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RÜ 0-334/2011  
SUH-85/2011

## AGREEMENT FOR THE PROVISION OF STRATEGIC ADVISORY SERVICES

This agreement (the "Agreement") is made between

- (1) **Magyar Villamos Művek Zártkörűen Működő Részvénytársaság** (registered seat: 1031 Budapest, Szentendrei út 207-209., Hungary, registered by the Metropolitan Court acting as Court of Registration, company registration number: Cg. 01-10-041828; "MVM")
- (2) **The Royal Bank of Scotland plc Niederlassung Frankfurt**, Junghofstraße 22, 60311 Frankfurt am Main, Germany (registered seat in Edinburgh, registered in the company register of Edinburgh No. 90312) ("Strategic Advisor")

(hereinafter referred to individually as a "Party" and together as the "Parties")

at the place and on the date specified at the end of this Agreement and upon the following terms and conditions.

### RECITALS

- (A) Whereas, MVM has invited proposals in the framework of a competitive tender process from qualified and experienced strategic advisors for rendering strategic advisory services with respect to the analysis of the potential business scenarios and risks connected to the establishment of the new nuclear power block(s) of the Nuclear Power Plant at Paks site,
- (B) Whereas, the Project will be implemented by a joint venture company in which MVM will hold minimum 51% and the prospective Strategic Partner(s) will hold maximum 49% of the shares;
- (C) Whereas, the Strategic Advisor has been selected by MVM as the winner of the competitive tender process referred to under Recital (A) above and is to be mandated to perform the services set out in this Agreement pursuant to the detailed terms and conditions set forth below;
- (D) Whereas, MVM wishes to mandate and the Strategic Advisor wishes to accept its engagement as the Strategic Advisor to MVM in relation to the preparation works of the Project; and
- (E) Whereas, capitalised terms shall have the same meanings as per defined in Clause 2 of the Request for Proposals in the competitive tender process referred to under Recital (A).

Having regard to the above, the Parties have agreed as follows.

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## 1. Project summary

1.1 On 30 March 2009 the Hungarian parliament approved to start the preparation works for the establishment of a new nuclear power plant with 2 blocks located at the Paks Nuclear Power Plant. MVM intends to prepare the implementation of the new blocks so that those can effectively contribute to the sustainable development of the social economy with starting their commercial operation between 2020 and 2030. The Project will be implemented by a joint venture company in which MVM will hold minimum 51% and the prospective Strategic Partner(s) will hold maximum 49% of the shares.

1.2 In order to analyze and assess the possible business scenarios and the related risks connected to the establishment of the new nuclear power block(s), the completion of a feasibility study that can show all decision points and the possible feasible business scenarios of the Project became necessary. Aim of the abovementioned feasibility study is to introduce and analyze all possible feasible business scenarios of the Project based on rational and reasonable combination of its main fixed and variable parameters. This feasibility study completed by a strategic advisory firm should contain suggestions based on international benchmarks for the organizational frame, the structure and quantity of the resources and the method of operation regarding the Project. The work completed shall give a basis to move the Project further.

## 2. Role of the Strategic Advisor and the Mandate

2.1 Pursuant to the terms and conditions of this Agreement, MVM mandates the Strategic Advisor to act as strategic advisor to MVM (the "Mandate").

2.2 The Strategic Advisor shall analyse the potential business scenarios and risks connected to the establishment of the new nuclear power block(s) of the Nuclear Power Plant at Paks site. In providing strategic advisory services to MVM the Strategic Advisor shall perform primarily the services set out in Annex 1 below.

If MVM decides at its own discretion to proceed with the Project after the fulfilment of the Mandate, MVM intends to organise a new tender process for additional strategic advisory services. The Strategic Advisor will be invited to such new tender and the services performed by it under this Agreement will be taken into consideration at the evaluation under the new tender.

