

Societatea Energetică Electrica S.A.
9, Grigore Alexandrescu str. 010621
District 1, Bucharest, Romania
Phone: 021-208 59 99; Fax: 021-208 59 98
Fiscal Registration Certificate RO 13267221
J40/7425/2000
Share capital: 3.459.399.290 RON
www.electrica.ro

9900 / 1536 / 31.01.2017



To: **Romanian Financial Supervisory Authority (ASF)**
Bucharest Stock Exchange (BVB)
London Stock Exchange (LSE)

Current report in compliance with the Romanian Capital Market Law no. 297/2004 and CNVM Regulation no. 1/2006

Report date: 31 January 2017

Company name: Societatea Energetică Electrica S.A.

Headquarters: 9 Grigore Alexandrescu Street, 1st District, Bucharest, Romania

Phone/fax no: 004-021-2085999/ 004-021-2085998

Fiscal Code: RO 13267221

Trade Register registration number: J40/7425/2000

Subscribed and paid in share capital: RON 3,459,399,290

Regulated market where the issued securities are traded: Bucharest Stock Exchange (BVB), London Stock Exchange (LSE)

Significant events to be reported:

Auditor report of factual findings according to art. 225 of Law no. 297/2004 regarding the transactions reported in the second semester of 2016

Societatea Energetică Electrica S.A. informs its shareholders, according to the provisions of art. 225 of Law no. 297/2004 and art. 113, letter G, para (6) of CNVM Regulation no. 1/2006, about the financial auditor's report of factual findings regarding the transactions reported by Electrica according to art. 225 of Law no. 297/2004 in the second semester of 2016.

CEO,
Dan Cătălin Stancu



KPMG Audit SRL
Victoria Business Park
DN1, Soseaua Bucuresti-Ploiesti nr. 69-71
Sector 1

P.O. Box 18-191
Bucharest 013685
Romania
Tel: +40 (21) 201 22 22
+40 (372) 377 800
Fax: +40 (21) 201 22 11
+40 (372) 377 700
www.kpmg.ro

**Report of factual findings
(free translation¹)**

**To the Executive Management of
Societatea Energetica Electrica S.A.**

We have performed the procedures set out in the service contract dated 31 January 2017 signed between Societatea Energetica Electrica S.A. („the Company”) and KPMG Audit S.R.L. in connection with the legal acts reported by the Company to Financial Supervisory Authority and Bucharest Stock Exchange in the accompanying Current report in compliance with the Romanian Capital Market Law no. 297/2004, CNVM Regulation no. 1/2006, and the Bucharest Stock Exchange Code² dated 4 January 2017 (hereinafter „Current report”).

Our engagement was undertaken in accordance with International Standard on Related Services 4400 “Engagements to Perform Agreed-upon Procedures Regarding Financial Information” (“ISRS 4400”).

The procedures were performed solely to assist the Company in assessing transactions with related party. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the agreed procedures described below either for the purpose for which this report has been requested or for any other purpose. The procedures performed are summarized below.

¹ TRANSLATOR’S EXPLANATORY NOTE: The above translation of the report is provided as a free translation from Romanian which is the official and binding version.





We performed the following procedures:

1. Obtaining the contract included in Current report;
2. Reconciling the information presented in the columns „Agreement type and no.“, „Scope of the agreement“, „Amount (RON th.)“, „Date of execution / entry into force“, „Expiry date“, „Guarantees (RON th.)“, „Penalties“, „Deadlines and payment methods“ with the provisions of the contract obtained at procedure 1; and
3. Discussing with the Company's management concerning the nature and the prices of the services mentioned in the contract included in the Current report, obtaining from the Company alternative offers on the market for similar transactions, comparing the alternative offers with the prices of the services mentioned in the contracts included in the Current report, and reporting if the prices of transactions included in Current report are comparable with the prices of similar transactions.

Similar transactions mean transactions of similar subject, payment terms in a range of +/- 10%, contract maturity in a range of +/- 10%, and the percentage of collaterals in the price of the contract in a range of +/- 10%.

Comparable price means the price of a similar transaction if in a range of +/- 10%.

We report below our findings:

1. Regarding procedure 1, we obtained the contract included in Current report.
2. Regarding procedure 2, we reconciled the information presented in the columns „Agreement type and no.“, „Scope of the agreement“, „Amount (RON th.)“, „Date of execution / entry into force“, „Expiry date“, „Guarantees (RON th.)“, „Penalties“, „Deadlines and payment methods“ with the provisions of the contract obtained at procedure 1 above. We found no differences.
3. Regarding procedure 3, we discussed with the Company's management concerning the nature and prices of the services mentioned in the contract included in the Current report. According to our discussion with management, the contract presented in the Current report is a transportation services contract; the price of the services is Lei 780,000. The Company has no alternative offers for similar transactions on the market. Consequently, we did not perform the comparison between alternative offers for similar transactions with the price of the services from the contract presented in the Current report, as described in procedure 3.



