

To,

**THE GENERAL MEETING OF SHAREHOLDERS OF
SNGN ROMGAZ SA MEDIAS**

Ref. Revised income and expenditures budget for 2015

The income and expenditure budget of national companies (of the category provided under Art. 1 letter a) is approved by Government Decision, according to the provisions of Art. 4, par 1, letter a) of GO No. 26/2013 on strengthening of financial discipline within the companies where the state or the territorial or administrative divisions are the sole or major shareholders holding directly or indirectly major participation share.

The legal provisions on the possibility of economic operators to revise the income and expenditures budget are stipulated at article 10, paragraph 2) of Government Ordinance no. 26/2013 as subsequently amended and supplemented.

The revised 2015 Income and Expenditure Budget of S.N.G.N. ROMGAZ SA Medias has been approved in Government meeting on November 11, 2015. The revision of the 2015 Income and Expenditure Budget of S.N.G.N. „ROMGAZ” S.A., economic operator performing mainly exploration, exploitation, natural gas storage and electricity generation activities, has been made considering the following:

- ✓ Decrease of natural gas demand at national level;
- ✓ Adjustment of Black Sea projects which did not deliver the expected outcome;
- ✓ Allowance for doubtful clients Electrocentrale București and Electrocentrale Galați;
- ✓ Financial indicators achieved during January – August 2015;
- ✓ Revenue estimation for 2015 was based on gas production programs, underground gas storage programs, CTE Iernut electricity production delivery

program as well as on the prices and tariffs provided by the law in force during the substantiation period, for September –December 2015;

- ✓ The costs related to taxes and dues were estimated under the provisions of the Fiscal Code and of other regulatory provisions;
- ✓ The amount and structure of operating expenditures are in compliance with standard specific consumption and with IFRS provisions on non-current assets amortization and depreciation;
- ✓ The salary expenses in compliance with Article 49 of Law 186/2014 on the State Budget for 2015;
- ✓ Investment costs in amount of RON 1,100 million.

Breakdown of gas quantities to be delivered and stored in UGS and of electricity to be delivered is shown in the table below:

– thousand MWh-	Revised Budget 2015
Romgaz gas deliveries from internal production (excluding JVs and partnerships)	45,801.7
Gas deliveries from associations in participation	1,753.7
Gas deliveries for electricity production	5,341.4
Gas injected in UGSs	19,384.6
Gas withdrawn from UGSs	20,817.8
Electricity delivery	1,527.4

The prices considered for substantiation of revised budget indicators are the following:

RON/MWh	Revised Budget for 2015
Average price of gas delivered from internal production (excluding associations)	67.03
Average price of gas delivered by the associations in participation	73.18
UGS capacity reservation tariff	13.68
UGS injection tariff	2.37
UGS withdrawal tariff	1.87
Electricity delivery average price	200.55

Summary of main revised 2015 budget indicators:

		Revised Budget for 2015
Total revenue	- million RON	4,459.8
Total expenditures	- million RON	3,114.7
Gross result	- million RON	1,345.1
Income tax	- million RON	312.3
Net profit	- million RON	1,032.8
Profit to be distributed from previous years	- million RON	130.0
Total profit to be distributed	- million RON	1,162.8
Expenditures per RON 1000 revenue		698
Investment costs	- million RON	1,100.0

Please find attached the revised 2015 Income and Expenditure Budget of SNGN ROMGAZ SA.

