

CONVENING NOTICE

OF THE ORDINARY GENERAL MEETING OF SHAREHOLDERS AND THE EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS

"SOCIETATEA ENERGETICĂ ELECTRICĂ S.A."

The board of directors of "SOCIETATEA ENERGETICĂ ELECTRICĂ S.A." (hereinafter the "Company" or "Electrica"), headquartered in Bucharest, 9 Grigore Alexandrescu Str., sector 1, registered with the Trade Register under J40/7425/2000, sole registration code RO 13267221, with a subscribed and wholly paid share capital of RON 3,459,399,290,

pursuant to the minutes of the board of directors's meeting (the **Board of Directors**) of the Company dated September 1st, 2016

according to the provisions of the Companies Law No. 31/1990, republished, as subsequently amended, Law No. 297/2004 on capital markets, as subsequently amended, National Securities Commission Regulation No. 1/2006 regarding issuers and securities operations, National Securities Commission Regulation No. 6/2009 regarding the exercise of certain rights of shareholders in the general meetings of companies, and the provisions of the Company's articles of association (the **Articles of Association**),

CONVENES

the Company's Ordinary General Meeting of Shareholders (**OGMS**) and the Company's Extraordinary General Meeting of Shareholders (**EGMS**) on **21 October 2016**, as follows:

- **OGMS** starting at **10:00 o'clock (Romanian time)**, at the headquarters of the Company from Bucharest, Sector 1, 9 Grigore Alexandrescu Str., postal code 010621, Radu Zane Conference Room; and respectively
- **EGMS** starting at **11:00 o'clock (Romanian time)**, at the headquarters of the Company from Bucharest, Sector 1, 9 Grigore Alexandrescu Str., postal code 010621, Radu Zane Conference Room.

Should the legal and/or statutory quorum for convening the OGMS , and respectively EGMS, not be met on the date mentioned above as the date of the first calling, a second OGMS, respectively a second EGMS shall be convened and established for **24 October 2016**, having the same agenda, as follows:

- **OGMS** starting at **10:00 o'clock (Romanian time)**, at the headquarters of the Company in Bucharest, Sector 1, 9 Grigore Alexandrescu Str., postal code 010621, Radu Zane Conference Room; and respectively
- **EGSM** starting at **11:00 o'clock (Romanian time)**, at the headquarters of the Company in Bucharest, Sector 1, 9 Grigore Alexandrescu Str., Postal code 010621, Radu Zane Conference Room.

Only the persons registered as shareholders in the Company's shareholders' register held by Depozitarul Central S.A. at the end of the day on **27 September 2016** (*Reference Date*) have the right to attend and cast their votes in the OGMS, and respectively EGMS. Should there be a second calling of the OGMS, and respectively EGMS, the Reference Date remains the same.

The agenda of the **OGMS** will be the following:

1. **Appointing a new independent member of the Board of Directors following the vacancy of a position in the Board of Directors of Electrica. The mandate period of the new member of the Board of Directors will be equal with the remaining period until the expiration of the vacant mandate, respectively until 14 December 2019.**
2. **Establishment of the date of 08 November 2016 as registration date, this being the date on which the identification of the shareholders who will be affected by the OGSM will take place, in conformity with art. 238 of Law no. 297/2004 on capital markets.**
3. **Empowerment of the Board of Directors, of the Chairman of the Board of Directors, of the secretary of the meeting and of the technical secretary to jointly sign the OGMS resolution and to perform individually and not jointly any act or formality required by law for its registration of the OGMS resolution, as well as the publication of the OGMS resolution with the Trade Register Office of the Bucharest Tribunal.**

The agenda of the **EGMS** will be the following:

1. **Approval of the consolidated annual investment plan on Electrica group level (CAPEX plan) corresponding to the 2016 financial exercise supplemented up the value of RON 844,619.**
2. **Approval of commencing the operation of share capital increase of Electrica with the value of 3 plots of lands with a total surface of 36,892.00 sqm and requesting the Trade Register Office of the Bucharest Tribunal the appointment of an expert for the evaluation of these plots of land.**
3. **Approval of the proposals for amendment of the Articles of Association of SOCIETATEA ENERGETICĂ ELECTRICĂ S.A., presented in the Annex to the hereby Convening Notice, Annex which constitutes an integral part of the hereby Convening Notice.**
4. **The approval of share capital's increase of Electrica Furnizare SA, by means of a contribution in kind by Electrica with the fair value of 2 lands, in total surface of 825,80 sqm and granting the right of first refusal to the shareholder of Electrica Furnizare SA, Fondul Proprietatea SA according to the mechanism presented in the document associated with this item from the Agenda**
5. **Empowering the Chairman of the Board of Directors to sign the updated Articles of Association of SOCIETATEA ENERGETICĂ ELECTRICĂ S.A. with the modifications mentioned in the Annex to the present Convening Notice.**
6. **Establishment of the date of 08 November 2016 as registration date, this being the date on which the identification of the shareholders who will be affected by the EGSM will take place, in conformity with art. 238 of Law no. 297/2004 on capital markets.**

7. **Empowering of the Board of Directors, of the Empowerment of the Chairman of the Board of Directors, of the secretary of the meeting and of the technical secretary, to jointly sign the EGMS resolution and to perform individually and not jointly any act or formality required by law for its registration of the EGMS resolution and the updated Articles of Association with the Trade Register Office of the Bucharest Tribunal, as well as the publication of the EGMS resolution according to the law.**

DETAILS ON THE OGMS AND EGMS

I. The identification requirements applicable to the shareholders

The identification requirements applicable for the natural person shareholder and/or for his/her proxy and/or for the legal representative/proxy of the legal entity shareholder:

(a) **for the shareholders that are natural persons:**

- (i) to be accompanied by a copy of the shareholder's identification document (ID for Romanian citizens or passport for foreign citizens), allowing their identification in the Company's shareholders' register held by Depozitarul Central SA;
- (ii) the acknowledgement of the proxy capacity shall be based on the special power-of-attorney or the general power-of-attorney issued by the shareholder, the latter may be granted only to an "intermediary" or to a lawyer; for the purpose of the present Convening Notice, "intermediary" will mean every time the intermediary defined in art. 2 para. (1) point 14 of Law no. 297/2004 on capital markets, with the subsequent amendments and completions;
- (iii) copy of the identification document of the proxy or the representative of the proxy that are natural persons (ID for Romanian citizens or passport for foreign citizens);

AND

(b) **for shareholders that are legal persons:**

- (i) acknowledgement / confirmation of the legal representative capacity shall be based on the list of shareholders, received from Depozitarul Central SA; nevertheless, if the shareholder/ the person having this obligation has not timely informed Depozitarul Central SA with respect to its legal representative (so that the shareholders' register reflects this on the Reference Date), then the identification is made based on the ascertaining certificate (not older than 30 days)/the similar documents mentioned above must prove the legal representative capacity of the legal person shareholder or, in the case of the Romanian State, a copy of the document proving the legal representative capacity of the one showing it

- (ii) acknowledgement of the representative/proxy capacity shall be based on the power of attorney issued by the shareholder or based on the general power of attorney (the latter may be granted only to an intermediary or to a lawyer) or, in the case of shareholders that are international organizations, based on a special or general power of attorney (the latter may be granted only to an intermediary or to a lawyer) granted under the standard procedure used by that organization;
- (iii) copy of the identification document of the legal representative/proxy (ID for Romanian citizens or passport for foreign citizens).

The documents certifying the capacity of the legal representative that are drafted in a foreign language other than English shall be accompanied by a translation made by an authorised translator in Romanian or in English.

For the access of the individual shareholders or his representatives / assignee / agent in the meeting room, it is necessary to present the original identity card.

II. Information materials regarding the agenda

The following documents shall be made available to the shareholders, in Romanian and in English, in electronic format on the Company's website at www.electrica.ro, "*Investors section -> General Meeting of Shareholders*", and in hardcopy at the Company's Registry Desk located at its headquarters in Bucharest, 9 Grigore Alexandrescu Street, Sector 1, which is open from Monday to Thursday between 08:00-16:30 (Romanian time), and on Fridays between 08:00-14:00 (Romanian time), as follows, in Romanian and in English:

- From the convening date and until (and including) the date of the OGSM, respectively the EGSM, in the first or the second convening:
 - (a) The OGSM Convening Notice and the EGSM Convening Notice and the annex to it, including the proposals for amending the Articles of Association of the Company.
- Starting with **16 September 2016** and until (and including) the date of the OGSM, respectively ESGM, in the first or the second convening:
 - (a) the total number of shares and the voting rights at the calling date;
 - (b) the full text of the draft resolutions proposed to be adopted by the OGMS and EGMS;
 - (c) the list comprising information with regard to the name, the domicile locality and the professional qualification of the persons proposed for the administrator function;
 - (d) the form of general/special powers of attorney to be used for voting by representative;
 - (e) the voting ballot form for the vote by correspondence;
 - (f) the documents to be presented to the OGMS and, respectively EGMS;
 - (g) other information/documents regarding the items included on the agenda of the OGMS, respectively EGMS.

NOTE: The documents mentioned at points (b), (c), (d), (e) and (f) shall be updated and republished if new items will be added to the agenda of OGSM, respectively

EGSM, and/or according to the candidate nominalisations proposals for the function of Company Board of Directors member.

In order to obtain hard copies of these documents, shareholders must address requests in writing in this regard at the Company's Registry Desk or to the email address ir@electrica.ro, so that these are received by the Company starting with 08:00 o'clock (*Romanian time*) on **19 September 2016**. The Company shall provide the shareholders, through its Registry Desk, with copies of the requested documents within maximum 2 business days from the request.

III. Questions regarding the agenda / the Company's activity

The Company's shareholders, subject to fulfilling the identification requirements set out at Section I above (*The identification requirements applicable to the shareholders*), may ask questions in writing, in Romanian or in English, regarding the items on the agenda of the OGMS meeting or EGMS meeting/the Company's activity, prior to the date of the OGMS, respectively EGMS. These questions shall be addressed to the Company's Board of Directors and shall be sent either (i) in hardcopy, at the Company's Registry Desk (in person or by courier services, with confirmation of receipt), or (ii) via e-mail, with incorporated extended electronic signature, as per Law 455/2001 on the electronic signature, at ir@electrica.ro, so as to be received by the Company until **20 October 2016, 10:00 o'clock (Romanian time)**, stating clearly in writing in capital letters: "*QUESTIONS REGARDING THE AGENDA/THE COMPANY'S ACTIVITY – FOR THE OGMS/EGMS DATED 21/24 OCTOBER 2016*".

