



**Endorsed,
Board of Directors
President
Alexandru Sandulescu**

**NOTE
on the approval of the updating of Appendix 1.1. and Appendix 1 to the
administration contracts concluded between the administrators and the company**

1. General aspects/competence

In accordance with the legal provisions in force, the General Meeting of Shareholders has the competence to approve the updating of Appendix 1.1. and Appendix 1 to the administration contracts concluded between the administrators and the company.

The applicable legal basis is represented by:

- Law 31/1990 republished as subsequently amended;
- Government Emergency Ordinance No.109/2011 on the corporate governance of public companies as subsequently amended;
- Administration contract concluded between the company and the administrators.

2. Presentation

The art. 4 of the administration contracts concluded between the administrators and the company provides that *"In order to execute/fulfill the object of this Administration Contract, the Administrator will carry out all the actions necessary for the administration of the company's assets in the company's behalf for fulfilling the object of activity and will perform its tasks and comply with its responsibilities set for it in the Articles of Incorporation and in this Administration Contract with a view to fulfilling the objectives and performance criteria set out in Appendix 1 thereto, along with the other members of the Board of Directors, and /or annually reviewed, as appropriate, within 30 days after the budget approval /revision date. "*

The art. also provides the following: *"The Administrator undertakes, along with other administrators, to implement the administration plan and enforce GMS Resolutions in order to achieve the objectives and performance criteria set out in Appendix 1 to this Administration Contract. The performance criteria and targets apply over the entire period of the administrator's mandate and the values of the performance indicators will be annually updated in accordance with the budget provisions. "*

Thus, considering that the budget has been approved by Government Decision No. 380/2014 and that it is submitted for approval to the General Meeting of Shareholders and, also out of considerations stated in the substantiating note of the budget, the Appendix 1.1. to the mandate administration contracts is proposed to be updated according to the levels of the performance

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Nr. ordine Registrul Comertului: J40/7403/1998, Cod unic de inregistrare: 10874881,

Capital social subscris/si varsat: 2.817.827.560 lei

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indicators and criteria for the year 2014 harmonized with the indicators provided in the budget of revenues and expenses. At the same time, the updating of Appendix 1 for the year 2014 is also proposed. We also propose the updating of the indicator regarding “The execution of the annual cumulated investment value plan” in Appendix 1.1 to the mandate contracts, with the new proposed values based on the history of the year 2013.

The updating of the indicators and performance criteria is necessary considering that on the date of their substantiation in the year 2013, for the period 2013-2017, the financial statements were prepared in accordance with applicable local standards (OMPF 3055/2009), while at present they are prepared in accordance with IFRS. Thus, there are some approaching differences impacting the elements that constitute the performance indicators and criteria (turnover, operating profit, operating expenses).

3. Proposals

Given the above, we request the Ordinary General Meeting of Shareholders to:

- a) approve the updating of Appendix 1.1. to the administration contracts concluded between the administrators and the company including the updating of the level of the performance criteria and indicators and their breakdown by quarters for the current year, 2014, according to the budget of revenues and expenses for 2014;
- b) approve the updating of Appendix 1 to the administration contracts concluded between the directors and the company including the updating of the level of the performance indicators and criteria for 2014.

Daniela Lulache
Chief Executive Officer

Mihai Darie
Chief Financial Officer

Appendix 1.1. to the administration contracts concluded between the administrator and the companies (proposal for update for the year 2014 with quarterly breakdown)

No.	Objective/Performance indicator	Measurement	Measurement unit	Weight	Q I	Q II	Q III	Q IV	2014
Improvement of the indicators regarding the financial performance of the Company									
1	Annual turnover (cumulated since the beginning of the year)	Rd.01 form 20 Balance sheet	Million RON	0,20	460	841	1.278	1.733	1.733
2	Annual operation profit (cumulated since the beginning of the year)	Rd.36 form 20 Balance sheet	Million RON	0,20	34	8	12	38	38
3	Overdue payments	Rd.04 Code 30 Balance sheet	Thousand RON	0,10	23	23	23	23	23
4	Labor productivity (cumulated since the beginning of the year)	Turnover/average number of employees	Thousand RON/person	0,10	213	389	592	802	802
5	Operation expenses at 1.000 lei turnover (cumulated since the beginning of the year)	(Operation expenses/Turnover) * 1000	RON	0,10	935	999	998	986	986
Execution of the major investment objectives									
6	Execution of the annual value of the investment plan cumulated since the beginning of the year	Value of the executed investments/Value of the planned investments	%	0,15	Min. 10%	Min. 25%	Min. 55%	Min. 90%	Min. 90%
Maintenance of the electricity production capacity above the average level in the industry									
7	Capacity factor (cumulated since the beginning of the year)	Achieved production MWh/Maximum theoretical production MWh	%	0,10	Min. 80%	Min. 80%	Min. 80%	Min. 80%	Min. 80%
Operation of the nuclear units in safe conditions for the personnel, the population, the environment and the production assets									
8	No operating events above level 1 on the International Nuclear Event Scale, concerning the damage of the in depth defense barriers, on site or off-site impact	Cernavoda NPP		0,05	0 events above level 1 on the INES Scale	0 events above level 1 on the INES Scale	0 events above level 1 on the INES Scale	0 events above level 1 on the INES Scale	0 events above level 1 on the INES Scale

Appendix 1. to the administration contracts concluded between the administrator and the companies (proposal for update – year 2014)

No.	Objective/Performance indicator	Measurement	Measurement unit	Weight	2014	2015	2016	2017
Improvement of the indicators regarding the financial performance of the Company								
1	Annual turnover	Rd.01 form 20 Balance sheet	Million RON	0,20	1.733	2.077	2.181	2.290
2	Annual operation profit	Rd.36 form 20 Balance sheet	Million RON	0,20	38	343	394	449
3	Overdue payments	Rd.04 Code 30 Balance sheet	Thousand RON	0,10	23	100	100	100
4	Labor productivity	Turnover/average number of employees	Thousand RON/person	0,10	802	964	1.012	1.063
5	Operation expenses at 1.000 lei turnover	(Operation expenses/Turnover) * 1000	RON	0,10	986	845	829	813
Execution of the major investment objectives								
6	Execution of the annual value of the investment plan (as per Chart 28 and the annual budgets)	Value of the executed investments/Value of the planned investments	%	0,15	Min. 90%	Min. 90%	Min. 90%	Min. 90%
Maintenance of the electricity production capacity above the average level in the industry								
7	Capacity factor	Achieved production MWh/Maximum theoretical production MWh	%	0,10	Min. 80%	Min. 80%	Min. 80%	Min. 80%
Operation of the nuclear units in safe conditions for the personnel, the population, the environment and the production assets								
8	No operating events above level 1 on the International Nuclear Event Scale, concerning the damage of the in depth defense barriers, on site or off-site impact	Cernavoda NPP		0,05	0 events above level 1 on the INES Scale	0 events above level 1 on the INES Scale	0 events above level 1 on the INES Scale	0 events above level 1 on the INES Scale

**)the indicators for 2015-2017 are unchanged, in accordance with the management plan*