



**Prospectus**  
**for the share capital increase of**  
**Societatea Nationala Nuclearelectrica SA**



NUCLEARELECTRICA

**Intermediary**  
**Investment firm**

**SWISS CAPITAL**

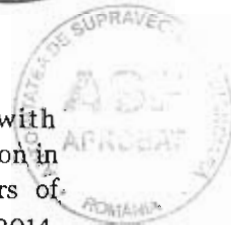
Approved by Financial Supervisory Authority Decision no.: 2246/23.12.2014

*"Approval of the public offering document or the offer circular, as appropriate, shall not be deemed a guarantee and shall not be interpreted as an appreciation by the FSA of the opportunity, advantages and disadvantages, rewards or risks involved in the transactions contemplated by underwriting in the public offering subject to approval. This stamp of approval shows that the prospectus/offer circular observes the requirements of the laws and the relevant implementing rules".*



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## CIRCULAR TO INVESTORS

This Prospectus ("**Prospectus**") comprises the information required with respect to the offer ("**Offer**") of shares for the share capital increase by contribution in cash decided in the Extraordinary General Meeting ("EGM") of the Shareholders of Societatea Nationala Nuclearelectrica SA ("**SNN**", "**Company**" or "**Issuer**") of 06.10.2014. By way of this offer and the relevant preference rights, existing shareholders as of **record date** are given the opportunity to subscribe the shares issued for the purposes of the share capital increase. The issuing of preference rights inures to the benefit of the Issuer's shareholders who are recorded as of Record date, i.e. 22.10.2014, and the scope of information herein is in line with the requirements applicable to such issuances in accordance with art. 26(a) of (EC) Regulation no. 809/2004.

The issuer is Societatea Nationala Nuclearelectrica S.A., having its registered office in Bucharest, 65 Polona St., District 1, registration no. with the Trade Register J40/7403/1998, Unique Registration Code RO 10874881, main line of business: production, transmission and distribution of electricity, NACE code 351, subscribed and paid-up share capital RON 2,817,827,560, divided into 281,782,756 registered shares in book-entry form, with a value of RON 10 each.

The Issuer seeks to increase its share capital by contribution in cash of a maximum amount of RON 239,172,630, from RON 2,817,827,560 – the current share capital value – to RON 3,057,000,190, by issuing a maximum number of 23,917,263 new registered shares in book-entry form, at a price of RON 10/share, i.e. the nominal value of the shares (premium excluded), of which:

(1) 19,437,670 new shares in the amount of RON 194,367,700 accounting for the contribution in cash of the Romanian Government through the Ministry of Economy – the Department for Energy, i.e. an amount equal to the government appropriations for the execution of Unit 2 and the financing of works for Units 3-5 of the Cernavoda NPP in the period 2006-2009;

(2) Maximum 4,479,593 new shares in the amount of RON 44,795,930 will be offered to holders of preference rights in exchange for the contribution in cash of the Romanian Government through the Ministry of Economy – the Department for Energy, and other Issuer shareholders, namely the persons who qualify as shareholders as of Record date (22.10.2014), in order to maintain the quota shares in SNN as of Record date, in accordance with Resolution no. 8/06.10.2014 of the Extraordinary General Meeting of the Shareholders of S.N. Nuclearelectrica S.A.

Shareholders in the Shareholder Register as of 22.10.2014 ("**Record date**") are entitled to underwrite and pay out shares at par value, according to their quota share in the Company's share capital on Record date. The subscription term is one month from the date set forth in this Prospectus and the Offer circular, a date that is subsequent to Record date and the publication date of the Resolution of the EGM of Shareholders no. 8/06.10.2014 in the Official Gazette ("**Subscription term**")

**The subscription rate** will be 0.08487837. Consequently, each existing shareholder as of Record date may subscribe 0.08487837 newly-issued shares for each share held.



The actual number of shares that each shareholder may subscribe is determined by multiplying the Subscription rate (0.08487837) by the number of shares held, with the result rounded down to the nearest integer, if the result is not a whole number already.

The information contained in this Prospectus is made available by the Issuer or other sources indicated in the Prospectus; the choice of sources of information as well as the selection of information belongs to the Intermediary.

The Issuer hereby declares that all necessary steps have been taken to ensure that the information in this Prospectus is accurate, reliable, and not misleading with regard to any significant aspects. This Prospectus, including financials and annexes hereto, is prepared in accordance with the legal regulations in force, as well as the regulations issued by the National Securities Commission (NSC)/Financial Supervisory Authority (FSA).

After reviewing this Prospectus, the Issuer shall undertake full responsibility for the content herein and confirms that the information presented is true, fair and accurate. SSIF SWISS CAPITAL SA, as Intermediary, has taken all the necessary steps to ensure that, in accordance with the documents and information made available by the Issuer, the information in this Prospectus is accurate and shows no omissions which may significantly impair the content of this Prospectus. The Intermediary is in no way liable for the Issuer's future performance and prospects. Nothing in this Prospectus will be construed as a recommendation to invest or as an opinion of the Intermediary with regard to the Issuer's status, nor as legal or tax advice. Each potential investor should make an individual assessment based on his own sources of information, in addition to the information in this Prospectus.

The Issuer and the Intermediary advise potential investors to rely on their own consultants for legal, tax, commercial or financial issues.

No other person is authorised by the Issuer or the Intermediary to provide other information or make other statements or assessments, except for those in the Prospectus. Dissemination of such information, statements or assessments shall be treated as unauthorised by the Issuer or Intermediary, which shall in no way be accountable in this respect. Moreover, the Issuer's financial position, as well as the data and information in this Prospectus may be subject to change following approval of this Prospectus by the Financial Supervisory Authority (FSA).

After Prospectus approval, the following documents may be consulted, either on hard copy at the offices of the Issuer, or on the Issuer's website, [www.nuclearelectrica.ro](http://www.nuclearelectrica.ro) as well as at the offices of the Intermediary or on the Intermediary's website, [www.swisscapital.ro](http://www.swisscapital.ro) :

- This Prospectus and the annexes hereto;
- The Issuer's Articles of Association;
- The Issuer's annual financials for the period referred to in the Prospectus and the related auditor's reports;
- The Subscription form;
- The Subscription cancellation form.

The Issuer and the Intermediary will in no way be held liable for subscriptions received

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hereunder in case of force majeure (meaning unforeseen events which cannot be prevented or, in any case, events beyond the control of the parties, including without limitation: war, riot, civil unrest, natural disasters, fire, flood, theft, strike, amendments to the legal framework or other instances of business discontinuity).

The Financial Supervisory Authority has approved this Prospectus by Decision no. 2246 of 23.12.2014





## STATEMENTS OF FUTURE BUSINESS PROSPECTS

This Prospectus comprises among other things statements which show the expectations of the Issuer's management with regard to business opportunities, development plans and the prospects of the Issuer in general. Such statements involve identified and unidentified risks, a certain degree of uncertainty, as well as other factors which may have a significant impact on actual outcomes, which may render certain projections, forecasts, estimates or other statements of prospects impossible. Such factors include without limitations those indicated in the "Risk Factors" Section. The list of risk factors presented is not comprehensive.

All the above mentioned considered, investors are hereby warned to not rely exclusively on such statements of prospects. The Issuer waives any liability with regard to updating the statements of prospects in the Prospectus to account for potential changes in the Issuer's forecasts or changes to the status, conditions or circumstances on which the original statements were made.



## EXECUTIVE SUMMARY

### Preamble and caveats

Potential investors are hereby warned that:

- This summary should be read as preamble to the Prospectus;
- Any decision to invest in securities should be made after thorough review of the Prospectus by investors
- In case of court actions having as subject matter the information in the Prospectus, investors acting as plaintiffs may, subject to the provisions of the relevant Member State laws, be required to cover costs for the translation of the Prospectus before the commencement of legal proceedings;



Please find below an executive summary which should be read as preamble to the Prospectus, which is not comprehensive and is based only on the detailed information contained in the Prospectus and the annexes hereto, and should be read in conjunction with such information. Investors should not base their decisions on reading this executive summary only.

We advise you to read carefully the entire Prospectus, in particular the information regarding risks as presented in the "Risk factors" Section, as well as the other information in the Prospectus. Any decision to invest in shares should be based on the information presented in the entire Prospectus.

### Corporate information on S.N. Nuclearelectrica S.A.

Business name: Societatea Nationala Nuclearelectrica S.A.

Trade Register no.: J 40/7403/1998

Company registration number: RO 10874881

Registered office: 65 Polona St., District 1, Bucharest

Telephone: +4021 203 82 00

Fax: +4021 316 94 00

Share capital: RON 2,817,827,560

Website: [www.nuclearelectrica.ro](http://www.nuclearelectrica.ro)

E-mail: [office@nuclearelectrica.ro](mailto:office@nuclearelectrica.ro)

Line of business: production, transmission and distribution of electricity (NACE code 351)

Main line of business: production of electricity (NACE code 3511)

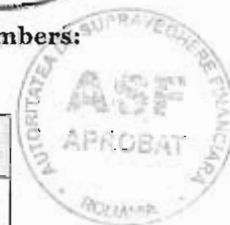
### The Issuer's Management, Board of Directors and Supervisory Board

Share capital increase  
Societatea Nationala Nuclearelectrica S.A.



a) The Issuer's Board of Directors comprises the following members:

Name	Position
Alexandru Sandulescu	BoD member and Chairman
Alexandru Alexe	member
Daniela Lulache	member
Carmen Radu	member
Dan Popescu	member
Sebastian Tcaciuc	member
Ioana Alina Dragan	provisional member



b) Executive officers:

Name	Position
Daniela Lulache	Chief Executive Officers
Mihai Darie	Chief Financial Officer
Ionel Bucur	Manager of Cernavoda NPP
Andrei Gheorghe	Manager of Pitesti NFP

**The Issuer's shareholder structure as of the Record date indicated in the Resolution of the Extraordinary General Meeting of Shareholders dated 06.10.2014:**

Shareholder	Shares	Percentage
THE MINISTRY OF ECONOMY – THE DEPARTMENT FOR ENERGY	229,006,139	81.270 %
FONDUL PROPRIETATEA S.A.	27,408,381	9.727 %
Other shareholders (legal persons and individuals)	25,368,236	9.003%
<b>TOTAL</b>	<b>281,782,756</b>	<b>100%</b>





### Financials

The data below has been taken from the Group's IFRS-based consolidated financial statements. All amounts are denominated in RON.

	31-Dec-2013	31-Dec-2012
<b>Fixed assets</b>		
Property, plant and equipment	8,192,667,298	9,453,889,705
Intangible assets	97,861,128	89,178,361
<b>Total fixed assets</b>	<b>8,290,528,426</b>	<b>9,543,068,066</b>
<b>Current assets</b>		
Inventory	386,296,868	368,797,268
Accounts receivable and other receivables	197,366,645	162,729,598
Prepaid expenses	10,865,840	10,299,631
Bank deposits	704,525,705	234,504,213
Cash and cash equivalents	751,247,612	708,779,111
<b>Sub-total current assets</b>	<b>2,050,302,670</b>	<b>1,485,109,821</b>
Asset disposals	1,382,640,479	-
<b>Total current assets</b>	<b>3,432,943,149</b>	<b>1,485,109,821</b>
<b>Total assets</b>	<b>11,723,471,575</b>	<b>11,028,177,887</b>
<b>Equity and liabilities</b>		

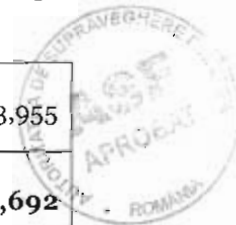


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<b>Equity</b>		
Share capital	3,013,330,303	2,732,326,353
Share premium	31,474,149	-
Legal reserve fund	215,930,237	1,617,236,040
Revaluation reserve	1,770,574,705	1,477,149,783
Retained earnings	2,667,598,242	2,250,194,318
<b>Total equity to Company shareholders</b>	<b>7,698,907,636</b>	<b>8,076,906,494</b>
Non-controlling interest	22,474,502	22,666,798
<b>Total equity</b>	<b>7,721,382,138</b>	<b>8,099,573,292</b>
<b>Non-current liabilities</b>		
Long term borrowings	1,675,427,622	1,922,081,892
Non-current deferred revenues	186,480,601	200,825,262
Deferred tax liability	208,285,413	159,372,232
Employee benefits	26,207,527	21,189,517
<b>Total non-current liabilities</b>	<b>2,096,401,163</b>	<b>2,303,468,903</b>
<b>Current liabilities</b>		
Accounts payable and other debt	243,249,981	283,071,282
Income tax liability	35,004,719	31,471,125
Current deferred revenues	32,007,582	82,349,330



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Current share of long-term borrowings	212,785,513	228,243,955
<b>Sub-total current liabilities</b>	<b>523,047,795</b>	<b>625,135,692</b>
Liabilities from asset disposals	1,382,640,479	-
<b>Total current liabilities</b>	<b>1,905,688,274</b>	<b>625,135,692</b>
<b>Total liabilities</b>	<b>4,002,089,437</b>	<b>2,928,604,595</b>
<b>Total equity and liabilities</b>	<b>11,723,471,575</b>	<b>11,028,177,887</b>
<b>Revenues</b>		
Revenues from distribution of electricity	1,829,187,376	1,564,783,792
Revenues from transmission of electricity	103,315,661	87,665,753
<b>Total revenues</b>	<b>1,932,503,038</b>	<b>1,652,449,545</b>
Other revenues	129,686,605	38,854,582
<b>Operating expenses</b>		
Depreciation and impairment	(433,122,847)	(395,618,092)
Payroll	(302,751,047)	(290,944,715)
Cost of electricity purchased	(77,327,618)	(73,629,611)
Repair and maintenance	(142,249,661)	(125,295,726)
Electricity transmission costs	(103,315,661)	(87,665,753)
Spare parts	(28,528,016)	(30,355,073)
Nuclear fuel	(113,396,395)	(123,289,105)



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Other operating expenses	(402,170,795)	(408,054,161)
<b>Total operating expenses</b>	<b>(1,602,862,038)</b>	<b>(1,534,852,236)</b>
<b>Operating income</b>	<b>459,327,604</b>	<b>156,451,892</b>
Financial expenses	(172,539,326)	(320,151,357)
Financial revenues	229,726,731	229,885,393
<b>Net financial expenses</b>	<b>57,187,405</b>	<b>(90,265,964)</b>
<b>Earnings before income tax</b>	<b>516,515,009</b>	<b>66,185,928</b>
Income tax expense, net	(89,659,467)	(46,307,586)
<b>Profit in the year</b>	<b>426,855,542</b>	<b>19,878,342</b>
<b>Profit distribution</b>		
To Company shareholders	427,047,838	19,502,151
To holders of non-controlling interest	(192,296)	376,192
<b>Profit in the year</b>	<b>426,855,542</b>	<b>19,878,342</b>
<b>Other items</b>		
Revaluation of property, plant and equipment	356,087,677	10,397,741
Revaluation reserve deferred tax	(62,662,755)	(1,663,639)
Actuarial gains on determined employee benefits	181,360	1,203,785
Other items	293,606,282	9,937,887
<b>Aggregate profit/loss</b>	<b>720,461,824</b>	<b>29,816,230</b>



<b>Profit distribution</b>		
To Company shareholders	<b>720,654,120</b>	<b>29,440,038</b>
To holders of non-controlling interest	<b>(192,296)</b>	<b>376,192</b>
Aggregate profit/loss in the year	<b>720,461,824</b>	<b>29,816,230</b>
<b>Earnings per share</b>		
Basic earnings per share (Ron/share)	<b>1.65</b>	<b>0.08</b>
Diluted earnings per share (Ron/share)	<b>1.54</b>	<b>0.05</b>

### **Auditors**

KPMG Audit SRL was appointed the Company's external auditor on 24.12.2013, for a term of 24 months from the agreement's effective date. According to Resolution no. 5 of the Ordinary General Meeting (OGM) of Shareholders dated 31.07.2014, the OGM of Shareholders has rejected the discharge of the auditor following termination of the audit services agreement by mutual consent of the parties, the appointment of a new auditor, and the establishment of the minimum term for the auditor services agreement as well as of the applicable auditor's fee. Consequently, the agreement executed with KPMG Audit SRL remains in force until such time as a new external auditor is selected and approved.

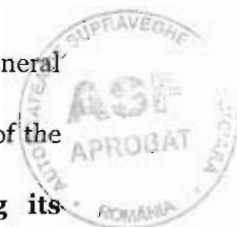
On 24.12.2013, SNN entered into an agreement with KPMG Audit SRL for the auditing of the Company's 2013 financial statements, the revision thereof as of 30.06.2014, as well as for providing assistance to SNN employees in the process of revising the data in the company's accounting statements according to Order no. 3055/2009 of the Minister of Public Finance in accordance with the new provisions laid down in Order no. 1286/2012 of the Minister of Public Finance.

Since at the beginning of 2014, KPMG Advisory (China) Ltd was appointed financial consultant for China General Nuclear Power Corporation with regard to the assets of Cernavoda NPP Units 3 and 4, and the assets of EnergoNuclear, the auditor and SNN agreed in the month of June 2014 to suspend agreement no. 1438 until such time as the appointment of a new auditor, in order to avoid a potential conflict of interest. Following suspension of the said agreement, SNN has made several steps for the selection of a new external auditor, subject to the principles set forth in the legal framework applicable to public procurement, and the provisions of the loan agreement executed between SNN and Euratom. SNN has initiated an open bid award process for the selection of the external auditor, and published the call for tender and the relevant documents in the SEAP platform on 24.09.2014. The winner of the tender process was **Baker Tilly Klitou and Partners**



SRL, and SNN's Board of Directors has submitted for the approval of the Ordinary General Meeting of Shareholders called on 18.12.2014 the following:

- the discharge of the external auditor KPMG Audit SRL following termination of the audit services agreement by mutual consent of the parties;
- the appointment of **Baker Tilly Klitou and Partners SRL**, having its **registered office in Bucharest**, as SNN's external auditor and the establishment of a **3 year** term for the new audit services agreement.



### Terms and conditions

<b>Terms</b>	This primary public offering entails the sale of a number of registered and indivisible shares in book-entry form, which are freely negotiable.
<b>Number of shares subject to the offer</b>	A maximum number of 23,917,263 new shares, of which:  *19,437,670 shares for the Ministry of Economy – the Department for Energy  *maximum 4,479,593 shares for the other shareholders, after exercising preference rights
<b>Nominal value of shares subject to the offer</b>	RON 10/share
<b>Offering price</b>	RON 10/share
<b>Value of the offer</b>	Maximum RON 239,172,630
<b>Subscription term</b>	Subscription will take place as follows:  for a period of 31 calendar days, starting on 05.01.2015 until 04.02.2015 for existing shareholders exercising preference rights;
<b>Conditions</b>	All shareholders registered with SC Depozitarul Central S.A. on record date, i.e. 22.10.2014, are entitled to participate in the underwriting process, according to their corresponding quota shares in the Company's share capital as of the same Record date;
<b>Underwriting</b>	The subscription form will be available on the following websites: <a href="http://www.swisscapital.ro">www.swisscapital.ro</a> and



	<p><a href="http://www.nuclearelectrica.ro">www.nuclearelectrica.ro</a> as well as at the offices of the Intermediary (Bucharest, 20 Dacia Blvd., Romana Offices Building, 4<sup>th</sup> floor, District 1). The subscription form as well as the identification documents will be submitted by hand, post or courier at the Intermediary offices ((Bucharest, 20 Dacia Blvd., Romana Offices Building, 4<sup>th</sup> floor, District 1), subject to the applicable underwriting schedule. Payment of shares will be made by bank transfer to account no. RO85BRDE450SV00729744500 opened with BRD.</p> <p>Each underwriter shall be entitled to underwrite New Shares according to the corresponding quota shares in the Company's share capital as of Record date (i.e. 22.10.2014), also considering the subscription rate of 0.08487837 newly-issued shares for each share held; information on the number of shares which shareholders are entitled to underwrite is available at the Issuer's/Intermediary's offices. During the applicable subscription term, shares may be subscribed between 9.00 a.m. and 04:00 p.m. on each Business day, except for the last day of the Subscription term, when shares will be subscribed no later than 12.00 p.m. No subscriptions will be received after expiration of the subscription term.</p> <p>Underwriters will be liable for payment of the relevant bank fees.</p> <p>The subscription form should be accompanied by evidence of paying for the shares subscribed.</p>
<b>Payment</b>	Shares will be paid on subscription date.
<b>Subscription rate</b>	The subscription rate will be 0.08487837. Consequently, each existing shareholder as of Record date, namely 22.10.2014, is entitled to subscribe 0.08487837 newly-issued shares for each share held.
<b>Guarantees</b>	There is no commitment on the part of the Intermediary or any other entity to underwrite any part of the share offer which remains unsubscribed.
<b>Shareholders Register</b>	The Register is maintained by Depozitarul Central.



### **Estimated expenses charged to investors by the Issuer**

Investors will not be charged for their subscriptions, but should nevertheless consider that the Offering price should be paid so that the value of the subscription should debit the Issuer's account net of any bank fees and commissions. Investors should consider applicable bank transfer fees and settlement times.

### **Availability of documents**

After Prospectus approval, the following documents may be consulted, either on hard copy at the offices of the Issuer, or on the Issuer's website, [www.nuclearelectrica.ro](http://www.nuclearelectrica.ro) as well as at the offices of the Intermediary or on the Intermediary's website, [www.swisscapital.ro](http://www.swisscapital.ro):

- This Prospectus and the annexes hereto;
- The Issuer's Articles of Association;
- The Subscription form;
- The Subscription cancellation form.

*This executive summary should be read as a supplement to the "Circular to investors" and a preamble to this Prospectus. Any investment decision should be based on the information contained in the entire Prospectus. The persons who have prepared this executive summary shall be liable for instances when the summary is misleading, inconsistent or inaccurate.*





## DEFINITIONS

In this Prospectus, unless otherwise provided for to the contrary, the following terms shall have the following meanings both in the singular and the plural:

**Articles of Association** means the articles of association of S.N. NUCLEARELECTRICA S.A., as currently amended and supplemented

**Existing shares** means the shares issued by S.N. NUCLEARELECTRICA S.A. prior to the share capital increase decided in the EGM of Shareholders dated 06.10.2014

**New shares** means a number of 23,917,263 shares newly-issued by S.N. NUCLEARELECTRICA S.A. in accordance with Resolution of the EGM of Shareholders dated 06.10.2014

**EGM of Shareholders** means the Extraordinary General Meeting of Shareholders

**OGM of Shareholders** means the Ordinary General Meeting of Shareholders

**FSA** means the Financial Supervisory Authority

**BSE** means Bursa de Valori Bucuresti S.A.

**NACE** means the Nomenclature of Economic Activities in the National Economy

**Omnibus account** means the Account designated to collect amounts corresponding to subscriptions in the Offer, which is opened under no. RO85BRDE450SV00729744500 la BRD

**Intermediation agreement** means the agreement entered into between the Issuer and the intermediary for the intermediation of this offer

**Record date** means 22.10.2014. Shareholders registered as of this date with the Shareholders Register are entitled to subscribe shares in this offer

**Subscription form** means the Form filled out by the Issuer's shareholders for underwriting purposes, in accordance with the template attached hereto

**Capital market Law** means Law no. 297/2004 on the capital market, published in the Official Gazette no. 571 of 29 June 2004, as amended and supplemented

**Company Law** means Law no. 31/1990, as amended and supplemented

**Subscription term** means the period from 05.01.2015 to 04.02.2015

**Offer** means this offer for the sale of a maximum number of

Share capital increase  
Societatea Nationala Nuclearelectrica S.A.



23,917,263 shares of which 19,436,770 shares already paid by the Romanian Government through the Ministry of Economy and Finance, the Department for Energy and 4,479,593 shares to be subscribed by the other shareholders



- Prospectus** means this Prospectus prepared in accordance with art. 26(a) of (EC) Regulation no. 809/2004
- Regulation no. 1/2006** means National Securities Commission Regulation no. 1/2006 concerning securities issuers and transactions, as amended and supplemented
- Regulation no. 809/2004** means EC Regulation no. 809 implementing Directive 2003/71/EC as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements.



## SHARE REGISTRATION DOCUMENT

### 1. PERSONS RESPONSIBLE

This Prospectus for the increase of the share capital of **Societatea Nationala Nuclearelectrica S.A.**, a company admitted to trading on the orderly market regulated by the Bucharest Stock Exchange, has been prepared by **SSIF SWISS CAPITAL SA, as Intermediary**. The Prospectus is based on the information made available by the **Issuer** and the public information posted on the Bucharest Stock Exchange website.

Thus, the persons responsible for the preparation of this Prospectus are the Issuer and the Intermediary.

The **Issuer** is Societatea Nationala Nuclearelectrica S.A., a Romanian legal person registered with the Trade Register under no. J40/7403/1998, Unique Registration Code RO 10874881, having its registered office in Bucharest, 65 Polona St., District 1, duly represented by Ms Daniela Lulache, as Chief Executive Officer.

**The Intermediary** is SSIF Swiss Capital SA (hereinafter referred to as "Intermediary"), an investment firm, having its registered office in Bucharest, 20 Dacia Blvd., Romana Offices Building, 4<sup>th</sup> floor, district 1, postal code 010412, registered with the Trade Register under no. J40/4107/1996, Unique Registration Code 8450590, registered with the NSC Register under no. PJRO1SSIF/400054, duly represented by Mr. Olimpiu Blajut, as Deputy General Manager.

Both the Issuer and the Intermediary hereby declare that to the best of their knowledge, the information contained in this prospectus for share capital increase is accurate and there are no omissions which may significantly impair the content hereof.

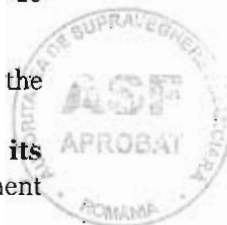
The Issuer confirms that, to the best of its knowledge, this Prospectus contains the key information requested under Regulation no. 809/2004 with regard to its business and shares issued, and that the information is accurate and reliable in its entirety. The Issuer also confirms that the information presented herein is not misleading and that all the Issuer's opinions, forecasts and intentions as indicated in this Prospectus are presented in good faith, and are not misleading, and that there are no omissions which may significantly impair the content hereof.

### 2. AUDITORS

The company's financial statements are audited by an external auditor, member of the Romanian Chamber of Financial Auditors, who is appointed by the Ordinary General Meeting of Shareholders and acts pursuant to an audit services agreement.

The auditor is responsible for auditing the Company's financial statements so that the latter are an accurate reflection of the Company's assets, liabilities and financial results. The auditor is also under the legal obligation to prepare and submit to the General Meeting of Shareholders an audit report on the Company's annual financial statements.

KPMG Audit SRL was appointed the Company's external auditor in the Ordinary General Meeting of SNN Shareholders dated 23.12.2013. SNN's Board of Directors has submitted the following for the approval of the Ordinary General Meeting of 18.12.2014:



- the discharge of KPMG Audit SRL as external auditor following termination of the audit services agreement by mutual consent of the parties;
- the appointment of **Baker Tilly Klitou and Partners SRL, having its registered office in Bucharest**, as SNN's external auditor and the establishment of a **3 year** term for the audit services agreement.

Subject to the information provided in the risk section, the Company observes the management requirements currently applicable to companies in Romania.

The internal audit function of S.N. Nuclearelectrica observes the applicable legal provisions in force.