2.3 Furthermore, if MVM and its prospective Strategic Partner(s) decide, at their own discretion, that the Joint Venture Company will enter into financing agreements with a future lending consortium (the "Bank Consortium"), consisting of reputable international and/or domestic commercial banks and/or multilateral financing institutions and/or sovereign financing agencies (the "Lenders") that will provide the external financing for the Project, then this Agreement shall not preclude the Strategic Advisor from participating in the Bank Consortium as one of the Lenders. However, should the Strategic Advisor become a member of the Bank Consortium, its activities as a Lender to the Joint Venture Company are not included in and are not covered in any way by this Agreement.

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### 3. Scope of work

Within the framework of the Mandate, the Strategic Advisor shall provide the following main activities in connection with the analysis of potential scenarios and risks.

The Strategic Advisor shall provide advisory services relating to the analysis of the potential business scenarios and risks connected to the establishment of the new nuclear power block(s) of the Paks Nuclear Power Plant site. While introducing and assessing possible feasible business scenarios the Strategic Advisor shall consider the actual and planned financial, market and technological status of MVM Group, as well as its role in the domestic and regional energy sector, its strategy and its ownership structure. The Strategic Advisor is expected to give all suggestions customised to MVM Group with regard to the abovementioned environmental and operational aspects.

#### 3.1 Purpose of the work:

- (a) Analysis of the relationship (synergies, precludes, discrepancies, international affairs and this like, etc.) among the main fix and variable parameters of the planned new nuclear block(s);
- (b) Set up and introduce the possible feasible scenarios based on rational and reasonable combination of the below fix and variable parameters of the Project;
- (c) SWOT analysis of the possible feasible scenarios, high level project process description and feasibility analysis;
- (d) The Strategic Advisor shall give suggestions - based on international benchmarks - about the organisational framework, about the structure and the quantity of the resources and about the method of operation of the Project;

#### 3.2 Framework

##### (a) Fixed parameters based on the previous feasibility and in-house study of the Project

- (i) The location of the new blocks shall be at Paks Nuclear Power Plant site;
- (ii) A state owned project company shall prepare and execute the permission process, the investment and the operation
- (iii) The project company shall be established by MVM. Later MVM might put up for sale maximum 49% of its shares in the project company to Strategic Partners.
- (iv) Possible suppliers:
  - Westinghouse
  - Atomstrojexport
  - Toshiba
  - AREVA
  - KEPCO

##### (b) Variable parameters of the Project to be considered by the Strategic Advisor

###### (i) Ownership structure

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- Possible ownership structures with securing the majority of the shares to the state
- Identification of potential financial and Strategic Partner(s)
- Possibilities for cooperation
- Identification of risks connected to the ownership structure and their management

(ii) Types of nuclear block(s)

- Technological parameters
- Identification of Potential suppliers
- Introduction to Potential suppliers in writing
- Identification of risks connected to the type of block(s) used and risk management

(iii) Financing structure

- MVM's financing capabilities
- Financing need and financing possibilities
- Introduction to potential financing alternatives
- Relationship among potential financing alternatives
- Identification of risks connected to the financing structure and risk management

(iv) Off-take strategies

- Off-take possibilities and potential partners
- Possible contractual elements of the off-take (PPA)
- Estimated prices

(v) Fuel supply strategies

- Potential suppliers and supply strategies
- Estimated prices
- Identification of risks connected to the fuel supply and pricing

(vi) EPC

- Possible EPC structures
- Issues with regard to the main contractual parameters
- Identification of risks connected to the EPC potentials and risk management (with special regard to ACM)

(vii) Operation and Maintenance

- Possible O&M structures
- O&M issues of the possible technologies (cost level)

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### **3.3 Basis provided to the Strategic Advisor at the beginning of its Mandate**

- (a) Previously completed in-house study
- (b) All relevant documents, presentations, consultant reports, etc. available for MVM those are not protected by confidentiality undertakings.

