

Endorsed,

Iulian Robert TUDORACHE
Chairman of the SNN Board of Directors

Note

on the approval by the SNN Extraordinary General Meeting of Shareholders of the Preliminary Investors Agreement with the initial limited purpose stipulated in the Revised Strategy for the continuation of Units 3 and 4 Cernavoda NPP Project

I. General aspects/competence

By the EGMS SNN Resolution No. 11/14.09.2018, the SNN Shareholders approved: (i) the revised form of the Project's Continuation Strategy, [...] the draft Investors Agreement and the Articles of Association of JVCo will be subject to the approval of the General Meeting of Shareholders of SNN, within the limits of their competencies and attributions and (ii) the mandate of the Board of Directors of SNN to establish the terms and conditions for the continuation of the negotiations in order to allow the establishment of a project joint venture („JVCo”) with CGN, as well as the implementation of the Revised Strategy as outlined above.

At the same time, according to the provisions of art. 8.5. bullet 2 of the Revised Strategy: “ [The model for the continuation of the Project will be based on the following sequence of actions/ activities:] Concluding an Investors Agreement in the preliminary form, representing a preliminary document on the Project, allowing the establishment of the JV, and subsequently the signing of the JV Articles of Association, and the JV establishment (art. 8.5. bullet 3). At the same time, according to the provisions of the Revised Strategy, the Extraordinary General Meeting of Shareholders of SNN has the competence to approve the Preliminary Investors Agreement.

II. Steps to implement the Revised Strategy (draft of the Preliminary Investors Agreement and of the Articles of Association of the project company)

- October 8th, 2018 - By SNN BoD Resolution No. 168 the following were approved: (i) the appointment of the new Negotiation committee, (ii) the revised mandate of the Negotiation committee and (iii) the Preliminary Investors Agreement (IA) and the Articles of Association (AoA) of the project company.
- November 22nd, 2018 – meeting between the National Energy Administration (NEA)/ CGN (Chinese party) and the Ministry of Energy (ME)/SNN (Romanian party), in the context of the invitation of the Romanian party to resume the institutional dialogue on the Inter-Governmental Agreement Romania - People's Republic of China regarding the co-operation for the implementation of the Units 3 and 4 Cernavoda NPP (IGA) and to resume business negotiations of the companies – SNN and CGN – on the Investors Agreement in preliminary form and the Articles of Association of the project company;
- December 18th, 2018 – the establishment, by decision of the Prime Minister, of the Working Group for the negotiation of the IGA project;
- January 21st - January 23rd, 2019 - meeting of the Joint Working Group Romania – China on the IGA, where the conclusion was that the adoption of the Contracts for Difference (“CfD”) mechanism is a major milestone in the implementation of the Project, identifying the following actions: (1) the JVCO set-up as soon as possible to support the implementation of CfD in Romania, ongoing process; (2) the Romanian party to finalize the preparatory technical measures in view of submitting to the Romanian Parliament and to the European Commission the legislative amendments and updates associated with the adoption of the CfD mechanism; (3) SNN and CGN to resume negotiations on the Investors Agreement (“IA”) in preliminary

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

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form.

- January 24th, 2019 - SNN and CGN have identified a series of actions required for outlining a roadmap, actions designed to calibrate the activities of the two companies (B2B) to the negotiations' dynamics at intergovernmental level (G2G) and to the timetable for the adoption of the support measures for the Project.
- February 4th, 2019 – By the Resolution of the BoD No. 4 the revised mandate of the SNN Negotiation Committee to negotiate the IA and AI in a preliminary form to allow the set-up of JVCo by initial minimal cash contribution, calibrated to the development needs of the Project was approved;
- March 5th, 2019 – By the Resolution of the BoD No. 24 the revised intermediary version of the IA in preliminary form and its submission to CGN was approved;
- March 6th – March 14th, 2019 – clarifying discussions between SNN and CGN on the content of the IA in preliminary form;
- March 15th, 2019 - completion of the discussions on the IA in preliminary form and the AI.

