

INDEPENDENT LIMITED ASSURANCE REPORT ON THE INFORMATION INCLUDED IN THE CURRENT REPORTS PREPARED BY THE COMPANY IN ACCORDANCE WITH LAW 297/2004

To the Board of Director of Transgaz SA

1. This report was prepared in accordance with the Service Contract signed on 3 February 2015 in order to report to the Board of Directors of Transgaz SA (“the Company”) on whether the Company complied with the criteria described in paragraph 3 of this report.

Management’s Responsibility

2. The management of the Company is responsible for the preparation of the Current Report “Current Report” in Appendix 1 - “Current Report filed with the Financial Surveillance Authority (“AFS”, formerly the Romanian National Securities Commission („CNVM”)) dated 16 August 2014, 5 September 2014, 26 November 2014, 16 December 2014 with a corrigendum dated 9 April 2015” in accordance with article 225 of Law 297/2004, to be filed with the ASF and with the Bucharest Stock Exchange (“BVB”); and for the design and implementation of internal policies and procedures designed to preserve the Company’s interests, by reference to offers of the same type available on the market for transactions specified in article 225, point 1, pf Law 297/2004 (“Internal Procedures for acquisitions and the Policies of the National transport grid for natural gas (“Grid Policies”) approved by Ordinance 16/2013 of the Romanian Energy Regulatory Authority (“ANRE”).

Description of information analysed and criteria identification

3. The criteria refer to presentation requirements specified in art 225, point 3 of Law 297/2004 and the “Internal Procedures for acquisitions and Grid Policies” defined by the Company as follows:
 - The acquisition of natural gas intended for internal technological consumption and for stabilising the National Transportation Grid (“SNT”) is exempt from the requirements related to gas mix, as per art. 8, para. (3), letter b) and c) of ANRE Ordinance 15/2013.

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In accordance with this Ordinance, the Company acquires gas for technological consumption and for stabilising the SNT, from internal gas production, at the regulated price for the regulated market as per Governmental Resolution (“GR”) 816/2014. For the acquisition of gas intended for technological consumption we checked the contractual price against the requirements of GR 816/2014.

- The natural gas transport services are charged in accordance with regulated prices, as per ANRE Ordinance no. 70/2014.
- The terms and the contractual conditions presented in the Current Report are the same as those in the signed agreements and are compliant with the Company’s Internal Procedures for Acquisitions and the Grid Policies.

Independent Auditor’s Responsibility

4. Our responsibility is to report on the transactions included by Transgaz S.A. in the Current Report („reported transactions”) based on the procedures followed and presented in paragraph 9.
5. Our work was performed in accordance with the International Standard for Assurance Engagements 3000 („ISAE 3000”) “Assurance Engagements Other than Audits or Review of Historical Financial Information”. This Standard requires us to comply with ethical requirements and to plan and perform our work in order to obtain limited assurance that the transactions included by Transgaz SA in the Current Report comply, in all material respects, with the criteria mentioned in para 3.
6. We did not perform any audit or limited review procedures on the reported transactions or on the sources from which the Current Report and the Reported Transactions were extracted.
7. Because of the fact that our work was performed in order to obtain limited assurance, our procedures were less than for a reasonable assurance assignment. Therefore, the assurance obtained is less than the assurance obtained from a reasonable assurance engagement. We consider that the evidence obtained is sufficient and appropriate for our limited assurance conclusion.

Summary of work performed

8. Our procedures were applied only on the transactions presented in the Current Report dated 16 August 2014, 5 September 2014, 26 November 2014, 16 December 2014 with a corrigendum dated 9 April 2015 and which have an actual or estimated value exceeding EUR 50,000. We did not perform any procedure in order to assess if the Current Report includes all transactions which should have been included, for the period 1 July - 31 December 2014 in accordance with article 225 of Law 297/2004.

