

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

Current report in compliance with the Law 24/2017 on issuers of financial instruments and market operations, the Romanian Capital Market Law no. 297/2004, CNVM Regulation no. 1/2006, and the Bucharest Stock Exchange Code

Report date: **14 July 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:

Execution of a Memorandum of Understanding with Fondul Proprietatea S.A.

Societatea Energetică „Electrica” S.A. (“Electrica”) would like to inform shareholders that on 14 July 2017 it has signed a Memorandum of Understanding with Fondul Proprietatea S.A. (the "Fund") for the acquisition of the Fund's holdings in Electrica subsidiaries namely SDEE Distribuție Muntenia Nord S.A., SDEE Distribuție Transilvania Sud S.A., SDEE Distribuție Transilvania Nord S.A. and Electrica Furnizare S.A. (“Subsidiaries”).

The aggregated value of the transaction would amount to RON 752,031,841. Shares would be acquired by Electrica together with all the rights attached to them under the applicable law, including the right to receive dividends, except for those for the financial year ending on 31 December 2016, which remain to be collected by the Fund, as already approved by the General Meeting of Shareholders of the Subsidiaries on 17 May 2017.

The parties plan to execute the transactional documents pertaining to the envisaged transaction after obtaining the necessary corporate and shareholding approvals at Electrica and Subsidiaries level by 31 October 2017.

**CEO
Dan Cătălin Stancu**