
S.N. NUCLEARELECTRICA S.A.

AGREED UPON PROCEDURES REPORT

PERFORMANCE INDICATORS FOR THE MANAGEMENT

25 March 2015

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25 March 2015

To the shareholders of
S.N. NUCLEARELECTRICA S.A.

Subject: Factual Findings Report in connection with the analysis of the performance indicators of the administrators, general manager (CEO), branch manager of Cernavoda nuclear power plant and financial manager (CFO) - (all referred to as the "management"), computed based on the individual financial statements as at December 31, 2014 of S.N. NUCLEARELECTRICA S.A. ("the Company") - **Agreed upon procedures report**

In accordance with your instructions, as confirmed in our engagement letter, for agreed-upon procedures, in respect of the above mentioned analysis, we present our report for S.N. NUCLEARELECTRICA S.A. ("the Company").

The engagement was performed in accordance with the International Standard on Related Services 4400 "Engagements to Perform Agreed-upon Procedures Regarding Financial Information". We point out that our work includes the preparation of the factual findings report in relation to the agreed items as described in the letter of engagement, in accordance with the information supplied to us by the management and by the employees of the company.

You will find attached to the present report our principal findings and conclusions. Please note that the procedures performed were exclusively those agreed upon with the Company.

We have not carried out anything in the nature of an audit or a review nor, except where otherwise stated, have we subjected the financial or other information contained in this report to related checking or verification procedures. Accordingly, we will not express any assurance, thus we assume no responsibility and make no representations with respect to the accuracy or completeness of the information in this report, except where otherwise stated. Had the auditor performed additional procedures, an audit or a review, other matters might have come to light that would have been reported to you.

The report is restricted to those parties that have agreed the procedures to be performed.

The report relates only to the elements, accounts, items or financial information specified in the engagement letter, based only on the information provided by the Company, and it does not extend to the entity's financial statements taken as a whole.

We will not accept any duty of care, including negligence, to any person other than you, except under the arrangements described in the letter of engagement.

We trust you will find our findings report explanatory. However, please do not hesitate to contact us for any clarifications or further information you may require.

Yours sincerely,

Mamas Koutsoyannis
Director
Baker Tilly Klitou and Partners S.R.L.



Chapter 1: Procedures performed

We have performed the procedures agreed with you and detailed below with respect to the performance indicators as described in each of the individual remuneration contracts of the management.

We carried out the following procedures:

- 1.1 We obtained the definitions and formulas of computation of the performance indicators under each remuneration contractual agreement with the members of the management. We obtained the computation of the financial performance indicators as at 31 December 2014, prepared by the management of the Company based on the individual financial statements as at the same date and the supporting reports for the technical performance indicators.
- 1.2 We checked the mathematical accuracy of the computations of the financial performance indicators as at 31 December 2014 based on the individual financial statements prepared in accordance with Ministry of Public Finances Order no. 1286/2012 "for the approval of the accounting regulations in accordance with the International Financial Reporting Standards, applicable to commercial entities whose securities are admitted to trading on a regulated market" and related regulations, and respectively the existence of the supporting documents for the technical performance indicators through the internal technical reports in the case of the branch manager of the Cernavoda nuclear power plant.
- 1.3 We compared the performance indicators of the management computed by the Company with the requirements of the individual remuneration contracts of the management, as sustained as well by the approved budgets for the year 2014.

Chapter 2: Result of procedures performed and conclusions

Based on the procedures performed as described in Chapter 1:

- 2.1 We have obtained the definitions of the performance indicators, we have obtained the computations of the financial performance indicators and supporting documents for the technical performance indicators.
- 2.2 We concluded that the computations are mathematically accurate in the case of the financial performance indicators and that the technical performance indicators are properly sustained by the existence of supporting documents.
- 2.3 We have concluded that all performance indicators of the management are exceeded with regards to their targets, as presented in the Annex 1 prepared by the Company.

This report is intended solely for your information and for the use of the Company and may not be distributed, in whole or in part, to any other party without our prior written consent. It should not be included or referred to in any document or publication made available to persons outside our firm and Company without our prior consent.

Attachments: Annex 1 with the computation of the performance indicators provided by the Company

Annex 1

Content:

1. Performance indicators for the Board of Directors – total Q4 2014 (EN_CA Q4 2014)
2. Performance indicators for the Chief Executive Officer – total Q4 2014 (EN_DG Q4 2014)
3. Performance indicators for the Cernavoda NPP Manager – total Q4 2014 (EN_CNE Q4 2014)
4. Performance indicators for the Chief Financial Officer – total Q4 2014 (EN_DF Q4 2014)
5. Computation of the subcomponent 2 from variable component – 2014 (ENG_2014 Var comp.– subcomp 2)

