

**Approved,  
Board of Directors  
Chairman  
Alexandru SĂNDULESCU**

**EXPLANATORY NOTE  
on the Revenues and Expenses Budget project of S.N. Nuclearelectrica SA („SNN”) for the  
financial year 2017**

The project for SNN’s Revenues and Expenses Budget („BVC”) for the year 2017 was prepared in accordance with the provisions of the Government Ordinance no. 26/2013 *regarding the strengthening of financial discipline for commercial operators in which the state or local administration units are full or majority shareholders or directly or indirectly own a majority share*, subsequently amended and completed by Ordinance no. 11/2016 and Law no. 154/2016, which regulates:

- Art. 6 paragraph (1<sup>^</sup>1) *“The economic operators stipulated in art. 4 paragraph (1) d) whose shares are admitted to trading on a regulated market and their subsidiaries, submit to the General Meeting of Shareholders according to the law for approval, after consultation with the trade unions, the income and expenses budget accompanied by the justification appendices, prepared in accordance with the legal provisions in force, within 60 days after the entry into force of the law on state budget or after the approval of the local budgets of communes, towns, municipalities, districts of Bucharest municipality, counties and Bucharest, as applicable;”*
- Art. 7 paragraph (1) *“Every year, through the law on state budget, wage policy objectives are established based on which the economic operators substantiates the indicators of revenues and expenses budgets;”*
- Art. 9 paragraph (1) *“In substantiation of the revenues and expenses budgets, the operators are considering, but not limited to, the following issues:  
a) The compliance with the Government policy and the respective administrative units on economic and financial performance improvement of economic operators;  
b) The compliance with the wage policy objectives established by the annual state budget law;”*

The substantiation of the Revenues and Expenses Budget of SNN was made by complying with the legal provisions included in:

- Law no. 6/2017 on the state budget for year 2017;
- GO no. 26/2013 *regarding the strengthening of financial discipline for commercial operators in which the state or local administration units are full or majority shareholders or directly or indirectly own a majority share*, subsequently amended and completed;

- GO no. 11/2016 *for amending and completing the GO no. 26/2013 regarding the strengthening of financial discipline for commercial operators in which the state or local administration units are full or majority shareholders or directly or indirectly own a majority share;*
- Law no. 154/2016 *regarding the approval of the Government Ordinance no. 11/2016 for amending and completing the GO no. OG 26/2013;*
- Public Finance Ministry Order no. 20/2016 *regarding the approval of the form and structure of the revenues and expenses budget and the appendices this budget is substantiated on;*
- Collective Labour Agreement in force of the company (CCM) valid in 2017.

The draft budget of revenues and expenses for 2017 was subject to the management financial control according to Government Decision no. 1151/2012 for approving the Methodological Norms regarding the organization and operation of the activity of the financial control of management. The draft budget was endorsed.

The percentage comparisons presented below refers to the budgeted figures for 2017 compared to the preliminary values of the indicators for the previous year (2016), being indicated as "+/- x%", unless otherwise specified.

## I. TOTAL REVENUES

The total revenues have been estimated at **1,816,729 thousand lei (+2.76%)**, out of which **1,718,844 thousand lei (+2.44%)** operating revenues and **97,855 thousand lei (+8.76%)** financial revenues.

**1. The operating revenues** in amount of **1,718,844 thousand lei** include income from the sold production in amount of **1,684,394 thousand lei (+3.88%)**, out of which the revenues from the sale of products represents **1,683,539 thousand lei (+3.87%)**. The latter include the revenues from the sale of electricity (mainly) and thermal power.

The amount of electricity forecasted to be delivered (**10,756 thousand MWh**) was estimated based on the **electricity production program for 2017 approved** by Decision no. 105 of the SNN Board of Directors dated 02.09.2016. Besides, to this amount an estimated amount of electricity that could be purchased on the market, forecasted to be sold additionally to the delivery schedule in order to optimize the mix of sales particularly during the planned shutdown is added. However, this is a small percentage of the total forecasted quantities and for simplicity the purchase prices were considered approximately equal to those of re-sale, so with a neutral effect on the result. The production schedule was prepared considering the operation of the nuclear units at a high capacity factor, similar to the levels recorder in the previous years over a multi-annual period, a duration of outage at Unit 2, lasting about 30 days, and unplanned outages at Units 1 and 2, based on historical data over a long period. In the nuclear industry, unplanned outages are part of the normal operation of nuclear units and the prudent management requires the budgeting of a number of hours of unplanned outages depending on the multi-annual averages.

The amount of electricity that will be sold under regulated regime (609 thousand MWh) was established by ANRE and represents 5.74% of the estimated energy to be produced and delivered; this amount is not evenly distributed by months, but according to the schedule imposed by ANRE, respectively with a focus on the months and time slots which generally have higher sale prices on the competitive market. The sale price on the regulated market taken into account for 2017 is 159.57 lei/MWh (without the area tariff for electricity transport - TG), representing the regulated average price established by ANRE for 2017 by Decision No. 1960/12.14.2016 (resulting from a weighted average of the regulated price approved for peak hours and idle hours).

For the competitive market the revenue forecast was based on the agreements already concluded to the date when the BVC was prepared, for the electricity deliveries to take place in 2017 and on the assumptions of price regarding the average price on different platforms of the Centralized Market of Bilateral Contracts (PCCB-LE, PCCB-NC), Centralized Market for Universal Service (PCSU) respectively the Day-Ahead Market (PZU) for the rest of the year, together with the mix of sales on PCCB, PCSU and PZU, i.e. the mix of sales between forward and spot markets.

Thus, based on the combination between the data related to quantities and certain prices related to the sales made and the assumptions about the amounts remaining to be sold and the prices estimated, the preliminary value of electricity production to be sold in 2017 is **1,681,714 thousand lei**.

**The sales revenues from the regulated electricity segment have a high degree of certainty because both regulated quantities and regulated prices are set by the ANRE decision.** On the competitive market, for the contracts already concluded with delivery during 2017 and which on the date of the preparation of the project of revenues and expenses budget have a significant share compared with the net production estimated for the whole year, **the certainty level is raised starting from the amounts already contracted and the prices included in the contracts.** For the quantities to be produced, but still uncommitted, it is less certainty; so, if on quantities to be produced and delivered, but not contracted yet, certainty is somewhat elevated due to the predictability of production, the prices at which those amounts can be traded are market prices that are formed freely and depend on a variety of conditions including the ratio between supply and demand.

