



QUARTERLY REPORT
OF THE BOARD OF DIRECTORS OF S.N. NUCLEARELECTRICA S.A. ("SNN")
for 4th Quarter of 2016

prepared in accordance with the provisions of art. 7.19 and art. 7.21 from the administration contracts of the members of the Board of Directors and the provisions of GEO 109/2011 regarding the corporate governance of public companies

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1. FOREWORD

The quarterly report of the administrators is drafted based on the GEO no. 109/2011 regarding corporate governance of public companies, with subsequent amendments and additions and on the provisions of the Management contracts concluded between administrator and the Company.

2. ANALYSIS OF THE FINANCIAL STATEMENT

The information and individual financial statements presented in this report are audited and prepared according to the OMFP no. 2844/19.12.2016 for the approval of the Accounting Regulations in accordance with the International Standards of Financial Reporting. The submitted indicators are in lei (RON) unless otherwise stated.

2.1. Financial position as at 31.12.2016

The financial position as at 31.12.2016 is presented in **Annex 1**.

Thousand Lei	31 Dec 2016 (audited)	31 Dec 2015 (audited)	Variation
Non-current assets	7.330.813	7.696.228	-5%
Current assets	2.014.607	1.861.187	8%
Total assets	9.345.420	9.557.415	-2%
Long term liabilities	1.426.403	1.642.690	-13%
Current liabilities	412.404	421.002	-2%
Total liabilities	1.838.807	2.063.692	-11%
Equities	7.506.613	7.493.723	-
Total equities and liabilities	9.345.420	9.557.415	-2%

Non-current assets registered a slight drop compared to the level registered on 31.12.2015, especially due to the drop of the net value of the tangible assets during the period ended on 31.12.2016 compared to 31.12.2015. The impact of the period's write-off was not compensated by the investments performed mainly in the ongoing projects for Units 1 and 2 Cernavoda NPP.

The current assets registered an increase of 8% compared to 31.12.2015, due, mainly, to the increase of the cash availabilities by 11% following a good collection of commercial debts and other receivables, registering a drop of 1%. In addition, compared to values registered on 31.12.2015, stocks were raised by 2%.

The long term liabilities decreased due to bank instalment payments related to the external loans contracted with Societe Generale and Euratom for the completion and commissioning of the Cernavoda NPP Unit 2

On 31.12.2016, the decrease by 2% of the **current debts** is due, mainly, to the decrease of the advanced value cashed in from clients by 71% compared to 31.12.2015. On 31.12.2016, the balance of the cashed in advances for subsequent deliveries to the date 31.12.2016 were lower than the balance on 31.12.2015

for the advances cashed in for deliveries after 31.12.2015. This drop was partially compensated by the registration of the profit tax due (on 31.12.2015, the company registered profit tax to recover).

2.2. Profit and loss account for the period ended on 31.12.2016

During the period ended on 31.12.2016, SNN recorded a net profit of 112.449 thousand lei.

Thousand Lei	2016	2015	Variation
Sold energy quantity (GWh)	10.367	10.695	-3%
Operating income, of which:	1.680.220	1.782.998	-6%
<i>Income from energy sales</i>	1.620.770	1.673.422	-3%
Operating expenses	(1.046.072)	(1.129.096)	-7%
EBITDA	634.148	653.902	-3%
Depreciation and amortization	(474.780)	(493.762)	-4%
EBIT	159.368	160.140	-0.5%
(Expenses) / Net financial income	(29.004)	18.185	n/a
Profit tax expense	(17.915)	(29.180)	-39%
Net profit	112.449	149.144	-25%

The operational profit (EBITDA) dropped by 3% compared to the same period of last year, this evolution being the result of the following factors:

- The operating incomes have decreased by 6% compared to the same period of last year, mainly following a drop by 3% of the income from energy sales, corroborated with the drop of the transport fee for electrical energy from 10,32 lei/MWh during January – June 2015, respectively 4,04 lei/MWh starting July 1st, 2015 to 1,34 lei/MWh starting July 1st, 2016 according to the ANRE Order no. 27/22.06.2016, leading to a drop by 64% of income from energy transportation. This drop is compensated by a positive evolution of the same value of the operating expense, based on transport costs of electricity.
- Income from energy sales dropped by 3%, mainly following a drop by 3% of the sold amount of energy (approx. 328 thousand MWh), based on the extension of the planned outage of Unit 1 occurred this year. In 2015, the planned outage of Unit 2 had an effective period of 24, 8 days, while the planned outage of Unit 1 from 2016 had an effective period of 50,46 days. The amount of sold energy in 2016 on the regulated market dropped by 35,42%, on the competition market of bilateral contracts dropped by 19,47% and on the PZU competition market was increased by 170,75%. The selling price on the regulated market registered an increase of 2,58%, but it could not compensate for the drop of sold energy on this market segment. In the same time, the price of the sold energy on the competition market of bilateral contracts increased with 0,38%.

The impact of the drop of the sold energy caused by the extension of the planned outage by considering the additional nuclear fuel costs, which might have been necessary for this production supplement, amounts to 53.600 thousand lei, representing unobtained operation profit, all the other conditions being considered unchanged.

The depreciation and amortization costs registered a drop of 4% compared to last year, mainly determined by the fact that on 31.12.2015 “Depreciation and amortization” includes the amount of 15.291 thousand lei, representing costs resulted from the reduction of the net accounting value of the

reevaluated assets, as well as by the registration in 2016 of income from re-taking adjustments for the depreciation of the fixed assets, following the cassation in 2016 of fixed assets, for which in 2015 depreciation adjustments were constituted.

The company is exposed to exchange risk relating to several currencies among which EUR, CAD and USD. The net differences in exchange rate negatively influenced the net result of the company, so in the financial year concluded on 31.12.2016 was registered a net financial expense, while in the previous year a net financial income was registered.

The profit and loss account for the period ended on 31.12.2016 is presented in **Annex 2**.

2.3. Execution of the Revenues and Expenses Budget as at 31.12.2016

The revenues and expenses budget (“BVC”) of SNN for the year 2016 was approved by the Resolution no. 1/30.03.2016 of the Ordinary General Meeting of Shareholders of SNN.

The company is monitored regarding the compliance with the performance indicators, objectives and criteria, respectively the compliance with the salary payroll level, with the revenues and expenses level, the program to reduce the arrears and the outstanding receivables.

The BVC execution on 31.12.2016 is presented in **Annex 3** to the hereby report.

As per the analysis of the Budget of Revenues and Expenses execution for 31.12.2016 (**Annex 3**), a degree of accomplishment of the programmed operating revenues of 98,7% and a reduction of the operating expenses compared to the budgeted level of 7,4%. The performance level of the total income is 96,7%, superior to the performance level of total expenses of 92,8%.

3. OPERATIONAL ACTIVITIES

3.1. Electricity production

During 2016 the two units of Cernavoda NPP produced a quantity of energy of 11.285.924MWh (gross) and delivered to the National Energy System 10.367.229MWh (the difference, namely 919 thousand MWh, is represented by the own consumption of the units during operation, as well as during the planned and unplanned outages). Compared to the year 2015 when 10.694.642 MWh were produced and delivered to the National Energy System, a decrease of 3,06% was recorded.

The electrical energy production program approved by the SNN BoD for 2016, considering for 2016 an amount of electrical energy produced and delivered of 10.089.155MWh, was accomplished in a proportion of 102,76%.

During the quarter IV of 2016 the two units of Cernavoda NPP produced an electricity quantity of 3.019.714MWh (gross) and delivered 2.778.328 MWh to the National Energy System (the difference, respectively 241 thousand MWh, is represented by the own consumption of the units during operation, as well as during the planned outage). Compared to the IV quarter of 2015 when 2.840.995MWh were produced and delivered to the National Energy System, a drop of 2,21% of the net production of electrical energy was registered, based on a unplanned outage from Q IV 2016, compared to any unplanned outage during the same period of 2015.

The energy production program approved by the Board of Directors of SNN for 2016 considered for the IV quarter a quantity of produced and delivered electricity of 2.747.020 MWh and was accomplished during this period in a degree of 101,14%.

The installed capacity factors registered by the Cernavoda NPP Units during the IV quarter of 2016, as well as from the beginning of the commercial operation (Unit 1 on December 2nd, 1996, Unit 2 on November 1st, 2007) until December 31st, 2016 were:

	October 2016	November 2016	December 2016	Cumulated An 2016	Cumulated from commercial exploitation
Unit 1	99,09%	86,62%	98,80%	83,78%	90,37%
Unit 2	99,48%	99,73%	100,00%	99,09%	94,79%

The smaller value of the installed capacity factor of Unit 1 of Cernavoda NPP reflects the influence of the planned outage from 2016, with a duration of 50,46 days.

During Q IV 2016 a single unplanned outage took place at Unit 1 of Cernavoda NPP, in November, due to external causes, in the context of unfavorable weather. Unit 1 of Cernavoda NPP was disconnected from the National Energetic System on November 8th, at 15:37 due to an error at the evacuation line of 400 kV. The outage was for 83,4 hours.

3.2. Electricity sales

The quantities of energy sold during the year 2016 and the corresponding incomes, distributed on sale contract types are presented in the table below:

Electricity sales (quantities, prices and values) in 2016

Sales on types	Quantities [MWh]	% of total sales	Price [lei/MWh with T _g included]	Value [lei]
Regulated contracts	1.454.562	13,9%	165,66	240.963.575
Sales on the free market (bilateral contracts and PZU and PI contracts), out of which:	8.975.937	85,8%	156,29	1.402.832.919
- contract sales (PCCB, PCCB-NC and supply contracts	5.974.999	57,1%	163,82	978.810.545
- PZU and PI sales	3.000.938	28,7%	141,30	424.022.373
PRE positive imbalances and balance energy	26.803	0,3%	67,61	1.812.248
Total sales 2016	10.457.302	100%	157,36	1.645.608.741

Regarding the energy transactions during 2016 the following results were registered:

- The quantity of energy sold based on contracts, on the spot market (PZU-the Day Ahead Market and PI-the Intraday Market) and on the balancing market is of 10.457.302MWh, by 1,3% above the sales program of 10.322.627 MWh and by 3,4% lower than the energy sold in 2015. The difference between the sold energy and delivered by Cernavoda NPP is represented by the energy bought for fully covering the contractual obligations, energy acquired mostly from the Balancing Market.

- The income on the energy market for energy delivered in 2016, is of 1.645.608.741 lei, smaller by 1,53% compared to the value considered when drafting the BVC for 2016, and smaller by 5,78% compared to the performance from the same period of last year.

The average weighted sale price, for the energy quantities sold (without the balancing market), in 2016, is 157,6 lei/MWh (including T_g). In 2015, the average weighted sale price was 161,95 lei/MWh. For 2016 the average weighted sale price registered for contracts on the competitive market was by 1,84 lei/MWh smaller than the average weighed price of the regulated contracts.

