



Addendum to the Report on the substantiation of the Income and Expenses Budget of S.N. "Nuclearelectrica" SA for 2016

- Additional details -

The cumulated amounts corresponding to fix and variable incentives for administrators and managers (chapter C) to which are added the amounts corresponding to the net provisions created for the variable incentives for the leadership authority from chapter D amount to **lei 3,305 thousand in 2016 (budgeted) versus lei 3,321 thousand (achieved) in 2015 (approx. 0.5% deduction)**.

Therefore, in chap. C are included effective costs and in chap. D are included the corresponding provisions (costs/income from the return, as the case may be) corresponding to the obligations regarding mandate contracts (variable components). The variable components for the wage are discounted only after the approval of the managers/ administrators reports, as the case may be, depending on the compliance with the performance indicators and criteria, therefore existing time differences between the compliance of indicators, approval and discounting.

Expenses corresponding to the mandate contract and other leadership and control authorities, commissions and committees (Chapter C4)

a) Management contracts concluded with the administrators

The management contracts concluded between the administrators and the company provide that the administrator benefits from a gross monthly fix incentive for the performance of the appointed mandate, but no more than the average of the last 12 months for the monthly gross average wage from the company's field of activity, communicated by the National Institute of Statistics. By the OGMS no. 1/29.04.2015 **the monthly gross fix incentive was reduced from lei 4,028 to lei 4,023.**

The variable component of the incentive for the BoD members remained unchanged being the one provided in the form of the management contract approved by the company's OGMS Decision no. 19 from 24.07.2013.

The administrators benefit from a gross monthly fix incentive and from a variable component determined depending on objective achievement, respectively the compliance of the targeted level of the performance indicators approved by the Management plan and has 2 subcomponents.

The amount of the quarterly installment of the first component of the variable component equals the amount of the monthly gross average wage income of the company's field of activity, communicated by the National Institute of Statistics corresponding to the respective period.

The second subcomponent is established for a level of 0.4 % of the amount representing the difference between the net effective profit achieved and the estimated net profit for each financial year, but no more than the amount of the annual fix income.

According to the mandate contracts, the second component of the variable wage is limited to the value of the fix effective wage provided.

The method of calculation of the variable components for the administrators' wage is unchanged.

For 2016 were provided the fix and variable wages for the BoD members amounting to lei 867 thousand.

The budgeted amount corresponding to the BoD members compared to the accrued for 2015 (ln. 108) is due mainly to the fact that starting May 2015, a new member of the BoD attended the evaluation committees.

Therefore, the amount provided at ln. 109 from annex 2 (fix component for the administrator's wage) amounting to lei 290 thousand is higher than the amount provided in IEB 2015 (lei 287 thousand) due to the fact that the approved fix wage in IEB 2015 considered the effective attendance in the evaluation committees created at the BoD level (IEB 2015 approved by the GD includes income and expenses from Q1 of the year); also, the fix wage of the administrators was reduced from a monthly level of lei 4,028 to lei 4,023 by the decision of the GMS.

The amount provided in ln. 110 of annex 2 (the variable component of the administrators' wage) amounting to lei 577 thousand, is higher than the amount provided in the IEB 2015 (lei 552 thousand) due to the fact that the approved variable wage in IEB 2015 considered the gross average income in that field, effectively registered in Q I of 2015 as well as by the fact that the number of paid members of the BoD increased from 5 to 6 starting November 2014, which influenced the variable wage provided in Q I of 2015 corresponding to Q IV of 2014 (IEB 2015 approved by the GD includes income and expenses effectively performed during Q 1 of the year); the paid administrators are just non-executive administrators.

b) Mandate contracts concluded with the managers

The company concluded 3 mandate contracts for a period of 4 years for the managers, starting 30.04.2013 for the CEO and Branch Manager of CNE Cernavoda, respectively starting 01.02.2014 for the CFO. **The wages for the managers with mandate contracts remained unchanged since the contracts signing date.**

In this chapter were also provided the fix and variable wages for 6 non-executive administrators, members of the company's BoD, according to the provisions of the management contracts.

Managers with mandate contracts benefit from a gross monthly fix wage and from a variable component determined depending on achieving the objectives, respectively the compliance of the target level of the performance indicators approved by the Management Plan and has 2 subcomponents in its structure.

The amount of the quarterly installment for the first subcomponent of the variable component equals three gross monthly fix wages, therefore the total annual amount of the first subcomponent represents 12 gross monthly fix wages.

The second subcomponent is established at the level of 0.4 % for the amount representing the difference between the net effective performed profit and the estimated net profit for each financial year, but no more than 12 gross monthly fix wages. The first installment of this subcomponent is provided until August 31st for each financial year and represents 0.4% of the amount representing the difference between the performed net effective profit and the estimated net profit corresponding to Q I, but no more than 6 gross monthly fix wages and the second installment is paid within 15 days since the approval of the annual financial statements for the respective financial year and shall be paid based on the annual calculation of the second variable subcomponent of which shall be deducted the value of the first paid installment.

The method of calculation of the variable components of the managers' wages remained unchanged.

For 2016 were provided fix and variable wages for managers with mandate contracts amounting to lei 2,806 thousand.

The provided amount for the expenses corresponding to mandate contracts for managers (ln. 105) compared to the accrued level of 2015 is due to the fact that in 2015 was provided the amount of lei 11,609 representing 0.4 % of the difference between the performed net profit and the estimated net profit, at 6 months for each of the three managers and in 2016 shall be provided, according to the provisions of art. 15 of the mandate contracts, the difference up to 12 gross monthly fix wages, representing the maximum limit.

The amount provided at ln. 107 in annex 2 (the variable component corresponding to managers with a mandate contract) amounting to lei 1,994 thousand, is higher than the amount provided in IEB 2015 (lei 1,623 thousand) due to the fact that the budgeted amount for 2016 includes the difference of 371 thousand between the budgeted level and the one performed in the previous year, amount to be provided according to the provisions of the mandate contracts after the approval of the annual financial statements by complying with the level of the annual target of the performance indicators.

Other exploitation expenses (Chapter D), consist in the amount of lei 971 thousand representing the variable wages corresponding to 2016 to be provided to the managers with a mandate contract and S.N. Nuclearelectrica S.A. BoD members in 2017, depending on the achievement of performance indicators and criteria. Also, the position **Income from other provisions** includes provisions with mandate contracts re-engaged on income at the moment of the providing the amount of lei 1,339 thousand.