

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



**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: **30 January 2018**

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's independent limited assurance report according to art. 82 of Law no. 24/2017 regarding the transactions concluded in the second semester of 2017

Societatea Energetică Electrica S.A. informs its shareholders, according to the provisions of art. 82 of Law no. 24/2017 and art. 113, letter G, para (6) of CNVM Regulation no. 1/2006, about the financial auditor's independent limited assurance report regarding the transactions concluded by Electrica according to art. 82 of Law no. 24/2017 in the second semester of 2017 (in annex).

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

**INDEPENDENT LIMITED ASSURANCE REPORT
ON THE INFORMATION INCLUDED IN THE CURRENT REPORTS
PREPARED BY SOCIETATEA ENERGETICA ELECTRICA S.A. IN ACCORDANCE
WITH THE REQUIREMENTS OF LAW NO. 24/2017 AND REGULATION NO. 1/2006
(free translation¹)**

To the Board of Directors,
Societatea Energetica Electrica S.A.

1. We were engaged by the Board of Directors of Societatea Energetica Electrica S.A. ("the Company") to report on the information included in the accompanying Current Reports for the period 1 July – 31 December 2017 dated 11 July 2017 and 3 January 2018, prepared by the Company in accordance with the requirements of Law no. 24/2017 regarding issuers of financial instruments and capital operations ("Law no. 24/2014") and of Regulation on issuers and operations with securities no. 1/2006 of the former National Securities Commission ("CNVM"), the current Financial Supervision Authority ("ASF"), with subsequent amendments ("Regulation no. 1/2006") (further referred to as "Reported Transactions" included in the "Current Reports"), in the form of an independent limited assurance conclusion that, based on procedures performed, nothing has come to our attention that causes us to believe that the price of Reported Transactions included in the Current Reports, does not observe, in all material respects, the criteria defined in paragraph 10 of this independent limited assurance report.

¹ TRANSLATOR'S EXPLANATORY NOTE: This translation of the independent limited assurance report is provided as a free translation from Romanian, which is the official and binding version.

Management's Responsibilities

2. The management of the Company is responsible for the preparation and presentation of Current Reports that are free from material misstatement, in accordance with art. 82 of Law no. 24/2017 and with Regulation no. 1/2006, for the information contained therein and for their completeness, for the fairness of the price of the Reported Transactions, corroborated with the rights and obligations assumed by the parties, by comparison with existing alternative offers on the market, as well as for compliance with the criteria defined in paragraph 10 of this report. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and presentation of the Current Reports and Reported Transactions that are free from material misstatement whether due to fraud or error, for entering transactions at a price that, corroborated with the rights and obligations assumed by the parties, is fair by comparison with existing alternative offers on the market and for compliance with the criteria defined in paragraph 10 of this report. This responsibility includes also the compliance with the requirements of art. 82 of Law no. 24/2017 and with the requirements of Regulation no. 1/2006, the conformity of the Reported Transactions included in the Current Reports with the supporting documents, and for maintaining adequate records in relation to the Current Reports and Reported Transactions. The management of the Company is responsible for preventing and detecting fraud and for ensuring that the Company complies with the applicable laws and regulations in force. The management of the Company is responsible for ensuring that staff involved with engaging in the Reported Transactions and with the preparation of the Current Reports are properly trained and systems are properly updated.

Our Responsibilities

3. Our responsibility is to examine the Reported Transactions disclosed by the Company in the Current Reports and to report thereon in the form of an independent limited assurance conclusion based on the evidence obtained. We conducted our engagement in accordance with the International Standard on Assurance Engagements ("ISAE") 3000 *Assurance engagements other than audits or reviews of historical financial information* issued by the International Auditing and Assurance Standards Board. This standard requires that we plan and perform our procedures to obtain a meaningful level of assurance about whether the price of the Reported Transactions included in the Current Reports, observes, in all material respects, the criteria defined in paragraph 10 of this independent limited assurance report, as basis for our limited assurance conclusion.
4. The firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.
5. We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.



6. The procedures selected depend on our understanding of the Reported Transactions included in the Current Reports and other engagement circumstances, and also on our consideration of areas where material misstatements are likely to arise. In developing our understanding of the Reported Transactions included in the Current Reports, we developed an understanding of Company's process for entering into the Reported Transactions and over the preparation and presentation of the Current Reports and of the Reported Transactions in accordance with the requirements of art. 82 of Law no. 24/2017 and the requirements of Regulation no. 1/2006 in order to design procedures that are appropriate in the circumstances, but not for the purposes of expressing a conclusion as to the effectiveness of Company's process and internal control for entering into the Reported Transaction and over the preparation and presentation of the Current Reports and of the Reported Transactions included in the Current Reports.
7. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.
8. As part of this engagement, we have not performed any audit or review procedures on the Reported Transactions included in the Current Reports in conformity with the International Standards on Auditing or the International Standards on Review Engagements, nor of the underlying records or other sources from which the Current Reports and Reported Transactions were extracted and we have not performed procedures on whether the Reported Transactions included in the Current Reports are complete.
9. The procedures performed by us were only applied to service contract no. 163 dated 10 July 2017 which is the frame agreement for the Reported Transactions included in the Current Reports, to which subsequent agreements no. 164 dated 11 July 2017 and no. 344 dated 29 December 2017 were signed. We did not perform any procedures to verify whether the Current Reports include all transactions and details regarding the transactions which the Company should report in accordance with the requirements of art. 82 of Law no. 24/2017 and the requirements of Regulation no. 1/2006, for the period 1 July – 31 December 2017.

Criteria

10. The criterion used in this engagement was the selection criterion that was used by the Company within the acquisition procedure following which the frame agreement for the subsequent contracts included in the Current Reports was concluded, which is the "lowest price" from different offers received from suppliers.

Conclusion

11. Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report.
12. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.



13. Based on procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the price of the Reported Transactions included in the accompanying Current Reports dated 11 July 2017 and 3 January 2018 does not observe the criteria defined in paragraph 10 of this independent limited assurance report.
14. In accordance with the terms of our engagement, our independent limited assurance report on the Reported Transactions included in the accompanying Current Reports dated 11 July 2017 and 3 January 2018 prepared by the management of the Company in order to report in accordance with the requirements of art. 82 of Law no. 24/2017 and the requirements of Regulation no. 1/2006, was prepared for the Board of Directors in relation to these regulations and for no other purpose or in any other context.
15. The price of the Reported Transactions included in the Current Reports has been evaluated against the criteria defined in paragraph 10 of this independent limited assurance report. The criteria have been developed only for the purpose of this engagement and should not be considered suitable for any other purpose.

Restriction of Use of Our Report

16. Our report should not be regarded as suitable to be used by any party wishing to acquire rights against us other than the Company, for any purpose or in any context. Any party, other than the Company, who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof), will do so at its own risk. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company's Board of Directors, as a body, for our work, for this report or for the conclusion we have formed.

Refer to the original signed
Romanian version



KPMG Audit S.R.L.
30 January 2018
Bucharest, Romania