The SNN energy sales were performed, as in previous period, based on regulated contracts, contracts concluded on the competitive market – attributed on PCCB (PCCB-LE, PCCB-NC and PCSU), plus a negotiated supply contract, concluded with C.N.T.E.E. Transelectrica S.A., as well as through spot market transactions (PZU+PI).

The energy sold based on contracts concluded on the regulated market were compliant with ANRE Decision no. 2562/16.12.2015. Compared to 2015, ANRE reduced the regulated amounts from 21% to 14,42% from the scheduled production of Cernavoda NPP for 2016. ANRE established for SNN a regulated price of 162,71 lei/MWh (without T_g). This values represents an increase by 2,57% of the price registered in 2015 on the regulated market established by the ANRE Decision no. 2719/15.12.2014, which average value was 158,63lei/MWh (without T_g). On selling energy on regulated contracts, besides this price it is added the regulated fee T_g for introducing energy in the transport network, of 4,04 lei/MWh valid during Q I 2016 (ANRE Order no. 89/15.06.2015) and of 1,34 lei/MWh valid starting July 1st, 2016 (ANRE Order no. 27/22.06.2016).

The quantities of energy sold on the competitive market (bilateral contracts) represented in the year 2016 a percentage share of 57,1% of the total volume of sold energy. e average sale price of the contracts concluded on PCCB during this period was 163,82 lei/MWh (with T_g included), registering an increase by 0,4% compared to the average price registered in 2015, of 163,2 lei/MWh.

In 2016, SNN performed 203 energy sales contracts, as follows:

- 6 regulated contracts (with addendums concluded for 2016);
- 1 contracts concluded on PCCB;
- 132 contracts concluded on PCCB-LE;
- 54 contracts concluded on PCCB-NC;
- 9 contracts concluded on PCSU;
- 1 supply contract (with an addendum concluded for 2016).

In December 2016, a single contract concluded on PCCB-LE was terminated, for lack of payment, from the buyer's fault, not being associated with the energy delivery.

No significant delays were notified compared to the due terms provided in the contracts during 2016. On the spot market, in 2016, a quantity of energy representing 28,7% of the total sales volume was sold, compared to a percentage rate of 10,2% registered in 2015. The average sale price of energy on the spot market performed by SNN in 2016 was 141,3 lei/MWh (with T_g included), compared to 146,02 lei/MWh registered in 2015.

The quantities of energy sold in the IV quarter of 2016 and the corresponding incomes, separated on types of sale contracts, are presented in the table below:

Electricity sales (quantities, prices and values) during the IV quarter of 2016

Sales on types	Quantities [MWh]	% of total sales	Price [lei/MWh with T _g included]	Value [lei]
Regulated contracts	248.305	8,8%	163,98	40.717.939
Sales on the free market (bilateral contracts and PZU and PI contracts), out of which:	2.581.068	91,0%	164,47	424.501.841
- contract sales (PCCB, PCCB-NC and supply contracts)	2.136.498	75,3%	160,94	343.849.199
- PZU and PI sales	444.570	15,7%	181,42	80.652.642
PRE positive imbalances	6.314	0,2%	121,24	765.508
Total sales on IV quarter 2016	2.835.687	100%	164,33	465.985.289

Regarding the energy transactions in the **IV quarter of 2016** the following results were recorded:

- The quantity of energy sold based on contracts, on the spot market (PZU-the Day Ahead Market and PI- the Intraday Market) and on the balancing market is 2.835.687 MWh, with 0,89% over the sales program of 2.810.617 MWh and smaller by 1,42% compared to the same period of last year.
- The incomes recorded on the electricity market, determined for the deliveries in the IV quarter of 2016, are of 465.985.289 lei, higher with 2,5% compared to the value provided in the Budget for the year 2016, and by 0,36% compared to the accomplishments of the same period of last year.

The average weighted sale price for the sold energy quantities (without the balancing market), resulted in the IV quarter of 2016, is 164,43 lei/MWh (includes T_g). In Q IV 2015, the average weighted sale price was 163,2 lei/MWh.

The energy sales of SNN were performed, as during the previous period, based on regulated contracts, contracts concluded on the competitive market- assigned on PCCB concluded before 2015, PCCB-LE, PCCB-NC, PCSU, plus a negotiated supply contract, with C.N.T.E.E Transelectrica S.A. - as well as through transactions on the spot market (PZA+PI).

From the production delivered by Cernavoda NPP in Q IV 2016, a percentage rate of 8,9% was delivered on regulated contracts.

The sold energy quantities on the competitive market (bilateral contracts) represented in Q IV of 2016 a percentage rate of 75,3% out of the total volume of the sold energy. The average sale price on bilateral contracts to be delivered in Q IV 2016 was 160,94 lei/MWh (with T_g included), registering a drop of 1,2% compared to the average price registered in Q IV 2015, of 162,86 lei/MWh. We stress that on Q IV 2016 the T_g fee was by 2,7 lei/MWh lower than the one applied during the same period of the previous year.

In Q IV 2016, SNN unfolded 110 energy sale contracts, as follows:

- 6 regulated contracts (with addendums concluded for 2016);
- 49 contracts concluded on PCCB-LE;
- 50 contracts concluded on PCCB-NC;
- 4 contracts concluded on PCSU;
- 1 supply contract (with an addendum concluded for 2016).

On the spot market, during the IV quarter of 2016, a quantity of energy representing 15,7% of the total sale volumes was sold, compared to the percentage share of 4,7% recorded in the IV quarter of 2015. The energy average selling price on the spot market achieved by SNN during this period was 181,42 lei/MWh (with T_g included), compared to 171,19 lei/MWh recorded during the same period of 2015.

3.3. Expenses in the energy market

In 2016 the total value of the expenses on the energy market, as responsibility of SNN, is of 50.271.488 lei (out of which 19.165.232 lei in Q IV 2016).

From this value, the taxes for the introduction of energy into the energy power grid (corresponding to TG-the regulated tariff that is paid to Transelectrica) and the taxes for the transactions performed on the OPCOM platform represents 27.449.468 lei (from which 3.824.442 lei in Q IV 2016).

In 2016 expenses were performed for the purchase of energy from the spot market in value of 6.007.730 lei (of which 5.958.676 lei in Q IV 2016) with the purpose to fully fulfilling the contractual obligations of energy delivery during the unplanned outage. In 2016 an electricity quantity of 27.425 MWh was purchased (out of which in Q IV 2016 were acquired 27.052 MWh), at an average price of 219,06 lei/MWh for the period January – December 2016 and respectively 220,27 lei/MWh for Q IV 2016.

In 2016 the expenses on the Balancing Market were of 16.657.482 lei, and the expenses with the Balancing Market related to the IV quarter of 2016 were in value of 9.292.539 lei. This amount represents the counter value of the energy received from the Balancing Market for the compensation of the negative imbalances which occurred because of the differences between the quantities of actual delivered energy and quantities notified on the market as per the daily prognosis for each hour frame. The main impact was recorded in November 2016, following an unplanned outage of Unit 1 Cernavoda NPP.

3.4. Investment program on 31.12.2016

The total value of the investment program of SNN for 2016 is 255.394 thousand lei, program approved by the Decision no. 1/30.03.2016 of the SNN GMS. The company's investment program is part of the Income and Expenses Budget of the company.

The structure of the investment program of SNN for 2016 as well as the performance degree 31.12.2016 is presented in the table below:

No.	Organizational structure	Ongoing investments [thousand lei]	New investments [thousand lei]	Investments performed in tangible assets (upgrades) [thousand lei]	Equipment [thousand lei]	Total [thousand lei]	Performance degree at 31.12.2016 (%)
1	SNN Executiv (head office)	12.512	9.879	0	635	23.026	0,18%
2	Cernavoda NPP Subsidiary	162.250	8.472	933	41.555	213.210	60,60 %
3	FCN Pitesti Subsidiary	3.082	274	5.944	9.859	19.159	12,60%
	TOTAL	177.844	18.625	6.877	52.049	255.395	51,55%

As in the previous years, the highest rate in the investment program is for long term investments (ongoing). This is due to the need of upgrade/refurbishment of certain systems, out of economical reasons (specific consumption deductions, improvement of certain parameters related to served processes, with a positive impact on efficiency), out of legal/compliant reasons – the need to implement new upgrades associated with nuclear security, environment protection and labor security representing imperative requirements from the regulatory authorities in the field (e.g.: CNCAN and Environment Ministry), as well as to respond to the development needs.

The compared situation of the investment accomplishments (value and percentage) for the year 2016 compared to 2015 is presented in the table below:

Year	Value of the investment program [thousand lei]	Achieved in Q IV (01.10-31.12) [thousand lei]	Performance degree in Q IV (01.10-31.12) (%)	Performed 01.01.-31.12 [thousand lei]	Performance degree at the end of the year (%)
2016	255.394	32.695	12,80%	131.654	51,55%
2015	282.705	56.472	19,98%	152.832	54,06%

Analysis of the completion degree of the investment program on 31.12.2016

SNN Executive

The investments program of the SNN Executive amounts to 23.026 thousand lei., and among the most important investments which were at the base of dimensioning the investment program of SNN Executive we mention:

- „SNN contribution to the establishment of the IPP company type for the completion of Cernavoda NPP Units 3-4” estimated to 8.880 thousand lei (equivalent of 2.000.000 euro), according to the resolution of the EGMS no. 7/22.08.2014 for approving the strategy for the Project of Units 3 and 4 from Cernavoda NPP.
By the SNN EGMS Decision no. 8/17.10.2016 was approved the continuation of negotiations on the Investment Documents under the same conditions of the Agreement Memorandum regarding the development, building, operation and decommissioning of Units 3 and 4 from Cernavoda NPP (“MoU”), until December 20th, 2016. Following negotiations from October – December 2016, decisions are expected from the competent authorities (Ministry of Energy, Romanian Government), as well as from the Company’s GMS leading to the certification of

continuing the negotiation process. In this context, the SNN contribution to incorporating new project companies shall be reported for 2017.

- „Project for the security of the information and communication system in the amount of 1.766 thousand lei and Implementing software applications” in the amount of 2.775 thousand lei.
During April, the strategic development of IT&C (Information Technology and Communication) were approved by the leadership of SNN at the level of the entire company. Among the objectives included in the approved strategy are also the Projects for the security of information and communication system and Implementing software applications, which will be part of a single project entitled „Upgrade and integration of the informational flow at the SNN level”, estimated to start in 2018.
- „Consolidation of Magheru Office” in the amount of 2.100 thousand lei.
In 2016 the land book for the two undivided units (5th and 6th floor) was opened and the land of SNN in surface of 239,05 sqm was registered; the effective investment was not initiated, the building having more co-owners.