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9. In accordance with the objectives agreed for our work, we performed the following procedures:
- 9.1 We obtained from the management of the Company the Current Report filed with the ASF dated 16 August 2014, 5 September 2014, 26 November 2014, 16 December 2014 with a corrigendum dated 9 April 2015, including the transactions similar to those mentioned in article 225 of Law 297/2004. The Current Report and the corrigendum are included in Appendix 1.
- 9.2 We obtained from the management of the Company access to the following original legal documents:
- 9.2.1 Agreement no. 36/24.07.2014, between SNTGN Transgaz SA and Termo Calor Confort SA, on natural gas transport services, covering the period August 2014 - 1 October 2015.
- 9.2.2 Agreement no. 33/27.04.2014, between SNTGN Transgaz SA and SNGN Romgaz SA, on natural gas transport services, covering the period 1 August 2014 - 1 October 2015.
- 9.2.3 Agreement no. 16/24.07.2014, between SNTGN Transgaz SA and Electrocentrale Galati SA, on natural gas transport services, covering the period 1 August 2014 - 1 October 2015.
- 9.2.4 Agreement no. 15/24.07.2014, between SNTGN Transgaz SA and Electrocentrale Bucuresti SA, on natural gas transport services, covering the period 1 August 2014 - 1 October 2015.
- 9.2.5 Agreement no. 9/24.07.2014, between SNTGN Transgaz SA and Complexul Energetic Hunedoara, on natural gas transport services, covering the period 1 August 2014 - 1 October 2015.
- 9.2.6 Addendum no. 1 to the Agreement no. 15/24.07.2014, between SNTGN Transgaz SA and Electrocentrale Bucuresti SA, on natural gas transport services, covering the period 1 August 2014 - 1 October 2015.
- 9.2.7 Agreement no. 40/28.10.2014, between SNTGN Transgaz SA and Electrocentrale Constanta, on natural gas transport services, covering the period 1 November 2014 - 1 October 2015.
- 9.2.8 Agreement no. 20/2009 extended by Addendum no. 15/2014, between SNTGN Transgaz SA and SNGN Romgaz SA, on services of sale and purchase of domestic natural gas, covering the period 1 January 2015 – 30 September 2015.
- 9.3 For each legal document included in the Current Report obtained in accordance with Procedure 9.1 we compared the name of the signing parties; and the number, the date, and the nature of the legal document presented in the Current Report against the information contained in the original legal instrument.

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- 9.4 For each legal document included in the Current Report obtained in accordance with Procedure 9.1 we compared the object of the legal document presented in the Current Report against the information contained in the original legal instrument.
- 9.5 For each legal document included in the Current Report obtained in accordance with Procedure 9.1 we compared the total amount as per the Current Report against the information contained in the original legal instrument.
- 9.6 For each legal document included in the Current Report obtained in accordance with Procedure 9.1 we compared the total guarantees, penalties and payment terms and conditions as per the Current Report against the information contained in the original legal instrument.
- 9.7 For each legal document included in the Current Report obtained in accordance with Procedure 9.1 we compared the prices against the relevant regulated tariffs as detailed at paragraph 3.
- 9.8 We obtained a written representation from the Management of the Company stating that, in their opinion, the Internal Acquisitions procedures are sufficient in order to ensure that the prices for the transactions presented in the Current Report are fair compared to similar offers existing in the market and considering all rights and obligations agreed between the parties.
- 9.9 We discussed with the Management of the Company about the nature of the transactions presented in the Current Report and we requested the management to provide us with appropriate documentation in accordance with the Internal Acquisitions Policies and the Grid Policies, included in paragraph 3 of this report, for all transactions presented in the Current Report and we analysed the compliance of those transactions with the requirements of those procedures.

Basis of qualified opinion

10. The agreements concluded between Tranzgaz and Termocalor no. 36/24.07.2014, between Transgaz and Complexul Energetic Hunedoara no. 9/24.07.2014, between Transgaz and Romgaz no. 33/24.07.2014, between Transgaz and Electrocentrale Bucuresti, addendum 1 to the agreement no. 15/24.07.2014, between Transgaz and Electrocentrale Constanta no. 40/28.10.2014 provide for a limited period of 15 days in rendering the services and a 3 days prior notice. In Grid Policies is mentioned the limitation of rendering the natural gas transportation services starting with the 26th day from the invoice date with a 5 calendar days prior notice, in the case of default of payment.

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Limited Assurance Conclusion

11. Based on the procedures performed, described in this report in “Summary of work performed”, except for the aspects mentioned in paragraph 10, nothing has come to our attention that would cause us to believe that, in all material respects:
 - 11.1 The information referring to the names of the contractual parties, contract number, contract date, object of the contract and total amount of the contract, guarantees, penalties, terms and payment terms and conditions for the transactions included in the Current Report is not in accordance with the signed contracts.
 - 11.2 The contracts provided to us are not duly authorised by the Company’s representatives.
 - 11.3 The prices were not established in accordance with the regulated tariffs as per the ANRE Ordinances mentioned above, the terms and contractual conditions were not established by agreement of the parties in accordance with the type of goods/services and considering the terms and conditions mentioned in the agreements concerned and in the internal procedures and policies of the Company and Grid Policies.

Other aspects

12. This report refers only to the transactions included in the Current Report, under the conditions mentioned in previous paragraphs, and cannot be extended to other reports presented by the Company either individually or as a whole.

Restrictions concerning the use and distribution of the report

13. This independent limited assurance report was prepared exclusively for the information of the Board of Directors and Management of the Company and to be filed with the Bucharest Stock Exchange and ASF and cannot be used for any other purposes.

PricewaterhouseCoopers Audit SRL

Bucharest, 9 April 2015

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