



**Endorsed by,
Board of Directors
Chairman
Alexandru SĂNDULESCU**

NOTE

On approval of the proposal relating to the distribution of net profit for 2015, the gross dividend per share, date and way of dividends payment

- Material regarding sections 5, 14 and 16 of OGMS/25.04.2016 -

1. Competence/general issues

In accordance with the legal provisions in force, the Board of Directors proposes how to distribute the net profit for the financial year 2015 including the dividend proposal together with the approval of the annual financial statements.

Article 111 paragraph 1 letter a) of Law 31/1990 with subsequent amendments and supplements provides that the General Meeting of Shareholders has as attribution to determine the amount of the dividend. Moreover, Article 13 paragraph 3 letter g) of the Articles of Incorporation of SNN, the Ordinary General Meeting of Shareholders *"approves and establishes the dividends."*

The legal provisions related are the following ones:

- Law 31/1990 republished, as amended and supplemented (Law 31/1990);
- GO 64/2001 regarding the profit distribution of national companies, national enterprises and companies with majority state ownership or wholly owned by the state and autonomous administration companies, as amended and supplemented (GO 64/2001);
- Regulation no. 1/2006 of the National Commission for Securities regarding the issuers and operations with securities as amended and supplemented by Regulation no. 3/2015 as well as Regulation no. 6/2009 on the exercise of certain rights of shareholders in general meetings of shareholders of companies;
- Law 297/2004 on the capital market, as amended and supplemented (Law 297/2004);
- Law 227/2015 regarding the Fiscal Code, as amended and supplemented ("Tax Code").

The General Meeting of Shareholders has the competence for approving the proposal for the allocation of net profit and dividend.

2. Presentation

2.1. Distribution of net profit for the fiscal year 2015

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Trade Register no.: J40/7403/1998, Fiscal Code: 10874881,
Subscribed and paid share capital: 3.015.138.510 lei
office@nuclearelectrica.ro, www.nuclearelectrica.ro

The proposal for the distribution of the net profit for the financial year 2015 per destinations was made in accordance with GO 64/2001. Thus, the net profit of the financial year 2015 will be distributed to the following destinations:

Indicator (fiscal year 2015)*)	Amount (lei)
Net profit for the financial year (A)	149.143.729
+ Provision regarding the employees profit share (deducted from the accounting profit) (B)	3.563.000
Net profit of allocating for the financial year (A+B), assigned as follows:	152.706.729
a) legal reserves	9.590.178
b) other reserves representing fiscal facilities stipulated by law	1.168.929
c) allocation to cover the accounting losses from previous years, except the accounting losses resulting from application of the IAS29	-
d) allocation for financing sources for projects co-financed from external loans, as well as for establishing the necessary sources for the reimbursement of capital installments, for the payment of interest, commissions, fees and other costs related to the external loans	-
e) other distributions provided by law	-
Accounting profit remaining after deducting of the amounts mentioned above (a-e), assigned as follows:	141.947.622
f) employees' participation to profit	3.563.000
g) gross dividends to be distributed	99.499.571
h) other reserves	38.885.051
Undistributed profit	-

*) Note – the amounts are rounded off to the nearest integer

We make the following clarifications regarding the amount proposed to be distributed:

- The amounts allocated to the legal reserve are determined based on art. 183 of Law no. 31/1990 according to which *"at least 5% of the company's profit will be taken every year for the formation of the reserve fund, until it reaches at least one fifth of the share capital"*. **The amount allocated to the legal reserve was taken at the end of the financial year, representing the mandatory allocation amounting to 9.590.178 lei;**
- **Other reserves (1.168.929 lei) representing the tax incentives** provided by law shall be allocated on the basis of art. 19⁴ of Law 571/2003 regarding the Fiscal Code as amended and supplemented (for 2015); they relate to the profit tax exempted for the profit invested in technological equipment - machinery and equipment as stipulated in subgroup 2.1 of the Catalogue regarding the classification and normal useful life of fixed assets used for business purposes (only new equipment). The amount allocated to reserves is the amount of the profit invested in this equipment, net of legal reserve (5%);
- **The amounts proposed to be distributed in the form of "employee participation to profit"** are up to 10% of the net profit, but no more than the level of an average basic monthly salary per employee in 2015 and taking into account the average number of employees in 2015. Thus the maximum amount representing 10% of the net profit, but not more than the average monthly base salary per employee in 2015 would have been 15.270.673 lei; in the profit distribution proposal is included only the amount of **3.563.000 lei** to comply with the amounts previously budgeted in 2015 budget of revenues and expenditures. Profit sharing obligation has been established by the revenues and expenditure budget approved for 2015 so that the provisions of Article 1 paragraph 1 letter e) of O.G. 64/2001 are met;

