

To: Societatea Comerciala de Distributie si Furnizare a Energiei Electrice – “Electrica S.A.”
9 Grigore Alexandrescu, Bucharest, Romania

**FOR THE ORDINARY GENERAL MEETING OF SHAREHOLDERS DATED 22
SEPTEMBER 2014**

Proposal regarding the Framework Management Agreement

Given the limited time available for the review of the Framework Management Agreement, the European Bank for Reconstruction and Development (“EBRD”), represented by Matei Anghelescu, shareholder in S.C. Electrica S.A. (“the Company”) with 29,944,090 shares, proposes that the Company appoints a reputable local counsel to prepare a new Framework Management Agreement, in line with the best market practice and standards, within three months from the official appointment of the independent, non-executive Directors. Until that time, we propose the Framework Management Agreement (“Non-Executive Director’s Service Agreement”) below.

In accordance to the identification requirements set out in the Supplemented Convening Notice of the Ordinary General Meeting of Shareholders, we annex the following documents:

- Copy of the ID card of the legal representative
- Certificate issued by EBRD on 21.08.2014
- Copy of the Law regarding the ratification of the Agreement for Setting up the European Bank for Reconstruction and Development published in the Official Gazzette on 25.10.1990.
- Copy of the basic documents of the European Bank for Reconstruction and Development
- Copy of the confirmation regarding the execution of trades on behalf of EBRD, issued by Raiffeisen Bank SA.
- Copy of the confirmation regarding the execution of trades on behalf of EBRD, issued by BRD Societe Generale SA.

On behalf of EBRD

Matei Anghelescu (as per attached Certificate issued on 21.08.2014)

26.08.2014

Non-Executive Director's Service Agreement NO _____

Concluded this day of _____

I. Recitals

Having regard to:

- Government Decision No. _____ concerning the setting up of S.C./S.N. _____;
- Law No 31/1990 concerning trade companies, republished, as further amended and supplemented ("Law No 31/1990");
- Articles of Incorporation no.;
- Rules on the organising and functioning of the Board of Directors approved by Decision No _____ ("Rules");
- Article 1913 and the following, as well as Article 2009 and the following of the Civil Law;
- Decision of the Ordinary General Assembly of Shareholders of the Company No _____ dated _____ on the nomination as director for the **Company** for a 4-year mandate and on the approval of the agreement concluded between the company and the company's directors;

and the fact that:

- By Decision No _____, the Ordinary General Assembly of the Company's Shareholders nominated Mr _____ as a member of the Board of Directors, and it has explicitly accepted the nomination, following to exercise, together with the other members of the Board of Directors the duties provided for by Law No 31/1990, by Articles of Incorporation of the company ("Articles of Incorporation") as well as the laws specific to the capital market;
- Law No 31/1990 requires the members of the Board of Directors that throughout their mandate they are not in a juridical work relationship with the company;
- The rights and obligations of the signatory parties need to be established, in the context of a legal relationship established between professionals, suitable to exercising the position of member of the Board of Directors,

Parties agree to sign this agreement of mandate, hereinafter referred to as non-executive director's service agreement ("Service agreement"), further to the agreement expressed by the signatory parties.

II. Contracting parties

Art. 1. _____, a trading company managed in one tier model, having its registered office in

_____, registered with the Trade Register Office attached to the Bucharest Tribunal under no. _____, IBAN account _____, opened at _____, represented by _____ as **mandator** ("*the Company*"),
and
Mr/Mrs _____, _____ citizen, born on _____, in _____, domiciled in _____, identified with ID card serial no _____, Personal Numerical Number _____, as director or **authorised person** ("Director/Authorised person").

