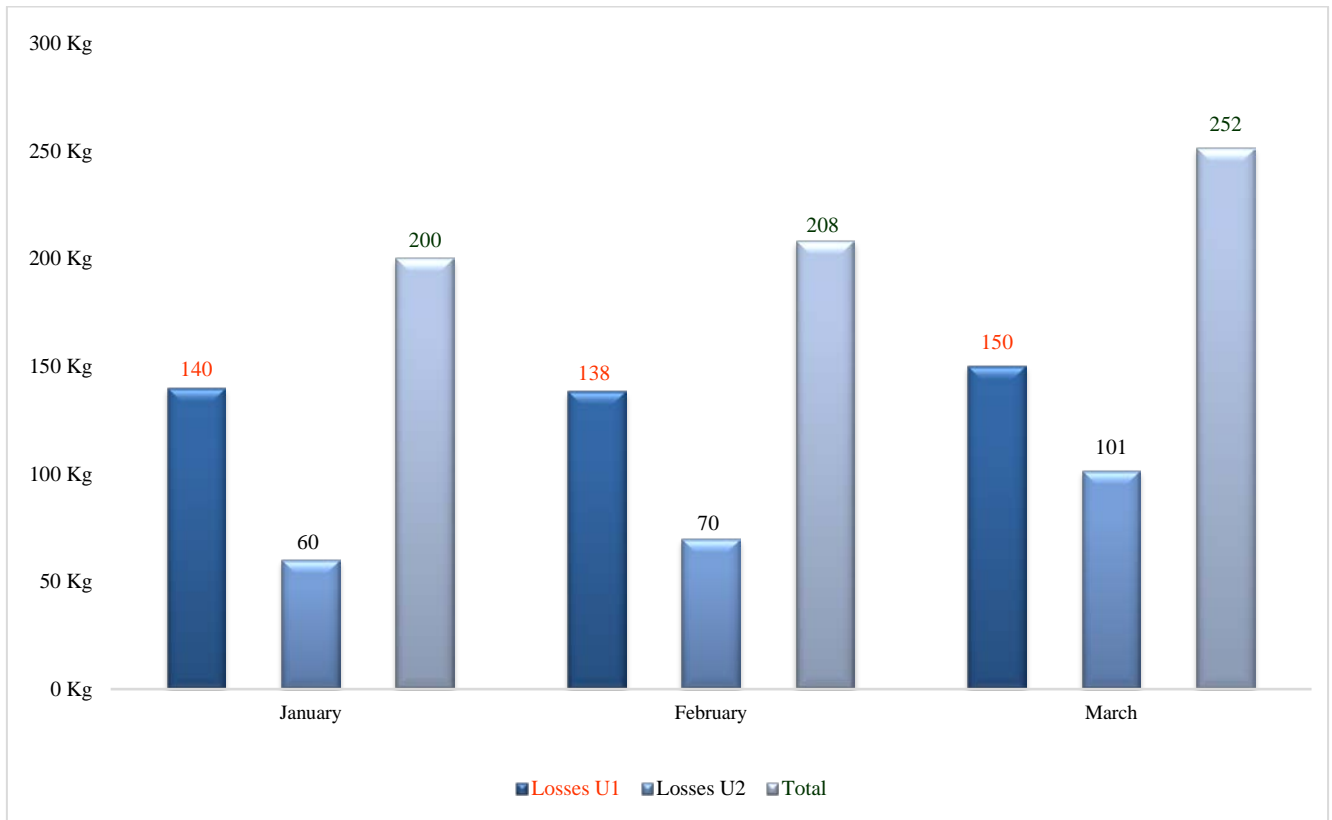


Nuclear fuel burn up degree (MWh/KgU)
(Cumulated 2018: 175/Provided in the project: min. 156.00)

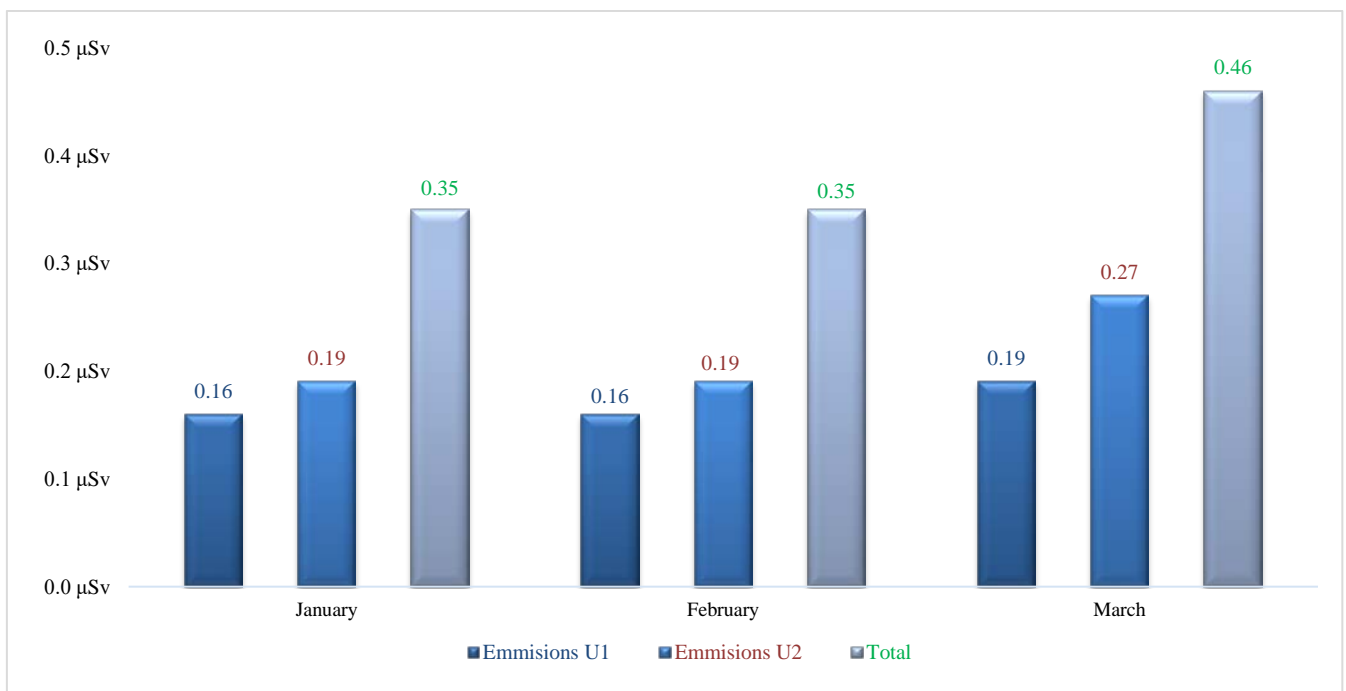


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Heavy water loss U1+U2 (Kg)
(Cumulated 2018: 660/Provided: max. 10,280)



Volume of radioactive emissions in the environment U1+U2 (µSv)
(Total cumulated 2018: 1.18/Annual limit: 8.5)



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3.6. Activity of the FCN Pitesti Branch

In Q1 2018, the FCN Pitesti Branch manufactured, controlled and accepted 2,938 nuclear fuel bundles, according to the manufacture plan, all of them within the specifications, and the production of nuclear fuel bundles decreased by 5% compared to the same period of 2017, when 3,106 bundles were manufactured, inspected and accepted.