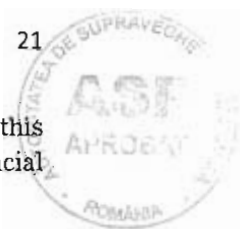
### **3. RISK FACTORS**

#### **→Key information on industry- or Company-specific risks**

- The Resolution passed by the Company's General Meeting of Shareholders on 6 October 2014 to approve the share capital increase subject to this Proportionate disclosure regime Prospectus has been disputed in court by one of the shareholders - Fondul Proprietatea – and may be cancelled by the competent court, thus returning the parties to their original status.
- The Company may be required to refund the state aid which has been illegally obtained, plus penalties, in so far as the Company is determined to be in breach of the relevant legal provisions applicable to state aids.
- The Company's business is sensitive to economic cycles and the general state of the economy.
- The risk of unforeseen and unavoidable events which may prevent or freeze the Company's operations, including without limitation, technical malfunctions which may result in major radioactive leaks, political decisions made at European level following international nuclear incidents, etc.
- Failure to complete or the late completion of the Company's investment projects may have a negative impact on the Company's business;
- The Company's operations require various permits, and the procedure to obtain such permits is complex and may take a long time, applicable requirements may change and cannot always be anticipated, thus resulting in potential additional costs/investments to ensure compliance;
- The Company's operating cash flows are subject to interest rate fluctuations, mainly as a result of long-term loans from international banks, denominated in foreign currency;
- The Company may be exposed to foreign exchange fluctuations, as a result of long-term loans and accounts receivable or payable in foreign currency;
- The Company may be exposed to counterparty risk, which is the risk of failure to collect for the services provided on the energy market;



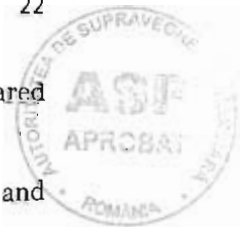
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- Resolutions against the Company in the legal proceedings on trial as of the date of this Prospectus, which may have a negative impact on the Company's business, financial position or operating results;
- The provisions set forth in the Company's financing agreements may hinder the Company's financial and operational flexibility;
- The Company is subject to the legal framework applicable to public procurement;
- The Company must implement the measures instructed in the permits/licenses/inspections of competent authorities, including the notification of the Regulatory Authority for Energy (ANRE) and The National Commission for the Control of Nuclear Activities (CNCAN) with regard to any share transaction between shareholders or third parties or the Company's intention to perform a share capital increase;
- Climate change risk (e.g. difficulties in the supply of cooling water, the impact of storms and blizzards on the power grid, etc.) may impair the Company's business and results;
- Even though the Company holds a valid and binding title of ownership for all its production plants, such titles may be disputed in the future;
- Non-binding titles of ownership over certain property items with insignificant material impact, as a result of failure to register with the Land and Property Registry;
- The legal framework applicable to classified or confidential information may reduce the amount of information in the Prospectus;
- The risk of default on the obligations set forth in the financing agreements entered into by the Company, including the Company's obligation to give creditors prior notice with regard to changes in the Company's shareholder structure;
- Strong unions which may enforce salary increases or hinder the Company's operational streamlining process;
- The Company may expense significant sums for infrastructure maintenance.

→ Key information on risks specific to operating in Romania

- The Romanian government will be a majority shareholder in the company even following completion of the underwriting process. Failure by Romania to observe post-accession obligations may result in the implementation by the EU of safeguards which may have a negative impact on the Company's business, financial position, operating results or the market price of shares;
- Bureaucracy, corruption, instability of the legal system are factors which may create an unfavourable business environment in Romania;
- Political and governmental instability may have a negative impact on the value of investments in Romania and the value of the Shares subject to this Offer;



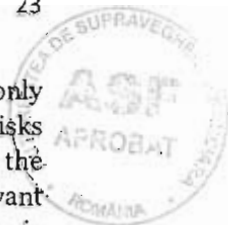
- Issuer transparency and disclosure of public information are at a lower level compared with other European countries;
- Changes in the Romanian legal framework which may impair the Company's assets and business;
- Changes in applicable fiscal regulations may have a negative impact on the Company's investments and financial results;
- Country risk requires that investment opportunity reviews take into consideration instability factors caused by the Romanian public administration's inability to efficiently manage and use resources due to obsolete and bureaucratic structures, as well as to inconsistent legal provisions;
- Shareholders rights may be different in Romania by comparison to other jurisdictions;
- Shareholders face the risk of uncertain dividend distribution;
- In case the Company issues shares in the future, shareholder participation in the Company's share capital may be diminished if preference rights are not exercised;

→ Key information on the significant Share-specific risks:

- BSE displays characteristics that are similar to other small exchanges of emerging markets in terms of vulnerability, low liquidity and volatility of the market and securities listed, which may also have an impact on the market price of the Shares;
- The potential volatility in the market price of the Shares may have a negative impact on the Company's share price;
- Foreign exchange fluctuations may have an impact on the value of Shares and dividends for investors outside Romania;
- The sale of large volumes of shares may generate significant pressure on the market price of the Company's Shares;
- Shares traded on BSE are less liquid than shares traded on other significant exchanges;

Investment in the Shares subject to this Offer involves a certain degree of risk. For an accurate assessment of investment in the Shares subject to this Offer, potential investors should carefully review the risks detailed below as well as the other information presented in this Proportionate disclosure regime Prospectus before making any investment decision. Each of the risks detailed below may have a negative impact on the Company's business, financial position and operating results, liquidity and/or prospects, as well as on any investment in the Company's Shares. If any of the risks below materialises, this may have a negative impact on the market price of the Company's shares, which may cause investors to lose all or part of their investment.

The description of risk factors below is not comprehensive and should not be interpreted as an exhaustive description of all risks and significant aspects of investments in the Shares



subject to the Offer. Potential investors should consider that the risks detailed below are only the most significant risks of which the Issuer is currently aware. Nevertheless, the risks indicated in this section are not necessarily all the risks associated with investment in the Shares subject to the Offer, and the Issuer is in no position to guarantee that all relevant risks are included. There may be other risk factors and uncertainties that the Issuer is currently not aware of or that the Issuer does not consider significant, but which may have an impact on the actual results, financial position, performance and achievements of the Company and the Group, potentially resulting in the fall of the Company's Share price.

Investors should also exercise diligence in the preparation of their own investment opportunity review. Potential investors should act with due care in the assessment of associated risks and should make independent decisions on whether such investment is appropriate in light of existing risks.

Risk factors in this section are described in a random fashion, and their order does not show significance of risk factors.

Therefore, investment decision on the appropriateness of investment in the Shares subject to the Offer should be made following careful assessment of all the risks involved as well as of the other information concerning the Issuer, as indicated in this Proportionate disclosure regime Prospectus.

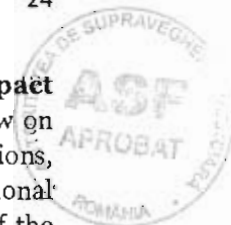
## GENERAL AND MACROECONOMIC RISKS

**Business environment.** Although Romania is a Member of the European Union ever since 1 January 2007, the economy of the country is still an emerging market by all standards, including a rather poorly-developed financial market and sometimes significant fluctuations of the foreign exchange rate. Romania may undergo rapid and unexpected political, social or economic changes, including periods of recession, significant changes in the legal framework, high inflation, government instability, austerity measures or state intervention in the main business areas which are contributors to the state budget (including, without limitation, levies imposed by the Government). Potential investors should consider that a market with all the characteristics described above entails more risk than developed markets. At the same time, Romania may also suffer the effects of the political, legal, social and economic changes in the European Union or the neighbouring countries.

The Company's business may be influenced by the political and economic environment in Romania, while an event which has an impact on the Romanian economic and financial environment may also have negative consequences for the Company.

The Company's financial position depends on the future adjustments of price ceilings on the regulated energy market.

**The risk of unforeseen and unavoidable events which may prevent or freeze the Company's operations, including without limitation, technical malfunctions which may result in major radioactive leaks, political decisions made at European level following international nuclear incidents, etc.**



**Changes in the Romanian legal framework which may have a negative impact on the Company's business.** The Company is governed by Romanian law (the Law on electricity, in particular), as well as by regulations approved by Government resolutions, orders of the Regulatory Authority for Energy (ANRE) and orders issued by The National Commission for the Control of Nuclear Activities (CNCAN). Even though most part of the Romanian legislation has been harmonised with EU laws, future amendments are possible in the form of new laws and regulations with an impact on the Company's business. Romanian law is sometimes unclear, thus leading to various different interpretations, which result in different implementations and successive amendments. There is no possibility for the Company to estimate the extent or impact of any future revisions or amendments to existing laws or regulations or to the interpretation thereof. If existing laws and regulations become stricter or new laws and regulations are enforced and become mandatory for the Company, the impact on the Company's operating costs and overheads may be significant, even requiring additional investments or downsizing, with negative outcomes for the Company's business, operating results and financial position.

The Company's financials may also be influenced by changes in the legal framework applicable to renewable energy. The implementation of EU Directives establishing common rules for the electricity market determine triggers a number of amendments to national laws, with an impact on the Company's business.

#### **RISKS ASSOCIATED WITH THE COMPANY'S BUSINESS IN ROMANIA AND SECTOR-SPECIFIC RISKS**

**The Romanian Government will continue to be the majority shareholders, and may sometimes make decisions against the best interest of the Company or the Company's other shareholders.** The size of its stake in the Company will allow the Romanian state to influence most resolutions of the general meetings.

Actions or decisions by the Romanian Government which are contrary to the best interest of the Company and/or the other Company shareholders may have a significant negative impact on the Company's business, financial position or operating results.

**Romania's post-accession commitments.** After joining the EU in 2007, Romania has accepted the safeguard clause in the field of justice, internal affairs and the environment. EU safeguards may cause confidence issues in the Romanian business environment, with potentially negative effects on the Company's performance. Romania has already been subject to infringement procedures due to non-compliance with EU laws.

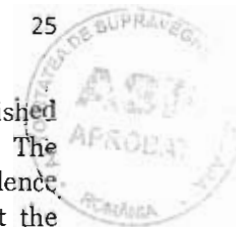
It is worth mentioning that on 1 January 2007, the date of Romania's accession to the European Union, a "Cooperation and Verification Mechanism" was implemented to help Romania in its fight against corruption and the implementation of legal reforms.

In case Romania fails to adequately accomplish the objectives set by the European Commission, the latter will be entitled to enforce safeguarding measures pursuant to the Accession Treaty, including the suspension of any obligation on the part of EU Member States to acknowledge and enforce court decisions or any other legal resolutions issued in Romania, as well as European warrants for arrest, under the conditions set out in the community laws.





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Although Romania has made some progress in the achievement of the objectives established by the European Commission, the enforcement of safeguards is still possible. The implementation of any such safeguards may have a negative impact on investor confidence in the Romanian economic and financial environment, which will in its turn affect the Company's financial position, operating revenues or the market price of the Company's shares.

**Bureaucracy, corruption, instability of the legal system are factors which may create an unfavourable business environment in Romania.**

The reports issued by international organisations show that anti-corruption measures should be implemented in Romania, including the field of justice. Nevertheless, in the latest CVM Progress Report issued in January 2014, the European Commission stated that "[...] Romania has made progress in many areas since the previous CVM reports. The track record of the key judicial and integrity institutions has remained positive. *However, <<concerns about judicial independence remain>> and there are many examples of resistance to integrity and anti-corruption measures at political and administrative levels.*".

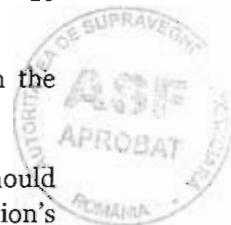
Failure to implement or the late implementation of appropriate and efficient measures against corruption in Romania may have a significant negative impact on the Company's business, financial position or operating results.

**Political and governmental instability may have a negative impact on the value of investments in Romania and the value of the Shares subject to this Offer.** The Company's current business, the economic crisis and, in particular, the Shares' trading price may be significantly influenced by Romania's general level of political instability.

Political circumstances are volatile, with frequent conflicts among the executive, legislative and judiciary having a negative impact on the Romanian business and investment climate. While the political arena seems stable at the moment, we should not underestimate the level of instability which may be caused by deteriorating economic conditions and worsening standards of living. Such instability may have a negative impact on the economic and political environment, especially in the short run.

**Issuer transparency and disclosure of public information are at a lower level compared with other European countries.** Romanian practices in the field of reporting, accounting and financial statements may differ in some areas by comparison to practices in other EU Member States, even though Romania is undergoing a process of harmonisation with community laws. Sometimes, the information available on the shares and the financial statements of companies admitted to trading on a regulated market in Romania is less than in the case of similar companies in other European countries.

**Changes in applicable fiscal regulations.** Given the current economic climate, fiscal regulations in Romania and other states may be subject to changes (e.g. tax increases, the introduction of new taxes, the reduction or suspension of some tax benefits), which may result in greater tax burdens for both SNN and the investors. Such amendments to the fiscal framework may have a negative impact on the Company's business, financial position or operating results, to the extent applicable to the Company. An example in this respect is the



introduction of tax on special constructions, which has had a significant impact on the Company's performance.

**Country risk.** Romania is an emerging market. Investment opportunity reviews should take into consideration instability factors caused by the Romanian public administration's inability to efficiently manage and use resources due to obsolete and bureaucratic structures, as well as to inconsistent legal provisions.

**Shareholders rights may be different in Romania by comparison to other jurisdictions.** The Company is incorporated under Romanian law. Although Romanian laws are in line with EU requirements, the rights conferred to holders of Company Shares may be different from the rights conferred to holders of shares in companies incorporated under laws of countries other than Romania.

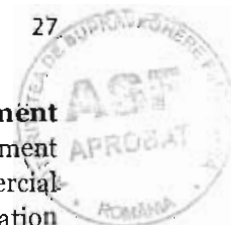
**The risk associated with the annulment of the EGM resolution dated 6 October 2014.** On 03.12.2014, the Bucharest Tribunal informed SNN of an appeal filed by S.C. Fondul Proprietatea S.A., as shareholder of SNN, with a 9.7268% holding in the Company's share capital; the appeal was filed under case file no. 40046/3/2014. The subject matter of the appeal is as follows: (i) establishing the absolute nullity of paragraph 5 in Resolution no. 8 dated 6 October 2014 of the Extraordinary Meeting of the Shareholders of Nuclearelectrica, approving SNN's share capital increase by contribution in cash in a total amount of maximum RON 239,172,630, which is the subject of this Proportionate disclosure regime Prospectus, the recording of the court decision with the Trade Register and the publication thereof in the Official Gazette, followed by the corresponding elimination of the information recorded in the Trade Register pursuant to the annulled EGM Resolution. The main arguments brought forward by FP are: (i) failure to observe the legal and statutory requirements applicable to calling the SNN EGM of 06.10.2014 (ii) the illegality of contrary resolutions: the lack of any act of will producing legal effects (iii) the illegality of the share capital increase by the amounts indicated in the General Meeting Resolution subject to the appeal (a dispute concerning the legal treatment of the state aids granted to SNN by the Romanian Government in the period 2006 – 2009), including a potential failure by the Company to observe the requirements applicable to companies which are beneficiaries of state aids.

**Uncertain dividend distribution.** There is no guarantee that in the future Company shareholders will approve the distribution of dividends or other revenues to shareholders. Presently, the distribution of dividends in SNN is subject to the specific regulations set forth in Government Order no. 64/2001, stipulating that minimum 50% of distributable profit should be allocated as dividends to Company shareholders.

**In case the Company issues shares in the future, shareholder participation in the Company's share capital may be diminished if preference rights are not exercised.** The Company is under a legal obligation to increase its share capital by the value of the land for which certificates evidencing title of ownership have been obtained by way of the issuance of new shares to the Government (through the Ministry of Economy – the Department for Energy), as the Company's share capital has not been adequately increased so far. This share capital increase may cause the dilution of the stake held by the other shareholders unless they exercise their preference rights.



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**Failure to complete or the late completion of the Company's investment projects may have a negative impact on the Company's business.** Investment projects rely in the extensive use of resources, subject to market risk, credit risk, commercial risk, regulatory and operational risks. Usually, the Group is required to obtain authorisation for such projects, it should raise sufficient own funds and finance its debts, as well as execute contracts with third parties. The key risks associated with investment projects refer to late authorisations (including environmental approvals), price changes, the opposition of the public, adverse changes in the political or regulatory area, unfavourable climate conditions, natural disasters, accidents and other unforeseen events, the inability to raise sufficient funds under acceptable terms and conditions.

Even though the Issuer has not encountered such instances so far, the occurrence of these risk factors may cause cancellations or delays in starting or completing investment projects, with a corresponding increase in the cost of future or outstanding projects. The Group is currently involved in several projects in various stages of development.

**The Company may expense significant sums for infrastructure maintenance.**

Some of the Company's infrastructure components were built many years ago. Even though adequately maintained, in accordance with best technological practices, older equipment may require significant capital expenditure to operate at full capacity. Also, many other equipment items may require maintenance or upgrading, even though recently put in service. If it underestimates maintenance requirements or fails to make the necessary expenditure due to liquidity constraints or otherwise, the Company may face frequent and unforeseen disruptions potentially causing even higher maintenance costs plus lower revenues (during times of disruption). All this can have a negative impact on the Company's business, operating results and financial position.

**The Company's operations require various permits.** The Company's operations and industrial development actions require various permits and licenses. The procedure to obtain and renew such permits is complex and may take a long time, applicable requirements may change and cannot always be anticipated, thus resulting in potential additional costs/investments to ensure compliance.

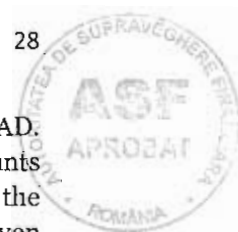
**Interest rate risk.** The Company's operating cash flows are subject to interest rate fluctuations, mainly as a result of long-term loans from international banks, denominated in foreign currency (the purpose of the loan being the execution of Cernavoda NPP Unit 2). The cash flow risk triggered by an increase in interest rates is the risk of fluctuating interest payments. The Company holds significant long-term loans with variable interest rates, which may expose the Company to interest rate risk. Interest rate fluctuations may have a negative impact on the Company's leverage, with negative consequences for the Company's business, financial position and operating results. Mention should be made that the Company is no longer taking out business loans at present.

**Foreign exchange rate and inflation.** The Company may be exposed to foreign exchange fluctuations, as a result of long-term loans and accounts receivable or payable in foreign currency.

The currency employed on the domestic market is the RON. The Company is exposed to foreign exchange risk due to its purchases and loans denominated in currencies other than



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the RON. The main currencies generating foreign exchange risk are EUR, USD and CAD. Loans and accounts payable denominated in foreign currency on the one hand and accounts receivable denominated in foreign currency on the other hand are translated into RON at the exchange rate published by the National Bank of Romania on balance sheet date. Even though foreign exchange differences do not have an impact on cash flows until such time as payables are settled, they have an impact on the Company's profit and loss.

**Counterparty risk.** The risk of failure to collect for the services provided on the energy market. Counterparty risk is subject to various internal and external success factors. External success factors which consistently mitigate counterparty risk: the restructuring of the energy market, the liberalisation of the energy market and the improvement of the market operator. Internal success factors include the diversification of the client base.

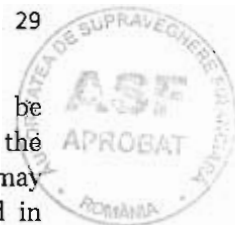
Failure by counterparties to settle amounts due may have a negative impact on the Company's business. In the context of the current financial and economic crisis, and the unavailability of credit, the management of liquidity risks is critical to the Company. The Company's business, operating results and financial position may be at stake if the Company proves unable to provide adequate liquidity supplies, financial flexibility or sufficient liquidity levels by way of lines of credit.

Accounts receivable are those financial assets which mostly expose the Company to the risk of failure to collect. Consequently, the Company has implemented a number of policies aimed at ensuring that services are sold to customers of good credit standing. The risk of default on such receivables is low, as sums are mostly due from state-owned companies. Non-collection risk is under permanent scrutiny, and the Company is protected by the provisions of the Commercial Code applicable to the wholesale electricity market, at least with regard to settlements on the balance market.

**The Company is subject to regulatory proceedings and may be involved in litigations with uncertain outcomes.** In the normal course of business, the Company is involved in various litigation and regulatory proceedings. Such proceedings include disputes involving customers or suppliers, as well as operational and administrative procedures. The Company currently acts as plaintiff in a number of court proceedings for the collection of receivables, so it has decided to set up a provision for doubtful receivables. If disputes are resolved against the Company or the Company becomes involved in other significant litigation cases, the Company may incur some related costs and/or face reputational risk. Any such factor may have a negative impact on the Company's business, operating results and financial position.

**Climate change risk (e.g. difficulties in the supply of cooling water, the impact of storms, and blizzards on the power grid, etc.) may impair the Company's business and results.**

**The provisions set forth in the Company's financing agreements may hinder the Company's financial and operational flexibility.** The financing agreements entered into by the Company comprise provisions which may restrict the Company's ability to finance future operations and capital requirements as well as the company's capacity to perform certain specific business actions. If the Company is in breach of the provisions set forth in any such financing agreement and there is no possibility for the Company to take



appropriate remedial action or obtain derogation from creditors, the Company may be deemed in default. Thus, creditors who act as parties to such agreements may accelerate the due dates of all sums payable thereunder. At the same time, lenders of lines of credit may cease to extend such credit. The Issuer's management team is permanently involved in supervising compliance with the terms and conditions of the Company's loan agreements.

**The Company is subject to the legal framework applicable to public procurement.** The Issuer is required to observe the provisions set forth in Government Emergency Ordinance no. 34/2006 concerning the procedures for the award of contracts for public procurement, concession of public works and services as well as other related legal provisions whenever entering into contracts for the procurement of relevant products, services or works.

### SHARE-SPECIFIC RISKS

**The capital market and liquidity.** BSE displays characteristics that are similar to other small exchanges of emerging markets in terms of vulnerability, low liquidity and volatility of the market and securities listed, which may also have an impact on the market price of the Shares.

**The market price of the Company Shares may be subject to fluctuations.** Stock exchanges have been subject to significant fluctuations in the past few years, not always as a result of the performance of listed companies. Such fluctuations may have a significant negative impact on the price of Company Shares.

The market price of the Shares is volatile and may undergo sudden significant changes. Prices may fall due to a variety of reasons, including the negative difference between the results posted by the Company and initial forecasts, significant contracts, mergers, acquisitions and strategic partnerships involving the Group, the Company or its competitors, the volatility of the Group's financial statements and operating results, energy market specific factors and overall market conditions, as well as the instability of share prices on the exchanges where the said shares are traded or on international exchanges in general. As a result, investors may experience significant share price fluctuations.

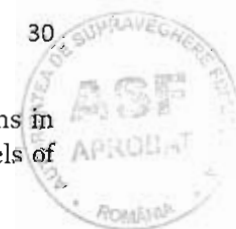
**Foreign exchange fluctuations may have an impact on the value of Shares and dividends for investors outside Romania.** Existing Shares are listed and will be traded in RON. Consequently, investors outside Romania will be subject to adverse foreign exchange fluctuation against the RON, which may have a negative impact on the value of Shares, as well as on dividends paid out in RON.

**The sale of large volumes of shares may generate significant pressure on the market price of the Company's Shares.** This may prevent the Company from easy access to money in the future or may force the Group to accept less favourable terms and conditions for additional capital requirements.

**Shares traded on BSE are less liquid than shares traded on other significant exchanges.** The Company's Shares are traded on the regulated BSE spot market. Shares traded on the regulated BSE market are less liquid than shares traded on other significant markets in Europe or the United States. Thus, holders of Company Shares may face problems when buying or selling Shares, especially in large volumes. Shares and other



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securities of companies listed on BSE have been subject to significant price fluctuations in the past. This may have a negative impact on the future market price and liquidity levels of shares listed on BSE, including the Company Shares.

**Corporate governance.** Effective corporate governance actions may be hindered by the manner in which the majority shareholder chooses to exercise its rights in particular with respect to the appointment of directors and the decision-making process, in conjunction with the constraints applicable to the manner in which the controlling shareholder is able to manage the state's public and private property. If, regardless of the reasons, Nuclearelectrica should fail to observe the principles of corporate governance, this may have a negative impact on the price of the Shares.

### **Foreign exchange risk**

Transactions in foreign currencies may have a negative impact on the Company's profit and loss account in the year, as well as on the restatement of long-term borrowings and liabilities denominated in foreign currency.

### **LEGAL RISKS**

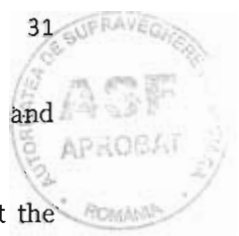
**The holding of relevant permits.** The Issuer hereby confirms the holding of the permits required under the law, while also pending renewal/procurement of permits for other business purposes. Provided that it fails to procure the necessary permits or observe the requirements thereof, the Company may be subject to specific sanctions (fines, permit suspension or cancellation), while, on top of it, at least theoretically, revenues obtained from unauthorised business/locations may be seized by tax authorities.

**The implementation of measures instructed in the permits/inspections of competent authorities.** According to applicable legal provisions, failure to implement in a timely fashion the measures instructed in the inspection report or the relevant permit constitutes an offence and is sanctioned by fine. Moreover, the competent authority may suspend/withdraw the relevant permits.

**Title of ownership over certain property.** There are some uncertainties with regard to the titles of ownership over a limited number of buildings which are used for the Company's ancillary business. The Company holds title over most of the land which constitute company asset pursuant to some title certificates issued under Law no. 15/1990 on the reorganisation of state-owned economic agents as self-regulated entities and companies, whose purpose was to establish a legal framework for the restructuring of formerly state-owned companies and the separation of the assets thereof from the public property of the state.

Although the above mentioned certificates are not actual titles of ownership according to the applicable legal definition, they are usually accepted as evidence of ownership for companies established under Law no. 15/1990. Nevertheless, the Company faces the risk of claims to the said property or actions for the annulment of the said certificates. The fact that ownership rights are not registered with the Land and Property Registry renders certificates non-binding to third parties.

Taking into consideration this uncommon restructuring process, the specificity of ownership under Law no. 15/1990, as well as the complexity of the issue of ownership rights in



Romania, the Issuer is in no position to guarantee that its ownership of certain land and property items will not be challenged in the future.

**Compliance with the requirements of authorities.** The Issuer must implement the measures instructed by public authorities or otherwise, non-compliance may result in fines, foreclosures, administrative and criminal sanctions, as appropriate, with serious negative impact on the Issuer.

**The legal framework applicable to classified or confidential information may reduce the amount of information in the Prospectus.** The Company holds classified information, so it is subject to provisions set out in Law no. 182/2002 on the protection of classified information, as well as in subsequent rules. For the Purposes of this Proportionate disclosure regime Prospectus, there are no disclosures with regard to the classified information held by the Company, subject to the provisions of Law no. 182/2002 on the protection of classified information. Similarly, for the purposes of this Proportionate disclosure regime Prospectus, there are no disclosures of information subject to confidentiality requirements, as well as to the consent of the relevant non-disclosing party. Certain significant information concerning the Issuer's business (for instance, information on related party agreements, industry specific agreements or other significant contracts) may not be disclosed in this Proportionate disclosure regime Prospectus for all the above mentioned reasons.

**Compliance with the provisions of the financing agreements entered into by the Company. Strong unions which may enforce salary increases or hinder the Company's operational streamlining process.** The Company currently has several unions, of which one is representative in terms of bargaining power, i.e. the Cernavoda NPP Union. Any salary increases or higher employee benefits not recognised as costs in determining the energy tariff will result in lower Issuer profitability. Also, the Company's streamlining process may be hindered by the strong unions who are opposed to any downsizing decisions, with a negative impact on the Company's performance. Nonetheless, the partnership executed with the Cernavoda NPP Union has established that there will be a reduction in the number of employees, the person-year index for Cernavoda NPP has dropped from 2.47 persons/MW installed in 1998 to 1.15 persons/MW installed in 2014.

#### **4. ISSUER CORPORATE INFORMATION**

##### **ISSUER BUSINESS NAME**

The Issuer is a Romanian legal person incorporated as joint-stock company having the following corporate identification data:

<b>Issuer business name</b>	Societatea Nationala „Nuclearelectrica”-S.A
<b>Legal form of incorporation</b>	Joint-stock company
<b>Registration number with the Trade Register</b>	J40/7403/27.07.1998





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<b>Unique Registration Code</b>	10874881/13.08.1998
<b>Tax identification code</b>	RO
<b>Date of registration with the Trade Register</b>	27 July 1998
<b>Duration</b>	Unlimited
<b>Registered office</b>	65 Polona St., District 1, Bucharest, Romania
<b>Mail address</b>	65 Polona, District 1, postal code 010494, Bucharest, Romania
<b>Telephone number</b>	+4 021 2038200
<b>Fax number</b>	+4 021 3169400
<b>E-mail address</b>	<a href="mailto:office@nuclearelectrica.ro">office@nuclearelectrica.ro</a>
<b>Website</b>	<a href="http://www.nuclearelectrica.ro">www.nuclearelectrica.ro</a>

Pursuant to the provisions set forth in Law no. 15/1990 on the reorganisation of state-owned economic agents as self-regulated entities and companies, the Government issued Government Resolution no. 1199/1990 concerning the establishment of the self-regulated entity Regia Autonoma de Electricitate "Renel" ("RENEL").

Subsequently, pursuant to Government Resolution no. 365/1998 ("GR no. 365/1998"), RENEL has been reorganised and the assets and liabilities thereof, except for the assets and liabilities attributable to the Group for Studies, Research and Engineering (GSCI), have been shared between three newly-established entities, namely: Societatea Nationala de Electricitate - S.A., Regia Autonoma pentru Activitati Nucleare and Nuclearelectrica.