Cernavoda NPP Branch

The investment program of the Cernavoda NPP for 2016 is 213.210 thousand lei. The degree of achievement of the investment program at the end of 31.12.2016 is 60,6%.

During the year 2016, Cernavoda NPP developed 45 investment projects. In 2016 a series of important works were performed according to the execution graphic:

- Installation of a spare fan on the steam system for turbine labyrinth sealing at U1 – 137 thousand lei
- Improving the live steam system of U1 by replacing the steam discharge valves in the atmosphere (ASDV) with another type of valves - MPA 581 – 132 thousand lei;
- Extension of SCADA system – 1.404 thousand lei;
- Replacing 48Vcc, 220Vcc, 400Vcc batteries – 785 thousand lei;
- Replacing the excitation system 1-41220-PL743/3501 GENEREX from U1 due to the impossibility to acquire SPV components – 22.774 thousand lei;
- Fitting the transformers 1-5144-T03/T04 and 1-5134-T05/T06 with a system for preventing explosion and fire – 1.616 thousand lei;
- Refurbishment of the balls cleaning system of the U1 condenser - 3.952 thousand lei
- Installing on line measuring systems of gas concentrations dissolved in the electro-insulating oil of power transformers for 5144-T03/T04, 5134-T05/T06 from U1 and U2 and 0-5134-T1/T2 and 0-5135-TC01/TC02 from U0 – 706 thousand lei
- Optimizing the system for collecting chemical samples from U1 – 75 thousand lei
- Automating the low pressure step of the ECC U1 system - 1.282 thousand lei
- Improving the thermal performances of steam generators 1-3311-GA#1/ GA#2/ GA#3/ GA#4 from Unit 1 by cleaning their "U" tubes - 40.739 thousand lei

The total value of the major investment objectives and namely PJ-05-016 Intermediary Used Fuel Storage, including SICA U#2, PJ-04-001 Modernization and expansion of physical protection systems, PJ-11-006 Improving of CNE response, respectively nuclear safety functions in case of events beyond the design basis following the nuclear accident occurred at the Fukushima nuclear power plant, provided in the investment program of SNN for 2016 is 53.724 thousand lei.

The performance degree cumulated for major investment objectives at the end of Q IV 2016 reported to the company' is 33,94%, according to the table below:

Project code	Project name/ investment objective	2016		Achievement level
		BVC planned [thousand lei]	Achieved until 31.12.2016 [thousand lei]	(%)
PJ-05-016	Intermediary used fuel storage (including SICA U2	17.420	9.532	54,72%
PJ-04-001	Modernization and expansion of physical protection system	5.000	10	0,20%
PJ-11-006	Improvement of the Cernavoda NPP's response, namely the improvement of the nuclear safety functions in case of events outside the design base as a consequence of the nuclear accident that occurred at Fukushima 1, Japan	31.304	8.690	27,76%
	Total	53.724	18.232	33,94%

The OGMS of S.N. Nuclearelectrica S.A. from 25.04.2016 approved the update of Annexes 1 and 1.1 to the management contracts concluded between administrators and the company, where the target degree of achievement of the major investment objectives at the end of Q IV is 90%. Considering this target degree, it results a performance degree of 37,71 % from the provided target.

The low degree for achievement of the major investment objectives under 90% are:

- Extension of the acquisition procedure for the „ C+M works for module 8” for the project „Intermediate spent fuel storage (including SICA U2)”, determined by the law amendment in the field of acquisition requiring the remake of all documents associated to this process and successive rounds of claims received from one of the bidders;
- During Q IV the procedure and contract for „ The priority works 2, step 1 for completion of the physical protection system at Cernavoda NPP” related to the project „Upgrade and extension of physical protection project” determines the initiation of activities in 2017, conditioned by obtaining the Industrial security certificate. The legal term for obtaining this certificate is 90 days, due to which the works were postponed for 2017.
- The extension of the term for obtaining notices/approvals/authorizations necessary for obtaining the building permit for changing the destination of the project „Improvement of the Cernavoda NPP response, respectively of nuclear security functions in case of events beyond design base following the nuclear accident from Fukushima 1, Japan”

FCN Pitesti Branch

The investment program for FCN Pitesti Branch for 2016 amounts to 19.159 thousand lei. The performance degree at the end of Q IV at the FCN Pitesti Branch is 12,6%.

The investment program of FCN Pitesti was drafted considering the necessities to replace equipment, installations and other existent fixed assets, and the reduced degree of the investment program is explained by postponing certain investments with a large rate of value for the following years.

Among the investment works performed within the investment objectives at the end of Q IV at FCN Pitesti we mention:

- „Upgrade of the manufacturing line of fuel bundles in order to optimize the manufacturing flow and for improving the quality of the finished product” – 726 thousand lei; for this project, the procedure of acquisition for the *Mini-autoclava* equipment was initiated and the awarding documentation for initiating the acquisition procedure for the *Automated systems for isocynetic collection of emissions of powders and gas from dispersion chimneys* was drafted;
- ”Ventilation and air-conditioning for Hall IV (feasibility study, project, performance, environment studies)” – 1.934 thousand lei; for this project, in January 2016, the Environment Agreement and Building Permit were obtained. During Q III the mounting works were finished, the trials and tests necessary for the operation were performed and the final acceptance of the work took place;
- „ Integrated information system for the management of nuclear fuel production (SIMP)” – 1.139 thousand lei; for this project the reviewed feasibility study of the investment was approved. The execution of the project was postponed for 2017.
- „Implementing informatics applications for the completiopn the ERP existent system at FCN (Acquisition, Budgets, Contracts) and Upgrade of the communication infrastructure, establishing the data center according to standards TIA 942-1 and implementing measures for reducing the information security risk (Security project for the information system and communication security)” - 3.164 thousand lei; The execution of this investment is conditioned by the initiation of the investment project „Upgrade and integration of the information flow at the SNN level”, provided to be initiated starting 2018.
- Regarding equipment, during the first months of 2016 contracts were signed for the delivery, fitting and operation of two important installations: „Installation for sheath graphite glazing” (approved amount 1.210 thousand lei) and „ End fitting welding installation” (approved amount 2.033 thousand lei). The term provided for the delivery and operation being 13 months after signing the contracts. During September 2016 the contract for performing works for the project „Overhauls for the Harper 2 sintering furnace” was signed, works following to be finished in 2017.

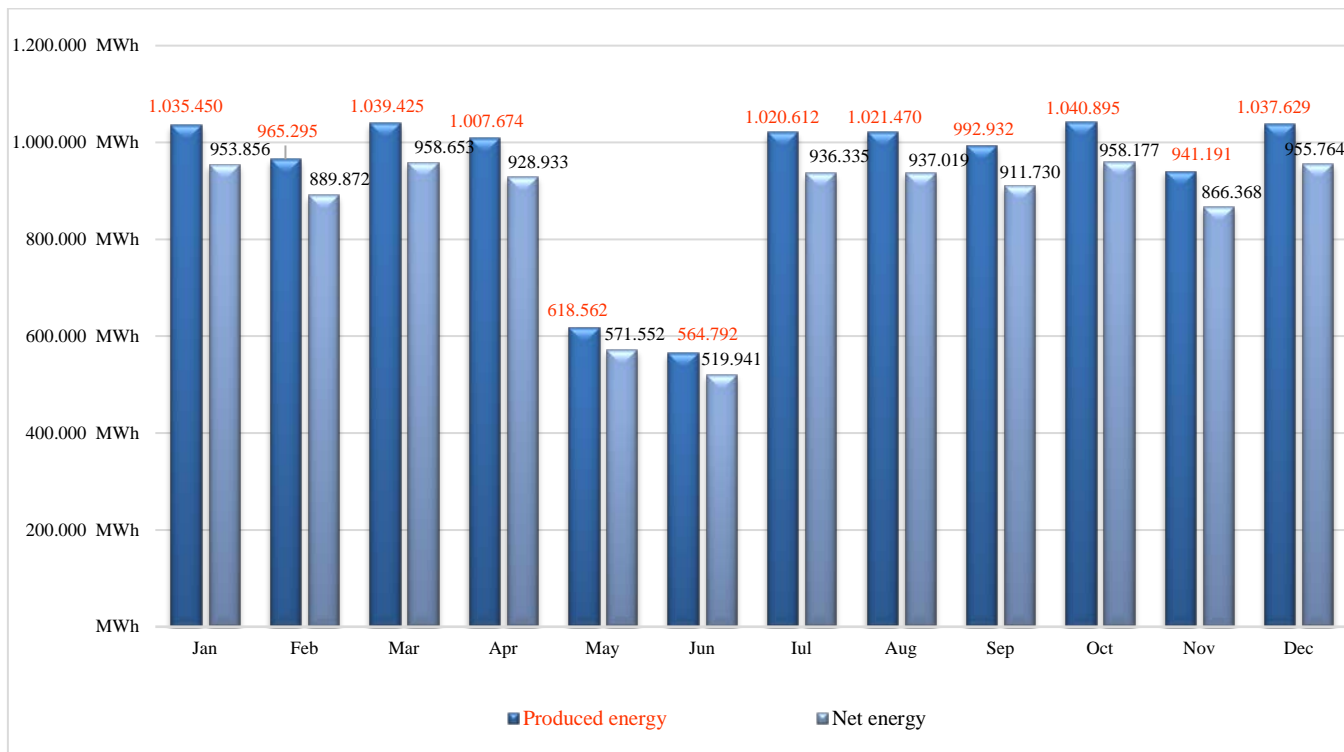
3.5. Activity of the Cernavoda NPP Branch

The operation activity was conducted without events that might have impact an impact on nuclear safety, upon the own personnel, population and environment. The relationship with the regulators was conducted in compliance with the requirements and conditions in the operation licenses.

