ANNUAL REPORT 2010

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KRŠKO NUCLEAR POWER PLANT

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Year 2010 meant another year of success and high economic efficiency for Krško NPP. In a time of global crisis of fundamental work values, we are increasingly aware that success is created by people, by many dedicated individuals with superior knowledge and skills, motivation and commitment to this company. It is our strong belief that we can remain on this path of success as long as we build on corporate ethics, in particular mutual respect, trust and honesty among people working together. A high level of working and safety culture is vital for our further growth. Our goals remain high and clear; we match up with only the best. A critical approach in assessing our results remains our stance for progress. A new generation of expert staff is successfully merging with our team. It is with a sense of duty that we set a good example, pass on knowledge and give them suitable working conditions. Their growth is in our hands, the NPP's future is in theirs.

Hrvoje Perharić

Stane Rožman

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DEAR READER,

This Report provides an overview of events which took place in 2010; however, it should be noted that it has been 30 years since the plant was put into operation. In retrospect, memories that come flooding back primarily highlight those of positive aspects of the period. A continual improvement of safety and operational results is unquestionable. With small but firm steps we have overcome several barriers, building a mosaic of technological knowledge, improving technology and work processes, building competence and decision making systems. Today, we have a comprehensive surveillance and preventive maintenance system implemented, a facility with superior integrity and workforce, and technologically ready to proceed to the second half of its life.

Year 2010 meant another year of success and economic efficiency for Krško NPP. The key targets were met. Both shareholders supported our business and investment plans with a great deal of understanding the priorities. A 10-year safety review plan of action was completed. The formal request for the plant life extension was supported with all required documentation. Parallel to technological modernisation, there has been intensive regeneration of the workforce.

In a time of global crisis of fundamental work values, we are increasingly aware that success is created by people, by many dedicated individuals with superior knowledge and skills, motivation and commitment to this company. It is our strong belief that we can remain on this path of success as long as we build on corporate ethics, in particular mutual respect, trust and honesty among people working together. A high level of working and safety culture is vital for our further growth. Our goals remain high and clear; we match up with only the best. A critical approach in assessing our results remains our stance for progress.

A new generation of expert staff is successfully merging with our team. It is with a sense of duty that we set a good example, ensure a systematic transfer of specific knowledge and provide them with suitable working conditions. Their growth is in our hands; they will take over the responsibility for future success and the reputation of Krško NPP and nuclear industry.

Management board

IMPORTANT ACHIEVEMENTS IN 2010 AND CHALLENGES FOR 2011

In Autumn 2011 the Krško Nuclear Power Plant (NPP) will have been in operation for 30 years. During this period we have witnessed many social changes and much technological development, which affected our operations. Even after three decades of operation, NPP has - taking into consideration its origin of technology, upgrading and modernisation, organisation and operational standards - remained a modern facility. It belongs to the second generation of nuclear facilities which nowadays operate as a safe and secure power facility. This is additionally supported by last year's results. During the 24th fuel cycle which started after the re-start of the plant following the outage on 3rd May 2009 and ended with the plant's disconnection from the grid on 30th September 2010, NPP's operation was exceptionally stable and without any shutdowns. The total of 515 days of uninterrupted operation, a period considered a very good result at the international level, is a challenge for the plant's operation during the current fuel cycle as well as future ones.

By setting up the INPO, the nuclear industry committed itself to ensuring the highest safety levels and reliability as well as encouraging operational excellence of nuclear facilities. The WANO organisation linked together all operating power plants ensuring through its programmes high standards and exchange of information to ensure nuclear safety worldwide. Krško NPP takes an active part in the programmes of such organisations in the field of nuclear technology and can thus compare against the others at an international level, which is its imperative goal.

With its low cost price, NPP is a competitive source of electricity. All potential reserves in the operations processes must be found to ensure competitiveness. One of the potentials for this is business informatics development as a support to business processes. A few years ago the decision was taken in NPP to introduce *ORACLE e-business suite*, which means a transition from a passive business information system of recording the events in business processes into a pro-active business information system and business processes management, which provides their standardisation, combines them together, enables business information on a daily basis, modern communication and supports international accountancy standards. We have now secured a system which will once again give us an opportunity to prove ourselves as an organisation willing to learn.

NPP has lodged a formal request for nuclear power plant life extension: In view of the current practice in the world and taking into account permanent investments in technological equipment, the chances of such extension are realistic. This brings new challenges also in the decision making procedures and equipment and plant's process upgrading. In addition to the human resources regeneration, one of the major tasks will be to maintain competitiveness of the staff with firm commitment to the targets set and values of safety culture and business ethics.

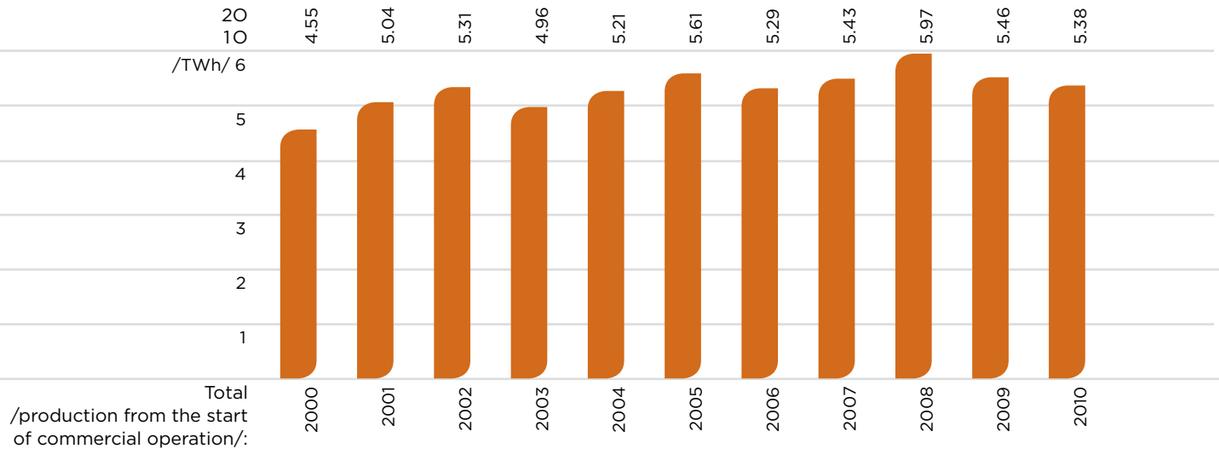
Last year, as before, all effects of the plant on the environment, measured by the plant and external authorised institutions, were below the administrative limits. The additional assessment concerning the environment management carried out by an external auditor, proved again the plant's compliance with ISO 14001 standards. A step towards a better transparency of the operations and a proof of the awareness of the importance of the public acceptance of nuclear energy is the upgrading of the NPP's website with animation demonstrating the operation of the plant and including all meteorological data of NPP's tower, the town of Krško, the Sava river, and data representing radioactivity which are updated every hour.

IMPORTANT ACHIEVEMENTS
IN 2010 AND
CHALLENGES FOR 2011

SUMMARY REPORT

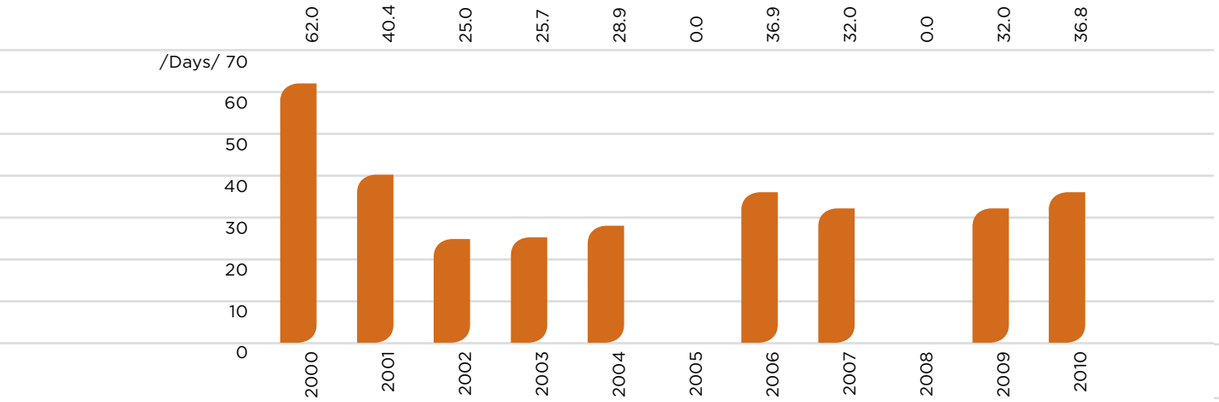
The plant was in uninterrupted operation for 515 days during the 24th fuel cycle, which means the longest total time of operation without a shutdown in the history of NPP. The output in 2010 was 5,380.71 GWh of net electric power. Due to an extended outage, the annual production was by 0.17 percent lower than the planned figure (5,390 GWh). The availability factor was at the level of 89.91 percent while the capacity factor was at 92.23 percent.

The outage started on 30 September and ended on 5 November. It was planned to take 31 days. However, due to an additional scope of work on the safety equipment, turbine bearing and additional testing of the reconstructed electric generator, it was extended by 5 days. More than 40 modifications were carried out during the outage, two of them on the critical path - pressuriser bimetallic welding work and stator replacement on the main generator. Reactor pump motor No. 2 was replaced and a reactor vessel radiation flux measuring system was installed within the NPP life extension programme. A total of 56 fuel elements were replaced. As a part of regular maintenance activity the equipment condition was verified; it was rated as good, which is, together with technological upgrading, a reasonable basis for safe and reliable operation during the 25th fuel cycle, which is to end by April 2012. The outage was exceptionally complex both in the view of its scope and nature.



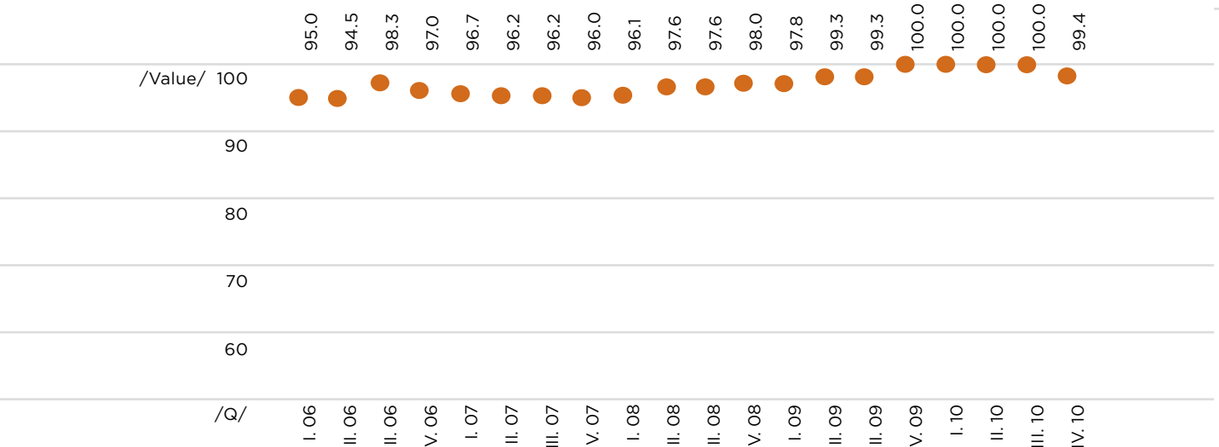
Total /production from the start of commercial operation/: 130,55 TWh

ANNUAL PRODUCTION



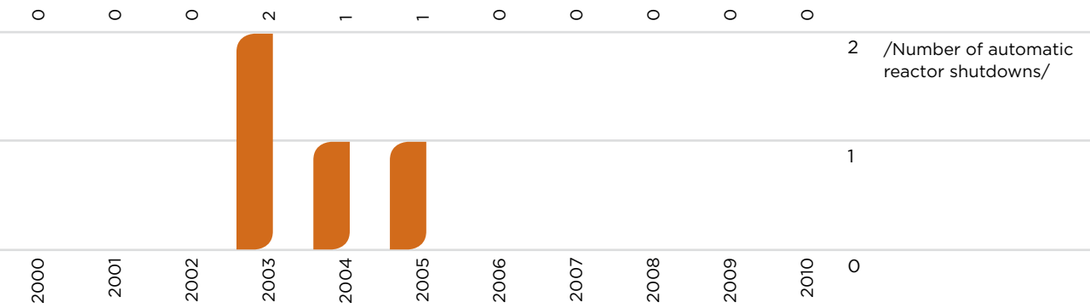
OUTAGE DURATION

In order to facilitate the performance monitoring and benchmarking, a performance indicator index was established, calculated using weighted values of individual factors and whose value is from 0 to 100. The target figure for 2010 NPP's performance indicator index was not less than 91, while the actual achieved value was 100, which places NPP in the upper quartile among the nuclear plants at a global world level.