Following the reorganisation of RENEL, SN Nuclearelectrica SA was established as joint-stock company pursuant to GR no. 365/1998, having as main line of business the production of electricity.

Nuclearelectrica is a company of national interest and is currently the only nuclear power plant in Romania. Nuclearelectrica is also a producer of nuclear fuel, including the production of the nuclear fuel bundles which are used for the Company's own nuclear reactors.

### INVESTMENTS

The Company's strategic investment plan has been designed as an answer to the need for system modernisation/upgrading for financial reasons (i.e. reduced consumption, improved processes, with positive impact on Company efficiency) as well as for legal considerations – the requirements to improve nuclear safety, environment protection and labour security, as mandatory instructions from competent regulatory authorities (The National Commission for the Control of Nuclear Activities (CNCAN) and the Ministry of Environment).





The table below shows other investments in progress. The numbers below are estimates and may be adjusted subject to Company management decision in the coming years.

Investment Projects	Project value (EUR m.)	Project value (RON m.)	Project term (2011-2023)
D2O Detritiation facility	125	562	2011-2020
Improving Cernavoda NPP response time and nuclear security functions (outside design basis) in the aftermath of the nuclear incident at the Fukushima 1 nuclear reactor in Japan	79	354	2011-2017
Intermediate level waste storage unit	147	660	2011-2040
The rollout of a Work Management System	44	199	2011-2015
Upgrading and expanding the Physical Protection System	68	308	2011-2016
<b>TOTAL</b>	<b>463</b>	<b>2,083</b>	

One of the priority investments for Cernavoda NPP is the heavy water detritiation facility whose purpose is to maintain a low tritium level during the power plant's cycles. This project will have a significant impact in terms of enhanced employee and environment safety.

Another SNN investment project is the intermediate level waste storage unit, which is part of the Company's Waste management policy under the applicable laws. The unit is placed within Cernavoda NPP, and waste is transported internally, thus allowing for the maintenance of an integrated protection system. The project will have various stages of development, with 27 final storage modules with a capacity of 12,000 bundles per module, allowing for 50-year storage of waste. Six modules have been completed so far, the others are currently in progress.



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In November 2014, the Board of Directors of SN Nuclearelectrica S.A. approved the strategy for the development of the Dry cask storage (DICA), in view of expanding the life cycle of Cernavoda NPP Unit 1 and 2 and the building of Cernavoda NPP Units 3 and 4.

In the year 2000, when the project was originally approved, the MACSTOR 200 storage facility was a state-of-the-art solution, with multiple benefits, but, currently the development strategy has been amended to consider the following:

- the switch to the MACSTOR 400 storage facility is necessary, since the original strategy approved by Resolution no. 1/31.01.2000 was based on the assumption that Units 1 and 2 will have only one cycle, not two; at present, the Company's strategy contemplates the expansion of Unit 1's life cycle, while SNN's Management Plan also considers the possibility to start the upgrading process of Unit 2;
- the project will require several stages of development, considering the number of fuel bundles; unless the project for Units 3 and 4 is successful, corresponding storage modules will not be built;
- the development strategy with respect to DICA refers only to the most likely technical solution, considering the storage requirements for spent fuel from Units 1, 2, 3 and 4, following a request by the Ministry of Environment and Climate Changes to take into consideration the entire location of Cernavoda NPP, with no cost estimations.

In the aftermath of the Fukushima nuclear accident, another Company investment is aimed at strengthening nuclear security within the Cernavoda NPP through improved response time in the event of catastrophes (outside design basis).

Another significant investment project in the period 2015-2026 is the replacement of the piping system in Unit 1 dating back to 1996. As a result of this process, the life of Unit 1 will be extended by 25 years. The preparation stage will last a minimum ten years, while major investments will be required in the period between 2020 and 2025. In addition, it is possible that Unit 1 will require complete shutdown for a period of up to two years, when most replacement work will take place.

(i) The Issuer has entered into financing agreements providing certain obligations for the Company (including without limitation the mandatory requirement to give notice to/receive approval from financiers with regard to various Company operations, including changes to the Company's shareholding structure). Any default on the part of the Company may trigger accelerated reimbursement schedules, with major impact on the Issuer's financial position and prospects.

(ii) Enel

Ever since 2013, Societatea Nationala Nuclearelectrica S.A. ("SNN") has shown interest in diversifying its portfolio by way of strategic investments aimed at the company's sustainable growth in the current competitive environment of the energy market.

In this context, SNN has reviewed the opportunity presented by the announcement of a potential sale of Enel operations in Romania and decided that this potential acquisition is in line with the Company's current diversifications pursuits.

SNN has appointed Raiffeisen Bank as advisor in the acquisition process pursuant to a procedure for the procurement of integrated financial consultancy, management, audit, tax, legal and technical services; services are provided by sub-contractors.



As the acquisition process is currently ongoing, SNN is not able to publish detailed information on this project's stage of development, due to commercial and confidentiality reasons.

(iii) *Tarnita*

Pursuant to the Agreement in principle concerning execution of the project: "Tarnita – Lapustesti Pumped Storage Hydro Power Plant (CHEAP)" approved in the Government of Romania meeting of 16.10.2013, the project-based company Hidro Tarnita SA. Was established on 1 November 2013 having Complexul Energetic Hunedoara SA and SC DFEE Electrica SA as shareholders.

Resolution no. 1/12.12.2013 of the Extraordinary General Meeting of the Shareholders of Hidro Tarnita S.A. stipulates as follows:

approval of the share capital increase of Hidro Tarnita SA through the issuance of 756,850 registered shares, with a nominal value of RON 100 each; the contribution of each company invited to participate in the share capital increase was approved by Annex to the Resolution, SNN being allocated 89,000 newly-issued shares in the amount of RON 8,900,000, accounting for 11.7414% of the share capital of Hidro Tarnita SA.

By letter no. 150119/16.01.2014 of the Department for Energy, registered with SNN under no. 610/17.01.2014, pursuant to the provisions set out in art. 119 of Company law no. 31/1990, the Ministry of the Economy through the Department for Energy, as SNN shareholder and on behalf of the Romanian Government has requested the calling of the Extraordinary General Meeting of the Shareholders of SNN, including as topic on the agenda the approval of participation in the share capital increase of Hidro Tarnita SA by underwriting a number of 89,000 new shares with a nominal value of RON 100 each, issued by Hidro Tarnita SA and the approval of the necessary appropriations in the 2014 budget.

According to EGM Resolution no. 1/11.03.2014, the shareholders of SNN have approved the participation of Societatea Nationala Nuclearelectrica S.A. in the share capital increase of Hidro Tarnita S.A. by underwriting a number of 89,000 new shares with a nominal value of RON 100 each, issued by Hidro Tarnita SA.

HIDRO TARNITA S.A. has launched a call for tenders for the execution of the project. The purpose of this "Call for Tenders" is to identify/determine an investor in the Project, who will also become a shareholder in the Company.

(iv) **Submarine cable**

In accordance with Romania's Energy Strategy in the period 2007-2020, approved by GR no. 1069/2007, the Romania - Turkey 400 kV submarine cable is a key investment aimed at the long-term sustainability of electricity export in the period 2020-2050, ensuring:

- Discharge of electric power to Turkey, having as indirect consequence an increase in the production of electricity;
- Enhanced safety of the National Energy System;
- The realisation of surplus energy in Romania on markets outside EU;



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- More interest around the projects involving Cernavoda NPP Units 3 and 4.

In the meeting of 16.12.2013, the Government of Romania has approved the Memorandum on "The Romania - Turkey 400 kV submarine cable".

The Ministry of the Economy through the Department for Energy, as SNN shareholder has requested the calling of the Extraordinary General Meeting ("EGM") of the Shareholders of SNN, including the following topics on the agenda: the approval of the Agreement in principle concerning execution of the project: "The Romania - Turkey 400 kV submarine cable", approved by the Board of Directors; the approval of SNN participation in the establishment of the project-based company "HVDCC Romania- Turcia S.A.", by underwriting in paying out the RON equivalent of a number of 2,000,000 shares with a nominal value of EUR 1 each; the approval of the necessary appropriations in the 2014 budget;

According to EGM Resolution no. 1/11.03.2014, the shareholders of SNN have approved the Agreement in principle concerning execution of the project: "The Romania - Turkey 400 kV submarine cable", approved by the Board of Directors, as well as participation in the establishment of the project-based company "HVDCC Romania- Turcia S.A.", by underwriting in paying out the RON equivalent of a number of 2,000,000 shares with a nominal value of EUR 1 each.

Fondul Proprietatea SA has filed a court action against SN Nuclearelectrica SA claiming the nullity of EGM Resolution no. 1/11.03.2014, as well as the annulment of EGM Resolution no. 1/11.03.2014, subject to a judgment establishing the absolute nullity thereof. The Bucharest Court has denied the claim as having no subject of interest, and established a term for appeal of 30 days from communication of court decision. Fondul Proprietatea SA has filed an appeal, and a new court hearing has been established on 08.12.2014.

## **5. OVERVIEW OF THE ISSUER'S BUSINESS**

*Business and legal name:* Societatea Nationala Nuclearelectrica S.A.

*Registered office:* Romania, 65 Polona St., District 1, Bucharest, Romania;

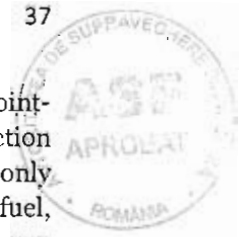
*Legal form of incorporation:* joint-stock company;

*Governing legislation:* the Romanian law;

*Country of incorporation:* Romania.

### **Core business**

Description, key factors and nature of current business, as well as the core business conducted by Nuclearelectrica, the main products and/or services provided, the identification of the main competitive markets:



Following the reorganisation of RENEL, SN Nuclearelectrica SA was established as joint-stock company pursuant to GR no. 365/1998, having as main line of business the production of electricity. Nuclearelectrica is a company of national interest and is currently the only nuclear power plant in Romania. Nuclearelectrica is also a producer of nuclear fuel, including the production of the nuclear fuel bundles which are used for the Company's own nuclear reactors.

In October 2013, SNN listed on the Bucharest Stock Exchange a number of 25,368,236 ordinary shares in book-entry form which are registered, indivisible and freely negotiable, with a nominal value of RON 10/share, accounting for 10% of the share capital of S.N. Nuclearelectrica S.A. on 04.11.2013, the SNN shares were admitted to trading in BSE category I under the issuer symbol "SNN".

SN Nuclearelectrica SA has two branches: Cernavoda NPP (Nuclear Power Plant) and Pitesti NFP (Nuclear Fuel Plant).

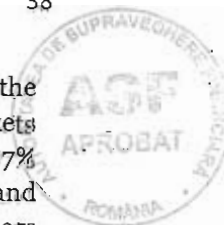
Cernavoda NPP was designed in the 80's and has five nuclear reactors. The construction of the first reactor started in 1980, followed by the other four reactors in 1982; after 1989, Unit 1 was completed and became operational in 1996. At present, Cernavoda NPP operates 2 reactors, as Unit 2 was put in service in 2007. Each reactor has a net installed capacity of 706.5 MW and together, the two reactors account for almost 1/5 of Romania's electricity production. The nuclear reactors of the two units are CANDU 6 reactors designed in Canada by de Atomic Energy of Canada Ltd. Reactors of this type are heavy water moderated and cooled and use natural uranium as fuel.

The Regulatory Authority for Energy (ANRE) has diminished the quota share of the regulated market allotted to Nuclearelectrica for the year 2013 to 50%, down from 70% in 2012, i.e. approximately 5.3 TWh and set a new regulated price (RON 141.99/MWh, transport tax excluded), thus allowing for enhanced Nuclearelectrica presence on the competitive market as well as the generation of increasing revenues by comparison with the previous year.

As regards the year 2014, the Regulatory Authority for Energy (ANRE) has established the quota share of the regulated market allotted to Nuclearelectrica at 35% versus 50% in 2013, i.e. approximately 3.73 TWh, and a regulated price of RON 145.80/MWh w/o Tg included for H1 2014, and a regulated price of RON 154.07/MWh w/o Tg included for H2 2014.

- Quantity to be sold on the regulated market for 2014: 3.73 TWh
- For H1 2014 deliveries on the regulated market, the average price for SNN was 145.80 RON/MWh – w/out Tg included (equivalent price of 155.82 RON/MWh with Tg included)
- For H2 2014 deliveries on the regulated market, the average price for SNN is 154.07 RON/MWh – w/out Tg included (equivalent price of 165.09 RON/MWh with Tg included).

In 2014, the energy quantity to be sold by SNN under regulated agreements is significantly lower than in 2013, namely around 35% of the estimated output of Cernavoda NPP.



In 2013, Nuclearelectrica sold approximately 52% of the electricity traded on the competitive market. Most part of the whole quantity was sold on the centralised markets operated by the Romanian gas and electricity market operator (OPCOM), of which 87% through market bids (pursuant to contracts awarded on centralised markets, i.e. PCCB and PCCB-NC), and 13% on the spot market (PZU). In 2013, Nuclearelectrica had 24 customers on the competitive market.

In the first nine months of 2014, Nuclearelectrica has sold 65.30% of the energy traded on the competitive market. Most part of this quantity was sold pursuant to PCCB contracts - 53.45% and PZU contracts - 11.85%. Nuclearelectrica has concluded 130 contracts on the competitive market in the same period.

According to the Company's Statute, the main line of business is the production of electricity – NACE code 3511. The Company is also authorised to carry out ancillary business, including:

- Mining of uranium and thorium ores (NACE Code 0721);
- Mining support service activities (NACE Code 0990);
- Manufacture of industrial gases (NACE Code 2011);
- Processing of nuclear fuel (NACE Code 2446);
- Manufacture of metal structures and parts of structures (NACE Code 2511);
- Treatment and coating of metals (NACE Code 2561);
- Manufacture of general-purpose machinery (NACE Code 2562);
- Repair of fabricated metal products (NACE Code 3311);
- Repair of machinery (NACE Code 3312);
- Repair of other equipment (NACE Code 3319);
- Transmission of electricity (NACE Code 3512);
- Distribution of electricity (NACE Code 3513);

Trade of electricity (NACE Code 3514);

- Steam and air conditioning supply (NACE Code 3530);
- Water collection, treatment and supply (NACE Code 3600);
- Waste water collection and treatment (NACE Code 3700);
- Collection of non-hazardous waste (NACE Code 3811);
- Treatment and disposal of non-hazardous waste (NACE Code 3821);
- Treatment and disposal of hazardous waste (NACE Code 3822);
- Dismantling of wrecks for materials recovery (NACE Code 3831);
- Remediation activities (NACE Code 3900);
- Construction of water projects (NACE Code 4291);
- Construction of other civil engineering projects n.e.c. (NACE Code 4299);
- Electrical installation (NACE Code 4321);
- Other construction installation (NACE Code 4329);
- Engineering activities and related technical consultancy (NACE Code 7112);
- Technical testing and analysis (NACE Code 7120).

The performance of SN Nuclearelectrica SA may be objectively reviewed based on the statistical data published by specialised international agencies or publications.

According to the rankings published by "Nuclear Engineering International" (in May 2013),



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the units operated by Cernavoda NPP rank among the first twenty nuclear power plants of all the 436 nuclear power plants in service worldwide in terms of "overall power coefficient", as follows:

- Unit 2 ranks 4 with an overall power coefficient of 92.9%;
- Unit 1 ranks 19 with an overall power coefficient of 88.5%.

Romania also ranks 1<sup>st</sup> worldwide, with a combined overall power coefficient of 90.7% for the two units operated by Cernavoda NPP.

Due to the type of technologies employed by the nuclear power plant, the quantities of energy produced and sold throughout time have remained relatively constant (with less than 2% fluctuations), with one major drop caused by the overhaul in 2012.

Units 1 and 2 use approximately 11,000 nuclear fuel bundles per annum, comprising about 19 kg of uranium each. The transfer of fuel bundles from the Pitesti branch to Cernavoda NPP is cost-based.

Most significant company and industry trends:

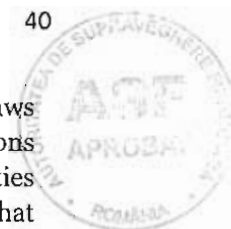
- Sustainable electricity supply, with life cycles spanning up to 60 years;
- Competitive prices;
- Almost no pollution under normal circumstances;
- Small quantities of fuel for the production of large quantities of energy;
- Reduced waste production by comparison with traditional power plants;
- Significant set-up costs (investments), but low and predictable service and maintenance costs.

The cost of producing nuclear energy is already competitive by comparison with other low-cost technologies, such as wind or fossil fuel. There are also some additional benefits: unlike carbon capture and storage, nuclear energy makes use of an established technology which provides consistent output. Although nuclear power plants require significant capital expenditure, MWh cost is competitive considering the length of a nuclear power plant's life cycle. Containment of capital expenditure is thus critical in the case of nuclear power plants.

The energy market has been deregulated as of 1 July 2007. Ever since then, electricity consumers have been given the freedom to choose their own electricity provider.

In practical terms, the retail electricity market is made up of a regulated component and a competitive component, according to the type of consumer. Consumers may be captive, i.e. serviced by default providers according to geographic positioning and consumers who have replaced/negotiated their electricity contracts.

Deregulation and competitiveness are very important for Romania and applicable



regulations should be quite thorough. Romania has already adopted most of the EU laws concerning the electricity and gas sector, but there are still a number of legal provisions which require transposition, particularly with regard to consumer protection and the duties of regulatory authorities in the energy sector. It is the European Commission's view that consumer protection and a clear list of the duties of the Regulatory Authority for Energy (ANRE) are top priorities for Romania.

According to Romania's Energy Strategy for 2011-2035, as prepared by the Ministry of Economy, by 2035, Romania is planning to close down energy production units accounting for an aggregate of 11.066 MW installed capacity (8.899 MW net output), i.e. 55% of the current total installed capacity. In the period up to 2035, the planned closing down of the units whose life cycle has expired will generate a deficit or a demand for a net output of approximately 13.540 MW, which needs to be addressed. One of Romania's major objectives for the near future is to become an exporter of electricity by doubling current output to 100 TWh by 2020 – a quantity in excess of domestic consumption.

According to the National Energy Strategy, the Ministry of Economy has prepared a Strategy to continue the project: "Cernavoda NPP Units 3 and 4", as approved by the SNN General Meeting on 22.08.2014. after completion of the first steps of the tender process, China General Nuclear Power Corporation (CGN) is the Determined investor for the project; provided that the next stages of the process are successfully completed, China General Nuclear Power Corporation (CGN) will become a majority shareholder in the project-based company involved in the development of the Project for Cernavoda NPP Units 3 and 4.

A description of the group where the Company belongs and the Company's position in the group

The Company is not part of a group. Nuclearelectrica holds equity in one single company, i.e. Energonuclear S.A., a company registered with the Trade Register under no. J40/3999/25.03.2009, Unique Registration Code 25344972, a company established for the development and implementation of the Project for Cernavoda NPP Units 3 and 4. Energonuclear's main line of business is Engineering activities and related technical consultancy – NACE Code 7112.

The Company currently owns two (2) branches registered in Romania, namely "CNE Cernavoda", having its office in Cernavoda, 2 Medgidiei St., registered with the Registered Office under no. J13/3442/11.10.2007, which operates Units 1 and 2 of Cernavoda NPP and other ancillary services, and "FCN Pitesti", having its office in Mioveni, 1 Campului St., nr. 1, registered with the Registered Office under no. JO3/457/24.08.1998. the Company's head office is located in Bucharest, 65 Polona St., District 1.

The business names/names and holdings of any person who has direct or indirect equity in the Company's share capital or voting rights subject to notification under Romanian law:

The Company's shareholding structure is currently the following:

- (i) the Romanian Government through the Ministry of Economy – the Department





for Energy – 229,006,139 Shares accounting for 81.270% of total voting rights;

(ii) S.C. Fondul Proprietatea S.A. – 27,408,381 Shares accounting for 9.727% of total voting rights.

(iii) Other shareholders – 25,368,236 Shares accounting for 9.003% of total voting rights.

#### Various voting rights

The company's majority shareholders benefit from voting rights that are exactly the same as the voting rights of any other Company shareholder, as the share issued by Nuclearelectrica confer equal voting rights to all shareholders in the Company.

#### Any knowledge of direct or indirect holding or control over the Company, and a description of the entity with direct or indirect holding or control, and the controlling relationship

Nuclearelectrica's majority shareholder is the Romanian Government through the Ministry of Economy.

### **THE ROMANIAN ENERGY MARKET AND NUCLEARELECTRICA'S MARKET POSITION**

Romania holds a balanced portfolio of energy capacities, comprising nuclear energy, fossil fuel energy, water energy, plus other renewable energies. Green energy is a market segment in full expansion.

Romania currently holds the largest electricity production sector in South-Eastern Europe. This leading position has been strengthened in recent years through the development of renewable energy, such as wind and photovoltaic power systems.

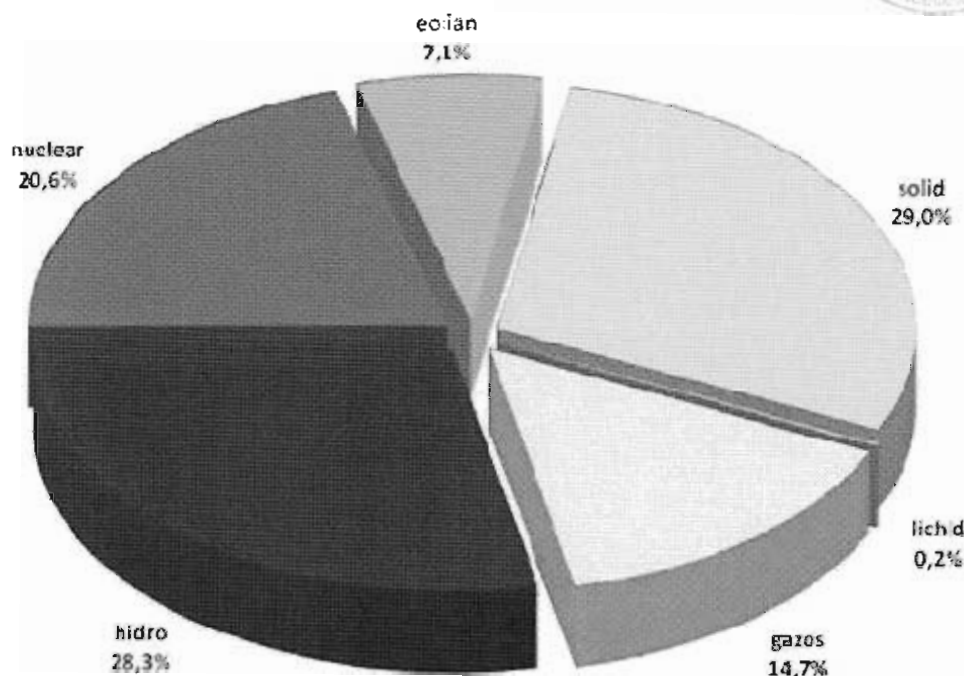
#### **Romania's electricity production capacity**

Romania has a very wide range of primary energy sources, both non-renewable and renewable, which gives the country some of the highest levels of energy independence in the European Union, together with other countries such as Denmark or. On the other hand, there are countries such as Cyprus, Malta and Luxembourg, which are totally dependent on outside energy supply; in 2010, the average level of energy independence in the EU was 47%.

One of the most significant contributors to Romania's increased energy independence was the going in service of Cernavoda NPP Reactor 2 in 2007; at that moment, Romania's energy independence was somewhere below 70%. In 2011, the country's primary energy production was at around 27.8 million tep, slightly above 2010, but 5% below the record production of 2008. In 2013, most electricity production was based on coal (29%) water (28.3%) and nuclear fuel (20.6%).



Structura pe tipuri de resurse a energiei electrice livrate în rețele  
de producători cu unități dispecerizabile  
- 2013 -

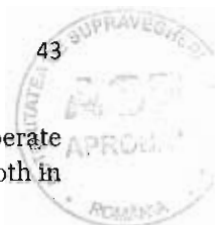


*Sursa: Raportările lunare ale producătorilor – prelucrare SMPE*

Source: Regulatory Authority for Energy (ANRE)

Energy consumption has been on a downward trend until the year 2000, as a result of market adjustments to shrinking demand for energy in industrial areas after the fall of the communist regime in 1989. The situation started to become more stable after the first economic rebound in the year 2000. Demand for electricity came significantly under strain with the onset of the economic crisis, with full-blown impact in 2009 (-12% YoY). Although energy consumption went up both in 2010 (+0.6% YoY), and 2011 (+1.8% YoY), the market is still 10% below pre-crisis levels. In 2012, energy consumption dropped 2.57%.

Consumption went up in 2011 mainly due to improved industrial production levels (+1.9% YoY), given that industry is the largest consumer of primary energy, accounting for 31% of end-consumption. In 2012 industrial production was falling again (-0.7%), with corresponding impact on gross energy consumption. As far as electricity production is concerned, the going in service of Cernavoda NPP Unit 2 determined the increase of nuclear resources in the production of electricity to 9% in 2006, and 20.6% in 2013 (or 11.6 TWh). Coal and water are the primary resources used for most electricity production in Romania, i.e. 60% of gross electricity production.



There were 79 participants on the Romanian electricity market in 2013, of which 26 operate exclusively on the wholesale market, while the large majority (53 suppliers) are active both in the retail and wholesale market, including default suppliers.

According to 2013 data, Cernavoda NPP accounted for 20.6% of total electricity production in Romania, 20.2% up versus 2012. In H1 2014, Nuclearelectrica sold a quantity of 5.18 GWh nationwide, of which 35% to captive consumers on the regulated market, in accordance with the decisions of the Regulatory Authority for Energy (ANRE).

The energy basket for the regulated market in 2014 comprises the energy production of S.C. Hidroelectrica S.A. – 5.3 TWh and S.N. Nuclearelectrica S.A. – 3.7 TWh.

The Regulatory Authority for Energy (ANRE) has diminished the quota share of the regulated market in 2014 to 35% and set a new regulated price, so Nuclearelectrica was allowed to participate more on the open competitive market; the Regulatory Authority for Energy (ANRE) also sets the price at which producers sell energy on the regulated market, so that the price covers operating costs and generates a small profit for the producer..

In 2013, Nuclearelectrica sold approximately 52% of the electricity traded on the competitive market. Most part of the whole quantity was sold on the centralised markets operated by the Romanian gas and electricity market operator (OPCOM), of which 87% through market bids (pursuant to contracts awarded on centralised markets, i.e. PCCB and PCCB-NC), and 13% on the spot market (PZU). In 2013, Nuclearelectrica had 25 customers on the competitive market.

In H1 2014, Nuclearelectrica sold approximately 65% of the energy traded on the competitive market. Most part of this quantity was sold on the centralised markets operated by the Romanian gas and electricity market operator (OPCOM) of which 49% through market bids (pursuant to contracts awarded on centralised markets, i.e. PCCB and PCCB-NC), and 16% on the spot market (PZU). Nuclearelectrica has concluded 25 contracts on the competitive market in the same period.

## THE STRUCTURE OF THE ROMANIAN ELECTRICITY MARKET

Romania currently operates an electricity market, where, as a rule, participants are able to conclude buy and sale transactions freely.

The liberalisation of the energy market was established on 1 July 2007. Since then, the market has evolved due to the regulatory process conducted by the Regulatory Authority for Energy (ANRE).

The principles on which the Romanian electricity market is currently based are mainly regulated by the Law on electricity, and detailed in the secondary legislation which includes government resolutions, decisions and orders issued by the Regulatory Authority for Energy (ANRE). The market principles refer to, among others, free and regulated access for all participants to the electricity market, transparency of the decision-making process with



regard to tariffs, prices and taxes, improved competitiveness, active participation in the regional and internal energy market of the European Union, and development of cross-border trade.

