



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

NOTE

on the approval of the proposal of distributing the net profit of the financial year 2014, of the gross dividend per share, of the date when the dividend payment starts and of the payment methods

- Documentation for item 5 of the agenda of OGMS/29.04.2015 -

1. General aspects/competence

In compliance with the in force law provisions, the Board of Directors proposes the method of distributing of the net profit of the financial year 2014, including the proposal of dividend together with the approval of the annual financial statements.

Art. 111, paragraph 1, letter (a) of the Law no. 31/1990 republished, as subsequently amended, stipulates that the Ordinary General Meeting of Shareholders has the responsibility to propose the value of the dividend.

The legal basis is represented by:

- Law no. 31/1990 republished, as subsequently amended ("Law no. 31/1990");
- Government Ordinance (OG) No. 64/2001 regarding profit distribution of national authorities, national companies and commercial companies with full or majority state-owned capital, as well as to the autonomous regias, as subsequently amended ("O.G. no. 64/2001");
- Law No. 297/2004 on capital market, as subsequently amended ("Law no. 297/2004");
- Law No. 571/2003 regarding the Fiscal Code, as subsequently amended ("The Fiscal Code").

The Ordinary General Meeting of Shareholders has the competence to approve the proposal for the distribution of net profit and dividend.

2. Presentation

2.1. Distribution of the net profit of the financial year 2014

The proposal for the distribution of the net profit of the financial year 2014 by destinations was done in accordance with the provisions of the O.G. no. 64/2001. Thus, the net profit of the financial year 2014 will be distributed as follows:

Indicator (financial year 2014)	Amount (lei)
Net profit for the financial year (A)	133.064.655
+ Provision for employees' participation to profit (deducted from the accounting profit) (B)	2.592.400
Net profit of allocating for the financial year (A+B), assigned as follows:	135.657.055
a) legal reserves	8.250.662
b) other reserves representing fiscal facilities stipulated by law	516.049
c) allocation to cover the accounting losses from previous years, except the accounting losses resulting from application of the IAS29	-
d) allocation for financing sources for projects co-financed from external loans, as well as for establishing the necessary sources for the reimbursement of capital installments, for the payment of interest, commissions, fees and other costs related to the external loans	-
e) other distributions provided by law	-
Accounting profit remaining after deducting of the amounts mentioned above (a-e), assigned as follows:	126.890.344
f) employees' participation to profit	2.592.400
g) gross dividends to be distributed	90.366.312
h) other reserves	33.931.632
Undistributed profit	-

As for the amounts proposed to be distributed, we make the following specifications:

- The amounts allocated to the **legal reserve** is determined based on the provisions of article 183 of Law no. 31/1990 according to which "every year, at least 5% from the company's profit shall be taken over for the formation of the reserve fund, until this reaches at least the fifth part of the share capital." **The amount allocated to the legal reserve was taken over at the end of the fiscal year, representing a mandatory allocation in amount of 8.250.662 lei;**
- Other reserves representing tax incentives provided by the Law in the amount of 516.049 lei, were allocated on the basis of article 19⁴ of the Law no. 571/2003 regarding the Fiscal Code with the subsequent amendments, paragraph 6 which stipulates the following: "The profit exempted of the profit tax, less the share of the legal reserve, is distributed at the end of the financial year, mainly for the creation of the reserves...". Thus, taking into account the fact that the Company benefited from tax exemption for the reinvested profit in technological equipment – machinery and work installations, as provided in subgroup 2.1. from the Catalogue regarding the classification and normal operational life of fixed assets, used in economic activities (only new equipment), in compliance with the provisions of the above mentioned article from the Fiscal Code and the profit invested in 2014 in equipment qualified for tax exemption in the amount of 543.209 lei, the amount of 516.049 lei was allocated to the reserve, representing the reinvested profit, less the legal reserve;