In Q1 2018 the FCN Pitesti branch delivered to CNE Cernavoda a quantity of 2,160 nuclear fuel bundles (Q1 2017: 2,160 bundles), and complied with the agreed delivery schedule.

In Q1 2018 sintering powder of uranium dioxide was consumed, at an average price of 327.19 lei/kg, derived from the existing storage on January 1, 2018, from the purchases from supplier Cameco Inc., and from the powder resulted from the processing of the non-compliant nuclear material (at Compania Nationala a Uraniului – Feldioara Branch).

4. OTHER SIGNIFICANT ASPECTS

4.1. The Project for the Units 3 and 4 Cernavoda NPP

The main benchmarks for continuing the Project of Units 3 and 4 Cernavoda CNE in Q1 2018 are the following:

- By the Resolution of the Extraordinary General Assembly of Shareholders of SNN no. 6/24.08.2017, the following measures were approved:

- Continuing the negotiations on the Investment Documents under the same conditions from the MoU, for 6 months after the date of institution and corporate approval, by applying all the other provisions of the MoU, including the possibility for any party to terminate the MoU without any compensations by a simple written notification to the other Party, if an agreement has not been reached on the Investment Documents, and insofar as the delay has not been caused by the respective Party.

- Mandating the Board of Directors to set the terms and conditions of the negotiations with the Selected investor by the SNN representatives within the Negotiation Board for the implementation of the Project for Units 3 and 4 CNE Cernavoda, according to the Memorandum of the Romanian Government no. 20/2683/13.07.2017.

- Resolution of the Board of Directors of SNN no. 133/24.08.2017 approved the terms and conditions of the negotiations with the Selected investor by the SNN representatives within the Negotiation Board for the implementation of the Project for Units 3 and 4 CNE Cernavoda, according to the Memorandum of the Romanian Government no. 20/2683/13.07.2017.

In September - November 2017, negotiations took place on the draft for the Investors' Agreement ("IA") and the relevant annexes to IA, and the following aspects were identified: (i) the clauses/sections on which the parties agreed; (ii) the clauses/provisions that require reformulation and/or (iii) divergent aspects, and discussing the principles indicated in the list of aspects escalated by the parties and identifying the flexible positions of the parties. The proposals of the Negotiation Board for modifying/increasing the flexibility of the negotiation mandate were approved by the Board of Directors of SNN and by the Inter-ministry Board in October 2017.

- By the Resolution of the Extraordinary General Assembly of Shareholders of SNN no. 4/02.03.2018 the company approved continuing the negotiations on the Investment Documents under the same conditions from the Memorandum of Understanding, for 6 months after the date of institution and corporate approval, by applying all the other provisions of the Memorandum of Understanding, including the possibility for any party to terminate the Memorandum of Understanding without any compensations by a simple written notification to the other Party, if an agreement has not been reached on the Investment Documents, and insofar as the delay has not been caused by the respective Party.

In February - March 2018 there were negotiations regarding the undisputed aspects concerning the Investors' Agreement.

4.2. 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. 8/06.10.2014 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 representing input in kind of the Romanian State, following obtaining the certificate for the ownership right on the land undivided share of 239,05 sq m from Bd. Gheorghe Magheru no. 33 Bucharest and input in cash representing the amount of budgetary allowances for the period 2006 - 2009 for Unit 2 from Cernavoda.

The action is subject to file no. 40046/3/2014, and on November 7, 2017, there was a new hearing, in which the court rejected the application filed by Fondul Proprietatea S.A., as groundless.

On February 20, 2018, Fondul Proprietatea S.A. appealed the judgment issued on the merits of the case, and the next appeal hearing is on May 18, 2018 at the Bucharest Court of Appeal.

4.3. The litigation initiated by the Union of CNE Cernavoda and employees of the CNE Cernavoda Branch

On the docket of the Constanta Court, a case was filed against SNN, no. 5802/118/2017, and its scope is unpaid salary rights, representing the equivalent value of the occupational risk (hazardous conditions) bonus, and the plaintiff is the Union of CNE Cernavoda on behalf of 757 employees of the CNE Cernavoda Branch.

The company deems these claims as groundless, as all due salary rights were paid to the employees, including the amounts of money that are subject to this litigation. The court rejected the exception of the work authority on trial, invoked by SNN, as groundless, and approved the evidence with documents and accounting studies, and prorogated the technical study related to the classification in the radiological risk areas after SNN submitted the documents. The following hearing is on June 7, 2018.

4.4. The litigation initiated by the Free Union Energetica Nucleara '90 and employees of the CNE Cernavoda Branch

On the docket of the Constanta Court, a case was filed against SNN, no. 7036/118/2017, and its scope is unpaid salary rights, representing the equivalent value of the occupational risk (hazardous conditions) bonus, and the plaintiff is the Energetica Nucleara '90 on behalf of 291 employees of the CNE Cernavoda Branch.

The company deems these claims as groundless, as all due salary rights were paid to the employees, including the amounts of money that are subject to this litigation. The court approved the evidence with documents and accounting study, and prorogated the technical expertise related to the classification in the radiological risk areas after SNN submitted the documents. The following hearing is on June 14, 2018.

4.5. The litigation initiated by S.N. Nuclearelectrica S.A. against ArcelorMittal Galati S.A.

The court of Galati rejected the claim of SNN to order ArcelorMittal Galati S.A. to pay 8,645,467.52 lei as damage compensations following the termination of the electricity sale-purchase contract on the centralized market of electricity bilateral contracts (PCCB) no. 207 of February 22, 2013 before the expiry date, namely on September 30, 2014 (file no. 3490/121/2015).

SNN formulated an appeal against this judgment, and after the appeal, the Court of Appeal of Galati ordered ArcelorMittal Galati S.A. to pay the entire amount as damage compensations, plus trial expenses. ArcelorMittal Galati S.A. appealed the appeal judgment. A hearing is to be established.

The parties concluded a payment agreement whereby ArcelorMittal Galati S.A. undertook to pay the amount it was ordered by the court in 12 monthly instalments plus the related remuneration legal interest. Until now the first 3 instalments have been paid.

