



SOCIETATEA NATIONALA „NUCLEARELECTRICA” – SA

PROSPECTUS

for

Primary Initial Public Offering for the Sale of

25,368,236 shares having attached the allotment rights

of S.N. Nuclearelectrica SA

Decision of the Financial Supervisory Authority No.: 677/2.09.2013

Intermediation Syndicate Lead Manager

Intermediation Syndicate Members

SWISS CAPITAL



Syndicate's legal consultant

Syndicate's Financial Advisor

Musat&Asociatii

Deloitte Consultanta S.R.L.

The approval stamp affixed on this Primary Public Offering Prospectus is neither a warranty nor another form of assessment by the FSA as to the opportunity, benefits or disadvantages, profit or risks that might be posed by the deals to be made by accepting this public offering that is subject to the approval decision. The approval decision is only meant to certify compliance of the Prospectus with the requirements of the laws and related application regulations.

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NOTICE TO INVESTORS

This Prospectus contains information on the share capital increase through the primary initial public offering of shares issued by Nuclearelectrica, in accordance with the provisions hereof. The offer is managed by the Intermediation Syndicate consisting of Swiss Capital SA and BT Securities SA.

The information contained herein was provided by the Company or obtained from public sources indicated in the Prospectus. No individual or corporate entity other than the Syndicate and Issuer has been authorized to provide information or documents relating to the Offer described herein nor has any other individual or corporate entity been authorized to provide information or documents regarding the Offer other than the information and the documents expressly contained herein and in the documents incorporated therein by reference thereto. No other information or documents provided outside this Prospectus or the documents so incorporated herein shall by any means be construed as information or documentation authorized by the Syndicate or the Issuer.

Nothing contained herein shall be construed as a recommendation to invest or as an opinion of the Syndicate or of the consultants of the Syndicate as to the Issuer's standing, nor shall it be interpreted as a legal, tax, financial or business advice.

In deciding to invest in the Offered Shares, investors must rely on their own analysis of the terms of the Offer, including of the advantages and risks involved. Each buyer of the Offered Shares shall have to comply with all laws and regulations in force, with the Syndicate and the Issuer declining any and all liability in connection with such legal compliance.

Each investor will have to consult their own legal, financial, tax and other advisors, regarding the legal, tax, business, financial or in connection with the issues involved by subscription, purchase, holding or transfer of the Shares. The Syndicate and the Issuer assume no responsibility with regard to these issues.

Information contained herein describes the Issuer's standing as at the date of approval of this Prospectus by the Financial Supervisory Authority according to the documents and information provided by Nuclearelectrica, at the request of the Intermediation Syndicate. The Company and the Intermediary have no responsibility to update or supplement the information from the Prospectus in the event of any changes that may occur in the Issuer's status subsequently to the approval of the Prospectus by the Financial Supervisory Authority and until the completion of the Offering, except

for changes affecting the investment decision in connection with and during this Offer, in which case such changes shall be made known to investors through an amendment to this Prospectus.

The information published on the website of the Issuer, or on any other website, directly or indirectly linked to the website of the Issuer, or any other website mentioned herein, is not included by reference herein, unless otherwise provided herein. Thus, the decision to buy the Offered Shares shall not rely on such information. Apart from the responsibilities and liability that may be incumbent to the Syndicate in relation to the issues under its control, the Syndicate assumes no liability, guarantee or commitment explicitly or implicitly, and assumes no responsibility or liability as to the accuracy or completeness of the information contained herein or of any other information supplied by the Issuer in connection with the Offered Shares or distribution thereof.

This Prospectus is neither an offer nor an invitation made by the Issuer or the Syndicate or on behalf of the Issuer or of the Syndicate to subscribe Offered Shares in any jurisdiction where such an offer or invitation is not authorized, in any way restricted or requires an authorization, approval or notification to allow prospective investors to legally subscribe.

Except for the territory of Romania, the Issuer has not taken any action whatsoever allowing this Offer to be run in any member state of the EU or EEA or in any state outside of the EU or of the EEA, including the United States of America, Australia, Canada or Japan, or to persons residing or localized in such countries. **Notwithstanding the foregoing, since part of the Offer is intended to be placed in the United States of America by a transaction exempted from the requirement of registration of the securities under Section 4(a)(2) of the Securities Act of 1933, all measures necessary for the compliance of all relevant regulations shall be taken in this respect.**

Any person who decides to subscribe the Shares in this Offering is required to know and comply with the restrictions and limitations of this Offering. By subscribing the Offered Shares, non-residents assume all liability arising in the event that such subscription is deemed unlawful under the laws of the country of residence.

In substantiation of any investment decision, prospective investors shall rely on their own analysis of the Issuer, as well as of the terms of the Offer, including of the advantages and risks involved (see Chapter 2 “*Risk factors*” of the Prospectus). Prospective investors must be aware that an investment in the Offered Shares involve some degree of risk and that, in the event that any of the risks described herein occurs, investment could be adversely affected. Accordingly, an investment in the Offered Shares is suitable for investors who are accustomed to aspects related to investment or obtained adequate financial counseling in this respect.

Any decision to buy Offered Shares shall be based exclusively on the assessment by each prospective investor of the relevance of the information contained herein (and in any amendment hereto), taking into account that any summary or description of the legal provisions referred to herein, accounting principles or comparison of such principles, corporate structure or contractual relationships is for information purposes only and should not be construed as legal, accounting or tax advice in connection with the interpretation or enforcement of these provisions, information or contractual relationships.

The content hereof must not be construed as a legal, financial or fiscal opinion. Any prospective investor should consult its own legal counsel, independent financial advisor or tax advisor for legal, financial or fiscal advice.

The Issuer declares that the non disclosure of certain information relating to the agreements that have a state secret, work secret, classified information character or are under the condition of confidentiality clauses are not susceptible of affecting the possibility of the investors to perform an informed evaluation regarding: assets and liabilities, financial position, profits and losses, and prospects of the Issuer's rights with respect to these securities.

The members of the Intermediation Syndicate act exclusively for the Issuer in connection with the Offer and shall not be held liable, legally or contractually, to other persons. No person other than the Issuer (i) shall be considered a client of any of the members of the Intermediation Syndicate in connection with the Offer, (ii) shall benefit from any rights or protection granted by law or contract if that person were a client of any member of the Intermediation Syndicate, and (iii) shall be entitled to request any member of the Intermediation Syndicate to advise on the Offer or any transaction or agreement mentioned herein.

Capitalized terms herein are defined in Chapter “*Definitions*” hereof or within this Prospectus.

NOTE TO PROSPECTIVE INVESTORS OF ROMANIA

The Romanian version of the Prospectus was approved by the Financial Supervisory Authority. The approval stamp affixed on the offering prospectus is neither a warranty nor another form of assessment by the FSA as to the opportunity, benefits or disadvantages, profit or the risks that might be posed by the deals to be made by accepting this public offering that is subject to the approval decision. The approval decision is only meant to certify compliance of the offering with the requirements of the laws and related application regulations.

NOTE TO INVESTORS OF UNITED STATES OF AMERICA

THE SHARES OFFERED IN THIS PROSPECTUS ARE BEING SOLD WITHOUT REGISTRATION

UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “U.S. SECURITIES ACT”), ONLY TO “QUALIFIED INSTITUTIONAL BUYERS” (AS DEFINED IN RULE 144A UNDER THE U.S. SECURITIES ACT)] PURSUANT TO THE PRIVATE PLACEMENT EXEMPTION CONTAINED IN SECTION 4(A)(2) OF THE U.S. SECURITIES ACT. SUCH SHARES AND THIS PROSPECTUS HAVE NOT BEEN APPROVED OR DISAPPROVED AS TO FORM, CONTENT, ACCURACY OR ADEQUACY BY THE U.S. SECURITIES AND EXCHANGE COMMISSION (“SEC”) OR ANY U.S. STATE REGULATORY AUTHORITY OR COMMISSION. THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER OR SOLICITATION IN ANY STATE IN WHICH SUCH OFFER OR SOLICITATION IS NOT AUTHORIZED. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. NO RESALE OF THE SHARES MAY BE MADE UNLESS THE SECURITIES ARE SUBSEQUENTLY REGISTERED UNDER THE SECURITIES ACT OR AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT IS AVAILABLE. EACH PROSPECTIVE INVESTOR SHOULD PROCEED ON THE ASSUMPTION THAT IT MUST BEAR THE ECONOMIC RISK OF AN INVESTMENT IN THE SHARES FOR AN INDEFINITE PERIOD OF TIME. INVESTORS WHOSE INVESTMENT AUTHORITY IS SUBJECT TO LEGAL RESTRICTIONS SHOULD CONSULT THEIR OWN LEGAL ADVISORS TO DETERMINE WHETHER AND TO WHAT EXTENT THE SHARES CONSTITUTE LEGAL INVESTMENTS FOR THEM. EACH INVESTOR THAT IS A U.S. PERSON (AS DEFINED IN REGULATION S UNDER THE U.S. SECURITIES ACT) WILL BE REQUIRED TO COMPLETE AND DELIVER TO THE COMPANY AN INVESTMENT LETTER SUBSTANTIALLY CONTAINING THE FOLLOWING REPRESENTATIONS, WARRANTIES AND COVENANTS, AND EACH SUBSEQUENT PURCHASER OF SHARES THAT IS A U.S. PERSON WILL BE DEEMED TO HAVE REPRESENTED AND AGREED AS FOLLOWS:

- (a) it is a “qualified institutional buyer” as defined in Rule 144A under the U.S. Securities Act;
- (b) it understands that the Shares have not been and will not be registered under the U.S. Securities Act and that the sale contemplated hereby is being made in reliance on the exemption from such registration requirement provided by Section 4(a)(2) of the U.S. Securities Act;
- (c) it acknowledges that it has not purchased the Shares as a result of any form of general solicitation or general advertising, including advertisements, articles, notices or other communications published in any newspaper, magazine or similar media or broadcast over radio, or television, or any seminar or meeting whose attendees have been invited by general solicitation or general advertising;
- (d) it understands and agrees that there may be material tax consequences to the U.S. Purchaser of

an acquisition, disposition or exercise of any of the Shares. The Company gives no opinion and makes no representation with respect to the tax consequences to the U.S. Purchaser under United States, state, local or foreign tax law of the undersigned's acquisition or disposition of such securities. In particular, no determination has been made whether the Company will be a "passive foreign investment company" ("PFIC") within the meaning of Section 1291 of the U.S. Internal Revenue Code;

- (e) it understands and agrees that the financial statements of the Company have been prepared in accordance with International Financial Reporting Standards, which differ in some respects from United States generally accepted accounting principles, and thus may not be comparable to financial statements of United States companies;
- (f) the office of the U.S. Purchaser at which the U.S. Purchaser received and accepted the offer to purchase the Company's Shares is the address listed on the signature page of the Subscription Agreement;
- (g) it has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of an investment in the Shares and it is able to bear the economic risk of loss of its entire investment for an indefinite period of time and it is able to bear such risk for an indefinite period and is able to sustain a complete loss of investment in Shares;
- (h) the Company has provided to it the opportunity to ask questions and receive answers concerning the terms and conditions of the offering and it has had access to such information concerning the Company as it has considered necessary or appropriate in connection with its investment decision to acquire the Shares;
- (i) it understands that these representations, warranties, covenants and acknowledgments are required in connection with U.S. securities laws and that the Company, its affiliate and the Underwriters will be relying on such representations, warranties, covenants and acknowledgments and it irrevocably authorizes the Managers on its own behalf, and on behalf of each beneficial owner of the Shares being purchased by it, to rely on these representations, warranties, covenants and acknowledgments and to produce this letter to any interested party in any administrative or legal proceedings or official inquiry with respect to the matters covered herein or in connection with any other requirements of law;
- (j) it is acquiring the Shares for its own account, for one or more separate accounts maintained by it or for the account of one or more pension or trust funds, for investment purposes only and

not with a view to any resale, distribution or other disposition of the Shares in violation of the U.S. securities laws;

- (k) it has received a copy of the Prospectus and has had access to such financial and other information concerning the Company as it has deemed necessary in connection with making its own investment decision to purchase the Shares. It has made its own independent investigation and appraisal of, without limitation, the business, financial condition, prospects, creditworthiness, status and affairs of the Company and the Shares. It acknowledges that neither the Company nor the Managers named herein nor any person representing the Company or the Managers has made any representation, express or implied, to it with respect to the Company or the offering or sale of any Shares other than as set forth in this Prospectus, which has been delivered to it and upon which it is relying solely in making its investment decision with respect to the Shares. It acknowledges that it has read and agrees to the matters referring to selling restrictions provided in Part II, Chapter 5, Part II “*Sale and Transfer Restrictions*” by this Prospectus;
- (l) if it decides to offer, sell or otherwise transfer any of the Shares, it will not offer, sell or otherwise transfer any of such Shares, directly or indirectly, unless:
- (i) the sale is to the Company;
 - (ii) the sale is made outside the United States in a transaction meeting the requirements of Rule 904 of Regulation S under the U.S. Securities Act and in compliance with applicable local laws and regulations;
 - (iii) the sale is made pursuant to the exemption from the registration requirements under the U.S. Securities Act provided by Rule 144 thereunder and in accordance with any applicable state securities or “Blue Sky” laws; or
 - (iv) the Shares are sold in a transaction that does not require registration under the U.S. Securities Act or any applicable state laws and regulations governing the offer and sale of securities and, in the case of clauses (ii) or (iii) above, it has prior to such sale furnished to the Company an opinion of counsel or other evidence of exemption in form and substance reasonably satisfactory to the Company; and
- (m) such person undertakes promptly to notify the Company and the Underwriters if, at any time prior to the delivery of any Shares, any of the foregoing ceases to be true.

**TREASURY DEPARTMENT CIRCULAR OF THE UNITED STATES OF AMERICA.
NO. 230**

The Underwriter and its affiliates do not provide tax advice and nothing contained herein should be construed to be tax advice. Please be advised that any discussion of U.S. tax matters contained herein (including any attachments) (i) is not intended or written to be used, and cannot be used, by you for the purpose of avoiding U.S. tax-related penalties and (ii) was written to support the promotion or marketing of the transactions or other matters addressed herein. Accordingly, you should seek advice based on your particular circumstances from an independent tax advisor.

Notwithstanding anything herein to the contrary, the Company and each recipient (and each employee, representative or other agent of the Company and each recipient) may disclose to any and all persons, without limitation of any kind, the U.S. tax treatment and U.S. tax structure of the transaction and all materials of any kind (including opinions or other tax analyses) that are provided to the Company or each recipient relating to such U.S. tax treatment and U.S. tax structure, other than any information for which nondisclosure is reasonably necessary in order to comply with applicable securities laws.

NOTE TO NEW HAMPSHIRE RESIDENTS

THE FACT THAT AN APPLICATION FOR REGISTRATION OR AN APPLICATION FOR A LICENSE WAS FILLED IN ACCORDANCE WITH CHAPTER 421-B OF NEW HAMPSHIRE SECURITIES ACT (“SA 421-B”) IN THE STATE OF NEW HAMPSHIRE, THE FACT THAT SECURITIES ARE ACTUALLY REGISTERED OR A PERSON IS LICENSED IN NEW HAMPSHIRE, SHALL NOT BE CONSTRUED AS NEW HAMPSHIRE STATE SECRETARY’S FINDING THAT ANY DOCUMENT FILLED IN ACCORDANCE WITH SA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NONE OF THESE FACTS, OR THE FACT THAT AN EXEMPTION OR EXCEPTION APPLIES TO A SECURITY OR A TRANSACTION, MEANS THAT THE NEW HAMPSHIRE SECRETARY OF STATE ISSUED AN OPINION CONCERNING THE MERITS OR QUALIFICATIONS THEREOF, OR PROVIDED ANY RECOMMENDATION OR ENDORSEMENT TO ANY PERSON, SECURITIES OR TRANSACTIONS. IT IS UNLAWFUL TO MAKE A PROSPECTIVE INVESTOR OR TO INDUCE A PROSPECTIVE INVESTOR TO MAKE ANY STATEMENT NOT CONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

NOTE TO PROSPECTIVE INVESTORS OF THE UNITED KINGDOM

The Prospectus is drafted only to be distributed to and addressed to persons (i) who have professional experience in the investment field corresponding to the provisions of Article 19 (5) of the Law on Financial Markets and Services 2000 (“Order on Financial Promotion”), (ii) who are

included in the provisions of Article 49 (2) (a) to (d) (large companies with high income, associations devoid of legal personality, etc.) of the Order on Financial Promotion or (iii) to whom it is lawful to communicate, or to request the communication of, an invitation or notice to engage in the investment activity (within the meaning of Section 21 of the Law on Financial Markets and Services 2000) having as its object the Offered Shares (all such persons together being referred to as “Relevant Persons”).

This Prospectus is addressed exclusively to Relevant Persons and shall not be addressed to or relied upon by any individual who is not a Relevant Person. Any investment or investment activity to which this document relates is available only to Relevant Persons and binding only upon the Relevant Persons.

NOTE TO PROSPECTIVE INVESTORS OF THE EUROPEAN ECONOMIC COMMUNITY

This Prospectus was prepared in consideration of the fact that all offers for the Offered Shares (other than the offer for the Offered Shares in Romania) shall be carried out under an exemption from the obligation to publish a prospectus for offers of securities, in accordance with Article 3 Para (2) of the Prospectus Directive, as implemented in the Member States of the European Economic Community (hereinafter referred to as “EEC”). As a result, any person who carries out or intends to carry out an offer for the Offered Shares within the EEC shall have to conduct it so that it does not give rise to any liability on the Company, Intermediation Syndicate or any other person to draw up and publish a prospectus for offer. The Company and the Intermediation Syndicate have not authorized nor authorize the preparation of the offer for the Offered Shares through intermediaries other than the members of the Intermediation Syndicate and Eligible Participants, the offer carried out by these intermediaries forming the final placement of the Offered Shares under this Prospectus.

In respect of each Member State of the EEC which implemented the Prospectus Directive (each, a “Relevant Member State”), effective from, and including the date on which the Prospectus Directive is implemented in the Relevant Member State, the offer of any Offered Shares forming the object of a Primary Public Offering is not addressed and shall not be addressed to the public in that Relevant Member State (other than that in Romania), except for the persons mentioned nominally in Article 3 (2) of the Prospectus Directive, such as the provisions of this article were implemented in the legislation of the Relevant Member State. No such offer for the Offered Shares shall in any case impose on the Company or on the members of the Intermediation Syndicate an obligation to publish a prospectus within the meaning of Article 3 of the Prospectus Directive.

Within the meaning of this note to investors, “an offer for shares to the public” regarding the

Offered Shares, in any Relevant Member State, means the communication of sufficient information on the terms of the offer and the Offered Shares addressed to persons in any form and by any means, so as to enable an investor to decide to buy or subscribe the Offered Shares, as this definition may vary in that Relevant Member State due to specific measures for the implementation of the Prospectus Directive in the Relevant Member State; “Prospectus Directive” means Directive No. 2003/71/EC (as supplemented, inclusively by the Directive 2010/73/EC (the “Amending Directive”), to the extent implemented in the Relevant Member States) and includes any rules adopted for its implementation in each Relevant Member State.

Each person who subscribes and every buyer of the Offered Shares within the offer launched in a member state of the EEC (other than Romania) shall be deemed as having stated, acknowledged and agreed that it is a “qualified investor” within the meaning of Article 2 (1) (e) of the Prospectus Directive. The Company, the Intermediation Syndicate and their affiliates, as well as any other person concerned, shall rely on the veracity and accuracy of the statements, agreements and covenants listed above.

NOTE TO PROSPECTIVE INVESTORS OF CANADA

The Offered Shares have not been and shall not be qualified by the Prospectus for sale to the general public in Canada, in accordance with the securities laws of Canada. Therefore, any offer or sale of Offered Shares in Canada shall be made only pursuant to an exception from the requirements applicable to prospectuses and only as permitted by Canadian laws. Offered Shares may be offered only in those jurisdictions in Canada and only to those persons and places where they may be offered for sale according to law and only by persons authorized to sell such Offered Shares.

This Prospectus does not constitute and shall not be construed in any way whatsoever as an advertisement or a public offering of Offered Shares in Canada. No securities commission or similar authority in Canada reviewed or gave a decision on this Prospectus, or on the qualities of the Offered Shares indicated in this Prospectus, and another statement to the contrary shall be construed as criminal offence. Investors in Canada should consult Part II Chapter 5 “*Sale and Transfer Restrictions*” hereof.

SERVICE OF PROCESS AND FULFILLMENT OF CIVIL OBLIGATIONS

The company is established, organized and existing under the Romanian laws. Certain persons mentioned herein are resident in Romania, and certain undertaking referred to herein are organized under the Romanian laws. All or a substantial part of the assets of such persons and undertakings are located mainly in Romania. Accordingly, investors might encounter difficulties or

be unable to:

- notify or communicate judicial or extrajudicial acts to the Company and/or any of its administrators and members of the executive management of the Company, nominated herein; or
- enforce in any country other than Romania rulings issued by courts outside Romania against the Company or against any of its administrators and members of the executive management of the Company, nominated herein.

Moreover, there are no bilateral conventions or treaties between the United States of America and Romania providing for the recognition and enforcement of judgments (other than arbitral awards) in civil and commercial matters. A final ruling to pay a sum of money, issued by a federal court or a State of the United States of America, in civil matters pursuant to the securities laws, shall not be recognized or enforced automatically in Romania.

The recognition and enforcement procedure in Romania of a judgment issued by a court outside Romania in civil and commercial matters is different depending on whether the judgment was issued by a EU or non-EU court.

Thus, according to the community laws, in particular under the provisions of the Council Regulation (EC) No. 44/2001 of 22 December 2000 on jurisdiction and recognition and enforcement of judgments in civil and commercial matters, as amended, a judgment given in a Member State is to be recognized without special proceedings in the other Member States, except that:

- such recognition is manifestly contrary to public order in Romania, in accordance with the private international law;
- the provisions on exclusive jurisdiction or jurisdiction in matters relating to insurance or consumer's protection were not complied with;
- the document instituting the proceedings or any other similar document was not communicated or notified to the respondent and the respondent did not appear in due time and in a manner that would enable such to build its defense, if the respondent did not lodge any action against the judgment when it had the possibility to do so;
- the judgment is irreconcilable with a judgment issued in a litigation between same parties in Romania;
- the judgment is irreconcilable with a judgment previously issued in another Member State or in

a third party state between the same parties in a case having the same object and the same cause, provided that the previously issued judgment meets all necessary conditions to be recognized in Romania.

Judgments given in a Member State in civil and commercial matters and binding in the State at issue are enforced in Romania when, at the request of any of the parties concerned, was declared enforceable also in Romania.

Within the meaning of Council Regulation (EC) No. 44/2001, Member State means any EU Member State, except Denmark.

A foreign ruling issued in a state which is not a member state, within the meaning of Council Regulation (EC) No. 44/2001, or in another state with which Romania did not sign any bilateral/multilateral treaty/convention for the recognition and enforcement of judgments in civil and commercial matters, such as the United States of America, may be recognized in Romania, for *res judicata*, provided that all of the following conditions are met:

- the judgment is final according to the laws of the state where it was given;
- the court issuing the judgment was, according to the laws of the place, competent to judge the case, however such competence not being exclusively grounded on the presence of the respondent or of any of its assets that are not directly connected to the litigation in the state of the place of such jurisdiction;
- reciprocity in terms of effects of the foreign judgments between Romania and the state of the court where the judgment was given.

In addition, the recognition mentioned above may be denied for any of the following cases:

- the judgment is manifestly contrary to public order of Romanian private international law; this incompatibility is ascertained taking into account particularly the intensity of the relation of the cause to the Romanian legal order and the gravity of the effect thus caused;
- the judgment issued in a matter in which persons do not freely enjoy their rights was obtained with the sole purpose of preventing the case from being subject to the law applicable pursuant to Romanian private international law;
- the case between the same parties was solved by a judgment, even if it was not final, issued by the Romanian courts or pending on the dockets of the same upon initiation of proceedings of the foreign court;
- it is irreconcilable with a judgment previously issued abroad and likely to be recognized in

Romania;

- the Romanian courts had exclusive jurisdiction to settle the case;
- the defense right was breached;
- the judgment may be subject to means of appeal in the state where it was issued.

To be enforced in Romania:

- this judgment shall also have to be enforceable according to the laws of the state of the place of the court issuing it;
- the right to request the enforcement of the judgment must not be time barred.

In Romania, such type of judgments shall be enforced based on the approval given, at the request of the party concerned, by the tribunal within whose jurisdiction the same shall be enforced.

STATEMENTS REGARDING PERSPECTIVES

This Prospectus contains statements other than those relating to past events or facts regarding perspectives of Nuclearelectrica. These statements on perspectives regard, mainly, references herein to the plans and expectations of Nuclearelectrica, its objectives and strategies, growth and profitability, as well as the economic environment in which Nuclearelectrica operates.

In certain situations, statements on perspectives may be identified in the Prospectus by using an appropriate terminology, including words such as “considers”, “believes”, “it is expected”, “envisages”, “aims”, “anticipates”, “estimates”, “deems”, “intends”, “seeks”, “predicts”, “may”, “will/shall”, “plans”, or, as appropriate, negative forms of these or similar expressions, or by references to strategies, plans, objectives, future events or intentions. Statements regarding perspectives contained herein may include certain “targets”, which reflect the objectives that Nuclearelectrica and/or ME-DE intends to materialize, but which do not constitute forecasts.

Statements on perspectives rely on the current assessment made by Nuclearelectrica based on the information at their disposal. Although Nuclearelectrica deems that the expectations included in the statements on perspectives are reasonable, Nuclearelectrica may not give any assurance that the same will materialize or prove to be correct. By nature, such statements on perspectives may involve predictable as well as unpredictable risks, a certain degree of uncertainty, and depend on future events and factors that may significantly alter the actual income, financial standing and profitability of Nuclearelectrica, by reference to those expressed or referred to in such statements, which include estimates, perspectives, and projections.

These statements on perspectives are only valid at the date hereof. Nuclearelectrica assumes no obligation to update or revise the statements regarding perspectives contained herein to reflect any possible changes in the expectations, conditions of Nuclearelectrica or in the circumstances based on which such statements were made. Considering the foregoing, investors are advised not to ground their decision to invest on any of the statements regarding perspectives included herein.

INTERPRETATION

Unless otherwise expressly provided herein, any reference herein to:

- “Nuclearelectrica”, “Company”, “ME-DE”, “Intermediation Syndicate” and any of the “Lead Manager”, “or “Managers, “Auditors” or any other person, shall also include its successors, authorized assignees and authorized attorneys-in-fact;
- “person” includes any person, firm, company, corporation, government, relevant ministry, state or authority, state institution or agency or any association, trust or partnership (with or devoid of legal personality);
- “regulation” includes any regulation, rule, official directive, standard, requirement or recommendation (with or without the legal power of a normative act) issued by any authority, agency, governmental, intergovernmental or supranational department, or by a regulatory, self-regulatory authority or organization, or of any other type;
- a legal provision is a reference to that provision as amended or republished until the date hereof;
- any reference to time shall refer to the Bucharest time zone; and
- Chapter, Sections and Annexes headings are inserted for ease of reference only.

TABLE OF CONTENTS

DEFINITIONS	19
1. PROSPECTUS SUMMARY	31
2. RISK FACTORS	65
3. RESPONSIBLE PERSONS	79
4. PART I: INFORMATION ABOUT NUCLEARELECTRICA	81
1. ACTIVITY OF THE ISSUER	81
1.1. GENERAL INFORMATION ABOUT THE ISSUER	81
1.2. COMPANY HISTORY AND EVOLUTION	82
1.3. INVESTMENTS	89
1.4. ENERGY MARKET IN ROMANIA AND THE POSITIONING OF NUCLEARELECTRICA ON THE ENERGY MARKET	90
1.5. MAIN ACTIVITIES OF THE ISSUER	95
1.6. ELECTRICITY CONTRACTS	95
1.7. INFORMATION ABOUT TRENDS	97
1.8. RESEARCH, DEVELOPMENT AND NEW PRODUCTS	98
1.9. PATENTS AND LICENSES	99
1.10. PATENTS AND LICENSES – ENERGONUCLEAR	110
1.11. ENVIRONMENT MATTERS	110
1.12. ENVIRONMENTAL ISSUES – ENERGONUCLEAR	117
1.13. SIGNIFICANT CONTRACTS	118
1.14. COMMERCIAL CONTRACTS	136
1.15. EMPLOYEES	138
1.16. EMPLOYEES OF ENERGONUCLEAR	142
2. MANAGEMENT AND ORGANIZATION OF THE ISSUER	143
2.1. CONSTITUTIVE ACT	143
2.2. MANAGEMENT AND SUPERVISORY BODIES	143
2.3. INFORMATION ON THE GROUP	154
2.4. OPERATIONS WITH INVOLVED PERSONS	167
2.5. CONFLICTS OF INTEREST	179

2.6.	REMUNERATION AND BENEFITS	179
3.	SELECTED FINANCIAL INFORMATION	181
3.1.	FINANCIAL AUDITORS	181
3.2.	THE ISSUER'S FINANCIAL STATEMENTS.....	181
3.3.	FACTORS THAT INFLUENCE THE RESULTS OF THE ISSUER	227
3.4.	RELATED PARTIES TRANSACTIONS	234
3.5.	EXTRACTS FROM THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT AND FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2013	235
4.	REAL ESTATE, MOVABLE GOODS, CAPITAL RESOURCES	238
5.	ISSUER'S REGISTERED CAPITAL AND SHARES.....	246
5.1.	SHARES AND REGISTERED CAPITAL.....	246
6.	OTHER INFORMATION.....	261
6.1.	LITIGATIONS	261
6.2.	DOCUMENTS MADE AVAILABLE TO THE PUBLIC	273
6.3.	FISCAL INFORMATION	274
6.4.	STATEMENT OF NON-INITIATION OF A SHARE CAPITAL INCREASE	279
6.5.	INSURANCE.....	279
6.6.	ASPECTS ON COMPETITION AND STATE AIDS.....	282
5.	PART II: INFORMATION ON THE PUBLIC OFFERING	289
1.	INFORMATION ON THE PUBLIC OFFERING	289

DEFINITIONS

In this Prospectus, unless otherwise expressly provided herein, the following capitalized terms shall have the following meanings, whether singular or plural:

“ACER”	Agency for the Cooperation of Energy Regulators
“Constitutive Act”	The Statute of Nuclearelectrica attached as Annex No.1.2 to GD No. 365/1998 on the establishment of Compania Nationala de Electricitate SA [<i>National Electricity Company</i>], of National Company “Nuclearelectrica” – SA and of the Romanian Authority for Nuclear Activities through the reorganization of Regia Autonoma de Electricitate “Renel” [<i>Romanian Electricity Authority “Renel”</i>], as subsequently amended, revised as Constitutive Act as of 30 May 2013.
“Shares”, “Existing Shares” or “Company Shares”	The total number of shares issued by the Company upon the approval hereof, <i>i.e.</i> 253,682,361 ordinary shares, in dematerialized form, each having a par value of RON 10
“Newly Issued Shares”	All newly issued shares in the Issuer’s share capital increase approved by Government Decision No. 39/2012, Government Decision No. 380/19.06.2013 and by Resolution of the Issuer’s Extraordinary General Assembly of Shareholders No. 16/27.06.2013 <i>i.e.</i> 28,100,395 shares having a value of RON 10
“Offered Shares”	The shares issued by Nuclearelectrica, and offered under the primary initial public offering for sale covered by the Prospectus, <i>i.e.</i>

	25,368,236 shares representing 10% of the Company's existing share capital as at 27.06.2013, each share having a par value of RON 10
"AECL"	Atomic Energy of Canada Limited
"GAS"	Company's General Assembly of Shareholders
"EGAS"	Company's Extraordinary General Assembly of Shareholders
"OGAS"	Company's Ordinary General Assembly of Shareholders
"AI"	Investors Agreement, the agreement signed between the investors for the development, construction and commissioning of Units 3 and 4 of CNE Cernavoda.
"ANRE"	Romanian Energy Regulatory Authority
"NARV"	National Association of Romanian Valuers
"ANDR"	Nuclear Agency of Radioactive Waste
"ANRMAP"	National Authority for the Regulation and Monitoring of Public Procurement
"APM"	Environmental Authority
"Nuclear Serv Association"	The Association formed on the basis of Association Agreement no. 1/17.10.2008 concluded between SC Elcomex I.E.A. S.A., SC General Concrete SRL, SC Bis Nimb S.A., SC Stizo Nuclear S.A. and SC Unify Co LTD SRL, ensuring the repair and maintenance services of the systems, installations and buildings in the security center of CNE Cernavoda, for the operation of the plant under nuclear security and safety conditions

“FSA”	Financial Supervisory Authority
“Custodian Bank” or “Custodian Agent”	Commercial banks authorized by the NBR to operate in Romania and registered in the FSA’ registry to act as custodians of securities pursuant to the applicable laws in force
“NBR”	National Bank of Romania
“BSE”	Bucharest Stock Exchange, the operator of the regulated market on which the Shares are traded
“NACE Code”	Activities Classification of National Economy
“CAD”	Canadian dollars
“CAPEX”	Capital expenditure
“EC”	European Commission
“CBA”	The collective bargaining agreement signed at Company level, concluded for the period between 01.07.2013 – 30.06.2015 and registered with the Labor Territorial Inspectorate of Bucharest Municipality under No. 244/20.06.2013
“ILC”	Individual Labor Contract
“CNCAN”	National Commission for Nuclear Activities Control
“CNE”	Nuclear-Electric Plant
“CNVM” or “NSC”	National Securities Commission
“Commercial Code of the Wholesale Electricity Market”	The Commercial Code of the Wholesale Electricity Market approved by ANRE Order No. 25 of 22.10.2004 published in the Official Gazette of Romania No. 989 of 27.10.2004

“Labor Code”

Law 53/2003 – Labor Code – republished in the Official Gazette no. 345 of 18.05.2011

“The Company” and/or “the Issuer” and/or “Nuclearelectrica” and/or “SNN”

National Company “Nuclearelectrica” S.A., with its registered headquarters at 65 Polona Street, District 1, Bucharest, Romania, Sole Registration Code, 10874881, registered with the Office of the Trade Registry under No. J40/7403/1998, having subscribed a share capital of RON 2,536,823,610 as at 31 December 2012, fully paid in

“Board of Directors”

Company’s Board of Directors

“Intermediation Agreement”

The contract concluded between Nuclearelectrica and the Intermediation Syndicate for the intermediation of the Offer

“Collection Accounts”

The accounts opened by the Lead Manager and Syndicate Members, designed to collect the proceeds of the underwriting for the Offering, as identified in Part II, Chapter 5, of the “Public Offering Information”

“Central Depository”

Depozitarul Central S.A., headquartered at 34-36 Carol I Blvd., Floors 3, 8 and 9, District 2, Postal Code 020922, Bucharest, Romania, is the provider of deposit, registry, compensation and settlement services for securities, as well as other related operations, as defined by the Capital Market Law

“Allotment Rights”

According to NSC Endorsement No. 45/22.08.2008, the allotment right is the short term negotiable security, certifying its holder’s right to receive a share to be allotted upon the registration of the social capital increase and of the Newly Issued Shares with the Central Depository. Each Newly Issued is allotted one

	Allotment Right.
“EBIT”	Earnings Before Interest and Taxes
“EBITDA”	Earnings Before Interest, Taxes, Depreciation and Amortization
“EUR” or “euro” or “€”	The official currency of the Member States of the European Union adopted under the European Union laws
“Limits” and/or “Margins”	The price level situated at the lower limit of the subscriptions interval for which the number of subscribed shares is equal to or lower than 1% of the overall number of shares forming the object of the Offering.
“IMF”	International Monetary Fund
“PF”	S.C. Fondul Proprietatea S.A. – The Fondul Proprietatea
“Group”	The Company and its affiliate
“Distribution Group”	The Banca Transilvania S.A. and BT Securities S.A units through which subscriptions shall be made, as listed in Annex 1 hereto
“Government”	The Government of Romania
“GD”	Government Decision
“IAS”	International Accounting Standard as defined by the IASC (International Accounting Standards Committee), which is a component part of the International Financial Reporting Standards
“IFRS”	The International Financial Reporting Standards as approved by the European Union
“INCDD”	“Delta Dunarii” National Research and

	Development Institute, Tulcea
“IPO”	Initial Primary Public Offering
“ISCIR”	State Inspection for Control of Boilers, Pressure Vessels and Hoisting
“Law 10/2001”	Law No. 10/2001 on the legal status of real estate abusively requisitioned during the period comprised between 6 March 1945 and 22 December 1989, republished in the Official Gazette of Romania No. 798/02.09.2005, as further amended and supplemented
“Law 247/2005”	Law No. 247/2005 on property and justice reform and certain associated measures, Title VII: The regime for the determination and the payment of compensations for requisitioned real estate, published in the Official Gazette of Romania No. 653 of 22.07.2005
“Electricity Law”	Law No. 123/2012 on electricity and natural gases republished in the Official Gazette of Romania no. 485 of 16.07.2012, as amended and supplemented
“Capital Market Law”	Law No. 297/2004 on capital market, published in the Official Gazette of Romania No. 571 of 29.06.2004, as further amended and supplemented
“Companies Law”	Law No. 31/1990 regarding business entities, republished in the Official Gazette of Romania No. 1066 of 17.11.2004, as further amended and supplemented
“Leu” or “Lei” or “RON”	Official currency of Romania

“ME”	Ministry of Economy
“cM”	Cubic meters
“MWh”	Mega Watt hour
“Offer” or “Primary Initial Public Offering”	The primary initial public offering for the sale of shares organized by the Issuer as per the description of the Chapter 5, Part II <i>“Terms and Conditions of the Offer”</i>
“GO”	Government Ordinance
“OPCOM”	Electricity Market Operator in Romania OPCOM SA
“DE”	The Department for Energy within ME
“GEO”	Government Emergency Ordinance
“Retail Electricity Market” or “REM”	The organized framework where the electricity is purchased by customers from electricity suppliers or producers
“Wholesale Electricity Market or “WEM”	The organized framework where electricity is purchased by suppliers/consumers from producers or from other suppliers for resale or own use, as well as by network operators for their own technological consumption
“PBT”	Profit before tax
“Centralized Market of Bilateral Contracts” or “CMBC”	The type of trading in the centralized market of bilateral electricity contracts, whereby contracts are awarded by public tenders
“Centralized Market of Bilateral Contracts – with Continuous Negotiation” or “CMBC-CN”	The type of trading in the centralized market of bilateral electricity contracts, whereby contracts are awarded by a combined bidding and negotiation procedure
“Offering Duration”	The period of the Offer as defined in the

relevant section of Part II Chapter 5 “Public Offering Information”

“Balancing Market”

The centralized market organized and managed by the transmission system operator to collect the offers for supply of balancing energy submitted by participants in the balancing market, and to use such offers to ensure the production-consumption balance in the National Power System (NPS) and resolve network restrictions

“BRP”

Balance Responsible Party

“Prospectus”

This Prospectus regarding the Primary Initial Public Offering for the sale of the Offered Shares, approved by the FSA for the running of the Offer

“Day Ahead Market or “DAM”

The component of the wholesale electricity market, administered by OPCOM, which carries out firm trading in active electricity for each trading interval of the relevant delivery day, based on the offers submitted by participants in this Day Ahead Market, *i.e.* the spot market for trading in electricity

“RAAN”

Regie Autonome for Nuclear Activities (Regia Autonoma pentru Activitati Nucleare)

“RAS”

Romanian Accounting Standards

“Trade Registry”

Trade Registry Office representing the database containing the record of the legal status of businesses in Romania

“Regulation 1/2006”

NSC Regulation No. 1/2006 regarding securities’ issuers and operations, published in the Official Gazette of Romania no. 312bis of

	06.04.2006, as amended and supplemented
“Regulation 809/2004”	Commission Regulation (EC) No 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements, published in the Official Journal of the European Union L149/1 on 30.04.2004, as further amended and supplemented
“Electricity Transmission Grid” or “ETG”	The electricity network of national and strategic interest with voltage values over 110 kV
“RBS”	Royal Bank of Scotland
“RON”	Lei, Romanian national currency
“EEA”	European Economic Area
“SDR” and/or “DST”	Special drawing rights
“National Power System” or “NPS”	The entire system of interconnected electric power facilities used for the generation, transmission, operative management, distribution, supply and use of electricity, located on the national territory. The national electric power system is the basic infrastructure shared by participants in the electricity market
“Intermediation Syndicate” or “Syndicate” or “Underwriter/s”	The Lead Manager and the Members of the Intermediation Syndicate established as an Intermediation Syndicate under a syndicate agreement, whose subcontractors are Sparl Musat & Associates, as Legal Advisor, and

	Deloitte Consultanta SRL, as Financial Advisor
“Dispatcher management system”	The facilities and equipment used by the dispatcher center to carry out its duties
“Consolidated Financial Statements” and/or IFRS Financial Statements	The Issuer’s consolidated and audited financial statements for financial years ending as at 31.12.2010, 31.12.2011 and 31.12.2012, prepared in accordance with IFRS-UE
“Consolidated Simplified Interim Financial Statements”	The Issuer’s consolidated and reviewed simplified interim financial statements for a period of 3 months ending as at 31.03.2013 prepared in accordance with the International Accounting Standard 34 Interim Financial Reporting
“State”	The Romanian State
USA	United States of America
“Swiss Capital” or “Syndicate Manager” “Lead Manager”	Swiss Capital SA, authorized to carry out activities specific to the capital market by the National Securities Commission Decision No. 2674/05.08.2003, headquartered at 20 Dacia Blvd., Romana Office Building, 4 th Floor, District 1, Bucharest, registered with the Trade Registry under No. J40/4107/1996, Sole Registration Code 8450590
“Transelectrica”	National Electricity Transport Company
“TG”	Zoning tariffs related to the transport service, for the injection of electricity into the grid
“VAT”	The value added tax
“EU”	The European Union

“Units 3 and 4”

CNE Cernavoda nuclear units 3 and 4

“USD” or “US dollars”

American dollar – the official currency of the United States of America

“Business Day”

Any day on which both the Romanian interbank market and the trading and compensation-settlement systems of the Bucharest Stock Exchange/Central Depository are open for business

For the purpose hereof, the following information inquiries, stipulated in Regulation (EC) 809/2004 shall not apply:

Annex I: Section 6 - items 6.3, 6.5, Section 9 – item 9.2.3, Section 10 – items 10.4, 10.5, Section 12 – item 12.2, Section 13, Section 18 – item 18.4, Section 21 – item 21.1.2, Section 21 – items 21.1.4, 21.1.5, 21.1.6, 21.2.7, 21.2.8.

Annex III: Section 4 – item 4.10, Section 5 – items 5.1.10, 5.2.2, 5.3.4, 5.4.4, Section 6 – items 6.2, 6.3, 6.4, 6.5, 6.5.1, 6.5.2, 6.5.3, 6.5.4, Section 7.

1. PROSPECTUS SUMMARY

Section A – Introduction and advice	
A 1	<p>Prospective investors are advised as follows:</p> <ul style="list-style-type: none"> - this summary shall be read and interpreted as an introduction to the Prospectus; - any decision to invest in the Offered Shares described herein shall be based on the information of this Prospectus taken by the investor as a whole; - if a claim is filed in a court in connection with the information contained in the Prospectus, the plaintiff investor might, according to the national legislation in force in the Member States, bear the costs of translating the Prospectus prior to the initiation of legal proceedings; and - civil liability shall be assumed only by those who drafted the summary, including the translation thereof only if the summary is misleading, incorrect or inconsistent with other parts of the Prospectus or if it does not include, when read together with other parties of the Prospectus, key information, to help investors in assessing the possibility of investing in the Shares.
A2	<ul style="list-style-type: none"> - the consent of the issuer or of the person responsible for drawing up the prospectus with respect to the use of the prospectus for subsequent resale or final placement of securities through financial intermediaries – <i>not applicable</i>; - an indication of the offering duration within which a subsequent resale or final placement of securities could be initiated and for which the consent to use the Prospectus is given – <i>not applicable</i>; - any other clear and objectives conditions affecting the consent and which are relevant for the use of the prospectus – <i>not applicable</i>; - prominent notice whereby investors are informed of the fact that the information concerning the terms and conditions of the offer through financial intermediaries shall be provided during the offer through financial intermediaries – <i>not applicable</i>.

Section B – Issuer	
B 1	<i>Commercial and legal name:</i> Societatea Nationala Nuclearelectrica S.A.
B 2	<ul style="list-style-type: none"> - <i>Registered headquarters:</i> Romania, 65 Polona Street, District 1, Bucharest, Romania; - <i>Legal status:</i> joint stock company; - <i>Legislation governing its activity:</i> Romanian legislation; - <i>Country of establishment:</i> Romania.
B 3	<p><i>Description, key factors and nature of the operations of Nuclearelectrica and main activities conducted, main category of traded products and/or supplied services, identification of main markets where competing entities conduct their activity:</i></p> <p>SN Nuclearelectrica SA was established as a joint stock company based on GD 365/1998, as a result of RENEL reorganization, having as main activity the production of electric energy. Nuclearelectrica is a national company and currently the only producer of electric energy through nuclear technology in Romania. Nuclearelectrica is also a producer of nuclear fuel by manufacturing the fuel bundles used for the operation of its own nuclear reactors.</p> <p>Nuclearelectrica is the third largest producer of electric energy on the wholesale market in Romania (with a share of approximately 20% in 2012), after Hidroelectrica (which owned approximately 23% in 2012) and Oltenia Energy Complex S.A., founded in the summer of 2012 by the grouping of large coal lignite thermal power plants (with an estimated market share of approximately 30% in 2012).</p> <p>Nuclearelectrica is the producer with the highest contribution in the energy basket related to the regulated market power; in 2012, a quota of approximately 70% share of Nuclearelectrica production was allotted, by ANRE decisions, to the regulated market.</p> <p>CNE Cernavoda was designed in the 1980s and provided with five reactors. The construction of the first reactor began in 1980, and in 1982, at the other four reactors, but after 1989 it focused on the finalization of Unit 1, which was put into operation in 1996. Currently, CNE Cernavoda operates two reactors; Unit 2 was put into operation in 2007. Each reactor has an installed net capacity of MW 706.5, and, together, the two reactors provide nearly 1/5 of the total electricity production in Romania. Nuclear</p>

	<p>reactors at the two units are CANDU 6, developed in Canada, by Atomic Energy of Canada Ltd. Such type of reactors are cooled and moderated with heavy water and use natural uranium as fuel.</p> <p>ANRE decreased the share for the regulated market related to Nuclearelectrica for 2013 to 50% of the estimated year production, respectively about 5.3 TWh and set a new regulated price (141.99 lei/MWh, exclusive of transportation fee), thus allowing, for the current year, a larger participation of Nuclearelectrica on the competition market, with the view to obtain salary increases as opposed to last year.</p> <p>In 2012, Nuclearelectrica sold on the competitive market about 30 % of the electricity traded. The largest part of the same was sold on centralized markets managed by OPCOM through tenders (75%-based on contracts awarded on centralized contract markets, PCCB, and PCCBNC, and 17% was sold on the spot market, PZU). The number of customers who concluded contracts with Nuclearelectrica on the competitive market in 2012 was 17; for the energy sold on the spot market, via the OPCOM, the energy produced by Nuclearelectrica reached dozens of buyers who traded in this market.</p> <p>According to the Statute of the Company, its main object of activity is production of electric energy - CAEN Code 3511. In addition, the Company is authorized to perform a number of secondary activities, as follows :</p> <ul style="list-style-type: none"> • Mining of uranium and thorium ores (CAEN Code 0721); • Support activities for other mining and quarrying (CAEN Code 0990); • Manufacture of industrial gases (CAEN Code 2011); • Processing of nuclear fuel (CAEN Code 2446); • Manufacture of metal structures and parts of structures (CAEN Code 2511); • Treatment and coating of metals (CAEN Code 2561); • Machining (CAEN Code 2562); • Repair of fabricated metal products (CAEN Code 3311); • Repair of machinery (CAEN Code 3312);
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- Repair of other equipment (CAEN Code 3319);
- Transmission of electricity (CAEN Code 3512);
- Distribution of electricity (CAEN Code 3513);
- Trade of electricity (CAEN Code 3514);
- Steam and air conditioning supply (CAEN Code 3530);
- Water collection, treatment and supply (CAEN Code 3600);
- Catchment and treatment of waste water (CAEN Code 3700);
- Collection of non-hazardous waste (CAEN Code 3811);
- Treatment and disposal of non-hazardous waste (CAEN Code 3821);
- Treatment and disposal of hazardous waste (CAEN Code 3822);
- Dismantling (disassembling) of machinery and equipment out of operation, for recovery of materials (CAEN Code 3831);
- Remediation activities and other waste management services (CAEN Code 3900);
- Construction of water projects (CAEN Code 4291);
- Construction of other civil engineering projects n.e.c. (CAEN Code 4299);
- Electrical installation (CAEN Code 4321);
- Other construction installation works (CAEN Code 4329);
- Engineering activities and related technical consultancy (CAEN Code 7112);
- Technical testing and analysis (CAEN Code 7120)

The exploitation performances of the units in SN Nuclearelectrica SA's portfolio may be objectively assessed by considering the statistics presented by the agencies and the international specialized publications.

In the International Atomic Energy Agency (IAEA) records, respectively Power Reactor Information System (PRIS), the average values of some performance

	<p>indicators, registered in 2012 in worldwide nuclear power plants (436 units) are given.</p> <p>According to the classification made by the publication “Nuclear Engineering International” (May 2013 edition) on the indicator “global coefficient of installed power use” since their commissioning, the CNE Cernavoda Units are among the first 20 nuclear units out of 436 commissioned nuclear units around the world, as follows:</p> <ul style="list-style-type: none"> ▪ Unit 2 with an overall coefficient of installed power use of 92,9% is on rank 4; ▪ Unit 1 with an overall coefficient of installed power use 88,5% is on rank 19. <p>On this indicator, Romania is also on rank 1 in the world with a coefficient of installed power of 90,7% ever since the commissioning date of the nuclear units from CNE Cernavoda.</p> <p>As a result of the used technology by the nuclear plant, the amount of energy produced and sold have not significantly fluctuated in the historical period (less than 2%), the decrease being mainly influenced by the extended duration of the planned revision in 2012 compared to previous years. The Company has planned a longer period for these works (40 days, compared to the usual duration of 25-30 days) in order to perform various maintenance programs and complex works of replacement of some components from the active area of Unit 1 reactor (vertical and horizontal sensors of neutron flux).</p> <ul style="list-style-type: none"> ▪ Units 1 and 2 yearly use approximately 11,000 nuclear fuel bundles, each containing around 19 kg of uranium. To produce the necessary fuel bundles, FCN Pitesti operates at its maximum capacity. Fuel bundles are transferred from Pitesti branch to CNE Cernavoda upon a certain cost.
B. 4a	<p><i>Description of the most important trends impacting the Company and the industry where it conducts its activity:</i></p> <p>Compared to other conventional energy sources, nuclear power plants have the following advantages:</p> <ul style="list-style-type: none"> ▪ Are viable sources of electricity, with a duration of operation which can be extended up to 60 years ▪ Electricity cost is competitive; ▪ In normal operating conditions, environmental pollution is virtually nonexistent;

- Small amounts of fuel are used for the production of large amounts of electricity;
- The quantity of radioactive waste produced is very small compared to those resulting from classical power plants;
- Initial capital costs (investments) are large, but the costs of operation and maintenance are low and predictable.

The cost to produce nuclear energy is already competitive compared with other technologies for the production of energy at low costs, such as wind energy and the energy produced on the basis of coal with carbon capture and storage. In addition, nuclear energy has additional advantages: unlike the technologies of carbon capture and storage, nuclear energy uses a dedicated technology and provides an “in band” production capacity, in the way of constantly supplying electricity as opposed to a fluctuating production. Although nuclear power plants require large capital investments, the cost per MWh of nuclear power relative to the duration of life is competitive. Thus, control over the cost of capital is essential in nuclear power stations’ case.

Liberalization of the electricity market was regulated on 1 July 2007. As of this date, consumers of electricity were granted the right to choose their supplier of electricity.

However, the electricity retail market is actually divided into the regulated market and the competitive market, depending on the type of consumer. They are divided into: captive consumers related to incumbent suppliers depending on the geographic location, and consumers who changed/negotiated the contracts with the electricity suppliers. Thus, although, from a legal point of view, the degree of liberalization of the electricity market is basically 100%, actually, at the end of 2012, only 50% of the consumers opted for choosing their electricity supplier.

It is ascertained that a deregulation and stimulation of the competition, to which Romania must also adhere, are of major significance and must be seriously regulated. Romania has already adopted a considerable part of the European legislation on electricity and natural gases. However, there are still provisions to be transposed to national laws – in particular those relating to consumer protection and to the duties of the energy regulator authority. To ensure proper protection for consumers and a clear list of ANRE obligations are priorities from European Commission’s standpoint.

According to the Energetic Strategy of Romania for the period of 2011 – 2035 drafted

	<p>by the Ministry of Economy, until 2035, Romania intends to prevent the formation of energy groups totaling an installed power of 11,066 MW (8,899 MW net power), representing about 55% of the current installed capacity. Throughout the entire period until 2035, the envisaged decommissioning of the capacities whose lifespan expired will lead to a shortage or a demand of new net power of 13,540 MW, which must be compensated by the new power installation. One of the major objectives of Romania for the near future is to become an important exporter of electricity and to double the production obtained, reaching 100 TWh in 2020 – which would exceed the amount of domestic consumption.</p>
B 5	<p><i>Description of the group including the Company, specifying the position of the latter within the group</i></p> <p>The company is not part of a group of companies. Nuclearelectrica owns shares in one company, i.e. in Energonuclear SA, registered with the Trade Registry under No. J40/3999/25.03.2009, holding Sole Registration Code 25344972, established for the development and implementation of the Project for the construction of Units 3 and 4 CNE Cernavoda. The main activity of Energonuclear consists of Engineering activities and related technical consultancy – CAEN Code 7112. The company currently has two (2) branches in Romania, namely the branch “Cernavoda”, headquartered in Cernavoda, 2 Medgidia Street, registered with the Trade Registry under No. J13/3442/11.10.2007, which operates Units 1 and 2 from CNE Cernavoda as well as additional service, and respectively “CFN Pitesti” Branch, based in Mioveni, Campului 1 Street, registered with the Trade Registry under No. JO3 /457/24.08.1998. The Company’s and main headquarters are located in Bucharest, 65 Polona St., Romania.</p> <p>In an <i>in extenso</i> interpretation, since the Romanian state is the majority shareholder, SNN could be deemed part of the state-owned companies, falling under the scope of Emergency Government Ordinance 109/2011 on corporate governance of public undertakings. However, such membership did not create consequences similar to those of affiliation, except for the common treatment of the normative acts concerning the public sector and state-owned companies.</p>
B 6	<p><i>The denomination/name and holdings of any person who, directly or indirectly, owns a share in the share capital of the Company or voting rights forming the object of the notification according to the Romanian legislation:</i></p> <p>Currently, the Company’s shareholders are:</p>

	<p>The Romanian State, through the Ministry of Economy – 229,006,139 Shares representing 90.2707% of the total number of voting rights;</p> <p>Fondul Proprietatea SA – 24,676,222 Shares representing 9.7293% of the total number of voting rights.</p> <p><i>Indicate whether the main shareholders of the Company have different voting rights</i></p> <p>The main shareholders do not have different voting rights by reference to any other shareholder of the Company, the shares issued by Nuclearelectrica offering equal voting rights to all shareholders of the Company.</p> <p><i>To the extent known by the Company, indicate whether Nuclearelectrica is directly or indirectly owned or controlled, by whom and describe the control relationship</i></p> <p>The State exercises the control over Nuclearelectrica in its capacity as majority shareholder, through the Ministry of Economy.</p>
B 7	<p><i>Selected key historical financial information about the Company for each financial year for the period covered by the historical financial information and for any interim financial period</i></p> <p><i>Financial information selected for 2012, 2011 and 2010</i></p>

Statement of Financial Position

RON million	Dec10	Dec11	Dec12
Non-current assets			
Tangible assets	9,260	9,500	9,454
Other intangibles	65	99	89
Investment in associates	<u>45</u>	<u>-</u>	<u>-</u>
	9,370	9,599	9,543
Current assets			
Inventories	477	391	369
Trade and other receivables	351	227	163
Income tax receivable	34	8	-
Prepaid expenses	9	8	10
Bank deposits	-	96	235
Cash and bank balances	<u>474</u>	<u>611</u>	<u>708</u>
	1,345	1,341	1,485
Total assets	<u>10,715</u>	<u>10,940</u>	<u>11,028</u>
Capital and reserves			
Issued capital	2,732	2,732	2,732
Reserves	2,838	3,086	3,094
Minority interest	-	16	23
Retained earnings	<u>2,142</u>	<u>2,230</u>	<u>2,252</u>
Total equity	<u>7,712</u>	<u>8,064</u>	<u>8,101</u>
Non-current liabilities			
Borrowings	2,194	2,067	1,922
Deferred income	217	209	202
Deferred tax	167	162	159
Employee benefits	<u>26</u>	<u>21</u>	<u>21</u>
	2,604	2,459	2,304
Current liabilities			
Trade and other payables	182	181	282
Current tax liability	-	-	31
Deferred income	42	52	82
Borrowings	<u>175</u>	<u>184</u>	<u>228</u>
	399	417	623
Total equity and liabilities	<u>10,715</u>	<u>10,940</u>	<u>11,028</u>

Source: IFRS audited Financial Statements for the years ended 31 December 2010, 2011 and 2012

The Issuer's financial statements for the financial years ended 31 December 2010, 31 December 2011 and 31 December 2012 were prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board ("IASB") and are presented in million RON. The financial statements as at 31 December 2011 and 31 December 2012 are consolidated and comprise the financial statements of SNN and of Energonuclear SA, a subsidiary in which SNN owns at the moment 84.65% of the share capital. The financial statements for the financial years ended 31 December 2010 comprise only SNN, given that Energonuclear was not controlled by SNN on that date. The investment in Energonuclear is presented as

“investment in associate” and accounted for using the equity method (initially recognized at cost, net of any accumulated impairment loss).

The following information was extracted from the consolidated financial statements of the Group, prepared in accordance with IFRS.

Financial information selected as of 31.03.2013

Statement of Financial Position

RON million	Dec12	Mar13
Non-current assets		
Property, plant and equipment (PP&E)	9,454	9,386
Other intangibles	<u>89</u>	<u>93</u>
	9,543	9,479
Current assets		
Inventories	369	361
Trade and other receivables	163	205
Prepaid expenses	10	19
Bank deposits	235	18
Cash and bank balances	<u>708</u>	<u>926</u>
	1,485	1,529
Total assets	<u>11,028</u>	<u>11,008</u>
Capital and reserves		
Share capital	2,732	2,732
Prepaid share reserve	1,617	1,617
Revaluation reserve	1,477	1,477
Retained earnings	<u>2,252</u>	<u>2,398</u>
Total shareholders' equity	8,078	8,224
Minority interest	<u>23</u>	<u>23</u>
Total equity	<u>8,101</u>	<u>8,247</u>
Non-current liabilities		
Borrow ings	1,922	1,875
Deferred income	202	199
Deferred tax	159	158
Employee benefits	<u>21</u>	<u>21</u>
	<u>2,304</u>	<u>2,253</u>
Current liabilities		
Trade and other payables	282	174
Current tax liability	31	31
Deferred income	82	72
Borrow ings	<u>228</u>	<u>231</u>
	<u>623</u>	<u>508</u>
Total equity and liabilities	<u>11,028</u>	<u>11,008</u>

Source: IFRS Condensed Consolidated Interim Financial Statements as at and for the three month period ended 31 March 2013

	<p><i>Description of main changes in the Company's financial standing operational results within or subsequent to the period covered by the key financial information.</i></p> <p>Not applicable</p>
B 8	<p><i>Pro Forma selected financial information:</i></p> <p>Not applicable</p>
B 9	<p><i>Profit estimates or forecasts</i></p> <p>Gross profit estimated to be achieved in the year 2013 is lei 126.567,000, resulting from the difference between the total income in the amount of lei 2.094.064 and the total expenditure in the amount of lei 1.967.497.</p> <p>These economic indicators were included in the Budget of Income and Expenditure for the year 2013, which was approved by Government Decision No. 330/04.06.2013 approving the budget of income and expenditure for the national company "Nuclearelectrica" SA, under the authority of the Ministry of Economy.</p> <p>The Budget of Income and Expenditure for the year 2013 was drafted taking into account the accounting statutory registrations, respectively the provisions of the Ministry of Public Finance Order no. 3055/2009, which lead to the existence of minor discrepancies towards the IFRS.</p> <p>In the year 2012 the financial loss on IFRS (the difference between the financial income and financial expenditures) was of lei 91 million and the provision in the Budget of Income and Expenditure for the financial net result (the difference between the financial income and financial expenditures) for the year 2013 is of lei 101 million, respectively an increase of 10%, which we deem justified, being a prudent approach.</p> <p>The comparison between the 2012 I quarter and the results of the 2013 I quarter must be performed, which shows an increase of income from the sale of electricity with 19%, compared to a 14% increase in operating expenses. The increase of income is due, on one hand, to the increase of regulated price by 16% and, on the other hand, to the expansion of sales on the free market with up to 50%.</p> <p>By comparing the first quarter results of the two years and the annual results it is found that the tendency remains in the way that in the first quarter of each year there is a higher profit than initially budgeted or accomplished. This is because planned outages in May of each year, lead to a reduction by half of the electricity production</p>

	<p>and thus reduction of income and increase of expenditure with spare parts and others, etc. Thus, in May of each year, a loss on the total of the activity is registered, a situation that is improved by the end of each year.</p> <p>Other elements of the profit and loss account have differences which are approximately equal to the differences that are found in Budget of Income and Expenditure .</p> <p>Comparing the first quarter of the two years it may be observed that the results are comparable. But the result of the activity is influenced by the financial result, so in the first quarter of 2012 a financial loss of 26 million was recorded, and in 2013 a quarter hit 4 million.</p>
B 10	<p><i>Description of the nature of any classification included in the audit reports to the historical financial information</i></p> <p>Extract from the independent auditor's opinion attached to the Company's individual financial statements for the financial year ended 31 December 2010 prepared in accordance with the International Financial Reporting Standards:</p> <p><i>"The basis for the qualified opinion:</i></p> <p>6. <i>As described in Note 4 to the accompanying financial statements, as at 31 December 2010, the Company has property, plant and equipment held for future investments with a carrying value of RON288 million (RON274 million as at 31 December 2009) consisting of Nuclear Power Plant Units 3 and 4 of CNE Cernavoda. Prior to 1991, Nuclear Power Plant Units 1, 2, 3, 4 and 5 were considered a single project and construction costs incurred were not allocated to each unit on a separate basis. The Company performed an allocation of these costs to Nuclear Power Plant Units 3 and 4. We were not able to obtain sufficient and appropriate audit evidence about the accuracy, the proper allocation and the valuation of these assets. These limitations also impact the related deferred tax balance of RON31 million as at 31 December 2010 (RON 30 million as at 31 December 2009). Consequently, we were unable to determine whether adjustments might have been necessary in respect of the Company's financial position and financial performance as at and for the year ended 31 December 2010. As described in paragraph 11 of this report, the auditor's report as at and for the year ended 31 December 2009 was also modified accordingly.</i></p> <p>7. <i>As described in paragraph 11 of this report, as at 31 December 2009, the Company was in process of evaluating the net recoverable value of certain</i></p>

spare parts and components with the carrying amount of RON17 million as at that date. In the absence of a final valuation report, the previous auditor (PWC) was unable to obtain sufficient audit evidence as to whether the valuation of these inventories has been carried out as required by International Accounting Standard (“IAS”) 2 “Inventories”. Since opening balance of inventories impact the Company’s financial performance, we were unable to determine whether adjustments might have been necessary regarding the Company’s financial performance for the year ended 31 December 2010.

Qualified opinion

8. In our opinion, except for the possible effects of the matters described in paragraphs 6 and 7, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2010 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Extract from the independent auditor’s opinion attached to the consolidated financial statements for the year ended 31 December 2011 prepared in accordance with the International Financial Reporting Standards (IFRS):

Basis for Qualified Opinion

6. As described in Note 4 to the accompanying consolidated financial statements, as at 31 December 2011, the Group has property, plant and equipment held for future investments with a carrying value of RON292 million (RON288 million as at 31 December 2010 classified as property, plant and equipment held for future investment in associate) consisting of Nuclear Power Plant Units 3 and 4 of CNE Cernavoda. Prior to 1991, Nuclear Power Plant Units 1, 2, 3, 4 and 5 were considered a single project and, therefore, construction costs incurred were not allocated to each unit on a separate basis. Subsequently, the Group performed an allocation of construction costs to Nuclear Power Plant Units 3 and 4. We were unable to obtain sufficient and appropriate audit evidence about the accuracy, the proper allocation and the valuation of these assets. These limitations also impact the related deferred tax liability of RON32 million as at 31 December 2011 (RON31 million as at 31 December 2010). Our audit opinion on the financial statements as at and for the year ended 31 December 2010 dated 17 October 2011 was modified accordingly. Consequently, we were unable to determine whether adjustments might have been necessary in respect of the Group’s financial position and financial performance as at and for the years ended 31 December 2011 and 31 December 2010.

7. As at 31 December 2009, the Company was in the process of evaluating the

net recoverable value of certain spare parts and components with a carrying amount of RON17 million as at that date. In the absence of a final valuation report, the previous auditor (PWC) was unable to obtain sufficient audit evidence as to whether the valuation of these inventories has been carried out as per International Accounting Standard (“IAS”) 2 “Inventories”. Since the opening balance of inventories affects the determination of the Company’s financial performance, we were unable to determine whether adjustments to the financial performance and opening retained earnings might be necessary for the year ended 31 December 2010. Our audit opinion on the financial statements for the year ended 31 December 2010 dated 17 October 2011 was modified accordingly. Our opinion on the current period’s consolidated financial statements is also modified because of the possible effect of this matter on the comparability of the current period’s figures and the corresponding figures.

Qualified opinion

8. In our opinion, except for the possible effects of the matters described in paragraph 6 and for the possible effects on the corresponding figures for the year ended 31 December 2010 of the matters described in paragraph 7, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2011 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Extract from the independent auditor’s opinion attached to the consolidated financial statements for the year ended 31 December 2012 prepared in accordance with the International Financial Reporting Standards (IFRS):

Basis for Qualified Opinion

6. As described in Note 5 to the accompanying consolidated financial statements, at 31 December 2012, the Group has property, plant and equipment with a carrying value of RON292 million (RON292 million as at 31 December 2011) consisting of Nuclear Power Plant Units 3 and 4 of CNE Cernavoda. Prior to 1991, Nuclear Power Plant Units 1, 2, 3, 4 and 5 were considered a single project and, therefore, construction costs incurred were not allocated to each unit on a separate basis. The Group performed an allocation of these costs to Nuclear Power Plant Units 3 and 4. We were unable to obtain sufficient appropriate audit evidence both as at 31 December 2012 and 2011 about the accuracy of this allocation which impacts the valuation of these assets. These limitations also apply to the related deferred tax liability of RON32 million as at 31 December 2012 (RON32 million as at 31

December 2011). Our audit opinion on the consolidated financial statements as at and for the year ended 31 December 2011 dated 17 August 2012 was modified accordingly. Consequently, we were unable to determine whether adjustments might be necessary to property, plant and equipment deferred tax liability and retained earnings as at 31 December 2012 and 31 December 2011 and to depreciation and amortisation, income tax expense and profit for the years then ended.

Qualified opinion

7. In our opinion, except for the possible effects of the matters described in paragraph 6, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2012, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Extract from the independent auditor's conclusion attached to the condensed consolidated interim financial statements as at and for the three month period ended 31 March 2013, prepared in accordance with the International Financial Reporting Standards (IFRS):

Basis for Qualified Conclusion

3. As described in Note 4 to the accompanying condensed consolidated interim financial statements, at 31 March 2013, the Group has property, plant and equipment with a carrying value of RON292 million (RON292 million as at 31 December 2012) consisting of Nuclear Power Plant Units 3 and 4 of CNE Cernavoda. Prior to 1991, Nuclear Power Plant Units 1, 2, 3, 4 and 5 were considered a single project and, therefore, construction costs incurred were not allocated to each unit on a separate basis. The Group performed an allocation of these costs to Nuclear Power Plant Units 3 and 4. We were unable to obtain sufficient appropriate audit evidence both as at 31 March 2013 and 31 December 2012 and 31 March 2012 about the accuracy of this allocation which impacts the valuation of these assets.

These limitations also apply to the related deferred tax liability of RON32 million as at 31 March 2013 (RON32 million both at 31 December 2012 and at 31 March 2012). Our audit opinion on the consolidated financial statements as at and for the year ended 31 December 2012 dated 3 April 2013 was modified accordingly. Consequently, we were unable to determine whether adjustments might be necessary to property, plant and equipment, deferred tax liability and retained earnings as at 31 March 2013 and 31 December 2012, to other operating expenses, income tax expense and profit for the three

	<p><i>month periods ended 31 March 2013 and 31 March 2012.</i></p> <p><i>Qualified Conclusion</i></p> <p><i>Based on our review, except for the possible effects of the matters described in paragraph 3, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2013, and of its consolidated financial performance and its consolidated cash flows for the three months period ended in accordance with IAS34 "Interim Financial Reporting".</i></p>
B 11	<p><i>If the Company's working capital is not sufficient for current needs, insufficiency explanation Not applicable</i></p>

Section C – Shares

C 1	<p><i>Type and class of securities offered:</i> nominative shares issued in dematerialized form, ordinary, indivisible and freely negotiable from the trading date on the BSE and Allotment Rights issued in dematerialized form, registered in the account and freely transferable through the capital market.</p> <p><i>ISIN:</i> ROSNNEACNOR8</p>
C 2	<p><i>Shares currency:</i> RON</p>
C 3	<p><i>Number of shares issued and fully paid:</i> 253,682,361 shares</p> <p><i>Number of shares issued and not paid:</i> 0 shares</p> <p><i>Par value of one share:</i> RON 10</p>
C 4	<p><i>Description of rights attached to shares:</i></p> <ul style="list-style-type: none"> - the voting right and the right to participate in the general assembly of shareholders; - the right to dividends; - to right to elect and be elected in the Company's management bodies - the preference right, right associated with the capital increase operation and which grants the Shareholder the possibility to subscribe with precedence the Newly

	<p>Issued Shares, protecting him from the dilution of the share's capital quota detained before the increase;</p> <ul style="list-style-type: none"> - The participation right at the distribution of the assets in case of the liquidation of the Issuer; - Information right; - The right to appeal the GMS's or the Board's decision; - The right to withdraw from the Company; - The right to require the internal auditors the facts they think must be verified. <p>Some of the rights may be exercised by the Shareholders that own a certain quota of the share capital:</p> <ul style="list-style-type: none"> - The right to request the convening GMS, a right acknowledged to the Shareholders that represent individually or jointly at least 5% of the share capital; - The right to request the introduction of new matter on GMS's agenda, a right acknowledged to the Shareholders that represent individually or jointly at least 5% of the share capital; - The right to request the appointment of experts in order to analyze some operations from the Issuer's administration, a right acknowledged to one or more Shareholders, representing individually or jointly, at least 10% of the share capital; - The right to exercise on its own behalf or in the behalf of the Issuer, the liability action against founders, directors, managers and financial auditors, a right acknowledged to the Shareholders, representing individually or jointly, 5% of the share capital, if the action is not introduced by GMS; - The right that the request to the internal auditors to be verified, a right acknowledged to the Shareholders, representing individually or jointly, at least 5% of the share capital.
C 5	<p><i>Description of any restriction to the Shares' free transferability</i></p> <p>Except for the obligation of the Ministry of Economy and Fondul Proprietatea, toward investors not to alienate, totally or partially, and not to take any other actions that could result in the total or partial alienation (such as mortgage or derivatives) of the</p>

	Shares owned in Nuclearelectrica for a period of six months from the admission to trading, there are no other restrictions on the Shares' free transferability. Fondul Proprietatea unconditionally and irrevocably undertook not to sell, alienate, transfer, pledge or transact in any way the Allotment Rights attached to the subscribed and/or allotted shares.
C 6	<p><i>Specify whether the Shares are or shall form the object of an application for admission to trading on a regulated market and identify all regulated markets on which the Shares are or shall be traded</i></p> <p>The Shares and Allotment Rights shall be admitted to trading on the spot regulated market (administered by Bucharest Stock Exchange). The Shares or Allotment Rights are not likely to form the object of an application for admission to trading on another regulated market.</p>
C 7	<p><i>Description of dividend policy</i></p> <p>The Company does not have a stable dividend policy. For the financial years of 2010 and 2011, the shareholders of the Company S.A. did not approve the distribution of dividends. For the financial year ended on December 31, 2012, the Board of Directors has proposed the distribution of 85% of the net profits as dividends.</p> <p>According to the applicable law at the date of the Prospectus (Government Ordinance no. 64/2001 as subsequently amended and completed), the Company has the obligation to assign minimum 50% of the remaining accounting profit after the deduction of the income tax in dividends form. Furthermore, the profit quota which will be annually assigned by the Company in dividends form, is subject to approval by the GMS in which the Romanian State is a majority shareholder.</p>

Section D – Risks	
D 1 – D2	<p>Essential information on key risks specific to the Company or field or industry:</p> <ul style="list-style-type: none"> - The Company's activities are sensitive to economic cycles and general economic conditions; - The risks of occurrence of unforeseeable and unsurpassable events that may affect or block the Company's activity, including but not limited to, malfunctions that may cause major radioactive leaks, or issuance of political decisions, etc. at European

	<p>level following international nuclear accidents;</p> <ul style="list-style-type: none"> - Failure to implement or late implementation of the Company's investment projects could have negative consequences on the Company's business; - Company's business requires various administrative authorizations. The procedures for obtaining such documents may be extensively time-consuming and complex, and the conditions for issuing such may change and cannot always be anticipated, which may result in additional costs/investment required to ensure compliance with the new conditions; - The Company's operational cash flows are affected by interest rate fluctuations, mainly due to foreign currency long term loans contracted from external financing banks; - The Issuer may be exposed to exchange rate fluctuations due to the debts generated by long-term loans and receivables or the commercial debts denominated in foreign currency; - The Company may be exposed to counterparty risk which means the risk of failure to cash in the price for the services provided on the electricity market; - The unfavorable settlement of the legal proceeding brought in which the Company is party on the date indicated herein might have an adverse effect on the Company's activity, financial standing or operational results; - The provisions in the Company's financing contracts may limit its financial and operational flexibility; - The Company has the obligation to abide by the laws on public procurement; - The Company has the obligation to comply with the measures imposed by authorizations/licenses/controls conducted by competent authorities, including the notification measures of ANRE and CNCAN of any transaction with shares among the shareholders or third parties or intention to increase the share capital; - The risk related to climate changes (difficulties in securing cooling water, the influence of disturbances, transmission network storms, blizzards, etc.) may affect the Company's activity and results; - Although the Company holds a valid and ostensible ownership title over the
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	<p>production units, there is the possibility that the ownership titles over certain real estate may be challenged in the future;</p> <ul style="list-style-type: none"> - The non-enforceability of certain ownership rights over real estate, having a low material impact, in the Company's patrimony to third parties as a result of the failure to register such with the Land Registry; - The regime of classified information or information subject to the confidentiality obligation may reduce the level of information herein; - The risk of failure to comply with the contractual conditions of the financing contracts concluded by the Company, including the prior information of the creditors if the shareholding changes; - Strong trade unions may lead to salary increases or hinder the streamline process; - The directors of the Company, including the executive members of the Board of Directors have not yet concluded mandate/management agreements with the Company; - The Company might incur high costs with maintaining its infrastructure <p><i>Essential information on key risks specific to performance of activity in Romania:</i></p> <ul style="list-style-type: none"> - The Romanian state will remain a majority shareholder in the Company after the completion of the Offering. Therefore, the manner of representation of the Ministry of Economy in the statutory bodies of the Company must meet the special requirements provided in the capital markets legislation regarding listed companies. - Romania's failure to meet the post-accession to EU obligations, may lead to an application by EU of safeguard measures, which may have a material adverse effect on the business, financial condition, on the Company's operational results or on the market price of the share; - Bureaucracy, corruption, the instability of the legal system, are elements that, may create an unfavorable business environment in Romania; - Political and government instability may adversely affect the value of investments in Romania and the value of Offered Shares; - The transparency of the Issuers and public information is lower than in other
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	<p>European states;</p> <ul style="list-style-type: none"> - Changes in the legislative framework in Romania may affect the assets and business of the Company; - Changes in the applicable fiscal regulations may affect the Company's investments and results; - Country risk, entailing the need that the analysis of the opportunity to invest in the Company Shares should consider the factors of instability generated by the possible inability of the public administration in Romania to manage and use resources efficiently, due to existent outdated and bureaucratic structures and legislative inconsistencies; - Shareholders' rights under Romanian law may be different from the rights of shareholders under the laws of other jurisdictions; - Shareholders are exposed to the risk of uncertainty regarding the distribution of dividends; - Shareholders' equity position to the Company's share capital may be diluted, unless shareholders exercise their preemption rights, should the Company issue shares in the future; - After the lapse of the lock-up period, it is possible that the majority shareholder may request capital share increase with the budget allocations from 2006-2009 in amount of RON 194,376,700 (representing approximately EUR43 million at an exchange rate of 4.5 RON/EUR, which may cause dilution of the other shareholders' holdings or the necessity of financial efforts to maintain the participation quota.
D 3	<p><i>Essential information on key risks specific to Shares:</i></p> <ul style="list-style-type: none"> - BSE has characteristics similar to other small-size stock exchanges in emerging countries, in terms of fragility, low liquidity and the volatility of the market, as well as in terms of the value of listed securities, all these acting as factors that are likely to affect the Shares market price; - The volatility of the Shares market price could adversely affect the Company Shares' price; - Exchange rate fluctuations may affect the value of Shares and dividends for investors

	<p>from outside Romania;</p> <ul style="list-style-type: none"> - Sales of large volumes of stocks could generate significant selling pressure, which could have a negative impact on market price of the Company Shares; - Shares traded on the BSE are less liquid than shares traded on other important stock exchanges; - Failure to apply corporate governance principles by the Company may affect the maintenance of the Issuer in the Class I of the BSE, which may impact the Company's Share price.
	<p><i>Essential information on key risks specific to allotment rights:</i></p> <ul style="list-style-type: none"> - The increase of the share capital/Offer may be annulled, in which case the holder of the Allotment Rights/Shares is entitled exclusively to the repayment by the Issuer of price of the shares subscribed within the Offer, to which the Allotment Rights were attached; - The Offer is not 100% subscribed, in which case the Allotment Rights shall no longer be allotted; - The term on which the Allotment Rights become due may be extended if, subsequent to the date on which the Allotment Rights are admitted to trading and prior to the date on which the same are withdrawn from trading, the courts order the suspension of the effects of the resolution of the extraordinary general assembly of shareholders of Nuclearelectrica whereby the issue of the Allotment Rights was approved; - The Allotment Rights may not be admitted to trading, in which case the holders of the Allotment Rights shall be unable to sell such Allotment Rights; - The rules applicable to the Allotment Rights may change, entailing the change of the Allotment Rights; - The market price of the Allotment Rights may change by reference to the subsequent market price of the Shares; - The Market of the Allotment Rights may have a limited liquidity; - The investors residing in other jurisdictions may be exposed to the risk of the exchange rate differences between Lei and other currencies, given that the

	Allotment Rights are issued and traded in national currency.
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Section E – Primary Offering	
E 1	<p>The net proceeds to be obtained from the Primary Offering: between RON 272,831,039 and RON 369,298,957 (depending on the Offer Price, if all Offered Shares are sold);</p> <p>Total expenses of the Primary Offering: estimated between RON 9,010,063 and RON 10,083,013; The expenses are borne entirely by the Company;</p> <p>The estimated costs to be charged by the Company to investors: [the Company does not charge any commission to investors.]</p>
E 2a	<p><i>Rationale of the Primary Offering:</i></p> <p>The public offer for the sale of 10% of the shares issued by Nuclearelectrica was approved by Government Decision No. 39/2012, Government Decision No. 380/19.06.2013 and Decision No. 16/27.06.2013 of the Extraordinary General Meeting of S.N. Nuclearelectrica S.A. Shareholders. Thus, Nuclearelectrica offers for sale a number of 25,368,236 ordinary, nominative, dematerialized shares, with a par value of RON 10 issued by Nuclearelectrica.</p> <p><i>The use of the proceeds from the Primary Offering</i></p> <p>If the Offer is successfully closed, Nuclearelectrica shall collect the full price of the Offered Shares. The proceeds obtained shall be used by the Issuer, primarily, to finance the investment projects necessary for Units 1 and 2 CNE Cernavoda to maintain the productive asset at the highest technological level. The distribution of the proceeds obtained is considered for financing the investment project “<i>Heavy water tritium depleting plant</i>”, which project shall bring long term benefits through the reduction of planned shutdowns by improving the radiological conditions during the maintenance activities and capitalization of the extracted tritium.</p> <p>Estimated net value of proceeds from the Primary Offering</p> <p>Between RON 272,831,039 and 369,298,957 RON</p>
E 3	<p>Description of the terms and conditions of the Primary Offering</p> <p>Type of Offering Primary Initial Offering</p>

ISIN Code	ROSNNEACNOR8
Offered Shares Currency	RON;
Lead Manager	Swiss Capital S.A.;
Syndicate Member	BT Securities S.A.
Eligible Participants	Any intermediaries, except for Syndicate Members, investment companies or credit institutions qualified as participants in the trading system of BSE, in accordance with the BSE Code and which (i) signed an irrevocable and unconditional commitment to abide by the “Terms and Conditions of the Primary Offering” and the applicable laws, in the form provided by the Lead Manager (the “ Commitment ”) and (ii) delivered the original Commitment to the Syndicate;
Intermediation Method	The best execution method
Registration of subscriptions in the primary offering	<i>Investors’ subscriptions in the Primary Offering shall be recorded at each Syndicate Member and each Eligible Participants, as the case may be.</i>
Offering guarantee clauses	The Primary Initial Offering is not guaranteed. There is no commitment on the part of the Syndicate Members or any other entity to subscribe any portion of the Offered Shares, if it remains unsubscribed;
Offered Shares	25,368,236 shares issued by Nuclearelectrica, ordinary, nominative, issued in dematerialized form, a par value of RON 10, held by the Issuer, representing 10% of the Company’s share capital. All Offered Shares are of the same class and confer equal rights upon all holders;
Offered Allotment	25,368,236 allotments rights attached to the Offered Shares.