NEK target for 2010: ≥ 91

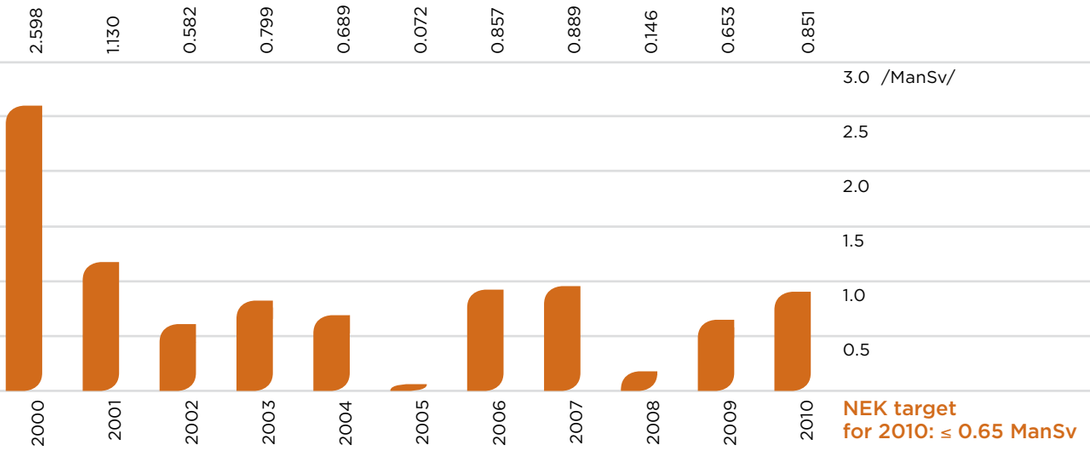
PERFORMANCE INDICATOR INDEX



UNPLANNED AUTOMATIC SHUTDOWNS

In 2010 NPP's operation was stable and in accordance with the requirements set by the Slovenian legislation and international regulations and standards.

The key targets demonstrated with performance indicators as defined by WANO (World Association of Nuclear Operators) were achieved. It should be specially pointed out that there has been no unplanned automatic reactor shutdown since 2005.



NEK target for 2010: ≤ 0.65 ManSv

COLLECTIVE DOSES

Due to the large scope of maintenance during the outage, the total collective dose in 2010 was slightly higher than in 2009.

At the end of 2010 the average annual collective dose for the last quarter was 0.55 manSv, which is within the planned interval (0.5–0.6 manSv) an acceptable figure.

1 ENVIRONMENTAL IMPACT

NPP carries out radioactive measurements of the waste water discharges into the Sava river and emissions from the ventilation system into the air. An extensive programme of radiation surveying is carried out by NPP and external authorised institutions in the surroundings and from samples taken from the surroundings, in particular in the area around NPP within a distance of 12 kilometres. In addition, there are 13 automatic radiation survey stations located in the vicinity of the power plant which can detect any change in the natural radiation due to precipitations as well as potential changes due to the nuclear facility. The Sava river is monitored downstream for 30 kilometres from the plant.

The objective of the radiation monitoring is to monitor the plant operations and assess the impact on the surroundings and the local population. This is also the basis for verifying compliance with legal limits.

The effects on the population are so low that they are practically immeasurable. However, they can be calculated by models for the most exposed groups of the population and the annual dose can be compared with the dose received due to natural and other radiation sources. The assessment of an individual dose received by a reference critical group (an adult receiving the highest doses and whose food originates exclusively from locally grown food and fish) shows that the annual dose of such an individual so far has been approximately 1 µSv or that it is less than 0.1 percent of the dose on average received by a person due to natural sources of radiation (approximately 2,500 µSv). The results of measurements taken are dealt with in detail in a special report for 2010, prepared for NPP by the *Jožef Stefan* Institute together with the Institute for Occupational Safety, and the *Ruđer Bošković* Institute.

LIQUID RADIOACTIVE DISCHARGES

Wastewater may contain fission and activation products. In 2010 the activity of fission and activation products (excluding tritium H-3, carbon C-14 and alpha particle emitters) amounted to less than 0.04 percent of the annual limit for liquid discharges. The activity of discharged tritium was approximately 47 percent of the prescribed annual limit. Tritium is a hydrogen isotope found in water and, in spite of being more active than other contaminants, it is less important due to its low radiotoxicity.

The plant observed technical norms which require that in any (although brief) discharge of such wastewater the concentration of radioactivity in the channel does not exceed the prescribed limits.

DATA ON RADIOACTIVE LIQUID DISCHARGES IN 2010

radioactive substances	annual limit	percentage of the limit
fission and activation products	100 GBq	0.037%
tritium (H-3)	45 TBq	47.2%

RADIOACTIVE RELEASES INTO THE ATMOSPHERE

The annual dose limit of 50 μSv in a 500-meter distance from the reactor is checked monthly for the release into the air by calculating a dose that could have been received by a person at such distance in one year due to external and internal radiation. The least favourable monthly average rarefaction values and releases near the ground are taken into account for individual wind directions. The result for 2010 was 1 μSv (2 percent of the annual limit).

DATA ON RADIOACTIVE RELEASES INTO THE ATMOSPHERE IN 2010

radioactive substances	annual limit	percentage of the limit
fission and activation gases (total)	dose < 50 μSv	0.2%
iodine (I-131 and others)	18.5 GBq (equivalent I-131)	0.00052%
dust particles (cobalt, caesium, etc.)	18.5 GBq	0.003%

The plant's technical specifications were taken into account; therefore the current radioactive concentrations in the air/dose rate within a 500-metre distance from the reactor did not exceed the prescribed value.

MEASUREMENTS OF THE SAVA RIVER AND GROUNDWATER

Prescribed measurements of temperature, flow rate and oxygen concentration in the Sava river, and monthly measurements of biological and chemical oxygen consumption were carried out.

Not more than a quarter of the Sava flow can be diverted for power plant cooling. The increase in temperature of the Sava river water after mixing did not, due to NPP operations, exceed the permitted limit of 3 °C.

Groundwater is regularly inspected by NPP who constantly measures the ground water level and temperature in three boreholes and two locations on the Sava river and, on a weekly basis, in ten boreholes in the Krško-Brežice fields. The conditions remain unchanged and at the quality level the same as the previous year.

DATA ON RADIOACTIVE WASTE AND SPENT NUCLEAR FUEL

In 2010, 48 cases of radioactive waste were generated to a total volume of 17.3 m^3. The overall volume of radioactive waste stored in the interim storage as on 31 December 2010 was 2,210.60 m^3, while the total activity was 19.8 TBq. The waste volume in the interim storage was only slightly bigger as a part of combustible waste was prepared for the shipment of waste to external contractor for incineration. Simultaneously, all compressible waste material has been compressed in the new super compactor.

The spent fuel storage pool contains 984 spent fuel elements from the previous 24 fuel cycles. The overall mass of spent fuel material is 402 tonnes.

ENVIRONMENTAL MANAGEMENT AND COMMUNAL WASTE

Since the end of 2008, NPP has had an ISO 14001 environmental management standard implemented. Since the certificate was granted, the system has been checked regularly on an annual basis by an external certification organisation. The 2010 audit was carried out on 9th and 10th December. It was established that NPP suitably respects the environmental management system requirements.

In line with the environment management system, waste separation practice was introduced. The volume of mixed communal waste was similar to that in the previous year; similarly, this was the case with the volume of collected separated waste.

A special waste water treatment plant is used for communal waste water. Measurements of pH, temperature, non-soluble substances, chemical and biological use of oxygen at the outlet of the waste water treatment plant are taken.

2 MAINTAINING AND IMPROVING HIGH LEVELS OF NUCLEAR SAFETY

NPP pays special attention to ensuring and checking the execution of regulations and standards for nuclear technology, as well as other modern technologies in project solutions (equipment upgrading), operation and maintenance activities, the purchasing process and other activities which contribute to safe plant operation and the safety of the population. We are committed to on-going improvement, professional work and personal growth. Our mission is performed through independent review, on-going improvement of human performance and safety culture, critical self-assessment of results achieved, constant comparison with the best comparable facilities in the world, by learning from both in-house and foreign operating experience, and on-going plant assessment in terms of plant operation safety and stability.

Due to its specific nature, NPP took an especially cautious stand towards the environment at an early stage of the project (extensive research concerning its location prior to a final decision, strict respect of standards during construction). During the plant start-up and its operation, independent monitoring of the effects on the environment was put into action (radioactive releases into water and emissions into the air, and nuclear fuel and hazardous waste management). A Protection and Rescue Plan (NZIR) for emergency events was prepared, detailing the organisation, measures and means of emergency management when there is a potential danger of radioactive effects on the environment. Care for the environment has always been a special concern of the plant's business policy. In order to assess and improve the NPP practices concerning the environment, the plant implemented the ISO 14001 standard, internationally the most widely recognised environmental management system.

Special consideration is paid to emission control. The chemistry laboratory, as evidence that it is competently qualified to carry out plant operations monitoring, acquired and maintained accreditation for measuring liquid and gaseous discharges from NPP.

Within the framework of employee protection from radioactivity, NPP implemented a new dose measurement method with passive dosimeters. In addition to this method, the plant also has an accredited measurement method with electronic dosimeters, which renders a very high quality level of surveillance of staff being close to the radiation source.

In June an operative exercise in the event of an emergency was carried out in NPP. The exercise was carried out as a regular annual verification of NPP readiness in the event of an emergency in NPP. The objective of the exercise was to verify all the elements of readiness in the event of an emergency situation: the use and operation of the auxiliary location of technical and operative support centre, harmonisation of the NPP's Protection and Rescue Plan (NZIR) with the NPP security procedures and the operation of the electronic communication system for maintaining communication lines between NPP and relevant state bodies. The coordination was smooth and efficient. This proves that the plant is ready in the event of an emergency. In December a drill was carried out consisting of first aid treatment of a casualty during a radiological event in NPP, transfer and the receipt of the casualty at *KBC Rebro* medical centre in Zagreb. This exercise also proved a suitable readiness in the event of an emergency situation.

PROCESS AUDITING

Maintaining nuclear safety has been one of the priorities in every field of work in NPP. By maintaining high levels of quality, the plant's systems and equipment are kept in operation in compliance with the design values; in this manner, different processes of the plant can be under independent surveillance, like work order process, plant procedure revisions, spare parts and services purchasing, project changes and other processes. In addition, independent audits are frequently carried out - plant processes auditing and verifications by external companies, contractors and equipment suppliers. The purpose of such verifications is to ensure independent assessments of processes and thus to maintain criteria defined in international standards concerning nuclear technology, including:

- Organisation
- Quality programme
- Internal processes (design, production, etc.)
- Records control
- Non-compliance control
- Training, certificates, etc.

There were nine audits concerning NPP's internal processes auditing in 2010, including maintenance, chemical processes, radiation protection, training, emergency events measures, etc.

Suppliers are audited by NPP or together with NUPIC, an international company who organises and carries out regular team audits at suppliers' premises. There were 21 independent audits in 2010 of suppliers from Slovenia, Croatia and the USA. In the NUPIC organisation we took part in four audits.

OBSERVATION

The fundamental objective of observations is to identify deviations in the work processes and take relevant corrective actions, and to underline the desired standards. Achieving high standards of work processes in terms of their excellence is a complex task, necessitating on-going observations and simultaneous corrective acting. In order to ensure uniform observation, a special procedure has been prepared with instructions for the managerial staff concerning preparation, execution and observation results analysis.

More than 2000 observations were carried out in NPP in 2010; these were performed both during plant operation and during the outage. All disciplines and work groups underwent the observation procedure in different organisational units and external contractors. The monitoring results analyses of the last few years showed that some work processes could be improved, in particular in the sphere of documentation used for monitoring work processes and work preparation.

10 YEARS OF THE FULL-SCOPE SIMULATOR

The full-scope simulator has been regularly used in NPP since April 2000 for operating staff training, support in development and verification of operating procedures, implementation of certain modifications, and support in carrying out protection and rescue exercises.

