



**Endorsed  
President of the Board of  
Directors  
Alexandru SĂNDULESCU**

## **NOTE**

### **Regarding the approval of the update of Appendix 1.1 and Appendix 1 to the administration contracts concluded between the administrators and the Company**

- Material for item 10 on the agenda of the OGMS/25.04.2016 -

#### **1. General aspects/Competences**

In accordance with the legal provisions in force, the General Shareholders Meeting has the competence to approve the updating of Appendix 1.1 and Appendix 1 to the management agreements concluded between the member of the board of directors (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 administration contracts concluded between the administrators and the Company provide at Article 4 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 the case might be, within 30 days after the Revenues and Expenses 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 **being annually updated in accordance with the revenue and expense budget provisions.***"

Thus, considering that the Revenues and Expenses Budget for 2016 is subject to approval by the OGMS on 30.03.2016 and for the reasons stated in the explanatory note of the income and expenses budget, the anticipated earnings for the current year will be the below the ones projected in the administration plan for 2016, we propose the update of Appendix 1.1 to the administration contracts in compliance with the levels of the performance indicators and criteria for 2016 which are harmonised with the proposed Revenues and Expenses Budget. At the same time we propose the update of Appendix 1 for 2016.

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### 3. Proposals

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

- a) **The update** of Appendix 1.1 to the administration contracts concluded between the administrators and the Company, including the update of the performance criteria and indicators and their breakdown by quarters for 2016 according to the Revenues and Expenses Budget for 2016, according to the appendixes to this note;
- b) **The update** of Appendix 1 to the administration contracts concluded between the administrators and the Company, including the updating of performance criteria and indicators and their breakdown by quarters for 2016 according to the Revenues and Expenses Budget for 2016, according to the appendixes to this note.

**Daniela Lulache**  
CEO

**Mihai Darie**  
CFO

## Appendix 1 to the Management Agreements

Pos.	Performance Objectives/Criteria	Measurement	MU	Percentage	2016	2017
<b>Improvement of indicators relating to the Company's financial performance</b>						
1	Annual turnover	Line01 Form 20 Balance sheet	Millions RON	0,20	1.675	2.290
2	Annual operating profit	Line36 Form 20 Balance sheet	Millions RON	0,20	60	449
3	Arrears	Line04 Form 30 Balance sheet	Thousands RON	0,10	-	100
4	Work productivity	Turnover/employees average number	Thousands RON/person	0,10	817	1.063
5	Operating costs per 1000 lei turnover	(Operating costs/turnover) * 1000	RON	0,10	980	813
<b>Achievement of major investment objectives</b>						
6	Achievement of annual investment value plan (According to Table 28 and Annual Budgets)	Value of investments made/Valued of investments scheduled	%	0,15	Min. 90%	Min. 90%
<b>Maintaining the production capacity of electricity above the average level in industry</b>						
7	Installed capacity utilization factor	MWh production achieved/MWh max. theoretical production	%	0,10	Min. 80%	Min. 80%
<b>Operation of nuclear units under nuclear safety conditions for employees, population, environment and production assets</b>						
8	No event exceeding the operating level 1 on the International Nuclear Events Scale relating to the degradation of depth defence barriers, impact on the site or outdoors	CNE Cernavodă		0,05	0 events higher than level 1 on INES scale	0 events higher than level 1 on INES scale

*\*) the indicators for 2017 are unchanged, according to the administration plan*

## Appendix 1.1 to the Management Agreements

Pos.	Performance Objectives/Criteria	Measurement	MU	Percentage	First quarter	Second quarter	Third quarter	Fourth quarter	2016
<b>Improvement of indicators relating to the Company's financial performance</b>									
1	Annual turnover (cumulated year to date)	Line01 Form 20 Balance sheet	Millions RON	0,20	465	767	1.216	1.675	<b>1.675</b>
2	Annual operating profit (cumulated year to date)	Line36 Form 20 Balance sheet	Millions RON	0,20	30	-	33	60	<b>60</b>
3	Arrears	Line04 Form 30 Balance sheet	Thousands RON	0,10	-	-	-	-	-
4	Work productivity (cumulated year to date)	Turnover/employees average number	Thousands RON/person	0,10	227	374	593	817	<b>817</b>
5	Operating costs per 1000 lei turnover (cumulated year to date)	(Operating costs/turnover) * 1000	RON	0,10	987	1.023	999	980	<b>980</b>
<b>Achievement of major investment objectives</b>									
6	Achievement of annual investment value plan cumulated year to date (According to Table 28 and Annual Budgets)	Value of investments made/Valued of investments scheduled	%	0,15	Min. 7%	Min. 18%	Min. 50%	Min. 90%	<b>Min. 90%</b>
<b>Maintaining the production capacity of electricity above the average level in industry</b>									
7	Installed capacity utilization factor (cumulated year to date)	MWh production achieved/MWh max. theoretical production	%	0,10	Min. 80%	Min. 80%	Min. 80%	Min. 80%	<b>Min. 80%</b>
<b>Operation of nuclear units under nuclear safe conditions for employees, population, environment and production assets</b>									
8	No event exceeding the operating level 1 on the International Nuclear Events Scale relating to the degradation of depth defence barriers, impact on the site or outdoors	CNE Cernavodă		0,05	0 events higher than level 1 on INES scale	0 events higher than level 1 on INES scale	0 events higher than level 1 on INES scale	0 events higher than level 1 on INES scale	<b>0 events higher than level 1 on INES scale</b>