As regards the questions addressed in hardcopy, they must be signed, as the case may be, by the shareholders that are natural persons or by the legal representatives of the shareholders that are legal persons.

The Company shall answer these questions during the OGMS meeting or, as case may be, EGMS, and it may give a general answer to questions with the same content. An answer is also considered as well as if the relevant information is available on the Company's website, at www.electrica.ro "*Investors section -> General Meeting of Shareholders*".

IV. The right of shareholders to add new items on the OGMS/ EGMS agenda

Shareholders representing, individually or together, at least 5% of the Company's share capital are entitled, within no more than 15 days from the publication of the OGMS and respectively EGMS convening notice, respectively, to request in writing that new items are added on the general meeting's agenda.

These requests made by the shareholders must fulfil the following cumulative conditions:

- (a) to be accompanied by documents evidencing the fulfilment of the identification requirements mentioned in Section I (*The identification requirements applicable to the shareholders*) above, which shall be sent to the Company as per the provisions of letter (c) below, together with the bank statement from which the shareholder quality and the number of shares held at the date of the transmission of the request;
- (b) each new item to be accompanied by a justification or by a draft resolution proposed for adoption by the OGMS or, respectively, the EGMS meeting to which it refers. The respective shareholders are also entitled to present in writing draft resolutions for the items included or proposed to be included on the agenda of the OGMS/EGMS;

- (c) to be addressed to the Company's Board of Directors and sent in writing, within the legal deadline, either (i) in hardcopy, at the Company's Registry Desk at the Company's headquarters (in person or by courier services, with confirmation of receipt), or (ii) via e-mail, with incorporated extended electronic signature, as per Law 445/2001 on the electronic signature, at ir@electrica.ro, so as to be received by the Company until **21 September 2016, 16:30 hours (Romanian time)**. Both means of transmission must state clearly in writing in capital letters: "*PROPOSAL OF NEW ITEMS ON THE AGENDA – FOR THE OGMS/EGMS DATED 21/24 OCTOBER 2016*"
- (d) for the proposals sent in hardcopy, they must be signed by the shareholders that are natural persons or by the legal representatives of the shareholders that are legal persons.

In case new nominations for the vacant position of independent member of the Board of Directors are submitted, these proposals shall contain information on the domicile locality and the professional qualification of the nominated persons, and the proposals shall be accompanied by i) a Curriculum Vitae of the candidate from which the experience and the professional experience of the latter is shown, ii) a copy of the identity card of the shareholder/Board of Directors member who makes the proposal and (iii) a notarized affidavit from the candidate confirming that he/she fulfils all the independence conditions and criteria required by law and by the Articles of Association. The proposal for candidates, accompanied by the documents mentioned above, will be addressed to the Board of Directors and sent in writing, within the legal deadline, either (i) in hardcopy, at the Company's Registry Desk at the Company's headquarters (in person or by courier services, with confirmation of receipt), or (ii) via e-mail, with incorporated extended electronic signature, as per Law 445/2001 on the electronic signature, at ir@electrica.ro, so as to be received by the Company until **21 September 2016, 16:30 hours (Romanian time)**. Both means of transmission must state clearly in writing in capital letters: "*PROPOSAL OF NEW ITEMS ON THE AGENDA – FOR THE OGMS/EGMS DATED 21/24 OCTOBER 2016*". The candidates proposed shall respect the requirements for occupying this function, provided for by art. 17 of the Articles of Association of the Company. The verification of the fulfilment of these conditions and of the submission of the documents required by the Company through this Convening Notice will be made by the Nomination and Remuneration Committee organized within the Company's Board of Directors.

The documents justifying the proposals for the introduction of new items on the agenda and the corresponding draft resolution, as well as the updated Final list of proposed candidate for the function of administrator of the Company, comprising information regarding the name, the domicile locality and the professional qualification of the proposed persons, together with the updated Convening Notice, will be available to the shareholders, as of **26 September 2016, 16:30 hours (Romanian time)**, at the Company's Registry Desk, as well as on the Company's website at www.electrica.ro "*Investors section -> General Meeting of Shareholders*" and the updated convening notice will be published in the *Official Gazette of Romania* and a widespread daily newspaper in accordance with the legal provisions.

IV. Participation of the shareholders to the OGMS and EGMS meeting

The shareholders registered on the Reference Date in the Company's shareholders register kept by Depozitarul Central SA may attend the EGMS/OGMS and vote:

- in person, by direct vote;

- through a representative with a special or general power of attorney (the latter may be granted only to an intermediary or to a lawyer);
- by correspondence.

(A) Voting in person

In case of voting in person, the shareholders that are natural persons and the shareholders that are legal persons shall be entitled to participate in the OGMS, respectively EGMS, by the mere proof of their identity, and of the legal representatives, according to the identification requirements provided at Section I above (*The identification requirements applicable to the shareholders*).

(B) Voting through a representative with a special or a general power of attorney

The representation of shareholders in the OGMS and/or EGMS may be done through a representative / proxy, who may be another shareholder or a third party, by filling in and signing the form for the special power of attorney. A shareholder may also grant a valid general power of attorney for a period **that shall not exceed 3 years**, allowing its representative to vote in all matters debated by the OGMS/EGMS, including the acts of disposal, under the condition that the power of attorney is granted by the shareholder, as client, to an intermediary or to a lawyer.

A shareholder may appoint only one person to represent it in the OGMS, respectively EGMS meeting. Nevertheless, a shareholder may appoint by power of attorney one or more substitute representatives to ensure its representation in the EGMS/OGMS in case the appointed representative is unable to fulfil its mandate. If by the power of attorney more substitute representatives are appointed, the shareholder shall determine the order in which they will exercise their mandate.

The special or general powers of attorney, filled in and signed by the shareholders, shall be submitted in writing either (i) in original (in what concerns the special power of attorney) or in copy containing the mention of its conformity with the original under the representative's signature (in what concerns the general power of attorney) in hardcopy at the Company's Registry Desk at the Company's headquarters (in person or by courier service, with confirmation of receipt), or (ii) via e-mail, with incorporated extended electronic signature, as per Law 445/2001 on the electronic signature, at ir@electrica.ro, so as to be received until **19 October 2016, 08:00 o'clock** (Romanian time) - for OGMS, respectively **09:00 o'clock** (Romanian time)- for EGMS, namely at least 48 hours before the OGMS/EGMS takes place, under penalty of losing the right to vote in the OGMS and EGMS. Both means of transmitting the powers of attorney must state clearly in writing in capital letters: "**POWER OF ATTORNEY – FOR THE OGMS/EGMS DATED 21/24 OCTOBER 2016**".

For identification purposes, the special power of attorney shall be accompanied by the documents certifying the fulfilment of the identification requirements provided under Section I above (*The identification requirements applicable to the shareholders*).

The general power of attorney granted by a shareholder, as client, to an intermediary or to a lawyer shall be valid without requesting other additional documents relating to that shareholder, if the special power of attorney is drafted according to Regulation no. 6/2009 regarding the exercise of certain rights of shareholders in general meetings of companies, is signed by the shareholder in question and is accompanied by an affidavit given by the legal representative of the intermediary or by the lawyer that has received the mandate by the general power of attorney, evidencing that: (i) the power of attorney is granted by that shareholder, as client, to the intermediary or to the lawyer, as the case may be, and (ii) the

general power of attorney is signed by the shareholder, inclusively by adding an extended electronic signature, if case.

The special and general powers of attorney are valid both for the first OGMS, respectively EGMS, and the second OGMS, respectively EGMS, should the legal and/or statutory quorum conditions provided for holding the first OGMS/EGMS not be met.

The special or, as the case may be, general powers of attorney or the documents attesting the capacity of the legal representatives shall be retained by the Company and a mention shall be made in this regard in the minutes of the meeting.

The shareholders cannot be represented in the OGMS and/or EGMS through a general power of attorney by a person that is in a situation of conflict of interests, according to art. 243 paragraph (6⁴) of Law 297/2004 on capital markets.

The proxy cannot be substituted by another person (except for the case when a substitute representative is appointed). If the proxy is a legal person, it may execute the granted proxy through any person that is part of the administrative or management body or of its employees.

The general power of attorney and the declaration of the legal representative of the intermediary or, as the case may be, of the lawyer, provided above, must be submitted to the Company in original, respectively in copy containing the mention of its conformity with the original under the proxy's signature, at the Company's Registry Desk at the Company's headquarters (in person or by courier service, with confirmation of receipt), at least 48 hours before the OGMS/EGMS takes place, signed, without any further formalities in connection with the form of these documents, respectively until the date of **19 October 2016, 08:00 o'clock** (Romanian time) – for OGMS and **09:00 o'clock** (Romanian time) – for EGMS. Both methods of transmission of the general power of attorney have to contain mention in writing, clearly and with capital letters: *"POWER OF ATTORNEY – FOR THE OGMS/EGMS DATED ON 21/24 OCTOBER 2016"*.

The special power of attorney form:

- (a) shall be made available to the shareholders by the Company as of **16 September 2016**, on the Company's website at www.electrica.ro "*Relations with Investors section -> General Meeting of Shareholders*";
- (b) the special power of attorney form shall be updated by the Company if there would be new items added on the agenda of the OGMS and/or EGMS, and/or according to the candidate nominalisation proposals for the member of the Board of Directors of the Company function and it shall be published on the Company's website at www.electrica.ro "*Investors section -> General Meeting of Shareholders*". In case the agenda is supplemented / updated and the shareholders do not send updated special powers of attorney, the powers of attorney submitted prior to the supplement / update of the agenda shall be taken into consideration only for the items that are also found on the updated agenda
- (c) shall be filled in by the shareholder in 3 (three) originals: one for the shareholder, one for the proxy, and one for the Company.

The Company accepts the appointment of representatives by electronic notification sent to the e-mail address ir@electrica.ro according to Law No. 455/2001 on the electronic signature. In this case the power of attorney shall be submitted by extended electronic signature.

(C) VOTE BY CORRESPONDENCE

Casting the shareholders' vote in the OGMS and/or EGMS may also be done by correspondence, by filling in, signing, and transmitting the voting ballot form for voting by correspondence.

