



**Endorsed,**

**Alexandru Sandulescu  
President of the Board of Directors**

### **NOTE**

**regarding the submittal for approval by the Extraordinary General Shareholders Assembly of the (i) Preliminary Agreement on the completion of „Romania – Turkey HVDC 400Kv Submarine Power Cable”, and the (ii) SNN participation to the set-up of “ HVDC Romania-Turkey S.A.” Project Company**

#### **1. Introduction**

In accordance with the Energy Strategy of Romania for 2007-2020, approved by the Government Decision no. 1069/2007, the Romania – Turkey 400Kv submarine interconnection cable represents a key investment aiming to ensure the long term viability of the electricity export for the period 2020-2050.

As per the Romanian Government programme for 2013-2017, the Energy Strategy chapter, the investment „Romania – Turkey HVDC 400Kv Submarine Power Cable” is considered a priority project.

The completion of the project “Romania – Turkey HVDC 400Kv Submarine Power Cable” („the Project”) will ensure:

- The power discharge to Turkey, which will indirectly lead to the increase of the electricity production;
- The increase of the National Power System safety;
- The valorification of the electricity surplus produced in Romania on markets outside EU;
- The increase of the attractiveness for the Units 3 and 4 Cernavoda NPP Project.

#### **„ Romania – Turkey High Voltage Direct Current (HVDC) Interconnection Link”**

The Romanian Government approved in its 16.12.2013 meeting the Memorandum “Romania – Turkey HVDC 400Kv Submarine Power Cable”.

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## 2. Current situation

The Ministry of Economy, through the Department of Energy, in the name of the Romanian State acting as SNN shareholder, requested by the letter no. 150225/23.01.2014 (Annex 1), the convening of a SNN Extraordinary General Shareholders' Assembly ("EGSA") having on the agenda the following:

- The approval of the Preliminary Agreement regarding the completion of the "Romania – Turkey HVDC 400Kv Submarine Power Cable", endorsed by the Board of Directors;
- The approval of the SNN participation in the set-up of the "HVDC Romania-Turkey S.A." Project Company by subscription and payment of the equivalent in RON of a number of 2,000,000 shares, having a nominal value of EUR 1;
- The approval of introducing in the draft Income and Expenditure Budget for the fiscal year 2014 of the amounts required for shares subscription;
- The empowerment of the president of the Board of Directors to sign, on behalf of the shareholders, the EGSA resolutions and any other related documents and for the fulfillment of any formality in connection with the lodging and implementation of the EGSA resolutions.

**The main elements of the draft Preliminary Agreement** regarding the completion of the "HVDC Romania-Turkey S.A." Project Company:

- **Parties:** C.N.T.E.E Transelectrica S.A., S.N. Nuclearelectrica S.A., Societatea Complexul Energetic Oltenia S.A., S.C. Romgaz S.A., Societatea Hidroelectrica S.A., S.C. Electrica S.A., S.C. Complexul Energetic Hunedoara S.A.
- **The initial share capital (subscribed and paid, in cash, upon setting-up):** EUR 14,000,000, divided in impartit in 14,000,000 shares having a nominal value of EUR 1 (one) each. SNN shall have to subscribe 2,000,000 shares.
- **Further initial share capital increases:** (i) contribution in kind from the Transelectrica S.A. shareholder with the intangible assets represented by studies, services and documentations related to and useful to the Project, contracted and paid for prior to the set-up date of the project company; (ii) cash contribution of the Romanian State, through the Department of Energy with a value aiming at holding a direct participation of 5% from the share capital of the Project Company.
- **Validity:** The Preliminary Agreement enters into force at the date of signing and is valid until approval date of the Final Agreement of the Shareholders in the General Shareholders Assembly at the level of each shareholder.

As per the Memorandum approved in the Government meeting of 16.12.2013, the "HVDC Romania-Turkey S.A." Project Company will be a Romanian-Turkish joint company (each party holding 50%) which will be in accountable for the re-assessment and up-dating the feasibility study, including the increase of the export capacity from 800 to 1600 MW, as well as with the financing, construction and operation of the Project.

In accordance with the SNN Articles of Association, the General Shareholders Assembly will be convened as many times as needed, by the Board of Directors, upon the request of the shareholders holding, individually or jointly, at least 5% of the share capital, should the request contain instructions falling in the competence of the assembly.

### **3. Proposals submitted for approval to the Extraordinary General Shareholders Assembly**

Considering the above, as per the provisions of art. 13 paragraph 5 letter m) of the Articles of Association and the provisions of art. 113 letter m) of the Companies Law no. 31/1990, we submit for approval to the Extraordinary General Shareholders Assembly the following:

- 3.1.The Preliminary Agreement regarding the completion of the “Romania – Turkey HVDC 400Kv Submarine Power Cable”, endorsed by the Board of Directors;
- 3.2.The SNN participation in the set-up of the “HVDC Romania-Turkey S.A.” Project Company by subscription and payment of the equivalent in RON of a number of 2,000,000 shares, having a nominal value of EUR 1;
- 3.3.Introducing in the draft Income and Expenditure Budget for the fiscal year 2014 of the amounts required for shares subscription.

**Daniela Lulache**

**Chief Executive Officer**