



**Robert Iulian Tudorache**  
**Chairman of the**  
**Board of Directors**

## **Notice**

**of information of the General Meeting of Shareholders of S.N. Nuclearelectrica S.A. with regard to the formulation and transmission to the Ministry of Energy (representative of the sole shareholder of the National Uranium Company S.A. (CNU), the Romanian State) of a non-binding offer for a potential takeover, by S.N. Nuclearelectrica S.A., as purchaser, of the uranium octoxide processing line from the National Uranium Company S.A. – Feldioara Branch**

### **Background presentation. Brief history**

According to the Decision of the General Manager of S.N. Nuclearelectrica S.A. (SNN) no. 240 of September 30, 2019, the **Team** of implementation of the Project – Performance of a due diligence review for a potential takeover of the processing line from the National Uranium Company S.A. (CNU) – Feldioara Branch – was set up by SNN.

According to the aforementioned Decision, the tasks of the Team included:

- 1. The drafting and transmission for approval of the necessary documentation for the initiation of the procurement procedure regarding the contracting of consulting services for the performance of the due diligence review.* The documentation was drafted by the Team, approved and subsequently transmitted to the Procurement Department, and the endorsement process was initiated.
- 2. Undertaking all the necessary steps in order to obtain all the documents requested from CNU, for the implementation of the consulting contract.*

To this end, the Team made some arrangements for the transmission of SNN letter no. 9510/08.13.2019 to the Ministry of Energy (ME), by means of which the following was requested:

- Discussing a protocol that should include:
  - The position of the Ministry of Energy with regard to the takeover of the processing line from CNU - Feldioara Branch by SNN and identification of the legal framework on the basis of which such potential takeover would be carried out;

#### **NUCLEARELECTRICA National Company S.A.**

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

Trade Register Registration Number: J40/7403/1998, Sole Registration Code (CUI): 10874881,

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

[office@nuclearelectrica.ro](mailto:office@nuclearelectrica.ro), [www.nuclearelectrica.ro](http://www.nuclearelectrica.ro)



## NUCLEARELECTRICA

- Establishing the legislation related to the carrying out of the procedure of procurement of the consulting services in view of performing the due diligence review (sectoral procurement or classified procedure);
- The level of secrecy of the information/documents classified held by CNU which are necessary for performing a due diligence review (technical, environmental, financial, legal);
- Determining the procedure of access - by SNN, as well as by the future consultant (both during the tendering stage and after contracting) - to such information/documents and specifying the National Registry Office for Classified Information (ORNISS) certifications required to this end.

The Ministry of Energy (ME) replied through letter no. SNN 9728/08.20.2019, showing that the Board of Directors of SNN was mandated by the Extraordinary General Meeting of Shareholders (AGEA) to perform a due diligence review and a number of arguments are invoked showing that the ME provides proof of an open and consistent attitude of the shareholder CNU - the Romanian State. However, the letter of the ME previously referred to (SNN no. 9728/08.20.2019) does not contain any indications leading to the conclusion that CNU has or will have the legal obligation to supply the documents required for the performance of the due diligence review.

In the session of August 21, 2019, held at the headquarters of the ME, it was made clear that the documents to be made available by CNU do not contain any classified information, therefore, the Consultant to be selected by SNN for the performance of the due diligence review does not require any ORNISS endorsements/authorizations.

Also, SNN requested CNU to provide a number of preliminary documents required for the performance of the due diligence review. CNU replied to the request by transmitting, in an incomplete and insufficient manner, the requested documents (documents transmitted with SNN letter no. 7801/07.01.2019). The review of the completeness of the documents transmitted in relation to the SNN request was performed by the Team (SNN no. 10850/09.11.2019) and it was found that CNU had not transmitted a significant number of documents that were essential, for instance, for the performance of the legal review (resolutions of the General Meeting of Shareholders, decisions of the Board of Directors, etc.).