Considering the influence on the market supply and prices by the producers of energy from renewable sources, the influence of energy from water (the portion that does not benefit from the support scheme) in conjunction with the evolution of consumption, there are no prerequisites of substantiation indicating that the market prices will have an increasing trend in the coming period, which positively affect revenue from competitive segment of the market. Circumstantial situations that occurred earlier this year on the spot markets are not likely to lead to a sustainable positive influence in all market prices; the market will return to the balance levels that existed before this situation. For quantities not yet contracted of the estimated production of 2017, selling prices which take into account the market data displayed by OPCOM were estimated. Such market data include forward prices for the related timeframes previously to 2017 and for sales on the spot market estimations depending on the average prices of previous years.

Last but not least, we should mention that SNN production capacity is limited by the **installed capacity of the two functional nuclear reactors already operating at a high average factor of capacity**, significantly above the industry average and by the duration of the outage of Unit 2 (lasting 30 days) and by the budgeted number of unplanned outage hours. Units 1 and 2 are the first in the world in terms of the combined factor of use of production capacity since their commissioning. **The regulated price is an imposed administrative price and the prices in the competitive market are formed freely, in a competitive manner, mainly by the ratio between supply and demand. Thus, the predominant influence factor on the operating revenue is the market price of electricity;** we believe the assumptions used to substantiate these prices are reasonable and consistent with the market data existing when the BVC was prepared; moreover, the degree of realization of revenue from sale of electricity in the last 3 years (budgeted versus actual) is very close to 100% so the accuracy of estimates on revenue from sale of electricity can be considered historically high.

The revenue from the sale of thermal energy was estimated considering the amount of delivered thermal energy, which amounts to about 61 thousand Gcal according to the historical local consumption data (Cernavodă). The price used for the thermal energy sold to population is 30 lei/Gcal, according to the latest price approval regulated by ANRE, and the average selling price to other companies is 41 lei/Gcal.

Therefore the preliminary value to be obtained from the thermal energy sale in 2016 is **1,825 thousand lei**, having a low share in the total operational revenues.

**Revenues from royalties and rents were estimated at 570 thousand lei** and **other revenues** in the amount of **285 thousand lei** are represented mainly by revenues from the sale of green certificates purchased according to Law no. 134/2012 in order to meet the obligations covered for some end consumers on the CNE platform, including Transelectrica supplied from 400 kV Cernavoda station.

**Revenues from sale of goods** amounted to **13,971 thousand lei** (- 48%), include the value of electricity transport. The transportation tariff for Dobrogea area was reduced from 4.04 lei/MWh to 1.34 lei / MWh since 1<sup>st</sup> of July 2016, according to ANRE Order no. 27 / 22.06.2016. This rate is not set by SNN, being a regulated tariff. This type of revenue has a correspondent in cost of goods sold, as regional transport tariff is borne by SNN customers, therefore these factors are beyond the control of SNN. However, it should be mentioned that the reduction affects only the total income, and the profitability is not affected since the customers are invoiced with this cost. However, we have to notice that the significant decrease in revenues from the sale of goods amounting to 48% affects the overall increase of operating revenue.

**Other operating revenues**, in amount of **15,603 thousand lei** (-9.74%) derive, mainly, from subsidies revenues representing reimbursements of the loans and interest payments done by the Romanian State to banks, on behalf of SNN, for the financing of Unit 1. These amounts are yearly recognised as revenues, as the non-current assets, financed by these subsidies, are depreciated. The revenues from the assets' sales and other equity operations are the estimation of the revenues obtained from the dismantling of assets approved for write-off, calculated based on the revenues of 2016.

**2. Financial revenues**, in amount of **97,855 thousand lei** (+8.76%), were estimated based on the forecasted revenues from the exchange rate differences, at the level of the achieved and approved 2016 budget (approved by the General Assembly of Shareholders decision) and the interest rates offered by the banks for deposits in lei and other foreign currencies, revenues from anticipated interest at a level similar to last year, considering the current lower levels of the obtained interest rates, compared to the interest average rates obtained in the previous year and the average balance of available cash.

## **II. TOTAL EXPENSES**

**The total expenses** in amount of **1,746,495 thousand lei** (+6.56%) include the operating expenses of **1,643,677 thousand lei** (+8,14%) and the financial expenses of **102,818 thousand lei** (-13.59%).

Substantiation of expenses was made by considering some estimated indicators of inflation and/or the evolution of the exchange rates forecasted according to the "Medium-term forecast for the period 2016 - 2020 - forecast for Winter 2017" issued by the National Forecast Commission for those costs which by their nature have a relatively linear evolution.

A nuclear power plant can operate under conditions of full nuclear safety and operational excellence, only by providing resources for maintenance, operating and investment activities; thus, related to the operating expenses of operation and maintenance, the philosophy applied for making up a budget has an approach of "bottom-up" type meaning that activities scheduled at the level of detail are those that generate annual and multi-annual needs. This is how the company provides resources to achieve the aspirations before mentioned, which are specific to the nuclear industry.

In 2017, the forecasted net production of electricity will be higher by about 3.3%, so the growth of direct expenses is also justified by the increasing physical production.

**1. The operating expenses** in amount of **1,643,677 thousand lei** include the expenses with goods and services, tax expenses, duties and similar expenses, personnel expenses and other operating expenses.

**A. Expenses with goods and services** in amount of **617,497 thousand lei** (+11.30%) include:

**A1 – expenses regarding inventories** in amount of **341,754 thousand lei** (+11.35%) which represents the consumption of raw materials and other materials used both for the current maintenance program of the operating NPP, as well as the corrective maintenance program which will be performed during the Planned or Unplanned Outage, namely, spare parts, auxiliary materials, other consumables, inventory items and protection equipment, energy consumption, water and gases, expenses with goods (the energy bought from the free market during the duration of the outages, the purchase of green certificates, the tax for introducing the energy in the transport grid which is paid to CN Transelectrica SA - TG (regional transport tariff)).

- **Raw materials costs (126,261 thousand lei)** represent the consumption of powder sintered uranium for nuclear fuel fabrication. The projected expenses for 2017 were determined primarily based on physical production and acquisition costs of uranium powder. The average unit price for sintered uranium powder was calculated taking into account the existing stock of uranium on 31/12/2016, according to the latest unit price delivery contract signed with Cameco for a quantity of 120 tonnes and the average prices of the last contracts signed, used for estimating the consumption of the remaining amount of powder to be bought.