Performance indicators for the Board of Directors - total Q4 2014

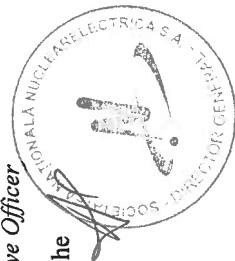
EN_CA Q4 2014

No.	Objective/Performance Indicators	Units	Target IV	Q Realized	Q IV	Degree of fulfillment (%)	Reduction coefficient	Degree of performance indicators fulfillment col.5 * col. 6 (%)
0			2	3	4	5	6	7
Improvement of the financial performance indicators of the Company								
1	Annual turnover (cumulative from the beginning of the year)	Millions RON	1.733,00	1.796,12		103,64%	0,20	20,73%
2	Operational profit per year (cumulative from the beginning of the year)	Millions RON	38,00	175,21		461,08%	0,20	92,22%
3	Due payments	Thousands RON	23,00	-		100,00%	0,10	10,00%
4	Labour productivity (cumulative from the beginning of the year)	Thousands RON/pers	802,00	831,54		103,68%	0,10	10,37%
5	Operating expenses for 1,000 RON turnover (cumulative from the beginning of the year)	RON	986,00	912,55		108,05%	0,10	10,80%
Accomplishment of major investment objectives								
6	Execution of annual value plan of investments, cumulative from the beginning of the year (As Table 28 and Annual Budget)	%	90%	85,81%		95,34%	0,15	14,30%
Maintaining electricity production capacity above the industry average								
7	The utilization coefficient of installed power capacity (cumulative from the beginning of the year)	%	80%	94,82%		118,53%	0,10	11,85%
Operation of nuclear power plants in safety and security conditions for personnel, population, environment and production assets								
8	No operating events that exceeded level 1 on International Nuclear Event Scale, regarding in depth degradation of defense barriers , impact on site or outdoors		0	0		100,00%	0,05	5,00%
Degree of fulfillment of the performance indicators								
						1,00		175,27%

Date: 25.03.2015

Chief Executive Officer

Daniel Lulache



Chief Financial Officer

Mihai Darie

BAKER TILLY KLT& PARTNERS

25. MAR. 2015

For identification purposes

Performance indicators for the Chief Executive Officer - total Q4 2014
EN_DG Q4 2014

No.	Objective/Performance Indicators	Units	Target IV	Q Realized IV	Q	Degree of fulfillment (%)	Reduction coefficient	Degree of performance indicators fulfillment col.5 * col. 6 (%)
0			2	3	4	5	6	7
Improvement of the financial performance indicators of the Company								
1	Annual turnover (cumulative from the beginning of the year)	Millions RON	1.733,00	1.796,12	103,64%	0,10	10,36%	
2	Operational profit per year (cumulative from the beginning of the year)	Millions RON	38,00	175,21	461,08%	0,10	46,11%	
3	Due payments	Thousands RON	23,00	-	100,00%	0,10	10,00%	
4	Fulfillment of financial indicators mentioned in the contract with EURATOM (*)	Accomplished	Accomplished*	100,00%	0,10	10,00%		
5	Labour productivity (cumulative from the beginning of the year)	Thousands RON/pers	802,00	831,54	103,68%	0,10	10,37%	
6	Operating expenses for 1,000 RON turnover (cumulative from the beginning of the year)	RON	986,00	912,55	108,05%	0,10	10,80%	
Accomplishment of major investment objectives								
7	Execution of annual value plan of investments, cumulative from the beginning of the year (As Table 37 and annual Budget)	%	90%	85,81%	95,34%	0,15	14,30%	
Maintaining electricity production capacity above the industry average								
8	The utilization coefficient of installed power capacity (cumulative from the beginning of the year)	%	80%	94,82%	118,53%	0,15	17,78%	
Operation of nuclear power plants in safety and security conditions for personnel, population, environment and production assets								
9	No operating events that exceeded level 1 on International Nuclear Event Scale, regarding in depth defense barriers degradation, impact on site or outdoors		0	0	100,00%	0,10	10,00%	
Degree of fulfillment of the performance indicators								
						1,00		139,72%

* Notes: The three financial indicators mentioned in the contract with EURATOM are met at 31.12.2014:

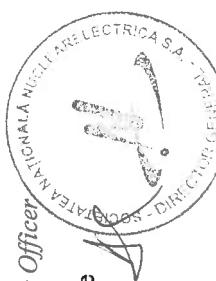
- Debt service coverage ratio: targeted over 1,5 and realised 1,92
- Gearing: targeted under 2 and realised 0,23

- Earned income is sufficient to cover the operating costs : Accomplished with 357 mil. RON more than the total operating costs and debt service for a period of 12 months.

Date: 25.03.2015

Chief Financial Officer
Daniela Lulache

Chief Executive Officer
Mihai Darie

25. MAR. 2015

For identification purposes

Performance indicators for the Cernavoda NPP Manager - total Q4 2014
EN_CNE Q4 2014