Rights	Each Offered Share has one Allotment Right attached.
Total Offering Value	between RON 281,841,101.60 and RON 379,381,969.20, of all Offered Shares are sold, depending on the Offer Price ;
Offering Duration	The Primary Offering shall start on September 9, 2013 and shall close on September 20, 2013 inclusively, meaning a total duration of 10 Business Days ;
Tranches of the Offering	<p>The Primary Offer comprises four subscription Tranches (the “Tranches”), as follows:</p> <ul style="list-style-type: none"> • Institutional Investors Tranche – intended exclusively to the following types of institutional investors: (i) credit institutions, (ii) investment companies, (iii) collective investment undertakings (investment funds, investment companies and/or investment management companies), (iv) insurance companies, (v) pension funds and fund management companies, (vi) traders, (vii) trust companies (“Institutional Investors”). Shares which represents 85% of the Offered Shares are allotted within the Institutional Investors Tranche, unless the Issuer decide, together with the privatization commission, and following the recommendation of the Syndicate Members, to re-allot the proportions of the Shares among the Tranches; • Large Subscription Tranche – intended exclusively to the investors who are not Institutional Investors and subscribe more than 15.000 Offered Shares. Shares which represent 5% of the Offered Shares are allotted within the Large Subscription Tranche, unless the Issuer decide, together with the privatization commission, and following the recommendation of the Syndicate

	<p>Members, to re-allot the proportions among the Tranches; Small Subscription Tranche – intended exclusively to the investors who are not Institutional Investors and subscribe up to and inclusively 15.000 Offered Shares and more than and inclusively 100 Offered Shares. Shares which represent 10% of the Offered Shares are allotted within the Small Subscription Tranche, unless the Issuer and Syndicate Members exercise their right to re-allot the proportions among the Tranches;</p> <p>The Issuer reserves the right to, on the last day of the Offering Duration, re-allot shares from undersubscribed tranche to oversubscribed tranche, so that the undersubscribed tranche reach a level of subscription of up to 110%. The allotment of Offered Shares among the Tranches as a result of the use of the re-allotment mechanism among Tranches, if any, shall be made public by the Syndicate Members upon the Allotment Date.</p> <p>Re-allotment among the Tranches shall not be deemed modification of the Prospectus.</p> <p>There are no tranches specially reserved to certain markets.</p>
Minimum Subscription Value	<p><i>the minimum subscription value permitted for the Large Subscription Tranche is 15.001 Shares.</i></p> <p>The minimum subscription value permitted for the Small Subscription Tranche is 100 Shares.</p> <p>There is no minimum subscription limit for the Institutional Investors Tranche.</p>
Maximum Subscription Value	<p>The maximum subscription value permitted for the Small Subscription Tranche is 15.000 Shares.</p>
Subscription	<p>[Investors susbscribing in the Institutional Investors Tranche</p>

	<p>Price</p> <p>may validly subscribe, throughout the Offering, to any price ranging between 11.20 and 15 RON/share (including the end caps of this range) (the “Subscription Price Range”). The price interval for the subscriptions made within the Institutional Investors Tranche is RON 0.10.</p> <p>Investors subscribing in the Large Subscription Tranche shall subscribe to a fixed price of RON 15 /Share, <i>i.e.</i> to the largest price in the Subscription Price Range.</p> <p>Investors subscribing in the Small Subscription Tranche and Institutional Investors Tranche shall subscribe to a fixed price of RON 15 /Share, <i>i.e.</i> to the largest price in the Subscription Price Range.</p> <p>Offering Price</p> <p>The Offering Price shall be established for each of the threeTranches, as follows:</p> <ul style="list-style-type: none"> • Institutional Investors Tranche – if the total number of subscribed Shares in this Tranche represent: <ul style="list-style-type: none"> - less than 150% of the number of Shares allotted for the Institutional Investors Tranche, the Offering Price per Share for the Institutional Investors Tranche shall be equal to the smallest Subscription Price of the Institutional Investors Tranche, and resulted by eliminating the Limits; - more than or equal to 150% of the number of Shares allotted for the Institutional Investors Tranche, the Offering Price per Share for the Institutional Investors Tranche shall be equal to the price to which the Institutional Investors Tranche is subscribed 150% or, if such price does not exist, tThe Offering Price per Share shall be equal to the price to which the Institutional Investors Tranche is subscribed to the level of subscription immediately inferior to that of 150%.
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- **Large Subscription Tranche** – the Offering Price per Share for Large Subscription Tranche shall be equal to the Offering Price per Share established for the Institutional Investors Tranche.

Discounts corresponding to the Small Subscription Tranche shall not apply to subscriptions performed by employees during the Large Subscription Tranche.

- **Small Subscription Tranche** – the Offering Price per Share for Small Subscription Tranche, including employees, shall be equal to the Offering Price per Share established for the Institutional Investors Tranche, applying discounts, as follows:

The Offering Price per Share for the Small Subscription Tranche is equal to (i) 92% of the Offering Price per Share for the Institutional Investors Tranche, for the Investors of the Small Subscription Tranche whose subscriptions are registered in the BSE trading system within the first 3 Business Days of the Offering Duration and (ii) 97% of the Offering Price per Share established for the Institutional Investors Tranche, for the Investors of the Small Subscription Tranche whose subscriptions are registered in the BSE trading system starting from the fourth Business Day of the Offering Duration.

As a consequence of applying the abovementioned reductions, the Offering Price per Share for the Small Subscription Tranche may be lower than the lower limit of the Subscription Price Interval, but in any case, it may not be lower to the nominal value of the Newly Issued Shares and may be expressed with three decimals.

The classification in one of the two price levels for the Small Subscription Tranche is established upon the registration of the order related to the subscription in the BSE trading system.

	<p>The Offering Price per Share for each Tranche shall be established, according to the rules mentioned above, on the first Business Day following the expiry of the Offering Duration, based on all of the valid subscriptions registered in the Institutional Investors Tranche.</p> <p>The Subscription Price Interval and the method of establishing the sale price were set by government decision no. 374/25.06.2013, and approved by the GMS decision no. 16 on 27.06.2013.</p> <p>Subscription revocability</p> <p>The subscriptions taken during the Offering Duration for the Institutional Investors Tranche by any of the Syndicate Members and/or Eligible Participants are revocable, while the superscriptions taken during the Offering Duration for the other tranches, namely the Large Subscription Tranche and the Small Subscription Tranche, by any of the Syndicate Members and/or Eligible Participants are irrevocable</p> <p>Successful Closing of the Offering</p> <p>The Offering shall be deemed successfully closed, if the following cumulative conditions are met: (a) at its closing moment, 100% of the Offered Shares have been subscribed, as a result of the Public Primary Offering; and (b) the Company's Shares admission to trading in a trading system which is administered by BSE. If the Offer is not 100% subscribed, investors will be reimbursed within 5 business days from the closing of the Primary Offer, by bank transfer, to the specified bank account by each investor in the subscription form. All costs and bank charges related to reimbursement, will be borne by the investors, by deducting them from the reimbursed amount.</p> <p>Should admission for trading be refused, investors may request the Issuer to reimburse the funds within no more than 60 days after the publication date of the notice concerning the dismissal of the admission application. The amounts paid by investors shall be reimbursed to the latter, without the applicability of any fees or charges, within no more than 3</p>
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	<p>business days after the date when the Issuer received the fund reimbursement request.</p>
Preemption rights	<p>In addition to the 25,368,236 shares representing 10% of the share capital issued for Offering purposes, the Company shall issue 2,732,159 shares representing 1.077% of the Company's share capital, which shall be allotted for subscription to the Company's existing minority shareholder –Fondul Proprietatea SA – to exercise the subscription preference right to the sale price of the primary public offering for shares. According to Government Decision No. 39/2012 Government Decision No. 380/19.06.2013 and Decision No. 16/27.06.2013 of the Extraordinary General Meeting of S.N. Nuclearelectrica S.A. Shareholders, the unsubscribed shares as a result of the failure to exercise the preference right shall be annulled.</p>
Allotment Method	<p>If the Large Subscription Tranche and the Small Subscription Tranche is subscribed 100% of the Shares allotted for such Tranche, all investors shall be fully allotted with the subscribed Shares.</p> <p>If Large Subscription Tranche, Small Subscription Tranche and Small SubscriptionTranche is oversubscribed, the Shares of Large Subscription Tranche, respectively the Small Subscription Tranche shall be allotted pro rata to all investors who subscribed in the Large Subscription Tranche, Small Subscription Tranche. If the number of the Shares allotted to a subscription after the pro rata allotment is not a natural number, the number of the Shares allotted to such subscription shall be rounded down to the immediately inferior natural number. All Shares not allotted after rounding down shall be allotted one for each subscription (however the number of shares totally allotted to a subscription shall not exceed the number of shares initially requested by such subscription), reading top to bottom the list of subscriptions arranged in descending order as per the volume of orders registered in the trading system, and, within the same level of volume, in ascending order according to the registration date</p>

	<p>of the related order in the trading system.</p> <p>If the Institutional Investors Tranche is subscribed 100% of the Shares allotted for such Tranche, all investors shall be fully allotted with the subscribed Shares.</p> <p>If the Institutional Investors Tranche is oversubscribed (more than 100% of the Shares allotted to such Tranche), the allotment for the investors who subscribed in the Institutional Investors Tranche at a price higher or equal to the Offering Price shall be made by the Issuer together with the Intermediation Syndicate Members considering the following qualitative criteria:</p> <ul style="list-style-type: none"> • quality feedback throughout the pre-marketing process; • chronological order of the subscriptions prioritizing the subscriptions made during the first days of the Offering Duration; • investors' investing horizon; • subscriptions made at a Subscription Price as close as possible to the highest price in the Price Range; • subscription of a large number of Shares; • investors interested in the energy and/or investment field in the Central and Eastern Europe; • other criteria enabling the creation of an investor base of high quality and positive evolution of the secondary market price; • the nature and duration of the investment relations between the investor and the Syndicate Members.
Shareholders Register	<p>The Company's Shareholders Register is held by the Central Depository based on a services supply contract concluded between the Company and the Central Depository and in</p>

	<p>accordance with the applicable laws</p> <p>Allotment Date First Business Day following the expiry of the Offering Duration;</p> <p>Trading Date the third Business Day following the Allotment Date, <i>i.e.</i> that Business Day on which the deals regarding the Allotment Rights are registered in the BSE trading system under the public offering section (<i>i.e.</i> POF)</p> <p>Settlement Date Date on which the Offered Shares deals are settled through the settlement system of the Central Depository, <i>i.e.</i> three Business Days after the Settlement Date.</p>
E 4	<p><i>Description of any interests which are important for the Primary Offering, including conflict of interests</i></p> <p>The Lead Manager and the other Syndicate Members have no interest (including conflicts of interest) which may significantly impact the Offer, except for that in the fulfillment of the intermediation agreement concluded with the Issuer.</p> <p>The financial advisor of the Intermediation Syndicate has no interest (including conflicts of interest) which may significantly impact the Offer, except for that in the fulfillment of the intermediation agreement concluded with the Intermediation Syndicate.</p> <p>The legal consultant of the Intermediation Syndicate has no interest (including conflicts of interest) which may significantly impact the Offer, except for that in the fulfillment of the intermediation agreement concluded with the Intermediation Syndicate.</p> <p>The Lead Manager, the other Members of the Intermediation Syndicate, legal consultant, financial advisor, financial auditor who supplied or may also provide in the future various specific services to the Company, its shareholders or third parties interested in investing in the Shares, in exchange of which they received or will receive remuneration.</p>
E 5	<p><i>Name of the Issuer:</i> Societatea Nationala Nuclearelectrica S.A.</p> <p>Lock-up contracts: the ME and also PF undertake to investors that, six months after the Successful Closing of the Offering, they shall not fully or partially alienate, or take any other actions which may result in the full or partial alienation (such as the mortgage or derivatives) of the Shares held in the Company; Also, the PF irrevocably and</p>

	unconditionally undertakes not to sell, alienate, transfer, pledge or otherwise trade the Allotment Rights attached to the Shares subscribed and/or allotted.
E 6	<p>Value and percentage of immediate dilution as effect of the Primary Offering:</p> <p>As a result of the Initial Public Offer, the following participations shall be diluted:</p> <p>The Ministry of Economy shall have a diluted participation from 90,2707% prior to the Offering to no less than 81.28% in the situation in which Fondul Proprietatea exercises its preference right or 82,07% in the situation in which Fondul Proprietatea does not exercise its preference right.</p> <p>Fondul Proprietatea shall have a diluted participation from 9,7293% to 8.84% if the following cumulative conditions are met: does not exercise its preference right and does not subscribe within the Offering.</p>
E 7	<p>Estimated expenses to be charged by the Company to investors:</p> <p>Nuclearelectrica shall not charge any fee to investors.</p>

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2. RISK FACTORS

Investing in the Offered Shares under this Offering, and also in the Allotment Rights attached thereto, implies a certain degree of risk. For a correct evaluation of the investment in the Offered Shares and also in the Allotment Rights attached thereto, prospective investors should carefully consider the risks presented below and any other information regarding the Issuer as contained herein, before making any investment decisions. Each of the risks highlighted below could have a negative impact on the Group's activity, financial standing and operational results, as well as on its liquidity and/or prospects, and on any investment in the Company Shares or Allotment Rights attached thereto. If any of the following risks materializes, it may adversely impact on the market price of the Company Shares or Allotment Rights attached thereto and, as a result, investors may run the risk of losing all or part of their investment.

The description below of the risk factors is not intended to be exhaustive or a complete presentation of all risks and significant issues related to the investment in the Offered Shares /Allotment Rights attached. Prospective investors should be aware of the fact that the risks described below are the most significant risks that the Issuer is aware of at this moment. However, the risks presented in this section are not necessarily including all of the possible risks associated with an investment in the Offered Shares/Allotment Rights attached and the Issuer cannot guarantee that this section has covered all possible relevant risks. There may be other risk factors and uncertainties the Issuer is currently unaware of or which the Issuer does not deem significant, and which may alter the actual results, financial conditions, performance and achievements of the Company and Group and may lead to a decrease in the price of the Company Shares or Allotment Rights attached.

Investors are further advised to make their best efforts to conduct their own assessment of this investment opportunity. Thus, prospective investors should pay special attention when evaluating the related risks and must decide, on an individual basis, whether such investment is appropriate, in the light of these risks.

In this section, risk factors are listed randomly, and not in the order of their significance.

Therefore, the decision of prospective investors as to whether an investment in the Offered Shares or Allotment Rights attached is appropriate or not should be made after a careful evaluation of both the risks involved and of any and all the other information available about the Issuer contained herein.

GENERAL AND MACROECONOMIC RISKS

Business background. Although Romania is a member of the European Union since 1 January 2007, Romanian economy continues to have the characteristics of an emerging market, with a relatively underdeveloped financial market and with, at times, significant fluctuations in the currency exchange rate. Romania is prone to sudden and quick political, social and economic changes, including economical recession, significant amendments or changes of the legislation, increased inflation, governmental instability, austerity measures taken by the Government or state intervention in main infrastructure fields (including, but not limited to, contributions required by the Government). Prospective investors should consider that such a market poses a higher risk than the markets in the developed countries. Also, Romania may be affected including by effects conduction, generated by the political, legal, social and economic changes, which appear in the EU or neighboring countries.

The Company's business may be influenced by the Romanian political and economic environment, and the intervention of such an event, likely to affect the economic and financial environment from Romania, may have an impact on the Company.

Under the Stand-By Arrangement signed with the IMF, approved by the IMF Executive Board on 25 March 2011 and effective as of 31 March 2011, Romania undertook to focus on reforms in energy and transport sectors considered key areas for the acceleration of the GDP growth and the absorption of EU funds. Under the IMF Agreement Romania agreed to restore and accomplished the full operational and financial autonomy of ANRE in line with EU legislation and to gradually eliminate regulated prices for non-residential consumers of electricity and gas, in line with EU directives, while protecting vulnerable consumers. The conclusion of new bilateral contracts with state-owned electricity generator undertakings must also be envisaged, and is accomplished in a transparent and non-discriminatory manner, on the electricity market operated by OPCOM, as well as the updating of the price of ongoing contracts to the current market prices, as soon as legally feasible.

The Company's financial standing depends on the future policies regarding adjustments to income threshold of the regulated market.

The risk of unpredictable and insurmountable events of a nature to affect and to block the activity of the Company, including, but not limited to, technical malfunctions that may cause major radioactive leaks, political decisions taken at European level as a consequence of international nuclear accidents, etc.

Changes in the legislative framework in Romania may affect the assets and business of the Company. The Company is governed by the Romanian laws (in particular by the Electricity Law) and also by the regulations approved by Government Decision, ANRE orders and CNCAN orders. Although the Romanian legislation has been largely harmonized with the EU laws, future changes may occur in the form of enactment of new laws and regulations, which might impact on the Company's business. Romanian laws are sometimes unclear, subject to various interpretations and, hence, have different implementations and frequent changes. The Company cannot predict the extent or the impact of any likely future revisions or amendments in the existing laws and regulations or the significance of laws and regulations as may be enacted in the future, which might become applicable to the Company. If existing laws and regulations that apply to the Company for a higher level of rigorousness or if further relevant laws and regulations are introduced to increase the level of regulation and to introduce further legal or regulatory requirements that the Company must comply with, that, too, could influence the operating expenses and the fixed costs of the Company or could require for further investments or the limitation of activities, which might eventually adversely impact on the business, the operational results and the financial position of the Company.

The Company's financial results may be affected by various changes such as changes in the legislation on renewable energy. Implementation of EU Directives establishing common rules for the electricity markets determines changes in the national legal framework, with impact on the Company's operations.

RISKS ASSOCIATED WITH GROUP'S BUSINESS AND ITS SECTOR OF ACTIVITY

The Romanian state will remain the majority Shareholder of the Company and after the Initial Offer will be able to make decisions which could contradict the best interests of the Company or its other Shareholders. Even after a possible successful closing of the Initial Offer, the Romanian state will remain the majority shareholder of the Company and will continue to own an equity stake which will allow to influence most of the decisions of the GMS. Although, in accordance with EU regulations and international standards the entity which represents at the date of the Prospectus, the Romanian state as shareholder in relation to Nuclearelectrica (i.e. ME-DE), may change, the Romanian state will continue to have control over the Company, being able to decide regarding the major aspects concerning the Company.

Past practices show a significant intervention of the Romanian state in the companies in which holds all or most of the Shares. Illustrative on these lines, is GO adjusting the state budget from 2010, whereby Romgaz, the largest gas producer company in Romania, in which the Romanian state owns the majority stake, made a donation to the state budget in value of RON400 million.

The actions taken or decisions made by the Romanian state and which might be contrary to the Company's interests and/or to its other shareholders, might have a significant negative impact on

the Company's business, financial condition and operational results.

Romania's obligations of post-accession to EU. After the joining the EU in 2007, Romania accepted the safeguard clause in the justice area, internal affairs and environment. The application by the EU of any safeguard measures may affect the confidence in the financial environment in Romania, with possible negative effects on the Company's profitability. Romania has already been warned, due to failure to comply with the EU legislation.

Mention should be made that, at the moment Romania joined EU, on 1 January 2007, a "Mechanism for Cooperation and Verification" has been implemented, in order to help Romania to remedy deficits related to judicial reform and fight against corruption, monitoring the progress in these areas through periodical reports.

If Romania does not adequately reach the objectives set by the European Commission, the European Commission, will have the right, based on the Accession Treaty, to apply safeguard measures, including by suspension of the obligation of Member States, to recognize and accomplish according to the conditions of EU legislation, court decisions or any other judicial decision, issued in Romania, as well as European arrest warrants.

Although Romania has made some progress in achieving the objectives set by the European Commissions, the risk of the application of the safeguard measures cannot be excluded. The application of any safeguard measures, according to the abovementioned, may affect the confidence of the investors in the economic and financial environment in Romania, which could have a significant negative effect on the Company's business, financial condition, operational results, or on the market price of the Share.

Bureaucracy, corruption and the instability of the legal system are elements that may create an unfavorable business environment in Romania.

International Bodies' Reports highlight the necessity to continue the fight against corruption in Romania, including in the justice area. Although, the most recent report of the European Commission on Romania's progress under the Mechanism of Cooperation and Verification, the European Commission "[...] considers that the results obtained by Romania, related to the fight against upscale corruption, have represented one of the most important progresses, achieved within MCV [...]" however still recommends "[...] significant efforts in order to eliminate corruption at all levels of Romania's society,[...]", particularly in the public procurement, where "[...] there are serious doubts regarding the effectiveness of the criminal prosecution bodies that manage such cases [...]. In the conclusions of the report, the European Commission notes "the need to accelerate progress regarding its recommendations to judicial system reform, to integrity and fight against corruption". Failure to implement or delayed implementation of appropriate and effective

measures in order to fight against corruption in Romania, may have a significant negative impact on the Issuer's business, financial condition or on operational results.

Political and governmental instability may adversely affect the value of investments in Romania and the value of the Offered Shares. The current business of the Company, the economic crisis, and in particular the trading price of the Shares, may be significantly affected by the general political instability in Romania.

Political conditions in Romania are very volatile, a situation evidenced by frequent conflicts between the executive, legislative and judicial authorities, with negative impact on the business and investment climate in Romania. While the political scene in Romania seems to be stable at the moment, the instability potential resulting from the worsening economic condition in Romania and the deterioration of the living standards should not be underestimated. Any such instability may have a negative impact on the economic and political environment, especially on short term.

The transparency level of the Issuers and public informations is lower than in other European countries. Practices in Romania, in the reporting, accounting and financial recordings areas, may be different in some aspects in comparison with those applicable to Companies in other Member States of the EU, although Romania is in a continuous process of transposition into the national law of the provisions of EU legislation. The available information on Shares and financial condition of the companies admitted to trading on a regulated market in Romania, is sometimes more limited than other similar companies from other European countries.

Changes in the applicable tax regulations. Due to current economic climate, tax regulations in Romania and in other countries, may be changed (e.g. tax increase, new taxes, reduction or suspension of tax incentives), with the consequence that Nuclearelectrica, and respectively the investors may owe in the future higher taxes than the ones they already pay. Such changes in tax legislation, if applicable to the Company, may have a significant negative impact on the Company's business, financial condition or operational results.

Country risk. Romania is an emerging market. Analysis of the opportunity to invest in the Company Shares should consider the instability factors generated by the possible inability of the public administration in Romania to manage and use resources efficiently, due to incomplete management reforms existent outdated and bureaucratic structures as well as and legislative inconsistencies.

Shareholders' rights under Romanian law may be different from the rights of shareholders under the laws of other jurisdictions. The Company is an entity organized in accordance with the Romanian laws. Although the Romanian laws are harmonized with EU laws,

the rights conferred by the Company Shares may vary from the rights conferred by the shares owned in other companies organized under the laws of other countries.

The risk regarding the distribution of dividends. There is no guarantee that the Company shareholders would approve in the future the distribution of dividends or of other income to shareholders. Currently, the distribution of dividends in Nuclearelectrica is governed by a special regulation, GO No. 64/2001, according to which 50% of the profit is distributed as dividends to Company's shareholders.

Shareholders' equity position to the Company's share capital may be diluted, unless shareholders exercise their preemption rights, should the Company issue shares in the future. The Company has a legal obligation to increase its capital by the worth of the lands for which ownership certificates have been obtained, by issuing new shares to the State (through the Ministry of Economy); the Company's current share capital is not properly increased at this time by the value of land owned by the Company under a certificate of ownership. Capital increase may cause dilution in the participation of the other shareholders, unless shareholders exercise their preemption rights. After the lapse of the lock-up period, the majority shareholder, may request the increase of the share capital with the budget allocations from 2006-2009 in amount of RON 194,376,700 (representing approximately EUR43 million, which may determine the dilution of the other shareholders' holdings).

Failure to implement or late implementation of the Group's investment projects could have negative consequences on the business of the Group. Investment projects rely on intensive use of resources, which are exposed to market, credit, commercial, regulatory and operational risks. With regard to such investment projects, the Group has to obtain the necessary permits, to raise sufficient own funds, finance its debts and enter into contracts with third parties. Key risks associated with investment projects relate to delays in obtaining permits (including environmental authorizations), price changes, public opposition to projects, adverse changes in political or regulatory climate, adverse weather conditions, natural disasters, accidents and other unforeseen event and inability to raise sufficient funds on acceptable terms.

Although no such events have affected the Issuer, the occurrence of such risk factors may lead to cancellations or delays in completion or commencement of the operations related to the Group's investment projects, which could increase the cost of projects planned or already underway.

The Company might incur high costs with maintaining its infrastructure. A large part of the Company's infrastructure elements were built many years ago. Older equipment, even if well-maintained in accordance with the best practice in technology, may nevertheless require significant capital expenditure to make it operate effectively and at full capacity. Also, other pieces

of equipment may need maintenance or upgrading, even if they have been put into operation only recently. If the Company underestimates the required maintenance works or cannot afford the necessary spending due to liquidity constraints or for any other reasons, the Company may be confronted with frequent, unplanned outages, thus running the risk of incurring maintenance costs higher than initially anticipated and register lower incomes (on the production breakdowns). This could have negative effects on the Company's business, operational results and financial standing.

Group's business requires various administrative authorizations. Operations and development of the Group's industrial activities require various administrative permits and licenses. Procedures for obtaining and renewing such documents can be extensively time-consuming and complex. Conditions for release of the required permits and licenses are subject to frequent changes and cannot be anticipated, which may result into additional costs/investments required to ensure compliance with the new conditions.

Interest rate risk. Issuer's operating cash flows are affected by interest rate fluctuations caused, largely, by long-term foreign currency loans contracted from foreign financing institutions, in order to achieve investment (*i.e.* achievement of Unit 2 from CNE Cernavoda). Cash-related risk determined by increased interest rate stands in the risk that the interest and, hence, the interest costs, may fluctuate in time. The Company contracted significant long-term loans at fixed and variable interest rates, which may expose the Company to cash risks. Interest rate fluctuations can have a significant impact on the Company's leveraging, with consequences for its business, financial standing and operational results. However, mention must be made, that the Company does not currently turn to credits for its current activity.

Exchange rate and inflation. The Issuer may be exposed to exchange rate fluctuations due to the debt generated by long-term loans, receivables or the commercial debts denominated in foreign currency.

The currency used on the domestic market is the RON. The Company is exposed to currency exchange risk related to acquisitions and loans made in currencies other than that used by the Company on the domestic market. Currencies that expose the Company to this risk are mainly the EUR, USD and CAD. Long-term loans, receivables and debts in foreign currencies are subsequently expressed in RON at the exchange rate valid at the date of balance sheet, as published by the NBR. Even if the differences resulted from currency conversion after the reevaluation of the balance sheet positions at the closing rate from the balance sheet date, do not affect the cash flow until the time of debt liquidation, they are nevertheless included into and impact on the Company's profit and loss account.

Counterparty risk. Counterparty risk is the risk of failure to cash in the price for the services provided on the electricity market. Counterparty risk treatment is based on Company's internal or external success factors. External success factors, which have effect on the mitigation of risk systematically, are: energy market restructuring, energy market liberalization and improvement of the market operator's activity. Internal success factors in the treatment of counterparty risk include customer portfolio diversification. Failure by counterparties to pay the amounts due to the Company can have a negative impact on the Company's business. Given the current economic and financial crisis and the restrictions on credit accessibility, the liquidity risk management is of a particular importance for the Company. If the Company cannot provide liquidity, sustain the necessary financial flexibility or maintain enough cash reserves in the form of committed credit lines, the Company's business, operational results and financial standing may be adversely affected.

The financial assets which may expose the Company to collection risk are mainly the trade receivables. The Company implemented a series of policies which ensure that services are sold to customers for a corresponding creditworthiness. The value of receivables, net of provisions, represents the maximum amount exposed to the risk of cash collection. The risk of non-collection of cash related to these receivables is limited, as these amounts are mainly due to the Company by state-owned undertakings. The risk of non-collection of the price for the services supplied in the energy market is continuously monitored and the Company is protected by the Wholesale Electricity Market Commercial Code at least in terms of balancing market settlements.

The Company is subject to regulatory procedures and may face litigation, with unforeseeable outcomes. In its normal course of business, the Company is involved in litigation and regulatory proceedings. These proceedings cover disputes with customers or suppliers, as well as administrative and working procedures. The Company is involved in significant litigation as a plaintiff for recovery of receivables, for which the Company established provisions to cover for receivables under litigation. If the Company loses the lawsuits pending in courts or in the event that other significant litigation arises, the Company might be itself forced to bear the litigation costs and/or face the loss of reputational risk. Any of these factors may have an important negative effect on the Company's business, operating results and financial standing.

The risk related to climate changes (difficulties in providing cooling water, disturbances' influence in network transmission at storms, blizzards etc.) may affect the Company's business and results.

The provisions in the Company's financing contracts may limit its financial and operational flexibility. The Company's financing contracts contain provisions that might limit

the ability of the Company to finance its future operations and cash requirements, as well as its capacity to develop certain important commercial activities. If the Company defaults under any of its loan agreements and is unable to remedy the default or obtain a default exemption from creditors, the Company may be held liable for failure to fulfill its contractual obligations. Company's failure to meet its obligations under any of its loan agreements may result in a default under any other financing contracts and may cause the creditors that are party in such other agreements to accelerate the maturity of all the debts due under such commitments. Also, in the event of default by the Company, the lenders of credit line facilities to the Company may terminate the commitments for the extension of the credit line or may cease the granting of loans. Assessing compliance with the financial terms stipulated in its loan agreements is a constant concern of the management of the Issuer.

Issuer has the obligation to abide by the laws on public procurement. The Issuer shall abide by the provisions of Emergency Government Ordinance 34/2006 regarding the award of public procurement contracts, public works concession contracts and service concession contracts, as well as by the related legal regulations, upon the execution with other undertakings of contracts for the procurement of products, services or works required for carrying out the relevant activity.

RISKS RELATED TO THE SHARES

Capital market and liquidity. In full expansion and reconstruction, BSE have intends to eliminate the characteristics similar to other small-size stock exchanges in emerging countries, in terms of fragility, low liquidity and the volatility of the market, as well as in terms of the value of listed securities, all these acting as factors that are likely to affect the Shares market price.

Likely volatility of the Company Shares' market price. Stock markets have been subject to significant fluctuations in recent years, which have not been linked in all cases to the performance of companies whose shares are traded. Such fluctuations could significantly affect the Company's stock price.

Shares' market price is unstable and may suffer sudden and significant declines. Price decreases may be caused by a variety of factors, inclusively by the difference between the results announced by the Company and the forecasts, made by analysts, major contracts, mergers, acquisitions and strategic partnership involving the Group or its competitors, the fluctuations in the financial statement and the operational results of the Group, as well as by factors related to the energy industry and the general economic conditions, including the general instability of share price in the markets where the Shares are listed or in the international markets in general. As a result, investors may experience a significant fluctuation in the market price of shares.

Exchange rate fluctuations may affect the value of Shares and dividends for investors from outside Romania. Existing Shares are quoted and will be traded in RON. Consequently, investors from outside Romania are subject to negative fluctuations in their local currency against the RON, which could influence the value of the Shares and of the dividends paid in RON in connection with the Company Shares.

Sales of large volumes of stocks could generate significant sale pressure, which could have a negative impact on the Company Shares' market price. Sales of large volumes of shares on the stock market could generate a sale pressure, which could have a negative impact on the Shares' market price. Thus, the Group's potential subsequent attempt to secure capital could be even more difficult or may force the Company to raise additional capital in less favorable conditions.

Shares traded on the BSE are less liquid than shares traded on other important stock exchanges. The market for the trading in the Company Shares is the BSE-regulated spot market. Shares traded on the BSE regulated market are less liquid than stocks traded on major markets elsewhere in Europe or in the United States. As a result, shareholders may face problems in buying or selling the Shares, especially in the case of large stocks. Shares and other securities of companies listed on the BSE suffered substantial fluctuations in their market price. This has affected and will continue to affect the market price and the liquidity of the shares of the companies listed on the BSE, including the market price and the liquidity of the Company's Shares.

Application of corporate governance principles by the Company. Effective exercising of corporate governance principles may be subject to limitations arising from the manner of exercising the shareholder's capacity by the majority shareholder, in particular in connection with the appointment of administrators and the corporate decision-making, coupled with the constraints the controlling shareholder is faced with in terms of managing the public and private ownership of the State. If, for any reasons, Nuclearelectrica fails to comply with the corporate governance principles, such failure may affect the Shares' price.

The Shares have not formed the object of a sale public offering. Therefore, the Shares' price may be more volatile than in the case of the shares of a company already listed. There is a risk of not forming a market for the Shares of the Issuer after this Offering or, if it is formed, of not being maintained, because the Shares have never before formed the object of a previous sale public offering. Liquid trading markets are generally characterized by lower price volatility and more efficient execution of sale or purchase orders. If a liquid trading market is not formed for the Offered Shares, the price of Shares might be much more volatile, and the execution of a sale or

purchase order, more difficult. The Shares' price may fluctuate significantly due to a number of factors, some of them beyond the control of Nuclearelectrica.

RISKS ASSOCIATED TO ALLOTMENT RIGHTS

Risk of annulment of the share capital increase/Offer

If the share capital increase and/or the Offer are cancelled irrevocably the holder of the Allotment Rights/Shares is exclusively entitled to a refund by the Issuer of the shares price subscribed for in the Offer. Thus, the amount of money refunded to the owner of Allotment Rights/Shares is equal to the product of the number of Allotment Rights/Shares owned and the sale price of a Newly Issued Share. By exception, in the case of PF, the amount of money refunded to PF is equal to the product of the number of Allotment Rights/Shares and the price at which PF subscribed Newly Issued Shares in the exercise of the preference right. Therefore, if the owner of the Allotment Rights/Shares acquired Allotment Rights/Shares at a price higher than the subscription price of the shares within the Offering, a loss equivalent to the difference between the Shares' subscription price and the purchase price of Allotment Rights/Shares will be registered.

The risk of non-successful closing of the Offering

If the Offering is not 100% subscribed, the Allotment Rights shall no longer be allotted, and, consequently, no procedures regarding the issuance by Financial Supervision Authority of the Allotment Rights' Registration Certificate shall be carried out and no actions regarding the admission to trading of the Allotment Rights shall be taken.

The risk of a longer period between the commencement date of trading the Allotment Rights and the date of withdrawing the same from trading

If, after the date of admission to trading of the Allotment Rights and prior to the withdrawal of the same from trading, the courts order the suspension of the effects of the resolution of Nuclearelectrica extraordinary general assembly of shareholders whereby the issue of Allotment Rights was approved, there is a risk that the term on which the allotment rights become due be extended.

The risk that the Allotment Rights are not admitted to trading

If the application for admission to trading of the Allotment Rights is rejected by BSE, the holders of Allotment Rights will be unable to sell such Allotment Rights.

If the Allotment Rights are not admitted to trading on the regulated market operated by BSE:

(a) each Allotment Right shall incorporate the ownership right of the Allotment Right's holder over a Newly Issued Share which shall be subsequently assigned to it, upon the registration of the share capital increase by the Central Depository;

(b) the Allotment Rights may not be alienated by their holders.

The risk of changes in the rules applicable to Allotment Rights

The rules applicable to Allotment Rights might be modified, in which case the Allotment Rights might be changed accordingly, depending on the content thereof.

The risk of variations in the market price of Allotment Rights by reference to the subsequent market price of the Shares

Considering the existence of a limited number of similar experiences on the regulated markets in Romania there is the risk of variations in the market price of Allotment Rights by reference to the subsequent market price of the Shares, which risk shall be borne exclusively by the holders of the Allotment Rights. In addition, the market price of Allotment Rights may vary depending on the events reported by the Issuer during the fulfillment of the reporting obligations incumbent on it.

The risk that the market of the Allotment Rights has a limited liquidity

Considering the existence of a limited number of similar experiences on the regulated markets in Romania regarding the issue of Allotment Rights, there is a risk that market of the Allotment Rights has a limited liquidity.

Foreign currency risk

Investors resident in other jurisdictions will be exposed to the risk of foreign exchange rate differences between Lei and other currencies, considering the fact that the Allotment Rights are issued and traded in national currency.

LEGAL RISKS

Authorizations. The Issuer confirms that it holds the necessary authorizations required under applicable laws, for certain objectives the Issuer being in the course of being reauthorized/securing permits. If the Company carries out activities without holding the necessary authorizations or in breach of the provisions of the authorizations, the Company may be subject to specific sanctions (administrative sanctions, suspension or cancellation of permits) and, at least in theory, the revenues gained from unauthorized activities/in the locations in respect of which not all

authorizations have been obtained might be seized by the tax authorities.

Fulfillment of the measures ordered by the authorizations/controls carried out by competent authorities. According to the applicable legislation, the failure to fulfill in time the provisions of the control report, or the relevant authorization (Water Management Authorization No. 160/2012 provides the Company's obligation to install the device necessary for the automatic metering both of the thermally polluted water flows, and for the temperature gradient of the waters in the containers for Units 1 and 2 until 31.12.2012) is deemed minor offence and punished by a fine. In addition, the competent authority may suspend/withdraw the permit if the holder of the permit violated the provisions of the relevant control bodies.

Title in real estate property. In what concerns a limited number of real estate designated for ancillary activities of the Company there is an unclear situation of the title based on which the real estate in the company's patrimony are held. The Company holds the ownership title over most of the lands in its patrimony on the basis of certificates attesting to the ownership right issued according to the provisions of Law No. 15/1990 on the reorganization of economic state undertakings into *regie autonome* and business entities, whose purpose was to outline the legal framework for the restructuring of former state enterprises and the separation of their patrimony from the state public domain.

Although the aforementioned ownership certificates may not be deemed property titles in the strict sense of this notion, these are generally accepted as documents attesting to the ownership right of the companies established under Law No. 15/1990. However, there is a risk of restitution claims or of legal actions seeking cancellation of the ownership certificates. If the ownership right is not registered with the Land Book, then it shall not be enforceable towards third parties.

Given this atypical restructuring situation, the specific circumstance regarding the ownership rights acquired under Law No. 15/1990, as well as the complexity of the issues dealing with ownership titles in Romania, the Issuer cannot guarantee that its ownership rights over some lands or buildings owned by it will not be challenged in the future.

Compliance with the requirements of acts issued by authorities. The Issuer has the obligation to comply with the measures imposed by public authorities, and failure to comply with such obligations may result in minor offence related, economic, administrative and criminal sanctions, as appropriate, with serious adverse consequences on the Issuer.

Rules regarding classified information or information held under a confidentiality obligation can reduce the amount of information contained herein. The Company holds classified information, the provisions of Law No. 182/2002 on the protection of classified

information as well as related subsequent regulations in force being applicable to the Company. For the purpose of this Prospectus, the Company did not provide information on the ownership of secret classified information, to which provisions similar to those set for State secrets through the provisions of Law No. 182/2002 concerning the protection of classified information are applied. Similarly, for purposes hereof, the Company did not disclose any information subject to a confidentiality obligation and for which it has not obtained the consent of the relevant parties to disclose such information. Some significant information regarding the Issuer's activity (e.g. with respect to contracts with related persons, industry contracts and other important contracts) cannot be disclosed herein for these reasons.

Compliance with the contractual terms of the financing contracts. The Issuer is a party to financing contracts whereby the Company is required to comply with certain obligations (including, but not limited to, the obligation to notify/obtain the consent from the financing parties with regard to a series of operations concerning the Company, including operations regarding changes in the Company's shareholding structure). Breach of such obligations may result in accelerated repayment of loans with major consequences on the Issuer's business, financial standing and perspectives.

Strong unions may lead to salary increases or hinder the streamline process. Currently, there are several trade unions at the Company level, one of which is representative, C.N.E. Cernavoda Trade Union, with strong negotiation power. Any salary increases or improvements of the benefits package, if not considered costs in calculating the regulated tariff, shall reduce the profitability of the Issuer. At the same time, the powerful syndication could constitute an obstacle in the implementation of the decisions of the Issuer to streamline the activities by optimizing the number of employees, causing a reduction in its profitability. However, on the basis of the partnership concluded with CNE Cernavoda Union, the number of employees experienced a descending evolution, the staff index of CNE Cernavoda being reduced from 2.47 people/installed MW in 1998 to 1.15 people/ installed MW in 2013.

3. RESPONSIBLE PERSONS

Each of the:

(i) Issuer

SN Nuclearelectrica SA, headquartered at 65 Polona Street, District 1, Bucharest, Romania, represented by Mrs. Daniela Lulache, as General Manager.

and

(ii) Lead Manager and Syndicate Members:

Swiss Capital S.A., headquartered at 20 Dacia Blvd, Romana Office Building, 4th Floor, District 1, Bucharest, registered with the Trade Registry under No. J40/4107/1996, Sole Registration Code 8450590, authorized to carry out activities specific to the capital market by the National Securities Commission Decision No. 2674/05.08.2003, as Lead Manager, duly represented by Mr. Bogdan Juravle as General Director,

BT Securities S.A., headquartered at Blvd 21 Decembrie 1989, No. 104, Cluj Napoca, Romania, Sole Registration Code RO6838953, registered with the Cluj-Napoca Trade Registry under No. J12/3156/1994, registered in the ASF Register under No. PJR01SSIF/120022, as Member of the Intermediation Syndicate, duly represented by Mr. Nicolae Moroianu, as Executive Director

are the persons responsible for this Prospectus and hereby declare that, having taken all reasonable measures as needed in this case, the information included in this Prospectus is to the best of their knowledge reflecting the reality and contains no omission that is likely to significantly affect its content.

The Syndicate Members and its consultants performed a limited due diligence analysis on the legal and financial aspects, finalized in March 2013, in the limits of the agreement concluded by the Company with the Syndicate with a view to ensure that, in accordance with the documents and information made available by Nuclearelectrica, the information provided by this Prospectus are truthful and do not contain omissions that may significantly impact the contents of the Prospectus.

The Intermediation Syndicate Members have drafted this Prospectus relying in good faith on the requested information and provided by Nuclearelectrica, which has declared to them that it has taken all the reasonable measures to make sure that the information supplied or made available to the Syndicate for inclusion in this Prospectus is accurate, complete and factual and that it is not misleading nor does it contain omissions that may affect the content of the Prospectus.

Nuclearelectrica has not, except for the aforementioned declaration, given the Intermediation

Syndicate any further guarantee, insurance, disclaimer of liability in connection with the Offer and this Prospectus.

The Syndicate Members have not verified the accuracy of the information supplied by Nuclearelectrica or from the third party sources referred to in the Prospectus.

The Issuer and the Syndicate Members have accurately reproduced the information from third party sources or from Nuclearelectrica, in the form it was made available to them as at the date they examined it or as at the reference date as specified by the relevant information, as appropriate. The Issuer hereby declares that to the best of its knowledge no acts have been committed that may render the information in the Prospectus wrong or misleading.

Notwithstanding the considerations above, some of the information supplied by third-party sources included in this Prospectus might be outdated and irrelevant for the current state of affairs.

Miscellaneous

- Insurances concluded

The company concluded with Allianz Tiriac Asigurari S.A. insurance policy for the legal civil liability of managers no. 571005753 for a limit of liability agreed upon amounting to EUR 21 million and with a validity period of 12 months, starting with 28.08.2013 (28.08.2013 – 27.08.2014)

- Mandate / Management agreements concluded

The General Meeting of the Company's Shareholders approved, on 24 July 2013 the Company's Management Plan (attached hereto) prepared by the Company's Board of Directors, as well as the Management Master Agreement.

4. PART I: INFORMATION ABOUT NUCLEARELECTRICA

1. ACTIVITY OF THE ISSUER

1.1. GENERAL INFORMATION ABOUT THE ISSUER

The Issuer is a Romanian corporate entity, established as a joint stock company, having the following identification data:

Name of Issuer	Societatea Nationala „Nuclearelectrica” - S.A.
Legal status	Joint stock company
Trade Registry Office registration number	J40/7403/27.07.1998
Sole registration code	10874881/13.08.1998
Fiscal attribute	RO
Date of registration with the Trade Registry	27 July 1998
Duration	Unlimited
Registered address	65 Polona Str., District 1, Bucharest, Romania
Mail address	65 Polona Str., District 1, Postal Code 010494, Bucharest, Romania
Telephone	+4 021 2038200
Fax	+4 021 3169400
E-mail	office@nuclearelectrica.ro
webpage	www.nuclearelectrica.ro

Pursuant to the application of the provisions of Law No. 15/1990 on the reorganization of economic state undertakings into *regie autonome* and business entities, Government Decision No. 1199/1990 on the establishment of the autonomous authority Regia Autonoma de Electricitate (“*Romanian Electricity Authority*”) “RENEL” was adopted.

Subsequently, RENEL was reorganized according to Government Decision No. 365/1998 (“GD 365/1998”) and its patrimony was distributed to three new entities, except for the assets and liabilities corresponding to the Study, Research and Engineering Group – GSCI, as follows: to the National Electricity Company SA, to the Autonomous Enterprise for Nuclear Activities and to Nuclearelectrica.

SN Nuclearelectrica SA was established as a joint stock company under GD 365/1998, pursuant to the reorganization of RENEL, having as its main object of activity the production of electric energy.

Nuclearelectrica is a national company and currently the only producer of electric energy through nuclear technology in Romania. Nuclearelectrica is also a producer of nuclear fuel by manufacturing the fuel bundles which are used for the operation of its own nuclear reactors.

Legislation governing the activity of the Issuer - Special legal regime applicable to the Issuer

Nuclearelectrica, a Romanian corporate entity, is organized and operates under the laws of Romania, including the Companies Law, the Electricity Law, and the primary and secondary legislation applicable to electricity field, the latter issued as appropriate by the Government, ME, ANRE, CNCAN, as well as in accordance with the provisions of its Constitutive Act.

1.2. COMPANY HISTORY AND EVOLUTION

Nuclearelectrica’s activity is closely related to the evolution of the National Power System, whose main features are presented below:

The early age of electricity sector in Romania, the years 1882 – 1948

World electricity industry celebrates 134 years of existence, while the Romanian electricity industry celebrates 131 years. By the year 1900, all Romanian provinces had witnessed the effervescence of the introduction of electrical applications, primarily the lighting and power installations. In that early period, many power plants and power enterprises with various technologies were established and put into operation.

1882 - The first power plant in Romania was put into operation in Bucharest. The plant was supplying power for the outdoor lighting of the National Theatre and the Garden of Cismigiu. The

power plant was located on Calea Victoriei downtown Bucharest. That same year the first electricity transmission ever was achieved between the power plant and the Cotroceni Palace, through a 3 km long overhead line fitted with copper conductors and ceramic insulators. All these projects were developed in the year when Thomas Alva Edison put into operation in New York the world's first power plant.

1884 - Timisoara, the first electrically lit city streets. Timisoara, one of the largest cities in Romania, was the first city in Europe to enjoy the benefits of electric street lighting. The power plant and related facilities started to operate between 15 and 30 November for a trial period. Tests were carried out by Austrian and Hungarian experts, who concluded that the facilities were technically fit to work. Commissioned in November 1884, the Power Plant in Timisoara laid the foundation of the Romanian Power System.

1895 – “Uzina Electrica” in Sibiu and Sadu I hydropower plant. On 18 May 1895, Hermannstadter Elektrizitätswerke AG – the Power Plant Company in Sibiu was set up, whose constituent general assembly decided to build the power plant Sadu 1. The Sadu 1 Power Plant Project included building the power plant as such, on the Sadu river valley, 18 km far from Sibiu, and the facilities for the transmission and distribution of electricity. The generated electricity was transmitted to the towns of Sibiu and Cismădie at a voltage of 4,500 V, via two power lines.

1898, “Sinaia I”, the first hydroelectric power plant. During that period, many cities in Romania were developing strategies to generate and use electricity.

1890, Cluj: The Gas Company plans to introduce electric street lighting in 1901.

1893, Galati: The Company for Electricity and Gas Exploitation is founded.

1895, Bacau: First year when the town uses electricity.

1896, Craiova: Commissioning of Central Substation and electric street lighting.

1896, Sibiu: “Electrica” plant starts production for the hydropower plant “Sadu 1”.

1898, Sinaia: Hydropower plant “Sinaia 1” is put into operation (4 units x 250 kW). The plant is still operational today.

1907 - Commissioning of hydropower plant Sadu 2. In 1907, the transformer station of 10/4kV was built and put into operation, which included the OHL Sadu 2 - Sibiu. In 1905 began the construction of Sadu 2 power plant, which was commissioned in 1907 and was located 5 km upstream of Sadu 1. The plant operated at a voltage of 11,000 V and was transmitting electricity to Sibiu, where 11,000/4,000 V transformers were installed.

1939 – Countrywide electrification. By 1939, electricity production and use had spread across the whole country. At the end of 1939, Romania had 229 electricity generators, of which 113 private companies and concessions, 85 municipal companies, 10 commercial public authorities, 14 joint ventures and 7 state authorities.

In the Inter-War period, Romania has known rapid energy-sector and economic development. In Bucharest, Timisoara and Iasi electrical engineering faculties were established and professional associations such as IRE (Romanian Institute for the Study of Development and Use of Energy Resources) and APDE (General Association of Producers and Distributors of Electricity) are active and prestigious organizations in the country and abroad.

Centralization of the National Power System, the period 1948 - 1989

In 1948, existing electricity companies were nationalized and placed under the direct subordination of the relevant ministry of that time. The involvement of the State was following the then current trend in the Western European countries, whose governments believed that the electricity sector was to play a decisive role in the Post-War reconstruction and therefore it had to be fully controlled by the state. The Romanian National Power System was established in 1955 by interconnection of the local subsystems of the regional electricity companies.

Timeline of the evolution of the power sector in the period 1948-1989 is as follows:

1948 –Industrial Electricity Center within the Ministry of Industry ie established;

1948 – By Decision 7359/06.08.1948 of the Ministry of Industry, based on Decree No. 140 / 10 July 1948, the following enterprises are established:

- General Electricity Company Bucharest;
- Regional Electricity Companies of Brasov, Cluj, Timisoara, Craiova, Constanta, Galati, Iasi;
- Regional Electricity Enterprises of Slanic Prahova and Targoviste;

1949 – The National Assembly Decree No. 316/23.07.1949 (OJ 48/25.07.1949) establishes the Ministry of Electricity and Electrotechnical Industry;

1955 - Establishment of the National Power Dispatcher. On June 13, 1955 the National Power Dispatcher was put into operation, which, by order of the Ministry of Electric Energy (MEE), had originally been founded as a “National Dispatcher Service” within the Electricity Division of MEE. The main function of the National Power Dispatcher was to coordinate the generation, transmission and distribution of electricity from the interconnected National Power System, which included Muntenia Region and the central and eastern part of Transylvania. The immediately

subordinate level – the dispatchers of the energy trusts in Bucharest, Sibiu and the power complexes in Constanta, Galati, Bacau, Timisoara and IRE Oradea – was ensuring the coordination of systems' activity in their respective regions.

The main tasks of the National Power Dispatcher concerned the ensuring of the continuous power supply to consumers, the optimal load distribution amongst power plants and the frequency and voltage control. Its decisional authority included the entire network of 110 kV. Increased consumption of electricity as a result of the industrial development required the building of new links between electricity sources and consumers or between various zonal systems, in order both to supply electricity to consumers in areas lacking sources and to ensure an increased operational safety. Thus, the national power system developed relentlessly, all electrical facilities in the country being interconnected in 1960.

1957 - Establishment of the Ministry of Heavy Industry;

1958 - Development of the electricity transmission network. In 1958 the National Power System was set up by interconnecting the local subsystems. In 1948 regional electricity companies were established following the nationalization of all electricity production companies.

In Bucharest, the former “Gas and Electricity Company” became “Bucharest Electricity Company” and subsequently renamed the “Regional Electricity Company Bucharest”.

In Cluj, the “Gas and Electricity Company” became “Regional Electricity Company Cluj”. Similar regional enterprises were also established in other parts of the country, such as Brasov and Sibiu. At the same time as the reorganization of existing structures, new regional entities were created, such as “Enterprise of Electricity Bacau” (1951).

In Sibiu, the “Transylvania Dispatcher” was established, under the subordination of the National Power Dispatcher.

1961 - Ministry of Mines and Electricity is established;

1965 - Ministry of Electric Energy is established by Decree No. 62/1965;

1969 – the Industrial Center for Electricity Transmission and Distribution is set up within the Ministry of Electric Energy, by Decision of the Council of Ministers No. 583/1969;

1977 - The Industrial Center for Electrical Grids is established by Decree No. 334/1977 within the Ministry of Electric Energy.

Reorganization of the National Power System from 1989 – present

Until 1989, the Ministry of Electric Energy was managing 48 electric network enterprises and 38 producers of electric and thermal energy, most of them operating as departments or entities within their relevant ministries. This structure was modified in 1990 when RENEL – the Autonomous Electricity Enterprise - was established by GD No. 1199/1990, which was organized and operated according to Law No. 15/1990 on the reorganization of economic state undertakings into *regie autonome* and business entities.

The Autonomous Electricity Enterprise RENEL operated with management and financial autonomy, having the Ministry of Resources and Industry as representative of the State's interests in its Board of Directors, and the main object of activity was the production, transmission and distribution of electric energy, the production, transmission and distribution of thermal energy, maintenance and repair of power facilities and installations, the development of the National Power System and the export of electricity.

After 1990, an ample restructuring process of the national power system started. The main of this process are:

1990 – The Autonomous Electricity Enterprise (RENEL) is established by Government Decision No. 1199/1990 following the reorganization of the former Ministry of Electric Energy. RENEL was a vertically integrated state-owned structure, having as its main functions the production, transmission and distribution of electric energy through conventional and nuclear power plants. In 1992, reorganization of RENEL started with the outsourcing of some support activities.

1998 - The vertically integrated monopoly RENEL is split-up by Government Decision No. 365/1998 concerning the reorganization of the Autonomous Electricity Enterprise RENEL. Such Government Decision established:

- The National Electricity Company (“CONEL”)
- The National Company Nuclearelectrica
- The Autonomous Enterprise for Nuclear Activities.

According to GD 365/1998, the Company was registered as a joint stock company with the Trade Registry Office attached to the Bucharest Tribunal under No. J40/7403/27.07.1998, having Sole Registration Code 108748881. The Company's main object of activity was the production of electric energy through nuclear technologies, an activity of strategic interest, as well as the production of nuclear fuel and related activities. The company had branches CNE Prod Cernavoda, having as main activity the operation of Unit 1 CNE Cernavoda, CNE Invest Cernavoda, having as object of

activity the completion and commissioning of Unit 2 CNE Cernavoda and the FCN Pitesti branch, having as main object of activity the processing of nuclear fuels – Since 2008, after the completion and commissioning of the Unit 2 CNE Cernavoda in 2007, a single branch – CNE Cernavoda - became functional, having as main activity the exploitation of Units 1 and 2 of CNE Cernavoda. 2000 – The launch of mandatory spot electricity market in Romania, managed by OPCOM, a subsidiary of Transelectrica;

2005 – The launch of the new market model based on:

- voluntary spot market, with bilateral bids and bilateral settlement;
- mandatory balancing market, with the system operator as the sole counterpart;
- assignment of balancing financial responsibilities to BRP.

2005 – The introduction of green certificates market;

2005 – The introduction of the Centralized Market of Bilateral Contracts;

2005 - Fondul Proprietatea. In 2005, pursuant to Title VII of Law No. 247/2005, a government decision was passed establishing an undertaking for collective investment in transferable securities named Fondul Proprietatea (The Fondul Proprietatea). The purpose of the Fondul Proprietatea was to ensure the payment by equivalent in shares issued by Fondul Proprietatea of the compensations related to real estate properties abusively requisitioned by the State.

2007 - The introduction of the Centralized Market of Bilateral Contracts with Continuous Negotiation;

2007 – The “CNE Cernavoda” branch is established, having its registered address in Cernavoda, 2 Medgidiei Str., registered with the Trade Registry under No. J13/3442/11.10.2007, having Sole Registration Code 22554619. The main object of activity of the branch is the production of electric energy – CAEN Code 3511.

2007 - GD No. 638/2007 completely opens to competition the electricity and natural gas market;

2008 - The introduction of the direct debit mechanism and the guarantee of trading in electricity on the day ahead market (central counterparty mechanism);

2009 – The establishment of ENERCONUCLEAR SA, registered with the Trade Registry under No. J40/3999/25.03.2009, having Sole Registration Code 25344972, for the purpose of developing and implementing the Project for constructions of Units 3 and 4 of CNE Cernavoda, having as shareholders at the date of its incorporation, the Company (51%), ArcelorMittal Galati SA (6.2%),

CEZ a.s. (9.15%), GDF SUEZ SA (9.15%), Enel Investment Holding (9.15%), Iberdrola Generacion S.A.U. (6.2%) and RWE Power AG (9.15%).

Major laws impacting on the evolution and development of the Issuer

The energy sector is a fundamental influence on the evolution of the entire society. A developed economy cannot be conceived today without an efficient energy sector. According to Law No. 123/2012 regarding electric energy and natural gas (“Electricity Law”), the objectives of the energy sector are defined by the National energy strategy, which, in its current form (i.e. the Energy strategy of Romania for the period 2007 – 2020 as approved by the Government Decision No. 1069/2007) establishes the following general strategy objectives for the sector energy:

- The increase of energy safety by ensuring the necessary energy resources and limiting the reliance on imported energy resources;
- The increase of energy efficiency;
- The promotion of energy production based on renewable resources;
- The promotion of electric and thermal energy production in cogeneration power plants, mainly in high efficiency cogeneration facilities;
- The development of competition markets for electricity, natural gas, oil, uranium, green certificates, greenhouse gas emission certificates and energy services.

The Energy Policy is established in full compliance with the Energy Strategy, a program which includes measures to stimulate investments, research and development, sustainable development, efficient capitalization of energy resources, energy efficiency and other activities to ensure the operating safety and security of the national power system (“SEN”).

The Energy Policy is drafted by the Ministry of Economy, Trade and Business Environment based on the governing program for a medium term interval while considering the probable long term evolutions and with the consultation of non-governmental organizations, social partners and representatives of the business environment, and its goals are as follows:

- To establish the appropriate institutional frame by defining the competent bodies and authorities for development of such policy;
- To ensure the safety of the fuel and electricity supply;
- To ensure the environmental protection and the ecological restoration of sites damaged by energy activities;

- The transparency of prices and tariffs of fuels and energy;
- To increase the energy and fuel use efficiency;
- The development of renewable energy sources and high efficiency cogeneration by prioritizing the supply of energy to isolated localities;
- The development of international cooperation for energy, the participation in regional markets and the European energy market.

1.3. INVESTMENTS

The Company's strategic investment plan has been designed to meet the need of modernization/reengineering of some systems, for economic reasons (reduction of specific consumption, improvement of characteristic parameters to assigned processes, with positive impact on efficiency) as well as legal reasons – the necessity to implement some improvements associated with nuclear safety, environmental protection and labor safety, representing mandatory requirements from regulatory authorities in the domain in question (CNCAN and Ministry of Environment).

The table presented below highlights other current investments, which are carried by SNN.

It should be noted that the values of the investments presented below are estimative and may vary, depending on the decisions, taken by the Company's management, in the following years.

Investments Projects	Value (Million RON)	Value (Million RON)	Duration (2011-2023)
Tritium installation D2O	125	540	2011-2023
Investments regarding safety, as a result to the Fukushima Accident	64	260	2011-2023
Intermediate storage of burned fuel	52	204	2011-2012
Software programs for integrated management of the Plant (Work management system)	23	95	2011-2013
Development and modernization of the physical protection system	18	76	2011-2016

Development of Computerized Infrastructure	2	9	2011-2013
Total	284	1184	

A priority investment of CNE Cernavoda is represented by the heavy water detritiation facility, which will be designed to maintain a low concentration of tritium during the functioning period of the plant. The major impact of this investment will consist in a high safety degree of the personnel and the environment.

Another investment of SNN is represented by intermediate storage of burned fuel, which is part of the Company's policy of spent fuel management. The storage location is on CNE Cernavoda site and the transport of the burned fuel is made on an internal road, which allows an integrated protection system. The deposit will be made in stages, finally including 27 storage modules with a capacity of 12.000 beams per module, which will provide storage of the resulting burned fuel for 50 years. So far, 5 modules have been accomplished and the remaining modules will be put into functioning in the subsequent stages.

Due to the Fukushima nuclear accident, another investment of the Company is represented by the implementation of the systems, that will increase the nuclear security at CNE Cernavoda, by improving CNE Cernavoda's response to natural disasters (outside the design basis).

Another major investment project that the Company will be developing during 2015-2026 refers to recasting of Unit 1, which was commissioned in 1996. As a result, Unit 1 average life time will be extended by 25 years. Recasting preparation process will be developed over a period of at least 10 years and major investment efforts will be allotted during 2020-2025. In addition, it is necessary for Unit 1 to be shup down completely for a period of up 2 years (expected during 2025-2026), when most of the works and replacements of the equipment will take place.

1.4. ENERGY MARKET IN ROMANIA AND THE POSITIONING OF NUCLEARELECTRICA ON THE ENERGY MARKET

Romania owns a balanced portfolio of energy capacities, which includes nuclear energy, fossil fuel based energy, hydropower and other renewable sources. Although green energy has a reduced contribution, it represents an expanding subsector.

Romania has the largest energy production sector in South-East Europe. Its position was consolidated in recent years through the development of wind parks, *i.e.* based on renewable energy sources.

Electricity generation capacity in Romania

Romania benefits from a wide range of primary energy resources, both renewable and exhaustible,

ensuring one of the highest levels of energy independence in the European Union, along with Denmark and Estonia, performing energy imports for a coverage of only 24% of the total gross energy consumption. At the opposite end are situated Cyprus, Luxembourg and Malta with an energy independence level of 0%; the European average regarding energy independence level was 47% in 2010.

The commissioning of Reactor 2 of CNE Cernavoda in 2007 represents a significant contribution to the reduction of the energy dependence of Romania – at the time, the independence level was below 70%. In 2011, the primary energy production in the country was assessed at 27.8 million toe, slight increase over the year 2010, but with 5% below the record production of 2008. The biggest part of the production continues to be ensured by usable natural gas (31%), followed by coal (24%) and hydropower (18%). The contribution of nuclear energy to the total production is 3 million toe, *i.e.* 11%.

Until the year 2000, the energy consumption contracted every year as the marked adjusted following the collapse of the industry demand after the fall of the Communist regime in 1989. The situation stabilized only 10 years later, with the first revival in the year of 2000. A significant impact on the electricity demand was brought by the financial crisis, the effects of which were felt in 2009 (contraction over 12% YoY). Although the energy consumption increased both in 2010 (+ 0.6% YoY) and 2011 (+ 1.8% YoY), there are still over 10% to be recovered up to the return to pre-crisis levels. The year 2012 registered a drop of 2.57% in the energy consumption. The increased consumption of 2011 can be explained for the most part by the increase in industrial production (+1.9%YoY), considering that the industry is the largest consumer of primary energy, with 31% of final energy consumption. Given that industrial production contracted in 2012 (-0.7%), gross energy consumption have dropped accordingly. With regard to the generation of electricity, the commissioning of Unit 2 of CNE Cernavoda marked the increase of nuclear energy contribution to the production of electric energy from 9% in 2006 to 20% in 2012 (or 11.7 TWh). The biggest part of the electricity production in Romania relies on coal and hydropower resources, which constantly covers 65%-70% of gross production.

Today, the supply of electric energy in Romania is provided by 78 of the participants in the electricity market. Of these, 32 operate exclusively on the wholesale market, while the majority (46 suppliers) is active both on the retail and the wholesale markets; the latter category includes the incumbent suppliers.

According to data from the first half of 2013, the electricity production of CNE Cernavoda represented 20.1% of the total production in Romania, an increase as compared to 19.1%, as in the year 2012. In the first half of 2013, Nuclearelectrica sold to the national power system a quantity of

energy of 5.27 GWh, of which 47% on the regulated market of captive consumers, according to ANRE decisions.

Nuclearelectrica is the producer with the highest contribution to the energy basket created for the regulated market, with an approximately 60% quota in 2011. ANRE reduced the quota for the regulated market at 50% for the year 2013 and set a new regulated price (ANRE also sets the price at which the producers have the obligation to sell the energy on the regulated market, so as to cover their operating costs and to allow for a minimum profit), thus allowing for the current year a broader participation of Nuclearelectrica on the open market, which provides a much higher profit margin.

On the competitive market, Nuclearelectrica sold about 53 percent of the electric energy traded in the first quarter of 2013. The largest part of such quantity was sold on the centralized markets managed by OPCOM through auctions (76% through contracts awarded on the centralized contract markets, CMBC and CMBC-CN, while 23% was sold on the spot market, DAM). The number of clients of Nuclearelectrica on the competitive market in 2012 was 17.

THE STRUCTURE OF THE ELECTRICITY MARKET IN ROMANIA

Romania has chosen the decentralized electricity market structure where, as a rule, participants are free to enter into electricity sale-purchase transactions.

of the liberalization of the electricity market was regulated on 1 July 2007. Moreover, the electricity market has evolved as result of a regulatory process monitored by the regulatory authority in the electricity field - ANRE.

Electricity market principles are currently governed primarily by the Electricity Law and detailed in the secondary legislation including government decisions, resolutions and orders issued by ANRE, among these, the nondiscriminatory and regulated access of all participants to the electricity market, transparency of electricity tariffs, prices and fees, improving competitiveness of the internal electricity market and the active participation in the formation of both the regional and the internal EU energy market and the development of cross-border trading.

According to the Electricity Law, the electricity market is divided into the regulated market and the competitive market, each of these two segments having a wholesale and a retail market component.

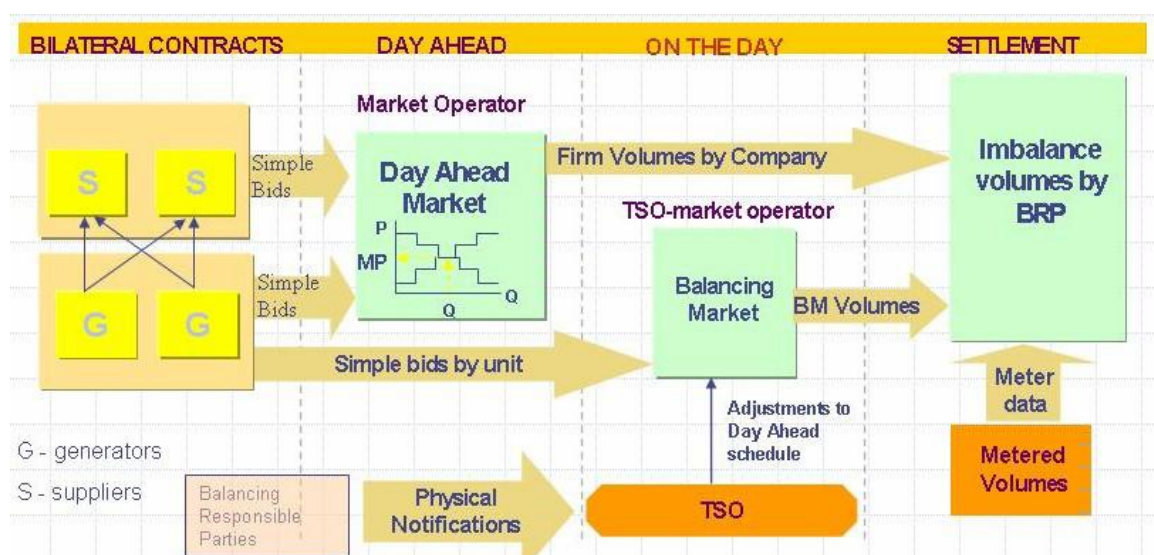
The regulated market comprises the totality of relations arising from or in connection with the sale and purchase of electricity in regulated quantities and at regulated prices; such transactions are carried out based on regulated contracts; this market serves mainly the consumption of captive consumers by ensuring correlated trading operations between the producers and the suppliers of

the captive consumers; prices are regulated based on ANRE methodologies and decisions. Following the full liberalization of the electricity market, ANRE can establish the prices and contracted quantities for the wholesale transactions between producers and suppliers of residential customers.

The competitive market comprises the totality of relations arising from or in connection with the sale and purchase of electricity based on terms and conditions regarding prices and quantities established by direct negotiation or by balancing the supply and demand through intermediation.

I. Wholesale electricity market

The schematic structure of the wholesale electricity market is presented in the following diagram:



Source: Transelectrica

The Wholesale Electricity Market is the organized framework in which electricity is purchased by suppliers/consumers from producers or from other suppliers for resale or own consumption, as well as by network operators in view of covering their own technological consumption. Thus the wholesale market (WM) includes all the transactions performed among the participants, except for transactions to final consumers of electricity, which are carried out in the retail market (RM). The size of the wholesale market is determined by the total number of transactions performed in this market by the participants, exceeding the amount of electricity physically transmitted from production to consumption. The totality of transactions includes resale transactions performed for adjusting the contractual position and obtaining financial benefits.

The wholesale electricity market is open for trading to:

- producers and self-producers of electricity;

- suppliers;
- network operators.

The wholesale electricity market model is structured into the following six main components:

I.1 Bilateral contracts, which may be regulated, negotiated or signed through auctions, held on the centralized contract markets managed by OPCOM. As of August 2012, bilateral contracts may only be concluded through OPCOM.

I.2 Transactions executed on DAM managed by OPCOM, in which the participants perform transactions with active electricity for each trading interval of the corresponding delivery day;

I.3 Balancing market, which ensures that differences between the notified production and the forecast consumption are covered. Participants undertake financial liability for registered imbalances.

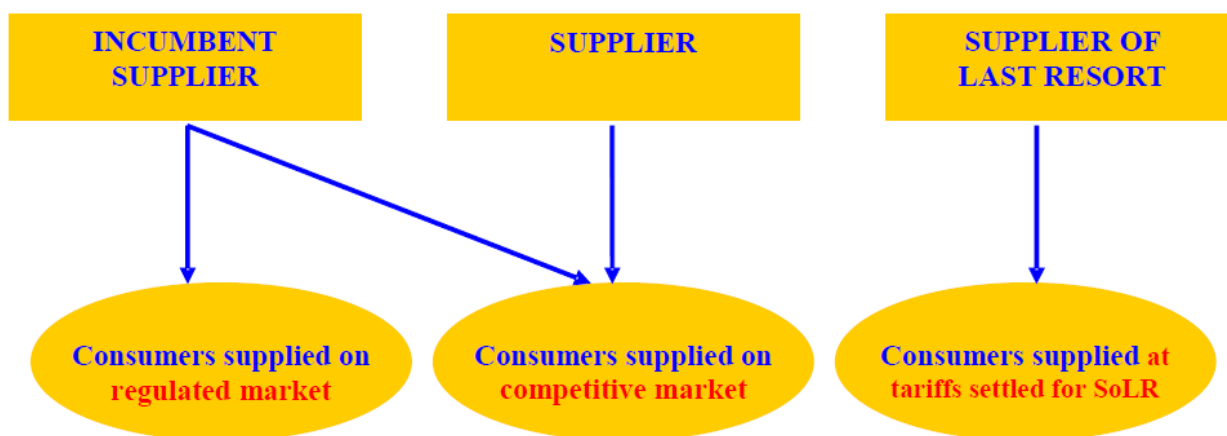
I.4 Technological system services market

I.5. Centralized market for international interconnection capacity allocation

1.6. Intra-day market.

II. Retail electricity market

The schematic structure of the retail electricity market is presented in the following diagram:



The retail market is the market component in which electricity is purchased for own consumption and where electricity is traded between electricity suppliers and electricity consumers.

1.5. MAIN ACTIVITIES OF THE ISSUER

According to the Statute of the Company, its main object of activity is production of electric energy - CAEN Code 3511.

In addition, the Company performs, according to the Statute, a number of other secondary activities, in support and in addition to the main activity such as: trade of electricity (CAEN Code 3514), distribution of electricity (CAEN Code 3513), water collection, treatment and supply (CAEN Code 3600), manufacture of industrial gases (CAEN Code 2011).

The Company also produces nuclear fuel (CAEN Code 2446) necessary for the functioning of the CNE Cernavoda reactors. Additionally, steam is produced (CAEN Code 3530) for the preparation of hot water necessary for the centralized heating supply in Cernavoda area, activity performed by the Company on the basis of a specific license.

1.6. ELECTRICITY CONTRACTS

Throughout its activity, the Company periodically concludes commercial contracts for the sale purchase of electricity, specific to the electricity industry. The commercial contracts concluded by the Company for the sale of electricity include:

- (i) contracts for the regulated market concluded with last resort suppliers regarding the supply of electricity to their consumers supplied at regulated tariffs, as well as distribution operators for the coverage of the own technological consumption of the electricity grids;
- (ii) sale-purchase contracts regarding energy in the centralized market of bilateral electricity contracts ("CMBC");
- (iv) negotiated sale-purchase contracts regarding electricity;

1.6.1 Contracts for the regulated market

Throughout its electricity selling on the wholesale market activity, the Company concluded sale-purchase contracts with suppliers selected by ANRE (last resort suppliers) for the purpose of supplying to their respective consumers, supplied at regulated tariffs, the hourly electricity quantities established according to the written regulations issued by ANRE.

The terms of the abovementioned contracts were established in the electricity sale-purchase frame agreement concluded between the electric energy producers and last resort suppliers of consumers supplied at regulated tariffs, as approved by ANRE Order No. 43/2010.

The Company shall apply in the regulated contracts specific to the electricity industry the regulated

tariffs for the energy sold by SNN as well as for the transport service (the fee for injecting the electricity into the grid) approved periodically by ANRE.