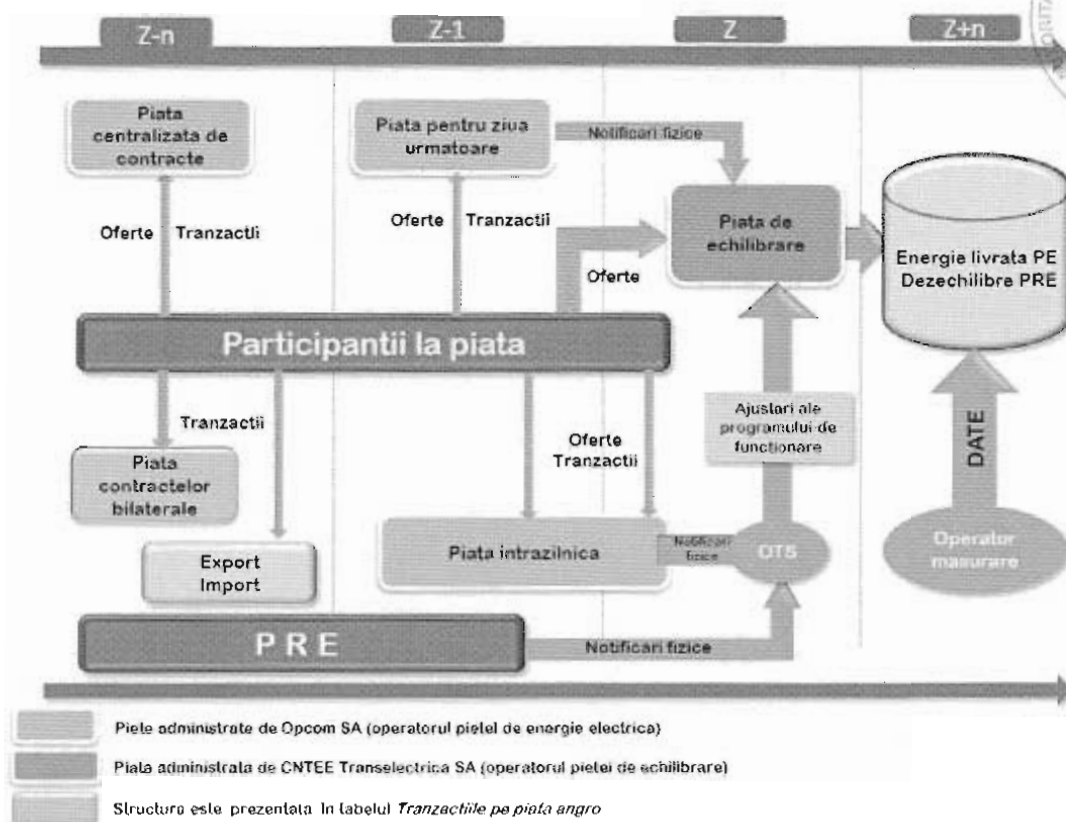
According to the Law on electricity, the Romanian electricity market is divided into the regulated market and the competitive market, each with a wholesale and retail component.

**The regulated market** comprises all the business relations arising from or in connection with the buying and selling of electricity in regulated quantities and at regulated prices; transactions on this market are carried out pursuant to regulated contracts, mainly for the benefit of captive consumers who are provided with electricity by certain established producers and suppliers; prices are established in accordance with the methodologies and decisions of the Regulatory Authority for Energy Regulatory (ANRE). After the electricity market is fully open to competition, the Regulatory Authority for Energy (ANRE) may set the prices and quantities of wholesale transactions between the producers and suppliers of domestic consumers.

**The competitive market** comprises all the business relations arising from or in connection with the buying and selling of electricity pursuant to terms and conditions regarding prices and quantities arising from direct negotiation or the balancing of demand and supply through intermediation.

## **I. The wholesale electricity market**

The flowchart below shows the structure of the wholesale electricity market:



Source: ANRE

The Wholesale Electricity Market is the orderly market where electricity is purchased by suppliers/consumers from producers or other suppliers for re-sale or consumption purposes, as well as by power grid operators for their own consumption. Thus, the wholesale market (PAN) is made up of all transactions among participants, except for transactions involving end consumers, which are the subject of the retail market (PAM). The size of the wholesale market is given by all participant transactions, and exceeds the quantity of electricity actually transmitted from producers to consumers. The market also includes re-balance transactions as well as transactions for financial benefit only.

The following participants are allowed access on the wholesale electricity market:

- electricity producers and self-producers;
- suppliers;
- power grid operators.

The wholesale electricity market is structured on six main components:

**Bilateral contracts** which may be regulated, negotiated or executed through bids placed on the centralised contract markets operated by the Romanian gas and electricity market operator (OPCOM). As of August 2012, bilateral contracts can only be executed through OPCOM;



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(i) **Transactions carried out on the day-ahead market (PZU)** operated by OPCOM, where participants execute firm electricity contracts deliverable on the next day;

(ii) **Transactions carried out on the intra-day market (PI)** operated by OPCOM, in which participants execute firm electricity contracts which are active on each delivery day starting on the day before the delivery day after transactions are executed on the PZU market until a certain period of time before the start of delivery;

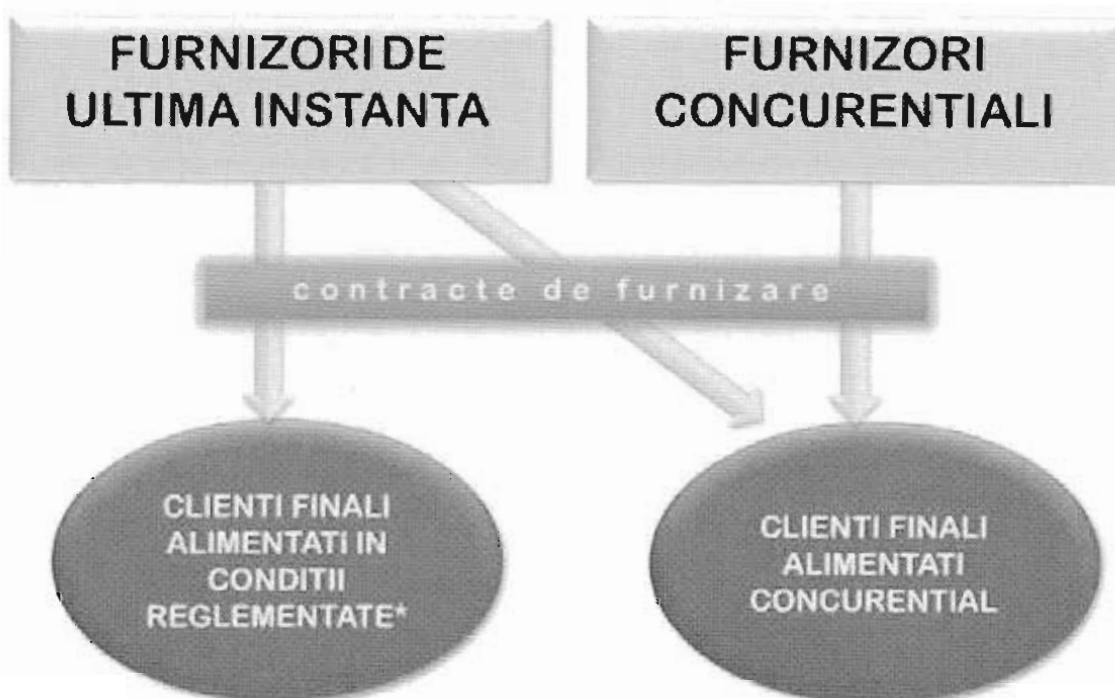
(iii) **The balance market** which accounts for the differences between notified production and estimated consumption. Participants are financially liable for any disbalance;

(iv) **The market for technological system services**

(v) **The centralised market for the allocation of international inter-connection capacities**

(vi) **The retail electricity market**

The flowchart below shows the structure of the retail electricity market:



\* conform art. 53 alin.(2) și art. 55 alin.(1) din Legea energiei electrice și gazelor naturale nr. 123/2012

Source: ANRE

The retail electricity market is the market segment where electricity is purchased for own consumption, and transactions take place between suppliers and consumers of electricity.



## •THE ISSUER'S CORE BUSINESS

According to the Company's Statute, the main line of business is the production of electricity – NACE code 3511.

The Company is also authorised to carry out ancillary business, including the Trade of electricity (NACE Code 3514), Distribution of electricity (NACE Code 3513), Water collection, treatment and supply (NACE Code 3600), and the Manufacture of industrial gases (NACE Code 2011).

The Company's business also includes activities such as the Processing of nuclear fuel (NACE Code 2446) for the reactors of Cernavoda NPP, as well as Steam and air conditioning supply (NACE Code 3530), for the preparation of hot water necessary for the provision of district heating in the Cernavoda area, pursuant to a specific license held by the Company.

## •ELECTRICITY CONTRACTS

In the pursuit of its business, the Company enters into industry-specific contracts for the purchase and sale of electricity on a regular basis.

The Company executes contracts for the sale of electricity, including:

- (i) contracts for the regulated market executed with suppliers of last resort for the supply of electricity to regulated consumers;
- (ii) contracts for the sale and purchase of electricity on the centralised market for bilateral electricity contracts ("**PCCB**" and "**PCCB-NC**");
- (iii) negotiated contracts for the purchase and sale of electricity.

### **Contracts for the regulated market**

For the sale of electricity on the wholesale market, the Company has entered into purchase and sale contracts with the suppliers established by the Regulatory Authority for Energy (ANRE) (suppliers of last resort); the purpose of the contracts is to provide regulated consumers with the hourly quantities of electricity set in accordance with the regulations issued by the Regulatory Authority for Energy (ANRE).

The terms and conditions of the contracts above have been established in accordance with the master contract for the sale and purchase of electricity executed between electricity producers and the suppliers of last resort for electricity to regulated consumers, as approved by Order no. 43/2010 of the Regulatory Authority for Energy (ANRE).

The Company is bound to apply regulated tariffs with regard to all industry-specific regulated contracts, both for the sale of energy by SNN and for transmission services (electricity transmission to power grid tax), as approved by the Regulatory Authority for Energy (ANRE) on a regular basis.



### **Contracts for the sale and purchase of energy on PCCB and PCCB-NC**

The Company has already executed contracts for the sale of a significant part of its electricity production on the competitive market; such contracts have been awarded pursuant to market-specific public open tenders organised by OPCOM. Contracts for the sale of energy on PCCB have been prepared by the Company, considering the guidelines in the template provided by OPCOM on the one hand, and the particular requirements and features of SNN as producer of electricity, on the other hand. The purchasers of electricity as determined in the PCCB bids are companies licensed by the Regulatory Authority for Energy (ANRE) as competitive suppliers, producers, distributors or transmitters of energy. Contract prices are established pursuant to the tender proceedings.

Some of the contracts are executed between the Company and electricity distributors for the consumption of their own grids, in accordance with the specific regulations issued by the Regulatory Authority for Energy (ANRE).

### **Contracts for the purchase and sale of electricity on PZU and PI**

The Company is allowed to perform transactions on the Day-Ahead Centralised Electricity Market pursuant to the agreement executed on 16.06.2008 with the Romanian Gas and Electricity Market Operator (Operatorul Pietei de Energie Electrica "OPCOM" S.A.). OPCOM's role on PZU is that of central counterparty, OPCOM acting as sole buyer of the energy sold by the Company. Settlements on PZU are made only by OPCOM and are quite quick (2-3 days from delivery).

On 07.11.2011, SNN has entered into a participation agreement for trade transactions on PI with Operatorul Pietei de Energie Electrica "OPCOM" S.A., for the purpose of selling surplus electricity after completion of transactions on PZU, as well as for the purpose of ensuring an additional source of energy in the event of unscheduled shutdowns of Cernavoda NPP Units.

### **Negotiated contracts for the sale and purchase of energy**

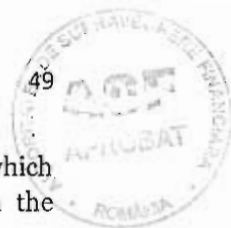
The Company is currently a party in a contract concluded with Transelectrica S.A., whereby the Company sells and Transelectrica S.A. buys the electricity required for services in relation with the 400 kV Cernavoda electric system. The contract was executed in 2000 and is subject to renewal by addenda; renewal also involves the negotiation of the contract price. The current addendum in force expires on 31.12.2014.

As of 17 November 2014, SNN has executed contracts (on PCCB and PCCB-NC) for a quantity of 2,727,320 MWh, accounting for 25.49% of the electricity production estimated to be delivered to electricity grids in 2015 (10,701,008 MWh – in case of no unscheduled shutdowns), at an average weighted price of RON 166.42/MWh, Tg included.

### **Balance market participation agreement and balance responsibility agreement**

The Company acts as participant on the balance market, but also as Balance Responsible Entity, in accordance with the standard agreements executed with Transelectrica S.A. on 1.07.2005, having as subject the purchase and sale of electricity between the parties as a result of SNN's dispatch of energy production according to actual consumption, or as a result





of disbalances between the quantities of energy produced and sold by the Company, which have been offset by Transelectrica S.A. on the balance market, in accordance with the legislation in force.

#### **Agreement of participation on the Green Certificates Market**

The Company is entitled to participate both on the Centralised Green Certificates Market, pursuant to the Agreement of participation on the Green Certificates Market executed on 10.09.2014, as approved and amended in accordance with the provisions of Approval no. 7/22.01.2014 of the Regulatory Authority for Energy (ANRE) and the ADDENDUM to Agreement of participation on the Green Certificates Market dated 10.09.2014 executed for an unlimited period of time, between the Company as participant to PCV and OPCOM as operator of the green certificates market in accordance with the primary and secondary legislation applicable to THE GREEN CERTIFICATES MARKET.

Another issue worth mentioning is that the mandatory requirement to purchase green certificates depends on the electricity volume supplied by the Company to end consumers. Considering that for the time being the Company has only one contract for the provision of electricity to end consumers (namely, the contract executed with Transelectrica S.A. for approximately 1,200 MWh per year, as detailed in paragraph 1.6.4 above), the number of green certificates which the Company must acquire is quite low.

**The information provided under paragraph 5.1 and 5.2 above has been subject to extraordinary events occurred after the closing of the period under review in the latest audited and published financial statements.**

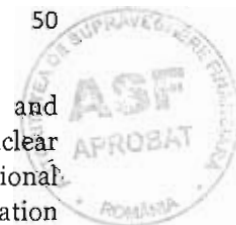
N/A.

#### **LICENCES ISSUED BY the REGULATORY AUTHORITY FOR ENERGY (ANRE)**

In accordance with the Regulation concerning the granting of licenses and authorisations in the field of electricity, approved by Government Resolution no. 540/2004, the distribution of electricity and the production of electricity and heat by co-generation are subject to specific licenses issued by the Regulatory Authority for Energy (ANRE). As of the date hereof, the Company holds the following licenses issued by the Regulatory Authority for Energy (ANRE):

- a) Licence no. 5/03.12.1999 for the production of electricity granted by Decision no. 80/03.12.1999 of the Regulatory Authority for Energy (ANRE);
- b) Licence no. 244/26.03.2001 for the production of heat granted by Decision no. 341/26.03.2001 of the Regulatory Authority for Energy (ANRE);
- c) Licence no. 962/21.10.2010 for the supply of electricity granted by Decision no. 2597/21.10.2010 of the Regulatory Authority for Energy (ANRE).

**(b) Authorisations in the nuclear field issued by the National Commission for the Control of Nuclear Activities (CNCAN)**



In accordance with art. 8 para. (1) and 24 (1) of Law no. 111/1996, as amended and supplemented, on the safe operation, regulation, authorisation and surveillance of nuclear activities, market operators should hold specific authorisations issued by The National Commission for the Control of Nuclear Activities (CNCAN), subject to specific authorisation procedures.

## **6. ORGANISATIONAL CHART**

### **A description of the group where the Company belongs and the Company's position in the group, if appropriate**

According to a comprehensive interpretation, the Romanian Government may be considered the majority shareholder of the Company, as SNN is part of the group of companies held by the State, subject to the provisions laid down in GEO no. 109/2011 on the corporate governance of public companies; this relationship is not similar to affiliation, except for the common enforcement of legal provisions applicable to companies in the public sector that are majority state-owned.

The Company's organisational chart is attached to this Prospectus. **(see annex 1)**

## **7. TRENDS**

In the period January-September 2014, the Company's financial position is subject to the influence of the following factors:

- In the first half of 2014, the Company declared dividends in the amount of RON 340,957,135. As a result, SNN's cash and cash equivalents position has diminished by comparison with 31.12.2013.
- Falling prices for the sale of electricity on the competitive market to levels similar to those of prices on the regulated market (comparison versus trading prices on PCCB);
- Starting with 2014, companies are subject to the mandatory requirement concerning the determination and payment of tax on special constructions. The tax is 1.5% of the value of buildings held by the Company as assets as of 31 December of the previous year. Nuclear power plants are included in the special constructions category. The tax on special constructions has created an additional cost burden for the Company, and which resulted in diminished financial performance. The said tax has been recognised by the Regulatory Authority for Energy (ANRE) in the regulated price as of July 2014, but only for H2 2014; the Regulatory Authority for Energy (ANRE) is set to account for the difference in 2015, but pending approval by the Regulatory Authority for Energy (ANRE), nothing is certain.

## **8. ADMINISTRATION, MANAGEMENT AND SUPERVISORY BODIES AND THE EXECUTIVE MANAGEMENT TEAM**

### **Management and supervisory bodies**

According to the Articles of Association, the corporate management bodies of the company are as follows: (i) the General Meeting of Shareholders and (ii) The Board of Directors. Besides, the Internal Audit Department operates within the Company, the Company having



concluded a contract with an independent auditor.

### The Board of Directors

The Company is administrated under the unitary system. The Board of Directors is made up of 7 persons appointed by the Ordinary General Meeting for four (4) years, with the possibility to be re-elected. By Resolution no. 9 of the Ordinary General Meeting dated 6.10.2014, Mr. Ionel Bucur was revoked from the position of member of the Board of Directors, as a result of the amendment of art. 20 paragraph 1 of the Articles of Association of SNN that decreases the number of executive directors from 2 to 1. By resolution of the Board of Directors dated 30.10.2014, Ioana Alina Dragan was appointed as interim administrator with limited mandate until the Ordinary General Meeting appoints a director selected according to the provisions of the Government Emergency Ordinance (GEO) no. 109/2011.

According to Resolution no. 8 of the Ordinary General Meeting dated 25.04.2013, the new executive/non-executive directors were approved, in compliance with the provisions of the Government Emergency Ordinance no. 109/2011 on the corporate governance of public companies, following the selection procedures carried out by the Ministry of Economy through the personnel recruitment company Quest Advisors.

### Membership structure of the Board of Directors

As at the date of this prospectus, the Board of Directors has the following membership structure:

Name	Position	Appointment date	Date when the mandate expires
Alexandru Sandulescu	Member and Chairperson	25.04.2013	25.04.2017
Alexandru Alexe	Member and Vice-President	25.04.2013	25.04.2017
Daniela Lulache	Member	25.04.2013	25.04.2017
Carmen Radu	Member	25.04.2013	25.04.2017
Dan Popescu	Member	25.04.2013	25.04.2017
Sebastian Tcaciuc	Member	23.12.2013	23.12.2017
Ioana Alina Dragan	Interim administrator	30.10.2014	Until the General Meeting appoints a new director selected according to the provisions of the Government Emergency Ordinance no. 109/2011



### **Alexandru Sandulescu**

Is the Chairperson of the Board of Directors of the Company. Mr. Sandulescu is Senior Advisor on energy policy within the Office of the Prime-Minister of The Republic of Moldavia, within the 'EU High Level Policy Advisory Mission', project financed by the EU and implemented by the United Nations Development Programme (UNDP).

During the 30 years of professional experience he has acted in the research field, has taken part in establishing the strategy to restructure the energy sector in Romania and has been member of Boards of Directors and representative of the state in General Meetings in the energy field.

Starting with 2006 until 2013, he was the General Manager of the General Department for General Energy within the Ministry of Economy, having taken part in the elaboration of the national energy Strategy and in the preparation of energy policy documents, according to the EU policy. Before, for 7 years, he had been on various positions within ANRE (Regulatory Authority for Energy), having contributed to the establishment of OPCOM (Romanian Gas and Electricity Market Operator) and to the development of international cooperation.

Mr. Sandulescu graduated from the Faculty of Power Engineering and is a PhD holder, in the field of energy, at the Polytechnics of Bucharest.

### **Alexandru Alexe**

He has 37 years of professional experience, out of which the biggest part is in management positions, including positions of member of Boards of Directors of well-known big companies. Nowadays, among others, he is representative of the General Meeting of the Shareholders of SN Nuclearelectrica S.A. and member of the Commission for preparing and unfolding of the public bids.

During his activity, he gathered a wide experience in the relationship with the regulatory institutions in the field of energy, as well as with the international institutions. Moreover, he contributed to numerous privatization and restructuring projects of some companies acting in the field of energy, including the nuclear energy field. Mr. Alexe graduated from the Polytechnics Institute of Bucharest.

### **Daniela Lulache**

Ms Lulache is member of the Board of Directors and General Manager of the Company. Ms Daniela Lulache was an advisor to the Vice-Governor of the National Bank of Romania. In more than 18 years of professional experience, Ms Lulache was Deputy Manager, General Manager and Chairperson of the Board of SC Fondul Proprietatea SA for three years, a shareholder in numerous companies acting in the energy field, among which Nuclearelectrica.

Ms Lulache negotiated and finalized the minority participations transaction for CEZ Vanzare, CEZ Distributie and CEZ Servicii to CEZ, considered the biggest transaction in the market of mergers and acquisitions of 2008 in Romania. During her professional activity, she was actively involved in introducing corporate governance principles in companies that belonged to the state and negotiated with international financial bodies (IMF, World Bank).



Ms Lulache graduated from the University of Economic Studies.

### **Carmen Radu**

Is the Economic Manager of the Financial Supervisory Body and member of the Supervisory Council of the Romanian Loan Guarantee Fund. She has more than 35 years of professional experience, among which more than 21 in administrative/management positions. She has a good knowledge of the legislation in the financial field and she took part in the elaboration of the legislation (she managed the Romanian-German work group that elaborated and introduced for the first time in Romania the legislation regarding the Global Tax Revenue). Ms Radu graduated from the University of Economic Studies, being holder of PhD in economic studies and member of some professional bodies in the financial field.

### **Dan Popescu**

Is the Secretary-General of the Nuclear Agency for Radioactive Wastes, after an experience of 30 years in various technical and management functions in the field of nuclear energy. Besides, he is also member of the Board of Directors of the National Institute for Research and Development in Physics and Technological Engineering. Mr. Popescu was member of various committees and internal and international delegations (such as member in the Committee for the Coordination of the Global Partnership of Nuclear Energy), elaborated specialized works in the nuclear field, coordinated engineering projects for construction-assembling and putting into operation works for a series of nuclear investment objectives. After having graduated from the Power Engineering Faculty, Nuclear Energy Centres Specialization, Mr. Popescu continued his theoretical education by taking part in a series of improvement courses in his field of activity.

### **Sebastian Tcaciuc**

Mr. Tcaciuc is member of the Board of Directors. He was elected, at the end of 2013, as non-executive independent member with the Board of Directors of SNN by cumulative vote, upon the proposal of Fondul Proprietatea S.A. He has extensive experience in the financial and banking field, his most recent appointment being as Investment Director with the Advent International private equity fund, while previously acting as Capital market analyst with ING Bank, Treasury Analyst with Alpha Bank and Investment Analyst with Delta Lloyd Investment Research. Moreover, he was a non-executive member in the Board of Directors of: Ceramica SA, CFR SA, Deutek SA, Regina Maria – the Private Healthcare Network, LaborMed Pharma and Roma Plastik AS (Turkey). Mr. Tcaciuc graduated from the (Bucharest) University of Economic Studies and the (Budapest) Central European University is certified as Chartered Financial Analyst (CFA Institute).

### **Ioana Alina Dragan**

Ms Ioana Alina Dragan is member of the Board of Directors and Head of the Administration Department within the Department for the Privatisation and Management of State Assets. She was appointed as non-executive interim administrator on 30.10.2014, until the General Meeting selects a new director according to the provisions of GEO no. 109/2011. Ms Ioana Alina Dragan is an economist, specialised in banking and the capital market and has relevant experience in financing, risk management, internal compliance and international relations, having been appointed on various positions within the Ministry of Economy, Siemens



Romania and BRD Groupe Societe Generale.

According to the statements of the members of the administration, management and supervisory bodies of the Issuer mentioned above:



- (a) Among the members of the administration, management and supervisory bodies there is no family relationship;
- (b) No member of the administration, management and supervisory bodies was sentenced for eventual fraud during the last five years;
- (c) No member of the administration, management and supervisory bodies acted with similar capacity for a company that entered bankruptcy procedure, dissolution or liquidation during the last five years;
- (d) During the last five years, no member of the administration, management and supervisory bodies was incriminated or publicly officially sanctioned by the regulatory bodies or by the professional bodies and was disqualified by the court to act as member of the administration, management or supervisory bodies of an Issuer or to act for the management and business development of any issuer.

The companies where the previously mentioned persons were members of an administration, management and supervisory body during the last five years are presented below:

Name	Company	Position	Period	Current function (Yes/No)
Sandulescu Alexandru	SN Nuclearelectrica SA	Member of the BoD Chairperson of the BoD	From 2010 2011-2012	yes
	SC Energonuclear SA	Member of the BoD	From 2009	Yes
	SC EOn Moldova Distributie SA	Member of the BoD	From 2009	Yes
	SC Electrica SA	Member of the BoD	2006- 2007	No
	CN Transelectrica SA	Member of the BoD	2006- 2011	No
	SC CE Rovinari SA	Member of the BoD	2007- 2010	No
	SC Termoelectrica SA	Member of the BoD Chairperson of the BoD	2011- 2012 2012	No
	SC Hidroelectrica SA	General Meeting member	2006- 2011	No
	SC Electrocentrale Deva SA	General Meeting Member	2007- 2011	No



Radu Carmen	Eximbank SA	BoD Chairperson and Executive President	2005-2009	No
	Adf Audit Management SRL	Sole proprietor and Director	2009- present	Yes
	Romanian Loan Guarantee Fund	Member of the Supervisory Body	2012- present	Yes
	Eximbank SA	Vice-President	2013- present	Yes
	R.a. Romatsa	Member of the BoD	2013- present	Yes
Daniela Lulache	SN Nuclearelectrica SA	General Manager and Member of the BoD	April 2013- present	Yes
	SC Fondul Proprietatea SA	General Manager – Chairperson Directorate	2008-2009	No
	SC Eqvon Finance SRL	Managing Partner	2010-2012	No
Dan Popescu	SN Nuclearelectrica SA	Member of the BoD	April 2005 - November	No
	National Institute for Research and Development in Physics and Nuclear Engineering – Horia Hulubei	Member of the BoD	June 2006- present	Yes
	SN Nuclearelectrica SA	Member of the BoD	April 2013- present	Yes
Sebastian Tcaciuc	Deutek SA	Member of the BoD	2007-2013	No
	Ceramica SA	Member of the BoD	2007- present	Yes
	CFR SA	Member of the	2013-2014	No

		BoD		
	Regina Maria	Member of the BoD	2010-2012	No
	LaborMed Pharma SA	Member of the BoD	2008-2011	No
	Roma Plastik AS	Member of the BoD	2006-2011	No

None of the members of the administration, management and supervisory bodies owns shares of the Company or options related to the shares of the Issuer.

### CONFLICT OF INTERESTS

The Issuer declares that between the private interests and/or other obligations of the members of the administration, management and supervisory bodies of the Issuer and their obligations towards the Issuer there is no potential conflict of interests.

Besides, the Issuer declares that there are no understandings, agreements between the members of the administration, management and supervisory bodies and the main shareholders, the clients, the suppliers or other persons, based on which the persons previously mentioned were elected as members of one administration, management and supervisory body.

None of the members of the administration, management and supervisory bodies of the Issuer accepted any type of restrictions, for a certain period, regarding an eventual transfer of their participations to the share capital of Nuclearelectrica.

### **The Activity of the Board of Directors; the position of Chairperson of the Board of Directors**

The meetings of the Board of Directors must be held any time needed, at least once in three months. The Board of Directors gathers, generally, at the headquarters of the Company, or operative meetings of the Board of Directors may be organized by means of communication at distance that accomplish the technical requirements needed for the identification of the participants, for their effective participation to the meetings of the Board of Directors and for the continuous re-transmittal of the decisions (call conference, videoconference or other means of communications), being convened by the Chairperson or upon the substantiated request of two of its members or of the General Manager.

The meetings of the Board of Directors are chaired by the Chairperson and, while he/she is absent, by any member, based on an agreement granted by the Chairperson. The Chairperson appoints a secretary from the employees of the Company.

The General Meeting appoints, between the present shareholders, one up to three secretaries that will check the presence list of the shareholders, the Minutes (prepared by the technical secretary) to ascertain the number of shares submitted and the accomplishment of all the formalities required by the law and by the statute in order to hold the meeting. Moreover, the





Chairperson may appoint, among the clerical staff of the company, one or more technical secretaries.

The Board of Directors may take decisions in a valid manner if at least half of its members are present, based on the vote of the majority of the present members. The decision regarding the appointment or the cancellation of the Chairperson is taken by the vote of the majority of the members of the Board of Directors. In case of parity of votes, the Chairperson will have the decisive vote.

