



NUCLEARELECTRICA

Approved,
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Chief Executive Officer

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Chief Financial Officer

Note on
the authorization of the share capital increase of Nuclearelectrica S.A. up to the maximum amount of 3,015,427,983 lei by delegating to the Board of Directors the right of exercising the competences regarding the increase of the share capital

1. General aspects/competence

The provisions art. 12 paragraph 5 and 5¹ of Law no. 137/2002 regarding some measures for the acceleration of privatization, the following are stipulated: (i) if the issuance of the land ownership certificate was not followed, before the privatization, by the corresponding increase of the share capital, the share capital increases with the value land that will be considered as a contribution in nature of the state, in return for which additional shares will be issued which will be granted to the public institution involved; (ii) the increase of the share capital with the value of the lands for which the land ownership certificates have been issued is made without the addition of a share premium.

In compliance with the provisions of art. 32² par. 1 of GEO no. 88/1997 on the privatization of companies, *“the share capital of the companies to which the land ownership certificate has been issued is legally increased by the value of the land mentioned within the certificates.”*

Pursuant to the provisions of art. 8 par. (1) and (2), as well as of art. 13 paragraph 3 letter e) from the Memorandum of Association of SNN corroborated with the provisions of art. 113 letter f) of Law no. 31/1990, the Extraordinary General Assembly of the Shareholders is the competent body to approve the increase of the share capital.

Pursuant to the provisions of art. 114 par. (1) of Law no. 31/1990, the performance of the attribution stipulated in art. 113 letter f), respectively the approval of the increase of the share capital, may be delegated to the Board of Directors by the decision of the extraordinary general meeting of the shareholders.



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Art. 85 paragraph (2) of Law no. 24/2017 provides that the memorandum of association of the company or the extraordinary general meeting may authorize the increase of the share capital up to a maximum level; within the limits of the established level, the administrators may decide, following the delegation of attributions, to increase the share capital. This competence shall be given to administrators for a maximum of three years and may be renewed by the General Assembly for a period which, in case of each renewal, may not exceed a three year period.

Art. 220¹ of Law no. 31/1990 establishes that by the decision of the general meeting of the shareholders, through an amendment of the memorandum of association of the company, the board of directors may be authorized that, within a certain period of time, which cannot exceed 5 years from the date of registration of the change, it should increase the share capital subscribed up to a determined nominal value (authorized capital), by issuing new shares in exchange for contributions.

2. Increase of the share capital with the value of the land located in 23 Energia Street, Cernavoda, Constanta County

The decision of the Court of Accounts no. 5 / 08.06.2018 regarding the elimination of some deficiencies found and recorded in the Control Report, specified in point 6, non-observance of the legal provisions regarding the increase of the share capital with the value of the land for which SNN obtained land ownership certificates, expressly referring to the increase of SNN's share capital with the equivalent of the land located in 23 Energia Street, Cernavoda, Constanta county, with an area of 34 170, 15 sqm.

For the land on 23 Energiei street, Cernavoda, Constanta county, with a total surface of 34 170,15 sqm the Land Ownership Certificate M03 series no. 6899 / 12.10.2001 was issued, the value mentioned in the land establishment and valuation documentation being of RON 915,487,730 (the value before the denomination of the national currency), the equivalent of 91,548.77 lei (RON).

Authorization of the share capital increase of the company up to the maximum amount of 3,015,427,980 lei by delegating to the Board of Directors the right of exercising the competences regarding the increase of the share capital, based on the provisions of art. 114 par. 1 of Law no. 31/1990

Authorization of the share capital increase of the company up to the maximum amount of 3,015,427,980 lei of the share capital authorized by delegating to the Board of Directors the right of exercising the competences regarding the increase of the share capital, based on the provisions of art. 114 par. 1 and art. 220¹ of Law no. 31/1990, will be done in the following conditions:

- The Extraordinary General Meeting of Shareholders approves the delegation, for a period of three years, to the Board of Directors of the competences regarding the increase of SNN's share capital up to a maximum value of **3,015,427,980 lei** representing:

