



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

**NOTE
on the approval of the budget of revenues and expenses for the financial year 2014**

1. General aspects/competence

The General Meeting of Shareholders has the competence to approve the annual budget.

The applicable legal basis is represented by:

- Law 31/1990 republished as subsequently amended;
- the State Budget Law for the year 2014 (Law No. 356/2013);
- the Ordinance No. 26/2013 regarding the strengthening of the financial discipline at the level of some economic operators where the state or the local administrations are the sole or majority shareholders or hold directly or indirectly a majority participation.

2. Presentation

The Budget draft ("BVC") of SNN for 2014 was prepared considering the provisions of art. 48 of *the State Budget Law for the year 2014 (Law no. 356/2013)*, the provisions under *Ordinance no. 26/2013 on financial discipline at the level of some economic operators where the state or the local administrations are the sole or majority shareholders or hold directly or indirectly a majority participation*, the provisions of *the Public Finances Minister's Order no. 2032/2013 referring to the approval of the budget format and structure*, as well as of *the budget substantiation Appendices* and the provisions of *the Public Finances Minister's Order no.1286/2012 for the approval of the Accounting Regulations in accordance with the International Financial Reporting Standards applicable to trading companies whose securities are admitted to trading on a regulated market*.

In accordance with art. 6, paragraph (1) of the Ordinance no. 26/2013 the economic operators, trading companies whose shares are traded on a regulated market, submit to central or local government authorities, as appropriate, under whose subordination, coordination or in whose portfolio are included, for approval, the budget together with the substantiation appendices, within 45 days after coming into force of the annual state budget law.

The approval method of the budget is provided in art. 4 paragraph (1) letter (a) of the Ordinance no. 26/2013; "*The budgets of the economic operators shall be approved: through the Government decision ...*". The Government decision drafts shall be endorsed by the Ministry of Labour, Family, Social Protection and Elderly Persons in terms of complying with the salary policy established by the Government when drafting the budgets, and subsequently by the Ministry of Public Finances."

The budget proposal of SN "Nuclearelectrica" for 2014, and the substantiating appendices were submitted to the Ministry of Economy, Energy Department, by letter no. 150.316/31.01.2014. As a result of the analyses conducted at the level of the Ministry of Public Finances (MPF), some details were requested

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with respect to certain elements, so that, on the date of 17 April 2014, the documents registered with MPF under No. 526.388/17.04.2014 were re-submitted.

The budget of S. N. Nuclearelectrica S. A. has been approved by Government Decision No. 413/20.05.2014.

We mention that the proposal submitted by the company was fully included in the Budget.

The substantiation note along with the proposed budget (Appendix 1 and 2) are available on the website under section Investor Relations / GMS. These documents were submitted to the General Meeting of Shareholders, dated 11.03.2014 and to the General Meeting of Shareholders dated 29.04.2014.

The voting result for the approval of the budget of SNN for 2014 was against the approval both within the General Meeting of Shareholders (GMS) dated 11.03.2014 and within the General Meeting of Shareholders of 29.04.2014 ; the majority shareholder cast a vote against, motivated by the fact that on the date the GMS was organized (11/03/2014 and 29/04/2014, respectively), the budget had not yet been approved by Government decision.

The main elements of the budget of revenues and expenses for 2014 are:

- Total revenues: 1,822,163 thousand lei
- Total expenses: 1,782,525 thousand lei
- Gross profit: 39, 638 thousand lei
- Net profit: 27, 906 thousand lei

3. Proposals

Given the above, based on the provisions under Art.13, paragraph 2, letter i) of the SNN's Articles of Incorporation corroborated with the provisions under Art. 111, paragraph 2, letter e) of the Law No.31/1990, we request the Ordinary General Meeting of Shareholders to:

- a) **Approve** the company's budget of revenues and expenses for the financial year 2014