4.6. Changes in the management of the Company

By Resolution no. 63/25.04.2018, the Board of Directors of SNN appointed Mr. Cosmin Ghita as the General Manager of SNN, for 4 months, starting with May 4, 2018, namely a temporary mandate.

By Resolution no. 63/25.04.2018, the Board of Directors of SNN appointed Mr. Dan Laurentiu Tudor and Mr. Toni Viorel Lary as Deputy General Managers of SNN, for 4 months, starting with May 4, 2018, namely temporary mandates. Mr. Dan Laurentiu Tudor is responsible for coordinating public procurements, legal activities, corporate business and human resource strategies and policies on SNN level, and Mr. Toni Viorel Lary is responsible for coordinating the activities related to the development of investment projects and activities for obtaining revenues related to energy transactions.

By Resolution no. 63/25.04.2018, the Board of Directors of SNN appointed Mr. Adrian Gabriel Dumitriu as the Financial Manager of SNN, for 4 months, starting with May 4, 2018, namely a temporary mandate.

Resolution no. 5/25.04.2018 of the Ordinary General Assembly of Shareholders of SNN approved:

- the extension of the mandate term of the interim members of the Board of Directors of SNN, which ends on April 28, 2018, for 2 months, as of April 29, 2018;
- the cessation of the applicability of Resolution no. 7/28.09.2017 of the Ordinary General Assembly of Shareholders of SNN, resolution no. 3, namely: "Approving the initiation of the procedure for selecting the members of the Board of Directors of S.N. Nuclearelectrica S.A. according to the provisions of Emergency Government Ordinance no. 109/2011, as further amended and supplemented. The procedure of selecting 6 members of the Board of Directors to be appointed by the Romanian State in order to be elected in the general assembly of shareholders will be implemented by the

Ministry of Energy as a public custody authority, according to the provisions of art. 29 par. (3) and par. (4) of GEO no. 109/2011, as further amended and supplemented";

- the initiation of the procedure of selecting the directors of S.N. Nuclearelectrica S.A., according to the provisions of GEO no. 109/2011, approved as amended and supplemented by Law no. 11/2016; the procedure will be implemented by the Board of Directors of SNN.

On March 31, 2018, the members of the Board of Directors of SNN are as follows:

No.	Name and surname	Date of mandate expiration
1.	Iulian – Robert Tudorache ^{*)}	29.06.2018
2.	Cristian Gentea	29.06.2018
3.	Dragos Ionut Banescu	29.06.2018
4.	Mirel – Alexandru Marcu	29.06.2018
5.	Elena Popescu	29.06.2018
6.	Cristian Dima	29.06.2018
7.	Mihai Daniel Anitei	29.06.2018

^{*)} *Chairman of the SNN Board of Directors.*

4.7. Amendment of the Articles of Incorporation of the Company

By Resolution no. 4/02.03.2018 of the Extraordinary General Assembly of Shareholders, the amendment of the Articles of Incorporation of SNN, according to the report submitted to the shareholders for this topic on the agenda (topic 2 of the AGEA agenda of March 2, 2018), was approved. The modifications mainly target: the elimination of the secondary scope of activity - NACE code 3512 "Transmission of electricity"; reformulating certain articles or removing some provisions that are unclear, redundant or no longer up-to-date following the amendment of the legal framework; removal of the provisions of art. 7 par. (8) regarding the delegation to the Board of Directors of the increase of the share capital by issuing new shares in exchange of shareholder contributions, provisions that are no longer up-to-date; the share capital increase was completed on December 3, 2015; clarifying and supplementing the organization and attributions of the General Assembly of Shareholders.

4.8. Signing the Memorandum of SNN - CESINA

On March 14, 2018 a Memorandum of Understanding with the Partnership for Research and Education for Advanced Nuclear Systems ("CESINA"), represented by the Institute for Nuclear Research within the Autonomous Administration for Nuclear Energy ("RATEN – ICN") was signed.

The goal of the signing of this Memorandum is to involve both signing parties in the acceleration of development and the use of advanced technologies with low emissions of carbon dioxide, improving new technologies and reducing costs by coordinating the national research efforts, and involving SNN in the development of the nuclear technologies of the future, as means for the durable use of nuclear energy in Romania, complementary to the current nuclear program.

The Memorandum of Understanding has a validity period of 3 years after the signing date, and can be extended with the agreement of the parties.

4.9. Approving the distribution of the net profit of financial year 2017

By Resolution no. 5/25.04.2018 of the Ordinary General Assembly of Shareholders of SNN the distribution of the net profit of financial year 2017 by destinations was approved, the total value of gross dividends in value of 271,362,466 lei, the value of the gross dividend per share in value of 0.9 lei, the dividend payment date, namely the date of June 28, 2018 and the payment methods, according to the report submitted to the shareholders for this topic on the agenda (section 5 of the AGOA agenda of April 25, 2018).

4.10. Approving the strategy of diversifying the supply sources

By Resolution no. 5/25.04.2018 of the Ordinary General Assembly of Shareholders of SNN strategy of diversifying the sources of supply with the raw materials necessary for generating nuclear fuel was approved.

4.11. Planned outage of Unit 1 CNE Cernavoda

As of May, 2018, 11:00 a.m., Unit 1 CNE Cernavoda entered the planned outage program, for approximately 30 days, according to the planning of the preventive and corrective maintenance works that need to be performed in this period. The works will be performed under safety conditions for the personnel of the power plant, the public and the environment, according to the procedures used at CNE Cernavoda.

4.12. Major litigations

The situation of the major litigations (in amount of over 500,000 lei) and of the monetary unevaluated ones in progress on March 31, 2018 is presented in **Annex 4**.

4.13. Other information

The quarterly report of the Board of Directors for Q1 2018 is accompanied by the Unaudited Simplified Individual Interim Financial Statements on the date and for the period of 3 months that ended on March 31, 2018; these financial statements are published on the website of S.N. Nuclearelectrica S.A. (www.nuclearelectrica.ro), section Relations with Investors.

5. MAIN ECONOMIC FINANCIAL INDICATORS AS AT 31.03.2018

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

Indicator name	Calculation method	M.U.	Value 31.03.2018 ^{*)}
1. The current liquidity ratio	Current assets/ Current liabilities	x	5.51
2. Indebtedness degree ratio			
2.1. Indebtedness degree indicator (1)	Borrowed equity/ Equity x 100	%	13.8%
2.1. Indebtedness degree indicator (2)	Borrowed capital/ Engaged capital x 100	%	12.1%
3. Speed ratio of debits - Customers	Average customer balance/ Turnover x 90	days	22
4. Asset turnover ratio ^{**)}	Turnover/ Non-current assets	x	0.32

^{*)} Based on the Unaudited Simplified Individual Interim Financial Statements on the date and for the 3 month period ended on March 31, 2018.

