

**Date:** 08.07.2014  
**To:** SNGN Romgaz SA  
**Attn:** Members of the Board of Directors  
**Ref. to:** Request to supplement the agenda of the Ordinary General Meeting of Shareholders

Dear Sirs,

Dear Madams,

The undersigned **FONDUL PROPRIETATEA S.A.** having its registered office in Bucharest, Buzesti street no.78-80, 7<sup>th</sup> floor, district 1, registered with the Trade Register attached to Bucharest Law Court under no. J40/210901/2005, fiscal code 18253260, through the sole manager and investment management company Franklin Templeton Investment Management Limited United Kingdom Bucharest Branch, having its registered office in Bucharest , Buzesti Street no.78-80, district 1, registered at the Trade Register Office attached to Bucharest Law Court under no. J40/8587/2009, fiscal code 25851096,

in compliance with article 117<sup>1</sup> paragraph (1) of Company Law no. 31/1990, republished, as subsequently amended and supplemented and with article 7 paragraph (1) letter a) of CNVM Regulation 6/2009 on the exercise of specific rights of shareholders in the general meetings of companies

we hereby request to supplement the agenda of the Ordinary General Meeting of Shareholders of SNGN Romgaz SA on July 30, 2014, as follows:

- Item 1**      **Approval of additional variable remuneration of Board of Directors members according to SNGN Romgaz SA shares performance and of the form of Addendum to the Directors' Agreement to be concluded with the Board of Directors members in this respect.**
- Item 2**      **Mandate the company Board of Directors to implement a system of variable remuneration of Romgaz management according to SNGN Romgaz SA shares performances.**
- Item 3**      **Mandate Mr. Cornel Bobălcă to sign the Addendum to the Directors' Agreement to be concluded with the Board of Directors members.**

### **Resolution draft for the additional Item 1**

The vote "for" of the shareholders representing \_\_\_\_\_ % from the total number of votes casted, approves an additional variable remuneration of Board of Directors members according to SNGN Romgaz SA shares performance and approves the addendum to the Director's Agreement to be concluded with the members of the Board of Directors in this respect as proposed by Fondul Proprietatea SA.

### **Resolution draft for the additional Item 2**

The vote "for" of the shareholders representing \_\_\_\_\_ % from the total number of votes casted, approves to mandate the company Board of Directors to implement a system of variable remuneration of Romgaz management according to SNGN Romgaz SA shares performances.

### **Resolution draft for the additional Item 3**

The vote "for" of the shareholders representing \_\_\_\_\_ % from the total number of votes casted, approves to mandate Mr. Cornel Bobâlcă to sign the addendum to the Directors' Agreement to be concluded with the Board of Directors members.

## **SUBSTANTIATION OF PROPOSALS**

### **Additional item 1**

Currently the remuneration of the Board members has a fixed component set according to article 16 of the director's agreement and a variable component established according to the fulfilment degree of the performance indicators set in Annex 1 to the director's agreement.

In order to align the interests of the Board members with those of the shareholders it is necessary to introduce a remuneration system according to the performance of SNGN Romgaz SA shares on the regulated market managed by Bucharest Stock Exchange.

In compliance with the effective laws, public companies cannot buy own shares back in order to allot them to the Board members, therefore it is necessary to implement a remuneration system based on shadow options to allow a remuneration method similar to those used in international companies.

According to the addendum to the director's agreement proposed for the approval of the shareholders, the Board members shall receive a number of options they can sell when vested in the future years according to a mechanism that considers the price of SNGN Romgaz SA shares on the regulated market managed by Bucharest Stock Exchange and the dividends paid to the shareholders.

The remuneration mechanism proposed in the addendum to the director's agreement aims to align the interests of Board members with those of company shareholders and to lead to the improvement of the shares performance on medium and long term, for the benefit of the company and its shareholders.

#### **Additional item 2**

Except for the managers that conclude a contract of mandate with SNGN Romgaz SA, the other members of SNGN Romgaz SA management are remunerated according their individual labour contracts concluded with the company.