### **3.4 Services provided by MVM during completion of the Mandate**

- (a) Fixing the potential parameters to be analysed
- (b) Providing the fixed parameters of the possible scenarios
- (c) Providing opportunity for site visit
- (d) Sharing all Project relevant data in connection with the operation of Paks Nuclear Power Plant those are not qualified for state secret, business secret or confidential otherwise
- (e) Providing opportunities for consultancy

### **3.5 Sub-contracting**

Assignment of any third-party with the provision of advisory services under this Agreement on behalf of the Strategic Advisor shall be subject to the prior written consent of MVM. The Strategic Advisor shall be liable for the performance of such sub-contractors as if the given service has been rendered by the Strategic Advisor itself. MVM herewith already provides its consent to the sub-contracting of partial services by the Strategic Advisor to EXCEL Services Corporation ("EXCEL") located in 11921 Rockville Pike, Suite 100, Rockville, Maryland 20852, USA. EXCEL is a recognized Nuclear Industry Leader in the fields of technical design management, operations and training, regulatory and license consulting, safety, and security.

## **4. Timing**

The Strategic Advisor's Mandate under this Agreement shall begin on 21 February 2011 and shall end on the date when the Advisor has completed rendering its services in accordance with Clause 3 above, but in any event until 18 April 2011.

The Strategic Advisor shall give a schedule for the work at the beginning of its mandate.

## **5. Deliverables:**

The Strategic Advisor is expected to send status reports at least biweekly.

As soon as a part of the report or a draft report is ready the Strategic Advisor shall send it to the Contact Person.

Three complete hard copies, plus one electronic copy in MSWord or PDF format on a CD, of the Strategic Advisor's final study must be delivered to the Contact Person until 18 April 2011.



## 6. Fees

- 6.1 In consideration of the services set out in Clause 3 and rendered in connection with the Project, the Strategic Advisor shall be entitled to the following lump sum, fixed, net fee (plus, where applicable, VAT) which shall include all connected expenses and costs (such as fax, telephone, and photocopying charges, third party disbursements, including travel and accommodation expenses, translation work and the like, etc) (the "Fee"): EUR 430,000
- 6.2 No Fee shall be payable to the Strategic Advisor during any period of suspension as defined in Clause 8 below.
- 6.3 In addition to the Fee, the Strategic Advisor shall not have the right to charge MVM with any further payment under this Agreement.
- 6.4 The Fee shall be at least partially deductible from any fees which might be agreed at a later point in time in a separate agreement concerning the provision of Additional Services (as defined in the Request for Proposal for Strategic Advisory Services issued by MVM on 16 November 2010) between MVM on the one side and the Strategic Advisor or any of its Associates (as defined in Clause 10.4 below) on the other side.

## 7. Invoicing

- 7.1 The Strategic Advisor can issue its invoice concerning the Fee to MVM upon the completion of rendering its services in accordance with Clause 3 and 4 above in one instalment. The invoice must be supported by 1 (one) original copy of a written certificate of performance printed from MVM's SAP system ("Certificate of Performance")
- 7.2 On behalf of MVM, Mr. György Kóbor Deputy Chief Executive, CFO and Mr. Gábor Lavich Finance Director shall be jointly entitled to certify performance of the Strategic Advisor. The Strategic Advisor's performance under this Agreement shall be certified by issuing the Certificate of Performance following the provision of all services as per detailed in Clause 3 and 4.
- 7.3 The invoice of the Strategic Advisor shall be issued in 1 (one) original copy, indicating the name ("MVM Zrt.") and the billing address (1031 Budapest, Szentendrei út 207-209.) of MVM. In addition to the mandatory substantive and formal elements of an invoice as stipulated by the applicable tax and accounting laws, the 10 (ten) digit reference number of the present Agreement as determined by the Client as well as the name and position of the Client's contact person as designated by this Agreement shall also be indicated on the invoice.
- 7.4 The invoice, issued to the name and address of MVM, shall be conveyed to the address of MVM KONTÓ Pénzügyi és Számviteli Szolgáltató Központ Zártkörűen Működő Részvénytársaság (hereinafter referred to as "MVM KONTÓ ZRT.") (address: 7031 Paks, Pf. 152., Hungary) which is MVM's subsidiary being in charge of handling invoices issued by or to MVM.
- 7.5 The Strategic Advisor's Invoice shall be settled by MVM within 30 (thirty) days of receipt by MVM KONTÓ ZRT.. All invoices shall be denominated and paid in EUR.