III. Definitions

Art. 2. In this Service agreement, the terms below shall have the following meaning:

- a. **Articles of Incorporation** - Articles of Incorporation of _____ *Company*, approved by the General Assembly of Shareholders of the *Company*, as in force on the date of this Service agreement or as it will be amended/added/rephrased by a decision of the (extraordinary) General Assembly of Shareholders of the *Company*;
- b. **The legal framework applicable** - the set of Romanian juridical norms included in the Companies Act No 31/1990, as further amended and supplemented, regulations of the capital market, Civil Law, Fiscal Law, as well as in other norms incidental to this Service agreement, applicable to the parties;
- c. **Conflict of interests** - any situation or circumstance determined/determinable according to the legal framework and the Rules on the organising and functioning of the *Company* ("ROF"), where the personal interest of the Director, whether directly or indirectly, is against the interest of the *Company*, so that it affects or might affect the independence and impartiality of the same in making the business decisions or the timely and objective performing of his duties of his mandate for the *Company*;
- d. **Final incapacity to exercise the mandate/legal impediment** - any circumstance that creates unavailability lasting at least 90 consecutive calendar days, making the Director lack the possibility for the same to perform his duties, whether personally or through representation, the Director's preventive arrest or arrest, the cancellation of decision of the (ordinary) General Assembly of Shareholders of the *Company* on the nomination of the Director, etc.;
- e. **Remuneration** payable to the Director - the remuneration consisting of a fixed monthly fee and a variable component determined by decision of the general meeting of shareholders, in compliance with art. 153¹⁸ of Law No 31/1990, as further amended and supplemented;
- f. **Force Majeure** - any external unpredictable, invincible and inevitable event, which could have not been foreseen at the time of concluding this Service agreement and which renders the execution of the Service agreement impossible. Such events are: wars, revolutions, fires, floods or any other natural disasters, restrictions arising from quarantine, embargo, the enumeration being not exhaustive but declarative. It is not considered force majeure an event of the like of the above one that, without creating an impossibility of executing, makes the fulfilling of the obligations of either party highly expensive.
- g. **Business decision** - any decision to take or not to take certain actions on the administration of the *Company*;
- h. **Fortuitous event** - an event which could have been neither foreseen nor prevented by the director from happening. There are considered as fortuitous event the changing of the legal, regulatory framework and of the tax system in Romania in place at the time of signing this Agreement and that further burdens the *Company*.

IV. Subject of the agreement

Art. 3. By this Service agreement, the Director is authorised to adopt, together with the other directors, all of the measures required to control the management of the company, pursuant to the legal framework applicable, in force, and to the Articles of Incorporation of the *Company* and this Service agreement, within the limits of the business of the *Company* and by complying with the exclusive powers, reserved by Law No 31/1990, and by the Articles of Incorporation, to the Board of Directors, the Chairman of the Board of Directors, the General Assembly of Shareholders and executive directors of the *Company*.

Art. 4. The place of executing the Mandate is at the *Company* premises, as stated in art. 1 of this Agreement, or where the same acts as the representative of the *Company*. The place of executing the Mandate may be modified by the *Company* and may be set either at the branch offices of the *Company* or at other location determined by the *Company*. The decision to change the place of executing the Mandate shall be communicated by care of the *Company*, pursuant to the Rules on the organising and functioning of the Board of Directors.

V. The term of the Service agreement

Art. 5. The Service agreement shall be completed over a period of 4 (four) years starting with through, and it may be renewed by a decision of the General Assembly of the Shareholders, in compliance with the law and with the provisions of the Articles of Incorporation.

VI. Obligations of the Director

Art. 6. The Director, **together with the other members of the Board of Directors**, should:

- 6.1.** Exercise the tasks set out in the Articles of Incorporation.
- 6.2.** Perform his/her functions independently and actively contribute to the board discussions.
- 6.3.** Be well informed of the issues being discussed by the board and have the power to request more time in case documents are not circulated in good time for the meeting.
- 6.4.** Make every effort to attend the board/committee meetings, either in person, or via electronic conference facilities (telephone, video or other means).
- 6.5.** Actively participate on the Board of Directors annual evaluation exercise.