1.6.2 Sale-purchase contracts concluded in the CMBC

The Company concluded contracts having as object the sale of a notable part of its electricity production on the competitive market, which were attributed by the public procurement procedure held by OPCOM, specific to this market. The agreements for the selling of energy on the competitive CMBC forwarded by SNN to OPCOM were drafted by the Company considering, on one side, the guiding framework provided by the standard agreement in OPCOM procedures for this market, and on the other side, the requests and particularities specific to SNN as an electricity producer. The buyers established by CMBC procurement procedures are companies licensed by ANRE as competitive suppliers, producers, distributors or energy transporters. The contractual prices are the ones resulted following the procurement procedures.

Several of the agreements concluded by the Company on CMBC are concluded with electricity distribution operators, in view of covering the own technological consumption in the distribution network under the operation of the latter, by purchasing the hourly amounts of electricity as set forth by means of the specific regulations issued by ANRE.

The Company also concluded electricity sale-purchase contracts in the CMBC regarding the supply of energy by the partner in the event of unscheduled shutdowns. Under these contracts, the Company supplies electricity during the operation of Units CNE Cernavoda and the partner supplies electricity in the event of unscheduled shutdowns. Such electricity sale-purchase contracts serve the purpose of managing the risk of unscheduled shutdowns at CNE Cernavoda and avoiding the risk of purchasing electricity at high prices from the Day Ahead Market.

1.6.3 DAM energy sale purchase agreements

The Company is able to trade in the Day Ahead Market through the convention concluded on 16 June 2008 with the Electricity Market Operator “OPCOM” SA. On the DAM, OPCOM is a central counterpart, being the sole buyer for the energy sold by the Company. The returns for DAM transactions are made only with OPCOM and are performed rapidly (in 2-3 days since the energy delivery).

1.6.4. Negotiated sale-purchase energy contracts

The Company currently has underway a contract with Transelectrica SA, whereby the Company supplies and Transelectrica purchases the necessary electricity for the ancillary services of the 400kV Cernavoda power station. The Contract was concluded in 2000 and is annually extended via

addendums, when the renegotiation of the contract price is also performed. The addendum in force expires on 31.12.2013.

1.6.5 Convention regarding the participation in the balancing market and the convention for undertaking balancing responsibilities

The Company is a participant in the balancing market and also a Balance Responsible Party according to the Standard conventions concluded on 1 July 2005 with the system and transmission operator Transelectrica SA having as object the sale-purchase of energy between the parties following the SEN dispatch of the energy production in accordance with the effective consumption, or as a consequence of registering of imbalances between the energy quantities produces and the ones sold by the Company which were compensated by Transelectrica SA on the balancing market according to applicable legislation.

1.6.6. Convention to participate in the market for green certificates

The Company has the right to participate both in the Centralized market for green certificates and in the Bilateral contract market for green certificates under the Convention for participation in the Green Certificates Market concluded on 22 November 2010 (and reviewed in 4th revision under no. 11161 on 17.04.2013) for an indefinite period among the Company, as participant and OPCOM as administrator of the market for green certificates. It is important to note that the obligation to purchase green certificates is dependent on the electricity volume supplied by the Company to final consumers. Considering that the Company has currently concluded only one electricity supply contract with final consumers (i.e. the contract concluded by the Company with Transelectrica SA for approximately 1,000 MWh/year as specified at point 1.5.6. above), the number of green certificates the Company must purchase is low. Thus, in order to achieve the mandatory purchase quota for green certificates corresponding to 2013, the Company purchased green certificates from Eolica Dobrogea One SRL, on the Centralized Market of green certificates, during the first trading session in November 2012.

1.7. INFORMATION ABOUT TRENDS

In the next period, the Company may consider to participate as shareholder (especially minority shareholder) in various project companies, having as main activity the production of energy from other sources than nuclear; currently SNN is exploring the possibility of participating as minority shareholder in the hydroelectric power plant project with pump storage, Tarnita Lapusesti, a project with a value of investment estimated at about EUR1 billion and an installed capacity of 1,000 MW.

A proposal for a Memorandum of understanding is currently under promotion at the Ministry of

Economy having the subject “Cessation of the works at the Unit 5 Object of the investment Objective “Cernavoda nuclear power plant 5 x 700 MW” and changing the destination and use of the already built structures related to Unit 5, for other activities of S.N. Nuclearelectrica S.A.”, in connection with the operation of Units 1 and 2, in terms of nuclear security and safety and in order to approve the funding of all the activities related to the suspension of the investment in Unit 5 and change of destination and use of space and structures ,that are already executed , in relation to Unit 5, to be made out of the investment’s beneficiary own sources, SN Nuclearelectrica S.A.

1.8. RESEARCH, DEVELOPMENT AND NEW PRODUCTS

1.8.1. Research & Development

The Company does not perform research and development activities.

1.8.2. Intellectual and industrial property

1.8.2.1. Trademarks, invention patents and industrial drawings and/or models

Neither the Company nor Energonuclear owns at the date hereof any trademarks, invention patents, and industrial drawings and/or models.

1.8.2.2. Know-How

Neither the Company nor Energonuclear have concluded any know-how contract with third parties.

1.8.2.3. Domain names

According to public information from the registry of domain names. ro ("ROTLD"), both the Company and its branches are domain name owners. Thus, the Company owns the domain name nuclearelectrica.ro, registered with ROTLD as of 25 October 2001. As regards the FCN Branch, according to ROTLD records, the domain name “fcn.ro” is owned by SC Canad Systems Pitesti SRL, having its registered address at 1 Campului Str., Mioveni, Arges County, the same address where the FCN Branch of the Company is registered. The domain name was acquired by SC Canad Systems Pitesti SRL on behalf of the FCN Branch. Considering that SC Canad Systems Pitesti SRL is deregistered, the FCN Branch shall initiate legal proceedings to force ROTLD to modify the domain name owner. As regards the CNE Branch, according to ROTLD records, the information and data regarding the owner and the technical support person for the domain name “cne.ro” may not be publically disclosed under the provisions of Law No. 677/2001 on the protection of individuals with regard to the processing of personal data and the free movement of such data.

According to the online database ROTLD, Energonuclear is the domain name owner of “Energonuclear.ro”, registered as of 24 July 2009.

1.8.3. Licenses for the exploitation of certain intellectual property rights

The Company has concluded, according to GEO No. 34/2006 eight supply contracts with various suppliers, such as CANDU, Atomic Energy of Canada Limited and Lavalin, respectively; according to the provisions of three of such contracts, the Company receives a free and non-exclusive license to use the intellectual property rights of the suppliers to operate, maintain, license and to decommission the objectives designed and constructed by the respective suppliers. The other five supply agreements expressly provide that the intellectual property rights of the suppliers are and remain in their patrimony and there are no specifications regarding the granting of any licenses, however all documents which refer to the intellectual property rights of the suppliers and which are not expressly marked by the supplier as “confidential” belong to the Company.

1.8.4. Information technology

The Company and its branches as well as Energonuclear use only licensed software. Specialized departments exist within the CNE Cernavoda branch which develop the computer programs and applications necessary for system operation. In the case of CNE Cernavoda, software development is carried out based on job descriptions and individual labor agreements which do not contain specific clauses regarding the retaining by the employees of any programs they create. In the absence of contrary provisions in the individual labor agreements, according to Art. 74 of Law No. 8/1996 on copyrights and related rights, the intellectual property rights for the computer programs and applications created by employees of CNE Cernavoda belong to the Company for an indefinite period.

1.9. PATENTS AND LICENSES

Summary on the extent to which the Issuer depends of new patents and licenses or financial, commercial or industrial agreements or of new production processes.

Considering the economic activities carried out at its two branches, the Company is subject to specific authorization requirements, especially as regards the carrying out of activities in the nuclear field and in the production and supply of electric and thermal energy in cogeneration.

In addition to the specific authorization regime, a number of authorizations are also required from the Company, especially in connection with the operation of certain assets and the carrying out of activities related to the main activities.

The company operates through its two branches based on the following categories of private

authorizations, special licenses and specific rights:

- (a) Site Permit No. I/605/30.09.1978 issued by the State Committee for Nuclear energy;
- (b) Authorizations in the nuclear field issued by CNCAN;
- (c) Licenses issued by ANRE;
- (d) Other authorizations.

(a) Site Permit No. I/605/30.09.1978 issued by the State Committee for Nuclear energy;

The Site Permit was issued for the construction on the Cernavoda site of a CANDU-PHW 4x660Mwe nuclear-power plant, composed of four nuclear reactors. The permit was issued based on Law No. 61/1974 and Nuclear Security Rules “Nuclear reactors and nuclear-electric plants” of 1975 which establishes the main technical parameters of the nuclear-power plant. According to the Site Permit, prior to the issuance of the construction authorization, the beneficiary was able to start such construction works that were not likely to affect the nuclear safety of the facility, protection of the population and of the environment and the physical protection of the facility and nuclear fuel. Subsequently, following the request of the Company and the initial security analysis performed, the State Committee for Nuclear Energy decided to amend and extend the permit so as to allow for the construction of an additional nuclear unit, *i.e.* Unit 5.

(b) Authorization in the nuclear field issued by CNCAN

According to Art. 8, Para (1) of Law No. 111/1996 regarding the performance of activities and/or use of the sources covered by the this normative act, operators must obtain specific authorizations issued by CNCAN, while observing the specific authorization procedure for each activity category or sources. The regulatory acts issued by CNCAN in favor of the Company are:

- (i) Authorizations in the nuclear field related to the CNE Cernavoda Branch:
 - The building permit for modules 5-7 of DICA. CNCAN authorized the Company through this document to build Modules 5, 6 and 7 of the Interim Spent Fuel Storage Facility within the CNE Cernavoda Branch; the permit came into force on 14 October 2011. The work commencement date on the permit is 12 months since the issuance date. Term of execution of works is 24 months, calculated from the effective start of the works. At the date of this Prospectus, module 5 has been completed and received in October 2012, module 6 is under construction, following, after its completion, to start the construction on module 7. All works for the construction and completion of the modules 5,6,7 are contracted.

- The building permit for Units 1 and 2. CNCAN issued Building Permit No. 19123/19.08.1993 regarding Unit 1, having as its beneficiary the Romanian Electricity Authority “RENEL”, and Building Permit No. SNN U2 – 01/2003 regarding Unit 2 for carrying out activities in the nuclear field, authorizing the Company to “carry out activities in the nuclear field for the management of CONSTRUCTIONS-INSTALLATION activities at Cernavoda Nuclear Power Plant – Unit 2”.
- Authorization for the Quality Management System in the nuclear field for management activities. Authorization No. SNN EX-01/2011 is valid for a period of 3 years, starting from 1 May 2011 until 30 April, 2015 and sets the responsibility regarding the set-up and development of the quality management system on the authorized unit.
- Operating and maintenance authorization. For the CNE Cernavoda branch, the Company obtained three operating and maintenance authorization, as follows: (i) authorization No. SNN CNE Cernavoda U1 – 01/2010 for carrying out activities in the nuclear field for the operating and maintenance of Unit 1 of Cernavoda Nuclear Power Plant, valid for a period of ten years, starting from 1 May 2013 until 30 April, 2023 (ii) authorization No. SNN CNE Cernavoda U2 – 02/2010 for carrying out activities in the nuclear field for the operating and maintenance of Unit 2 of Cernavoda Nuclear Power Plant, valid for a period of 7 years, starting from 1 May 2013 until 30 April, 2020 and (iii) Authorization No. SNN DICA – 01/2010 for carrying out activities in the nuclear field for the operating and maintenance of Modules 1, 2, 3 and 4 of the Interim Spent Fuel Storage Facility, valid for a period of three years, starting from 2 September 2010 until 1 September 2013.

The authorizations regarding the operating and maintenance of Units 1 and 2 were issued provided that:

- (i) The total thermal power generated in any of the fuel bundles shall not exceed 935 kWt;
 - (ii) The total thermal power generated in any of the fuel bundle channels shall not exceed 7,300 kWt under stable operating conditions;
 - (iii) The total thermal power generated by the reactor fuel shall not exceed 2,062 MWt during a period of 12 hours of 2,071 MWt at any moment, under stable operating conditions.
- The Company has also received for CNE Cernavoda: 8 authorizations for carrying out activities in the nuclear field (for construction activities, transport of radioactive materials, transfer of radioactive material, ownership and use of radiation sources, ownership of radiological installations and rental of radiological installations), one radiological product safety authorization (absorbent polymer and radioactive waste), five notices for designation of

laboratories as accredited dosimetry bodies and/or notified testing laboratories and/or notified calibration laboratories (with regard to the Individual Laboratory for Individual Dosimetry, the Metrology Laboratory, the Laboratory for Environmental Control, the Chemical Laboratory and the Radiation Control Service), one notification for designation of CNE Cernavoda as a notified body for personnel certification and five endorsements for the radiation protection training courses organized by CNE Cernavoda.

- Documents regarding controls of CNCAN to the Company. During 2011 and 2012, following the controls performed at CNE Cernavoda, CNCAN has set upon the Society a series of obligations in the form of “Provisions” included in the Control Reports. The Provisions included in the six Control Reports issued during 2011 have been resolved as the Company carried out the measures imposed by the Control Reports. The provisions included in the Control Reports issued during 2012 have been resolved, the evidence of the issuance by CNCAN of new operating licenses for Units 1 and 2. According to Art. 48 letter c) of Law No. 111/1996 regarding the safe operation, regulation, authorization and control of nuclear activities (“Law No. 111/1996”), failure to comply within the designated term with the measures imposed by the Control Reports constitutes a minor offence and is punished, under Art. 49 Para. (2) of the same normative act, with a fine comprised between RON 3,000 and RON 10,000. In addition, according to Art. 15 Para. (2) of Law No. 111/1996, CNCAN may withdraw the operating license if the authorization holder has violated the provisions of the relevant control bodies.

(ii) Authorizations in the nuclear field related to the FCN Pitesti branch:

- Authorization for the quality management system in the nuclear field No. 12-043 issued under Art. 24 of Law No. 111/1996 for manufacturing activities in the nuclear field, valid for a period of two years, starting from 18 September 2012 until 17 September 2014, and sets the responsibility regarding the set-up and development of the quality management system on the authorized unit.
- Nine authorizations for carrying out activities in the nuclear field:
 - DN/20/2012 authorization for the ownership of ionizing radiation sources, nuclear material, nuclear fuel, radioactive waste, valid from 31 January 2012 until 30 January 2014;
 - DN/21/2012 authorization for the use of closed ionizing radiation sources, radiological installations, equipment and devices, valid from 31 January 2012 until 30 January 2014;

- DN/22/2012 authorization for the handling of closed radiation sources, valid from 31 January 2012 until 30 January 2014;
 - DN/23/2012 authorization for the processing of nuclear material, valid from 31 January 2012 until 30 January 2014;
 - DN/24/2012 authorization for the production of nuclear fuel, valid from 31 January 2012 until 30 January 2014;
 - DN/25/2012 authorization for the temporary storage of nuclear material, nuclear fuel and radioactive waste, valid from 31 January 2012 until 30 January 2014;
 - DN/26/2012 authorization for the supply of nuclear material, fuel and waste, valid from 31 January 2012 until 30 January 2014;
 - TF 10/2010 authorization for the transportation of radioactive material, valid from 14 April 2010 until 11 January 2014;
 - PD/178/2011 authorization for holding undisclosed information, valid from 21 November 2011 until 20 November 2016.
- According to Designation Certificate No. FCN ODA 04-2011, CNCAN has designed the Laboratory for personnel radiological safety and dosimetry within FCN Pitesti as Accredited Dosimetric Body.
- (iii) Authorization for the quality management system in the nuclear field. Authorization No. SNN EX-01/ 2013 is valid for a period of two years, starting from 1 May 2013 and sets the responsibility regarding the set-up and development of the quality management system on the authorized unit.
- (iv) Personnel authorized by CNCAN. The Company owns for the CNE Cernavoda Branch a number of 40 CNCAN exercise permits for personnel with management responsibilities and two CNCAN exercise permits for personnel with specific training responsibilities. For the FCN Pitesti Branch, the Company owns a number of 18 CNCAN exercise permits. The Company obtained authorizations for the persons responsible with the establishment, development and monitoring of the implementation of the activity management system, which are issued by CNCAN according to the regulations regarding the authorization of the quality management systems applied to the commissioning, operation and decommissioning of nuclear facilities.

(c) Licenses issued by ANRE

According to the Regulation for granting licenses and permits in the electricity sector approved by Government Decision No. 540/2004, the electricity supply, electricity generation and heat cogeneration activities shall be carried out based on licenses issued by ANRE in this respect. As of the date of this Report, the Company holds the following licenses issued by ANRE:

- a) License No. 5/03.12.1999 for electricity generation granted to the Company by ANRE Decision No. 80/03.12.1999;
- b) License No. 244/26.03.2001 for heat generation granted to the Company by ANRE Decision No. 341/26.03.2001;
- c) License No. 962/21.10.2010 for electricity supply granted to the Company by ANRE Decision No. 2597/21.10.2010.

Until the date hereof, the Company has fully observed the provisions of the conditions associated to the abovementioned licenses.

- a) The object of License No. 5/03.12.1999 is to authorize the Company to carry out electricity generation activities by exploiting the energy capacities related to the electricity generation units. The license entered into force on 3.12.1999, and is valid for a period of 25 years. By ANRE Decision No. 1683/01.11.2007, the license was amended to increase the installed power of the Company's energy capacities from 706.5 MW to 1,413 MW and to approve different conditions associated to the license, as a consequence is the operation of Unit 2 Cernavoda.

The Company fulfilled its obligation to establish and maintain a financial security ensuring the continuation of its electricity generation activity, taking into account any damages that the Company may owe according to the agreements concluded, as well as the overall payment obligations of the Company specified in this paragraph. The value of the security shall allow, in case of prejudices, for the replacement or repair of the affected assets and resuming the activity, and the value of such security shall represent 1% of the value of the social capital of the Company, but not less than 1.5% of the value of its annual turnover.

In addition to the abovementioned, the Company has the obligation to notify ANRE, 30 business days in advance, of its intention to conduct operations whereby it disposes in any way of the tangible assets intended for the electricity production activity or if the value of the existing social capital is reduced, in one tranche or in total, by at least 25%.

The Company fulfilled its obligation to notify ANRE of any transaction of shares among the shareholders or with third parties, 30 business days before the conclusion date of the

transaction. By letter no. 99544/12.06.2013, ANRE approved the performance by the Company of the operations provided in GD 39/2012.

Also, the Company has the obligation to inform ANRE within 10 business days of the amendment of its constitutive act with regard to the division, merger, transformation of the Company, the change of its object of activity, of its headquarters or the modification of its social capital or replacement of its general director. The assignment by the Company, in full or in part, of its rights related to the electricity generation activity may only be performed by an agreement, subject to the prior written approval of ANRE, and the assignor and assignee shall be jointly liable for the obligations arising out of the electricity generation license. Please note that any transfer performed without ANRE's approval shall be deemed void. According to the associated conditions, the electricity generation license may be suspended by ANRE for a period of at least 30 business days, in the following circumstances:

- (i) the Company fails to fulfill its legal obligations, or
- (ii) the Company fails to observe a condition deemed essential within the license or repeatedly breaches one or several conditions at least three times within one year of the validity period of the license and, each time, the situation created may be remedied by the Company, or
- (iii) general insolvency proceedings were filed against the Company.

The electricity generation license may be withdrawn by ANRE in any of the following circumstances:

- (i) if the Company is unable to fulfill its obligations provided by the legislation in force or by the conditions associated to the license, without being able to remedy the situation thus created, or
- (ii) if the Company is declared bankrupt, or
- (iii) if there is a decrease of the Company's assets, and ANRE finds that, further to such decrease, the Company can no longer fulfill its obligations provided in the conditions associated to the license or
- (iv) the Company requested in writing the withdrawal of the license.

ANRE shall communicate in writing to the Company, at least 30 business days in advance, the date when it shall suspend/withdraw the license, as well as the grounds for taking such

measure, and the Company, within 15 business days from receiving a communication, may send ANRE an explanation regarding the issues invoked by such with regard to the suspension/withdrawal of the license. After analyzing the explanations and the evidence provided by the Company, ANRE shall send its decision to suspend/withdraw the license, at least 5 business days prior to the entry into force thereof.

ANRE may initiate the amendment of the license or of the conditions associated thereto further to the change of the circumstances existing on the license granting date (the legislative and regulatory framework, court decisions) or other events materially affecting the electricity market. The proposed amendments shall be communicated in writing to the Company, 30 days prior to their entry into force, and upon receiving the notification, the Company may confirm that it can observe the new conditions, in which case it shall receive a new license with the amended contents, or it shall request the withdrawal of the license.

- b) The object of License No. 244/26.03.2001 is to authorize the Company to carry out the heat generation activity by exploiting the energy capacities related to the electricity and heat generation units consisting of two heat exchangers with a total heating capacity of 40 Gcal/h and 46.51 MW. The license entered into force on 26.03.2001 and is valid for a period of 25 years. By ANRE Decision No. 1684/01.11.2007, the license was amended as to approve the current conditions associated to the license. The Company is supplying thermal energy to the local heat distribution company Utilitati Publice SA Cernavoda, as well as to several final consumers in Cernavoda Locality – economic agents, social and cultural institutions.
- c) The object of License No. 962/21.10.2010 for electricity supply is to authorize the Company to carry out the competitive electricity supply activity on the electricity retail market and entered into force on 26.10.2010, being valid for a period of 5 years. The Company may request ANRE to extend the validity period of the license within the limits of the maximum term provided by the Regulation approved by Government Decision No. 540/2004 (i.e. 10 years).

The company fulfilled its obligation to establish and maintain the financial securities required to participate in the wholesale electricity market and to ensure the continuity of its electricity supply activity in the electricity retail market, and the value of such securities shall, at no time, be less than the sum of the amounts necessary to perform the on-going agreements for a period of 30 calendar days.

The conditions associated to the electricity supply license require the Company to ensure that there is no cross-subsidization between the activities authorized by the license and other activities carried out by the Company or its affiliates in the electricity sector. Cross-

subsidization refers to subsidizing the transfer of resources obtained from the sale of certain categories of products or services of an undertaking in order to support the activities of such undertaking in another category of products or in another area. In addition to the abovementioned, the Company has the obligation to notify ANRE, 30 business days in advance, of its shareholders' intention to conduct operations whereby they dispose in any way of the tangible assets intended for the electricity supply activity or if the value of the existing social capital is reduced, in one tranche or in total, by at least 20%.

Also, the Company shall notify ANRE of any transaction of shares among the shareholders or with third parties, 30 business days before the conclusion date of the transaction if the shares are not traded on the stock exchange. To this purpose, following the notification sent by the Company, ANRE approved, via letter 99544/12.06.2013, the performance by the Company of the operations provided in GD 39/2012.

Also, the Company has the obligation to inform ANRE within 10 business days of the amendment of its constitutive act with regard to the division, merger, transformation of the Company, the change of its object of activity, of its headquarters or the modification of its social capital or replacement of its general director.

The assignment by the Company, in full or in part, of its rights related to the electricity supply activity may only be performed by an agreement, subject to the prior written approval of ANRE, and the assignor and assignee shall be jointly liable for the obligations arising out of the electricity supply license. Please note that any transfer performed without ANRE's approval shall be deemed void. According to the associated conditions, the electricity supply license may be suspended by ANRE for a period of at least 30 business days, in the following circumstances:

- (i) the Company fails to fulfill its legal obligations, or
- (ii) the Company fails to observe a condition deemed essential within the license or repeatedly breaches one or several conditions at least three times within one year of the validity period of the license and, each time, the situation created may be remedied by the Company, or
- (iii) general insolvency proceedings were filed against the Company.

The electricity supply license may be withdrawn by ANRE in any of the following circumstances:

- (i) if the Company is unable to fulfill its obligations provided by the legislation on force

or by the conditions associated to the license, without being able to remedy the situation thus created, or

- (ii) if the Company is declared bankrupt, or
- (iii) if there is a decrease of the Company's assets, and ANRE finds that, further to such decrease, the Company can no longer fulfill its obligations provided in the conditions associated to the license or
- (iv) the Company requested in writing the withdrawal of the license.

ANRE shall communicate in writing to the Company, at least 30 business days in advance, the date when it shall suspend/withdraw the license, as well as the grounds for taking such measure, and the Company, within 15 business days from receiving the communication may send ANRE an explanation regarding the issues invoked by such with regard to the suspension/withdrawal of the license. After analyzing the explanations and the evidence provided by the Company, ANRE shall send its decision to suspend/withdraw the license, at least 5 business days prior to the entry into force thereof.

ANRE may initiate the amendment of the license or of the conditions associated thereto further to the change of the circumstances existing on the license granting date (the legislative and regulatory framework, court decisions) or other events materially affecting the electricity market. The proposed amendments shall be communicated in writing to the Company, 30 days prior to their entry into force, and upon receiving the notification, the Company may confirm that it can observe the new conditions, in which case it shall receive a new license with the amended contents or it shall request the withdrawal of the license.

(d) Other authorizations

- a) ISCIR Regulatory deeds. Given the activities carried out by the Company, certain equipment and vessels used by the Company are subject to the legislation regarding the safe operation of pressure equipment, hoisting equipment and fuel consuming devices. The institution responsible, on behalf of the state, to take the necessary measures for the safe operation of such installations and equipment is the State Inspectorate for Control of Boilers, Pressure Vessels and Hoisting Equipment ISCIR issued 146 ISCIR regulatory deeds for CNE Cernavoda Branch (of which, 131 for the systems related to Units 1 and 2, 11 for activities conducted by CNE Cernavoda and 4 for examinations performed in the NDE Laboratory), as well as 20 certificates for ISCIR operators. For FCN Pitesti Branch, 37 ISCIR authorizations and certificates for the personnel were issued, as well as 6 authorizations for ISCIR fields of authorization.

- b) Statements to the National Anti-Drug Agency. According to Art. 7 of Government Emergency Ordinance No. 121/2006 on the legal regime of drug precursors, in order to register with the National Anti-Drug Agency, prior to the commencement of the activity, the operators introducing on the market substances classified into Category 2, when the quantity of such classified substances exceed the annual limits provided in Annex II to Regulation No. 273/2004, as well as operators involved in import, export and intermediation activities regarding such substances have to declare and update, immediately upon the occurrence of a modification, the addresses of the places where they conduct their activities. The Company uses, in its activity, a number of substances/products classified as drug precursors, according to GEO No. 121/2006, giving, in this respect, two statements regarding the locations related to the operations with substances classified as Categories 2 and 3, i.e. Statement No. 748/II/1520292/18.03.2008 for potassium permanganate (intra-community purchase, import, storage-warehousing, handling, use) and acetic anhydride (storage, handling, use), and Statement No. 2213/II/1520292/18.03.2008 for intra-community purchase, import, storage-warehousing, handling, use of hydrochloric acid, sulfuric acid, acetone, toluene and methyl ethyl ketone.
- c) Licenses issued by ANCOM. CNE Cernavoda obtained from the National Authority for Management and Regulation in Communications of Romania (ANCOM) 3 licenses to use radio frequencies:
- License No. MT-PMR/B260.1/2005 to use the radio frequency for the supply of electronic communication networks for its own use in the land mobile service, accompanied by Frequency Assignment Authorization No. B/1447/1997 and Frequency Assignment Authorization No. B/1448/1997, valid until 15.09.2017;
 - License No. MT-PMR/B261.1/2005 to use the radio frequency for the supply of electronic communication networks for its own use in the land mobile service, issued by the National Regulatory Authority for Communications and Information Technology, accompanied by Frequency Assignment Authorization No. B/1449/1997, Frequency Assignment Authorization No. B/1451/1997 and Frequency Assignment Authorization No. B/1452/1997, valid until 15.09.2017;
 - License No. MT-PMR 0320/2011 to use the radio frequency for the supply of electronic communication networks for its own use in the land mobile service, issued by the National Authority for Management and Regulation in Communications, accompanied by Frequency Assignment Authorization No. B/0130/2011, valid until 13.06.2016.
- d) Fire safety authorizations. According to Art. 30 of Law No. 307/2006 regarding the

protection against fires, the construction works for new buildings and technological installations, the development, modernization or change of destination of the existing ones and the commissioning thereof may only be initiated after having obtained the fire safety endorsement or authorization, as the case may be. The company obtained 13 fire safety authorizations or fire prevention and extinguishment authorizations. In 2011 and 2012, “Cpt. Puica Nicolae” Inspectorate for Emergency Situations of Arges County conducted annual inspections both at Branch level (regarding the observance of the legislation in the field of fire prevention and extinguishment), and at the level of the Private Service for Emergency Situations within FCN Pitesti. The only sanctions applied were 2 warnings given to two of the employees.

- e) (e) In addition to the authorizations presented above, the Company also holds, for the two branches, sanitary authorizations – of which 6 authorizations are for CNE Cernavoda and 2 sanitary authorizations and one sanitary endorsement are for FCN Pitesti, (authorization to hold lethal weapons and ammunition, for CNE Cernavoda Branch, authorization to handle information with maximum level of classification RESTREINT UE, for CNE Cernavoda Branch, certificate for transportation operations on its own account for CNE Cernavoda Branch, authorization and certificate issued by the Romanian Legal Metrology Bureau, expired, for CNE Cernavoda Branch, and ISO certifications.

1.10. PATENTS AND LICENSES– ENERGONUCLEAR

Energonuclear performs management activities in the nuclear field regulated by Law 111/1996 as subsequently amended and completed, for which it holds the authorization for the nuclear quality management system, issued by CNCAN and valid until 30.06.2014.

Energonuclear does not conduct activities or hold assets that are subject to a special authorization regime and does not hold for this purpose any authorizations, endorsements, licenses or any other regulatory documents.

1.11. ENVIRONMENT MATTERS

According to Government Emergency Ordinance No. 195/2005 regarding environmental protection (“**GEO No. 195/2005**”), as a general rule, any activities that have a material impact on the environment, as well as the initiation of new activities that may have a material impact on the environment shall be conducted by economic operators only based on an **environmental authorization** or on an integrated environmental authorization, as the case may be¹.

¹ The activities deemed to have a material impact on the environment, which require obtaining an environmental authorization, are

In addition to the environmental authorizations described above, for the installations within which the economic operator conducts an activity provided under Annex No. 1 to Government Decision No. 780/2006 regarding the establishment of the greenhouse gas emission certificates trading scheme (“**GD No. 780/2006**”), which generates emissions specific to such activity, the operator has the obligation to hold the **greenhouse gas emission permit**.

With regard to water, according to Water Law No. 107/1996 (“**Law No. 107/1996**”), the right to use the underground or above ground waters is provided by the **water management authorization** and is exercised according to law. The environmental authorizations in the nuclear field are issued by the Ministry of Environment and Climate Changes, based on the authorization and control criteria provided by the environmental legislation, supplemented by the specific authorization and control criteria regarding the supervision and reporting of radioactive effluents discharge in the environment, as well as of the radioactive contamination of the environment.

1.11.1. Authorizations held by the Company.

Currently, the Company holds several authorizations in the field of environmental protection, as follows:

A. For CNE Cernavoda Branch:

(i) **Environmental Authorization No. 1/26.05.2008** issued by the Ministry of Environment and Sustainable Development for the operation of Units Nos. 1 and 2 of Cernavoda Nuclear Power Plant, approved by Government Decision No. 1515/2008, valid for a period of 10 years from its publication in the Official Gazette, i.e. until 05.01.2019. Environmental Authorization No. 1/2008 covers all assets and activities related to the operation of Unit No. 1 and Unit No. 2 of CNE Cernavoda, including both the nuclear and the classic components of the plant. The activity is carried out on the Company’s land, with a total surface area of 208,710 sq m. Environmental Authorization No. 1/2008 was issued without a compliance program.

With regard to the management of radioactive effluents, the authorization provides, in addition to the annual discharge limits, discharge limits for shorter periods of time, for the purpose of supervising and optimization of the liquid and gas radioactive discharges. If such limits are exceeded, CNE Cernavoda has to notify CNCAN, provide the causes that lead to the increase of discharges and take correction measures to reduce the radioactive emissions. The monitoring of

provided under Annex No. 1 to the Procedure for issuance of the environmental authorization, approved by Order No. 1798/2007 of the Ministry of Environment and Sustainable Development, and the categories of industrial activity that require obtaining an integrated environmental authorization are provided under Annex 1 to Government Emergency Ordinance No. 152/2005 for the prevention and integrated control of pollution.

the liquid radioactive emissions is performed by CNE Cernavoda, based on a monitoring program approved by CNCAN, in accordance with the Rules for monitoring radioactive emissions of nuclear and radiologic installations.

With regard to the management of non-radioactive effluents, according to the monthly and annual reports regarding the environmental conditions in Constanta County prepared by Constanta Environmental Protection Agency, the Company did not exceed the limits provided by law. Moreover, the legal limits have not been exceeded in what concerns radioactive effluents.

According to the requirements of Environmental Authorization No. 1/2008, the Company concluded with Constanta Environmental Protection Agency Protocol No. 1640/21.04.2009 (registered with CNE Cernavoda under No. 00463/16.04.2009) regarding the fulfillment of the special conditions and of other requirements included in Environmental Authorization No. 1/2008, detailing the modality and the terms within which the competent environmental authorities are notified, legal issues related to monitoring and reporting the environmental quality indicators, the planned and unplanned shutdowns and startups, the change of the cooling water discharge route to the Danube-Black Sea Channel, the performance of the periodic and specific controls and the information flow among the parties.

The Company uses a series of pieces of equipment that produce noise and vibrations, i.e.: the pumps and fans of various equipment (provided with buffers and noise and vibration reducers), the Diesel generator sets periodically used (provided with buffers and noise and vibration reducers) and the electricity transformers in the substations. The vibrations caused by the transformers are within the limits provided by STAS 8393/19-89 specified in Environmental Authorization No. 1/2008, having a maximum magnitude of 50 mm and a velocity of 10-15 mm/s. The Company's activity generates both radioactive and non-radioactive industrial waste (including hazardous waste and packaging waste). Radioactive waste is managed in accordance with Law No. 111/1996 and the Rules issued by CNCAN. The Company does not perform waste treatment, disposal or incineration operations. CNE Cernavoda delivers the waste in order to be disposed of, recycled or incinerated, as the case may be, depending on the type and physical and chemical characteristics of the waste, based on services agreements concluded with authorized economic operators. The waste management is monitored in accordance with the provisions of Government Decision No. 856/2002 and Law No. 211/2011. Also, the Company uses in its activity hazardous substances and materials, which incurs a number of legal obligations related to the management thereof (packaging, transportation, storage, use, trading etc.), provided by the legislation specific to each type of substance. The Company observed such obligations.

During 2011, the National Environmental Guard conducted two themed controls at CNE

Cernavoda, having as their object: (i) the compliance with the provisions of GD No. 780/2006 regarding the establishment of the greenhouse gas emission certificates trading scheme and (ii) the compliance with the provisions of the normative acts regarding the authorized activity of “electric power generation”.

Further to the two controls, National Environmental Guard did not find any breaches of the environmental protection legislation and did not apply any sanctions.

In 2012 the environmental authorities did not conduct any controls at the Company.

(ii) **Environmental Authorization No. 53/25.01.2010** issued by the Ministry of Environment and Sustainable Development, having as its object the temporary storage of nonradioactive chemical waste resulting from the technological processes during the operation, maintenance and repair or from the laboratory tests performed by CNE Cernavoda, valid for a period of 10 years from the issuance date (until 25.01.2020) and issued without a compliance program.

(iii) **Greenhouse Gas Emission Permit No. 8/01.02.2013** issued by the National Environmental Protection Agency for the period -2013-2020 according to which the Startup Heating Plant (SHP), serving, as necessary, the two nuclear units, the Spare Diesel Groups (SDG) and the Emergency Power Systems (EPS) of each Unit and the motor pump of the fire water system are subject to the legislation regarding the reduction of the greenhouse gas emissions. According to the excerpt of the National Registry of Greenhouse Gas Emissions Allowance, further to the restitution of the certificates for 2008-2011, the Company currently holds 48,566 certificates. Out of such, the Company has to reconstitute the number of certificates corresponding to the CO₂ emissions for 2012, and the rest of the certificates may be alienated. The greenhouse gas emission permit for 2013 - 2020 is valid as long as the activity carried out by the operator in the plant is compliant with the provisions of the permit issued in accordance with this procedure and without prejudice to the provisions of other regulations and normative acts in force.

(iv) **Water Management Authorization No. 160/07.08.2012** issued by the “Romanian Waters” National Administration regarding “the water supply and used water discharge for Units 1 and 2 of Cernavoda Nuclear Power Plant” valid until 30.11.2013 which also includes a compliance obligation for the Company, i.e. to install the devices required for the automatic metering both for the thermally polluted water flow and for the temperature gradient of the water in the containers for Units 1 and 2 until 31.12.2012. The technical documentation for the installation of a monitoring system of the flow, levels and temperature of the cooling water at CNE Cernavoda was prepared, but the work execution has not yet commenced. According to Water Law No. 107/1996, failure to

fulfill the measures ordered by the authority is a minor offence and may be sanctioned by suspension of the authorization and fine between RON 35,000 and RON 40,000.

(v) **Water Management Authorization No. 10/11.01.2010** issued by the “Romanian Waters” National Administration regarding “Cernavoda Spent Fuel Intermediate Storage (DICA)” valid until 31.10.2013 whereby the “Romanian Waters” National Administration granted the Company the right to use the hydro-technical constructions and containers to evacuate the rainwater from the Spent Fuel Intermediate Storage and to discharge it in Valea Cismeiei, provided that the quality indicators related to presence of radioactive elements is within the limits set out by CNCAN. The Company has the obligation to analyze the quality indicators of the water discharged in Valea Cismeiei prior to each discharge; if such water does not fall within the limits set out by CNCAN, it shall be transported to the radioactive waste tank in Unit 1. Also, the Company has the obligation to monitor on a monthly basis, the quality of the water from the observation drillings (the 4 piezometric wells).

The Company concluded with the Dobrogea-Seaside Water Basin Administration two protocols to establish a framework to organize the water management activity and to establish the calculation frequency and the monitoring of the quality indicators of the water.

B. For FCN Pitesti Branch, the Environmental Authorization was issued by the Ministry of Environment and Forests for the operation of Pitesti “Nuclear Fuel Plant” Branch, valid until 09.11.2021, issued with a compliance plan. With regard to the management of nonradioactive effluents, the Environmental Authorization for FCN Pitesti does not establish special limits, therefore, the quality indicators of the domestic and industrial used water discharged in SE-SCN have to be consistent with the maximum concentrations admitted according to Annex No. 1 to the Operation Regulation of the Water Treatment Plant of SCN Pitesti. According to the semi-annual reports for 2012 submitted to the competent environmental protection authority, the concentrations of the nonradioactive pollutants subject to monitoring (powders, beryllium and beryllium compounds, toluene, acetone and alkyl alcohols) were within the limits provided by the Environmental Authorization for FCN Pitesti. Also, the limits of derived emission into the atmosphere of the gas radioactive effluents resulting from the processing of the nuclear raw material and from the production of the nuclear fuel are established by CNCAN by the authorizations for processing nuclear raw material and for production of nuclear fuel. According to the semi-annual reports for 2012 submitted to the competent environmental protection authority, the concentrations upon emission of the nonradioactive pollutants subject to monitoring (powders, beryllium and beryllium compounds, toluene, acetone and alkyl alcohols) were within the limits provided by the Environmental Authorization for FCN Pitesti.

According to the Environmental Authorization for FCN Pitesti, the Company observed the admitted values established by STAS 10009/88 (i.e. Lech = 65 dB(A), curve Cz = 60 dB) for the noise level. With regard to the limits of exposure to noise of the workers, according to GD No. 493/2006 on the minimum safety and health requirements regarding the exposure of workers to risks generated by noise ("GD No. 493/2006"), the maximum level of exposure of workers to noise is LEX,8h= 87 dB(A). According to Sonometric Measurement Bulletin No. 1919/09.10.2012, the measurements performed on 28.09.2012 fell within the limits provided by GD No. 493/2006, except for the measurement performed in the area of the carpentry workshop, where the limit was slightly exceeded (88.2 dB(A)).

Radioactive waste is managed according to Law No. 111/1996 and the Rules issued by CNCAN. Solid radioactive incinerable waste is transported by electric car to the Radioactive Waste Treatment Plant ("STDR") within SCN Pitesti and incinerated or it is transferred to CNU Feldioara for final storage. The incineration process generates uranium-bearing ashes that are transferred back to FCN Pitesti under nuclear security control. The uranium-bearing ashes together with the uranyl phosphate, the pulp generated by the rectification process of sintered pills and other non-compliant nuclear materials are transported by truck to CNU Feldioara to be processed. The liquid radioactive waste is transported by tanker trucks owned by the Company specifically destined for this type of transport to STDR-SCN.

FCN Pitesti does not perform nonradioactive waste treatment, disposal or incineration operations. Based on services agreements concluded with authorized economic operators, FCN Pitesti delivers the waste in order to be disposed of, recycled or incinerated, as the case may be, depending on the type and physical and chemical characteristics of the waste,.

1.11.2. Other Relevant Matters regarding the Company

On 25 March 2011, the presidents and prime-ministers of the EU Member States recommended the comprehensive and transparent reevaluation of nuclear safety at the nuclear plants located on European Union territory, based on comprehensive and transparent risk and safety evaluations ("stress tests"), and invited the European Commission and the European Nuclear Safety Regulators Group ("ENSREG"), of which CNCAN is also member, to detail the objectives and performance modalities of such tests. The performance of the "stress tests" was requested further to the accident at the nuclear power plant Fukushima Daiichi in Japan, which occurred on 11 March 2011.

The implementation of the stress tests for CNE Cernavoda officially commenced on 1 June 2011, in accordance with the recommendations of the European Commission and CNCAN's requirements. The evaluations and inspections performed by CNCAN revealed that the analyses conducted at CNE Cernavoda comply with the methodology and specifications for the stress tests and provide a

conservative estimate of the safety margins of the plant, the residual risk due to unforeseeable events being very low and kept under control.

On 31 December 2011, CNCAN completed and sent to the European Commission the national report on the implementation of the stress tests for CNE Cernavoda, and in the period 1 January - 17 February 2012, the report prepared by CNCAN was evaluated by the experts of the European Union in cooperation with representatives of the regulatory authorities of other EU Member States; in the period 12-15 March 2012, Romania was requested to conduct a “peer review” evaluation, organized by the European Commission. The international team of experts that conducted the evaluation consisted of 8 specialists with the nuclear regulatory authorities of Sweden, France, Great Britain, Germany, Hungary and Ukraine, as well as with the European Commission. Further to the evaluation performed by the experts, the country report for Romania was completed and it was published on 26 April 2012 on the internet page of ENSREG.

Actions further to the stress tests

According to the information published by CNCAN regarding the implementation of the stress tests at CNE Cernavoda, the Company took a series of measures immediately after the Fukushima accidents, consisting, among others, in preparing and implementing new emergency response procedures in case of events that may lead to complete shutdown of power supply from the exterior or to losing the capacity to eliminate residual heat from the spent fuel storage tank, preparing and implementing specific response procedures in case of serious accidents, specific training of the personnel to use the new procedures, ensuring electricity supply facilities from additional independent sources, consisting of mobile diesel electric generator sets, implementing design modifications to ensure additional cooling water sources in case of a serious accident.

Also, CNE Cernavoda identified a series of additional improvement opportunities, that can increase the safety margins and the degree of trust in the plant's capacity to resist in case of a serious accident, such as the installation of an emergency filtered membrane depressurization system to ensure the integrity of the membrane of the reactor in case of a serious accident, the installation of passive control systems of the hydrogen that may be eliminated in case of a serious accident and ensuring additional ways to introduce cooling water to maintain the integrity of the reactor and of the related systems in case of a serious accident.

With regard to the first of the abovementioned measures, the Company already performed the procedures provided by the environmental legislation and obtained Compliance Phase Decision No. 3764/30.08.2012 issued by APM Constanta. According to such document, APM Constanta decided that the project “Emergency filtered membrane depressurization system for Units 1 and 2” does not qualify for environmental evaluation and is not subject to adequate evaluation, also

detailing the project execution conditions.

Certification of the Environment Management System

For the two branches, the Company holds certificates regarding environment management, as follows:

- (i) Environment Management System Certificate No. 56/3 of SN Nuclearelectrica SA –CNE Cernavoda Department for Production of electricity and heat using nuclear sources and related support activities, in accordance with the conditions included in Standard SR EN ISO 14001:2005 (ISO 14001:2004), issued by IQNet and SRAC on 26.04.2013 and valid until 26.04.2016 as a result of the renewal Audit Report prepared on 19.04.2013.
- (ii) Environment Management System Certificate No. TIC-15-104-7402 of SN Nuclearelectrica SA – Pitesti Nuclear Fuel Plant Branch for Processing of nuclear fuel, in accordance with the conditions included in Standard EN ISO 14001:2004, issued by TUV CERT/TUV Thuringen e.V. on 09.09.2010 and valid until 27.09.2013.

1.12. ENVIRONMENTAL ISSUES – ENERGO NUCLEAR

According to Government Decision No. 445/2009 regarding the evaluation of the impact of certain public and private projects on the environment (“**GD No. 445/2009**”), the projects that may have material impact on the environment, among others, due to their nature, size or location, are subject to an application for approval of development (which is usually in the form of a construction authorization) and to an evaluation of its impact on the environment, performed prior to the issuance of such approval. After conducting the environment impact evaluation, the competent environmental protection authority issues the environmental permit, an administrative act establishing the conditions and, if applicable, the environmental protection measures, that have to be observed for the execution of the project.

According to Art. 37 of Law No. 111/1996, the environmental permits for nuclear activities are issued by the Ministry of Environment and Climate Changes, based on the authorization and control criteria provided by the environmental legislation, supplemented by the specific authorization and control criteria, with the consultation of CNCAN and of the Ministry of Health, with regard to the supervision and reporting of radioactive effluents evacuation in the environment, as well as the radioactive contamination thereof.

According to Art. 46 Para (3) of GEO No. 195/2005, for the installations that present a major nuclear risk (nuclear power plants, research reactors, nuclear fuel production plants and final spent fuel storages), the environmental permit is issued by Government Decision, at the proposal

of the Ministry of Environment and Climate Changes.

According to the information published on the website of the Ministry of Environment and Climate Changes, with regard to Units 3 and 4 of the Cernavoda nuclear power plant, all stages of the environment impact evaluation procedure were performed, and the Ministry of Environment and Climate Changes communicated that, on 12.09.2012, the Technical Analysis Commission centrally convened decided to issue the environmental permit for such project.

There are no significant environment aspects relating to the immovables owned by the Company.

On 04.06.2013, in accordance with the provisions of article 6 in Law no. 52/2003 regarding the decision making transparency in public administration, the Ministry of Environment and Climate Change submitted for public debate the Government decision project regarding the issuance of the environment approval for the project "Continuing the building works and finalization of Units 3 and 4 from CNE Cernavoda"

1.13. SIGNIFICANT CONTRACTS

1.13.1 Supply Contracts

A. In the reference period, the Company has concluded 6 raw materials supply contracts including:

- (i) Contract No. 351/04.04/2012, concluded with the National Uranium Company, through which the Company acquires natural uranium in the form of synthesized UO₂ powder. The price of the contract is lei 81,746,000, plus VAT. The unit price is 408.73 lei/kg. excluding VAT. Validity of the contract has expired since 31.12.2012.
- (ii) Contract No. 1363/17.12.2012 concluded with the National Uranium Company, as a supplier, has been concluded for a period of 13 months, respectively from 17.12.2012 until 17.01.2014. The contract was concluded for the purchase of a quantity of 200,000 kg of natural uranium in the form of synthesized UO₂ powder. The price of the contract is lei 88,368,000, plus VAT. By the Additional Act No. 1 of 20.06.2013 the unit price has been changed from 441.84 lei/kg to 520.83 lei/kg of natural uranium in the form of synthesized UO₂ powder.
- (iii) Contracts no. 405/23.04.2012 and no. 975/28.10.2010 concluded between the Company and Regie Autonome for Nuclear Activities, through which the Company acquires the necessary heavy water for the stock replenishment of Units 1 and 2 from CNE Cernavoda. The price of each contract is lei 21,483,180.50 (excluding VAT). The duration of contracts is of two months, i.e. 50 days from the conclusion date.

Of the abovementioned contracts, only the contract No. 1363/17.12.2012, concluded between Company and the National Uranium Company is in force at the date of this Prospectus.

B. Equipment supply contracts

The Company concluded in the reference period 31 supply contracts of various equipment related to its activity.

All the reviewed contracts provide categories of similar clauses regarding the: object, delivery, payment methods, not changing the price during the entire period of the contract, etc. Also, in all 31 equipment supply contracts is provided the obligation of the supplier to indemnify the Company against:

- (i) complaints and court actions resulting from infringement of intellectual property rights, relating to equipment, materials, installations or machinery used for or in connection with the purchased products;
- (ii) damages, costs, charges and expenses of any nature, except for the situation when such an infringement results from compliance with the tender specifications.

Four equipment supply contracts provide the right of the supplier to cease the equipment delivery in the event that the Company does not fulfill its payment obligation of the invoice received within 30 days from the agreed period by the parties for the payment thereof. The delivery of the products will be resumed within a period to be determined by the parties subsequent to the fulfillment of the payment obligation of the invoices by the Company.

Failure to pay in time the price stipulated in the equipment supply contracts attracts penalties ranging from 0.1% to 0.15% per day of delay, according to each contract.

According to the equipment supply contracts, the equipment's supplier warranties the Company on equipments, whose duration and operation method differs depending on the contract. Thus, guaranties for a period of 18 months, respectively 12 months from the date of reception of the equipment are granted.

The majority of the contracts provide that they cease to produce effects after fulfilling all the obligations of the contracting parties, 2 of the contracts providing that they will be terminated within 30 days from the expiry date of the provided guarantee.

Most contracts provide that the dispute resolution is resolved by the competent Romanian courts, except for four contracts, in which the parties decided that the differences incurred in connection with the performance of the contract will be resolved by arbitration at the Romanian Chamber of

Commerce and Industry and for the contract no. 234/20.10.2009, which provides that the disputes will be solved by the International Chamber of Commerce in Paris.

C. Framework Agreement no. 495 dated 24.02.2012 concluded with SC Alstom Grid Romania SRL, having as object the provision of spare parts and technical assistance services for preventive and corrective maintenance of the main switch terminals of U1 and U2 CNE Cernavoda. The framework agreement is concluded for a period of 120 months, the maximum price is EUR 1,549,648.10, excluding VAT, equivalent to lei 6,730,896.52. The applicable law is the Romanian law and the settlement of disputes is ensured by the competent courts of the purchaser's premises.

1.13.2. Work Execution Contracts

The Company, as purchaser, concluded a series of execution contracts for the branches CNE Cernavoda and FCN Pitesti, in the years 2010, 2011 and 2012, among which:

- (i) Contract No. 1319/07.12.2011 concluded with Lavalin Nuclear Inc., Canada. Under this contract the supplier undertakes to execute the works of design and construction of emergency filtered containment venting systems (EFCVS "Emergency filtered containment venting systems") for U1 and U2. The price of the contract is CAD 48,750,000, excluding VAT. The duration of execution is until 28.02.2014.
- (ii) A number of 5 agreements having as object modernization/expansion/refurbishment works of the Physical Protection System (SPF) of branch CNE Cernavoda concluded with SC UTI Systems S.R.L., having a total value of EUR 23,489,783, excluding VAT.
- (iii) Works Contract no. 2/B40A/10153C/1136/10.12.2010 concluded with SC UTI SYSTEM S.R.L., having as object the execution of modernization works of the system of physical protection (SPF) of FCN Pitesti branch (design and execution). The price of the contract is EUR 7,962,677.87 (after signing Addendum No. 5) plus VAT. Valid until 30.06.2013 (according to Addendum No. 6).
- (iv) Contract. No. 504/29.04.2011 concluded with the Association between SC Siemens SRL and SC Enegotech SA. The contract has as an object refurbishment works of the 110 kV CNE Cernavoda Station with an execution duration of 36 months. The price of the contract is EUR 2,698,773 corresponding to LEI 11,562,083.29.
- (v) Contract no.463/11.05.2012 concluded with Lavalin Nuclear Inc., Canada. The contract has as object the works of installation systems for monitoring hydrogen tire (HERMETIS) and passive autocatalytic recombination systems (PARs) turnkey contract (design and execution) at

CNE Cernavoda U1 and U2. The price of the contract is CAD 8,535,000, excluding VAT. Term of execution is until 11 September 2013.

(vi) Contract no. 1103/05.11.2012 concluded with Candu Energy Inc., having as object the execution of works for the preparation area of burned fuel at Unit 2 CNE Cernavoda. The price is CAD 24,929,000 excluding VAT. Execution duration: **30.07.2014**;

Most of the contracts are governed by the Romanian law, except for two of them (Contract No. 1319/07.12.2011 and Contract No. 463/11.05.2012), which are governed by the Swiss law and Contract No. 1103/05.11.2012 which is governed by the French law. The lawsuits and disputes arising between the parties in connection with these three contracts are to be settled by the arbitration tribunals. With regard to the remaining contracts governed by the Romanian law, the lawsuits and disputes arising in connection thereto are to be settled by the Romanian courts of law.

The contracts provide various payment modalities and terms for execution and completion of the works. In this respect, the contracts concluded with Candu Energy Inc. and Lavalin Nuclear Inc. provide a down payment of 30% of the price.

With regard to the good performance bank letters of guarantee, their amount varies from contract to contract, but they do not exceed 10% of the price of the contract, in accordance with Government Decision No. 925/2006 for the approval of the application rules of the provisions regarding awarding public procurement contracts of Government Emergency Ordinance No. 34/2006 regarding the award of public procurement contracts, of public works concession contracts and of services concession contracts.

With regard to the penalties applicable in case of failure to fulfill the contractual obligations, all contracts provide penalties between 0.04% and 0.15%, calculated per day of delay and based on the price of the unfulfilled obligation until the actual fulfillment thereof, or on the unperformed payment. According to the contracts concluded by the Company with SC UTI Systems S.R.L, the value of the penalties cannot exceed the value of the unfulfilled or improperly fulfilled obligations, respectively the value of the debit, while in the case of the contracts concluded with Lavalin Nuclear Inc., Canada and Candu Energy Inc., the value of the penalties is capped at 10% of the value of the contract for both parties.

Also, according to the contracts concluded by the Company with S.C. UTI Systems SRL, if the invoices issued by the producer are not paid within 20 days, the latter has the right to suspend the execution or to slow down the works.

With regard to the guarantee period for the design and execution of works (including for the equipment and materials installed therein) provided in the abovementioned contracts, it is of at

least 24 months from the reception upon completion of works.

Considering the specifics of the contracts concluded by the Company with UTI Systems SRL, it is worth mentioning that they contain explicit clauses related to the activities that require the circulation and access to informations classified as state secret, activities that may only be initiated after obtaining the industrial security certificate.

1.13.3 Services Supply Contracts

The Company concluded a series of services supply contracts, with various providers, some of which, a significant part, have as object services of corrective and preventive maintenance of various equipment and systems from the Cernavoda power plant. Most contracts contain confidentiality clauses providing that the Company may not reveal the content of the said contracts without the prior consent of the other party.

Of the contracts for maintenance services, the most important are:

1. The framework agreement for maintenance services no. 1599/29.12.2009 was concluded by the Company with the Consortium consisting of GE Energy Parts International, LLC and General Electric International, Inc., as contractor and its object is the provision of **maintenance services**, repair services at the turbo-generator and auxiliary at both Unit 1 and Unit 2 of CNE Cernavoda and the supply of spare parts.

According to the provisions of the contract, it was concluded for a period of 100 months as of its signing date.

By signing this contract, the Company is obliged to purchase from the contractor a minimum quantity of spare parts and services, based on the estimates in respect of the function of Units 1 and 2 and of the maintenance requirement estimates for planned interruptions in operation for the duration of the contract. The amount in relation to the minimum quantity for which the Company is bound by is of USD 69,413,541 plus EUR 15,202,806, the equivalent of EUR 61,478,500, at a quote of EUR 1 = USD 1.5. The amount for the quantity which will be purchased, exclusively from the contractor on the contract's period ("Exclusive Purchase Volume Amount") is USD 124,625,689, plus EUR 15,916,956, the equivalent of EUR 98,999,835 at a quote of EUR 1 = USD 1.5.

In relation to the Company's liability, if it does not accomplish the payment obligations or delays their execution twice in two years and is not able to remedy the breach within 30 days of the notification provided by the contractor, then the Company will constitute a letter of credit for any subsequent orders after the failure payment.

The contract provides for limiting the penalties which the Company would have to pay, respectively to maximum 18% per year or the maximum value permitted by the applicable law, for the delay in making the payments stipulated in this contract, without the total value of penalties exceeding the value of the delayed payment. If the Company does not fulfill the payment obligations, the contractor may suspend the execution and delivery of the products with a notification to the Company.

The contract also provides that if the financial situation or the payment practices of the Company no longer justify the continuation of the contract by the parties in the agreed financial terms, the contractor has the right to cease the contract and will notify the Company in writing. In this case, the Company will be responsible for the compensation payment for termination for substantial infringement of the contract; the compensation in case of termination for substantial infringement of the contract is of USD 100,000 for any of the parties. It should be noted that the same value of compensation (i.e. USD 100,000) is applicable in the case of termination of the contract's provisions by the Company for substantial violation by GE Energy Parts International, LLC.

Also, the same contract provides that if the Company does not order the minimum amount by the end of the three-years extension of the contract, it will be charged a fee for the non performance of the contract in the amount of 10% of the non-ordered value of the minimum quantity. It should be noted that this provision does not apply if the contract is terminated as a result of the service provider's fault, before reaching the time limit.

At the same time, the service provider will owe penalties of delay in the amount of USD 45,000 for each full day of delay from the time limits set in the contract, the value of these penalties being limited to USD 675,000.

In relation to the applicable law and settlement of disputes, the applicable law of the contract is the English law. According to the contract's provisions, it shall not be applicable to it the United Nations Convention on contracts for the international sale of goods, the "Nuclear Installations Act 1965" in English law is expressly excluded from the scope, and the referees will not apply the "Unconscionable Contracts Act." Disputes shall be settled by arbitration, by three arbitrators, the proceedings unfolding in English under the rules of arbitration of the International Chamber of Commerce, in Geneva or in any other location chosen by the parties.

2. The Framework Agreement no.TD 24893/455/13.04.2011 concluded with Babcock & Wilcox Canada Ltd. for the provision of maintenance services, inspection, and technical evaluation of steam generators from U1 and U2 CNE Cernavoda during 2011-2020. The total price is of min. CAD 26,335,588 and max. CAD 35,081,598.

The framework agreement is implemented by the CNE Cernavoda branch, but the initiation, negotiation and signing of the subsequent contracts as well as the price payment, are in charge of the Company.

Mention must be made that this contract is governed by the English law and the laws of the United Kingdom.

The contract provides fixed prices for the first 12 months of the contract, as well as the possibility to adjust the price, not more than once every 12 months, according to the Canadian Consumer Price Index (CPI) for the cost of engineering, mobilization, including supplies, equipment and services on site (including personnel costs and travel expenses). If the CPI index is less than 1% or by more than 3%, or the cost of supplies, industrial equipment, transport or other commodities whose price may fluctuate changes significantly on a period of 12 months, it is provided that the Parties shall renegotiate an alternate index.

The contract provides penalties in case of failure to fulfill the contractual obligations, these penalties cannot exceed 10% of the value of the subsequent contract, in case the provider fails to fulfill its obligations.

Regarding dispute resolutions, if disputes cannot be resolved amicably, the courts of arbitration will be competent according to the Conciliation and Arbitration Rules of the International Chamber of Commerce in London, the arbitral decision being final and binding for the parties.

3. The Framework Agreement no.454/8.05.2012 concluded with INETEC Institute for Nuclear Technology Croatia, with a duration of 120 months, having as object the maintenance services, inspections and evaluation during the life-span of the heat exchangers from U 1 and U2 CNE Cernavoda. The maximum value of the framework agreement is EUR 5,988,225.36 excluding VAT.
4. The Framework Agreement no. 1395 in 21.12.2012 (TD 25387/25388) concluded with Candu Energy Inc. for a period of 120 months, having as object the on-site maintenance, inspections, rating life span, etc., of the fuel channels and feeders assemblies from U1 and U2 CNE Cernavoda. The maximum value is CAD 64,977,794 excluding VAT.
5. The Framework Agreement no. 1346/14.12.2012 concluded with Man Diesel Turbo Uk Ltd, for a period of 120 months, having as object the services of corrective and preventive maintenance, including spare parts, for the insurance reserve groups, Diesel from CNE Cernavoda. The maximum value of the framework agreement is GBP 8,300,000 without VAT and other taxes;
6. Contract no. 2/B40A/11080C/795/18.07.2011 concluded with S.C. UTI Systems S.R.L. The

object of the contract is the maintenance services of the Physical Protection Technical System regarding the objectives of CNE Cernavoda branch. The contract is valid for a period of 48 months, as of 16.06.2011. The price of the contract is of EUR 4,679,787, corresponding to 19,422,529.76 plus VAT.

Other important service contracts (except for maintenance) concluded by the Company:

- (i) The Framework Agreement no. 1087/29.11.2010 (TD 24980) concluded with SC Elcomex IEA S.A. having as object the provision of services of refurbishment of the power evacuation transformers, including the provision of a new power evacuation transformer. The validity of the framework agreement is of 10 years from its signing date. The maximum value is EUR 11,856,028, the equivalent of lei 50,657,251.69 excluding VAT.
- (ii) Framework Agreement no. 302/ 6.12.2005, concluded with Siveco Romania S.A. having as object the implementation and commissioning of the Information System for managing nuclear production activities (Work Management System). This agreement is executed in stages/modules, each stage/module is an object of an addendum to the agreement. So far, 13 additional acts have been concluded, with a total value of EUR 48,484,725 excluding VAT, as follows:
 - a) Addendum 1-stage I phase I - Implementation of the module for managing maintenance activities (Indus Asset Suite - IAS Work Management) and its integration with the existing procurement Proc -Sys modules and SIMS materials management for a total of 200 licenses/users - value of EUR 2,699,920;
 - b) Addendum no. 3- stage II phase I – Implementation of the module for management maintenance activities (Indus Asset Suite (IAS) Work Management - version 5.03) and its integration with the existing procurement ProcSys modules and SIMS materials management for a total of 200 licenses/users - value of EUR 2,359,452;
 - c) Addendum no. 4- “Electronic Document Management Trustee System – phase I” (independent implementation for Unit 1 and Unit 2) for a number of 1500 licenses/users - value EUR 1,840,000.
 - d) Addendum no. 5 - technical assistance in operation and management of the information system IAS-Passport, Work Management module of the network interface with inventory management application SIMS, for the period September 2007 - January 2008 - value EUR 594,970;
 - e) Addendum no.6 – Management Information System of CNE Cernavoda nuclear activities -

licenses and implementation services Phase 2 Stage 1 (AS extension-Work Management and SIMS at U2, services and licenses-300 AS, 85 SIMS)-value EUR 5,980,000;

- f) Addendum no. 7 – Management Information System of CNE Cernavoda nuclear activities - licenses and additional services –Phase 2 Stage 2 (Document Management, Action Tracking (tracking corrective actions Mode), the Equipment Tag Out (equipment isolation tracking Mode), services and licenses-100 AS, 10 RPM) - value EUR 4,920,000;
- g) Addendum no. 8 – Management Information System of CNE Cernavoda nuclear activities - licenses and additional services –Phase 2 Stage 2- human resources management, Oracle Human Capital Management – value EUR 2,180,000;
- h) Addendum no. 9- Management Information System of nuclear activities- implementation services Ventyx Asset Suite modules (Phase 3 Stage 1), additional licenses, technical support services for licenses and technical support services for management - value EUR 19,450,000.
- i) Addendum no. 11-Data Processing Services, development and changing management software for optimization and integration of applications running within the CNE network and ensure proper integration with Asset Suite modules - value EUR 210,383;
- j) Addendum no. 13 – Management Information System of CNE Cernavoda nuclear activities - analysis and implementation services modules related to insurance activities of goods and services (AS Inventory Management, Purchasing, Account Payable, and integration with existing financial modules) and radio protection activities (AS Total Exposure) (Phase 3 Stage 2)-value EUR 8,250,000.

1.13.4. Agreements with Apele Romane

The Company concluded 2 subscriptions with “Apele Romane” as sole operator („**Subscriptions**”) as follows:

- 1) Subscription no. 78/2012 for the year 2013 (RUEC 91/2013) having as object: use the water from the Danube for the nuclear power plant with a value of lei 60,600,000, excluding VAT;
- 2) Subscription no. 82/2011 subscription with the Addendum no.2 valid for the year 2013 RUEC 121/2013), having as object: receiving the wastewater in the resource, with a value of lei 10,555,750, excluding VAT.

The two subscriptions in force have followed exactly the subscription model framework usage/exploitation of water resources, approved by order of the Ministry of Environment and

Water Management no. 798/2005.

A special agreement is represented by the Protocol no. 1/2011 concluded between CNE Cernavoda branch and FCN Pitesti branch in order to deliver and transport CANDU -6 type fuel bundles, and to cease its effects on 31.12.2013. In relation to the Protocol's object, it was concluded so that the Company purchases an amount of 10800 bundles throughout the years 2011, 2012 and 2013. According to this Protocol, the service provider delivers fuel bundles based on a delivery note, confirmed by the Company. Also, according to the delivery note, the supplier elaborates a debiting-lending opinion for the Company, in order to settle at the actual production price of the delivered fuel bundles. Settlement is made at the production price.

1.13.5. Loan contracts concluded by the Issuer

On the date of the Prospectus, the Company has 7 credit contracts. The contracts were concluded either to finance the project consisting in the feasibility study, design, purchase, implementation and completion of Unit 2 CNE Cernavoda or the completion of investment works at Unit 2 Cernavoda, or to finance exports of goods and services or pay suppliers:

- The credit contract concluded on 10 December 2002 with Société Générale Canada as Lead Arranger for CAD 328,050,596 for the payment of the amounts owed to the Atomic Energy of Canada Limited and Ansaldo Energia SpA;
- The credit contract concluded on 10 December 2002 with Société Générale as Lead Arranger and Credit Lyonnais as Co-Arranger for EUR 10,710,081 to pay the amounts owed to supplier Alstom Power Centrales;
- the credit contract concluded on 10 December 2002 with Société Générale as Lead Arranger and Credit Lyonnais as Co-Arranger for EUR 115,391,660 to pay the amounts owed to Atomic Energy of Canada Limited and Ansaldo Energia SpA;
- The credit contract concluded on 10 December 2002 with Société Générale as Lead Arranger and Credit Lyonnais as Co-Arranger for EUR 13,409,257 to pay the amounts owed to Nexans France;
- The export financing credit contract concluded on 25.02.2003 with Société Générale New York Branch for USD 29,535,945;
- (the Credit Contract of 11.06.2004 concluded with the European Atomic Energy Community ("Euratom") for EUR 223,500,000 to finance Unit 2 CNE Cernavoda;

- Loan Contract No. 20944/ J579/13.07.2006 concluded by the Ministry of Public Finance with Banca Comerciala Romana (“**BCR**”) on 13.07.2006 for EUR 122,000,000 subordinated by the Ministry of Public Finance to the Company to complete the investment works at Unit 2 CNE Cernavoda under Subsidiary Loan Agreement No. 86123/20943/13.07.2006.

All financing contracts are guaranteed by the Romanian State either by issuing letters of guarantee, or by concluding guarantee conventions. The financing contracts provide as case of default if, at any time, the Romanian State, through the Ministry of Public Finance as guarantor, does not maintain or hold a participation share of at least 51% of the share capital and voting rights in the general assembly of the Company without the prior consent of the creditors. All financing contracts provide the Company’s obligation to inform and obtain the creditors’/guarantors’ prior approval regarding the change of shareholding/changes further to privatization, etc.

In addition, by the credit contracts mentioned above, the Company undertook not to amend the constitutive act without the creditors' prior approval, the failure to observe the obligations assumed and to remedy the situation within 10 business days representing a case of default. The credit contracts also contain clauses related to cases of default as a result of the cross default of the Company and/or the Guarantor represented by the Ministry of Public Finance, which intervenes in case they fail to fulfill a payment obligation towards the creditors based on a relationship other than the one established under the relevant credit contract and/or the guarantee established under the relevant credit contract, or if in the patrimony of one of their creditors the right to accelerate payment of such obligation arises as a result of the Company's or guarantor's breach of its obligations.

On 31.01.2013, the total value of the tranches remaining to be repaid under the credit contracts contracted by the Company was RON 77,891,509.68, EUR 297,318,642.29, USD 13,291,174.91 and CAD 196,677,927.88. The Company did not register delay penalties for the payment of the interest related to the credits contracted, nor were there cases of failure to observe the commitments assumed under the seven credit contracts mentioned above.

The Company, as beneficiary of the reimbursable financings representing public debt, fulfilled its reporting obligations to the Ministry of Public Finance, as guarantor, according to Emergency Ordinance 64/2007 regarding public debt, and Order of the Ministry of Public Finance No. 1059/2007 regarding the approval of methodological norms for the registration and reporting of public debt.

Out of the seven financing contracts, six are governed by foreign laws (French law, the law of the State of New York, English law, Canadian law).

A summary of those financing contracts and the related guarantee conventions is presented herein below.

Loan contracts concluded with international financial institutions and commercial banks

1. The credit contract concluded on 10 December 2002 with Société Generale Canada for CAD 328,050,596

The credit contract is concluded between the Company as borrower and Société Générale Canada as Lead Arranger for the amount of CAD 328,050,596, to pay the amounts owed to suppliers. The loan bears a variable CDOR interest rate at six months plus a 0.375% margin. The repayment is provided to be done in biannual equal tranches during the period during December 2007 until 2022.

The Company undertakes, among others, not to dispose under a free or onerous title of its goods without the creditors' prior approval or to constitute a security or lien over its goods without their prior approval. The loan contract provides that, further to the occurrence or continuation of a case of default, Lead Arranger may declare the credit due, the accrued and not paid interest, and all the other amounts owed by the borrower under the contract immediately due and payable, without any other requirements or notifications.

Based on such credit contract two guarantee conventions were concluded between the Ministry of Public Finance, as guarantor, and the Company, as guaranteed party, for the purpose of securing the repayment of the loan granted to the Company, as well as the interest, and related charges and fees. Thus, as regards Convention No. 247297/31.01.2003, related to the credit of CAD 106,976,744, and used in full, all tranches were fully repaid until 10.12.2012 inclusively, the next due date being 10.06.2013, which is to be paid. The value of the tranches remaining to be repaid is CAD 67,751,937.93. However, as regards Convention No. 240005/31.01.2003 related to the credit of CAD 221,074,212, from which the amount of CAD 220,819,802,85 was used, all tranches were fully repaid until 10.12.2012 inclusively, the next due date being 10.06.2013. The value of the tranches remaining to be repaid is CAD 139,852,541.53.

According to the guarantee conventions, the failure to pay on the due date constitutes a case of default that gives the Guarantor the right to terminate the convention and any other conventions concluded with the guaranteed party even if not directly related to the case of default at issue, declaring all of the guaranteed party's commitments due and payable, with all related costs and amounts due. The guarantor may withdraw all funds available in accounts, all existing collections, it may execute the real securities presented by the guaranteed party. According to the two

conventions, the Company undertakes to inform immediately the Ministry of Public Finance in case it intends to divide its patrimony, further to the privatization or any change in its legal status.

2. The credit contract concluded with Société Générale as Lead Arranger, Credit Lyonnais as Co-Arranger for EUR 10,710,081

It was concluded between Société Générale as Lead Arranger, Credit Lyonnais as Co-Arranger, and the Company, as borrower, on 10.12.2002 for EUR 10,710,081. The purpose of the loan is to obtain the funds necessary to pay the amounts owed to supplier Alstom Power Centrales based on the contract of 01.03.2002 regarding the supply with back-up diesel generators for Unit 2 of CNN Cernavoda. The loan granted based on the credit contract has a value of EUR 10,710,081 and is to be repaid in 20 equal tranches until 10.06.2017. The loan bears a variable interest of EURIBOR 6M + 0.45%. The borrower may exercise a onetime global option to draw at the fixed interest rate, with the approval of the creditors and the risk committee of the Lead Arranger, by an additional act to the credit contract.

Based on the credit contract, the Ministry of Public Finance, as guarantor, and the Company, as guarantee, Guarantee Convention No. 240005/31.01.2003 related to the credit of EUR 10,710,081 in order to guarantee the repayment of the amounts drawn and the related fees. Of the contracted credit amount the amount of EUR 10.660.650,70 was used. The due repayment dates are 10 December and 10 June of each year, starting from 10.12.2007, the last due date being 10.06.2017. All tranches were fully repaid until 10.12.2012 inclusively, the next due date being 10.06.2013. The value of the tranches remaining to be repaid is EUR 4,797,292.87.

The Company undertakes, among others, not to dispose under a free or onerous title of its goods or to constitute a security or lien over its goods without the creditors' prior approval.

Also, the Company undertakes, by Guarantee Convention 240005/31.01.2003, to inform the guarantor (the Ministry of Public Finance) and to request the amendment of the guarantee convention in case it intends to divide the Company's patrimony, further to the privatization or any change in its legal status. According to the guarantee convention, upon the occurrence of any case of default, the guarantor has the right to terminate such convention and any other conventions even if not directly related to the case of default at issue, declaring all of the guaranteed party's commitments due and payable, with all related costs and amounts due.

3. The credit contract concluded between Société Générale as Lead Arranger and Credit Lyonnais as Co-Arranger for EUR 115,391,660

The object of such loan concluded on 10 December 2002, in total value of EUR 115,391,660 is to pay the amounts owed to suppliers Atomic Energy of Canada Limited and Ansaldo Energia SpA

based on the Contract for the Completion of Unit 2 CNN Cernavoda. The loan bears a variable interest of EURIBOR at six months plus a 0.45% margin for the first 15 years and EURIBOR at six months plus 0.7% margin for the remaining period. The borrower may exercise a onetime global option to draw at the fixed interest rate, with the approval of the creditors and the risk committee of the Lead Arranger, by an additional act to the credit contract.

Based on the credit contract, two guarantee conventions were concluded between the Ministry of Public Finance as guarantor and the Company as guaranteed party, for the purpose of securing the repayment of the loan granted to the guaranteed party, as well as the interest, and related charges and fees, i.e.

- (a) Convention No. 247297/31.01.2003 related to the credit of EUR 44,230,769 and used in full. The due dates to repay the tranches are 10 December and 10 June of each year, starting from 10.12.2007, the last due date being 10.06.2022. All tranches were fully paid until 10.12.2012 inclusively, the next due date being 10.06.2013. The value of the tranches remaining to be repaid is EUR 28,012,820.33;
- (b) Convention No. 240005/31.01.2003 related to the of EUR 71,160,891 Out of the total value of the contracted credit, the amount used is EUR 71,098,718.73. The due repayment dates are 10 December and 10 June of each year, starting from 10.12.2007 (followed, by way of exception, by 18.12.2007) the last due date being 10.06.2022. All tranches were fully paid until 10.12.2012 inclusively, the next due date being 10.06.2013. The value of the tranches remaining to be repaid is EUR 45,029,188.43.

According to the conventions above, the Company has the obligation to inform the guarantor and to request the amendment of the guarantee convention in case it intends to divide the Company's patrimony, further to the privatization or any change in its legal status. Upon the occurrence of any case of default, the guarantor (the Ministry of Public Finance) has the right to terminate such convention and any other conventions even if not directly related to the case of default at issue, declaring all of the guaranteed party's commitments due and payable, with all related costs and amounts due.

According to the loan contract, the Company undertakes not to dispose under a free or onerous title of its goods or constitute a security or lien over its goods without the creditors' prior approval.

4. Loan Contract with Société Générale, as Lead Arranger, and Credit Lyonnais, as Co-Arranger, for EUR 13,409,257

The loan concluded on 10 December 2002 was granted for the payment of the amounts owed to supplier Nexas France based on the contract of 28 March 2002 regarding energy supply, control

and environmental qualified framework testing for the finalization of CNE Cernavoda Unit 2. The loan shall be reimbursed in 20 equal installments on the maturity date of each of them, each drawing being subject to interest from the date of its performance until the date of full payment. The interest shall be capitalized at loan and may be paid in arrears on each maturity date. The interest shall be calculated at the EURIBOR 6M rate plus 0.45%/year. The Borrower may exercise once a global option to transfer to the fixed interest rate, with the consent of the creditors and of the risk committee of the Lead Arranger, by an additional act to the loan contract.

Based on the loan contract, Guarantee Convention No. 240005/31 January 2003 related to the loan of EUR 13,409,257 was concluded between the Ministry of Public Finance, as guarantor, and the Company. Out of the total amount of the credit the amount of EUR 13,391,723,74 was used. The maturity dates for the reimbursement of the installments are 10 December and 10 June of each year, starting with 10 December 2008, and the last maturity date is 10 June 2017. All installments were reimbursed in full until 10 December 2012 inclusively, and the next installment is due on 10 June 2013.

The value of the installments remaining to be reimbursed is up to EUR 6,026,275.65.

According to the convention, the Company has the obligation to inform the Guarantor (the Ministry of Public Finance) and request the amendment of the guarantee convention in the case of intention to divide its patrimony as a result of privatization or any change in its legal status. In any event of default, the guarantor is entitled to terminate such convention and any other conventions it concluded with the guarantee beneficiary even if they are not directly related to the event of default established, and shall deem all of the guarantee beneficiary's undertakings due and payable with all related costs and all amounts owed. According to the loan contract, the Company undertakes, *inter alia*, not to use its goods under a free title or for valuable consideration or to establish a guarantee or encumbrance on its goods without the creditors' prior consent.

5. Loan Contract concluded with Société Générale New York Branch for USD 29,535,945

The loan was granted by Société Générale New York Branch on 25 February 2003. The purpose of the loan is to finance the exports from the United States to Romania of eligible goods and services and the payment of the related exhibition fee, the supply related to the turbogenerator set at CNE Cernavoda Unit 2 was acquired by this loan from supplier General Electric, including installation, mounting, commissioning and training services. The loan is subject to a variable LIBOR interest rate every six months plus a margin of 0.07%. The reimbursement is spread over 20 semiannual equal installments payable between January 2008 and July 2017.

