



**ENDORSED,
Board of Directors
President
Alexandru Sandulescu**

NOTE

on the approval of change in 75,260.58 kg heavy water destination, contracted by SN Nuclearelectrica SA on the basis of OUG 80/2006, in order to ensure the first load of Cernavoda NPP Units 3 and 4, for use in the current operating activity of Cernavoda NPP Units 1 and 2, under the conditions of a normative act issue that should amend the legal regime of this heavy water amount established by OUG 80/2006

1. General Presentation/ Competence

The legal basis is represented by:

- The Law on companies no. 31/1990, republished, as subsequently amended and supplemented ("Law no. 31/1990"), especially art. 113, letter m);
- Law no. 297/2004 on the capital market ("Law no. 297/2004")
- The Government's Emergency Ordinance no. 80/2006 regarding the production of heavy water for the commissioning of Cernavoda NPP Units 3 and 4 for ensuring the technological consumption during the entire life span of Units 3 and 4, approved by the Law number 78/2007, as subsequently amended and supplemented;
- The Government's Emergency Ordinance number 56/04.06.2013 regarding the regulation of the legal regime of the heavy water taken over by SNN through budget allocations, during 2006-2011;
- The Articles of Incorporation of SN Nuclearelectrica SA, updated, article 13, paragraph (3), letter n);
- "The Strategy for the continuation of Cernavoda NPP Units 3 and 4 Project ("The Project") by organizing a procedure for investors selection ("The Strategy") **approved by the Romanian Government in the Memorandum dated 31.07.2014 and by the Extraordinary General Meeting of Shareholders ("EGM") of the National Company, Nuclearelectrica SA, (hereinafter referred to as "SNN") which took place on 22.08.2014**, Art. 6.1. of the Strategy, according to which *SNN will be entitled to contribute in kind to the share capital of IPP with the assets in the SNN property aimed for the Project [...]. Among the existing assets there is a stock of about 75 tons of heavy water SNN purchased and financed from own sources destined to be in-kind contribution to the share capital of the Project in accordance with the provisions of GEO no. 80/2006 on ensuring the production of heavy water for the commissioning and for the completion of the technological needs over the life of Units 3 and 4 of the Cernavoda nuclear power plant.*

Societatea Nationala NUCLEARELECTRICA S.A.

65 Polona Street, District 1, 010494, Bucharest, Romania; Tel +4021 203 82 00, Fax +4021 316 94 00;

Trade Registry number: J40/7403/1998, Sole registration code: 10874881,

Paid and subscribed capital: 3.012.210.410 lei

office@nuclearelectrica.ro, www.nuclearelectrica.ro

2. Presentation

Under the provisions of the Government Emergency Ordinance no. 80/2006 on providing the production of heavy water for commissioning and for the completion of technological needs over the life of Units 3 and 4 of Cernavoda NPP, approved by Law no. 78/2007, as subsequently amended and supplemented, SNN acquired during 2006-2011, both from budgetary allocations and from SNN sources, a total amount of 861,976.36 kg of heavy water.

The Government Emergency Ordinance no. 56 / 04.06.2013 regarding the regulation of the legal regime of heavy water taken over by SNN through allocations from the state budget, during 2006-2011, approved the transfer to the state reserve, free of charge, from SNN to the National Administration of State Reserves and Special Issues (ANRSPS), of 786,715.78 kg amount of heavy water.

On 27.11.2014, the representatives of SNN, ANRSPS-UT 515 and RAAN, completed the acceptance protocol for the amount of 786,715.78 kg of heavy water, certifying the free transfer of this amount, from the SNN property into the ANRSPS property, according to GEO no. 56/2013.

Currently, SNN holds an amount of 75,260.58 kg heavy water, fully acquired from the company own sources, on the basis of the provisions of GEO no. 80/2006, representing the providing of the first heavy water loading within the Project, by contribution in kind, established by GEO no. 80/2006 as well as by the resolution of the Extraordinary General Meeting of Shareholders dated 22.08.2014 which approved the "Strategy for the continuation of the Project Cernavoda NPP Units 3 and 4 through the organization of an investors selection procedure. The accounting value of this amount of heavy water is 158,470,146 lei.

At the same time, though, the same document approved by the Extraordinary General Meeting of Shareholders, namely, the Strategy, at art. 6.7 provides that ***the Romanian State shall have the right and obligation to contribute in-kind to the share capital of IPP with the amount of heavy water and of uranium octoxide needed for the commissioning of Units 3 and 4, a contribution to be assessed according to the Romanian legislation in force.*** This aspect is covered by the Emergency Ordinance no. 118/2011 regulating some measures on the provision of heavy water and uranium octoxide amounts for Units 1-4 of the Cernavoda nuclear power plant, and by the Emergency Ordinance no. 56/2013 regarding the regulation of the legal regime of heavy water taken over by the National Company "Nuclearelectrica" - SA through allocations from the state budget, during 2006-2011. Thus, within the same document – the Strategy - there are two provisions, the one at article 6.1. (according to which SNN will have the right to contribute in kind to the share capital of the IPP with the existing assets owned by SNN and dedicated for the Project [...]), among which is the **inventory of about 75 tons of heavy water purchased by SNN** and financed by own resources as the in kind contribution to the share capital of the Project in compliance with the provisions of OUG no. 80/2006) and the one at article 6.7 (according to which **the Romanian State will have the right and the obligation to contribute in kind** to the share capital of the IPP with the quantity of heavy water and uranium *octoxide necessary for the commissioning of Units 3 and 4*).

Taking into account the item mentioned in the Strategy, incorporated in the existing legislation in the same form, namely that the first load of heavy water shall represent the contribution in kind, within the Project, **exclusively by the Romanian state**, in conjunction with the provisions of GEO no. 80 of 25 October 2006 on providing the production of heavy water for the commissioning and the completion of the technological need over the life of Units 3 and 4 of the

Cernavoda nuclear power plant and of the GEO no. 56 of 4 June 2013 on the regulation of the legal regime of heavy water taken over by the National Company "Nuclearelectrica" - SA through allocations from the state budget, during 2006-2011, it follows that it is necessary to approve, by a normative act with the same force as the normative acts mentioned above, the changing of the destination in the heavy water that SNN purchased, from its own sources, mainly based on GEO 80 / 2006, respectively the amount of 75,260.58 kg of heavy water for the first loads of Units 3 and 4 at Cernavoda NPP and that, given the entire first load will represent the contribution in kind exclusively by the Romanian state, SNN will use in its current activity, of operation and exploitation of Units 1 and 2 from Cernavoda. According to the operating experience and performance of Units 1 and 2 of Cernavoda NPP, it is required an annual amount of approx. 3500 kg heavy water / unit to complete the technological consumption. Consequently, the quantity of 75,260.58 kg of heavy water would provide the coverage necessary to complete the technological consumption of Units 1 and 2 for a period of approx. 10 years, without additional budgetary effort.

3. Proposals

In relation to the above mentioned, we request the Extraordinary General Meeting of Shareholders (in its capacity of managing body of SNN which approved the “Strategy for the continuation of the Project Units 3 and 4 of Cernavoda NPP through the organization of an investor selection procedure”) to approve the change of destination of 75,260.58 kg heavy water amount for the providing of first load of Cernavoda NPP Units 3 and 4, for use in the current operating activity of Cernavoda NPP Units 1 and 2, under the conditions of a normative act issue that should amend the legal regime of this heavy water amount. Daniela Lulache.

Daniela Lulache
CEO

Laura Constantin
Manager
Legal and Corporate Affairs Department

Mihai Darie
Chief Financial Officer

Alexandru Havris
Project Management Head of Department