Further to being admitted to trading, the interests of the managers have to be aligned with those of the shareholders through a remuneration mechanism according to the shares performance on the regulated market governed by Bucharest Stock Exchange considering SNGN Romgaz SA share price and the dividends paid to the shareholders.

In this regard, we propose to approve for the Board members the mandate to implement a remuneration mechanism of Romgaz management considering SNGN Romgaz SA share price on the market governed by Bucharest Stock exchange and the dividends paid to the shareholders.

#### **Additional item 3**

Mandating a person for signing the addendum to the director's agreement concluded with the members of the Board of Directors as approved by the shareholders is a legal requirement further to the approval of the addendum to the director's agreement.

**Franklin Templeton Investment Management Ltd. United Kingdom, Bucharest Branch, as sole manager of FONDUL PROPRIETATEA SA**

**Legal Representative**

**ADRIAN CIGHI**

ADDENDUM DRAFT

ADDENDUM TO DIRECTORS AGREEMENT NO. .... /.....

Concluded on \_\_\_\_\_

The Parties:

- 1) **Societatea Națională de Gaze Naturale „ROMGAZ” – S.A.**, a trading company managed in one-tier system, having its registered office at Mediaș, Piața Constantin Motaș, no. 4, Sibiu County, incorporated and operating under the laws of Romania, registered with the Trade Register Office of Sibiu Court under number J32/392/2001, account No. IBAN RO08RNCB0231019525330001, opened at BCR Mediaș, represented by Mr. Cornel Bobâlcă, acting as **Principal**, (hereinafter referred to as **“Company”** or **“Romgaz”**), and
- 2) **Mister/Misses .....**, .....citizen, born on ....., in ....., domiciled in ....., street ....., no. ...., identified with i.C., series ....., no. ...., personal identification number ....., acting as **Director or Agent** (hereinafter referred to as **“Director/Agent”**)

Have agreed to conclude this Addendum (hereinafter referred to as **“Addendum”**) to the Director’s Agreement No. .... /..... (hereinafter referred to as **“Agreement”**) under the following terms and conditions:

**Article 1**

1.1 The Director is entitled to an additional variable gross remuneration in accordance with the efficiency of shares issued by the Company and defined as follows:

- a) Each member of the Board of Directors will receive on September 15 of years 2014, 2015 and 2016 a package of 21,000 Options for Romgaz Virtual Shares (hereinafter referred to as **“ORVS”**).
- b) The ORVS neither grant shareholding nor can they be converted into Company shares.
- c) For accuracy, the ORVS packages will be granted to Board of Directors members as follows:
  - The first 21,000 ORVS package on September 15, 2014.
  - The second 21,000 ORVS package on September 15, 2015.
  - The third 21,000 ORVS package on September 15, 2016.
- d) If a decision has an impact on the nominal value of Romgaz shares, the same effect will be applied to the number of ORVS granted/due to Board of Directors members (e.g. if Romgaz nominal share decreases 10 times, the number of shares will be multiplied by 10, thus the share capital is not modified, and each ORVS will be multiplied by 10).
- e) The value of each ORVS received by each Director equals the weighted average trading price of Romgaz shares on the Regular and Deal Market of Bucharest Stock Exchange (BVB), in August the same year. Thus, the value of one ORVS granted on September 15, 2014 equals the

weighted average trading price of Romgaz shares on the Regular and Deal Market of Bucharest Stock Exchange (BVB) in August 2014, the value of ORVS on September 15, 2015 equals the weighted average trading price of August 2015, and the value of ORVS on September 15, 2016 equals the weighted average trading price of August 2016.

f) The first third of ORVS (7,000 ORVS) received on September 15, 2014 can be sold by the Director when vested, in September 2015 or in September 2016 or in September 2017. The second third (7,000 ORVS) can be sold either in September 2016 or in September 2017. The last third (7,000 ORVS) can be sold only in September 2017.