Based on the loan contract, Guarantee Convention No. 240148/11 March 2003, related to the loan of USD 29,535,945 was concluded between the Ministry of Public Finance, as guarantor, and the Company, as guarantee beneficiary. Out of the total amount of the credit the amount of USD 29,535,944.33 was used. The maturity dates for the reimbursement of the installments are 15 January and 15 July of each year, starting with 16 January 2008, and the last maturity date is 15 July 2017. All installments were reimbursed in full until 15 January 2013 inclusively, and the next maturity date is 15 July 2013. The value of the installments remaining to be reimbursed is up to USD 13,291,174.91. According to Guarantee Convention No. 240148/11 March 2003, the Company, as guarantee beneficiary, has the obligation to inform the Ministry of Public Finance, as guarantor, and request the amendment of the convention in the case of intention to divide its patrimony, as a result of privatization or any change in its legal status.

In any event of default and at any subsequent time, if the event continues, Eximbank, with the notification of the Company and the creditor, may expedite the payment of any owed amounts according to the loan credit.

6. Loan Contract concluded with the European Atomic Energy Community

The loan was granted by the European Atomic Energy Community on 11 June 2004 for the financing in part of the project, consisting of the feasibility study, design, acquisition, implementation and finalization of CNE Cernavoda Unit 2. Based on the contract, the Company may contract a loan of up to EUR 223,500,000, based on the conclusion of financing contracts. Until present, the Company concluded three such financing contracts:

- (i) on 21 January 2005, of EUR 100,000,000, to which a variable interest rate applies, the reference rate being 0.08%/year and 6M EURIBOR, for a reference period of 6 months from the loan date, the maturity date on 21 January and 21 July of each year, starting with

21 January 2013 until 21 July 2022, in EUR 5,000,000 installments, and the installment due on 21 January 2013 is properly paid;

- (ii) on 26 May 2005, of EUR 90,000,000, with a variable interest rate, the reference rate being 0.08%/year and 6M EURIBOR, for a reference period of 6 months from the loan date, and the maturity date is scheduled for 26 May and 26 November of each year, starting with 26 May 2015, the last installment on 26 November 2024, in 20 installments of EUR 4,500,000 each;
- (iii) on 23 February 2006, of EUR 33,500,000, with a variable interest rate, the reference rate being 0.079%/year and 6M EURIBOR, for a reference period of 6 months from the loan date, and the maturity date is scheduled for 23 February and 23 August of each year, starting with 23 February 2017, the last installment on 23 August 2024, in 15 installments of EUR 2,100,000 each, the last installment in amount of EUR 2,000,000..

The total amount remaining to be reimbursed from the entire loan related to the three financing contracts mentioned above is up to EUR 218,500,000. According to the contract concluded with Euratom, the Company's obligation is to notify Euratom of the modification of the control over Electrica SA or its subsidiaries, if the Ministry of Public Finance reduces the ownership right over Electrica SA or its subsidiaries below 51% or Electrica is assigned in order to be controlled by the Ministry of Public Finance. Such obligation was observed.

According to the contract, the following issues represent an event of default, entitling Euratom to annul the value of the loan and deem all amounts owed until that moment due and payable:

- (i) breach of the Company's obligation not to obtain, reduce, annul, reimburse or depreciate any part of the capital or shares or register or allow the registration of any transfer of its shares without Euratom's prior written consent;
- (ii) the case of taking any measure to change the legal status, the Company's statute, its control over its goods and the case in which the Company and its goods are controlled by the Romanian State, without the creditor's prior consent;
- (iii) the change or the statement made by the guarantor or the Company that it changes the Company's constitutive deed without the creditor's prior written consent or without taking any measure by the Company or the Romanian State which would result in the decrease of the holding and control of the Romanian State over the Company below 75% without the creditor's prior consent.

Based on the Euratom Contract, the Guarantee Agreement regarding the Project for the finalization of Unit 2 within the investment objective “Cernavoda Nuclear Plant 5 x 700 MWe” was concluded on 18 June 2004 between Euratom, as creditor, and the Romanian State by the Ministry of Public Finance, as guarantor. The guarantor undertakes to ensure that the Company is and will remain at any time held at least 75% and controlled at least 75% by the Romanian State, except for the creditor’s prior consent (Euratom), and also if the guarantor decreases its participation in Electrica or Transelectrica below 51% or any of Electrica or Transelectrica is no longer controlled by the guarantor, it will promptly notify Euratom.

Based on the Guarantee Agreement, Guarantee Convention No. 242060/20 October 2004/5267/1 October 2004 was concluded between the Company, as guarantee beneficiary, and the Ministry of Public Finance, as guarantor, whereby the guarantor guarantees the reimbursement of the loan, including interest and related fees of any type whatsoever. By this guarantee convention, the Company undertakes to submit to the guarantor and request the amendment of the guarantee convention in the case of intention to divide the Company’s patrimony as a result of privatization or any change in its legal status. Also, the Company undertakes to immediately inform the guarantor and Euratom of any amendment of its constitutive deeds and legal status.

If the Company fails to fulfill an obligation according to the guarantee convention or fails to pay any of the amounts provided according to the Loan Agreement, the guarantor shall be entitled to inform in writing the Company and suspend its rights to benefit from financing within the guarantee convention, until the fulfillment date of the obligations; if the events described above exceed 30 days, to deem due and obtain the immediate recovery of all owed and unpaid amounts, interest, fees, penalties and other costs of the loan, directly and without the Company’s approval, irrespective of any contrary provision, directly from the Company’s bank accounts or by any other legal means.

7. Loan Contract concluded between the Ministry of Public Finance and BCR and the Subsidiary Loan Agreement concluded with the Ministry of Public Finance

On 13 July 2006, the Ministry of Public Finance, as Borrower, and BCR concluded Loan Contract No. 20944/J579/13 July 2006 in order to obtain the funds to be made available to the Company for the finalization of the investment works at CNE Cernavoda Unit 2. On 13 July 2006, the Company concluded the Subsidiary Loan Agreement no. 20943/86123/13.07.2006 with the Ministry of Public Finance for EUR 122,000,000 (the equivalent of RON 435,527,800). In accordance with addendum no. 4 tot the Subsidiary Loan Agreement no. 20943/86123/13.07.2006, the credit amount was decreased to EUR 80,002,857.22 (equivalent of RON 285,602,200).

The loan is subject to a ROBOR variable interest rate every six months minus the margin of 1.1%. The reimbursement is spread over a period of 6 years, in 11 semiannual equal installments payable between July 2009 and July 2014.

For the credit used in amount of RON 285,602,000 was used out of the loan, the related installments have been paid until 1 January 2013 inclusively, and the next installment is due on 1 July 2013. The total value of the installments remaining to be reimbursed is RON 77,891,509.68. According to the Subsidiary Loan Agreement, the Company has the obligation to inform BCR and the Ministry of Public Finance of the changes occurred in its legal status and its organization form throughout the performance of the subsidiary loan.

The Subsidiary Loan Agreement provides that if, until its termination, the Company is subject to privatization, it undertakes to take all measures necessary to include in the Privatization Agreement the obligation of the strategic investor to submit to the Ministry of Public Finance, prior to the execution of the Privatization Agreement, a payment guarantee letter, issued by a first rank bank, which shall cover the debt servicing related to the subsidiary loan for the entire reimbursement period, proportionally to the investor's participation in the share capital.

Non-observance by the Borrower of the obligations to use the loan only for the purpose for which it was granted and to reconstitute BCR the drawn loan and pay the fees and interest on the terms provided shall be construed as an event of default. If the deficiencies are not removed within 15 business days, BCR shall be entitled to deem the loan due and proceed to the recovery of the entire owed amount.

1.14. COMMERCIAL CONTRACTS

Energionuclear is a party to the following contracts:

- (i) Engineering Services Contract No. 2/2010 concluded by Energionuclear SA with Atomic Energy of Canada Ltd., with regard to the pre-project works at Cernavoda U 3 and U4, for a period of 44 weeks from the conclusion date. The price of the contract is estimated at CAD 12,613,740 (Canadian dollars, VAT excluded). The price for the fixed services is CAD 12,464,056.
- (ii) Works Execution Contract No. 12/2010 concluded by Energionuclear SA with Metinstal S.R.L., having as its object rehabilitation of cofferdams at Screen House and Pump House related to Cernavoda U3 and U4, the execution term of the contract being 3 months. The price of the contract is RON 639,900, plus VAT RON 121,581.
- (iii) 2 consultancy services contracts, *i.e.*:

- (a) Consultancy Services Contract No. 35/2010 concluded by Energonuclear SA with Paul C Rizzo Associates Inc. to conduct a seismic risk study for location Cernavoda NP, prior to 31 July 2012. The price of the contract is USD 379,454;
- (b) Financial Consultancy Services Contract for Cernavoda U3 and U4 concluded by Energonuclear SA with The Royal Bank of Scotland plc Niederlassung Frankfurt ("RBS"), for rendering financial consultancy services related to the development of Cernavoda U3 and U4. The contract is in force on the date hereof, its execution being suspended until 31 March 2013. The price of the contract is EUR 800,000 in the first stage and EUR 1,400,000 in the second stage, VAT excluded, plus expenses which shall not exceed EUR 3,000/month. According to the contract, the success fee provided by the parties is up to EUR 4,000,000, VAT excluded;
- (iv) 5 services supply contracts, *i.e.*:
 - (a) Services Supply Contract No. 18/2010 concluded by Energonuclear SA with Stizo Nuclear SA, consisting of mounting/demounting works of metallic scaffold at location Cernavoda U3 and U4, having an execution period of 7 months. The price of the contract is RON 991,900 (VAT excluded);
 - (b) Services Supply Contract for Nuclear Security and Authorization of Operation No. 20/2011 concluded by Energonuclear SA with Candu Energy Inc., having as its object nuclear security and authorization of operation services supply, related to the pre-project works Cernavoda U3 and U4. The term of the contract expired on 30 April 2013. The price of the services rendered is CAD\$ 11,900,000, VAT excluded;
 - (c) Services Supply Contract No. 158/28 October 2011 concluded by Energonuclear SA with Institutul National de Hidrologie si Gospodarie a Apelor [*National Institute of Hydrology and Water Management*], having as its object the performance of a study on ensuring the cooling water for Cernavoda U3 and U4. The contract expired on 26 June 2012. The price of the contract is RON 429,000, VAT excluded.
 - (d) Services Supply Contract No. 16/2012, concluded by Energonuclear SA with the Association formed of Ernst& Young and Kinetricks International Inc., having as its object the carrying out of a feasibility study for project Cernavoda U3 and U4, having as its object a report regarding the evaluation of the assets related to Cernavoda U3 and U4 and the feasibility study for project Cernavoda U3 and U4, with the obligation to render the services prior to 28 September 2012. The price of the contract is RON 1,696,998, VAT excluded.

- (e) Services Supply Contract No. 12/2012 concluded by Energonuclear SA with Metinstal SRL, having as its object the supply of technical and commercial analysis and consultancy services for the analysis and evaluation of the economic and technical issues within the procurement procedure for contracting the finalization works for Cernavoda U3 and U4, prior to 31 December 2012 at the latest. The total value of the contract is RON 2,452,836, VAT excluded.

- (v) a legal services agreement, *i.e.* Legal Services Agreement No. 7 of 6 February 2012.

Only the Financial Consultancy Services Contract for Cernavoda U3 and U4 concluded by Energonuclear SA with The Royal Bank of Scotland plc Niederlassung Frankfurt is still in force on the date hereof.

1.15. EMPLOYEES

The Company had 2,168 employees in December 2012, out of which 9 employees were hired for a limited period and 2,159 are hired for an unlimited period. Out of the total employees, 2 were employed part time. The Company has 69 vacancies. The total number of the positions within the Company is 2,237. Detailed information on the personnel structure is presented in the table below.

Information on Personnel Structure

No.	Personnel Structure	No. of Employees Cernavoda	No. of Employees Pitesti	No. of Employees Bucharest	Total
1	Total	1637	418	113	2168
2	ILC for an unlimited period	1631	418	110	2159
3	ILC for a limited period	6	0	3	9
4	ILC for part time	2	0	0	2
5	ILC for full time	1635	418	113	2166
6	Vacancies	62	7	0	69
7	Special conditions	605	322	0	927
8	Exceptional conditions	958	96	0	1054

The Company's number of employees on the main categories of activities and geographical location are indicated in the table below.

**The Company' Number of Employees
on the Main Categories of Activities and Geographical Location**

No.	Activity	Number of Employees [<i>Total/Management Positions/Execution Positions</i>]		
		Cernavoda	Pitesti	Central Headquarters
1	Operation(operation CNE and FCN Pitesti)	294/6/288	150/5	
2	Repairs	487/28/459		
3	Technical	204/18/186	68/5/63	8/1/7
4	SM and PSI Radioprotection	77/6/71	14/2/12	
5	Person training and authorization	79/6/73	2/0/2	
6	Nuclear security	56/4/52		6/1/5
7	Investment	42/4/38	8/1/7	7/1/6
8	Management quality	19/4/15	86/8/78	4/1/3
9	IT	23/3/20	6/1/5	6/1/5
10	Economic	172/15/157	37/4/33	49/8/41
11	Administration, transportation, accommodation	107/7/100	14/1/13	13/2/11
12	Legal advice	2/0/2	1/0/1	2/0/2
13	Physical protection, classified information	71/4/67	17/1/16	2/1/1

14	SSM and emergency situations		16/1/15	
15	Control of works	58/4/54		
16	Human resources	10/1/9	6/1/5	6/1/5
17	Internal and international cooperation			6/1/5
18	Internal financial control	1/0/1	1/0/1	2/0/2
19	Internal audit			2/1/1

The employees' rights and obligations are stipulated by the collective labor contract, individual labor contracts and the Company's internal regulation.

1.15.1. Individual Labor Contract

At present, the Company uses a standard individual labor contract, implemented by the Collective Labor Contract registered under No.244/20 June 2013, concluded at the Company's level ("**CLC Nuclearelectrica**"). The Company uses the same template ILC both for the employees hired for a limited period and for those hired for an unlimited period.

The aforementioned standard ILC observes the clauses stipulated by Order No. 64/2003 regarding framework ILC, as subsequently amended ("Order 64/2003").

1.15.2. CLC Nuclearelectrica

CLC Nuclearelectrica was concluded as a result of the negotiation held between the Company, on the one hand, and, CNE Cernavoda Union on the other hand.

CLC Nuclearelectrica was registered at Ministry of Labor, Family, Social and Elderly Protection - Labor Inspectorate of Bucharest under the no. 244/20.06.2013, concluded for the period 01.07.2013 and 30.06.2015 and is effective starting on 01.07.2013.

According to CLC Nuclearelectrica, employees are entitled to a paid vacation leave with a minimum of 25 working days, plus a number of days, depending on the seniority of the employees' work.

According to CLC Nuclearelectrica, employees benefit from a dismissal aid upon the termination of the Individual Labor Contract on the initiative of the unit for any reasons not ascribable to the

employee, (composed of the basic salary, seniority bonus and loyalty bonus), according to CLC from the month of the event. Dismissal aid is granted depending on uninterrupted length of service seniority in the electricity, thermal and nuclear power stations domain, as follows: (a) from 6 months to 5 years- 1 salary; (b) 5 years -10 years – 5 salaries; (c) 10 years – 15 years – 6 salaries; (d) 15 years - 20 years- 7 salaries; (e) more than 20 years- 8 salaries.

1.15.3. Employees' Professional Assessment

The Company professionally assesses its employees based on an internal procedure, i.e. “*Assessment of Personnel's Results in October 2008*” (the “Procedure”), which was brought to the attention of the employees by display on the Company's intranet page.

According to the Procedure, the Company's personnel are assessed on an annual and periodical basis, every 3-6 months in the case of the personnel under observation. The assessment is performed based on standard assessment sheets for the management and execution personnel, also providing the related assessment criteria.

The general levels of assessing the personnel's performance are: “*inacceptable*”, “*satisfactory*”, “*good*” and “*superior*”.

The provisions of the Procedure are, in principle, in compliance with the legislation applicable in the field. For the full observance of the legal provisions, the Company removed from the contents of the Procedure the reference to progressive disciplinary actions taken by assessor. Also, for certainty purposes, it was removed the provision according to which the general assessment “*inacceptable*” is granted also to the personnel repeatedly perpetrating serious imputable misconducts, because the Procedure takes into account the employees' professional assessment and an “*inacceptable*” grade is granted further to the professional assessment.

1.15.4. Internal Regulation

The Internal Regulation applicable at the Company's level starting from 1 February 2013 contains all of the categories of provisions established by the Labor Code. Also, the Company shall take the necessary steps to insert the hygiene, health protection and labor security measures for pregnant employees and/or mothers, post-childbirth and breastfeeding employees provided by Government Emergency Ordinance No. 96/2003 regarding protection of maternity at workplaces.

The Internal Regulation was communicated to the employees through the Company's intranet page and produces full effects toward employees from its communication. Also, the publishing of the Internal Regulation as brochure is taken into account.

No collective dismissals or collective labor conflicts occurred from the establishment date within

the Company. Also, the Company's representatives confirm that at present there are no plans with regard to the personnel restructuring/reduction.

1.15.5. Employees, Participations and Options – Employees' Participations in the Issuer's Share Capital

No agreements providing the employees' participation in the Issuer's share capital exist.

1.16. EMPLOYEES OF ENERGONUCLEAR

According to the information provided by the Company, Energonuclear has 26 employees on 1 February 2013, out of which 6 employees are in management positions and 20 employees are in execution positions. No vacancies are at the level of Energonuclear.

2. MANAGEMENT AND ORGANIZATION OF THE ISSUER

2.1. CONSTITUTIVE ACT

According to the Statute of the Company, its main object of activity is Production of electric energy - CAEN Code 3511.

2.2. MANAGEMENT AND SUPERVISORY BODIES

In accordance with the Constitutive Act, the Company's management bodies are: (i) GAS; (ii) Board of Directors; . Apart from the abovementioned, an Internal Auditors department is set up within the Company, which also has concluded an agreement with a (iii) Financial Auditor

2.2.1 General Assembly of Shareholders

GAS is the Company's main corporative governing body, which decides on the Company's activity, economic and business policy. In accordance with the legal provisions and the Constitutive Act, there are two types of GAS, *i.e.* OGAS and EGAS.

A. GAS' Powers

In accordance with the Company's Constitutive Act, in addition to the legal competences, GAS is authorized to decide on:

(a) OGAS:

- (i) Approves and establishes dividends and resolves with regard to the use of the dividends related to the managed shares, for restructuring and development;
- (ii) Analyzes the reports of the Board of Directors regarding the status and prospects of the Company, by reference to profit and dividend;
- (iii) Also analyzes and settles other problems forwarded by the Board of Directors.

(b) EGAS:

- (i) Authorizes the acquisition of its own shares and establishes the acquisition modalities, maximum number of shares to be acquired, their minimum and maximum counter value and the period of performing the operation, in observance of the law; also establishes the alienation manner of its own shares;

- (ii) Approves the conclusion of legal acts concerning the Company, acts whose value exceeds half of the accounting value of the Company's assets;
- (iii) Approves the annual percentage of the Company's profit which shall be taken over to form the reserve fund, according to law, and also the participation in the Company's profit of the administrators, General Director, as the case may be, and also of its employees, establishing the participation conditions for each financial year;
- (iv) Approves the mandate of the Company's representatives in GAS, SC Energonuclear SA for:
 - Amending the share capital of Energonuclear;
 - Amending the Company's participation quota in the share capital of Energonuclear;
 - Shares for whose approval the issuance of normative act(s) is required;
 - Dissolution and liquidation of Energonuclear;
 - Making any investment by Energonuclear exceeding EUR 5,000,000 as regards one transaction and/or exceeding EUR 10,000,000 cumulated with other transactions in any financial year;
 - Conclusion by Energonuclear of any contract involving expenses or undertaking of an important obligation by Energonuclear exceeding an individual or cumulated amount of EUR 5,000,000, in a single financial year;
 - Any important change in Energonuclear's organization or the manner in which it carries out its activity, cessation of activity by Energonuclear or performance of the activity at a substantially reduced size;
 - Any actual or proposed sale or any other alienation of any assets or rights of Energonuclear or any actual or proposed acquisition of any assets or rights by Energonuclear exceeding the cumulated amount of EUR 5,000,000 in any financial year.

B. Call

In accordance with the Constitutive Act, GAS shall be convened by the President of the Board of Directors or by a member thereof, based on the authorization granted by the President.

OGAS shall be convened at least once a year, within maximum five (5) months from the end of the financial year in order to examine the financial statements for the previous year and to establish the activity schedule and budget for the current year.

EGAS shall be convened by the Board of Directors whenever necessary, at the request of the shareholders representing, either individually or collectively, at least 5% of the share capital, and if the application includes provisions falling under the duties of the assembly.

C. Quorum

OGAS and EGAS shall be validly convened and may make decisions at the first call if the present shareholders represent at least one fourth of the total number of the voting rights, in which case resolutions are taken with the majority of the votes cast.

At the second call, GAS may debate the topics on the agenda of the first assembly:

- (i) in the case of OGAS, irrespective of the share capital represented in the assembly with the simple majority of the present members;
- (ii) in the case of EGAS, the resolutions are taken in the presence of the shareholders representing at least one fifth of the total number of voting rights with the majority of the votes of the shareholders present or represented. The resolutions to amend the Company's main object of activity, to decrease or increase the share capital, to change the legal status, to merge, divide or dissolve the Company shall be taken by a majority of at least two thirds of the voting rights held by the shareholders present or represented

The decisions regarding the amendment of the main object of activity, the share capital modification, change of legal form, merger, spin off or dissolution are taken with at least a two thirds majority of the voting rights held by the present or duly represented shareholders,

D. Exercising Voting Rights in GAS

The GAS resolutions shall be taken by show of hands. The State's representatives in GAS shall be designated by order of the competent minister (*i.e.* the Ministry of Economy).

By way of exception, the secret ballot is compulsory in the following circumstances: (i) election and revocation of the members of the Board of Directors, (ii) appointment, dismissal or revocation of financial auditors and (ii) for taking resolutions regarding the liability of the members of the administration, management and control bodies. The voting may be decided to be secret at proposal of the person's presiding the GAS or of the shareholders' holding at least one fourth of the share capital, with the approval of two thirds of the GAS members

In accordance with the legal provisions and of the Constitutive Act, the GAS resolutions, which are validly taken and observe the provisions of the Company's Statute are mandatory even for the absent shareholders, for those who are not represented or for those who voted against those decisions.

The GAS resolution breaching the legal provisions or the provisions of the Company's constitutive deeds may be challenged in court within 15 days from their publication in the Official Gazette by any shareholder that either did not participate in GAS or voted against and requested that its opinion be included in the meeting minutes. If grounds for absolute nullity of the challenged resolution are invoked, the application may be filed with the court by any person concerned, the right to file legal action being imprescriptible.

In order to be binding upon third parties, the GAS resolutions shall be submitted within 15 days from their adoption to the Trade Registry, to be specified in the Trade Registry and published in the Romanian Official Gazette, Part IV.

2.2.2 Board of Directors

The Company is administered in a unitary system. The Board of Directors is formed of 7 persons elected by OGAS for a period of four (4) years.

In the case of vacancy of one or more members of the Board of Directors, inclusively in the case of vacancy of the President position, irrespective of the reason, the Board of Directors shall proceed to appoint temporary administrators, respectively a temporary President, until the call of OGAS.

The President of the Board of Directors is elected by the Board of Directors from among its members. This position may not be fulfilled by the General Director even if he is a member of the Board of Directors.

The Board of Directors shall delegate the Company's management to one or more managers, naming of them as General Manager. The managers may be appointed from the directors, which so become executive directors or outside the Board of Directors. Most of the Board of Directors' members is formed by non-executive directors. The General Manager represents the Company in relations with third parties or the court of law. The Board of Directors represents the Company in its relations with the managers.

According to Resolution No. 8 of the Company's OGAS of 25 April 2013, the new executive/non-executive administrators, were selected, according to the provisions of GEO No. 109/2011 regarding corporative governance of public undertakings, following the performance of selection procedures undergone by the Ministry of Economy through the personnel recruiting company

Quest Advisors.

The emergency ordinance specified above establishes the corporate governance rules applicable to autonomous regies and to business entities controlled by the State, starting from the rules of election of members in the Board of Directors, to the rules of transparency in the publication of the financial results and of the decisions of the general meetings of shareholders.

This normative act is also aimed at establishing some leverages for guaranteeing the objectivity and transparency in selecting the management and the members of the management bodies and to ensure the professionalism and the accountability of the managerial decision-making, additional mechanisms for safeguarding the rights of minority shareholders and an enhanced level of transparency to the public with respect to both the business of the State companies, and the shareholding policy of the State.

In accordance with the provisions of GEO 109/2011, in 90 days as of its appointment, the Board of Directors must elaborate and present the management plan for the approval of GAS, including the management strategy during the mandate for the achievement of objectives and performance criteria established in the mandate contracts.

At the date of this Prospectus, the objectives and performance criteria to be included in the director's management contracts have not yet been established. The term for submitting the management plan for the current Board of Directors appointed as per the provisions of GEO 109/2011 regarding corporate governance of public undertakings on 24 April 2013, is due on 23 July 2013.

Additionally, GEO 109/2011 establishes that in 90 days as of their appointment, the directors elaborate and present to the board of directors a management plan for the mandate duration and for the first mandate year, including the management strategy for achieving the objectives and performance criteria established in the mandate contracts. The management plan is subject to the approval of the board of directors.

At the date of this Prospectus, the the objectives and performance criteria to be included in the managers' management contracts have not yet been established. For the General Manager appointed on the basis of GEO 109/2011 on corporate governance of public undertakings on 30 April 2013, the date for submitting the management plan is due on 29 July 2013.

The objectives and performance criteria that must be included in the mandate contracts of the directors must be approved by the GAS. Considering that these refer to the entire 4 year term and it is to be expected that part of them be of a financial nature, they shall comprise the targets set by the Company by the GAS for the period of the directors' mandate.

The current composition of the Board of Directors is:

- Alexandru Sandulescu – member and President (appointment date: 25 April 2013, expiry date of the mandate: 25 April 2017);
- Alexandru Alexe – member and Vice President (appointment date: 25 April 2013, expiry date of the mandate: 25 April 2017);
- Daniela Lulache – member (appointment date: 25 April 2013, expiry date of the mandate: 25 April 2017);
- Ionel Bucur – member (appointment date: 25 April 2013, expiry date of the mandate: 25 April 2017);
- Dragos Paul Popescu – member (appointment date: 25 April 2013, expiry date of the mandate: 25 April 2017);
- Carmen Radu – member (appointment date: 25 April 2013, expiry date of the mandate: 25 April 2017);
- Dan Popescu – member (appointment date: 25 April 2013, expiry date of the mandate 25 April 2017).

Alexandru Sandulescu

Is the Chairman of the Board of Directors. Mr. Sandulescu is a Senior Energy Policy Advisor of the Prime Minister Office of the Republic of Moldova, in the 'EU High Level Policy Advisory Mission', financed by the EU and implemented by UNDP. In his 29 years of professional experience, he worked in the research field, participated in setting the strategy for the restructuring of the energy sector in Romania and was a member of the Board of Directors and representative of the State in the general meetings of shareholders of enterprises in the energy field.

From 2006 until 2013 he held the position of General Manager in the Energy and Environment General Department of the Ministry of Economy, participating in the development of the National energy strategy and the development of energy policy documents, in line with EU policy. Prior to that, he held various positions for 7 years in the ANRE, OPCOM and helped set up the development of international cooperation.

Mr. Săndulescu graduated the Energetic faculty and is accredited with a Ph.D. in the same field, by the Polytechnic University of Bucharest.

Alexandru Alexe

Has 36 years of professional experience, the leadership positions mostly, including as a member of the Board of Directors in important companies. Today, *inter alia*, he is a representative in the General Meeting of Shareholders of SN Nuclearelectrica SA and member of the preparatory and performance of the public offering of shares Committee.

During its work, he has obtained a rich experience in dealing with regulatory bodies in the energy sector and with international institutions. He also contributed to numerous projects of privatization and restructuring of companies in the energy sector, including nuclear energy. Mr. Alexe is a graduate of the Polytechnic Institute of Bucharest.

Daniela Lulache

Ms. Lulache is a member of the Board and General Manager of the Company. Daniela Lulache was counselor of the Vice Governor of the National Bank of Romania. Of the over 17 years of professional experience, she held for three years the position of Deputy General Manager, General Manager and Directorate Chairman of the SC Fondul Proprietatea, a shareholder of several energy companies, including Nuclearelectrica.

Ms. Lulache negotiated and finalized the transaction of minority stakes in CEZ Vanzare, CEZ Distributie and CEZ Services toward CEZ, considered to be the largest transaction of the mergers and acquisitions market in Romania in 2008. During her professional activity she has been actively

involved in the introduction of principles of corporate governance in companies held by the state and negotiated with international financial institutions (IMF, World Bank).

Mrs. Lulache graduated from the Academy of Economic Studies.

Ionel Bucur

Mr. Bucur is a member of the Board of Directors of the Company, CNE Cernavoda branch manager and member of the Board of Directors of Energonuclear. He has 35 years of professional experience, of which 22 participated in various functions in the management of the Cernavoda nuclear power plant, being involved in all stages of development of the company.

Under the coordination of the World Association of Nuclear Operators and the International Atomic Energy Agency, Mr. Bucur attended several assessment missions of worldwide nuclear plants. Mr. Bucur is a graduate of the Moscow Energy Institute in the field of Power Plants and Atomic Installations, Ph.D. in Engineering Sciences from Transylvania University, Brasov and participated in training programs in the management or nuclear field in Japan, Canada and USA.

Paul Dragos Popescu

Is on the Board of Directors of the Company and General Manager of EnergoNuclear. He has been operating in the nuclear field for over 35 years, covering areas such as design, planning, technical, investment and trade. As part of the team which negotiated with Canada and AECL –Ansaldo, Italy for the agreement of completing Unit 2 Cernavoda and involved in providing funding for the project, Mr Popescu has significantly contributed to the completion of this unit. He holds extensive knowledge in the field of nuclear safety, experience as a director and is a member of various teams of experts (International Atomic Energy Agency - Vienna FORATOM).

Mr Popescu has technical studies, the graduate of the Polytechnic Institute of Bucharest, Faculty of Power Engineering, Department of nuclear power plants.

Carmen Radu

Vice President of Eximbank and Member of the Supervisory Board of the Fund Counter Roman. She has over 34 years of professional experience, including over 21 in positions of administration / management. She has thorough knowledgeable of the financial legislation and participated even in the development of legislation (led the German – Romanian working group that drafted and first introduced in Romania the legislation on global income tax). Ms. Radu graduated from the Academy of Economic Studies, Ph.D. in Economics and is a member of professional bodies in the financial sector.

Dan Popescu

Secretary General of the Nuclear Agency for Radioactive Waste after an experience of 30 years in various technical and managerial positions in the field of nuclear energy. He also holds the position of Member of the Board of Directors of National Research and Development Institute of Physics and Engineering Technology. Mr. Popescu was a member of numerous national and international committees and delegations (eg. Member of the Steering Committee of the Global Nuclear Energy Partnership), has developed specialized works in the nuclear field, coordinated design activities for construction and assembly and commissioning a series of nuclear investment objectives. After graduation the Energetic Faculty, Nuclear Power Plant Division, Mr Popescu continued its theoretical preparation by participating in a series of training courses in his field of activity.*Activity of the Board of Directors; Position as President of the Board of Directors*

The meetings of the Board of Directors must take place whenever necessary, but at least once every 3 months. The Board of Directors shall gather, as a rule, at the Company's headquarters, or at any other place in the country or abroad, at the President's call or at the grounded request of 2 of the members or of the General Director.

The assemblies of the Board of Directors shall be chaired by the President and, in his absence, by any member, based on a mandate granted by the President.

The GAS elects among the present shareholders, one to three secretaries who will verify shareholders list, the minutes (drafted by technical secretary) determining the number of submitted shares and the performance of all formalities required by law and by the constitutive act for holding the meeting. The President may also elect, among the employees of the Company, one or more many technical secretaries.

The Board of Directors may validly make decisions if at least half of its members are present, with the vote of the majority of the present members. The resolution with regard to the appointment or revocation of the President shall be taken with the vote of the majority of the members of the Board of Directors. In the case of parity, the President shall have the decisive vote.

The resolutions shall be taken by show of hands, except for the case in which two thirds of the Board members request the secret ballot.

The President of the Board of Directors shall not have the decisive vote in the case of parity of the votes.

According to the Company's Statute, the Board of Directors shall approve its own Organization and Operation Regulation.

Beside the legal attributions, the Board of Directors also has the following attributions:

- a) approving the conclusion of long-term bank loans, including foreign loans, and setting the competencies and contracting level of the current internal or foreign bank loans, commercial loans and guaranties, including by share pledge, according the law;
- b) approving the change of the secondary object of activity;
- c) approving the conclusion of legal deeds by which it acquires, sells, leases, changes or constitutes guarantees over the Company's assets, whose value exceeds half of the accounting value of the company's assets at the conclusion date of the relevant deed, conclusion of said deeds to be performed only with the EGAS approval, in accordance with the law;
- d) setting competencies and contracting level of current bank loans, of short and medium term commercial loans and approving the issuance of guarantees;
- e) approving the mandate of the company's representatives in the GAS of Energonuclear SA.

2.2.3 General Director

The General Director shall represent the Company in its relationship with third parties, who shall act within the limits of the object of activity and in observance of the exclusive competences provided by law or by the Constitutive Act to the Board of Directors and GAS. The Board of Directors may delegate to the General Director one or more duties it has in its competence.

Starting from 30 April 2013, Ms. Daniela Lulache is the General Director of the Company.

2.2.4 Auditor of the Company

KPMG Audit SRL was appointed as independent financial auditor of the Company, the term of the mandate being established until 30.01.2014.

The financial auditor of the Company for the years ended 31 December 2010, 31 December 2011, 31 December 2012 and for the three months period ended 31 March 2013 was KPMG Audit SRL, based on the contract no. 285/10.03.2011 (audit services for 2010), no. 416/23.04.2012 (audit services for 2011) and no. 89/30.01.2013 (audit services for 2012 and for the 1st quarter of 2013), respectively. These contracts do not contain clauses for benefits at contract termination.

Subject to the provisions described in the "Risks" section, the Company complies with the companies' corporate governance regime in force in Romania.

2.2.5 Consultative Committees

In accordance with art. 34 GEO No. 109/2011 regarding corporative governance of public undertakings, by Resolution No. 7 of the Board of Directors of 26 April 2013, the Remuneration and Nominalization Committee was established with the following composition:

- Alexandru Alexe;
- Alexandru Sandulescu
- Carmen Radu

In accordance with art. 34 GEO No. 109/2011 regarding corporative governance of public undertakings, by Resolution No. 8 of the Board of Directors of 30 April 2013, the Audit Committee was established with the following composition:

- Carmen Radu;
- Alexandru Alexe;
- Dan Popescu.

E. Share Capital

The Company's current share capital, whose structure has not been subject to any changes since 13 November 2007 until present, is RON 2,536,823,610, divided into 253,682,361 shares, each having a par value of RON 10, held as follows:

- (i) The Romanian State represented by the Ministry of Economy holds 229,006,139 shares, each of RON 10, having a total par value of RON 2,290,061,390, representing 90.2707% of the share capital; and
- (ii) SC Fondul Proprietatea SA holds 24,676,222 shares, each of RON 10, having a total par value of RON 246,762,220, representing 9.7293% of the share capital.

A land having a surface area of 3,873.13 sq m, located at 78A Str. Principala, Stefan cel Mare Locality, Saligny Commune, Constanta County, for which the Company obtained a certificate attesting to the ownership right and whose estimated value on 31.12.2012 is of RON 32.752,74 was not included in its share capital.

In accordance with Law No. 137/2002, business entities undergoing privatization increase their share capital by the value of the lands in their patrimony (lands for which certificates attesting to the ownership right are issued). If the issuance of the certificate attesting to the ownership title over the lands was not followed by the proper increase of the share capital prior to the privatization, the share capital shall be increased as of right by the value of the lands, which shall

be considered as the contribution in kind of the State. In this case, additional shares are issued, which shall be held according to law by the public institution involved (as representative of the State).

On the date hereof, according to the information provided by the Issuer, no Shares held by the Issuer in its share capital exist.

The Issuer may acquire its own shares in the Company only in observance of the specific terms and conditions applicable in the case of acquisition of own shares according to the Companies Law and Commission Regulation (EC) No. 2273/2003 of 22 December 2003 implementing Directive 2003/6/EC of the European Parliament and of the Council as regards exemptions for buy-back programs and stabilization of financial instruments.

The Issuer is not aware of a right of acquisition or obligation related to the capital or of any undertaking to increase the share capital, except for the obligation to increase the share capital by the value of the lands for which the certificate attesting to the ownership right was issued and which was not included in the Issuer's share capital.

The Issuer is not aware of information regarding the share capital of any member of the Group forming the object of an option or a conditional or unconditional agreement providing the granting of options on the capital.

2.3. INFORMATION ON THE GROUP.

A. Branches

The Company has at present two (2) branches registered in Romania. The Company's branches are as follows:

- (i) **“CNE Cernavoda” Branch**, with its headquarters at 2 Str. Medgidiei, Cernavoda, registered with the Trade Registry under No. J13/3442/11 October 2007, according to Certificate of Incorporation issued on 17 October 2007 and holding Sole Registration Code 22554619 (**“CNE Cernavoda”**). The branch's main object of activity is production of electric energy - CAEN Code 4011². CNE Cernavoda Branch is authorized to perform *inter alia*, at its registered headquarters the following activities according to Standard Form No. 592955/18 April 2012, *i.e.*: Production of electric energy –CAEN Code 3511, Water collection, treatment and supply –CAEN Code 3600, Catchment and treatment of waste water –CAEN Code 3700, Warehousing and storage –CAEN Code 5210.

² CAEN Code corresponding to the former classification CAEN rev. 1.

- (ii) **“Pitesti NFC” Branch**, with its headquarters at 1 Str. Campului, Mioveni, registered with the Trade Registry under No. JO3/457/24 August 1998 based on the certificate of registration changed on 9 June 2008 and holding Sole Registration Code 11016037 (**“Pitesti NFC”**). The branch’s main object of activity is processing of nuclear fuel - CAEN Code 2446.

The Issuer declares that it has no secondary headquarters devoid of legal status (*e.g.* work points, agencies, offices, etc.) registered in Romania, except for CNE Cernavoda and Pitesti NFC.

Also, the Company has no subsidiary, branch, agency, work point or another secondary unit outside Romania.

The Company’s headquarters are located in Bucharest, 65 Polona St., Romania.

B. Shares held in other Companies. Professional Organizations in which the Company is a Member

Shares held in other companies

According to the information provided by the Issuer, the Company holds participations (*i.e.* 84.65% of the share capital) in a single company, *i.e.* in SC ENERGO NUCLEAR SA, registered with the Trade Registry under No. J40/3999/25 March 2009, holding Sole Registration Code 25344972.

Professional Organizations in which the Company is a Member

The Company was a founding member of the Romanian Energy Center – CRE Brussels (according to BD Resolution No. 5/11 April 2011), adhered to the Black Sea Regional Centre for Excellence in Renewable Energy (according to BD Resolution No. 2/24 February 2011) and is a member of the European Nuclear Installation Standard Systems (ENISS) (according to BD Resolution No. 6/27 April 2012). The Company is an active member of the World Association of Nuclear Operators (WANO), an international non-profit organization, which provides technical support and encourages all the operators of nuclear power plants under commercial operation to achieve the highest standards of nuclear safety. WANO members operate approximately 440 nuclear power units in more than 30 countries worldwide.

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

The Company also is a member of the CANDU Owners Group Inc. (COG) is a private non-profit organization funded by its members. COG members include owners/operators of CANDU power

reactors/PHWR worldwide, as well as the Candu Energy Inc. owner of the CANDU technology.

C. Information regarding participations

Energonuclear

1. Corporative Issues

SC Energonuclear SA, registered with the Trade Registry under No. J40/3999/25 March 2009, holding Sole Registration Code 25344972, with its registered headquarters at 5-7 Str. Vasile Lascar, 3rd Floor, District 2, Bucharest (hereinafter “**Energonuclear**”), is the sole company in which the Issuer holds participations (*i.e.* 84.65% of the share capital).

Energonuclear is authorized to perform at its registered headquarters the following activities, according to Standard Form No. 409165/27 October 2011:

- Trade of electricity – CAEN Code 3514;
- Construction of utility projects for electricity and telecommunications – CAEN Code 4222;
- Construction of other civil engineering projects n.e.c. – CAEN Code 4299;
- Site preparation works – CAEN Code 4312;
- Test drilling and boring – CAEN Code 4313;
- Electrical installation – CAEN Code 4321;
- Plumbing, heat and air conditioning installation – CAEN Code 4322;
- Other construction installation works – CAEN Code 4329;
- Roofing, framing and terracing activities for constructions – CAEN Code 4391;
- Engineering activities and related technical consultancy – CAEN Code 7112;
- Technical testing and analysis – CAEN Code 7120;
- Own office activities for the company.

1.1. Branches and Work Points

Energonuclear has a work point located at 2 Str. Medgidiei, Cernavoda, Constanta County, Postal Code 905200 – Office Building for the personnel for commissioning CNE Cernavoda Unit No. 2.

1.2. Object of Activity

Energonuclear's main activity is Engineering activities and related technical consultancy – CAEN Code 7112. Secondly, Energonuclear may perform the following secondary activities:

- Trade of electricity – CAEN Code 3514;
- Construction of utility projects for electricity and telecommunications – CAEN Code 4222;
- Construction of other civil engineering projects n.e.c. – CAEN Code 4299;
- Site preparation works – CAEN Code 4312;
- Test drilling and boring – CAEN Code 4313;
- Electrical installation – CAEN Code 4321;
- Plumbing, heat and air conditioning installation – CAEN Code 4322;
- Other construction installation works – CAEN Code 4329;
- Roofing, framing and terracing activities for constructions – CAEN Code 4391;
- Technical testing and analysis – CAEN Code 7120.

1.3. Shareholding Structure

According to the Constitutive Act, Shareholders' Register as kept by Energonuclear and Trade Registry, Energonuclear's shareholders on 30.06.2013 are as follows:

- (i) The Company, holding 31,409,408 nominative shares, each of RON 3.9389, having a total par value of RON 123,718,517.17, representing 84.65% of the share capital;
- (ii) Enel Investment Holding, holding 3,395,110 nominative shares, each of RON 3.9389, having a total par value of RON 13,372,998.78, representing 9.15% of the share capital; and
- (iii) ArcelorMittal Galati SA, holding 2,300,511 nominative shares, each of RON 3.9389, having a total par value of RON 9,061,482.78, representing 6.2% of the share capital.

1.4. Evolution of share capital

Energonuclear's share capital was, upon its establishment, RON 19,694,500 fully paid in, divided into 5,000,000 nominative shares, having a par value of RON 3.9389, held as follows:

No.	Shareholder	No. of Shares	Subscribed and Paid in Share Capital (RON)	Capital Quota
1.	The Company	2,550,000	10,044,195	51%
2.	ArcelorMittal Galati SA	310,000	1,221,059	6.2%
3.	CEZ a.s.	457,500	1,802,046.75	9.15%
4.	GDF SUEZ SA	457,500	1,802,046.75	9.15%
5.	Enel Investment Holding	457,500	1,802,046.75	9.15%
6.	Iberdrola Generacion S.A.U.	310,000	1,221,059	6.2%
7.	RWE Power AG	457,500	1,802,046.75	9.15%

Subsequently, as a result of a share capital increase by RWE Power Romania by the 457,500 shares held by RWE Power AG in Energonuclear, the transfer of the 457,500 shares to the new shareholder RWE Power Romania, affiliate of RWE Power AG, is registered in the Shareholder's Register of Energonuclear on 3 February 2010.

On 18 March 2010, Energonuclear's shareholders adopted EGAS Resolution No. 3/2010 whereby they acknowledged the transfer of the shares held by RWE Power AG in Energonuclear to affiliate RWE Power Romania SA and approved the increase of the share capital by EUR 15,000,000, *i.e.* RON 61,231,500 (RON 19,694,500 to RON 80,926,000), by issuing 15,545,330 shares. Each shareholder exercised its preference right at increase so that they maintain their initial participation quotas in the share capital. The newly issued shares were properly paid by all shareholders within the term established by EGAS, *i.e.* prior to 30 March 2010. The capital increase and the new shareholder were also properly registered with the Trade Registry by Ruling No. 38501/9 April 2010.

Subsequently, in December 2010 and February 2011, the Company concluded several shares assignment contracts whereby it acquired all shares held by shareholders CEZ a.s., GDF SUEZ SA,

Iberdrola Generacion S.A.U and RWE Power Romania SA that thus lost their capacity as shareholders of Energonuclear. Based on such contracts, the proper changes were made in the Shareholders' Register of Energonuclear, the Company thus becoming the holder of a quota of 84.65% of Energonuclear's total share capital. The transfer of shares from CEZ a.s., GDF SUEZ SA, Iberdrola Generacion S.A.U. and RWE Power Romania SA to the Company was also registered with the Trade Registry.

During the period comprised between June 2011 and August 2012, three successive operations to increase Energonuclear's share capital were conducted. Consequently, by EGAS Resolution 8/27 June 2011 the share capital increase by EUR 5,000,000, *i.e.* RON 21,080,000 (from RON 80,926,000 to RON 102,006,000) was approved by issuing 5,351,748 shares. Subsequently, on 25 January 2012, by EGAS Resolution No. 2 a new share capital increase by RON 21,711,997.23 (from RON 102,006,000 to RON 123,717,997.23) was approved by issuing 5,512,198 shares. Subsequently, by EGAS Resolution No. 6/24 August 2012 a last operation to increase the capital by EUR 5,000,000, *i.e.* RON 22,435,002.50 (from RON 123,717,997.23 to RON 146,152,998.73) was approved by issuing 5,695,753 shares.

Each shareholder exercised its preference right at all three increase operations so that they maintain their participation quotas in the share capital, as follows: (i) the Company – 84.65%, (ii) Enel Investment Holding – 9.15% and (iii) Arcelormittal Galati SA – 6.2%. The newly issued shares were paid by all shareholders within the term established in the increase resolutions, *i.e.* prior to 8 July 2011, 6 February 2012 and 10 September 2012.

All three operations to increase the share capital were properly registered both in the Shareholders' Register and with the Trade Registry.

1.5. Shares

The shares issued by Energonuclear are nominative shares and are registered in the Shareholders' Register of Energonuclear.

At present, the par value of the Company's shares is RON 3.9389/share.

The shares are issued in a dematerialized form. In accordance with the information registered in the Shareholders' Register of Energonuclear, at present there are and there were no encumbrances or other obligations with regard to the shares issued by Energonuclear.

1.5.1. Rights Arising out of Shares

According to Energonuclear's Constitutive Act, each subscribed and fully paid share grants its holder the following rights:

- (i) The right to vote in the general assembly of shareholders;
- (ii) The right to elect and be elected to the Board of Directors as director (directors);
- (iii) The right to the distribution of profits;
- (iv) The right to take over electricity from the Units proportionally to the percentage of shares held in Energonuclear.

The dividends shall be distributed to the shareholders proportionally to the number of shares they held. The losses shall be borne by the shareholders proportionally to their contribution to the share capital and always within the limits of the paid in share capital.

1.6. Management and Supervisory Bodies

In accordance with the Constitutive Act, Energonuclear's management bodies are: (i) GAS; (ii) Board of Directors. Apart from the abovementioned, an Internal Auditors department is set up within the Company, which also has concluded an agreement with a Financial Auditor

1.6.1. General Assembly of Energonuclear's Shareholders

GAS is the Company's main corporative governing body, which decides on the Company's activity, economic and business policy. In accordance with the legal provisions and the Constitutive Act, there are two types of GAS, *i.e.* OGAS and EGAS.

A. GAS' Powers

OGAS

In accordance with the Company's Constitutive Act, in addition to the legal competences, OGAS authorized to decide on:

- (i) initiation of liability proceedings against the members of the Board of Directors for the damages caused to Energonuclear;
- (ii) approval of the reports of the Board of Directors in connection with the supervision activity carried out by such;
- (iii) placement or establishment of an encumbrance on all or part of Energonuclear's units.

EGAS

In accordance with the Company's Constitutive Act, EGAS is authorized to decide with regard to the following:

a) Main Issues:

- (i) Any investment made by Energonuclear exceeding EUR 1,000,000 as regards a single transaction and/or exceeding EUR 10,000,000 cumulated with other transactions in any financial year and/or exceeding by 20% the amount for the respective item of the approved budget for the respective financial year and/or relating to an item or category which is not included in the approved budget;
- (ii) Conclusion by Energonuclear of any contract, undertaking of any obligation or commitment which:
 - May not be terminated within 12 months, or
 - Might incur expenses or undertaking of any other important obligation by Energonuclear and cumulated exceed EUR 1,000,000, in a single financial year; or
 - Are related to an item or category which is not included in the approved budget.
- (iii) Any actual or proposed operation to lease, license or divide possession or occupancy of any property owned or occupied which might be acquired by Energonuclear;
- (iv) Amendment of any terms of any of the insurance policies of Energonuclear or conclusion of any additional insurance policies or insurance policies at the replacement value, other than renewals of Energonuclear's policies, mainly under the same conditions as those in force on the respective date;
- (v) Initiation, exercise, settlement or cancellation of any claim, litigation, arbitration or other proceedings involving Energonuclear and any acknowledgment of liability by Energonuclear or in its name (except for the cases in connection with the collection of debts in the regular course of business) that does not exceed EUR 50,000 for any unique claim or a total cumulated amount of EUR 100,000 in connection with all claims of any financial year;
- (vi) Making any important changes (from the point of view of employee or category of relevant employees) in the employment conditions and terms of any employee or category of employees or making any changes in the employment terms or duties in respect of employment, dismissal or termination of the labor contract of any employee with an annual remuneration exceeding EUR 100,000;
- (vii) Appointment of any lawyers, attorneys-in-fact, agents or sub-contractors of Energonuclear to the extent that such lawyers, attorneys-in-fact, agents or sub-contractors represent

Energonuclear or undertake obligations in the name or on behalf of Energonuclear, or, in the case of sub-contractors, on their account, exceeding a cumulated amount of EUR 2,000,000 in connection with any transaction;

- (viii) Making or amendment of any share distribution plan for employees and/or issuance of any options within such plan;
- (ix) Amendment of the organizational chart and number of employees of Energonuclear;
- (x) Settlement of any deadlocks if the Board of Directors may not make a decision as a result of non-fulfillment of the voting conditions.

b) Additional Issues

- (i) Any proposal for abolishment, dissolution, liquidation of Energonuclear or appointment of a liquidator;
- (ii) Any increase of Energonuclear's subscribed share capital or issuance of any shares in Energonuclear (as bonus, rights or in another manner) and/or granting of any option or right to acquire or request their issuance by conversion, subscription or another manner;
- (iii) Decrease of Energonuclear's subscribed share capital or redemption or purchase by Energonuclear of any share or decrease of the share capital, or of any obligation not transferred or paid with regard to such, of the reserve for the redemption of the capital or of the account of Energonuclear's share premiums;
- (iv) Issuance of bonds of any type whatsoever;
- (v) Any amendment of the Constitutive Act, unless otherwise provided in Law No. 31/1990;
- (vi) Transformation of Energonuclear into another type of business entity;
- (vii) Establishment of a pledge, mortgage or establishment of an encumbrance in any other manner whatsoever or granting of any option by a shareholder over any of the shares held by it in Energonuclear and any interest related to such shares;
- (viii) Establishment or placement of an encumbrance with regard to the entire property or part of the property or assets of Energonuclear or acceptance by Energonuclear of any encumbrance for its benefit, other than provided in item (vii) above;
- (ix) Creation by Energonuclear of any types of loans, debts or loan type obligations (including, but not limited to, obligations based on any claims, bond, promissory note, debt security or other securities of Energonuclear and obligations based on financial leasing) unless

- otherwise specifically provided in the approved budget for the relevant year or by usual commercial credit or conclusion, amendment or cessation of granting of any compensation by Energonuclear or in its favor;
- (x) Any actual or proposed sale or any other alienation of any assets or rights of Energonuclear or any actual or proposed acquisition of any assets or rights by Energonuclear exceeding the cumulated amount of EUR 2,000,000 in any financial year, unless otherwise expressly provided in the approved budget, except, in any case, for the current assets used in the regular course of business of Energonuclear;
 - (xi) Acquisition by transfer, subscription or another manner of any shares or debt securities or other participations in any company, corporation or entity, or transfer thereof or another type of alienation thereof or reduction of Energonuclear's participation or interests;
 - (xii) Relocation of Energonuclear's headquarters or relocation of Energonuclear's operations;
 - (xiii) Conclusion by Energonuclear of any type of partnership, joint venture or another profit distribution agreement;
 - (xiv) Any important change in Energonuclear's organization or the manner in which it carries out its activity, cessation of activity by Energonuclear or performance of activity at a substantially reduced size;
 - (xv) Conclusion of any profit distribution plan by Energonuclear;
 - (xvi) Any down payment, loan or cash deposit contracted by Energonuclear other than in the regular course of business;
 - (xvii) Any assignment of the goodwill or establishment of a pledge on such;
 - (xviii) Any transaction with any person to be concluded other than arm's length and for the total value or any transaction with a shareholder or affiliate of any shareholder, except for the cases of item (ix) above;
 - (xix) Energonuclear's involvement in any activities outside the regular course of business;
 - (xx) Any alienation of licenses or authorizations;
 - (xxi) Making any change to the agreed accounting practices and policies, except for the case in which such change is recommended by auditors as a result of a change in the generally accepted accounting practices applicable to the companies carrying out activities similar to Energonuclear's activity or as a result of a change in legislation;

- (xxii) Any merger, consolidation, division, spin-off or any other corporative reorganization form according to Romanian legislation;
- (xxiii) Establishment of branches, agencies, representative offices or other units devoid of legal status;
- (xxiv) Any other mandatory duties provided by Romanian law.

B. Call

In accordance with the Constitutive Act, GAS shall be convened by the Board of Directors.

OGAS must be convened at least once a year, in the first four (4) months of each financial year. EGAS shall be convened whenever necessary, at least once every six (6) months.

At the request of the shareholders representing, either individually or collectively, at least 5% of the share capital, the Board of Directors shall call the meeting within 7 days from request.

The meetings shall be held at the headquarters or at any other place indicated in the call, inclusively abroad. Meetings may be organized by telephone, videoconference call or other communication equipment allowing all attending persons to hear themselves.

Shareholders may exempt from the call requirements provided in the Constitutive Act or law if the present shareholders represent 100% of the share capital and related voting rights and none opposes that the meeting be organized. In this case, the assembly may make decisions with regard to any issues related to its prerogatives and duties.

C. Quorum

OGAS and EGAS shall be dully convened and may make decisions at the first call if the present or represented shareholders represent 100% of the shares and voting rights, in which case GAS may make decisions as follows:

- (i) In the case of OGAS, with the vote of the shareholders representing:
 - 75% of the votes cast in the assembly;
 - a majority of over 85% of the share capital and voting rights for issues related to the discussion, modification and approval of the financial statements, approval of the income and expense budget and activity schedule; and
 - unanimity in the case of appointment and/or revocation of BD members.

- (ii) In the case of EGAS, with the vote of the shareholders representing 75% of the votes cast in the assembly, except for the cases provided by letter E below.

At the second call, GAS may debate the topics on the agenda of the first assembly:

- (i) in the case of OGAS, irrespective of the number of participating shareholders, with the majority of the votes cast in the meeting, except for the case in which issues related to the discussion, modification and approval of the financial statements, approval of the income and expense budget and activity schedule are voted, when a majority of over 85% of the share capital and voting rights is required;
- (ii) in the case of EGAS, resolutions are taken in the presence of the shareholders representing over 75% of the shares and voting rights with a majority of over 75% of the votes of the shareholders present or represented in the assembly, except for the cases provided by letter E below.

D. Quorum and special voting rights in Energonuclear's EGAS.

Whenever the topics mentioned in Section 1.6.1. - A) - b) above are on the agenda, the quorum conditions are met if at the first call the shareholders representing 100% of the shares and voting rights are present or represented, and if at the second call the shareholders representing 70% of the shares and voting rights are present or represented.

If the quorum conditions are met, resolutions may be taken only with the unanimous vote of the shareholders present or represented in the assembly, irrespective of whether it is the first or the second call.

If the topics mentioned in Section 1.6.1. - A) - a) above are on the agenda, items (i), (ii), (vii) and/or (x), irrespective of whether it is the first or the second call, resolutions shall be validly taken with a majority of over 85% of the share capital and voting rights.

The decisions with regard to the decrease or increase of the share capital shall be made based on EGAS' unanimous resolution.

E. Exercising Voting Rights in GAS

GAS resolutions shall be taken by public vote. By way of exception, the secret ballot is compulsory in the following circumstances: (i) appointment or revocation of the members of the Board of Directors, (ii) appointment or revocation of financial auditors and (ii) for establishment of any actions to be taken against the members of the Board of Directors, Energonuclear's management or auditors.

1.6.2. Board of Directors

Energonuclear is administered in a unitary system. The Board of Directors is formed of 5 persons elected by OGAS for a period of four (4) years. The President of the Board of Directors is appointed by the unanimous consent of the shareholders at the proposal of each shareholder for a period of maximum two (2) years, without the possibility to be reelected as president.

In the case of vacancy of a position in the Board of Directors, the Board of Directors shall appoint an interim administrator, nominated by the same shareholder that nominated the administrator whose position remained vacant for a mandate equal to the period remaining until the expiry of the predecessor's mandate and until the appointment of the new administrator by GAS.

Energonuclear's Constitutive Act provides that:

- each shareholder (except for the Company) may propose the appointment of an administrator.
- As long as:
 - (i) the Company's percentage is equal to or smaller than 50%, the Company shall be entitled to appoint, propose the appointment, designation, revocation or replacement of an administrator for each administrator appointed by a shareholder based on this clause minus an administrator, provided that, if there is a single shareholder, that shareholder is entitled to appoint, propose the appointment, revocation or replacement of two administrators, and the Company shall be entitled to appoint, propose the appointment, revocation or replacement of a single administrator; and
 - (ii) the Company's percentage is higher than 50%, as a result of the transfer of shares in Energonuclear according to Clause 12.3. of the Constitutive Act, the Company shall be entitled to appoint, propose the appointment, revocation or replacement of a number of administrators equal to the number of administrators appointed by all the other shareholders plus an additional administrator.
- If any shareholder (except for the Company) obtains the resignation of all its administrators based on the provisions of the Constitutive Act, the Company shall obtain the resignation (and shall lose the right to appoint) of a corresponding number of administrators, so that the number of administrators that the Company may appoint, revoke or replace be at any moment that provided in this clause.

- The right to appoint an administrator shall include the right to replace or request the revocation of such administrator.

The current mandates of the members of Energonuclear's Board of Directors expire on 22 April 2015. At present, its composition is as follows:

- Ionel Bucur – President;
- Alexandru Sandulescu – member;
- Luca D'Agnese – member;
- Elena Marilena Negulici - member;
- Ionel Bors – member.

Energonuclear is represented in its relationship with third parties by the General Director together with one of the other directors of the Company appointed by resolution of the Board of Directors. At present, the position as General Director is held by Mr. Dragos Popescu, appointed by Resolution No. 4/7 June 2010 of the Board of Directors.

1.7. Auditor of the Company

Energonuclear is subject to financial audit and KPMG Audit SRL was appointed auditor in this respect.

2.4. OPERATIONS WITH INVOLVED PERSONS

The Company does not carry out operations with persons involved. However, it is important to mention the involvement of the Company in Project CNE Cernavoda Units 3 and 4 ("**Project 3 and 4**").

Energonuclear was established in order to develop and implement the Project Units 3 and 4 from Cernavoda.

On 23 December 2008, investors CEZ, Ibedrola Generacion SAU, GDF SUEZ SA, RWE Power Romania and the Company concluded the investment agreement (the "**Investment Agreement**") in order to regulate the pre-project period necessary for drafting the feasibility documentations of Project 3 and 4, provided to be concluded on 24 September 2010 by making the final decision to participate in the performance and finalization of Project Units 3 and 4 of Cernavoda.

The final date of 24 September 2010 was amended further to concluding Additional Act 1, which

extended the validity term by three (3) months, until 31 December 2010. At the beginning of December 2010, as a result of the waiver of participating in Project 3 and 4 by the Czech company CEZ a.s. and the decrease of the Company's participation below 51%, Additional Act No. 2 was executed whereby the deadline was extended until 28 February 2011.

On 19 January 2011, another three investors (GDF Suez, Ibedrola Generacion SAU and RWE Power Romania) notified their decision to withdraw from Project 3 and 4. The Government of Romania approved the continuation of the Company's participation in Energonuclear by taking over a quota of 33.65% related to such investors, the Company thus acquiring a participation in Energonuclear of 84.65% given that the initial target participation quota approved by the Government's Memorandum of 8 December 2010 was 40%.

On 28 February 2011, the Company concluded with ArcelorMittal Galati SA and Enel Investment Holding BV Additional Act 3 (hereinafter referred to as the "**Revised Investment Agreement**"), in order to amend and rephrase the Investment Agreement and improve the effectiveness of development of Project 3 and 4, extending the deadline of making the final investment decision in Project 3 and 4 until 31 December 2012.

According to the Revised Investment Agreement, the following issues were provided:

- a) Decrease of the Company's participation in Energonuclear up to 40%, because a participation of 84.65% may not be supported, either by the transfer to the existing or third investors, or by refraining from subscription of new shares issued by Energonuclear within an increase of the social capital or a combination of such methods;
- b) Regulation of a so-called alternative option in favor of the current foreign investors remaining in Project 3 and 4, according to which ArcelorMittal Galati SA and Enel Investment Holding BV obtained the right to subscribe Energonuclear's shares at par value, in addition to the percentage held or to acquire shares from the Company at a price equal to the par value, so that the percentage of ArcelorMittal Galati SA reach up to 11% and the percentage of Enel Investment Holding BV reach up to 19%;
- c) Agreement on a new approach of the pre-project stage, the decision-making process regarding the final investment decision in Project 3 and 4 to be carried out in two stages, with the adoption of the First Investment Decision ("**DI1**") provided to be made at the half of 2012 and of the Second Investment Decision ("**DI2**") provided to be made at the half of 2013. At the time of the Second Investment Decision, the investors remaining in Project 3 and 4 after the time of the First Investment Decision have to decide if they remain or withdraw from Project 3 and 4, in the latter case they shall pay a penalty of EUR 10 million. The parties also agreed on the

definition of two additional contractual terms Deadline 1 (“**DL1**”- 31 December 2012) and Deadline 2 (“**DL2**” – 31 December 2013) in order to prevent the automatic termination of the Revised Investment Agreement if upon DI1 and DI2 the conditions based on which the investment decisions have to be made are not still met;

- d) The two new units shall be operated and maintained by the Company either directly or by establishing a distinct operation entity which shall altogether operate all 4 units based on an operation contract.

In order to decrease the Company’s participation in Energonuclear at 40%, a process to select new investors was initiated in the autumn of 2011, a Commission for preparing the procedure was appointed by Order of the Minister of Economy, Trade and Business Environment. The Commission decided to extend the initial term for submission of the binding offers from 15 December 2011 to 15 March 2012 and, subsequently, the second time until 15 September 2012 and also to revise some of the requirements imposed to potential investors. In May 2012, the revised documentation for submission of binding offers was approved; however, no offer was submitted until 15 September 2012.

The approval by the Government of a set of measures which shall lead to a greater attractiveness to Project 3 and 4 was raised, out of which the analysis of the possibility of granting the State guarantee and the approval of the Company’s integral deregulation on the free energy market are the most important. As a result, a memorandum to extend the Project after 1 January 2013 was forwarded to the Government, including the following main proposals submitted to the Government for approval:

- (i) Firstly, extension of the term of the Revised Investment Agreement also after 1 January 2013 in order to create the premises of attracting new investors and continuing the carrying out of the project by cooperation of the three investors existing at present for a period up to 31 December 2013 at the latest;
- (ii) Secondly, if the Company does not reach an agreement with the two existing investors, the Company to redeem the shares held by the two investors at maximum their par value, so that to hold 100% of Energonuclear’s share capital, the Revised Investment Agreement shall be terminated by the withdrawal of Enel Investment Holding NV and ArcelorMittal Galati SA.

The aforementioned memorandum was approved in the Government meeting of 14 November 2012.

According to the Memorandum regarding the action necessary to continue the performance of project CNE Cernavoda Units 3 and 4, approved by the Government of Romania on 14 November 2012 (the "**Memorandum**"), the following steps were taken during the period comprised between 2009 and 2012:

- a) The European Commission issued the favorable opinion regarding the finalization of Units 3 and 4, which certifies the acceptance of CANDU technology at European level;
- b) A detailed technical evaluation of the technical constructions existing on the location at Cernavoda was conducted, revealing that such may be used for the continuation of Project 3 and 4, which evaluation was conducted by AECL (at present CANDU Energy Inc. Canada), a Canadian company designer of CANDU type nuclear plants, sole holder of CANDU license;
- c) The authorization requirements of Project 3 and 4 were established, the National Commission for Nuclear Activities Control issued in May 2012 a letter of comfort confirming that Project 3 and 4 is authorizable;
- d) The documentation necessary to obtain the environmental endorsement was finalized, by conducting a study on biodiversity in Cernavoda area, and the Technical Endorsement Commission of the Ministry of Environment and Forests decided to issue the environmental endorsement and published the decision on the ministry's website. On 12 September 2012, the decision for the issuance of the environmental endorsement was made;

Also, the Memorandum provides that the Seismic Hazard Study of the location was finalized, and such study was verified and accepted by experts of the International Atomic Energy Agency in Vienna.

The Feasibility Study finalized in September 2012 was conducted, according to the Memorandum, by association Ernst&Young and Candesco-Canada and HB Global as sub-contractor, the conclusion being that Project 3 and 4 represents a long term solution for providing electrical energy in Romania, the investment costs being EUR 6,450 billion without any interest for the construction period and VAT and that Project 3 and 4 is profitable and competitive on long term on the electricity market.

The Feasibility Study was endorsed by the Technical and Economic and Scientific Councils of Energonuclear and of the Company and endorsed by the Boards of Directors of the two companies.

1.1 Options for Continuing the Project after 1 January 2013

In consideration of the *de facto* situation, the Memorandum provides that the approval by the Government of a set of measures which shall lead to a greater attractiveness to the Project is

required, out of which the analysis of the possibility of granting the State guarantee and the approval of the Company's integral deregulation on the free energy market are the most important.

Other measures taken into account by the Memorandum are:

- Modification of the legal regime of the ownership right over the heavy-water in the Company's patrimony intended for Units 3 and 4, taking into account that such was financed also by State budgeted commitments and ensuring its storage conditions on long term at ROMAG;
- Regulation of the concrete manner of contribution in kind of heavy-water which shall enter the property of the Romanian State;
- Amendment of the legislation regarding management funds of waste and decommissioning, for ensuring the financial securitization of the sums of money to be collected during the lifetime of the groups;
- Involvement of CN Transelectrica SA in the works of strengthening power lines of power evacuation from the 4 nuclear units, inclusively by identifying the manners whereby such may bear the related costs, given that the lines constructed in Cernavoda junction station had the capacity and were intended for power evacuation and entrance for the 4 units;
- Pushing forward rapidly with the execution work on the Danube in Sector B, which works will also ensure the necessary cooling water flow rates for the 4 groups, in order to observe the finalization term (2014);
- Taking actions at the level of the European authorities for confirming the compliance of the measures in the state aid and competition field with the European legislation in the field;
- Taking actions for promoting the Project;
- Analysis of alternative commercial approach methods for the finalization of the two units, by "large stocks contracts", etc;
- Actions concerning the finalization of only one unit.

Under these conditions, the Memorandum identifies four options:

- i) Extension of the term of the Investment Agreement also after 1 January 2013 until 31 December 2013 at the latest by taking all measures necessary for amending the Investment Agreement.
- ii) Continuation of Project 3 and 4 by the redemption by the Company at maximum the par value of the shares held by the two foreign partners so that Energonuclear become a subsidiary, and

termination of the Investment Agreement by the withdrawal of ArcelorMittal Galati SA and Enel Investment Holding BV.

- iii) Termination of the Investment Agreement on 31 December 2012, cessation of Energonuclear's activity and Energonuclear's dissolution followed by liquidation, and Project 3 and 4 shall be further carried out exclusively within the Company, in which case the possibility to finalize a single nuclear unit will be analyzed;
- iv) Waiver of Project 3 and 4, if alternatives in covering the request for electric energy are identified and Romania's Energy Strategy approved by GD 1069/2007 is amended.

The Memorandum provided the first option for approval, which was also approved by the Government, *i.e.* extension of the validity term of the Investment Agreement also after 1 January 2013 for a period until 31 December 2013 at the latest.

1.2 Provisions of the Revised Investment Agreement

According to the Revised Investment Agreement, Project 3 and 4 shall be developed by Energonuclear and each of the investors has the obligation to maintain throughout the Revised Investment Agreement either a minimum investment rating, or an alternative guarantee, or a guarantee of the parent-company, the breach of such obligation representing an infringement of the Revised Investment Agreement, Enel SpA and ArcelorMittal SA provided the guarantee of the parent-company for guaranteeing the obligations of Enel Investment Holding NV and ArcelorMittal Galati SA.

Investors shall provide funds for the development of the Project by additional increases of Energonuclear's share capital or by loans granted to Energonuclear. In the case of capital increases, the Investors shall have the obligation to pay a subscription only at the minimum contribution (30% of the subscribed amount), and Energonuclear's Board of Directors shall be entitled to request additional funds to the extent that such are necessary for the development of the Project.

Also, the Company shall bring as contribution in cash in Energonuclear assets or any combination, at its sole discretion, in the period between Investment Decision Date I (*i.e.* 31 December 2013) and Investment Decision Date II (*i.e.* 1 December 2014). In the case of the contribution in assets, the Company shall contribute with only those assets that the Investors reasonably consider necessary for the development of the Project until Investment Decision Date II, their value being determined by an independent expert. If, prior to Investment Decision Date I, the Company does not reach an agreement with regard to the evaluation of the assets, the relevant provisions for the termination of the Revised Investment Agreement shall apply.

Based on the alternative option granted to the two investors, ArcelorMittal Galati SA and Enel Investment Holding BV are entitled to:

- (i) subscribe shares in Energonuclear at par value in addition to their percentage; or
- (ii) acquire shares from the Company at par value so that the percentage of ArcelorMittal Galati SA may reach up to 11% and the percentage of Enel Investment Holding BV up to 19%.

In order to implement the alternative option, the Company shall refrain from subscribing shares issued by Energonuclear to allow ArcelorMittal Galati SA and/or Enel Investment Holding BV to hold the target participation quotas in Energonuclear.

As regards the Investors' right of withdrawal, it is provided that any of the investors may terminate the Revised Investment Agreement by a notification to the other investors and a copy to Energonuclear (the "EU Notification") at any time from Investment Decision Date II or prior to such if an unconditional approval, authorization or favorable opinion of the European Commission or national authority in the competition field necessary for the construction, decommissioning or operation of the Units or for the execution of any of the relevant contracts is not granted or issued. Similarly, any of the investors may terminate the Revised Investment Agreement by the communication of a notification to the other investors, with a copy to Energonuclear (the "Environmental Notification") at any time from Investment Decision Date II or prior to such if the environmental endorsement is not obtained.

In these cases, the provisions regarding the breach of the Revised Investment Agreement and withdrawal of the respective Investor shall apply.

As regards the termination, the Revised Investment Agreement provides as follows:

- (i) The Revised Investment Agreement shall be partially terminated between the investor in default and the other investors if an event of default occurs and the shares of the investor in default were assigned according to the Revised Investment Agreement. The termination shall automatically occur, without any other formality or intervention of the court of law and shall produce effects from the date when the shares were acquired according to the Revised Investment Agreement.
- (ii) The Revised Investment Agreement shall be terminated in full with immediate effect by a notification submitted by the Company to the other shareholders at any time throughout the performance of the Revised Investment Agreement if less than two investors remain.

In the case of assignment of shares held in Energonuclear, the Revised Investment Agreement provides that any investor, assignor may transfer the shares held only in full to one of its affiliates,

assignees, provided that the following conditions are met:

- (i) Assignee has the minimum investment rating or, on the transfer date or prior to such, established an alternative guarantee or a guarantee of the parent-company and is domiciled in the EU;
- (ii) The respective assignee executes a contract with the assignor confirming that it grants its unconditional and absolute consent to be bound by the terms and conditions of the Agreement; and
- (iii) If the assignee ceases to be an affiliate of the assignor, they have to notify the other investors and Energonuclear with regard to the respective event and ensure that the shares at issue are transferred back to the assignor or to one of its affiliates which shall fulfill the provided conditions. If such transfer did not occur within 30 days from the notification of the investors or from the date when they became aware of the respective event in another manner, the assignee shall be considered to have received a notification of the event of default, which shall determine the application of all consequences resulting from such.

Further to the execution of Additional Act 4 of 21 December 2012, the Parties extended the term of the Revised Investment Agreement until 30 June 2013. By Additional Act 4, the parties undertake their obligation to ensure that:

- (i) No decision will be made prior to 30 June 2013 whereby to decide on the increase of the existing budget of Energonuclear, of the share capital or any other financial undertaking implying the supply of additional financial funds by the parties; and
- (ii) Energonuclear will conclude no financial undertaking which may conflict with item (i) above and involve additional funds from the parties.

In addition, in accordance with decision no. 15/2013 of the Extraordinary General Meeting of the Company's Shareholders, Addendum no. 5 to the Investment Agreement was approved, extending the validity period until 31.08.2013.

In accordance with decision no. 22/29.08.2013 of the Extraordinary General Meeting of the Company's Shareholders, Addendum no. 6 to the Investment Agreement was concluded, mainly setting forth the following:

- (i) the establishment of a right of option in reliance upon which, on or by the Investment Decision Date I, subject to a written notice delivered to the other party to the Investment

Agreement, the Company, the Investors, respectively, may purchase/may sell and the Investors, the Company, respectively, shall have the obligation to sell/purchase all shares held in EN, at the option exercise price equal to 80% of the face value of the shares (currently, RON 3.15112/share). The Company may also exercise the option right created in its favor in relation to the EN shares held by only one Investor, as well as only in respect of several of the EN shares held by both investors. .

- (ii) agreeing upon a new schedule for additional activities by the Investment Decision Date I, able to lead to an improvement of the feasibility of Projects for Units 3 and 4, in order to create an attractive business model;
- (iii) by Investment Decision Date I, no decision shall be adopted to increase the current EN budget, to increase the share capital of EN or to conclude any financial arrangement on behalf of EN (save for the financial arrangements undertaken by the parties in relation to the activities specified in item (iii) above).

According to the statements provided by the aforementioned members of the administration, management and supervisory bodies of the Issuer:

- no family relationships exist among the members of the administration, management and supervisory bodies;
- no member of the administration, management and supervisory bodies was convicted for potential frauds perpetrated in the past five years;
- no member of the administration, management and supervisory bodies acted in similar capacities within any company undergoing bankruptcy proceedings, seizure or liquidation in the past five years;
- in the past five years, no member of the administration, management and supervisory bodies was accused and/or officially publicly sanctioned by the regulation authorities or professional bodies or was disqualified by any court to act as a member of the management, administration and supervisory bodies of an issuer or to act in managing and carrying out the business of any issuer.

The companies within which the aforementioned persons were members of an administration, management and supervisory body in the past 5 years are presented below:

Name	Company	Position	Period	Current Position
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				(Yes/No)
Sandulescu Alexandru	SN Nuclearelectrica SA	Member of the Board of Directors Chairman of the Board of Directors	Din 2010 2011 - 2012	yes
	SC Energonuclear SA	Member of the Board of Directors	Din 2009	yes
	SC EOn Moldova Distribuție SA	Member of the Board of Directors	Din 2009	yes
	SC Electrica SA	Member of the Board of Directors	2006 – 2007	no
	CN Transelectrica SA	Member of the Board of Directors	2006 – 2011	no
	- SC CE Rovinari SA	Member of the Board of Directors	2007 – 2010	no
	SC Termoelectrica SA	Member of the Board of Directors Chairman of the Board of Directors	2011 – 2012 2012	no

	SC Hidroelectrica SA	Member of the GAS	2006 – 2011	no
	SC Electrocentrale Deva SA	Member of the GAS	2007 – 2011	no
Alexe Alexandru	S.C. Uzina Termoelectrica Midia S.A.	Member of the Board of Directors	June 2009 – June 2011	no
	S.C. Uzina Termoelectrica Midia S.A.	Chairman of the Board of Directors	June 2011 – June 2015	yes
	S.C. Romaero S.A.	Chairman of the Board of Directors	August 2011- August 2012	no
	Complexul Energetic Oltenia S.A.	Member of the Supervision Board	January 2013 – 28 June 2013	no
	E.ON Energie Romania	Member of the Board of Directors	20 June 2013 – 20 June 2017	yes
Radu Carmen	Eximbank SA	Chairman of the Board of Directors and Executive Chairman	2005-2009	no
	Adf Audit Management	Sole Associate	2009-present	yes

	SRL	and Director		
	Fondul Roman de Contragarantare	Member of the Supervision Board	2012- present	yes
	Eximbank SA	Vicepresident	2013- present	yes
	R.a.Romatsa	Member of the Board of Directors	2013-present	yes
Daniela Lulache	SN Nuclearelectrica SA	General Manager Member of the Board of Directors	April 2013 – present	yes
	SC Fondul Proprietatea SA	General Manager Chairman of the Directorate	2008-2009	no
	SC Eqvon Finance SRL	Managing Partner	2010-2012	no
Dan Popescu	SN Nuclearelectrica SA	Member of the Board of Directors	April 2005 – November 2012	no
	Institutul National de Cercetare – Dezvoltare pentru Fizica si	Member of the Board of Directors	June 2006 – present	yes

	Inginerie Nucleara – Horia Hulubei			
	SN Nuclearelectrica SA	Member of the Board of Directors	April 2013 – present	yes

None of the members of the administration, management and supervisory bodies holds Shares at the Company or options associated to the Issuer's Shares.