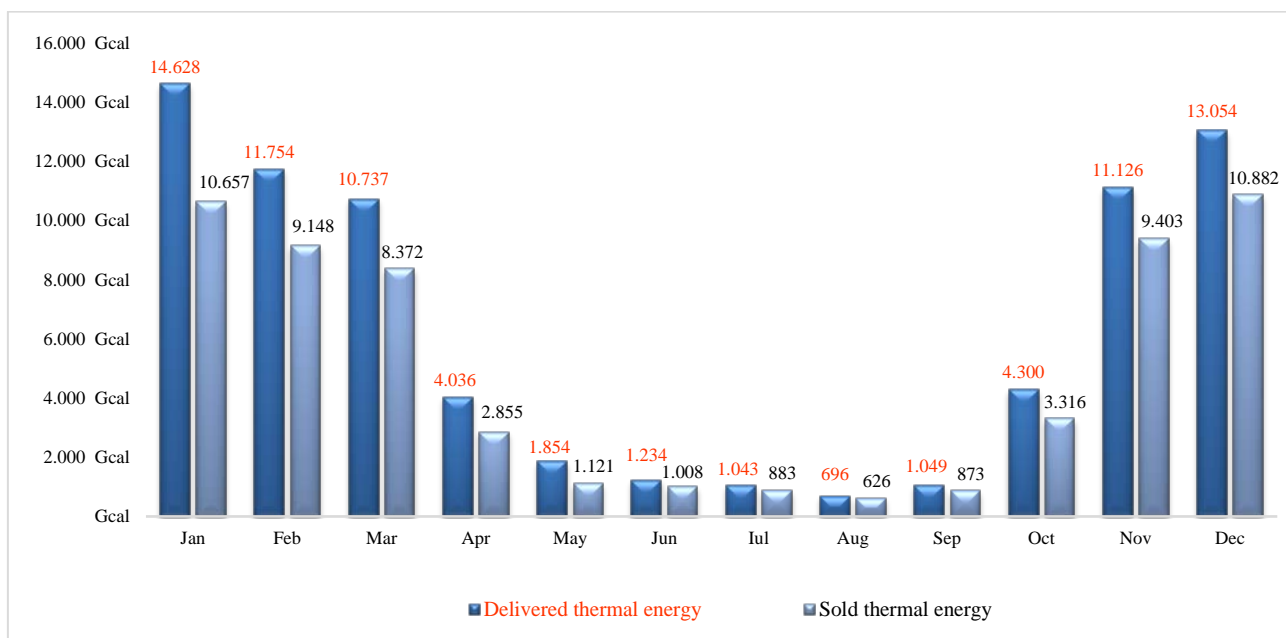
In 2016 no operation event to exceed the level 1 on the international scale of the nuclear events was registered, regarding the degrading of the in depth defense barriers, impact on the site or outside (indicator 1).

The main indicators of the production activity are shown in the following graphics.

Produced/net electrical energy U1 + U2 (MWh)
(Produced electrical energy: 11.285.924MWh/Net electrical energy: 10.388.200 MWh)
(Own technological consumption cumulated for Q IV 2016: 8,01%)

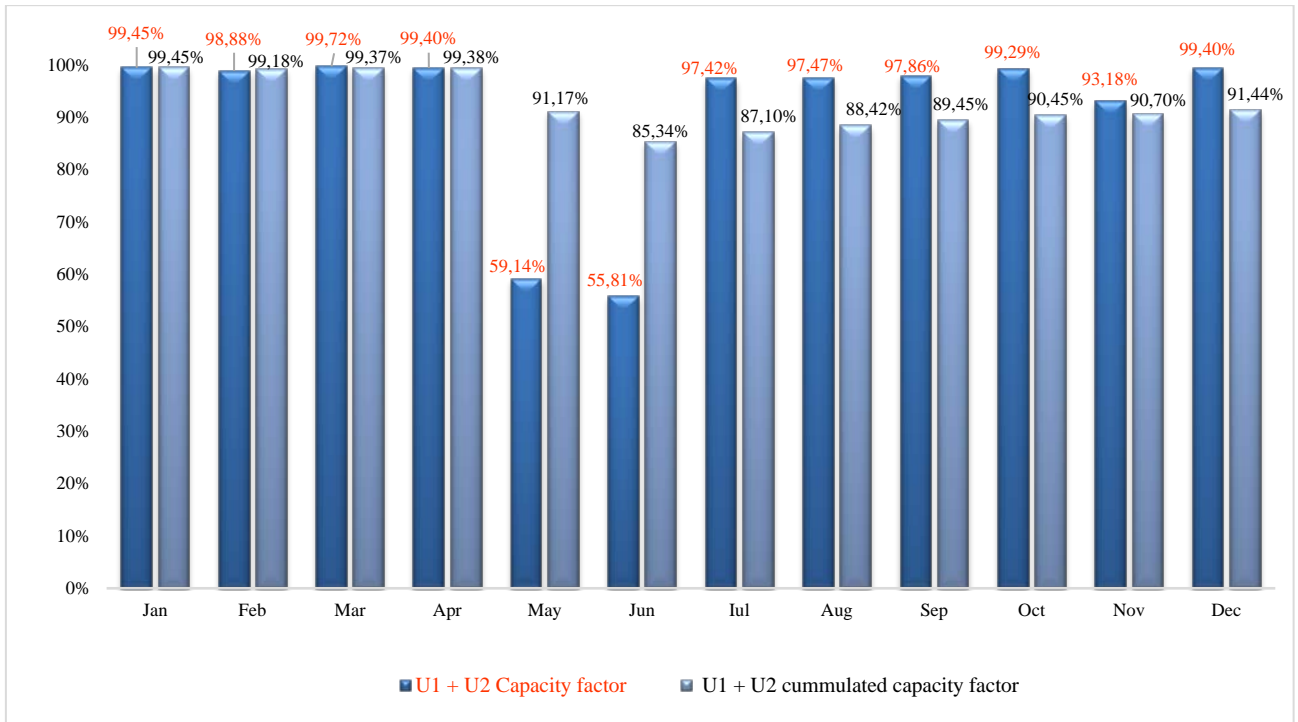


Thermal energy delivered to the district heating/ sold (Gcal)
(Delivered thermal energy: 75.511 Gcal/Sold thermal energy: 59.142 Gcal)

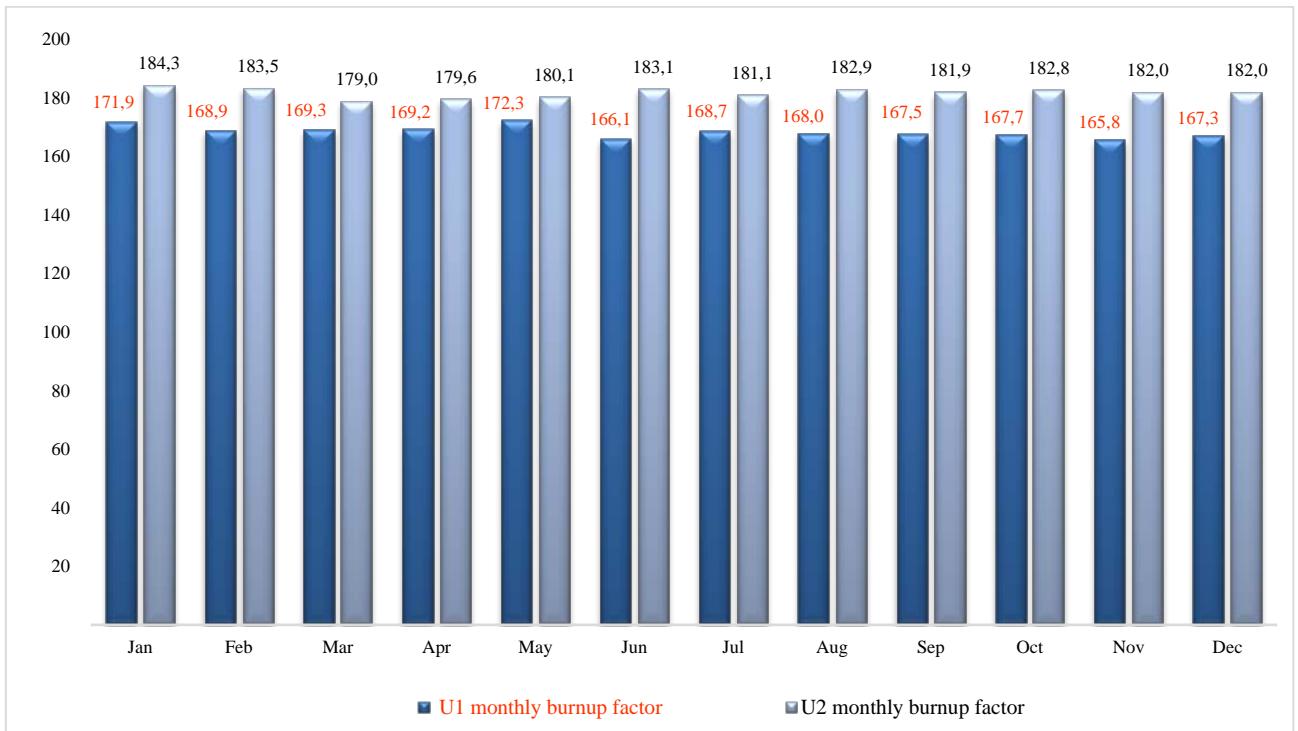


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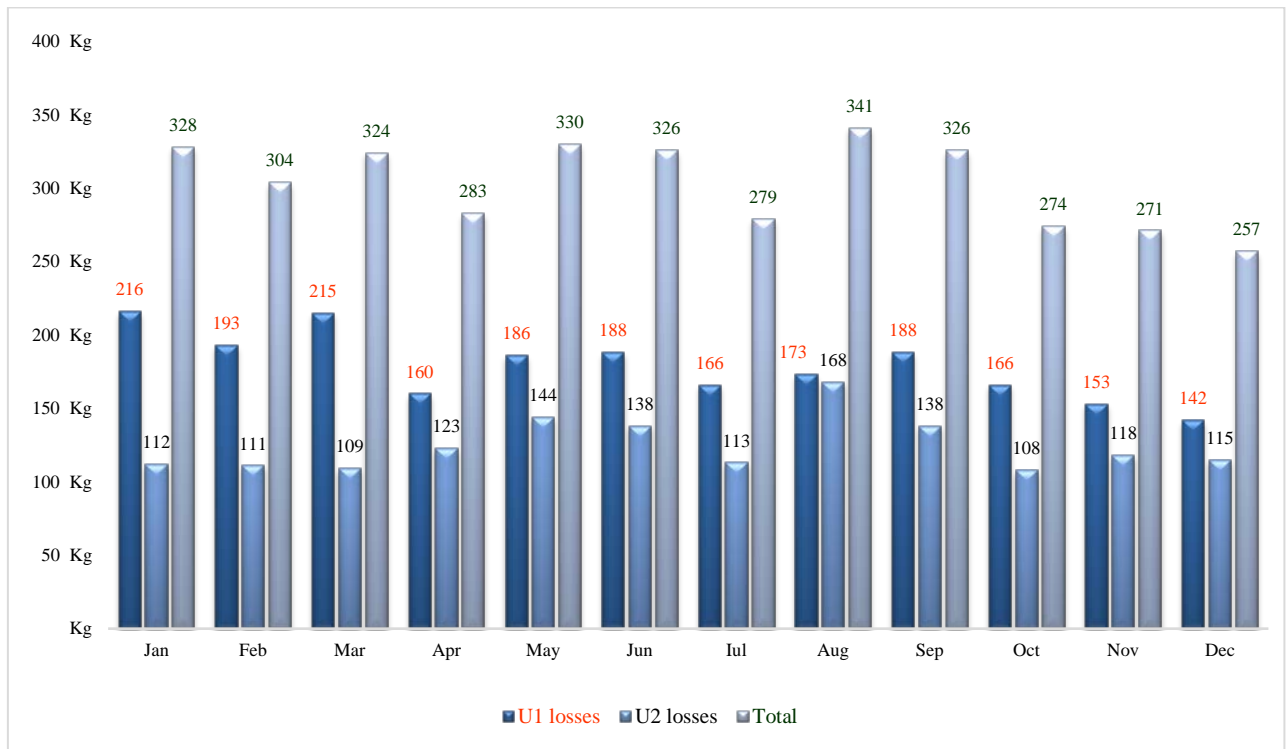
Installed capacity factor U1 + U2 (%)
 (Cumulated Q IV 2016: 91,44%)



