



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

**NOTE
on the approval of the updating of Appendix 1 and Appendix 1.1. to the administration contracts
concluded between the administrators and the company**

1. General aspects/Competences

In accordance with the legal provisions in force, the General Meeting of Shareholders has the competence to approve the updating of Appendix 1 and Appendix 1.1. to the administration contracts concluded between the administrators and the company.

The applicable legal basis is represented by:

- Law no. 31/1990 republished as subsequently amended
- Government Emergency Ordinance no.109/2011 on the corporate governance of public companies as subsequently amended
- The administration contract concluded between the company and the administrators

2. Presentation

The article 4 of the administration contracts concluded between the administrators and the company provides that *“In order to fulfill the object of this Administration Contract, the Administrator will carry out all the actions necessary for the administration of the Company’s assets in the company’s interest for fulfilling the object of activity and will perform its tasks established in the Articles of Incorporation and in this Administration Contract with a view to fulfilling the objectives and performance criteria set out in Appendix 1 to the current contract, along with the other members of the Board of Directors, and/or **annually reviewed, as appropriate, within 30 days after the revenue and expense budget approval /revision date.**”*

Also, article 9 provides the following: *“The Administrator undertakes, along with other administrators, to carry out the administration plan and GMS resolutions, in order to achieve the objectives and performance criteria set out in Appendix 1 to this Administration Contract. The performance criteria and targets apply over the entire period of the administrator’s mandate, the values of the performance indicators **following to be annually updated in accordance with the revenue and expense budget provisions.**”*

Thus, on 29 April 2015, it was subjected to the approval of the General Meeting of Shareholders, the Revenues and Expenses Budget for 2015 and the updating of the Appendix 1 and of the Appendix 1.1 to the administration contracts concluded between the administrators and Company.

By the Resolution no. 1/29 April 2015, the Revenue and Expense Budget was rejected by the General Meeting of the SN Nuclearelectrica S.A. Shareholders, on the basis of the fact that until that date the Revenues and Expenses Budget for 2015 was not approved by Government Decision.

By the same Resolution, the General Meeting of Shareholders approved the updating of the Appendix 1 and of the Appendix 1.1 with the specification that the values of the performance indicators are conditioned by the approval of the Revenues and Expenses Budget on 2015 according to the law, by Government Decision.

As per the letter no. 290823/29.04.2015 and the letter no. 1501924/04.05.2015, the Ministry of Public

Societatea Nationala NUCLEARELECTRICA S.A.

Strada Polona, nr. 65, sector 1, 010494, Bucuresti, Romania; Tel +4021 203 82 00, Fax +4021 316 94 00;

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Capital social subscris/si varsat: 3.012.210.410 lei

office@nuclearelectrica.ro, www.nuclearelectrica.ro

Finance („MFP”) and respectively the Ministry of Energy, Small and Medium Sized Enterprises and Business Environment („MEIMMMA”) rejected the initial proposal of Revenues and Expenses Budget related to the year 2015, with a proposal of reanalyzing the economic and financial indicators in order to increase the Company performances, with reflection in the growth of the total revenues, gross profit and of the dividends to the State Budget.

The Revenues and Expenses Budget Project, revised following the received letter, was submitted for approval to MEIMMMA by the Address no. 6247/25.05.2015.

Thus, considering that the Revenues and Expenditures Budget for 2015 was approved by the Government Decision no. 468/24.06.2015 and is subjected to the approval of the General Meeting of Shareholders in revised form from the one submitted in the General Meeting of Shareholders from 29 April 2015, as well as according to the considerations set out in the substantiation note of the Revenues and Expenses Budget, it is proposed to update of the Appendix 1 from the mandate contracts with the levels of the performance indicators and criteria for 2015 harmonized with the Revenues and Expenses Budget approved for 2015. At the same time, it is also proposed to update the Appendix 1.1 for 2015.

