



**Approved by ,  
Iulian-Robert Tudorache  
Chairman of the Board of Directors**

#### **NOTE**

**Regarding the approval of the continuation of the negotiations on the Investment Documents regarding the development, construction, operation and decommissioning of Units 3 and 4 from Cernavoda CNE, and (ii) the approval of the mandate of the Board of Directors to establish the terms and conditions of the negotiations to be conducted with the selected investor By SNN representatives in the Negotiating Commission for the implementation of the Units 3 and 4 CNE Cernavoda Unit, in accordance with the Romanian Government Memorandum no. 20/2683 / 13.07.2017**

#### **1. General aspects / Competence**

The Strategy of Continuation of the Units 3 and 4 Cernavoda CNE Units by Organizing an Investor Selection Procedure "(the" Strategy ") was approved by the Romanian Government through the Memorandum of 31 July 2014 and by the Extraordinary General Meeting of Shareholders of S.N. Nuclearelectrica S.A. ("SNN") on August 22, 2014. The Investor Selection Procedure was initiated on 22 August 2014 by publishing the International Call for Proposals. The selection procedure is conducted by the Negotiating Commission (appointed by order of the Minister of Energy) and coordinated by the Interministerial Commission (appointed by the Prime Minister's decision No. 254 / 21.08.2014, modified by the Prime Minister's Decision No. 172 / 14.07.2015) .

In 2016, the successive extension of the deadline for finalizing the negotiations on the Investment Documents was approved as follows:

- ✓ 18 July 2016 – Decision of AGEA SNN no. 6 / 18.07.2016 - approving *"the continuation of the negotiations on the Investment Documents under the same conditions of the Memorandum of Understanding on the development, construction, operation and decommissioning of Units 3 and 4 from Cernavoda CNE (" MoU ") for a period of 4 months , Starting with May 9, 2016, applying all other provisions of the MoU, including the ability of either party to terminate the MoU without any indemnity by simple written notification to the other Party, if no agreement has been reached Investment Documents and to the extent that the delay was not caused by that Party. "*
- ✓ 17 October 2016 - Decision of AGEA SNN no. 8 / 17.10.2016 - approving *"the continuation of the negotiations on the Investment Documents under the same conditions of the Memorandum of Understanding on the development, construction, operation and decommissioning of Units 3 and 4 from Cernavoda CNE (MoU) until 20 December 2016, applying all other provisions of the MoU, including the ability of either party to terminate the MoU without any indemnity by simple written notification to the other Party if no agreement on the Investment Documents has been reached and to the extent that Which delay was not caused by that Party. "*

Any additional expansion / subsequent period for further negotiations require the same approvals obtained for the previous extension.

**Societatea Nationala NUCLEARELECTRICA S.A.**

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- **Steps taken in the negotiation of Investment Documents (DI) with CGN**

- Between 6 and 20 December 2016 meetings were held between the Negotiating Commission and the CGN, together with the consultants of the two parties, to clarify and reformulate the clauses agreed in the previous negotiations;
- 20 December 2016 - CGN has submitted an address expressing its willingness to continue with the Investor Relations ("IA") talks;
- 22 December 2016 – The Ministry of Energy sent a letter to CGN reiterating that the negotiating mandate of the Negotiating Commission expired on December 20, 2016 and given the complexity of the project and the commitment of the Romanian State in the long term, the most correct approach is to allow The new government to conduct an analysis of the decisions on the outcome of the negotiations and the steps to follow.
- 31 January 2017 - The Negotiating Commission approves the proposal to continue the negotiations on the Investment Documents under the same conditions in the MoU.
- On 23 February 2017, a meeting was held between the representatives of the Ministry of Energy and the CGN regarding the need to take a schedule of actions and to speed up the negotiations for the establishment of the new Project Company ("JVCo"). At the request of the CGN, in the absence of a new negotiation mandate, non-negotiable technical discussions took place between 28-30 March 2017 and 10-13 April 2017 respectively between representatives of SNN and CGN;
- march – July 2017 - Clarifications and analyzes to identify options and define parameters that may circumscribe the possible commitments of the Romanian State in relation to the CGN requirements;
- Interministerial Commission for Units 3 and 4 Cernavoda Unit decided to approve the continuation of negotiations on Investment Documents for a period of up to 6 months from the date of institutional and corporate approval, with the application of all other provisions of the MoU, including the possibility of any party to terminate the MoU Without any compensation by simple written notice to the other Party, if no agreement on the Investment Documents has been reached and to the extent that the delay was not caused by that Party, subject to the approval of the Government Romania, and subsequently, SNEA SNG;
- By Government Memorandum on 13 July , it was approved the *Continuation of the negotiations on the Investment Documents regarding the development, construction, operation and decommissioning of Units 3 and 4 from Cernavoda CNE with the Chinese company CGN*;
- 20 July 2017 – By SNN Board of Administration Decision no. 114 / 20.07.2017, approved and submitted for approval to AGEA SNN the continuation of the negotiations on the Investment Documents under the same conditions of the MoU, for a period of up to 6 months from the date of the institutional and corporate approval, applying all the other provisions of MoU, including The possibility for either party to terminate the MoU without compensation by simple written notice to the other Party if no agreement on the Investment Documents has been reached and to the extent that the delay was not caused by that Party.