g) The first third of ORVS (7,000 ORVS) received on September 15, 2015 can be sold by the Director when vested, in September 2016 or in September 2017 or in September 2018. The second third (7,000 ORVS) can be sold either in September 2017 or in September 2018. The last third (7,000 ORVS) can be sold only in September 2018.

h) The first third of ORVS (7,000 ORVS) received on September 15, 2016 can be sold by the Director when vested, in September 2017 or in September 2018 or in September 2019. The second third (7,000 ORVS) can be sold either in September 2018 or in September 2019. The last third (7,000 ORVS) can be sold only in September 2019.

i) The ORVS can be sold by written request issued to the Nomination and Remuneration Committee of the Board of Directors, at any time after the options are vested, as mentioned above, or when the Director's mandate terminates.

1.2 The additional variable remuneration by ORVS is calculated as the number of ORVSs (representing one or more packages of 7,000 ORVS) which the Director decides to sale in compliance with the above mentioned terms, multiplied by the sum of the average value of ORVS in the month prior to the sale and of the value of dividend/share paid within the period between receipt of ORVS and sale of ORVS, wherefrom the value at the date of receipt of ORVS is subtracted, for each package of 7,000 ORVS received.

1.3 As far as the Director opts for sale of the ORVS he is entitled to:

- The value of additional variable gross remuneration by sale of ORVS in 2015 will be:

$$RV_{ORVS2015} = [(SAP_{2015} + DIV_{2015} - SAP_{2014}) * N_{ORVS2015}]$$

Where:

*RV* = Remuneration Value

*SAP* = Share Average Price

*DIV* = Dividend/share

*N* = Number of sold ORVSs

- The value of additional variable gross remuneration by sale of ORVS in 2016 will be:

$$RV_{ORVS2016} = [(SAP_{2016} + DIV_{2016} - SAP_{2015}) * N_{ORVS2016}] + [(SAP_{2016} + DIV_{2016} + DIV_{2015} - SAP_{2014}) * N_{ORVS2015}]$$

- The value of additional variable gross remuneration by sale of ORVS in 2017 will be:

$$RV_{ORVS2017} = [(SAP_{2017} + DIV_{2017} - SAP_{2016}) * N_{ORVS2017}] +$$

$$[(SAP_{2017} + DIV_{2017} + DIV_{2016} - SAP_{2015}) * N_{ORVS2016}] +$$

$$[(SAP_{2017} + DIV_{2017} + DIV_{2016} + DIV_{2015} - SAP_{2014}) * N_{ORVS2015}]$$

- The value of additional variable gross remuneration by sale of ORVS in 2018 will be:

$$RV_{ORVS2018} = [(SAP_{2018} + DIV_{2018} + DIV_{2017} - SAP_{2016}) * N_{ORVS2017}] +$$

$$[(SAP_{2018} + DIV_{2018} + DIV_{2017} + DIV_{2016} - SAP_{2015}) * N_{ORVS2016}]$$

- The value of additional variable gross remuneration by sale of ORVS in 2019 will be:

$$RV_{ORVS2019} = [(SAP_{2019} + DIV_{2019} + DIV_{2018} + DIV_{2017} - SAP_{2016}) * N_{ORVS2017}]$$

Where:

*SAP<sub>2014</sub> is the weighted average price of trading of one Romgaz share on the BVB Regular and Deal market in August 2014*

*SAP<sub>2015</sub> is the weighted average price of trading of one Romgaz share on the BVB Regular and Deal market in August 2015*

*SAP<sub>2016</sub> is the weighted average price of trading of one Romgaz share on the BVB Regular and Deal market in August 2016*

*SAP<sub>2017</sub> is the weighted average price of trading of one Romgaz share on the BVB Regular and Deal market in August 2017*

*SAP<sub>2018</sub> is the weighted average price of trading of one Romgaz share on the BVB Regular and Deal market in August 2018*

*SAP<sub>2019</sub> is the weighted average price of trading of one Romgaz share on the BVB Regular and Deal market in August 2019*

