



ROMGAZ

Societatea Națională de Gaze Naturale Romgaz S.A. - Mediaș - România



To the Extraordinary General Meeting of Shareholders of S.N.G.N. Romgaz S.A.

Note on extending the fixed assets lease contracts concluded between S.N.G.N. Romgaz S.A. and S.N.G.N. Romgaz S.A. - Filiala de Inmagazinare Gaze Naturale DEPOGAZ Ploiesti S.R.L. (the Subsidiary)

In order to carry out the subsidiary's activity, where SNGN Romgaz SA is the sole shareholder, two fixed assets lease contracts have been concluded for a one year period, between April 1, 2018 and April 1, 2019.

The Subsidiary has prepared a technical and legal report on the economic implications of the legal separation of the underground storage activity, presenting three separation scenarios, from a legal, organizational and functional point of view, of the natural gas underground storage activity from the gas production and supply activity.

By Note no. 32957/26.10.18, S.N.G.N. ROMGAZ S.A. requested the Board of Directors of the company to make a decision on the Subsidiary's request to increase the share capital by a contribution in kind of fixed assets related to underground storage.

By Resolution no. 51 of November 1, 2018, the Board of Directors decided the followings:

- *"The Board of Directors considers as appropriate the version/opinion of the Subsidiary's Board of Directors on the legal separation of the underground storage activity by increasing the share capital by contribution in kind of fixed assets related to underground storage".*
- *"The Board of Directors considers as necessary to initiate the procurement procedures for the preparation of an impact study, similar to the Subsidiary' study, but which would analyze the impact on the mother company S.N.G.N. Romgaz S.A. from an economic, technical and legal point of view."*

S.N.G.N. ROMGAZ S.A. is currently carrying out the procurement procedure of "Consulting services for the analysis of legal separation impact of the natural gas storage activity on S.N.G.N Romgaz S.A.". The procedure is in the stage of analysing the submitted financial offers.

By Romgaz EGMS Resolution No.14/28.12.2018 it was approved in principle to increase the Subsidiary's share capital by contribution in kind of fixed assets leased by the sole shareholder and to initiate the procedure of designation of the expert assessor selected from the persons listed at NTRO (National Trade Register Office);

According to Resolution No. 3152/06.02.2019, NTRO Prahova designated the assessor authorized to evaluate the leased fixed assets, a currently ongoing procedure.

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In this context and considering the following aspects:

- The completion of the impact study and the assessment report of fixed assets are ongoing, and a decision regarding the capital contribution is going to be made after April 1, 2019, upon expiry of the current lease contracts;
- The provisions of Article 12, item o) of the Articles of Incorporation of Romgaz specifying that "concluding leasing documents for a period longer than 1 (one) year for tangible assets with an individual or cumulated value, in relation to the same co-contractor or involved persons or persons acting by joint agreement, exceeding 20% of the Company's total value of non-current assets, excluding receivables, on the date of conclusion of the legal documents" lies within the competence of EGMS;
- The endorsement of the extension of lease contracts by Romgaz Board of Directors pursuant to Resolution No. 8/2019.

we hereby require the Extraordinary General Meeting of Shareholders of S.N.G.N. Romgaz S.A. to approve the extension by one year of the lease contracts of fixed assets concluded between SNGN Romgaz SA and the Subsidiary as of April 1, 2019.

Nistoran Dorin-Liviu
Chairman of SNGN Romgaz SA Board of Directors