## **2. The need to extend the negotiation period of the Investment Documents**

Considering the following:

- the initial term stipulated in the Memorandum of Understanding to complete the negotiations on the Investment Documents, as extended according to the approvals of the Romanian Government and the General Shareholders' Meeting of SN Nuclearelectrica S.A., was completed on 20 December 2016;

CGN's continued commitment to finalizing negotiations on Investment Documents, It is necessary to renegotiate the negotiations and to set a deadline for their completion, respectively a period of up to 6 months from the date of institutional and corporate approval.

We mention that the MoU, according to art. 1, aims at creating the necessary framework for the parties to reach an agreement on the terms and conditions of the contract that governs the legal relationship between the Parties in relation to the Project, without expressly defining the duration of its validity.

## **3. The necessity of mandating the Board of Directors to establish the terms and conditions of the**

**negotiations to be conducted with the Investor Selected by SNN representatives within the Negotiating Commission for the implementation of the Units 3 and 4 CNE Cernavoda Unit, in accordance with the Romanian Government Memorandum no. 20/2683 / 13.07.2017**

On this proposal should be considered the following issues:

- The fact that the Project Continuity Strategy Units 3 and 4 of Cernavoda CNE by organizing an investor selection procedure was approved by the General Assembly of the Shareholders on 22 August 2014;
- The fact that, in the context of continuing negotiations with the Selected Investor, a corporate approval of SNN is required on the terms and conditions of the negotiations;
- The fact that the shareholders may mandate the Board of Directors to establish the terms and conditions of the negotiations to be conducted with the Selected Investor by the SNN representatives within the Negotiating Commission for the implementation of the Units 3 and 4 CNE Cernavoda Project in accordance with the Romanian Government Memorandum no. 20/2683 / 13.07.2017;
- The Memorandum of the Government of Romania no. 20/2683 / 13.07.2017 is a confidential document and can not be made available to the public because it contains commercial information which, if it becomes public, affects the principle of fair competition, according to the law, representing a trade secret;
- The SNN understands to protect legitimate business interests;

**4. Proposals subject to the approval of the Extraordinary General Meeting of Shareholders of SNN**

To all matters shown above, based on art. 8.13 lit. (Vi) and art. 9.1, point (17) of the Project Continuity Strategy Units 3 and 4 of Cernavoda CNE, in conjunction with the provisions of art. Article 13 (3) N) of the Articles of Association of SNN and on the basis of the provisions of art. 113 lit. M) of the Companies Law no. 31/1990, submit the approval of the Extraordinary General Meeting of the Shareholders:

- a. Continuing negotiations on Investment Documents under the same MoU conditions for up to 6 months from institutional and corporate approval, with all other MoU provisions, including the possibility for any party to terminate the MoU without any compensation -a simple written notification to the other Party, if no agreement on the Investment Documents has been reached and to the extent that the delay was not caused by that Party.
- b. The mandate of the Board of Directors to establish the terms and conditions of the negotiations to be conducted with the Investor Selected by SNN representatives within the Negotiating Commission for the implementation of the Units 3 and 4 CNE Cernavoda Unit, in accordance with the Romanian Government Memorandum no. 20/2683 / 13.07.2017.

**Daniela Lulache**

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