

No. 13449/22.03.2017

Submitted for approval in the OGMS meeting of 27/28 April 2017

R E P O R T
**on the gross dividend per share proposal and on the dividend payment modality for
financial year 2016**

SUMMARY

The approval of a gross dividend per share amounting to RON 46,33, established according to *Government Ordinance 64 of 30 August 2001 on the distribution of profits in national companies and trading companies owned by the state or where the state is a majority shareholder and the autonomous administrations* with the applying of 90,00473% to profit as dividends. The distribution share foreseen in the income and expense budget for year 2016 approved by OGMS Resolution 1/21.03.2016 is of 50% and by Government Memorandum the representatives of the state in the General Meeting of the Shareholders/Board of Administration, as appropriate, were mandated to decide the distribution of a minimum 90% share of the net achieved profit related to 2016 as dividends/payments to the state budget.

PROPOSAL

According to Art. 15.3 (e) of the updated Articles of Incorporation of SNTGN TRANSGAZ SA, we submit for approval:

- 1) The value of the gross dividend per share in amount of RON 46,33;**
- 2) Dividend payment to the shareholders starting from 18 July 2017.**

According to Art.111 (2) (a) of Law 31/1990 on the trading companies, as further amended and supplemented, and to Art.15 (3) (g) of the Articles of Incorporation of Transgaz, the General Meeting of the Shareholders of the Company has the competence of establishing the dividend.

The proposal for allocating by destinations the net profit amounting to **RON 594,564,930**, according to *Government Ordinance 64 of 30 August 2001 on the distribution of profits to national companies and trading companies owned by the state or where the state is a majority shareholder and the autonomous administrations*, is as follows:

👉 Dividends to the shareholders

RON 545.482.192,52;

👉 Profit for the establishment own financing sources

RON 49.082.737, 48.

According to Art. 67 (2) of Law 31/1990 on the trading companies, as further amended and supplemented, dividends are distributed to the shareholders proportionally with their participation in the paid up share capital.

The paid up share capital of Transgaz is of RON 117,738,440 divided into **11,773,844** ordinary, nominative, indivisible *shares* having a nominal value of RON 10/share.

Thus, the value of the gross dividend is of **RON 46,33 /share**.

According to Art. 146 (5¹) of Law 297/2004 on the capital market, as updated, the payment of dividends due to shareholders is to be made through the central depository and through the participants to the clearing and settlement system and register.

The date for the beginning of dividend payment was established considering the following:

👉 According to Art.67 (2) of Law 31/1990 on the trading companies, dividend payment term is established by the General Meeting of the Shareholders and cannot exceed 6 months from the date of the approval of the annual financial statements of the financial year ended, unless otherwise provided by special law;

👉 Art. 129³(2) of Regulation 13/2014 of the Financial Supervisory Authority stipulates that *`in the case of the dividends, the General Meeting of the Shareholders shall establish as payment date a business day following up to 3 working days the registration date but not later than 6 months from the date of the General Meeting of the Shareholders establishing the dividends`*;

👉 According to Art. 1 (3) of GEO 64/2001, as updated, *`by derogation from the provisions of Art. 67 (2) of Law 31 / 1990 ... the national companies where the state is the sole, majority or controlling shareholder shall transfer dividends to shareholders within 60 days from the deadline provided by the law for the submission of the annual financial statements`*. According to OMPF 166/25.01.2017, Annex 1, Chapter III, the deadline for the submission of the annual financial statements and of the annual accounting reports for year 2016 for the national companies is of 150 days from the end of the financial year.

The distribution share foreseen in the income and expense budget for year 2016 approved by OGMS Resolution 1/21.03.2016 is of 50% and by Government Memorandum the representatives of the state in the General Meeting of the Shareholders/Board of Administration, as appropriate, were mandated to decide the distribution of a minimum 90% share of the net achieved profit related to 2016 as dividends/payments to the state budget.

CHAIRMAN OF THE BOARD OF ADMINISTRATION

ION STERIAN