- **Expenses for spare parts (20,711 thousand lei)** are mainly expenses related to software maintenance, repair and replacement of nuclear units which are mainly: transducers, bushings, bearings, converters, sets of sealing rings, pressure compensators, sets for level control valves, filter cartridges, pressure regulators, solenoid valves, bursting discs, drawer fittings etc.

The proposal for the spare parts consumption is estimated based on the demand for the planned activities to take place at CNE Cernavodă for both current operation of the NPP and for the planned outages at Unit 2.

- **Other supplies (34,770 thousand lei)** represents the consumption of materials for regular maintenance and repair, radiation protection and labour safety, administrative, materials such as: technical and special gases, liquid nitrogen, morpholine, ion exchanging resins, hydrochloric acid, scintillator liquid, transformer oil, other chemicals.

- **Fuel expenses** amounting to **2,808 thousand lei**. In 2017 the expenditure on fuel is 18% higher than that recorded in 2016 the growth being determined by the need to perform tests on diesel generators during the unplanned downtime or corrective repairs.

- **Expenses on inventory objects** amounting to **2,500 thousand lei**. Extension of the acquisition process of some work safety equipment budgeted in 2016 led to the postponement of these expenditures for 2017. In addition, in 2017 expenses amounting to approximately 1,500 thousand lei were estimated, such expense representing kits for electronics, milling machines, dies, workbenches with drawers, hoists, video-projector, magnetic board, protective equipment necessary to develop the current activities.

- **Expenses with goods** amounted to **74,662 thousand lei**. This category includes the equivalent for the electricity transport by applying the regulated area tariff (TG) paid by CN "Transelectrica" SA (13,971 thousand lei) for the injection of electricity into the electricity transport network, which is also found in the income from goods sale, at the same value, being invoiced and recovered from customers.

Besides, the expenses for goods include the electricity estimated to be purchased on the open market during the outages (60,691 thousand lei), especially during the unplanned outages, in order to meet the obligations resulting from the contracts for sale of electricity to customers, considering the amounts unavailable due to outages. The variation compared to the estimated level for 2016 comes from the inclusion of the amount of electricity to be bought in order to cover the shortfalls during the outages to allow the sale of additional quantities in band, to optimize the mix of sales.

In this chapter of expenses, savings can be achieved in execution (as it was done in 2016, explained including by reducing of TG) but only when the number of hours of unplanned shutdowns will be significantly lower than the number of budgeted hours of unplanned shutdowns and the purchased electricity power cost is lower than the budgeted level.

**A2 - expenses on third party services** in the amount of **145,472 thousand lei** (+ 4.57%) which are services required for the activities within SNN (including the services required for the current maintenance program with the operating plant, as well as for the maintenance program forecasted to be executed during the planned outage of Unit 2 of Cernavoda NPP. The estimated required level of services is based on the specific requirements of operation and on on-going contracts which are generally multi-annual, i.e. the level of the rates included in the contracts is certain. The level budgeted for 2017 is below the level budgeted for 2016 (149,331 thousand lei)

**a) Expenses for maintenance and repairs (131,166 thousand lei)** including: i) current repairs for all plant's systems (electrical, ventilation, mechanical systems, technological parameters monitoring system, equipment and installations of front the fixed front, house of screens and of pump, of power transformers, of lifting installations, of STA); ii) repair services, testing and inspecting services during the planned shutdown of Unit 2.

For 2017, maintenance and repairs costs for Unit 2 were estimated based on yearly maintenance program that includes the following activities: overhauling the electric motor of the pump, maintaining the valves, inspecting the hydrogen coolers, inspecting the steam generators, testing the tightness of the building of the Reactor within Unit 2, extracting the tube for metallographic examination of the steam generator, changing the command / control side, replacing Honeywell regulators, replacing the rotor blockage protection system, overhauling the LAC type fan.

**b) Rent expenses** are estimated to **456 thousand lei** and include costs for the areas rented in order to store the equipment and materials within Cernavoda harbor, rents for nitrogen and hydrogen tanks, rents for portable multi-gas detectors.

**c) Insurance premiums (13,849 thousand lei)** respectively, nuclear risk insurance of the plant, management and administration personnel liability insurance, insurance for trips abroad, insurance against accidents at work and occupational diseases for SNN staff and other insurances. The variation between the budgeted and preliminary achieved in 2016 is due to the fact that, in the situations when during the insured period there are no damages/ damage sensitive events, the insurer grants a premium return when renewing the insurance.

**A3 - expenses with other third party services**, in the amount of **130,272 thousand lei** (+ 19.79%), represent: expenses on commissions and fees, protocol costs, costs of advertising and publicity, sponsorship costs, transport costs of goods and people, travel expenses, relocation, transfer, cost of banking services, postal charges and telecommunication taxes, security and protection services for the premises and personnel, services for computer maintenance services, personnel training expenses, costs for tangible and intangible assets revaluation, radioactive waste management services etc. And

in the case of this category of expenses, the significant share is held by the services that are generated by Cernavoda NPP and it is required to budget the resources to cover the scheduled activities. In terms of contracts, the existence of ongoing multi-annual services contracts adds certainty on the level of quantity and value of these costs for services.

- **Expenses on commissions and fees (1,988 thousand lei)** represent expenses for consulting and legal assistance in connection with negotiations conducted for Project - Units 3 and 4 of Cernavoda NPP (1,970 thousand lei). Memorandum of Understanding on the development, construction, operation and decommissioning of Units 3 and 4 of NPP Cernavoda was signed on 09/11/2015. Extension of negotiations led to the insufficient expenditure of costs estimated for 2016 for this project that included several phases to cover with consulting services and their adequate budgeting for 2017. Money for legal services was spent under the law, with the prior approval of GAS.
- **Expenses for protocol, advertising and publicity** are estimated at **627 thousand lei**, as follows:
  - Protocol expenses (312 thousand lei) were sized below the deductible level stipulated in the Fiscal Code.
  - Advertising and publicity expenses (315 thousand lei) consider the increasing degree of understanding and accepting of nuclear power domestically and internationally, maintaining a positive image for SNN, counteracting the negative impact on the development of nationwide energy program, promoting the project meant to execute Units 3 and 4 of Cernavoda etc.

The increase of these expenses in 2017 was correlated with the expectations related to the intensification of actions for the Units 3 and 4 project.

