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**THE GENERAL MEETING OF SHAREHOLDERS OF
S.N.G.N. „ROMGAZ” – S.A. MEDIAS****Ref: Establish the Income and Expenditure 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 draft budget was submitted for approval by S.N.G.N. „ROMGAZ” – S.A. to the Ministry of Energy, Small and Medium Enterprises and Business Environment within the deadline set by the Government Ordinance No. 26/2013.

S.N.G.N. „ROMGAZ” – S.A.’s Budget for 2015 was approved by Government Decision No. 329/13.05.2015 in the government meeting of May 13, 2015.

S.N.G.N. „ROMGAZ” – S.A., as a company that performs mainly gas exploration, production and storage and electric power production activities, drafted the income and expenditure budget for 2015 considering the following:

- ✓ 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;
- ✓ 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 expenses in compliance with Article 49 of Law 186/2014 on the State Budget for 2015;
- ✓ Investment costs are increased by 21.8%, as compared to the amount achieved in 2014, mainly for continuing the works for new gas reserves discovery and participation to new investment projects.
- ✓ The budget provides an increase by 3.8% of the gross profit as compared to the profit achieved in 2014.

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-	Budget for 2015
Romgaz gas deliveries from internal production (excluding JVs and partnerships)	53,410.0
Gas deliveries from associations in participation	2,075.7
Gas deliveries for electricity production	58,124.2
Gas injected in UGSs	23,656.3
Gas withdrawn from UGSs	22,607.6
Electricity delivery	1,393.5

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

RON/MWh	Budget for 2015
Average price of gas delivered from internal production (excluding associations)	64.37
Average price of gas delivered by the associations in participation	66.06
UGS capacity reservation tariff	13.14
UGS injection tariff	2.53
UGS withdrawal tariff	1.8
Electricity delivery average price	211.38

Summary of main budget indicators for 2015, approved by Government Decision No. 329/13.05.2015:

	Budget for 2015
Total revenue - million RON	4 639.9
Total expenditures - million RON	2 783.5
Gross result - million RON	1 856.4
Income tax - million RON	344.5
Net profit - million RON	1 511.9
Expenditures per RON 1000 revenue	599.9
Investment costs - million RON	1 322.0

Please find attached the Income and Expenditure Budget of SNGN ROMGAZ SA as approved by Government Decision No. 329/13.05.2015 and published in the Official Gazette of Romania, Part I No. 345/20.05.2015.

Chairperson of the Board of Directors
Aurora Negrut