Given the circumstances and in the absence of a legal obligation for CNU to supply the data required for the due diligence review, the Team noticed the risk for the procedure to be initiated and the contract to be signed, without actually performing/completing the due diligence review. This hypothesis would have put

### **NUCLEARELECTRICA National Company S.A.**

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

Trade Register Registration Number: J40/7403/1998, Sole Registration Code (CUI): 10874881,

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

[office@nuclearelectrica.ro](mailto:office@nuclearelectrica.ro), [www.nuclearelectrica.ro](http://www.nuclearelectrica.ro)



NUCLEARELECTRICA

SNN in a difficult situation in relation to the Consultant, the latter being unable to fulfill his contractual obligations for reasons beyond his control (and also beyond the control of SNN).

Thus, one possible method of transfer of Feldioara branch to SNN, identified by the subscribed company, is that provided by Government Emergency Ordinance (GEO) no. 88/2017 **on the privatization of commercial companies, as subsequently amended and supplemented**, in Art. 24<sup>1</sup>, which considers, in fact, **a sale of assets** in exchange for a price determined by an appraiser.

In compliance with Art. 24<sup>1</sup> of GEO no. 88/1997, as subsequently amended and supplemented, *the companies/autonomous administrations in which the state or a local public administration authority is a majority shareholder and their subsidiaries may transfer by direct negotiation assets owned by them to the legal entities in which the state or a local public administration authority is a majority shareholder or to their subsidiaries, by cumulatively fulfilling the following conditions:*

- a) to aim at reducing the level of arrears, restructuring or staggering the payment thereof;*
- b) carrying out a technical-economic review that should include justifications, measures and/or proposals regarding the increase of efficiency, the improvement of the economic and/or social framework at local or national level. The technical-economic review takes the form of a report drawn up by the owner of the assets, following the request sent by the potential buyer;*
- c) the transfer should be carried out for a fee; the price being determined on the basis of an appraisal report prepared according to the law by a licensed appraiser. In all cases, the transfer price shall not be lower than the amount recommended by the appraiser in the report;*
- d) the transfer should be carried out in compliance with national and Community rules regarding competition and state aid;*
- e) the express consent of the creditors should be stated, in cases where the transferred assets are encumbered.*

***(2) The transfer of assets is approved by the general meeting of shareholders or the board of directors, as appropriate.***

Pursuant to Art. 1 of the Methodological Rules for the implementation of GEO no. 88/1997, as subsequently amended and supplemented, and of Law no. 137/2002 on

**NUCLEARELECTRICA National Company S.A.**

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

Trade Register Registration Number: J40/7403/1998, Sole Registration Code (CUI): 10874881,

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

[office@nuclearelectrica.ro](mailto:office@nuclearelectrica.ro), [www.nuclearelectrica.ro](http://www.nuclearelectrica.ro)



NUCLEARELECTRICA

certain measures for accelerating the privatization, **the Government approves the privatization strategy developed by each public institution involved.**

Subsequently to the identification and determination, by the public authorities involved, of the legal framework related to the sale of CNU – Feldioara Branch, as well as the actual initiation of the sale process, including the determination of the assets that are available for sale, SNN, in accordance with the decisions adopted by its shareholders, will carry out all due diligence in order to evaluate the assets SNN is interested in, in all aspects (financial, commercial, technical, legal, environmental, etc.). The purpose of this evaluation is to obtain all the internal approvals necessary in order to carry out and complete the purchase transaction.

In the Board of Directors' session of SNN of 18.09.2019, through Decizion 141, it has been approved the transmittal, by SNN as potential buyer, to the Ministry of Energy, as potential seller, of a non-binding offer regarding the purchase - in compliance with the applicable legal framework - of assets from CNU - Feldioara Branch, required for carrying out the activity of processing uranium octoxide into sinterable uranium dioxide powder. The Board of Directors endorsed, through Decision 140, the present notice of information to General Meeting of Shareholders of S.N. Nuclearelectrica S.A.