- **The gross dividends proposed (99.499.571 lei)** are in the amount of **70.10%**, percentage applied to the distributable profit after allocation for the destinations under Article 1 paragraph 1 letters a) and c) - e) of GO no. 64/2001 plus the amount proposed to be distributed as "employee participation to profit" for the consolidation of the calculation basis. According to Article 1 paragraph 1 letter f) of GO no. 64/2001, at least 50% of the profit remaining after distribution for the destinations under Article 1 paragraph 1 letter a) - e) of O.G. no. 64/2001 must be distributed as dividends. The percentage of 70.10% comes from rounding off the gross dividend per share proposed, namely **0,33 lei gross/share**.
- The amounts remaining to be distributed out of the profit (**38.885.051 lei**), after the distribution for the destinations under Article 1 paragraph 1 letters a) - f) of GO no. 64/2001, is to be distributed in the form of own financing sources (**other reserves**).

2.2. Value of gross dividend per share

Dividends are to be allocated to shareholders in the amount stipulated in the proposal for distribution of net profit amounting to **99.499.571 lei**.

The number of shares relating to the subscribed and paid share capital is **301.513.851** on the date hereof. Thus, the **proposed gross dividend per share is 0.33 lei/share**.

The tax on the gross dividend is to be retained by SNN in compliance with the applicable provisions of the Fiscal Code.

2.3. Date of dividends payment

According to the legal provisions the terms of payment of dividends are:

- According to Article 67 paragraph 2 of Law no. 31/1990 dividends are distributed to shareholders "*within the deadline set by the general meeting of shareholders or, where applicable, established by special laws, but not later than 6 months from the date of approval of the annual financial statements for the financial year ended*";
- Article 25 paragraph 5 of the Articles of Incorporation of SNN provides that "*the payment of dividends due to shareholders is made by the company, under the law, within 6 months from the approval of the financial statements for the financial year ended*";
- Article 238 paragraph 2 of Law no. 297/2004 provides that "*when setting the dividends, the general meeting of shareholders will also determine the deadline they will be paid to shareholders. This period shall not be less than 6 months from the date of the general meeting shareholders when the dividends are set*";
- The provisions of Article 1 paragraph 3 of GO no. 64/2001 established that, notwithstanding the Law no. 31/1990: national companies are required to remit dividends to shareholders within 60 days from the deadline stipulated by law for submitting in the annual financial statements.
- The provisions of Article 129 paragraphs (1) and (2) of ASF Regulation no. 1/2006 which states in paragraph (1) that "*Payment date to be settled by the issuer so that it should be a business day no later than 15 business days of the date of registration*" and in paragraph (2) that: "*Regarding dividends, the general meeting of shareholders shall settle the date of payment to be a business day no later than 15 business days of the date of registration, but not later than 6 months after the general meeting of shareholders determining the dividends takes place*".

Thus, by corroborating the deadlines related to the normative acts and SNN Articles of incorporation above indicated, it follows that the deadline for dividends to be paid by SNN is a subsequent date within 15 days of the registration date of the General Meeting of Shareholders that approved the distribution of dividends and no later than 60 days after the deadline stipulated by law for submitting in the annual financial statements; given that the latter term is April 30, **dividends will be paid starting on June 28, 2016**.

2.4. Payment of dividends

Dividends shall be paid to the SNN shareholders as follows:

- directly by SNN by bank transfer to significant shareholders, namely the shareholders holding more than 1% of the number of outstanding shares of SNN, respectively over 3.015.139 shares;
- through a paying agent for other shareholders; the company may extend direct payments to other shareholders which are legal entities, this way of payment will be made known until the start date of dividend payment.

No fees are charged for the payment of dividends to shareholders, irrespective of the payment, which are to be supported by SNN.

The identification data of the payment agent chosen, detailed modalities of payment, specific forms and necessary documents required to shareholders for payment, will be made available to shareholders prior to the start date of payment by a press release and a current report submitted to the Bucharest Stock of Exchange and Financial Supervisory Authority. Information will be posted on the SNN website at www.nuclearelectrica.ro, Investor Relations section.

2.5. Registration date

The registration date will be at least 10 working days subsequent to the GMS (25.04.2016). Thus, the **registration date proposed is June 08, 2016.**

2.6. The right to receive dividends

Only shareholders who are registered with the register held by S.C. Depozitarul Central S.A. on the registration date are entitled to receive dividend.

3. Proposals

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

- a) **Approval of proposal for the allocation of the net profit for the financial year 2015;**
- b) **Approval of the gross dividend per share value of 0,33 lei/share;**
- c) **Approval of registration date: June 8, 2016;**
- d) **Approval of the start date for dividend payment: June 28, 2016;**
- e) **Approval of the payment method according to the present note.**

Daniela Lulache
CEO

Mihai Darie
CFO