3. Proposals

Given the above, we submit to the approval of the Ordinary General Meeting of Shareholders, the following:

- a) **the updating** of Appendix 1.1. to the administration contracts concluded between the administrators and the company, including the updating of the level of the performance indicators and criteria for 2015 according to the Revenues and Expenses Budget of 2015, as per to the Annexes to the current note.
- b) **the updating** of Appendix 1.1. to the administration contracts concluded between the administrators and the company, including the updating of the level of the performance indicators and criteria and their breakdown by quarters for the current year 2015, according to the Annexes to the current note;
- c) **the empowerment** of the representative of the Ministry of Energy, Small and Medium Sized Enterprises and Business Environment to sign the addenda to the administration contract with the administrators.

Daniela Lulache
CEO

Mihai Darie
CFO

Appendix 1 to the Administration Contracts

No.	Objective/Performance indicators	Measurement	MU	Weight	2015	2016	2017
Improvement of the indicators regarding the financial performance of the Company							
1	Annual turnover	Row 01 Form 20 Balance	Million RON	0,20	1.750	2.181	2.290
2	Annual operating profit	Row 36 Form 20 Balance	Million RON	0,20	74	394	449
3	Overdue payments	Row 04 Code 30 Balance	Thousand RON	0,10	-	100	100
4	Labor productivity	Turnover/average number of staff	Thousand RON/person	0,10	833	1.012	1.063
5	Operating expenses at 1000 lei turnover	(Operating expenses/turnover) * 1000	RON	0,10	966	829	813
Execution of the major investment objectives							
6	Execution of the annual value plan of investments (as per table 28 and the annual budgets)	Value of achieved investments/value of planned investments	%	0,15	Min. 90%	Min. 90%	Min. 90%
Maintenance of the electricity production capacity above the average level in the industry							
7	Installed capacity factor	Achieved production MWh/Maximum design production MWh	%	0,10	Min. 80%	Min. 80%	Min. 80%
Operation of the nuclear units in safe conditions for the personnel, the population, the environment and the production assets							
8	No operating events above level 1 on the International Nuclear Event Scale, concerning the damage of the in depth defense barriers, onsite and off-site impact.	Cernavoda NPP		0,05	0 events over 1 on the INES scale	0 events over 1 on the INES scale	0 events over 1 on the INES scale

Annex 1.1. to the Administration Contracts

No.	Objective/Performance indicators	Measurement	MU	Weight	Q I	Q II	Q III	Q IV	2015
Improvement of the indicators regarding the financial performance of the Company									
1	Turnover (cumulated since the beginning of the year)	Row 01 Form 20 Balance	Million RON	0,20	469	846	1.289	1.750	1.750
2	Operating result (cumulated since the beginning of the year)	Row 36 Form 20 Balance	Million RON	0,20	44	8	40	74	74
3	Overdue payments	Row 04 Code 30 Balance	Thousand RON	0,10	-	-	-	-	-
4	Labor productivity (cumulates since the beginning of the year)	Turnover/average number of staff	Thousand RON/person	0,10	223	403	614	833	833
5	Operating expenses at 1000 lei turnover (cumulated since the beginning of the year)	(Operating expenses/turnover) * 1000	RON	0,10	943	1.016	988	966	966
Execution of the major investment objectives									
6	Execution of the annual value plan of investments cumulated since the beginning of the year (Table 28 and the annual budgets)	Value of achieved investments/value of planned investments	%	0,15	Min. 7%	Min. 18%	Min. 50%	Min. 90%	Min. 90%
Maintenance of the electricity production capacity above the average level in the industry									
7	Capacity factor (cumulated since the beginning of the year)	Achieved production MWh/Maximum design production MWh	%	0,10	Min. 80%	Min. 80%	Min. 80%	Min. 80%	Min. 80%
Operation of the nuclear units in safe conditions for the personnel, the population, the environment and the production assets									
8	No operating events above level 1 on the International Nuclear Event Scale, concerning the damage of the in depth defense barriers, onsite and off-site impact.	Cernavoda NPP		0,05	0 events over 1 on the INES scale	0 events over 1 on the INES scale	0 events over 1 on the INES scale	0 events over 1 on the INES scale	0 events over 1 on the INES scale