In the period between 2000 and 2010, 35 new reactor operators completed successfully the initial training, in total over 3,000 hours on the simulator. Every year the operating crews underwent four one-week segments of regular annual training, in total approximately 6,400 hours on the simulator. In addition, the simulator is used by operating crews to train prior to carrying out any significant activity, such as plant shutdown or start-up. Modification training carried out on the simulator prior to actual modification is vital both for potential deficiencies detection as well as for preparation to operate after the modification. Two examples can be given from the previous period, i.e. the process information system replacement and turbine control system replacement. The simulator allows verifying in such cases the quality of operating procedures after the implemented changes. The simulator is regularly used in planning and annual training of staff for emergency events.

It is vital to maintain the simulator's configuration to ensure its uninterrupted and efficient use. In 2010, 1,350 modifications of its models and equipment were carried out in addition to regular maintenance, 140 modifications were due to the plant equipment modifications, and the reactor core model was upgraded five times.

In the past ten years, the full-scope simulator has proved itself to be a very efficient tool for high-quality operating staff training and support in complementary activities. In this way it makes a significant contribution to the safe and reliable operation of the plant.

3 MAJOR TECHNOLOGICAL MODERNISATION

In 2010 we continued with technological upgrading during normal plant operation and during outage. Major modifications included:

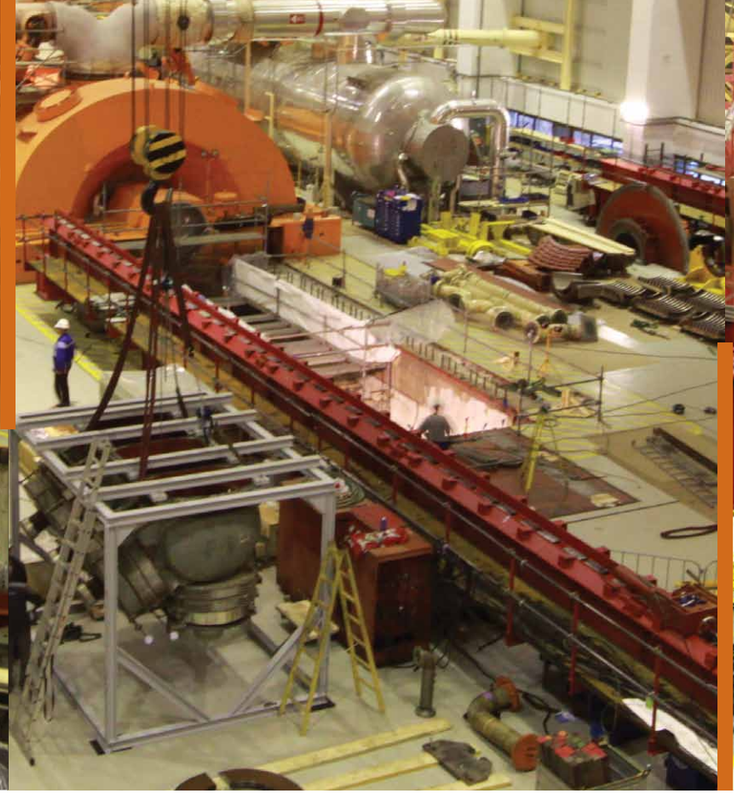
MAIN GENERATOR STATOR REPLACEMENT

An increasing number of partial discharge measurements on the stator winding in the last ten years was a clear indication that the stator service life was coming to an end. By increasing the thermal power of the plant during that period (replacement of steam generators, low pressure turbines, secondary heaters and vapour extractors) the plant exceeded the generator's rated power, which resulted in limited reactive power supply to the Slovenian electric power system.

The modification included the replacement of the generator stator (external and internal casing, core, winding, main connectors with penetration assemblies, hydrogen coolers), stator cooling water system, control valve for hydrogen temperature adjustment, local alarm panel, installation of a new hydrogen drier, and modernisation of surveillance instruments with transfer of data to the main control room.

REPLACEMENT OF GENERATOR MEASURING TRANSFORMERS

The modification entailed the replacement of six transformers for measuring voltage at the 21-kV bus on the generator side. At the same time, the interior of the measuring cells was modified; the cells are no longer extractable, instead all electrical connections are screw fastened. To facilitate switching off, medium voltage disconnect switches were installed in the cells.



WELDING BIMETAL WELDS ON PRESSURISER

The primary water stress corrosion cracking is a degradation process which can appear on places where Incalloy 600 and 82/182 were used. This process can result in leaks at welds. When on pressuriser, such problems are resolved by welding on the existing connecting joint welds. The welding is considered as enforcing the exterior wall of the joint with a weld. The new 52/152 weld alloy is austenitic nickel alloy, containing enough chromium to provide resistance against stress corrosion. Welding is in a circular (360°) manner. The last layer is ground to a fine smooth surface; this enables a complete ultrasonic examination of the weld, which was not possible earlier. Welding was performed on five pressuriser joints during the 2010 outage, i.e. on the surge line connection to the pressure vessel, on two connections for the safety line and on connections for the relief and spray lines.

MODERNISATION OF THE REACTOR PUMP MOTOR

During the 2010 outage, the reactor coolant pump motor No. 2 was reconditioned and modernised. Supervisory instrumentation and process information system (PIS) charts for monitoring bearing temperature, bearing oil level and motor vibrations was also modernised. All start-up and operational parameters of the motor are within design criteria. In addition, an oil trapping system in the event of a leak was installed, meeting the requirements of American legislation concerning fire protection (10CFR50, Appendix R).

SEISMIC INSTRUMENTATION SYSTEM RECONSTRUCTION

A technologically out-of-date seismic instrumentation system was replaced with a new one. The central equipment of the analysis section was replaced, including accelographs of the central recorder section and local accelographs. The alarm signal unit was improved and software modernised, valuated in accordance with the provisions set by the American Nuclear Regulatory Commission (NRC). Furthermore, electro-mechanical equipment was removed as it was out-of-date and unsuitable for digital processing. The major part of the old infrastructure of the system (central panel, sensors, connecting cables) was incorporated into the modernised seismic instrumentation system.

MEASUREMENT OF NEUTRON DOSE RATE AT THE SIDE OF THE REACTOR VESSEL

A set of five dosimeters were installed around the reactor vessel in order to enable further monitoring of reactor vessel irradiation with fast neutrons. The standard solution of six dosimeters had to be adjusted for the needs of Krško NPP due to inaccessibility to certain locations; therefore a revision of the modification package and licence documentation had to be prepared.

ISOLATION OF LETDOWN LINE IN THE EVENT OF HIGH-ENERGY LINE BREAKDOWN

The modification of the letdown line included the installation of a temperature control system which causes, when temperature limits have been reached due to primary coolant release during high-energy line break, automatic isolation of the letdown line of the chemical and volume control system. Due to its configuration, the letdown line affects several auxiliary building locations and could cause the breakdown of the high-energy line. Through isolation the drain is timed and thus the temperature impact on the safety equipment is reduced; consequently radiation and relative humidity are reduced accordingly.

PUMP ROTOR MODERNISATION FOR THE CONDENSER COOLING SYSTEM

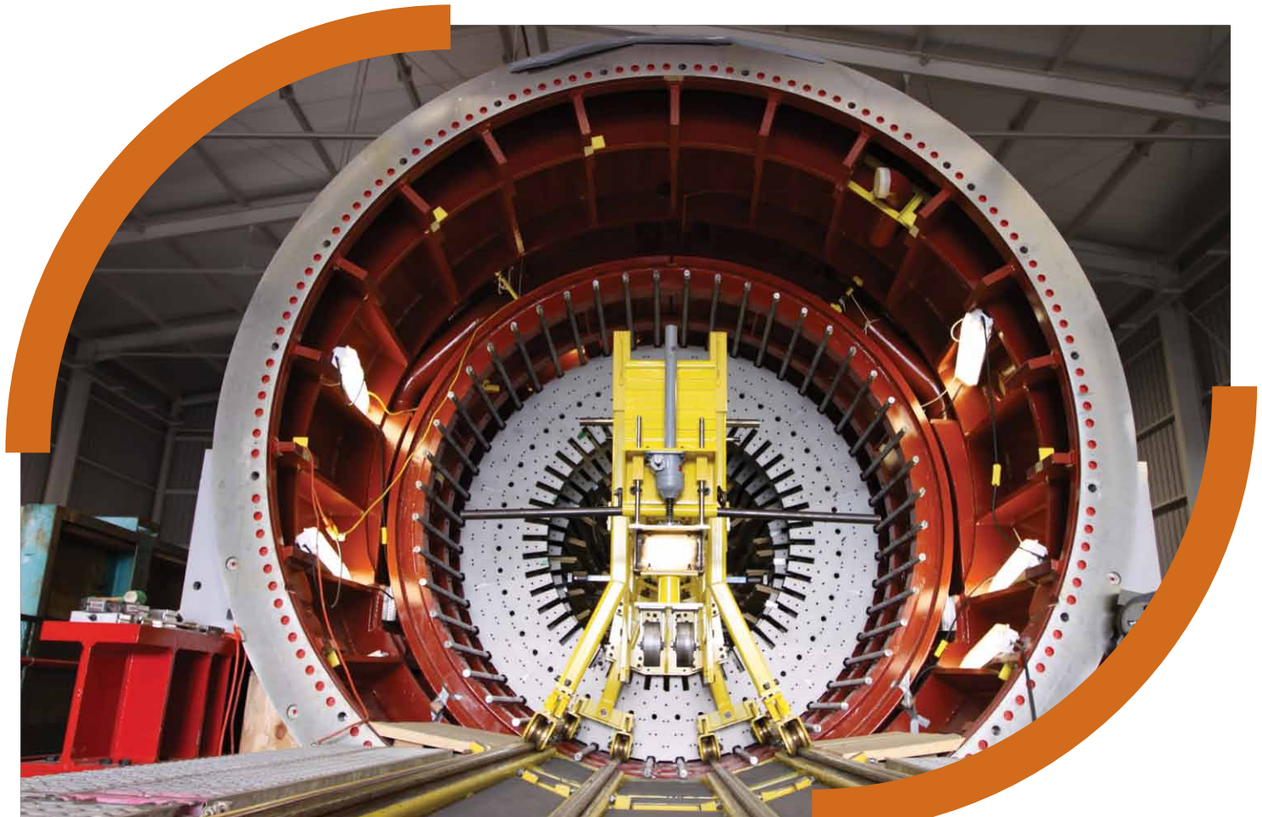
Based on analyses and studies a new rotor shape was designed with improved hydraulic efficiency and design with enhanced materials. Suitability of the new rotor shape was confirmed with appropriate testing on the model. A rotor with a wearing ring was installed into the pump for the circulating water pump No. 1 and tested on the facility.

SERVICE WATER PIPELINE CATHODIC PROTECTION

The modification of cathodic protection included the installation of a panel with a rectifier, cable laying work from the supply unit to the rectifier, and two drill holes - 300 mm in diameter, 23 m deep, to facilitate installation of a deep anode system - anodes, two reference anodes, two measuring locations, cadweld on sixteen connections with cables on essential service water pipeline systems to ensure galvanic connection, and relevant cable connections between these components.

REPLACEMENT OF BUSES ON 400 KV SYSTEM

From the point of the NPP's double fence and Krško distribution transformer station (DTS) to NPP's transformer field, part of the 400 kV system was replaced with support isolators and portals. A new measuring field control system was installed into one of the relay units at NPP's DTS station, all connections/reconnections from the relay unit were completed, and the old control unit was disassembled. The replacement of buses is the first phase of the joint Krško NPP and Slovenian operator ELES concerning the reconstruction of the 440 kV switchyard.



3 MAJOR TECHNOLOGICAL MODERNISATION

REPLACEMENT OF RELAY PROTECTION OF THE GENERATOR-TRANSFORMER BLOCK

The replacement of the block relay protection represents the completion of the new ground fault protection of the 21 kV buses. A single-phase dual coil potential transformer was built into each phase. The extra winding enables automatic inter-phase synchronisation, which provides high-quality voltage supervision at switch-on time.

REPLACEMENT OF SYNCHRO VERIFIER RELAYS AND RELOCATION OF LOW-VOLTAGE FUSES

Relays at the level of 6.3 kV buses were replaced; these are used to detect synchronisation conditions for fast transfer. For safety reasons, the low-voltage fuses were relocated to the front side of the relevant switch cell.