*DIV<sub>2014</sub> is the net dividend/share paid by the Company in year 2014*

*DIV<sub>2015</sub> is the net dividend/share paid by the Company in year 2015*

*DIV<sub>2016</sub> is the net dividend/share paid by the Company in year 2016*

*DIV<sub>2017</sub> is the net dividend/share paid by the Company in year 2017*

*DIV<sub>2018</sub> is the net dividend/share paid by the Company in year 2018*

*DIV<sub>2019</sub> is the net dividend/share paid by the Company in year 2019*

*N<sub>ORVS2015</sub> is the number of ORVS sold by the Agent according to letter 1.1 f) above; thus N<sub>ORVS2015</sub> can be maximum 7,000 ORVS in the additional variable remuneration calculation formula for 2015, maximum 14,000 ORVS in the additional variable remuneration calculation formula for 2016, and maximum 21,000 ORVS in the additional variable remuneration calculation formula for 2017, respectively.*

*N<sub>ORVS2016</sub> is the number of ORVS sold by the Agent according to letter 1.1 g) above; thus N<sub>ORVS2016</sub> can be maximum 7,000 ORVS in the additional variable remuneration calculation formula for 2016, maximum 14,000 ORVS in the additional variable remuneration calculation formula for 2017, and maximum 21,000 ORVS in the additional variable remuneration calculation formula for 2018, respectively.*

*N<sub>ORVS2017</sub> is the number of ORVS sold by the Agent according to letter 1.1 h) above; thus N<sub>ORVS2017</sub> can be maximum 7,000 ORVS in the additional variable remuneration calculation formula for 2017, maximum 14,000 ORVS in the additional variable remuneration calculation formula for 2018, and maximum 21,000 ORVS in the additional variable remuneration calculation formula for 2019, respectively.*

- 1.4 if the Director's mandate terminates by resignation or by mutual agreement of the parties, they will be entitled to sell in September following the date of mandate termination, only the number of ORVS received by the date of mandate termination for which the Director did not express his option for sale according to the mechanism provided in the annex, and the other ORVS received by the Director and which cannot be sold as they are not vested yet according to art. 1.1 f), g) and h) will be cancelled by the Nomination and Remuneration Committee.
- 1.5 Payments to the members of the Board of Directors who opt to sell their ORVS in a certain year will be made in October. No payment will be made to the members of the Board of Directors who did not occupy such position for at least one year prior to October, the month of payment. The Options that were not vested cannot be transferred to another member of the Board of Directors if the mandate terminates for whatever reason.
- 1.6 If in one year the difference between the value of ORVS at the date of receipt (which is the weighted average trading price of one Romgaz share on the Regular and Deal Market of Bucharest Stock Exchange (BVB) in August, prior to the receipt of ORVS) and the potential value of ORVS sale (which is the weighted average trading price of one Romgaz share on the Regular and Deal Market of Bucharest Stock Exchange (BVB) in August of the year when the ORVS is sold plus the net dividend/share paid by Romgaz) is negative or 0, the additional variable remuneration, as calculated by the method provided in this Addendum, will not be paid to the Director for the respective year.

## Article 2

This Addendum forms an integral part of the Director's Agreement No. /

### Article 3

- 3.1 The payment obligation of additional variable remuneration by sale of ORVS survives the termination of the Agreement. In order to avoid any misunderstanding, the Director will not be entitled to any additional variable remuneration under this Addendum provided that his dismissal is justified.
- 3.2 All the other provisions of the Agreement are valid and unchanged within the original meaning set by the parties.

In witness thereof the parties concluded this Addendum to the Director's Agreement no. .... / ....., today \_\_\_\_\_, at \_\_\_\_\_, in two originals, and the parties hereby represent that they have received each one copy when this Addendum was signed.

Societatea Națională de Gaze Naturale  
„ROMGAZ” S.A.

Director

By: Cornel Bobâlcă, authorized  
by Resolution No. [•]/[•] of the OGMS