- **Sponsorship expenses (107 thousand lei)** are provided constantly compared to 2016, below the deductible level stipulated in the Fiscal Code. These expenses are awarded in compliance with Law no. 32/1994 regarding sponsorship, with subsequent amendments and completions, upon the express approval of the Board of Directors, the shares for which the sponsorship will be granted are presented for the information of GAS.
- **Expenses for transport of goods and persons (4,144 thousand lei)** estimated with an increase of 9% compared to the preliminary 2016 year, driven mainly by increase of materials' purchases under delivery conditions in which the transport is the responsibility of the purchaser.
- **Travel, relocation, transfer expenses (2,553 thousand lei)** are forecasted to increase by 54% compared to the level achieved in the previous year and include in a significant share the domestic and external travel expenses (1,938 thousand lei), the determined level of participation in training seminars for the improvement of technical personnel's performance and by the continuation of the negotiations for the performance of Units 3 and 4 Project.

- **Postal expenses and telecommunication charges** estimated to **791 thousand lei**, include expenses estimated for telephone and internet services, increased by 26% compared to the preliminary level of 2016, mainly due to the postponement to 2017 of the activity related to the maintenance of plant and to the fixed telephone network.
- **Other expenses for third party services (38,528 thousand lei)**, of which:
  - **Insurance costs and protection costs (8,765 thousand lei)** – an increase by 1% compared to the preliminary level of 2016, a growth justified by the increase of the rates as a result of the legislative changes on the indexation of the minimum gross salary stipulated in labor contracts.
  - **Expenses for maintenance and operation of computer technology (28,065 thousand lei)** comprise the maintenance costs for workstations, servers and HP equipment, databases management systems and new IT equipment as a result of the expansion and modernization of the computer network. The increase estimated for 2017 by 13% compared to the preliminary level of 2016 is explained by the increase of the expenditures for the maintenance of new modules ASSET Suite implemented and commissioned in August 2016, provision of the extended support of HP EVA 8000 system and expiration of warranty of some equipment that requires maintenance.
  - **Professional training expenses amounting to 1,490 thousand lei.**  
The level of these expenses is determined by the necessity of training the staff, including management / coordination, operation, maintenance and technical experts through specialized external organizations and preparing new operating staff employee training program as required.
  - **Expenses on recruitment and allocation of management personnel** are estimated to **136 thousand lei**, this amount being determined by the need to recruit in 2017 new members for Boards of Directors and General Manager, according to the procedures applicable following the expiration of mandate periods.
  - **Expenses for auctions ads and other ads (73 thousand lei)** are estimated based on annual values of contracts concluded with the mass-media, taking into account the increase of the numbers of ads compared to 2016.
- **Other expenses (81,085 thousand lei)** comprise other operating services, radioactive waste management services, technical assistance, maintenance of heating system, of hydrologic network, work-shops and offices cleaning services, pest control, health care, materials warehouse maintenance, services provided by nuclear specialized organizations on the development of joint programs. The increase of these expenses in 2017 compared to the level achieved in 2016 is explained by the delay recorded in 2016 in the conclusion of service contracts as a result of changes in the sector procurement law and of the introduction in this category of expenses incurred by NPP attending COG Research – Development Program and EPRI Program.

**B. Expenses on taxes, duties and similar payments** in the amount of **148,940 thousand lei** (+ 1.35%) include:

- expenses incurred with the decommissioning of nuclear facilities and with the final storage of radioactive waste representing the company's contribution to the Decommissioning plan by transferring to ANDR 2 EUR/ MWh net product according to the law in the field. As a result of planned production increase in 2017 compared to 2016, the expense on the environmental tax has increased by 3% compared to the preliminary level achieved in 2016;
- Expenses on CNCAN taxes and fees regarding the nuclear security, taxes payable on income derived by non-residents;
- Expenses on OPCOM taxes and fees, according to ANRE Order no.106/ 2016;
- Expenses on other taxes and charges – 43,334 thousand lei. Since 2017, the special construction tax was cancelled. But the company still owes taxes for non-residential buildings meant for nuclear units, exactly like in 2016, the tax payable to Cernavoda Local Council. Based on Cernavoda Local Council Decision no. 281/27.12.2016, the tax rate applicable to non-residential buildings is 0.5% and it is applied to the taxable value of the buildings existing by 31.12.2016 (the rate remained unchanged at the level of 2016).

**C. Personnel expenses**, amounting to **324,343 thousand lei** (+ 7.23%), including: expenses on salaries, bonuses and other personnel expenses, expenses related to the contract of mandate and other management and control bodies, commissions and committees and social security and welfare expenses, special funds and other legal obligations.

**C1) Salary expenses** in the amount of **222,799 thousand lei**.

In 2017 an increase of salary expenses was forecasted, considering the provisions of Art. 59 para. 7 of Law no. 6/2017 on state budget for 2017.

Thus, for 2017 the trade companies applying the Government Ordinance no. 26/2013 *on the consolidation of financial discipline at the level of trade companies where the state or territorial administrative units have the capacity of majority shareholders or directly or indirectly hold a majority stake*, with subsequent amendments and completions, may provide in the income and expenditure budget the increase of salary-related expenses compared to the level provided in the last income and expenditure budget approved under the law, if they meet all the following conditions:

- a) have not registered gross losses during the last two consecutive years;
- b) have fallen within the outstanding payments approved by the 2016 income and expenditure budget;
- c) do not plan gross losses and arrears for 2017 outstanding payments.

SNN meets all these conditions, as follows:

- a) by the 2015 income and expenditure budget approved by Government Decision no. 468/24.06.2015, respectively by Decision of SNN's Ordinary General Assembly of Shareholders no. 6/14.09.2015 ( "IEB 2015"), SNN predicted a gross profit of 54,247 thousand lei and achieved a gross profit of 178,324 thousand lei, and by the 2016 income and expenditure budget approved by Decision of SNN's Ordinary General Assembly of Shareholders no. 1/30.03.2016 ( "IEB 2016") predicted a gross profit of 63,850 thousand lei; according to preliminary execution for 2016, SNN achieved a preliminary gross profit

- of 129,040 thousand lei; thus, this condition is met, as SNN has not recorded gross losses during consecutive two years;
- b) the level of outstanding payments approved by IEB 2016 approved and achieved is 0; the condition is met because SNN fell within the level of outstanding payments approved by IEB of 2016;
  - c) by this budget proposal for 2017, SNN plans a gross profit and a level of outstanding payments amounting to 0; the condition is met because SNN doesn't plan gross losses and outstanding payments for 2017.