III. Main provisions of the Preliminary Investors Agreement

The draft Preliminary Investors Agreement regarding Units 3 and 4 Cernavoda NPP, to be signed between China General Nuclear Power Corporation, CGN Central and Eastern Europe Investment (RO) CO. S.A., and Societatea Nationala NUCLEARELECTRICA S.A., is structured as follows:

1) Purpose and object of the preliminary agreement

- ✓ set-up of the project company (JVCo) with the limited purpose of being a sole technical and operational platform for the potential further development of the Project, after the approval and conclusion of the investors agreement (respectively the JVCo activity since its establishment – with an initial share capital of 90,000 RON - to the first share capital increase to the equivalent of 4,080,000 EUR).
- ✓ The parties agree to continue negotiations on the project implementation in order to reach an understanding on subsequent agreements, that will represent the final transaction document (as mentioned in the Revised Strategy).
- ✓ The deadline for closing the negotiations on the investors agreement (for the first increase of the share capital) is the latest of December 31st, 2019, and the date when the 6-month deadline for registering the JVCo with the Trade Registry expires, or a later date agreed upon by the parties.

2) JVCo set-up and the initial share capital

- ✓ JVCo – joint-stock company, which will be established under the Companies Act 31/1990, with an initial duration of 2 years;
- ✓ The initial share capital will be in the amount of 90,000 RON, the shares having a nominal value of 1 RON; CGN will determine CEEIR (the SPV set-up by CGN in Romania) to subscribe and pay 45,900 RON (51%), and SNN will subscribe and pay 44,100 RON (49%).
- ✓ The JVCo incorporation will take place after the fulfillment of the Conditions Precedent for Incorporation (Annex 4);
- ✓ Deadline for the JVCo Incorporation: 60 working days as of the signing of the Preliminary IA.

3) First Increase of the Share Capital

- ✓ Up to the amount of 4,080,000 EUR, in RON equivalent ;
- ✓ Given the fulfillment of the Conditions Precedent for the First Share Capital Increase (Annex 6);

4) Corporate governance

- ✓ The General Meeting of Shareholders – decisions shall be taken unanimously, except as expressly provided by law;
- ✓ Board of Directors – will be composed of 3 Directors (2 Directors appointed by CGN/CEEIR and 1 Director appointed by SNN) ; decisions may be taken in the presence of the majority of the members, provided that at least one (1) positive vote belongs to the BoD member nominated by SNN.

5) Principles of pre-project activity

- ✓ Detailed in Annex 3 - Principles of pre-project activity;
- ✓ Throughout the agreement, the parties will try to minimize the costs incurred by the JVCo, by diligent and prudent actions. In case additional funds are required for the JVCo operation, the parties will discuss in good faith the best/most adequate method to make such funds available for the JVCo.

6) **Deadlock** - In case a deadlock is not resolved within a certain period of time, the parties will have the right to request the termination of the agreement.

7) **Transfer of Shares**

- ✓ Throughout the agreement, none of the parties will have the right to transfer/assign the shares, related rights or to conclude an agreement regarding the share and voting rights.

8) **Exit and termination of the Agreement**

As of the signing date and until the Incorporation Date (60 working days)

- ✓ The Agreement will be terminated if the JVCo is not registered with the Trade Register, in which case each party will bear its own costs and will not be entitled to claim compensation from the other party;

After the Incorporation date of the JVCo and until the First Share Capital Increase Date, the parties can request the voluntary dissolution and liquidation of the JVCO in specific cases such as: no agreement is reached upon the main terms and conditions of the Investors Agreement, the Romanian Government does not approve the Investors Agreement, in case of any occurrence or event (including change in the Applicable Law) which materially and negatively impacts on the Project and therefore renders the Project unfeasible etc;

JVCo Liquidation

- ✓ In case of exit events, after the JVCo Incorporation, the parties will exercise their powers, including those of shareholder, for the purpose of making decisions that would allow the dissolution and liquidation of the JVCo, in accordance with the legal provisions.

Agreement Termination

- ✓ In case of exit/termination events;
- ✓ Surviving clauses: liability of the parties (limited to the initial contribution to the share capital of the JVCo, confidentiality and announcements, each party will incur its own costs, return of information, applicable legislation and dispute resolution).