Art. 7. The Director is also required:

- 7.1.** To not be bound to the *Company* by a labour agreement;
- 7.2.** To exercise his mandate with loyalty, prudence and diligence of a good director in the sole interest of the *Company* and do not undertake any particular obligation to one shareholder or another of the *Company* in connection with the business of the *Company*;
The director does not violate the obligation above if, when making a business decision, he is reasonably entitled to consider (i) to be acting in the interest of the *Company* and (ii) he made the decision based on the adequate information.
- 7.3.** To take all necessary measures to protect the assets of the *Company*;
- 7.4.** To keep confidential the information and business secrets of the *Company*, to which he had access to the through the documents presented to the Board of Directors, except where

such use is required by law or necessary in relation to public authorities and/or participation of the Director in any dispute which concerns the business of the *Company*;

7.5. To avoid conflicts of interest in relation to the *Company*;

7.6. To conclude no legal agreements with the *Company*, except under the conditions set by law.

Art. 8. The Director, along with the other directors, has the obligation to inform the shareholders at the first General Meeting of Shareholders following the concluding of the legal act on any transactions with the directors or executive directors, the director general or, as the case may be, with the employees, the shareholders holding control over the *Company* or a company controlled by the same, by providing the shareholders with the documents reflecting the key significant data and information about the transactions performed; the obligation is also incumbent with the transactions concluded with the spouse, relatives or related persons to the fourth degree including.

Art. 9. The Director, along with the other directors, has the obligation to inform the shareholders at the first General Meeting of Shareholders following the concluding of the legal act on any transactions concluded by the *Company* with another Company meeting the conditions to be considered public enterprise) or public authority, if the transaction has the worth indicated by law.

Art. 10. The Director, along with the other directors, has the obligation to submit biannually, quarterly and annually to the General Meeting of Shareholders, in a special chapter, the legal documents concluded under art. 10, stating the following elements: the parties that have concluded the legal document, the date of concluding and the nature of the act, the description of its subject, the overall worth of the legal document, mutual debts, securities, terms and payment methods and other essential and significant information about those legal acts, as well as any information required to determine the effects of those legal documents on the financial situation of the *Company*.

Art. 11. Director shall not use for himself and he shall not disclose to any unauthorised person any confidential or classified information on the business of the *Company*. In this regard, the Director undertakes to meet the confidentiality rules set out in Annex 1 to this Service agreement.

Art. 12. The director shall not use the Confidential Information - according to the definition of this term set out in Annex 1 – whether directly or indirectly – to his own benefit or the benefit of third parties, except where such use is required by law or by the Director's involvement in a trial.

Art. 13. The Director shall fully comply with the non-competition obligations provided for in Annex 2 to this Service agreement.

VII. The Director's rights

Art. 14. The Director has a fixed, gross monthly fee of EUR 2.500 per month.

Art. 15. The Director also benefits from the payment of a variable component which shall not exceed EUR 10.000 per year, gross. The variable component will be determined by the

Nomination and Remuneration Committee within three months after the signing of the Service Agreement.

Art. 16. The payment of remuneration shall be done once a month, namely on ____ of the month, regardless of the number of meetings in that month.

Art. 17. The director benefits from the settlement of reasonable expenses related to the execution of the mandate, on the basis of justifying documents.

Art. 18. The director benefits from a Directors & Officers Liability kind of insurance at the expense of the *Company*, given that it complies with the Companies Act No 31/1990, as further amended and supplemented, the value insured being EUR 10 million. The payment of the premiums of this insurance shall be made by the *Company* and they shall not be deducted from the director's remuneration. The insurance will be issued prior to the directors signing the Service agreement.

VIII. Obligations of the Company

Art. 19. The director shall be entitled to reimbursement for reasonable expenses incurred by or on behalf of the Director for the benefit of the *Company* and attributable to the business of the *Company* such as travel in business class, hotel, phone and dinner expenses. The reimbursement payment for any such expenses shall be due and payable within thirty (15) days following the receipt, by the *Company* of a written notice from the Director of the date and nature of such expenses and reasonable evidence)

Art. 20. The *Company* undertakes to ensure the Director full freedom in order to fulfil the mandate/duties/obligations, within the limits provided for by the Articles of Incorporation, this Agreement and the legal framework applicable, as provided for in Article 2(b) of the Agreement.

Art. 21. The *Company* undertakes to ensure the Director the conditions required for the performance of his activity.

IX. Force majeure

Art. 22. Parties shall be released from liability in case of force majeure, as it is defined in article 2(f) of this Service agreement.

Art. 23. In case of force majeure, parties shall make joint efforts to mitigate the potential damage that could result from the occurrence of such cause.

Art. 24. The parties also undertake to inform each other in writing no later than five (5) days after the intervention of any cause of force majeure and, in general, to inform each other and in time on the possible impediments likely to lead to difficulties in fulfilling the subject of this Service agreement.