The voting ballot forms for voting by correspondence, filled in and signed by the shareholders, shall be submitted in writing either (i) in original, in hardcopy, at the Company's Registry Desk at the Company's headquarters (in person or by courier service, with confirmation of receipt), or (ii) via e-mail, with incorporated extended electronic signature, as per Law 455/2001 on the electronic signature, at ir@electrica.ro, so as to be received until **19 October 2016, 08:00 o'clock** (Romanian time)- with regard to the voting ballot forms for OGMS, respectively until **09:00 o'clock** (Romanian time) – for EGMS, namely at least 48 hours before the OGMS, respectively EGMS takes place, under penalty of losing the right to vote in the OGMS, respectively EGMS. Both means of transmitting the powers of attorney must state clearly in writing in capital letters: *"VOTING BALLOT FORM FOR VOTING BY CORRESPONDENCE – FOR THE OGMS/EGMS DATED 21/24 OCTOBER 2016"*.

The voting ballot forms shall be accompanied by the documents attesting the fulfilment of the identification requirements provided under Section I above (*The identification requirements applicable to the shareholders*).

The voting ballot forms for voting by correspondence thus received are valid both for the first OGMS/EGMS and the second OGMS/EGMS convening, should the legal and/or statutory quorum conditions provided for holding the first OGMS/EGMS not be met.

The voting ballot forms for voting by correspondence:

- (a) shall be made available to the shareholders by the Company as of **16 September 2016**, on the Company's website at www.electrica.ro "*Investors section -> General Meeting of Shareholders*";
- (b) shall be updated by the Company if there would be new items added on the agenda of the OGMS and/or EGMS and/or according to the candidate nominalisations proposals for the member of the Board of Directors of the Company function and it shall be published on the Company's website at www.electrica.ro "*Investors section -> General Meeting of Shareholders*". In case the agenda is supplemented / updated and the shareholders do not send updated voting ballot forms for voting by correspondence, the voting ballot forms for voting by correspondence submitted prior to the supplement/update of the agenda shall be taken into consideration only for the items that are also found on the updated agenda.

(D) THE SHAREHOLDERS ACCESS IN THE MEETING ROOM

The shareholders access in the meeting room on the date set for holding the meeting is allowed: (i) as regards shareholders that are natural persons or the legal representative of the shareholders that are legal persons, by the simple proof of identity, which consists of presenting in original the identification document, and (ii) as regards shareholders that are legal persons and of shareholders that are natural persons and participate by representative, by the power of attorney given to the person that represents them and presenting in original the identification document of the legal representative/proxy.

The verification and validation of the submitted special/general powers of attorney, as well as the centralization, verification, validation, and recording of votes by correspondence shall be made by a commission established within the Company, the members of which shall keep

safe the documents and ensure confidentiality of the votes casted as such. The powers of attorney shall be also verified by the secretariat / the technical secretary of the OGMS/EGMS.

Additional information regarding the OGMS/EGMS may be obtained from the General Secretary of the Board of Directors of the Company, at the telephone number: 021.208.5038, from the Investors Relation Department, at the telephone number: 021.208.5035, by e-mail at ir@electrica.ro and on the Company's website at www.electrica.ro "*Investors section > General Meeting of Shareholders*".

(E) ACCESS OF OTHER PERSONS IN THE MEETING ROOM

Any specialist, consultant, expert or financial analyst can participate at the general shareholders meeting on the basis of a prior invitation by the Board of Directors.

The journalists can participate, as well, to the general meeting of shareholders, except the case in which the Chairman of the Board of Directors decides otherwise. These will be able to participate on the basis of the identity card and a badge which certifies the journalist capacity. The access of the above-mentioned persons in the meeting room, on the date established for the conducting of the respective general shareholders meeting, is allowed by proof of identity, which consists of the presenting the original identification document, and for the specialists, consultants, experts or financial analysts by invitation by the Board of Directors.

September 1st, 2016

CHAIRMAN OF THE BOARD OF DIRECTORS



Cristian Buşu

A handwritten signature in blue ink, consisting of stylized letters and a flourish.

Draft dated 26.07.2016

[●] 2016

THE ARTICLES OF ASSOCIATION

OF

SOCIETATEA ENERGETICĂ

ELECTRICA S.A.

**Consolidated pursuant to
the General Meeting of the Shareholders of [●] 2016**

Non-Official Translation

CHAPTER 1 NAME, LEGAL FORM, REGISTERED OFFICE, DURATION

Art. 1 Name

- (1) The name of the company is Societatea Energetică Electrica S.A. (hereinafter referred to as “**Electrica**” or the “**Company**”).

- (2) In any invoice, offer, order, tariff, prospectus and any other trading documents issued by Electrica shall be mentioned the name of the Company, its legal form, headquarters, registration number with the Trade Register, sole registration code, as well as the subscribed and paid up share capital. The previously mentioned information, with all other information required by the regulations on corporate governance, shall also be published on the website of the Company.

Art. 2 Legal form

Electrica is a Romanian legal entity, organized as a joint stock company that is managed in a one tier system and carries out its business according to the Romanian laws and these Articles of Association.

Art. 3 Registered office

- (1) The Company has its headquarters at 9 Grigore Alexandrescu Street, 1st District, Bucharest, Romania.

- (2) The Company may set-up other secondary offices without legal personality, located in other cities, in the country or abroad, which shall be organized as branches, representative offices, agencies, working points or other entities without legal status, according to the law and these Articles of Association.

Art. 4 Duration

The Company is established for an unlimited period.

CHAPTER 2 BUSINESS OBJECT

Art. 5 Business object

- (1) The main business domain of the Company is: 702 - Management and consultancy activities
- (2) The main business object of the Company is: 7022 - Business and other management consultancy activities
- (3) The Company may also carry out the following secondary activities:
 - 3514 – Trading of energy;
 - 3511 - Production of electricity
 - 1813 – Pre-printing preparation services;
 - 4329 – Other works of construction installations;
 - 4651 – Wholesale of computers, computer peripheral equipment and software;
 - 4652 – Wholesale of electronic and telecommunications equipment and parts;
 - 4618 - Agents specialised in the sale of other particular products
 - 4619 - Agents involved in the sale of a variety of goods
 - 5812 – Publishing of guides, directories and mailing lists and other similar activities;
 - 5814 – Publishing of journals and periodicals;
 - 5819 – Other editing activities;
 - 5829 – Other software editing;
 - 6110 – Wired telecommunications activities;
 - 6120 – Wireless telecommunications activities (exclusively satellite);
 - 6130 – Satellite telecommunications activities;
 - 6190 - Other telecommunications activities;
 - 6201 – Computer programming activities upon request (client-oriented software);
 - 6202 – Information technology consultancy activities;
 - 6203 – Computational resources management activities (management and exploitation);
 - 6209 – Other information technology service activities;
 - 6311 – Data processing, hosting and related activities;
 - 6312 – Web portals activities;
 - 6399 – Other informational services activities n.e.c.;
 - 6492 – Other credit granting;
 - 6820 - Renting and operating of own or leased real estate;
 - 7021 – Public relations and communication consultancy activities;
 - 7112 – Engineering activities and related technical consultancy;
 - 7120 – Technical testing and analysis;
 - 7219 – Other research and experimental development on natural sciences and engineering;
 - 7312 – Media representation services;
 - 7320 – Market research activities and public opinion polling;
 - 7420 – Photographic activities;
 - 7490 – Other professional, scientific and technical activities;

[7733 – Rental and lease activities for office equipment \(including computers\);](#)

[8211 – Combined secretarial activities;](#)

[8219 – Photocopying, documents' management and other secretary activities;](#)

8220 – Activities of call centres;

8230 – Organization of conventions and trade shows and exhibitions;

8299 – Other business support service activities n.e.c.;

8559 – Other education n.e.c.;

9101 – Library and archive activities;

9102 – Museums activities;

9511 – Repair of computers and peripheral equipment;

9512 – Repair of communication equipment.

CHAPTER 3 SHARE CAPITAL. SHARES

Art. 6 Share capital

- (1) The share capital of the Company is of RON 3,459,399,290, subscribed and fully paid in.
- (2) The structure of the share capital is as follows:
 - a. In kind contribution of RON 38,467,970 (representing plots of land and constructions); and
 - b. Cash contribution of RON 3,107,589,290 and USD 109,240,801.12 (at an exchange rate of RON 3.2205/USD 1).
- (3) The share capital is divided into 345,939,929 nominative shares with a nominal value of RON 10 each.
- (4) The share capital is held as follows:
 - a. **The Romanian State**, represented by the competent authority according to the law, holds 168,751,185 shares, having a total nominal value of RON 1,687,511,850, out of which RON 38,467,970 contribution in kind (representing plots of land and constructions), in respect of which it has been granted a total of 3,846,797 shares, representing in total 48.78% of the subscribed share capital;
 - b. **Shareholders – list type (462 legal entities)**, hold a number of 143,261,974 shares, having a total nominal value of RON 1,432,619,740, composed of cash contribution of RON 1,080,809,740 and USD 109,240,801.12 (at an exchange rate of 3.2205 RON/USD), representing 41.41% of the share capital; and
 - c. **Shareholders – list type (11,151 natural persons)**, hold a number of 33,926,770 shares, having a total nominal value of RON 339,267,700, composed of cash contribution of RON 339,267,700, representing 9.81% of the share capital.

The share capital does not include assets such as those provided by article 136, paragraph (4) of the Constitution.

Art. 7 Share capital increase and decrease

- (1) The share capital of the Company may be increased by issuing new shares or by increasing the nominal value of the existing shares, with the observance of the law and of these Articles of Association.
- (2) The share capital may be increased:
 - a. in exchange of new contributions in cash and/or in kind;
 - b. by capitalization of reserves, save for legal reserves, as well as the benefits or issue premiums;
 - c. by offsetting liquid and due receivables at the convening date of the meeting that approves the share capital increase against the Company with shares;
 - d. by other sources, according to the law.
- (3) The shareholders may exercise their preference right within a term of 1 (one) month since the resolution approving the share capital increase has been published in the Romanian Official Gazette.
- (4) The share capital of the Company may be decreased, with the observance of the law and of these Articles of Association, by:
 - a. decreasing the number of shares;
 - b. reducing the nominal value of the shares;
 - c. acquiring own shares, followed by their cancellation;
 - d. other methods provided by the law.
- (5) If the Board (as defined below) determines that, following losses as set out in the yearly financial statements approved in accordance with the law, the net assets of the Company have decreased to less than half of the value of the subscribed share capital, it must promptly convene the extraordinary general meeting of shareholders which will decide whether the Company must be dissolved. If the extraordinary general meeting of shareholders does not decide the dissolution of the Company, it must, not later than the end of the financial exercise subsequent to the one when the loss was determined, proceed with the decrease of the share capital with an amount at least equal to that of the loss which could not be covered from the reserves, if during this period the net assets of the Company were not replenished up to a level at least equal to half the share capital.
- (6) The share capital may be decreased only after two months as of the publication of the related decision of the extraordinary general meeting of shareholders in the Official Gazette, according to the legal provisions.