2.5. CONFLICTS OF INTEREST

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

Issuer further declares that, there is no agreement or understanding among the members of the administration, management and supervisory bodies and the main shareholders, customers, suppliers or other persons, under which the aforementioned persons have been elected members of any administration, management and supervisory body.

None of the members of the administration, management and supervisory bodies of the Issuer has accepted any restrictions for a certain period of time with respect to a possible assignment of their participations in the share capital of Nuclearelectrica.

2.6. REMUNERATION AND BENEFITS

2.7.

The Extraordinary General Meeting of the Company's Shareholders approved, on 24 July 2013 the Company's Management Plan (attached hereto) prepared by the Company's Board of Directors, as well as the Management Master Agreement.

Remunerations and benefits for members of the Board of Directors for the last financial exercise (2012)

Name	Position	Remuneration – RON (2012)	Other benefits
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Name	Position	Remuneration – RON (2012)	Other benefits
1. SANDULESCU ALEXANDRU	President of the Board of Directors	737	0
2. OPREA CALIN MARIUS (ex- member)	Member	670	0
3. POPESCU DAN	Member	670	0
4. PATRICHE CEZAR – FLAVIAN (ex- member)	Member	737	0
5. DUMITRU ION (ex-member)	Temporary member	0	0
6. PAUL GHEORGHIU (ex-member)	Temporary member	0	0
7. GHEORGHE DAN VALENTIN (ex- member)	Member without remuneration	0	0

Detailed information referring to the remuneration policy and criteria for the Company's directors and officers may be found on the Company's website, at the following address:
<http://www.nuclearelectrica.ro/despre-noi/informatii-de-interes-public-c3bf4/politica-de-remunerare-snn-sa-174c5/>.

Mr. Dina Dumitru-Director of Strategy Development, held the position of interim Chairman and General Manager of SNN S.A. as of 7 December 2011 until 25 April 2013, when the new General Manager of the company was appointed, in the person of Mrs. Lulache Daniela.

Mr. Ionel Bucur had the position of of CNE Cernavoda branch manager, without being part of the SNN board in 2012. Since 25 April 2013, Mr.Bucur is a member of the BD within SNN S.A.

3. SELECTED FINANCIAL INFORMATION

3.1. FINANCIAL AUDITORS

The Issuer's financial statements for the years ended 31 December 2010, 31 December 2011 and 31 December 2012 were audited by KPMG Audit SRL, a Romanian company having its registered address at Soseaua Bucuresti-Ploiesti 69-71, Bucharest.

Part of the information presented in this document is extracted from the audited financial statements of the Issuer, which were prepared in accordance with International Financial Reporting Standards. In addition to the audited IFRS financial statements, further supporting information prepared in accordance with Romanian Accounting Standards, details from the statutory trial balances and information provided by management are also presented.

The auditors qualified their opinions with respect to the individual financial statements for the financial year ended 31 December 2010 and the consolidated financial statements for the financial years ended 31 December 2011 and 31 December 2012. These qualifications together with certain emphases of matter are presented in chapter 3.2.6.

3.2. THE ISSUER'S FINANCIAL STATEMENTS

The financial statements of the Issuer for the years ended 31 December 2010, 31 December 2011 and 31 December 2012 were prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and are presented in million RON. The financial statements as at 31 December 2011 and 31 December 2012 are consolidated and comprise the financial statements of SNN and its investment in Energonuclear, a subsidiary in which SNN owns 84.65% of the share capital. The financial statements as at 31 December 2010 comprise only SNN, as Energonuclear was not under its control at that time. The investment in Energonuclear as at 31 December 2010 was presented as "interest in an associate" and was accounted for using the equity method (i.e. initially recognized at cost, net of any accumulated impairment loss).

Energonuclear was established in March 2009 for the purpose of developing, building, commissioning and exploiting Units 3 and 4 at Cernavoda Nuclear Power Plant (the "project"). After commissioning, Energonuclear will operate the two Units, obtaining benefits and revenues from the electricity produced.

SNN's contribution to the project will consist of both cash and contribution in kind. The contribution in kind represents the existing assets related to Units 3 and 4 and 1,100 tonnes of heavy water stock.

In December 2008, SNN (51% of the shares in Energonuclear), GDF Suez (9.15%), RWE Power (9.15%), Enel Investment (9.15%), CEZ (9.15%), Iberdrola (6.2%) and ArcelorMittal (6.2%) signed the Investors Agreement with the purpose to regulate the pre-project period necessary for the elaboration of the project's feasibility and for taking the final decision to participate in the completion of the project. At the end of 2010, CEZ (9.15%) withdrew from the project, followed in February 2011 by GDF Suez (9.15%), Iberdrola (6.2%) and RWE Power AG (9.15%). SNN acquired their shares at nominal value.

The latest addendum (i.e. number 4) was signed on 21 December 2012 and is valid until 30 June 2013. By this date, the investors will decide whether or not to continue with the project, while the Romanian State will make efforts to attract additional investors, as the Government's target is to reduce its SNN stake to 40%. In November 2012, the Romanian Government approved the memorandum "Necessary actions to continue the implementation of the Cernavoda NPP Units 3&4 Project", by which it sets the basis for Energonuclear to be 100% owned by Energonuclear and the project to be continued in the event of an exit by all the remaining minority shareholders. The memorandum stipulates that in the case of an exit by the remaining minority shareholders, Energonuclear will be 100% owned by SNN and the project will continue.

3.2.1 Description of the financial position

The following information has been extracted from SNN's audited individual financial statements as at 31 December 2010 and from the audited consolidated financial statements as at 31 December 2011 and 31 December 2012, prepared in accordance with IFRS.

Statement of Financial Position

RON million	Dec10	Dec11	Dec12
Non-current assets			
Property, plant and equipment (PP&E)	7,720	9,500	9,454
PP&E held for future investment in associate	1,540	-	-
Other intangibles	65	99	89
Investment in associates	45	-	-
	9,370	9,599	9,543
Current assets			
Inventories	477	391	369
Trade and other receivables	351	227	163
Income tax receivable	34	8	-
Prepaid expenses	9	8	10
Bank deposits	-	96	235
Cash and bank balances	474	611	708
	1,345	1,341	1,485
Total assets	10,715	10,940	11,028
Capital and reserves			
Share capital	2,732	2,732	2,732
Prepaid share reserve	1,364	1,617	1,617
Revaluation reserve	1,474	1,469	1,477
Retained earnings	2,142	2,230	2,252
Total shareholders' equity	7,712	8,048	8,078
Minority interest	-	16	23
Total equity	7,712	8,064	8,101
Non-current liabilities			
Borrowings	2,194	2,067	1,922
Deferred income	217	209	202
Deferred tax	167	162	159
Employee benefits	26	21	21
	2,604	2,459	2,304
Current liabilities			
Trade and other payables	182	181	282
Current tax liability	-	-	31
Deferred income	42	52	82
Borrowings	175	184	228
	399	417	623
Total equity and liabilities	10,715	10,940	11,028

Source: IFRS audited Financial Statements for the years ended 31 December 2010, 2011 and 2012

In accordance with the RAS financial statements as of 30 June 2013, the equity value is RON 8,137,960,787, the total debts amount to RON 2,311,351,776, out of which secured debts amount to RON 2,092,455,242.

Non-current assets

The Issuer's non-current assets mostly comprise property, plant and equipment of RON9,454 million as at 31 December 2012 (RON9,500 million as at 31 December 2011 and RON9,260 million as at 31 December 2010).

Non-current assets

RON million	31-Dec-2010	31-Dec-2011	31-Dec-2012	Var% Dec11/Dec10	Var% Dec12/Dec11
Property, plant and equipment	7,720	9,500	9,454	23.1%	(0.5)%
PP&E held for future investment in associate	1,540	-	-	(100.0)%	n/a
Intangible assets	65	99	89	53.3%	(9.9)%
Investment in associates	45	-	-	(100.0)%	n/a
Total	9,370	9,599	9,543	2.4%	(0.6)%

Source: IFRS audited Financial Statements for the years ended 31 December 2010, 2011 and 2012

Note: Considering that Energonuclear was accounted for as investment in associates as at 31 December 2010, the value of PP&E to be used as contribution in kind to the share capital of Energonuclear was presented separately as PP&E held for future investments. They were transferred to assets in course of construction starting in 2011, as Energonuclear started to be consolidated.

Property, plant and equipment had a fluctuating trend during the period 31 December 2010 to 31 December 2012. These non-current assets increased by 3% as at 31 December 2011 (to RON9,500 million) due to the increase in assets in course of construction, resulting from the acquisition of 135 tonnes of heavy water from RAAN. The property plant and equipment decreased by 0.5% as at 31 December 2012 (i.e. to RON9,454 million) mainly as a result of depreciation.

Property, plant and equipment and PP&E held for future investment in associate**Property, plant and equipment detail**

RON million	31-Dec-2010	31-Dec-2011	31-Dec-2012	Var% Dec11/Dec10	Var% Dec12/Dec11
Land	25	27	27	8.0%	0.0%
Nuclear power plants	6,355	6,060	5,766	(4.6)%	(4.9)%
Machinery, equipment and other as	1,037	1,083	1,118	4.4%	3.2%
Assets in course of construction	303	2,330	2,543	669.0%	9.1%
PP&E held for future investment in associate	1,540	-	-	(100.0)%	n/a
Total	9,260	9,500	9,454	2.6%	(0.5)%

Source: IFRS audited Financial Statements for the years ended 31 December 2010, 2011 and 2012

Nuclear power plants

The nuclear power plants include assets related to Unit 1 and Unit 2. The Units are scheduled to operate until 2027 (Unit 1) and 2038 (Unit 2). According to Government Decision no. 1080/2007, the Issuer is not required to record a provision for decommissioning of these Units, as ANDR is responsible for collecting contributions from SNN during the remaining useful life of the Units, manage the decommissioning process at the end of the useful life and permanent storage the resulting waste.

Machinery, equipment and other assets

Machinery, equipment and other assets include; heavy water used for Units 1 and 2, with a carrying

value of RON464 million as at 31 December 2012 (RON481 million as at 31 December 2011,) and buildings with a carrying value of RON351 million as at 31 December 2012 (RON327 million as at 31 December 2011).

Assets in the course of construction and PP&E held for future investment in associate

Starting 2011, assets held for future investment in associates were reclassified to assets in course of construction. Assets in course of construction mainly comprise Units 3 and 4 and related heavy water to be used for operating these Units.

On 28 February 2011, SNN obtained control of Energonuclear SA. As a result, Units 3 and 4 and related heavy water purchased to be utilised by these Units were reclassified from “assets held for future investment in associate” to “assets in course of construction”. By the end of 2011, SNN had acquired 862 tonnes of heavy water from RAAN out of 1,100 tonnes required for commissioning Units 3 and 4.

According to the Investment Agreement concluded between the shareholders of Energonuclear, SNN intends to transfer Units 3 and 4 and the related heavy water to Energonuclear, in exchange for shares in this entity. Prior to transfer, the assets will be subject to an independent valuation. The other shareholders will participate with cash to Energonuclear’s share capital in order to keep the same ownership. As stated in the IFRS consolidated financial statements for the year ended 31 December 2012 and audit opinion issued by KPMG Audit SRL, a valuation was performed by Ernst & Young on Units 3 and 4 and the related assets which are to be transferred as contribution in kind to the share capital of Energonuclear. According to the Ernst & Young report issued in August 2012, the estimated market value for Units 3 and 4 as at 31 December 2011 ranges between EUR380 million and EUR539 million.

Ernst & Young report was commissioned by Energonuclear, although the assets are currently owned by SNN (recorded in SNN’s books as at end of 2012) and have not yet been contributed to the share capital of Energonuclear.

As at 31 December 2012, the carrying value of Units 3 and 4 is RON292 million (RON292 million as at 31 December 2011) while the cost of heavy water acquired for operating these Units is RON1,541 million (RON1,541 million as at 31 December 2011).

Assets in course of construction account for 27% of property, plant and equipment as at 31 December 2012 (25% as at 31 December 2011). The main assets in course of construction during 2010-2012 (in addition to the heavy water for Units 3 and 4 presented above) refer to Units 1 and 2 and consist of:

- Improvements of nuclear security systems of RON131 million as at 31 December 2012 (RON31 million as at 31 December 2011);
- Modernization and expansion of physical protection system for CNE Cernavoda and FCN Pitesti branches in order to align to legal requirements with the total value RON97 million as at 31 December 2012 (RON46 million as at 31 December 2011);
- Investments in the intermediary deposit of spent fuel resulting from operations of CNE Cernavoda. The fuel is currently deposited in tanks (facility constructed together with each nuclear power unit). The tanks provide the necessary storage space for fuel that would allow the nuclear reactors to operate at 80% capacity over a 10-year period as well as for the reactor to completely unload in the case of incidents. As at 31 December 2012, the value of investment stood was RON40 million (RON24 million as at 31 December 2011).
- Rehabilitation of the water treatment plant for operating nuclear Units 1 and 2. Such rehabilitation will help improve the reliability of equipment and installations to prevent work accidents as well as reduce water plant maintenance costs which account for 7-10% of the total nuclear Units' maintenance costs. As at 31 December 2012, the investment in water treatment plant was RON2 million (RON44 million as at 31 December 2011).

Units 1,2,3,4 and 5 were considered as a single project and prior to 1990 costs incurred were not separately accounted for. In 1991, SNN allocated the costs to each unit. This allocation represents the cost basis for items included in assets in course of construction. Unit 5 is fully impaired as currently there are no plans to resume construction of this unit. As at 31 December 2012, the gross carrying amount of Unit 5 was RON137 million (RON137 million as at 31 December 2011).

During 2012, SNN modified the classification of heavy water from inventory to assets in course of construction in order to reflect the way in which economic benefits are derived from the use of heavy water. Comparative amounts for December 2011 and December 2010 are RON65 million and RON73 million, respectively.

Valuation of property, plant and equipment

According to SNN's accounting policies, property, plant and equipment except for assets in course of construction (including nuclear Units 3 and 4 and the related heavy water) are carried at fair value (which is based on independent external regulator valuations).

The buildings have been subject to a revaluation report performed by Tehnoconcept Expert SRL, independent valuer, member of ANEVAR, the National Association of Romanian Valuers. Fair value as at 31 December 2012 was determined using cost and income approach. According to the

valuation report, carrying value of buildings as at 31 December 2012 increased by RON10 million. The surplus was recorded in equity under the heading revaluation reserve.

As at 31 December 2012 property, plant and equipment were presented at revalued amounts as follows:

- Land is carried at revalued amount determined as at 31 December 2009.
- The nuclear power plants 1 and 2 are carried at revalued amounts; the latest valuation was carried out by independent valuers as at 31 December 2009.
- Buildings are carried at revalued amount based on valuations performed by independent valuers (latest at 31 December 2012). Buildings were previously valued by independent valuers as at 31 December 2009.
- Machinery, equipment and other assets except buildings are carried at revalued amounts, based on valuations performed by independent valuers (latest at 31 December 2002).

Tangible assets of SNN are carried at fair value. According to financial statements for the financial years ending 31 December 2010, 31 December 2011 and 31 December 2012, the revaluations were performed with sufficient regularity so that to ensure that the accounting value is not significantly different from what would have been determined based on fair value at the end of the reporting period.

According to OMFP no. 3055/2009 and IFRS, as at 31 December 2012, SNN revaluated only the buildings subjected to property tax, considering that all the elements from this sub-category (with similar nature and use) were revaluated.

The allocation of tangible assets to financial accounts is based on the Catalogue from 2004, regarding the classification of tangible assets used in the economy. Thus, according to this catalogue, the construction category also includes elements other than buildings such as: nuclear power plants, roads, electrical installations, sewer pipes and water supply pipes.

Regarding the nuclear Units (nuclear power plants), the situation is as follows:

- In the past years, SNN obtained the majority of its revenues from the regulated market (approximately 70% in 2012). It is expected that during following years a significant part of the sales will be realised also on this market, followed by a slowly reduction starting with the market liberalisation.

The prices on this market are set by ANRE and the levels of transparency of the

methodology applied in this respect do not allow a high level of predictability of their evolution. Also, the practice has shown that regulated prices were relatively stable in the past three years (increase of approximately 3% in 2011 compared to 2010 and only 1% increase in 2012 compared to 2011), a significant increase in the future being less probable.

- The internal policy of SNN involves the periodic analysis of the underlying assumptions and conditions for revaluations of Units 1 and 2 in order to identify situations in which their fair value has undergone significant changes (either increase or decrease) which require performing a new revaluation according to IFRS.

In these circumstances, any change in market value of Units 1 and 2 will result in a similar change in fair value, only if there exists certainty regarding the recovery of this value from future income, which is currently not possible considering that a significant proportion of energy sold is on the regulated market and the lack of predictability regarding the sales evolution.

An increase in market value of Units 1 and 2 is not necessarily sufficient to reflect a corresponding increase in fair value, an impairment test being required which, in the event that it does not demonstrate the recovery from future income of the market value, will lead to a decrease of market value to the level of fair value already reflected in accounting as at 31 December 2010, 31 December 2011 and 31 December 2012.

Depreciation policy

SNN's accounting policy is to depreciate property, plant and equipment using the straight-line method from the date the asset is complete and available for use, over their estimated useful life (years)

Number of years

- | | |
|--|---------|
| • Nuclear power plant | 30 |
| • Heavy water (load for Units 1 and 2) | 30 |
| • Buildings | 45 – 50 |
| • Machinery and equipment | 3 – 10 |

Intangible assets

The 53% increase as at 31 December 2011 (to RON99 million) was mainly as a result of additions to ERP software for nuclear units.

As at 31 December 2012, intangible assets in progress mainly comprised software for integrated management of RON53 million (RON46 million as at 31 December 2011) amortized on a straight-line basis over 5 years.

Investment in associates

As at 31 December 2010, SNN owned shares of RON45 million in Energonuclear. As SNN did not have control over this entity, Energonuclear was classified as associate. The control was obtained in 28 February 2011. Starting the financial year ended 31 December 2011, Energonuclear is consolidated in the financial statements of SNN.

Current assets

Inventories

Inventories consist of consumables, spare parts, buffer stock, uranium (nuclear fuel) and other inventories. The major category of inventories are spare parts, which account for 62% of total as at 31 December 2012 (59% as at 31 December 2011, 50% as at 31 December 2010). Spare parts mostly consist of materials required for regular maintenance of nuclear units.

Inventories

RON million	31-Dec-2010	31-Dec-2011	31-Dec-2012	Var% Dec11/Dec10	Var% Dec12/Dec11
Heavy water for Units 1 and 2	73	-	-	(100.0)%	n/a
Spare parts	239	230	228	(3.8)%	(0.9)%
Consumables and other materials	44	44	43	0.0%	(2.3)%
Nuclear fuel	72	78	66	8.3%	(15.4)%
Uranium	32	35	29	9.4%	(17.1)%
Other inventories	17	4	3	(76.5)%	(25.0)%
Total	477	391	369	(18.0)%	(5.6)%

Source: IFRS audited Financial Statements for the years ended 31 December 2010, 2011 and 2012

Inventories are measured at lower of cost and net realizable value. The cost of inventories is determined based on first-in first-out method. Net realizable value of the inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses.

As at 31 December 2012, SNN reclassified heavy water from inventory to assets in course of construction to reflect the way the heavy water generates economic benefits. Comparative amounts for 31 December 2011 and 31 December 2010 are RON65 million and RON 73 million, respectively.

Inventories ageing as at 31 December 2012

RON million	0-2 months	3-6 months	7-12 months	over 12 months	31-Dec-2012
Materials	48	7	-	87	142
Consumables	8	24	25	136	193
Small inventory items	-	-	-	1	1
Raw materials in transit	1	-	-	-	1
Inventory in progress	10	-	-	-	10
Finished goods	17	-	-	-	17
Residual products	1	1	-	-	2
Inventory in custody	1	-	-	2	3
Total	86	32	25	226	369

Source: Information provided by management

The decrease in inventory as at 31 December 2011 (excluding the impact of heavy water reclassification) was mostly caused by fewer acquisitions of spare parts compared to 2010.

As at 31 December 2012 approximately 61% of total inventory comprised of spare parts for production, consumables and raw materials, had not incurred any movement during the past 12 months. No provision has been recorded by SNN for slow moving inventory. The provisions are not necessary, considering the nature and the use of inventories. The spare parts consist mainly of items needed for the planned maintenance of the nuclear units and the buffer stock for Units 1 and 2.

In December 2012, SNN made only one acquisition of nuclear fuel compared to a monthly average of 2 acquisitions, resulting in a decrease of inventory by RON19 million compared to 31 December 2010. As a result of an increase in the average price of nuclear fuel from 3.81RON/kg in 2010 to 5.25RON/kg in 2012, the value of fuel stock increased by RON2 million as at 31 December 2012 compared to 31 December 2010.

Chemical materials increased by approximately RON1 million as at 31 December 2012 compared to 31 December 2010 due to higher consumption of sodium chloride used by the water treatment station after its modernization.

Other inventories include inventory in custody of RON12 million as at 31 December 2010, RON2 million as at 31 December 2011 and RON3 million as at 31 December 2012. Inventory in custody as at 31 December 2010 comprised equipment held at UTI Systems of approximately RON6 million, which was transferred during 2011 from inventories to assets in course of construction. During 2011, materials and equipment of RON4 million held in custody at third parties were transferred to

CNE Cernavoda (including 216 bundles of nuclear fuel). As at 31 December 2012, inventory in custody at third parties mostly comprised materials and equipment transferred for repairs of approximately RON1 million.

Trade and other receivables

Trade and other receivables

RON million	31-Dec-2010	31-Dec-2011	31-Dec-2012	Var% Dec11/Dec10	Var% Dec12/Dec11
Customers, excluding customers invoices to be issued	324	107	56	(67.0)%	(47.7)%
Invoices to be issued	-	110	95	100.0%	(13.6)%
Allowances for doubtful debts	(1)	(9)	(10)	800.0%	11.1%
VAT receivable	8	-	-	(100.0)%	0.0%
Other receivables	20	19	22	(5.0)%	15.8%
Total	351	227	163	(35.3)%	(28.2)%

Source: Information provided by management

Trade and other receivables comprise amounts due from customers, VAT receivable and other receivables which include sundry debtors and interest receivable. As at 31 December 2012, significant trade receivables refer to Hidroelectrica (RON29 million), RAAN (RON8 million), Electrica Furnizare (RON25 million) and CEZ Vanzare (RON16 million). As at 31 March 2013, the Group set up an allowance for doubtful debts for the entire receivable of RON8 million from RAAN.

Top 5 clients on regulated market

RON million	Receivables			Sales		
	31-Dec-2010	31-Dec-2011	31-Dec-2012	2010	2011	2012
Electrica Furnizare	-	-	25	197	174	294
CEZ Vanzare	-	27	16	175	191	152
ENEL Energie	35	32	11	165	138	136
CEZ Distributie	-	8	9	64	67	79
E.ON Energie Romania	-	12	7	-	93	75
Total	35	79	68	602	664	735

Source: Information provided by management

As illustrated in the table below, receivables older than 180 days account for 70% of total receivables from the customers, excluding customers invoices to be issued as at 31 December 2012 (33% as at 31 December 2011, 19% as at 31 December 2010). As at 31 December 2012, receivables from Hidroelectrica (i.e. RON29 million) account for 52% of total receivables. Receivables from Hidroelectrica are overdue by more than 1 year.

Ageing of customers, excluding customers invoices to be issued

RON million	31-Dec-2010	31-Dec-2011	31-Dec-2012	Var% Dec11/Dec10	Var% Dec12/Dec11
0-30 days	138	47	9	(65.9)%	(80.9)%
30-90 days	71	17	5	(76.1)%	(70.6)%
90-180 days	54	8	3	(85.2)%	(62.5)%
180-360 days	43	29	-	(32.6)%	(100.0)%
> 360 days	18	6	39	(66.7)%	550.0%
Total	324	107	56	(67.0)%	(47.7)%

Source: Information provided by management

The accounting policy for doubtful debts is to record an allowance when there is evidence that SNN will not be able to collect the outstanding amounts according to original terms of agreement. Also, significant financial difficulties of the debtor, bankruptcy, financial reorganization or delay in payments over 360 days are considered indicators of impairment. The allowance is determined as the difference between the carrying value of the asset and the present value of estimated future cash flows.

The issuer does not have a general allowance policy. Each receivable is individually assessed for its collectability. The allowance for doubtful debts as at 31 December 2012 is RON10 million.

During the analysed period, the Issuer provided in full part of its receivables older than 360 days (i.e. Termoficare 2000, CET Energoterm Resita, Eco Energy, Proconex Universal, Condem at 31 December 2012 and 31 December 2011 amounting to RON7.2 million and Termoficare 2000 as at 31 December 2010 of RON1.5 million).

In June 2012, Hidroelectrica one of the SNN's major clients, entered into insolvency proceedings. As at 31 December 2012, SNN had receivables of RON 29 million from Hidroelectrica, the entire amount being overdue by more than 360 days. SNN's management estimates the receivables will be collected in one year considering reorganization measures implemented by Hidroelectrica. As at 31 December 2012, fair value of receivables from Hidroelectrica of RON27.3 million represent the value of future cash flows discounted at NBR interest rate for deposits of 5.25% for RON. SNN recorded an allowance of RON1.7 million representing the difference between the carrying value of receivables and fair value as at 31 December 2012. Hidroelectrica SA has been undergoing insolvency procedures starting with June 2012. The Company's receivable was acknowledges as posted in the list of receivables by Hidroelectrica SA. The Company's management estimates that this receivable is going to be collected within one year, taking into account the fact that Hidroelectrica carries on its business at a regular pace and, in addition, a range of reorganization measures have been adopted as a result of the insolvency procedure.

As deriving from the information available on the official website of Bucharest Tribunal, on the court hearing date of 26.06.2013, the court approved that the judicial reorganization procedure initiated against Hidroelectrica be closed, further to the fulfillment of all payment obligations undertaken. In this regard, as deriving from the final table of receivables held against the debtor Hiroelectrica (published in Insolvency Procedure Bulletin no. 10226/10.06.2013), Nuclearelectrica's receivable amounting to RON 28,773,061.96 was admitted. The decision may be challenged by second appeal.

Breakdown of other receivables

RON million	31-Dec-2010	31-Dec-2011	31-Dec-2012	Var% Dec11/Dec10	Var% Dec12/Dec11
Sundry debtors	14	15	16	7.1%	6.7%
Interest receivables	1	4	6	300.0%	50.0%
VAT not due	5	-	-	(100.0)%	0.0%
Total	20	19	22	(5.0)%	15.8%

Source: Information provided by management

Other receivables include sundry debtors from sale of apartments to tenants starting 2010. The tenants who request to purchase the apartments must be employees with over 10 years experience in the company.

Prepaid expenses

Prepaid expenses

RON million	31-Dec-2010	31-Dec-2011	31-Dec-2012	Var% Dec11/Dec10	Var% Dec12/Dec11
Prepayments	7	6	8	(14.3)%	33.3%
Advance payments to suppliers	2	2	2	0.0%	0.0%
Total	9	8	10	(11.1)%	25.0%

Source: Information provided by management

Prepaid expenses mostly comprise payments to Nuclear Risk Insurers Ltd of approximately RON6 million as at 31 December 2012 (RON4 million as at 31 December 2011), authorizations from National Commission for Control of Nuclear Activity and participations to programs of INPO (Institute of Nuclear Power Operations) of approximately RON1 million as at 31 December 2012.

As at 31 December 2012, most significant advance payments to suppliers were towards Ansaldo of approximately RON1 million, Candu Energy of RON0.5 million and Alstom Grid Romania of RON0.5 million.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, current accounts and bank deposits with maturities of 3 months or less and which are subject to insignificant risk of changes in fair value. The bank deposits caption comprises deposits with maturities longer than 3 months.

Non-current liabilities

Borrowings

Loans

RON million	31-Dec-2010	31-Dec-2011	31-Dec-2012	Var% Dec11/Dec10	Var% Dec12/Dec11
Societe Generale - ALSTOM BC	30	25	21	(16.7)%	(16.0)%
Societe Generale - ANSALDO BC	379	349	323	(7.9)%	(7.4)%
Societe Generale - AECL BC	807	751	700	(6.9)%	(6.8)%
Societe Generale - NEXANS BC	37	32	27	(13.5)%	(15.6)%
Societe Generale - GENERAL ELECTRIC BC	66	59	50	(10.6)%	(15.3)%
EURATOM	958	964	990	0.6%	2.7%
BCR	208	156	104	(25.0)%	(33.3)%
Total long term loans	2,485	2,336	2,215	(6.0)%	(5.2)%
Less current portion of long term loans	(175)	(177)	(225)	1.1%	27.1%
Total long term loans net of current portion	2,310	2,159	1,990	(6.5)%	(7.8)%
Less prepaid borrowing costs	(116)	(92)	(68)	(20.7)%	(26.1)%
Total long term loans net of current portion and prepaid borrowing costs	2,194	2,067	1,922	(5.8)%	(7.0)%

Source: IFRS audited Financial Statements for the years ended 31 December 2010, 2011 and 2012

All loans have been contracted by SNN and were used for investments in Cernavoda Unit 2. With the exception of the loan from BCR, all loans are guaranteed by the Romanian State through the

Ministry of Public Finance. The loans from Societe Generale are also guaranteed by external insurers and promissory notes issued by SNN in favour of the bank.

Movements in long term borrowings

RON million	31-Dec-2010	31-Dec-2011	31-Dec-2012	Var% Dec11/Dec10	Var% Dec12/Dec11
Balance as at 1 January	2,521	2,485	2,336	(1.4)%	(6.0)%
Repayment of borrowings during the year, including foreign exchange differences	(36)	(149)	(121)	313.9%	(18.8)%
Total long term borrowing	2,485	2,336	2,215	(6.0)%	(5.2)%

Source: Information provided by management

Long term loans are detailed as follows:

Loan from Societe Generale- Alstom

The loan is a buyer credit agreement granted by Societe Generale in December 2002. The loan's value was EUR10,710,081, of which EUR 10,660,651 has been used. The loan was granted with the purpose of financing the acquisition of diesel generators for Cernavoda Unit 2. The acquisition was made from Alstom Power. The loan bears an interest rate of EURIBOR 6M+0.45%. The loan had a grace period of 5 years. The repayment is made in 20 semi-annual equal instalments payable during the period December 2007 and June 2017.

Loan from Societe Generale- Ansaldo

The loan is a buyer credit agreement granted by Societe Generale in December 2002. The loan's value was EUR115,391,660, of which EUR115,329,488 has been used. The loan was granted with the purpose of financing the completion of Cernavoda Unit 2. The loan bears an interest rate of EURIBOR 6M+0.45% for the first 15 years and EURIBOR 6M+0.70% for the remaining period. The loan had a grace period of 5 years. The repayment is made in 30 semi-annual equal instalments payable during the period December 2007 and June 2022.

Loan from Societe Generale- AECL

The loan is a buyer credit agreement granted by Societe Generale in December 2002. The loan's value was CAD328,050,956, of which CAD 327,796,547 has been used. The loan was granted with the purpose of financing the completion of Cernavoda Unit 2. The loan bears an interest rate of CDOR 6M+0.375%. The loan had a grace period of 5 years. The repayment is made in 30 semi-annual equal instalments payable during the period December 2007 and June 2022.

Loan from Societe Generale- Nexans

The loan is a buyer credit agreement granted by Societe Generale in December 2002. The loan's value was EUR13,409,257, of which EUR 13,391,724 has been used. The loan was granted with the

purpose of financing the acquisition of power supply and control cables for the completion of Unit 2. The acquisition was made from Nexans France. The loan bears an interest rate of EURIBOR6M+0.45%. The loan had a grace period of 5 years. The repayment is made in 20 semi-annual equal instalments payable during the period December 2007 and June 2017.

Loan from Societe Generale- General Electric

The loan is a buyer credit agreement granted by Societe Generale in February 2003. The loan's value was USD29,535,945. The loan bears an interest rate of LIBOR 6M+0.07%. The loan had a grace period of 5 years. The repayment is made in 20 semi-annual equal instalments payable during the period January 2008 and July 2017.

Loan from EURATOM

The loan was granted by EURATOM in June 2004. The loan's value was EUR223,500,000. The outstanding principal as at 31 December 2012 was EUR223,500,000, split into three tranches: i) the first tranche of EUR100,000,000, bearing an interest rate of EURIBOR 6M + 0.08% p.a. and repayable in equal instalments each January and July during the period 2013-2022; ii) the second tranche of EUR90,000,000, bearing an interest rate of EURIBOR6M + 0.08% p.a. and repayable in equal instalments each January and July during 2015 - 2024 ; iii) the third tranche of EUR33,500,000, bearing an interest rate of EURIBOR 6M + 0.079% and repayable in equal instalments each February and August during 2017 – 2024.

The loan includes certain financial covenants: i) the debt service ratio should be no less than 1.5; ii) the gearing ratio should be no greater than 2; iii) the income received by the borrower should be sufficient to cover all costs of operation and maintenance of Units 1 and 2 and the debt service in connection with Units 1 and 2. The computation of the financial ratios should be based on the financial statements prepared in accordance with IFRS. The financial covenants applicable to this loan were met as at 31 December 2010, 31 December 2011 and 31 December 2012.

Loan from BCR

This loan was contracted by the Ministry of Public Finance and was made available to SNN in 2007. The loan's value was RON285,602,200. The loan bears an interest rate of BUBOR 6M-1.1%. The loan had a grace period of 5 years. The repayment is made in 11 semi-annual equal instalments during the period July 2009 – July 2014.

Outstanding loan payables

RON million	31-Dec-2010	31-Dec-2011	31-Dec-2012	Var% Dec11/Dec10	Var% Dec12/Dec11
Maturity 1 - 2 years	175	220	225	25.7%	2.3%
Maturity 2 - 3 years	218	220	225	0.9%	2.3%
Maturity 3 - 4 years	218	207	212	(5.0)%	2.4%
Maturity 4 - 5 years	204	207	212	1.5%	2.4%
Maturity over 5 years	1,495	1,305	1,116	(12.7)%	(14.5)%
Balance at 31 December	2,310	2,159	1,990	(6.5)%	(7.8)%
Less prepaid borrowing costs	(116)	(92)	(68)	(20.7)%	(26.1)%
Net long term loans	2,194	2,067	1,922	(5.8)%	(7.0)%

Source: Information provided by management

Deferred income

Deferred income mainly includes subsidies for investments (84% of total balance as at 31 December 2010, 80% as at 31 December 2011 and 71% as at 31 December 2012). The remaining amount represents advance payments from customers.

Deferred income increased during the analyzed period mainly due to the increase in advance payments from customers by approximately 95% to RON82 million as at 31 December 2012, as compared to 31 December 2010.

The most significant advance payments from customers were made by Electrica Furnizare with RON29 million as at 31 December 2012 (RON10 million as at 31 December 2011, RON11 million as at 31 December 2010) and Repower Furnizare Romania with RON8 million as at 31 December 2012 (RON3 million as at 31 December 2011).

Deferred income

RON million	31-Dec-2010	31-Dec-2011	31-Dec-2012	Var% Dec11/Dec10	Var% Dec12/Dec11
Deferred income- current					
Advance payments from customers	42	52	82	23.8%	57.7%
Deferred income- non-current					
Subsidies for investments	217	209	202	(3.7)%	(3.3)%
Total	259	261	284	0.8%	8.8%

Source: Information provided by management

Deferred tax liability

Starting 1 May 2009, in accordance with changes to the fiscal treatment of revaluation reserve, in compliance with Government Emergency Ordinance no. 34/2009, the revaluation recorded by SNN after 1 January 2004 in its statutory financial statements will be taxed at the moment of deducting fiscal depreciation (i.e. when the assets are disposed, as appropriate). As at 31 December 2012, the Issuer recognized a deferred tax liability for the revaluation reserve of its buildings.

Deferred tax

RON million	Assets			Liabilities			Net		
	31-Dec-10	31-Dec-11	31-Dec-12	31-Dec-10	31-Dec-11	31-Dec-12	31-Dec-10	31-Dec-11	31-Dec-12
PP&E	-	-	-	157	153	151	157	153	151
Inventories	-	-	-	14	13	12	14	13	12
Employee benefits	(4)	(4)	(4)	-	-	-	(4)	(4)	(4)
Net tax (asset)/liability	(4)	(4)	(4)	171	166	163	167	162	159

Source: IFRS audited Financial Statements for the years ended 31 December 2010, 2011 and 2012

Employee benefits

The Issuer has the obligation to pay retirement bonuses (2 or 3 salaries based on number of years of experience within the energy sector at retirement date) and jubilee bonuses (i.e. for continuously working in the energy sector). As at 31 December 2012 the employee benefits comprised retirement benefits of RON16 million (RON12 million as at 31 December 2011 and RON14 million as at 31 December 2010) and jubilee bonuses of RON5 million (RON5 million as at 31 December 2011 and RON6 million as at 31 December 2010).

Current liabilities**Trade and other payables**

Trade and other payables were kept at approximately the same level as at 31 December 2010 and 31 December 2011, followed by a 55% increase as at 31 December 2012 to RON282 million.

The increase was mainly caused by higher trade payables and amounts due to suppliers of non-current assets.

Trade and other payables

RON million	31-Dec-10	31-Dec-11	31-Dec-12	Var%	Var%
				Dec11/Dec10	Dec12/Dec11
Trade payables, excluding suppliers invoices to be received	78	45	84	(42.3)%	86.7%
Suppliers of non-current assets	41	46	88	12.2%	91.3%
Suppliers invoices to be received	28	42	56	50.0%	33.3%
Interest payable	6	-	-	(100.0)%	0.0%
Payable to employees	7	8	12	14.3%	50.0%
Payables to State	22	38	37	72.7%	(2.6)%
Other payables	-	2	5	100.0%	150.0%
Total	182	181	282	(0.5)%	55.8%

Source: Information provided by management

As presented in the table below, the most significant suppliers as at 31 December 2012 are: Candu Energy (providing technical services, inspections, monitoring and maintenance for nuclear units), Lavalin Nuclear (performing works for nuclear units installations and systems), Transelectrica (energy transport and operation of balancing market) and UTI Systems (modernization of physical protection systems).

Breakdown of trade payables and suppliers of non-current assets, excluding suppliers invoices to be received

RON million	31-Dec-10	31-Dec-11	31-Dec-12	Var% Dec11/Dec10	Var% Dec12/Dec11
Candu Energy	-	5	50	100.0%	900.0%
Lavalin Nuclear	-	28	21	100.0%	(25.0)%
Transelectrica	15	-	19	(100.0)%	100.0%
Uti Systems	8	2	15	(75.0)%	650.0%
CNU Feldioara	1	-	11	(100.0)%	100.0%
General Electric	-	1	8	100.0%	700.0%
Apele Romane Bucuresti	5	6	6	20.0%	0.0%
Mate-fin Bucuresti	3	1	4	(66.7)%	300.0%
Nuclear Risk Insurers Limited	3	6	4	100.0%	(33.3)%
Passavant Roediger Romania	4	2	3	(50.0)%	50.0%
Icsi RM. Valcea	5	3	2	(40.0)%	(33.3)%
RAAN	21	-	-	(100.0)%	n/a
AECL	6	-	-	(100.0)%	n/a
Ager Bucuresti	5	-	-	(100.0)%	n/a
Simtex Bucuresti	4	-	-	(100.0)%	n/a
Others	39	37	29	(5.1)%	(21.6)%
Total	119	91	172	(23.5)%	89.0%

Source: Information provided by management

Trade payables, excluding suppliers invoiced to be received

As at 31 December 2010, trade payables comprised deliveries of heavy water from RAAN of RON21 million (zero during the remaining period). RAAN is the exclusive supplier of heavy water.

In December 2010 the Government issued a decision to increase the tariff for using Danube water to cool the nuclear reactors from RON4.38 per cm thousand to RON24 per cm thousand, resulting in an increase in expenses connected with technological water acquired by SNN from Apele Romane.

SNN concluded new contracts during 2012 for deliveries of spare parts with Beaver, Candu, Industrial Tectonics, Newman Hattersley and Zetec totaling RON9 million. Also during 2012, SNN required additional technical studies, projection of constructions and electrical systems, automation and engineering works compared to prior years, resulting in an increase in payables as at 31 December 2012 compared to 31 December 2011.

Suppliers of non-current assets

SNN concluded a new agreement with Lavalin in 2011 for execution of works related to Units 1 and 2 emergency filtered containment venting system (design and build) for CAD49 million (equivalent of RON164 million). As at 31 December 2011, payables towards Lavalin were RON28 million.

Payables towards Uti Systems of RON2 million as at 31 December 2011 refer to an agreement concluded in August 2011 for modernization of the physical protection system and also to the project in progress “Training and recreation center for youth and children’ in Cernavoda.

Also during 2011, SNN concluded an agreement with Elcomex Cernavoda for modernization of power transformers for EUR12 million over a period of 10 years.

As at 31 December 2012, the increase in payables to suppliers of non-current assets was mainly due to the following:

- Agreement concluded in May 2012 of CAD9 million with Lavalin for works related to installation of hydrogen monitoring system and passive autocatalytic recombiner system to Units 1 and 2.
- Agreement of CAD25 million concluded with Candu Energy for execution of works related to the project “Spent fuel preparation area“.
- Works performed by the association between General Concrete Cernavoda and Titan Echipamente Bucuresti related to the construction of intermediary storage space for spent nuclear fuel resulted from Units 1 and 2.

Supplier ageing, excluding suppliers invoices to be received

RON million	Dec10	Dec11	Dec12	Var% Dec11/Dec10	Var% Dec12/Dec11
0-30 days	105	83	159	(21.0)%	91.6%
30-60 days	1	2	13	100.0%	550.0%
60-90 days	1	-	-	(100.0)%	0.0%
90-180 days	3	-	-	(100.0)%	0.0%
180-360 days	9	6	-	(33.3)%	(100.0)%
> 360 days	-	-	-	0.0%	0.0%
Total	119	91	172	(23.5)%	89.0%

Source: Information provided by management

Suppliers’ invoices to be received

Suppliers’ invoices to be received increased from RON28 million as at 31 December 2010 to RON56 million as at 31 December 2012. Significant balances comprise amounts towards Transelectrica of RON22 million as at 31 December 2012 (RON19 million as at 31 December 2011 and RON10 million as at 31 December 2010) and Siveco of RON6 million as at 31 December 2012.

In June 2012, the Issuer concluded an agreement with Siveco of EUR8,250 thousand for a period of 27 months related to the implementation of inventory management, purchasing, contract management, accounts payable modules and integration with accounting module.

Employees' payable

Employees payable comprise salaries and other employee related payables. As at 31 December 2012, the Issuer recorded a provision of RON3 million representing employees' profit share of 10%.

Payables to State

Payables to the State budget refer to VAT payable and other taxes and contributions.

3.2.2. Statement of comprehensive income and profitability analysis**The annual statement of comprehensive income**

The following information has been extracted from SNN's audited individual financial statements as at 31 December 2010 and from the audited consolidated financial statements as at 31 December 2011 and 31 December 2012, prepared in accordance with IFRS.

IFRS Statement of Comprehensive Income

RON million	2010	2011	2012
Sales of electricity	1,433	1,503	1,564
Electricity transmission revenues	<u>82</u>	<u>90</u>	<u>88</u>
Total revenues	1,515	1,593	1,652
Other income	39	30	38
Operating expenses			
Depreciation and amortisation	(381)	(387)	(396)
Personnel expenses	(261)	(276)	(289)
Cost of traded electricity	(63)	(46)	(74)
Repairs and maintenance	(91)	(105)	(125)
Electricity transmission expenses	(81)	(90)	(88)
Spare parts used	(29)	(28)	(30)
Cost of uranium fuel	(118)	(111)	(123)
Other operating expenses	<u>(346)</u>	<u>(411)</u>	<u>(407)</u>
Total operating expenses	(1,370)	(1,454)	(1,532)
Operating profit	184	169	158
Finance costs	(434)	(341)	(321)
Finance income	<u>262</u>	<u>275</u>	<u>230</u>
Net finance costs	(172)	(66)	(91)
Share of loss from subsidiaries	<u>(4)</u>	<u>-</u>	<u>-</u>
Profit before income tax	8	103	67
Income tax expense	<u>(4)</u>	<u>(20)</u>	<u>(46)</u>
Profit for the year	<u>4</u>	<u>83</u>	<u>21</u>
Profit for the year attributable to:			
Owners of the Company	-	82.85	20.95
Non-controlling interest	-	0.15	0.05
Profit for the year	4	83	21
Revaluation reserve	-	-	10
Deferred tax liability on revaluation reserve	-	-	(2)
Actuarial gains	<u>-</u>	<u>-</u>	<u>1</u>
Other comprehensive income	<u>-</u>	<u>-</u>	<u>9</u>
Total comprehensive income for the year	4	83	30
Attributable to:			
Owners of the Company	-	82.85	29.95
Non-controlling interest	<u>-</u>	<u>0.15</u>	<u>0.05</u>
Total comprehensive income for the year	<u>4</u>	<u>83</u>	<u>30</u>

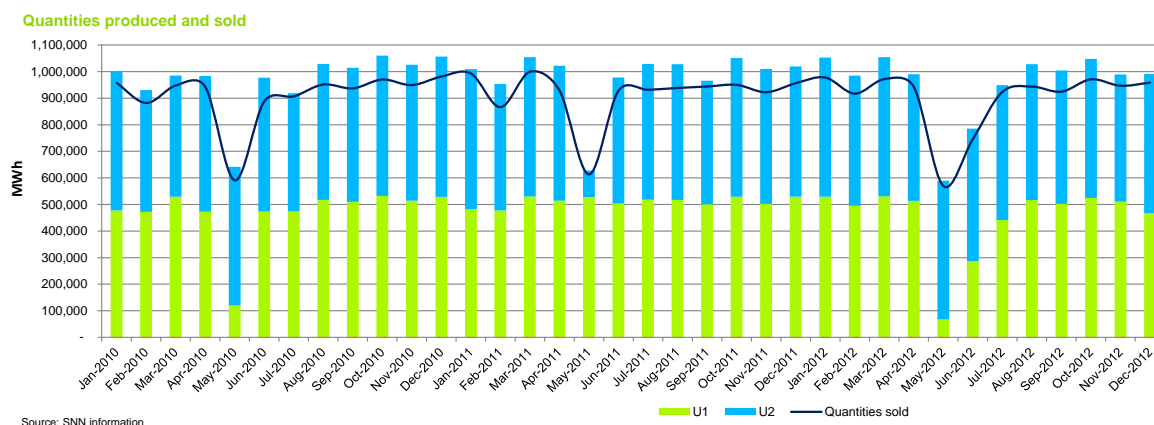
Source: IFRS audited financial statements and Deloitte analysis for the years ended 31 December 2010, 2011 and 2012

Revenue

The analysis presented below is based on the management accounts provided by SNN; the difference between the audited financial statements and the amounts provided in these management accounts is insignificant (i.e. 0.4%).

As per data provided by SNN, the energy produced by each unit during 2010 - 2012 was as presented in the chart below. The lower amounts of energy produced by each Unit are due to planned outages performed, mainly during May. The gross capacity factor of the nuclear plant (the ratio between the actual output and the potential output if it were possible to operate at full

capacity) varied between 93% - 95%: 94% in 2010, 95% in 2011 and 93% in 2012. Each Unit recorded a lower capacity factor during the years when its outage was planned, while during the other months of the year the average value of the ratio was above 97% (with no outages planned).



The energy produced was sold on three markets: regulated market, bilateral contracts and CMBC, and Day Ahead Market. The quantities to be sold on the regulated market and the prices at which these quantities are sold are stipulated each year through a decision of ANRE and communicated for the following year, while the bilateral contracts and the day ahead market sales are regulated by OPCOM and approved by ANRE. The contracts used for the CMBC transactions are drawn up by the initiators of the auction starting from a standard model provided by OPCOM for this market and amended with specific clauses by the initiator of the auction. Starting July 2012, the new legislation (law no. 123/2012) includes the obligation of power generators to trade the power available for sale on free market exclusively on centralized platforms of OPCOM.

Revenue and quantities of energy sold

	2010		2011		2012	
	RON million	MWh	RON million	MWh	RON million	MWh
Regulated market	807	6,422,121	886	6,849,178	984	7,499,205
Bilateral contracts and CMBC market	628	3,883,497	567	3,457,042	560	2,722,705
Day Ahead Market	75	598,938	134	665,762	102	570,488
Total	1,510	10,904,556	1,587	10,971,982	1,646	10,792,398

Note: The amounts denominated in RON are by 0.4% lower than the IFRS total revenue
Source: SNN information

During the analysed period, in accordance with ANRE decisions, a large proportion of the quantities of electricity produced by SNN is sold on the regulated market (increasing from 59% of the total energy in 2010 to 70% in 2012). In the same time, the quantities sold on the Day Ahead Market remained constant at 5% - 6% of total energy sold. With respect to revenue, 60% was obtained from sales on the regulated market in 2012, compared to 53% in 2010.

Between 2010 – 2012, due to variations in the regulated quantities of energy to be sold and also due to increases of the regulated prices established by ANRE, the revenue generated by the sales on

regulated market increased by 22%. The price at which the energy is sold on the regulated market includes the tariff for the introduction of electric energy in the network (TG), which is collected by SNN from the clients and is subsequently paid to Transelectrica. This tariff varies depending on the region. The average value for 2011-2012 was RON8.6/ MWh; the tariff applicable in Cernavoda was RON8.32/ MWh during the same period.

Due to the technology used by Cernavoda power plants, the quantities of energy produced and sold did not vary significantly over the analysed period (variance of less than 2%); the reduction in 2012 was partly due to a longer outage period in 2012 compared to the previous two years. SNN planned a longer outage in 2012 (45 planned days, while the average outage is generally 25-30 days) in order to perform several additional maintenance programs and to replace part of the older components of Unit 1.

The fluctuations in revenue are due to different allocations of the quantities produced for the three main energy markets on which SNN is active and due to ANRE decisions to establish the quantities to be sold on the regulated market. Additionally, the slight increase in prices of energy delivered on the regulated market accounted for an additional RON25 million in 2011 and RON14 million in 2012 (the prices increased by approximately 3% in 2011 and by circa 1.5% in 2012 to RON 131/ MWh, including the tariff for the introduction of electric energy in the network – TG). For an overview of the price ranges of the quantities sold, please see the following table:

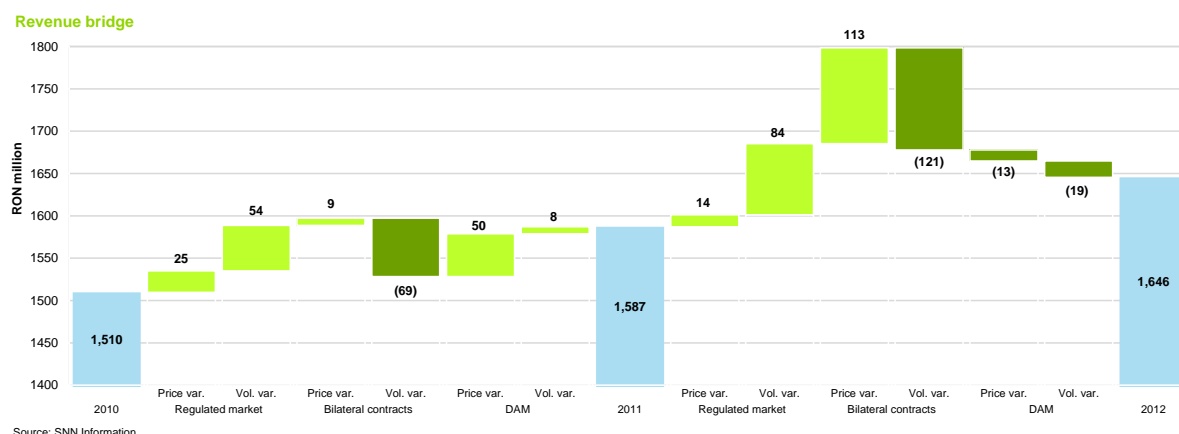
Volumes of electricity sold in different price bands

	2010		2011		2012	
	MWh	Price ranges	MWh	Price ranges	MWh	Price ranges
Regulated market	6,422,121	126	6,849,178	129	7,499,205	131
Bilateral contracts and						
CMBC market	3,883,497	143 - 170	3,457,042	145 - 190	2,722,705	162 - 252
Day Ahead Market	598,938	132 - 180	665,762	187 - 273	570,488	179 - 304
Total	<u>10,904,555</u>		<u>10,971,981</u>		<u>10,792,398</u>	

Note: Prices are expressed as RON/ MWh

Source: SNN information

As the prices for which the bilateral contracts were concluded were higher than the regulated prices, any increase in of the quantities to be sold on the regulated market, at the expense of the ones sold on the CBMC, led to lower revenue generated by the sale of power produced by SNN. The main drivers for higher revenue in 2011 versus 2010 were the prices for which the energy was sold on the Day Ahead Market, while in 2012 the main drivers were the prices of energy sold through bilateral contracts and on the CBMC market. For more details about the evolution of prices, please see the following sub-sections.



Regulated market

As at 31 December 2012, the regulated market on which energy producers are required to supply energy at a reduced regulated tariff accounts for 47% of domestic electricity consumption; this market will be phased out by 2017.

As per the table below, the share of the top 5 clients established by ANRE as buyers for the energy sold by SNN on the regulated market (as per 2012 revenue) remains constant over the period analyzed at approximately 75% of total sales on the regulated market:

Clients on regulated market

	2010		2011		2012	
	RON million	MWh	RON million	MWh	RON million	MWh
1 Electrica Furnizare	197	1,574,216	174	1,340,070	294	2,215,577
2 CEZ Vanzare	175	1,380,309	191	1,470,926	152	1,155,447
3 ENEL Energie	165	1,320,176	138	1,072,407	136	1,040,065
4 CEZ Distributie	64	511,279	67	525,040	79	602,713
5 E.ON Energie Romania	-	-	93	721,368	75	574,570
6 ENEL Energie Muntenia	68	541,523	107	831,096	73	563,529
7 Electrica Distributie Muntenia Nord	5	40,299	15	115,856	37	284,152
8 Electrica Distributie Transilvania Sud	15	119,933	14	108,855	28	213,523
9 ENEL Distributie Banat	12	97,646	21	160,627	25	193,118
10 ENEL Distributie Muntenia	6	49,278	16	121,630	24	188,422
11 Electrica Distributie Transilvania Nord	6	49,416	17	129,978	24	182,014
12 E.ON Moldova Distributie	-	-	19	145,649	24	182,109
13 ENEL Distributie Dobrogea	11	86,612	14	105,676	14	103,965
14 E.ON Moldova Furnizare	81	651,434	-	-	-	-
Total	807	6,422,121	886	6,849,178	984	7,499,205
Share of Top 5 (2012) clients	74.6%		75.0%		74.7%	

Source: SNN information

At the end of each year, ANRE sets the quantities to be sold during the following year by each energy producer on the regulated market as well as the price at which these quantities are to be sold. As a consequence, SNN does not control the quantity/ price mix on this market.

As per the framework agreement concluded by SNN with each default supplier which provide the electricity to the captive consumers at the regulated prices, the agreed price includes the tariffs due to be paid to Transelectrica. Addendums to these contracts are concluded, which are available until

the end of the respective year. the regulated prices differ according to day/ night time (lower prices for the night hours). On average, these prices did not vary significantly, reaching RON 131/ MWh in 2012 from an average price of RON126/ MWh in 2010.

Bilateral contracts market

During the analysed period, the majority of SNN's bilateral agreements have been concluded on the CMBC market, the price being determined based on public auctions, where the winner is the buyer offering the highest price.

As per results of the auctions, Electrica Furnizare seem to be the main client of the Issuer on the CMBC market with the sales towards this company representing circa 19% - 24% of total sales on the bilateral contracts market (19% in 2010, 24% in 2011 and 21% in 2012); also the average price of energy acquired by Electrica Furnizare on this market is lower than the yearly average price of energy sold through bilateral contracts; both in 2010 and 2011, the minimum price on this market was paid by Electrica Furnizare. Even though Electrica Furnizare is also the main client on the regulated market, it acquires electricity from SNN through several contracts concluded for one year on the CMBC market.

Bilateral contracts and CMBC

	2010		2011		2012	
	RON million	MWh	RON million	MWh	RON million	MWh
1 Electrica Furnizare	117	813,788	131	827,940	119	566,410
2 Tinmar	54	325,888	-	-	69	348,884
3 Electromagnetica	15	87,600	-	-	45	206,100
4 Ennet Grup	-	-	-	-	43	207,600
5 Ezpada	-	-	-	-	39	191,760
6 OET - OOD	-	-	29	167,770	33	169,980
7 Energy Financing Team	49	295,619	-	-	33	167,100
8 Elcomex (changed in Repower)	31	190,070	-	-	33	164,880
9 GEN-I Bucharest	-	-	-	-	33	164,880
10 Arelco Distributie	-	-	-	-	26	123,840
11 E.ON Energie Romania	-	-	-	-	19	90,770
12 Energy Holding	49	287,196	30	175,200	6	24,970
13 Alpiq Romindustries	-	-	-	-	4	26,430
14 Edison Trading SpA	-	-	-	-	1	3,360
15 RAAAN	78	458,280	120	700,800	-	-
16 Hidroelectrica	169	1,044,605	107	738,393	-	-
17 Alro	-	-	92	525,600	-	-
18 Silcotub	12	60,285	35	182,160	-	-
19 Enol	29	168,144	24	137,579	-	-
20 Rudnap	25	152,022	-	-	-	-
Other non-household customers	-	-	0	1,600	57	265,741
Total	628	3,883,497	567	3,457,042	560	2,722,705
Share of Top 5 (FY12) clients	29.6%		23.1%		56.2%	

Source: SNN information

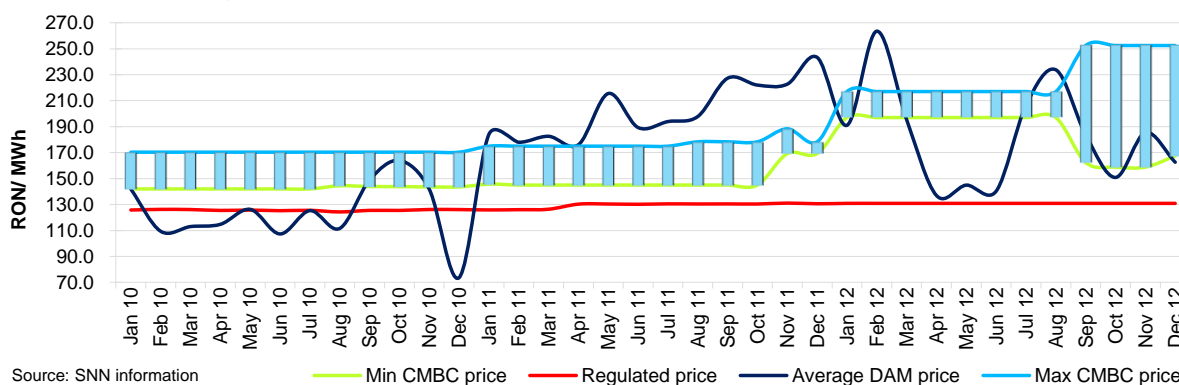
During the analysed period, the Issuer concluded several contracts for the supply of electricity to the final consumers. As per ANRE regulations, in certain cases the price of these contracts, such as the contract concluded with Silcotub, includes, a monthly amount for green certificates in addition to the tariff for the introduction of electric energy in the network (TG). Included among the bilateral contracts are the mutual aid agreements concluded with other electric energy producers, such as CE Oltenia. As per new Energy Law, such contracts between the producers cannot be

concluded starting August 2012.

Most of the bilateral contracts are concluded for the delivery of energy for a full year at a fixed price. Thus, the range between minimum and maximum prices remains constant during the analysed period.

In August 2012, during a first phase of the market liberalisation, as per Law 123/ 2012, ANRE changed the quantities to be delivered on the regulated market; following this decision, SNN sold additional quantities on the CMBC market in 2012 to several companies: Electrica Furnizare, Energy Holding, E.ON, Alpiq Romindustries and Edison Trading SpA. These new contracts were valid for the period September/ October – December and their prices varied between RON 159/ MWh (exclusively during the night hours) and RON 253/ MWh.

Prices of electricity sold on different markets



Day Ahead Market (DAM)

The DAM is operated by OPCOM and is part of the electricity wholesale market. The prices of energy fluctuate significantly on this market, depending largely on the supply and demand. Due to this, the favourable movement of the prices in 2011 was the main generator of the increase in revenue for SNN during that year.

Electricity transmission revenues

SNN incurs costs for transportation of electricity charged by Transelectrica, the operator of the electricity network in Romania. SNN transfers these costs to its customers. As a result, SNN records revenues from electricity purchased from third parties and resold (transportation costs recharged to clients) thus providing nil impact on the net result.

Other income

As illustrated in the table below, other operating income mainly refers to variation in production (i.e. corresponding revenue recognised during the year with respect of production in course of

execution), sales of apartments to employees and penalties imposed to customers.

In accordance with SNN's policy, those employees with more than 10 years of seniority who occupy the entity's apartments have the right to acquire the apartments. The related cost is reflected in the other operating expenses.

SNN imposed late payment penalties mainly on Cernavoda City Council (RON4 million in 2010, RON2 million in 2011 and RON5 million in 2012) and to RAAN.

Other operating income

RON million	2010	2011	2012	Var% 2011/2010	Var% 2012/2011
Variation in production	4	10	9	150.0%	(10.0)%
Proceeds from sale of apartments to SNN employees	22	6	1	(72.7)%	(83.3)%
Income from penalties	10	6	6	(40.0)%	0.0%
Other	3	8	22	166.7%	175.0%
Total	39	30	38	(23.1)%	26.7%

Source: IFRS Financial statements as at 31December 2010, 2011 and 2012

Expenses

Personnel expenses

Staff cost

RON million	2010	2011	2012	Var (%) 2011	2012
Total staff cost	261	276	289	5.7%	4.7%
Average number of employees	2,251	2,082	2,191	(7.5)%	5.2%
Monthly staff cost in RON per employee	9,662	11,047	10,992	14.3%	(0.5)%

Source: IFRS audited financial statements and Deloitte analysis for the years ended 31December 2010, 2011 and 2012; SNN information

Total staff cost includes salary and salary contributions. Total staff cost increased by 6% in 2011 and by a further 5% in 2012 due to a change in the mix of employee categories in 2011 (additional employees with higher salaries) as well as an increase in the number of personnel in 2012 compared to the previous year.

The evolution of the personnel of the companies from the Group was as follows:

Evolution of the number of employees by category

Number	2010	2011	2012	% 2010	% 2011	% 2012
White collars	765	701	754	34.0%	33.7%	34.4%
Technicians and foremen	333	599	624	14.8%	28.8%	28.5%
Skilled workers	321	305	313	14.3%	14.6%	14.3%
Operators for equipment, machinery and equipment	571	242	260	25.4%	11.6%	11.9%
Management employees	176	157	164	7.8%	7.5%	7.5%
Other	85	78	76	3.8%	3.7%	3.5%
Total	2,251	2,082	2,191	100.0%	100.0%	100.0%

Source: SNN information

The average monthly staff cost per employee increased to RON11,144 in 2012 compared to RON9,662 in 2010 and RON11,047 in 2011. The 14% increase in 2011 as compared to 2010 was mainly driven by the doubling of the number of technicians and foremen, who are better paid compared to other employee categories.

Cost of uranium fuel

The cost incurred with the nuclear fuel ranged from RON118 million in 2010 to RON123 million in 2012.

Units 1 and 2 use approximately 11,000 fuel bundles annually, which contain about 19kg of uranium each. SNN's Pitesti branch produces the required quantity if it functions at maximum capacity.

The main raw material for the fuel bundles is uranium ore, the supply of which is mined in Romania. The National Company of Uranium supplies the uranium. Starting from January 2007, the provision of the uranium acquisition contract, including the price, needs the approval of the European Commission through the Euratom Supply Agency. The acquisition price of the uranium fluctuated from RON383/kg in 2010 and 2011 to RON409/kg in 2012, which explains the increase in costs for nuclear fuel in 2012. Starting 1 January 2013, the acquisition price for the uranium is RON520.83/kg.

Repairs and maintenance

The main operating costs stem from expenses for maintenance and repair, accounting for approximately 7% of revenues from electricity produced each year during the analysed period.

The planned outages (i.e. the periods when power demand is at its lowest, usually in May, when the nuclear reactor shuts down for maintenance and repairs) ranged between 25 to 40 days. The planned outages are held every two years for each reactor (i.e. Unit1 in 2010 and 2012 and Unit2 in 2011).

Apart from the planned outages, the operation of the two nuclear reactors is also affected by unplanned outages when interventions and repairs are required. Refer to the table below for details regarding the length of planned and unplanned outages during 2010 – 2012.

Planned and unplanned outages

Days	2010	2011	2012	Var% 2011/2010	Var% 2012/2011
Planned outages	24	26	37	8.3%	42.3%
Unplanned outages	<u>16</u>	<u>6</u>	<u>14</u>	<u>(62.5)%</u>	<u>133.3%</u>
Total	<u>40</u>	<u>32</u>	<u>51</u>	<u>(20.0)%</u>	<u>59.4%</u>

Source: Information provided by management

Planned and unplanned outages

Days	2010	2011	2012	Var% 2011/2010	Var% 2012/2011
Planned outages	25	26	37	4.0%	42.3%
Unplanned outages	<u>16</u>	<u>6</u>	<u>14</u>	<u>(62.5)%</u>	<u>133.3%</u>
Total	<u>41</u>	<u>32</u>	<u>51</u>	<u>(22.0)%</u>	<u>59.4%</u>

Source: Information provided by management

Costs for maintenance and repairs had an increasing trend during the analysed period, from RON91 million in 2010 to RON105 million in 2011 and further to RON125 million in 2012. The increase in 2012 is mainly driven by the increase in both planned outage for Unit1 and the unplanned outages.

The reactors are utilized at almost 97% of their capacity during a year when no outage is planned and at approximately 91% during the year with outages.

Refer to the table below for details of repairs and maintenance by the supplier.

General Electric performed the capital repairs during the planned outages. The services provided by this supplier is at the same level during 2010 and 2011 (driven by equal period of planned outage), followed by an increase of 68% in 2012 as compared to the previous period, which is in line with the increased period of planned outage for Unit1 in 2012.

Another factor influencing the increasing trend of this expense in 2012 as compared to 2011 is the unplanned outages (14 days in 2012 as compared to only 6 in 2011).

Maintenance and repairs by supplier

RON million	2010	2011	2012	Var% 2011/2010	Var% 2012/2011
Elcomex SA Cernavoda	26	28	31	7.7%	10.7%
General Electric	22	22	37	0.0%	68.2%
Nimb Consmetal SRL	-	2	13	100.0%	550.0%
Babcock & Wilcox Canada Ltd	-	6	9	100.0%	50.0%
General Concrete SRL	-	8	9	100.0%	12.5%
Other	43	39	26	(9.3)%	(33.3)%
Total	91	105	125	15.4%	19.0%

Source: Information provided by management

Spare parts used

The cost of spare parts is incurred with the materials used for the planned and unplanned outages and throughout 2010 - 2012 it maintained similar proportions to the revenues from electricity produced.

Cost of traded electricity

This category of costs is incurred by the balancing market deficits charged by Transelectrica, the market operator, and by the electricity acquired from other suppliers from the Day Ahead Market and based on bilateral contracts which are put into force in case of unplanned outages.

Cost of electricity purchased from third parties

RON million	2010	2011	2012	Var% 2011/2010	Var% 2012/2011
Balancing market deficits	35	21	38	(40.0)%	81.0%
Cost of electricity acquired from other producers	28	25	36	(10.7)%	44.0%
Total	63	46	74	(27.0)%	60.9%

Source: SNN statutory trial balances

Balanc

ing market deficits

Balancing market comprises the energy required to balance spot fluctuations in the market (both lower and higher than expected). The market is mainly driven by Hidroelectrica (represents approximately 90% of this market due to the operating advantages of its hydro production facilities). The balancing market prices for power shortages are higher than the prices negotiated for bilateral contracts or the ones resulted from auctions on the other markets (CBMC, DAM).

Cost of electricity acquired from other producers

Considering the nature of the off take agreements concluded by SNN (which guarantee a constant base load flow of electricity) and considering the probability of an unplanned outage, SNN concludes mutual aid contracts with other suppliers. They are a form of hedging for price volatility,

since the aim is to ensure that SNN will not be exposed to potentially high prices on the Day Ahead Market. SNN also acquires electricity from the Day Ahead Market and through bilateral agreements.

Cost of electricity acquired from other producers

		Cost of electricity (RON million)			Average price RON/MWh		
	Type of acquisition	2010	2011	2012	2010	2011	2012
Electricity acquired from day ahead market	Day ahead market	12	11	10	202.8	296.7	233.5
Complexul Energetic Rovinari	Mutual aid agreements	4	1	2	177.0	190.2	210.0
Complexul Energetic Craiova	Mutual aid agreements	7	10	-	185.0	189.8	n/a
Hidroelectrica	Mutual aid agreements	5	3	-	125.7	117.2	n/a
Energy Financing Team	Bilateral agreements	-	-	5	180.0	n/a	194.7
Elcomex	Bilateral agreements	-	-	-	180.0	n/a	n/a
Tinmar	Bilateral agreements	-	-	11	180.0	n/a	193.1
Enel Distributie Dobrogea	Mutual aid agreements	-	-	-	n/a	n/a	253.3
Energy Distribution Services	Bilateral agreements	-	-	-	n/a	n/a	211.0
Electrica Furnizare	Bilateral agreements	-	-	4	n/a	n/a	190.0
OET- Obedineni Energiini Targovsti OOD	Bilateral agreements	-	-	4	n/a	n/a	190.0
Total		28	25	36			

Source: SNN information

Other operating expenses

Other operating expenses

RON million	2010	2011	2012	Var% 2011/2010	Var% 2012/2011
Services provided by third parties	126	126	122	0.0%	(3.2)%
Decommissioning	90	94	101	4.4%	7.4%
Energy and water	33	77	75	133.3%	(2.6)%
Insurance	10	11	12	10.0%	9.1%
Fuel and other consumables	40	35	36	(12.5)%	2.9%
Research	-	9	-	100.0%	(100.0)%
Transport and telecommunication	8	9	8	12.5%	(11.1)%
Net provision	(6)	6	4	(200.0)%	(33.3)%
Other	45	44	49	(2.2)%	11.4%
Total	346	411	407	18.8%	(1.0)%

Source: IFRS Financial statements, statutory trial balances

Services provided by third parties

Services rendered by third parties

Supplier	Nature of services	2010	2011	2012	Var% 2011/2010	Var% 2012/2011
General Concrete SRL	Building maintenance; decontamination	25	13	13	(48.0)%	0.0%
Candu Owners Group	Technical trainings	11	10	11	(9.1)%	10.0%
Siveco Romania SA	Technical assistance	-	-	11	n/a	100.0%
Candu Energy Inc.	Technical assistance	-	8	10	100.0%	25.0%
Gmb Computers SRL	IT services	9	10	10	11.1%	0.0%
Unify Co Ltd SRL Cernavoda	Technical services	7	7	8	0.0%	14.3%
Mate-Fin SRL	Radioactive waste processing	6	6	6	0.0%	0.0%
Argos SA	Maintenance of heat supply systems	6	4	3	(33.3)%	(25.0)%
RAAN Drobeta Turnu Severin	Engineering services- design and technical support	6	5	3	(16.7)%	(40.0)%
Amec Nuclear Uk Limited	Nuclear safety analysis services	1	9	2	800.0%	(77.8)%
CNU Sucursala Feldioara	Difference of manufacturing	1	2	6	100.0%	200.0%
CNU Sucursala Feldioara	Radioactive solid waste storage	3	1	-	(66.7)%	(100.0)%
AECL Canada	Consultancy and technical assistance to U1 and U2	5	2	-	(60.0)%	(100.0)%
Other		46	49	39	6.5%	(20.4)%
Total		126	126	122	0.0%	(3.2)%

Source: Information provided by SNN

The cost incurred for services provided by third parties remained steady in 2010 and 2011 (i.e.

RON126 million), followed by a downward trend in 2012, to RON122 million.

The major services rendered are the repairs and maintenance to the building and technical equipment, including decontamination provided by Nuclearserv, and technical assistance and trainings provided by suppliers such as Candu Energy Inc. and Siveco Romania.

Cernavoda Units 1 and 2 operate using CANDU technology. The only provider of CANDU technology is Candu Energy, a wholly owned subsidiary of SNC Lavalin Nuclear (Canada). Candu Energy offers several technical services for engineering solutions, technical analysis, systems inspections, testing, monitoring, control, assessment and maintenance services, delivery of equipment, spare parts and certain consumables. SNC Lavalin Nuclear performs several works of design and building of venting and monitoring systems.

Decommissioning

The Issuer's two operating nuclear reactors, Unit 1 and Unit 2 of CNE Cernavoda, have estimated useful lives until 2027 and 2038, respectively. In accordance with the GD 1080/2007 regarding the safe management of the radioactive waste and the decommissioning of the nuclear installation, ANDR is responsible for both the decommissioning process of the units at the end of their useful lives and for the permanent storage of the resulting waste.

In accordance with this legislation, the Issuer is required to make two types of contribution to ANDR during the entire useful life of the two units:

- EURO.6/MWh of the electricity produced - contribution for decommissioning for each unit and
- EUR1.4/MWh of the electricity produced - contribution for permanent storage of radioactive waste.

Detail of contribution for decommissioning and permanent storage

	2010	2011	2012	Var% 2011/2010	Var% 2012/2011
Net electricity delivered by Unit 1 (MWh)	5,161,618	5,619,011	4,955,050	8.9%	(11.8)%
Net electricity delivered by Unit 2 (MWh)	<u>5,521,759</u>	<u>5,174,571</u>	<u>5,581,699</u>	<u>(6.3)%</u>	<u>7.9%</u>
Total net quantity delivered	10,683,377	10,793,583	10,536,749	1.0%	(2.4)%
Contribution for decommissioning at EUR0.6/MWh	6,410,026	6,476,150	6,322,049	1.0%	(2.4)%
Contribution for permanent storage of electricity at EUR1.4/MWh	<u>14,956,727</u>	<u>15,111,016</u>	<u>14,751,449</u>	<u>1.0%</u>	<u>(2.4)%</u>
Total contribution (EUR million)	21	22	21	4.8%	(4.5)%
Total contribution (RON million)	90	94	101	4.4%	7.4%

Source: SNN information

Decommissioning expenses increased by 4.4% in 2011 as compared to 2010 (i.e. from RON90 million in 2010 to RON94 million in 2011) and by 7.4% in 2012 as compared to 2011 (i.e. from RON94 million in 2011 to RON101 million in 2012). This trend was influenced by the average RON/EUR foreign exchange rate, as the net quantity of the electricity produced remained at

approximately the same level in 2011 as compared to the previous year (i.e. 10,685,387MWh in 2010 and 10,795,594MWh in 2011) followed by a slight decrease in 2012 of 2.4% to 10,536,749MWh. The average RON/EUR exchange rate communicated by the National Bank of Romania fluctuated from 4.2099 in 2010 to 4.2379 in 2011 and to 4.4560 in 2012.

Energy and water

In 2011 and 2012, 91% of the energy and water cost consisted of technological water (75% in 2010). The remainder was non-technological water and electricity to the non-production facilities acquired from Enel Energie SA.

As shown in the table below, the technological water is mainly acquired from Apele Romane Bucuresti. The increase in cost of technological water in 2011 was driven by GD 1202/2.12.2010 as per which the tariff for using Danube water to cool the nuclear reactors increased from RON4.38 per cm thousand to RON24 per cm thousand.

In 2012, the cost of technological water was 3% lower compared to the previous year due to a longer period of planned/unplanned outage (i.e. 37/14 days in 2012 as compared to 26/6 days in 2011).

Utilities

RON million	2010	2011	2012	Var% 2011/2010	Var% 2012/2011
Technological water	25	70	68	180.0%	(2.9)%
Non-technological water	5	4	4	(20.0)%	0.0%
Electricity	3	3	3	0.0%	0.0%
Total	33	77	75	133.3%	(2.6)%

Source: SNN information

Technological water by supplier

RON million	2010	2011	2012	Var% 2011/2010	Var% 2012/2011
Administratia Canalelor Navigabile Constanta	1	1	1	0.0%	0.0%
Apele Romane Bucuresti	11	59	57	436.4%	(3.4)%
Apele Romane Constanta	13	10	10	(23.1)%	0.0%
Total	25	70	68	180.0%	(2.9)%

Source: SNN information

Insurance

During 2010 – 2012, the insurance cost represented 0.7% (2010 and 2011) and 0.3% (2012) of the sales of produced electricity.

The Issuer has the following operational insurances:

Insurance policy for property damage against all risks, including mechanical and electrical damage.

The compensation limit is subject to a maximum of USD 1,000 million per single loss and USD1,500 million in the annual aggregate, for Cernavoda NPP Units 1 and 2 and Pitesti Branch

Liability insurance policy for nuclear damage to third parties. Compensation damage is SDR 300 million, for Cernavoda Units 1 and 2.

Fuel and other consumables

Fuel and other consumables expenses fluctuated during 2010 – 2012, decreasing from RON40 million in 2010 to RON35 million in 2011, followed by a slight increase to RON36 million in 2012. In terms of revenues from electricity produced, these costs reduced this proportion from 2.8% in 2010 to 2.3% both in 2011 and in 2012.

Research expenses

In 2011, Ansaldo Nucleare performed a nuclear security study following the Fukushima nuclear accident (RON2 million), while AECL Canada performed a nuclear stress test study (RON2 million).

Net provision

In 2010, the Issuer obtained net income from the release of a provision of RON10 million set up before 2010 for balancing market deficits. Also during 2010, SNN recorded a provision for employee benefits of RON4 million. During 2011, SNN set up specific allowances for certain customers (i.e. Proconex of RON2 million, Condem of RON2 million).

In 2012, the Issuer set up a provision of RON2 million for employee benefits and an impairment of RON2 million to the receivable from Hidroelectrica, upon the insolvency proceedings initiated by this customer in June 2012.

