

THE MINISTRY OF ENERGY
Minister's Office

To: Societatea Nationala de Gaze Naturale "ROMGAZ" SA Board of Directors
Mr. Sebastian Gabriel Tcaciuc, Chairman of the Board of Directors

Ref. to: Ordinary General Meeting of Shareholders convened on June 15, 2017

The Ministry of Energy, on behalf of the Romanian State, as shareholder of 269,823,080 shares representing 70.0071% of Societatea Nationala de Gaze Naturale "ROMGAZ" SA (SNGN ROMGAZ SA) share capital, having in view:

- the provisions of the Memorandum on mandating state representatives in the General Meeting of Shareholders/Board of Directors, as the case may be, at national companies, fully or majority state owned companies, as well as at autonomous authorities, in order to take all measures to distribute 90% of the net profit for 2016 as dividends/payment to the state budget;
- The provisions of Government Emergency Ordinance no.29/2017 (GEO 29/2017) amending art. 1 para (1) letter g) of Government Ordinance no.64/2001 on profit distribution at national companies, at fully or majority state owned companies, as well as at autonomous authorities, and amending art.1 para (2) and (3) of Government Emergency Ordinance no. 109/2011 on corporate governance at public enterprises;
- Memorandum on the measures that have to be taken by public institutions to apply the provisions of GEO 29/2017 amending art. 1 para (1) letter g) of Government Ordinance no.64/2001 on profit distribution at national companies, at fully or majority state owned companies, as well as at autonomous authorities, and amending art.1 para (2) and (3) of Government Emergency Ordinance no. 109/2011 on corporate governance at public enterprises;
- convening of SNGN Romgaz SA General Meeting of Shareholders on June 15, 2017, 2:00pm;
- the current report "Profit distribution proposal for year 2016 and dividends" of the issuer Societatea Nationala de Gaze Naturale "ROMGAZ" SA on May 23, 2017 published on Bucharest Stock Exchange website,

Subject to the provisions of art. 117¹ Company Law no.31/1990, *as subsequently amended and supplemented*, requests SNGN Romgaz SA board of directors to add new items on the agenda:

- 1) Approve the net profit distribution proposal for financial year 2016 of Societatea Nationala de Gaze Naturale "ROMGAZ" SA and the distribution as dividends of reserves and retained earnings, as follows:**

I. NET PROFIT DISTRIBUTION FOR FINANCIAL YEAR 2016

Indicatori		Valoare (lei)
1		2
A.	Gross result of financial year	1,280,695,680.62
B.	Current income tax	278,582,478.32
C.	Deferred income tax	22,466,015.04
D.	Net result of financial year [A.-B.+C.], from which:	1,024,579,217.34
a)	Legal reserve	-
b)	Other reserves representing fiscal facilities provided by law (Law no. 227/2015-Article 22)	83,256,708.00
c)	Retained earnings of accounting income of the previous years	-
c ¹)	Set up own financing sources for projects co-financed from external loans	-
d)	Other distributions provided by special laws	-
E.	Remaining net profit to be distributed (D-d)	941,322,509.34
e)	Employees participation to profit	23,060,501.00
f)	Dividends due to shareholders (90.2823% of the net profit to be distributed (D)) - dividend / share (rounded)	925,013,760.00 2.40
g)	Profit for setting up own financing sources (E-f)	16,308,749.34
	TOTAL DISTRIBUTIONS	1,024,579,217.34

II. DISTRIBUTION OF SOME RESERVES AND RETAINED EARNINGS UNDER THE FORM OF DIVIDENS

In accordance with G.E.O. no. 29/2017, Articles I, II and III and the provisions of *Memorandum no. 20/65552/April 5, 2017*, the amount proposed for distribution is with RON **547,299,808** additional to the amount of RON 925,013,760 of 2016 profit.

The value of the additional dividend per share resulted further the distribution of RON 547,299,808, is of **RON 1.42/share**.

Such amount will be distributed as follows: RON 435,387,655 from the retained earnings (the share corresponding to the development quota established in accordance with the G.D. no. 168/1998) and RON 111,912,153 from the retained earnings representing the surplus achieved from the reassessment reserves.