Art. 8 Shares

- (1) The rights and obligations deriving from the shares owned by the Romanian State are exercised by the entities nominated according to the legal provisions.
- (2) The shares of the Company are nominative shares, issued in a dematerialized form, freely transferable and negotiable and fully paid.
- (3) The shares may be converted according to the terms decided by the extraordinary general meeting of shareholders, in compliance with the legal provisions.
- (4) The shares' record shall be kept by Depozitarul Central S.A., or by any other competent entity according to the law which, upon the request of any shareholder, will issue a shareholder certificate.
- (5) The Company's shareholders may create mortgages over their shares and they may encumber them by usufruct rights according to the law.
- (6) Romanian or foreign individuals or legal entities may hold shares issued by the Company, with the observance of the Romanian law.
- (7) The shares issued in dematerialized form may be traded on a regulated market or on an alternative trading system, according to capital market legislation.

Art. 9 The depositary certificates

- (1) Depositary certificates having as underlying shares the shares issued by the Company may be issued by other entity, different from the Company.
- (2) Depositary certificates are securities which grant to the owner rights and obligations related to underlying shares based on which the depositary certificates were issued.
- (3) The depositary certificates give the rights to obtain, by way of conversion, shares within the Company. The conversion shall be made in accordance with the provisions applicable to the matter.
- (4) In addition and without prejudice to the above provisions, the right of the owners of the depositary certificates to own, in their name, shares of the Company is hereby recognised.

Art. 10 Bonds

- (1) The Company may issue bonds according to the law.

- (2) In case of bond issuances, the extraordinary general meeting of shareholders shall decide on the main terms and conditions of the bonds, including but not limited to: the maximum amount of the issuance, offer period, territoriality of the offer, type of issued bonds, the possibility of admission to trading on a regulated market or on an alternative trading system. The Board of Directors shall approve the terms and conditions of each issuance, such as: the nominal value, interest rate, maturity, terms of an early redemption or repayment of the bonds, other features of the bonds, as well as all documentation related to the bond placement.

Art. 11 Rights and obligations deriving from the shares

- (1) Each share subscribed and fully paid in by the shareholders, in accordance with the law, grants the shareholders (i) the right to one vote in the general meeting of the shareholders, (ii) the right to elect the management bodies, (iii) the right to participate to the profit distribution, as well as (iv) other rights provided by these Articles of Association and by the legal provisions.
- (2) The acquisition of the property right over a share by a person, directly or indirectly, has as effect the obtainment of the capacity of shareholder of the Company together with all rights and obligations deriving from this capacity, in accordance with the law and these Articles of Association.
- (3) The rights and obligations deriving from the shares are transferred to the new acquirers together with the shares.
- (4) When a nominative share is owned by several persons, the transfer shall be registered only if they appoint a sole representative for exercising the rights derived from the shares.
- (5) The obligations of the Company are secured by its social patrimony, and the liability of the shareholders is limited to the subscribed share capital.
- (6) The shareholder that has, in a certain operation, either personally or as representative of another person, an interest contrary to the interest of the Company, must refrain from deliberations regarding the respective operation.

Art. 12 The exercise of the rights by the holders of the depositary certificates

- (1) The rights and obligations related to the underlying shares based on which the depositary certificates were issued are exercised by the holders of the depositary certificates, proportionally to their holdings of depositary certificates and taking into account the conversion rate between underlying shares and the depositary certificates.

- (2) The issuer of the depositary certificates in the name of whom the underlying shares are registered, is the shareholder within the meaning and for the application of the Regulation no. 6/2009 regarding the exercise of certain rights of the shareholders in the general meetings of the companies. In this sense, the issuer of the depositary certificates is fully responsible for informing the holders of the depositary certificates in a correct, complete and timely manner, observing the provisions of the issuance documents of the depositary certificates, about the documents and the informative materials related to a general meeting of shareholders, as made available by the Company to the shareholders.
- (3) In order to exercise its rights and obligations related to a general meeting of shareholders, a holder of depositary certificates will send to the entity where it has opened its account for depositary certificates the voting instructions for the topics on the agenda of the general meeting of the shareholders, so that the respective information is sent to the issuer of the depositary certificates.
- (4) The issuer of the depositary certificates votes in the general meeting of the shareholders of the Company in accordance with and within the limits of the instructions of the holders of the depositary certificate which have this quality at the reference date.
- (5) The issuer of the depositary certificates may cast different votes for certain underlying shares in the general meeting of the shareholders than those expressed for other underlying shares.
- (6) The issuer of the depositary certificates is fully responsible for taking all necessary measures, so that the entity which keeps the records of the holders of the depositary certificates, the intermediaries involved in the custody services for holders of the depositary certificates on the market where the depositary certificates are traded and/or any other entities involved in recording the holders of the depositary certificates, to send the voting instructions of the holders of the depositary certificates related to the topics on the agenda of the general meeting of the shareholders.
- (7) Any reference date for the identification of the shareholders which have the right to take part and to vote in the general meeting of the shareholders of the Company and any registration date for the identification of the shareholders which have rights deriving from its shares, as well as any other similar date set by the Company related to any corporate events of the Company will be established in accordance with the applicable legal provisions and with a prior notice sent with at least 15 free calendar days (in Romanian, *zile calendaristice libere*), to the issuer of the depositary certificates, in the name of which the underlying shares are registered based on which the depositary certificates mentioned above are issued. The reference date will be prior with at least 15 working days to the deadline for submitting the power of attorney related to the vote.

Art. 13 Transfer of shares

- (1) The shares are indivisible. The Company shall recognize a sole owner per each share, subject to the provisions of article 11 paragraph (4) above.
- (2) The partial or total transfer of shares between the shareholders or to third parties shall be carried out according to the terms and procedure provided by the applicable legal provisions, including the capital markets legislation.

CHAPTER 4 THE GENERAL MEETING OF THE SHAREHOLDERS

Art. 14 Duties of the general meeting of the shareholders

- (1) The general meeting of the shareholders is the governing body of the Company.
- (2) The general meetings of the shareholders are ordinary and extraordinary.
- (3) **The ordinary general meeting of the shareholders** shall have the following main duties:
 - a. to appoint and revoke the members of the Board and establish the level of their remuneration and other rights according to the legal provisions;
 - b. to establish the income and expenses budget, to set out the activity schedule;
 - c. to establish the income and expenses budget consolidated at the group level;
 - d. to discuss, approve or amend the annual financial statements according to the reports submitted by the Board and the financial auditors;
 - e. to approve the profit distribution according to the law and to establish the dividend;
 - f. to decide on the management activity of the directors and on the discharge of liability, in accordance with the law;
 - g. to decide to file legal actions against the directors, managers as well as financial auditors for damages they caused to the Company by breaching their obligations towards the Company;
 - h. to decide on mortgaging or leasing or closing of one or more units of the company;
 - i. to appoint and revokes the financial auditor and to set the minimum term of the financial audit contract; and
 - j. to carry out any other duties set out by the law.
- (4) **The extraordinary general meeting of the shareholders** shall decide on the following:
 - a. withdrawal of the preference right of shareholders upon subscription of new shares issued by the Company;
 - b. contracting any type of loans, debts or obligations representing a loan, as well as creating real or personal security related to these loans, in each case in accordance with the competence limits provided in Annex 1 to these Articles of Association;

- c. operations regarding the acquisition, alienation, exchange or creation of encumbrances over fixed assets of the Company whose value exceeds, individually or cumulated, during any financial year, 20% of the total fixed assets, less receivables, and leases of tangible assets for periods longer than one year, whose individual or cumulated value towards the same co-contractor or involved persons or with whom it acts in concert exceeds 20% of the fixed assets value, less receivables at the time of entering in the relevant operation, as well as joint ventures in excess of the same value and with a duration of over one year;
- d. approving investment projects in which the Company will be involved in accordance with the competence limits provided in Annex 1 to these Articles of Association, other than the ones provided in the annual investment plan of the Company;
- e. approving the issuance and admission to trading on a regulated market or on an alternative trading system of shares, depositary certificates, allotment rights or other similar financial instruments; approving the competencies delegated to the Board;
- f. changing the legal form;
- g. relocation of the registered office;
- h. changing the main or secondary business objects;
- i. increasing the share capital, as well as decreasing or the replenishment of the share capital by issuing new shares, according to the law;
- j. the merger and the spin-off;
- k. the dissolution of the Company;
- l. carrying out any bond issuance, as per the provisions of art. 10 of the Articles of Association, or conversion of a category of bonds in a different category or in shares;
- m. approving the conversion of preferential and nominative shares from one category to another, according to the law;
- n. any other amendment to the Articles of Association;
- o. the establishment or dissolution of secondary offices: branches, agencies, representative offices, working points or other similar units without legal status, according to the legal provisions;
- p. participation in the establishment of new legal persons;
- q. approval of the eligibility and independence criteria with respect to the Board members;
- r. approval of the corporate governance strategy of the Company, including the corporate governance action plan;
- s. donations within the limits of the competence provided in Appendix 1 to these Articles of Association; and
- t. approves granting of intragroup loans with a value of more than EUR 50 Million per operation;
- u. any other decision that requires the approval of the extraordinary general meeting of the shareholders.