^{**)} The asset turnover rate is calculated by updating the quarterly turnover (360 days/90 days).

6. DEGREE OF ACCOMPLISHMENT OF PERFORMANCE INDICATORS

The changes occurred in 2017 in the management of the company, namely changes in the composition and structure of the Board of Directors, caused changes on the reporting obligations included in the management contracts concluded by the company with the members of the Board of Directors.

The management contracts concluded by the company with the members of the Board of Directors starting with December 28, 2017 (temporary mandates) provide neither the granting of variable compensations and monitoring and reporting the performance indicators of the members of the Board of Directors nor the obligation to submit and have a quarterly report approved.

Board of Directors

**Iulian Robert Tudorache,
President**

Endorsed by,

**Adrian Gabriel Dumitriu,
Chief Financial Officer**

Annex 1 - Financial position statement as of March 31, 2018

	March 31, 2018	December 31, 2017
	(unaudited)	(audited)
Assets		
Non-current assets		
Tangible assets	6,557,391,869	6,668,102,545
Intangible assets	59,729,321	62,535,958
Financial investments	141,689,201	141,689,201
Financial assets	68,405,276	76,355,852
Total non-current assets	6,827,215,667	6,948,683,556
Current assets		
Inventories	328,326,719	332,348,618
Trade receivables and other receivables	170,073,827	150,443,354
Prepayments	34,773,350	10,895,537
Bank deposits	1,298,609,517	1,172,273,956
Cash and cash equivalents	663,476,462	573,903,315
Total current assets	2,495,259,875	2,239,864,780
Total assets	9,322,475,542	9,188,548,336
Equity and liabilities		
Equity		
Share capital, out of which:	3,210,641,253	3,210,641,253
<i>Subscribed and paid share capital</i>	<i>3,015,138,510</i>	<i>3,015,138,510</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 paid in advance	21,553,537	21,553,537
Revaluation reserve	229,898,539	236,534,798
Retained earnings	4,124,574,893	3,927,941,491
Total own equity	7,618,142,371	7,428,145,228
Liabilities		
Long-term liabilities		
Long-term borrowings	850,098,984	894,848,799
Provisions for risks and expenses	129,365,515	137,036,268
Deferred revenues	125,515,789	129,101,954
Deferred tax liability	113,182,952	113,903,761
Employee benefits	33,328,029	33,328,029
Total long-term liabilities	1,251,491,269	1,308,218,811
Current liabilities		
Accounts payable and other liabilities	136,877,053	180,632,919
The current share of provisions for risks and expenses	50,273,401	31,838,166
Current tax liability	43,892,982	21,726,375
Deferred revenues	18,732,046	12,331,535
Current portion of the long-term borrowings	203,066,420	205,655,302
Total current liabilities	452,841,902	452,184,297
Total liabilities	1,704,333,171	1,760,403,108
Total equities and liabilities	9,322,475,542	9,188,548,336

The above translation of the Quarterly report of the Board of Directors for the period January 1 – March 31, 2018 is provided as a free translation from Romanian, which is the official and binding version.

Annex 2 – Profit and loss account for the 3-month period that ended on March 31, 2018

	3-month period ended on March 31, 2018 (unaudited)	3-month period ended on March 31, 2017 (unaudited, restated)
Incomes		
Sales of electricity	541,245,489	483,910,118
Electricity transport revenues	2,849,577	3,706,727
Total incomes	544,095,066	487,616,845
Other income	26,912,946	7,380,161
Operating expenses		
Depreciation and amortization	(122,504,289)	(120,657,699)
Personnel expenses	(86,226,752)	(76,943,874)
Cost of traded electricity	(21,114,699)	(8,474,290)
Repairs and maintenance	(13,375,677)	(12,213,683)
Electricity transmission expenses	(2,849,577)	(3,706,727)
Cost with spare parts	(2,711,458)	(3,756,343)
Cost of nuclear fuel	(27,471,664)	(37,551,984)
Other operating expenses	(81,522,960)	(84,062,818)
Total operating expenses	(357,777,076)	(347,367,418)
Operating profit	213,230,936	147,629,588
Financial expenses	(5,328,604)	(19,133,109)
Financial revenues	25,267,969	17,294,934
Net financial revenues/(expenses)	19,939,365	(1,838,175)
Profit before profit tax	233,170,301	145,791,413
Profit tax expenses, net	(43,173,158)	(20,519,404)
Period profit	189,997,143	125,272,009

The above translation of the Quarterly report of the Board of Directors for the period January 1 – March 31, 2018 is provided as a free translation from Romanian, which is the official and binding version.

Annex 3 - Execution of the Revenues and Expenses Budget as at March 31, 2018

									thousand RON
		Indicators	Row no.	Budget Q1 2018 - approved by AGOA Resolution no. 3/02.03.2018	Performed Q1 2018	% Achieved vs. Approved [Col. 5/Col. 4]	Variation (abs.) [Col. 5 - Col. 4]	Variation (%) [Col. 7/Col. 4]	
1		2	3	4	5	6	7	8	
I.		TOTAL REVENUES (Row 2 + Row 5 + Row 6)	1	589,894	596,276	101.1%	6,382	1.1%	
	1.	Total operating income, of which:	2	572,139	571,008	99.8%	(1,131)	(0.2%)	
		c ₁ Discounts, in compliance with the legal provisions	3	-	-	-	-	-	
		c ₂ Transfers, in compliance with the legal provisions	4	-	-	-	-	-	
	2.	Finance income	5	17,755	25,268	142.3%	7,513	42.3%	
	3.	Extraordinary revenues	6	-	-	-	-	-	
II.		TOTAL EXPENSES (Row 8 + Row 20 + Row 21)	7	405,702	363,106	89.5%	(42,597)	(10.5%)	
	1.	Operating expenses (Row 9 + Row 10 + Row 11 + Row 19)	8	388,602	357,777	92.1%	(30,825)	(7.9%)	
	A.	Expenses with goods and services	9	130,163	108,699	83.5%	(21,464)	(16.5%)	
	B.	Expenses with taxes, duties and similar payments	10	27,325	26,799	98.1%	(527)	(1.9%)	
	C.	Personnel expenses (Row 12 + Row 15 + Row 17 + Row 18)	11	98,464	78,961	80.2%	(19,503)	(19.8%)	
	C₀	Salaries expenses (Row 13 + Row 14)	12	90,969	72,260	79.4%	(18,709)	(20.6%)	
	C₁	Salary expenses	13	85,391	69,866	81.8%	(15,524)	(18.2%)	
	C₂	Bonuses	14	5,578	2,394	42.9%	(3,185)	(57.1%)	
	C₃	Other personnel expenses, out of which:	15	401	397	98.9%	(4)	(1.1%)	
		a) Expenses with compensations for early release of personnel	16	-	-	-	-	-	
	C₄	Expenses related to the mandate contract and other control authorities, commissions and committees	17	616	630	102.3%	14	2.3%	
	C₅	Expenses related to social protection, special funds and other legal obligations	18	6,477	5,674	87.6%	(804)	(12.4%)	
	D.	Other operational expenses	19	132,649	143,318	108.0%	10,669	8.0%	
	2.	Financial costs	20	17,100	5,329	31.2%	(11,772)	(68.8%)	
	3.	Extraordinary expenses	21	-	-	-	-	-	
III.		GROSS RESULT (profit/loss) (Row 1 – Row 7)	22	184,192	233,170	126.6%	48,978	26.6%	
IV.		INCOME TAX	23	32,476	43,173	132.9%	10,697	32.9%	
V.		PROFIT AFTER INCOME TAX	24	151,716	189,997	125.2%	38,281	25.2%	