Liability of the Parties

- ✓ None of the parties shall be entitled to claim damages or compensation to the other party as a result of the termination of the agreement and liquidation of the JVCo

9) **Confidentiality and announcements**

10) **Costs and expenses**

- ✓ Each party shall bear its own costs and expenses in connection with the entry into and performance of its obligations under the Agreement, including negotiations, preparations and expenses related to the JVCo registration with the Trade Register, any subsequent changes in the JVCo's share capital, including consultants' taxes and fees.

11) **Miscellaneous provisions** – standard clauses regarding waivers (which can only be specific and in writing) and the conservation of rights, notifications, prevalence of the agreement over the articles of association.

12) **Representations and warranties** – customary clauses for similar transactions.

13) **Applicable law and dispute resolution**

- ✓ The Agreement will be governed and interpreted in accordance with the Romanian law ;
- ✓ All disputes, controversies and claims arising in connection to the Agreement will be settled by arbitration in Paris, at the ICC and in accordance with the ICC Arbitration Rules.

14) **Entry into force of the Agreement:** upon its signing by the parties.

Annexes to the Preliminary IA

Annex 1 – List of definitions

Annex 2 – Articles of Association

The Articles of Association of the JVCo contains the relevant provision of the Investors Agreement in preliminary form (document with prevalence on the AI provisions):

- Shareholders: CEEIR (51%) and SNN (49%).
- Initial term of the JVCo: 2 years;
- The initial share capital will be in the amount of 90,000 RON, shares having a nominal value of 1

RON; CGN will determine CEEIR (the entity established by CGN in Romania) to subscribe and pay 45,900 RON (51%), and SNN will subscribe and pay 44,100 RON (49%).

- Corporate governance
 - The General Meeting of Shareholders – decisions shall be taken unanimously, except as provided by law;
 - Board of Directors – will be composed of 3 Directors (2 Directors appointed by CGN/CEEIR and 1 Director appointed by SNN) ; decisions may be taken in the presence of the majority of the members, provided that at least one (1) positive vote belongs to the BoD member nominated by SNN.

Annex 3 – Preliminary principles of the pre-project activities: JVCo may engage in preliminary activities in the interest of the Project, but will not carry out activities involving the creation of rights over documents, information or assets held or used by the parties.

Annex 4 – Conditions Precedent for Incorporation

- ✓ Confirmation of the representations and warranties from the Agreement;
- ✓ Obtaining the prior endorsements/approvals.

Annex 5 – Deliverables upon Incorporation: powers of attorney and statements regarding the fulfillment of the precedential conditions.

Annex 6 – Precedential Conditions for the First Increase of the Share Capital

- ✓ Confirmation of the representations and warranties from the Agreement;
- ✓ Obtaining the prior endorsements/approvals

Annex 7 – Deliverables regarding the First Share Capital Increase: powers of attorney and statements regarding the fulfillment of the conditions precedent.

Annex 8 – Criteria regarding the beneficiary of the transfer - information to be provided by the parties in case of shareholding/control changes.

The Preliminary Investors Agreement may be read by the shareholders at the headquarters of the company, upon prior signing of a non-disclosure agreement.

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

In the context of the above, we submit for the approval of the SNN Extraordinary General Meeting of Shareholders the following:

- (1) The Preliminary Investors Agreement;
- (2) Mandate of the Chairman of the Board of Directors of SNN to sign the Investors Agreement in preliminary form, in the name and on behalf of the company;
- (3) The empowerment of the Board of Directors of SNN to initiate and carry out the necessary steps to finalize the Articles of Association of the project company, in accordance with the provisions set out in the Preliminary Investors Agreement; the mandate thus granted to the Board of Directors of SNN may be assigned to the executive management, and the final form of the Articles of Association of the project company will be submitted for the approval of the Extraordinary General Meeting of Shareholders of SNN;
- (4) Supplementing the proposals to amend the Articles of Association of SNN SA as follows:

„Art. 20 paragraph (3) – „The Board of Directors also has the following attributions” will be supplemented with letter r) with the following content: „r) approves the mandate of the Nuclearelectrica representatives in the General Meeting of Shareholders of the project company established according to the Preliminary Investors Agreement;”

Cosmin Ghita
Chief Executive Officer

Dan Laurentiu Tudor
Deputy Chief Executive Officer

Adrian Dumitriu
Chief Financial Officer