

ROMGAZ



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

To:

THE GENERAL MEETING OF SHAREHOLDERS of S.N.G.N. „ROMGAZ – S.A.

Referring to:

- 1) The increase of share capital of SNGN Romgaz SA – Filiala de Inmagazinare Gaze Naturale DEPOGAZ Ploiesti SRL (The Subsidiary);**
- 2) Update the Articles of Incorporation of SNGN Romgaz SA – Filiala de Inmagazinare Gaze Naturale DEPOGAZ Ploiesti SRL (The Subsidiary)**

Whereas:

- The start as of the 1st of April 2018 of the storage activity of SNGN Romgaz SA – Filiala de inmagazinare Gaze Naturale DEPOGAZ Ploiesti SRL (The Subsidiary) due to the change of titleholder of the UGS storage Licence No. 1942/2014 from SNGN Romgaz SA to SNGN Romgaz SA – Filiala de inmagazinare Gaze Naturale DEPOGAZ Ploiesti SRL under ANRE Resolutions No. 2588/2015 and 474/2017;
- The current value of the Subsidiary's share capital of RON 1,200,000;
- The unbundling method of the storage activity approved under SNGN ROMGAZ SA Board of Directors Resolution No. 15/2014 and under BD Resolution No. 9 of 6 March 2018, consisting of the following:
 - (i) the Subsidiary will lease from SNGN Romgaz SA all assets required for storage activity,
 - (ii) all employees who are currently employed by SNGN Romgaz SA and perform the storage activity will be transferred to the Subsidiary and
 - (iii) it will perform all investments required for development of storage activity as provided under the Investment Plan for the next 5 years submitted and approved by ANRE,
- The approval on the Subsidiary share capital increase and the amendment of the Articles of Incorporation under the Resolution of the Board of Directors No. 12 from March 12, 2018,

The Subsidiary will have to own the financial means required for achieving the proposed investment projects and for performing the storage activity under normal and safe conditions.

Considering the above mentioned background and in accordance with the specific performance of the storage activity in two main stages, gas injection in the storage (performed between April and September) and gas withdrawal from the storage (performed between October and March) and the small gas inventory currently in storages at the end of

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the storage cycle 2017 -2018, the revenue for April –August 2018 will be small. The gas injection period is characterized by high costs due to high energy consumption required for gas compression/injection. According to our estimations the Subsidiary will not have the necessary liquidity required for the first months of the storage cycle, therefore an increase of the share capital up to RON 50,000,000 is required, to ensure the necessary liquidity for normal performance of storage activity.

Considering the above mentioned, in accordance with Art. 12, paragraph 6 letter d) of SNGN ROMGAZ SA Articles of Incorporation, we request the General Meeting of Shareholders:

1. Approve the increase of SNGN Romgaz SA – Filiala de Inmagazinare Gaze Naturale DEPOGAZ Ploiesti SRL share capital up to RON 50,000,000;
2. Approve the amendment of the Articles of Incorporation of SNGN Romgaz SA – Filiala de Inmagazinare Gaze Naturale DEPOGAZ Ploiesti SRL as follows:

Art. 3.1. (Share Capital, Social Shares) is amended and shall read as follows:

„The subscribed and paid in share capital of the company is RON 50,000,000 split into 5,000,000 social shares having a nominal value of RON 10/social share belonging entirely to the sole owner.”