Consequently, all the conditions are met, so that SNN, by observing the provisions of para. 7 of the Art. 59 of Law no. 6/2017 forecasts an increase of salary-related expenses by increasing the salary expenses with the amount of 8,000 thousand lei compared to the preliminary level achieved in 2016 (214,799 thousand lei); compared to the budgeted level of salaries for 2016 (218,673 thousand lei), the increase is only by 3,874 thousand lei; therefore, the salary expenses are budgeted for 2017 to the amount of 222,799 thousand lei. The increase in terms of salary expenses for 2017 amounts to 3.72% compared to the level of 2016 (execution) and to 1.89% compared to the budgeted level of 2016.

When determining these expenses, there were taken into account the 2016 salary expenses, the staff fluctuation expected for 2017, the increase of seniority and loyalty increment due to the shift to higher seniority stages and, respectively, seniority in case of loyalty increment, according to the Collective Labour Contract's provisions and the establishment of a staff prize fund and a promotion/ preferment fund, in order to increase the staff's motivation and fidelity. **The motivation of the workforce by means of salary factor has been identified as necessary to ensure the future comparable operational performance as well as to reduce staff fluctuation, especially in the critical key-areas.**

## **C2) Bonuses in the amount of lei 22,108 thousand.**

In this subchapter were provided the following expenses:

- Social expenses in the amount of lei 7,870 thousand, increasing by 20% compared to the approved budgeted level of the previous year, being estimated within the limit of a rate of 3.5% applied on the value of personnel wage expenses; the deductibility limit of these costs according to the Law no. 227/2015 *regarding the Fiscal Code* is 5% starting 2016, the level of 3.5% proposed for 2017 being under the maximum level. For 2016, the accrued performed level of these expenses was lei 3,947 thousand, by 40% under the budgeted level. The increase is necessary considering also the fact that from this fund is also covered including the retirement aid provided according to the CLA correlated with the high anticipated number of retired persons (especially from FCN Pitesti);
- Meal tickets (lei 513 thousand) – according to art. 3 paragraph (1) of the Law no. 218/2016, the nominal value of a meal ticket cannot exceed the amount of lei 15, therefore SNN increased the amount of the ticket from lei 9.57 to lei 15, the maximum amount allowed by the law. as a consequence, the costs for meal tickets increased, and for determining it, the influences arising from the travel days of employees, medical leaves and unpaid leaves were not considered;
- **Holiday vouchers, in the amount of lei 3,075 thousand** (lei 1,500 /employee, for a maximum estimated number of 2,050 employees), which were not provided until 2017. In the current CLA is provided the **possibility to provide holiday vouchers, depending on the company's financial possibilities**. The holiday vouchers within the limit of six minimum wages per employee (lei 8,700) entail fiscal advantages for the employee and employer. Under the conditions of the income and expenses budget, the budgeted amount for which was considered

the financial possibilities is almost near the level of a minimum wage for an employee (lei 1,500 /employee) compared to the maximum level of 6 minimum wages;

- The expense for employees' attendance to the Company's profit from the previous year (lei 3,793 thousand) is at the level of the amount approved in the BVC for 2016;
- Expenses with advantages in kind for the employees (electrical and thermal energy, rents for service housing), these expenses being budgeted in the amount of lei 6,857 thousand, increasing by 18% compared to the level registered in 2016 due to increases estimated with the price of electrical and thermal energy.

Therefore, on chapter C2 Bonuses it is estimated an increase in the amount of lei 8,516 compared to the level from 2016, respectively an increase of lei 3,757 compared to BVC 2016.

The bonuses expenses (chapter C2) are included in the wage expenses (C0).

### **C3) Other personnel expenses in the amount of lei 1,036 thousand.**

In this subchapter were provided the remunerations of the 21 members of the Negotiation Committee and Technical Secretary Department for the development of the Project of Units 3 and 4 CNE Cernavoda, project type "Green/Brown Field", by creating a IPP-type company, according to the provisions of the Decision no. 122 of the SN Nuclearelectrica SA BoD from 22.08.2014.

### **C4) The expenses for the mandate expenses and other leadership and control authorities, committees and commissions in the amount of lei 3,514 thousand.**

The cumulated amounts of the fix and variable remunerations of the administrators and managers amount to lei 3,514 thousand in 2017 (budgeted) compared to lei 2,841 thousand (performed accrued) in 2016, representing an increase of approx. 24%.

#### **a) Mandate contracts concluded with the managers**

For 2017, were provided expenses for the mandate contract for managers in the amount of lei 2,068 thousand, increased by 5% compared to the accrued level performed of 2016, but by 26% smaller than the budgeted level for 2016.

The company has 2 mandate contracts concluded for a period of 4 years for the managers, starting 30.04.2013 in case of the CEO, respectively starting 01.02.2014 in case of the CFO.

Regarding the mandate contract of the former Manager of the CNE Cernavoda Branch, it was suspended starting 19.02.2016, and subsequently, following his resignation, the contract was terminated starting 08.04.2016. The new manager of the CNE Cernavoda Branch is paid based on a labor agreement, not based on a mandate contract.

The managers with a mandate contract benefit from a fix gross monthly remuneration according to the mandate contracts and a variable component determined depending on the objective accomplishment, respectively the compliance of the target level of the performance indicators approved through the Management Plan, consisting in 2 subcomponents.

The value of the quarterly installment of the first subcomponent of the variable component equals maximum three fix gross monthly remunerations; therefore, the total annual value of the first subcomponent is 12 fix gross monthly remunerations, in the conditions of a degree of fulfillment of the performance indicators of at least 100%.

The second subcomponent is established at a level of 0.4% of the amount representing the difference between the net effective profit performed and the net estimated profit for each financial year, but no more than 12 fix gross monthly remunerations. The first installment of this subcomponent is provided until August 31<sup>st</sup> of each financial year and represents 0.4% of the amount representing the difference between the net effective profit performed and the net estimated profit for Q I 2017, but no more than 6 gross fix monthly remunerations, and the second installment is paid within 15 days from 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 from which shall be deducted the amount of the first paid installment.