Because the procedures performed do not constitute either an audit or a review or an assurance engagement made in accordance with International Standards on Auditing, International Standards on Review Engagements, or International Standards on Assurance Engagements, respectively, we do not express any assurance on the specified elements.

Had we performed additional procedures or had we performed an audit or review or an assurance engagement in accordance with International Standards on Auditing, or International Standards on Review Engagements, or International Standards on Assurance Engagements, respectively, other matters might have come to our attention that would have been reported to you. Our findings represent the results of the application of the procedures mentioned above. We have no responsibility to update our report for events and circumstances occurring after the date of such report.

In addition, this report relates only to the items specified above and does not extend to any financial statements of the Company, taken as a whole.

This report is intended solely for the purpose set forth in the third paragraph of this report and to the executive management of the Company, as a body. This report has been undertaken so that we might state to the executive management of the Company, as a body, those matters we are required to state to them in a report of factual findings and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility for this report to anyone other than the Company and its executive management, as a body.

Refer to the original signed
Romanian version

KPMG Audit S.R.L.
31 January 2017
Bucharest, Romania

Appendix

"Current report in compliance with the Romanian Capital Market Law no. 297/2004, CNVM Regulation no. 1/2006, and the Bucharest Stock Exchange Code" dated 4 January 2017

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To: **Romanian Financial Supervisory Authority (ASF)**
Bucharest Stock Exchange (BVB)
London Stock Exchange (LSE)

Current report in compliance with the Romanian Capital Market Law no. 297/2004, CNVM Regulation no. 1/2006, and the Bucharest Stock Exchange Code

Report date: 4 Jan 2017

Company name: Societatea Energetică Electrica S.A. (Electrica)

Headquarters: 9 Grigore Alexandrescu Street, 1st District, Bucharest, Romania

Phone/fax no.: 004-021-2085999/ 004-021-2085998

Fiscal Code: RO 13267221

Trade Register registration number: J40/7425/2000

Subscribed and paid in share capital: RON 3,459,399,290

Regulated market where the issued securities are traded: Bucharest Stock Exchange (BVB) and London Stock Exchange (LSE)

Significant events to be reported: Legal acts of the kind listed in Art. 225 of Law No. 297/2004 concluded by Electrica in H2 2016

Electrica informs its shareholders and investors about the conclusion in the second semester of 2016 of a legal act with a value greater than EUR 50,000 with Filiala de Intretinere si Servicii Energetice „Electrica Serv” SA, affiliate, where Electrica is the sole shareholder.

Details regarding the agreement concluded by Electrica, as beneficiary, with Filiala de Intretinere si Servicii Energetice „Electrica Serv” SA, as service provider, containing information about the date of execution, type of legal act, description of its scope, total value of the legal act, expiry date, mutual claims, guarantees, penalties, deadlines and payment methods are presented in Annex 1 to the current report.

The report of factual findings regarding the transactions reported by Electrica according to art. 225 of Law no. 297/2004 that will be performed by a financial auditor, will be made public in maximum 30 days from the end of the reporting period according to the provisions of art. 113 letter G para (6) of CNVM Regulation no. 1/2006.

CEO
Dan Cătălina Stancu



Annex 1: Details regarding legal acts of the kind listed in Art. 225 of Law No. 297/2004 concluded by Electrica in H2 2016
Beneficiary: Societatea Energetică Electrica S.A.
Service Supplier: Filiala de Intretinere si Servicii Energetice „Electrica Serv” SA

Agreement Type and No.	Scope of the agreement	Amount (RON th.)	Date of execution/ entry into force	Expiry date	Mutual claims	Guarantees (RON th.)	Penalties	Deadlines and payment methods
Agreement no. 241	Complex auto transportation services for Electrica SA - period 1 January 2017 - 30 June 2017	780	28 Dec 2016	30 Jun 2017	0	0	<p>Supplier: If, due to its exclusive fault, the supplier does not fulfil the obligations assumed in the agreement, or delays are encountered, the Beneficiary has the right to invoice daily penalties in amount of 0.04% from agreement value, until the obligations are fulfilled by the supplier.</p> <p>Beneficiary: in case the Beneficiary does not pay the invoice in accordance with article 10.1, the Supplier has the right to invoice daily penalties in amount of 0.04% from outstanding balance, until the agreement obligations are fulfilled.</p>	30 calendar days from the receipt of invoice at e-mail plati.furnizori@electrica.ro