No.	Objective/Performance Indicators	Units	Target IV	Realized Q IV	Degree of fulfillment (%)	Reduction coefficient	Degree of performance indicators fulfillment col.5 * col. 6 (%)
0	1	2	3	4	5	6	7
Operation of nuclear power plants in safety and security conditions for personnel, population, environment and production assets							
1	No operating event exceeded level 1 on International Nuclear Event Scale, regarding defense barriers degradation in depth, impact on site or outdoors		0	0	100,00%	0,10	10,00%
2	Maintaining the technological loss of special materials - heavy water - within the limits of technical and economic indicators of Nuclear Power Plant	Kg/ plant	6.800,00	4.839,00	140,52%	0,15	21,08%
3	Degree of combustion of nuclear fuel	MWh/KG	156,00	173,20	111,03%	0,10	11,10%
Maintaining electricity production capacity above the industry average							
4	The utilization coefficient of installed capacity	%	80,00%	94,82%	118,53%	0,15	17,78%
5	Own consumption of electric and termic energy	%	10,00%	7,91%	126,42%	0,15	18,96%
Accomplishment of major investment objectives							
6	Execution of annual value plan of investments, cumulative from the beginning of the year (As Table 37 and annual Budget)	%	90%	85,81%	95,34%	0,10	9,53%
Improvement of the financial performance indicators of the Company							
7	Annual turnover	Millions RON	1.733,00	1.796,12	103,64%	0,05	5,18%
8	Operational profit per year	Millions RON	38,00	175,21	461,08%	0,10	46,11%
9	Labour productivity	Thousands RON/pers	802,00	831,54	103,68%	0,05	5,18%
10	Operating expenses for 1,000 RON turnover (cumulative from the beginning of the year)	RON	986,00	912,55	108,05%	0,05	5,40%
Degree of fulfillment of the performance indicators						1,00	150,32%

Date: 25.03.2015

Chief Executive Officer

Daniela Lulache



Chief Financial Officer

Mihai Darie



BAKER TILLY KILTOU & PARTNERS

25. MAR. 2015

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Performance indicators for the Chief Financial Officer - total Q4 2014

EN_DF Q4 2014

No.	Objective/Performance Indicators	Units	Target IV	Realized Q IV	Degree of fulfillment (%)	Reduction coefficient	Degree of performance indicators fulfillment col.5 < col. 6 (%)
0	1		2	3	4	5	6
Improvement of the financial performance indicators of the Company							
1	Annual turnover (cumulative from the beginning of the year)	Millions RON	1.733,00	1.796,12	103,64%	0,10	10,36%
2	Operational profit per year (cumulative from the beginning of the year)	Millions RON	38,00	175,21	461,08%	0,10	46,11%
3	Due payments	Thousands RON	23,00	-	100,00%	0,10	10,00%
4	Fulfillment of financial indicators mentioned in the contract with EURATOM (*)	Accomplished	Accomplished*	100,00%	0,10	10,00%	
5	Labour productivity (cumulative from the beginning of the year)	Thousands RON/pers	802,00	831,54	103,68%	0,10	10,37%
6	Operating expenses for 1,000 RON turnover (cumulative from the beginning of the year)	RON	986,00	912,55	108,05%	0,10	10,80%
Accomplishment of major investment objectives							
7	Execution of annual value plan of investments, cumulative from the beginning of the year (As Table 3) and annual Budget)	%	90%	85,81%	95,34%	0,15	14,30%
Maintaining electricity production capacity above the industry average							
8	The utilization coefficient of installed power capacity (cumulative from the beginning of the year)	%	80%	94,82%	118,53%	0,15	17,78%
Operation of nuclear power plants safely and secure for personnel, population, environment and production assets							
9	The utilization coefficient of installed power capacity (cumulative from the beginning of the year)		0	0	100,00%	0,10	10,00%
Degree of fulfillment of the performance indicators							
					1,00		139,72%

* Notes: The three financial indicators mentioned in the contract with EURATOM are met at 31.12.2014:

- Debt service coverage ratio: targeted over 1,5 and realised 1,92
- Gearing: targeted under 2 and realised 0,23
- Earned income is sufficient to cover the operating costs : Accomplished with 357 mil. RON more than the total operating costs and debt service for a period of 12 months.

Date: 25.03.2015

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Computation of subcomponent 2 from variable component - 2014
ENG_2014 Var comp. - subcomp 2

For 2014, there will be taken into account the following indicators for the computation of subcomponent 2 from variable component:

Indicator (2014)	Source	Amount (RON)
Net profit realized	Annual financial statements audited at 31.12.2014	133.064.655
Estimated net profit	BVC SNN 2014 aproved by Government Decision no. 413/20.05.2014 and General Assembly of Shareholders Decision no. 5/31.07.2014	27.906.000
Difference between net profit and estimated net profit		105.158.655
0,4% out of net profit difference		420.635

Since the level of 0.4% of the amount representing the difference between net profit actually achieved and net profit estimated for 2014 is higher than fixed annual allowance for each of the 6 non-executive members of the Board of Administrators (to be paid for 12 months for 5 members and respectively 2 months for one member) and for each of the 3 directors of SNN S.A. with contracts of mandate (to be paid for 12 months for the general manager and the manager of CNE Cernavoda and respectively for 11 months for the financial manager), according to the art. 18 of Administration Contract and according to the art. 15 of the Mandate Contracts, the value of subcomponent 2 from the variable component which will be granted to non-executive administrators and directors for 2014, will be capped at a fixed annual allowance corresponding to each non-executive member of the Board of Administrators and respectively to each manager as mentioned above.

Date: 25.03.2015

Chief Executive Officer

Daniela Lulache

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