

No. 8969 March 27, 2017

To,

the Ordinary General Meeting of Shareholders

The mandate of four SNGN Romgaz SA directors terminates in May 2017, namely:

- Mrs. Aurora Negrut on May 10, 2017;
- Mr. Razvan Florin Stoicescu on May 13, 2017;
- Mr. Dumitru Chisalita on May 14, 2017;
- Mr. Aristotel Marius Jude on May 17, 2017.

As it is well known, SNGN Romgaz SA is a public enterprise, its directors being selected, nominated and appointed in compliance with the provisions of G.E.O. no.109/2011 regarding corporate governance of public enterprises.

The directors' election and nomination procedure is complex and long termed, implying stages that have to be covered and other measures necessary to implement the G.E.O. no.109/2011 regarding corporate governance of public enterprises, as subsequently amended and supplemented and the Enforcement Guidelines for implementing provisions of the said G.E.O no.109/2011, approved by G.D. no.722/2016.

According to estimations, this process takes at least 4 months from the convening date of the Ordinary General Meeting of Shareholders, considering that only the convening and meeting of the two general meetings of shareholders implies at least 60 days, and afterwards 30 days from publishing the selection notice for submission of candidate proposals, which is regulated by article 39 para 2 of the above mentioned Enforcement Guidelines, we consider such period as exceeding the expiration periods stated above.

In regard of this situation, the Board of Directors proposes to the Ordinary General Meeting of Shareholders to extend the mandates of the four directors for 4 months from the expiration date of the mandates, for following reasons:

- the directors in question are familiar with the markets where SNGN Romgaz SA performs its business, with the problems it faced and is facing, and with the specific business of the Company;

- replacing the 4 directors would mean replacing the majority of the Board's directors, considering that currently there are changes on the gas supply market that will inevitably impact the gas production, supply and underground storage activity of the Company;
- the governing plan has been approved by the Ordinary General Meeting of Shareholders for 2013-2017;
- the anticipated legal changes on the gas market will have an important impact on the company's activity;
- continuity ensures the premises of efficiently governing the company until the appointment of the new directors in compliance with article 29 of G.E.O. no.109/2011 regarding corporate governance of public enterprises.

During 2013-2017, further to achieving the governing plan, the total net profit of the company was RON 4,624,299,062 and the total dividends distributed to shareholders were RON 4,205,059,287.58 (this amount includes RON 959,701,776.00 representing dividends proposed to be distributed to shareholders from the profit of year 2016).

The Board of Directors submits to the Ordinary General Meeting of Shareholders for approval the proposal related to the remuneration of directors whose mandates will be extended for 4 months from the expiration date, as a fixed monthly remuneration equal to the mean of the average monthly gross earnings for the last 12 months for the activity performed according to the core business of the company, as per the salary range according to the classification of activities in the national economy, as provided by the National Institute for Statistics prior to their appointment.

CHAIRMAN OF THE BOARD OF DIRECTORS
Dumitru CHISALITA