**Chairperson of the Board of Directors
Aurora Negrut**

Revised 2015 INCOME AND EXPENDITURE Budget

		thousand lei		
		INDICATORS	Row no.	Revised 2015 Budget
0	1	2	3	4
I.		TOTAL REVENUE (Rw.1=Rw.2+Rw.5+Rw.6)	1	4 459 824
	1	Total operating revenue, out of which:	2	4 417 073
		a) subsidies, according to legal provisions in force	3	
		b) transfers, according to legal provisions in force	4	
	2	Financial revenue	5	42 751
	3	Extraordinary revenue	6	
II		TOTAL EXPENSES (Rd.7=Rd.8+Rd.20+Rd.21)	7	3 114 745
	1	Operating expenses, out of which:	8	3 092 695
		A. expenses for goods and services	9	485 938
		B. expenses for taxes, duties and similar payments	10	777 531
		C. personnel-related expenses, out of which:	11	616 350
		C0 expenses for salaries and wages (Rw. 13+Rw.14)	12	481 169
		C1 expenses for salaries	13	429 246
		C2 expenses for bonuses	14	51 922
		C3 other personnel expenses, out of which:	15	1 475
		expenses with compensation for early release of personnel	16	
		C4 expenses for the contract of mandate and for other management and control bodies, committees and commissions	17	2 693
		C5 expenses for social security, special funds and other legal obligations	18	131 013
		D. other operating expenses	19	1 212 876
	2	Financial expenses	20	22 050
	3	Extraordinary expenses	21	
III		GROSS RESULT (profit/loss)	22	1 345 079
IV		PROFIT TAX	23	312 274
V		PROFIT AFTER DEDUCTION OF PROFIT TAX, out of which:	24	1 032 806
	1	Legal reserve	25	
	2	Other reserves representing fiscal facilities provided by law	26	
	3	Coverage of accounting loss from previous years	27	
	4	Establishing equity finance for projects co-financed from foreign loans, and establishing sources for reimbursement of equity installments, payment of interest rates, charges and other costs related to such loans.	28	
	5	Accounting profit after deduction of the amounts provided at Rws. 25, 26, 27, 28 and 29.	29	
	6	Accounting profit after deduction of the amounts provided at Rws. 25, 26, 27, 28 and 29.	30	1 032 806

thousand lei

		INDICATORS	Row no.	Revised 2015 Budget
0	1	2	3	4
	6a	Profit to be distributed from previous years	30 a	130 000
	6b	Total profit to be distributed (30+30a)	30 b	1 162 805
	7	Profit share payable to employees within the limit of 10% of the net profit, but not more than one average salary paid by the economic operator during the reference financial year	31	17 110
	8	Minimum 50% payments to the state budget or local budget in case of autonomous regions, or as dividends paid to shareholders in case of national companies and companies which are fully state-owned or where the state is the major shareholder, out of which:	32	884 936
	a)	- dividends to the state budget	33	619 455
	b)	- dividends to the state budget	33 a	
	c)	- dividends to other shareholders	34	265 481
	9	Retained earnings not allocated to rows 31-32 are allocated to other reserves and represent the company's own equity finance	35	277 869
VI		REVENUE FROM EUROPEAN FUNDS	36	
VII		ELIGIBLE EXPENSES FROM EUROPEAN FUNDS, out of which:	37	
	a)	expenses for materials	38	
	b)	expenses for salaries	39	
	c)	expenses for services	40	
	d)	expenses for promotion and advertising	41	
	e)	other expenses	42	
VIII		INVESTMENT FINANCING SOURCES, out of which:	43	1 100 000
	1	Allocations from the budget, out of which:	44	
		budget allocations related to payments of previous years commitments	45	
IX		INVESTMENT COSTS	46	1 100 000
X		SUPPORTING DATA	47	
	1	Forecasted no. of employees at the end of the year	48	6 377
	2	Average total number of employees	49	6 250
	3	Average monthly income per employee (lei/person) determined on basis of personnel-related expenses*)	50	6 077
	4	Average monthly income per employee (lei/person) determined on basis of salary-related expenses (Rw.13/Rw.49)/12*1000	51	5 723
	5	Labour productivity in financial units per total average number of employees in current prices (thousand lei/person) (Rw.2/Rw.49)	52	707
	6	Labour productivity in physical units per total average number of employees (finished goods quantity/person)	53	
	7	Total expenses related to lei 1 000 total revenue (Rw.7/Rw.1)x1000	54	698
	8	Outstanding payments	55	
	9	Accounts receivables	56	885 810

*)according to GD 26/2013