INSTALLATION OF FLEXIBLE PIPELINES FOR REACTOR COOLANT PUMP MOTORS

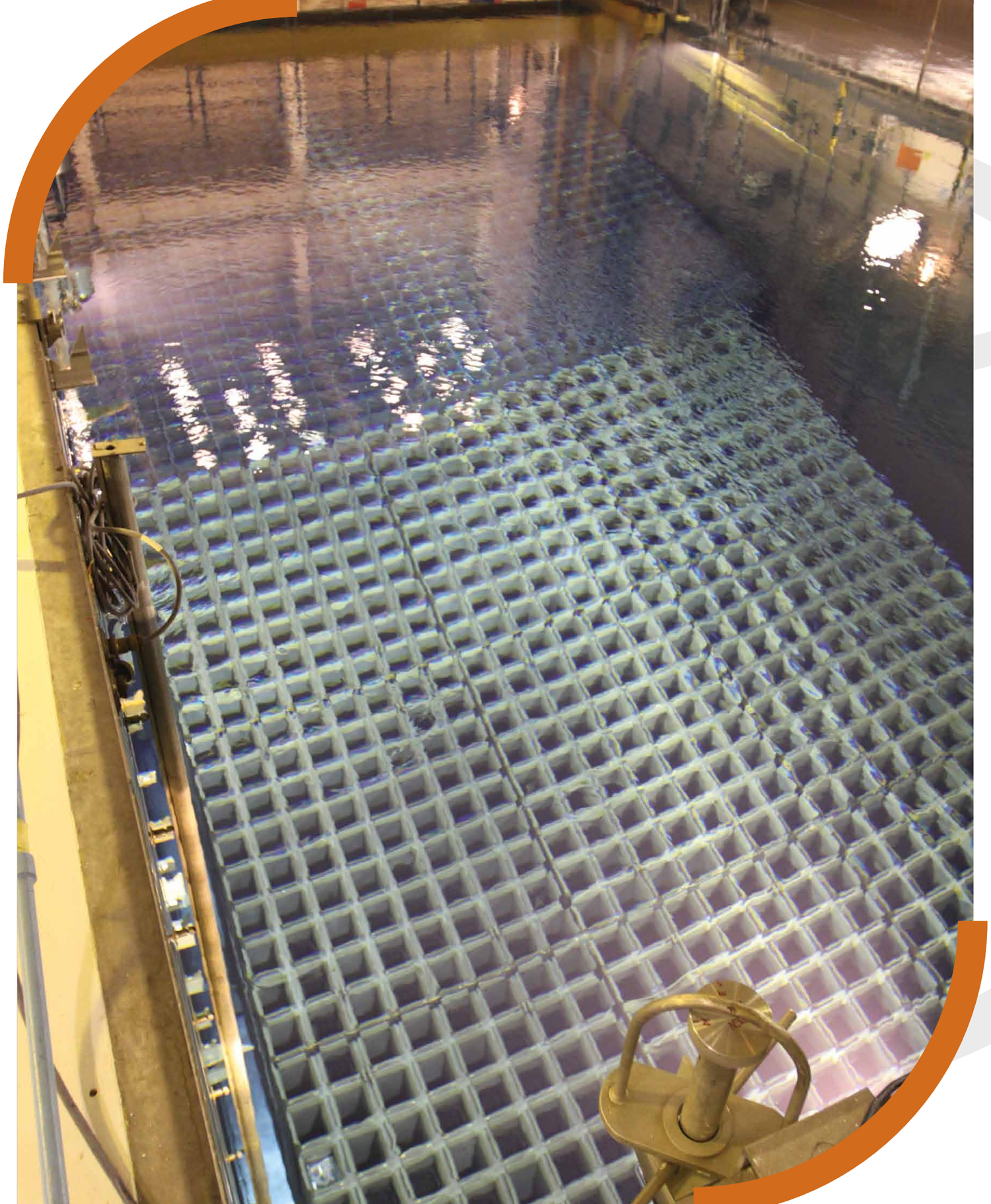
Initially installed flexible pipes used for connection between oil coolers of the reactor coolant pump bearings and component cooling system were in compliance with DIN standard. These were replaced with flexible pipes in compliance with ASME standards, Chapter III. In addition, 3-inch pipes in the reactor pump chambers were replaced due to corrosion. Furthermore, temperature and flow sensors were added on the outlet cooler loops, and a thermocouple relocated.

INSTALLATION OF MECHANICAL FILTERS INTO THE SEAL WATER OF THE HEATER DRAIN PUMP SYSTEM

The modification included the replacement of mechanical seals of the heater drain pump system. Due to different technology of the new seals and to provide for their protection, stainless steel seal water pipes were installed, two parallel filters with fittings and two seal water pressure meters - before and after the filter. The existing pressure switches for seal water pressure measurement were replaced by seal water flow meters. In order to increase the availability of heater drain pumps, all protective functions are accommodated, including individual transmitter supply, alarm system and connection to the process information system via heater drain control system.

4

MAJOR MAINTENANCE ACTIVITIES AND INSPECTION OF PRESSURE BOUNDARIES



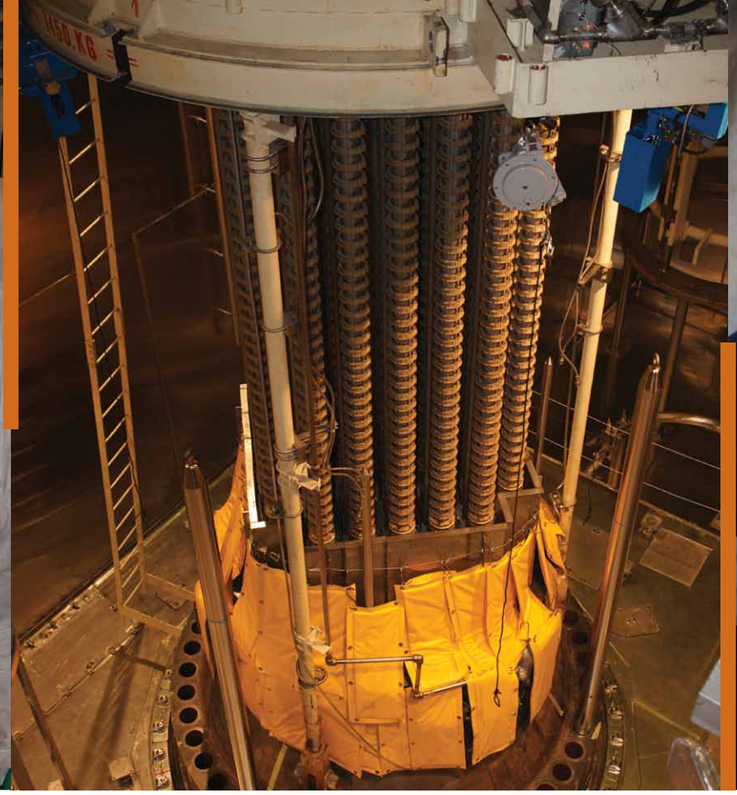
Appropriate inspection, maintenance and upgrading ensure the operational readiness of equipment. Maintenance falls into the areas of preventive maintenance, carried out at specific intervals defined in programmes, predictive maintenance, which is used for establishing the status of equipment (diagnostics), and corrective maintenance, related primarily to equipment not crucial to the availability and safety of the power plant.

The nature of maintenance carried out depends on the management programme concerning the equipment, component and structure ageing.

During corrective measures on important equipment, which is included in the preventive maintenance programme, a detailed root cause analysis is carried out and if necessary the preventive maintenance programme is revised accordingly.

The major maintenance activities were carried out mainly during the outage, while some were carried out during plant operation. The majority of these activities were performed in line with preventive maintenance plans, and equipment and component ageing management plans.

Regular standard work carried out during the outage included: overhaul and revision of the high voltage and low voltage motors, switches and other electrical equipment; instrumentation gauging; non-destructive method inspection of equipment degradation caused during operation; overhaul of valves, ventilation systems and other mechanical equipment, overhaul of the diesel set; overhaul of the auxiliary supply pump turbine and its regulation valve; overhauls of various secondary system pumps.



Major work included:

- reactor head penetration inspection;
- reactor vessel welds inspection;
- various instrumentation cards replacement in the reactor protection system;
- testing of the control rod drop into the reactor by digital data collection;
- overhaul of the main reactor switch;
- replacement of the motor of reactor pump No. 2;
- replacement of unit transformer T2;
- replacement of the 125-Volt battery on train B, various work defined in equipment ageing management programmes;
- overhaul of the main generator and its auxiliary systems during the generator stator replacement.

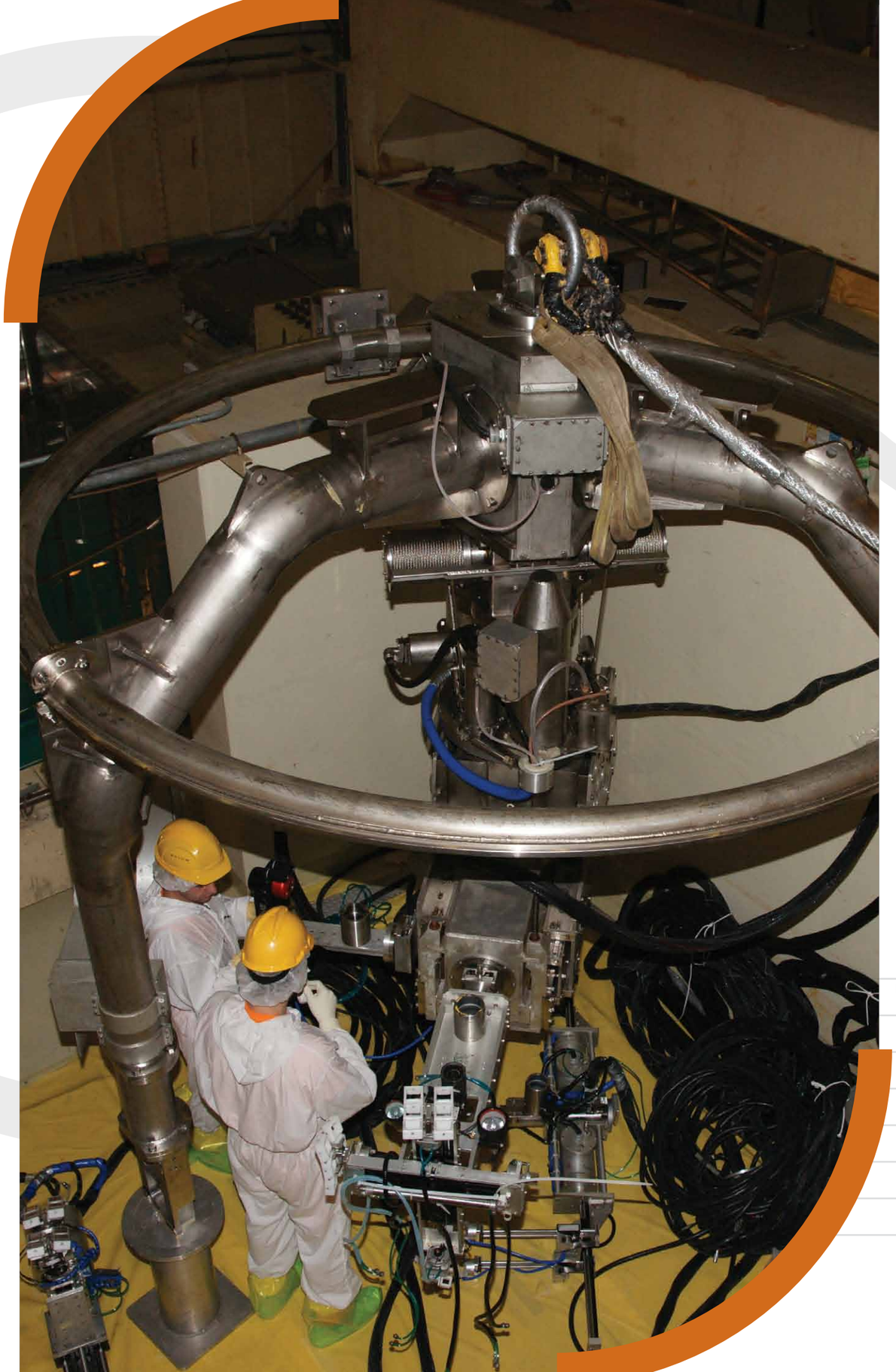
During the inspection of the inter-turn rotor insulation material, an inter-turn short circuit was detected, whose size was estimated at 4-5%. On the basis of an evaluation of the situation, the opinion by the equipment supplier and independent authorised organisation, it was concluded that the plant can continue to operate in the following cycle with operational limitations (generator load within the range of operational curve capacity) and intensive monitoring during the operation.

The results of all inspections by means of a non-destructive method proved that the integrity of the pressure boundaries is perfect, as there was not one indication as a result of degradation during plant operation. A minor leak on the reactor vessel coolant level measuring system caused by elastic deformations during the joint disassembly and assembly was detected and rectified.

In accordance with the inspection programme of the secondary system components due to erosion and corrosion, no condition requiring special corrective measures was detected.