The increase by 5% of the expenses for the managers mandate contracts (ln. 105) compared to the accrued level of 2016 is due to the amendment starting November 2016 of the fix monthly remuneration of the CFO (+11,8%) according to the BoD Decision no. 121/17.10.2016 and due to provisioning the fix remuneration for the new mandate contract of the CEO to the amount of lei 27,200 /month, +12.6% higher than the current fix remuneration of lei 24,150, starting May 017. In provisioning the fix remuneration for the CEO was considered the gross wage income for the branch „production and provision of electrical and thermal energy, gas, hot water and air conditioning” NACE code 35 from the period March 2016 – February 2017 (months January and February 2017 were provisioned starting the income from 2016 indexed by an increase of 2.8%), so that the new monthly gross wage income on the branch considered as the base for the provisioning of the fix remuneration of the CEO for a mandate contract starting May 2017 increases from lei 4,023 to lei 4,534; depending on the data published by INS, based on the gross average wage income for the energy branch for the 12 month period prior to the appointing of the CEO for the new mandate contract, the calculation base for the fix remuneration may be different from the level of lei 4,534 estimated above, situation in which may be necessary certain relocations within the C category of Personnel expenses, in the structure regarding the variable component of the CEO remuneration after the expiry date of the current mandate contract, was considered a similar remuneration structure with the current one where the variable remuneration may be double of the fix remuneration.

The variable component of the managers with a mandate contract (ln. 107) in the amount of lei 1,478 thousands is smaller than the amount from the BVC 2016 (lei 1,994 thousand) because the amount budgeted for 2016 also includes the estimate for the variable remuneration of the manager from CNE Cernavoda (the residual payment for 2016 for the period when the mandate contract was effective).

In 2016 the budgeted amount for the managers remunerations (fix and variable) was provided for lei 2,806 thousand and the effective cost was lei 1,963 thousand (approx. 70%).

#### **b) The management contracts concluded with the managers**

The expenses with the management contracts for the BoD are budgeted for the amount of lei 1,446 thousand (fix and variable remuneration), by lei 568 thousand higher than the accrued level performed for 2016.

Within this chapter were provided fix and variable remunerations for 7 administrators, members of the Company's BoD, according to the provisions of the management contracts; the executive administrators (managers members of the BoD) cannot receive a remuneration also as member of the BoD. Currently, the CEO is also a member of the BoD, but after the termination of the current mandates it is possible that the CEO will no longer be a member of the BoD, therefore 7 administrators shall be non-executive instead of currently 6.

The administrators (non-executive) currently benefit from a fix monthly remuneration and from a variable component determined depending on reaching the objectives, respectively the compliance of

the target level of the performance indicators approved by the Management plan and consists in 2 subcomponents.

The value of the quarterly installment of the first subcomponent of the variable component equals at the most with the amount of average gross monthly wage income in the branch where the Company develops its activity, communicated by the National Institute of Statistics for the respective period, according to a compliance degree of performance indicators of at least 100%.

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

**Starting April 2017**, the number of the paid members of the BoD can increase to 7 members (non-executive), if the CEO of SNN will no longer also be a member of the BoD. In the same time, the gross wage average income on the branch that will be at the base of determining the fix and variable remunerations shall rise, considering the data published by INS (see above the substantiations based on the calculation of the remuneration of the CEO). Also, with the conclusion of new management contracts, it is created the possibility to provide a fix gross remuneration for managers, higher than the current one, respectively the equivalent of two times the gross income on the branch (according to the changes of the EGO 109/2011), therefore it is estimated an increase of the fix remuneration.

The increase by 65% of the amounts provided for the fix and variable remunerations for the members of the BoD compared to the accrued of 2016 (ln. 108) is therefore due to the provisioning of a fix increased remuneration to the management contracts which shall be concluded starting 26.04.2017, respectively lei 9,068 /month (lei 4,534 base x 2) compared to the current level of lei 4,023 /month, as well as the possibility of increasing the number of paid members (non-executive) of the BoD starting April 2017 (to 7 paid members from currently 6). The substantiation of the level of the gross average wage income on the branch, estimated for lei 4,534 was presented in the section regarding the managers remuneration.

Therefore, were considered the provisions of the EGO 109/2011 regarding the corporate governance of the public companies mentioning the fact that „the fix remuneration cannot exceed twice the average on the last 12 months of the monthly gross wage income for the activity developed according to the main object of activity registered by the company, at the class level according to the classification of activities in the national economy, communicated by the National Statistics Institute prior to the appointing”, as well as the provisions of art. 37 paragraph (2) of the EGO 109/2011, providing „the amount of the variable component of the non-executive members cannot exceed maximum 12 fix monthly remunerations”; The variable component for the period subsequent to the date of April 25<sup>th</sup>, 2017 was estimated to the maximum level, respectively to 12 monthly fix remunerations, with an addition of 50% to chapter C of personnel costs (variable remuneration) and 50% to the D chapter, the provisions category regarding administrators’ remunerations considering the case of approval and effective payment of the variable remuneration.

Depending on the data published by INS, based on the gross average monthly income for the energy branch for the 12 month period prior to the appointing of the administrators after April 25<sup>th</sup>, 2017, the base of calculation for the fix remuneration can be different from the level of lei 4,534 estimated above, situation when can be necessary re-additions in the category C of Personnel expenses, in the structure.

Without an approval from the GMS regarding the determination, approval and compensation method of the variable component of the remuneration of the BoD members for the period January-April 2017 as the SNN GMS shall propose, was not provided a budgetary addition on these premises; therefore, it might be necessary a re-addition between position 110, Annex 2 – variable remuneration of the BoD

and position 130a providing the Provisions regarding administrators' remunerations, but they will not affect the total of expenses but only the structure between the budget chapters, according to the effective approval.

**C5) Expenses for social security and protection, special funds and other legal obligations** in the amount of **lei 74,887 thousand**.

In this subchapter are provided costs regarding contributions to social security, unemployment insurance, health insurance, special funds for the wage fund and unit's contribution to the retirement graphics. The provisioned increase for the contributions to social security, unemployment insurance and health insurance is caused by the increase of wage expenses.

SNN contributes, in the name of the employees, who adhere to a facultative retirement fund, with a monthly amount established depending on the seniority in the electrical energy field and wage level.

The increase by 5% of expenses regarding contribution of the unit to the retirement graphics (ln. 118) provisioned in 2017 compared to the expenses performed in 2016 is mainly caused by the fact that the change of seniority and the wage level during the year causes effects starting the first month of the following year, according to the provisions of the CLA SNN/2017.

In this subchapter, in line 119, it is provided the contribution for handicap persons not employed in the Company, which calculation is influenced by the increase of the minimum wage, from lei 1,250 to lei 1,450 starting February 2017 according to the provisions of the Decision no. 1/6.01.2017 for establishing the gross minimum basic wage in the country, granted in payment and the number of persons with a handicap not employed in the Company.

