

- **Negotiations between Electrica SA and Fondul Proprietatea ended without any agreement**

Electrica SA informs all stakeholders that no agreement has been reached in negotiations carried out with Fondul Proprietatea (FP) for a potential acquisition of minority stakes owned by FP in the three distribution subsidiaries of Electrica SA and in the supply subsidiary.

In accordance with the mandate received from shareholders to publish the price offered, be it accepted or not by Fondul Proprietatea, we announce that the firm offer of Electrica SA was RON 790mln (equity value).

In our opinion, this offer reflects commercial conditions acceptable for both parties and is substantiated on the solid understanding of operations of companies and rigorous knowledge of the regulatory environment. Moreover, Electrica SA's proposal was in line with the firm offer of Fondul Proprietatea in March 2015 (when the two parties carried out another round of negotiations) and with recent discussions.

FP offer of RON 875mln (equity value) does not reflect, from our point of view, changes in the regulatory framework occurred after the date of assessment to update the Net Asset Value (NAV) and is not based on a reasonable level of predictability of the regulatory environment, in light of unexpected changes recently approved by ANRE. Under these circumstances, we believe that the price proposed by FP is not supported by an estimate of medium and long-term performances of companies and, moreover, is even higher than the Net Asset Value.

MANDATE FOR NEGOTIATIONS WITH FP

The Extraordinary General Meeting of Shareholders of Electrica SA, which took place on 10 November 2015, approved the empowerment of the Board of Directors of Electrica SA to start negotiations with Fondul Proprietatea (FP) for the acquisition by Electrica of the entire stake owned by FP in the share capital of Electrica subsidiaries, i.e. Electrica Distribuție Muntenia Nord (21.99%), Electrica Distribuție Transilvania Nord (22%), Electrica Distribuție Transilvania Sud (21.99%) and Electrica Furnizare SA (22%).

- According to the mandate, the price offered by Fondul Proprietatea had to exclusively take into account the existing economic arguments for this acquisition. Also, at the time of completing the negotiation process, the Board of Directors is required to make public the price offered, either accepted or not by Fondul Proprietatea, with economic arguments which led to the offer.
- The negotiation process had to be completed by 31.03.2016.
- Approval of actual conclusion of the contract (including the specific terms thereof) would have had to be decided by the Extraordinary General Meeting of Shareholders.

STATEMENT

Iuliana Andronache - General Manager Electrica SA: "There are still differences between our expectations and those of Fondul Proprietatea representatives. It is normal that both sides aim at satisfying shareholders and investors' interests. Even if negotiations were not completed successfully this time either, Electrica and Fondul Proprietatea still remain partners in the true sense of the word. I want to assure all stakeholders that we will continue the analysis of investment opportunities, but we want to carry them out only in advantageous conditions for Electrica".

Electricity distribution and supply company Electrica SA is leader in the electricity distribution and supply market in Romania, as well as one of the most important players in the energy services sector. The top position is supported by both the economic results and an experience in the field of almost 120 years. Electrica SA has national coverage - with a zonal organization in 3 areas for electricity distribution and supply: Transylvania North, Transylvania South, Muntenia North and the entire country for maintenance and energy services.

More information about Electrica group can be found on company's website www.electrica.ro

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