NUCLEARELECTRICA S.A. National Company

65 Polona St., 1st District, 010494, Bucharest, Romania; Tel. +4021 203 82 00, Fax: +4021 316 94 00;

Registration number with the Trade Registry: J40/7403/1998, Sole Registration Code: 10874881,

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- the contribution in nature of the Romanian State, represented by the Ministry of Energy, following the obtaining of the land ownership certificate issued by the Ministry of Industry and Resources no 6899 / 12.10.2001 on the land of 34 170.15 sqm located in 23 Energia Street, Cernavoda; the value of the land representing the contribution in nature of the state shall be determined by independent experts designated by the Trade Register Office in accordance with the provisions of art. 215 of Law no. 31/1990 **by updating the value of the land from the moment of submitting the documentation with the inflation index according to the provisions of art. 6 of GD no. 834/1991, corroborated with the provisions of art. 143 of HG no. 577/2002;**
- the cash contribution of the other shareholders within the exercise of the pre-emption right by the other shareholders in exchange for the contribution in nature of the Romanian State by means of the Ministry of Energy;
 - The proposed authorized share capital amounting to **3,015,427,980 lei** is based upon the following aspects:
 - (i) The value mentioned in the documentation for establishing and evaluating the land in 23 Energia Street, Cernavoda, Constanta county being of 915,487,730 lei (the value before the denomination of the national currency), equivalent to 91,548.77 lei (RON).
 - (ii) In the absence of an evaluation report prepared by an independent evaluator, the indexed value of this land with the inflation index for the period October 31, 2001 to September 30, 2018 is about RON 238,786.66 (value which was estimated by SNN). An independent evaluator will perform an assessment of this land in accordance with the provisions of art. 143 of GD no. 577/2002, as well as of art. 6 par. 3 of HG no. 834/1991;
 - (iii) The fact that the value of the land referred to in point (i) above will be updated with the inflation index in accordance with the provisions of art. 6 of GD no. 834/1991, corroborated with the provisions of art. 143 of GD no. 577/2002 by the independent experts appointed by the Deputy Judge of the Trade Register; the inflation index used will be the last available at the time of drawing up the reports by the independent experts appointed by the Deputy Judge of the Trade Registry;
 - (iv) The fact that all shareholders will exercise their pre-emption right and will subscribe all the shares within the public offer that will be carried out by SNN as a result of the increase of the share capital.
 - (v) A certain reserve margin that could come out of the results of the valuation due to the application of higher inflation indices due to reporting as the valuation date, the latest consumer price index since the reports were drawn up by independent experts (the reserve margin being of about 11% of current estimated values).
- Pursuant to art. 6 par. (3) of GD no. 834/1991, the value of the land, updated with the inflation index until the evaluation date, shall be included, according to the law, in the patrimony of the commercial companies, and the share capital shall be increased according to the provisions of art. 113 letter f), as well as of art. 210 of Law no. 31/1990;
- The Board of Directors will initiate the procedure for increasing the share capital after the appointment by the Deputy Judge of the Trade Registry of an expert who is supposed to establish the value of the land on 23 Energiei Street, Cernavoda, Constanta County, and upon completion of the report by the appointed expert, based on the provisions of art. 215 of Law no. 31/1990 and art. 6 par.

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3 of HG no. 834/1991;