Annex 4 – Major litigations of SNN in progress as of March 31, 2018 (over 500 thousand lei), inclusive the non-monetary evaluated ones

Item no.	File number	Litigation nature/ Court	SNN title	Opposing party	Value	Stage	Description	Lawsuit stage Term
SNN Executiv								
1.	3868/118/2012	Civil Constanta Court	Creditor	S.C. Proconex Universal S.R.L.	Insolvency Bankruptcy Receivable 3.369.886,85 lei	Merits	Merits: In virtue of art. 129 of law 85/2014, approves the final report drafted by liquidator CII Nicolae Anca. In virtue of art. 132 par.2it orders the closure of the procedure for the bankruptcy of debtor SC Proconex Universal SRL and its deregistration from the Trade Register. Resolution 508/26.03.2018.	Completed.
2.	2183/115/2010	Civil Court of Law Caras-Severin	Creditor	S.C. CET Energoterm Resita S.A.	Insolvency Bankruptcy Receivable 580,974.21 lei	Merits	Procedure in progress.	28.06.2018
3.	48031/299/2010	Penal District 1 Judicature Bucharest Court of Appeal	Civil Party	Rotaru Ioan, Ispas Gheorghe, Irimie Traian TESS civil liability party.	Corruption offences - abuse of office. SNN is a civil party in the lawsuit with damages estimated to Lei 13,493,080.3.	Appeal	<i>Merits</i> Sentences the defendants to jail and damage payment. <i>Appeal</i> Partially approves the evidence requested by the defendants. Approves the hearing of the witnesses, and hearing new witnesses. Approves for the parties the evidence of documents submitted to the file. Postpones the decision regarding specialized expertise studies for the next hearing. Rejects, as groundless, the other evidence requested by the parties and the requests for issuing memorandums to S.N. Nuclearelectrica S.A., Tess Conex S.A. and the Government of Romania in order to obtain documents / normative acts. Postpones the decision regarding the request to notify the Constitutional Court to resolve the non-constitutionality exception of the provision of art. 297 par. 1 let. c) of the Criminal Code and art. 13 ind. 2 of Law no. 78/2000, for the next hearing.	Completed.
4.	9089/101/2013	Civil Court of Law Mehedinti	Creditor	Autonomous Administration for Nuclear Activities (RAAN)	Insolvency. Receivable in the reorganization plan Lei 5,450,135.91 Winding-up bankruptcy. Receivable Lei 7,828,405.48	Merits	Procedure in progress. In virtue of art. 107 par. 1 let. C Law no. 85/2006. Orders the start of the procedure for the bankruptcy of the debtor. In virtue of art. 107 par. 2 Law no. 85/2006. Appoints as a temporary legal liquidator Euro Insol SPRL.	28.06.2018
5.	7238/120/2012	Civil Court of Law Dambovita	Creditor	S.C. Eco Energy S.R.L.	Bankruptcy Receivable Lei 2,464,059.64	Merits	Procedure in progress. Receivable registered with the consolidated list of creditors. Enforcement of the receivable to recover from Edland S.R.L.	25.06.2018

S.N. Nuclearelectrica S.A.

Quarterly report of the Board of Directors for January 1 - March 31, 2018

(All amounts are expressed in RON, unless otherwise specified.)

Item no.	File number	Litigation nature/ Court	SNN title	Opposing party	Value	Stage	Description	Lawsuit stage Term
6.	873/1259/2008	Civil Court of Law Arges	Creditor	Termoficare 2000 S.A.	Insolvency Bankruptcy. Receivable Lei 2,713,986.71	Merits	Procedure in progress.	15.05.2018
7.	18770/3/2007	Civil Court of Law Bucharest	Creditor	S.C. Con - Dem S.A.	Insolvency Bankruptcy. Receivable Lei 2,446,227.08. The receivable approved in the payment program is Lei 2.079,293.02 (85% of the receivable accepted in the table).	Merits	Procedure in progress.	16.05.2018
8.	3793/2/2013	Administrative Court of Appeal Cassation and Justice	Respondent	Greenpeace CEE Romania	The cancellation of the decision issuing the environmental agreement and the agreement on the environment on the Project Units 3 and 4.	Recourse	<p><i>Merits</i></p> <p>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 Units 3 and 4).</p> <p>Rejects head II of initial demand set forth in relation to the cancellation of the agreement on the environment on the project "Continuation of construction and completion works of Units 3 and 4 CNE Cernavodă", as devoid of object. Overrules the rest of the petition, as it was completed by the additional petition, as ungrounded.</p> <p><i>Recourse</i></p> <p>The Decision No. 2100 dated June 23rd 2016. Accepts the appeal drafted by the Greenpeace Cee Romania Foundation and the Bankwatch Romania Association against the decision no. 1436 from May 9th, 2014 of the Bucharest Court of Appeal – Section 8th administrative and fiscal department. Reverses the appealed sentence and send the cause back to the retrial towards the same Court. Final, today, June 23rd 2016.</p> <p><i>Retrial merits (CAB)</i></p> <p>Rejects the summons as ungrounded. With appeal within 15 days from the intimation. Decision no. 2208/2017.</p> <p><i>Retrial recourse (ICJ)</i></p>	Hearing to follow.

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S.N. Nuclearelectrica S.A.

Quarterly report of the Board of Directors for January 1 - March 31, 2018

(All amounts are expressed in RON, unless otherwise specified.)