Detail of net provisions

RON	2010	2011	2012	Var% 2011/2010	Var% 2012/2011
Employee benefits provision/ (provision release)	4.0	(5.0)	2.0	(225.0)%	(140.0)%
Transelectrica provision/ (provision release)	(10.0)	2.0	-	(120.0)%	(100.0)%
Condem provision	-	2.0	-	100.0%	(100.0)%
Hidroelectrica provision	-	-	2.0	n/a	100.0%
Proconex provision	-	2.0	-	100.0%	(100.0)%
Other	-	5.0	-	100.0%	(100.0)%
Net provision	(6.0)	6.0	4.0	(200.0)%	(33.3)%

Source: SNN statutory trial balances

In June 2012, the Group won the litigation with Proconex Universal SRL. The Group was sued to pay some penalties to Proconex Universal SRL. Proconex Universal SRL was declared bankrupted in June 2012.

In December 2012 the Group won the litigation with RAAN. RAAN can appeal against this decision. The Group sued RAAN to recover penalties in amount of RON 7.8 million. As at 31 March 2013, SNN set up bad debt allowances for all receivables not collected from this entity.

Net finance costs

Net financial loss

RON million	2010	2011	2012	Var% 2011/2010	Var% 2012/2011
Interest income	27	33	40	23.8%	21.4%
Interest expense	(72)	(74)	(72)	2.8%	(2.7)%
Foreign exchange loss	(362)	(267)	(249)	(26.3)%	(6.7)%
Foreign exchange gains	227	242	190	6.4%	(21.5)%
Other financial income	8	-	-	(100.0)%	n/a
Total	(172)	(66)	(91)	(61.7)%	37.8%

Source: IFRS financial statements as at 31 December 2010, 2011 and 2012

The interest expense relates to loans for the financing of Cernavoda Unit 2. The interest income was earned on cash deposits. The exposure on borrowing is in USD, CAD and EUR. The Group has not entered into any hedging agreements in order to mitigate the foreign exchange exposure. Some of the agreements with suppliers are also denominated in EUR, CAD and USD.

Income tax

Income tax recognised in Profit and Loss

RON million	2010	2011	2012	Var% 2011/2010	Var% 2012/2011
Current tax expense	8	25	51	212.5%	104.0%
Deferred tax release	(4)	(5)	(5)	25.0%	0.0%
Total	4	20	46	400.0%	130.0%

Source: IFRS audited financial statements for the years ended 31 December 2010, 2011 and 2012

The income tax payable is determined based on the statutory result, adjusted for non-deductible expenses and non-taxable income, on which the statutory tax rate of 16% was applied. The translation methods used and the various accounting policies applied lead to differences between the accounting profit or loss and the fiscal profit or loss.

Tax movements in deferred tax liability

RON million	Balance at 1-Jan-2011	Recognised in profit or loss	Balance at 31-Dec-2011	Recognised in profit or loss	Tax recognised directly in OCI	Balance at 31-Dec-2012
PP&E	157	(4)	153	(4)	2	151
Inventories	14	(1)	13	(1)	-	12
Employee benefits	(4)	-	(4)	-	-	(4)
Net tax (asset)/liability	167	(5)	162	(5)	2	159

Starting 1 May 2009, according to the changes in the fiscal treatment of revaluation reserves, in compliance with Government Emergency Ordinance number 34/2009, amending the Fiscal Code, revaluations recorded by SNN after 1 January 2004 and booked in the statutory financial statements, will be taxed simultaneously with the deduction of the fiscal depreciation, respectively

when the assets are disposed, as appropriate.

The reconciliation between the IFRS accounting loss and the income tax expense is as follows:

Income tax expense

RON million	2010	2011	2012	Var% 2011/2010	Var% 2012/2011
Profit before tax	8	103	67	1187.5%	(35.0)%
Income tax at statutory rate of 16%	1	16	11	1500.0%	(31.3)%
Effect of non-deductible expenses	6	8	6	33.3%	(25.0)%
Taxed revaluation reserve	-	-	32	n/a	100.0%
Effect of tax exempt income	(2)	(2)	(1)	0.0%	(50.0)%
Deferred tax release	(4)	(5)	(5)	25.0%	0.0%
Effect of other difference	3	3	3	0.0%	0.0%
Total	<u>4</u>	<u>20</u>	<u>46</u>	<u>400.0%</u>	<u>130.0%</u>

Source: IFRS audited financial statements for the years ended 31 December 2010, 2011 and 2012

As at 31 December 2012, the Issuer recorded an income tax expense of RON32 million for the reserve representing the revaluation reserve surplus that was used in the local statutory financial statement to offset its accounting losses and which was not taxed until 31 December 2012 as well as the remaining difference against tax reserve representing revaluation surplus.

3.2.3 Cash flow

The following information has been extracted from SNN's audited individual financial statements as at 31 December 2010 and from the audited consolidated financial statements as at 31 December 2011 and 31 December 2012, prepared in accordance with IFRS.

Cash Flow Statement

RON million	2010	2011	2012
Cash flows from operating activities			
Profit before tax	8	103	67
Depreciation and amortisation	381	387	396
Retirement benefits provision	4	-	-
Impairment loss on trade and other receivables	-	2	1
Net financial loss	-	66	91
Loss from sale of fixed assets	(1)	-	-
Interest expenses	45	-	-
Interest revenues	(27)	-	-
Foreign exchange loss	128	-	-
	538	558	555
Changes in:			
(Increase)/decrease in trade and other receivables	(177)	124	73
Decrease in inventories	13	9	22
Decrease in pension benefits	-	(5)	-
Increase in deferred income	-	-	23
Increase in trade and other payables	74	28	51
Operating cash flow	448	714	724
Income tax paid	(13)	-	(11)
Interest received	28	31	38
Interest paid	(45)	(47)	(43)
Net cash flow from operating activities	418	698	708
Cash flow from investing activities			
Purchases of intangible assets	(22)	(25)	(6)
Purchases of tangible assets	(175)	(512)	(283)
Investments in EnergoNuclear	(39)	-	-
Acquisition of subsidiary, net of cash acquired	-	(16)	-
Proceeds from sale of assets	22	6	1
Increase in bank deposits	-	(96)	(139)
Purchases of fixed assets for associates	(340)	-	-
Net cash from investing activities	(554)	(643)	(427)
Cash flow from financing activities			
Advances paid for share capital increase	289	253	-
Loan payments	(174)	(171)	(184)
Net cash from financing activities	115	82	(184)
Net increase/(decrease) in cash and cash equivalents	(21)	137	97
Cash and cash equivalents at beginning of period	495	474	611
Cash and cash equivalents and period end	474	611	708

Source: IFRS audited Financial Statements for the years ended 31 December 2010, 2011 and 2012

The cash flow statements are drafted using the gross profits for each period as a starting point.

Since SNN's assets have a relatively high overall net book value, these translate into significant levels of depreciation for each period. Since the depreciation is of a non-monetary nature, it is the main factor which positively influences the operating cash flows of the entity. Another significant item is the Group's net finance costs, mainly incurred by the interest payable to the seven long term loan obtained to finance the finalization of Cernavoda Unit 2 and by the foreign exchange losses, as SNN is exposed to the changes in the foreign exchange rates mainly due to its long term borrowings and payables denominated in foreign currencies.

The Group's cash deposits increased between 2010 and 2012, thus recording higher levels of interest income at the end of the analysed period, positively influencing the operating cash flows. These are counterbalanced by the interest expenses, which are higher than the income, and are related to the interest to be paid for the Group's borrowings.

The most notable working capital variance throughout the analysed period is the decrease of trade receivables and the significant decrease in inventories in 2012. The collections from Hidroelectrica, one of the Group's major customers, significantly influenced the operating cash flows (i.e. as at 31 December 2010, the receivable from this customer was RON178 million and dropped to RON35 million as at 31 December 2011 and further to RON29 million as at 31 December 2012).

The drop in inventories is related to the change in the Group's policy regarding the heavy water (classified as inventory until 2011, when it was recorded as non-current assets).

The increase in trade payables as at 31 December 2012 of RON51 million is mainly related to the additional technical studies, projection of electrical systems and engineering works compared to prior years.

The major investments performed by SNN in 2011 were the following:

- Improvements of nuclear security systems of RON 32 million;
- Modernization and expansion of physical protection system for CNE Cernavoda with the view to align them to the legislation in force of RON25 million;
- Integrated software program of RON23 million.
- The acquisition of heavy water to be transferred as an investment in kind in Energonuclear to a future date, of RON289 million for the acquisition of further 135 tonnes in 2011).

The cash inflow from financing activities is mainly related to heavy water acquired through State budget funds to be used for a future contribution in kind to the share capital of Energonuclear. The repayments of SNN's loans are the main outflows, leading to overall outflows of cash from investing activities in 2012.

3.2.4 Consolidated Statement of Changes in Shareholders' Equity

The following information has been extracted from SNN's audited individual financial statements as at 31 December 2010 and from the audited consolidated financial statements as at 31 December 2011 and 31 December 2012, prepared in accordance with IFRS.

Statement of Changes in Equity

RON million	Share capital	Prepaid reserve	Revaluation reserve	Retained earnings	Total	Non-controlling interest	Total equity
Balance as at 1 January 2010	2,732	1,075	1,484	2,128	7,419	-	7,419
Total result for the period							
Net profit for the period	-	-	-	4	4	-	4
<i>Total comprehensive income for the period</i>	-	-	-	4	4	-	4
Shareholders transactions recognised directly in equity							
State Budget contribution to the share capital, paid in advance	-	289	-	-	289	-	289
<i>Total shareholders transactions</i>	-	289	-	-	289	-	289
Revaluation reserve (realised)	-	-	(10)	10	-	-	-
Balance as at 31 December 2010	2,732	1,364	1,474	2,142	7,712	-	7,712
Total result for the period							
Net profit for the period	-	-	-	82.85	82.85	0.15	83.00
<i>Total comprehensive income for the period</i>	-	-	-	82.85	82.85	0.15	83.00
Acquisition of minority interest	-	-	-	-	-	16	16
Shareholders transactions recognised directly in equity							
State Budget contribution to the share capital, paid in advance	-	253	-	-	253	-	253
<i>Total shareholders transactions</i>	-	253	-	-	253	-	253
Revaluation reserve (realised)	-	-	(5)	5	-	-	-
Balance as at 31 December 2011	2,732	1,617	1,469	2,230	8,048	16	8,064
Total result for the period							
Net profit for the period	-	-	-	20.95	20.95	0.05	21.00
Other comprehensive income	-	-	9	-	9	-	9
<i>Total comprehensive income for the period</i>	-	-	9	20.95	29.95	0.05	30.00
Issuance of shares by subsidiary	-	-	-	-	-	7	7
Revaluation reserve (realised)	-	-	(1)	1	-	-	-
Balance as at 31 December 2012	2,732	1,617	1,477	2,252	8,078	23	8,101

Source: IFRS audited Financial Statements for the years ended 31 December 2010, 2011 and 2012

The share capital of SNN represents the State contribution at the formation of SNN in June 1998 (restated for inflation to 31 December 2003) plus subsequent contribution.

As at 31 December 2012, share capital of RON2,732 million consists of 253,682,361 fully paid-in ordinary shares each having a nominal value of RON10 per share. Shareholders' structure during the analyzed period is as follows:

Shareholders' equity structure

	31-Dec-2010		31-Dec-2011		31-Dec-2012	
	Number of shares (thousand)	Percentage owned	Number of shares (thousand)	Percentage owned	Number of shares (thousand)	Percentage owned
The Romanian State through "MECMA"	229,006	90.3%	229,006	90.3%	229,006	90.3%
Fondul Proprietatea SA	24,676	9.7%	24,676	9.7%	24,676	9.7%
Total	253,682	100.0%	253,682	100.0%	253,682	100.0%

Source: IFRS audited Financial Statements for the years ended 31 December 2010, 2011 and 2012

As at 31 December 2012, the share capital in amount of RON2,732 million includes the effect of restatements for hyperinflation relating to prior periods, required by the application IAS 29 "Financial Reporting in Hyperinflationary Economies".

Prepaid share reserve of RON1,617 million as at 31 December 2012 (RON1,617 million as at 31 December 2011 and RON1,364 million as at 31 December 2010) mainly represents cash contributions from the State budget towards SNN for construction of nuclear Unit 2 and for acquisition of heavy water from RAAN related to Units 3 and 4. According to Government Decision 365/1998, these non-refundable amounts will be used to increase the share capital of SNN.

In the case that the Romanian State would contribute in kind to the share capital and other shareholders will not participate to the share capital increase, the Romanian State would increase

its stake in SNN above the current 90.28%. As a result, the minority shareholders' stake would be diluted. Alternatively, they will need to make further contributions in order to maintain the same capital share. The shareholders of SNN approved during the extraordinary meeting held in May 2013, that the 786,716 kg of heavy water acquired by SNN during 2006 and 2011 exclusively through state budget funds with the total value of RON1,383 million, will be transferred to the state reserve. In June 2013, the Romanian Government approved the emergency ordinance by which the heavy water is transferred to the state reserve. In case the stipulations of the emergency ordinance will be implemented, the property, plant and equipment and the prepaid share reserve will decrease by RON1,383 million, while the share capital of SNN will not be increased by this amount.

Reserves

RON million	31-Dec-2010	31-Dec-2011	31-Dec-2012	Var% Dec11/Dec10	Var% Dec12/Dec11
Prepaid share reserve	1,364	1,617	1,617	18.5%	0.0%
Revaluation reserve	1,474	1,469	1,477	(0.3)%	0.5%
Total	2,838	3,086	3,094	8.7%	0.3%

Source: IFRS audited Financial Statements for the years ended 31 December 2010, 2011 and 2012

Starting 31 December 2011, the heavy water for Units 3 and 4 has been acquired directly by the State in accordance with GD 118/2011 and it will be transferred to the State's reserve. Also per this legislation, the State will become a part of the financing structure of Energonuclear's construction of Units 3 and 4 through a future contribution in kind, representing the heavy water transferred to the State's reserve.

The revaluation reserve amounted to RON1,477 million as at 31 December 2012 (RON1,469 million as at 31 December 2011, RON1,474 million at 31 December 2010). SNN recorded during 2009 a deferred tax liability in respect of the revaluation reserve which is not fully deductible. SNN recognized an increase in the revaluation reserve of RON10 million, following the revaluation of its buildings as at 31 December 2012.

3.2.5 Accounting policies

The Group's accounting policies are presented in the annual consolidated financial statements, which are attached to this document.

3.2.6 Independent auditor's opinions to the consolidated financial statements

During the analyzed period (2010 – 2012), the financial statements of SNN were audited by KPMG Audit SRL. Extracts from the audit opinions have been presented in the following paragraphs.

Extract from the independent auditor's opinion attached to the individual financial statements of the Company for the year ended 31 December 2010 prepared in accordance with the International

Financial Reporting Standards (IFRS):*“Basis for qualified opinion:*

6. *As described in Note 4 to the accompanying financial statements, as at 31 December 2010, the Company has property, plant and equipment held for future investments with a carrying value of RON288 million (RON274 million as at 31 December 2009) consisting of Nuclear Power Plant Units 3 and 4 of CNE Cernavoda. Prior to 1991, Nuclear Power Plant Units 1, 2, 3, 4 and 5 were considered a single project and construction costs incurred were not allocated to each unit on a separate basis. The Company performed an allocation of these costs to Nuclear Power Plant Units 3 and 4. We were not able to obtain sufficient and appropriate audit evidence about the accuracy, the proper allocation and the valuation of these assets. These limitations also impact the related deferred tax balance of RON31 million as at 31 December 2010 (RON 30 million as at 31 December 2009). Consequently, we were unable to determine whether adjustments might have been necessary in respect of the Company’s financial position and financial performance as at and for the year ended 31 December 2010. As described in paragraph 11 of this report, the auditor’s report as at and for the year ended 31 December 2009 was also modified accordingly.*
7. *As described in paragraph 11 of this report, as at 31 December 2009, the Company was in process of evaluating the net recoverable value of certain spare parts and components with the carrying amount of RON17 million as at that date. In the absence of a final valuation report, the previous auditor (PWC) was unable to obtain sufficient audit evidence as to whether the valuation of these inventories has been carried out as required by International Accounting Standard (“IAS”) 2 “Inventories”. Since opening balance of inventories impact the Company’s financial performance, we were unable to determine whether adjustments might have been necessary regarding the Company’s financial performance for the year ended 31 December 2010.*

Qualified opinion

8. *In our opinion, except for the possible effects of the matters described in paragraphs 6 and 7, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2010 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.*

Extract from the independent auditor’s opinion attached to the consolidated financial statements for the year ended 31 December 2011 prepared in accordance with the International Financial

Reporting Standards (IFRS):*Basis for Qualified Opinion*

6. *As described in Note 4 to the accompanying consolidated financial statements, as at 31 December 2011, the Group has property, plant and equipment held for future investments with a carrying value of RON292 million (RON288 million as at 31 December 2010 classified as property, plant and equipment held for future investment in associate) consisting of Nuclear Power Plant Units 3 and 4 of CNE Cernavoda. Prior to 1991, Nuclear Power Plant Units 1, 2, 3, 4 and 5 were considered a single project and, therefore, construction costs incurred were not allocated to each unit on a separate basis. Subsequently, the Group performed an allocation of construction costs to Nuclear Power Plant Units 3 and 4. We were unable to obtain sufficient and appropriate audit evidence about the accuracy, the proper allocation and the valuation of these assets. These limitations also impact the related deferred tax liability of RON32 million as at 31 December 2011 (RON31 million as at 31 December 2010). Our audit opinion on the financial statements as at and for the year ended 31 December 2010 dated 17 October 2011 was modified accordingly. Consequently, we were unable to determine whether adjustments might have been necessary in respect of the Group's financial position and financial performance as at and for the years ended 31 December 2011 and 31 December 2010.*
7. *As at 31 December 2009, the Company was in the process of evaluating the net recoverable value of certain spare parts and components with a carrying amount of RON17 million as at that date. In the absence of a final valuation report, the previous auditor (PWC) was unable to obtain sufficient audit evidence as to whether the valuation of these inventories has been carried out as per International Accounting Standard ("IAS") 2 "Inventories". Since the opening balance of inventories affects the determination of the Company's financial performance, we were unable to determine whether adjustments to the financial performance and opening retained earnings might be necessary for the year ended 31 December 2010. Our audit opinion on the financial statements for the year ended 31 December 2010 dated 17 October 2011 was modified accordingly. Our opinion on the current period's consolidated financial statements is also modified because of the possible effect of this matter on the comparability of the current period's figures and the corresponding figures.*

Qualified opinion

8. *In our opinion, except for the possible effects of the matters described in paragraph 6 and for the possible effects on the corresponding figures for the year ended 31 December 2010 of the matters described in paragraph 7, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2011 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.*

Extract from the independent auditor's opinion attached to the consolidated financial statements for the year ended 31 December 2012 prepared in accordance with the International Financial Reporting Standards (IFRS):

Basis for Qualified Opinion

6. *As described in Note 5 to the accompanying consolidated financial statements, at 31 December 2012, the Group has property, plant and equipment with a carrying value of RON292 million (RON292 million as at 31 December 2011) consisting of Nuclear Power Plant Units 3 and 4 of CNE Cernavoda. Prior to 1991, Nuclear Power Plant Units 1, 2, 3, 4 and 5 were considered a single project and, therefore, construction costs incurred were not allocated to each unit on a separate basis. The Group performed an allocation of these costs to Nuclear Power Plant Units 3 and 4. We were unable to obtain sufficient appropriate audit evidence both as at 31 December 2012 and 2011 about the accuracy of this allocation which impacts the valuation of these assets. These limitations also apply to the related deferred tax liability of RON32 million as at 31 December 2012 (RON32 million as at 31 December 2011). Our audit opinion on the consolidated financial statements as at and for the year ended 31 December 2011 dated 17 August 2012 was modified accordingly. Consequently, we were unable to determine whether adjustments might be necessary to property, plant and equipment deferred tax liability and retained earnings as at 31 December 2012 and 31 December 2011 and to depreciation and amortisation, income tax expense and profit for the years then ended.*

Qualified opinion

7. *In our opinion, except for the possible effects of the matters described in paragraph 6, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2012, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.*

Emphasis of Matter

8. *Without further qualifying our opinion, we draw the attention to:*

- a) *Note 18 i) to the accompanying consolidated financial statements which describes that there are uncertainties regarding the ability of the subsidiary EnergoNuclear S.A. to continue as a going concern due to the potential exit until 30 June 2013 of some of the current shareholders. However, the memorandum “Actions necessary to continue the implementation of the Cernavoda NPP Units 3&4 Project” approved by the Romanian Government in November 2012 sets the basis for the EnergoNuclear S.A. to continue its activity and be 100% owned by S.N. Nuclearelectrica S.A. after 30 June 2013, in case the other current shareholders would discontinue their investment in Energonuclear SA.”*
- b) *Note 10 to the accompanying consolidated financial statements which describes that cash contributions from the State budget of RON1,383 million for the acquisition of heavy water for Units 3 and 4 of CNE Cernavoda will be used to increase the Company’s share capital in accordance with Government Decision no. 365/1998. On 3 April 2013, a draft emergency ordinance of the Romanian Government (“Draft”), regarding the transfer free of charge of the above mentioned heavy water to the state reserves, was published for consultation. In case the Draft is approved in the form published, the value of property, plant and equipment and of the prepaid share reserve will decrease by RON1,383 million at a date subsequent to the approval, without any impact on the consolidated financial position of the Group as at 31 December 2012; consequently the increase in the company’s share capital with this amount would not take place.*

Extract from the independent auditor’s conclusion attached to the condensed consolidated interim financial statements as at and for the three month period ended 31 March 2013, prepared in accordance with the International Financial Reporting Standards (IFRS):

Basis for Qualified Conclusion

- 3. *As described in Note 4 to the accompanying condensed consolidated interim financial statements, at 31 March 2013, the Group has property, plant and equipment with a carrying value of RON292 million (RON292 million as at 31 December 2012) consisting of Nuclear Power Plant Units 3 and 4 of CNE Cernavoda. Prior to 1991, Nuclear Power Plant Units 1, 2, 3, 4 and 5 were considered a single project and, therefore, construction costs incurred were not allocated to each unit on a separate basis. The Group performed an*

allocation of these costs to Nuclear Power Plant Units 3 and 4. We were unable to obtain sufficient appropriate audit evidence both as at 31 March 2013 and 31 December 2012 and 31 March 2012 about the accuracy of this allocation which impacts the valuation of these assets.

These limitations also apply to the related deferred tax liability of RON32 million as at 31 March 2013 (RON32 million both at 31 December 2012 and at 31 March 2012). Our audit opinion on the consolidated financial statements as at and for the year ended 31 December 2012 dated 3 April 2013 was modified accordingly. Consequently, we were unable to determine whether adjustments might be necessary to property, plant and equipment, deferred tax liability and retained earnings as at 31 March 2013 and 31 December 2012, to other operating expenses, income tax expense and profit for the three month periods ended 31 March 2013 and 31 March 2012.

Qualified Conclusion

3. *Based on our review, except for the possible effects of the matters described in paragraph 3, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2013, and of its consolidated financial performance and its consolidated cash flows for the three months period ended in accordance with IAS34 "Interim Financial Reporting".*

Emphasis of matter

4. *Without further qualifying our conclusion, we draw attention to:*
 - a) *Note 1 i) to the accompanying condensed consolidated interim financial statements which describes that there are uncertainties regarding the ability of the subsidiary EnergoNuclear S.A. to continue as a going concern due to the potential exit by 30 June 2013 of some of the current shareholders. However, the memorandum "Actions necessary to continue the implementation of the Cernavoda NPP Units 3&4 Project" approved by the Romanian Government in November 2012 sets the basis for the EnergoNuclear S.A. to continue its activity and be 100% owned by S.N. Nuclearelectrica S.A. after 30 June 2013, in case the other current shareholders would discontinue their investment in Energonuclear SA."*
 - b) *Note 9 to the accompanying condensed consolidated interim financial statements which describes that cash contributions from the Romanian State of RON1,383 million for the acquisition of heavy water for Units 3 and 4 of CNE Cernavoda branch were*

intended to increase the Company's share capital in accordance with Government Decision no. 365/1998. On 7 June 2013, the Romanian Government issued the Emergency Ordinance no.56 which stipulates that the transfer free of charge of the above mentioned heavy water to the State reserves. As a result, property, plant and equipment and prepaid share reserve will both be decreased by RON1,383 million subsequent to 31 March 2013 and the share capital of the Company will not be consequently increased with this amount".

3.3. FACTORS THAT INFLUENCE THE RESULTS OF THE ISSUER

Financial risk factors

As per the financial statements prepared in accordance with the IFRS principles, SNN's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (interest rate risk and currency risk). The overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on SNN's financial performance.

SNN does not have formal arrangements to mitigate the financial risks. Despite this fact, the financial risks are monitored by management considering the financial needs of SNN in order to make sure that the opportunities and threats are matched efficiently. The financial department prepares daily cash flow forecasts which help the management in the process of taking decisions.

The market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect SNN's income or the value of its holdings of financial instruments.

Currency risk

SNN's functional currency is RON. SNN is exposed to foreign currency risk on purchases and borrowings that are denominated in a currency other than the functional currency of the Group. The currencies giving rise to this risk are primarily EUR, USD and CAD. The long-term borrowings are denominated in foreign currencies, which are retranslated at the prevailing exchange rate at each reporting date, as communicated by Romanian National Bank. The resulting differences are charged or credited to profit or loss, but do not affect cash flows until the settlement of the amount.

SNN's exposure to foreign currency risk expressed in RON, was as follows:

RON million	31-Dec-2012	RON	EUR	USD	CAD
Monetary assets	-	-	-	-	-
Monetary liabilities					
Trade Payables & Suppliers of fixed assets	(228)	(155)	-	(9)	(64)
Borrow ings	(2,215)	(104)	(1,361)	(50)	(700)
Gross exposure in the consolidated statement of financial position	(2,443)	(259)	(1,361)	(59)	(764)

Source: IFRS audited Financial Statements for the year ended 31 December 2012

RON million	31-Dec-2011	RON	EUR	USD	CAD
Monetary assets	-	-	-	-	-
Monetary liabilities					
Trade Payables & Suppliers of fixed assets	(133)	(94)	(6)	-	(33)
Borrow ings	(2,336)	(156)	(1,370)	(59)	(751)
Gross exposure in the consolidated statement of financial position	(2,469)	(250)	(1,376)	(59)	(784)

Source: IFRS audited Financial Statements for the year ended 31 December 2011

RON million	31-Dec-2010	RON	EUR	USD	CAD
Monetary assets	-	-	-	-	-
Monetary liabilities					
Trade Payables & Suppliers of fixed assets	(147)	(138)	(1)	(4)	(4)
Borrow ings	(2,485)	(208)	(1,404)	(66)	(807)
Gross exposure in the consolidated statement of financial position	(2,632)	(346)	(1,405)	(70)	(811)

Source: IFRS audited Financial Statements for the year ended 31 December 2010

The following exchange rates were used:

Year-end exchange rates

RON million	31-Dec-2010	31-Dec-2011	31-Dec-2012
RON/EUR	4.2848	4.3197	4.4287
RON/USD	3.2045	4.3393	3.3575
RON/CAD	3.2102	3.2724	3.3736

Source: IFRS audited Financial Statements for the years ended 31 December 2010, 2011 and 2012

Average exchange rates

RON million	2010	2011	2012
RON/EUR	4.2099	4.2379	4.4560
RON/USD	3.1799	3.0486	3.4682
RON/CAD	3.0859	3.0810	3.4701

Source: IFRS audited Financial Statements for the years ended 31 December 2010, 2011 and 2012

Sensitivity analysis

A 10 percent strengthening of the RON against the following currencies at 31 December 2012 and 31 December 2011 would have increased profit before tax by the amounts shown below. This analysis assumes that all other variables remain constant.

Sensitivity analysis

RON million	Profit		
	2010	2011	2012
10% strengthening of RON against foreign currencies			
EUR	141	137	136
USD	7	6	6
CAD	<u>81</u>	<u>78</u>	<u>76</u>
Total	<u>229</u>	<u>221</u>	<u>218</u>

Source: IFRS audited Financial Statements for the years ended 31 December 2010 and 2011

A 10 percent weakening of the RON against the following currencies at 31 December 2012 and 31 December 2011 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Sensitivity analysis

RON million	Loss		
	2010	2011	2012
10% weakening of RON against foreign currencies			
EUR	(141)	(137)	(136)
USD	(7)	(6)	(6)
CAD	<u>(81)</u>	<u>(78)</u>	<u>(76)</u>
Total	<u>(229)</u>	<u>(221)</u>	<u>(218)</u>

Source: IFRS audited Financial Statements for the years ended 31 December 2010 and 2011

Interest rate risk

The Group's operating cash flows are impacted mainly by the changes in interest rates, due to the foreign long term borrowings the Group contracted. The Group has significant long term borrowings with variable interest rates, that expose the Group to significant cash flow risk and all bank deposits irrespective of maturity bear fixed interest rates.

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was as follows:

RON million	31-Dec-2011	31-Dec-2012
Fixed rate instruments		
Financial assets	<u>574</u>	<u>681</u>
	<u>574</u>	<u>681</u>
Variable rate instruments		
Financial liabilities	<u>(2,336)</u>	<u>(2,215)</u>
	<u>(2,336)</u>	<u>(2,215)</u>

Source: IFRS audited Financial Statements for the years ended 31 December 2011 and 2012

Note: Gross carrying amount, before deduction of transaction costs.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at reporting date would have increased (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

RON million	Profit or loss	
	100 bp Increase	100 bp Decrease
31-Dec-2012		
Variable rate instruments	(22)	22
Cash flow sensitivity (net)	(22)	22
31-Dec-2011		
Variable rate instruments	(25)	25
Cash flow sensitivity (net)	(25)	25

Source: IFRS audited Financial Statements for the year ended 31 December 2012

Credit risk

Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

Financial assets, which potentially subject the Group to credit risk, consist principally of trade receivables, cash and cash equivalents and bank deposits. The Group has policies in place to ensure that sales of electricity are made to customers with an appropriate credit history. The carrying amount of accounts receivable, net of impairment adjustment, represents the maximum amount exposed to credit risk.

As at 31 December 2012, SNN has significant levels of concentrated credit risk given that 36% of the SNN's receivables are due from Hidroelectrica and SC Electrica Furnizare SA.

Cash is placed in financial institutions, which are considered to have minimal risk of default. The deposits are held mainly at the Romanian Commercial Bank and BRD - Groupe Societe Generale.

The maximum exposure to credit risk at the reporting date was:

RON million	31-Dec-10	31-Dec-11	31-Dec-12
Trade receivables	323	208	144
Restricted cash	-	96	235
Cash and cash equivalents	474	611	708
Other receivables	28	19	19
Total	825	934	1,106

Source: IFRS audited Financial Statements for the years ended 31 December 2010, 2011 and 2012

The ageing of trade receivables at the reporting date is:

Ageing of receivables

RON million	31-Dec-10		31-Dec-11		31-Dec-12	
	Book value	Provision	Book value	Provision	Book value	Provision
Receivables due	165	-	155	-	102	-
Outstanding between 1-30 days	-	-	1	-	2	-
Outstanding between 31-90 days	42	-	18	-	5	-
Outstanding between 91-180 days	54	-	28	-	3	-
Outstanding between 181-270 day	44	-	1	-	-	-
Outstanding between 271-365 day	1	-	8	-	-	-
Outstanding for over one year	18	(1)	6	(6)	39	(7)
Total	324	(1)	217	(6)	151	(7)

Source: IFRS audited Financial Statements for the years ended 31 December 2010, 2011 and 2012

The Group's receivables that have been due for more than one year include the receivable to be collected from Hidroelectrica in the amount of RON29 million. SNN's management estimates that this receivable will be collected within one year considering that Hidroelectrica has continued its activity at a normal level and that reorganization measures were implemented following the insolvency procedure. The fair value of the receivable from Hidroelectrica SA is RON27.3 million representing the present value of future cash flows discounted at the market interest rate as at 31 December 2012. The discount rate used to discount the receivables is 5.25%, which is the interest rate set by the National Bank of Romania for RON deposits.

As deriving from the information available on the official website of Bucharest Tribunal, on the court hearing date of 26.06.2013, the court approved that the judicial reorganization procedure initiated against Hidroelectrica be closed, further to the fulfillment of all payment obligations undertaken. In this regard, as deriving from the final table of receivables held against the debtor Hidroelectrica (published in Insolvency Procedure Bulletin no. 10226/10.06.2013), Nuclearelectrica's receivable amounting to RON 28,773,061.96 was admitted. The decision may be challenged by second appeal. The ageing of other receivables at reporting date is:

RON million	31-Dec-2011		31-Dec-2012	
	Gross	Impairment	Gross	Impairment
Neither past due nor impaired	16	-	19	-
Past due more than one year	3	(3)	3	(3)
Total	19	(3)	22	(3)

Source: IFRS audited Financial Statements for the years ended 31 December 2012

The movement in the allowance for doubtful debts in respect of trade receivables during the year was as follows:

RON million	31-Dec-2011	31-Dec-2012
Balance at 1 January	(1)	(6)
Impairment loss recognized	(5)	(1)
Balance at year end	(6)	(7)

Source: IFRS audited Financial Statements for the years ended 31 December 2012

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, SNN aims to maintain flexibility in funding by obtaining financing from private banks and the majority shareholder's support.

The table below analyses SNN's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Liquidity analysis

RON million	Carrying amount	Contractual amount	0-1 years	1-2 years	2-5 years	Over 5 years
31-Dec-2012						
Loans	2,215	2,395	259	254	718	1,164
Trade and suppliers of fixed assets payable	228	228	228	-	-	-
Other payables	54	54	54	-	-	-
Total	2,497	2,677	541	254	718	1,164
31-Dec-2011						
Loans	2,336	2,584	221	258	721	1,384
Trade and suppliers of fixed assets payable	133	133	133	-	-	-
Other payables	48	48	48	-	-	-
Total	2,517	2,765	402	258	721	1,384
31-Dec-2010						
Loans	2,369	2,711	216	211	716	1,568
Trade and suppliers of fixed assets payable	147	147	147	-	-	-
Other payables	35	35	35	-	-	-
Total	2,551	2,893	398	211	716	1,568

Source: IFRS audited Financial Statements for the years ended 31 December 2010, 2011 and 2012

Capital management

SNN's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

Human resources

As at 31 December 2012, SNN employed 2,168 people.

As per the Collective Labour Agreement signed on 15 December 2008 for the period until 30 June 2012 the related Addendums, SNN pays termination packages in cases of reduction of labour force, such as:

- Three monthly salaries together with the due fidelity and seniority bonuses for employees with 6 months to 2 years of service in the company
- Four monthly salaries together with the due fidelity and seniority bonuses for employees with 2 to 5 years of service in the company
- Five monthly salaries together with the due fidelity and seniority bonuses for employees with 5 to 10 years of service in the company
- Six monthly salaries together with the due fidelity and seniority bonuses for employees with 10 to 15 years of service in the company
- Seven monthly salaries together with the due fidelity and seniority bonuses for employees with 15 to 20 years of service in the company
- Eight monthly salaries together with the due fidelity and seniority bonuses for employees with more than 20 years of service in the company

The same Collective Labour Agreement stipulates that in the case of retirement, the entity will pay two or three monthly salaries for the employees with ten to twenty-five years of service within the energy sector or more than twenty-five years, respectively.

The employees are also entitled to the following bonuses, which are computed considering the base salary:

- Bonus for working during the night: 25%
- Bonus for working during weekend and non-working days: 100%
- Bonus for working during public holidays: 200%
- Bonus for overtime work which has not been compensated with time off within the next 30 days: 100%
- Bonus for team leaders: 5%
- Bonus for being awarded the “Phd” title: 15%
- Seniority bonuses:
 - o For three to five years within SNN: 5%
 - o For five to ten years within SNN: 10%
 - o For ten to fifteen years within SNN: 15%

- For fifteen to twenty years within SNN: 20%
- For more than twenty years within SNN: 25%.
- Fidelity bonuses for continuously working in the energy sector:
 - For five to 10 years: 3%
 - For ten to fifteen years: 5%
 - For fifteen to twenty years: 8%
 - For more than twenty year: 10%.
- Jubilee bonuses for continuously working in the energy sector:
 - At the fifteen year: 500 points (the value of one point being RON1.8)
 - At the twentieth year: 900 points
 - At the twenty fifth year: 1200 points
 - At the thirtieth year: 1600 points

The employees are also entitled to compensation in the case of the termination of the labour agreement due to medical reasons, depending on seniority within the entity

- For less than five years: 2 monthly base salaries and the corresponding fidelity and seniority bonuses
- For five to ten years: 5 monthly base salaries and the corresponding fidelity and seniority bonuses
- For ten to fifteen years: 9 monthly base salaries and the corresponding fidelity and seniority bonuses
- For more than fifteen years: 12 monthly base salaries and the corresponding fidelity and seniority bonuses.

3.4. RELATED PARTIES TRANSACTIONS

During 2010 – 2012, SNN made a significant number of transactions with government-related entities: sales of electricity (Electrica Furnizare, FDEE Electrica Distributie Muntenia Nord, FDEE Electrica Distributie Transilvania Nords, FDEE Electrica Distributie Transilvania Sud and OPCOM), purchase of energy transmission services and balancing services (CN Transelectrica SA),

purchase of heavy water (RAAN) and purchase of uranium (Compania Nationala a Uraniului).

Most significant transactions and balances with SNN related parties consist of the following:

Related party transactions and balances

RON million	Sales			Receivables		
	2010	2011	2012	31-Dec-2010	31-Dec-2011	31-Dec-2012
Electrica Furnizare	186	163	413	n/a	30	25
OPCOM	75	134	102	n/a	1	2
FDEE Electrica Distributie Muntenia Nord	n/a	14	34	n/a	2	5
FDEE Electrica Distributie Transilvania Nord	n/a	16	22	n/a	1	3
FDEE Electrica Distributie Transilvania Sud	n/a	13	26	n/a	-	4
RAAN	78	120	4	n/a	19	8
Electrica SA	117	131	-	n/a	-	-
Hidroelectrica	169	107	-	n/a	35	29
CN Transelectrica	83	-	-	n/a	-	-
Total	708	698	601	n/a	88	76

Source: IFRS audited Financial Statements for the years ended 31 December 2010, 2011 and 2012

RON million	Purchases			Payables		
	2010	2011	2012	31-Dec-2010	31-Dec-2011	31-Dec-2012
CN Transelectrica	117	111	131	n/a	19	40
Compania Nationala a Uraniului	90	89	88	n/a	-	12
Apele Romane Bucuresti	11	59	56	n/a	6	6
Apele Romane Constanta	n/a	11	11	n/a	1	1
Electrica Furnizare	n/a	-	4	n/a	10	31
RAAN	371	289	21	n/a	-	-
Total	589	559	311	n/a	36	90

Source: IFRS audited Financial Statements for the years ended 31 December 2010, 2011 and 2012

Note: The Financial statements as at 31 December 2011 do not disclose information regarding receivables and payables from related parties as at 31 December 2010.

3.5. EXTRACTS FROM THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT AND FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2013

The following information were extracted from the condensed consolidated interim financial statements as at and for the three month period ended 31 March 2013 prepared in accordance with International Accounting Standard 34- "Interim financial reporting" and reviewed by KPMG Audit SRL:

Statement of Financial Position

RON million	Dec12	Mar13
Non-current assets		
Property, plant and equipment (PP&E)	9,454	9,386
Other intangibles	<u>89</u>	<u>93</u>
	9,543	9,479
Current assets		
Inventories	369	361
Trade and other receivables	163	205
Prepaid expenses	10	19
Bank deposits	235	18
Cash and bank balances	<u>708</u>	<u>926</u>
	1,485	1,529
Total assets	<u>11,028</u>	<u>11,008</u>
Capital and reserves		
Share capital	2,732	2,732
Prepaid share reserve	1,617	1,617
Revaluation reserve	1,477	1,477
Retained earnings	<u>2,252</u>	<u>2,398</u>
Total shareholders' equity	8,078	8,224
Minority interest	<u>23</u>	<u>23</u>
Total equity	<u>8,101</u>	<u>8,247</u>
Non-current liabilities		
Borrowings	1,922	1,875
Deferred income	202	199
Deferred tax	159	158
Employee benefits	<u>21</u>	<u>21</u>
	<u>2,304</u>	<u>2,253</u>
Current liabilities		
Trade and other payables	282	174
Current tax liability	31	31
Deferred income	82	72
Borrowings	<u>228</u>	<u>231</u>
	623	508
Total equity and liabilities	<u>11,028</u>	<u>11,008</u>

Source: IFRS Condensed Consolidated Interim Financial Statements as at and for the three month period ended 31 March 2013

IFRS Statement of Comprehensive Income

RON million	Q1 2012	Q1 2013
Sales of electricity	410	487
Electricity transmission revenues	<u>24</u>	<u>27</u>
Total revenues	434	514
Other income	4	32
Operating expenses		
Depreciation and amortisation	(98)	(99)
Personnel expenses	(62)	(70)
Cost of traded electricity	(4)	(14)
Repairs and maintenance	(16)	(21)
Electricity transmission expenses	(24)	(27)
Spare parts used	(4)	(3)
Cost of uranium fuel	(32)	(33)
Other operating expenses	<u>(83)</u>	<u>(100)</u>
Total operating expenses	(323)	(367)
Operating profit	115	179
Finance costs	(51)	(67)
Finance income	<u>19</u>	<u>65</u>
Net finance costs	(32)	(2)
Profit before income tax	83	177
Income tax expense	<u>(14)</u>	<u>(31)</u>
Profit for the year	69	146
Profit for the year attributable to:		
Owners of the Company	69.12	146.02
Non-controlling interest	<u>0.12</u>	<u>(0.02)</u>
Profit for the year	<u>69</u>	<u>146</u>
Other comprehensive income	-	-
Total comprehensive income for the year	69	146
Attributable to:		
Owners of the Company	69.12	146.02
Non-controlling interest	<u>0.12</u>	<u>(0.02)</u>
Total comprehensive income for the year	<u>69</u>	<u>146</u>

Source: IFRS Condensed Consolidated Interim Financial Statements as at and for the three month period ended 31 March 2013

Cash Flow Statement

RON million	Q1 2012	Q1 2013
Cash flows from operating activities		
Profit before tax	83	177
Depreciation and amortisation	98	99
Impairment loss on trade and other receivables	-	8
Net financial loss	<u>32</u>	<u>2</u>
	213	286
Changes in:		
Increase in trade and other receivables	(38)	(51)
Increase in prepayments	(7)	(9)
Decrease in inventories	31	8
(Decrease)/Increase in deferred income	1	(13)
(Decrease)/Increase in trade and other payables	<u>4</u>	<u>(44)</u>
Operating cash flow	204	177
Income tax paid	(16)	(33)
Interest received	8	12
Interest paid	<u>(7)</u>	<u>(4)</u>
Net cash flow from operating activities	189	152
Cash flow from investing activities		
Purchases of intangible assets	(5)	(8)
Purchases of tangible assets	(76)	(90)
(Decrease)/Increase in bank deposits	<u>(107)</u>	<u>217</u>
Net cash from investing activities	(188)	119
Cash flow from financing activities		
Repayment of borrowings	<u>(31)</u>	<u>(53)</u>
Net cash from financing activities	(31)	(53)
Net increase/(decrease) in cash and cash equivalents	<u>(30)</u>	<u>218</u>
Cash and cash equivalents at beginning of period	<u>611</u>	<u>708</u>
Cash and cash equivalents and period end	<u>581</u>	<u>926</u>

Source: IFRS Condensed Consolidated Interim Financial Statements as at and for the three month period ended 31 March 2013

4. REAL ESTATE, MOVABLE GOODS, CAPITAL RESOURCES

Presently the Company holds in its patrimony a number of 32 fields with a total area of 1,004,787 square meters and approximately 300 constructions.

Lands and Constructions

The Company has acquired rights over the lands recorded in the accounting documents mainly through four methods: (a) by obtaining certificates confirming its ownership right under Law 15/1990; (b) by acquiring lands from third parties, (c) by concluding exchange agreements and (d) by concluding a handover-receipt protocol.

The Issuer holds lands and constructions: (a) as owner; and (b) for usage, under bailment agreements, lease agreements, and under a venture agreement.

Lands Held by the Issuer Based on Certificates attesting its ownership right

In accordance with the procedures specified in Law no. 15/1990, corroborated with the provisions

of Government Resolution 834/1991, the Issuer has acquired a number of 12 certificates attesting its ownership right over a total area of land of 899,877.32 sq m, from 1999 until 2005. According to Law no. 15/1990 and to Government Decision 834/1991, the certificates confirming ownership rights over lands were issued in favor of the companies holding a management right over said lands. In what concerns the management right of the Company over the lands it was using, it must be specified that the current organizational format of the Company dates back to 1998, when pursuant to the adoption of Government Resolution no. 365/1998, the Régie Autonome of Electricity 'Renel' is reorganized and its patrimony is distributed to three new entities, one of them being the Company. Due to the lack of documentation on which the issuance of urbanism certificates was based, it can be assumed that similarly to all state companies reorganized as joint-stock companies based on Law 15/1990, Renel had received said lands to manage them based on various documents issued by the public structure of the state, and the management right over the buildings acquired in that way has subsequently been transferred to the Company when it was reorganized.

Among the 12 (twelve) lands held by the Company based on the certificates attesting its ownership right there is also the land with an area of 723,050.81 sq m on which the utilities of the nuclear power plant in Cernavoda, CNE Cernavoda 5x700 MW, are located.

On the date of this Prospect, the company is undergoing the procedure for obtaining the ownership certificate for the land with an area of 239.05 sq m (indivisible share) corresponding to floors 5 and 6 of the building located in Bucharest, 33 Gheorghe Magheru Blvd.

It has not been possible to establish accurately of the corresponding increase in registered capital performed in regards to all these lands, since 3 of the 4 (four) decisions of the Company's General Assembly of Shareholders approving the increase in registered capital pursuant to acquiring certificates attesting its ownership right over certain lands, do not identify or individualize the lands to which the decisions are referring to and for which the increase in registered capital was done, as the wording is generic. However, they show that the value corresponding to a number of 11 (eleven) lands has been incorporated in the registered capital of the Company, while the value of one of the lands has not been added. According to Government Resolution no. 834/1991, the entities for which certificates confirming their ownership right have been issued have the obligation to increase their registered capital with the value of the lands for which said certificates have been issued. In what regards the privatized companies, in accordance with Law no. 137/2002, if the issuance of the certificates confirming the ownership right over the land was not followed, before the privatization, by a corresponding increase in registered capital, or if the certificate confirming the ownership right is issued after the privatization, the registered capital is rightfully increased with the value of the lands, which shall be considered as a contribution in kind from the

state.

Lands Held by the Issuer Based on Sale and Purchase Agreements

The Company has acquired 18 (eighteen) lands with a total area of approximately 69,346.86 sq m and, in certain cases, the constructions built on said lands based on 17 sale and purchase agreements concluded by the Company with the third parties in authentic form. Out of the 18 lands mentioned above, a number of 9 lands have been purchased from natural persons and trading companies, and the other 9 lands from local councils. The Company does not have all the documents on which the necessary bidding procedure was based, local council decisions by which the conclusion by the public authorities of the sale and purchase agreements with the Company has been approved, documents showing how the lands subject to the sale and purchase agreements became the private property of the local council/mayor's office, or information on any regulatory document exempting them from this procedure, as such documents emanate from the local public authorities.

Lands Held by the Issuer Based on Exchange Agreements

The Company has acquired the ownership right over a number of 2 (two) lands with a total area of 35,563.62 sq m through 2 (two) exchange agreements concluded with the Local Council of the town of Cernavoda. The Company does not have all the documents on which the necessary bidding procedure was based, local council decisions by which the conclusion by the public authority of the exchange agreements with the Company has been approved [only in what concerns the exchange agreement concluded in regards to 'Extension land campus 1', property located in Constanta County, Cernavoda, 28 Energiei St. (extension of Campus 1), composed of an incorporated land with an area of 1,393.62 sq m], documents showing how the lands subject to the exchange agreements became the private property of the local council, or information on any regulatory document exempting them from this procedure, as such documents emanate from the local public authorities.

Lands Held by the Issuer Based on Handover-Receipt Protocols

The Company concluded in 2000 a handover-receipt protocol with Compania Nationala de Electricitate S.A. ('Conel'), based on which Conel handed over to the Company floors 5 and 6 of the building located in Bucharest, 33 Gheorghe Magheru Blvd. and a share representing 14.87% of the indivisible share corresponding to the ancillaries of the building. The Company is currently undergoing the procedure to obtain the certificate confirming its ownership right over this land, as the corresponding documentation has already been approved by the Mayor's Office of Bucharest and is going to be submitted urgently to the competent ministry for the purpose of issuing the

certificate confirming the ownership right. If the competent ministry refuses to issue the confirmation certificate due to the reason that the transfer of the ownership right is not shown in the Handover-Receipt Protocol, the Company would have the following available options: (i) a declaratory action by which to request the competent court to issue a decision attesting the ownership right of the Company over the land in question, to the extent that the Company considers and can prove that the ownership right was transferred to it through the protocol, or (ii) a declaratory action for the Company's management right, to the extent that the Company considers and can prove that the management right over said land was transferred to it through the protocol.

Land plots with an uncertain legal status

The Company uses a number of 3 immovable with an uncertain legal status as regards the nature of ownership title(i.e. property, use, concession), as follows:

- (i) The undivided quota of the land located in Constanta, 86 A Mamaia Blv. regarding the flats and spaces owned by the Company in block BI2. Constanta Prefecture issued to Renel – CNE Cernavoda Branch the Sole Agreement no.132/04.07.1991 for the purpose of emplacing blocks of flats for foreign specialists, valid for one year as of its issuance date;
- (ii) Land plot in surface of 890.59 sq.m. located in Cernavoda, 1 Cazarmii St. regarding the building “Grup Scolar Energetic Cernavoda”, for which “Grupul Scolar Energetic Cernavoda” concluded a protocol with Renel - FCN Cernavoda, via which grants Renel - FCN Cernavoda the land managed by it, owned by the Ministry of Education and Science. For this land, the zoning certificates no. 6/12.03.1992 and 133/05.06.1997 and building certificates no. 66/08.01.1993 and 143/15.10.1997 have been issued in respect of the building of the Grup Scolar Energetic Cernavoda;
- (iii) An undivided quota of the land located in Constanta, 140 Fagetului St. regarding the flats owned by the Company in block ST5.

Real Estate Publicity

Real estate publicity is done in respect to the opposability in front of third parties³.

Out of the total of 32 lands owned by the Company, 31 lands have been registered with the Land Register. Therefore, 11 lands out of the 12 for which certificates confirming the ownership rights

³Although in accordance with the New Civil Code, the registrations with the Land Register are considered as ownership deeds until the completion of the cadastral works for each territorial unit, the registrations must be done only for the purpose of acknowledgment from third parties, as before the effective date of the New Civil Code.

have been obtained have been registered with the Land Register, in addition to the other 20 lands acquired based on ownership deeds (i.e. sale and purchase agreements and exchange agreements), and only for the ownership right of the Company over the land corresponding to FCN Mioveni the registering procedured with the Land Register have been initiated.

According to the applicable legislation, it is necessary to register with the Land Register the property rights of the Issuer in order to insure the opposability of the ownership rights acquired in front of third parties.

Ownership over Constructions

The Company owns approximately 300 constructions. Taking into account that the ownership certificates attest only the ownership of the land, without referring to the ownership of the buildings erected thereon and taking into consideration the minutes at the end of reception of works and/or preliminary reception minutes issued in respect of some of the constructions mentioned above, it may be construed that the Company holds a valid ownership right over them, because:

- the constructions in question have been built on the land owned by the Company/its predecessor (Renel), which leads to the relative presumption instituted by the principle of accession specified in Articles 488 and 392 of the Civil Code from 1864 (relevant law in force at the time when the buildings were built), according to which the owner of the land also becomes the owner of the constructions built on that land (*superficies solo cedit*)
- they have been registered with the relevant Land Register on behalf of the Company, which attests in front of third parties the ownership right both over the land, and over the constructions, and
- as the registration with the Land Register took place, it could be assumed that all legal formalities for the performance, completion, and acceptance of the works corresponding to said constructions have been done in accordance with the legal provisions.

Until proven otherwise, it can be assumed that it is the true rightful owner thereof.

Ownership over Units 1 and 2 of the Nuclear Power Plant and Over the Land They are Built On

The Company holds the ownership right over the land with a total area of 723,050.81 sq m on which the investment objective CNE Cernavoda 5x700 MW is located, based on the certificate confirming its ownership right series MO3, no. 5415/01.01.2000, holding at the same time the ownership right over a number of '995 constructions' with a total built area on the ground of

290,725.59 sq m, existing on the land. In order to confirm the Company's ownership right over Units no. 1 and 2, the existence thereof can be supported firstly by the fact that it is generally known that the Company holds and operates 2 (two) nuclear power units located in Cernavoda, and in what concerns Unit no. 1, the final acceptance statement no. 7283/31.08.1999 is mentioned in the excerpt from the Land Register, fact which leads to the conclusion that all legal formalities for the performance, completion, and acceptance of the construction works corresponding to said buildings (corresponding to Unit no. 1) have been legally complied with. Regarding Unit 2, according to the minute of the final reception of the construction works of CNE Cernavoda Unit 2, all necessary legal formalities for execution, completion and reception of construction works related to construction of Unit 2 have been fulfilled. Therefore, it can be assumed that the Company holds the ownership deed for the constructions corresponding to Units 1 and 2 of the nuclear power plant.

Ownership over the Nuclear Fuel Factory in Mioveni

The Company has acquired the ownership right over the land with an area of 23,273.40 sq m, located in Romania, Arges County, Mioveni, 1 Campului St., based on the certificate confirming its ownership right series MO3 no. 7488/18.07.2002. Part of the buildings corresponding to the nuclear fuel factory have been acquired by the Company based on a handover-receipt acceptance statement concluded between the Nuclear Research Institute and FCN Pitesti, while the rest of the buildings have been acquired by constructing them. Furthermore, since the existence of an ownership right over said buildings can be supported by the fact that the constructions have been built on the land for which the Company holds the certificate confirming its ownership right, it can be relatively assumed that the Company holds the ownership deed for said constructions, under the principle of accession. If this is a relative assumption which could be overturned by the proof to the contrary, brought by a person who justifies an interest, that the Company is not actually the owner of the constructions mentioned, the risk of such an action being initiated is quite small, since the burden of proof in such a case proves to be very difficult and the person in question would have to prove that the registrations with the Land Register had been done without observing the legal provisions in force, based on documents which could not have been considered ownership deeds at that time.

Leased Real Estate

The Company, through its Branch CNE Cernavoda, currently has two ongoing lease agreements for lands and economic spaces from Conpet SA Ploiesti and respectively from Dobroport SA. Based on Lease Agreement no. 451/03.08.2009, concluded with Conpet SA Ploiesti, valid for seven years as of its signing, the Company acquired the right to use a land with an area of 36 sq m located at

Mircea Voda station, Constanta County, in exchange for a rent of 180 EUR/month. Based on Lease Agreement no. 25946/02.08.2012, concluded with Dobroport SA and valid for 12 months as of the date of the delivery of the spaces, the Company acquired the right to use the storage spaces with an area of 3960 sq m located in the port of Cernavoda, in exchange for a rent of 26,316 LEI/month.

The Company, on behalf of its Branch CNE Cernavoda, has on the date of this Prospect a number of 12 ongoing lease agreements concluded with 10 legal persons (among which an agreement concluded with Energonuclear, valid until 30.06.2013, regarding a space with an area of 70.05 sq m, located in former commissioning building for offices), a natural person and two institutions, by which it gave them for usage either lands located on the CNE Cernavoda platform, or various spaces located in Cernavoda or Constanta.

Real Estate Used by the Company Based on Agreements Other than Lease Agreements

The Branch CNE Cernavoda, empowered by the Company, has two ongoing bailment agreements by which, as bailor, has granted the free usage right over two buildings located in Cernavoda. Thus, under bailment agreement no. 3187/13.05.2009, concluded with the Constanta Environment Protection Authority, valid until 31.03.2014, it granted the latter the right to use a space for the latter's offices for public relations, while under bailment agreement no. 134/24.03.2011, concluded with the Mayor's Office of Cernavoda and valid until the date of the issuance of the regulatory document on the transfer of the building, the latter has been granted the right to use a building for accommodating pupils and teachers from outside the locality.

Also, the Company has acquired the right to use the land in the private ownership of Constanta Municipality, with an area of 714 sq m, located in Constanta, 1E Bucovinei St., bl. FE5, under the association agreement 11761/11.06.2003, valid for 15 years, concluded for the financing by the Company of the works for improving the exterior of block FE5, and of the works related to maintenance and guard.

Major Liens over Real Assets

No major liens, including privileges, interdictions, mortgages, significant limitations of the ownership right, of the usage right, of the free transfer thereof, have been set up on real assets of the Issuer, and there are no ongoing legal actions, litigations, or arbitration procedures or administrative or governmental procedures, other than: (i) the litigation in file 14951/118/2011 on the docket of the Court of Medgidia, by which the Company requests in opposition to SC CNE SA SI SC Car Construct SRL the liberation of the land owned by the Company, currently suspended, (ii) the litigation in file 1275/118/2012 on the docket of the Court of Medgidia regarding a land and

800 apartments, initiated by the Company in opposition to the town of Cernavoda and the Mayor's Office of Cernavoda. The file was assigned to another panel pursuant to the revocation of the previous panel, (iii) the litigation in file 1445/118/2012 on the docket of the Court of Constanta regarding an acceptance statement on the vicinity of a 'hot water discharge' sewage where the court admitted the action and obliged the town of Cernavoda, Seimeni Commune, and Constanta Local Council to sign the vicinity acceptance statement, and subsequently an appeal has been initiated, (iv) the litigation in file 10673/118/2010 on the docket of the Court of Constanta in which Sava Marian requests in opposition to the Company the vacation of the land corresponding to the thermal energy transportation duct on Unirii street, currently on the docket, (v) the litigation in file 3657/256/2013 on the docket of the Court of Medgidia in which the Company through CNE Cernavoda has initiated an action claiming Section T1 Cernavoda, request promoted for the vacation of Section T1, in opposition to Tudose Alexandru, Pelin Gabriel, Laudatu Ioana. The action is on the docket as of 08.05.2013 and new term is to be received.

Real Estate of Energonuclear

Energonuclear does not own real estate.

Company's Movable Assets

It must be specified that most of the technical equipment necessary to the Company for carrying out the energy generation activity have been purchased by it through agreements for service provision and work performance concluded with various providers/contractors.

Movable Assets of Energonuclear

Energonuclear does not own movable assets of significant value.

Capital resources

Cash and capital resources of the Company during the 2010- 2012 were generated by the net cash flows resulting from operating activities and the contribution of the State on heavy water destined for Units 3 and 4, while exits refer mainly to finance investments and demand repayment of contracted loans.

Lending terms are those described in section 1.10.5 Loan Agreements concluded by the Issuer, being stipulated in the Agreements concluded by the Company with Banca Comerciala Romana, Societe Generale (Atomic Energy of Canada Limited, Ansaldo Energia SpA, Nexans France, Alstom Power Centrales and General Electric) and EURATOM.

The Company has a financing structure based on resources generated as a result of its activity, with

a degree of indebtedness of 25% for the financial exercise ended on 31 December 2012, 27.3% for the financial exercise ended on 31 December 2011, or 30.6% for the financial exercise ended on 31 December 2010.

As a result of the loan agreements, the Company has to comply with repayment charts mainly in terms of the principal and interest. At the same time, the Company must meet certain indicators stipulated in such Agreements (see Chapter 4, Section 3, Sub-section 3.2.1, the subtitle of the “*Long-term Debt*”). For more details regarding repayment of loans graphics, see Chapter 4, Section 1, Sub-section 1.13.5 “*Loan Contracts signed by the Issuer*”.

Planned investment requirements by the Company will be funded mainly from cash flows generated from operating activities of the Company and from the sources attracted by the Company as a result of the Primar Public Offering which may be supplemented if necessary by additional loans.

5. ISSUER’S REGISTERED CAPITAL AND SHARES

5.1. SHARES AND REGISTERED CAPITAL

The actual registered capital of the Company, whose structure has not suffered changes as of 13.11.2007, is of RON 2,536,823,610, divided into 253,682,361 shares, each of them with a nominal value of RON 10, held as follows:

- (i) The Romanian State represented by the MINISTRY OF ECONOMY owns 229,006,139 shares of RON 10 each, with a total nominal value of RON 2,290,061,390, representing 90,2707 % of the registered capital; and
- (ii) S.C. Fondul Proprietatea S.A. owns 24,676,222 shares of RON 10 each, with a total nominal value of RON 246,762,220, representing 9.7293 % of the registered capital.

By Decision no. 16/27.06.2013, the Extraordinary General Assembly of Shareholders of NuclearElectrica approved, *inter alia*, in relation to the Primary Offering, the following:.

- (iv) the increase of the Company’s share capital, by a stock of newly-issued shares representing 11.077% of the existing share capital through the issuance of 28,100,395 new shares, with a face value of RON 10 each, carrying Preemptions Rights in favor of the shareholder S.C. Fondul Proprietatea S.A.;

- (v) cancellation of unsubscribed shares further to SC Fondul Proprietatea SA failing to exercise the preference right;
- (vi) issuance under the capital increase and admitting the Allotment Rights for trading;
- (vii) approving the sale price range for the newly-issued shares under the primary public offering, in observance of the provisions of Government Resolution 39/2012 approving the privatization strategy in relation to the National Company Nuclearelectrica S.A. Bucuresti, as subsequently amended.

The shares issued by the Company nominative shares and are registered with the Company's Shareholder Register. The registrations with the shareholder register are performed by the Central Depository in accordance with the applicable legislation. The address of the Central Depository is 34-36 Carol I Blvd., 8th floor, 2nd District, Bucharest, Romania, www.rocLEAR.eu. The shares have been issued based on the Law of Trading Companies.

Currently, the nominal value of the Company's shares is of RON 10 each.

The shares are issued in dematerialized form. In accordance with the information registered with the Company's Shareholder Register, there are no current liens or obligations created in regards to the shares issued by the Company.

Rights of the Owners of Financial Instruments

All the Shares of the Issuer have equal value and grant equal rights to their owners.

In accordance with the provisions of the Articles of Incorporation and with the applicable regulations, each share acquired under the law gives the shareholder a series of auxiliary rights related to the Shares, including:

- the right to participate to and vote at the General Assembly of Shareholders;
- the right to dividends;
- the preference right, which corresponds to the operation of increasing the registered capital and which gives the shareholder the option to subscribe first the newly issued shares, thus being protected against the risk of its quota in the registered capital owned before the increase being reduced;
- the right to participate to the division of patrimonial assets in case of the liquidation of the Issuer;
- the right to elect and be elected in the Issuer's management structures;

- the right to information;
- the right to litigation in court the decisions of the General Assembly of shareholders or the decisions of the Board of Directors;
- the right to withdraw from the Company;
- the right to complain to internal auditors about fact considered to be subjected to verification.

In addition, certain rights can be exercised only by the shareholders holding a certain quota of the registered capital:

- the right to request a gathering of the General Assembly of Shareholders, right pertaining to the shareholders who hold individually or collectively at least 5% of the registered capital;
- the right to request the introduction of new topics on the agenda of the General Assembly of Shareholders, right pertaining to the shareholders who hold individually or collectively at least 5% of the registered capital;
- the right to submit decision drafts for the topics included or proposed to be included on the agenda of the General Assembly of Shareholders, right pertaining to the shareholders who hold individually or collectively at least 5% of the registered capital;
- the right to request the designation of experts for the analysis of certain operations related to the management of the Issuer, right pertaining to the shareholders who hold individually or collectively at least 10% of the registered capital;
- the right to initiate in their own name but on behalf of the Issuer the action of liability against founders, directors, managers, and financial auditors, right pertaining to the shareholders who hold individually or collectively at least 5% of the registered capital, unless the action is initiated by the General Assembly of Shareholders;
- the right for the complaint submitted to internal auditors to be checked, right pertaining to the shareholders who hold individually or collectively at least 5% of the registered capital.

Right to Dividends

According to the Law of Trading Companies, the Ordinary General Assembly of Shareholders has, among others, the obligation to discuss and approve the annual financial statements, respectively to set the dividend. The Ordinary General Assembly of Shareholders must be called at least once a year, within no more than four (4) months as of the end of the fiscal year for the purpose of examining the financial statements for the previous year and of establishing the activity plan and

the budget for the current year. The General Assembly of shareholders decides on the option to assign profits as dividends.

Only the profits determined according to the law can be distributed as dividends. Dividends shall be paid to the shareholders pro rata with their participation quota to the paid in registered capital of the Issuer.

According to the Law on the Capital Market, the identification of the shareholders who are to receive dividends shall be performed by the General Assembly of Shareholders and shall be after at least 10 working days as of the date of said General Assembly of Shareholders.

In accordance with the provisions of Article 1, letter f) of Government Ordinance no. 64/2001 on the division of profits in national entities, national companies, and trading companies with full or majority state capital, like the autonomous regias, when considering the status of the Issuer, the law imposed the distribution as dividends of at least 50% of the accounting profit determined under the terms of this legislative act.

In accordance with the Order of the Ministry of Public Finances no. 144/2005 on the methodology for the amounts which are reserved for profit allocation according to Government Ordinance no. 64/2001 mentioned above, as of fiscal year 2004, the national entities and the companies owned entirely or in majority by the state are bound to allocate the accounting profit left after the payment or the tax on profit towards the following designations:

- (a) legal reserves;
- (b) other reserves representing financial co-interest under the law;
- (c) covering the accounting losses carried over;
- (d) creating own financial sources for projects co-financed from external loans and for the reimbursement thereof;
- (e) other allocations specified by law;
- (f) employees' profit participation quotas; national entities or companies owned entirely or in majority by the state which have included in their budget the right of the employees to share in the profits, may grant such rights up to 10% of the net profit, but not more than a basic monthly salary per year;
- (g) minimum 50% allocation for dividends;
- (h) other reserves for own investment sources.

Nevertheless, in accordance with Urgency Government Ordinance no. 55/2010 on certain measures for cutting down public expenses for the financial year of 2010, at national entities, national companies, and trading companies with full or majority state capital, as well as at autonomous regias, the accounting profit left after the deduction of the tax on profit is allotted in the amount of minimum 90% as payments to the state or local budget, for autonomous regias, or as dividends, under the law, for national entities, national companies, and trading companies with full or majority state capital.

According to the Law of Trading Companies and to the Law of the Capital Market, the date for paying the dividends shall be set by the Ordinary General Assembly of Shareholders which sets the dividend, provided that the term within which the set dividends are to be paid to the shareholders does not exceed 6 months as of the date of the approval of the annual financial statements corresponding to the concluded financial year. The decision of the Ordinary General Assembly of Shareholders regarding the setting of the dividends shall be submitted within 15 days to the Trade Register in order to be mentioned in the registered and published in the Official Gazette of Romania, Part IV.

In accordance with the Law of the Capital Market, if the General Assembly of Shareholders does not set a payment term, the dividends shall be paid within maximum 60 days as of the date of the publication of the decision of the General Assembly of Shareholders regarding the setting of dividends in the Official Gazette of Romania, Part IV, date after which the Issuer shall be rightfully in delay. The decision is considered as an executory title, based on which the shareholders may initiate the forced execution against the Issuer, under the law.

If the dividends are not paid within the established term, the Issuer shall pay damages for the period of delay, at the level of the legal interest, unless the decision of the General Assembly of Shareholders approving the financial statements corresponding to the concluded financial year specifies a bigger interest.

Dividends paid contrary to legal provisions shall be returned if the Issuer proves that the shareholders were aware of the illegality of the distribution or if, under the existing circumstances, they should have been aware of it.

The right to claim the return of the dividends paid contrary to legal provisions shall be prescribed in three years as of the date of the distribution thereof.

Also, the right to request the payment of dividends shall be prescribed within 3 years as of the date established by the General Assembly of Shareholders for the distribution thereof.

Dividends due after the date of the transfer of the shares belong to the assignee, unless the parties agree otherwise. According to NBR Regulation no. 4/2005 on the foreign currency regime, restated, with its subsequent amendments and additions, the non-residents may repatriate without restrictions net revenues as dividends from capital operations.

The Romanian law does not specify shares with cumulative dividend.

The right to vote and participate in the GAS

Each Share issued by the Issuer grants to its holder the right to one vote in the GAS.

The shareholders entitled to participate and vote in the GAS are those shareholders registered in the Issuer's shareholders register on the Reference Date, established under legal provisions.

The shareholders recorded on the Reference Date have the possibility of voting by mail, before the GAS, by using the voting form made available by the Company.

The shareholders' rights to sell or otherwise transfer their shares, during the period between the reference date and that particular GAS, are not subject to any restrictions they are not subject to in a different period.

In case of shares upon which mortgages have been set, the right to vote belongs to the owner.

The access of the shareholders entitled to participate in the GAS on the Reference Date is allowed by their mere proof of identity made in case of shareholders natural persons with their identification card or in case of shareholders legal persons and shareholders natural persons represented by the power-of-attorney given to the natural person that represents them.

According to the Articles of Incorporation, the State's interests, as shareholder, in the GAS, are represented by the Ministry of Economy. The representatives of the Ministry of Economy in the GAS are named and revoked by order of the Minister of Economy.

The voting right of the State's representative/representatives for the attributions in the Shareholders' Extraordinary General Assembly (SEGA) or for certain attributions in the Shareholders' Ordinary General Assembly (SOGA) shall be exerted based on a special mandate granted by the public institution that appointed or authorised him.

According to applicable regulations, the shareholders' representation in the GAS shall be made, based on a special power-of-attorney, granted for that particular meeting.

The content of the power-of-attorney must comply with the requirements mentioned in the National Commission of Transferable Securities (NCTS) Regulation no. 6/2009, including the way in which the representative shall exercise his vote regarding each item on the agenda.

Board Members, the Issuer's directors or officers cannot represent shareholders, under the nullity sanction of the decision if, without their vote, the required majority had not been achieved.

Shareholders that are not legally competent, as well as legal persons may be represented by their authorised representatives who, in their turn, may grant it to other authorised persons for that particular GAS.

According to the legislations regarding capital market, the way to obtain the special power-of-attorney form for representation at the GAS shall be mentioned in the GAS convener. The powers-of-attorney shall be provided to shareholders on the Issuer's website or at its headquarters and in other places established by the Issuer and mentioned in the convener.

According to the Companies Act, the powers-of-attorney shall be submitted in original copy at the Issuer's headquarters, 48 hours before the meeting, subject to losing the voting right in the assembly. They shall be retained by the Issuer, having mentioned this in the minute.

According to the Capital Market Act, votes recorded in the special power-of-attorney shall be exercised only in the manner intended by the shareholder.

Shareholders who are Members of the Board cannot vote, based on the shares they own, either personally or by proxy, their release of duty or an issue where their person or administration would be in question. However, they can vote the annual financial statement if, holding at least half of the capital sharing, a majority required by law or by the Articles of Incorporation cannot be formed without their vote.

The shareholder who, in a certain operation, either personally or by proxy, has an interest contrary to that of the Issuer, shall abstain from deliberations on that operation. The shareholder who contravenes this provision is liable for the damages incurred by the Issuer if, without his vote, the required majority would not have been obtained.

Shareholders shall not assign their right to vote, any agreement through which shareholders undertake to exercise voting rights according to instructions given or suggestions formulated by the Issuer or by persons with powers of representation is null.

The right of preference for the share capital increase operation

According to the Companies Act, social capital increase may be done through the issue of new shares or by increasing the nominal value of the existing shares, in exchange for new capital contributions in cash and in kind from the shareholders. Also, new shares may be issued by incorporating available resources, except for legal reserves, as well as benefits or issuance premiums or by compensating certain liquid debentures enforceable against the Issuer with its shares. Social capital shall not be increased, nor new shares issued until the subscribed shares from a previous issue are fully paid.

Shares issued for social capital increase shall be offered for subscription to existing shareholders, in the first place, proportional to the number of shares they hold.

According to the legislation on the capital market, social capital increase in return for cash contributions are made through the issuance of new shares that are offered for subscription:

- to holders of preference rights, belonging to shareholders existing on the registration date;
- to the investing public, given that the new shares have not been fully subscribed within the period of exercising the right of preference, if the Issuer does not decide in the SEGA to annul them.

According to the Companies Act, the period for exercising the rights of preference cannot be less than a month from the date of publication of the decision in the Romanian Official Gazette, Part IV.

After the expiry of the term for existing shareholders to exercise their right of preference, shares shall be offered for subscription to the public.

The capital increase operation performed in violation of the Companies Law on the right of preference is cancellable.

The shareholders' right of preference may be limited or cancelled only by a SEGA decision.

The Board shall provide to the SEGA a written report which specifies the reasons for the limitation of cancellation of the right of preference, that will also mention the way to determine the shareholders' issuance value.

According to the provisions of the Capital Market Act, SEGA may decide to cancel the right of preference the law grants to shareholders in case of social capital increase. In case of capital increase through cash contribution, this decision shall be duly adopted if at least three-fourths of the number of social capital holders participate in the GAS and with the vote of shareholders that

hold at least 75% of the total voting rights. The Articles of Incorporation does not contain provisions in this regard, therefore legal provisions shall be applied.

Under Regulation 1/2006, the selling price to the public of unsubscribed shares within the period for exercising the right of preference is higher than the subscription price of the shares by the holders of rights of preference.

The number of shares to be issued in case of social capital increase through contribution in cash, made by cancelling the right of preference is determined by the Issuer's Board of Directors and is equal to the ratio between the value of the contribution, set in compliance with incidence provisions and the largest of the following values:

- weighted average trading price for the last 12 months prior to the date of the SEGA;
- value per share calculated based on the net share value for the Issuer's last financial statements published and audited;
- the share's nominal value.

In addition to the information above, please consult Chapter 2. *The Issuer's Management and Organisation*, sub-chapter *Social Capital*, in what concerns special rights of preference for social capital increase operations with the value of certain lands for which the Issuer holds or shall hold certificates attesting the ownership over the lands.

The right to participate in social capital increases through internal resources

SEGA can decide on the distribution of the net profit for the allocation of free shares to existing shareholders. The distribution of free shares shall be done proportionally with the number of held shares. This right of free shares allocation arises in the event of capital increases from the incorporation of reserves, except for legal reserves, as well as benefits or issuance premiums.

The right to participate in the distribution of patrimonial assets in case of liquidation of the Issuer

This right can be capitalized by shareholders in case the Issuer ceases to exist, with the right to receive their due share after liquidation.

Following the completion of liquidation, liquidators elaborate the final financial statements, showing the proper part for each share from the distribution of the Issuer's assets. The financial statement signed by liquidators shall be submitted for mention at the Trade Register and shall be published in the Romanian Official Gazette, Part IV.

Any shareholder can challenge it in Court within 15 days from the notification of the liquidation financial statement and the distribution project.

The right to withdraw from the Company, in strictly determined cases

Shareholders can withdraw from the Company in certain situations provided by the Companies Act and the Capital Market Act.

The Issuer's shareholders who do not agree with the decisions reached by the GAS, are entitled to withdraw from the company in certain circumstances. Therefore, the Companies Act and the Articles of Incorporation provide the shareholders' right to withdraw from the Company and seek repurchase of Shares when they did not vote in favour of a decision taken on: (i) change of the core business; (ii) relocation of the headquarters abroad; (iii) change of the Company's legal form, (iv) Company merger or division.

In addition, the legislation on capital market provides the shareholders' right to withdraw from the Company:

- in case they do not agree with the decisions reached by the GAS regarding mergers or divisions and that involve the allocation of shares which are not admitted for trading on a regulated market, with the right of obtaining the value of the shares set according to the Companies Act;
- following a GAS decision regarding the withdrawal of the Issuer from trading;
- in case, following a public purchase offer addressed to all holders and for all their holdings, the offerer has more than 95% of the Issuer's social capital, minority shareholders are entitled to request him to buy their shares at a fair price.

The Companies Act regulates the prohibition of a Company to subscribe its own shares, but it offers the possibility of acquiring own shares under certain circumstances.

The right to elect and be elected within leadership bodies

In order to elect a shareholder in the administrative board, the Companies Act recognizes the right of a shareholder that is the owner of at least one fourth of the share capital, or is the administrator of a company that owns the shown fourth part, to function in more than five administrative boards and/or to concomitantly supervise, while for others, according to the Companies Act, it is recognized the right to exercise 5 administrator mandates at the most in joint stock companies found in Romania.

Based on the Capital Market Act, members of the Administrative Board can be chosen through the method of cumulative votes. Upon the request of a significant shareholder, the selection based on this method will be done on a mandatory basis.

A significant shareholder may request at most one time in a financial year the summoning of a GAS that has on the agenda the election of the administrators by applying the cumulative vote method.

Based on the capital market legislation, through the cumulative vote method, each shareholder has the right to assign his/her cumulated votes (votes obtained as a result of multiplying the votes held by any of the shareholders, based on the participation in the share capital, with the number of the administrators who will form the Administrative Board) to one or more persons in order to be elected in the Administrative Board.

The right to be informed

The right to be informed is a complex right that can be exercised in the conditions provided by the applicable regulations.

The right to be informed can be manifested by the shareholders by mainly exercising the following rights recognized by the law/Articles of Incorporation:

- the shareholders' right to request the consultation of the GAS registers of deliberations and meetings and those of the Administrative Board that exercises tasks appointed by the GAS.
- the shareholders' right to request the consultation of the yearly financial statements, the administrative board's annual reports, the proposal regarding the distribution of dividends.
- the shareholders' right to request the consultation of materials and documents relating to the items on the GAS agenda;
- the shareholders' right to be informed, upon request, about the voting result for the decisions taken in the GAS;
- the shareholders' right to consult the financial auditor's report, prepared for the GAS, in a strictly determined time period;
- the right to address, in writing, questions to the Board of Directors;
- the right to report to internal auditors the facts considered necessary to be checked (under the conditions mentioned in section Other Rights of Shareholders, below);
- the right to challenge GAS decisions in Court.