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## 8. Suspension

8.1 MVM may decide at any time at its own discretion to suspend this Agreement (the "Suspension"), by giving at least 5 (five) working days prior written notice to the Strategic Advisor. MVM may terminate the suspension and instruct the Strategic Advisor to continue performing this Agreement by giving at least 5 working days prior written notice to the Strategic Advisor.

8.2 During the notice periods referred to in Clause 8.1 above the Parties shall continue performing this Agreement and such notice periods shall not be included into the period of Suspension for the purposes of Clause 6.2.

## 9. Confidentiality

9.1 The Strategic Advisor and its agents, employees and officers shall manage all information, documentation and/or data received regarding the Project (the "Confidential Information") as confidential and shall not disclose or use such Confidential Information without the prior written consent of MVM, unless such information

- (a) is already in the public domain;
- (b) comes into the public domain otherwise than by breach of this Agreement;
- (c) is already held by the Strategic Advisor not subject to a duty of confidentiality;
- (d) has been obtained by the Strategic Advisor from a third person who is –as far as the Strategic Advisor is aware- not prohibited from transmitting such information;
- (e) is required to be disclosed by law, any authority, recognised stock exchange or court of competent jurisdiction;

9.2 The Strategic Advisor agrees that it shall limit the number of persons within its respective organisation to whom the Confidential Information is disclosed to the absolute minimum required to fulfil its obligations under this Agreement.

9.3 The Strategic Advisor shall not be entitled to refer to or to publish either partially or in whole the subject matter of this Agreement without the prior written approval of MVM. The aforementioned shall not apply to any announcement or circular required by law or any regulatory body or the rules of any recognised stock exchange but the Strategic Advisor shall notify MVM in advance thereof if and as far as such notification is legally permitted.

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## 10. Indemnity

10.1 MVM undertakes with each of the Indemnified Persons that no claim shall be made by the MVM or any of its Associates against an Indemnified Person to recover (and that no Indemnified Person shall have any liability (whether direct or indirect, in contract, tort or otherwise)) for any Losses which the MVM or any of its Associates may suffer by reason of or arising out of anything done or omitted in relation to the Strategic Advisor's Mandate or otherwise in connection with the services rendered under this Agreement except to the extent that such Losses arise from the gross negligence or wilful misconduct of the relevant Indemnified Person. No Indemnified Person shall have any liability – except in case of its gross negligence, wilful misconduct – whatsoever for loss of profit, loss of business opportunity or any other form of indirect or consequential loss suffered by MVM or any of its Associates. Without prejudice to any claim MVM may have against the Strategic Advisor or any of its other Associates, no proceedings may be taken by MVM against any director, supervisory board member, officer, employee, shareholder, controlling person or agent of the Strategic Advisor or any of its Associates in respect of such claim. Neither the Strategic Advisor nor any Indemnified Person shall have or incur any liability for any non-performance (or delay in performance) of obligations relating to this Mandate to the extent such non-performance is caused by an event of Force Majeure.

10.2 MVM indemnifies and agrees to hold harmless each of the Indemnified Persons against all claims, actions, demands, regulatory or governmental investigations, proceedings and judgements brought, threatened or established against any of the Indemnified Persons and all Losses which any of the Indemnified Persons may suffer or incur which are directly caused by or result from the Mandate or performance of services thereunder and/or the despatch, publication, content or accuracy of, or of any omission from, any statement made or document issued in connection with this Mandate except to the extent that such claims, actions, demands, investigations, proceedings, judgements or Losses arise from the gross negligence or wilful misconduct of the relevant Indemnified Person. This Indemnity is in addition to any rights that any Indemnified Person may have at law or otherwise (including, but not limited to, any right of contribution) and any other liability which MVM may have to any Indemnified Person but shall have no effect to the extent it is prohibited under any applicable law or regulation. The liability of MVM under this Clause 10.2 is in case of absence of wilful misconduct or gross negligence limited to the Fee in accordance with Clause 6.1.

