



NUCLEARELECTRICA

Endorsed,

Alexandru Sandulescu
President of the Board of Directors

NOTE

concerning the approval of the continuity of negotiations on the Investment Documents regarding the development, building, operation and decommissioning of Units 3 and 4 from CNE Cernavodă

1. General aspects / competency

The strategy to continue the Project Units 3 and 4 CNE Cernavodă by organizing an investor selection procedure” (“**the Strategy**”) was approved by the Romanian Government through the Memorandum from July 31st, 2014, and by the S.N. Nuclearelectrica S.A. (“**SNN**”) General Extraordinary Meeting of Shareholders from August 22nd, 2014. The investors’ selection procedure was initiated on August 22nd, 2014 by publishing the international tender notice. The selection procedure is developed by the Negotiation commission (appointed by the Order of the Minister of Energy) and respectively coordinated by the Inter-ministry Commission (appointed by the decision of the Prime Minister no. 254/21.08.2014, amended by the Decision of the Prime Minister no. 172/14.07.2015).

The continuation of negotiations regarding the Investment Documents was accepted/approved as follows:

- ✓ May 6th, 2016 – approval of the Negotiation Commission;
- ✓ May 12th, 2016 – approval of the SNN BoD - Decision no. 60/12.05.2016;
- ✓ May 16th, 2016 – approval of the Inter-ministry Commission;
- ✓ June 2nd, 2016, approval of the Romanian Government, of the Memorandum with the theme: “*Continuation of negotiations on the Investment Documents regarding the development, building, operation and decommissioning of Units 3 and 4 from CNE Cernavodă*”.
- ✓ July 18th, 2016 – Decision of the SNN GEMS no. 6/18.07.2016 – approving the „*continuation of negotiations on the Investment Documents under the same conditions from the Memorandum of Understanding regarding the development, building, operation and decommissioning of Units 3 and 4 from CNE Cernavodă („MoU”) for a period of 4 months, starting May 9th, 2016, by applying all the other provisions of MoU, including the possibility of any party to terminate the MoU without any compensation by a simple written notification to the other Party, in case an agreement was not reached on the Investment Documents and as the delay was not caused by the respective Party.*”

Any additional/subsequent extension of the term to continue the negotiations needs the same approvals obtained for the previous extension.

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Subscribed and paid share capital: lei 3,015,138,510

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2. Steps taken during the negotiation of the Investment Documents (DI) with CGN

According to the provisions of the MoU, the parties agreed to adhere to a preliminary graphic with the purpose of signing the Investment Documents – Investors’ Approval („AI”) and the Articles of Incorporation („AC”). Subsequent to the date of May 9th, 2016, the following were developed:

- During the period June 14th – 30th, 2016 and July 26th – August 5th, 2016 the fourth and fifth round of negotiations was developed, reaching a basic agreement for a part of the subjects under divergence and on August 26th, 2016 the Negotiation commission sent to CGN the revised version of the Investors’ Approval and of aspects’ sections reserved for the BoD and GMS of the project company („JVCO”);
- On August 29th, 2016 discussions were restarted with CGN, who proposed to continue negotiations on the Investment Documents after September 8th, 2016 – the term approved by the Romanian Government and by SN Nuclearelectrica GMS so that the Parties could be able to conclude negotiations on the Investor’s Agreement. In this regard, CGN sent the letter CGNR-0112/30.08.2016 (**Annex 1**), by which: (i) CGN considers the additional extension of the negotiation graphic until November 30th, 2016, term until which the Parties can conclude negotiations on the Investors’ Agreement, including clarification of aspects under divergence and obtaining the internal approvals in order to initiate and sign the Investors’ Approval; (ii) confirms the availability to agree upon a negotiation graphic in order to sign the Support Agreement to implement the Project to be concluded by the Romanian Government.
- During the period August 29th – September 8th, 2016 was developed the sixth round of negotiations, being carried clarifying discussions on the subjects remained under divergence following prior rounds.
- CGN requested that the involvement of the Romanian State in the project by signing an engagement letter, which implies the necessity to clarify the principles requested by CGN with various public institutions.

3. The need to extend the negotiation period of the Investment Documents

Considering the above mentioned, it is necessary to extend the term of September 8th, 2016 previously agreed for the termination of negotiations, by applying all the other provisions of the MoU, including the possibility of any other party to terminate the MoU without any compensation through a simple written notification to the other Party, in case an agreement was not reached on the Investment Documents and as the delay was not caused by the respective Party, until November 30th, 2016.

This additional extension of the term for the continuation of negotiations needs the same approvals obtained for the prior extension. In this regard, the following endorsements/approvals were obtained:

- On 12.09.2016 – The negotiation commission for Cernavoda NPP Units 3 and 4 Project
- On 13.09.2016 – The resolution of SNN BoD no. 110/13.09.2016
- On 14.09.2016 – the Interministerial commission for Cernavoda NPP Units 3 and 4 Project

We mention the fact that the MoU, according to art. 1, has the purpose of creating the necessary frame for the parties to reach an agreement regarding the contract terms and conditions regulating the legal relation between the Parties regarding the Project, without expressly defining its validity period.

4. Proposals submitted to the approval of the EGMS

Compared to all the other previously shown aspects, based on the provisions of art. 8.13 letter (vi) and

art. 9.1, point (17) of the Strategy to continue the Project Units 3 and 4 CNE Cernavodă, corroborated with the provisions of art. 13 paragraph 3 letter n) of the SNN Articles of Incorporation as well as based on the provisions of art. 113 letter m) of the Company's law no. 31/1990, we submit to the approval of the SNN EGMS, the following:

- 4.1. To continue negotiations on the Investment Documents under the same conditions of the Memorandum of Understanding regarding the development, building, operating and decommissioning of Units 3 and 4 from CNE Cernavodă ("MoU"), until November 30th, 2016, by applying all the other provisions of the MoU, including the possibility of any party to terminate the MoU without any compensation by a simple written notification to the other Party, in case an agreement was not reached on the Investment Documents and as the delay was not caused by the respective Party.

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