Art. 15 Convening the general meeting of the shareholders

- (1) The general meeting of the shareholders is convened by the Board according to the legal provisions.
- (2) The Board shall promptly convene the general meeting of the shareholders upon the request of shareholders representing, individually or cumulatively, at least 5% of the share capital. In this case, the general meeting of the shareholders shall be convened within no more than 30 days and shall gather within no more than 60 days from the date of receiving the request.
- (3) In case the Board does not convene the general meeting of the shareholders according to paragraph (2) above, the shareholders that requested the convening may claim in court the authorisation to convene the general meeting of the shareholders, as well as (i) the approval of the agenda, (ii) the establishment of the reference date, of the date and place for the gathering of the general meeting of the shareholders and (iii) the appointment of the shareholder to preside the meeting.
- (4) Shareholders individually or cumulatively representing at least 5% of the share capital are entitled to insert new topics on the agenda of the general meeting of the shareholders and to present draft decisions for the topics inserted or proposed to be inserted on the agenda of the general meeting of the shareholders. This right may be exercised only in writing (including by electronic means) and within a 15-day term since the publication of the convening notice.
- (5) The ordinary general meetings of shareholders take place at least once a year, within maximum 4 (four) months from the end of the financial year, in order to analyse the balance sheet and profit and loss account for the previous year and to analyse the annual report of the Board;
- (6) The extraordinary general meetings of shareholders shall be convened as many times as necessary, according to the legal provisions in force and to the provisions of these Articles of Association.
- (7) The general meeting of the shareholders shall be convened at least 30 days before the scheduled date, by registered letter, by electronic means or other means provided by law. The 30-day term is not applicable to the second and third convening of the general meeting of the shareholders caused by insufficient quorum with the respect of the following conditions: (i) the provisions regarding convening were respected on the first convening, (ii) no new points were added on the agenda and (iii) at least 10 days must pass between the final convening and the date of the general meeting of the shareholders.
- (8) The convening notice shall contain at least the name of the Company, the place, date and hour of the general meeting of the shareholders, the reference date and the agenda, which should explicitly mention all the matters to be debated and a clear and precise description of the procedures that the shareholders must meet in order to participate and vote within the

general meeting of the shareholders, and all mandatory elements provided by the applicable law.

- (9) When the agenda contains proposals for amending the Articles of Association, the convening notice must contain the full text of the proposed amendments.
- (10) The general meeting of the shareholders gathers at the headquarters of the Company or in any other place indicated in the convening notice.

Art. 16 Organization of the general meeting of the shareholders

- (1) For the validity of the deliberations of the ordinary general meeting of the shareholders gathered at the first call, shareholders representing at least one quarter (1/4) of the total number of voting rights must attend the meeting. The ordinary general meeting of the shareholders will adopt decisions with the majority of the votes casted by the shareholders present or validly represented in the meeting.
- (2) In case the quorum provided in point (1) is not duly met, at the second call, the ordinary general meeting of the shareholders may decide on the items on the agenda of the first meeting irrespective of the quorum, taking decisions with the majority of the votes casted by the shareholders present or validly represented in the meeting.
- (3) For the valid deliberations of the extraordinary general meeting of the shareholders, the following are necessary:
 - a. at the first convening, the presence of shareholders representing one quarter (1/4) of the total number of voting rights, and decisions must be taken with the majority of the votes held by the shareholders present or validly represented in the meeting, except for (A) the attributions provided in art. 14 (4), letters (d), (n), (q), (r) and (s), in which case the decisions will be taken with the favourable vote of at least 55% of the total number of voting rights, and (B) the attributions provided in art. 14 (4) (f) (h) in what concerns the main business object, (i), (j) and (k), in which case the decision will be adopted with a majority of at least two thirds (2/3) of the voting rights held by the shareholders present or validly represented in the meeting, but not less than 55% of the total voting rights. In case the quorum provided at this point (3) (a) of the current article is not duly met, the meeting shall be adjourned to another day at a time and place established in accordance with the legal provisions;
 - b. at the second and subsequent convening, the extraordinary general meeting of the shareholders can deliberate with respect to the items on the agenda of the first meeting in the presence of the shareholders holding one fifth (1/5) of the total number of voting rights and can adopt decisions with the majority of the votes held by the shareholders present or validly represented in the meeting, except for the (A) attributes provided in art. 14 (4) letters (d), (n), (q), (r) and (s), situation in which the decisions shall be taken with the favourable vote of at least 55% of the total number

of voting rights and (B) attributes provided in art. 14 (4) points (f), (h) regarding the main business object, (i), (j) and (k), in which case the decision will be adopted with at least two thirds (2/3) of the voting rights held by shareholders present or validly represented in the meeting, but not less than 55% of the total voting rights.

- (4) By way of exception from the provisions mentioned under paragraph (3) above, in case of any decisions regarding the withdrawal of the preference right of shareholders to subscribe for new shares in a share capital increase, the general meeting of the shareholders must vote with the observance of the relevant legal provisions regarding the quorum of the general meeting of the shareholders and the voting majority, as provided in the capital markets legislation.
- (5) To calculate the quorum in the general meeting of the shareholders only the underlying shares for which the issuer of the depositary certificates votes in the general meeting of the shareholders, including the option for abstention vote, in accordance with the instructions received from the holders of the depositary certificates, will be taken into account. The issuer of the depositary certificates will communicate to the Company, at the moment at the calculation of the quorum in the general meeting of the shareholders, the percent of the voting rights related to the underlying shares for which it will express its vote in the general meeting of the shareholders.
- (6) On the day and at the hour mentioned in the convening notice, the general meeting of the shareholders shall be opened by the Chairman or, in his/her absence, by a director empowered by the Chairman for this purpose. In case the minimum quorum for the first summoning is not met within 30 minutes after the time indicated in the published convening notice, the meeting will gather on the date of the second summoning at the hour, location and having the agenda indicated in the published convening notice.
- (7) Out of the present shareholders, the general meeting of the shareholders shall elect a secretary who shall check the list of presence of the shareholders, indicating the share capital represented by each. The Chairman may appoint, among the Company's employees, one or more technical secretaries to carry out the related duties according to the legal provisions. The minutes ascertaining the number of the shares submitted and the fulfilment of all formalities required by the law and by the Articles of Association to hold the general meeting of the shareholders will be drafted by the technical secretary.
- (8) The minutes shall be signed by the secretary and by the Chairman and ascertains the fulfilment of the convening formalities, the formalities for applying the cumulative voting method (if the case), the date and place of the general meeting of the shareholders, the number of present shareholders, the number of shares, the number of votes that were expressed and their allocation, the summary of the debates, the decisions taken and, at the request of the shareholders, the statements they have made during the meeting.

- (9) The minutes of the general meetings of shareholders shall be kept in a general meeting of shareholders register.
- (10) The convening documents, the shareholder attendance list as well as, as the case may be, other documents provided by the law, must be attached to each minutes.
- (11) The access of shareholders or their proxies entitled to participate at the general meeting of the shareholders shall be permitted by providing evidence of their identity, by the methods provided by law. The Board may refuse access to any meeting to any person who fails to provide such evidence of identity.
- (12) The Chairman shall take such measures or give directions as it might be necessary to promote the orderly conduct of the meeting as laid down in the convening notice of the meeting, including adjourning the meeting at any time if it is necessary to secure the proper and orderly conduct of the meeting, provided that the present/represented shareholders confirm/approve this decision. The Chairman's decision on matters of procedure or arising incidentally from the meeting shall be final as shall be his determination as to whether any matter is of such a nature, provided that the present/represented shareholders confirm/approve this decision.
- (13) Shareholders' participation to the general meeting of the shareholders is made in person or by representative according to the legal provisions. Shareholders may also be represented by other persons than shareholders. The special powers of attorney and the general power of attorney, upon its first use, will be submitted at the Company's headquarters or will be transmitted to the Company to be registered at the Company's registration office with at least 2 (two) working days prior to the date of the meeting at its first convening.
- (14) Shareholders may appoint or revoke their representatives including by electronic means, according to the applicable legal provisions.
- (15) In the situation in which the Company's management has the obligation, in accordance with the law or these Articles of Association, to inform the shareholders about certain measures or actions undertaken, such information is included on the agenda of the general meeting of the shareholders and is not subject to the shareholders' vote.
- (16) Each shareholder may address questions in writing to the Board regarding the Company's activity, before the date of the general meeting of the shareholders. The Board shall respond during the meeting. A response is considered to be given if the relevant information is available on Company's website, under the "Frequent questions" section. The Company may formulate a general response to questions having the same content.

Art. 17 Exercising the voting right at the general meeting of the shareholders

- (1) The decisions of the general meeting of the shareholders are taken by open vote.

- (2) Decisions may be taken according to the terms and majority provided by law and these Articles of Association for ordinary or extraordinary general meetings of shareholders.
- (3) Shareholders may vote by correspondence before the general meeting of the shareholders according to the procedure provided to the shareholders in the convening notice.
- (4) The secret vote is mandatory when appointing or revoking the members of the Board, when appointing, revoking or dismissing the internal auditors and when making decisions regarding the liability of the members of the Company's management and control bodies.
- (5) In order to be enforceable against third parties, the decisions of the general meeting of the shareholders shall be submitted to the Trade Register within 15 days, in order to be mentioned in the excerpt in the register and published in the Romanian Official Gazette. The vote results shall be published on the Company's webpage within maximum 15 days from the date of the general meeting. Upon the request of the general meeting of the shareholders, other documents may also be published on the webpage, according to the legal provisions.
- (6) The conditions regarding the publicity of the general meeting of the shareholders apply correspondingly to the decisions of the Board in the matters delegated by the general meeting of the shareholders.
- (7) The decisions taken by the general meetings of shareholders according to the law and these Articles of Association are mandatory even for the shareholders who were not present at the meeting or who voted against.
- (8) The shareholders who do not agree with the decisions taken by the general meetings of shareholders regarding the change of the main business object, relocation of the registered office abroad, changing the Company's legal form, the merger or spin-off of the Company, have the right to withdraw from the Company and to request the Company to purchase their shares, within 30 days from the publication of the decision of the general meeting of the shareholders in the Official Gazette, except for the decision related to merger and spin-off, in which case the term starts as of the date the decision was taken by the general meeting of the shareholders.

CHAPTER 5 THE BOARD AND THE MANAGEMENT OF THE COMPANY

Art. 18 Organization of the Board

- (1) The Company's management is organized in one-tier (unitary) system, respectively as a board of directors formed of 7 (seven) non-executive directors (the "**Board**"). At least 4 (four) directors must be independent.