- The Board of Directors will decide to increase the share capital with the contribution in nature of the Romanian state, represented by the value of the land and the cash contribution of the other shareholders, in the exercise of the pre-emption right, on the basis of the report for this land drawn up by the independent experts appointed by the Deputy-Judge of the Trade Registry, in accordance with the provisions of art. 143 of the Methodological Norms for the application of Government Emergency Ordinance no. 88/1997 on the privatization of commercial companies, with subsequent amendments and completions, and of Law no. 137/2002 on some measures for acceleration of privatization, approved by GD no. 577/2002 and art. 6 par. 3 of HG no. 834/1991;
- The Board of Directors will set the date of registration, the date that serves to identify the shareholders whom the rights related to the capital increase will be granted upon according to the decision of the Board of Directors to increase the share capital with contribution in nature as a result of the authorization;
- The Board of Directors will establish "Ex-date", the calendar date preceding the registration date according to the T + 2 settlement cycle from which the financial instruments which are subject of the decisions of the company bodies are traded without the rights deriving from that decision;
- The Board of Directors will undertake the following actions in view of initiating, carrying out and finalizing the process of increasing the share capital:
 - The selection of the intermediary for the preparation of the prospectus due to the increase of the share capital, according to the provisions of Law no. 99/2016;
 - The approval of the Prospectus for increasing the share capital with contribution in nature after their completion by the intermediary parts and coordination of the process of filing all the documents related to the approval of the Prospectus by the Financial Supervisory Authority;
 - The coordination of the process of notification of the capital market and shareholders regarding the availability of the Offer Prospectus and the actual organization of the bidding period;
 - The approval of the subscription status and cancellation of the unsubscribed shares, respectively the return of the surplus amounts resulting from the exercise of the pre-emption right by the shareholders within 5 working days from the closing date of the subscription period, following notification of the final statement of the underwriting by the intermediary to the ASF, as well as receiving the ASF address regarding the initiation of the registered capital increase measures by the competent institutions: The National Trade Register Office and the Central Depository, approval validated by the decision of the Board of Directors.
 - The coordination of the process of drawing up the necessary documentation for the registration of the increased share capital at the ONRC and the amendment of the SNN Memorandum of Association as a result of the modification of the share capital, based on the Additional Act and the Consolidated Memorandum of Association;
 - The coordination of the process of obtaining the Securities Registration Certificate issued by the ASF based on the Confirmation of Company Details issued by the ONRC;
 - The coordination of the process of submitting the necessary documentation to the Central Depository for the registration of the share capital increase, according to the Central Depository Code;
- New, nominative, dematerialized shares will be issued in exchange for the contribution in nature and the cash contribution, at a price of 10 lei/share, equal to the nominal value, without the share

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premium;

- Pursuant to the provisions of art. 173 par. (7) of Regulation No. 5/2018, the decision of the Board of Directors to increase the share capital shall specify the number of pre-emption rights required for the acquisition of a new share, the price of subscription of new shares on the basis of the pre-emption rights and the period during which the subscription will take place;
- The effective subscription period and the subscription procedure will be approved by the Board of Directors and will be communicated to shareholders by means of current report;
- The exact value of the contribution in nature will be established in accordance with the provisions of art. 143 of the Methodological Norms for the application of Government Emergency Ordinance no. 88/1997 on the privatization of commercial companies, with subsequent amendments and completions, and of Law no. 137/2002 on some measures for acceleration of privatization, approved by GD no. 577/2002 and art. 6 par. 3 of HG no. 834/1991;
- SNN shareholders will be able to exercise their pre-emption rights within one month from the date mentioned in the prospectus approved by the Board of Directors Decision, the date after the date of registration and the date of publication of the Decision of the Board of Directors in the Official Gazette of Romania, Part IV, respectively, will have the right to subscribe a number of shares in proportion to the number of shares they own at the Date of Registration;
- The number of pre-emption rights granted to each shareholder will be proportional to the number of shares issued by SNN held at the Registered Date;
- After the period of the exercise of the pre-emption rights, the Central Depository will issue allotment rights. The total number of allotment rights issued shall be equal to the maximum number of new shares subscribed in the exercise of the pre-emption right.
- After the expiration of the pre-emption rights exercise term, all unsubscribed shares will be canceled.

3. Proposals

Taking into consideration the above mentioned elements, we request the Extraordinary General Meeting of the Shareholders the following:

- the approval the delegation, for a period of three years, to the Board of Directors of the competences regarding the increase of SNN's share capital up to a maximum value of **3,015,427,980 lei** representing:
 - ✓ the contribution in nature of the Romanian State, represented by the Ministry of Energy, following the obtaining of the land ownership certificate issued by the Ministry of Industry and Resources no 6899 / 12.10.2001 on the land of 34 170.15 sqm located in 23 Energia Street, Cernavoda; the value of the land representing the contribution in nature of the state shall be determined by independent experts designated by the Trade Register Office in accordance with the provisions of art. 215 of Law no. 31/1990 **by updating the value of the land from the moment of submitting the documentation with the inflation index according to the provisions of art. 6 of GD no. 834/1991, corroborated with the provisions of art. 143 of HG no. 577/2002;**
 - ✓ the cash contribution of the other shareholders within the exercise of the pre-emption right by the other shareholders in exchange for the contribution in nature of the Romanian State by means of the Ministry of Energy.