- 2) *Approve the gross dividend per share composed of the gross dividend per share for financial year 2016 and the gross dividend resulted further to the distribution of some reserves and of the retained earnings, the dividend payment method and term;*
- 3) *Set July 5, 2017, as registration date, namely the date for identifying the shareholders that benefit from dividends or other rights and who are affected by the Resolution of the Ordinary General Meeting of Shareholders;*
- 4) *Establish July 04, 2017 as „ex date” representing the date falling one settlement cycle minus one business day before the Registration Date, as of which the financial instruments*

Translation from Romanian language

provided under the corporate bodies' resolutions are traded without the rights resulting from such resolution;

- 5) *Establish July 26, 2017, as the payment date, that is the calendar date when the distribution of the revenues related to owning securities, consisting of cash and securities, will be certain and,*
- 6) *Authorizing the representative of the shareholder Ministry of Energy to sign the Director's Agreement with the new members of the Board of Directors.*

We also propose for approval the following Resolution Drafts:

Following the debates, Romgaz's shareholders have decided on the following:

- 1) **Approval of the proposal of SNGN ROMGAZ SA net profit distribution related to 2016 financial year, as follows:**

I. Net profit distribution of the 2016 financial year

Indicatori		Valoare (lei)
1		2
A.	Gross result of financial year	1,280,695,680.62
B.	Current income tax	278,582,478.32
C.	Deferred income tax	22,466,015.04
D.	Net result of financial year [A.-B.+C.], from which:	1,024,579,217.34
a)	Legal reserve	-
b)	Other reserves representing fiscal facilities provided by law (Law no. 227/2015-Article 22)	83,256,708.00
c)	Retained earnings of accounting income of the previous years	-
c ¹)	Set up own financing sources for projects co-financed from external loans	-
d)	Other distributions provided by special laws	-
E.	Remaining net profit to be distributed (D-d)	941,322,509.34
e)	Employees participation to profit	23,060,501.00
f)	Dividends due to shareholders (90.2823% of the net profit to be distributed (D)) - dividend / share (rounded)	925,013,760.00 2.40
g)	Profit for setting up own financing sources (E-f)	16,308,749.34
	TOTAL DISTRIBUTIONS	1,024,579,217.34

II. Distribution of some reserves and retained earnings as dividends.

In accordance with G.E.O. no. 29/2017, Articles I, II and III and the provisions of *Memorandum no. 20/65552/April5, 2017*, the amount proposed for distribution is by RON **547,299,808** higher than the amount of RON 925,013,760 of 2016 profit.

The value of the additional dividend per share resulted further the distribution of RON

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547,299,808, is of **RON 1.42/share**.

Such amount shall be distributed as follows: RON 435,387,655 from the retained earnings (the share corresponding to the development quota established in accordance with G.D. no. 168/1998) and RON 111,912,153 from the retained earnings representing the surplus achieved from the reassessment reserves.

- 2) Approval of the gross dividend per share amounting to RON 3.82/share which is composed of the gross dividend per share related to 2016 financial year of RON 2.4/share and the additional gross dividend of RON 1,42/share resulted from the distribution of some reserves and retained earnings. The payment of dividends to the shareholders will start on July 26, 2017;**
- 3) Establishing the date of July 5, 2017 as the Record Date, that is the date of identifying the shareholders who will benefit of dividends or other rights and who are affected by the Resolution of the Ordinary General Meeting of Shareholders**
- 4) Establishing July 4, 2017 as the “ex date” representing the date prior to the record date having a settlement cycle minus one working day, upon which financial instruments subject of the resolutions of the company’s governing bodies will be traded without the rights derived from the related resolution;**
- 5) Establishing the date July 26, 2017 as the payment date, that is the calendar date when the distribution of the revenues related to owning securities, consisting of cash and securities, becomes certain.**
- 6) Approval of authorizing the representative of the shareholder Ministry of Energy to sign the Director’s Agreement with the new members of the Board of Directors.**

We also inform you that by adding these new items on the agenda of the Ordinary General Meeting of Shareholders on June 15, 2017, we consider that the requests submitted by letter no. 101865/TFP/May 12, 2017 are fulfilled.

Yours respectfully,

Toma-Florin Petcu

Minister for Energy