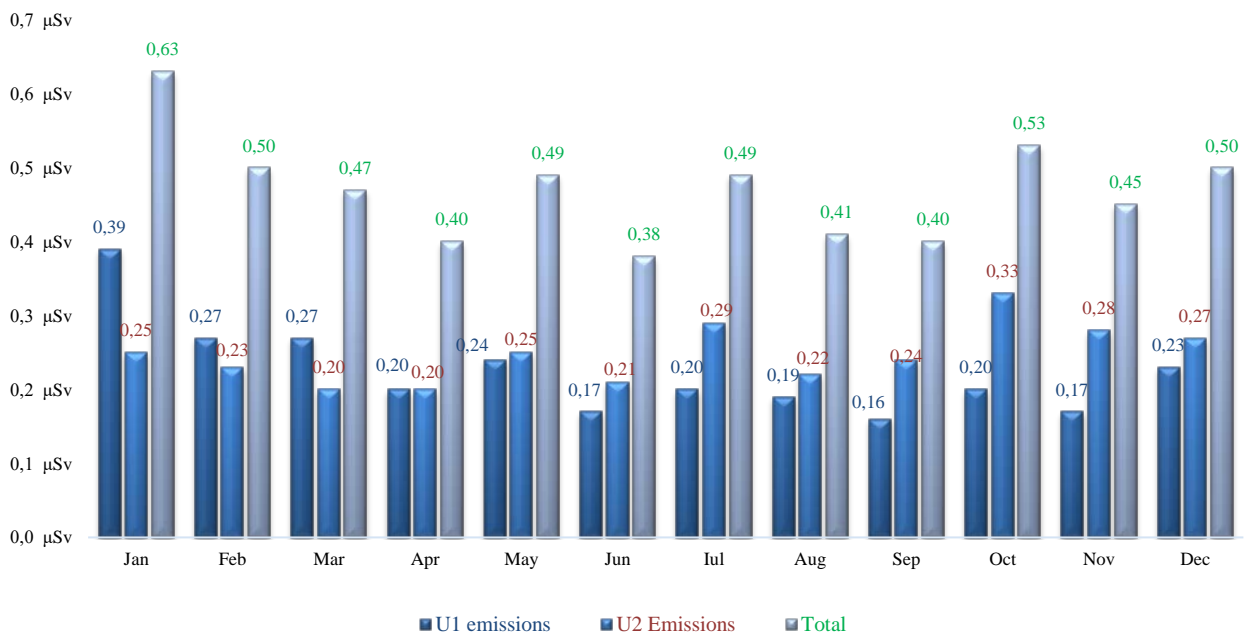
Nuclear fuel burn up degree (MWh/KgU)
 (Cumulated Q IV 2016: 175,17/Provided in the project: min. 156,00)



Heavy water loss U1+U2 (Kg)
 (Cumulated Q IV 2016: 3.643/Provided: max. 6.800)



Volume of radioactive emissions in the environment U1+U2 (µSv)
 (Total cumulated Q IV 2016: 5,67/Annual limit: 7,50)



3.6. Activity of the FCN Pitesti Branch

In 2016 FCN Pitesti manufactured 11.002 nuclear fuel bundles, compared to 11.000 fuel bundles provided in the manufacturing plan. Therefore, in Q I 2016 2.012 nuclear fuel bundles were checked and accepted, in Q II 2016 2.935 bundles, in Q III 2016, 2.553 bundles and in Q IV 2016 3.502 bundles, all according to specifications.

The nuclear fuel bundles production from 2016 was lower by 5,38% compared to the performed production from 2015 (11.002 pieces in 2016, compared to 11.628 pieces in 2015).

In 2016 FCN Pitesti delivered to Cernavoda NPP a quantity of 10.800 nuclear fuel bundles, complying with the agreed delivery schedule: 2,160 nuclear fuel bundles delivered in the first quarter, 2,880 in the second quarter of 2016, 2.160 in the third quarter of 2016 and, respectively 3.600 in the fourth quarter of 2016.

In 2016, imported uranium sintered powder was consumed, from Cameco Inc. as well as from the stock existing in stock at 31.12.2015, from Compania Nationala a Uraniului.

In 2016, the average acquisition price of uranium in sintered uranium dioxide powder was 462,62 lei/kgU, the equivalent of the import price in USD.

4. OTHER SIGNIFICANT ASPECTS

4.1. The Project for the Units 3 and 4 Cernavoda NPP

The main benchmarks for continuing the Project of Units 3 and 4 Cernavoda NPP are the following:

- In November 9th, 2015 was signed the Memorandum of Understanding for the development, construction, operation and decommissioning of Units 3 and 4 from Cernavoda NPP (“MoU”) between SNN and China General Nuclear Corporation (CGN).
- On November 23th, 2015, the Negotiation committee sent to CGN the initial versions of the Investors Agreement and Articles of Incorporation of the future project company (“JVCo”).
- On January 19th, 2016, the Romanian Government issued the Support Letter for the Project of Units 3 and 4 Cernavoda NPP.
- During the period February - April 2016 intensive rounds of negotiations were developed for the investment documents, respectively the Investors Agreement and Articles of Incorporation of the future project company.
- On May 16th, 2016, the Inter-ministry Commission for the project Units 3 and 4 Cernavoda NPP, incorporated through the Prime-Minister Decision no. 254/21.08.2014, with subsequent amendments and additions, approved the continuation of negotiations on the Investment Documents („DI”) under the same conditions from the Memorandum of Understanding for the development, construction, operation and decommissioning of Units 3 and 4 from Cernavoda NPP (MoU), for a period of 4 months, starting May 9th, 2016, by applying all the other provisions of MoU, including the possibility of any party to terminate MoU without any compensation through a simple written notification to the other Party, in case an agreement was

not reached on DI and as the delay was not caused by the respective Party. The continuation of negotiations with CGN was approved by the Romanian Government on June 2nd, 2016, and by the SNN GMS on July 18th, 2016.

- During May 11-26th, 2016, and respectively June 14th, 2016 – June 30th, 2016, intensive negotiations were developed, the parties presenting their status before the the key aspects of the Investors Agreement.
- During the period August 29th – September 8th, 2016, a great part of the subjects under divergence were re-discussed and agreed up at principle level, being necessary to redraft the clauses from the Investment Documents, according to the discussions.
- By the SNN EGMS Decision no. 8/17.10.2016 the continuation of negotiations on the Investment Documents was approved under the same conditions of the Memorandum of Understanding for the development, construction, operation and decommissioning of Units 3 and 4 from Cernavoda NPP (“MoU”), until December 20th, 2016, by applying all the other provisions of MoU.
- On October 20th, 2016 a new reviewed proposal of the Investors’ Agreement was sent to CGN, and during the period October 24th, 2016 – November 8th, 2016 intensive sessions of negotiations took place. On November 10th, 2016 the list of the main aspects under divergence was finished, as well as the registration of aspects to be escalated by each party.
- During the period December 6th – 20th, 2016 meetings took place between the Negotiation Committee and CGN, with the consultants of the two Parties, in order to clarify and reformulated certain clauses agreed upon during negotiations. Following these meetings, on December 20th, 2016, due to the fact that no agreement was reached regarding the Investment Documents, CGN expressed its availability to continue negotiations beyond the term of December 20th, 2016.
- On January 31st, 2017, the Negotiation committee approved the proposal to continue negotiations on the Investment Documents under the same conditions of the MoU, until June 30th, 2017, the formalities for obtaining a mandate from the Inter-Ministry Commission, Romanian Government and respectively from the GMS to continue negotiations were initiated.
- On March 6th, 2017, the Inter-ministry Commission approved the proposal of the Negotiation Committee for continuing negotiations and forwarding for the approval of the Romanian Government of a memorandum in this regard. The continuation of negotiations may occur after the approval, within the company’s GMS.
- Therefore, during the following periods decisions are expected from the competent authorities (Ministry of Energy, Romanian Government), as well as from the Company’s GMS which shall lead to the certification of the negotiation process continuation with the last term on December 20th, 2016.

4.2. Litigation with Fondul Proprietatea S.A.

Fondul Proprietatea S.A. has registered at Bucharest Court of Law the annulment request of the Resolution of the General Extraordinary Meeting of the Shareholders (“EGMS”) no. 8/6.10.2014 through which

was approved the increase of the share capital of SNN through cash contribution in a maximum total amount of 239.172.630 lei, by issuing a maximum number of 23.917.263 new shares representing input in kind of the Romanian State, following obtaining the certificate for the ownership right on the land undivided share of 239,05 sqp from Bd.Gheorghe Magheru no. 33 Bucharest and input in cash representing the amount of budgetary allowances for the period 2006-2009 for Unit 2 from Cernavoda.

The action is the object of the file no. 40046/3/2014, for which the court of law ruled a new trial term for February 28th, 2017, to allow the company to submit to file all accounting financial documents certifying the transfer of the amounts of which was ruled the increase of share capital. This term was postponed for March 28th, 2017, to allow the claimant to analyze all accounting financial documents certifying the transfer of the amounts of which was ruled the increase of the share capital.

4.3. Litigation initiated by the Greenpeace CEE Romania Foundation and Bankwatch Romania Association against the Ministry of Environment, Water and Forests, Romanian Government and S.N. Nuclearelectrica S.A.

The Greenpeace CEE Romania Foundation and the Bankwatch Romania Association drafted, in the File no. 3793/2/2013, a summons for the Ministry of Environment, Water and Forests, Romanian Government and S.N. Nuclearelectrica S.A. with the object the cancellation, on administrative department, of the decision to issue the Environment Agreement and the Government Decision no. 737/2013 regarding the issuance of the Environment Agreement for the project “Continuance of building works and finishing Units 3 and 4 Cernavoda NPP”.

The Bucharest Court of Appeal rejected the claimant’s request. The Greenpeace CEE Romania Foundation and the Bankwatch Romania Association filed an appeal, requesting the cancellation of the decision and retrial of the case, by managing the proof by expertise.