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The proposed authorized share capital amounting to **3,015,427,980 lei** is based upon the following aspects:

- (i) The value mentioned in the documentation for establishing and evaluating the land in 23 Energia Street, Cernavoda, Constanta county being of 915,487,730 lei (the value before the denomination of the national currency), equivalent to 91.548.77 lei (RON).
- (ii) In the absence of an evaluation report prepared by an independent evaluator, the indexed value of this land with the inflation index for the period October 31, 2001 to September 30, 2018 is about RON 238,786.66 (value which was estimated by SNN). An independent evaluator will perform an assessment of this land in accordance with the provisions of art. 143 of GD no. 577/2002, as well as of art. 6 par. 3 of HG no. 834/1991;
- (iii) The fact that the value of the land referred to in point (i) above will be updated with the inflation index in accordance with the provisions of art. 6 of GD no. 834/1991, corroborated with the provisions of art. 143 of GD no. 577/2002 by the independent experts appointed by the Trade Register; the inflation index used will be the last available at the time of drawing up the reports by the independent experts appointed by the Trade Registry;
- (iv) The fact that all shareholders will exercise their pre-emption right and will subscribe all the shares within the public offer that will be carried out by SNN as a result of the increase of the share capital.
- (v) A certain reserve margin that could come out of the results of the valuation due to the application of higher inflation indices due to reporting as the valuation date, the latest consumer price index since the reports were drawn up by independent experts (the reserve margin being of about 11% of current estimated values).

- Pursuant to art. 6 par. 3 of GD no. 834/1991, the value of the land, updated with the inflation index until the evaluation date, shall be included, according to the law, in the patrimony of the commercial companies, and the share capital shall be increased according to the provisions of art. 113 letter f), as well as of art. 210 of Law no. 31/1990;
- The Board of Directors will initiate the procedure for increasing the share capital after the appointment by the Trade Registry of an expert who is supposed to establish the value of the land on 23 Energiei Street, Cernavoda, Constanta County, and upon completion of the report by the appointed expert, based on the provisions of art. 215 of Law no. 31/1990 and art. 6 par. 3 of HG no. 834/1991;
- The Board of Directors will decide to increase the share capital with the contribution in nature of the Romanian state, represented by the value of the land and the cash contribution of the other shareholders, in the exercise of the pre-emption right, on the basis of the report for this land drawn up by the independent experts appointed by the Trade Registry, in accordance with the provisions of art. 143 of GD no. 577/2002, as well as of art. 6 par. 3 of HG no. 834/1991;
- The Board of Directors will set the date of registration, the date that serves to identify the shareholders whom the rights related to the capital increase will be granted upon according to the decision of the Board of Directors to increase the share capital with contribution in nature as a result of the authorization;
- The Board of Directors will establish "Ex-date", the calendar date preceding the registration date according to the T + 2 settlement cycle from which the financial instruments which are subject

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of the decisions of the company bodies are traded without the rights deriving from that decision;

- The Board of Directors will undertake the following actions in view of initiating, carrying out and finalizing the process of increasing the share capital:

- The selection of the intermediary for the preparation of the prospectus due to the increase of the share capital, according to the provisions of GEO no. 34/2006;

- The approval of the Prospectus for increasing the share capital with contribution in nature after their completion by the intermediary parts and coordination of the process of filing all the documents related to the approval of the Prospectus by the Financial Supervisory Authority;

- The coordination of the process of notification of the capital market and shareholders regarding the availability of the Offer Prospectus and the actual organization of the bidding period;

- The approval of the subscription status and cancellation of the unsubscribed shares, respectively the return of the surplus amounts resulting from the exercise of the pre-emption right by the shareholders within 5 working days from the closing date of the subscription period, following notification of the final statement of the underwriting by the intermediary to the ASF, as well as receiving the ASF address regarding the initiation of the registered capital increase measures by the competent institutions: The National Trade Register Office and the Central Depository, approval validated by the decision of the Board of Directors.

