

HIDROELECTRICA SA

PUBLIC ANNOUNCEMENT

for

THE OFFER OF ASSETS SALE through AN OUTCRY AUCTION

Hidroelectrica SA, a majority State-owned trading company, being under coordination of the Ministry of Energy, having its headquarters in Bucharest, 15-17 Ion Mihalache Avenue, 11-14 floors, district 1, registered at the Trade Registry, Bucharest Law Court under no. J40/7426/2000, VAT no. RO 13267213, in conformity with the provisions of the Methodological Norms of application of the Governmental Emergency Ordinance No. 88/ 1997 as per the privatization of the trading companies, with its further modifications and amendments, and with the Law No. 137/ 2002 in respect to some provisions for privatization acceleration approved through the Government Decision No. 577/ 2002, with its further modifications, the Government Decision No. 1069/ 2007 in respect of the approval of the Romania's 2007-2020 Energy Strategy, offers to sale, through the method of an outcry auction, the following assets structured as follows:

1. The asset – small hydropower plant from Trotuș river's basin, Bacău County: Caralița SHPP (Pi = 1.00 MW, Em = 4.40 GWh, starting price = **3,702,766 lei**),
2. The asset – small hydropower plant from Neagra river's basin, Neamț County: Neagra SHPP (Pi = 0.23 MW, Em = 0.61 GWh, starting price = **581,509 lei**),
3. The asset – small hydropower plant from Cracău river's basin, Neamț County: Cracău 1 SHPP (Pi = 0.74 MW, Em = 1.95 GWh, starting price = **2,115,117 lei**),
4. The asset – small hydropower plant from Valea cu Pești brook's basin, Neagra Șarului river, Suceava County: Lucaciu SHPP (Pi = 0.38 MW, Em = 0.73 GWh, starting price = **816,631 lei**),
5. The corporate stock of assets – small hydropower plants from Valea Cracului river's basin, Hunedoara County: Valea Cracului 1 SHPP, Valea Cracului 2 SHPP, Valea Cracului 3 SHPP, Zeicani SHPP (Pi = 1.876 MW, Em = 4.666 GWh, starting price = **4,538,050 lei**),
6. The corporate stock of assets – small hydropower plants from Târlung river's basin, Brașov County: Târlung 1 SHPP, Târlung 2 SHPP, Târlung 3 SHPP, Târlung 4 SHPP (Pi = 4.930 MW, Em = 15.680 GWh, starting price = **8,100,481 lei**),
7. The asset – small hydropower plant from Sebiș river's basin, Arad County: Sebiș SHPP (Pi = 0.270 MW, Em = 0.580 GWh, starting price = **1,014,724 lei**),
8. The asset – small hydropower plant from Rășinari river's basin, Sibiu County: Rășinari SHPP (Pi = 0.060 MW, Em = 0.380 GWh, starting price = **497,931 lei**),
9. The asset – small hydropower plant from Slănic river's basin, Buzău County: Mânzălești SHPP (Pi = 0.940 MW, Em = 4.400 GWh, starting price = **4,717,005 lei**),
10. The asset – small hydropower plant from Boia river's basin, Vâlcea County: Boia 1 SHPP (Pi = 2.000 MW, Em = 4.300 GWh, starting price = **8,698,870 lei**),
11. The asset – small hydropower plant from Surduc river's basin, Timiș County: Surduc SHPP (Pi = 1.700 MW, Em = 4.300 GWh, starting price = **3,751,117 lei**),

12. The asset – small hydropower plant from Putna river's basin, Vrancea County: Greșu SHPP (Pi = 0.900 MW, Em = 2.760 GWh, starting price = **4,333,943** lei),
13. The asset – small hydropower plant from Slănic river's basin, Buzău County: Lopătari SHPP (Pi = 0.840 MW, Em = 2.180 GWh, starting price = **2,502,717** lei),
14. The asset – small hydropower plant from Dâmbovița river's basin, Argeș County: Frasin SHPP (Pi = 0.600 MW, Em = 2.260 GWh, starting price = **4,038,070** lei).

We mention that the start prices of the 14 corporate stocks of SHPP assets proposed for sale do not include VAT because the provisions under the article 270, paragraph 7, from the Fiscal Code stipulating that this sale is considered a transfer of assets to which the VAT shall not be applied, are fulfilled.

Only the candidates who cumulatively fulfill the following pre-qualification criteria can participate in the outcry auction process:

1. Keeping the activity object

The purchaser is required to insure the continuity of the power generation activity pursuant to the regulations, licenses, issued by the National Energy Regulator, for a period of at least 5 years since the purchase contract is signed.