Daniela Lulache
Chief Executive Officer

Mihai Darie
Chief Financial Officer

Extract – Appendix 1 Revenues and expenses budget 2014

		INDICATORS	Row no.	Proposals for the current year 2014
0	1	2	3	5
I.		TOTAL REVENUES (row1=row2+row5+row6)	1	1,822,163
	1	Operating revenues, out of which:	2	1,746,163
		a) discounts in accordance with legal provisions	3	
		b) transfers, in accordance with legal provisions	4	
	2	Financial revenues	5	76,000
	3	Extraordinary revenues	6	
II		TOTAL EXPENSES (row7=row8+row20+row21)	7	1,782,525
	1	Operating expenses, out of which	8	1,708,061
		A. Expenses for goods and services	9	728,616
		B. Expenses for taxes, duties and similar payments	10	218,808
		C. Personnel expenses, out of which:	11	304,913
		C0 Expenses related to salaries (row13+row14)	12	218,596
		C1 Salary expenses	13	211,400
		C2 Bonuses	14	7,196
		C3 Other personnel expenses, out of which	15	217
		Expenses with compensation for early release of personnel	16	
		C4 Expenses related to the mandate contracts and other managing and control entities, commissions and committees	17	2,828
		C5 Social security expenses, special funds and other legal obligations	18	83,272
		D. other operating expenses	19	455,724
	2	Financial expenses	20	74,464
	3	Extraordinary expenses	21	
III		GROSS RESULT (profit/loss)	22	39,638
IV		INCOME TAX	23	11,732
V		PROFIT AFTER INCOME TAX DEDUCATION, out of which	24	27,906
	1	Legal reserves	25	1,982
	2	Other reserves representing fiscal facilities provided by law	26	
	3	Coverage of accounting loss from previous years	27	

	4	Establishment of equity finances for projects co-financed from foreign loans and establishment of sources for reimbursement of equity installments, payment of interest, rates, charges and other costs related to such loans	28	
	5	Other allocations provided by law	29	
	6	Profit after deduction of the amounts provided by row 25, 26, 27, 28, 29	30	25,924
	7	Employees participation to profit payable within the limit of 10% of the net profit, but not more than an average monthly base salary paid by the operator during the reference financial year	31	2,592
	8	Minimum 50% payments to the local or state budget in the case of autonomous administrations, or AS dividends paid to shareholders in the case of national companies and companies which are fully state owned or where the state is the major shareholder, out of which:	32	14,258
	a)	- dividends owned to the state budget	33	11,588
	b)	- dividends owned to the local budget	33a	
	c)	- dividends owned to shareholders	34	2,670
	9	Retained earning which are not allocated to row 31- row 32 are reallocated to other reserves and constitutes the company's own equity finance	35	11,666
VI		REVENUES FROM EUROPEAN FUNDS	36	
VII		ELIGIBLE EXPENSES FROM EUROPEAN FUNDS, of which	37	
	a)	expenses for materials	38	
	b)	expenses for salaries	39	
	c)	expenses for services	40	
	d)	expenses for promotion and advertising	41	
	e)	other expenses	42	
VIII		INVESTMENT FINANCING SOURCES, out of which:	43	562,514
	1	Allocations from the budget, out of which:	44	
		budget allocations related to payments of previous years commitments	45	
IX		INVESTMENT EXPENSES	46	562,514
X		SUPPORTING DATA	47	
	1	Forecasted number of employees at the end of the year	48	2,200
	2	Average total number of employees	49	2,160
	3	Average monthly income per employee (lei/person) determined on the basis of the salary related expenses (row12/row49)/12*1000	50	8,433

4	Average monthly income per employee determined on the basis of the salary expenses (lei/person) $(\text{row13}/\text{row49})/12*1000$	51	8,156
5	Labor productivity in value units per average total number of employees (thousand lei/person) $(\text{row2}/\text{row49})$	52	808
6	Labor productivity in physical units per average total number of employees (physical units/person)	53	
7	Total expenses related to 1000 lei total income $(\text{row7}/\text{row1})x1000$	54	978
8	Payments due	55	23
9	Accounts receivables	56	26,861