Other maintenance work was carried out during the plant operation in accordance with the planned activities programme. No major significant corrective work was performed during the plant operation which could jeopardise the safety or availability of the power plant.

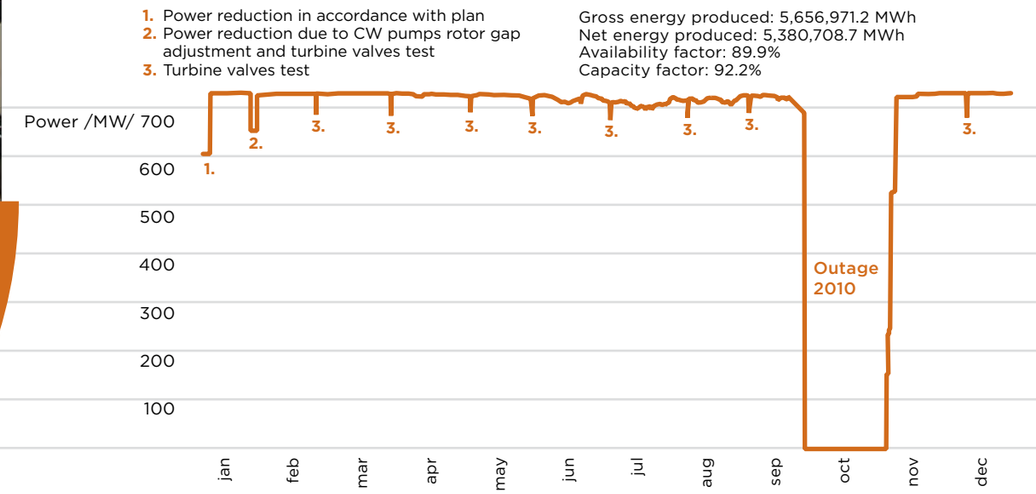
5 PERFORMANCE



The NPP's 2010 total output at the generator outlet was 5,656.97 GWh of gross electricity or 5,380.71 GWh of net electricity. The output achieved was within the planned annual output figure. The availability factor was 89.91 percent in 2010, while the capacity factor was 92.23 percent. Since putting into its commercial operation, a total of 130.55 TWh of electricity has been generated.

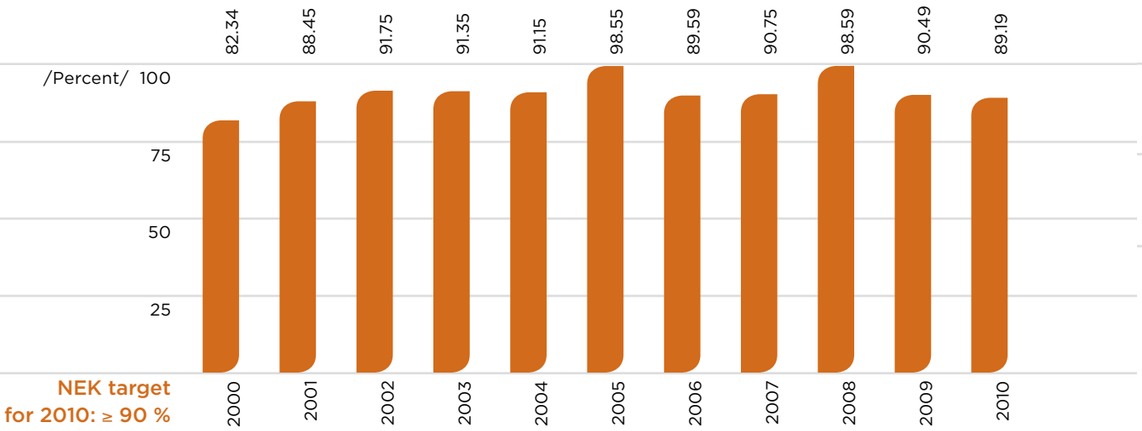
There were no unplanned shutdowns and no major reductions in the plant's power. The facility operated at a reduced approximately 83-percent power from 1st January until 4th January, which was in accordance with the annual plan of operation, and at approximately 90-percent power between 23rd January and 25th January for rotor air adjustment of the circulating water system pumps, in accordance with the plan.

The 24th fuel cycle which started on 3rd May 2009 ended on 30th September 2010. During this cycle the plant was on line 515 days, which is the longest uninterrupted period in the plant's history.

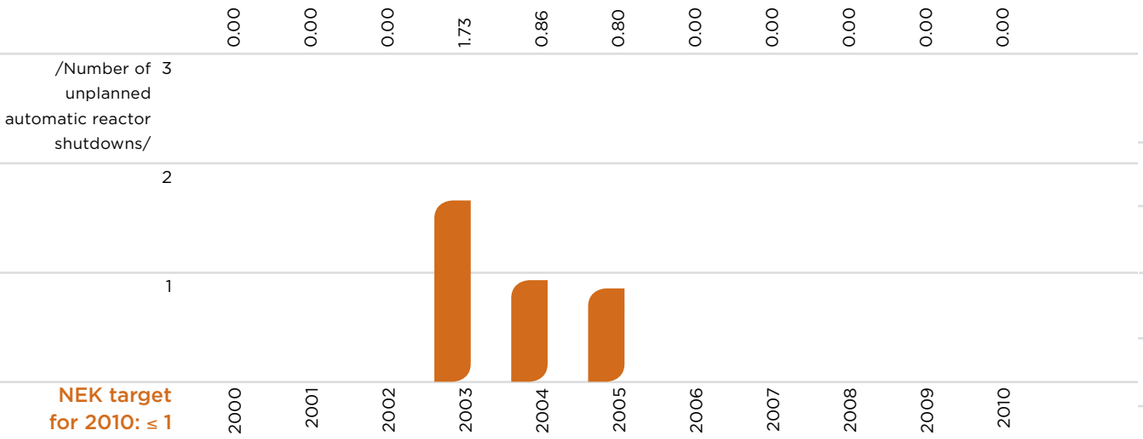


OUTPUT IN 2010

WANO performance indicators demonstrate that the majority of targets in the industry for 2010 were achieved.



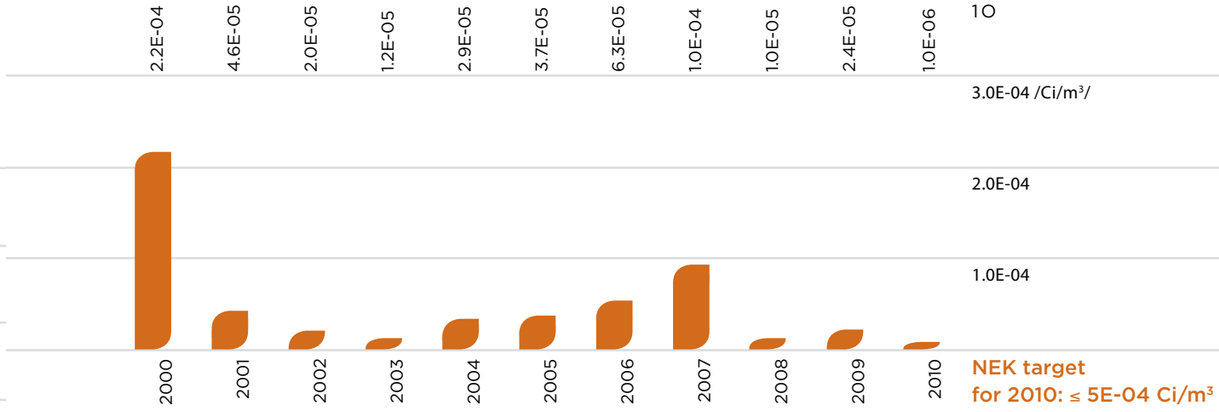
PLANT CAPACITY FACTOR



UNPLANNED AUTOMATIC REACTOR SHUTDOWNS AT 7000 HOURS CRITICALITY

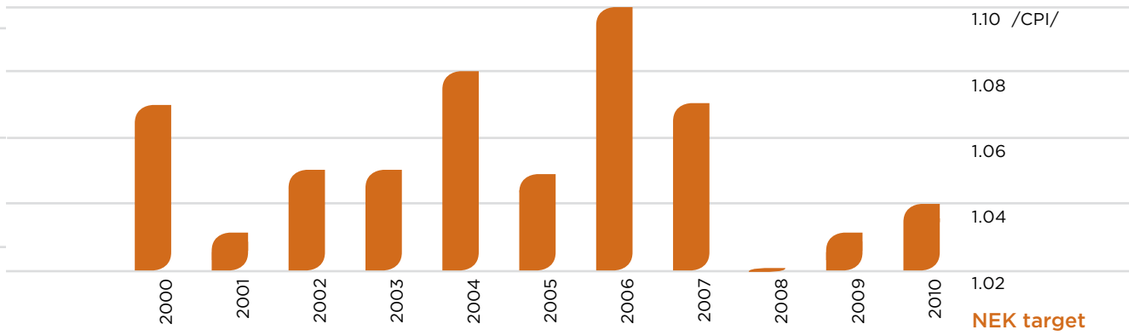
NUCLEAR FUEL AND SECONDARY CHEMISTRY SYSTEM

In 2010 the specific activity of the primary coolant and its contamination were below the required levels. The fuel reliability indicator for 2010 was extremely good and proves that the nuclear fuel was during operation without damage, which is the target value set by INPO for 2010.



FUEL RELIABILITY INDICATOR

Low input and aggressive chemical contaminant release into the secondary system can be demonstrated with the WANO chemistry performance indicator, which was further confirmed by the *Hide Out Return* test results, which was carried out during the plant's shutdown during the 24th fuel cycle. The test is conducted to assess the input and chemical composition of electrolyte deposits inside the steam generators, which affects the corrosive mechanism; their intensity had not increased.



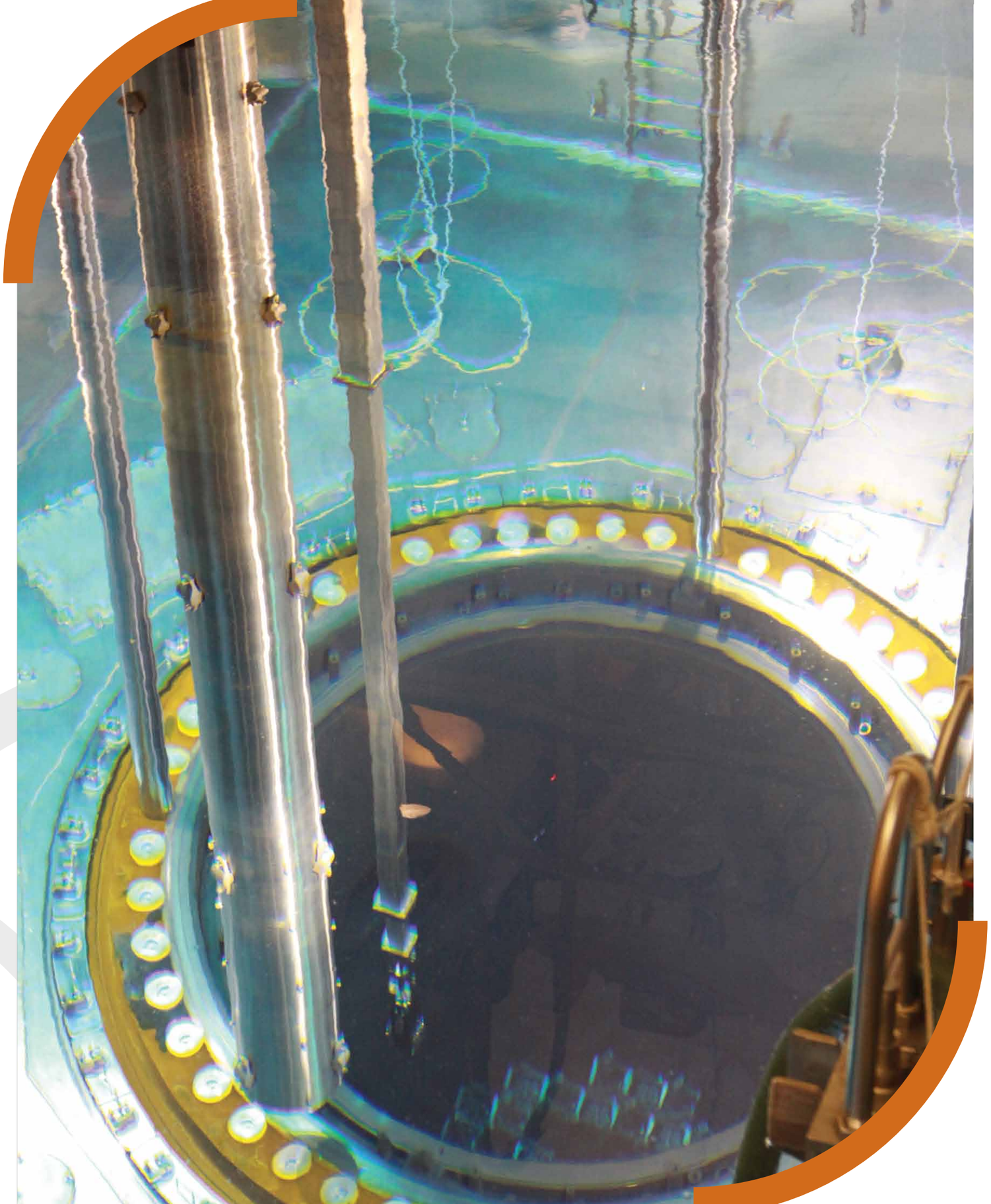
CHEMISTRY PERFORMANCE INDICATOR

SERVICE AND EQUIPMENT PURCHASING

Cooperation with experienced business partners is one of the crucial factors having a direct impact on the safety and reliability of plant operation. Non-responsiveness of American suppliers has been going from bad to worse with respect to often very specific small value enquiries. The problem of out-of-date parts has also been worsening; we have been trying to overcome it by equipment replacement. One of the venues to overcome the problem is also our joining the Proactive Obsolescence Management Plan with PKMJ Technical Services for the equipment and spare parts no longer available in the market.