The right to decide on the conclusion of legal documents with significant value

According to the provisions of the Capital Market Law, prior approval by SEGA is necessary for the conclusion by the Company's administrators or directors of legal documents bearing significant value, in relation to the Issuer's assets, as follows:

- in case the value of the acquisition, transfer, exchange documents or those establishing the guarantee of assets from the Issuer's fixed shares, whose value exceeds, individually or cumulatively, during a financial year, 20% of the total of fixed assets, minus debts;
- in case of tangible assets rental, for a period exceeding one year, whose individual or cumulated value towards the same co-contractor or involved person or that acts in a concerted way, exceeds 20% of the total value of the fixed assets, minus the debts on the conclusion date of the legal document;
- in case of associations for more than 1 year, exceeding the same value.

Any of the shareholders may request the Court to annul the document concluded failing to comply with the provisions of the Capital Market Act.

Other rights of the shareholders

Any shareholder who did not participate at the GAS or who voted against and requested to be mentioned in the official report of the meeting has the right to object in court the decisions of the GAS or the decisions taken by the Administrative Board adopted within the competent delegation contrary to the law or the Articles of Incorporation.

Certain rights are consacrated by law only in the favour of the shareholders who own a certain amount from the share capital, such as:

- The right to request the internal auditors to verify certain complained facts that can exerted by the shareholders who, individually or together with other shareholders, own at least 5% from the share capital;
- The right to solicit the summoning of GAS is recognized to those shareholders who individually or together represent at least 5% of the share capital;
- One or more shareholders who, individually or together, represent at least 10% of the Issuer's share capital, can request the court to appoint one or more experts whose task is to analyze certain transactions in the stock of the Issuer and to file a report, which must be submitted to them and at the same time submitted to the Administrative Board and to the Issuer's internal auditors, who will also support the fees for the experts;

- The right to initiate an action concerning the founders, administrators, directors and financial auditors – if GAS does not introduce the action concerning the administrators, directors or financial auditors for damages caused by them to the Issuer by violating their obligations towards it, and does not give a followup to one or more proposal of the shareholders to initiate such action, the shareholders individually or together representing at least 5% from the share capital have the right to submit in their own name, but in the Issuer's account, an indemnity action against any of the persons mentioned above;
- The right of a significant shareholder, in the sense of Capital Market Act, to request the summoning of the GAS that will have on the agenda the election of the administrator by applying the cumulative vote method.

On the Prospectus issuance date, the Issuer has a subscribed and paid share capital in the amount of 2,536,823,610 RON, divided into 253,682,361 nominative shares, indivisible, each with a nominal value of 10,00 RON/share.

The Issuer did not issue convertible or transferable securities or that are accompanied by warrants. The Issuer did not give any option for purchasing of the shares.

The evolution of the share capital is presented in this document within Chapter 4, Section 2 “*Management and Organization of the Issuer*”.

Information regarding the Allotment Rights attached to the Newly Issued Shares

General information

Within the Offer, the Issuer issues a number of 28,100,395 Allotment Rights attached to the Newly Issued Shares. For each Newly Issued Share one Allotment Right is issued. The Newly Issued shares are in number of 28,100,395, from which 25,368,236 shares are the subject of the Offer, and 2,732,159 shares are according the exercise of the preferential right by the Fondul Proprietatea.

The Allotment Rights are assigned subsequently to the closing of the on-going Offer period to the persons who fully subscribed and paid the shares in the period of exercising the preferential right, as well as in within the Offer. From a total number of 28,100,395 Allotment Rights, a number of 2,732,159 Allotment Rights will be awarded to the Fondul Proprietatea, while the rest of the Allotment Right must be awarded to the subscribers within the Offer, each subscriber receiving a number of rights equal to the number of allotted shares. Based on the commitment taken by the Fondul Proprietatea, those 2,732,159 Allotment Rights cannot be sold, alienated, transferred, pledged or traded. The Allotment Rights are free to transfer through the regulated market, issued in a dematerialized form and revealed through registering in the account. The Register of the Right Holders is established and updated by the Central Depository. The Allotment Rights certify the

rights of the holder to receive a share that will be assigned in the moment of registering to the Central Depository of increasing the share capital respectively of the Newly Issued Shares. The Allotment Rights are not the beneficiaries of the dividend right, the right to participate at the General Assembly or through representation based on special empowerment the right to vote within the General Assembly, the right to select and to be selected in the leadership structures of the Issuer, as well as of any other rights afferent of the shares foreseen by the Company Law. The Allotment Rights ceases to exist in the moment of registration by the Central Depository of the Newly Issued Shares, in the name and account of the Allotment Right holders. Newly Issued Shares will be registered to the persons who are the holders of the Allotment Rights – according to the Registry of Allotment Rights Holders from the date of discounting the transactions closed on the previous day of the transaction of the Allotment Rights – according to the rate of a Newly Issued Share = One Allotment Right.

The exchange operation of the Allotment Right in Newly Issued Shares is done automatically by the Central Depository, the Allotment Rights Holders not being obliged to engage in any procedure/formality besides the Central Depository or any other entity in order to convert the Allotment Rights.

Upon their termination date, Allotment Rights are converted into Newly Issued Shares.

The rights of the Allocation Right holders

The Allotment Rights holders have the right to receive Newly Issued Shares in exchange of the Allotment Rights at the moment when increasing the share capital by the Central Depository. The Allotment Rights holders have the right to benefit from the availability of the actual reports issued by the Issuer in accordance with the provisions of art. 113, letter A and B from the Regulation no. 1/2006.

The Allotment Rights holders have the right to receive reimbursement from the Issuer for the price of the subscribed shares within the Offer, in case the registration of share capital increase is irrevocably rejected by the appointed judge from the Trade Registry Office. In this case, the reimbursed amount to the Allotment Rights holder is equal to the product between the number of Allotment Rights held and the selling price of a Newly Issued Share. In case of Fondul Proprietatea, the reimbursed amount is equal to the product between the number of Allotment Rights and the price at which the Fondul Proprietatea subscribed the Newly Issued Shares within exercising the preferential right. The amounts will be reimbursed no later than 10 business days from the irrevocable decision of the appointed judge from the Trade Registry Office court, regarding the rejection of registration of the share capital increase of the Issuer.

Obligations of the Allocation Right holders

The Allotment Rights holders will have the following obligations:

- a. to respect the provision of Law no. 297/2004 regarding capital market;
- b. respecting the regulations issued by BSE and the Central Depository regarding transactional incidents and transactional discounts with the allotment rights.

5.2. MAIN SHAREHOLDERS

The main shareholders of the Issuer are the State by the Ministry of Economy and Fondul Proprietatea SA. The Ministry of Economy owns 229,006,139 shares of 10 RON each with the total nominal value of RON 2,290,061,390 representing 90,2707 % of the share capital of Nuclearelectrica.

S.C. Fondul Proprietatea S.A. holds 24,676,222 shares of 10 RON each in total nominal value of 246,762,220 RON representing 9,7293% of the share capital of Nuclearelectrica.

Fondul Proprietatea SA

Fondul Proprietatea SA was incorporated by virtue of Law 247/2005 and was registered with the Trade Register Office of Bucharest Tribunal according to the provisions of GD no. 1481/2005 as a collective placement body of closed type securities in order to ensure the financial resources necessary for paying damages corresponding to the real estate taken abusively by the Romanian State in the period 6 March 1945 – 22 December 1989 and which cannot be returned in kind.

On 30 November 2011, FP reported a net asset of RON 11,400.90 calculated according to the provisions of the law on capital market applicable for this type of collective placement bodies.

On 30 November 2011, the shares of Fondului Proprietatea were held in proportion of 39.78% by non-resident institutional shareholders, 35.74% by Romanian natural persons, 11.03% by Romanian institutional shareholders and 9.26% by non-resident natural persons. The state held 4.19% of the assets of Fondul Proprietatea. The shares of FP are listed at Category I of the regulated market of BVB.

Control and detailed structure of shareholders

The control on the Issuer is held by the State through the Ministry of Economy holding, as of 31.12.2012, 90.2707% of the share capital of Nuclearelectrica.

6. OTHER INFORMATION

6.1. LITIGATIONS

The Issuer declares that he was not involved in litigations (including any such procedures in progress or potential of which the Issuer is aware) in the last twelve months, at least, which could have or recently had significant effects on the financial situation or profitability of the Issuer and of the Group, except for those presented below.

Based on the criteria mentioned above, on 03.06.2013, the Issuer was involved in a series of litigations, both as claimant, and as defendant, among which are mentioned litigations having an estimated value of over RON 50,000 or equivalent, litigations for which the value was not yet determined or having an object which cannot be evaluated in money and which are related to the specific activity of the Issuer.

The Company was involved on the above mentioned date in 14 litigations in which it has the quality of defendant and in 23 litigations in which it has the quality of claimant, corresponding to the above mentioned criteria.

At the same time, the Company was involved on 03.06.2013 in 5 litigations having as object different real estate claims.

A detailed presentation of these litigations can be found in Chapter 4, Section 4, Sub-section “*Major Liens over Real Assets*”.

Litigations in which the Company is defendant

The Company was part on the date of 03.06.2013 /was part during the last 12 months, as defendant, in a total number of 14 litigations of which 7 litigations with a value above the equivalent amount of RON 50,000 and a number of 7 litigations for which the value was not yet determined or having an object which cannot be evaluated in money, as follows:

Litigations between professionals

- The file no. 58522/3/2010, on the dockets of Bucharest Tribunal by which Fondul Proprietatea requested the certification of absolute nullity of the decision of the General Extraordinary Meeting of Shareholders of S.C. Hidroelectrica S.A. no. 32/19.11.2010 of the decision of the General Decision of Shareholders no. 12/19.11.2010 of S.C. Complexul Energetic Rovinari S.A. and of the decision of the General Meeting of Shareholders no. 10/19.11.2010 of S.C. Complexul Energetic Turceni S.A. the mentioning of the decision which will be made in the trade register

and its publication in the Official Gazette as well as the cancellation of the mentions made in the trade register based on the cancelled decisions. By the decisions of the General Meeting of Shareholders above the constitution project of the National Company Electra S.A. was approved by simultaneous operations of partial division and merger by fusion. The National Company Electra S.A. will consist of the Power generation complexes of Turceni, Rovinari and Craiova, the Company, the Ramnicu Valcea Hydroelectric Power Plants Branch, Sibiu Hydroelectric Power Plants Branch, Targu Jiu Hydroelectric Power Plants Branch, the branches (without legal personality) from the structure of Hidroelectrica, the Hidroserv Ramnicu Valcea branch, from the structure of Hidroelectrica, the Oltenia National Lignite Company. The court found the absolute nullity of the decisions of the above mentioned General Meetings of Shareholders, but rejected the request regarding the cancellation of the division and merger as unjustified, disposing the mention in the Trade Register and the publication in the Official Gazette Part. IV of the court's decision on the date of its certification as irrevocable. Only the Power Complex Oltenia SA formulated appeal against the abovementioned court decision;

- The file no. 3061/299/2009, on the dockets of Bucharest Tribunal by which Beta S.A. Buzau requested to the Court of District 1 to dispose the obligation of Nuclearelectrica to pay the amount of RON 51605.66 representing the difference of the invoices value and penalties according to the contracts no. R1522/2003, R077/2003 and R1734/2004 having as object the supply of fittings for carbon steel and non-nuclear carbon steel pipe. The court admitted the request of the claimant, the Company formulating appeal against the decision of the trial court. The file is on the dockets;
- The file no. 47215/3/2009, on the dockets of the High Court of Cassation and Justice by which the claimant Electrica Furnizare Muntenia Nord S.A. requested the obligation of the Company to sign the addendums to the sale-purchase Agreement of electric power no. 191/27.06.2005 and to the payment of the amount of RON 588,178.87 representing prejudice caused following the failure to recognise the amount of electric power provided in the decision of A.N.R.E. no. 1615/16.07.2009. The Company formulated a counterclaim by which it requested the obligation of the claimant to pay the amount of RON 1,113,136.62 representing a rest to be paid corresponding to an invoice and delay penalties. The court admitted both actions and decided to compensate the reciprocal liabilities of the parties up to the lowest amount and the obligation of Electrica Furnizare Muntenia Nord S.A. to pay the amount of RON 469,434.82 to the Company. The Company promoted an appeal against the above mentioned decision, but the Supreme Court rejected the appeal. The court decision is irrevocable. The defendant paid the debt to the Company.

- The file no. 3466/299/2012, on the dockets of Bucharest Tribunal by which the claimant requested from the Court of District 1 to compel the Company to pay the amount of RON 64,200 as interest damages representing money rights to which the former is entitled following the recalling without a just cause from the position of director held according to the administration agreement concluded with the Company on the date of 13.11.2009. The court admitted the action of the claimant, and the Company formulated appeal against the decision of the trial court. The court of appeal forwarded the case to the Bucharest Tribunal - Section VI Civil in order to be distributed to a panel settling causes with professionals.
- The file no. 76772/3/2011, on the dockets of the Court of Appeal Bucharest by which Fondul Proprietatea S.A. requested from the Bucharest Tribunal, as opposed to the Company in principal (i) to certify the absolute nullity of the General Extraordinary Meeting of Shareholders` decision no. 16/05.12.2011 of the Company and in subsidiary (ii) to cancel the General Extraordinary Meeting of Shareholders` decision no. 16/05.12.2011, (iii) to mention the decision that will pronounce in the Trade Register and its publication in the Official Gazette as well as the corresponding radiation of the mentions made in the Trade Register based on the cancelled General Extraordinary Meeting of Shareholders` decision, as well as (iv) to cause the defendant to pay the trial expenses corresponding to the litigation. The court admitted the action of the claimant, and the Company formulated appeal against the decision of the trial court. Subsequently, the Court of Appeal Bucharest disposed the rejection of the appeal as unjustified, the solution being irrevocable.
- The file no. 44859/3/2011, on the dockets of the High Court of Cassation and Justice by which Transelectrica SA initially requested from the Bucharest Tribunal to compel the Company to pay the amount of RON 1,620,834.10 as delay penalties. The trial court admitted the request of the claimant, and the Court of Appeal Bucharest rejected subsequently the appeal formulated by the Company. The Company formulated appeal against the decision of the Court of Appeal Bucharest. The cause is in process of being settled.

Civil litigations

- The file no. 3850/299/2012, on the dockets of Bucharest Tribunal by which the claimant requested the Court of District 1 to dispose the obligation of the Company to pay the amount of RON 437,818 as interest damages representing money rights to which the latter is entitled following the revocation without just cause from the position of general manager held according to the mandate agreement concluded as of 01.07.2008. The court partly admitted the claimant action, and subsequently both the claimant and the Company appealed the decision. The Court of Appeal, the Bucharest Tribunal, admitted the appeal of the claimant and

compelled the Company to pay to the claimant the amount of RON 411,054 as interest damages and the amount of RON 13,186.54, as trial expenses corresponding to the fund and RON 5,849 trial fees corresponding to the appeal. The Company formulated appeal against the decision of the Court of Appeal. The file is on the dockets.

- The file no. 4052/299/2012, on the dockets of Bucharest Tribunal by which the claimant requested the Court of District 1 to dispose the obligation of the Company to pay the amount of RON 64,200 as interest damages representing money rights to which the latter is entitled following the revocation without just cause from the position of member of the Company Board of Directors. The court partly admitted the claimant action, causing the Company to pay the amount of RON 802.92 as money rights and the amount of RON 61.05 as trial expenses. The claimant formulated appeal against the decision of the trial court. The file is on the dockets.

Litigations in administrative court

- The file no. 1313/36/2011, on the dockets of the High Court of Cassation and Justice by which Cernavoda City and the Mayor of Cernavoda City have requested to the Constanta Court of Appeal as opposed to the Company and the National Commission for the Control of Nuclear Activities to cancel the building permit in the nuclear field no. SNN DICA 02/2011 issued by the National Commission for the Control of Nuclear Activities by which an authorization is issued so that Nuclearelectrica may build modules 5, 6 and 7 of the Intermediary Burned Fuel Deposit (DICA) situated on the premises of C.N.E. Cernavoda branch. The court rejected the action as unjustified, and the claimants formulated an appeal on the dockets of the High Court of Cassation and Justice. The file is on the dockets.
- The file no. 8184/2/2011, on the dockets of the High Court of Cassation and Justice by which Greenpeace CEE Romania requested the Court of Appeal Bucharest, as opposed to Nuclearelectrica and the Ministry of Environment (i) to cancel the decision of issuance of an environment approval for the Factory of Nuclear Fuel Pitesti, (ii) to cancel the Government Decision no. 445/2009 regarding the evaluation of the impact of certain public and private projects on the environment, (iii) the obligation of the defendants to start an authorization procedure according to the dispositions of Directive no. 85/377/EEC regarding the evaluation of the impact on the environment, transposed in Romania by GD no. 445/2009 and (iv) the suspension of the activity of the Factory of Nuclear Fuel Pitesti until the date of compliance with the law on the environmental impact. The court rejected the introductory request, the claimant formulated an appeal, and the High Court of Cassation and Justice issued the appeal decision and disposed the cassation of the appealed sentence and sent the cause for retrial to the same court. The file is on the dockets.

- The file no. 2865/3/2013, on the dockets of Bucharest Tribunal by which the claimant requested the obligation of the Company to communicate information of public interest according to Law no. 544/2001 regarding the free access to information of public interest. The court partly admitted the action and compelled the Company to communicate partly to the claimant the information requested at sections -18, 20-22, and 25 of the request recorded by the Company under no. 11682/27.11.2012 and rejected the other requests of the claimant. The sentence can be attacked with appeal.

Employment litigations

- The file no. 27102/3/2012, on the dockets of Bucharest Tribunal by which the claimant requested the cancellation of the dismissal decision issued by the Company, regarding the termination of the employment relations of the latter, the reintegration of the claimant in the position of main counsellor within the General Inspection of the Company and the payment of damages equal with the indexed, increased and updated salaries and with the other rights of which he could have benefit for the situation in which the contested decision had not been issued. The file is on the dockets.
- The file no. 4945/105/2012, on the dockets of Prahova Tribunal by which the claimant requested the obligation of the Company to cancel the decision to terminate the employment contract, the reemployment of the claimant in the previously held position, and the obligation of the Company to pay damages equal with the indexed, increased and updated salaries, and with the other rights to which the employee was entitled starting with 01.07.2012 and calculated until the date of the effective reemployment. The court disposed the rejection of the contestation as unjustified. The claimant formulated appeal. The file is on the dockets.
- The file no. 5448/109/2011, on the dockets of the Pitesti Court of Appeal by which the claimant requested the obligation of the Company to cancel the decision to terminate the employment contract and to pay money rights and moral damages in total amount of RON 95,000. Both the trial court and the court of appeal, the Ploiesti Court of Appeal rejected the requests of the claimant, the decision of the court of appeal remaining irrevocable.

Litigations in which the Company has the quality of claimant

The Company is involved in litigations in which it has the quality of claimant, in order to recover the liabilities and to cancel other administrative acts. At the same time, the Company constituted as civil party in a criminal file.

On the reference date 03.06.2013, the Company is/was part during the last 12 months, as claimant/creditor, in 23 litigations, of which 19 causes with the value above the equivalent amount

of RON 50,000 and 4 causes for which the value was not yet determined or having an object which cannot be evaluated in money, as follows:

Litigations between professionals

- The file no. 59009/3/2011, on the dockets of the Bucharest Court of Appeal by which the Company requests the obligation of the defendant CE Oltenia Craiova to pay the amount of RON 17,087,881.16 representing penalties corresponding to the invoices paid with delay, according to the contract no. 1183/23.12.1008 having as object the supply of electric power. The trial court admitted the action and disposed the obligation of the defendant to pay to the claimant the amount of RON 17,087,881.16 as well as to pay the amount of RON 175,585 as trial expenses, and the Bucharest Court of Appeal maintained the solution of the trial court. The sentence was appealed by CE Oltenia.
- The file no. 52814/3/2011, on the dockets of the High Court of Cassation and Justice by which the Company requested the obligation of the defendant S.C. Eco Energy S.R.L. to pay the amount of RON 2,403,397. 17 representing compensation for the prejudice caused by the termination of the contract no. 1171/2008, the price of the electric power and the legal interest applicable to the previous amounts for the period 22.02.2009 - 30.04.2011. The trial court admitted the exception of non-stamping and disposed the cancellation of the claimant request, as unstamped, the Company declared appeal by which it was disposed the cancellation of the sentence on trial and sent the cause for re-trial to the same court, and the defendant formulated appeal against this solution. The High Court of Cassation and Justice rejected the appeal as unjustified. The solution of the court is irrevocable.
- The file no. 27406/3/2012, on the dockets of the Bucharest Court of Appeal by which the Company asked the Bucharest Tribunal to dispose the obligation of the defendant S.C. Tinmar Ind S.A. to pay the amount of RON 1,655,228.07 representing the difference of the price of the area tariff corresponding to the transport service for the introduction of electric power into the network, the legal interest and penalties corresponding to the invoices paid with delay and calculated according to the penal clause of the sale-purchase contract of electric power no. 1574/09.12.2009. The trial court partly admitted the summons, compelling the defendant to pay to the claimant the amount of RON 1,230,780.39. The Company formulated appeal against this solution, and the Bucharest Court of Appeal partly changed the sentence attacked within the meaning that it compelled the defendant to pay to the claimant the amount of RON 55,546.39 as delay penalties, as well as the amount of RON 555.47 as trial expenses, which are added to the amounts to which the defendant was compelled in the first court and maintained the other dispositions of the appealed sentence. The sentence can be appealed.

- The file no. 5120/3/2013, on the dockets of Bucharest Tribunal by which the Company requested the obligation of S.C. Electrica Furnizare S.A. to the payment of the amount of RON 1,351,455.56 as penalties, resulted from the execution of the contract between the parties. The file is on the dockets.
- The file no. 33614/3/2012, on the dockets of Bucharest Tribunal by which the Company requested the obligation of the defendant S.C. Repower Furnizare Romania S.R.L. to pay the amount of RON 739,187.37 representing delay penalties corresponding to the invoices paid with delay and calculated according to the penal clause of the sale-purchase contract of electric power no. 1570/08.12.2009. The court admitted the request of the claimant, and the defendant formulated an action for annulment, which was settled in the sense of rejecting it as unjustified. The court solution is irrevocable. The defendant paid the debt to the Company.
- The file no. 27408/3/2012, on the dockets of Bucharest Tribunal by which the Company requested the obligation of the defendant S.C. Repower Furnizare Romania S.R.L. to the payment of the amount of RON 259,227.78, the mentioned amount representing delay penalties corresponding to the invoices paid with delay and calculated according to the penalclause of the sale-purchase contract of electric power no. 1570/08.12.2009, the difference of the price of the area tariff corresponding to the transport service for the introduction of electric power into the network and the legal interest. The court admitted the action. The sentence can be appealed. The defendant paid the debt to the Company, remaining to pay also the trial expenses in amount of RON 14,090.
- The file no. 31151/299/2012, on the dockets of Bucharest Tribunal by which the Company requested the obligation of S.C. Energy Financing Team Romania S.R.L. to pay the amount of RON 390,360.36 representing the difference of the price of the area tariff corresponding to the transport service for the introduction of the electric power into the network and the legal interest. The court rejected the action as unjustified and the counterclaim as remained without object; it partly admitted the request to compel the claimant to pay the trial expenses, in amount of RON 6,000, and the Company formulated appeal. The trial court rejected the appeal as unjustified and compelled the Company to pay to the appellant of the trial expenses in appeal representing an attorney fee in amount of RON10,961.6 . The company attacked the decision with appeal. The litigation is in process of settling.
- The file no. 7835/3/2012, on the dockets of Bucharest Tribunal by which the Company requested the obligation of S.C. Hidroelectrica S.A. to the payment of RON 15,295,201.28 representing penalties. The file was suspended de juris following the opening of the insolvency

procedure regarding S.C. Hidroelectrica S.A. until the irrevocable settlement of the insolvency file.

- The file no. 44480/3/2012, on the dockets of Bucharest Tribunal by which the Company requested, by way of the payment notification, the obligation of the Regie Autonome for Nuclear Activities to pay RON 7,825,063.68. The court admitted the request of the Company and notified the debtor to pay the debt recorded within 30 days from the communication of the sentence. Currently, the file is in process of enforcement.
- The file no. 45676/301/2011, on the dockets of Bucharest Tribunal by which the Company formulated a contestation against the enforcement initiated by SC Proconex Universal SRL for the amount of RON 68,352.33. The Court of District 3 Bucharest admitted the contestation to the enforcement and disposed the return of the enforcement to the Company with the above mentioned amount and the obligation of the applicant to pay the amount of RON 5,177.35 as trial expenses. The appellant formulated appeal against the decision of the trial court. The court rejected the appeal as ungrounded.

Civil litigations

- The file no. 33659/3/2012, on the dockets of Bucharest Tribunal by which the Company requested the obligation of the defendant - Municipality of Cernavoda - to pay the amount of RON 336,707.37 as trial expenses. The litigation is in process of settlement.
- The file no. 4658/299/2013, on the dockets of the Court of District 1 by which the Company requested the court to compel Greenpeace CEE Romania to pay the trial expenses incurred in the file no. 8184/2/2011, on the dockets of the High Court of Cassation and Justice. The cause is in process of settlement.

Litigations regarding the judicial reorganization and bankruptcy procedure

- The file no. 22456/3/2012, on the dockets of Bucharest Tribunal by which the Company requested the registration to the statement of affairs of the debtor S.C. Hidroelectrica S.A. with the amount of RON 69,936,482.46, of which (i) RON 22,507,821.02 penalties according to the penal clause of the sale-purchase contract of electric power no. 144/03.02.2011; (ii) RON 28,773,061.96 according to the civil sentence no. 6037/07.05.2012 given by the Bucharest Tribunal; (iii) 1 RON 8,655,479.18 penalties calculated according to the penal clause of the sale-purchase contract of electric power no. 821/01.10.2007 and (iv) lei 120.3 stamp duty and judicial stamp. The judicial receiver recorded Nuclearelectrica in the preliminary table of accounts receivable with the amount of RON 28,773,061.96 (unsecured debt), for the rest of the amount the request being rejected. Against these mentions of the preliminary statement the

Company formulated appeal, in the sense of admitting the entire debt, which represents the object of the file no. 37059/3/2012, registered on the dockets of Bucharest Tribunal. The court rejected the contestation of the Company as unjustified. The Company formulated appeal. The appeal was admitted, the court compelling the judicial receiver to record the debt in amount of 69,936,482,46 RON in the preliminary table of accounts receivable. The decision is irrevocable, so that Hidroelectrica will pay the amounts representing the judicial stamp duty of RON 70,093,550.47 and lei 5 stamp, the total amount being RON 70,093,550.47. In this sense, on 17.06.2013 was signed a Convention between the parties through which Hidroelectrica undertakes to pay monthly in 24 equal installments starting from July 2013 the total amount of RON 70,093,550.47. On 18.06.2013 Hidroelectrica Creditor's Meeting took place after which the plan for reorganizing the debtor's activity and the closure of the insolvency proceedings was voted. The closing of the insolvency procedure of Hidroelectrica was approved by the syndic judge on 26.06.2013.

- The file no. 3868/118/2012, on the dockets of the Constanta Court of Appeal by which the Company requested the registration to the statement of affairs of the debtor S.C. Proconex Universal S.R.L. with the amount of RON 3,727,833.10 representing: (i) RON 3,347,433.9 delay penalties calculated according to the contract no. 844/01.11.2007; (ii) RON 199,861.38 attorney fees; (iii) RON 180,537.82 trial expenses given by court decisions. The receiver recorded the Company in the preliminary table of receivables with the amount of RON 92,695. Against the mentions in the preliminary table, the Company formulated appeal, requesting the admission of the entire debt. The contestation is the object of file no. 3868/118/2012/a1 recorded on the dockets of the same court. The Tribunal of Constanta partly admitted the contestation for the amount of RON 3,524,138.98, and the Company formulated appeal against this decision. The litigation is in process of settlement.
- The file no. 873/1259/2008, on the dockets of Arges Tribunal by which the Company requested the registration to the statement of affairs of the debtor S.C. Termoficare 2000 S.A. with the amount of RON 2,713,986.71 representing: (i) RON 1,272,756.33 debt remained after two partial payments; (ii) RON 729,108.17 penalties according to the commercial decision no. 624/16.01.2008; (ii) RON 712,036.61 penalties calculated until the starting date of the insolvency procedure, by virtue of annex no. 1 of the Market participation convention for the following day and (iv) RON 85.6 trial expenses. The judicial receiver admitted the debt of Nuclearelectrica for the amount of RON 2,001,950.10. Against the preliminary table the Company formulated contestation, settled by the decision no. 685/F/30.06.2009 in the sense of admitting the request of Nuclearelectrica to be recorded at the statement of affairs with the total amount of RON. 2,713,896.71 By the decision of 23.10.2012 the court established a new

term for the recovery of the goods and debts and disposed the display of the distribution plan. Against this decision, the debtor S.C. Termoficare 2000 S.A. formulated appeal. The file is on the dockets.

- The file no. 18770/3/2007, on the dockets of the Bucharest Court of Appeal by which the Company requested the registration to the statement of affairs of the debtor S.C. Con Dem S.A. with the amount of RON 2,446,227.08 RON. By the decision made the court rejected the reorganization plan and disposed the transition to the general bankruptcy procedure, appointing a liquidator. The file is on the dockets.
- The file no. 2183/115/2010, on the dockets of Caras Severin Tribunal by which the Company requested the registration to the statement of affairs of the debtor S.C. CET Energoterm Resita S.A. with the amount of RON 580,974.21 .By the decision made, the court disposed the transition to the simplified bankruptcy procedure, appointing a liquidator. The file is on the dockets.
- The file no. 1867/90/2010, on the dockets of Valcea Tribunal by which the Company requested the registration to the statement of affairs of the debtor S.C. Total Electric Oltenia S.A. with the amount of RON 198,602.5 representing the value of the delay penalties corresponding to the invoice no. 1881695/30.06.2006 issued according to the sale-purchase contract of electric power no. 378/2006 and a number of 66 invoices, in relation with the provisions of the Market participation convention for the following day no. 5857/2005. The court disposed the transition to the general bankruptcy procedure, appointing a liquidator. The file is on the dockets.
- The file no. 7238/120/2012, on the dockets of Dambovitza Tribunal by which the Company requested the registration to the statement of affairs of the debtor S.C. Eco Energy S.R.L. with the amount of RON 2,464,059.64. By the decision made, the court recorded the Company in the preliminary table with the entire amount. Against the mentions of the preliminary table, the debtor formulated contestation, and the court rejected the contestation and disposed the provisory registration of the Company debt in the final receivablestable until the settlement of the litigation. The court solution can be attacked with appeal. The file is on the dockets.

Litigations of administrative law

- The file no. 6561/2/2012, on the dockets of the High Court of Cassation and Justice by which the Company requested the court (i) the partial cancellation of the decision no. 89 of 02.08.2012 of the Contestations settlement commission of the Court of Auditorsin Romania, by which the Contestation no. 6562/04.07.2012 formulated by the Company against the Decision no. 14 of 15.06.2012, issued by the Court of Auditorsin Romania was partly rejected, (ii) the

partial cancellation of the Decision no. 14 of 15.06.2012, issued by the Court of Auditors in Romania, for the application of the recovery measures of the findings in the Control report no. 4739 of 16.05.2012, (iii) the partial cancelling of the Control report no. 4739 of 16.05.2012, concluded following the control action of the Court of Auditors, made by the Company in the period 08.01.2012 – 16.05.2012, with the theme „Situation, evolution and administration manner of the public and private patrimony of the state at Nuclearelectrica”. The court rejected the action formulated by the Company, and the latter formulated appeal. The file is on the dockets.

- The file no. 6079/2/2010, on the dockets of the High Court of Cassation and Justice by which the Trade Union of CNE Cernavoda, trade union organization represented at the level of the Company, requested the Bucharest Court of Appeal to find the nullity of the Government Decision no. 56/2010 regarding the establishment of measures for the reorganization of the electric and thermal power producers under the authority of the Ministry of Economy, Trade and Business Environment, by the incorporation of the National Company Electra - S.A. and the National Company Hidroenergetica - S.A, published in the Official Gazette of 05.02.2010, rectified on 04.03.2010 and of the Government Decision no. 357/2010, by which was modified and supplemented the GD 56/2010. The court rejected the action formulated by the Trade Union of CNE Cernavoda but admitted partially the request regarding the other trial expenses in the sense that it compels the defendants - The Romanian Government and the Ministry of Economy, Trade and Business Environment to pay the amount of RON 1,000 each, to the claimants and interventions in its own interest representing attorney fees. Against this decision and exclusively aimed at compelling the parties to pay the trial expenses, the Romanian Government and the Ministry of Economy, Trade and Business Environment formulated appeal, recorded on the dockets of the High Court of Cassation and Justice. The Supreme Court rejected the appeals as unjustified. The solution is irrevocable.
- The file no. 937/256/2010, on the dockets of the Constanta Court of Appeal by which the Company contested the contravention minute issued by the Mayor of Cernavoda City in which the Company was fined with the amount of RON 100,000. The court admitted the complaint formulated by the Company and cancelled the contravention minute no. 2/28.01.2010 issued by the Mayor of Cernavoda city. The solution of the court can be appealed.

Criminal litigation

- The file no. 48031/299/2010, on the dockets of the Court of District 1 Bucharest. The Company was constituted as civil party in this file having as object the performance by Rotaru Ioan, Irimie Traian Cezar, Ispas Gheorghe, Prisecariu Tereza, Nemtanu Raducu, Anghelescu Andrei

Tudor of corruption acts following the breach of the legal provisions referring to public acquisitions in order to award contracts whose payments were made from the loans contracted with the state guarantee, the Company being caused a prejudice of RON 12,629,551. As a civil responsible party the trade company Tess Conex S.A. Iasi appears in the trial. The trial is in process of settlement.

Litigations to which Energonuclear is a party

As of the reference date 24.05.2013, Energonuclear is/was a party to 39 litigations throughout the last 12 months, under the jurisdiction of the Romanian courts.

Energonuclear has the capacity of plaintiff in these litigations, out of which the object of one is a contentious request to annul a control reports and a decision issued by the Romanian Court of Auditors.

The objects of a number of 37 cases are either claims proceedings against former employees or financial liability against current employees for amounts qualified by the Romanian Court of Auditors as paid without entitlement by the Company. The settlement of the 37 files, the financial value of which totals RON 621,539 depends on the final settlement of the contentious case, since they relate to the reimbursement by former or current employees of the amounts withheld by the Court of Auditors as being paid without entitlement by Energonuclear as paid vacation indemnity due for the period 2009-2010. Therefore, for a number of 33 out of 37 litigations, the court ordered that the cases be suspended, based on article 244 (1), point 1 of the Civil Procedure Code until the final settlement of the contentious litigation. For the remaining cases, still on the dockets, the Company submitted a request for suspension of judgement, based on the same legal text.

Among the 39 litigations to which Energonuclear is a party, there is one case the objects of which are claims amounting to RON 64,629, against a trading company.

Among the cases previously presented, the most significant ones from the point of view of the object and financial value are the following:

- Case no. 14951/3/2012, on the dockets of the Bucharest Court of, through which Energonuclear has requested the court to order, against the Romanian Court of Auditors(i) the annulment of decision no. 97/28.11.2011 issued by the Romanian Court of Auditors – Court of Auditors of the Municipality of Bucharest; the annulment of the control report no. 7179/02.11.2011 issued by the same authority and (iii) annulment of the decision no. 22/09.02.2012 issued by the Court of Auditors– Commission for Contestation Settlement by which the contestation no. 7497/16.12.2011 submitted by the company against decision no. 97/28.11.2011 and underlying control report no. 7197/02.11.2011 was rejected. The litigation is in the process of being settled.

- Case no. 29315/300/2012, on the dockets of the 2nd District Court, by which Energonuclear requested that the defendant Ionescu Dan is obligated to pay the amount of RON 65,550, representing the net counter-value of four monthly indemnities paid according to the Resolution of the Board of Directors no. 4/06.07.2012, to be repaid to the Company according to the withholdings in decision no. 97/2011 issued by the Romanian Court of Auditors – Court of Auditors of the Municipality of Bucharest. The Court rejected the request of Energonuclear as lacking merit. The judgement was appealed by Energonuclear.
- Case no. 2129/3/2013, on the dockets of the Bucharest Tribunal Court, by which Energonuclear requested that the defendant is obligated to pay the amount of RON 44,522 as net difference between the gross indemnity for paid vacation due for the period 2009-2010 and the gross indemnity for paid vacation recalculated according to decision no. 97/2011 issued by the Romanian Court of Auditors – Court of Auditors of the Municipality of Bucharest. The case is on the docket.
- Case no. 38252/3/2012, on the docket of the Bucharest Tribunal Court, by which Energonuclear requested the 2nd District Court to obligate S.C. Metinstal S.R.L. to pay the amount of RON 64,629.9, representing penalties calculated according to article 34.1, paragraph 2 of the works execution agreement no. 12/18.05.2010, signed by the parties and the court charges. The court admitted the request submitted by Energonuclear. The court decision may be subject to appeal.

6.2. DOCUMENTS MADE AVAILABLE TO THE PUBLIC

Throughout the validity of the Offer, the following documents shall be available to the investors:

- Offer Prospect;
- Articles and Memorandum of Association of the Issuer;
- All the reports, letters and other documents, past financial information, assessments and statements drawn up, upon request from the Company, by any expert and included, in part or in full, in such Prospect;
- IFRS Financial statements for the financial years 2010, 2011 and 2012.
- IFRS Financial statements for the first quarter of 2013.

The aforementioned documents may be consulted, on hardcopy, at any of the following locations: the Issuer's office in Bucharest, str. Polona, nr. 65, postal code 010494, Romania

The prospect may also be consulted in electronic format on the following websites:

www.nuclearelectrica.ro, www.swisscapital.ro, www.btsecurities.ro, www.listarenuclearelectrica.ro, www.bvb.ro, throughout the term of the offer.

There are no statements or reports attributed to a person acting as expert in the body hereof.

6.3. FISCAL INFORMATION

The application of the fiscal legislation depends on the individual circumstances of each investor; therefore the Company recommends to the investors prior to making a decision related to the investments in the Offered Actions, to benefit from financial consulting regarding the fiscal regulations applicable to a an investment made by the concerned investors in the Offered Shares, including with regard to the application of the Double Taxations Conventions and potential amendments of the fiscal legislation.

6.3.1. Dividend tax

(i) Resident investors:

Natural persons

The income in the form of dividends paid by a Romanian company to a resident natural person represents investment income and shall be subject to a taxation rate of 16% of the amount of such dividends. The tax is calculated and withheld by the company paying the dividends, at the same time as the payment of the dividends to the shareholders. The deadline for tax payment is the 25th day of the month following the payment month. Should the dividends distributed not be paid by the end of the year in which the annual financial statements were approved, the dividend tax shall be paid by the 25 of January of the following year.

Juridical persons

The income in the form of dividends paid by a Romanian juridical person to another Romanian juridical person shall be subject to taxation by applying a rate of 16% on the gross dividend distributed or paid to a Romanian juridical person. The same taxation rate shall be also applied to the amounts distributed/paid to the open investment funds thus categorized in accordance with the regulations regarding the capital market.

The Romanian juridical person distributing/paying the dividends to another Romanian juridical person is under the obligation of withholding, declaring and paying the dividend tax withheld to the state budget. This regime does not apply in the case of dividends paid by a Romanian juridical person to another Romanian juridical person, should the beneficiary of the dividends hold, at the time of payment of the dividends, at least 10% of the equity securities of the other juridical persons,

for a period of 2 full consecutive years by the date of payment thereof included.

Also, the aforementioned regime does not apply in the case of the dividends distributed/paid by a Romanian juridical person: (i) to the optional pensions funds, and privately managed pensions funds, respectively; (ii) to the bodies of the public administration exercising, by law, the rights and obligations that arise from the quality of state shareholder of the concerned Romanian juridical persons.

(ii) Non-resident investors:

The dividends obtained by a non-resident (natural or juridical person) from a resident shall be deemed taxable income obtained in Romania, by applying a taxation rate of 16% to the gross income from dividends. The tax due by the non-residents for the taxable income obtained in Romania shall be calculated, withheld and paid to the state budget by the income payers.

However, the dividends paid by a company, Romanian juridical person or a juridical person having its registered office in Romania, set up in accordance with European legislation to a resident juridical person in another Member State or in one of the states of the European Free Trade Association (namely Iceland, Principality of Lichtenstein, Kingdom of Norway) or to a permanent office of a company in a Member State or in one of the states of the European Free Trade Association located in another Member State or in one of the states of the European Free Trade Association shall be exempt from the tax for the income obtained in Romania by the non-residents, should the foreign juridical person benefiting from the dividends or the foreign juridical person for which the permanent office mentioned above benefiting from the dividends carries out activity, cumulatively meets the following conditions:

- Has one of the forms of organization set forth by the Romanian Fiscal Code;
- In accordance to the fiscal legislation of the Member State or one of the states of the European Free Trade Association, shall be deemed a resident of the concerned state and, based on a double taxation convention signed with a third state, shall not be deemed a resident for taxation purposes outside the European Union or the European Free Trade Association;
- Shall pay, in accordance to the fiscal legislation of a Member State or one of the states of the European Free Trade Association, profit tax or a similar tax, without the possibility of opting or being exempt;
- Shall hold at least 10% of the share capital of the Romanian juridical person for an uninterrupted period of at least 2 years, which shall end at the date of payment of the

dividend.

To grant such exemption, the Romanian juridical person paying the dividend must cumulatively meet the following conditions:

- Shall be a company set up under the Romanian law and shall have one of the following forms of organization: “joint stock company”, “company limited by shares”, “limited liability company”;
- Shall pay profit tax, in accordance with the applicable provisions of the Romanian Fiscal Code without the possibility of opting or being exempt.

Should the beneficiary of the dividend be the resident of a country with which Romania signed a double taxation convention, the tax rate applicable to the taxable income obtained by such tax payer in Romania cannot exceed the tax rate set forth in the convention which applies to such income. In case different tax rates exist in the internal legislation or double taxation conventions, the more favourable taxation rates shall apply. If a tax payer is a resident of a country in the European Union, the tax rate applicable to the taxable income obtained by such tax payer in Romania is the more favourable quote set forth by the internal legislation, the European Union legislation or the double taxation conventions. The legislation of the European Union shall apply in the relationship between Romania and the Member States or the states of the European Free Trade Association.

To apply the provisions of the double taxation convention and European Union legislation, the non-resident is under the obligation of submitting to the income payer, at the time of realization of the income, the tax residency certificate issued by the relevant authority in the state of residency, as well as a statement on one's honour specifying that the condition of beneficiary in the case of application of the European Union legislation is met, if applicable. At the time of submission of the fiscal residency certificate and, as the case may be, of the statement specifying the quality of beneficiary, the provisions of the double taxation convention or European Union legislation shall apply and the tax shall be adjusted within the legal statute of limitation. In this respect, the fiscal residency certificate must mention that, within the statute of limitation, the beneficiary of the income had fiscal residency in the contracting state with which the double taxation convention was signed, in a state of the European Union or European Free Trade Association for the entire period for which the income was obtained in Romania. The capacity of beneficiary in the purpose of application of the European Union legislation shall be proved by the fiscal residency certificate, and, as the case may be, the statement on one's honour that the conditions regarding: the minimum period of ownership, the condition of minimum participation to the share capital of the Romanian legal entity person, compliance with one of the forms of organization set forth by the

law, the capacity of payer of a profit or similar tax, without the possibility of opting or being exempt are cumulatively met.

Moreover, for the non-resident investors, an increased rate of 50% of the tax withheld at the source shall apply for the income from dividends paid in a state with which Romania has not signed a legal instrument based on which the exchange of fiscal information may be performed. This category also includes the revenues from the dividends paid to non-resident natural and legal entity persons in such states.

6.3.2. Taxation of the earnings from transfer of securities

(i) Resident investors:

Natural persons

The profit/loss from the transfer of securities, other than the equity security held with the open investment funds and shares represent the positive/negative difference between the sale price and purchase price by types of securities, diminished, as the case may be, by the costs corresponding to the transaction.

The profit/loss shall be determined as mentioned above by each intermediary on every transaction.

For the transactions with securities, other than shares and shares of unlisted companies performed during the fiscal year, each intermediary shall have the following obligations: (i) to calculate the profit/loss for each transaction performed for the tax payer; (ii) to calculate the total profit/loss for the transactions performed throughout the year for each tax payer; (iii) to send in written form to the tax payer the information regarding the total profits/losses for the transactions performed throughout the year, until the final day of the month of February of the current year for the expired year; (iv) to submit with the relevant fiscal body the informative statement regarding the total profits/losses for each tax payer by the final day of the month of February of the current year for the expired year.

The annual net profit/annual net loss from the transfer of securities, other than shares and shares of unlisted companies shall be determined as the difference between the profit and loss achieved throughout the concerned year. The annual net profit/annual net loss shall be determined by the tax payer (natural person investor) based on the statement regarding the realized income, to be submitted with the relevant fiscal body for each financial year by May 25 of the year following the one when the annual net income/annual net loss was achieved. The annual tax due by the tax payer (natural person investor) shall be determined by the relevant fiscal body based on the income statement by applying the rate of 16% to the taxable annual net profit from the transfer of

securities, other than shares and shares of unlisted companies.

Juridical persons

The profit obtained by a Romanian juridical person from the transfer of shares held with a Romanian juridical person shall be included in the taxable profit, to which a tax rate of 16% shall be applied.

(ii) Non-resident investors:

Natural persons

The profits obtained by the non-resident natural persons from the transfer of shares held with a Romanian legal entity person having its head office in Romania shall be subject to taxation in accordance with the income tax in Romania, in compliance with the provisions applicable to Romanian natural persons. A non-resident natural person may appoint a representative to perform the fiscal obligations of payment and declaration of the tax.

Depending on the country of residence of the natural person, such tax may be reduced or eliminated according to the double taxation convention, based on the existence of a fiscal residency certificate provided by the non-resident natural person.

Juridical persons

The income obtained by a foreign juridical person from the sale – assignment of the shares held with a Romanian juridical person shall be taxable, applying the tax rate of 16% to the taxable profit corresponding to such income.

Should the non-resident juridical person hold shares by means of a permanent office in Romania, the profit obtained by such permanent office – including the income from the sale of shares, as the case may be – shall be taxable by applying a profit tax rate of 16%.

Depending on the country of residence of the foreign juridical person, such tax may be reduced or eliminated based on a double taxation convention based on the existence of a fiscal residency certificate of the non-resident juridical person. However, it must be mentioned that certain activities of reporting of such capital income must be performed throughout the fiscal (calendar) year by the non-resident juridical person, even when, based on the double taxation conventions, no tax is due in Romania. Such reporting and payment obligations may also be performed by means of fiscal representatives.

In addition, the foreign juridical persons are subject to the obligation to declare and pay tax for the profit from the transfer of securities held with a Romanian juridical person (as applicable). Thus,

the foreign juridical persons are subject to the obligation to submit an annual profit statement by March 25 of the following year, included, with the possibility of globalizing the fiscal profit or loss corresponding to all the transactions performed during a fiscal year. These annual statements may also be submitted by a fiscal representative.

6.3.3. Other taxes

Value added tax

The transactions with shares are operations expressly exempt from the value added tax.

6.4. STATEMENT OF NON-INITIATION OF A SHARE CAPITAL INCREASE

The majority shareholder of the Issuer declares that it has no intention to initiate proceedings to increase the Issuer's share capital in cash in the 6 months following the time of approval of this Prospectus. Subsequently, it is possible that the majority shareholder shall initiate the proceedings to increase the share capital by the value of the lands for which ownership certificates have been obtained and the value of the budget allocations for 2006-2009.

6.5. INSURANCE

The company has a number of one thousand and thirty seven (1037) insurance policies with Nuclear Risk Insurers Limited (representing: International Insurance Co Of Hannover Ltd., Swiss Re International Se, Aspen Insurance UK Limited, Catlin Insurance Company (UK) Limited, Total Company, Lloyd's Underwriters), Pool Roman de Asigurare a Riscurilor Nucleare (representing: Allianz Tiriace S.A., Ardaf S.A., Asirom S.A., Astra S.A., BCR Asigurari S.A. (currently Omniasig), Generali Asigurari S.A., Groupama S.A., Omniasig S.A. and UNIQA Asigurari S.A.), Emani, AIG Romania S.A., Chartis Romania S.A. and Pool Roman de Asigurare impotriva Dezastrelor Naturale S.A. through licensed insurer Generali Romania Asigurare Reasigurare S.A. which refer to:

- (a) third party civil liability for nuclear and non-nuclear damages;
- (b) insurance for material property damages;
- (c) insurance for buildings meant as lodgings;
- (d) insurance for professional civil liability of administrators and managers;
- (e) insurance against labor accidents and professional diseases, and
- (f) compulsory and optional motor insurance.

In compliance with Law no. 703/2001 on civil liability for nuclear damage ("Law no.

703/2001”), in order to receive the authorization for the safe operation of nuclear activities, the operator must close an insurance agreement or a financial security agreement which covers civil liability for nuclear damage and prove the existence thereof to the competent authority.

We mention that the execution of an insurance agreement or a financial security agreement is not necessary for nuclear plant and radioactive materials which do not have any critical risks⁴.

In order to comply with the obligations stipulated in Law no. 703/2001, Nuclearelectrica concluded and maintained on the date of this Prospectus [two additional insurance policies with two insurance pools in the nuclear field, namely the British insurance pool duly represented by Nuclear Risk Insurers Limited to cover for 99.75% of the compensation limits and Pool Roman de Asigurare a Riscurilor Nucleare to cover for 0.25% of the compensation limits stipulated in the policy with the British insurance pool. Their validity was extended until 30.05.2014.

Considering the material modification of the definition of the notion “*nuclear damage*”, in the meaning of expanding it, under the Protocol for the amendment of the Vienna Convention⁵, an aspect which was also taken over by Law no. 703/2001, international insurers in the nuclear field are not currently capable to take over and cover some of the new risks thus imposed.

Consequently, the insurance policy for third party civil liability against nuclear and non-nuclear damage number L11RA1979 of 09 January 2012 concluded by the Company does not cover the nuclear damage related to art. 3 letter d) points 4, 5, 6 and 7 of Law no. 703/2001, namely:

- the cost of measures to restore the environment damaged following a nuclear accident, if such damage is significant, if such measures are taken or are to be taken and are not included at point 2 of art. 3 of Law no. 703/2001;
- any profit loss deriving from an economic interest to any use of the environment, due to significant damage to the environment and unless it is included at point 2 al art. 3 of Law no. 703/2001;
- the cost of preventive measures and any losses or damages caused by such measures; and
- any other economic damage, other than as caused by the damage to the environment, if accepted by the civil liability legislation of the competent court.

⁴ The criticism risk refers to the risk of incontrollable occurrence of the chain fission reaction. A plant is deemed to represent a critical risk when the amount of fissionable material owned, stored, handled, used or transported can support the chain fission reaction.

⁵ Adopted in Vienna on September 12th, 1997 and ratified by Romania through Law no. 203/1998.

According to art. 4¹ paragraphs (2) of law no. 703/2001, the Romanian State is liable for such nuclear damage if the operator of the nuclear plant is not capable to obtain coverage on the domestic and/or international market of civil liability insurance against nuclear damages, and the operator proves this impossibility to CNCAN. Law no. 703/2001 also stipulates the operators' obligation to notify CNCAN referring to the execution of the insurance contract or financials security agreement for civil liability for nuclear damages.

In compliance with Notification number 6236 of June 26th, 2012, the Company informed CNCAN on the renewal of the insurance policy number L11RA1979 dated 09 January 2012 mentioned above and the fact that Nuclear Risk Insurers Limited can only provide coverage for nuclear damages related to: (i) any death or injury, (ii) any loss or damage to goods, and (iii) any economic loss resulting from the foregoing, under the condition of the direct and quantifiable nature.

By executing and maintaining the two insurance policies, the Company fulfilled its obligations stipulated in the relevant legislation on the operators' obligation to close an insurance agreement or a financials security agreement to cover for civil liability for nuclear damages.

No compensation claims have been formulated under the insurance policies for third party civil liability for nuclear damages concluded by the Company.

The Company also concluded with Nuclear Risk Insurers Limited, Pool Roman de Asigurare a Riscurilor Nucleare and Emani three insurance policies for material damage of Nuclearelectrica properties valid until 31 May 2014. No compensation claims have been formulated under the insurance policies for third party liability for property damages concluded by the Company.

At the same time, the Company concluded 1028 insurance policies against natural calamities in compliance with Law no. 260/2008 on compulsory house insurance against earthquakes, landslides and floods. The insurance policies concluded between the Company through CNE Cernavoda and Pool Roman de Asigurare impotriva Dezastrelor Naturale S.A. through licensed insurer Generali Romania Asigurare Reasigurare SA, have a similar content, refer to various houses located in Constanta County, Cernavoda and their aggregate worth amounts to RON 91,737.29.

In compliance with Art. 153¹² paragraph (4) of Law no.31/1990, any person holding the position of administrator namely member of the board of directors or of the Supervisory Commission within a jointstock company must be insured for professional liability. On the date of this prospect, the Company does not have any insurance policy for professional civil liability of administrators and directors, for which reason the Company is currently involved in litigation with the Romanian Court of Auditors whose object is the execution by the Company of such insurance policies

As regards insurance policies for labor accidents and professional diseases, the Company

concluded with Generali Asigurari S.A. the insurance policy for staff labor accidents no. GNCL006, valid until 01 October 2013.

In compliance with Law no. 136/1995 on insurances and reinsurances in Romania ("Law no. 136/1995"), civil liability insurance for damage to third parties due to motor accidents (RCA) is compulsory. The terms under which such insurance policies are closed are set by Law no. 136/1995. The Company concluded civil liability policies for damages to third parties in relation to 57 vehicles owned by it.

These insurance policies are concluded for the insurance period between 01 July 2012 and 30 June 2013 and stipulate insurance bonuses in aggregate amount of EUR 18,037.87.

The Company also concluded optional insurance in relation to 91 vehicles owned by it and used at the head office, Cernavoda and Pitesti Subsidiaries.

Energonuclear Insurances

Energonuclear has concluded (6) insurance policies for: (i) professional liability, (ii) general liability and (iii) motor liability, the said insurance policies being concluded by consultants of Energonuclear such as CANDU Energy Inc., Royal Bank of Scotland and White & Case LLP with foreign insurers such as Lloyd's, CNA Insurance Company Limited and Zurich Insurance Company Ltd. There aren't any claims of Energonuclear and/or third parties to Energonuclear under insurance policies/insurance agreements.

6.6. ASPECTS ON COMPETITION AND STATE AIDS

The regime of state aids has two distinct regulations, pre-adhesion and post-adhesion regulations.

Thus, prior to Romania's adhesion to the European Union, the legal framework applying to state aids was Law no. 143/1999. In compliance with the provisions of Law no. 143/1999, the Competition Council was the only competent authority in the field of state aids. Consequently, any state aid, under any form, granted after 01 January 2000 had to be notified to the Competition Council for approval purposes, the implementation of the state aid before approval being forbidden.

After the adhesion, in compliance with the provisions of Government Emergency Order no. 117/2006 ("OUG 117/2006"), as well as the provisions of the Treaty on the European Union (the "Treaty"), Law no. 143/1999, together with all the secondary legislation implemented was repealed by the European Commission becoming the only competent authority in the field of state aid.

According to the provisions of Art. 107 of the Treaty, state aids are mainly forbidden if they are incompatible with the common market; therefore, all ad hoc state aids granted after 01 January 2007 must be notified to the European Commission and cannot be implemented until the issuance of an authorization decision.

5.6.1. State aids problems related to Unit 2 Cernavoda

Nuclearelectrica concluded certain agreements for the financing of the project for the completion of Unit 2 within the investment objective „Centrala Nuclearelectrica Cernavoda 5 x 700 Mwe”, guaranteed through state securities, which fall under the incidence of rules on state aids, as follows:

- (i) the guarantee agreement no. 242060/20.10.2004, corresponding to the loan agreement closed by Nuclearelectrica and EURATOM Ia on 11 June 2004, for the amount of EUR 223,500,000. The guarantee convention was approved through Emergency Order no. 54/2004.
- (ii) the guarantee agreements no. 247297/31.01.2003, based on which the performance letter of guarantee no. 5142/23.12.2002 was issued, and 240005/31.01.2003, based on which the performance bond no. 5145/13.01.2003 was issued referring to the loan agreement closed by Nuclearelectrica and Societe Generale Canada, for the amount of CAD 328,050,596. The guarantee agreements are part of the measures adopted by Government Decisions 825/2002 and 322/2002.
- (iii) the guarantee agreements no. 247297/31.01.2003, based on which the performance letter of guarantee no. 5141/23.12.2002 was issued, and 240005/31.01.2003, based on which the performance bond no. 5147/13.01.2003 was issued, referring to the loan agreement closed by Nuclearelectrica and Societe Generale Paris, for the amount of EUR 115,391,660. The guarantee agreements are part of the measures adopted by Government Decisions 825/2002 and 322/2002.
- (iv) the guarantee agreement no. 240005/31.01.2003, based on which the performance letter of guarantee no. 5150/13.01.2003 was issued, referring to the loan agreement closed by Nuclearelectrica and Societe Generale Paris, for the amount of EUR 13,409,257. The guarantee agreement is part of the measures adopted by Government Decisions 825/2002 and 322/2002.
- (v) the guarantee agreement no. 240005/31.01.2003, based on which the performance letter of guarantee no. 5149/13.01.2003 was issued, referring to the loan agreement closed by Nuclearelectrica and Societe Generale Paris, for the amount of EUR 10,710,081. The guarantee agreement is part of the measures adopted by Government Decisions 825/2002 and 322/2002.
- (vi) the guarantee agreement no. 20148/11.03.2003, based on which the performance letter of

guaranteeno. 5158/11.03.2003 was issued, referring to the loan agreement closed by Nuclearelectrica si Societe Generale New York, for the amount of USD 29,535,945. The guarantee agreement is part of the measures adopted by Government Decisions 825/2002 and 322/2002.

The above-mentioned measures were approved by the Competition Council through Decision no. 167/02.06.2004.

Nuclearelectrica also concluded the Subsidiary Loan Agreement no. 20943/86123/13.07.2006 and its addendums with the Ministry of Public Finance under the loan agreement closed by the Ministry of Public Finance and BCR SA, for the amount of EUR 80,002,857.22 The purpose of the loan is the completion of the investment works for Unit 2 CNE Cernavoda, the measure being approved through Government Decision HG 514/2006. The loan is reimbursed from Nuclearelectrica's own resources.

If the European Commission identifies this problem and considers that the measures implemented through Government Decision 514/2006 are a state aid, it shall investigate this aid in order to identify whether it is compatible with the common market, applying the cautious private investor test. If the European Commission finds that the state aid is incompatible with the common market, it shall order the recovery of the amount and the Company shall also have to pay interest.

5.6.2. State aid problem related to Units 3 and 4 Cernavoda

In March 2009, the Romanian State sent to the European Commission a working document referring to the development of Units 3 and 4 of Nuclearelectrica Cernavoda Plant, in which it described the method envisaged to develop the project through the setup of the project company Energonuclear.

The European Commission replied through letter no. D/52481/05.06.2009, raising the following concerns referring to the nature of the state aid:

- (i) the state guarantees considered, according to the working document and the extent to which they comply with the criteria of the cautious investor test in the market economy, with the recommendation that, if such guarantees can present state aid elements, the opportunity of granting them must not be mentioned in normative acts preceding the project.
- (ii) the behaviour of Nuclearelectrica as a cautious investor in the market economy, mainly with respect to the incomes estimated for the project and the manner in which they shall be directed to the state in order to cover for its investment, how Nuclearelectrica shall act on the market of electric power sale, the option for the technology of the CANDU type, the option that

Nuclearelectrica owns a majority participation in Energonuclear.

- (iii) the investor's obligations to buy shares in Energonuclear, that would ensure the coverage of Energonuclear's costs.
- (iv) the means of purchase by Energonuclear of heavy water from Romag, the existence of a regulated price for heavy water and state financing for this procurement.
- (v) supporting Energonuclear in fulfilling its obligation of waste management and decommissioning by ANDRAD.
- (vi) the allocation of funds from the National Development Funds.
- (vii) the application by Energonuclear in the public procurement procedure, stipulated by the Community legislation.

The Romanian State answered the above-mentioned concerns on 29 June 2009, explaining the following:

- (i) The Ministry of Economy did not submit to the Ministry of Public Finance any application for a state aid; at the moment of such initiative, the procedure regulated by order of the Ministry of Public Finance no. 138/2009 was to be followed. State guarantees are to be granted to Nuclearelectrica according to Government Decision no. 643/2007, as shareholder of Energonuclear. State aids are not seen as an implicit stage of the project, and their opportunity is to be established according to the provisions of the Order of the Minister of Public Finance no. 138/2009. At the same time, the Romanian State considers the adjustment of the commission paid by the beneficiary of the guarantee to the risk fund with a correction index according to OMFP 405/2009, so that its level meets the market price.
- (ii) The electric power produced shall be bought by each of the investors and sold on the free market. The Romanian State shall recover the investment indirectly, through dividends obtained from Nuclearelectrica. The option for the technology of the CANDU type is technically justified, being selected according to the same criteria as for Units 1 and 2 of Cernavoda Nuclear Power Plant. The decision that Nuclearelectrica holds a majority participation in Energonuclear was made based on the estimated profitability of the project.
- (iii) The method whereby Energonuclear investors are to buy electric power is to be detailed under the offtake arrangements, identical for all Energonuclear's shareholders. As regards this aspect, Nuclearelectrica contacted the European Commission through letter no. 6717/06.07.2012 on the compatibility of off take arrangements with competition rules, but the Commission denied an answer, invoking lack of competence in the ex-ante approval of commercial agreements

between the market companies, and Nuclearelectrica shall subsequently have to conduct its own assessment on compatibility with the competition rules.

- (iv) Heavy water is procured by Nuclearelectrica from Romag under a long-term agreement, closed before the Energonuclear's setup. The price of heavy water is regulated. The Romanian State finances the procurement of heavy water by Nuclearelectrica as capital expenses (by contribution to the capital of Nuclearelectrica). In turn, Nuclearelectrica shall contribute heavy water to the Energonuclear's capital.
- (v) Energonuclear will fulfill the obligation for waste management and decommissioning, Radioactive Waste National Agency will perform the screenings of the costs of this activity, and thus adjust the contribution due for Energonuclear.
- (vi) The Ministry of Economy did not submit to the Ministry of Public Finance any application to receive amounts from the National Development Fund; on the moment of such an initiative, the procedure regulated by Government Decision 892/2007 is to be followed.
- (vii) The application by Energonuclear for the public procurement procedure shall be decided based on the ANRMAP approval.

The above-mentioned concerns are completed by further observations formulated by Greenpeace, registered with the European Commission on 03 February 2012 on the offtake arrangements under which Nuclearelectrica provided the heavy water and the uranium octoxide to Energonuclear and the hypothesis of an obligation of exclusive procurement of heavy water from Romag-Prod or of uranium from the Uranium National Company.

These concerns were answered by the Romanian State through letter no. 2430/24.05.2012, which provided details specific to the procurements of heavy water and uranium octoxide made by Nuclearelectrica in the interval 2009-2011, with the observation that:

- (i) the heavy water was bought by Nuclearelectrica from Romag under a long-term agreement closed prior to the setup of Energonuclear
- (ii) the contracts for the procurement of uranium octoxide were notified by Euratom Supply Agency according to the EURATOM Treaty and the off take arrangements are established freely and renegotiated on a yearly basis.

At the same time, it was noted that the method of sale from the Nuclearelectrica to Energonuclear of heavy water and octoxide of uranium has not been settled yet at the time of this Prospectus.

As regards the exclusive procurement of heavy water from Romag-Prod, according to the

Romanian State, this Company is the only supplier with the necessary capacity to ensure the amount needed by Nuclearelectrica. Romania and the Czech Republic are the only EU states which have uranium reserves, and it is advantageous from the commercial standpoint for Nuclearelectrica to obtain supplies from Uranium National Company.

Although a part of the estimated measures may have state aid implications, considering the preliminary stage of the implementation of the project on the development of Units 3 and 4 of Cernavoda Nuclear Power Plant it is still too early to provide an opinion on the potential incidence of state aid rules referring to the development of Units 3 and 4 from Cernavoda Nuclear Power Plant.

On 07 June 2013 Government Emergency Order no. 56/2013 was published on the regulation of the legal regime of heavy water taken over by National Company “Nuclearelectrica” S.A. through allocations from the state budget in the period 2006-2011, which regulates the regime of ownership of heavy water bought through budget allocations, in the meaning of transferring it, free of charge, from the patrimony of Nuclearelectrica to that of the National Administration of State Reserves and Special Problems, in order to avoid the incidence of a state aid.

According to Government Emergency Order no. 56/2013, within 30 days as of the approval of the transfer within the General Meeting of the Company Shareholders, the entire amount of heavy water bought with funds from the state budget is deducted from the Company books and goes to the patrimony of National Administration of State Reserves and Special Problems. This Government Order also stipulates that within 60 days as of the completion of the transfer, the Government shall receive for approval a decision on the establishment of amounts of heavy water and uranium octoxide meant for Units 1 – 4 from Cernavoda. In order to guarantee the use according to the destination, both the Company and the firm that shall deal with the construction and commissioning of Units 3 and 4 from Cernavoda must buy with priority the heavy water and the uranium octoxide from the reserve stocks of the state created for this destination, with the approval of the National Administration of State Reserves and Special Problems.

5. PART II: INFORMATION ON THE PUBLIC OFFERING

1. INFORMATION ON THE PUBLIC OFFERING

THE ISSUER AND THE OFFERED SHARES

The Issuer

In the Offer, the Issuer is SN Nuclearelectrica SA headquartered in 65 Polona St., district 1, Bucharest, Romania, duly represented by Mrs. Daniela Lulache, in capacity of General Manager.

The initial public Offer of sale of 10% of the newly issued shares by Nuclearelectrica was approved via Government Decision no. 39/2012, Government Decision no. 380/19.06.2013, as well as by the EGMS Decision of the Company no. 16 dated 27.06.2013. Thus, Nuclearelectrica offers for sale a number of 25.368.236 ordinary, nominative, dematerialized form shares having a nominal value of RON 10 (the "**Offered Shares**") recently issued by Nuclearelectrica within the share capital increase operation.

In case of Successful Closure of the Offering (as defined in Chapter "*Terms and Conditions of the Offering*" of this Prospectus), Nuclearelectrica shall receive the full net proceeds obtained from the sale of the Offered Shares.

The financial resources resulting from the Initial Primary Public Offering will be mainly allocated by the Issuer for financing the investment projects necessary for Cernavoda Units 1 and 2 to maintain the production at the highest technological standard. The infusion of funds for the financing of the investment project "Heavy water detritiation installation", project that shall result in long term benefits by:

- reducing the planned outage periods by improving the radiologic conditions during the maintenance activities;
- the capitalization of the extracted tritium.

Lock up Agreement

Both ME and Fondul Proprietatea, as shareholders of Nuclearelectrica, undertake not to transfer all or part of or to take any other actions that may result in the total or partial transfer (such as mortgage or financial derivatives) of the Shares held in Nuclearelectrica for a period of six months as of the date of the Shares' admission to trading on the regulated market managed by the BSE.

For the avoidance of doubt, the concept of shares held in Nuclearelectrica also includes any other shares acquired, considering its shareholder capacity, regardless of the title of this acquisition. Additionally, Fondul Proprietatea unconditionally and irrevocably undertook not to sell, alienate,

transfer, pledge or transact in any way the Allotment Rights attached to the subscribed and/or allotted shares in case such a financial instrument shall be issued and admitted to trading on the regulated market managed by the BSE.

Basic Information

The following data represent the capital resources of SN „Nuclearelectrica” SA and the net current assets on 31.03.2013 and must be read together with the IFRS Financial Statements.

	Million lei
Stock	361
Trade receivables and other receivables	205
Advance payments	19
Cash and cash equivalents	944
Current assets - total	1,529
Trade payables and other payables	205
Income in advance	72
Current portion of long term loans	231
Total current payables	508
Net current assets (Current Assets – Current payables)	1,021
The Company is financed from the cash operating results, with which it covers its production needs, investments and current loan reimbursements.	
Share capital	2,732
Reserve for share capital advance payments	1,617
Reevaluation reserve	1,477
Reported result	2,398
Equity	8,224
Long term loans	1,875
Income in advance	199
Deferred tax liability	158
Employee benefit obligations	21
Long term liabilities	2,253
Total liabilities (current liabilities + long term liabilities)	2,761

The loans are the external loans concluded with the sovereign guarantee of the state and a domestic credit contracted by the Ministry of Public Finance for the implementation and commissioning of CNE Cernavoda Unit 2.

On 31.03.2013 their value is as follows:

- Societe Generale	1.120 mil.lei
- EURATOM	964 mil.lei
- BCR	78 mil.lei
Total	2.162 mil.lei

SN "Nuclearelectrica" SA declares that, in its opinion, holds sufficient working capital for its current obligations.

Offered Shares

All of the Issuer's Shares, respectively the Existent Shares as well as the Newly Issued Shares are of the same class, namely ordinary shares. As a result, all Shares have the same characteristics, nominative, indivisible, issued in dematerialized form and confer equal rights to the holder. The Offered Shares shall not be subject to a request for admission to trading on another regulated market or other equivalent markets.

Main characteristics of the Offered Shares:

Type	Shares
Class	Ordinary Shares
ISIN	ROSNNEACNOR8
Legislation under which the Offered Shares have been issued	Romanian law
Form	Issued in dematerialized form by registering in the account. The Shares are registered in the shareholders registry held by Central Depository.
Currency	RON
Rights attached to the Offered Shares	Please see Chapter 1, Section C4 " <i>Rights to the Shares</i> " from the summary of this Prospectus
Authorization and Approvals	Government Decision no. 39/2012 approving the privatization strategy of SN Nuclearelectrica SA Bucuresti,

for the Offer	Government Decision no. 380/19.06.2012 and decision no. 16/27.06.2013 of the Extraordinary General Meeting of S.N. Nuclearelectrica S.A. Shareholders.
Restrictions on free transferability of Shares	Please see Chapter 5, Part II, Section ("Part II Chapter 6 Subchapter "Lock up Agreement") of this Prospectus
Estimated issuance date	[_____]
Existing rules on mandatory takeover offers and / or binding sale and purchase (squeeze-out and sell-out)	Non-applicable
Takeover offers performed in the current and prior financial year	Non-applicable
Information on taxes on income from the securities withheld at source	Please see Chapter 4, Section 6, Sub-section 6.3 "Fiscal Information" of this Prospectus
Indications on the assuming of responsibility by the Company for the taxes' withholding at source	Please see Chapter 4, Section 6, Sub-section 6.3 "Fiscal Information") of this Prospectus

Terms and conditions of the Offer

Type of Offering	Initial Public Offering
ISIN Code	ROSNNEACNOR8
Offered Shares Currency	RON;
Syndicate Manager	Swiss Capital S.A.;
Syndicate Members	Swiss Capital S.A.;– Syndicate Manager; BT Securities S.A. – Syndicate Member
Eligible Participants	Any Intermediaries, except for the Syndicate Members, investment companies or credit institutions qualified as participants to BSE's trading system, in accordance with the BSE Code and who (i) signed and irrevocable and non-conditional commitment to observe the "Terms and Conditions of the Offering" and applicable legislation, in the form made available by the Syndicate Manager (the " Commitment ") and (ii) transmitted the Commitment in original to the Syndicate Manager;
Intermediation Method	The best execution method (best efforts);
Registration of subscriptions in the Offering	The investors' subscriptions in the Primary Public Offering shall be registered with each Syndicate Member and with every Eligible Participant, as case may be. For further details please see Section " <i>Subscription Procedure</i> " of this Chapter;
Offering guarantee clauses	The Primary Public Offering is not guaranteed. There is no commitment on the part if the Syndicate Members or any other entity to subscribe any portion of the Offered Shares, in the case this part should remain unsubscribed;
Offered Shares	25.368.236 shares to be issued by Nuclearelectrica, ordinary, nominative, issued in dematerialized form by registering in the account, with a nominal value of RON 10, representing 10% of the Company's share capital. All Offered Shares are of the same class and confer equal rights to all holders;
Total Offering	Between RON 281,841,101.60 and RON 379,381,969.20 , if all the

Value	Offered Shares are sold, depending of the Offer Price. For the Offer Price mechanism for the three subscription tranches, please see Section " <i>Offering Price, Allocation and Settlement under the Offering</i> " of this Chapter;
Offering Duration	Offering shall start on September 9, 2013 and shall close on September 20, 2013 inclusive, meaning a total duration of 10 Business Days. For possible amendments to the Offering Duration, please see Section " <i>Other Information</i> " of this Chapter;
Tranches of the Offering	<p>The Offering comprises three subscription Tranches ("the Tranches"), as follows:</p> <ul style="list-style-type: none"> • Institutional Investors Tranche exclusively addressed to the following categories of institutional investors: (i) credit institutions, (ii) investment companies, (iii) undertakings for collective investment (investment funds, investment companies and/or investment management companies), (iv) insurance companies, (v) pension funds and management companies of such funds, (vi) traders, (vii) trust companies ("Institutional Investors"). The Shares offered under the Institutional Investors Tranche account for 85% of the Offered Shares, except for the case in which the Issuer decide, together with the privatization commission, and following the recommendation of the Syndicate Members, to re-allot the proportions among the Tranches; • Large Subscription Tranche – exclusively addressed to investors who are not Institutional Investors and who subscribe more than 15.000 of the Offered Shares. The Shares offered under the Large Subscription Tranche account for 5% of the Offered Shares, save for the case in which the Issuer decide, together with the privatization commission, and following the recommendation of the Syndicate Members, to re-allot the proportions among the Tranches; • Small Subscription Tranche - exclusively addressed to investors who are not Institutional Investors and who subscribe up to and including 15.000 Offered Shares and more than and inclusively

100shares. The Shares offered under the Small Subscription Tranche account for 10% of the Offered Shares, save for the case in which the Issuer decide, together with the privatization commission, and following the recommendation of the Syndicate Members, to re-allot the proportions among the Tranches;

The Issuer reserved the right that, in the last day of the Offering Duration, to re-allocate shares from an undersubscribed tranche to an oversubscribed tranche, so that the undersubscribed tranche reaches a subscription level of up to 110%. The allocation of the Offered Shares between Tranches pursuant to the use of the re-allocation between the Tranches mechanism, as case may be, shall be made public by the Syndicate Members at the Allocation Date.

A re-allocation between Tranches shall not be deemed as an amendment to the Prospectus.

There are no Tranches especially reserved for other markets.

**Minimum
Subscription**

Minimum subscription under the Large Subscription Tranche is of 15.001 Shares.

Minimum subscription permitted under the Small Subscription Tranche is of 100 Shares.

For the Institutional Investors Tranche – as regards the institutional investors, no minimum subscription limit is imposed.

**Maximum
Subscription**

Maximum subscription permitted under the Small Subscription Tranche is of 15.000 Shares.

Subscription Price

Institutional investors who subscribe under the Institutional Investors Tranche may validly subscribe, during the period of this Offer, at any price ranging between 11.20 and 15 RON/Share (including the end caps of this range) ("**Subscription Price Interval**"). The price step for the subscriptions made under the Institutional Investors Tranche is of RON 0,10.

Investors who subscribe under the Large Subscription Tranche shall subscribe at a fixed price of 15 RON/Share, i.e. at the highest price from the Subscription Price Interval.

Investors who subscribe under the Small Subscription Tranche shall subscribe at a fixed price of 15RON/Share, i.e. at the highest price from the Subscription Price Interval

For additional information on the Subscription Price under each Tranche, please see Section "*Subscription Price*" of this Chapter.

Offering Price

The Offering Price shall be established for each of the three Tranches as follows:

- **Institutional Investors Tranche** – if the total number of Shares subscribed under this Tranche shall represent:
 - Less than 150% of the number of the Shares allocated for the Institutional Investors Tranche, the Offering Price per Share for the Institutional Investors Tranche shall be equal to the lowest Subscription Price registered in the Institutional Investors Tranche, and resulted by eliminating the Limits;
 - More than or equal to 150% of the number of the Shares allocated for Institutional Investors Tranche, the Offering Price per Share for the Institutional Investors Tranche shall be equal to the price at which the Institutional Investors Tranche is subscribed 150%, or, if such a price does not exist, the Offering Price per Share shall be equal to the price at which the Institutional Investors Tranche is subscribed at the immediate upper level of that of 150%.
- **Large Subscription Tranche** – the Offering Price per Share for the Large Subscription Tranche shall be equal to the Offering Price per Share set for the Institutional Investors Tranche.

Discounts corresponding to the Small Subscription Tranche shall not apply to subscriptions performed by employees during the Large Subscription Tranche.

- **Small Subscription Tranche** – the Offering Price per Share for the Small Subscription Tranche shall be equal to the Offering Price per Share set for the Institutional Investors Tranche, discounted as detailed in "*Offering Prince and Allocation in the Small Subscription Tranche*" of this Chapter. As a result of applying the above reductions, the price per Share Offer for the Small Subscription Tranche cannot be less than the lower limit of

the range of subscription Price, but in any case, it may not be lower than the nominal value of the Newly Issued Shares.

The Offering Price per Share for each Tranche shall be determined in accordance with the abovementioned rules, in the first Business Day from the closure of the Offering, based on all the valid subscriptions recorded in the Institutional Investors Tranche. As a result of applying the above reductions, the price per Share Offer for the Small Subscription Tranche cannot be less than the lower limit of the range of subscription Price, but in any case, it may not be lower than the nominal value of the Newly Issued Shares and may be expressed with three decimals.

The Subscription Price range and the criteria of the sale price were established by Government Decision no. 380/19.06.2013 published in the Official Gazette no. 374/25.06.2013 and approved by the general meeting of shareholders of the Company no. 16 on 27.06.2013. For additional details please see Section *"Offering price, Allocation and Settlement in the Initial Offering"* of this Chapter.

Subscription Order Revocation

Subscriptions registered under the Offering Duration for the Institutional Investors Tranche by any of the Syndicate Members and/or Eligible Participants are revocable, while the subscription registered under the Offering Duration for the other tranches, namely the Large Subscription Tranche and the Small Subscription Tranche, by any of the Syndicate Members and/or Eligible Participants are irrevocable.