The decisions are taken by open vote, except for the case when two thirds of the members of the BoD request the secret vote.

The Chairperson of the Board of Directors does not benefit of the decisive vote in case of parity of votes.

According to the statute of the Company, the Board of Directors approves its own Internal Rules.

The Board of Directors is in charge of executing all the documents needed and used in order to pursue the company's line of business, except for the ones reserved by the law for general meetings of shareholders.

The Board of Directors has the following attributions that cannot be delegated to the managers:

- a) establishing the main activity and development directions of the Company;
- b) establishing the accounting policies and for the financial control system, as well as approving the financial planning;
- c) appointing and cancelling the managers and establishing their remuneration;
- d) supervising the activity of the General Managers and of the Managers;
- e) preparing the annual report, organizing the general shareholders' meeting and implementing its decisions;
- f) introducing the request to open the insolvency procedure of the company, according to Law no. 85/2006 regarding the insolvency procedure;
- g) approves the change of a line of business, except for the company's main line of business;

The Board of Directors has also the following attributions:

- a) carries out the control over the manner the Chief Executive Officer and the other Managers lead the Company;
- b) endorses the budget of revenues and expenses;



c) approves the management plan prepared by the Chief Executive Officer and/or by other Managers;

d) elaborates and presents to the General Meeting, for approval, the Administration Plan, that includes the administration strategy during the mandate period;

e) checks if the activity performed in the name and on behalf of the Company is according to the law, to the Articles of Association and to any relevant decision of the General Meeting;

f) presents to the General Meeting an annual report regarding the administration activity;

g) represents the Company in its relationship with the Chief Executive Officer and with the appointed Managers;

h) checks and endorses the financials of the Company;

i) checks and approves the Report of the Chief Executive Officer and the Reports of the Managers;

j) proposes to the general meeting of shareholders the appointment and the cancellation of the independent auditor, as well as the minimum duration of the audit contract.

k) approves the mandate contracts of the Chief Executive Officer and of the appointed managers establishing thus the manner to organize the activity of the managers;

l) approves the persons empowered to negotiate the Collective Employment Agreement with the representative trade unions and/or the representatives of the employees, as well as the negotiation mandate granted to them;

m) approves the Collective Employment Agreement within the Company;

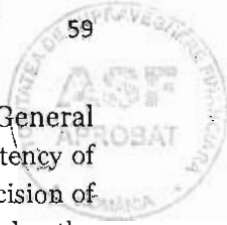

n) approves the Rules for Organizing and Functioning of the Board of Directors;

o) approves the activity programs (production, research and development, technology engineering, investments etc.);

p) approves the strategy regarding the power sale transactions of the Company;

q) approves the conclusion of any contract/document that gives birth to legal obligations in charge of the Company (purchasing, alienation documents, exchange or guarantee documents for certain assets classified under the intangibles of the Company), whose value does not exceed, individually or cumulated, during a financial year, 20% of the total of the intangibles of the Company minus the receivables in compliance with their competency limits provided for in the Annex to the Articles of Association;

r) approves the rental of tangible assets, for a period that exceeds one year, whose individual or cumulated value towards the same co-contractor or persons involved or that act jointly does not exceed 20% of the value of the total intangible assets, less the receivables as at the date when the legal deed is concluded, as well as the associations for a period that exceeds one year, that do not exceed the same value;



s) approves the mandate of the representatives of Nuclearelectrica during the General Meeting of S.C. Energonuclear S.A. for all the decisions that are under the competency of the General Meeting of S.C. Energonuclear S.A., except for the ones for which a decision of the Company's General Meeting is needed, according to what provided for under the Articles of Association.

The Board of Directors has attributions regarding the endorsement of contracts, credits and various operations within the Company, according to the competency limits provided for in the Annex to the Articles of Association.

The Board of Directors may create advisory committees, consisting of at least two of the members of the BoD and in charge of carrying out investigations and of elaborating recommendations to the BoD.

Within the Board of Directors, an Appointment and Remuneration Committee is created as well as an Audit Committee. The Board of Directors may decide upon the creation of other advisory committees.

Advisory committees are formed by at least 2 (two) members of the Board of Directors and, at least one member of each Advisory Committee must be an independent non-executive director. The concrete number of members of each Advisory Committee will be established by resolution of the Board of Directors. The advisory Audit Committee and the Appointment and Remuneration Committee consist only of non-executive directors. At least one member of the advisory Audit Committee must have experience in the implementation of the accounting principles or in financial audit.

The Appointment and Remuneration Committee formulates proposals for the position of member of the Board of Directors, of Chief Executive Officer and proposals as Managers, as well as proposals for other management positions, formulates proposals regarding the remuneration of the Chief Executive Officer, of the Managers and of other management positions. The advisory Audit Committee accomplishes the attributions that are in charge of this committee by the legislation that regulates the statutory audit of the financial statements.

The Board of Directors will decide regarding the additional attributions of the Appointment and Remuneration Committee and of the advisory Audit Committee, as well as regarding the attributions of the other advisory Committees that it sets up.

Upon the proposal of the chairpersons or of the members of the advisory Committees, the Board of Directors may approve to co-opt some permanent independent external experts, natural persons or legal entities, specialists in the activity fields of the advisory Committees and that can assist their members in their activity, establishing, in the meantime, also the remuneration of these experts.

### **The Chief Executive Officer**

The company is represented in the relationship with third parties and at court by the Chief Executive Officer, who acts within the limits of its scope of business and in compliance with the exclusive competencies reserved by the law or by the rules of the Board of Directors and



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of the General Meeting. The Board of Directors may delegate to the Chief Executive Officer one or more attributions that are under his/her competence.

Starting with 30.04.2013, Ms Daniela Lulache is the Chief Executive Officer of the Company.

### **Other Managers**

#### **Ionel Bucur**

Mr. Ionel Bucur is the manager of the branch Cernavoda NPP. He has 35 years of professional experience, out of which, during 22 years, he took part, from various position, in the management of Cernavoda Nuclear Power Plant, being involved in all the evolution phases of the company.

Under the coordination of the World Association of Nuclear Operators and of the International Agency for atomic Energy, Mr. Bucur took part in missions to evaluate more nuclear plants around the world. He graduated from the Moscow Power Engineering Institute, the field of Atomic Installations and Plants, he is a PhD holder in engineering science at Transilvania University, Brasov and participated in various training programs in management or in the nuclear field in Japan, Canada and the USA.

#### **Mihai Darie**

Mr. Mihai Darie was appointed Financial Manager of SNN in February 2014 by the Board of Directors and coordinates the financial and accounting activity of the company as well as the administrative and IT positions of the executive headquarters of the company, being also involved in the strategic projects developed by the company.

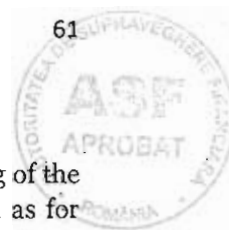
He has more than 15 years of experience in the financial-accounting field, in financial, strategic and management consultancy, assets administration, corporate governance and banking field, in various private and state owned companies.

He graduated from the Finance-Banking Faculty within the Bucharest University of Economic Studies. He has an EMBA diploma from Asebus and from the USA Kennesaw University, is CFA certified, member of ACCA-UK and accounting expert.

#### **Andrei Gheorghe**

Starting 01.07.2012, Mr. Andrei Gheorghe is the manager of the Nuclear Fuel Plant, branch SNN. Being an engineer, he started his activity in the nuclear field beginning with 1978, taking part in the first research programs regarding the technology for the production of nuclear fuel of the type CANDU 6, and, gradually rising on the hierarchy from technologist, to main engineer, head of plant, head of office, head of CTC office up to technical manager or branch manager.

During his career, he has attended various improvement courses of the International Agency for Atomic Energy, CNCAN and EURATOM, which contributed to attaining remarkable results in the production activity.



### Company auditors

On 24.12.2013, SNN entered into an agreement with KPMG Audit SRL for the auditing of the Company's 2013 financial statements, the revision thereof as of 30.06.2014, as well as for providing assistance to SNN employees in the process of revising the data in the company's accounting statements according to Order no. 3055/2009 of the Minister of Public Finance in accordance with the new provisions laid down in Order no. 1286/2012 of the Minister of Public Finance.

Since at the beginning of 2014, KMPG Advisory (China) Ltd was appointed financial consultant for China General Nuclear Power Corporation with regard to the assets of Cernavoda NPP Units 3 and 4, and the assets of EnergoNuclear, the auditor and SNN agreed in the month of June 2014 to suspend agreement no. 1438 until such time as the appointment of a new auditor, in order to avoid a potential conflict of interest. Following suspension of the said agreement, SNN has made several steps for the selection of a new external auditor, subject to the principles set forth in the legal framework applicable to public procurement, and the provisions of the loan agreement executed between SNN and Euratom. SNN has initiated an open bid award process for the selection of the external auditor, and published the call for tender and the relevant documents in the SEAP platform on 24.09.2014. The winner of the tender process was **Baker Tilly Klitou and Partners SRL**, and SNN's Board of Directors has submitted for the approval of the Ordinary General Meeting of Shareholders called on 18.12.2014 the following:

- the discharge of the external auditor KPMG Audit SRL following termination of the audit services agreement by mutual consent of the parties;
- the appointment of **Baker Tilly Klitou and Partners SRL, having its registered office in Bucharest**, as SNN's external auditor and the establishment of a **3 year** term for the new audit services agreement.
- Subject to the information provided in the risk section, the Company observes the management requirements currently applicable to companies in Romania.

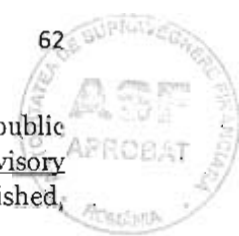
### Advisory Committees

In accordance with art. 140<sup>2</sup> of Law no. 31/1990 republished, of the companies, with its amendments and adjustments („Law no. 31/1990”) and with the provisions of art. 34 of GEO 109/2011 on the corporate governance of public companies, in conjunction with the provisions of article 19 of the updated Statute („the updated Statute”) of the Company, by resolution no. 7 of the Board of Directors dated 26.04.2013, the Appointed and Remuneration Committee was created, having the following membership structure:

- Alexandru Alexe
- Alexandru Sandulescu
- Carmen Radu

According to art. 34 of GEO no. 109/2011 on the corporate governance of public companies, by resolution no. 8 of the Board of Directors dated 30.04.2013, the Audit Committee was established, having the following membership structure:

- Alexandru Sandulescu
- Alexandru Alexe
- Gabriel Sebastian Teaciu



In accordance with art. 34 of GEO no. 109/2011 on the corporate governance of public companies, by resolution no. 27 of the Board of Directors dated 26.08.2013 the Advisory Committee for Strategy, Development and Large-Scale Investments Projects was established, having the following membership structure:

- Daniela Lulache
- Alexandru Alexe
- Gabriel Sebastian Tcaciuc
- Dan Popescu

According to art. 34 of GEO no. 109/2011 on the corporate governance of public companies, by resolution no. 27 of the Board of Directors dated 26.08.2013, the Advisory Committee for Nuclear Security was established, having the following membership structure:

- Dan Popescu
- Daniela Lulache
- Alexandru Sandulescu

Pursuant to resolution no. 9 of the Ordinary General Meeting dated 6.10.2014, approving Mr. Ionel Bucur's discharge from the position of director of SNN by mutual consent of the parties, as a result of the amendment of art. 20 of the Articles of Association of SNN pursuant to the resolution of the Extraordinary General Meeting no. 6/31.07.2014, Mr. Bucur's membership in the committee has been terminated.

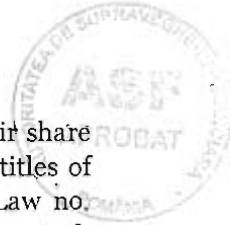
### **Share Capital**

The current share capital of the Company amounts to RON 2,817,827,560, divided into 281,782,756 shares, each with a nominal value of RON 10 owned as follows:

- (i) The State of Romania represented by the MINISTRY OF ECONOMY – The Department for Energy - (the related ministry or its successors, according to the law) holds a total number of 229,006,139 shares of 10 RON each with total nominal value of RON 2,290,061,390 representing 81.2705% of the share capital of the company;
- (ii) S.C. Fondul Proprietatea S.A. holds 27,408,381 shares of RON 10 each with total nominal value of RON 274,083,810 representing 9.7268% of the share capital of the company.
- (iii) Other shareholders, natural persons or legal entities, foreign and Romanian, hold a total number of 25,368,236 of shares, with a total value of RON 253,682,360, representing a share of 9.0027 % of the share capital of the company.

A plot of land with an area of 3,873.13 sq. m., located in Constanta county, Saligny commune, Stefan cel Mare village, 78A Principala St., for which the Company obtained the certificate that ascertains the property right and whose appraised value as at 31.09.2014 was of RON 32,752.74 was not included in the share capital of the company.

A plot of land with an area of 239.05 sq. m. owned in indivision, located at no. 33 Gheorghe Magheru Blvd., Bucharest, for which the Company obtained the property title issued by the Ministry of Economy no. 12900, series MO3 whose appraised value as at 28.08.2014 is of



RON 1.890.740 was not included in the share capital of the company.

According to Law no. 137/2002, companies that are privatized have to increase their share capital by the value of the plots of land in their property (plots of land for which titles of ownership have been issued). ). In accordance with the provisions set forth in Law no. 31/1990, as amended and supplemented, Law no. 297/2004, as amended and supplemented, and Regulation no. 1/2006, as amended and supplemented, the Company's share capital increase will be performed so that to allow each shareholder to keep their respective share in the company's share capital.

As at the date of this Prospectus, there are no shares held by the Issuer to the Company's share capital.

The Issuer can attain its own shares in the company only if compliant with the specific terms and conditions applicable in case of a process to attain the own shares according to the Law on Companies and to the Regulations (EC) no. 2273/2003 of the Commission dated 22 December 2003 to establish the norms to implement the Directive 2003/6/CE of the European Parliament and of the Council regarding the derogations provided for concerning the programs to redeem and to stabilize the financial instruments.

The issuer is not aware about any acquisition right or obligation related to the capital, or about any commitment concerning the increase in the share capital, except for the obligation to increase the share capital by the value of the land for which the certificate to ascertain the property right was issued and that was not included in the share capital of the Issuer.

The issuer is not aware of any information concerning the share capital of any group member subject to options or to conditional or unconditional agreements to grant options with regard to the company's equity.

**Shares held with other companies. Professional organizations where the company acts as member**

Shares held with other companies

The company holds equity participation (i.e. 100% of the share capital) into a single company, namely in S.C. Energonuclear S.A., registered with the Trade Register with no. J40/3999/25.03.2009, Unique Registration Code 25344972.

Professional organizations where the Company acts as member

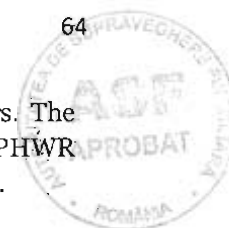
The Company is an active member of the World Association of Nuclear Operators (WANO), an international non-profit organization that ensures the technical support and encourages the operators of the nuclear plants under commercial operation to reach the highest nuclear security standards. The WANO members operate about 440 nuclear units in more than 30 countries worldwide.

The efforts of WANO continue focusing on the long-term objectives to ensure that all the worldwide operating plants reach and maintain the highest nuclear security standards.

Besides, the Company is a member of CANDU Owners Inc, as well as of the European Nuclear Installation Standard Systems (ENISS) (according to BoD resolution no.



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6/27.04.2012). (COG) is a private non-profit organization, financed by its members. The members of COG include the owners / the operators of the reactors of the CANDU / PHWR type at worldwide level, as well as Candu Energy Inc.-the owner of CANDU technology.

### **Strategy to continue the Project Cernavoda NPP Units 3 and 4**

The strategy to continue the Project Cernavoda NPP Units 3 and 4 by organizing a procedure to select investors" ("the Strategy") was approved by the Extraordinary General Meeting of S.N. Nuclearelectrica S.A. dated 22 august 2014.

The Strategy provides for the creation of a joint-venture ("JV") within the meaning of art. 50 of Law no. 137/2002, between Societatea Nationala Nuclearelectrica S.A. ("SNN") and a selected private investor, namely a JV to which to transfer the value invested by SNN in the subsidiary Societatea EnergoNuclear S.A. ("EN"). The JV form of incorporation is the preliminary stage for the establishment of an IPP (Independent Power Producer), set up with a duration of 2 years, duration that can be amended by the agreement of the parties, in order to recheck, under current conditions, the feasibility of the project, the valuation of the assets, the decision making regarding the contract of the engineering, acquisition and construction works, the attaining of the authorizations and approvals needed to start the works, including regarding the supporting measured that will be granted to the project, according to the national and community legislation and to the final decision on investments in order to pass to the implementing stage of the Project and subsequently to the IPP stage.

On 15 October 2014, following the analysis of the submitted Intention documents (experience of the investor in similar projects, financial capacity etc.) the company China General Nuclear Power Corporation ("CGN") was appointed as Investor Selected for the development of Project Cernavoda NPP Units 3 and 4 ("the Project"), and, on the date of 17 October 201, the Joint Letter regarding the Intention to Accomplish the Project was signed.

According to the Estimation Calendar on the implementation of the updated Process, the following steps to be accomplished for the Project development are:

- Negotiation and signing of the Memorandum of Understanding related to the joint implementation of the Project
- The negotiation of the Agreement of the Investors of the new Project Company.

After having finalized the negotiations with CGN, the Memorandum of Understanding regarding the joint implementation of the project will be submitted for the endorsement of the Board of Directors of SNN and for the approval of the Inter-ministerial Commission and to the General Meeting of SNN, respectively.

The following members of the administration, management and supervisory bodies hold shares with the Company or stock options related to the shares of the issuer.





Name	Number of shares held as at 25.09.2014
DANIELA LULACHE	886 SHARES
ANDREI GHEORGHE	35 SHARES
DARIE MIHAI	1200 SHARES
SEBASTIAN TCACIUC	-
CARMEN RADU	-
ALEXE ALEXANDRU	-
SANDULESCU ALEXANDRU	-
IONEL BUCUR	-
DAN POPESCU	-
DRAGAN IOANA ALINA	-

The issuer declares that, between the private interest and/or other obligations of the members of the administration, management and supervisory bodies of the Issuer there is no potential conflict of interests.

Moreover, the Issuer declares that there are no understandings, agreements between the members of the administration, management and supervisory bodies and the main shareholders, clients, suppliers or other persons, based on which the persons mentioned above were elected as members of the administration, management and supervisory bodies.

None of the members of the administration, management and supervisory bodies of the Issuer accepted any type of restrictions for a certain period of time, related to an eventual transfer of their participations to the share capital of Nuclearelectrica.

#### **9. EMPLOYEES**

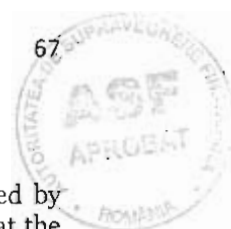
The company had in December 2013 a number of 2,106 employees, out of which 7 employees were hired on limited period contract and 2,099 for unlimited period. Out of the total number of employees, two were hired part-time. The company has 122 vacancies. The total number of positions within the Company is 2228. The detailed information regarding the structure of the personnel are presented in the table below.



No.	Structure of the personnel	No. employees			
		Cernavoda	Pitesti	Bucharest	Total
1	Total	1593	404	109	2106
2	Employees with employment contract for unlimited period	1592	404	103	2099
3	Employees with employment contract for limited period	1	0	6	7
4	Employees with part-time employment contract	1	0	1	2
5	Employees with full-time employment contract	1592	404	108	2104
6	Vacancies	106	11	5	122
7	Employees working under special conditions	978	404	0	1382
8	Employees working under particular conditions	564	0	0	564

The number of employees of the Company, by the main categories of activities and the geographical location are presented in the table below.

N o	Activity	No. of employees- geographical location		
		Cernavoda	Pitesti	Bucharest
1	Production	304/8/296	148/3/145	
2	Repairs	447/28/419		
3	Technical	203/18/185	68/5/63	15/3/12
4	Radio-protection, SM and PSI	75/6/69	14/2/12	
5	Training and authorization of the personnel	101/6/95		
6	Nuclear security	56/4/52		4/1/3
7	Investments	41/4/37	6/1/5	
8	Quality Management	20/4/16	85/8/77	4/1/3
9	IT	24/3/21	5/1/4	7/1/6
10	Economic	171/15/156	34/4/30	48/8/40
11	Admin., transportation, accommodation	106/7/99	14/1/13	13/2/11
12	Legal advising	3/0/3	1/0/1	3/0/3
13	Physical protection, classified information	71/4/67	17/1/16	2/1/1
14	SSM and emergency system		15/1/14	
15	Control of works	63/4/59		
16	Human Resources	10/1/9	6/1/5	6/1/5
17	Internal and external cooperation			7/1/6
18	Internal financial control	1/0/1	1/0/1	2/0/2
19	Internal Audit			3/1/2
20	Operation director	3/2/1	1/1/0	



### Individual employment contracts

The company currently uses a standard individual employment contract, implemented by the Collective Employment Agreement registered with no. 244/20.06.2013, concluded at the level of the Company ("**Nuclearelectrica Collective Employment Agreement**"). The company uses the same level of Individual Employment Contract for both the employees hired on limited period as well as for the ones hired for unlimited period of time.

The standard Individual Employment Contract above-mentioned complies with the clauses stipulated by the Order no. 64/2003 regarding the framework individual employment contract with its subsequent amendments („the Order 64/2003”).

### The employees, their equity and stock options – the participation of the employees to the share capital of the Issuer

There are no agreements that provide for employee participation to the share capital of the Issuer.

As at December 31, 2013, SNN had 2,106 employees.

According to the Collective Employment Agreement signed on June 20, 2013 for the period 01.07.2013 – 30.06.2015 and the related addendums, SNN pays compensatory amounts of money in case of involuntary labour force reduction, such as:

- one wage together with the fidelity and seniority increases for the employees with a length of service between 6 months and 5 years in the company;
- five wages together with the fidelity and seniority increases for the employees with a length of service between 5 and 10 years in the company;
- six wages together with the fidelity and seniority increases for the employees with a length of service between 10 and 15 years in the company;
- seven wages together with the fidelity and seniority increases for the employees with a length of service between 15 and 20 years in the company;
- eight wages together with the fidelity and seniority increases for the employees with a length of service that exceeds 20 years in the company.

The same Collective Employment Agreement establishes the fact that, in case of retirement, SNN will pay two monthly wages for the employees with experience in the energetics sector between 10 and 25 years or three monthly wages for the cases of experience exceeding 25 years.

Moreover, the employees have the right to receive the following increases, to be applied to the basic wage:

- increase for night work hours: 25%
- increase for the hours worked during the week-end or during the non-labour days: 100%
- increase for the hours worked during the legal holidays: 200%
- increase for additional hours that were not compensated by free hours during the following 30 days: 100%
- increase for the team leaders: 5%
- increase for having obtained the PhD: 15%
- seniority increase: (i) for 3-5 years of experience in SNN: 5%; (ii) for 5-10 years of experience in SNN: 10%; (iii) for 10-15 years experience in SNN: 15%; (iv) for 15-20 years experience in SNN: 20%; (v) for more than 20 years experience in SNN: 25%



- the employees have the right to receive compensations in case the employment contract ceases due to medical reasons, depending on the length of service in the company:
- For less than 5 years: 2 monthly basic wages and the related seniority and fidelity increases;
- For five up to ten years: 5 monthly basic wages and the related seniority and fidelity increases;
- For ten up to fifteen years: 9 monthly basic wages and the related seniority and fidelity increases;
- For more than fifteen years: 12 monthly basic wages and the related seniority and fidelity increases.

#### **EMPLOYEES OF ENERGO NUCLEAR**

Energionuclear had a number of 25 employees as at 30.09.2014, out of which 6 employees are hired on management positions and 19 employees are hired on execution positions. There are no vacancies within Energionuclear.

#### **10. MAIN SHAREHOLDERS**

The Issuer's main shareholders are the Romanian Government through the Ministry of the Economy, Fondul Proprietatea and other shareholders. The Ministry of the Economy - the Department for Energy holds 229,006,139 shares of RON 10 each, with an aggregate nominal value of RON 2,290,061,390, i.e. 81.270% of Nuclearelectrica's share capital.

S.C. Fondul Proprietatea S.A. holds 27,408,381 shares of RON 10 each, with an aggregate nominal value of RON 274,083,810, i.e. 9.727% of Nuclearelectrica's share capital.

Other shareholders hold 25,368,236 shares of RON 10 each, with an aggregate nominal value of RON 253,682,360, i.e. 9/003% of Nuclearelectrica's share capital.

#### **Fondul Proprietatea SA**

Fondul Proprietatea SA was established pursuant to Law no. 247/2005 and was registered with the Trade Register Office in accordance with the provisions set forth in Government Resolution no. 1481/2005 as closed-end undertaking for collective investment in transferable securities for the purpose of awarding compensation to owners of property abusively confiscated by the Romanian State in the period 6 March 1945 – 22 December 1989, property which can no longer be reinstated to their rightful owners.

As of 30 September 2014, FP reported net assets amounting to RON 14,703.40, as determined in accordance with capital market laws applicable to such collective investment undertakings. As of the same date, the shares of Fondul Proprietatea were held by international institutional investors – 60.66%, Romanian natural persons – 21.23%, Romanian institutional investors - 10.37%, and non-resident natural persons – 5.61%. The Romanian Government through the Ministry of Public Finance held 0.04% of the shares of Fondul Proprietatea. FP shares are listed in Category I of BSE's regulated market.



Other shareholders

As of the date of the latest General Meeting of the Shareholders of SNN SA (6.10.2014), SN Nuclearelectrica SA reported 4,057 shareholders of which 196 legal persons.

Control over the Issuer is exercised by the Romanian State through the Ministry of Economy – the Department for Energy holdings accounted for 81.270% of Nuclearelectrica's share capital as of 31.12.2103.

As far as such information is available and in accordance with applicable national laws, the Issuer should notify the names of all the persons who are not members of any administrative, management and supervisory bodies of the issuer, who either directly or indirectly hold a qualifying percentage of the issuer's share capital or voting rights, as well as the value of the qualifying holding or a disclaimer thereof.

N/A.

Information on the Issuer's main shareholders holding different voting rights or a disclaimer thereof.

N/A.

A description of all the agreements which, to the Issuer's best knowledge, may determine a change in the Issuer's controlling status.

N/A.

## **11. RELATED-PARTY TRANSACTIONS**

### *i) Transactions with state-owned companies*

The Group operates in a business environment dominated by companies held by the Romanian State through its government authorities and agencies, hereinafter jointly referred to as state-owned companies.

The Group has executed significant transactions with other state-owned companies, including: sales of electricity (Electrica Furnizare SA and OPCOM), purchases of electricity transmission services and transactions on the balance market (CN Transelectrica SA), advance payments collected for energy deliverable in the future (Electrica Furnizare SA), uranium purchases (Compania Nationala a Uraniului), water usage (Apele Romane Bucuresti, Apele Romane Constanta) etc.

The Group's significant related-party transactions in the six months ending 30 June 2014 and 30 June 2013:



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Sales in the 6 month period ended	30 June 2014	30 June 2013
Electrica Furnizare SA	169,159,165	251,404,155
OPCOM	120,085,510	90,563,591
CN Transelectrica SA	641,868	10,243,736
Electrica Distributie Muntenia Nord	-	16,370,958
<b>Total (a)</b>	<b>289,886,543</b>	<b>368,582,440</b>
<b>Turnover (b)</b>	<b>834,942,619</b>	<b>930,483,823</b>
<b>% (a/b)</b>	<b>35%</b>	<b>40%</b>

Source: Simplified Interim Consolidated Financial Statements as of and for the six month period ending 30 June 2014, prepared in accordance with International Accounting Standard 34 – "Interim financial reporting"

RON

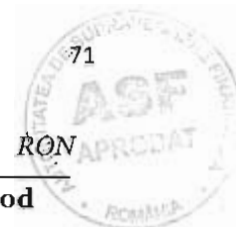
Purchases in the 6 month period ended	30 June 2014	30 June 2013
CN Transelectrica SA	60,110,402	70,371,171
Compania Nationala a Uraniului	56,589,640	47,150,596
ANDR	44,609,535	44,163,691
Apele Romane Bucuresti	27,219,299	28,653,747
Apele Romane Constanta	5,049,388	5,091,674
OPCOM	2,374,325	1,598,272
CNCAN	4,950,000	4,950,000
ICSI Ramnicu Valcea	6,799,171	536,997
<b>Total (a)</b>	<b>207,701,760</b>	<b>202,516,148</b>
<b>Purchases (b)</b>	<b>581,650,440</b>	<b>577,466,692</b>
<b>% (a/b)</b>	<b>36%</b>	<b>35%</b>

Source: Simplified Interim Consolidated Financial Statements as of and for the six month period ended 30 June 2014, prepared in accordance with International Accounting Standard 34 – "Interim financial reporting"

*Note: Purchases account for credit balances to accounts 401,404,408 VAT exclusive.*

#### ii) Group payroll

Salaries paid to management team members for services rendered comprise a base salary component plus a performance bonus awarded to managers and directors according to the company's operating results, subject to the terms and conditions of their terms in office and the management agreements executed with the Company, in consideration of the limits approved by the General Meeting. Other fees, remuneration and allowances may be paid to management team members for services rendered as well as for participation in the Board of Directors meetings. In the event of resignation following the request of the Group, members of the management team are entitled to a termination severance pay of up to 12 gross salaries, according to the particular number of years of employment in the field of energy.