10.3 If either MVM or any Indemnified Person becomes aware of any claim which may give rise to a liability under this Clause 10, such party will (to the extent lawful) promptly give written notice to the other provided that no failure or delay by an Indemnified Person in giving written notice shall relieve MVM of its obligations unless (and only to the extent that) MVM has been materially prejudiced by such failure or delay (and non-disclosure by reason of legal or regulatory restriction shall not constitute failure or delay by an Indemnified Person). An Indemnified Person shall have the right to separate legal counsel of its own choosing and, following a reasonable period of consultation with MVM may agree to any settlement or compromise of any claim involving a payment for which it intends to seek indemnification hereunder. MVM shall not without the prior written consent of the relevant Indemnified Person be entitled to settle or compromise any claim against such Indemnified Person, unless such settlement or compromise includes an unconditional release of such Indemnified Person from any and all liabilities under such claims.

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10.4 In this Clause 10 the following terms shall have the following meaning: **"Associate"** means in relation to the Strategic Advisor The Royal Bank of Scotland N.V. ("RBS N.V.") and in relation to the Strategic Advisor, RBS N.V. and MVM (any and all hereinafter **"first person"**) each of its subsidiaries, branches, associates, (including, without limitation, any joint venture parties of it or its holding companies or subsidiaries) holding companies (and subsidiaries of any such holding companies) and each of their and the first person's respective officers, directors, supervisory board members, employees, representatives, controlling persons, shareholders and agents; **"Force Majeure"** means any unforeseen circumstance not within the reasonable control of the affected party including, without limitation, any strike, civil commotion, act of terrorism, riot, war, threat of war, political upheaval and any fire, explosion, storm, flood, earthquake or other natural physical disaster; **"Indemnified Person"** means the Strategic Advisor and each of its Associates; **"Losses"** means all losses, claims, costs, damages, liabilities, charges and expenses (including fees/costs and expenses of legal counsel) incurred in connection with the investigation of, preparation for, defence of, or participation as principal or witness in any inquiry, inspection or investigation or any pending or threatened litigation or proceedings.

## 11. Termination

11.1 This Agreement shall terminate upon the ending of the Strategic Advisor's Mandate pursuant to Clause 0

11.2 This Agreement may be terminated by MVM at any time, in writing, with 15 days' prior notice.

11.3 This Agreement may be terminated by the Strategic Advisor in case of the occurrence of a change of law, rule, regulation or professional standard or a change in circumstance outside the control of the Strategic Advisor that would cause the continued provision of the services by the Strategic Advisor to violate such law, rule, regulation or professional standard.

11.4 This Agreement may be terminated by either MVM or by the Strategic Advisor, in writing, with immediate effect if the other Party has committed a material breach of this Agreement which is not capable of remedy or, if capable of remedy, has not been remedied within 30 days of the receipt of the non-defaulting Party's written request to remedy such breach.

Should any of the Parties terminate the present Agreement pursuant to Clauses 11.2, 11.3 or 11.4, the Strategic Advisor shall, within one working day of the receipt of the termination notice, shred all project related document received from MVM and hand over to MVM's Contact Person at H-1031 Budapest, Szentendrei út 207-209. all and every document prepared in course of the fulfilment of the Mandate, except for all such documents the Strategic Advisor is required to retain by any applicable law, rule, regulation or by any competent judicial, governmental, supervisory or regulatory body, where the content of such documents have been disclosed under Clause 9.1 (e) or where such documents form part of an electronic back-up system.

Only those printed documents will be considered to have been received in due time which have been duly signed in the name and on behalf of the Strategic Advisor. All documents failing to comply with the aforementioned shall not be accepted and shall be returned to the Strategic Advisor. In order to avoid any dispute, a hand over protocol with an itemised document list shall be recorded on-site.

Parties hereby agree that in case of termination pursuant to Clauses 11.2, 11.3 or 11.4, the Strategic Advisor shall be entitled to an appropriate Fee proportional to the level of fulfilment of the Mandate.

The Parties hereto hereby express their intent to resolve any dispute that may arise out of or in connection with the above proportional Fee in an amicable manner. Should the Parties fail to settle their dispute within 15 (fifteen) calendar days mutually, each of the Parties shall be entitled to refer the dispute to the Arbitration Court as per Clause 15 of the present Agreement.

