



**ANNUAL CONSOLIDATED
REPORT OF THE ADMINISTRATORS OF
S.N. NUCLEARELECTRICA S.A.**

for the financial year 2013

This is a translation from the Romanian version.



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1. EXPLANATION

The administrators' consolidated report present only additional information to the administrators' individual report. The consolidated statement includes only Energonuclear SA ("EN") Branch, thus, the current report presents information about Energonuclear Branch.

The administrators' consolidated report will be read together with the administrators' individual report.

2. PRESENTATION OF THE GROUP

SN Nuclearelectrica SA ("SNN") owns a single branch, with a participation quota to its share capital of 84,65% at 31.12.2013; the rest of the shares were owned by ArcelorMittal SA (6,2%) and Enel Investment Holding BV (9,15%).

Currently, SNN owns 100% of the share capital of EN following the acquisition of the shares previously owned by the minority shareholders during January 2014.

3. INFORMATION ABOUT ENERGNUCLEAR

History and presentation

The establishment of Energonuclear SA, the mission of which is to develop the project "Cernavoda NPP Units 3 and 4", was performed by promoting a shareholding structure in which SNN owns a participation quota of 51% of the capital (as per GD number 643/2007, as modified by GD number 691/2008). As per the Articles of Association which represents the foundation of EN, signed on December 25th and approved through GD 1565/2008, the initial structure of the shareholding was the following: SNN 51%, RWE, GDF Suez, ENEL and CEZ each 9,15% and ArcelorMittal and Iberdrola each 6,2%.

After the withdrawal from the project of CEZ (on December 30th 2010) and RWE, GDF Suez and Iberdrola (on February 28th 2011), SNN obtained, through share transfer contracts, the cumulated quota owned by the above mentioned investors within EN, thus reaching a percentage of 84,65% of the shares of Energonuclear, on January 1st 2013.

On December 31 2013, the capital of EN is fully paid and the shareholding structure recorded at the Romanian Trade Registry is the following:

No.	Shareholders	Number of shares	Percentage (%)
1.	Societatea Nationala Nuclearelectrica SA	31.409.408	84,65
2.	ArcelorMittal Galati SA	2.300.511	6.2
5.	Enel Investment Holding BV	3.395.110	9.15

The capital of EN at 31.12.2013 is of 146.152.998,73 lei, representing the equivalent of 35.000.000 Euro. The capital is divided in 37.105.029 nominative shares with the nominal value of 3,9389 RON/share.

The social headquarters is located in Bucharest, 5-7 Vasile Lascar street, 3rd floor, district 2. The registration number at the Romanian Trade Registry is J40/3999/2009 and the sole registration number is 25344972.



Articles of Incorporation

The Articles of incorporation of EN was modified by the resolution of the General Meeting of Shareholders number 9 dated on 21.11.2013, following the conclusion of the addendum number 6 to the Investors Agreement signed between the shareholders of EN and mainly consisted in changing the convening rules and the voting method within the GMS and BoD meetings.

Administrators appointment/revocation documents

Energionuclear is administered within an unitary system. The Board of Directors is formed of 5 administrators appointed by the General Meeting of Shareholders for a term of 4 years. The President of the Board of Directors is appointed by unanimous vote of the shareholders at the proposal of each shareholders for a term of maximum 2 years, without the possibility of being re-elected as president.

During 01.01.2013 – 04.11.2013, the administrators of the company were:

- Ionel Bucur - President
- Alexandru Sandulescu
- Ionel Bors
- Elena Marilena Negulici
- Luca D'Agnese

During 04.11.2013-31.12.2013, the Board of Directors had the following composition:

- Elena Popescu - President
- Alexandru Sandulescu
- Ionel Bors
- Minodor Teodor Chirica
- Luca D'Agnese

The management of the company

The executive management of EN was ensured, during 2013, by the following managers:

- Dragos Paul Popescu, general manager (mandate contract valid until 16.11.2013)
- Minodor Teodor Chirica, general manager (mandate contract during 16.11.2013 - 31.12.2013)
- Mircea Gheorghe, technical manager (work agreement during 2013)
- Ecaterina Nitu, chief accountant (work agreement during 2013)

Description of activity

The scope of EN is to accomplish the project consisting of developing, constructing and commissioning of Cernavoda NPP Units 3 and 4.

During 2013, the Investors Agreement was extended through the Addendum number 5 dated on 28 June 2013 and through the Addendum 6 dated on 30 August 2013, until the end of 2013.

As per the provisions of the Investors Agreement, Nuclearelectrica was responsible for obtaining the environment agreement for the investment „Continuation and completion of works on Cernavoda NPP Units 3 and 4”. The procedure for obtaining the environment agreement started in 2006 and was successfully completed in September 2013, through the issuing of the environment permit. In accordance with the specific environment legislation applicable for nuclear objectives, the environment agreement was issued by a Government's Decision (GD number 737/2013).