We have entered into long-term agreements on business cooperation with local strategic business partners, in particular those who render important and continual services, thus ensuring high quality of services and their timely completion at competitive prices.

6 INTERNATIONAL COOPERATION



EXPERIENCE OF OTHERS – GUIDANCE FOR OUR WORK

At NPP we are aware of the importance of joining international organisations and the international control of our operations. It is the only way to achieve internationally comparable operating and safety results.

WANO

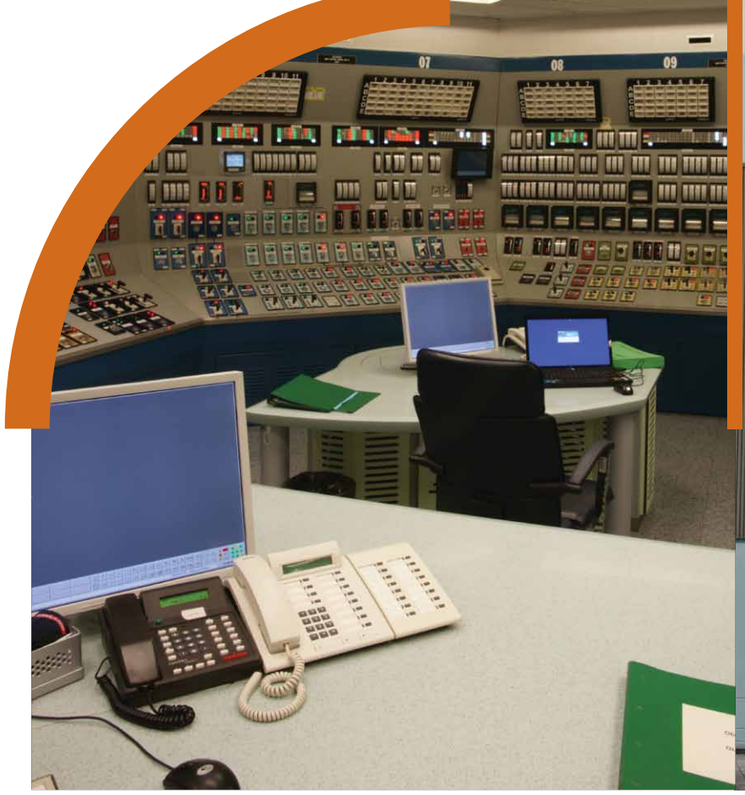
All nuclear facilities in the world are members of the World Association of Nuclear Operators (WANO). NPP has been a member of this organisation since its establishment in 1989. Its aim is to promote the highest standards of operational safety, availability and excellence of nuclear power plants. WANO supports several programmes for sharing information and the promotion of communication, mutual comparison and copying of best practice and solutions among its members.

INPO

From as early as 1988 NPP has been a member of the Institute of Nuclear Power Operations (INPO) in the USA. Its primary objective is to increase the level of nuclear power plant safety and reliability. All American nuclear plants and/or their operators are INPO members. Its membership extends both to nuclear operating organizations in other countries, as well as to the manufacturers and designers of nuclear facilities.

IAEA

The International Atomic Energy Agency (IAEA) is an independent intergovernmental organisation which operates within the United Nations Organisation. Its primary objective is to help members in planning and using nuclear technology for various peaceful purposes. These include electricity generation and technology / know-how transfer in this field. The IAEA develops safety standards that promote achievement of a high level of safety in the use of nuclear energy and in protection of the population from ionising radiation. The organisation operates on the basis of various programmes such as control over nuclear material, nuclear technology application, nuclear energy, nuclear safety and technical cooperation. As part of these programmes, the IAEA organises OSART (Operational Safety Review Team) missions which involve visiting power plants in order to inspect and assess their operational safety.



NUMEX

For over ten years, NPP has been a member of the NUMEX organisation (Nuclear Maintenance Experience Exchange) engaged in the exchange of experience in the sphere of nuclear power plant maintenance.

EPRI

EPRI – the Electrical Power Research Institute – is a non-profit and independent organisation for research in the area of electricity production and environment protection. It was established in 1973 in support of the development of the electrical industry. The Institute currently covers all aspects of production, transmission and use of electricity.

NRC

The NRC (Nuclear Regulatory Commission) is an independent agency in the USA in charge of safety and protection of the population against the effects of radiation from nuclear material, reactors and facilities for processing nuclear material. Together with the Slovenian Nuclear Safety Administration (URSJV) and the Jožef Stefan Institute (IJS), NPP is a member of a number of programmes which give access to information and literature on various relevant fields.

PWROG

PWROG (Pressurized Water Reactor Owners Group) is the association of all the pressurized water reactor (PWR) operators and Westinghouse. It offers various programmes related to improved equipment, optimisation of technical specifications, reduced number of unplanned shutdowns, increased power of the plant, simplification of the plant systems, the manufacture and use of nuclear fuel, analyses by contemporary programmes and analytical methods, etc.

ISOE

ISOE (Information System on Occupational Exposure) works within the joint Secretariat of OECD - Nuclear Energy Agency and IAEA as a forum for specialists in radiation from nuclear plants and administrative authorities and coordinates cooperation in the field of the protection of people employed by nuclear power plants.

NPP ACTIVITIES IN 2010

The President of the NPP Management Board is a Supervisory Board member of the WANO Paris Centre, made up of representatives of all member countries of the Centre. We have had a representative in the WANO Paris Centre since 2004, holding the function of WANO Peer Review Programme Manager.

NPP has had an active part in WANO and INPO for several years now. We have had three missions of WANO Peer Review so far, while our representatives took part in 31 such missions world-wide. An NPP representative took an active part in the international specialist inspection of plant operation (WANO Peer Review mission) in Sizewell B power plant, Great Britain, in the field of plant management.

Within the framework of Technical Assistance Missions, NPP received 29 such missions covering all activities of the plant. We received technical missions concerning equipment ageing and equipment no longer available in the market, and concerning the exchange of experience in implementing new comprehensive information systems covering purchasing, warehousing, finance and work orders.

Our representatives regularly take part in specialist training programmes organised by these organisations.

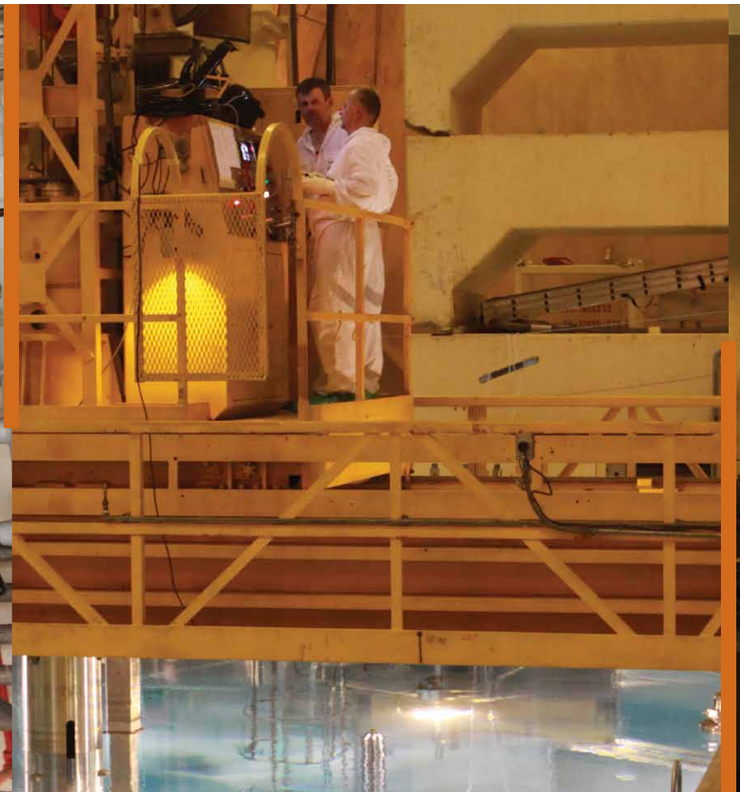
Due to excellent results, our plant has become a model plant for other nuclear facilities and a source of good experience in different fields of work. In line with this and within the WANO organisation, NPP was visited by Slovakian plant representatives on the subject of simulator training of operators, by the Dutch Borselle facility on the subject of management, reliability and control over equipment ageing, and by the Brazilian Angra power plant on the subject of waste treatment and equipment qualification.

As part of our cooperation with IAEA, we have organised three OSART and some other missions. Our specialists took part in 15 such missions world-wide. IAEA's inspectors, who safeguard nuclear fuel, are our regular visitors.

NPP takes an active part in some major areas of the EPRI Institute, including:

- equipment maintenance in nuclear power plants (NMAC – Nuclear Maintenance Application Centre),
- improvement, procurement and qualification of equipment (PSE – Plant Support Engineering),
- non-destructive examinations and researches (NDE – Non-Destructive Examination),
- exchange of experience in application of programmes for accident analysis (MAAP – Modular Accident Analyses Program User Group).
- exchange of information in the field of erosion/corrosion - CHUG (Checworks Users Group).

Our plant participated in the PWROG annual conferences, which are specially organised for nuclear power plants in European countries. Furthermore, as a member of NUMEX, NPP took an active part in the exchange of information in the field of maintenance.



7 TRAINING

Professional training was carried out to ensure that training programmes were well prepared and executed, thus contributing to a high degree of personnel expertise, subsequently resulting in a higher level of safety and reliability of the power plant operation in line with its goals and policy.

These programmes were largely prepared and executed in-house and partly in collaboration with external institutions, both national and foreign.

Annual plan and training needs as established and prepared together with heads of individual organisational units of the power plant, were the basis for preparation and execution of individual courses.

TRAINING OF OPERATING PERSONNEL

Professional training courses for operating personnel were prepared and carried out taking into account relevant legal regulations, internal procedures and the two-year plan.

The initial training of licensed operators continued according to the programme; this included the completion of internal training of new reactor operators - two females and six males. All were successful at the exams run by a URSJV expert commission.

At the same time, initial training of 18 candidates was started, after having completed successfully the first training phase - Theoretical Basis - in 2010, and thus started the second phase - Systems and Plant Operation; this training stage entails, in addition to lectures, practical exercises on the simulator and hands-on training within the technological part of the plant.

In November, the training of the first generation of 11 operators and newly employed graduate engineers was started in collaboration with the Training Centre for Nuclear Technology (ICJT).

On-going professional training of licensed personnel was conducted in accordance with the approved outline programme and NPP internal procedures. The training was conducted through classes and simulator scenarios, during four weekly segments, attended by all operations crews and other licensed personnel.

In the final annual session, 7 candidates successfully passed tests for licence renewal, of which three were for reactor operator, and four for senior reactor operator. Four candidates successfully passed the exams for the first award of senior reactor operator.

The ongoing professional training for equipment operators was conducted in parallel with the training for licensed personnel, in four weekly training sessions. The programme focused on hands-on training by using system operation procedures in the technological building or in the classroom which was actively linked with the full-scope simulator. Other training was rendered aimed at refreshing and upgrading existing knowledge and skills which equipment operators need in their day-to-day work.