	6 month period ended 30 June 2014	6 month period ended 30 June 2013
Short-term employee benefits	2.412.740	1.782.784
	<b>2.412.740</b>	<b>1.782.784</b>

Source: Simplified Interim Consolidated Financial Statements as of and for the six month period ended 30 June 2014, prepared in accordance with International Accounting Standard 34 – "Interim financial reporting"

## **12. THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND FINANCIAL RESULTS**

### *Financial track record*

The Issuer's financial statements as of and for the financial year ended 31 December 2012 were prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB").



The Issuer's financial statements as of and for the financial year ended 31 December 2013 were prepared in accordance with the European Union approved International Financial Reporting Standards ("IFRS-EU"); the standards are referred to in (EC) Regulation no. 1606/2002 of the European Parliament and of the Council of 19.07.2002 on the application of international accounting standards.

Financial statements as of 31 December 2012 and 31 December 2013 are consolidated and comprise the financial statements of SNN and the Energonuclear subsidiary.

### **The Issuer's financial position**

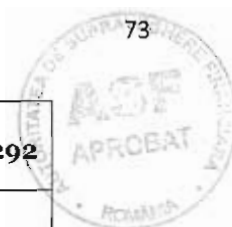
The data below has been extracted from the Group's IFRS-EU consolidated financial statements as of 31 December 2013 (versus 2012).

	RON	
	31-Dec-2013	31-Dec-2012
<b>Fixed assets</b>		
Property, plant and equipment	8,192,667,298	9,453,889,705
Intangible assets	97,861,128	89,178,361
<b>Total fixed assets</b>	<b>8,290,528,426</b>	<b>9,543,068,066</b>

<b>Current assets</b>		
Inventory	386,296,868	368,797,268
Accounts receivable and other receivables	197,366,645	162,729,598
Prepaid expenses	10,865,840	10,299,631
Bank deposits	704,525,705	234,504,213
Cash and cash equivalents	751,247,612	708,779,111
<b>Sub-total current assets</b>	<b>2,050,302,670</b>	<b>1,485,109,821</b>
Asset disposals	1,382,640,479	-
<b>Total current assets</b>	<b>3,432,943,149</b>	<b>1,485,109,821</b>
<b>Total assets</b>	<b>11,723,471,575</b>	<b>11,028,177,887</b>
<b>Equity and liabilities</b>		
<b>Equity</b>		
Share capital	3,013,330,303	2,732,326,353
Share premium	31,474,149	-
Legal reserve fund	215,930,237	1,617,236,040
Revaluation reserve	1,770,574,705	1,477,149,783
Retained earnings	2,667,598,242	2,250,194,318
<b>Total equity to Company shareholders</b>	<b>7,698,907,636</b>	<b>8,076,906,494</b>
Non-controlling interest	22,474,502	22,666,798





<b>Total equity</b>	<b>7,721,382,138</b>	<b>8,099,573,292</b>
<b>Non-current liabilities</b>		
Long term borrowings	1,675,427,622	1,922,081,892
Non-current deferred revenues	186,480,601	200,825,262
Deferred tax liability	208,285,413	159,372,232
Employee benefits	26,207,527	21,189,517
<b>Total non-current liabilities</b>	<b>2,096,401,163</b>	<b>2,303,468,903</b>
<b>Current liabilities</b>		
Accounts payable and other debt	243,249,981	283,071,282
Income tax liability	35,004,719	31,471,125
Current deferred revenues	32,007,582	82,349,330
Current share of long-term borrowings	212,785,513	228,243,955
<b>Sub-total current liabilities</b>	<b>523,047,795</b>	<b>625,135,692</b>
Liabilities from asset disposals	1,382,640,479	-
<b>Total current liabilities</b>	<b>1,905,688,274</b>	<b>625,135,692</b>
<b>Total liabilities</b>	<b>4,002,089,437</b>	<b>2,928,604,595</b>

Source: IFRS-EU consolidated financial statements as of and for the financial year ended 31 December 2013

#### **Profit and loss account**

2013 IFRS-EU consolidated financial statements (versus 2012):



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RON

	2013	2012
<b>Revenues</b>		
Revenues from distribution of electricity	1,829,187,376	1,564,783,792
Revenues from transmission of electricity	103,315,661	87,665,753
<b>Total revenues</b>	<b>1,932,503,038</b>	<b>1,652,449,545</b>
Other revenues	129,686,605	38,854,582
<b>Operating expenses</b>		
Depreciation and impairment	(433,122,847)	(395,618,092)
Payroll	(302,751,047)	(290,944,715)
Cost of electricity purchased	(77,327,618)	(73,629,611)
Repair and maintenance	(142,249,661)	(125,295,726)
Electricity transmission costs	(103,315,661)	(87,665,753)
Spare parts	(28,528,016)	(30,355,073)
Nuclear fuel	(113,396,395)	(123,289,105)
Other operating expenses	(402,170,795)	(408,054,161)
<b>Total operating expenses</b>	<b>(1,602,862,038)</b>	<b>(1,534,852,236)</b>
<b>Operating income</b>	<b>459,327,604</b>	<b>156,451,892</b>
Financial expenses	(172,539,326)	(320,151,357)



Financial revenues	229,726,731	229,885,393
<b>Net financial expenses</b>	<b>57,187,405</b>	<b>(90,265,964)</b>
<b>Earnings before income tax</b>	<b>516,515,009</b>	<b>66,185,928</b>
Income tax expense, net	(89,659,467)	(46,307,586)
<b>Profit in the year</b>	<b>426,855,542</b>	<b>19,878,342</b>
<b>Profit distribution</b>		
To Company shareholders	427,047,838	19,502,151
To holders of non-controlling interest	(192,296)	376,192
<b>Profit in the year</b>	<b>426,855,542</b>	<b>19,878,342</b>

Source: IFRS-EU consolidated financial statements as of and for the financial year ended 31 December 2013

→Assets

RON

	31-Dec-2013	31-Dec-2012
Assets		
Fixed assets		
Property, plant and equipment	8,192,667,298	9,453,889,705
Intangible assets	97,861,128	89,178,361
Financial assets	-	-
<b>Total fixed assets</b>	<b>8,290,528,426</b>	<b>9,543,068,066</b>
Current assets		
Inventory	386,296,868	368,797,268



Accounts receivable and other receivables	197,366,645	162,729,598
Prepaid expenses	10,865,840	10,299,631
Bank deposits	704,525,705	234,504,213
Cash and cash equivalents	751,247,612	708,779,111
<b>Sub-total current assets</b>	<b>2,050,302,670</b>	<b>1,485,109,821</b>
Asset disposals	1,382,640,479	-
<b>Total current assets</b>	<b>3,432,943,149</b>	<b>1,485,109,821</b>
<b>Total assets</b>	<b>11,723,471,575</b>	<b>11,028,177,887</b>

→Equity

RON

	31-Dec-2013	31-Dec-2012
<b>Equity and liabilities</b>		
<b>Equity</b>		
Share capital	3,013,330,303	2,732,326,353
Share premium	31,474,149	-
Legal reserve fund	215,930,237	1,617,236,040
Revaluation reserve	1,770,574,705	1,477,149,783
Retained earnings	2,667,598,242	2,250,194,318
<b>Total equity to Company shareholders</b>	<b>7,698,907,636</b>	<b>8,076,906,494</b>
Non-controlling interest	<b>22,474,502</b>	<b>22,666,798</b>

Share capital increase  
Societatea Nationala Nuclearelectrica S.A.



Total equity	7,721,382,138	8,099,573,292
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→Liabilities

RON		
Liabilities	31-Dec-2013	31-Dec-2012
<b>Non-current liabilities</b>		
Long term borrowings	1,675,427,622	1,922,081,892
Non-current deferred revenues	186,480,601	200,825,262
Deferred tax liability	208,285,413	159,372,232
Employee benefits	26,207,527	21,189,517
<b>Total non-current liabilities</b>	<b>2,096,401,163</b>	<b>2,303,468,903</b>
<b>Current liabilities</b>		
Accounts payable and other debt	243,249,981	283,071,282
Income tax liability	35,004,719	31,471,125
Current deferred revenues	32,007,582	82,349,330
Current share of long-term borrowings	212,785,513	228,243,955
<b>Sub-total current liabilities</b>	<b>523,047,795</b>	<b>625,135,692</b>
Liabilities from asset disposals	1,382,640,479	-
<b>Total current liabilities</b>	<b>1,905,688,274</b>	<b>625,135,692</b>
<b>Total liabilities</b>	<b>4,002,089,437</b>	<b>2,928,604,595</b>

→Total equity and liabilities

	31-Dec-2013	31-Dec-2012
Total equity and liabilities	11,723,471,575	11,028,177,887



## →Revenues

RON

Revenues	31-Dec-2013	31-Dec-2012
Revenues from distribution of electricity	1,829,187,376	1,564,783,792
Revenues from transmission of electricity	103,315,661	87,665,753
<b>Total revenues</b>	<b>1,932,503,038</b>	<b>1,652,449,545</b>
Other revenues	129,686,605	38,854,582

## →Operating expenses

RON

	31-Dec-2013	31-Dec-2012
Depreciation and impairment	(433,122,847)	(395,618,092)
Payroll	(302,751,047)	(290,944,715)
Cost of electricity purchased	(77,327,618)	(73,629,611)
Repair and maintenance	(142,249,661)	(125,295,726)
Electricity transmission costs	(103,315,661)	(87,665,753)
Spare parts	(28,528,016)	(30,355,073)
Nuclear fuel	(113,396,395)	(123,289,105)
Other operating expenses	(402,170,795)	(408,054,161)
<b>Total operating expenses</b>	<b>(1,602,862,038)</b>	<b>(1,534,852,236)</b>

## →Operating income

RON

	31-Dec-2013	31-Dec-2012
<b>Operating income</b>	<b>459,327,604</b>	<b>156,451,892</b>

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→Net financial expenses

	31-Dec-2013	31-Dec-2012
Financial expenses	(172,539,326)	(320,151,357)
Financial revenues	229,726,731	229,885,393
<b>Net financial expenses</b>	<b>57,187,405</b>	<b>(90,265,964)</b>

→Profit in the year

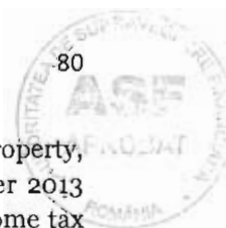
	31-Dec-2013	31-Dec-2012
<b>Earnings before income tax</b>	<b>516,515,009</b>	<b>66,185,928</b>
Income tax expense, net	(89,659,467)	(46,307,586)
<b>Profit in the year</b>	<b>426,855,542</b>	<b>19,878,342</b>

→Profit distribution

	31-Dec-2013	31-Dec-2012
To Company shareholders	427,047,838	19,502,151
To holders of non-controlling interest	(192,296)	376,192

Auditor's report on the consolidated financial statements as of and for the financial year ended 31.12.2013:

-Qualified opinion - "in the attached consolidated financial statements as of 31 December 2013, the Group posted property, plant and equipment items booked at RON 273,960,000 (RON 292,254,000 as of 31 December 2012) comprising Cernavoda NPP Units 3 and 4. Before 1991, Units 1, 2, 3, 4 and 5 were deemed one single project, and construction costs were booked project-based. Subsequently, the Group has attributed separate construction costs for Units 3 and 4. We were not able to obtain sufficient audit evidence with regard to the accuracy of this cost allocation with significant impact on the valuation of the underlying assets (neither for the data as of 31 December 2013 nor for the data as of 31 December 2012). These limitations also have an impact on the deferred tax liability item booked at RON 43,524,186 as of 31 December 2013 (RON 32,149,000 as of 31 December 2012). Our audit opinion with regard to the consolidated financial statements for the financial year ended 31 December 2012 has been correspondingly amended. Consequently,



we have been unable to determine whether adjustments are needed with respect to property, plant and equipment, deferred tax liability and retained earnings as of 31 December 2013 and 31 December 2012, as well as with respect to depreciation and impairment, income tax expense and profit for the financial years ended as of the dates indicated above.”

-Qualified opinion – “It is our opinion that, with the exception of the issue indicated (above) ..., the consolidated financial statements show a true and fair picture of all the significant aspects of the Group’s consolidated financial position as of 31 December 2013, as well as of the Group’s consolidated profit/loss and cash flows for the financial year ended on the aforementioned date, in accordance with the International Financial Reporting Standards adopted by the European Union.”

-Other issues – “Without expressing other qualified opinions, we would like to highlight Note 19 i) to the attached consolidated financial statements, indicating uncertainty with regard to the capacity of EnergoNuclear S.A. to continue business. On 25 November 2013, the Company signed a letter of intent with China General Nuclear Power Group (“CGN”), whereby CGN showed interest in becoming the majority shareholder of EnergoNuclear S.A., subject to certain investment requirements. EnergoNuclear S.A.’s future operations in relation with Units 3 and 4 rely on the ability to raise the necessary funds.”

Interim financial data and other information

The Company prepared simplified interim consolidated financial statements as of and for the 6 month period ended 30 June 2014 in accordance with EU-adopted International Accounting Standard 34. The financial statements have been reviewed by the external auditor.

RON

	30 June 2014 (revised)	31 December 2013 (audited)
<b>Assets</b>		
<b>Fixed assets</b>		
Property, plant and equipment	8,042,118,033	8,192,667,298
Intangible assets	94,824,387	97,861,128
<b>Total fixed assets</b>	<b>8,136,942,420</b>	<b>8,290,528,426</b>
<b>Current assets</b>		
Inventory	385,177,140	386,296,868
Accounts receivable and other receivables	164,546,088	197,366,645
Income tax asset	11,025,791	-
Prepaid expenses	20,164,041	10,865,840
Bank deposits	31,442,715	704,525,705
Cash and cash equivalents	1,081,835,958	751,247,612
<b>Sub-total current assets</b>	<b>1,694,191,733</b>	<b>2,050,302,670</b>
Asset disposals	1,382,640,479	1,382,640,479
<b>Total current assets</b>	<b>3,067,832,212</b>	<b>3,432,943,149</b>
<b>Total assets</b>	<b>11,213,774,632</b>	<b>11,723,471,575</b>
<b>Equity and liabilities</b>		
<b>Equity</b>		
Share capital	3,013,330,303	3,013,330,303
Share premium	31,474,149	31,474,149





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Legal reserve fund	217,855,742	215,930,237
Revaluation reserve	1,770,574,705	1,770,574,705
Retained earnings	2,390,566,759	2,667,598,242
<b>Total equity to Company shareholders</b>	<b>7,423,801,658</b>	<b>7,698,907,636</b>
Non-controlling interest	-	22,474,502
<b>Total equity</b>	<b>7,423,801,658</b>	<b>7,721,382,138</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Long term borrowings	1,543,252,542	1,675,427,622
Non-current deferred revenues	179,308,270	186,480,601
Deferred tax liability	201,531,421	208,285,413
Employee benefits	26,207,527	26,207,527
<b>Total non-current liabilities</b>	<b>1,950,299,760</b>	<b>2,096,401,163</b>
<b>Current liabilities</b>		
Accounts payable and other debt	223,909,767	243,249,981
Income tax liability	-	35,004,719
Current deferred revenues	29,840,654	32,007,582
Current share of long-term borrowings	203,282,314	212,785,513
<b>Sub-total current liabilities</b>	<b>457,032,735</b>	<b>523,047,795</b>
Liabilities from asset disposals	1,382,640,479	1,382,640,479
<b>Total current liabilities</b>	<b>1,839,673,214</b>	<b>1,905,688,274</b>
<b>Total liabilities</b>	<b>3,789,972,974</b>	<b>4,002,089,437</b>
<b>Total equity and liabilities</b>	<b>11,213,774,632</b>	<b>11,723,471,575</b>
RON		
<b>Revenues</b>	<b>30 June 2014 (revised)</b>	<b>31 December 2013 (audited)</b>
Revenues from distribution of electricity	783,093,781	87,038,813
Revenues from transmission of electricity	51,554,373	50,377,375
<b>Total revenues</b>	<b>834,648,159</b>	<b>929,416,188</b>
Other revenues	19,299,146	56,088,274
<b>Operating expenses</b>		
Depreciation and impairment	(222,458,983)	(207,084,607)
Payroll	(141,895,946)	(144,056,082)
Cost of electricity purchased	(10,920,689)	(21,592,067)
Repair and maintenance	(75,594,275)	(72,088,522)
Electricity transmission costs	(51,554,378)	(50,377,375)
Spare parts	(21,375,664)	(16,910,661)
Nuclear fuel	(68,371,375)	(52,585,493)
Other operating expenses	(235,212,752)	(193,557,407)
<b>Total operating expenses</b>	<b>(827,384,062)</b>	<b>(758,252,214)</b>
<b>Operating income</b>	<b>26,563,243</b>	<b>227,252,248</b>
Financial expenses	(36,142,758)	(117,094,038)
Financial revenues	78,517,816	132,588,261
<b>Net financial revenues</b>	<b>42,375,058</b>	<b>15,494,223</b>
<b>Earnings before income tax</b>	<b>68,938,301</b>	<b>242,746,471</b>
Income tax expenses, net	(9,539,565)	(42,552,790)
<b>Profit in the period</b>	<b>59,398,736</b>	<b>200,193,681</b>
<b>Profit distribution</b>		



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To Company shareholders	59,398,736	200,292,682
To holders of non-controlling interest	-	(99,001)
<b>Profit in the period</b>	<b>59,398,736</b>	<b>200,193,681</b>

For the period between January 2012 and the date of this prospectus, the Company has prepared comprehensive annual or half-annually financial statements, attached as follows:

•for 2014

-Simplified Interim Consolidated Financial Statements as of and for the six month period ended 30 June 2014 prepared according to International Accounting Standard 34 – “Interim financial reporting” **and**; Auditor’s report on the simplified interim consolidated financial statements – **annex 2**

-Simplified Interim Individual Financial Statements as of and for the six month period ended 30 June 2014 prepared in accordance with Order no. 1286/2012 of the Minister of Public Finance to approve accounting regulations in line with International Financial Reporting Standards, applicable to companies whose securities are admitted to trading on a regulated market, as further amended, according to EU-adopted International Accounting Standard 34 – “Interim financial reporting” – **annex 3**

•for 2013

- Individual Financial Statements as of and for the financial year ended 31 December 2013 prepared in accordance with Order no. 1286/2012 of the Minister of Public Finance to approve accounting regulations in line with International Financial Reporting Standards, applicable to companies whose securities are admitted to trading on a regulated market, as further amended, and the Auditor’s report on the individual financial statements – **annex 4**

- Consolidated Financial Statements as of and for the financial year ended 31 December 2013 prepared in accordance with the International Financial Reporting Standards adopted by the European Union and the Auditor’s report on the consolidated financial statements – **annex 5**

•for 2012

- Individual Financial Statements as of and for the financial year ended 31 December 2012 prepared in accordance with Order no. 3055/2009 of the Minister of Public Finance, as further amended, and the Auditor’s report on the unconsolidated financial statements – **annex 6**

- Consolidated Financial Statements as of and for the financial year ended 31 December 2012 prepared in accordance with the International Financial Reporting Standards and the Auditor’s report on the consolidated financial statements – **annex 7**

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### **13. ADDITIONAL INFORMATION**

#### **Share capital**

The Issuer's share capital is RON 2,817,827,560, fully subscribed and paid up by the company's shareholders. The Company's share capital is divided into 281,782,756 registered shares in book-entry form, with a value of RON 10/each.

#### **Number and main features of shares not accounting for company equity, if any.**

N/A.

#### **Value of securities subject to conversion, negotiation or subscription, and the applicable procedures**

N/A.

#### **Conditions applicable to purchasing rights and obligations in relation with authorised but not issued capital, or any commitment to share capital increase.**

N/A.

#### **The share capital of any group member subject to options or to conditional or unconditional agreements to grant options with regard to the company's equity and details of such options, including the identity of the persons involved.**

N/A.

### **14. SIGNIFICANT CONTRACTS**

#### **—Commercial contracts**

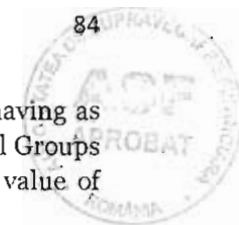
##### **A. Significant contracts concluded during the reference period (01-01-2013 – 30.06.2014)**

#### **1 Supply contracts**

**1.1** During the reference period (1.01.2013 – 30.06.2014), the Company concluded the following significant contracts for the supply of **raw materials, materials and consumables**:

(i) The Framework Agreement no. 196/20.02.2013, concluded with SC Tyd Elan SRL, having as subject the supply of chemicals for the Water Treatment Works at Cernavoda NPP, with a duration of 48 months and a maximum value of RON 5,018,669, the equivalent of about EUR 1,115,259.

(ii) The Framework Agreement no. 515/24.04.2013, concluded with the association Energotech SA and Tyd Elan SRL, having as subject the supply of oils and lubricants for Cernavoda NPP and the provision of services of analysis and diagnosis regarding the degradation of oils, with a duration of 48 months and a total maximum value of 1,248,298.95 EUR.



(iii) Contract no. 519 dated 24.04.2013, concluded with OMV Petrom Marketing, having as subject the supply of diesel fuel Euro 5 EN 590, without biodiesel, used for the Diesel Groups of Cernavoda NPP, with a duration of 2 months and a value of 2 months and a value of RON 2,569,432, the equivalent of about 577.000 EUR.

(iv) Framework Agreement no. 632 din 30.05.2013, concluded with Linde Gaz Romania, having as subject the supply of technical gas for Cernavoda NPP, with duration of 48 months and maximum value of 840.000 EUR

(v) Contract no. 824 din 26.07.2013 concluded with Cameco Fuel Manufacturing Canada, having as subject the supply of rectangular wire made of Zircalloy 4 for the production of appendices and of the slides that compose the nuclear beams produced at FCN Pitesti, with duration of 48 months and a value of USD 1,165,044 USD

(vi) Contract no. 996 dated 2.10.2013 concluded with Cameco Fuel Manufacturing Canada, having as subject the supply of un-welded pipes made of Zircalloy 4 for the production of the nuclear beams produced at Pitesti NPP, with duration of 48 months and a value of USD 23,200,000.

(vii) Contract no. 46 dated 16.01.2014, concluded with Emerson Process Management Romania, having as subject the spare parts- automation components - for Cernavoda NPP, with duration of 12 months and a value of EUR 1,621,920

(viii) Contract no. 434 din 9.04.2014, concluded with Compania Nationala a Uraniului, having as subject the supply of natural Uranium under the form of synthesizing powder of UO<sub>2</sub> for the production of the nuclear fuel at Pitesti NPP, with duration of 36 months and value of RON 313,500,000, the equivalent of about EUR 69,600,000.

## **1.2 Contracts for the supply of equipment and of spare parts**

During the reference period (1.01.2013 – 30.06.2014), the Company concluded the following significant contracts for the supply of equipment, components, spare parts:

(i) Contract no. 2 dated 3.01.2013, concluded with Ansaldo Nucleare SpA, having as subject the supply of pneumatic control circuits for the sluices controlling the level of the boilers of Cernavoda NPP, with duration of 10 months and value of EUR 660,000.

(ii) Contract no. 158 dated 12.02.2013, concluded with Newman Hattersley Canada, having as subject the supply of fittings with air-valve and retention valve for Cernavoda NPP, with duration of 10 months and value of CAD 599,720.

(iii) Contract no. 412 dated 5.04.2013 concluded with Romanian Chemical Services (representative of Dresser SUA), having as subject the supply of nuclear control valves with pneumatic drive for Cernavoda NPP, with duration of 15 months and the value of USD 1,110,000.

(iv) Framework Agreement no. 1423 dated 20.12.2013, concluded with Sulzer Pumps Canada, having as subject the supply of spare parts for the Pumps of the Primary Heat



Transport System from Cernavoda NPP, with duration of 48 months and maximum value of USD 9,481,074.

## **2. Contracts for the execution of works**

During the reference period (1.01.2013 – 30.06.2014), The Company concluded the following significant employment contracts:

(i) Contract no. 963 din 24.09.2013, concluded with a consortium established by AGER BUSINESS TECH, GMB COMPUTERS and ELCOMEX IEA, having as subject the works for the migration of applications and of the informatics security measures used at Cernavoda NPP on the actual hardware and software platforms, the replacement or the modernization of the work points that are physically and morally obsolete, considering the applications used by them and the provision of the technical software support for the software products used, with duration of 36 months and the value of EUR 13,467,732

(ii) Contract no. 279 dated 3.03.2014, concluded with UTI Grup SA, having as subject Priority Works 1, stage 2, to adjust the physical protection system of Cernavoda NPP in order to maintain the functioning of the critical installations included in the vital structures in case of threats outside the project bases, with duration of 12 months and the value of RON 21,798,119, the equivalent of about EUR 4,844,000

## **3. Contracts for services providing**

During the reference period (1.01.2013 – 30.06.2014), the Company concluded the following significant contracts for services:

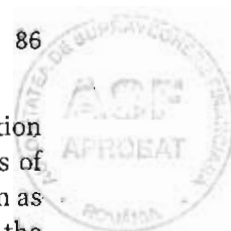
(i) Framework Agreement no. 232 din 27.02.2013, concluded with the Association XOR-IT Systems and Teamnet International, having as subject the services for maintenance and repairs of computer technology, data introduction services, services for computer networks administration for Cernavoda NPP, with duration of 48 months and maximum value of RON 20,989,228, the equivalent of about EUR 4,664,272.

(ii) Framework Agreement no. 374 din 28.03.2013, concluded with a consortium established by Ager Business Tech - Hewlett Packard Romania, having as subject Services to provide Microsoft licence and the technical support needed to use the servers and the work points of SNN SA (headquarters and branches) in regime Enterprise Agreement (EA) regime, with duration of 48 months and maximum value of EUR 4,610,650.

(iii) Contract no. 390 dated 1.04.2013, concluded with a consortium established by Elcomex – Energotech, for complex services of operation, maintenance and repairs of the thermal power system of Cernavoda. The price of the contract is of RON 23,988,500, the equivalent of EUR 5,330,000, for a period of 48 months;

(iv) Contract no. 663 dated 10.06.2013, concluded with the company GMB Computers SRL, for technical service of IT maintenance and repairs for Hewlett - Packard servers and equipment of Cernavoda NPP. The price of the contract is of EUR 3,028,110, for a period of 48 months;

(v) Contract no. 947 dated 20.09.2013, concluded with Mate Fin SRL, in order to ensure



equipment for radioprotection and related services for Cernavoda NPP – decontamination /washing, hygiene and maintenance of reusable radioprotection equipment and services of taking over used/irreparable radioprotection equipment, characterizing and treating them as radioactive or non-radioactive wastes. The price of the contract is of RON 27,860,304, the equivalent of EUR 6,191,178, for a period of 48 months;

(vi) Contract no. 982 din 27.09.2013, concluded with Mirion Technologies (Rados), for preventive and corrective maintenance services for the fixed displays for the control of the contamination at NPP. The price of the contract is of EUR 1,142,869, for a period of 48 months;

(vii) Contract no. 1292 dated 6.12.2013, concluded with SC Titan Echipamente SA, for Services to repair the sealing surfaces of the Machine for Fuel Loading/Unloading (MID) of Cernavoda NPP, using the nickel metallic coverage process. The price of the contract is of EUR 1,200,000, for a period of 48 months;

(viii) Contract no. 278 dated 3.03.2014, concluded with SC Mate Fin SRL, having as subject Services for the preventive and corrective maintenance of the radioprotection systems and equipment of NPP, with duration of 60 de months and the value of EUR 5,648,900

(ix) Contract no. 328 dated 17.03.2014, concluded with Candu Energy Inc Canada, having as subject Services to perform Nuclear Security analyses in order to update the Probabilistic Valuation of Nuclear Security (EPSN) of Level 1 and carrying out the Probabilistic Valuation of Nuclear Security (EPSN) of Level 3 limited at Cernavoda NPP, with duration of 14 months and the value of CAD 1,202,870

(x) Contract no. 495 dated 25.04.2014, concluded with a consortium established by NuclearServ consisting of ELCOMEX IEA, GENERAL CONCRETE, NIMB CONSMETAL STIZO NUCLEAR, UNIFY CO, having as subject Services to repair and maintain the systems, the installations and the buildings within the security area of Cernavoda NPP, for the operation of the plant under nuclear security and safety, with duration of 7 months and the value of RON 34,695,061, the equivalent of about EUR 7,710,000.