The Superior Court of Cassation and Justice solved the appeal through the Decision 2100 from June 23th, 2016, and ruled the acceptance of the appeal drafted by the Greenpeace CEE Romania Foundation and the Bankwatch Romania Association against the Decision no. 1436 from May 9th, 2014 of the Bucharest Court of Appeal – 8th Section of Fiscal Administrative Department, invalidation of the decision attacked and retrial of the case at the same instance. The Bucharest Court of Appeal is following to establish the term for retrial of the case.

4.4. Acquisition of sintering uranium dioxide powder

In January 2016, SNN concluded with Cameco Inc. a short-term contract for the acquisition of a quantity of 120 tons of natural uranium in sintering UO₂ powder, through the competition of the 2 powder providers qualified of SNN, respectively CNU and Cameco Inc., Cameco Inc. with a significantly lower price than the other competitor, respectively 518 lei/kg U in UO₂ (equivalent in RON of the USD price).

In April 2016, SNN initiated a process of certifying new providers of sintering powder of uranium dioxide, from the international market, by publishing in this regard a notice on the site and in the Financial Times newspaper, with the attendance of a single company. Following the evaluation performed by the SNN specialists, the respective company did not comply with the technical conditions of qualification. Under these conditions, SNN re-launched the qualification process, the deadline for submitting the interest letters being September 15th, 2016. During the second qualification process, a single company attended, but it didn’t comply with the technical qualification conditions.

On July 4th, 2016, Cameco Inc. was appointed winner of the second acquisition procedure of 120 tons of natural uranium in sintering powder of UO₂, with the lowest price, respectively 429,47 lei/kg U in UO₂ (the equivalent in RON of the price in USD). For the acquisition of the uranium powder were received two bids, from Cameco and respectively from CNU, the price provided by Cameco being significantly lower than the price provided by CNU.

Also on the 4th of July of 2016, CNU was appointed the winner of the acquisition procedure for processing services of a quantity of 21 tons of noncompliant materials containing natural uranium for the purpose of recovering uranium as sintering powder of UO₂, according to the specifications from the descriptive documentation.

We state that the two above mentioned acquisitions, respectively the acquisition of the 120 tons of natural uranium as UO₂ powder and the acquisition of services for processing 21 tons of noncompliant materials were developed concomitantly, during the same acquisition procedure but as distinctive lots, requesting bids, in both cases, from the two qualified providers of SNN (Cameco and CNU). In case of lot 2, with the object services for processing incompliant materials, until the deadline established for the submission of bids, only CNU submitted the bid, with a total price of 4.090 thousand lei without VAT.

In December 2016, SNN concluded with Cameco Inc. a short term contract for the acquisition of a quantity of 120 tons of natural uranium as sintering UO₂ powder, through the competition of the 2 powder providers qualified of SNN, respectively CNU and Cameco Inc., Cameco Inc. with a significantly lower price than the other competitor, respectively 374,33 lei/kg U in UO₂ (equivalent in RON of the USD price).

4.5. Major litigations

The situation of the major litigations (in amount of over 500,000 lei) and of the monetary unevaluated ones in progress on 31.12.2016 is presented in **Annex 4**.

5. THE MAIN ECONOMIC FINANCIAL INDICATORS ON 31.12.2016

The company performance is reflected in the accomplishment of the main economic financial indicators, as follows:

Indicator name ^{*)}	Formula	M.U	31.12.2016
1. The current liquidity ration	Current assets/ Current liabilities	x	4,9
2. The indebtness degree ratio			
2.1. The indebtness degree indicator (1)	Long term liabilities/ shareholder's Equity x 100	%	17,4%
2.1. The indebtness degree indicator (2)	Borrowed capital/ Engaged capital x 100	%	14,8%
3. Receivables turnover ratio – clients	Clients average balance/ Turnover x 360	days	27
4. Assets turnover ratio *)	Turnover/ Non-current assets	x	0,22

*) based on the audited individual annual financial statements

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6. THE ACHIEVEMENT DEGREE OF THE PERFORMANCE INDICATORS

The performances indicators have been calculated based on the Income and expenses budget of SNN, approved through HG no. 1/30.03.2016, and detailing on quarters of the budget, as well as based on Annexes 1 and 1.1 from the administration contracts concluded between the administrator and the company, updated by the GMS Decision no. 3/25.04.2016, consisting in the indicators level and performance criteria for 2016.

The indicators have been observed in a proportion of over 100% in the IV quarter IV 2016, as it results from Appendix 5 (the fulfillment degree being in a proportion of 125,56%).

Regarding the fulfillment degree of the annual value of the investment plan according to the Table 28 from the management plan and Annual Budgets, for establishing the accomplishment degree of the value of the investments plan, only the investments presented in table 28 from the management plan are considered and the execution degree is limited at maximum 100% (achieved vs planned).

The Board of Directors is monitoring, as well, the quarterly reports of the Managers, the execution of their mandate contracts; for information, the indicators and performance criteria included in the mandate contracts of the managers have been achieved in a proportion of over 100% in the IV quarter of 2016 (121,27% the General manager and the Financial Manager).

Starting 19.02.2016, the mandate contract of the Cernavoda NPP Manager, providing indicators of performance was suspended, and starting 08.04.2016, following the resignation of the Cernavoda NPP branch manager, this mandate contract terminated and a new Cernavoda NPP branch manager was not appointed with a mandate.

Board of Directors
Alexandru Sandulescu
President

Annex 1 – Financial position as of 31.12.2016

	31 Dec 2016	31 Dec 2015
	(audited)	(audited)
Assets		
Non-current assets		
Tangible assets	7.108.486.979	7.474.555.551
Intangible assets	80.636.405	79.982.771
Financial investments	141.689.201	141.689.201
Total non-current assets	7.330.812.585	7.696.227.523
Current assets		
Inventories	331.057.122	323.222.947
Profit tax to be recovered	-	1.173.730
Trade and other receivables	162.063.302	163.499.181
Payments made in advance	12.699.411	12.072.918
Bank deposits	1.245.073.268	1.103.841.528
Cash and cash equivalents	263.714.387	257.376.819
Total current assets	2.014.607.490	1.861.187.123
Total assets	9.345.420.075	9.557.414.646
Equity and liabilities		
Equity		
Share capital, out of which:	3.210.641.253	3.210.641.253
<i>Subscribed and paid in share capital</i>	<i>3.015.138.510</i>	<i>3.015.138.510</i>
<i>Inflation adjustments to the share capital</i>	<i>195.502.743</i>	<i>195.502.743</i>
Share premiums	31.474.149	31.474.149
Reserve for payments in advance to the share capital	21.553.537	21.553.537
Revaluation reserve	265.842.461	293.329.577
Reported result	3.977.101.856	3.936.724.775
Total own equity	7.506.613.256	7.493.723.291
Liabilities		
Long term liabilities		
Long term borrowings	1.087.961.815	1.279.606.054
Long term advance incomes	143.446.616	157.791.277
Deferred tax liability	163.087.603	173.496.018
Obligations regarding employees benefits	31.907.053	31.796.021
Total long term liabilities	1.426.403.087	1.642.689.370
Current liabilities		
Trading and other liabilities	178.860.825	197.281.806
Due profit tax	6.431.972	-
Short term advance incomes	6.181.408	21.671.875
Current portion of the long term borrowings	220.929.527	202.048.304
Total current liabilities	412.403.732	421.001.985
Total liabilities	1.838.806.819	2.063.691.355
Total equity and liabilities	9.345.420.075	9.557.414.646

Annex 2 – Profit and loss account for the year ended on 31.12.2016

	2016	2015
	(audited)	(audited)
Incomes		
Incomes from electric power sales	1.620.769.517	1.673.421.590
Incomes from electric power transport	26.861.292	75.247.078
Total incomes	1.647.630.809	1.748.668.668
Other incomes	32.589.302	34.329.171
Operating expenses		
Depreciation and amortization	(474.779.554)	(493.762.157)
Personnel expenses	(297.732.932)	(301.369.015)
Cost of traded electricity	(22.665.212)	(26.828.898)
Repairing and maintenance	(126.128.089)	(129.820.114)
Electricity transmission expenses	(26.861.292)	(75.247.078)
Costs with spare parts	(21.243.702)	(18.721.768)
Cost of nuclear fuel	(140.397.129)	(139.198.799)
Other operating expenses	(411.043.680)	(437.910.555)
Total operating expenses	(1.520.851.590)	(1.622.858.384)
Operating profit	159.368.521	160.139.455
Financial costs	(118.994.718)	(150.843.084)
Finance income	89.990.559	169.027.593
Net finance (expenses)/ income	(29.004.159)	18.184.509
Profit before income tax	130.364.362	178.323.964
Income tax expense	(17.914.911)	(29.180.235)
Net profit for the year	112.449.451	149.143.729

Annex 3 – Execution of the Revenues and Expenses Budget as at 31.12.2016

INDICATORS		No.	Revenue and expenditure budget approved by GMS no.1/ 30.03.2016	Revenue and expenditure budget 2016 – approved by the BoD Decision no. 148/ 09.12.2016	Achieved 2016	% Achieved vs Initial (col.6/col. 4)	% Achieved vs Rectified (col.6/col. 5)
1	2	3	4	5	6	7	8
I.	TOTAL REVENUES (L.2+L.22+L.28)	1	1.829.038	1.799.173	1.767.964	96,7%	98,3%
1	Operating revenues (L.3+L.8+L.9+L.12+L.13+L.14), of which:	2	1.700.316	1.670.451	1.677.974	98,7%	100,5%
	c1 Discounts, in compliance with the legal provisions	3	-	-	-	-	-
	c2 Transfers, in compliance with the legal provisions	4	-	-	-	-	-
2	Finance revenues (L.23+L.24+L.25+L.26+L.27), of which:	5	128.722	128.722	89.991	69,9%	69,9%
3	Extraordinary revenues	6	-	-	-	-	-
II	TOTAL EXPENSES (L.30+L.136+L.144)	7	1.765.188	1.698.915	1.637.600	92,8%	96,4%
1	Operating expenses (L.31+L.79+L.86+L.120), of which:	8	1.640.639	1.556.530	1.518.605	92,6%	97,6%
	A. Expenses with goods and services (L.32+L.40+L.46), of which:	9	660.190	581.390	554.086	83,9%	95,3%
	B Expenses with fees, taxes and assimilated payments (L.80+L.81+L.82+L.83+L.84+L.85), of which:	10	147.278	147.117	146.953	99,8%	99,9%
	C. Personnel expenses (L.87+L.100+L.104+L.113), of which:	11	315.539	310.467	302.559	95,9%	97,5%
	C0 Salaries expenses (L.88+ L.92)	12	237.024	233.150	228.391	96,4%	98,0%
	C1 Salaries (L.89+L.90+L.91), of which:	13	218.673	214.799	214.799	98,2%	100,0%
	C2 Bonuses (L.93+L.96+L.97+L.98+ L.99), of which:	14	18.351	18.351	13.592	74,1%	74,1%
	C3 Other personnel expenses (L.101+L.102+L.103), of which:	15	1.033	1.033	995	96,3%	96,3%
	a) Expenses with compensations for early release of personnel	16	-	-	-	-	-
	C4 Expenses afferent to the mandate contract and other management and control authorities, commissions and committees (L.105+L.108+L.111+ L.112), of which:	17	3.673	3.450	2.841	77,4%	82,3%
	C5 Expenses related to social protection, special funds and other legal obligations (L.114+L.115+L.116+L.117+L.118+L.119), of which:	18	73.809	72.834	70.332	95,3%	96,6%
	D. Other operating expenses (L.121+L.124+L.125+L.126+L.127+L.128), of which:	19	517.632	517.556	515.007	99,5%	99,5%
2	Finance expenses (L.137+L.140+L.143), of which:	20	124.549	142.385	118.995	95,5%	83,6%
3	Extraordinary expenses	21	-	-	-	-	-
II I	GROSS RESULT (profit/loss) (L.1-L.29)	22	63.850	100.258	130.364	204,2%	130,0%
I V	INCOME TAX	23	22.729	26.095	17.915	78,8%	68,7%
V	PROFIT AFTER INCOME TAX	24	41.121	74.163	112.449	273,5%	151,6%