- (2) The Romanian State, represented by the competent authority according to the law, will not be able to propose more than 3 (three) candidates for the positions of directors, members of the Board. The candidates for the other 4 (four) positions of directors will mandatorily be independent and will be proposed by the other shareholders. Also, all the independent candidates shall comply with eligibility and independence criteria acceptable to the Company's shareholders, including, at least the following mandatory eligibility and independence criteria, arising from the best international practices in the field:
- a. the candidate must not be a manager of the Company or any company controlled by it and must not have had such a position in the last 5 (five) years;
 - b. the candidate must not have been an employee of the Company or of any company controlled by it or must not have had any such employment relationship in the last 5 (five) years;
 - c. the candidate must not receive or have received from the Company or from any company controlled by it, a supplementary remuneration or any other advantages, other than the ones corresponding to his position of non-executive director;
 - d. the candidate must not be a significant shareholder of the Company; is not and has not been an employee or a representative of a significant shareholder of the Company, does not have or has not had any contractual relationship, during the previous financial year, with a significant shareholder of the Company, (significant more than 10% of voting rights) or with another company controlled by the respective shareholder;
 - e. the candidate must not have or have had, in the last year, business relationships with the Company or with a company controlled by it, either personally, or as shareholder, director, manager or employee of a company which has such relationships with the Company, if, through their material nature, they may affect the candidate's objectiveness;
 - f. the candidate must not be or have been in the last 3 (three) years financial auditor, shareholder or employee of the current financial auditor of the Company or of any company controlled by it;
 - g. the candidate must not be a manager in any other company in which a manager of the Company is non-executive director;
 - h. the candidate must not have been a non-executive director of the Company for more than 2 (two) full mandates (i.e. 8 years);
 - i. the candidate must not have any family relationships with a person falling under the situations provided in letters a) and d);
 - j. in the last 5 (five) years, the candidate has not occupied in Romania a management or controlling (i.e. inspection) position in a central or local state authority or has not been a statutory director, a manager or an employee with management prerogatives of a company active on the Romanian territory in the field of electricity distribution, electricity supply, electricity trading or construction, maintenance and design of electricity capacities;
 - k. the candidate shall fulfil the appropriate integrity, expertise and qualifications criteria.

- (3) The Board meetings will be validly held in the presence of at least 5 (five) members out of whom 3 (three) members will mandatorily be independent members.
- (4) The Board decisions will be taken by the majority of votes of the attending or represented members. In case of parity of votes, the respective decision is rejected.
- (5) The decisions relating to the appointment of the Chairman are taken by the majority of the votes of the Board members.
- (6) The decisions relating to the revocation of the Chairman are taken by the majority of the votes of the Board members. In this specific case, the Chairman does not have the right to vote.
- (7) The Board members may be appointed by the method of cumulative voting as per the applicable legal provisions.
- (8) The Board is appointed for a period of 4 (four) years. It may be revoked by the general meeting of the shareholders of the Company.
- (9) In case of vacancy of one or more director positions, whenever the Board cannot function and fulfil its duties in accordance with the applicable legal provisions and these Articles of Association, the Board shall immediately convene the general ordinary meeting of the shareholders having on the agenda the filling of the vacant position(s) of director. The Board may appoint a temporary director for the period until the general ordinary meeting of the shareholders having on the agenda the filling of the vacant position(s) of director. The term of office for which the new director is elected by the general meeting of the shareholders is equal to the period until the expiry of the predecessor's term of office.
- (10) A director's mandate will be terminated:
 - a. by the general meeting of the shareholders revoking the mandate;
 - b. by the director's decease;
 - c. by resignation for grounds which may not be attributed to the director, based on a written notification delivered to the Chairman at the Company's headquarters;
 - d. the person in question is no longer a director by virtue of any provision of these Articles of Association or if there are legal prohibitions hindering the director to further occupy such position (any circumstance causing a vacancy longer than or equal to 90 calendar consecutive days, rendering the director unable to perform his/her duties, in person or through a representative, including, but without limitation to, arrest, imprisonment as result of a court decision, cancelation of the decision of the general meeting of the shareholders for appointing the respective director;
 - e. in case the director is a legal entity, if it becomes bankrupt or conducts legal procedures outside the court or concludes an arrangement for restructuring,

- rescheduling, or for being exempted from performing its obligations with its creditors (including by carrying out preventive concordat procedures or an ad-hoc mandate);
- f. if he/she is absent and does not mandate any other director for the meeting, for more than 3 (three) meetings of the Board in the course of a financial year or if he/she is absent (irrespective of whether or not he/she empowers another director to attend the meeting), from more than 6 (six) Board meetings during one financial year.
- (11) The Board meets 4 (four) times per year, or whenever necessary, as convened by the Chairman. The Board is also convened upon the motivated request of at least 2 (two) members of the Board or by the General Manager, in which case the Chairman is bound to comply with such request.
- (12) The Board carries out its activity based on its own regulation and the legal provisions in force.
- (13) The directors act with loyalty, in the Company's interest. They will not disclose confidential information and trading secrets of the Company, to which they have access in their capacity as directors.
- (14) The Board elects a chairman from among its members (the "**Chairman**"). The Chairman coordinates the board's activity and reports in the name of the Board in this respect to the general meeting of the shareholders, in accordance with the law. If the Chairman is unable to temporarily perform his/her duties, during the period in which he/she is unable to act, the Board may entrust another director to act as Chairman. For facilitating its decision-making process, the Board may decide to create one or more vice-chairman positions.
- (15) The works of the Board meetings and of the consultative committees of the Board will be prepared by a secretarial structure organized within the Company, formed by employees of the Company, which will have as duties, amongst others, granting the fully necessary support for carrying out the Board's meetings and of the consultative committees of the Board. The head of the internal structure will act as secretary of the meeting during the Board's meetings and of the consultative committees of the Board, save for the case in which it appoints another person to act in his/her place. This secretarial structure will be organized and will function as per the provisions of the organization and operation regulations of the Board, of the consultative committees of the Board, and, respectively, of the internal regulations, in accordance with the best practices.
- (16) During their mandates, the directors may not conclude employment agreements with the Company. In case directors were appointed out of the Company's employees, the individual employment agreement will be suspended for the duration of the mandate.
- (17) The convening notice for the Board shall contain the place, the date, the hour of the meeting and the agenda, and shall be sent along with the meeting documentation, to the Board members at least 7 (seven) days before the meeting is held.

- (18) Any documents to be discussed during the Board meeting or required for holding/carrying out the Board meeting need to be provided to the Board in original or in copy at the Company's headquarters at least 7 (seven) days prior to holding the meeting.
- (19) The Board members may be represented in a Board meeting by the other members of the Board. A present member may only represent a sole absent member.
- (20) If technically available, any Board member may validly participate in a meeting of the Board or a committee of the Board through a teleconference, videoconference or any other form of communications equipment, provided that all persons participating in the meeting are identifiable, they may effectively participate in the meeting of the Board and the equipment ensures the continuous broadcasting of the meeting.
- (21) The person participating through teleconference, videoconference or any other form of communications equipment complying with the requirements provided by the paragraph above will be deemed present in person at the meeting in question and will be taken into account upon determining the quorum, having the right to vote.
- (22) The debates are audio recorded and, as the case may be, video recorded, and are registered in the minutes of the meeting. The minutes will comprise the participants' names, the agenda and the order of the deliberations, the taken decisions, the number of casted votes and the dissenting opinions and indicating the person having requested the registration, other matters / information it believes are noteworthy. The minutes will be signed by the Chairman, by a director that attended the meeting and by the secretary of the meeting. The secretary drafts the decision of the Board based on the minutes.
- (23) A written decision signed at distance or electronically confirmed by all members of the Board, will be valid and will produce effects in all cases just as a decision validly passed during a Board's meeting (or, as the case may be, a committee). The approval of decisions in this manner is permitted only in exceptional cases, justified by urgent situations and if in the interest of the Company. Such a decision may consist of several documents or electronic communications in the same form each signed by one or several members of the Board or by members of the relevant committee.
- (24) The Board delegates the Company's management to one or more managers, appointing one of them general manager (the "**General Manager**"). The position of General Manager may not be held by one of the directors.
- (25) At the Board meetings the following may be convened (i) managers (including the General Manager), (ii) internal auditors, (iii) specialists in various fields, depending on the matters subject to debate and/or (iv) representatives of trade union organizations, as stipulated by the law and by the collective employment agreement concluded at the level of the unit, in case the matters subject to discussion are focused on issues of professional economic, social

or cultural interest. All these categories of invitees participate to the meeting without having the right to vote.

- (26) In relation to third parties and before the courts of justice the Company shall be represented by the General Manager, in accordance with the management prerogatives delegated to him/her by the Board, the latter being in charge of representing the Company in relation to managers.
- (27) By way of exception from article 18 paragraph (26) of these Articles of Association, for the accomplishment of the duties of the Board, the Company may contract, based on the decision of the Board, services carried out by third parties. In relation with the third parties contracted based on the decision of the Board, the Company shall be represented by the General Manager or by any other person nominated in the decision of the Board who can legally represent the Company.
- (28) The Company's management must provide the shareholders and the auditor with the documents and information in accordance with the applicable legal provisions.
- (29) Each member of the Board must expressly accept such capacity and must subscribe an insurance policy for professional liability. The premium of the insurance for professional liability premium shall be borne by the Company.
- (30) The members of the Board are jointly or severally liable, as the case may be, towards the Company for the damages resulted from criminal offences, from breaches of the legal provisions or of the Articles of Association or for management errors.
- (31) Persons who are incompatible according to the Companies Law no. 31/1990, republished, as subsequently amended and supplemented, may not be members of the Board or managers of the Company.
- (32) The Board may set-up consultative committees.
- (33) The Company is prohibited from granting loans to its directors according to the legal provisions.

Art. 19 Duties of the Board, Consultative committees, Managers and General Manager.