11.5 The termination of this Agreement for any reason does not affect the provisions hereof relating to confidentiality (Clause 9), indemnity (Clause 10), relationship (Clause 12), governing law (Clause 15), dispute resolution (Clause 16), language (Clause 17), this Clause 11.5 and any accrued liability of either Party under this Agreement.

## 12. Relationship

### 12.1 Managing the relationship by the Strategic Advisor

The Strategic Advisor shall appoint a dedicated leader of its team who shall have the overall responsibility for managing the Strategic Advisor's Mandate, including the co-ordination of the prompt and effective communication of the Strategic Advisor's team and for the general supervision of the services to be provided by the Strategic Advisor in connection with the Mandate. The names and contact details of the members of the Strategic Advisor's team working on the Mandate are set out in Annex 2 of this Agreement.

RBS is entitled to change the formation of its Strategic Advisor team as set out in Annex 1 at any time. Any such change in the Strategic Advisory team shall not qualify as a material breach of this Agreement, as long as the new or remaining Strategic Advisory team has the same level of experience and such change has no negative impact on the services to be rendered under this Agreement by the Strategic Advisor.

### 12.2 Managing the relationship by MVM

From the part of MVM, MVM shall appoint a primary contact person who shall have the overall responsibility for managing MVM's relationship with the Strategic Advisor.

### 12.3 Notices

12.3.1 Any notice or other communication in connection with this Agreement shall be in writing in English and delivered by hand, fax, registered post with return receipt or courier using an internationally recognised courier company.

12.3.2 The notices will be deemed to have been received (i) if delivered personally at the time of the delivery, (ii) if delivered by courier or sent by registered post with return receipt at the time shown on the receipt document, or (ii) if sent by fax at the time shown on the receipt document issued by the sender's fax machine. In all such cases if the day so calculated would fall on a non-working day (or it would be after 16:00 on a non-working day) then the next working day shall be deemed as the day of receipt.

12.3.3 A notice to MVM shall be sent to the following address:

Contact person: Mr. Gábor Lavich



Address: 1031 Budapest, Szentendrei út 207-209, Hungary  
Phone: +361 304 2118  
Fax: +361 201 9528  
Email: glavich@mvm.hu

**12.3.4** A notice to the Strategic Advisor shall be sent to the following address:

Contact person: Mr. Wim Furthmann  
Address: Junghofstraße 22, 60311 Frankfurt am Main, Germany  
Phone: +49 69 2690 0533  
Fax: +49 69 2690 1819  
Email: wim.furthmann@rbs.com

**12.3.5** Should any of the contact details as per listed in Clauses 12.3.3 and 12.3.4 change, the Party at whom the change occurred shall within 8 days of the change notify the other Party of the new contact details.

### **13. Amendment**

No amendment of this Agreement will be effective unless in writing and signed mutually by the Parties.

### **14. No assignment**

None of the Parties shall assign any of its rights and/or transfer any of its obligations under this Agreement to a third party without the prior written consent of the other Party.

### **15. Governing law**

The provisions of this Agreement shall be governed by and construed in accordance with the laws of the Republic of Hungary.

### **16. Dispute resolution**

Any dispute arising out of or in connection with the RFP shall be settled amicably. If, however, the dispute cannot be settled within 60 (sixty) calendar days by discussions, each of the Parties hereto agrees that the Arbitration Court attached to the Hungarian Chamber of Commerce and Industry shall have jurisdiction to hear and determine any suit, action or proceeding which may arise out of or in connection with this Agreement. The language of any proceedings before the Arbitration Court shall be English. The number of the arbitrators shall be three.



## 17. Miscellaneous


For the purpose of meeting the requirements as established by the Act CXXII of 2009 on the more economic operation of publicly owned companies (hereinafter referred to as the "Act"), the Advisor, as the Client's contracting partner, unconditionally and irrevocably agrees that the Client may disclose information concerning this Agreement to the public as stipulated by Section 2(3) of the Act, provided that the value of the Agreement exceeds the value threshold as determined under Section 2(3) of the Act. This Section 17 shall also apply in case several contracts are concluded between the Client and the Advisor concerning the same services within a fiscal year the total value of which exceeds the value threshold as determined under Section 2(3) of the Act.