Successful Closure of the Offering

The Offering shall be considered successfully completed if the following conditions are cumulatively met:

- (a) at the time of its closure, 100% of the Offered Shares have been subscribed following the performance of the Primary Public Offering; and
- (b) the admission of the Company's Shares to trading in a trading system managed by the BSE. In the case that the Offering is not 100% subscribed, Investors shall be refunded the amounts they paid in 5 Business Days from the Primary Offering closure, by bank transfer into the bank account indicated by each Investor in the Subscription Form. All costs and bank charges related to reimbursement will be borne by the

investors, by deducting them from the reimbursed amount.

Should admission for trading be refused, investors may request the Issuer to reimburse the funds within no more than 60 days after the publication date of the notice concerning the dismissal of the admission application. The amounts paid by investors shall be reimbursed to the latter, without the applicability of any fees or charges, within no more than 3 business days after the date when the Issuer received the fund reimbursement request.

**Preferential
Subscription
Rights**

In addition to the 25,368,236 shares representing 10% of the share capital issued for Offering purposes, the Company shall issue 2,732,159 shares representing 1.077% of the Company's share capital, which shall be allotted for subscription to the Company's existing minority shareholder (Fondul Proprietatea SA) to exercise the subscription preference right to the sale price of the primary public offering for shares. According to Government Decision No. 39/2012, Government Decision No.380/19.06.2012 and decision no. 16/27.06.2013 of the Extraordinary General Meeting of S.N. Nuclearelectrica S.A. Shareholders the unsubscribed shares as a result of the failure to exercise the preference right shall be annulled.

Allocation Method

Please see the allocation method described in Section "*Offering Price, Allocation and Settlement in the Initial Offering*" of this Chapter;

**Shareholders
Register**

The Register of Shareholders of the Company is held by Central Depository;

Allocation Date

First Business Day after the closure of the Offering, i.e. the day of allocation of the Shares subscribed under this Offering;

Trading Date

The third Business Day after the Allocation Date, being the Business Day in which the transactions regarding the Offered Shares are registered in the BSE trading system in the public offerings section (i.e. POF) transactions having as object the Offered Shares;

Settlement Date

Date on which the Offered Shares transactions are settled via the settlement system of the Central Depository, i.e. three Business Days after the Trading Date

The Syndicate will notify at Allocation Date, BSE and FSA regarding the completion of the allocation the notification including the allocation indices for the Large Subscriptions Tranche, respectively Small Subscription Tranche. The notification in relation to the completion of the

allocation will be published on the Company's internet websites and of each of the Syndicate Members'. The Shares will be traded at the date of admission to trading on the Bucharest Stock Exchange system, and the Allotment Rights attached to the allocated to the Shares may be traded after closing the Offer and admission to trading on BSE.

GENERAL ASPECTS

Any legal or natural person, resident or non-resident, may subscribe Shares in the Offer, in accordance with applicable laws and regulations, as well as the provisions and restrictions provided in this Prospectus considered in its entirety.

This Prospectus is neither an offer or an invitation made by the Company or the Syndicate Members or on behalf of any of them to underwrite Offered Shares in a jurisdiction where such an offer or invitation is unauthorized or restricted in any way. Additionally, this Prospectus does not represent an offer or invitation made to potential investors that are in any way in the impossibility to underwrite lawfully. Any person deciding to underwrite Shares in the Offering is required to know and comply with the restrictions and limitations applicable to this Offering, as specified in this Prospectus and in the applicable legislation.

In taking the decision to invest in the Offered Shares, the investors are advised to rely on their own assessment of the Offering's terms and conditions, including any benefits or risks related thereto. Each purchaser of Offered Shares should abide by all applicable legal provisions in force, as well as with the provisions of this Prospectus. The Company and the Syndicate Members decline any and all liability resulting from the breach by the investors of the legal provisions in force and/or of the Provisions of this Prospectus.

Each investor is recommended to consult with its legal, financial, fiscal or any other advisors and accountants and other experts in legal, fiscal, business management or financial issues or in any other issue dealing with the subscription, purchase, keeping or transfer of Shares, the Company and Syndicate Members declining any liability in connection with such aspects.

Subscription in the Initial Public Offering

Subscription Price

The Subscription Price for the subscribed Shares depends on the Tranche under which the investor subscribes, in accordance with the mechanism presented herein below. Bank charges or any other charges relating to the payment of the Subscription Price shall be borne separately by the underwriting investor.

The investors underwriting the Offered Shares shall not pay any fee or commission charged by the capital market entities (i.e. FSA, BSE and Central Depository) for the public offerings and related transactions.

Institutional Investors Tranche

During the Offering Duration, the Institutional Investors under the Institutional Investors Tranche

shall subscribe at any Subscription Price in the Subscription Price Interval, respectively between 11.20 and 15 RON/Share (including the end caps of this range). The Subscription Price shall be expressed by a number with two decimals.

Following the subscription, the Institutional Investors may amend the initial subscription by observing the following cumulative requirements:

- total value of the initial subscription (respectively the product between the number of the subscribed shares and the Subscription Price) shall not be reduced following the amendment; and
- the Subscription Price shall not be modified except for its increase; and
- Submitting a form for the subscription amendment by the same Syndicate Member or Eligible Participant through which the initial subscription was made.

In case an Institutional Investor amends its initial subscription, the following shall be taken into account for the performance of the allocation, on condition that this information is known to the Syndicate:

- The moment of performance of the initial subscription; and/or
- The number of shares subscribed by the Institutional Investor after the amendment of the initial subscription; and/or
- The Subscription Price registered after the amendment of the initial subscription.

The subscription amendment form, respectively the amendment of subscription shall observe the same requirements regarding the submitting, processing and validation as the ones established by this Prospectus for the initial subscription.

The Investors who subscribe in the Institutional Investors Tranche may perform multiple subscriptions.

Large Subscription Tranche

During the Offering Duration, the investors under the Large Subscription Tranche shall subscribe at the highest Subscription Price in the Subscription Price Interval provided for the investors who subscribe in the Institutional Investors Tranche, respectively at the Subscription Price of 15 RON/Share.

The Investors who subscribe in the Large Subscription Tranche may perform multiple subscriptions. The Investors who subscribe in the Large Subscription Tranche may not amend their subscriptions.

Small Subscription Tranche

During the Offering Duration, the investors under the Small Subscription Tranche shall subscribe

at the highest Subscription Price in the Subscription Price Interval provided for the investors who subscribe in the Institutional Investors Tranche, respectively at the Subscription Price of 15 RON/Share. The Investors who subscribe in the Small Subscription Tranche may perform multiple subscriptions only through the same Syndicate Member or Eligible Participant, on condition that the aggregated number of Shares subscribed by multiple subscriptions does not exceed 15.000 Shares. If the aggregated number of Shares subscribed by an investor by multiple subscriptions and registered in the in the BSE trading system in the Small Subscription Tranche, registered through the same Syndicate Member or Eligible Participant, exceeds 15.000 shares, the subscription by which the Small Subscription Tranche limit is exceeded (15.000 shares) shall be registered by the Syndicate Member or Eligible Participant in the Large Subscription Tranche.

The Investors who subscribe in the Small Subscription Tranche may not amend the subscriptions of Offered Shares.

Subscription Documents

Each subscription made by an investor is performed on the basis of a subscription form available at:

- **Swiss Capital S.A.** Dacia Blvd. No.20, Romana Offices, 4th floor, District 1, Bucharest
- **BT Securities S.A.** 21 December 1989 Blvd. No. 104, Cluj Napoca, Romania and at its secondary offices of BT Securities authorized by FSA, mentioned in Annex 1 of the Prospectus;
- **Banca Transilvania S.A.** at the locations mentioned in Annex 1 of the Prospectus (only for the investors who subscribe in the Small Subscriptions Tranche and in the Large Subscriptions Tranche);
- **Any Eligible Participant**, in the authorized locations of such an Eligible Participant.

By subscribing Shares under this Offering and by registering subscription forms, investors confirm that they have received, read and accepted and agree with the terms and conditions of this Prospectus and that they have subscribed in the conditions stipulated herein, there being understood that any subscription made in violation of this Prospectus shall be cancelled. The signing of subscription form represents the unconditional acceptance of the terms and conditions of this Offering, as well as of the Prospectus in its entirety.

The Syndicate Members and Eligible Participants shall accept subscriptions in accordance with internal regulations applicable to the acceptance, validation of subscription and transmission of order to the stock exchange in order to be executed, with the rules regarding the management of settlement risks and the requirements provided in this Prospectus.

In case the investor subscribing through a Syndicate Member or by an Eligible Participant does not have a duly signed investment services agreement with the relevant Syndicate Member or Eligible Participant, the subscription forms filled in and signed by the investor in 2 original copies shall be

accompanied by the following documents:

Resident individuals subscribing in their own name:

- ID (original and copy).

Resident individuals subscribing in the name of other individuals:

- ID (original and copy) of the representative and the ID (in copy) of the represented individual
- Power of attorney in authenticated form (original and copy).

Incapacitated (impaired judgment) resident individuals placed under guardianship

- ID (original and copy) of the individual subscribing for the represented individual and the ID of the incapacitated individual (copy);
- Passport (original and copy) and/or residence permit (original and copy) of the individual subscribing for the incapacitated individual – applicable to foreign citizens only;
- The guardianship document or, as appropriate, the empowerment or the special power of attorney.

Resident corporate entities subscribing in their own name:

- Copy of the incorporation certificate issued by the Trade Registry;
- Updated constitutive act (certified true copy by the legal representative of corporate entity);
- Ascertaining certificate issued by the Trade Registry (at the latest 30 business days prior to the date of subscription);
- Power of attorney/Mandate in original for the person signing the subscription form, issued as stipulated by the constitutive act, or proof that the person concerned is legally representing the subscribing corporate entity, with individual representation right (if the company is collectively represented by two or more persons who all are present for the signing of the Subscription, such proof shall be presented for all such persons) (in original and any other documents as certified true copy by the legal representative of the corporate entity);
- ID (original and copy) of the person subscribing in the name of the corporate entity.

Nonresident individual subscribing in their own name:

- Passport or ID for citizens of the EU/EEC (original and copy).

Nonresident individual subscribing through resident authorized representatives:

- Passport or ID pentru cetatenii UE/CEE (copy);

- ID (original and copy) for the authorized representative;
- Authenticated power of attorney enabling the representative is authorized to act in the name of the nonresident individual (original and copy).

Nonresident corporate entities subscribing in their own name:

- Nonresident corporate entity's registration certificate issued by the Trade Registry or any other similar institution, if any (copy);
- Updated constitutive act of the nonresident corporate entity (certified true copy by the legal representative of the corporate entity)
- Ascertaining certificate of the nonresident corporate entity, in original, providing the legal representatives of the nonresident corporate entity issued by the Trade Registry or any other similar institution (at the latest 30 business days prior to the date of subscription). If no authority or institution is authorized to issue such certificates, any document issued by the relevant nonresident corporate entity (at the latest 30 business days prior to the date of subscription) attesting its legal representatives shall be submitted; such document issued by the relevant nonresident corporate entity shall clearly provide whether the legal representatives are empowered to act individually or collectively;
- In case subscriptions are made by other person than the legal representative/representatives of the nonresident corporate entity, the Power of attorney/Mandate signed by the legal representatives of the nonresident corporate entity is necessary, empowering the relevant person to subscribe the Offered Shares in the name of the nonresident corporate entity (original and copy);
- Copy of ID of the person making the subscription as legal or conventional representative of the nonresident corporate entity: passport or ID for citizens of EU/EEC (copy).

Nonresident corporate entities subscribing through a resident corporate entity

- Copy of Certificate of Incorporation issued by the Trade Registry or an equivalent institution, if any;
- Updated constitutive act of the nonresident corporate entity (certified true copy by the legal representative of the corporate entity);
- Certificate of current standing of the nonresident corporate entity, in original, providing the legal representatives of the nonresident corporate entity issued by the Trade Registry or any other similar institution (at the latest 30 business days prior to the date of subscription). If no authority or institution is authorized to issue such certificates, any document issued by the relevant nonresident corporate entity (at the latest 30 business days prior to the date of subscription) attesting its legal representatives shall be submitted; such document issued by the relevant nonresident corporate entity shall clearly provide whether the legal representatives are empowered to act individually or collectively;

- Copy of Certificate of Incorporation issued by the Trade Registry for the resident corporate institution through which the subscription is made;
- Updated constitutive act of the resident corporate institution through which the subscription is made (certified true copy by the legal representative of the corporate entity);
- Ascertaining certificate of the resident corporate institution through which the subscription is made, in original, issued by the Trade Registry (at the latest 30 business days prior to the date of subscription);
- ID for the authorized representative(s) of the resident corporate entity (original and copy) subscribing in the name of the nonresident corporate entity.

The entity through which an investor subscribes is entitled to request any additional documents necessary for fulfilling its obligation to observe the “know your customer” rules, based on internal regulations and to observe the client identification procedures.

In case the investor subscribing through a Syndicate Member or an Eligible Participant has concluded an investment services agreement with the relevant Syndicate Member or Eligible Participant, the said investor may subscribe based on the subscription form, without being required to submit the abovementioned identification documentation.

The documents submitted by the investor, corporate entity or entity without legal capacity, in other language than Romanian or English shall include the notarized translation in Romanian or English.

Subscription Procedure

The period under this Offering during which the Offered Shares may be subscribed is between [] and [] inclusively, i.e. a total duration of 10 Business Days.

The intermediaries of the Initial Offering are:

- **Swiss Capital SA – Syndicate Manager**, a NSC authorized investment company via decision no. D818 dated 25.06.1996, respectively no. D2674 dated 05.08.2003, headquartered in Dacia Blvd. No.20, Romana Offices, 4th floor, District 1, Bucharest, registered with Bucharest Trade Registry under no. J40/4107/1996, sole registration code 8450590, registered with FSA registered under no. PJR01SSIF/400054 dated 31.05.2006;
- **BT Securities S.A.** – Syndicate Member, a NSC authorized investment company via decision no. 2330 dated 22 July 2003, headquartered in Romania, Cluj Napoca, 104 21 Decembrie 1989 Blv., registered with Cluj Trade Registry under no. J12/3156/1994, sole registration code 6838953, registered with FSA registered under no. PJR01SSIF/120022;

The subscription schedule at the offices of the Syndicate Members and any Eligible Participants is **from Monday to Friday between 9:30–17:00 (Eastern European Time)** during the entire offering duration, except for the last day of the Offer Duration, when the schedule is

between **9:30–13:00 (Eastern European Time)**. Pursuant to the lapse of the Offer Duration no subscription shall be accepted from investors.

Eligible Participants may not take over, register, process and validate subscriptions before signing and transmitting to the Syndicate of the Commitment, in original.

Each Syndicate Member and Eligible Member receiving, during the Offer Period, subscription forms from the investors, shall process, validate and register relevant subscriptions submitted to each of these Syndicate Members and Eligible Participants.

Subscriptions within the Offering (subscription forms and any other documents attached thereto) shall be registered, processed and validated, as case may be, with the observance of terms and conditions provided in the Prospectus.

Each Syndicate Member and each Eligible Participant is liable for the observance of the requirements included in the Prospectus regarding the availability of funds, respectively the finalization of settlement of transactions concluded as a consequence of taking over of subscription by the relevant Syndicate Member/Eligible Participant.

Small Subscription Tranche and Large Subscription Tranche

The investors under Small Subscription Tranche and Large Subscription Tranche may subscribe through:

- **Swiss Capital S.A.** Dacia Blvd. No.20, Romana Offices, 4th floor, District 1, Bucharest
- **BT Securities S.A.** 21 December 1989 Blvd. No. 104, Cluj Napoca, Romania and at its secondary offices of BT Securities authorized by FSA, mentioned in Annex 1 of the Prospectus;
- **Banca Transilvania S.A.** at the locations mentioned in Annex 1 of the Prospectus;
- **Any Eligible Participant**, at the authorized locations of any such Eligible Participant.

The following investors subscribing under the Small Subscription Tranche or Large Subscription Tranche may not subscribe through the banking units part of the Distribution Group:

- Resident or non-resident natural persons and resident companies which are not Institutional Investors, using the services of a custodian agent or submitting a bank guarantee letter or a letter of undertaking of settlement by the intermediary in accordance with Section “*Payment of the Subscribed Shares Price*”) of this Chapter; and
- Non-resident companies who are not Institutional Investors.
- The validation of subscriptions shall be performed on condition the subscribing investor cumulatively fulfils the following conditions:
- To register, during the Offering Duration, the subscription form signed through Swiss Capital, with any banking unit part of the Distribution Group or by an Eligible Participant, in

accordance with this Prospectus; and

- To submit with the subscription form the necessary documents provided in Section "*Subscription Procedure*" of this Chapter, as case may be, and
- To submit the documents attesting the payment of subscribed Shares/ undertaking of liability for the settlement/ covering of settlement risk, in accordance with the requirements provided in Section "*Payment of subscribed Shares Price*" of this Chapter.

Validation of subscriptions of investors subscribing in the Small Subscription Tranche or the Large Subscription Tranche shall be performed until the last day of the Offering Duration.

For the investors subscribing in the Small Subscription Tranche or Large Subscription Tranche, the orders corresponding to each subscription shall be registered, during the Offering Duration, in the BSE trading system, in the public offering section, i.e. POF by the Syndicate Member or Eligible Participant who received and validated them.

Institutional Investors Tranche

The Investors under the Institutional Investors Tranche may subscribe through:

- **Swiss Capital S.A.** Dacia Blvd. No.20, Romana Offices, 4th floor, District 1, Bucharest
- **BT Securities S.A.** 21 December 1989 Blvd. No. 104, Cluj Napoca, Romania and at its secondary offices of BT Securities authorized by FSA, mentioned in Annex 1 of the Prospectus;
- **Any Eligible Participant**, at the authorized locations of any such Eligible Participant.

The validation of subscriptions shall be performed on condition the subscribing investor cumulatively fulfils the following conditions:

- To register, during the Offering Duration, the subscription form signed through Syndicate Member or Eligible Participant, in accordance with this Prospectus; and
- To submit with the subscription form the necessary documents provided in Section "*Subscription Procedure*" of this Chapter, as case may be.

Validation of subscriptions of investors subscribing in the Institutional Investors Tranche shall be performed until the last day of the Offering Duration.

For the investors subscribing in the Institutional Investors Tranche, the orders corresponding to the Shares allocated to Institutional Investors shall be registered in the trading system of BSE in the interval between the Allocation Date (including) and the Business Day immediately following the Trading Date (including) by each Syndicate Member and/or by each Eligible Participant, as case may be, only after submitting of documents attesting payment/liability for allocated shares settlement, in accordance with Section "*Payment of subscribed Shares price*" of this Chapter.

Each Eligible Participant taking over subscriptions from the Institutional Investors must transmit

to the Syndicate, on a daily basis, as case may be, the notification regarding the subscriptions thus taken over and validated under the conditions provided in the Commitment forwarded by the relevant Eligible Participant to the Syndicate.

Payment of subscribed Shares price

The orders shall be registered in BSE trading system in accordance with the abovementioned Section "*Subscription Procedure*", on condition that, until the moment of registration of the orders, the subscription form be accompanied by one of the following documents:

- Evidence of payment via bank transfer by the investor (payment order) of the Subscription Price for Shares in the bank accounts opened for the Offering, considering the amount of the subscribed shares is transferred to the bank account until the end of the banking day of the last day of the Offering Duration at the latest, as follows:
 - For the subscriptions performed through Swiss Capital, in the collector account opened by Swiss Capital with BRD - Groupe Société Générale with **IBAN RO34BRDE450SV29223544500 RON**
 - For subscriptions performed through **BT Securities S.A.** and for the subscriptions performed through **Banca Transilvania S.A.**, as part of the Distribution Group in the collector account opened by BT Securities S.A. at Banca Transilvania S.A. with **IBAN RO73BTRL0130120292569000;**
 - For subscriptions performed by any **Eligible Participant**, the Subscription Price of the subscribed Shares may be paid, in cash or bank transfer, depending on the internal procedures of the relevant Eligible Participant, as communicated by each Eligible Participant to the subscribing investors.

Payment must be performed in the bank account opened by the same Syndicate Member, Eligible Participant or banking unit of the Distribution Group, with which the investor submits the subscription form;

- Written statement from the custodian agent undertaking liability for the settlement;
- Letter of banking guarantee issued by a credit institution from the European Union for the purpose of covering the settlement risk undertaken by the Syndicate Member or by the Eligible Participant; or
- Written statement from the Syndicate Member or Eligible Participant undertaking liability for settlement, in accordance with the limitations imposed by FSA.

The client of the Syndicate Members or of an Eligible Partner who subscribe through the Syndicate Members or Eligible Partner, may subscribe based on the available amounts in the brokerage account(s). In this case, the payment order is for the subscribed amount or for the difference between the value of subscription and the available cash the subscriber holds in the clients' account of the relevant Syndicate Member or of the Eligible Partner. Furthermore, the available cash in the

clients' account of the relevant Syndicate Member or of the Eligible Partner related to the payment of the subscribed shares cannot be used by the relevant clients for other transactions.

Each payment order for the subscriptions through **Banca Transilvania** is equal to a subscription and several payment orders may not be cumulated for a single valid subscription.

A payment order related to a subscription through **Banca Transilvania, BT Securities or Swiss Capital** has to exclusively contain in the "payment details" section the sole identification code or the passport number in the case of natural person subscribers, respectively the sole registration code of the legal person investor. The number of the paying account completed in the subscription form (as the account from which the subscribed amount is transferred from) by the investor that subscribes in Large Subscription Tranche or in the Small Subscription Tranche has to be identical with the account number from which the subscribed sum is effectively transferred in the relevant Collecting Account. Payment in cash of the Shares subscribed under any Tranche is not permitted, except for the case in which the subscription is performed through an Eligible Participant whose internal procedures allow the payment in cash.

If the funds paid via bank transfer in connection with a subscription performed by an investor have a higher value than the product between the Subscription Price and the number of Shares subscribed in the subscription form, the subscription shall be validated for the number of shares specified in the subscription form, and the investor shall be reimbursed with the remaining amount in 5 Business Days from the Settlement Date.

If the funds paid via bank transfer in connection with a subscription performed by an investor have a lower value than the product between the Subscription Price and the number of Shares subscribed in the subscription form, the subscription shall be invalidated, and the investor shall be reimbursed in 5 Business Days from the Settlement Date.

In case the investors decide on transferring the amounts related to subscriptions in the Collecting Accounts, the subscriptions shall be validated on conditions that the relevant amounts be registered with the relevant Collecting Accounts/banking accounts until the end of the banking day of the last day of the Offering Duration at the latest. The interest generated by the amounts transferred in the Collecting Accounts opened by the Syndicate Members shall be paid, in any situation, by the Company.

The Subscription Price for the subscribed shares does not include the bank fees or other applicable charges. The investors must take into consideration the charges applicable to bank transfers and duration of bank transfers.

OFFERING PRICE, ALLOCATION AND SETTLEMENT WITHIN THE OFFERING

Offering Price and Allocation in the Institutional Investors Tranche

After the closure of the Offer Duration and, if appropriate, after exercising the right to reallocate between Tranches, under the condition of subscribing at least 100% of the Offered Shares, the Syndicate Members and the Issuer will determine the Offering Price in the Institutional Investors

Tranche, as follows:

- All subscriptions under the Institutional Investors Tranche will be ordered in a descending order, by price per Share, specified in the subscription form.
- If the total number of Shares subscribed under the Institutional Investors Tranche is less than 150% of the Shares allotted to the Institutional Investors Tranche, the Offering Price per Share for the Institutional Investors Tranche will be equal to the lowest subscription price registered in the Institutional Investors Tranche, obtained by eliminating the Limits.
- If the total number of Shares subscribed in the Institutional Investors Tranche is higher or equal to 150% of the Shares allotted for the Institutional Investors Tranche, the Offering Price per Share will be equal to the price at which the Institutional Investors Tranche is subscribed at 150%, or, if such a price does not exist, the Offering Price per Share shall be equal to the price at which the Institutional Investors Tranche is subscribed at the immediate upper level of that of 150%.

The Offering Price per Share for Institutional Investors Tranche, determined according to the abovementioned rules, will be published on the Company's website and Union Members at the allotted date i.e. the business day immediately following the expiration of the Offer Period.

If the Institutional Investors Tranche is subscribed at 100% of the allotted Shares for this Tranche, the subscribed Shares will be fully allotted to all investors.

If the Institutional Investors Tranche is oversubscribed (more than 100% of the allotted Shares for this tranche), the allocation for the investors who have subscribed in the Institutional Investors Tranche at higher or equal price to the Offering Price, will be made by the Issuer together with the Syndicate Members, based on the following qualitative criteria:

- Quality feedback during pre-marketing process;
- chronological order of granting priority subscriptions made in the early days of the Offering Period;
- The investment horizon of investors;
- Subscriptions made at a Subscription Price as close to the highest price in the Subscription Price Interval;
- Subscription of a large number of Shares;
- Interested investors in energy and/or investment domain in Central and Eastern Europe;
- Other criteria which allow the establishment of a high quality investors data base and a positive evolution of the on the secondary market.
- nature and duration of investment relations between investors and Syndicate Members.

Between the allocation date (including) and the Business Day immediately preceding the Transaction Date (including), corresponding orders of the allotted Shares for Institutional Investors Tranche will be registered in the BSE trading system of public offerings, i.e. POF, exclusive in accordance with the allocations made by the Syndicate Members with the Issuer. Each Eligible Participant is responsible of and for the introduction in the BSE trading system of public offerings of orders for institutional investors who have subscribed through the Eligible Participant, according to the allocation communicated by the Syndicate, according to the Commitment. Allocation of Shares made by the Syndicate Members with the Issuer is mandatory and enforceable against both Institutional Investors and Eligible Participants who undertook subscriptions from Institutional Investors, if the case may be.

The Institutional Investors are cautioned regarding to the fact that, if the Eligible Participant through which they subscribe does not communicate to the Syndicate the subscription with all the necessary information in order to apply the quality criteria, there is the risk that the abovementioned qualitative criteria cannot be fully applied in relation to the concerned Institutional Investor.

Offering Price and Allocation in Large Subscriptions Tranche

The Offering Price per Share in Large Subscriptions Tranche equals to the Offering Price per Share in the Institutional Investors Tranche.

The Offering Price per Share in Large Subscription Tranche will be made public on the Issuer's website, BSE and Syndicate Members at the allocation date, i.e. the Business Day immediately following the expiration of the Offering Period.

If the Large Subscription Tranche is subscribed at 100% of the allotted Shares for this tranche, all the investors will be fully allotted the subscribed shares.

If the Large Subscriptions Tranche is oversubscribed, the Shares from the Large Subscription Tranche will be allotted pro rata to all investors who have subscribed in the Large Subscription Tranche. If the number of Shares allotted to a subscription subsequent to the pro rata allocation is not a natural number, the granted number of Shares to such a subscription will be rounded down to the next lower natural number. All non-allotted Shares after rounding down will be allotted one for each subscription (without the total number of allotted Shares of a subscription exceeding the number of shares initially requested by the relevant subscription), covering overhand the subscription list, descending by the volume or orders registered in the trading system, and in the same volume level, ascending by the moment of registration of the order in the trading system.

Subscriptions made by investors from the Large Subscriptions Tranche that are not validated will not have an exchange order registered in the BSE, and will not be taken into consideration in the allocation process. The amounts paid by investors whose subscriptions have not been validated because of the non-compliance with the requirements of this Prospectus, will be returned to those investors, in the specified account in the relevant subscription forms, within five Business Days from the Settlement Date.

Offering Price and Allocation in the Small Subscription Tranche

The Offering Price per Share will be equal to:

- 92% of the Offering Price per Share for Institutional Investors Tranche, for Investors under the Small Subscription Tranche, including employees whose subscriptions are registered in the trading system of BSE within 3 Business Days of the Offering Period;
- 97% of the Offering Price per Share, determined for institutional investors tranche, for investor from Small Subscription Tranche, including employees whose subscriptions are registered in the trading system of BSE, starting with the 4th Business Day of the Offering Duration.

The moment that determines the classification in one of the two price levels for Small Subscription Tranche is the moment of registration of the exchange order associated with the subscription in the BSE trading system.

The Offering Price per Share for the Small Subscription Tranche will be made public on the Company's website and to Syndicate Members at the Allocation Date, i.e. the Business Day immediately following the expiration of the Offering Duration.

If the Small Subscription Tranche is subscribed at 100% of the allotted Shares for this Tranche, all the investors will be fully allotted the subscribed Shares.

If the Small Subscription Tranche is oversubscribed, the Shares from the Small Subscription Tranche will be allotted pro rata to all the investors who have subscribed to the Small Subscription Tranche. If the number of Shares allotted to a subscriber, after pro rata allocation, is not a natural number, the number of Shares granted to the subscriber will be rounded down to the next lower natural number. All non-allotted Shares, after rounding down, will be allotted one for each subscription (without the total number of Shares allotted to a subscription exceeding the number of Shares initially requested by the relevant subscription) covering overhand the subscription list, descending by the volume of the orders registered in the trading system, and in the same volume level, ascending by the moment of registration of the order in the trading system.

Subscriptions made by investors in the Small Subscription Tranche that are not validated will not have an exchange order registered in the BSE, and will not be taken into consideration in the allocation process. The amounts paid by investors whose subscriptions have not been validated because of the non-compliance with the requirements of this Prospectus, will be returned to those investors, in the specified account in the relevant subscription forms, within five Business Days from the Settlement Date.

General specifications regarding the Allocation

At the Allocation Date, Syndicate Members and/or Eligible Participants will notify, by any means of communication deemed appropriate, to each institutional investor, the number of allotted Shares.

The Syndicate will notify, on the Allocation Date, BSE and FSA regarding the completion of the

allocation, and the notification shall include the allocation data, set for Large Subscription Tranche, respectively Small Subscription Tranche. The notification in regard to the completion of allocation will be published on the Company's and each of the Syndicate Members' websites.

Any difference between the subscribed value of Shares and the Price of Shares allotted to the Offering Price will be refunded to the subscribers after deducting the applicable bank charges, within 5 Business Days from the transaction Settlement Date, in the bank account for future payments specified in the subscription form.

All charges associated with bank transfers to investors will be borne by the investors.

Trading Allotment Rights attached to the allotted Shares may begin after the Settlement Date.

Settlement of the Allotted Shares

The settlement will be achieved through the clearing-settlement system of the Central Depository, at the Settlement Date, meaning the third Business Day following the Trading Date.

The investors will not receive the interest associated with the paid amounts by the investors in the Collecting Accounts, representing the Subscription Price of the subscribed Shares.

Revenues generated by the successful closing of the Offering, after the Transaction Settlement with Offered Shares in the Offering, including any interest associated with the deposited amounts in the Collector Accounts opened by Syndicate Members, will be fully transferred to the escrow account of the Issuer, at the business day immediately following the Settlement Date.

Offering Results

The results of the Initial Public Offering will be communicated to FSA, within 5 Business Days of the completion of the Offering, as well as to BSE. The Initial Public Offering Results will be published on the Syndicate Members' website, within 2 Business Days, after the confirmation of the receipt of the notification regarding the Offering results by the FSA.

OTHER INFORMATION

Revocation of Subscriptions

The subscriptions undertaken during the Offering Duration in the Institutional Investors Tranche are revocable.

The subscriptions undertaken during the Offering Duration in the other tranches, namely the Large Subscription Tranche and the Small Subscription Tranche are irrevocable.

Exceptionally, if an amendment to this Prospectus is published, even the subscriptions made by investors in the Large Subscription Tranche and the Small Subscription Tranche may be withdrawn within 2 Business Days from the publication of the amendment to this Prospectus, but only by the same Syndicate Member or Eligible Participant or Distribution Group unit, at the same headquarters and in the same way the initial subscription was made.

In this case, an investor in the Institutional Investors Tranche, Large Subscription Tranche, respectively Small Subscription Tranche, will complete a revocation subscription form.

For the avoidance of any doubt, the publication of the Offering Price and allocation indices determined in accordance with the Prospectus, will not be considered an amendment to the Prospectus. After the expiry of the Offering Duration, the subscriptions are mandatory and enforceable against the investors until the closing of the transactions, according to the provisions of this Chapter.

Potential changes regarding the Offering Duration

Any amendment to this Prospectus (including the extension/reducing the Offering Duration, but excluding changes/additions referred in this Prospectus as changes/additions which do not represent an amendment to this Prospectus) will be submitted to FSA for approval within at least 1 working day before the last day of the Offering Period. If FSA approves an amendment to this Prospectus, except the closing of the Offering Duration term, FSA has the right to extend the Offering Duration so that there are at least 2 Business Days between the publication of the amendment to the Prospectus and the closing of the Offering.

Circumstances in which the Offering may be suspended or cancelled

The Offering may be cancelled or suspended by the FSA as follows:

- FSA may suspend the Offering, if considered necessary, for a period of maximum 10 Business Days for each period of suspension, if there is probable cause for breaching the Law on Capital Market and regulations issued by FSA;
- FSA may prohibit or suspend advertising the Offering if considered necessary for a maximum 10 Business Days, for each period of suspension, if there is probable cause for breaching the Law on Capital Market and regulations issued by FSA;
- FSA may order the rescission of the decision approving the Prospectus, if it has determined that the performance of the Offering is made by breaching the Capital Market Law, the regulations issued by FSA, and in the following situations: (i) if it considers that the circumstances occurred after the decision that approves the Prospectus cause fundamental changes to the elements and data that motivated it; (ii) when the Issuer informs FSA that it withdraws the Offer, before the publication of the Offer Announcement;
- FSA may order the cancellation of the decision approving the Prospectus, if this approval has been obtained through false or misleading information.

The suspension of the Offering stops the course of the Offering Duration. At lifting or cessation of the suspension, the Offering will be resumed. The rescission of the approval decision of the Prospectus by FSA during the Offering Duration renders the subscriptions accomplished until the rescission without legal effects. The cancellation of the FSA decision that approves the Prospectus cancels the transactions executed until the cancellation date and allows the refund of the Offering

Shares and reimbursement of the funds received by the Issuer, voluntarily or based on a court of law decision.

Admission to Trading of the Shares

After the registration of the subscription representing at least 100% of the Offered Shares, the Issuer will make all the necessary arrangements for the admission of the Shares to trading on the regulated market of BSE.

Admission to Trading of the Allotment Rights

The Issuer intends to request for the admission to trading of the Allotment Rights, under the regulated market, administrated by BSE, Equity, 3rd Category Rights.

In order to trade Allotment Rights, under BSE, the Issuer and the Syndicate will undertake the following steps:

- (a) Providing the ASF the application for registration of the rights, along with the list of the Allotment Rights holders, attached to the notification regarding the results of the Offering; only Allotment Rights registered with ASF may be traded on the regulated market administrated by BSE. Proof of registration of the Allotment Rights with ASF is made with the registration certificate of the Allotment Rights with ASF. As such, the purpose is represented by obtaining the registration certificate of the Allotment Rights with ASF. The list of the Allotment Rights holders will be determined at the Allocation Date. The number of the Allotment Rights allotted to a subscriber is equal to the number of the New Issued Shares allotted to that subscriber.

The list of the Allotment Rights holders will be identical with the list of the subscribers who have been allotted Shares, both regarding the subscribers' identity and the number of allotted securities, at which Fondul Proprietatea will be added as owner of 2,732,159 at most of Allotment Rights allotted for the subscribed Shares under the pre-emption right.

- (b) Submission of the registration certificate of the Allotment Rights issued by ASF at the Central Depository and the list of the Allotment Rights holders, in order to form the Allotment Rights holders Register. The Central Depository will register the Allotment Rights for admission to trading on the regulated market administered by BSE, allotting a trading symbol, an ISIN code, and a CFI code of Allotment Rights issuance.
- (c) The application for admission to trading of the Allotment Rights, under regulated market, administered by BSE, Equity, 3rd Category Rights. The intermediary will submit to BSE, on behalf of the Issuer, the application for admission to trading of the Allotment Rights, along with the Prospectus and the registration certificate of the Allotment Rights with ASF, as well as any other documents required by BSE. The decision on the admission to trading of Allotment Rights belongs to the Managing Director of BSE, who will decide on the admission/non-admission to trading of the Allotment Rights. The Issuer and the Intermediary undertake to exercise the necessary diligence in order to conduct, in a short

period of time, the entire process regarding the registration and admission to trading of the Allotment Rights as well as their conversion into Newly Issued Shares. Completion by the Issuer/Intermediary of the abovementioned steps does not guarantee the fact that the Allotment Rights will be admitted to trading on BSE.

Trading of Allotment Rights

Trading the Allotment Rights is made in accordance with the regulations of BSE, within an under-driven market type, respectively of a deal (negotiating) market type. Allotment Rights trading period is between the trading start date and the last trading day of the Allotment Rights, inclusively.

The trading start date of the Allotment Rights will be any of the following dates:

(a) The date determined by adding two calendar days from the receipt of the notification from the Central Depository informing BSE that the technical operations related to Allotment Rights holders register have ended;

OR

(b) The mutually agreed calendar date by the Issuer and the executive management of BSE, which cannot be agreed before two Business Days of the receipt of the notification of from the Central Depository. The last trading day of the Allotment Rights, is determined by adding two Business Days to the date of receipt of the notification of the Central Depository regarding the receipt of the complete documentation from the Issuer on the capital share increase operation. BVB shall communicate the last trading date via its own system with at least one business day in advance.

Transferring the ownership of the Allotment Rights which are subject to trading is accomplished by the Central Depository in accordance with BSE regulations and Central Depository regulations – at the settlement date of the transaction in question.

Investment and guaranteed investment

There is no entity who has agreed to subscribe the Offered Shares or part of the Offered Shares, based on a firm commitment.

The Syndicate Members and S.N. Nuclearelectrica S.A. have signed a brokerage Agreement on 1 February 2013, according to which the Syndicate Members act only as intermediaries in connection with the Offering. According to this Agreement, in the event of a successful closing of the Offering, the Syndicate will charge the Company a fee equivalent to 1% of the price obtained for all the Offered Shares, which were sold in the Offering.

Cost of Initial Public Offering

Depending on the Offering Price, if all Shares are sold, the net benefit obtained after the Offering, may vary between RON 272,831,039 and RON 369,298,957.

The total expenses of the Offering are estimated at an amount between RON 9,010,063 and 10,083,013RON.

Dilution of participation

The value and the dilution percentage as effect of the Initial Offering

As a result of the Initial Public Offer, the following participations shall be diluted:

The Ministry of Economy shall have a diluted participation from 90.2707% prior to the Offering to no less than 81.28% in the situation in which Fondul Proprietatea exercises its preference right or 82.07% in the situation in which Fondul Proprietatea does not exercise its preference right.

Fondul Proprietatea shall have a diluted participation from 9.7293% to 8.84% if the following cumulative conditions are met: does not exercise its preference right and does not subscribe within the Offering.

In case of successful closure of the Offering, 25,368,236 shares, representing 10% of the share capital of the Company, shall be subscribed.

Interests of the natural and legal persons who participate in the Offering

The Manager and other Syndicate Members hereby declare that none of them has any interest (including a conflict of interest) that may have a significant impact on the Initial Offering, except the one related to the execution of the signed brokerage agreement with the Company.

The financial advisor of the Brokerage Syndicate hereby declares that has no interest (including a conflict of interest) that may have a significant impact on the Initial Offering, except the one related to execution of the agreement signed with the Brokerage Syndicate.

The legal advisor of the Brokerage Syndicate hereby declares that has no interest (including a conflict of interest) that may have a significant impact on the Initial Offering, except the one related to execution of the agreement signed with the Brokerage Syndicate.

The Issuer hereby declares that has no conflict of interest or any other way that may have a significant impact on the Offering.

The Manager, other Syndicate Members, Legal Adviser, Financial Adviser, Financial Auditor provided or may provide in the future various specific services for the Issuer, for its Shareholders or for other third party entities interested in investing in Stocks, services in exchange they received or will receive a compensation.

The Issuer is not aware of the intention of any of the significant Shareholders or members of administrative, management or supervision bodies, to subscribe more than 5% of the Shares in the Initial Offering.

RESTRICTIONS OF SALE AND TRANSFER

Overview

The distribution of this Prospectus and of the Offered Shares may be restricted by law in certain jurisdictions, and, accordingly, persons who come into possession of this Prospectus, should be informed and observe such restrictions, including those set forth below. Any violation of these restrictions may constitute a breach of the securities law of any of such jurisdictions.

This Prospectus does not represent an offer for subscription or purchase of the Offered Shares to any person in any jurisdiction where it is unlawful to make such an offer or demand in such jurisdiction.

Buyers of Offered Shares may be required to pay certain stamp duties or any other fees according to the laws and practice of the country where the purchase is made, in addition to the Offering Price, specified in the initial page of this Prospectus.

No public Offering outside Romania

Any action was not undertaken and will not be undertaken in another country or jurisdiction other than Romania that might allow an Offer to the public of Offered Shares or distribution of this Prospectus to the public (or any other Offer or significant publicity related to the Offered Shares) in any other country or jurisdiction where any action is required for this purpose or in which such action may be restricted by law.

As such, the Offered Shares may not be offered or sold, directly or indirectly, and this Prospectus or any other material or announcements related to the Offered Shares will not be distributed to the public or published in or from any other country or jurisdiction (other than Romania) except in circumstances that will be in accordance with the rules or regulations of such country or jurisdiction.

This Prospectus will be distributed and the Offered Shares will be offered for sale or purchase by the public, only in Romania in accordance with Law no.297/2004 regarding the capital market, the CNVM regulation no.1/2006 regarding the issuers and securities operations and any other mandatory legal provisions.

European Economic Community

In relation to each member state of the European Economic Community which has implemented the Directive regarding the Prospectus (each "Relevant Member State") (except Romania), with effect including the date on which the Prospectus Directive was implemented in each Relevant Member State ("Relevant Date of Implementation") the Offered Shares will not be offered to the public in that Relevant Member State, except for the case that, starting from and including the Relevant Date of Implementation, the Offered Shares may be offered in that Relevant Member State, under the following exceptions in accordance with article 3 (2) of the Directive regarding the Prospectus, or in case the Member State has implemented the Directive of Amending at the Prospectus Date, in article 3 (2) of the Prospectus Directive as amended by Amendment Directive, under the condition that any offer of the Offered Shares will not represent a requirement for the

Company or Director to publish the Offering, in accordance with article 3 of the Prospectus Directive.

The Romanian version of this Prospectus has been approved by FSA, but it was not and will not be approved or notified to any other competent authority from the European Economic Community.

In view of this Prospectus, the expression “Offering of Offered Shares to the public” in relation to any Offered Shares in any Relevant Member State, means the communication in any form of sufficient information on the terms of the Offering and on the Offered Shares so as to allow any investors to decide whether to purchase or subscribe for the Offered Shares, as it could be defined in such State by any implementation measure of the Directive regarding the Prospectus in that State, and the expression “Directive regarding the Prospectus” means Directive 2003/71/EC and includes any relevant implementation measure in each Relevant Member State.

Regarding each subscriber, or any buyer of the Offered Shares located in a Member State of the European Economic Area, it will be deemed that he has declared, acknowledged and agreed that he is a “qualified investor” in accordance with the meaning of the provisions of article 2 (1) (e) of the Directive regarding the Prospectus. The Company, its Shareholders, the Issuer, the Syndicate Members and their affiliates, and other parties will base on the accuracy and truthfulness of the declaration, acknowledgment and previous abovementioned agreement.

United Kingdom of Great Britain and Northern Ireland

The Romanian version of this Prospectus has been approved by the FSA of Romania, but it has not been nor will be approved by or notified to the Financial Services in Great Britain.

Each intermediary declared, guaranteed and agreed that: (i) has communicated or determined the communication and will communicate and determine communication of any invitation or recommendation to engage in the investment activity (within the meaning of section 21 of FSMA) received in connection with the sale of any of the Offered Shares only in circumstances in which section 21 (1) from FSMA does not apply to ME-DE, and (ii) has complied and will comply with any of the applicable provisions of FSMA with respect to his actions in connection with the Offered Shares in or otherwise involving the United Kingdom.

The United States of America

THE SHARES OFFERED IN THIS PROSPECTUS ARE BEING SOLD WITHOUT REGISTRATION UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “U.S. SECURITIES ACT”), ONLY TO “QUALIFIED INSTITUTIONAL BUYERS” (AS DEFINED IN RULE 144A UNDER THE U.S. SECURITIES ACT)] PURSUANT TO THE PRIVATE PLACEMENT EXEMPTION CONTAINED IN SECTION 4(A)(2) OF THE U.S. SECURITIES ACT. SUCH SHARES AND THIS PROSPECTUS HAVE NOT BEEN APPROVED OR DISAPPROVED AS TO FORM, CONTENT, ACCURACY OR ADEQUACY BY THE U.S. SECURITIES AND EXCHANGE COMMISSION (“SEC”) OR ANY U.S. STATE REGULATORY AUTHORITY OR COMMISSION. THIS PROSPECTUS DOES

NOT CONSTITUTE AN OFFER OR SOLICITATION IN ANY STATE IN WHICH SUCH OFFER OR SOLICITATION IS NOT AUTHORIZED. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. NO RESALE OF THE SHARES MAY BE MADE UNLESS THE SECURITIES ARE SUBSEQUENTLY REGISTERED UNDER THE SECURITIES ACT OR AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT IS AVAILABLE. EACH PROSPECTIVE INVESTOR SHOULD PROCEED ON THE ASSUMPTION THAT IT MUST BEAR THE ECONOMIC RISK OF AN INVESTMENT IN THE SHARES FOR AN INDEFINITE PERIOD OF TIME. INVESTORS WHOSE INVESTMENT AUTHORITY IS SUBJECT TO LEGAL RESTRICTIONS SHOULD CONSULT THEIR OWN LEGAL ADVISORS TO DETERMINE WHETHER AND TO WHAT EXTENT THE SHARES CONSTITUTE LEGAL INVESTMENTS FOR THEM. EACH INVESTOR THAT IS A U.S. PERSON (AS DEFINED IN REGULATION S UNDER THE U.S. SECURITIES ACT) WILL BE REQUIRED TO COMPLETE AND DELIVER TO THE COMPANY AN INVESTMENT LETTER SUBSTANTIALLY CONTAINING THE FOLLOWING REPRESENTATIONS, WARRANTIES AND COVENANTS, AND EACH SUBSEQUENT PURCHASER OF SHARES THAT IS A U.S. PERSON WILL BE DEEMED TO HAVE REPRESENTED AND AGREED AS FOLLOWS:

- (a) it is a “qualified institutional buyer” as defined in Rule 144A under the U.S. Securities Act;
- (b) it understands that the Shares have not been and will not be registered under the U.S. Securities Act and that the sale contemplated hereby is being made in reliance on the exemption from such registration requirement provided by Section 4(a)(2) of the U.S. Securities Act;
- (c) it acknowledges that it has not purchased the Shares as a result of any form of general solicitation or general advertising, including advertisements, articles, notices or other communications published in any newspaper, magazine or similar media or broadcast over radio, or television, or any seminar or meeting whose attendees have been invited by general solicitation or general advertising;
- (d) it understands and agrees that there may be material tax consequences to the U.S. Purchaser of an acquisition, disposition or exercise of any of the Shares. The Company gives no opinion and makes no representation with respect to the tax consequences to the U.S. Purchaser under United States, state, local or foreign tax law of the undersigned’s acquisition or disposition of such securities. In particular, no determination has been made whether the Company will be a “passive foreign investment company” (“PFIC”) within the meaning of Section 1291 of the U.S. Internal Revenue Code];
- (e) it understands and agrees that the financial statements of the Company have been prepared in

accordance with International Financial Reporting Standards, which differ in some respects from United States generally accepted accounting principles, and thus may not be comparable to financial statements of United States companies;

- (f) the office of the U.S. Purchaser at which the U.S. Purchaser received and accepted the offer to purchase the Company's Shares is the address listed on the signature page of the Subscription Agreement;
- (g) it has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of an investment in the Shares and it is able to bear the economic risk of loss of its entire investment for an indefinite period of time and it is able to bear such risk for an indefinite period and is able to sustain a complete loss of investment in Shares;
- (h) the Company has provided to it the opportunity to ask questions and receive answers concerning the terms and conditions of the offering and it has had access to such information concerning the Company as it has considered necessary or appropriate in connection with its investment decision to acquire the Shares;
- (i) it understands that these representations, warranties, covenants and acknowledgments are required in connection with U.S. securities laws and that the Company, its affiliate and the Underwriters will be relying on such representations, warranties, covenants and acknowledgments and it irrevocably authorizes the Managers on its own behalf, and on behalf of each beneficial owner of the Shares being purchased by it, to rely on these representations, warranties, covenants and acknowledgments and to produce this letter to any interested party in any administrative or legal proceedings or official inquiry with respect to the matters covered herein or in connection with any other requirements of law;
- (j) it is acquiring the Shares for its own account, for one or more separate accounts maintained by it or for the account of one or more pension or trust funds, for investment purposes only and not with a view to any resale, distribution or other disposition of the Shares in violation of the U.S. securities laws;
- (k) it has received a copy of the Prospectus and has had access to such financial and other information concerning the Company as it has deemed necessary in connection with making its own investment decision to purchase the Shares. It has made its own independent investigation and appraisal of, without limitation, the business, financial condition, prospects, creditworthiness, status and affairs of the Company and the Shares. It acknowledges that neither the Company nor the Managers named herein nor any person representing the

Company or the Managers has made any representation, express or implied, to it with respect to the Company or the offering or sale of any Shares other than as set forth in this Prospectus, which has been delivered to it and upon which it is relying solely in making its investment decision with respect to the Shares. It acknowledges that it has read and agrees to the matters referring to selling restrictions provided in Part II, Chapter 5 “*Sale and Transfer Restrictions*” of this Prospectus;

- (l) if it decides to offer, sell or otherwise transfer any of the Shares, it will not offer, sell or otherwise transfer any of such Shares, directly or indirectly, unless:
 - (i) the sale is to the Company;
 - (ii) the sale is made outside the United States in a transaction meeting the requirements of Rule 904 of Regulation S under the U.S. Securities Act and in compliance with applicable local laws and regulations;
 - (iii) the sale is made pursuant to the exemption from the registration requirements under the U.S. Securities Act provided by Rule 144 thereunder and in accordance with any applicable state securities or “Blue Sky” laws; or
 - (iv) the Shares are sold in a transaction that does not require registration under the U.S. Securities Act or any applicable state laws and regulations governing the offer and sale of securities and, in the case of clauses (ii) or (iii) above, it has prior to such sale furnished to the Company an opinion of counsel or other evidence of exemption in form and substance reasonably satisfactory to the Company; and
- (m) such person undertakes promptly to notify the Company and the Underwriters if, at any time prior to the delivery of any Shares, any of the foregoing ceases to be true.

Russian Federation

Each intermediary declares and agrees that the Offered Shares have not been registered and is not intended to be registered according to the Federal Law no.39-FZ “On the Securities Market” dated 22 April 1996, as amended, and any other Prospectus of securities of the Russian Federation (prospect tsennih bumag) has not been and is not intended to be registered regarding the Offered Shares and, therefore, declares and agrees that neither it or its affiliates, nor any other person act in its behalf or theirs published or offered or sold or transferred in any other way and will not publish or offer or sell or transfer in any other way any the Shares (as part of their initial distribution or at any time thereafter) by or for the benefit of any person (including legal entities) resident, incorporated, established or currently residing in the Russian Federation or to any other person situated on the Russian Federation territory except the legally permitted cases by law in Russia.

No Offered Share may be offered or sold or transferred in other way to or for the benefit of any persons (including legal persons) resident, incorporated, established or having current residence in the Russian Federation or to any other person situated on the Russian Federation territory except the cases provided by Russian law.

Switzerland

The Offered Shares cannot and will not be publicly offered, sold or advertised, directly or indirectly in or from Switzerland. Neither this Prospectus nor any other Offer or marketing material, regarding the Offered Shares, does not represent a Prospectus as this term is understood, in the meaning of article 652a of the Swiss Federal Code of Obligations or a listing Prospectus within the meaning of the listing rules of the SIX, and neither this Prospectus or any other offer material or marketing material regarding the Offered Shares may be publicly distributed or otherwise made publicly available, in any other way, in Switzerland.

ADDITIONAL INFORMATION

Sources of the information included in the Prospectus

Independent Auditors

EU-IFRS financial statements were audited by S.C. KPMG Audit S.R.L., an independent financial auditor, as stated in its report – Appendix 1 to this Prospectus (“Independent Auditor’s Report”). S.C. KPMG Audit S.R.L. a Romanian company, headquartered in Bucharest, 69-71 Bucuresti-Ploiesti Ave., District 1, registered with the Trade Register under number J40/4439/11.05.2000, having fiscal code RO12997279. KPMG Audit S.R.L. is an affiliate of KPMG International.

S.C. KPMG Audit S.R.L. accepts liability for the information contained in the Independent Auditor’s Report, included in this Prospectus, and, taking all reasonable measures in this regard, declares that the information contained in the Independent Auditor’s Report are, of their knowledge, in accordance with the facts and does not contain any omissions likely to significantly affect its content. This statement is included in the Prospectus in order to comply with the requirements of article 1.2 of Annex I to Regulation (EC) no.809/2004.

In order to comply with the requirements of article 23.1 of Annex I to Regulation (EC) no.809/2004, S.C. KPMG Audit S.R.L. has given its consent and will not withdraw this agreement regarding the inclusion of the Independent Auditor’s Report, in the form and context in which it is included in this Prospectus, and approved the contents of this report.

Information from third party sources

Certain information included in this Prospectus derives from third party sources. Nuclearelectrica, the members of the Syndicate and its consultants, have not verified the accuracy of the information derived from third party sources, referred to in this Prospectus. Thus, Nuclearelectrica, the members and consultants of the Syndicate take no responsibility for the accuracy of the

information derived from third party sources. To the extent that Nuclearelectrica, members and consultants of the Syndicate, have the certainty and can determine the validity of information provided by third party sources, these information were correctly reproduced from such sources and there is no omission which could make the reproduced information inaccurate or misleading. Notwithstanding the above, the information included in this Prospectus, which derives from third party sources has been correctly reproduced in this Prospectus, at the moment the third parties have been consulted or the information contained in this Prospectus was valid. Thus, some information contained in this Prospectus from third party sources may not be valid or may not reflect the state of the things at the moment.

Except for the paid fees or to be paid by Nuclearelectrica or, if applicable, by the Syndicate, the abovementioned experts have no financial interest regarding Nuclearelectrica or the Syndicate.

Available documents

The following information can be consulted by investors, and copies thereof shall be provided upon request, during working hours of the Company, at its headquarters, on the entire period of validity of this Prospectus:

- Articles of Incorporation;
- Audit reports corresponding to the financial statements contained in this Prospectus;
- IFRS financial statements for financial years 2010, 2011 and 2012;
- IFRS financial statements for the first quarter of 2013.
- Accounting reports as of 30.06.2013 prepared by the entities falling under the applicability of the accounting regulations compliant with Directive IV of the European Economic Communities forming part of the accounting regulations compliant with the European Directives approved by Order no. 3055/2009. For the avoidance of doubt, such accounting reports are not financial statements prepared in accordance with the IFRS standards, nor are they audited or revised by the auditor.

ANNEX 1

BT SECURITIES AND BANCA TRANSILVANIA LOCATIONS FOR SUBSCRIPTION

BT SECURITIES

Unit name	Address	City	County	Telephone
AGENCY ALBA-IULIA	Str. Closca, Bl. 4	ALBA IULIA	ALBA	0258-830861
AGENCY AIUD	Str. Cuza Voda nr. 7	AIUD	ALBA	0258-860271
AGENCY ARAD	B-dul Revolutiei nr. 62, Corp A, ap. 5	ARAD	ARAD	0257-250.810
AGENCY BACAU	Str. 9 Mai nr. 24	BACAU	BACAU	0234-522.981
AGENCY ORADEA	Parcul Traian nr. 15	ORADEA	BIHOR	0259-428.198
AGENCY BRASOV	Str. 9 Mai, nr. 11, ap. 1	BRASOV	BRASOV	0268-311.202
AGENCY BUCHAREST	Sector 1, Sos. Bucuresti-Ploiesti nr. 43 (in incinta Bancii Transilvania)	BUCHAREST	BUCHAREST	021-269.20.24
SEDIUL CENTRAL	B-dul 21 Decembrie 1989, nr. 104, et. 1	CLUJ-NAPOCA	CLUJ	0264-430564, 0264-431747
AGENCY CAMPIA TURZII	Str. Aurel Vlaicu nr.3	CAMPIA TURZII	CLUJ	0264-366.172
AGENCY CONSTANTA	B-dul Tomis nr. 138, bl. TD1A (in incinta Bancii Transilvania)	CONSTANTA	CONSTANTA	0241-613.244
AGENCY GALATI	str. Brailiei nr. 192, bl. A8 (in incinta Bancii Transilvania)	GALATI	GALATI	0236-430.403
AGENCY DEVA	Str. Mihai Viteazu, bl. 40, sc. A, parter	DEVA	HUNEDOARA	0254-215.757
AGENCY IASI	Str. Garii, bl. L20-22, parter (in incinta Bancii Transilvania)	IASI	IASI	0232-244.414
AGENCY TARGU MURES	B-dul 1 Decembrie 1918, nr. 31	TG MURES	MURES	0265-265.043
AGENCY SATU MARE	Satu-Mare, B-dul Traian nr. 5, ap. 2	SATU MARE	SATU MARE	0261-716.120
AGENCY SIBIU	Str. Zaharia Boiu nr. 20A	SIBIU	SIBIU	0269-213.764
AGENCY TIMISOARA	Str. Augustin Pacha, nr. 1 (in incinta Bancii Transilvania)	TIMISOARA	TIMIS	0256-244.561

BANCA TRANSILVANIA

Locatie	Nume Unitate	Adresa	Oras	Telefon Fix
County ALBA				
Banca Transilvania	BRANCH ALBA-IULIA	Calea Motilor nr2-4	ALBA IULIA	0258-814487
Banca Transilvania	AGENCY BELVEDERE	Bd Lucian Blaga bl45-47	SEBES	0258-731111
County ARAD				
Banca Transilvania	BRANCH ARAD	strUnirii nr5	ARAD	0257-283122 0257-282499
Banca Transilvania	AGENCY REVOLUTIEI	Bd. Revolutiei nr.76	ARAD	0257-22.82.32,5

County ARGES				
Banca Transilvania	BRANCH PITESTI	str.Grivitei bl.B16	PITESTI	0248-22.23.60
Banca Transilvania	AGENCY CAMPULUNG MUSCEL	str Istrate Rizeanu nr 13	CAMPULUNG MUSCEL	0248-51.19.00
Banca Transilvania	AGENCY MIOVENI	B-dul Dacia bl. P3A	MIOVENI	0248 260600
Banca Transilvania	AGENCY CURTEA DE ARGES	Bd.Basarabilor bl A1	CURTEA DE ARGES	0248-72.88.72
Banca Transilvania	AGENCY MIOVENI	B-dul Dacia bl. P3A	MIOVENI	0248-26.06.00
Banca Transilvania	AGENCY PRUNDU	Bd Petrochimistilor bl. B8	PITESTI	0248-21.07.16
County BACAU				
Banca Transilvania	BRANCH BACAU	str Oituz nr 2 bis	BACAU	0234-57.08.21
Banca Transilvania	AGENCY CENTRU	Bd Marasesti nr.4	BACAU	0234-58.00.85
Banca Transilvania	BRANCH ONESTI	B-dul Oituz nr.23	ONESTI	0234-32.10.50
County BIHOR				
Banca Transilvania	BRANCH ORADEA	Bd. Dacia nr.38-40	ORADEA	0259-46.45.22
Banca Transilvania	AGENCY ALESD	Pta Unirii nr.6	ALESD	0259-34.28.92,3,4
Banca Transilvania	AGENCY SALONTA	Str.Libertatii nr.17	SALONTA	0259-37.41.18
Banca Transilvania	AGENCY MARGHITA	str Republicii nr.24	MARGHITA	0259-400210
County BISTRITA-NASAUD				
Banca Transilvania	BRANCH BISTRITA	str. Garii nr. 30	BISTRITA	0263.21.00.55
Banca Transilvania	AGENCY BECLEAN	Pta Libertatii nr.7	BECLEAN	0263-34.33.00
County BOTOSANI				
Banca Transilvania	BRANCH BOTOSANI	str. Marchian bl.G2	BOTOSANI	0231-52.91.66
Banca Transilvania	AGENCY DOROHOI	str.Dumitru Furtuna nr.5	DOROHOI	0231/611026 ,7 ,8
County BRAILA				
Banca Transilvania	BRANCH BRAILA	Calea Calarasilor nr.11	BRAILA	0239-61.19.54
Banca Transilvania	AGENCY PIATA MARE	str Dorobanti nr.311	BRAILA	0239-62.44.11,2,8
County BRASOV				
Banca Transilvania	BRANCH BRASOV	str. 13 decembrie nr.17	BRASOV	0268-47.71.81
Banca Transilvania	AGENCY FAGARAS	str.Balcescu nr.5	FAGARAS	0268-28.13.62,3,4
Banca Transilvania	AGENCY GEMENII	str Zizinului nr 71	BRASOV	0268-33.04.41
BUCHAREST				
Banca Transilvania	BRANCH BUCUR OBOR	Sos. Mihai Bravu nr.10	BUCHAREST	021-25.26.603
Banca Transilvania	AGENCY IANCULUI	Sos.Mihai Bravu nr.123-135 bl.D11 sect.2	BUCHAREST	021-25.05.543
Banca Transilvania	AGENCY LACUL TEI	Bd Lacul Tei nr.109 bl.13	BUCHAREST	021-24.31.212
Banca Transilvania	AGENCY STEFAN CEL MARE	Sos.St.cel Mare nr.16	BUCHAREST	021-21.11.273
Banca Transilvania	AGENCY PIPERA	Sos Pipera Tunari nr.23	BUCHAREST	021-23.38.160
Banca	BRANCH BERCENI	Bd.Alexandru Obregia nr.35	BUCHAREST	021-6835010,20

Transilvania		bl.35 sector 4		
Banca Transilvania	AGENCY PIATA SUDULUI	str. Nitu Vasile nr.14	BUCHAREST	021-33.21.113,4
Banca Transilvania	AGENCY BAGDASAR	sos. Berceni nr.35 bl.104 sect.4	BUCHAREST	021-3341013
Banca Transilvania	BRANCH CHIBRIT	Calea Grivitei nr 395 sect 1	BUCHAREST	021-22.40.191,92
Banca Transilvania	AGENCY 1 MAI	Ion Mihalache nr.65	BUCHAREST	021-22.21.677
Banca Transilvania	PUNCT DE LUCRU Centrul Regional Bucuresti	Sos Bucuresti Ploiesti, nr. 43	BUCHAREST	
Banca Transilvania	BRANCH LIPSCANI	str. Lipscani nr.102, sect.3	BUCHAREST	021-30.72.061
Banca Transilvania	AGENCY AMZEI	Piata Amzei nr.7-9 sect 1	BUCHAREST	021.315.61.90/93/94
Banca Transilvania	AGENCY MAGHERU	Bd. Nicolae Balcescu nr.16	BUCHAREST	021-31.56.372,49
Banca Transilvania	BRANCH MARRIOT	Calea 13 Septembrie nr.108-112 bl.52-54 sect.5	BUCHAREST	021-387.31.01
Banca Transilvania	AGENCY SEBASTIAN	Calea Rahova 322	BUCHAREST	
Banca Transilvania	AGENCY MARGEANULUI	str Margeanului nr.26 bl.M23A sector 5	BUCHAREST	021/4205044,52
Banca Transilvania	BRANCH MILITARI	Iuliu Maniu nr. 22, bl. C15, sectorul 6	BUCHAREST	021-43.49.159
Banca Transilvania	AGENCY APACA	Bd Iuliu Maniu nr.7 sect 6	BUCHAREST	
Banca Transilvania	AGENCY APUSULUI	Bd Iuliu Maniu nr.186-188 bl E1 sect 6	BUCHAREST	
Banca Transilvania	BRANCH OTOPENI	Calea Bucurestilor nr.78 bl.B2-4	OTOPENI	021-35000272
Banca Transilvania	BRANCH PANTELIMON	Sos.Pantelimon nr.328 bl.5	BUCHAREST	021-25.52.020
Banca Transilvania	AGENCY BABA NOVAC	Str. Baba Novac nr.15A bl.3 sect 3	BUCHAREST	021 - 3241019
Banca Transilvania	AGENCY TITAN	Bd. Nicolae Grigorescu nr.31A sector 3	BUCHAREST	021-34.05.002
Banca Transilvania	BRANCH UNIRII	Pta Alba Iulia nr.2 bl.II, sect.3	BUCHAREST	021-327.76.80
Banca Transilvania	AGENCY BRANCOVEANU	Bd Constantin Brancoveanu nr.114	BUCHAREST	021-4601140/41
Banca Transilvania	AGENCY ORASELUL COPIILOR	Sos. Oltenitei nr.46-50 bl 7A, sect.4	BUCHAREST	021.401.22.53
Banca Transilvania	BRANCH VICTORIA	str. Iancu de Hunedoara nr.6	BUCHAREST	021-21.28.826
Banca Transilvania	AGENCY DOROBANTI	str.Av.Radu Beller nr.6 bl.20	BUCHAREST	021-23.38.803
Banca Transilvania	AGENCY AVIATIEI	Str.Cap.Av Serbanescu nr.26	BUCHAREST	021-23.20.068,9
Banca Transilvania	AGENCY STIRBEI VODA	Calea Stirbei Voda nr.97-99	BUCHAREST	021-6373120
Banca Transilvania	BRANCH VOLUNTARI	Com Voluntari Sos Afumati nr.57	VOLUNTARI	021-40.55.900
County BUZAU				
Banca Transilvania	BRANCH BUZAU	str. Unirii bl.13 AB	BUZAU	0238-71.09.61
Banca Transilvania	AGENCY MARGHILOMAN	Cartier Dorobanti I intre bl.7D si 8A	BUZAU	0238-72.46.74,5
County CALARASI				
Banca Transilvania	BRANCH CALARASI	str N.Titulescu nr.1 bl.D2	CALARASI	0242-333.245
County CARAS-SEVERIN				
Banca Transilvania	BRANCH RESITA	str.I.L.Caragiale nr.18	RESITA	0255-22.71.34,5,6,9

Banca Transilvania	AGENCY CARANSEBES	str Mihai Viteazu nr.8A	CARANSEBES	0255-51.52.13
County CLUJ				
Banca Transilvania	BRANCH CLUJ-NAPOCA	Bd. Eroilor nr.36	CLUJ-NAPOCA	0264-20.71.00
Banca Transilvania	AGENCY BARITIU	str. Baritui nr.8	CLUJ-NAPOCA	0264-407.150
Banca Transilvania	AGENCY MARASTI	Bd.21 Dec.1989 nr.137	CLUJ-NAPOCA	0264-41.16.01
Banca Transilvania	BRANCH ZORILOR	str. Republicii nr.109	CLUJ-NAPOCA	0264-59.24.29
Banca Transilvania	AGENCY MANASTUR	str. Bucegi nr.14-15	CLUJ-NAPOCA	0264-42.53.08
Banca Transilvania	BRANCH DEJ	str. 1 Mai nr.6	DEJ	0264-21.17.00
Banca Transilvania	AGENCY GHERLA	str. Bobalna nr.12	GHERLA	0264-24.85.50
Banca Transilvania	BRANCH TURDA	Pta Romana nr.15	TURDA	0264-31.68.32
Banca Transilvania	AGENCY CAMPIA TURZII	Pta Mihai Viteazu nr.1	CAMPIA TURZII	0264-36.64.00
County CONSTANTA				
Banca Transilvania	BRANCH CONSTANTA	Bd. Mamaia nr.134	CONSTANTA	0241-61.91.16
Banca Transilvania	AGENCY MANGALIA	str. St cel Mare nr.6	MANGALIA	0241-70.69.55
Banca Transilvania	AGENCY CERNAVODA	Str Crisan nr.5 bl O2B sc A	CERNAVODA	0241-235133
Banca Transilvania	AGENCY NAVODARI	str Constantei bl C3	NAVODARI	0241-50.80.90
County COVASNA				
Banca Transilvania	BRANCH SF GHEORGHE	STR. 1 DECEMBRIE 1918 NR.18	SF GHEORGHE	0267-35.18.59
Banca Transilvania	AGENCY TG SECUIESC	str.Gh.Doja nr.40 bl.2-B	TG SECUIESC	0267-36.43.17
County DAMBOVITA				
Banca Transilvania	BRANCH TARGOVISTE	str. Revolutiei bl.C6	TARGOVISTE	0245-61.09.23
Banca Transilvania	AGENCY GAESTI	Str.13 Decembrie nr.32	GAESTI	0245-711.275,276
County DOLJ				
Banca Transilvania	BRANCH CRAIOVA	Str. Iancu Jianu nr.16	CRAIOVA	0251-41.97.45
Banca Transilvania	AGENCY FILIASI	Bulevard Racoteanu bl I4, parter	FILIASI	0251-441939
Banca Transilvania	AGENCY DIVIZIA PENTRU MEDICI	Str. A.I.Cuza bl.M14 parter	CRAIOVA	0251 410143
County GALATI				
Banca Transilvania	BRANCH GALATI	str Brailei nr. 132	GALATI	0236-46.18.28
Banca Transilvania	AGENCY DIVIZIA PENTRU MEDICI	str. Brailei nr. 158 bl. A8	GALATI	0236.44.30.51
Banca Transilvania	AGENCY TECUCI	str. 1 Decembrie 1918 nr.46	TECUCI	0236-82.08.81
County GIURGIU				
Banca Transilvania	BRANCH GIURGIU	str.Bucuresti bl.45-4D	GIURGIU	0246-22.10.37
County GORJ				
Banca Transilvania	BRANCH TARGU JIU	str.Traian nr.33	TG JIU	0253-22.70.94,5,6,7
Banca Transilvania	AGENCY TURN	Bd N.Titulescu bl.12	TG JIU	0253-22.41.36,7,8
County HARGHITA				

Banca Transilvania	BRANCH MIERCUREA CIUC	str. Kossuth Lajos nr. 18	MIERCUREA CIUC	0266-31.02.03
Banca Transilvania	AGENCY GHEORGHENI	str Libertatii nr.8 A	GHEORGHENI	0266-36.15.20
Banca Transilvania	AGENCY ODORHEI	Str.Kossuth Lajos nr.1	ODORHEI	0266-21.00.45
County HUNEDOARA				
Banca Transilvania	BRANCH DEVA	str. 22 Dec nr.42	DEVA	0254-23.22.58
Banca Transilvania	AGENCY PETROSANI	str.Balcescu nr.2	PETROSANI	0254-54.78.82,3
Banca Transilvania	BRANCH HUNEDOARA	str George Enescu nr. 10	HUNEDOARA	0254 - 740296
County IALOMITA				
Banca Transilvania	BRANCH SLOBOZIA	Bd Unirii bl.U40 sc.A	SLOBOZIA	0243-23.06.30
Banca Transilvania	AGENCY FETESTI	Str Calarasi bl.E1-E2 sc A	FETESTI	0243-36.11.12
Banca Transilvania	AGENCY URZICENI	str Aurora nr.1 bl.54	URZICENI	0243-25.42.22
County IASI				
Banca Transilvania	BRANCH IASI	str. Ghica Voda nr.3A	IASI	0232-21.50.11; 216770; 214587
Banca Transilvania	AGENCY PASCANI	str St cel Mare bl V1-3	PASCANI	0232-71.00.78
Banca Transilvania	AGENCY HARLAU	str Bogdan Voda bl 12 sc B	HARLAU	0232-71.11.28,32,49
Banca Transilvania	AGENCY TARGU FRUMOS	str Cuza Voda nr.81	TG FRUMOS	
Banca Transilvania	AGENCY PIATA UNIRII	str.Cuza Voda nr.1A bl.8 sc.A+B	IASI	0232-24.01.73
County MARAMURES				
Banca Transilvania	BRANCH BAIA MARE	Bd. Unirii nr.5A	BAIA MARE	0262-22.79.84
Banca Transilvania	AGENCY REPUBLICII	Bd Republicii nr.17	BAIA MARE	0262-22.68.21
County MEHEDINTI				
Banca Transilvania	BRANCH DR TR SEVERIN	str. Crisan nr. 34	DR.TR SEVERIN	0252-20.60.17
Banca Transilvania	AGENCY ORSOVA	Bd 1 Decembrie 1818 parcela 4S/1	ORSOVA	0252-360742
County MURES				
Banca Transilvania	BRANCH TG MURES	Bd. 1 Dec.1918 nr.37	TG MURES	0265-26.90.68
Banca Transilvania	AGENCY SIGHISOARA	str.Herman Oberth nr.15	SIGHISOARA	0265-77.27.19
Banca Transilvania	AGENCY REGHIN	Pta Mihai Viteazu nr.2	REGHIN	0265-51.38.14
County NEAMT				
Banca Transilvania	BRANCH PIATRA-NEAMT	Bd Decebal nr.3	PIATRA NEAMT	0233-21.19.12
Banca Transilvania	AGENCY TARGU NEAMT	str. St cel Mare bl.M4	TG NEAMT	0233-79.05.10
Banca Transilvania	BRANCH ROMAN	Str. Roman Musat nr. 38	ROMAN	0233-74.24.67
County OLT				
Banca Transilvania	BRANCH SLATINA	Str.Crisan II nr.1	SLATINA	0249-43.31.68
Banca Transilvania	AGENCY CARACAL	str Antonius Caracalla nr.35 bl.1B	CARACAL	0249-51.63.09
County PRAHOVA				
Banca Transilvania	BRANCH PLOIESTI	str.Valeni nr. 18	PLOIESTI	0244-54.26.13

Banca Transilvania	AGENCY VALENII DE MUNTE	Bd.N.Iorga nr.83 bl.E13	VALENII DE MUNTE	0244 - 282452
Banca Transilvania	AGENCY MIZIL	Sos Mihai Bravu nr 63	MIZIL	
Banca Transilvania	AGENCY PLOIESTI (OMNIA)	Bd.Republicii nr.15	PLOIESTI	0244-59.76.09
Banca Transilvania	AGENCY PLOIESTI VEST	str.Malu Rosu nr.126	PLOIESTI	0244-59.85.41
Banca Transilvania	BRANCH CAMPINA	Bd Carol I nr.50 bl.14B	CAMPINA	0244-33.18.09
County SALAJ				
Banca Transilvania	BRANCH ZALAU	Pta Unirii nr.1	ZALAU	0260-66.12.05
Banca Transilvania	AGENCY SIMLEUL SILVANIEI	Pta Avram Iancu bl Salcam	SIMLEUL SILVANIEI	0260-67.91.16,7,8
County SATU MARE				
Banca Transilvania	BRANCH SATU-MARE	Pta 25 Octombrie nr.12	SATU MARE	0261-71.68.25
Banca Transilvania	AGENCY CAREI	Str Mihai Viteazul Bl MV-9-11-13, parter	CAREI	0261-86.64.75
Banca Transilvania	AGENCY NEGRESTI OAS	Str Victoriei bl2	NEGRESTI OAS	0261-85.48.00
County SIBIU				
Banca Transilvania	BRANCH SIBIU	Pta Aurel Vlaicu nr.1 bl.V4	SIBIU	0269-21.15.68
Banca Transilvania	AGENCY SIBIU	Str.Nicolae Balcescu nr. 34	SIBIU	0269-21.73.37
Banca Transilvania	BRANCH MEDIAS	str.St.L.Roth nr.1	MEDIAS	0269-83.77.48
County SUCEAVA				
Banca Transilvania	BRANCH SUCEAVA	Str. Armeneasca, Nr.2, Suceava	SUCEAVA	0230-530982
Banca Transilvania	AGENCY FALTICENI	Str. Revolutiei, Nr. 4, Fălticeni	FALTICENI	0230-546740,41,42
Banca Transilvania	AGENCY GURA HUMORULUI	Bd. Bucovina, Bl. B4, Sc. C, Gura-Humorului	GURA HUMORULUI	0230-235414,15,17
Banca Transilvania	BRANCH RADAUTI	Pta Unirii nr.33	RADAUTI	0230-560122,560940
Banca Transilvania	BRANCH VATRA DORNEI	str.Mihai Eminescu nr.29 sc.1,P	VATRA DORNEI	0230-370010,11,12
County TELEORMAN				
Banca Transilvania	BRANCH ALEXANDRIA	Str Bucuresti blG103 parter	ALEXANDRIA	0247-310608
County TIMIS				
Banca Transilvania	BRANCH TIMISOARA	Bd.Republicii nr.4	TIMISOARA	0256-29.34.48
Banca Transilvania	AGENCY LUGOJ	Str.A.C.Popovici nr.2	LUGOJ	0256-35.52.92
Banca Transilvania	AGENCY CALEA ARADULUI	Calea Aradului Est nr.32	TIMISOARA	0256-22.66.63
County TULCEA				
Banca Transilvania	BRANCH TULCEA	str.Babadag nr.121-123	TULCEA	0240-506.174
Banca Transilvania	AGENCY BABADAG	str.Republicii nr.92	BABADAG	0240-561253
County VALCEA				
Banca Transilvania	BRANCH RAMNICU-VALCEA	str.Stoianovici nr. 5	RM VALCEA	0250-73.63.44
Banca Transilvania	AGENCY DRAGASANI	str.Gib Mihaescu bl.A1 - parter	DRAGASANI	0250-81.32.61,6
County VASLUI				
Banca Transilvania	BRANCH VASLUI	str.St cel Mare nr.70	VASLUI	0235-36.01.29

Banca Transilvania	AGENCY BARLAD	str Republicii nr.200	BARLAD	0235-41.98.11
County VRANCEA				
Banca Transilvania	BRANCH FOCSANI	str.Mare a Unirii nr.1	FOCSANI	0237-23.73.55
Banca Transilvania	AGENCY ADJUD	str Republicii nr.88	ADJUD	0237-64.04.79
Banca Transilvania	AGENCY PANCIU	str.Nicolae Titulescu nr.73	PANCIU	0237-276103