**In the name of God**

**Tehran 29.12.2015**

**PROTOCOL**

**On Commencement of the BNPP-2 Contract**

**No. NPP/4100/5500-2,3 dated 11.11.2015**

Nuclear Power production and Development Co. of Iran (NPPD) duly represented by Dr. M. Ahmadian as the vice president of AEOI and managing director of NPPD hereinafter referred to as the Principal, Party of the first part and NIAEP, JSC Atomstroyexport Managing Organization duly represented by Dr. V.I. Limarenko as the president, hereinafter referred to as the Contractor, Party of the second part, in accordance with Article 42 to the BNPP-2 Contract hereinafter referred to as the Contract hereto hereby came to undivided opinion and agreed as to sign the Protocol.

**Whereas** the “Parties” are definitely desirous and keen to cooperate with each other and has entered into a Contract to secure “Construction of Bushehr Nuclear Power Plant (BNPP-2) No. NPP/4100/5500-2,3 in good faith and willingness and wish to clarify certain parts and modify certain stipulations of the Contract in particular with respect to Paragraph 42.3 of the Contract.

**Whereas** the “Parties” are well aware of each other’s capacities and capabilities for implementing the Project and both will do their utmost to make viable efforts and expertise to start commencing the Project.

**Whereas** The “Parties” are willing to commence the works under the Contract in 2015.

**Whereas** the Contractor in its letter No.007/0943/03-05 dated 20.07.2015 notified the Principal that it has received all approvals and permits envisaged by the Paragraph 42.3 of the Contract required to commence the Contract.

**Whereas** the Principal has notified the Contractor that it has received all approvals and permits envisaged by the Paragraph 42.3 of the Contract required to commence the Contract concurrently with its terms described hereunder.

Now therefore in consideration of the above, the mutual covenants of the Parties herein after set forth, and intended to be legally bound thereby, the Parties hereto hereby come to undivided opinion and agree as follows:

1. By 31.03.2016 and based on the Contractor’s proposal specified in Attachment No.1 to this Protocol (the parties approval of which is prerequisite for effectiveness of the present protocol) the Principal shall take a decision on the utilization of the said LMC Equipment for BNPP-2 Project, which was manufactured for the other NPP Project of the Type “AES-92”.

If the Principal decides to utilize LMCE mentioned in item 1, the Parties shall introduce the required amendments into the text and/or Appendices of the Contract where ever found to be necessary.

At that the total price of the Contract shall remain unchanged.

The Principal shall notify in writing the Contractor on the decision taken.

1. The Principal shall be solely entitled and have the right to decide on the utilization of the said LMC Equipment.
2. As to the sake of the Principal decision making regarding utilization of the mentioned LMCE, the Contractor shall be committed to render it’s cooperation and bestow it’s assistance for the facilitation of the Principal decision making in as much as that decision making of the Principal would not be possible without cooperation and assistance of the Contractor.
3. The Principal shall accept the State Atomic Corporation “Rosatom” Guarantees and Comfort Letters of the Ministry of Economic Development of the Russian Federation instead of the bank guarantees of the good performance as ensuring of the Contract in compliance with Paragraphs 13.14 and 13.15. The Principal shall accept forms of such guarantee and comfort letter within ten working days as soon as it is officially received from the Contractor. Nevertheless, as for the payment of the subsequent advance payment and intermediate payments as described in Paragraphs 13.11 and K.4.2 and K.5 of the Contract and its Appendix K respectively, the Principal shall render its cooperation and assistance for Bank Markazi I.R. of Iran and the Contractor to accept the State Atomic Corporation “Rosatom” Guarantees and Comfort Letter of the Ministry of Economic Development, in place of bank guarantee.
4. As soon as invoice and ensuring stipulated by item 4 of this Protocol is received from the Contractor, the Principal shall effect an advance payment under BNPP-2 Contract in the amount of 5,000,000 Euro (five million Euros) instead of 206 million Euro.

Date of Supply of the Plant shall be moved to a number of days equal to number of days from 29.12.2015 to date of the following whichever comes last:

* Receiving of advance in the amount of 5 million Euro by the Contractor (five million Euro);
* Approval of report on seismic hazard of the Site by the Parties.

Within 10 days from the date of the latest of the above events the Parties shall agree upon the changed Time Schedules by amending Article 14.1 of the Contract and Appendix G.

The Parties shall sign an additional agreement to the Contract for these conditions. At that the price of the Contract shall remain unchanged.

If the Principal decides to utilize LMCE mentioned in item 1 of this Protocol, the Parties shall sign an Addendum to the Contract in accordance with which the Contractor shall hand over and the Principal shall accept the said LMCE mentioned in item 1 of this Protocol in 2016. In accordance with the terms of this Addendum to the Contract the said LMCE will be stored at the premises of the manufacturing plants at the territory of the Russian Federation and the Principal shall pay for the said LMCE on deferred payment basis in accordance with the schedule of milestone payments provided by the Contract.

1. In the event that the Principal concludes not to utilize the said LMC Equipment or there failed to make a decision on the utilization of the said LMC Equipment at the end of the deadline specified in item No.1 to this Protocol, then the Principal shall be obliged to effect payment of the remaining amount of advance payment in the amount of 201 million Euro and Commencement Date under the Contract (То) shall be moved to the date of receiving of the whole amount of advance payment (206 million Euro) under the Contract by the Contractor.
2. The Principal also has the right to propose the Contractor to utilize a part of LMCE mentioned in item 1 of this Protocol. In this case if the Principal decides to utilize a part of the said LMCE which amounting to less than 70% (seventy percent) of the total price of the said LMCE, then the Principal shall be obliged and bounded by the terms stipulated in the item No. 6 above. However if the Principal decides to utilize the said LMCE 70% (seventy percent) and more of the total price of the said LMCE, then the Contractor shall be obliged and bounded by the terms described in item No. 5 above and the Principal shall be obliged to effect payment of the remaining amount of advance payment within 30 calendar days from the moment of refusal to utilize a part of LMCE, which shall be calculated as per the following formula:

Additional advance payment = (cost of non-utilized LMCE/total cost of LMCE) \* 201 million Euro.

1. The Commencement date of the Contract shall be the signing date of this Protocol as Stipulated in Article 42 to the Contract.
2. The present Protocol shall have the same priority as the General Provisions of the Contract.
3. The essential conditions of the present Protocol shall come into effect after completion of the required corporate procedures of both Parties (decision of the sole shareholder of JSC ASE and the Board of Directors of NPPD).
4. The Present Protocol has been signed on 29.12.2015

In Witness Whereof, the Parties hereto have caused this Protocol to be executed in two identical duplicates by their duly authorized representatives as of the date first written above and each Party shall keep one copy, respectively.

**on behalf of the Principal** **on behalf of the Contractor**