Two groups of operating personnel attended a four-day practical training, which included refuelling which was aimed at preparing all participants for safe and first-class performance of this important activity. Prior to refuelling, as the practice was in the past years, training was conducted for staff connected with refuelling activities; the training was attended by personnel from different departments, while in-house refreshing training was conducted for staff taking part in the refuelling activities.

Operating personnel underwent training on the full-scope simulator prior to major activities in the facility. All major modifications which affect the operation and response of the plant were simulated on the simulator.

TRAINING FOR PERSONNEL IN MAINTENANCE AND OTHER SUPPORT FUNCTIONS

The professional training of technical personnel included courses whose aim was for candidates to acquire or refresh the legally required general and specialist skills needed for performing maintenance and supporting functions.

Within the framework of initial training for technical personnel, a course in the fundamentals of nuclear power plant technology (OTJE) was carried out. In line with regular practice, the course was conducted in collaboration with the Training Centre for Nuclear Technology (ICJT). The OTJE courses are conducted in two parts - in the first part theoretical fundamentals are covered, while the second part focuses on systems and operations of the power plant. A total of 9 NPP staff attended this training in 2010.

Training of maintenance personnel continued in 2010 with the programmes of specialist and legally required training, which were prepared on the basis of matrices of required qualifications. Some courses were conducted in the Maintenance Personnel Training Centre in NPP and in NPP technological units, and partly in cooperation with external institutions. The training was conducted, as the practice has become, by engaging, at the training preparation and execution stage, in addition to our own training staff, mentors of practical training from individual Maintenance departments.

Within the scope of on-going training of maintenance personnel, two training segments were carried out to support the refresher training programme on the subject of general and legally required areas. The maintenance personnel were updated on the new aspects of plant processes and operational experience. Part of the training was dedicated to specialist subjects. Prior to outage, training covered subjects relevant to outage activities.

In 2010 we continued with specialist training courses, intended to prepare the staff for outage activities. Along with NPP staff, external contractors' personnel attended the training, which resulted in higher work quality and better work harmonisation.

OTHER LEGALLY PRESCRIBED AND GENERAL TRAINING

We continued with the implementation of established programmes of initial and refresher courses related to legally prescribed skills, such as health and safety at work, fire protection, hazardous substances, protection and rescue plan (NZIR), etc.

Initial and refresher training in radiation protection was continued according to legal requirements.

Furthermore an extensive NZIR drill was conducted, supported by the full-scope simulator.

In addition, other courses were carried out for other departments within the power plant, intended to update the staff on new legislation, and introduce innovations in the area of production processes; we also continued with general courses in the areas of computer literacy and foreign languages.

Prior to outage, an extensive general programme of courses was conducted for external contractors, attended by 1664 people. The majority of these (1200) attended the general training programme, while the programme related to radiation protection was attended by 201 individuals and 262 work leaders were also trained.

8 SUMMARY OF THE 2010 FINANCIAL STATEMENTS

In accordance with the Companies Act (ZGD-1) and the Articles of Association of NPP, a summary of the NPP Report for 2010 is given below. The summary includes the main characteristics of business operations in 2010 and consolidated fundamental financial statements. The full versions of fundamental financial statements are presented in the NPP Annual Report for 2010 prepared in accordance with the Agreement concluded between the Government of the Republic of Slovenia and the Government of the Republic of Croatia on regulating the status and other legal issues related to investments in Krško Nuclear Power Plant, its utilisation and decommissioning (Intergovernmental Agreement), the Articles of Association of NPP, the Companies Act (ZGD-1) and Slovenian Accounting Standards (SAS).

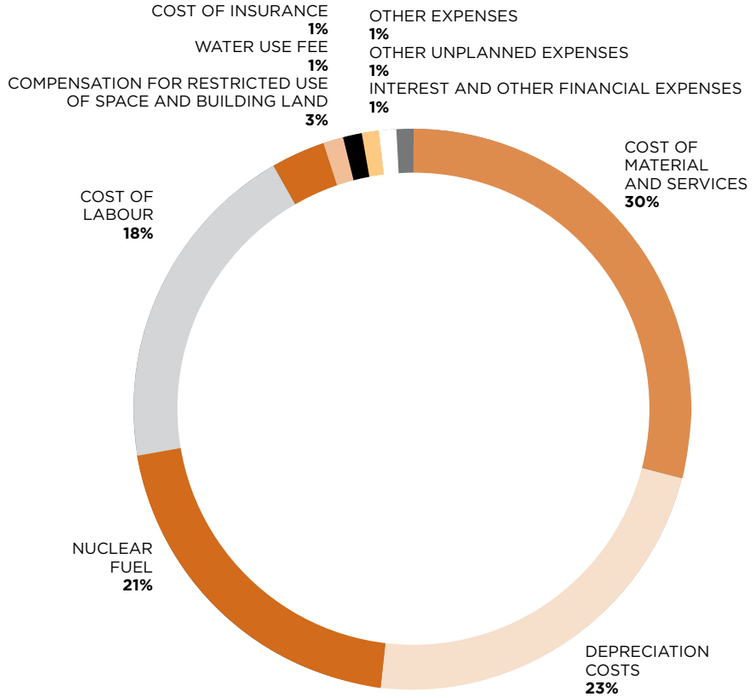
The Annual Report of NPP for 2010 was submitted to the organisation authorised to process and publish the data the first working day after it had been accepted at NPP's General Meeting, and is published on its website.

In 2010 the plant performed successfully in spite of unfavourable economic conditions. Thanks to the good operation of the facility until outage, the successfully completed outage activities, rectified deficiencies at the plant start-up and stable operation after the outage until the end of the year, we succeeded, in spite of the five-day extension of the outage, in practically achieving the planned output. Our two partners were supplied with 5,380.71 GWh of electricity, which is only about 10 GWh less than planned.

The revenue amounted to a total of €164,951 thousand. The majority of this revenue was generated from electricity supplied to the partners, while the remaining amount of the operating revenue was other business and financial revenue.

Due to the nature of our production, our stocks demonstrate neither unfinished production nor semi-products nor finished products; therefore, our costs are our expenses. In 2010 our expenses amounted to a total of €164,951 thousand.

The structure of expenses is illustrated in the graph below.



STRUCTURE OF EXPENSES FOR 2010

The largest portions in the structure of expenses are represented by the cost of material and services, cost of depreciation, nuclear fuel cost and the cost of labour, amounting to a total of 92 percent of all expenses.

Major investments were made in technological upgrading, while some expenses represent minor investments. Two repayments of the loan taken for plant modernisation were made in 2010 out of depreciation funds generated.

Long-term debts were additionally reduced as planned. The value of inventories is lower than planned.

The financial position of NPP is satisfactory. Long-term resources cover all long-term assets and also the majority of inventories. Business results are demonstrated in the consolidated fundamental financial statements, published on AJPES agency websites (www.ajpes.si).

KPMG

Auditor's Report for Public Reporting Purposes

We have audited the financial statements of the company Nuklearna elektrarna Krško d.o.o. and the related notes for the financial year ended 31 December 2010, in accordance with International Standards on Auditing, on which the summaries of financial statements are based. In our report dated 18 March 2011, we have issued the opinion that the financial statements and the related notes on which the summaries of financial statements are based, give a true and fair view of the financial position of the Company as of 31 December 2010, the results of its operations, its cash flows for the year then ended in conformity with the International Contract entered into between the Republic of Croatia and the Republic of Slovenia, and in conformity with Slovenian Accounting Standards issued by Slovenian Institute of Auditors.

In our opinion, the attached summaries of the financial statements comply, in all material aspects, with the financial statements from which they originate.

For a better understanding of the financial situation of the Company as of 31 December 2010, the results of its operations, its cash flows for the year then ended, and the scope of our audit, it is necessary to read the summaries of the financial statements together with the financial statements from which they originate and with our Auditor's Report on these financial statements.

KPMG SLOVENIJA,
podjetje za revidiranje, d.o.o.

Borut Šterbenc, B.Sc.Ec.
Certified Auditor

Marjan Mahnič, B.Sc.Ec.
Certified Auditor
Partner

KPMG Slovenija, d.o.o.
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Ljubljana, 18 March 2011

BALANCE SHEET AS AT 31 DECEMBER 2010

in thousand EUR

BALANCE SHEET	31/12/2010	31/12/2009
ASSETS		
A. LONG-TERM ASSETS	**419,090**	**420,275**
Tangible fixed assets	418,279	419,265
Investment property	590	636
Long-term financial investments	221	374
Long-term operating receivables	-	-
B. CURRENT ASSETS	**96,991**	**95,051**
Inventories	67,077	76,579
Short-term financial investments	11,282	4,723
Short-term operating receivables	18,622	13,737
Cash	10	12
C. SHORT-TERM DEFERRED EXPENSES AND ACCRUED REVENUE	**248**	**244**
TOTAL ASSETS	**516,329**	**515,570**
Off-balance sheet assets	10,228	19,614

in thousand EUR

BALANCE SHEET	31/12/2010	31/12/2009
EQUITY AND LIABILITIES		
A. EQUITY	**439,515**	**439,515**
Called-up capital	353,545	353,545
Revenue reserves	88,675	88,675
Retained earnings	(2,705)	(2,705)
Net profit or loss for the financial year	-	-
B. PROVISIONS AND LONG-TERM ACCRUED COSTS AND DEFERRED REVENUE	**4,744**	**4,597**
Provisions for jubilee benefits and termination benefits	3,924	3,734
Other provisions	820	863
C. LONG-TERM LIABILITIES	**16,890**	**33,227**
Long-term financial liabilities to banks	16,603	32,921
Long-termoperating liabilities	287	306
Č. SHORT-TERM LIABILITIES	**55,074**	**38,021**
Short-term financial liabilities to banks	29,598	6,647
Short-term operating liabilities	25,476	31,374
D. SHORT-TERM ACCRUED COSTS AND DEFERRED REVENUE	**106**	**210**
E. TOTAL EQUITY AND LIABILITIES	**516,329**	**515,570**
Off-balance sheet liabilities	10,228	19,614

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2010

in thousand EUR

INCOME STATEMENT		2010	2009
I.	**OPERATING REVENUE**	164,462	153,361
II.	**OPERATING EXPENSES**	164,052	151,606
III.	**OPERATING PROFIT OR LOSS FROM OPERATIONS (I – II)**	410	1,755
IV.	**FINANCIAL REVENUE**	489	460
V.	**FINANCIAL EXPENSES**	899	2,215
VI.	**OPERATING PROFIT OR LOSS FROM FINANCING (IV – V)**	(410)	(1,755)
VII.	**OPERATING PROFIT OR LOSS FOR THE PERIOD (III + VI)**	0	0
VIII.	**CORPORATE INCOME TAX**	0	0
IX.	**NET OPERATING PROFIT OR LOSS FOR THE PERIOD (VII – VIII)**	0	0
X.	**TOTAL OVERALL YIELD FOR THE FINANCIAL PERIOD**	0	0

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMER 2010

in thousand EUR

CASH FLOW STATEMENT		2010	2009
I.	**CASH FLOWS FROM OPERATING ACTIVITIES**		
1.	Cash receipts from operating activities	174,603	168,705
2.	Cash disbursements from operating activities	132,192	120,393
3.	Net cash from operating activities (1 – 2)	42,411	48,312
II.	**CASH FLOWS FROM INVESTING ACTIVITIES**		
1.	Cash receipts from investing activities	81	26
2.	Cash disbursements from investing activities	48,176	39,437
3.	Net cash from investing activities (1 – 2)	(48,095)	(39,411)
III.	**CASH FLOW FROM FINANCING ACTIVITIES**		
1.	Cash receipts from financing activities	75,360	115,625
2.	Cash disbursements from financing activities	69,678	124,524
3.	Net cash from financing activities (1 – 2)	5,682	(8,899)
IV.	**CLOSING BALANCE OF CASH (VI + V)**	10	12
V.	Net cash inflow or outflow for the period	(2)	2
	+		
VI.	Opening balance of cash	12	10

STATEMENT OF CHANGES IN EQUITY FOR THE YEARS 2010 AND 2009

in thousand EUR

EQUITY COMPONENTS	CALLED-UP CAPITAL	REVENUE RESERVES			RETAINED EARNINGS	NET PROFIT OR LOSS FOR THE FINANCIAL YEAR	TOTAL EQUITY
	CALLED-UP CAPITAL	LEGAL RESERVES	STATUTORY RESERVES	RETAINED NET PROFIT	RETAINED NET LOSS	NET PROFIT	
OPENING BALANCE - 1/1/2010	**353,545**	**35,354**	**53,321**	**-**	**(2,705)**	**-**	**439,515**
Changes in equity capital – transactions with proprietors	-	-	-	-	-	-	-
Total overall yield of the business period	-	-	-	-	-	-	-
Changes in equity	-	-	-	-	-	-	-
CLOSING BALANCE - 31/12/2010	**353,545**	**35,354**	**53,321**	**-**	**(2,705)**	**-**	**439,515**
OPENING BALANCE - 1/1/2009	**353,545**	**35,354**	**53,321**	**-**	**(2,705)**	**-**	**439,515**
Changes in equity capital – transactions with proprietors	-	-	-	-	-	-	-
Total overall yield of the business period	-	-	-	-	-	-	-
Changes in equity	-	-	-	-	-	-	-
CLOSING BALANCE - 31/12/2009	**353,545**	**35,354**	**53,321**	**-**	**(2,705)**	**-**	**439,515**

9 COMPANY ORGANISATION

In accordance with the interstate agreement concluded between the Government of the Republic of Slovenia and the Government of the Republic of Croatia on regulating the status and other legal issues related to investments in the Krško Nuclear Power Plant, its utilisation and decommissioning, and the Articles of Association, both having entered into force on 11th March 2003, NPP is organised as a limited liability company. The bodies of the company, having parity membership, are the General Assembly, the Supervisory Board and the Management Board.