The language of the communication between the Parties shall be English.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized representatives in a manner legally binding upon them as of the date written below.

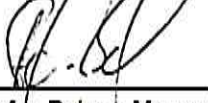
Budapest, 21 February 2011

Frankfurt/Main, 21 February 2011

  
Mr. Zsolt Bács - Deputy CEO for Strategy

  
Mr. Wim Furthmann - Head of Energy &  
Resources Germany and CEE

  
Mr. Gábor Lavich - Finance Director

  
Mr. Stefan Behr - Managing Director

Magyar Villamos Művek Zrt.

The Royal Bank of Scotland plc  
Niederlassung Frankfurt

Számlázási információ	
Gombkötő Zsuzsa	SZO
Lavich Gábor	PUO
Dr. Bánfi László	JIG



## **Annex 1 Services**

The Strategic Advisor shall provide the following Advisory Services relating to the analysis of the potential business scenarios and risks connected to the establishment of the new nuclear power block(s) of the Paks Nuclear Power Plant site. While introducing and assessing possible feasible business scenarios the Strategic Advisor shall consider the actual and planned financial, market and technological status of MVM Group, as well as its role in the domestic and regional energy sector, its strategy and its ownership structure. The Strategic Advisor is expected to give all suggestions customised to MVM Group with regard to the abovementioned environmental and operational aspects.

### **1. Purpose of the work:**

- (f) Analysis of the relationship (synergies, precludes, discrepancies, international affairs and this like, etc.) among the key fix and variable parameters of the planned new nuclear block(s);
- (g) Set up and introduce the possible feasible scenarios based on rational and reasonable combination of the fix and variable parameters of the Project (below);
- (h) SWOT analysis of the possible feasible scenarios, high level project process description and feasibility analysis;
- (i) The Strategic advisor shall give suggestions - based on international benchmarks - about the organisational framework, about the structure and the quantity of the resources and about the method of operation of the Project;

### **2. Framework**

- (j) Fixed parameters based on the previous feasibility and in-house study of the Project
  - (viii) The location of the new blocks shall be at Paks Nuclear Power Plant site;
  - (ix) A state owned project company shall prepare and execute the permission process, the investment and the operation
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    - AREVA
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  - (xii) Ownership structure
    - Possible ownership structures with securing the majority of the shares to the state



- Identification of potential financial and strategic partners
  - Possibilities for cooperation
  - Identification of risks connected to the ownership structure and risk management
- (xiii) Types of nuclear block(s)
- Technological parameters
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- MVM's financing capabilities
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  - Introduction to potential financing alternatives
  - Relationship among potential financing alternatives
  - Identification of risks connected to the financing structure and risk management
- (xv) Off-take strategies
- Off-take possibilities and potential partners
  - Possible contractual elements of the off-take (PPA)
  - Estimated prices
- (xvi) Fuel supply strategies
- Potential suppliers and supply strategies
  - Estimated prices
  - Identification of risks connected to the fuel supply and pricing
- (xvii) EPC
- Possible EPC structures
  - Issues with regard to the main contractual parameters
  - Identification of risks connected to the EPC potentials and risk management (with special regard to ACM)
- (xviii) Operation and Maintenance
- Possible O&M structures
  - O&M issues of the possible technologies (cost level)

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- (I) Previously completed in-house study

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- (m) All mandate relevant documents, presentations, consultant reports, etc. those are available for MVM and are not protected by confidentiality undertakings.

#### **4. Services provided by MVM during completion of the work**

- (n) Fixing the potential parameters to be analysed
- (o) Providing the fixed parameters of the possible scenarios
- (p) Providing opportunity for site visit
- (q) Sharing all Project relevant data in connection with the operation of Paks Nuclear Power Plant those are not qualified for state secret, business secret or confidential otherwise.
- (r) Providing opportunities for consultancy

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## Annex 2 Strategic Advisory team