X. Amendments to the Service agreement

Art. 25. This Service agreement may be amended only by the written consent of the signatory parties, expressed through an addendum.

Art. 26. This Service agreement shall be adjusted according to the legal regulations subsequent to its concluding and which are applicable to it.

XI. Termination of the Service agreement

Art. 27. This Service agreement ceases in the follows cases:

- 27.1. the term it was concluded for has expired;
- 27.2. the Director is revoked with immediate effect by the Company's General Meeting of Shareholders;
- 27.3. upon the Director's death;
- 27.4. in the event of insolvency or bankruptcy of the *Company*;
- 27.5. the signatory parties' consent;
- 27.6. Director's resignation, with a 3 months' notice
- 27.7. the intervention of legal impediments, as they are defined in article 2(d) of this Service agreement, which prohibit the Director to occupy this position;
- 27.8. under any other circumstances provided by the Articles of Incorporation.

Art. 28. If unexpected or unjustified revocation of the Director takes place, then he is entitled to receive from the *Company* compensation for the period of the Service agreement not executed, regardless of the date on which the revocation occurs, but no more than 12 fixed monthly allowance determined as follows:

- a) in case the revocation occurs any time prior to the start of the last year of the mandate, the director shall receive compensation accounting for 12 fixed monthly allowance;
- b) in case the revocation occurs in the last year of the agreement, compensation shall be paid according to the number of months left until the end of the mandate, but not more than 6 fixed monthly allowance.

The payment of this compensation is made within 30 working days after the date of termination of this Service agreement.

This form of compensating the director is his only compensation in case directors are unjustifiably revoked.

In the event the director is revoked for ground/justified reasons, the Company owes him no compensation for the period left unexecuted of the mandate.

XIV. Litigation

Art. 29. Any dispute arising between the parties concerning the conclusion, performance, amendment, termination or construal of the clauses of this Service agreement, which cannot be settled amicably, shall be submitted to the competent Romanian courts.

XVI. Final provisions

Art. 30. The director says he is aware of the provisions of the Articles of Incorporation and of the Rules on the organising and functioning of the Board of Directors of the Company.

Art. 31. The director says he is in none of the situations of incompatibility provided for by Law No 31/1990, or competition, provided for in Annex 2 to the Agreement.

Art. 32. Annex 2 is an integral part of this Agreement.

Art. 33. This Service agreement is governed by and construed in accordance with the Romanian law. For any matter not specifically mentioned herein, this Service agreement shall be supplemented with the Romanian Civil Law. This Service agreement is also supplemented by Law No 31/1990. This Service agreement is not a labour agreement and it is not governed by the labour laws.

Art. 34. This Service agreement is the entire agreement between the parties and it cancels any previous agreements, whether written or oral, between the parties concerning the subject matter of this agreement.

Art. 35. Should certain provisions of this Service agreement become legally ineffective, the validity of the remaining provisions of this Agreement shall not be affected. In such cases, the parties agree to renegotiate in good faith any clause that has become legally ineffective, adding the clause thus renegotiated to this Service agreement.

Art. 36. All changes that the Parties address to one another under this Service agreement shall be in writing and sent by fax, e-mail, registered mail or courier to the addresses indicated at article 1 of this Agreement. Depending on the specific situation, the parties shall choose in good faith and in a reasonable manner the most appropriate notification means of those mentioned in the first sentence of this article, so that notification achieves its purpose and contributes to the fulfilment of contractual obligations incumbent to the parties.

Art. 37. If, at any time during the term of this Service agreement, one of the parties expressly insists to impose a specific provision of the Agreement, it does not mean that that part has waived such provisions or has waived the right to enforce these provisions.

Art. 38. This agreement will be amended within three months from signing, based on recommendations to be made by a local legal counsel, aligning it with best market practice and standards.

In witness thereof, we concluded this day of _____, at _____, in 2 (two) counterparts, this Service agreement, parties stating at the same time that have received one copy each, upon the signing of this Agreement.

Company

Director

Through: _____

Mr./Ms.