A. Duties of the Board

- (1) The Board shall have mainly the following duties:

- a. approves the proposals regarding the global strategy including but not limited to Company's development and restructuring ;
- b. approves the organisational chart and the organisation and functioning regulation of the Company;
- c. approves the level of professional liability insurance for the General Manager and the other managers to whom the management of the Company was delegated;
- d. decides the main directions of the Company's activity and development;
- e. decides the accounting policies and the financial control system and approves financial planning;
- f. appoints and revokes the managers, including the General Manager, and establishes their remuneration;
- g. supervises the managers' activity and represents the Company with respect to the managers;
- h. submits the application for the opening of the Company's insolvency proceedings, according to the law;
- i. if the case, exercises the duties delegated by the extraordinary general meeting of the shareholders, in accordance with the law;
- j. concludes legal acts in the name and on behalf of the Company through which to acquire assets for the Company, to dispose of, lease, change or create encumbrances over the assets in the Company's patrimony, with the approval of the general meeting of the shareholders, when the law or these Articles of Association impose such condition;
- k. approves the delegation of duties to managers (including the General Manager) for the fulfilment of its operations;
- l. submits to the general meeting of the shareholders for approval, within a maximum of 120 days from the end of the financial year, the Company's activity report, the balance sheet and profit and loss statement for the previous financial year;
- m. makes recommendations to the shareholders in relation to the distribution of the profit;
- n. endorses the draft activity program and the draft of the Company's budget and submits them to the general meeting of the shareholders for approval within the period provided in letter l);
- o. convenes the general meeting of the shareholders whenever necessary, according to the legal provisions;
- p. approves the organization and functioning regulation of the Board and of its committees;
- q. empowers the General Manager to negotiate the collective labour agreement;
- r. decides the duties and the level of contracting bank loans, commercial loans and approves the deliverance of the encumbrances related to these loans, in accordance with the competence limits for which a decision of the general meeting of the shareholders is required, as per Annex 1 to these Articles of Association;
- s. approves the granting of intragroup loans with a value lower than or equal to EUR 50 Million per operation;

- t. establishes and approves changes in the income and expenses budget's structure approved by the general meeting of the shareholders, within the limits for which the Board was mandated;
 - u. establishes and approves the level of remuneration of the Board's secretary;
 - v. approves the annual consolidated investment plan at a group level (CAPEX plan);
 - w. fulfils any other duties established by the general meeting of the shareholders or provided by the legal provisions.
- (2) The Board is obliged to submit to the territorial unit of the Ministry of Public Finance within the legal term hard copies and electronic copies (or just electronic copies) of the financial statements, along with the financial auditors' reports and the minutes of the general meeting, in accordance with the law. The Board must also publish in the Official Gazette an announcement confirming the submission of the financial statements.
- (3) The following duties of the Board cannot be delegated to the Company's managers:
- a. deciding the main directions of the Company's activity and development and risk management principles;
 - b. deciding the accounting policy and financial control system and approving the financial planning;
 - c. appointing and revoking the managers and deciding their remuneration;
 - d. supervising the activity of the managers mentioned in letter c);
 - e. preparing the annual report, organising the general meeting of the shareholders and implementing its decisions;
 - f. submitting the application for the opening of the Company's insolvency proceedings, according to the law;
 - g. duties assigned to the Board by the general meeting of the shareholders.

B. The consultative committees

- (4) The nomination and remuneration committee and the audit and risk committee are established within the Board. The Board may establish other committees, according to the law.
- (5) Inter alia, the nomination and remuneration committee: (i) drafts and submits for the Board's approval the profile and the selection procedure regarding candidates for directors, managers, as well as for other management positions, (ii) assesses the compliance of the candidates for the position of directors with the Company's profile, including with the independency and eligibility criteria, (iii) proposes and recommends candidates for the foregoing listed positions to the general meeting of the shareholders (in case of Board members) and to the Board (in case of managers), and (iv) makes proposals regarding the remuneration of directors, managers and other management positions.

- (6) The audit and risk committee has, *inter alia*, the following duties: (i) to monitor the financial reporting process; (ii) to monitor the efficiency of the internal audit and control or, as the case may be, risk management systems within the Company; (iii) to monitor the statutory audit of yearly financial statements and yearly consolidated financial statements; (iv) to review and monitor the independence of the financial auditor and, especially, the performance of additional services to the Company.
- (7) The audit and risk committee must review all the documents and the operations provided by article 14 paragraph (4) b), c) and d) and to make available to the Board a detailed recommendation related to, *inter alia*, the necessity, the opportunity, the potential risks and benefits related to these operations.
- (8) If the audit and risk committee unanimously decides over the recommendation related to the aspects mentioned in paragraph (7) and the Board, in the documents provided to the general meeting of the shareholders, takes a decision contrary to the recommendation of the audit and risk committee, the decision of the Board shall contain a detailed description of the reason why a contrary decision was taken.
- (9) The consultative committees comprise at least 3 (three) Board members. The majority of the members of the audit and risk committee and the nomination and remuneration committee must be represented by independent directors. In addition, at least one member of the audit and risk committee must hold relevant experience in accounting and/or financial audit.
- (10) The decisions of the committees shall be taken with the absolute majority of their members.
- (11) The committees submit reports regarding their activity to the Board regularly or upon request.
- (12) The consultative committees function in accordance with the organisation and functioning regulation of the relevant committee, approved by the Board, and with these Articles of Association.

C. The Managers of the Company

- (13) The duties of the managers of the Company are established by the agreements under which the managers are performing their duties within the Company, the internal organisation and functioning regulation of the Company and by the legal provisions in force.
- (14) The managers are only the persons to whom management responsibilities were delegated by the Board. Any other person, irrespective of the technical name of the position within the Company, is excluded from the application of the norms regarding managers of joint stock companies.

- (15) The managers may sub-delegate their responsibilities, for specific acts, through the General Manager's and the manager's joint decision, subject to the prior approval of the Board.
- (16) The organisation of the managers' activity is decided by the Board and is regulated by the organisation and functioning regulation of the Company.
- (17) The managers shall inform the Board in connection to all the irregularities found when carrying out their duties.
- (18) In the absence of the prior approval of the Board, the managers may not be managers, directors, internal auditors or partners with unlimited liability, or any other equivalent position, in other competing companies or having the same business object, and they cannot carry out the same trade or another competitive one, on their own account or on another person's account, subject to revocation and liability for damages.
- (19) The managers are liable for not fulfilling their obligations and must inform the Board on a regular basis regarding the manner in which they carried out their activity and fulfilled their duties. They may be revoked by the Board at any time.
- (20) The managers shall be registered with the Trade Register based on the decision of the Board, which shall be published in the Official Gazette.
- (21) The managers are responsible for taking all the measures according to the limits of the Company's business object and based on the duties delegated by the Board and the general meeting of the shareholders, according to the legal provisions.

D. The General Manager

- (22) The duties of the General Manager are established by the agreements under which the General Manager is performing his/her duties within the Company, the internal regulations of the Company and according to the legal provisions in force.
- (23) For the fulfilment of his/her mandate, the General Manager may be held liable in accordance with the Companies Law no. 31/1990, republished, as subsequently amended and supplemented, as well as with the provisions of the Romanian Civil Code regarding the mandate agreement.
- (24) The General Manager will carry out his/her duties with the prudence and diligence of a good manager, with loyalty and in the best interest of the Company. The General Manager is not allowed to disclose any confidential information.
- (25) The General Manager shall have mainly the following duties:
 - a. represents the Company towards third parties; the General Manager may sub-delegate

the representation and decision rights, for specific acts, by his/her decision, subject to the prior approval of the Board; however, in case of article 20 paragraph (2) of these Articles of Association, the General Manager may sub-delegate his/her representation powers without the prior approval of the Board;

- b. applies the strategy and the development policies of the Company, as established by the Board;
- c. notifies the Board about all irregularities identified during the fulfilment of his/her duties;
- d. hires, promotes and dismisses the employed personnel in accordance with the law, including the managers employed with individual labour agreement, others than the managers to which the Board has delegated management duties, and coordinates and supervises the activity of all managers of the Company;
- e. negotiates, in accordance with the law, the individual labour agreement of the Company's personnel;
- f. concludes legal acts in the name and on behalf of the Company, within the limits of the empowerments granted by the Board;
- g. submits for prior approval of the Board any transaction with the members of the Board, or with the managers, employees, shareholders controlling the Company or a company controlled by them, if it has, individually or in a series of transactions, a value higher than or equal to the equivalent in RON of EUR 50,000. In order to decide on the transaction, the Board may request that an independent expertise be made, in order to examine if the transaction is in line with the same type of transactions that are carried out on the relevant market;
- h. fulfils any operations and/or projects which the Board or the general meeting of the shareholders delegated to the General Manager.
- i. at least once every 3 (three) months, drafts and provides to the Board a written report related to the Company's management (and also related to the fulfilment of his/her mandate), the activity of the Company (significant changes in business status and in the external aspects that could affect the performance of the Company) and the possible evolution of the Company (and the strategic perspectives of the Company). Upon the request of a Board member, the General Manager shall provide the relevant information related to the management of the Company.

CHAPTER 6 THE SUBSIDIARIES OF THE COMPANY

Art. 20 Competencies

- (1) As regards the Company's casting its vote in the subsidiaries' general meetings of shareholders (both ordinary and extraordinary), the following bodies of the Company will be competent to decide:
 - A. The extraordinary general meeting of the shareholders of the Company with respect to the following:

- a. withdrawing of the preference right of the shareholders to subscribe for shares newly issued by the subsidiaries;
 - b. the issuing and admission to trading on a regulated market or on an alternative system for trading shares, certificates of deposit, allotment rights or other similar financial instruments;
 - c. changing the subsidiaries' legal form;
 - d. changing the subsidiaries' main business object;
 - e. share assignments;
 - f. merger, spin-off;
 - g. dissolving the subsidiaries;
 - h. carrying out any issuance of bonds or changing the category of bonds into another category or into shares; and
 - i. the conversion of preferential and nominative shares from one category into another, and also the conversion of shares in dematerialized form into shares in materialized form, according to the law.
 - j. contracting by the subsidiaries of any bank loans from local and foreign markets or commercial credits, irrespective of their duration, if their amount exceeds, individually or cumulatively, during a financial year, half of the book value of the assets of the subsidiary at signing date and of the related collaterals;
 - k. approving investment projects to which the subsidiaries will participate and which will trigger expenses / contributions higher than EUR 25 million (at the exchange rate RON / EUR valid at the date of convening) for each project, except the above mentioned of which approval is infringing the legal provisions on separating the distribution activities from other activities that are not related to distribution (i.e. unbundling), under which, inter alia, the parent company cannot give any instructions regarding the activity of distribution, if any, and / or take any individual decision regarding the construction or rehabilitation of power distribution capacity, as appropriate.
 - l. the approval of the subsidiaries' global strategy, including but not limited to their development and restructuring;
- B. The Board with respect to all the other decisions that need to be taken in the subsidiaries' general meeting of the shareholders and which have not been mentioned as pertaining to the extraordinary general meeting of the shareholders of the Company in paragraph A. above, including, but without limitation to, the following:
- a. establishing the subsidiaries' incomes and expenditures budget;
 - b. discussing, approving or amending the subsidiaries' annual financial statements, relying on the reports presented by their board of directors and by the financial auditor;
 - c. approving the distribution of the subsidiaries' profits according to the law and establishing the dividend;
 - d. increasing the share capital, as well as decreasing or replenishing the share