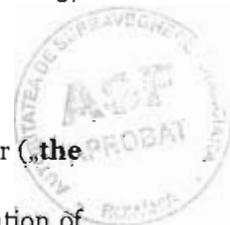
(xi) Framework Agreement no. 549 dated 5.05.2014, concluded with Comp Control Ing, having as subject Services for non-destructive analyses for the operation and stopping times of Cernavoda NPP, with duration of 48 months and maximum value of RON 4,000,000, the equivalent of about EUR 880,000

(xii) Framework Agreement no. 728 dated 12.06.2014, concluded with Amec NSS Limited, having as subject Services for Engineering and security analyses for the nuclear part of Cernavoda NPP, with duration of 48 months and maximum value of EUR 2,651,400.

(xiii) Contract no. 777 din 20.06.2014, concluded with Siveco Romania, having as subject Services of technical support for the licences related to the Informatics system to administrate the nuclear activities at Cernavoda NPP together with technical support for the administration and the operation of the system Services technical support licences SIVECO Applications and ORACLE together with the services for the administration, amendment and reconfiguring soft upon request for financial-accounting applications of the package SIVECO Applications that are under operation at SNN Executive and Pitesti NPP, with duration of 48 months and the value of EUR 14,493,322.



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#### 4. Contracts with Apele Romane

The Company has two subscriptions concluded with "Apele Romane", as sole operator (**the Subscriptions**), as follows:

1) Subscription no. 120 dated 31.01.2014 for the year 2014 having as subject: utilization of the Danube water for the nuclear plant – with value of RON 60,216,000, without VAT, the equivalent of about EUR 13,381,300;

2) Subscription no. 82/2011, to which the addendum no. 3 was concluded, valid for 2014 (RUEC 121/2014), having as subject the capture of used waters, with value of RON 11,513,379, without VAT, the equivalent of about EUR 2,558,528.

The two subscriptions are in force according to the model of the framework-subscription for the utilization/operation of water resources, approved by Order of the Minister for the Environment and Housing no. 798/2005.

#### **THE CONTRACTS CONCLUDED BEFORE THE REFERENCE PERIOD AND CARRIED OUT DURING 2013-2014**

##### **B.1 Significant supply contracts**

Framework Agreement no. 495 dated 24.02.2012, concluded with SC Alstom Grid Romania SRL, having as subject the supply of spare parts and of services of technical assistance for the preventive and corrective maintenance of the main terminal contact switches of Units 1 and 2 Cernavoda NPP. The Framework Agreement is concluded for a period of 120 months, the maximum estimated value being of EUR 1,549,648.10, without VAT, the equivalent of RON 6,730,896.52.

##### **B.2 Services provision contracts**

**B.2.2** Contracts for preventive and corrective maintenance of various equipment and systems of the plant of Cernavoda:

1. Framework Agreement for maintenance services no. 1599/29.12.2009 concluded with the consortium consisting of GE Energy Parts International, LLC and General Electric International, Inc. having as subject the provision of maintenance and repairs services for turbo-generators and auxiliary devices both for Unit 1 and for Unit 2 of Cernavoda NPP, as well as the supply of spare parts, for a period of 8 years. The maximum estimated value of the framework agreement is of USD 124,625,689, plus EUR 15,916,956, the equivalent of EUR 98,999,835, at the exchange rate for 1 EUR = 1,5 USD.
2. Framework Agreement no. TD 24893/ 455/13.04.2011 concluded with Babcock & Wilcox Canada Ltd., in order to provide services for maintenance, inspection, technical valuation of the steam generators of Units 1 and 2 of Cernavoda NPP during 2011-2020. The maximum estimated value is of CAD 35,081,598.
3. Framework Agreement no. 454 din 8.05.2012 concluded with INETEC – Institute for Nuclear Technology Croatia, with duration of 120 months, having as subject the



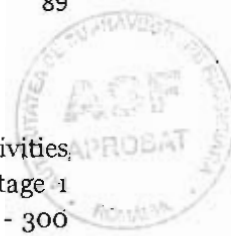
Maintenance, inspection services and valuation of the time in service of heat switches of Units 1 and Unit 2 of Cernavoda NPP. The maximum value of the framework agreement is of EUR 5,988,225.36, without VAT.

4. Framework Agreement no. 1395 din 21.12.2012 (TD 25387/25388) concluded with Candu Energy Inc. For a period of 120 months, having as subject Maintenance, inspection services and valuation of lifetime etc., of the fuel channels and of the Feeders assembly of Unit 1 and Unit 2 Cernavoda NPP. The maximum value is of 64.977.794 CAD, without VAT.
5. Framework Agreement no. 1346 dated 14.12.2012, concluded with Man Diesel & Turbo Uk Ltd, for a period of 120 months, having as subject Preventive and Corrective maintenance services, including the provision of spare parts for the reserve Diesel groups of Cernavoda NPP. The Maximum value of the framework agreement is of GBP 8,300,000, without VAT and other taxes.

**B.2.3 Other significant services contracts (except for the maintenance ones) performed by the Company during 2013-2014:**

1. Framework agreement no. 1087/29.11.2010 (TD 24980) concluded with SC Elcomex IEA SA, having as subject the provision of services to re-technologize the transformers for power release, including the supply of a new transformer for power release. The Validity of the Framework Agreement is of 10 years from its signing. The maximum value is of EUR 11,856,028, the equivalent of RON 50,657,251.69, without VAT.
2. Framework agreement for services providing no. 302 dated 6.12.2005, concluded with Siveco Romania SA, having as subject the Implementation and the putting into operation of the Informatics system for the administration of the nuclear production activities (Work Management System). This contract is carried out on phases/ modules, each phase being the subject of an Addendum to the contract. Until now, 13 addenda were concluded, with a total value of EUR 48,484,725, without VAT, as follows :
  - a) Addendum 1 - Phase I of Phase I – Implementing the module to manage the maintenance activity (Indus Asset Suite - IAS Work Management) and its integration with the existing modules for acquisition Proc-Sys and management of materials SIMS for a number of 200 licences/users – value EUR 2,699,920;
  - b) Addendum no. 3 - Phase II of Phase I – Implementing the module to manage the maintenance activity (Indus Asset Suite (IAS) Work Management – version 5.03) and its integration with the existing modules for acquisition Proc-Sys and management of materials SIMS” for a number of 200 licences/users – value EUR 2,359,452;
  - c) Addendum 4 - “Electronic System for the Management of Documents Curator – Phase I” (stand-alone implementation for Unit 1 and Unit 2) for a number of 1500 licences /nominal users – value of EUR 1,840,000;
  - d) Addendum no. 5 – Technical assistance for the administration and operation of the informatics system IAS-Passport, of the module Work Management and of the interface with the inventories management application SIMS for the period





September 2007 – January 2008 – value EUR 594,970;

- e) Addendum no. 6 – Informatics system for the administration of the nuclear activities, at Cernavoda NPP – licences and services for implementation Phase 2 – Stage 1 (extension AS - Work Management and SIMS for Unit 2, services and licences - 300 AS, 85 SIMS)- value EUR 5,980,000;
- f) Addendum no. 7 – IT system to administrate the nuclear activities of Cernavoda NPP – licences and additional services - Phase 2 – Stage 2 (Document Management, Action Tracking (Module to track the corrective actions), Equipment Tag Out (Module to track the insulation of the equipment), services and licences - 100 AS, 10 RPM) – value EUR 4,920,000;
- g) Addendum no. 8 - IT system to administrate the nuclear activities at Cernavoda NPP – licences and additional services - Phase 2 – Stage 2 – Module to manage the human resources Oracle Human Capital Management – value EUR 2,180,000;
- h) Addendum no. 9 – IT system to administrate the nuclear activities – services for the implementation of module Ventyx Asset Suite (Phase 3 Stage 1), additional licences, technical support services for licences and technical support services for administration – value EUR 19,450,000;
- i) Addendum no. 11 – Services for data processing, administration, development and amendment of software, in order to optimize and integrate the applications that run within the NPP network as well as in order to ensure the proper integration of the modules Asset Suite – value EUR 210,383;
- j) Addendum no. 13 - IT system to administrate the nuclear activities of Cernavoda NPP – services of analysis and implementation of modules related to the activities to insure assets and services (AS Inventory Management, Purchasing, Account Payable and integration with existing financial modules) and the radioprotection activities (AS Total Exposure) (Phase 3 Stage 2)- value EUR 8,250,000.

### **B.3 Contracts for the execution of works**

The company, in its capacity of purchaser, concluded a series of contracts for the execution of works for the branches Cernavoda NPP and Pitesti NPP, respectively, during the years 2010 - 2012, that were performed also between 2013 - 2014, out of which the most significant are:

- (i) Contract no. 1319/07.12.2011 concluded with Lavalin Nuclear Inc., Canada, having as subject The works for "Emergency filtered containment venting systems" (EFCVS) for Unit 1 and Unit 2. The price of the contract is of 48.750.000 CAD, excluding the VAT. The duration of the execution was until 29.04.2014.
- (ii) Contract no. 563/13.06.2012 concluded with S.C. UTI Systems S.R.L., having as subject the execution of project engineering works, construction, supply, installation and integration of equipment at the access control point no. 3 (CF) of Cernavoda NPP. The price of the contract is of EUR 1,333,439, the equivalent of RON 5,829,528.62 plus VAT, and the validity period is of 25 months from signing.
- (iii) Contract no. 851/07.09.2012 concluded with S.C. UTI Systems S.R.L. The contract has



as subject the execution of works for the installation of anti-burglary alarm system and has a validity of 25 months from it coming in force (signing and the creation of the guarantee). The price of the contract is of 5,483,316 EUR, the equivalent of RON 25,228,195 plus VAT.

- (iv) Contract no. 887/18.09.2012 concluded with S.C. UTI Systems S.R.L. The contract has as subject the execution of works for the extension of the system of physical protection DICA for the integration of the module 5 to store the used nuclear fuel at Cernavoda NPP and has a validity of 29 months from the coming in force (signing and the creation of the guarantee). The price of the contract is of EUR 164,828 the equivalent of RON 747,724, plus VAT.
- (v) Contract no. 1136/10.12.2010 concluded with SC UTI SYSTEMS S.R.L., having as subject the execution of works to modernize the physical protection system of the branch Pitesti NPP (project engineering and execution). The price of the contract is of EUR 7,962,677.87 (after signing the Addendum no. 5) plus VAT. The contract was valid until 30.06.2013 (according to Addendum no. 6).
- (vi) Contract no. 24897/ 24.08.2010 concluded with SC UTI SYSTEMS S.R.L., having as subject the execution of works to re-technologize and adjust the physical protection system at NPP. The price of the contract is of 16,365,200 EUR (Addendum no. 3), the equivalent of RON 69,396,209.19. The contract was valid until 30.10.2013 (Addendum no. 4).
- (vii) Contract no. 504/29.04.2011 concluded with the Association between SC Siemens SRL and SC Energotech SA. The contract has as subject the Works to Re-Technologize the Work Point of 110 kV Cernavoda NPP and has a duration of execution of 36 months. The price of the contract is of EUR 2,698,773, the equivalent of RON 11,562,083.29.
- (viii) Contract no. 463/11.05.2012 concluded with Lavalin Nuclear Inc., Canada. The contract has as subject the execution of works to install certain systems to monitor the hydrogen (HERMETIS) and of certain systems for Passive Autocatalytic Recombiners (PARs) – turnkey contract (project engineering and execution) at Cernavoda NPP Unit 1 and Unit 2. The price of the contract is of CAD 8,535,000, excluding the VAT. The duration of execution was until 11 September 2013.
- (ix) Contract no. 1103/05.11.2012 concluded with Candu Energy Inc., having as subject the execution of works for the area to prepare the burnt fuel at Unit 2 Cernavoda NPP. The price of the contract is of CAD 24,929,000, excluding VAT. Execution duration: 30.07.2014;

Energonuclear is part of the following contracts:

- (i) A consultancy service contract, namely:
- The financial consultancy contract for Unit 3 and Unit 4 Cernavoda, concluded by Energonuclear SA with The Royal Bank of Scotland plc Niederlassung Frankfurt („RBS”), in order to provide financial consultancy services related to the development of Unit 3 and Unit 4 Cernavoda. The Contract is in force as at the date of this report, its execution being suspended until the date of 31.12.2014. The price of the contract is of EUR 800,000 in the first phase and



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EUR 1,400,000 in the second phase, without VAT, plus expenses that will not exceed 3,000 EUR/month. According to the contract, the success fee estimated by the parties is of EUR 4,000,000 without VAT;

(ii) 2 contracts for services provision, namely:

- The contract for the provision of nuclear security services and for the authorization of the operation no. 20/2011 concluded by Energonuclear SA cu Candu Energy Inc., having as subject the provision of nuclear security services and of authorization of the operation, related to the works preliminary to the project Unit 3 and Unit 4 of Cernavoda NPP. The price of the services is of CAD 11,900,000, VAT excluded;
- The legal assistance services contract no. 16 dated 01.06.2011.

China General Nuclear Power Corporation (CGN) was selected for the development of the Project for the Units 3 and 4 of Cernavoda NPP and, on the date of 17.10.2014, the Joint Letter regarding the Intention to Accomplish the Project was signed.

### **LITIGATIONS**

The Issuer hereby declares that it has not been involved in any litigation proceedings (including any such potential or pending proceedings the Issuer is aware of) in the past twelve months at a minimum, which may have or have recently had a significant impact on the Issuer's or the Group's financial position or performance, except as detailed below.

Considering the above, as of 24.10.2014, the Issuer was involved in a number of litigation proceedings, either as plaintiff or as defendant, including a lawsuit for an estimated RON 50,000 or equivalent, litigations whose value has not been yet determined or whose subject matter cannot be expressed in monetary terms, but is connected to the Issuer's specific business.

As of the date above, the Company was involved in 22 litigation proceedings, of which: 5 litigation proceedings where the Company acts as defendant and 17 litigation proceedings where the Company acts as plaintiff, in line with the aforementioned criteria.

As of 24.10.2014, the Company was also involved in 6 litigation proceedings having as subject matter various real estate claims. For a detailed presentation, see Section 3.6.4 Significant encumbrances on real property.

Moreover, on 03.12.2014, the Bucharest Tribunal informed SNN of an appeal filed by S.C. Fondul Proprietatea S.A., as shareholder of SNN, with a 9.7268% holding in the Company's share capital; the appeal was filed under case file no. 40046/3/2014.

The subject matter of the appeal is as follows:

(i) establishing the absolute nullity of paragraph 5 in Resolution no. 8 dated 6 October 2014 of the Extraordinary Meeting of the Shareholders of Nuclearelectrica, approving SNN's "increase of its share capital by contribution in cash of a maximum amount of RON 239,172,630, from RON 2,817,827,560 – the current share capital value – to RON 3,057,000,190, by issuing a maximum number of 23,917,263 new registered shares in book-entry form, at a price of RON 10/share, i.e. the nominal value of the shares (premium excluded)", (paragraph 5);



(ii) The recording of the court decision with the Trade Register and the publication thereof in the Official Gazette, followed by the corresponding elimination of the information recorded in the Trade Register pursuant to the annulled EGM Resolution.

Mention should be made that paragraph 5 of Resolution no. 8/6.10.2014 of the Extraordinary General Meeting of SNN shareholders refers to the share capital increase subject to this prospectus.

Also, according to the information collected by SNN from the web portal of courts of law and the archives of the Bucharest Tribunal, S.C. Fondul Proprietatea S.A. has filed with the Bucharest Tribunal a request for injunction registered under no. 50510/3/2014, requesting suspension of enforcement with regard to Resolution no. 8/6.10.2014 of the Extraordinary General Meeting of shareholders until such time as the request for annulment is resolved. So far, SNN has received no document issued by the Bucharest Tribunal in connection with the said injunction, and the hearing date for case file no. 50510/3/2014 posted on the web portal of courts of law is 21.01.2015.

The arguments brought forward by FP are:

1. Failure to observe the legal and statutory requirements applicable to calling the SNN EGM of 06.10.2014, namely:

(i) failure to observe the procedure regarding the calling of the general meeting of shareholders, as indicated in art. 1171 of Law no. 31/1990 and art. 7 para. 4 of National Securities Commission Regulation no. 6/2009;

(ii) failure to observe the procedure regarding communication of the calling of the general meeting of shareholders, as indicated in art. 4 of National Securities Commission Regulation no. 6/2009;

(iii) failure to observe the shareholders' right to information, as indicated in art. 6 of National Securities Commission Regulation no. 6/2009 and Law no. 297/2004 on the capital market;

2. The illegality of contrary resolutions: the lack of any act of will producing legal effects;

3. The illegality of the share capital increase by the amounts indicated in the General Meeting Resolution subject to the appeal (a dispute concerning the legal treatment of the state aids granted to SNN by the Romanian Government in the period 2006 – 2009), including a potential failure by the Company to observe the requirements applicable to companies which are beneficiaries of state aids.

The opinion of SNN is that the arguments brought forward by FP to support the appeal thereof are unsubstantiated, having in view the following:

1. SNN has observed the legal and statutory requirements applicable to calling the SNN EGM of 06.10.2014, namely:

(i) SNN has observed the procedure regarding the calling of the general meeting of shareholders, as indicated in art. 1171 of Law no. 31/1990 and art. 7 para. 4 of National Securities Commission Regulation no. 6/2009 and published the convening notice in a timely manner, following the procedure established by law, and provided the Bucharest



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Stock Exchange and the Financial Supervisory Authority with a current report on the completed convening notice on 24.09.2014;

(ii) SNN has observed the procedure regarding communication of the calling of the general meeting of shareholders, as indicated in art. 4 of National Securities Commission Regulation no. 6/2009, and published the Romanian and English versions of the initial and final convening notices on its website;

(iii) SNN has observed the shareholders' right to information, as indicated in art. 6 of National Securities Commission Regulation no. 6/2009 and Law no. 297/2004 on the capital market, and published the Romanian and English versions of the documents relating to all the topics on the meeting's agenda on its website, along with the additional information requested by FP with regard to the share capital increase by contribution in cash;

2. SNN is of the opinion that the resolutions passed by the SNN EGM of 06.10.2014 are clear and not contradictory, since the will of the shareholders was clearly to reject the proposal put forward by the directors, approving the share capital increase only by the contribution in cash of the Romanian Government and postponing the share capital increase by contribution in kind;

3. SNN is of the opinion that the legal requirements applicable to the budget appropriations granted to SNN in the period 2006 – 2009 are those established in Law no. 31/1990, the legal provisions approving the state budget for the period 2006 – 2009, as well as in Government Resolution no. 365/1998. The said budget appropriations accounted for contributions of the Romanian Government for investment purposes; the legal purpose of such contributions is to increase the share capital of SNN. FP has misconstrued the legal treatment applicable to the budget appropriations granted to SNN by the Romanian Government in the period 2006 – 2009, since the said sums actually account for the Romanian Government's contribution to SNN's share capital increase.

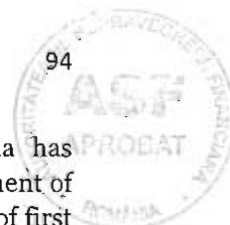
Although SNN is of the opinion that the arguments brought forward by FP to support its appeal are unsubstantiated, as SNN's share capital increase observes the prudent investor rules, courts of law have discretionary powers of decision and ruling, so there is a risk of annulment as regards paragraph 5 on SNN's Extraordinary General Meeting of Shareholders Resolution dated 06.10.2014, concerning approval of SNN's share capital increase by the budget appropriations granted to the company in the period 2006 - 2009.

SNN is required to file a respondent's answer within 25 days from relevant communication.

#### ***Litigations where the Company acts as defendant***

As of 24.10.2014, the Company acted as defendant in a number of 5 litigation proceedings, of which 1 such proceedings involved claims with a value exceeding RON 50,000, and 4 litigation proceedings whose claims have not been yet determined or whose claims cannot be expressed in monetary terms, as follows:

- Case file no. 3663/2/2013, whereby the plaintiff Greenpeace CEE Romania has requested suspension of the decision to issue an environmental permit for the Project Cernavoda NPP Units 3 and 4. The court of first instance has denied the plaintiff's request as unsubstantiated. The case file is currently pending re-trial with the High Court of Justice.



- Case file no. 3793/2/2013, whereby the plaintiff Greenpeace CEE Romania has requested annulment of the decision to issue an environmental permit and annulment of the environmental permit for the Project Cernavoda NPP Units 3 and 4. The court of first instance has denied the plaintiff's request as unsubstantiated. The case file is currently pending re-trial with the High Court of Justice.
- Case file no. 8184/2/2011, whereby the plaintiff Greenpeace CEE Romania has requested annulment of the environmental permit for Pitesti NPP. The case file is currently pending re-trial with the High Court of Justice.
- Case file no. 11661/3/2014, whereby the plaintiff S.C. Fondul Proprietatea S.A. has requested determination of the absolute nullity of SNN EGM Resolution no. 1/11.03.2014. The case is currently on trial with the Bucharest Appellate Court. On 08.12.2014, the Bucharest Appellate Court admitted the appeal, decided the annulment of the initial court judgment and returned the case for re-trial with the Bucharest Tribunal.

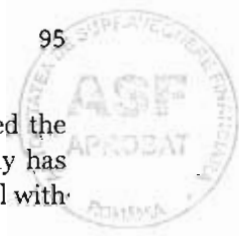
#### ***Litigations where the Company acts as plaintiff***

The Company is involved in litigations where it acts as plaintiff for the collection of receivables and the annulment of some administrative acts. The Company is also a civil party in a criminal court case.

As of 24.10.2014, the Company is/has been in the past 12 month involved as plaintiff/creditor in 16 court cases having as subject matter claims exceeding the equivalent of RON 50,000 and 1 court case whose subject matter cannot be expressed in monetary terms, as follows:

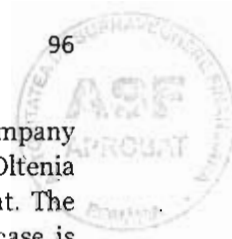
#### **Professional liability litigation**

- Case file no. 40950/3/2013 on trial with the Bucharest Tribunal, whereby the Company requested the defendant Eco Energy S.R.L. to pay the amount of RON 2,403,397.17 as indemnification for termination of an agreement. The court of first instance has suspended the court action under the law, to allow for the insolvency proceedings of the debtor.
- Case file no. 52814/3/2011 on trial with the Bucharest Tribunal, whereby the Company requested acknowledgement of termination of the agreement executed with the defendant Eco Energy SRL, request admitted by the court of first instance and the appellate court. The court judgment is subject to recourse.
- Case file no. 27406/3/2012 on trial with the Bucharest Tribunal, whereby the Company requested the Bucharest Tribunal to instruct the defendant Tinmar Ind S.A. to pay the amount of RON 1,655,228.07 as difference in electricity transmission tariff, legal interest plus delay penalties. The court of first instance and the appellate court have instructed the defendant to pay the amount of RON 1,286,326.78, plus RON 18,345.23 in legal fees. The court of last resort has overturn the decision of the Appellate Court and sent the case for re-trial. The case is currently on trial.
- Case file no. 5120/3/2013, whereby the Company requested that Electrica Furnizare S.A. be instructed to pay the amount of RON 1,351,455.56 as penalties arising from the



agreement executed between the parties. The court of first instance has admitted the request. The appellate court has admitted the defendant's appeal. The Company has appealed the decision with the court of last resort, and the case is currently on trial with the High Court of Justice.

- Case file no. 25195/299/2014 on trial with the District 1 Court, whereby the company requests that Enol Grup SA be instructed to pay the amount of RON 121,369.03 as penalties for the late payment of indemnification for termination of an agreement executed between the parties. The case is currently on trial.
- Case file no. 27072/299/2014 on trial with the District 1 Court, whereby the company requests that Axpo Energy Romania S.A. be instructed to pay penalties in the amount of RON 181,944.12. The case is currently on trial.
- Litigations concerning turnaround and bankruptcy proceedings
  - Case file no. 22456/3/2012 on trial with the Bucharest Tribunal whereby the Company requests to be listed as creditor in the estate of the debtor S.C. Hidroelectrica S.A. for the amount of RON 69,936,482.46. At first, the company's claim was listed for the amount of RON 28,773,061.96 (non-secured), but the court of last resort instructed the trustee to list an amount of RON 69,936,482.46. The decision is final, so Hidroelectrica will also pay legal fees in the amount of RON 157,063.01, and judicial stamp duty in the amount of RON, so the total amount will be RON 70,093,550.47. Consequently, on 17.06.2013, the Company and Hidroelectrica signed an agreement whereby the latter was to pay 24 equal monthly instalments starting July 2013. The debtor is currently undergoing turnaround proceedings. The case is currently on trial.
  - Case file no. 3868/118/2012 on trial with the Constanta Appellate Court, whereby the Company requests to be listed as creditor in the estate of the debtor S.C. Proconex Universal S.R.L. for the amount of RON 3,727,833.10. At first, the company's claim was listed for the amount of RON 92,695. The Constanta Tribunal has admitted in part the company's request for revision, and the final claim is now RON 3,369,886.85. The debtor is currently undergoing bankruptcy proceedings. The case is currently on trial.
  - Case file no. 873/1259/2008 on trial with the Arges Tribunal, whereby the Company requests to be listed as creditor in the estate of the debtor S.C. Termoficare 2000 S.A. for the amount of RON 2,713,986.71, the final claim determined after admission of the company's request for revision. The case is currently on trial.
  - Case file no. 18770/3/2007 on trial with the Bucharest Appellate Court, whereby the Company requests to be listed as creditor in the estate of the debtor S.C. Con Dem S.A. for the amount of RON 2,446,227.08, determined as final claim. The court has rejected the proposed turnaround plan and decided to institute bankruptcy proceedings by appointment of a liquidator. The case is currently on trial.
  - Case file no. 2183/115/2010 on trial with the Caras Severin Tribunal, whereby the Company requests to be listed as creditor in the estate of the debtor S.C. CET Energoterm Resita S.A. for the amount of RON 580,974.21, determined as final claim. The case is currently on trial – summary bankruptcy.



- Case file no. 1867/90/2010 on trial with the Valcea Tribunal, whereby the Company requests to be listed as creditor in the estate of the debtor S.C. Total Electric Oltenia S.A for the amount of RON 198,602.5; the debtor files for revision of judgment. The court institutes bankruptcy proceedings by appointment of a liquidator. The case is currently on trial.
- Case file no. 7238/120/2012 on trial with the Dambovitza Tribunal, whereby the Company requests to be listed as creditor in the estate of the debtor S.C. Eco Energy S.R.L. for the amount of RON 2,464,059.64; the court has decided for preliminary listing in the final creditor list pending resolution of a case filed with the common law court. The case is currently on trial.
- Case file no. 9089/101/2013 on trial with the Mehedinti Tribunal, whereby the Company requests to be listed as creditor in the estate of the debtor Regia Autonoma pentru Activitati Nucleare for the amount of RON 7,825,063.68. The debtor is currently undergoing turnaround proceedings, and the Company's claim in the amount of RON 5,450,135.91 will be recovered in 2 years, according to the turnaround plan.
- Case file no. 29322/3/2014 on trial with the Bucharest Tribunal, whereby the Company requests to be listed as creditor in the estate of the debtor Ennet Grup SRL for the amount of RON 226,868.81. The debtor is currently undergoing summary bankruptcy proceedings.
- Case file no. 6034/118/2012 on trial with the Constanta Tribunal; the company's claim in the amount of RON 77,349, according to the turnaround plan of the debtor Katon Nucleare S.A.
- Case file no. 416/2014 on trial with the Bucharest Appellate Court, whereby the Company requests adjustment of the tariff regulated by way of Resolution 3609/2013. The court has denied SNN's request, and legal action will be taken following the passing of the court's judgment.
- Case file no. 6561/2/2012 on trial with the High Court of Justice, whereby the company requests that the court decides for (i) the partial annulment of closing statement no. 89 of 02.08.2012 issued by the Appeals Commission of the Court of Auditors, rejecting in part Appeal no. 6562/04.07.2012 filed by the Company against Decision no. 14 of 15.06.2012 issued by the Court of Auditors, (ii) the annulment in part of Decision no. 14 of 15.06.2012 issued by the Court of Auditors to implement the recommendations based on the findings of Inspection Report no. 4739 of 16.05.2012, (iii) the annulment in part of Inspection Report no. 4739 of 16.05.2012 prepared following completion of an audit mission in the period 08.01.2012 – 16.05.2012, having as subject "The status, development and management of public and private state property in Nuclearelectrica". Both the court of first instance and the appellate court have denied the company's action.