Annex 1

RULES ON CONFIDENTIALITY

1. Definition

The term “**Confidential Information**” means and includes any information on the economic activity of the *Company* that is not public, according to (i) the law, (ii) the decisions of the General Assembly of Shareholders, (iii) decisions of the Board of Directors and (iv) internal regulations of the *Company*.

Without limiting the foregoing, confidential information includes:

- a) the agreement terms and any information on business partners, customers, agents, employees, contractors, investors or suppliers of the *Company*, and the conditions under which the *Company* carries out economic activities with each of these persons;
- b) computer software (including source code and object code) or the software developed, modified or used by the *Company*;
- c) information of any kind compiled by the *Company*, including but not limited to, information about products and services, advertising and marketing, as well as by the customers, suppliers and/or business partners, actual or potential;
- d) algorithms, procedures or techniques, or ideas and main principles underlying such algorithms, procedures or techniques developed or those used by the *Company* or otherwise known to the *Company* (except for any algorithm, procedure or technique relating to the public), whether such algorithms, procedures, techniques are or not part of a computer program, including, but not limited to techniques for:
 - identifying the potential customers;
 - effective communication with the actual or potential customers;
 - reduction of operation expenses or increase in the system efficiency.
- e) The fact that the *Company* uses, has used or evaluated as possibility to use any specific database, data sources, algorithms, procedures or techniques or ideas developed or provided by a person other than the *Company* (including any algorithm, procedure technique from the public domain), whether such algorithms, procedures or techniques are part of a computer program or not;
- f) marketing strategies developed, investigated, acquired (from a third party or otherwise), evaluated, modified, tested or used by the *Company*, or any information on or that could reasonably lead to the development of such a strategy;
- g) information on the future plans of the *Company*, including, without limitation, plans for geographic expansion, market share or services, any information that could be normally included in the financial statements of the *Company*, including but not limited to, the amount of assets, liabilities, net worth, income, expenses or net income of the *Company*, except for the information whose disclosure is authorised under the internal rules of the *Company*;
- h) information that will be disclosed only as provided for at point 5;

- i) any other information acquired by the Director in the exercise of his mandate, which might reasonably be considered to reflect vulnerabilities of the *Company*, and that would help a competitor or potential competitor of the *Company* to compete successfully against the *Company*;
- j) any information received by the *Company* from third parties which, in turn, have an obligation of confidentiality they inform the *Company* about;
- k) any information derived from all of the above, and
- l) any copies of all of this information, except where such copies are required by a court or other public authority, under the law.

2. Using and disclosing the Confidential Information

The Director acknowledges that he has acquired and/or will acquire Confidential Information during or in connection with exercising the mandate within the *Company*, and that the use, in order to be competitive with the *Company*, of such Confidential Information by himself or by other persons, would severely jeopardize the capacity of the *Company* to continue its business.

Therefore, the Director agrees that, directly or indirectly, at any time during the Service agreement concluded with the *Company* or at any time after the termination thereof, and no matter when and why this agreement ceases, he shall not use or cause the use of any Confidential Information related to any activities or businesses, except for the economic activities of the *Company*, and shall not disclose or cause the disclosure of any Confidential Information to any natural person, company, association, group or other entity, unless such disclosure has been specifically authorized in writing by the *Company*, or unless it is required by any applicable law or ordered by a decision of a competent court of law or arbitral court, or by any public authority which by law is entitled to receive such information.

In addition, the Director undertakes to notify the *Company* promptly of any act of a court of law or arbitral court, or of another public authority, such as those specified in the preceding paragraph, so that the *Company* can adopt, under the law, protection measures or other appropriate solution and he shall continue to provide any assistance the *Company* may reasonably request in order to ensure such measures or solutions.

Should the protective measures mentioned in the previous paragraph be not sufficient, the Director shall provide only that section of Confidential Information that is legally requested by the public authority concerned and shall make all reasonable and legally grounds efforts in order to obtain the confidential treatment of any Confidential Information thus disclosed.

3. Using and disclosing the information on third parties

The Director understands that the *Company* sometimes receives information from third parties that the *Company* has to treat as confidential and use it only for limited purposes (“**Information on third parties**”).