Art.5.5. (Organization of the Board of Directors) is amended and shall read as follows:

„Article 5.5 Organization of the Board of Directors

1. *The Board of Directors elects from its membership the Chairman of the Board. The Board of Directors may revoke the mandate of the Chairman at any time.*
2. *No person shall serve simultaneously as Chairman of the Board of Directors and manager of the Company, or exercise both the mandates of Chairman of the Board of Directors and manager of the Subsidiary.*
3. *When the Chairman of the Board is temporarily unable to fulfil his/her duties, the Board of Directors may appoint another Director to exercise the mandate of the Chairman of the Board.*
4. *For the time period when there are no appointed Chairman and/or a Chairman substitute or, even if appointed, such are not able to exercise the Chairman's mandate, such mandate shall be exercised by the eldest member of the Board, as Chairman substitute, who is able to exercise such mandate.*
5. *All references herein to the Chairman of the Board of Directors shall also mean his/her substitute, to the extent the latter exercises the Chairman's mandate.*
6. *The Board of Directors shall appoint a Secretary who shall fulfil the registry and secretary works in connection with the Board's activity and shall support its activity.*
7. *The mandate of a Director and the mandate of the Chairman of the Board shall commence on the date provided in the appointment resolution or, in case such is not*

stipulated, on the first day following the resolution of appointing the person in charge with exercising the mandate of Director or Chairman of the Board of Directors, as the case may be.

- 8. The Director's mandate shall terminate upon its expiry, when revoked, upon his or her resignation, or for any other grounds of termination as provided by law, this Articles of Incorporation or the mandate contract.*
- 9. The mandate of the Chairman of the Board of Directors shall terminate upon its expiry, when revoked, upon his or her resignation, and in all cases of termination of a Director's mandate.*
- 10. The position of Director or Chairman of the Board of Directors becomes vacant upon termination of the mandate of Director or Chairman of the Board, as the case may be.*
- 11. Vacancy of the positions of Director or Chairman of the Board shall be determined by resolution of the Board of Directors.*
- 12. In case the position of Director becomes vacant before the expiry of the mandate, the newly appointed Director shall continue the term of its predecessor's mandate.*
- 13. In case the Sole Owner decides on supplementing the number of Board members, the mandate duration of the first Directors appointed in the supplemented positions shall equal the remaining duration of the ongoing mandates as of the date of supplementing the number of Board members.*
- 14. Appointment of a Director shall not be valid unless such person expressly acknowledges such appointment within 15 days of the appointment resolution or the date she or he has taken note of the appointment resolution, by written statement, submitted to the subsidiary.*
- 15. Resignation of the mandate as Director or Chairman shall be notified to the Board of Directors at least 30 days prior to the date intended to vacate the position by resignation, under the penalty of payment of compensation.*
- 16. The Board of Directors delegates its competencies of governing the subsidiary under the terms and limits provided under the law and these Articles of Incorporation.*
- 17. The Board of Directors shall have the following basic competencies that may not be delegated to managers:*
 - a. Establishing the core business and the development directions of the Company;*
 - b. Approval of the Company Management Plan;*
 - c. Establishing the accounting policies, the internal administration control system as well as approval of financial planning;*
 - d. Appointment and dismissal of the managers, including the Director General and establishment of their remuneration;*
 - e. Control of managers' activity;*

- f. Preparing the Board of Directors annual report;*
- g. Organising the meetings of the General Meeting of Shareholders. and implementing its resolutions;*
- h. Filing requests for opening proceedings to prevent insolvency and insolvency proceedings of the Company;*
- i. Elaboration of rules regarding the own activity and rules for advisory committees and managers so as not to contravene the provisions of law and these Articles of Incorporation;*
- j. Establishing or dissolution of secondary offices (branches, agencies, branch offices or any other work locations);*
- k. Other competencies of the Board of Directors that cannot be delegated in accordance with the law.*

18. Director General shall be responsible for taking all measures relating to the management of the Company, within the scope of the Company's activity and in compliance with the exclusive competencies of the Board of Directors and of the General Meeting..

Art.6.5. (Company's Activity) is amended and shall read as follows:

„The company will organize the auditor's services in accordance with the applicable law.”

We hereby attach the amended Articles of Incorporation of SNGN Romgaz SA – Filiala de Inmagazinare Gaze Naturale DEPOGAZ Ploiesti SRL (as referred to above).

Respectfully yours,

**Chairman of the Board of Directors
Nistoran Dorin-Liviu**