**D. Other operating expenses**, amounting to **552 897 RON (+ 7.22%)** include: expenditure on fixed assets, amortization expense of tangible and intangible assets, adjustments and under valuations for loss of value and provisions (the provision for costs of interim storage of the spent fuel, the provision for pensions, the provision regarding contract of mandate and the provision for employee participation in profits) and other expenses (ANRE annual contribution, the equivalent of electricity for pensioners etc.).

The significant share in this category of expenses are the expenses on amortization of fixed assets (494.215 RON), respectively a share of almost 90%. This category of expenses records a forecasted growth of +2.69% taking into account the estimated level of the amortization expenses which is correlated with the investments made in the previous years with commissioning during 2016, as well as forecasts for 2017.

This category of expenses includes another series of non-monetary expenses, especially with the provisions and depreciation adjustments (both incorporation and reversal), so that their evolution is influenced by the necessity of their incorporation or reversal for respecting the financial reporting standards.

The net provisions made for variable compensations of the management provided in this chapter are in amount of 834 thousand RON and are related to fixed and variable compensations of the managers and directors (section C), and can be analyzed together.

So, in chapter C are included the actual expenses and in chapter D are included the provisions (expenses/income from reversal, as the case may be) related to the obligations regarding the contracts of mandate (variable components). The variable remuneration components are settled only after the approval of the reports of the directors/managers, as appropriate, depending on fulfillment of performance criteria and indicators, so there are timing differences between the fulfillment of

performance indicators, the approval of the fulfillment degree and the effective settlement; due to this aspect, the amounts for which exists no legal obligation to pay the closing of the reporting period, but were not actually settled, are admitted based on a provision (chapter D of expenses) and the amounts actually paid are reflected in chapter C.

Other expenses under chapter D, respectively the budgeted one in line 126 in the amount of 32,218 thousand RON represent mainly the equivalent of daily imbalances (22,500 thousand RON), estimated taking into account the level achieved in 2016, and the number of extra hours of unplanned outages considered in the production schedule, the annual contribution to ANRE according to the Order no.46/2012 *on approval of tariffs and money contributions collected by ANRE*, in 2017 (respectively 0.08% of the turnover, representing approx. 1,357 thousand RON), the equivalent electricity to retirees based on laws and taxes regarding the affiliation of the Society to specialized organizations, particularly in the nuclear industry.

The adjustments and depreciations for loss of value and provisions include: provision for costs of intermediate storage of spent fuel - Module 12 and provisions of asset depreciation (11,990 thousand RON), provision for pensions and other obligations (14,990 thousand RON), provision regarding contracts of mandate (834 thousand RON), provision for employee participation in profits (4,447 thousand RON).

**The provision for pensions and other obligations amounting to 14,990 thousand RON includes the estimated provision for granting employees' retirement benefits as a share of 1200 kW electricity, respectively 10,490 thousand RON, in accordance with CCM SNN for the period 2016-2018, value settled based on the actuarial report conducted by actuary hired by SNN, as well as the related provision of other benefits granted to employees under the CCM SNN/2017.**

So, through the CCM in force was introduced the possibility of granting the SNN employees who retire from SNN and cumulatively fulfill the condition to have minimum 15 years of experience in the electricity and heat field, of which at least the last 10 years before the retirement at SNN, a retirement support for the share of electricity; this aid is equivalent to 8,500 RON gross, which can be updated based on an actuarial report in the terms of CCM. This aid is equivalent to a share of electricity of 1200 kWh/year after the retirement date, taking into account the average retirement age in SNN and the average life expectancy after the retirement date, as reflected in the actuarial report, aid that is received in one installment on the date of retirement.

SNN employees who meet the conditions set by CCM shall benefit from this assistance retirement, subject to the approval of the income and spending budget for 2017, in which are provided the amounts in this respect. This shall be at hand of the SNN retired persons, who qualify for aid, after the approval date of BVC 2017. This benefit shall come in the category of long-term obligations related to employees of the Company, the level of actuarial obligations and related expenses being periodically updated, on long term.

Such a benefit can contribute, among other measures, to retain workforce at SNN, required for subsequent performance.

The effective retirement aid settlement for the share of electricity shall come from the fund for social expenses.

2. In substantiation of financial expenses in the amount of **102,818 thousand RON ( - 13.59%)** were taken into account the interest expenses and commissions due in 2017, rate differences related to externally contracted loans for the realization and commissioning of Unit 2 from Cernavoda NPP, and

other financial expenses. The exchange rates were taken into account according to the winter forecast of the National Committee of Forecast (e.g.: current RON/EUR 4,46 RON/EUR). Expenses on negative exchange rate differences can only be estimated, but their execution level is influenced by the negative exchange rate differences impact realized and unrealized, uncontrolled by the society.

Within these expenses was included the amount of 7,428 thousand RON representing the expenses of default risk commission of the loans for the development and commissioning of the Unit 2 of Cernavoda NPP paid on the first withdrawal from loans and that is amortized over the repayment period .

### III. THE GROSS RESULT

For 2017, based on the forecasted income and expenses, resulted in an **operating profit of 75,167 thousand RON**, 26% higher than the 2016 approved budget. **The budgeted gross profit**, including the financial result, is in the amount of 70,234 thousand RON, 10% higher than the approved budgeted gross profit for the previous year.

According to GEO no. 64/2001, the budget proposal for 2016 provides the allocation of a percentage of 50% of the accounting profit distributable to shareholders. For 2016 apply the provisions of the Government Memorandum on *"Empowering the state representatives in the General Assembly of Shareholders/Board of Directors, as appropriate, to national societies, national companies and companies with a capital owned or with a majority of the capital by state, and to the autonomous administrations in order to take the necessary measures to allocate a quota of minimum 90% of the 2016 net profit as dividends/payments to the state"*. So, Annex 1BCV reflects this sharing percentage in comparison with the percentage given to substantiate the ISB 2016.

The operating profit budgeted for 2017 is about 52% below the preliminated level achieved for 2016 due to considerations set forth in the detailed substantiations of incomes and expenses. Regarding the net profit, beyond the operating profit, this is influenced by the financial profit (income minus financial expenses) that can be profit or loss, as the experience of recent years shows.