The Director agrees that, directly or indirectly, at any time during the Service agreement concluded with the *Company*, or at any time after its termination, and no matter when and why this Agreement ceases, he shall not use or cause the use of any Information on third party, unless permitted by a written agreement between the *Company* and that third party,

unless it is required by any applicable law or by decision of a competent court of law or arbitral court or by any other public authority that by law is entitled to receive such information.

In addition, the Director undertakes to notify the *Company* promptly of any act of a court of law or arbitral court, or of another public authority, such as those specified in the preceding paragraph, so that the *Company* can adopt, under the law, protection measures or other appropriate solution. Should the protective measures be not sufficient, the Director shall provide only that section of the Information on third parties, as legally required.

4. Protecting commercial secrets

No provision in this Service agreement shall engage the *Company* and shall in no way affect its rights to protect its trade secrets, by any means provided for by law.

5. Disclosing information by the Company

Throughout the execution of the Service agreement and on the date of termination of this Service agreement, the Director shall promptly disclose and deliver the *Company*, to the extent that such disclosure could be reasonably considered to be in the interest of the *Company*, in writing, or in any form and manner, reasonably requested by the *Company*, the following information (“Information to be disclosed”):

- (i) All and any algorithms, procedures or techniques concerning the economic activities of the *Company* or the activity of the Director within the *Company*, the key ideas and principles underlying such algorithms, procedures or techniques designed, original, adapted, discovered, developed, acquired (from a third party or otherwise), evaluated, tested or applied by the Director during his activity within the *Company*, if such algorithms, procedures or techniques have been incorporated in a software;
- (ii) All and any marketing strategies, key ideas and principles underlying such strategies and any information that could reasonably lead to the development of such strategies designed, original, adapted, discovered, developed, acquired (from a third party or otherwise), evaluated, tested or applied by the Director during his activity in the *Company*;
- (iii) information on all and any products and services, key ideas and principles underlying such products and services, designed, original, adapted, discovered, developed, acquired (from a third party or otherwise), evaluated, tested or applied by the Director during his activity in the *Company*, and
- (iv) Any other ideas or information designed, original, adapted, discovered, developed, acquired (from a third party or otherwise), evaluated, tested or applied by the Director during his activity in the *Company*, if such ideas or information could be reasonably considered to be useful or valuable to the *Company*.

6. The confidential nature of the Information to be disclosed

The parties agree that the Information to be disclosed, pursuant to point 5 is, in turn, subsumed to the scope of Confidential Information, as defined at point 1 of this Annex, and the Director undertakes to use and keep all Information to be disclosed under point 5 in the same way as the Confidential Information while meeting the provisions of point 3 of this

Annex concerning the confidentiality of Information on to third parties.

7. Extent in time of meeting the confidentiality obligations

Confidentiality obligations incumbent to the Director under this Annex, part of the Service agreement, remain applicable after the termination of this Service agreement and shall produce effects for an indefinite period of time.

Company
Through: _____
Mr./Ms. _____

Director

NON-COMPETE OBLIGATIONS

1. Non-competition

In the exercise of his mandate in the *Company*, the Director, directly or indirectly, either in his own name or as an employee, agent, director, partner, shareholder, investor or in any other capacity, agrees and undertakes:

- a) to not engage in any activity or business that is in competition with or similar to an activity or business of the *Company*, or with an activity or business which the *Company* carries out or intends to carry out;
- b) not to assist in any way any person whose activities are in competition with or otherwise prejudice the commercial activities of the *Company*.

The non-compete clause produces effects throughout Romania, with regard to any third party competitors.

2. Refraining from requesting services

In the exercise of his mandate in the *Company*, the Director, directly or indirectly, with or without fee, either in his own name or as an employee, agent, consultant, director, partner, shareholder, investor or in any other capacity, shall not:

- a) cause or attempt to cause any employee, consultant, supplier, buyer or independent contractor of the *Company* to terminate its relationship with the *Company*;
- b) use, retain as a consultant or contractor, or determine hiring or retention of any employee, hiring/termination of a contractual relationship with any agent, consultant, service or product provider, buyer or independent contractor of the *Company*.

3. Violating the non-compete obligations

Any breach of the obligations in this Annex by the Director entitles the *Company* to request him compensation for damage caused to the *Company*.

Company
Through: _____

Director
Mr./Ms. _____