Item no.	File number	Litigation nature/ Court	SNN title	Opposing party	Value	Stage	Description	Lawsuit stage Term
9.	11661/3/2014	Bucharest Court of Appeal Bucharest Court of Law – Retrial	Respondent	S.C. Fondul Proprietatea S.A.	States the absolute nullity of the SNN EGMS Decision no. 1/11.03.2014.	Appeal Retrial merits	<p><i>On the merits (TB)</i> Rejected the request of Fondului Proprietatea accepting the exception of the lack of interest reported to the object of the request.</p> <p><i>Appeal CAB</i> Admits the appeal of Fondul Proprietatea, cancels the sentence appealed and sends the case for retrial at the same Court. Final.</p> <p><i>Merits retrial (TB)</i> The court of law ruled the suspension of the case in relation with the fact that the Bucharest Court of Law and Craiova Court of Appeal requested to the Justice Court of the European Union clarifications regarding the possibility of state aid regarding the projects from the SNN EGMS decision no. 1/11.03.2014.</p>	Suspended.
10.	40046/3/2014	Bucharest Court	Respondent	S.C. Fondul Proprietatea S.A.	<p>Finding the absolute nullity of the EGMS Resolution no. 8/6.10.2014 increase of share capital with cash input by issuing shares.</p> <p>Mentioning the decision of the court at the Trade Register and lifting the mentions from the Trade Register based on the annulled EGMS Resolution.</p>	Merits	<p><i>Merits</i> Rejects the summons as ungrounded. With appeal within 30 days from the intimation. Resolution no. 4082/ 07.11.2017</p> <p><i>Recourse</i></p>	18.05.2018
11.	416/2/2014	Administrative Bucharest Court of Appeal ICCJ	Claimer	National Energy Regulatory Authority	Change in regulated tariff through Decision no. 3609/2013.	Merits	<p><i>Merits</i> On 14.10.2014, the court rejected the claim as unsubstantiated. Resolution 2723/ 14.10.2014.</p>	27.05.2018

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12.	1794/118/2016	Penal Court of Law Constanta	Claimer	Bucur Ionel Negulici Elena Olteanu Madalina Encica Ionel Nicola Laurentiu Daramus Victor SC Davy Security S.R.L. civilly liable party by legal administrator.	Prejudice Euro 3,471,463.	Merits	<i>Merits</i> In order to continue the investigation by hearing the defendants. Discussing the evidence.	16.05.2018
13.	38724/3/2014	Bucharest Court Section II - administrative division	In hock third party	The Romanian State by the Ministry of Public Finance	Enforcement litigation and cancellation of all acts of repo from the foreclosure file No. 22/2014; creditors Multipack SRL, European Food SA, Starmill SRL, Micula Ioan	Merits	<i>Merits</i> In virtue of art. 413 par. 1 pt. 1, NCPC suspends the trial until the final resolution of the Case-file No. 15755/3/2014. With appeal throughout the suspension.	Suspended.
14.	13275/3/2015	Bucharest Court Bucharest Court of Appeal	Respondent	S.P.E.E.H. Hidroelectrica S.A.	Claims Lei 40,812,717 difference of the equivalent value for purchasing energy insurance contract and selling energy and legal interest.	Merits	<i>Merits</i> Admits the exception of the material law prescription to the action. Rejects the lawsuit application as prescribed. With appeal within 30 days of the intimation. Resolution 6860/07.12.2015. <i>Appeal</i> Dismisses the appeal as reasonless. With appeal within 30 days of the intimation, that is submitted to Bucharest Court of Appeal. <i>Recourse</i> Rejects as groundless the recourse declared by the appellant-plaintiff Societatea de Producere a Energiei Electrice in Hidrocentrale Hidroelectrica S.A. against civil judgment no. 2078/A of December 9, 2016, issued by the Court of Appeal of Bucharest – Civil Section VI. Final.	Completed.
15.	3490/121/2015	Civil Court of Law Galati Court of Appeal Galati ICCJ	Claimer	S.C. ArcelorMittal Galati S.A.	Claims Lei 8,575,245,78 difference amount energy sale made redundant and other associated expenses.	Merits	<i>Merits</i> Rejects the action to oblige the claimant to pay damage deriving from contract no. 207/22.02.2013 as ungrounded. <i>Appeal :</i> Approves the appeal stated by the claimant Nuclearelectrica S.A. against civil judgment no. 278/20.12.2016 issued by Galati Court -	Hearing to follow.

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							Civil Section II in File no. 3490/121/2015. Fully changes the appealed judgment and, at retrial: Partially admits the action. Orders defendant ArcelorMittal Galati SA to pay the plaintiff NUCLEARELECTRICA SA the amount of 8,645,467.52, as damages. Rejects as unsubstantiated the appeal initiated against the resolution of 26.05.2016 of the same court. Orders the defendant to pay to the plaintiff the amount of 142,132.97 lei, trial expenses for the first instance and appeal proceedings. Resolution 227/2017 27.09.2017 <i>Recourse</i>	
16.	4968/2/2015	Administrative Bucharest Court of Appeal ICCJ	Claimer	Court of Auditors	Execution suspension measure contributions LEGAL COUNSELORS	Merits	<i>Merits</i> Partially admits the action. Rules the suspension of the partial enforcement of Resolution No. 16/2015, namely of the measure arranged at point II.11, as well as the Resolution no. 59/2015- pt. 9, until the final solving of the action in annulment of pt. II.11 from the Decision no. 16/2015 and pt. 9 from the Resolution no. 59/2015. Dismisses the suspension request for Control Report no. 4371/2015 - pt. 3.1.9 - as inadmissible. <i>Recourse</i> Resolution no. 1689 of April 26, 2018. Rejects the recourse formulated by the Court of Auditors of Romania against judgment no. 2684 of October 20, 2015 of the Court of Appeal Bucharest - Administrative and Fiscal Section VIII, as unsubstantiated. Final. Issued in a public session today, April 26, 2018.	Completed.
17.	4969/2/2015	Administrative Bucharest Court of Appeal ICCJ	Claimer	Court of Auditors	Suspension of measure enforcement MICROSOFT	Merits	<i>Merits</i> Overrules the suspension petition of pt. 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 enforcement of section 11 of resolution no. 59/17.07.2015 and of pt. 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. Enforceable. <i>Recourse CC</i>	04.06.2018

