



Approved
Iulian Robert Tudorache
Chairman of the Board of Directors

**Note on the proposal of the Board of Directors
concerning the distribution of dividends
in accordance with the provisions of Art. II and Art. III of GEO No. 29/2017**

I. Legal framework and competences

The Romanian Government adopted on March 30, 2017 the Emergency Ordinance no. 29/2017 (“GEO 29/2017”) to amend Art. 1 par. (1) let. g) of the Government Ordinance no. 64/2001 on the distribution of profits in national companies, and trading companies with full or majority state capital, as well as in autonomous administrations, and to amend Art. 1 par. (2) and (3) of the Government Emergency Ordinance no. 109/2011 on corporate governance of public enterprises, as follows:

- GO No. 64/2001:

- o Art. 1 par. (1) let. g) stipulates that “the profit not allocated to the destinations referred to in letters a) - f) is allocated to other reserves and constitutes own financing source and **can be subsequently redistributed as dividends** or payments to the state budget in the case of autonomous administrations”.

In accordance with GO no. 29/2017:

- **Art. II: the amounts allocated in previous years to other reserves under the conditions of Art. 1 par. (1) let. g) of GO no. 64/2001, existing at the date of entry into force of GEO 29/2017, may be redistributed as dividends starting with the approval of the financial statements of 2016;**
- **Art. III: the existing retained earnings as at December 31 of each year may be distributed as dividend starting with the approval of the financial statements for the year 2016, including the retained earnings reflected in the financial statements for the year 2016.**

Thus, following the approval of GEO 29/2017, which amends and completes GO 64/2001, the **possibility** was created for companies with majority state capital to distribute reserves that constituted their own sources of financing as dividends, as well as amounts from the retained earnings.

In accordance with the provisions of Art. 111 par. 1 let. a) of the Companies Law no. 31/1990 republished ("Law 31/1990"), with the subsequent amendments and completions, as well as in accordance with Art. 13 par. (2) let. b) of the Articles of incorporation of S.N. Nuclearelectrica, **the General Meeting of Shareholders establishes the distribution of the net profit and sets the dividend.**

Thus, the General Meeting of Shareholders of S.N. Nuclearelectrica S.A. ("SNN" or "the Company") may decide to distribute additional dividends from other reserves and from the retained earnings starting with the approval of the financial statements for the year 2016.

The Ministry of Energy, as the majority shareholder of SNN, requested the Board of Directors, by Address ME No. 262423/06.11.2018, the following: to formulate proposals for the redistribution/distribution of dividends, in accordance with the provisions of Art. II and Art. III of GEO no. 29/2017, accompanied by the substantiation report of these proposals, drafted by the Board of Directors and by the executive management, in order to convene the General Meeting of Shareholders on this subject.

II. Exhibition

In order to draft this proposal, SNN's Board of Directors took into account the following information and assertions presented by the executive management:

(i) Status of the amounts in the "Other reserves representing own financing sources" accounts and in the "Retained earnings" account as at December 31, 2017

As at December 31, 2017, SNN had RON 43,145,832 in the "Other reserves" account, out of which **RON 22,892,420** represented "other reserves representing own financing sources", i.e. the share of the profit distributed in previous years to "other reserves representing own financing sources". On the same date, SNN had **RON 3,202,651,196 in the cumulative retained earnings accounts.** Therefore, from the amounts reflected in these accounts additional distributions to dividends could be made on the basis of the above-mentioned provisions

(ii) **Major investment needs in the period 2018 – 2026** in the amount of RON 8.8 billion, respectively an annual average of RON 977 million for each of the next 9 years

(iii) **Annual needs for establishing own financing sources**, in the amount of RON 397 million, considering an investment scheme for major investments consisting of 55% financing from the external environment and 45% financing from own sources

(iv) For **substantiating the available funds for additional dividends**, the results as of September 30, 2018 regarding the available liquidities, gross profit, external loans, necessary investments for Q IV 2018, the acquisition of 60 tons of uranium dioxide, establishing in 2018 own financing sources for investments according to point (iii) above were taken into account, as well as the fact that the amounts distributed from the retained earnings are subject to a 16% corporate tax.

III. Value of gross dividend per share

The dividends to be allocated to shareholders are in the amount set in the proposal to allocate additional dividends in accordance with Art. II and II of GEO No. 29/2017, respectively the amount of **RON 238,000,000**. The number of shares corresponding to the subscribed and paid-up share capital is of 301,513,851 on the date hereof.

Thus, the proposed gross dividend per share is of RON 0.78935014/share.

Dividend tax is to be withheld and paid by SNN in accordance with the provisions of the Fiscal Code.

IV. Date of starting the payment of dividends

The payment terms for dividends in accordance with the applicable legal provisions are:

- Art. 178 paragraph (1) of the ASF (Financial Supervisory Authority) Regulation No. 5/2018 on issuers of financial instruments and market operations states that the dividends payment date must be set by the issuer so that this date is on a business day which shall not be later than 15 business days after the date of registration
- Art. 28, paragraph (4) of the Articles of incorporation of SNN states that “the payment of appropriate dividends to shareholder will be made by the company, according to the law”.

V. Dividend payment method

Dividends will be paid to SNN shareholders through the Depozitarul Central SA and a payment agent specialized in the supply of this service, according to art. 86, paragraph (5) of Law 24/2017 and Art. 145 letter (b) of ASF Regulation No. 5/2018. No fees will be charged to the shareholders for the payment of dividends, irrespective of the payment method, such fees being borne by SNN. The identification data of the selected payment agent, detailed payment methods, the specific forms and the necessary documents required from shareholders in order to make the payment, will be notified to the shareholder before the payment start date by press release and current report respectively, sent to the Bucharest Stock Exchange and the Financial Supervisory Authority. The information will also be posted on the SNN website, www.nuclearelectrica.ro, Investor Relations section.

VI. Registration date

The registration date must be subsequent to the General Meeting of Shareholders date (10.12.2018) at least 10 business days. Thus, the proposed registration date is 24.12.2018.

VII. Right to receive dividends

Only shareholders registered with S.C. Depozitarul Central S.A. on the registration date (24.12.2018) have the right to receive dividends.

III. Proposal of the Board of Directors regarding the distribution of dividends, in accordance with the provisions of Art. II and Art. III of GEO no. 29/2017

Taking into account the above-mentioned considerations, substantiated by the executive management, the Board of Directors proposes:

- distribution of additional dividends from the retained earnings in the amount of RON 238,000,000, in accordance with the provisions of Art. II and Art. III of GEO no. 29/2017, representing a value of the gross dividend per share of RON 0.78935014
- the date for starting the additional dividends payment to be 28.12.2018
- the registration date to be 24.12.2018
- the dividend payment method in accordance to the present Note.

General Manager
Cosmin Ghita

Chief Financial Officer
Adrian Dumitriu