The main factors with significant impact in determining the operating profit, meaning influencing the operating income, are the amount of electricity delivered, which for 2017 is estimated to be higher by 4% compared to the amount budgeted in 2016 and by 3% higher than the amount actually delivered in 2016, as well as the estimated prices of sale for electricity (for the year 2017 balanced average price for the mix of sales is 1% higher than the balanced average price actually achieved in 2016), and in terms of influencing the operating expenses, these are estimated at a sufficient level necessary for the realization of the company's activities, under conditions of ensuring the nuclear safety and maintaining a certain level of the amount of electricity available for respecting the energy sale contracts. Also, the expenses level is influenced by the need for budgeting an amount of energy acquired during planned and unplanned shutdowns, which causes a high level of expenses on goods, at least at prudently budgeted level.

Another important determinant factor is providing a level of expenses that would allow the development of all activities related to repairs and maintenance scheduled for the year budgeted, according to internal estimates due to the experience and expertise of qualified staff for achieving such plans for repairs and maintenance and in accordance with the regulations in force and compliance requirements. At the same time, the budgetary exercise takes account of the adjacent needs of the main activity, which is done in order to sustain it and without the proper conduct of the activity is hampered.

Also, in the context of compliance with the provisions of art. 59 para. (7) of Law no. 6/2017 on state budget for 2017, in conjunction with the estimation of labor productivity growth, both the values and physical by about 2%, and with the intention of establishing a fund for advancement and promotion, a compensation fund that delimits the employee performance and meets the need of motivation to achieve the professional performance and considering the economically possibility of increase of the salary expenses, maintaining the operational performance and carrying out the activity in terms of nuclear safety, for 2017 was proposed to increase of the salary expenses and to effectively introduce some benefits, according to the CCM applicable after the date of approval of the BVC 2017, as it is settled in this note.

#### **IV. THE INCOME TAX**

The expenses on income tax were settled according to the provisions of the Fiscal Code. The estimation of the non-deductible tax expenses and of the non-taxable income on the profit tax calculation for 2017 was made taking into account the preliminary achievements of 2016.

**Non-deductible expenses** (80,020 thousand RON) mainly comprise the amounts representing the revaluation surplus in reserves, the cassation value of some spare parts and the value of the provision on intermediate storage of spent fuel.

**Taxable income** (11,174 thousand RON) mainly comprises the income from reversal provisions.

**V. SOURCES OF FUNDING OF THE INVESTMENTS** for 2017, amounting 501,024 thousand RON, are represented by own sources, i.e. amortization and profit.

**VI. EXPENSES INVESTMENTS** in 2017, amounting 440,718 thousand RON, were sized according to the investment objectives needed to be achieved and provided in the company's strategic programs, being structured as follows:

- 209,124 thousand RON representing the amount of reimbursement rates related to loans contracted for the realization and commissioning of Unit 2, due in 2016.
- 18,277 thousand RON representing the investment program of the Executive SNN, of which: 8,920 thousand RON the initial contribution to the Joint Venture capital of the project of Units 3&4;
- 196,760 thousand RON representing the equivalent of the investment program of CNE Cernavoda;
- 16,607 thousand RON representing the equivalent of the investment program of the branch FCN Pitesti.

The investments and payment of the debt service is to be financed from profits and amortization.

The main investment projects taken into account in the investment plan are:

##### **1) Key investments mentioned in the management plan**

- Intermediate storage of spent fuel (inclusive SICA U#2) - 23,743thousand RON
- Modernization and extension of the Physical protection system - 16,150 thousand RON
- Improvement of the CNE Cernavoda response, respectively the nuclear safety functions in case of events outside the design basis as a result of the nuclear accident occurred at the Fukushima 1 nuclear power plant, Japan - 41,079 thousand RON

## 2) Major investments

- Replacement of the control part of the excitation system 2-41220-PL 1615 from U2 - 11,738 thousand RON
- Contribution to the Joint Venture capital for the project of Units 3&4 - 8,920 thousand RON
- Increasing the safety in operation of the system for power evacuation from CNE Cernavoda, by retrofitting the drain power transformers and assuring a back-up transformer for two nuclear units - 8,284 thousand RON
- Installation of access gates in the water supply inlet chamber/preheater - 4,070 thousand RON
- Extent of the life of Unit 1 by refurbishment of the reactor and refitting the primary systems (studies) - 4,000 thousand RON
- Land planning and relocation of buildings necessary for the proper functioning of Seiru Deposits on the territory of CNE Cernavoda - 3,211 thousand RON
- Expenses for development of prefeasibility studies, feasibility studies and other studies related to the investment objectives - 2,499 thousand RON

Depending on the conduct of the investments shall be achieved reallocations between various investment projects, within the total investment expenses approved and, respectively, the existing funding sources. Also, during the year may come up new needs for investment expenses, contingencies which could be financed within the limits of existing funding sources.

The investment program is detailed in Annex 4 of the Income and expenses budget for 2017.

## VII. Other substantiation data regarding the Income and expenses budget for the year 2017

The indicators level of the income and expenses budget was established in correlation with the management strategy of the Board of Directors and with the management plan of the directors, considering the provisions of art. 4 of the management contracts contracts of mandate, stating that *"In order to achieve the object of this Management Contract, the Manager shall draft all the necessary papers for the administration of assets of the Company in the interest of this in order to the achieve the object of activity and shall exercise the attributions set for this by the Articles of Incorporation and by this Administration Contract, in order to fulfill the objectives and performance criteria set out in Annex 1 to this, along with other members of the Board of Directors, and/or annually reviewed, as appropriate, within 30 days from the date of the approval /rectification of the income and spending budget"*.

For 2017, through the proposal of revenues and expenditures budget for 2017, were not provided due payments and no outstanding debts.

The indicators estimations for the years 2018 and 2019 are lineally made (except Annex 4 - Investments), beginning with the indicators level budgeted for 2017, indexed with the inflation rate published by the National Statistics Institute in Winter Forecast, indicators detailed for those years, being subsequently detailed and substantiated by the annual budgets of the years 2018 and 2019, respectively.

**General Director,  
Daniela Lulache**

**Financial Director,  
Mihai Darie**

**Annexes:**

- Income and spending budget for 2017 and estimations for 2018 and 2019: Annex no. 1;
- Details of the financial-economic indicators provided in the income and spending budget and allocation on quarters of these: Annex no. 2;
- Achievement grade of total income: Annex no. 3;
- Investment Program (Annex no. 4);
- Measures of gross result improvement and decrease of due payments: Annex no. 5.