During 2013, the company carried out activities necessary for the continuation of Cernavoda NPP Units 3 and 4 project, out of which the most significant were:

- The approval of the technical and economical indicators of the project;
- The analysis of the availability of state warranties for loans estimated to be contracted for the project, especially export credits;
- The modification of the legislation regarding the waste and decommissioning funds management, in order to ensure the financial security of the funds which are to be collected during the lifetime of the units;
- The regulation of the in kind contribution, to the share capital of EN, of the heavy water reserve which will enter the property of the Romanian state (by transfer to the state reserve)
- The breakdown of the market mechanism aimed at making the project more attractive for private investors (capacity tax, contracts for difference, subsidies, certificates), and the analysis in cooperation with the Romanian authorities of the ways in which these can be implemented;
- The procedure for the selection of the EPC contractor (Engineering, Procurement, Construction) (holding multiple rounds of negotiations with the bidder regarding the technical bid and the commercial contract);
- The preparation of the documentation for the nuclear safety authorization for the construction phase;
- Maintaining the site and the existing structures in an adequate technical state;
- The promotion of the Project (seminars, presentations, meetings with potential investors);

Disputes

At December 31st 2013, the most important disputes of the company were the following:

- Dispute with the Court of Accounts – Chamber of Accounts of Bucharest (CC-CCMB), regarding the annulment of the resolution number 97/28.11.2011 issued by CC-CCMB, the annulment of the control report number 7179/2.11.2011 issued by CC-CCMB and the annulment of the closure number 22/09.02.2012 of the Court of Accounts – Appeals Commission. In case the dispute is won, EN will recover its income tax paid to ANAF in the amount of 780.409 lei and will not have to cash in vacation indemnization differences from the employees, representing contributions in the amount of 556.526 lei. The dispute has not been solved yet.
- Dispute with Metinstal SRL on the request for contractual penalties (value of the dispute: 64.629,90 lei)

The rest of the company's disputes are related to employees or former employees who request the recovery of the vacation indemnization differenced for the years 2009-2010, after the application of measure 8 from the resolution of the Court of Accounts 97/2011.

4. SUBSEQUENT EVENTS

In December 2013, ArcelorMittal and ENEL notified SNN about their intention to exercise their put option for their shares in EN.

After the end of the financial year 2013, share transfer contracts were concluded with ArcelorMittal Galati SA and ENEL Investment Holding BV through which they transferred their shares in EN to Nuclearelectrica SA.

Thus, in January 2014, SNN purchased the shares of the minority shareholders, the participation of SNN in EN increasing to 100%. The shares were purchased at 80% of their nominal value, the total value of the transaction being 17,947,585,24 lei. The administrators Luca d'Agnes and Ionel Bors, proposed by the two minority shareholders, resigned from the Board of Directors of EN after the completion of the transaction,



In the file number 38252/3/2012 between Energonuclear and Metinstal SRL, the legal action of Energonuclear was definitively approved at the beginning of 2014 and Energonuclear cashed in penalties in the amount of 64.629.9 lei as well as court expenses in the amount of 2.908,6 lei.

In the file number 2935/300/2012 between Energonuclear and Dan Ionescu (former general manager of EN), the legal action of Energonuclear was definitively rejected, EN being obliged to pay court expenses in the amount of 11.160 lei.

5. PERSPECTIVES

It is intended to attract new investors by transferring shares from Nuclearelectrica to the new investors in the project.

On 25.11.2013, Nuclearelectrica signed a letter of intention with China General Nuclear Power („CGN”) related to the intention of the Chinese company to participate in the Project. The letter of intent is valid for 180 days. CGN may become an investor in the EN if the investment conditions are fulfilled.

Currently CGN performs due diligence activities in order to analyze the project and make the investment decision.

6. STATEMENTS AND SIGNATURES

On the basis of the best information available, we hereby confirm that the consolidated financial statements are prepared in accordance with the applicable accounting standards (International Financial Reporting Standards approved by the European Union) and they provide a clear and correct image of the financial situation of the company and of the group, and of the financial performance and cash flows for the year 2013. We also confirm that the annual report of the administrators (individual and consolidated) provides a correct image regarding the development and performance of the company and the group, as well as a description of the main specific activity related risks and uncertainties.

Alexandru SANDULESCU
President of the Board of Directors

Daniela Lulache
CEO

Mihai Darie
CFO



7. AUDITED CONSOLIDATED FINANCIAL STATEMENTS AT 31.12.2013 IN ACCORDANCE WITH IFRS-UE

The audited consolidated financial statements at 31.12.2013 prepared in accordance with the International Financial Reporting Standards approved by the European Union are published on the website of the company in the Investors Relations section (www.nuclearelectrica.ro) and are accompanied by the independent auditors' report on the consolidated financial statements.