Annex 4 – Major litigations of SNN in progress on 31.12.2016 (over 500 thousand lei), inclusive the non-monetary evaluated ones

No.	File number	Litigation nature/instance	SNN title	Opposing party	Value	Stage	Description	Term
	SNN executive							
1.	3868/118/2012	Constanta Civil Court of Law	Creditor	S.C. Proconex Universal S.RL.	Receivable 3.369.886,85 lei	Merits of the case	Bankruptcy	08.05.2017
2.	2183/115/2010	Caras-Severin Civil Court of Law	Creditor	CET Energoterm Resita S.A.	Receivable 580.974,21 lei	Merits of the case	Bankruptcy	09.03.2017
3.	48031/299/2010	Penal District 1 Courthouse	Civil part	Rotaru Ioan, Ispas Gh, Irimie Traian TESS parte resp.civil.	Prejudice 13.493.080,3 lei	Merits of the case	Merits of the case: sentences the defendants to jail and damages payment. Appeal	28.03.2017
4.	9089/101/2013	Civil Mehedinti Court of Law	Creditor	RAAN	Insoveny Receivable 7.828.405,48	Trial on the merits of the case	Insolvency SNN has requested the receivable in amount of 7.828.405,48 lei. By the civil sentence no. 10/28.01.2016 the instance asked for bankruptcy procedure start for RAAN and named as provisory liquidator Euro Insol SPRL.	02.02.2017
5.	7238/120/2012	Civil Dambovita Court of Law	Creditor	Eco Energy	Receivable 2.464.059,64 lei	Trial on the merits of the case	Bankruptcy	13.03.2017
6.	3793/2/2013	Administrative High Court of Cassation and Justice	Defendant	Greenpeace CEE Romania	Overrules the decision to issue the environment agreement and of the environment agreement regarding the U3-4	Appeal	Merits of the case : Admits the exception of lack of object of the second end of the initial petition (cancellation of the environment agreement regarding the project „Continuation of the construction works and completion of U 3 and 4). Appeal : Overrules the second end of the initial petition to the annulment of the environment agreement regarding the project „ Continuation of the construction works and completion of units 3 and 4 la Cernavoda NPP”, as lacking object. Overrules the rest of the petition, as it was completed by the additional petition, as ungrounded. Resolution 1436/09.05.2014. Appeal Decision no. 2100 from 23.06.2016. Accepts the appeal drafted by the Greenpeace Cee Romania Foundation and the	24.03.2017

S.N. Nuclearelectrica S.A.

Board of Directors Report for Q4 2016

(All amounts are in RON, unless stated otherwise)

							Bankwatch Romania Association against the decision no. 1436 from May 9 th , 2014 of the Bucharest Court of Appeal – Section 8 th administrative and fiscal department. Invalidates the decision attacked and sends the case for re-trial at the same court. Final. Ruled in the public meeting, today 23.06.2016. Retrial merits (CAB)	
7.	873/1259/2008	Civil Arges Court of Law	Creditor	Termoficare 2000 S.A.	Receivable 2.713.986,71 lei	Trial on the merits of the case	Bankruptcy	04.04.2017
8.	18770/3/2007	Civil Bucharest Court of Law	Creditor	Condem S.A.	Receivable 2.446.227,08 lei	Trial on the merits of the case	Bankruptcy	26.04.2017
9.	416/2/2014	Administrative Bucharest Court of Appeal	Claimant	The National Energy Regulatory Authority	Change in regulated tariff through the Decision no. 609/2013.	Merits of the case	Merits of the case: On 14.10. 2014 SNN petition was rejected as ungrounded. With appeal.	16.05.2017
10.	40046/3/2014	Bucharest Court of Law	Claimant	Fondul Proprietatea	States the absolute nullity of the EGMS Decision no. 8/6.10.2014 increase of share capital with cash input by issuing shares - mentioning the decision of the court at the Trade Register and lifting the mentions from the Trade Register based on the annulled EGMS Decision.	Merits of the case	Merits of the case	28.02.2017
11.	11661/3/2014 11661/3/2014	Bucharest Court of Appeal Bucharest Court of Law – retrial	Respondent	S.C. Fondul Proprietatea S.A.	States the absolute nullity of the SNN EGMS Decision no. 1/11.03.2014.	Appeal for trial	On the merits (TB) Rejected the request of Fondului Proprietatea accepting the exception of the lack of interest reported to the object of the request. Appeal CAB Accept the appeal of FP, cancels the appealed decision and sends the case for retrial at the same court. Final. Retrial merits (TB) The court of law ruled the suspension of the case in relation with the fact that the Bucharest Court of Law and Craiova Court of Appeal requested to the Justice Court of the European Union clarifications regarding the possibility of state aid regarding the projects from	Suspended

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							the SNN EGMS decision no. 1/11.03.2014.	
12.	1794/118/2016	Constanta Criminal Court	Civil part	Bucur Ionel Negulici Elena Olteanu Madalina Encica Ionel Nicola Laurentiu Daramus Victor Davy Security S.R.L. civil party by legal administrator.	Abuse in service, conflict of interests Prejudice 3.471.463 Euro	On the merits	On the merits	01.03.2017
13.	3490/121/2015	Galati Civil Court	Claimant	ArcelorMittal Galati S.A.	8.575.245,78 lei	On the merits	The company requests the value difference from selling the energy made available and other associated expenses On the merits Rejects the action to oblige the claimant to pay damage deriving from contract no. 207/22.02.2013 as ungrounded. Appeal.	
14.	26062/3/2015	Bucharest Administrative Court	Claimant	Court of Auditors Arges Court of Auditors	Annulment Resolution CC 9/23.03.2015 Conclusion CC 38/19.06.2015 Control Report 341/27/2015 at FCN Pitesti	Merits of the case	Merits of the case Accepts the request and rules the suspension of the Decision no. 9/23.03.2015 until the final resolution of the merits action. Enforceable. With appeal in 5 days from the communication. Decision no. 90/01.02.2016.	
15.	4960/2/2015	Administrative Appeal Court Bucharest High Court of Cassation and Justice	Claimant	Court of Auditors	Suspension and execution measure. D&O INSURANCE POLICIES	Merits of the case	Merits of the case: Partially admits the petition and suspends the execution of point II.12 part of the resolution no. 16/11.05.2015 issued by the Romanian Court of Accounts, Department IV until the final solving of the case action registered in file no. 4912/2/2015. Enforceable. Rejects as unacceptable the suspension request of point 10 performance from the conclusion no. 59/17.07.2015 and point 3.1.10 of the Control report no. 4371/10.04.2015 issued by the Romanian Court of Auditors. With a right of appeal in 5 days from the communication. Decision no. 2608/15.10.2015. appeal	The instance will establish a term
16.	4961/2/2015	Administrative Appeal Court Bucharest High Court of	Claimant	Court of Auditors	Suspension of execution TOURIST SERVICES	Merits of the case	Merits of the case Admits the inadmissibility exception of the petition head regarding the execution suspension	The court will establish a term

		Cassation and Justice				Appeal	pct. 3.1.5 of the Control Report no. 4371/10.04.2015 and, consequently, overrules as inadmissible this petition head. Overrules, in the rest, the execution suspension as not funded. With recourse in 5 days from the communication. Resolution 2660/20.10.2015. Appeal	
17.	4968/2/2015	Administrative Appeal Court Bucharest	Claimant	Court of Auditors	Execution suspension measure contributions LEGAL COUNSELORS	Merits of the case	Merits of the case Partially admits the action. Disposes the partial execution suspension of the Resolution no. 16/2015, namely the measure disposed at pct. II.11, as well as the Conclusion no. 59/2015- pct. 9, until the final solving of the action in annulment of pct. II.11 from the Decision no. 16/2015 and pct. 9 from the Conclusion no. 59/2015. Overrules the suspension petition of the control report no. 4371/2015- pct. 3.1.9- as inadmissible. With recourse right in 5 days from the communication. Resolution 2684/20.10.2015.	
18.	4969/2/2015	Administrative Appeal Court Bucharest	Claimant	Court of Auditors	Execution measure suspension MICROSOFT	Merits of the case	Merits of the case: Overrules the suspension petition of pct. 3.1.11 of the control report no. 4371/10.04.2015 issued by the Romanian Court of Accounts, as inadmissible. Partially admits the suspension petition. Suspends the execution of point 11 of the Conclusion no. 59/17.07.2015 and of pct. II.13 of the Resolution no.16/11.05.2015 issued by the Romanian Court of Accounts until the final solving of the action on the case. Binding. With recourse right in term of 5 days from the communication. Resolution 2956/2015 11.11.2015 Appeal	

