



NUCLEARELECTRICA



**Approved,**

**Robert Iulian Tudorache**  
**President of the Board of Directors**

### **NOTE**

**on the approval by the Extraordinary General Assembly of Shareholders of the acquisition of legal and financial assistance/consultancy services in relation to the Project “Units 3 and 4 CNE Cernavodă”**

#### **1. General aspects/Approval authority**

According to the provisions of art. I paragraph 3 of the Government Emergency Ordinance (OUG) no. 26/2012 on some measures of reducing public expenses, of strengthening the financial discipline and of modifying and complementing some normative acts, *“in thoroughly justified situations, where the activities of legal consultancy, assistance and/or representation necessary to national companies, national undertakings and trade companies, as well as to autonomous administrations set forth in paragraph (1), cannot be carried out by the specialized legal personnel hired within these entities, such services may be acquired, under the law, only with the approval and power of attorney of state representatives or territorial administrative units within their management bodies[.]”*.

#### **2. Issue description**

The Decision of the Extraordinary general Assembly of Shareholders (“AGEA”) of Societatea Nationala Nuclearelectrica S.A. (“SNN”) no. 11/18.12.2014, section 2.2, approved the acquisition of legal assistance/consultancy and representation services in relation to the Project Units 3 and 4 CNE Cernavodă (the “Project”). After completing a competitive procedure, on October 26, 2015 the Framework Agreement for legal, financial and technical assistance/consultancy services in relation to the Project Units 3 and 4 CNE Cernavodă was concluded with the Association S.C. DELOITTE CONSULTANTA S.R.L. – S.C. ELCOMEX IEA S.A. – Societatea Civila de Avocati PELI FILIP. The validity of this framework agreement expired on October 25, 2018. Until now, SNN ordered no technical consultancy services. The percentage of the legal services provided until now under the Framework Agreement is of approximately 65%.

The purpose and the hourly quantities under the Framework Agreement were sized so to also cover the period following the creation of the project company that will develop and implement the Project.

### **3. The object of consultancy services. Estimated duration and value.**

The Decision of the Extraordinary general Assembly of Shareholders no. 4/02.03.2018 approved the continuation of negotiations on the Investment Documents with the Chinese partner selected – CGN company – under the same conditions included in the Memorandum of Understanding (concluded between SNN and CGN), for a period of 6 months from the date of the institutional and corporate approval, namely until September 2, 2018.

Currently negotiations are being carried out with the selected investor mentioned above – China General Nuclear Power Corporation (“CGN”) – in order to complete the Investment Documents – the Investors’ Agreement and the Articles of Incorporation of the project company, a joint venture (“JVCo”), as per the art. 50 of the Law no. 137/2002, company that will be incorporated by SNN and CGN as shareholders.

After the negotiations are finalized and the project company incorporated, a complex phase will follow, to develop the Project, which will involve, among other activities, the negotiation and signing by SNN of agreements/understandings with CGN and/or JVCo.

The acquisition contract being the object of this Note will have as object the provision of legal consultancy/assistance services, as well as financial consultancy/assistance services, at the request of SNN, in relation to the Project Units 3 and 4 CNE Cernavoda, as follows:

#### Legal consultancy services:

- Legal consultancy/assistance services relating to preparing and negotiating any documents (agreements, conventions, commitments, etc.) on the Project (addenda to the Investors’ Agreement, the agreement on Units 3 and 4 operation and maintenance, the nuclear fuel supply contract, etc.), aspects regarding the corporate governance of the future project company;
- Legal/representation consultancy/assistance services for SNN as future shareholder of the project company;
- Developing drafts of normative acts relating to the Project or formulating opinions, points of view, comments, remarks, proposals, etc. regarding the Project;
- Legal consultancy/assistance services relating to SNN’s contribution in kind or in cash to the joint venture, including in relation to the preparatory activities of EN merger;
- Legal consultancy/assistance services regarding the support mechanisms that may contribute to the attractiveness of the Project;
- Legal consultancy/assistance regarding aspects of state aids and/or competition in relation to Project financing;
- Any other legal services requested by SNN regarding the completion of the phase of agreeing on the Investment Documents and the phase of project implementation.

#### Financial consultancy services:

- Financial consultancy/assistance services regarding SNN’s contribution in kind or in cash to the joint venture, including the preparatory activities of EN merger;
- Financial consultancy/assistance services regarding the support mechanisms that may contribute to the attractiveness of the Project;
- Financial consultancy/assistance regarding aspects relating to Project financing;
- Any other financial consultancy services requested by SNN in relation to the project.

The estimated duration of the framework agreement is of **48 months**.

The budget allocated to consultancy services, for a period of 48 months, having as reference the hourly rates paid by SNN under similar contracts concluded, is estimated at **EUR 2,250,000**, VAT excluded.

The services will be provided at SNN's request, taking into consideration the possibility of concluding a framework agreement based on the Law no. 99/2016 on sectorial acquisitions.

#### **4. Justification of the need to acquire legal assistance/consultancy and representation services in relation to the project Units 3 and 4 CNE Cernavodă**

Acquiring legal and financial consultancy services is justified by:

- The fact that, both in terms of the quantity of work estimated, and the legal expertise necessary, such services cannot be provided by the specialized legal personnel hired within SNN;
- The fact that the financial expertise cannot be ensured by the specialized personnel within SNN, resulting the need to acquire financial consultancy services from a company with experience in structuring large projects in the energy field, that will provide assistance throughout the Project implementation and development.

#### **5. Proposals subject to the approval of the Extraordinary General Assembly of Shareholders**

Considering the aspects listed above, as well as the following:

- The need to observe (1) the legal terms (formalities of convocation) in order to obtain the necessary approvals for the approving the acquisition of legal services (with majority percentage within the package of consultancy services – consortium made of companies specializing in providing legal and financial assistance services), and of (ii) the procedural terms relating to the award of the consultancy framework agreement; as well as
- The fact that the validity of the framework agreement in force is about to expire,

we hereby submit to the approval of the Extraordinary General Assembly of Shareholders the acquisition of legal and financial consultancy/assistance services in relation to the Project Units 3 and 4 CNE Cernavodă.

**Cosmin Ghiță**  
**CEO**

**Dan Laurentiu Tudor**  
**Deputy CEO**