The equity capital of NPP is divided into two equal business shares owned by the members *GEN energija, d. o. o., Krško* and *Hrvatska elektroprivreda d.d., Zagreb*. NPP generates for and supplies electricity exclusively to the members; it is their right and obligation to take 50 percent of the total available capacity and net electric power.

COMPETENT STAFF MAINTAINED

NPP's organisation supports its safe, reliable and efficient operation coupled with good supervision. All staff understand their authorities, responsibilities, and interactivities. The management of human resources ensures a sufficient and high quality workforce.

During 2010 the number of employees was reduced as expected, so that at the end of the year there were 591 employees. The educational level remained at a very high level, of which the figure for those with higher education, high and university education was slightly higher than the previous year; it amounted to 49 percent, including 4 with a doctor's degree and 12 masters of science.

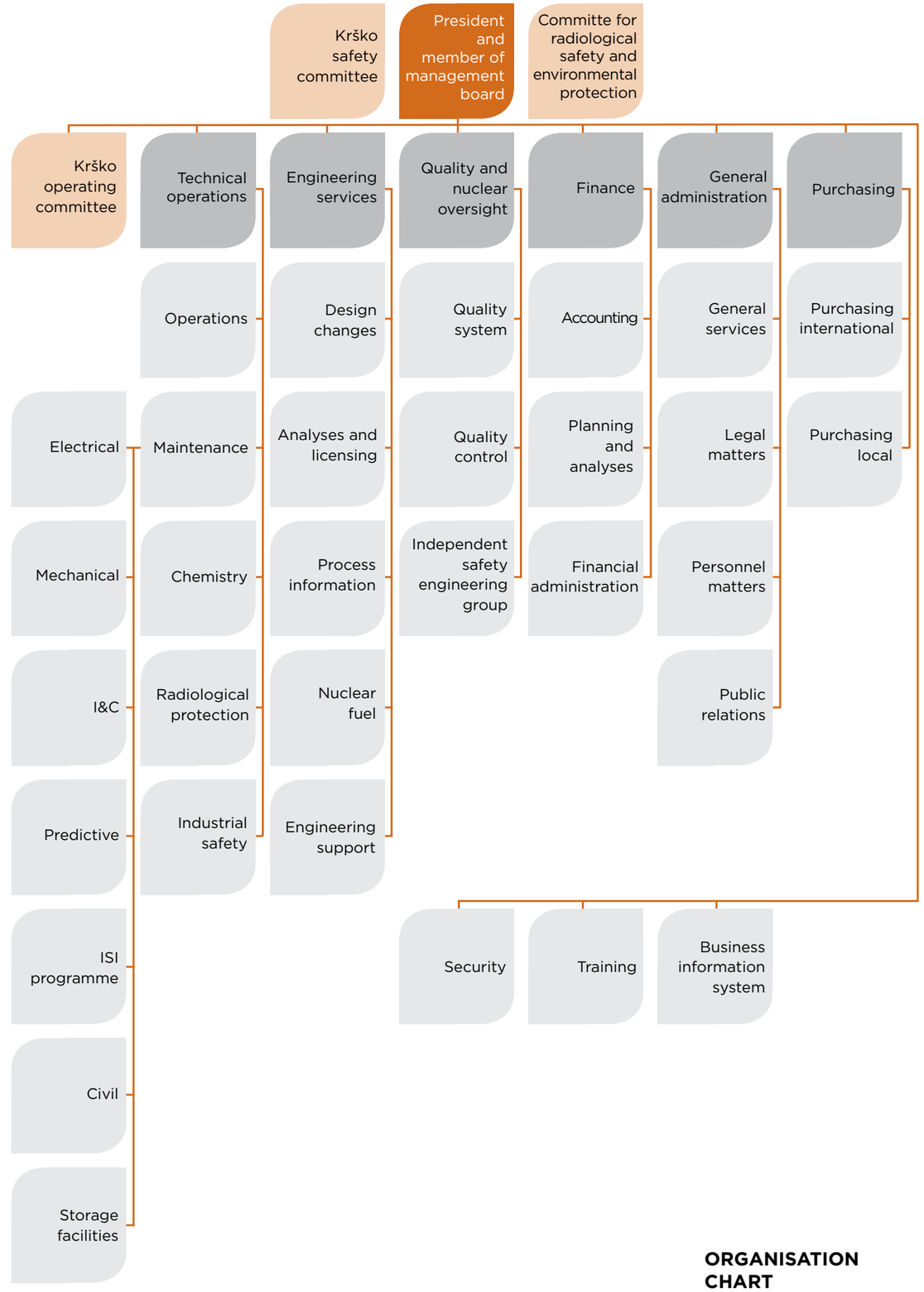
14 percent of the staff is female, most of them successfully pursuing their carrier paths. Women are holders of important positions; working in the power plant offers them numerous professional challenges and opportunities, and enables them to enjoy equality in relationships and status in the company.

The process of generation change is still continuing, through the process of staff retirement by those who are now leaving after being employed since the plant construction or since the start of plant operation as these are gradually taking retirement. This process was the most intensive and the higher level of outlet fluctuation - 7.4 percent was achieved. This can be partly contributed to the expected changes of the law concerning retirement, in particular. It has been estimated that the regeneration will be completed within the next three years.

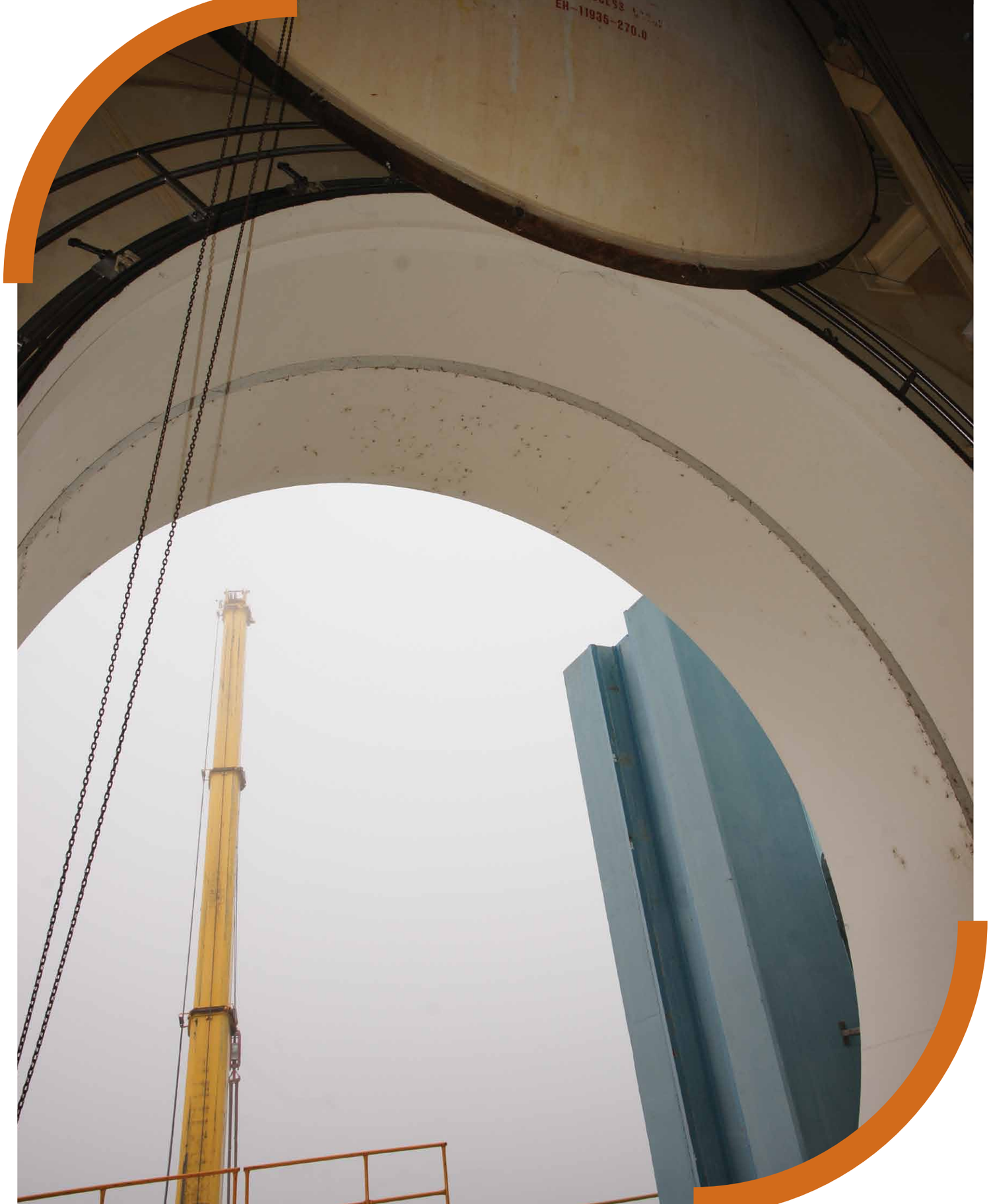
11 new staff were employed, which includes 8 engineers with a university degree, the majority of whom had received the plant's scholarship. These newly recruited staff were immediately introduced into a training programme in order to enable them to achieve, through a systematic and precisely defined training programme, the necessary specific knowledge.

In line with the company's aims and our vision of human resources, we granted additional 10 scholarships in 2010 to students of specific technical profiles in deficit.

The NPP organisational structure reflects contemporary standards of nuclear facility operators. Special attention is paid to the strengthening of vital functions of the organisation and to enhanced quality and efficiency of employees.



ORGANISATION CHART



ACRONYMS

CHUG	Checworks Users Group
CW	Circulating Water System
ČD	Čisti dobiček */Net profit/*
DTS	Distribution & Transformer Station
ELES	Elektro - Slovenija
EPRI	Electrical Power Research Institute
IAEA	International Atomic Energy Agency
ICJT	Izobraževalni center za jedrsko tehnologijo */Training Centre for Nuclear Technology/*
IJS	Institut Jožef Stefan */Jožef Stefan Institute/*
INPO	Institute for Nuclear Power Operations
I&C	Instrumentation and Control
ISI	In-Service Inspection
ISO	International Organisation for Standardization
ISOE	Information System on Occupational Exposure
KBC	Klinički bolnički centar/ University Hospital Centre/
MAAP	Modelar Accident Analyses Program User Group
NDE	Non-Destructive Examination
NEK	Nuklearna elektrarna Krško */Krško Nuclear Power Plant - Krško NPP/*
NMAC	Nuclear Maintenance Applications Center
NRC	Nuclear Regulatory Commission
NUMEX	Nuclear Maintenance Experience Exchange
NUPIC	Nuclear Procurement Issues Committee
NZIR	Načrt zaščite in reševanja */Protection and Rescue Plan/*
OECD	Organisation for Economic Co-operation and Development
OSART	Operational Safety and Review Team
OTJE	Osnove tehnologije jedrskih elektrarn */Fundamentals of Nuclear Power Plant Technology/*
PIS	Procesni informacijski sistem */Process Information System/*
PSE	Plant Support Engineering
PWROG	Pressurized Water Reactor Owners Group
SRS	Slovenski računovodski standard */Slovenian Accounting Standards/*
URSJV	Uprava Republike Slovenije za jedrsko varnost */Slovenian Nuclear Safety Administration/*
WANO	World Association of Nuclear Operators
ZGD	Zakon o gospodarskih družbah */Companies Act/*

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