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18.	4971/2/2015	Administrative Bucharest Court of Appeal ICCJ	Claimer	Court of Auditors	Suspension of contract unfolding measure GENERAL CONCRETE	Merits	<i>Merits</i> The merits court rejected the application for suspending resolution no. 16/11.05.2015 and resolution no. 59/17.07.2015.	The court will establish a hearing.
19.	4959/2/2015	Administrative Bucharest Court of Appeal ICCJ	Claimer	Court of Auditors	Measure annulment TRIPS TRIPS	Merits	<i>Merits</i> Admits the request. Partially cancels resolution no. 59/17.07.2015 issued by the claimant, regarding point 3. Partially cancels the Decision no. 16/11.05.2015 issued by the claimant regarding the measures ruled at point 5 and the measure no. I 3. Partially cancels the Control Report no. 4371/10.04.2015 issued by the claimant regarding point 3.1.5. Forces the claimant to pay lei 4,550 trial expenses to the claimant.	The court will establish a hearing.
20.	4902/2/2015 joined with 4907/2/2015 bonuses	Administrative Bucharest Court of Appeal ICCJ	Claimer	Court of Auditors	Measure annulment TRIPS CONTRIBUTIONS and BONUSES	Merits	<i>Merits</i> Admits the main petition and the connected petition, regarding points 1 and 2. Admits in part resolution no. 59/17.07.2015 and judgment no. 16/11.05.2015 on section 9 and pt. 8 from the conclusion, respectively the measures from pt. 11 and II.10 of the decision. Overrules as inadmissible pt. 3 from both petitions, regarding the partial annulment of the control report no. 4371/10.04.2015. With a right of appeal in 15 days since the communication. The recourse will be submitted with the CAB - Section VIII. Final. Resolution no. 3419/17.12.2015.	The court will establish a hearing.
21.	4906/2/2015	Administrative Bucharest Court of Appeal ICCJ	Claimer	Court of Auditors	Measure annulment TRIPS PURCHASES	Merits	<i>Merits</i> Pursuant to art. 413 par. 1 pt. 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 appeal throughout the duration of the suspension. Resolution - Suspension 18.01.2016 Dismisses the action as groundless. With a right of appeal in 15 days since the communication. Pronounced today, 10.10.2016. Dismisses the action as groundless. With a right of appeal in 15 days since the communication. Pronounced in public session today, 10.10.2016. Resolution no. 2961/2016. <i>Recourse</i>	The court will establish a hearing.

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22.	4912/2/2015	Administrative Bucharest Court of Appeal ICCJ	Claimer	Court of Auditors	Measure annulment TRIPS POLICIES D&O	Merits	<p><i>Merits</i></p> <p>Admits the request. Overrules the inadmissibility solution of the partial annulment petition of the control report no.4371/10.07.2015. Admits the action. Partially annuls Resolution no.59/17.07.2015, issued by the defendant regarding pt.10, Decision no. 16/11.05.2015 issued by the defendant regarding the measure disposed at pt.II.12 from the resolution, as well as pt. 3.1.10 from Control Report no.4371/10.04.2015 issued by the defendant. With a right of appeal in 15 days since the communication. Resolution 173/2016 26.01.2016.</p> <p><i>Recourse</i></p>	The court will establish a hearing.
23.	4946/2/2015	Administrative Bucharest Court of Appeal	Claimer	Court of Auditors intervenor General Concrete	Measure annulment TRIPS GENERAL CONCRETE	Merits	<p><i>Merits</i></p> <p>In relation to the absence of the expertise report, delays the case and reissues a letter to the expert under the sanction of applying a judiciary fine according to art. 187 of the Civil Procedure Code for not submitting the report in due time. Resolution 09.06.2017.</p>	29.06.2018
24.	4958/2/2015	Administrative Bucharest Court of Appeal ICCJ	Claimer	Court of Auditors	Measure annulment TRIPS NON-RESIDENTS	Merits	<p><i>Merits</i></p> <p>Admits the action. Partially annuls resolution no. 59/17.07.2015, respectively regarding the rejection of section VI from the litigation no.6420/28.05.2015 and, consequently, annuls the measure taken at pt. II.8 from the decision no. 16/11.05.2015 for removing the error presented at pt. 3 from the same resolution, as well as pt. 3.1.3 from the Control Report no.4371/10.04.2005. With appeal within 15 days of the intimation, the application for exercise of attack approach to be submitted with the Bucharest Court of Appeal - Section VIII Administrative Legal and Fiscal. Pronounced March 10th, 2016.</p> <p><i>Recourse</i></p>	The court will establish a hearing.
25.	4964/2/2015	Administrative Bucharest Court of Appeal ICCJ	Claimer	Court of Auditors	Measure annulment TRIPS JUDGMENTS	Merits	<p><i>Merits</i></p> <p>Accepts the exception un acceptability for the end of request regarding the cancellation of point 3.1.7 of Control Report no. 4371/10.04.2015 invoked by the claimant. Dismisses as inadmissible the request for annulment of section 3.1.7 from Control Report No. 4371/ 10.04.2015. Dismisses as groundless the</p>	The court will establish a hearing.

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							<p>redundant actions. With appeal within 15 days from the intimation. The appeal shall be lodged with the Bucharest Court of Appeal. Resolution no. 373/ 09.02.2016.</p> <p style="text-align: center;"><i>Recourse</i></p>	
26.	4965/2/2015	Administrative Bucharest Court of Appeal ICCJ	Claimer	Court of Auditors	Measure annulment TRIPS MICROSOFT	Merits	<p style="text-align: center;"><i>Merits:</i></p> <p>Approves the application regarding sections 1 and 2. Admits in part resolution no. 59/17.07.2015 and judgment no. 16/11.05.2015 on section 11 of the resolution, namely the measure adopted under point II.13 of the resolution. Overrules as inadmissible pt. 3, regarding the partial annulment of the control report no. 4371/10.04.2015. With a right of appeal in 15 days since the communication. The recourse will be submitted with the CAB - Section VIII. Resolution no. 236/ 28.01.2016.</p>	The court will establish a hearing.
27.	45494/3/2015*	Bucharest Court Section VI Court of Appeal	Claimer asked to pay a security	Managers S.N. Nuclearelectrica S.A. and AGA members.	Prejudice 708,407 lei. Execution of measure disposed by CC through the 2012 report regarding D&O policies.	Merits	<p style="text-align: center;"><i>Merits</i></p> <p>Dismisses the exception of procedural passive quality lack cited by the respondents Grama Mioara, Popescu, Lucia - Ioana, Chiriac Cristiana and Șerbănescu Cristian Ovidiu. Admits the prescription exception. Dismisses the request, stating as prescribed the right to action. Dismisses the application of calling in warranty as left without object. Compels the claimer to pay the following trial expenses: 8226.53 lei towards the respondent Grama Mioara, 7873.53 lei towards the respondent Popescu Lucia - Ioana and 7925.79 lei towards the respondent Chiriac Cristiana. With appeal within 30 de days from the intimation. Judgment no. 7583/ 29.11.2016.</p> <p style="text-align: center;"><i>Appeal</i></p> <p>Orders the retrial during the first instance proceedings or by the competent court of law</p> <p>Solution in brief: Approves the appeal. Partially cancels the appealed judgment regarding the approval of the prescription of the amount of 6.465 Euros paid on 01.03.2011, of the amount of 3.397 Euros paid on 02.05.2011, of the amount of 39.250 Euros paid on 07.06.2011 and the accessories of these amounts and regarding the granting of trial expenses. Sends the case for retrial to the same court in these limits. Maintains the rest of the appealed judgment. With recourse within 30 days from the intimation. The appeal shall be lodged with the Bucharest Court of Appeal. Issued in a public session today, December 15, 2017.</p>	The court will establish a hearing.