- capital by issuing new shares, according to the law;
- e. approving the subsidiaries' general indebtedness limits;
 - f. approving the subsidiaries' annual financial plan with respect to investments (e.g. individual CAPEX plan for each subsidiary), with the observance of the annual consolidated investments plan at a group level (consolidated CAPEX plan);
 - g. appointing and revoking the members of the board of directors of each subsidiary and establishing the remuneration to which such directors are entitled, the general limits of additional remunerations of directors and managers, the level of the professional liability insurance for the directors and other rights according to the law;
 - h. deciding upon the management carried out by the subsidiaries' directors, assessing their performance and discharging them of liability, according to the law;
 - i. deciding upon filing legal actions in tort against directors, managers and financial auditors of subsidiaries, for losses they caused to the companies by breaching their duties towards the companies in question;
 - j. deciding upon mortgaging or leasing or dissolving some units of the subsidiaries;
 - k. approving the investment projects in which the subsidiaries will participate and which will imply costs/contributions in value lower than or equal to EUR 25 million (at the exchange rate RON/EUR valid on the date of convening) for each project; except the projects which approval is infringing the legal provisions on separating the distribution activities from other activities that are not related to distribution (i.e. unbundling), under which, inter alia, the parent company cannot give any instructions regarding the activity of distribution, if any, and / or take any individual decision regarding the construction or rehabilitation of power distribution capacity, as appropriate;
 - l. approving any other amendment of the articles of association (i.e. change of the secondary business object, change of headquarter) or of any other topics, which is not in the competency of the extraordinary general meeting of the shareholders of the Company as provided under article 20 letter A) above.
- (2) The Company will be represented at the subsidiaries' general meetings of shareholders (both ordinary and extraordinary) by the General Manager or by any other person expressly appointed in this respect by the General Manager. By way of exception from article 19 letter D) paragraph (25) of these Articles of Association, the General Manager may delegate the representation powers for the subsidiaries' general meetings of shareholders without the prior approval of the Board. In all cases, the legal or conventional representative of the Company at the subsidiaries' general meetings of shareholders will vote in accordance with the decision adopted by the Company's competent body as per the article 20 paragraph (1) of these Articles of Association.
- (3) The Board is obligated to inform the general meeting of the shareholders of the subsidiaries after adopting the decisions provided under art. 20 paragraph (1) B, letter a, b, c, d, and l above.

CHAPTER 7 REGISTRIES

Art. 21 Registries of the Company

The Company shall maintain, by the care of the Board and of the internal auditors, all the registers provided by the law.

CHAPTER 8 FINANCIAL AND ACCOUNTING ACTIVITY

Art. 22 Financial audit, internal audit

- (1) The Board shall propose to the general meeting of the shareholders the nomination of the financial auditor on the basis of the recommendation of the audit and risk committee.
- (2) The external auditors shall have the following main duties:
 - a. to check if the financial statements are elaborated according to International Accounting Standards and the International Financial Reporting Standards;
 - b. to control, at the end of the financial year, the stocks, the documents and information provided by the Board in connection to the accounts of the Company, the balance sheet and income statement, submitting a written report to the general meeting of the shareholders;
 - c. to report if the information in the financial documents presents fairly the assets and liabilities of “Electrica”, the Company’s financial status, the cash flows as of the balance sheet date, the Company’s financial results for the year ended and if the accounting records were kept in compliance with the legal regulations in force;
 - d. to check the correctness of the accounting records and registrations made according to the legislation in force;
 - e. to check the compliance of the financial statements with the accounting records.
- (3) An internal audit department will be established within the Company. The internal audit department is responsible for overall business objective examination of the Company in order to provide an independent assessment of risk management, control and management of its processes.
- (4) The internal audit department will be independent of the Company’s management, and internal auditors shall be objective in the conduct of their activity.
- (5) The duties of the internal auditors are provided by the internal regulations of the Company.
- (6) The financial auditor shall report to the audit and risk committee and to the Board (through the Chairman) with respect to essential aspects resulting from the statutory audit and,

especially, with respect to significant deficiencies of the internal control regarding the process of financial reporting.

- (7) The duties, rights and obligations of external financial auditors and internal auditors shall be supplemented by the applicable legal provisions.

Art. 23 Financing of own activity

In order to carry out its business object and according to the duties assigned, the Company uses the financing sources provided by law, bank loans and other financial sources.

Art. 24 Financial period

The financial year starts on January 1st and ends on December 31st each year.

Art. 25 Depreciation of fixed assets

The depreciation of the Company's tangible and intangible assets shall be calculated according to the manner decided by the Board, with the observance of the applicable legal provisions.

Art. 26 Accounting records and balance sheet

- (1) The Company shall keep the accounting records in RON, shall elaborate the balance sheet and the profit and loss statement on a yearly basis, considering the methodological norms elaborated by the Ministry of Finance.
- (2) The balance sheet and profit and loss statement shall be published in the Official Gazette according to the legal provisions.

Art. 27 Profit calculation and distribution

- (1) The profit of the Company is decided based on the balance sheet approved by the general meeting of the shareholders. The taxable profit is decided according to the law.
- (2) The profit of the Company after the payment of income tax shall be distributed according to the decision of the general meeting of the shareholders and the legal provisions in force.
- (3) Out of the profit of the Company after the payment of the profit tax, the Company establishes a reserve fund and other funds for the modernisation, research and development, investments, as well as for other purposes established by the general meeting of the shareholders or in other way, according to the law.

- (4) The dividends due to shareholders are paid by the Company, according to the law, after the financial statements are approved by the general meeting of the shareholders, in accordance with the dividend policy of the Company.
- (5) The Company pays dividends to the issuer of the depositary certificates proportionally to its holdings at the registration date set by the general meeting of the shareholders which approved the distribution of such dividends, in the same conditions and observing the same rules applicable to other shareholders. The issuer of the depositary certificates is fully responsible that the sums paid as dividends will be received by the holders of the depositary certificates, proportionally with their holdings at the registration date set by the general meeting of the shareholders which approved the distribution of such dividends.
- (6) In case of losses, the Board shall present before the general meeting of the shareholders the reasons and shall propose measures to remedy the situation.

CHAPTER 9 PERSONNEL

Art. 28 Competencies

- (1) The management and executive personnel of the Company, except for the managers, is appointed, employed and dismissed by the General Manager.
- (2) The salaries and related taxes, social security contributions, as well as other amounts due to the state budget shall be paid according to the law.
- (3) The salary rights and the other employee related rights are decided in the collective labour agreement for the executive personnel and by the Board for the personnel appointed by the latter.

CHAPTER 10 PARTNERSHIPS, CHANGING THE LEGAL FORM, MERGER, SPIN-OFF, DISSOLUTION AND LIQUIDATION

Art. 29 Partnerships

- (1) The Company may set-up, alone or together with other Romanian or foreign individuals or legal entities, other companies or other entities, according to the law and these Articles of Association.
- (2) The Company may conclude partnership agreements with other individuals or legal entities without the establishment of new entities, if the partnership is needed for carrying out its business object.

- (3) The terms for the Company's participation in the establishment of new legal entities or partnership agreements shall be decided in the articles of association or the partnership contract, which shall be approved by the general meeting of the shareholders.

Art. 30 Changing the legal form

The legal form of the Company may be changed only based on the decision of the extraordinary general meeting of shareholder and after fulfilling all the formalities provided by the law.

Art. 31 Merger, spin-off, dissolution and liquidation

- (1) The merger, spin-off and dissolution of the Company shall be made in compliance with the legal provisions and the applicable procedures, including the terms of these Articles of Association.

A. Merger and spin-off

- (2) The Company's merger or spin-off shall be approved by decision of the extraordinary general meeting of the shareholders.
- (3) In case of a merger or spin-off, the Board must draw up a merger or spin-off plan, according to the legal provisions.

B. Dissolution

- (4) The dissolution shall take place in the following cases:
 - a. impossibility to carry out its business object;
 - b. declaration of nullity;
 - c. decision of the general meeting of the shareholders;
 - d. decrease of the Company's net assets, calculated as the difference between the Company's assets and its liabilities, below half of the subscribed share capital unless the general meeting of the shareholders decides to replenish the share capital or to limit it with an amount at least equal to the loss that could not be covered from reserves;
 - e. initiation of bankruptcy proceedings;
 - f. when the number of shareholders drops below the legal minimum;
 - g. other reasons provided by the law or these Articles of Association.
- (5) The decision to dissolve the Company must be registered in the Trade Register and published in the Official Gazette.

C. Liquidation

- (6) The dissolution of the Company shall entail the commencement of the liquidation procedure.
- (7) The liquidation of the Company and the distribution of its patrimony shall be carried out according to the law and in compliance with the legal procedures.

CHAPTER 11 FINAL PROVISIONS

Art. 32 Governing Law

The provisions of these Articles of Association shall be supplemented by the provisions of the Companies Law no. 31/1990, republished, as subsequently amended and supplemented, of the Capital Markets Law no. 297/2004, as subsequently amended and supplemented, and of Law no. 287/2009 on the Civil Code as republished, and the other legal provisions in force.

Signed in [2 (two)] counterparts.

CHAIRMAN OF THE BOARD

ANNEX No. 1 to the Articles of Association of Electrica
Limitation of duties of the General Meeting of the Shareholders and the Board of Directors
relating to agreements and operations at the level of the Company

No.	AGREEMENTS, LOANS AND OPERATIONS		APPROVING DUTY	
	Type of agreement / operation	Value of the agreement / operation (inclusive of VAT)	BOARD OF DIRECTORS	GENERAL MEETING OF SHAREHOLDERS
1.	Bank loans from the internal and foreign markets, business loans	Below or equal to EUR 50,000,000	Approves	Is informed
		Over EUR 50,000,000	Endorses	Approves
	a. for working capital, irrespective of their duration, and also granting the guarantees related to such loans	Below or equal to EUR 50,000,000	Approves	Is informed
		Over EUR 50,000,000	Endorses	Approves
b. For investment loans , irrespective of their duration and creating the related guarantees	Below or equal to EUR 50,000,000	Approves	Is informed	
	Over EUR 50,000,000	Endorses	Approves	
2.	Investments	Below or equal to EUR 30,000,000 for each project	Approves	Is informed
		Over EUR 30,000,000 for each project	Endorses	Approves
3.	Donations	Below or equal to EUR 50,000 for each donation until a cumulative maximum value of EUR 1,000,000 per year.	Approves	Is informed
		Over EUR 50,000 for each donation OR over any donation that, together with the previous ones, exceeds in a year the threshold of EUR 1,000,000.	Endorses	Approves