Given the above, as well as the following issues:

- the fact that, through the Resolution of the Extraordinary General Meeting of Shareholders of SNN no. 9/08.22.2018, point 8, the mandating of the board of directors was approved for the performance of a due diligence review, in view of a potential takeover of the processing line from CNU Feldioara Branch by S.N. Nuclearelectrica S.A.;
- the fact that, through the Resolution of the Extraordinary General Meeting of Shareholders of SNN no. 7/05.20.2019, point 3, the purchase of consulting services (in an integrated structure, i.e. technical, environmental, financial and legal consulting) was approved, for the performance of the due diligence review, in view of a potential takeover of the processing line from CNU - Feldioara Branch;
- the fact that, through the Decision of the General Manager of SNN no. 240 of 02.04.2019, the Team of implementation of the Project – Performance of a due diligence review for a potential takeover of the processing line from the National Uranium Company S.A. – Feldioara Branch by S.N. Nuclearelectrica S.A.;
- the fact that the aforementioned Team has carried out, up to the present, the activities detailed above, in this Notice;

**NUCLEARELECTRICA National Company S.A.**

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

Trade Register Registration Number: J40/7403/1998, Sole Registration Code (CUI): 10874881,

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

[office@nuclearelectrica.ro](mailto:office@nuclearelectrica.ro), [www.nuclearelectrica.ro](http://www.nuclearelectrica.ro)



NUCLEARELECTRICA

- the fact that the Team requested a number of preliminary documents from CNU that were necessary for performing the due diligence review, to which request the CNU responded by transmitting, in an incomplete and insufficient manner, the requested documents, the review of the completeness of the documents transmitted in relation to the SNN request, which was performed by the Team - highlighting the fact that, in effect, CNU had not transmitted a significant number of documents that were essential, for instance, for the performance of the legal review (resolutions of the General Meeting of Shareholders, decisions of the Board of Directors, etc.);
- the fact that, given the circumstances and in the absence of a legal obligation for CNU to supply the data required for the due diligence review, the Team noticed the risk for the procedure to be initiated and the contract with the thus selected consultant to be signed, without actually performing/completing the due diligence review, which hypothesis would put SNN in a very difficult position in relation to the selected consultant, the latter being unable to fulfill his contractual obligations for reasons beyond his control, as well as beyond the control of SNN;
- the fact that, through the Decision of the Board of Directors of SNN no. 141/18.09.2019, it has been approved the transmittal, by SNN as potential buyer, to the Ministry of Energy, as potential seller, of a non-binding offer regarding the purchase - in compliance with the applicable legal framework - of assets from CNU - Feldioara Branch, required for carrying out the activity of processing uranium octoxide into sinterable uranium dioxide powder.

Through this Notice, the Extraordinary General Meeting of Shareholders is informed about:

- (i) the fact that, in order to minimize the risk indicated above and also to show the availability of SNN to fulfill the mandate granted by the Extraordinary General Meeting of Shareholders, the Board of Directors approved the measure of the executive management of SNN of *drafting and transmitting*, by SNN, as potential purchaser, to the Ministry of Energy, as potential seller (representative of the sole shareholder of CNU, the Romanian State) *a non-binding offer regarding the purchase - in compliance with the applicable legal framework - of assets from CNU - Feldioara Branch, required for the carrying out of the activity of processing uranium octoxide in view of obtaining sinterable uranium dioxide powder*, at a price to be determined in relation to their carrying amount (from which historical debts, including those arising from environmental obligations, should be deducted);
- (ii) the fact that, subsequently to approval by the Board of Directors, SNN transmitted to the Ministry of Energy the non-binding offer mentioned in the previous

**NUCLEARELECTRICA National Company S.A.**

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

Trade Register Registration Number: J40/7403/1998, Sole Registration Code (CUI): 10874881,

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

[office@nuclearelectrica.ro](mailto:office@nuclearelectrica.ro), [www.nuclearelectrica.ro](http://www.nuclearelectrica.ro)



paragraph (*the non-binding offer transmitted to the Ministry of Energy is attached to this Notice of Information*)

**General Manager**  
**Cosmin Ghita**

**Deputy General Manager**  
**Dan Laurentiu Tudor**

**Chief Financial Officer**  
**Adrian Dumitriu**

**Legal Division Director**  
**Laura Constantin**

**NUCLEARELECTRICA National Company S.A.**

65 Polona Street, district 1, 010494, Bucharest, Romania; Phone +4021 203 82 00, Fax +4021 316 94 00;  
Trade Register Registration Number: J40/7403/1998, Sole Registration Code (CUI): 10874881,  
Subscribed and paid-up share capital: RON 3,015,138,510  
[office@nuclearelectrica.ro](mailto:office@nuclearelectrica.ro), [www.nuclearelectrica.ro](http://www.nuclearelectrica.ro)