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							Document: Resolution 2250/2017 15.12.2017 <i>Retrial merits:</i>	
28.	1367/2/2016	Administrative Bucharest Court of Appeal ICCJ	Claimer	ANAF	Cancellation administrative act Decision no.25/29.01.2016.	Merits	<i>Merits</i> Dismisses the action as groundless. With a right of appeal in 15 days since the communication. Resolution no. 2656/ 21.09.2016. <i>Recourse</i>	The court will establish a hearing.
29.	409/2/2016	Bucharest Court of Appeal	Civil Party	Tudor Ion Crime group House of insolvency Banat liquidator at CET Energoterm Resita	Tax evasion offenses, bribery, corrupt practices lei 580,974.21 lei.	Merits	Litigation in progress.	04.05.2018
30.	6874/3/2016*	Court of Law Bucharest	Respondent	Nuclear and Radioactive Waste Agency (ANDR)	Claims 131,080.08 euros contributions according to HG [Government Decision] no. 1080/2007 for 2010-2012. Contributions for the 2013-2015 for the energy difference produced and the delivered one in SEN. Penalties 2010-2015 - 2015 until the actual payment.	Merits	<i>Merits</i> Rejects the exception of the prescription of the material right to action as ungrounded. Rejects the summons as ungrounded. With a right of appeal within 30 days from the communication. <i>Appeal</i> Dismisses the appeal as reasonless. With a right of appeal in 30 days since the communication. Resolution 2006/2017 21.11.2017. <i>Recourse</i>	Hearing to follow.
31.	1704/3/2017	civil Bucharest Court S II	Claimer	Civitas P.S.G. SRL	Public procurement litigation.	Merits	<i>Merits</i> Rejects the exception of the inadmissibility of the request, invoked by the defendant-plaintiff. Approves the exception of the absence of interest of the request, invoked by the defendant - plaintiff. Rejects the request of the defendant - plaintiff as unsubstantiated. Rejects the counterclaim. Rejects the request of the defendant - plaintiff for sanctioning the plaintiff - defendant. Approves the return request formulated by the defendant - plaintiff CIVITAS P.S.G. S.R.L. Orders the return to the defendant - plaintiff	

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							<p>CIVITAS P.S.G. S.R.L. the amount of 4,797.6 lei paid as judicial stamp tax. With recourse within 10 days from intimation. Resolution no. 3878/20.06.2017.</p> <p><i>Recourse</i></p> <p>Approves the application for remedying the material error. Orders the remedying of the material error from the session authentication of 20.02.2018 and from Civil Judgment no. 1013/21.02.2018 and from the session authentication of 21.02.2018, namely the authentication will include "postponed the judgment to 21.02.2018" and will remove the reference to file 16644/3/2016. Final. Issued in a public session today, April 24, 2018.</p>	
32.	41419/3/2016	civil Court of Law Bucharest S II	Plaintiff- Defendant	Energo Securent SRL	SNN claims: 330,074.32 lei Claims Energo Securent: 2,206,539.80 lei	Merits	<i>Merits</i> Management of the evidence with accounting expertise.	22.05.2018
33.	5802/118/2017	labor Constanța Court	Respondent	CNE Union for 757 employees	monetary rights hazardous condition bonus	Merits	<i>Merits</i>	07.06.2018
34.	7036/118/2017	labor Constanța Court	Respondent	SLEN union for 132 employees 159 plaintiffs on their own behalf	monetary rights hazardous condition bonus	Merits	<i>Merits</i>	14.06.2018
Cernavoda NPP Branch								
1.	10673/118/2010	Civil/ Court of Appeal of Constanta	Appellee Defendant	Sava Marian	Compensations	Appeal	<p><i>Merits</i></p> <p>Dismisses as reasonless the exceptions of action inadmissibility of active procedural quality lack and of passive procedural quality lack, invoked by the respondent S.N. Nuclearelectrica S.A. Admits the exception of the request tardiness for the on modifying the procedural passive circumstance. Dismisses as tardy formulated the claimer's request on procedural passive circumstance. Find without object the lack of procedural capacity exception of the Local Council of Cernavodă. Dismisses as reasonless the application filed as suing calling formulated by the claimer Sava Marian in contradictory with the respondent S.N. Nuclearelectrica S.A. Dismisses the call in warranty application as left without an object formulated by the respondent S.N. Nuclearelectrica S.A. in contradictory with warranty called City Cernavodă by Mayor and the Mayor of Cernavodă. Obligates the claimer Sava Marian to pay the amount of 27,003.33 lei to the respondent S.N. Nuclearelectrica S.A. representing trial expenses (legal fee stamp, stamp fee, expert</p>	Completed.

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							<p>fee). With appeal within 15 days of the intimation. Civil Sentence No. 603/14.03.2016. Appeal was formulated.</p> <p style="text-align: center;"><i>Appeal</i></p> <p>Partially approved, by civil judgment no. 196/22.03.2017, cancels in part the appealed judgment regarding the lateness exception for the application regarding the modification of the passive lawsuit framework. Rejects as unsubstantiated the lateness exception application for modifying the passive lawsuit framework and retrials the writ of summons formulated against the defendants the Local Council of Cernavoda and the City of Cernavoda orders: Rejects the exception of the absence of lawsuit capability of the Local Council of Cernavoda as unsubstantiated. Rejects the writ of summons formulated against the defendants the Local Council of Cernavoda and the City of Cernavoda as groundless. Maintains the other provisions of the appealed judgment of Civil Judgment no. 196/22.03.2017. Final. With recourse within 15 days from the intimation.</p> <p style="text-align: center;">Resolution 196/2017 22.03.2017</p> <p style="text-align: center;"><i>Recourse</i></p> <p>Resolution no. 341: Rejects the recourse formulated by the appeal plaintiff Sava Marian against civil judgment no. 196 of March 22, 2017, issued by the Court of Appeal of Constanta - Civil Section II, administrative and fiscal division, as unsubstantiated. Final.</p>	
2.	14951/118/2011 (Suspended based on art. 36 of Law 85/2006)	Civil/ Medgidia Court	Claimer	S.C. Car Construct S.R.L.	Land release SNN SA - property - concrete platform occupied by S.C. Car Construct S.R.L., based on sale-purchase agreement signed with S.C. CNE S.A.	Merits	According to Art. 36 of the Law no. 85/2006 (Insolvency law): was suspended the trial of the case.	Suspended.
3.	1662/118/2018	Labor Constanța Court	respondent	94 pensioners	asks a free allocation of electricity	Appeal	<i>Merits:</i>	11.06.2018