- The amounts proposed to be distributed in the form of "employees' participation in the profit" are within the limit of 10% of the net profit, but not exceeding the level of the average monthly salary per employee in the year 2014 and considering the average number of employees in 2014. Thus, the maximum amount representing 10% of the net profit, but not exceeding the level of the average monthly salary per employee in the year 2014 would have been of 13.120.247 lei; the proposal for the profit distribution includes only the amount of **2.592.400 lei**, in order to comply with and to remain within the amounts previously budgeted in 2014. The obligation to participate to the profit distribution was established by the budget of income and expenditures approved in 2014 so that the provisions of art. 1 paragraph (1), letter (e) of the G.O. No. 64/2001 are observed;
- **The gross dividends proposed in the amount of 90.366.312 lei** represents **71,22%** of the profit which can be allocated for dividends, percentage applied to the profit after the allocation on the objectives provided at art. 1, paragraph 1, letter a), b), c) , c^{^1}), d) of OG. Number 64/2001 to which is added the amount proposed to be distributed as "employees participation to profit", for the consolidation of the calculation basis. In compliance with the provisions of article 1, paragraph 1, letter f) of OG 64/2001, a minimum of 50% of the remaining profit after the allocation for the objectives provided at article 1, paragraph 1, letter a)-e) of OG 64/2001, must be distributed as dividends. The percentage 71,22% is a rounding of the proposed gross dividend per share, respectively 0,30 lei gross/share multiplied by the number of shares issued after the share capital increase, namely 301.221.041 shares;
- The undistributed profit, in the amount of **33.931.632 lei**, after the allocations for the objectives provided at article 1, paragraph 1, letter a) – f) of OG number 64/2001, will be distributed as own financing sources (other reserves, representing financing sources).

2.2 The value of the gross dividend per share

The total gross dividends to be distributed to the shareholders in the amount stipulated in the proposal for distribution of net profit is of **90.366.312 lei**.

The number of shares for the subscribed and paid share capital is of **301.221.041** at the current time. **Thus, the proposed gross dividend per share is of 0,30 lei/share.**

The tax on the gross dividend is to be retained by SNN in compliance with the applicable provisions of the Fiscal Code.

2.3 The date of the commencement of the dividends payment

The terms of the dividends payment in accordance with the applicable legal provisions are:

- According to the provisions of article 67 paragraph 2 of Law No. 31/1990, the dividends are distributed to the shareholders "*within the time limit set by the General Meeting of Shareholders or, as appropriate, set by special laws, but not later than 6 months after the date of the approval of the annual financial statements related to the ended financial year*";
- Art. 238 paragraph 2 of Law No. 297/2004 stipulates that "*once the dividends are determined, the General Meeting of Shareholders shall also set the term within which*

they will be paid to the shareholders. This term shall not be longer than 6 months since the date of the General Meeting of Shareholders convened to determine the dividends";

- The provisions of article 1 paragraph 3 of O.G. No. 64/2001 establish that, as an exception to the Law No. 31/1990: the national companies are obliged to transfer dividends due to their shareholders within 60 days after the deadline stipulated by the law for submitting the annual financial statements.

Thus, based on the corroboration of the terms in the above-mentioned normative acts, it results that the deadline for the payment of the dividends by SNN is within 60 days after the deadline stipulated by the law for submitting the annual financial statements (120 days since the conclusion of the financial year, namely 30 April 2014), the resulting deadline being 29 June 2015.

The Board of Director proposes that **the dividends will be paid starting with 26 June 2015.**

2.4. The dividends payment method

The dividends will be paid to SNN's shareholders as follows:

- directly by SNN, by bank transfer, to the significant shareholders, as these are the shareholders who hold more than 1% of the number of shares issued by SNN, namely more than 3.012.210 shares;
- through a payment agent, for the other shareholders; the company may expand the direct payment for other shareholders, legal persons, this method is going to be brought to the shareholders' knowledge until the date of the commencement of the dividends payment.

The shareholders are charged no commissions for the dividends payment, regardless of the payment method, commissions which will be supported by SNN.

The identification data of the chosen payment agent, the detailed payment methods, the specific forms and necessary documents required by the shareholders for payment, will be brought to the shareholders' knowledge prior to the date of the payment commencement through press release and current report sent to the Bucharest Stock Exchange and to the Financial Supervisory Authority. The information will be posted on SNN site at the address www.nuclearelectrica.ro, Investor Relations section.

2.5. Registration date

The registration date must be subsequent to the General Meeting of Shareholder (GMS) date (29.04.2014) at least by 10 working days. **Thus, the proposed registration date is 23 June 2015.**

2.6. The right to receive

Only the shareholders who are registered with the S.C. Depozitarul Central S.A. on the registration date shall be entitled to receive dividends.

3. Proposals

Considering those mentioned above, we submit for the approval of the Ordinary General Meeting of Shareholders, the following:

- a) the proposal for the allocation of the net profit for the financial year 2014**
- b) the gross dividend per share at the value of 0,30 lei/share**

- c) **the start date of the dividends payment: June 26, 2015**
- d) **the registration date: June 23, 2015**
- e) **the payment methods in compliance with this note.**

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