- The coordination of the process of drawing up the necessary documentation for the registration of the increased share capital at the ONRC and the amendment of the SNN Memorandum of Association as a result of the modification of the share capital, based on the Additional Act and the Consolidated Memorandum of Association;

- The coordination of the process of obtaining the Securities Registration Certificate issued by the ASF based on the Confirmation of Company Details issued by the ONRC;

- The coordination of the process of submitting the necessary documentation to the Central Depository for the registration of the share capital increase, according to the Central Depository Code;

- New, nominative, dematerialized shares will be issued in exchange for the contribution in nature and the cash contribution, at a price of 10 lei / share, equal to the nominal value, without the share premium;

- Pursuant to the provisions of art. 173 par. (7) of Regulation No. 5/2018, the decision of the Board of Directors to increase the share capital shall specify the number of pre-emption rights required for the acquisition of a new share, the price of subscription of new shares on the basis of the pre-emption rights and the period during which the subscription will take place;

- The effective subscription period and the subscription procedure will be approved by the Board of Directors and will be communicated to shareholders by means of current report;

- The exact value of the contribution in nature will be established in accordance with the provisions of art. 143 of GD no. 577/2002, as well as of art. 6 par. 3 of HG no. 834/1991;

- SNN shareholders will be able to exercise their pre-emption rights within one month from the date mentioned in the prospectus approved by the Board of Directors Decision, the date after the date of registration and the date of publication of the Decision of the Board of Directors in the Official Gazette of Romania, Part IV, respectively, will have the right to subscribe a number of shares in proportion to the number of shares they own at the Date of Registration;

- The number of pre-emption rights granted to each shareholder will be proportional to the

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number of shares issued by SNN held at the Registered Date;

- After the period of exercise of the pre-emption rights, the Central Depository will issue allotment rights. The total number of allotment rights issued shall be equal to the maximum number of new shares subscribed in the exercise of the pre-emption right.
- After the expiration of the pre-emption rights exercise term, all unsubscribed shares will be canceled.
- **The Authorization** of the Board of Directors, based on the provisions of art. 114 par. (1) of Law 31/1990 on societies, republished and amended, and the provisions of art. 87 of the Law no. 24/2017 on the capital market for the performance of any and all the formalities necessary to carry out the decision of the Extraordinary General Meeting of the Shareholders, including but not limited to the initiation, performance (including the establishment and approval of the subscription procedure, the approval of the period of subscription, payment methods, payment date, the place where the operations are performed, the establishment and validation of the subscriptions made, the cancellation of the unsubscribed shares, the setting of the exact value with which the share capital is increased), the closure (approval of the increase of the share capital after subscription and payment of the price / issuing of new shares), the registration and performance of the increase of the share capital, the corresponding modification of the Memorandum of Association of the company, the drafting and signing of all documents and the fulfillment of any formalities for the implementation and registration of the increase of the share capital with the competent authorities.
 - Amendment of the Articles of Incorporation of the Company as follows:

Art. 8 shall be amended in the sense of adding paragraph 7, which will have the following content:

(7) In compliance with the provisions of art. 2201 of Law no. 31/1990, the Board of Directors is authorized, for a period of three years, to increase the share capital by issuing new shares in exchange for the contributions of the shareholders up to an authorized capital value of 3,015,427,983 lei representing:

- the contribution in nature of the Romanian State, represented by the Ministry of Energy, following the obtaining of the land ownership certificate issued by the Ministry of Industry and Resources no 6899 / 12.10.2001 on the land of 34 170.15 sqm located in 23 Energia Street, Cernavoda; the value of the land representing the contribution in nature of the state shall be determined by independent experts designated by the Trade Register Office in accordance with the provisions of art. 215 of Law no. 31/1990 by updating the value of the land from the moment of submitting the documentation with the inflation index according to the provisions of art. 6 of GD no. 834/1991, corroborated with the provisions of art. 143 of HG no. 577/2002;

- the cash contribution of the other shareholders within the exercise of the pre-emption right by the other shareholders in exchange for the contribution in nature of the Romanian State by means of the Ministry of Energy.

The decision of the Board of Directors to increase the share capital shall be published in the Official Gazette of Romania, Part IV".

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