19.	4970/2/ 2015	Administrative Appeal Court Bucharest	Claimant	Court of Auditors	Suspension of measure execution NON- RESIDENTS	Merits of the case	<u>Merits of the case</u> Partially admits the petition. Brief solution: Partially admits the petition. Disposes the partial suspension of the Resolution no. 16/11.05.2015 regarding point II.8, respectively the Conclusion no. 59/17.07.2015 regarding point 6, until the final solving of the action in annulment. Rejects as inadmissible the suspension petition of point 3.1.3 of the Control Report no. 4371- 10.04.2015. With recourse right in term of 5 days from the communication. Resolution 2503/ 07.10.2015 Appeal	
20.	4971/2/ 2015	Administrative Appeal Court Bucharest High Court of Cassation and Justice	Claimant	Court of Auditors	Suspension of contract unfolding measure GENERAL CONCRETE	Merits of the case	<u>Merits of the case:</u> Overrules the action as not funded. With recourse in 5 days from the communication. Resolution 2773/ 28.10.2015 <u>Recourse:</u>	The court will establish a term.
21.	4959/2/ 2015	Administrative Appeal Court Bucharest	Claimant	Court of Auditors	Measure annulment TRIPS	Merits of the case	<u>Merits of the case:</u> Accepts the request. Partially cancels the conclusion no. 59/17.07.2015 issued by the claimant, regarding point 3. Partially cancels the Decision no. 16/11.05.2015 issued by the claimant regarding the measures ruled at point 5 and the measure no. 13. Partially cancels the Control Report no. 4371/10.04.2015 issued by the claimant regarding point 3.1.5. Forces the claimant to pay lei 4,550 trial expenses to the claimant. With a right of appeal in 15 days since the communication. Decision no. 10.06.2016	
22.	4902/2/ 2015	Administrative Appeal Court Bucharest	Claimant	Court of Auditors	Measure annulment CONTRIBUTIO NS and BONUSES	Merits of the case	<u>Merits of the case:</u> Admits the main petition and the connected petition, regarding the points 1 and 2. Partially annules the Conclusion no. 59/17.07.2015 and the Decision no.16/11.05.2015, regarding pct. 9 and pct. 8 from the conclusion, respectively the measures from pct. II.11 and II.10 from the resolution. Overrules as inadmissible pct. 3 from both petitions, regarding the partial annulment of the control report no. 4371/10.04.2015. With recourse in 15 days	

							from the communication.. Final. Decision no. 3419/17.12.2015.	
23.	4906/2/ 2015	Administrative Appeal Court Bucharest	Claimant	Court of Auditors	Measure annulment PROCUREMENT	Merits of the case	Merits of the case : Based on art. 413 alin. 1 pct. 1 Cpc suspends the judgment of the present cause until the final solving of the file no. 62136/299/2015 of Bucharest Court of Law Sector 1. With recourse for the entire suspension duration. Rejects the action as ungrounded. With appeal in 15 days from the communication. Rejects the action as ungrounded. With appeal in 15 days from the communication. Given in the today's public meeting, 10.10.2016. Decision no. 2961/10.10.2016. Appeal	
24.	4912/2/ 2015	Administrative Appeal Court Bucharest	Claimant	Court of Auditors	Measure annulment D&O POLICIES	Merits of the case	Merits of the case : Admits the petition Brief solution: Overrules the inadmissibility solution of the partial annulment petition of the control report no.4371/10.07.2015. Admits the action. Partially annuls the Conclusion no.59/17.07.2015, issued by the defendant regarding pct.10, Decision no.16/11.05.2015 issued by the defendant regarding the measure disposed at pct.II.12 from the resolution, as well as pct. 3.1.10 from the Control Report no.4371/10.04.2015 issued by the defendant. With recourse in 15 days from the communication. Resolution 173/2016 26.01.2016 Appeal	
25.	4946/2/ 2015	Administrative, Bucharest Court of Appeal	Claimant	Court of Accounts	Measure cancellation GENERAL CONCRETE	Merits of the case	Merits of the case	28.04.2017
26.	4964/2/ 2015	Administrative, Bucharest Court of Appeal	Claimant	Court of Accounts	Measure cancellation COURT DECISIONS	Merits of the case	Merits of the case Accepts the exception un acceptability for the end of request regarding the cancellation of point 3.1.7 of the Control Report no. 4371/10.04.2015 invoked by the claimant. Rejects as unacceptable the end of request regarding the cancelation of point 3.1.7 of the Control Report no. 4371/10.04.2015. Rejects as ungrounded the connected actions. With a right of	

							appeal within 15 days from the communication. Decision no. 373/09.02.2016. Appeal	
27.	4965/2/2015	Administrative Appeal Court Bucharest	Claimant	Court of Auditors	Measure annulment MICROSOFT	Merits of the case	Merits of the case ;Admits the petition regarding the points 1 and 2. Partially annuls the conclusion no. 59/17.07.2015 and the decision no. 16/11.05.2015, regarding pct. 11 from the conclusion, respectively the measure from pct. II.13 of the resolution. Overrules as inadmissible pct. 3, regarding the partial annulment of the control report no. 4371/10.04.2015. With recourse in 15 days from the communication. Resolution 236/ 28.01.2016	
28.	4958/2/2015	Administrative Court of Appeal Bucharest	Claimant	Court of Auditors	Measurement annulment NON-RESIDENTS	Merits of the case	Merits of the case: Admits the action. Partially annuls the conclusion no. 59/17.07.2015, respectively regarding the rejection of pct. VI from the litigation no.6420/28.05.2015 and, consequently, annuls the measure taken at pct. II.8 from the decision no. 6/11.05.2015 for removing the error presented at pct. 3 from the same resolution, as well as pct. 3.1.3 from the Control Report no.4371/10.04.2005. With recourse in 15 days from the communication. Pronounced in public hearing, today, March 10 th 2016 Appeal	
29.	45487/3/2015	TB S VIII-a Labour	Claimant	SNN employees	Prejudice 708.407 lei labour litigation execution of measure disposed by CC through the 2012 report regarding D&O policies	Merits of the case	Merits of the case Admits the exception of the prescription of the material right to action, invoked by the claimants and rejects the request as being prescribed the right to action. With a right of appeal in 10 days from the communication, to be submitted at the Bucharest Court of Law – 8 th Section of the Decision no. 5836/07.06.2016. Rejects the request for summoning into guarantee drafted by the claimant contradictory to the AIG Europe Limited London summoning into guarantee,	29.03.2017

							as ungrounded. With a right of appeal in 10 days from the communication, which shall be submitted to Bucharest Court of Law – 8 th Section. Ruled on 27.09.2016 Appeal	
30.	45494/3/2015	TB S VIII-a Labour	Claimant	Managers of SNN and GMS Members	Prejudice 708.407 lei execution of measure disposed by CC through the 2012 report regarding D&O policies	Merits of the case	Fond Rejects the exception of the invoked procedure quality by the claimants Grama Mioara, Popescu Lucia -Ioana, Chiriac Cristiana and Serbanescu Cristian Ovidiu. Accepts the exception of the prescription. Rejects the request, stating prescribed the right to action. Rejects the summons for guarantee as without an object. Obliges the claimant to pay the following trial costs: 8.226,53 lei to the claimant Grama Mioara, 7.873,53 lei to the claimant Popescu Lucia-Ioana and 7.925,79 lei to the claimant Chiriac Cristiana. With a right of appeal in 30 days from the communication. The request of appeal is submitted to the Bucharest Court of Law, 6 th Civil Department, under sanction of annulment. Ruled in the public meeting from today, 29.11.2016. Decision no. 7583/29.11.2016.	
31.	6874/3/2016	Bucharest Court of Law	Claimant	Agentia Nucleara si Pentru Deseuri Radioactive (ANDR)	Claims 131.080,08 euro contributions according to the Government Decision no. 1080/2007 for 2010-2012. Contributions for 2013-2015 for the remaining of energy produced and delivered in SEN. Penalties 2010-2015 until the effective payment date.	Merits of the case	Merits of the case Rejects the exception of the prescription of the material right to action as ungrounded. Rejects the summons as ungrounded. With a right of appeal within 30 days from the communication. Ruled today, 23.09.2016, the solution being provided to the parties through the secretary.	
32.	9230/3/2016	Court of Law, 2 nd Department	Claimant	Greenpeace	Communication of Public interest information project Units 3 and 4.	Merits of the case	Accessory intervention request in the interest of the claimant Ministry of Energy. Merits of the case Rejects the request as ungrounded. Accepts the accessory intervention request in favor of the claimant. With a right of appeal in 15 days from the	

S.N. Nuclearelectrica S.A.

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(All amounts are in RON, unless stated otherwise)

							communication. Decision no. 6924/05.12.2016.	
	Cernavoda NPP							
1.	10673/118/2010	Civil/Constanta Court of Law	Claimant	Sava Marian	Compensation	Appeal	Evacuation of land corresponding to thermal energy transportation pipes and damage payment.	06.03.2017
2.	14951/118/2011 (Suspended based on art. 36 of the Law no. 85/2006.)	Civil/Medgidia Court of Law	Claimant	S.C. Car Construct S.R.L.	Clearing the land ownership of SNN – platform concrete occupied by S.C Car Construct S.R.L. based on the sale-purchase agreement concluded with SNN – Branch CNE.	Merits of the case	According to art. 36 of the Law no. 85/2006 (Insolvency law): was suspended the trial of the case.	Suspended.
3.	3657/256/2013	Civil/Constanta Court of law	Claimant	Tudose Alexandru, Predoiu Bogdan, Purcarea Gica, Laudatu Ioana etc.	Claim request for sector T1, Cernavoda.	Appeal	Was enforced the claim decision, was cleared T1 from Cernavoda and remained to be recovered only enforcement costs (Execution file no. 60/2016).	

Annex 5 – The accomplishment degree of the performance indicators as at 31.12.2016 – the Board of Directors

No.	Objective / Performance indicator	MU	Provisions Q IV *)	Actual Q IV	Degree of accomplishment (%)	Weight coefficient	Accomplishment degree of the performance indicators col. 5 * col. 6 (%)
0	1	2	3	4	5	6	7
Improvement of the indicators regarding the financial performances of the company							
1	Annual turnover (cumulated since the beginning of the year)	Million RON	1.675,00	1.648,41	98,41%	0,20	19,68%
2	Annual operation profit (cumulated since the beginning of the year)	Million RON	60,00	159,37	265,61%	0,20	53,12%
3	Overdue payments	Thousand RON	-	-	100,00%	0,10	10,00%
4	Labor productivity (cumulated since the beginning of the year)	Thousand RON/person	817,00	820,92	100,48%	0,10	10,05%
5	Operating expenses at 1000 lei turnover (cumulated since the beginning of the year)	RON	980,00	922,62	106,22%	0,10	10,62%
Fulfillment of the major investment objectives							
6	Execution of the annual value plan of investments cumulated since the beginning of the year (According to Table 28 and to the annual budgets)	%	90,00%	33,94%	37,71%	0,15	5,66%
Maintenance of the electricity production capacity above the average level in the industry							
7	Capacity factor (cumulated since the beginning of the year)	%	80,00%	91,44%	114,30%	0,10	11,43%
Operation of the nuclear units in safe conditions for the personnel, the population, the environment and the production assets							
8	No operation event over the level 1 on the International Nuclear Events Scale, regarding the depth damage of the defense barriers, onsite and off- site impacts		0 events bigger than level 1 on INES scale	0 events bigger than level 1 on INES scale	100,00%	0,05	5,00%
The accomplishment degree of the performance indicators						1,00	125,56%

*) Amounts according to the Income and Expenses Budget for 2016, approved by the GMS decision no. 1/30.03.2016