#### Criminal law cases

- Case file no. 48031/299/2010 on trial with Bucharest District 1 Court of Law. The Company is a civil party in the file having as subject matter the corruption acts perpetrated by Rotaru Ioan, Irimie Traian Cezar, Ispas Gheorghe, Prisecariu Tereza, Nemtanu Raducu, and Anghelescu Andrei Tudor as a result of non-compliance with the





legal provisions concerning the award of public procurement contracts; the contracts have been paid for with loans taken subject to state guarantees, and the Company's loss has been determined at RON 13,493,080.3. Tess Conex S.A. Iasi is also a defendant in the civil lawsuit. The case is currently on trial.

- Fondul Proprietatea has also filed an appeal against SNN EGM Resolution of 6.10.2014; the subject matter of the appeal is the share capital increase subject to this proportionate disclosure regime prospectus.

#### **15. THIRD PARTY STATEMENTS, EXPERT STATEMENTS AND DECLARATIONS OF INTEREST S**

The Intermediary hereby declares to have no interest in the Issuer's share capital increase, except for interests relating to the best execution of the investment services agreement concluded with the Issuer.

The Issuer hereby declares to have no interest in the share capital increase except for interests arising from the successful completion of the share capital increase procedure.

#### **16. DOCUMENTS AVAILABLE TO THE PUBLIC**

The following documents are available to the public during the subscription term:

- This Prospectus and the annexes hereto;
- The Issuer's Articles of Association;
- All the reports, letters and other documents, past financial statements, assessments and statements made by experts at the request of the Company, which are included in this Prospectus in part or in full;
- IFRS-based Financial Statements for 2011, 2012 and 2013;
- IFRS-based Financial Statements for H1 2014.

The documents above are available on hard copy at the Issuer's office in Bucharest, 65 Polona St., postal code 010494, Romania or at the Intermediary's office in Bucharest, 20 Dacia Blvd., Romana Offices Building, 4<sup>th</sup> floor, District 1, postal code 010412.

The prospectus is also available in electronic format for the entire subscription term on: **[www.nuclearelectrica.ro](http://www.nuclearelectrica.ro) [www.swisscapital.ro](http://www.swisscapital.ro), and [www.bvb.ro](http://www.bvb.ro).**

No expert statements or reports are included in this document.

#### **Tax information**

Tax requirements depend on the status of each individual investor, so the Company recommends that, before any investment decision is made, investors should receive expert financial advice with regard to the tax treatment applicable to investments in the Shares subject to the Offer, including the relevance of agreements for the avoidance of double taxation and potential amendments to applicable fiscal regulations.



## SECURITIES NOTE FOR PREFERENCE RIGHTS IN ACCORDANCE WITH ANNEX XXIV TO REGULATION 809/2004

The information concerning persons responsible and risk factors is presented in pages 6 and 20-32 of this Prospectus.

### 1. KEY INFORMATION

#### 1.1. Working capital statement

Statement by the Issuer that, in its opinion, the working capital is sufficient for the issuer's present requirements.

#### 1.2. Capitalization and indebtedness

As of 30 June 2014, the Company's equity is RON 7,419,830,687 and total liabilities amount to RON 3,789,605,974.

#### 1.3. Interest of natural and legal persons involved in the issue

The Intermediary has no interest, including conflicting ones that is material to the share capital increase, except for the execution of the intermediation agreement signed with the Issuer.

#### 1.4. Reasons for the offer and use of proceeds

According to Resolution no. 8/06.10.2014 of the Extraordinary General Meeting of Shareholders, the Company has approved the share capital increase by cash contribution as follows:

(i) 19,437,670 new shares in the amount of RON 194,367,700 accounting for the contribution in cash of the Romanian Government through the Ministry of Economy – the Department for Energy, i.e. an amount equal to the government appropriations for the execution of Unit 2 and the financing of works for Units 3-5 of the Cernavoda NPP in the period 2006-2009;

(ii) Maximum 4,479,593 new shares in the amount of RON 44,795,930 will be offered to holders of preference rights in exchange for the contribution in cash of the Romanian Government through the Ministry of Economy – the Department for Energy, and other Issuer shareholders, namely the persons who qualify as shareholders as of Record date, in order to maintain the quota shares in SNN as of Record date.

As regards the increase in SNN's share capital by cash contribution, budget appropriations in the period 2006-2009 amounted to RON 194,376,700.06, accounting for contributions by SNN's majority shareholder, i.e. the Romanian Government, whose stake in the Company's equity was 90.27% at the time.

In the period 2006-2009, the Company received and expensed budget appropriations in the amount of RON 194,376,700.06, as follows:



(i) RON 173,888,847.81 for the reimbursement of interest and principal on funds raised for the execution and going in service of Cernavoda NPP Unit 2;

(ii) RON 19,291,170.60 for the financing of works for the execution of Cernavoda NPP Unit 2;

(iii) RON 1,196,681.65 for the financing of works for the execution of Cernavoda NPP Units 3 and 4.

In accordance with the provisions set out in art. 210 of Law no. 31/1990 in conjunction with the provisions set out in art. 20 of Government Resolution no. 365/1998, state budget appropriations for investment purposes are reflected as share capital increases, so the above mentioned sums shall be deemed the cash contributions of the Company's majority shareholder – the Romanian Government, through the Ministry of the Economy – the Department for Energy to SNN's share capital. For more details on the sums granted to SNN as budget appropriations, please refer to **Annex 8** to this prospectus.

### **Information concerning the securities to be offered**

SNN shareholders will be entitled to exercise their preference rights within one month from the date set forth in this Prospectus, a date that is subsequent to Record date and the publication date of the Resolution of the EGM of Shareholders no. 8/06.10.2014 in the Official Gazette of Romanian Part IV; shareholders will be able to underwrite and pay out shares according to their quota share in the Company's share capital on Record date.

Subscriptions will be at par value, i.e. RON 10/share, premium excluded. The number of preference rights conferred to each shareholder will be in line with the number of shares held as of Record date. After expiration of the period allowed for the exercise of preference rights, all unsubscribed shares will be cancelled.

**The subscription rate** will be **0.08487837**. The actual number of shares that each shareholder may subscribe is determined by multiplying the Subscription rate (0.08487837) by the number of shares held, with the result rounded down to the nearest integer, if the result is not a whole number already.

## **2. INFORMATION CONCERNING THE SECURITIES TO BE ADMITTED TO TRADING**

### ***A description of the type and the class of the securities being offered and admitted to trading, including the ISIN***

All the Issuer's shares are governed by the law on companies and the current regulations and rules applicable to the capital market. As of 04.11.2013, the Issuer's shares have been admitted to trading on the Bucharest Stock Exchange, the REGS main market, Category I, ISIN : ROSNNEACNOR8.

Recordkeeping is ensured by Depozitarul Central, having its headquarters in Bucharest, 34-36 Carol I Blvd, district 2, postal code 020922.

### ***Legislation under which the securities have been created.***

Shares are issued and offered in accordance with Romanian laws, namely the Capital market



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law, the relevant secondary legislation issued by FSA and the Law on companies.

Any litigation arising from or in connection with the Shares shall be escalated to competent Romanian authorities.

***An indication whether the securities are in registered form or bearer form and whether the securities are in certificated form or book-entry form.***

The Issuer's shares are registered, in book-entry form and issued in RON; they confer upon their holders equal rights and obligations, in accordance with the legal provisions applicable to companies and the capital market, and the provisions of the Company's Articles of Association. Each subscribed and paid-up share confers the right to participate in the general meetings of shareholders, one equal voting right in the general meetings of shareholders, the right to participate in dividend distribution, the right to information and verification of the company's management and administration, the preference right to subscribe the newly-issued shares of the company, the right to dispose of the shares and the right to issue claims with regard to the company's estate in liquidation.

***The currency of the securities issue.***

Shares are issued in RON.

***A description of the rights attached to the securities, including any limitations of those rights, and procedure for the exercise of those rights.***

***Dividend rights.***

The General Meeting of Shareholders is the Company's main corporate governance body, deciding on the Company's operations, economic and business policies. General meetings can be Extraordinary General Meetings (EGM) and Ordinary General Meetings (OGM). Ordinary General Meetings are in charge of determining the distribution of net income and dividend dates.

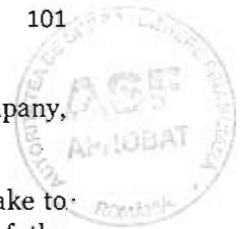
Dividend payout to shareholders is the responsibility of the Company under the law.

***Voting rights***

Any shareholder may participate in the Company's general meetings of shareholders, each subscribed and paid-up share conferring the right to one vote, the right to elect and be elected in the company's management bodies, the right to participate in the company's dividend distribution and the right to make claims to the Company's estate in liquidation. Voting rights may be exercised only to the extent that shareholders observe the provisions set out in the applicable specific laws, and only provided that voting rights have not been suspended by the company's Board of Directors.

Shareholders may participate and vote in the general meetings by proxy. Shareholders may be represented by persons other than shareholders, except for Board members, managers or other company employees. The meeting's calling notice will indicate how and when to submit relevant powers of attorney.

When in respect of certain company operations, there are shareholders who, either in person or as representatives of another person, have interests that are contrary to the interests of the company, such shareholders should abstain from participating in discussions relating to



those operations, or shall otherwise be held liable for damage caused to the company, provided that their votes were needed to obtain a majority.

Voting rights may not be assigned, and any agreement whereby shareholders undertake to exercise voting rights in accordance with the instructions or recommendations of the company or representatives shall be deemed null and void.

#### *Preference rights*

Preference rights are conferred to all shareholders in the Shareholders Register, regardless of their participation in the issuer's Extraordinary General Meeting or the vote given with respect to the share capital increase.

The resolution of the extraordinary general meeting will be submitted to the trade register office by the company's board of directors, for the purposes of amendments to the information in the register and publication of amended information in the Official Gazette of Romania, Part IV.

The shares issued for the company's share capital increase will be offered to existing shareholders according to the number of existing shares held as of record date. Any unsubscribed shares will be cancelled, and the share capital increase will be validated within the limits of the amount effectively paid-up pursuant to valid subscriptions.

Preference rights will be exercised within the term established by the General Meeting. The term will not be shorter than a month and will be subsequent to the record date and the publication of the relevant general meeting resolution in the Official Gazette of Romania, Part IV. The term will be indicated in the Circular to investors and the Prospectus of the offer, in accordance with the Capital market law. The number of preference rights is equal to the number of shares registered in the Shareholder Register as of Record Date.

The Extraordinary General Meeting's resolution concerning the share capital increase will include information on the number of preference rights required to purchase one new share, the price of the new shares subscribed by exercising preference rights, the subscription term and the price for which the public may subscribe new shares following exercise of preference rights, if applicable.

Shareholders are also entitled to preference rights when the company issues convertible bonds.

#### *Shareholders squeeze-out procedures*

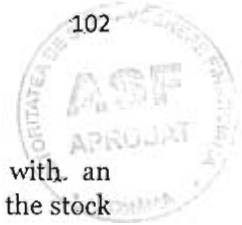
According to the applicable legislation in force, the shareholders who did not vote in favour of a resolution made by the general meeting of shareholders are entitled to squeeze out from the company, only provided that the resolution's subject matter refers to:

- a) Changes in the company's main line of business;
- b) Relocation of the company's office abroad;
- c) Changes in the company's legal form of incorporation;
- d) The company's merger or spin-off.

The legal provisions regarding shareholder squeeze-out are established in *Law no.*



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297/2004, art. 206 and art. 207, as amended and supplemented.

Shareholders are also entitled to a squeeze-out in case of disagreement with an Extraordinary General Meeting resolution concerning the company's delisting from the stock exchange. The price to which shareholders are entitled is set by an independent valuator. The squeeze-out procedure applicable to this particular instance is set out in Instruction no. 8/2006 of the National Securities Commission.

The issuance of shares and share capital increase are performed pursuant to Extraordinary General Meeting resolution no. 8 of 06.10.2014, published in the Official Gazette of Romania, Part IV, No. 6703/31.10.2014.

Following FSA confirmation of receipt of notification concerning the outcomes of the public offer, the Issuer will act with due care and diligence in order to register the share capital increase with the Trade Register Office, which shall also issue the Certificate of amendments, indicating the new share capital. Pursuant to this certificate, FSA will issue the Securities Registration Certificate, and shareholders will take hold of their subscribed shares as of the date of registration thereof with Depozitarul Central.

Following issuance of the Securities Registration Certificate, the Issuer will act with due care and diligence to ensure the admission to trading of the New Shares subscribed in the Offer.

In particular, following the issuance by the Board of directors of the report on the outcomes of the Offer following expiration of the subscription term, the Company will register the share capital increase with the Trade Register. Then, the Trade Register issues the Certificate of amendments which will be submitted to FSA, who, in its turn will issue the securities registration certificate; only then the new shareholders and shares will be registered with Depozitarul Central.

When, following subscription, a shareholder acquires holding of more than 33% of the Issuer's voting rights, the said shareholder will discharge one of the following alternating obligations:

- a) To perform a public offer subject to the price terms and conditions set out in art. 203 and art. 204 of Law no. 297/2004 on the capital market; or
- b) To dispose of a number of shares so that to lose the position involuntarily acquired.

***A description of any restrictions on the free transferability of the securities.***

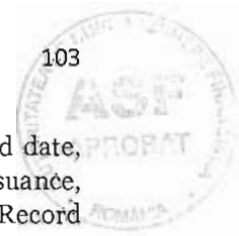
N/A.

***Information on taxes on the income from the securities withheld at source, and indication as to whether the issuer assumes responsibility for the withholding.***

In accordance with the legal provisions in force in Romania, the country where the Company is established, dividend tax is withheld by the company.

**3. TERMS AND CONDITIONS OF THE OFFER**

***3.1. Conditions, offer statistics, expected timetable and action required to apply for the offer***



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Within the subscription term, shareholders in the Shareholders Register as of Record date, i.e. **22.10.2014**, are entitled to subscribe and pay out shares subject to the issuance, according to the quota share of each shareholder in the Company's share capital as of Record date.

Preference rights will be exercised within the one month term indicated in the Prospectus, subsequent to the record date and the publication of the relevant general meeting resolution in the Official Gazette of Romania, Part IV; shareholders will be entitled to subscribe a number of shares according to the number existing shares held as of Record date.

The subscription price will be RON 10/share, i.e. the shares' nominal value, premium excluded.

The subscription rate will be **0.08487837**. Consequently, each existing shareholder as of Record date may subscribe 0.08487837 newly-issued shares for each share held.

The actual number of shares that each shareholder may subscribe is determined by multiplying the Subscription rate (0.08487837) by the number of shares held, with the result rounded down to the nearest integer, if the result is not a whole number already.

### **3.2. Conditions to which the offer is subject**

Subscription of shares will start on 05.01.2015, the third business day after the publication of the Circular in a national newspaper, and on the Issuer and Intermediary website and will continue for a period of thirty-one (31) calendar days until 04.02.2015, so that shareholders registered as of Record date should exercise their preference right at the offices of the Intermediary (Bucharest, 20 Dacia Blvd., Romana Offices Building, 4<sup>th</sup> floor, District 1) between 9.00 a.m. and 04.00 p.m. on each Business day, except the last day of the Subscription term 04.02.2015, closing at 12.00 p.m. No subscriptions will be accepted after cut-off time.

Each underwriter shall be entitled to underwrite shares according to the corresponding quota shares in the Company's share capital as of Record date (i.e. 22.10.2014); information on the number of shares which may be subscribed is available at the offices of the Intermediary and Depozitarul Central.

The subscription form is available at the office of the Intermediary as well as on the websites: [www.swisscapital.ro](http://www.swisscapital.ro) and [www.nuclearelectrica.ro](http://www.nuclearelectrica.ro)

Payment for the shares subscribed in the offer will be transferred to the Omnibus account opened no. **RO85BRDE450SV00729744500** opened by the Issuer **with BRD**. The associated bank fee shall be borne by the underwriter.

When the amount transferred any shareholder to the Omnibus account is lower than the amount required for the subscription of the number of shares indicated in the Subscription form, the relevant shareholder will be allotted a corresponding number of shares.

When the amount transferred any shareholder to the Omnibus account is higher than the amount required for the subscription of the number of shares indicated in the Subscription form, the request for subscription will be validated for the number of shares indicated in the Subscription form, while any remaining amounts not allocated to the subscription will be returned within maximum 5 business days from completion of the subscription term to the



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account indicated by the relevant investor in the Subscription form.

Consideration for shares subscribed should be fully paid up upon registration of the subscription request forms, i.e. corresponding amounts should be deposited with the Omnibus account.

The subscription form will be accompanied by evidence of payment for the shares subscribed.

In order to be able to exercise their preference rights, shareholders must complete the subscription form, also attaching the documents below:

(i) **Resident or non-resident individuals acting in their own name**

- Copy of identity document/passport;
- Evidence of payment

(ii) **Resident or non-resident individuals acting by proxy:**

(Copy) of the identity document/passport of the individual for whom subscription is performed

- (Copy) of the identity document/passport of the individual representative; when the representative is a resident legal person: (i) copy of the registration certificate, and (ii) documents evidencing the resident legal person's representatives (e.g. excerpt/certificate of incumbency issued by the Trade Register, statute/articles of association, etc.) and (iii) power of attorney/proxy appointing the person signing the Subscription form, unless the person is the legal person's legal representative, as well as any such person's (original or legalised copy) identity document
- Evidence of payment
- (Original or copy) Authenticated power of attorney
- Certified translation into Romanian or English of the relevant proxy/power(s) of attorney.

(iii) **Resident legal persons acting in their own name:**

- Copy of the registration certificate
- certificate of incumbency issued by the Trade Register Office, indicating the company's legal representatives
- (Original or legalised copy) of the power of attorney appointing the person signing the Subscription form, unless the person is the company's legal representative
- (Copy) of the identity documents of the person performing the subscription as representative of the resident company
- Copy of evidence of payment

(iv) **Non-resident legal persons acting in their own name:**





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- (Translated and legalised) copy of the company's tax record and/or registration certificate
- Evidence of the capacity of the company's legal representative performing the subscription
- (Translated and legalised) original power of attorney appointing the person signing the Subscription form, unless the person is the company's legal representative
- Copy of the identity documents of the individual performing the subscription as representative of the non-resident legal person.
- Copy of the evidence of payment.

(v) **Individuals acting on behalf of minor children:**

- (Copy) of the minor's birth certificate or (copy) of the minor's identity card, if the minor is at least 14 years of age
- (Copy) of the relevant guardianship authority regarding the appointment of the legal guardian
- Copy of evidence of payment.

(vi) **Incapacitated individuals:**

- Copy of identity bulletin/card;
- Copy of the legal guardian's identity bulletin/card
- Copy of the legal document instituting legal guardianship
- Copy of evidence of payment

The completed and signed subscription form as well as the documents referred to above will be submitted by hand, courier or post, return receipt requested, at the Intermediary offices in Bucharest, 20 Dacia Blvd., Romana Offices Building, 4<sup>th</sup> floor, District 1, postal code 010412, in a sealed envelope reading "for the share capital increase of S.N. NUCLEARELECTRICA SA".

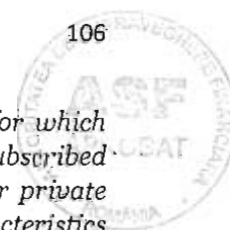
If opting for delivery by post or courier, shareholders should be aware of the fact that documents should reach the Intermediary's offices no later than 12.00 p.m. on the last day of the Subscription term. No subscriptions will be accepted after that date.

Following expiration of the Subscription term, the Company's Board of Directors will convene to verify the relevant subscriptions and payouts, and acknowledge the outcomes of the Offer.

In particular, after the Board of Directors issues the report concerning the outcomes of the issuance, the Company will register the share capital increase with the Trade Register. Then, the Trade Register issues the Certificate of amendments which will be submitted to FSA, who, in its turn will issue the securities registration certificate; only then the new shareholders and shares will be registered with Depozitarul Central.



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*If simultaneously or almost simultaneously with the creation of the securities for which admission to a regulated market is being sought securities of the same class are subscribed for or placed privately or if securities of other classes are created for public or private placing, give details of the nature of such operations and of the number and characteristics of the securities to which they relate. – N/A.*

*Details of the entities which have a firm commitment to act as intermediaries in secondary trading, providing liquidity through bid and offer rates and description of the main terms of their commitment. – N/A.*

The Intermediary will prepare and send a notification concerning the outcomes of the Offer to the Bucharest Stock Exchange and Financial Supervisory Authority, within 5 business days from expiration of the subscription term. The notice will be published on the Bucharest Stock Exchange website ([www.bvb.ro](http://www.bvb.ro)).

*An indication of when, and under what circumstances, the offer may be revoked or suspended – N/A.*

*Whether revocation can occur after dealing has begun.*

The Offer may not be revoked after dealing has begun.

### **3.3 Allotment**

According to the Extraordinary General Meeting Resolution of 06.10.2014, the Company's share capital increase will be accomplished through the issuance of a maximum number of 23,917,263 shares, with a nominal value of RON 10/shares. Each shareholder existing as of Record date, i.e. 22.10.2014, will be able to subscribe new shares according to the quota share in the Company's share capital on Record date, while remaining shares will be cancelled. Each underwriter will be allotted the number of shares subscribed, subject to subscription validation under this Prospectus.

After the offer is closed, information concerning the number of shares allotted to each underwriter will be available at the offices of Depozitarul Central or the Intermediary.

Trading of shares subscribed and allotted will take place after the completion of the procedures of share capital increase by the Issuer and the registration thereof with Depozitarul Central.

The Company's Board of Directors will issue a report concerning the outcomes of the underwriting process at the end of the subscription term.

### **3.4 Pricing**

According to the Extraordinary General Meeting Resolution of 06.10.2014, the subscription price of the shares is 10 RON/shares; the subscription offer is addressed to existing shareholders. The subscription price was announced in the EGM Resolution of 06.10.2014 published in the Official Gazette Part IV, no. 6703/31.10.2014, the publication of the Circular to investors and this Prospectus.

### **3.5 Placing and underwriting**

The intermediary of the offer is SSIF SWISS CAPITAL SA, having its headquarters in



Bucharest, 20 Dacia Blvd., Romana Offices Building, 4<sup>th</sup> floor, District 1, website: [www.swisscapital.ro](http://www.swisscapital.ro), Unique Registration Code 8450590, number with the Trade Register J40/4107/1996, authorised by the National Securities Commission by decision no. 2674/2003, duly represented by Mr. Olimpiu Blajut, as Deputy General Manager.

**The Issuer** is Societatea Nationala Nuclearelectrica S.A., a Romanian legal person registered with the Trade Register under no. J40/7403/1998, Unique Registration Code 10874881, having its headquarters in Bucharest, 65 Polona St., District 1, website: [www.nuclearelectrica.ro](http://www.nuclearelectrica.ro), duly represented by Ms Daniela Lulache, as Chief Executive Officer.

Shares will be registered with Depozitarul Central, a company headquartered in Bucharest, District 2, postal code 020922, 34-36 Carol Blvd., floors 3,8 and 9, website: [www.rocLEAR.eu](http://www.rocLEAR.eu).

### **3.6 Revocation**

Subscriptions under this Offer may not be revoked by the shareholder/person performing the subscription. Nevertheless, subscriptions may be revoked within three (3) business days from the publication of an amendment to this prospectus, by completing and signing the relevant cancellation form at the offices of the Intermediary. Corresponding amounts will be returned to the persons cancelling their subscriptions within 5 business days from completion of the applicable subscription term.

### **3.7 Documents available to the public**

After Prospectus approval, the following documents may be consulted on hard copy at the offices of the Issuer, on the Issuer's website: [www.nuclearelectrica.ro](http://www.nuclearelectrica.ro), as well as on hard copy at the offices of the Intermediary or on the Intermediary's website, [www.swisscapital.ro](http://www.swisscapital.ro). The documents are available to investors during the entire subscription term:

- This Prospectus and the annexes hereto;
- The Issuer's Articles of Association;
- The Subscription form;
- The Subscription cancellation form.

The documents below are also available on hard copy at the offices of the Issuer in Bucharest, 65 Polona St., postal code 010494, Romania, as well as at the offices of the Intermediary in Bucharest, 20 Dacia Blvd., Romana Offices Building, 4<sup>th</sup> floor, District 1.

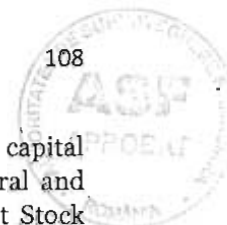
- All the reports, letters and other documents, past financial statements, assessments and statements made by experts at the request of the Company, which are included in this Prospectus in part or in full;
- IFRS-based Financial Statements for 2011, 2012 and 2013;
- IFRS-based Financial Statements for H1 2014.

## **4. ADMISSION TO TRADING AND DEALING ARRANGEMENTS**

After submission to FSA of confirmation concerning the closing of the Offer, the Issuer, with



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the Intermediary's support, will take all the necessary steps to complete the share capital increase procedure by registering the share capital increase with Depozitarul Central and ensuring that shares are traded on the regulated market operated by the Bucharest Stock Exchange. The certificate of amendments issued by the Trade Register will be submitted to FSA and the shares and new shareholders will be registered with Depozitarul Central following issuance by the FSA of the relevant securities registration certificate.

Shares issued by the date of this Prospectus are traded on BSE Category I under the symbol SNN.

## **5. RESTRICTIONS**

N/A.

## **6. EXPENSE OF THE SHARE ISSUANCE**

Shareholders will be responsible for the entire amount of bank fees charged for payment of their subscriptions.

In accordance with National Securities Commission Regulation no. 7/2006 on the revenues of the National Securities Commission, FSA charges a fee of RON 1,000 for the review of the Prospectus, plus an initial fee equal to 0.3% of the total value of the issuance; the aforementioned percentage may be adjusted to 0.5% of the value of the shares subscribed in the offer, if appropriate. The difference between the initial fee and the reconciliation fee will be paid upon completion of the offer.

The fee charged for securities registration with FSA is RON 500.

The Intermediary charges a flat fee in the amount of RON 76,500 VAT excluded payable from the Issuer's own funds.

Other potential expenses not yet determined, whose amount is estimated at a maximum RON 20,000 will be payable from the Issuer's own funds.

## **7. ADDITIONAL INFORMATION**

The amount and percentage of immediate dilution resulting from the issuance/offer. – N/A.

The amount and percentage of immediate dilution if existing shareholders do not subscribe to the new offer. – N/A, as it depends on the total volume of shares subscribed

If advisors connected with an issue are mentioned in the Securities Note, a statement of the capacity in which the advisors have acted. – N/A.

An indication of other information in the Securities Note which has been audited or reviewed by statutory auditors and where auditors have produced a report. Reproduction of the report or, with permission of the competent authority, a summary of the report.- N/A.

Where a statement or report attributed to a person as an expert is included in the Securities Note, provide such persons' name, business address, qualifications and material interest if any in the issuer. If the report has been produced at the issuer's request a statement to the effect that such statement or report is included, in the form and context in which it is included, with the consent of the person who has authorised the contents of that part of the Securities Note. – N/A.

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Where information has been sourced from a third party, provide a confirmation that this information has been accurately reproduced and that as far as the issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. In addition, identify the source(s) of the information. – N/A.

Both the Issuer, hereby duly represented by Ms Daniela Lulache, as Chief Executive Officer and the Intermediary, hereby duly represented by Mr. Olimpiu Blajut, as Deputy General Manager undertake responsibility for the content of this Prospectus and acknowledge that the information above is accurate and reliable, and there are no omissions which may have a significant impact on the content of the Prospectus.

**S.N. NUCLEARELECTRICA S.A.**

**SSIF SWISS CAPITAL SA**

**DANIELA LULACHE**

**OLIMPIU BLAJUT**

**Chief Executive Officer**

**Deputy General Manager**