The potential candidates are informed that the activity developed within the assets, which make the object of sale, is a regulated activity that is subject to the provisions of the legislation specific to the energy sector.

2. Observance of the regulations specific to the energy sector

The Purchaser is required to assume the obligation to operate the small hydropower plants submitted to sale, as a part of the National Energy System, with the observance of the provisions of the Law for the energy and natural gases no. 123/ 2012 and of such other legal regulations in force, as well as of the rules of the existent prescriptions and norms, established and agreed by the National Energy Regulator, and of the environment legislation.

The Purchaser's obligation shall refer both to the legislation in force and to the normative acts such as they may be modified by the competent authorities, including as following the alignment of the Romanian legislation to the EU standards.

3. Environment-related obligations

The Purchaser is required to assume, if the case may be, the program of investments for the environment protection as in conformity with the environment objectives and obligations established by the competent environment authority.

4. Conditions for the purchase of the lands of the small hydropower plants

In the event that the assets are adjudicated by foreign natural/ legal persons (including in the event that such persons are part of a consortium), with the view of signing and authentication of the purchase contract, such persons shall establish a company/ branch with its headquarters in Romania.

5. Conditions for the public patrimony aspects

The patrimony aspects, which are subject to the Law no. 213/ 1998 for the public property and the regime thereof, and to the new Civil Code, do not make the object of the sale of the corporate stock of assets.

6. Taking over the personnel from the assets

The Purchaser is required to assume the obligation to take over the whole HIDROELECTRICA S.A.'s personnel developing its activity within the assets (hydropower plants) submitted to sale on the date the assets are transferred, with respect of the obligations and the rights mentioned under the collective labor contract in force at the level of Hidroelectrica S.A.

7. Post-sale obligations

The Purchaser is required to assume the obligation to allow the Seller to access the Assets and the obligation to submit the documents required by the Seller for the verification of the operation of the assets, on one's own behalf, for a period of 5 years and for keeping the object of activity.

DIRECT ACCESS TO THE DATA AND INFORMATION OF THE ASSET

In the case that either the natural person or the legal person interested communicates in writing to the economic agent that they wish to draw up a report to expertise the assets on their own, HIDROELECTRICA SA shall provide them the free access to all the data and information of technical, economic, legal, and environmental character concerning the assets submitted to sale.

The natural or legal persons interested shall have access to the data and information of technical, economic, environmental, and legal character concerning such assets submitted to sale, under the following conditions:

- Submission of a letter of intent to purchase the assets;
- Forwarding a request in writing to ask for the access to the data and information concerning such assets;
- Signing the Non-Disclosure Agreement at HIDROELECTRICA S.A.'s headquarters;
- Payment for the equivalent value of the tender dossier.

Failure to accept and sign such a Non-Disclosure Agreement as in accordance with the terms and conditions stipulated by HIDROELECTRICA S.A leads to the fact that neither the natural persons nor the legal persons interested shall have access to the data and information concerning such asset or shall purchase the Tender Dossier.

THE VALUE OF THE TENDER GUARANTEE, AUCTION PARTICIPATION TAX, ACCESS TAX, AND THE EQUIVALENT VALUE OF THE TENDER DOSSIER

The value of the tender guarantee is **10 % of the starting price**. The tender guarantee shall be paid in lei by the Romanian natural/ legal persons, respectively in EUR, at the exchange rate communicated by the Romanian National Bank as of the date of its payment or of the issue of the bank guarantee letter, by the foreign natural/ legal persons.

The price of each Tender Dossier is **1,000 lei (+ VAT)**, which includes also the direct access to the data and information concerning the asset.

The countervalue of each auction participation Tax is **1,000 lei (+ VAT)**.

Both the price of the Tender Dossier and of the auction participation Tax shall be paid in lei, by the Romanian natural/ legal persons, respectively in EUR, by the foreign natural/ legal persons, at the exchange rate communicated by the Romanian National Bank as of the date of their payment.

Tender Dossier

The Tender Dossiers elaborated by Hidroelectrica S.A. for the sale of each corporate stock of assets, can be acquired from Monday to Friday, starting with the date of **31st March 2016 up to 16th May 2016, within 9⁰⁰ - 15⁰⁰ hours, from Hidroelectrica S.A. headquarters.**

The Tender Dossier shall be released after the following documents are presented: (i) the evidence of the Tender Dossier price payment; (ii) identity card or passport of the person who takes the Tender Dossier; (iii) the mandate from behalf of the candidate legal person or the proxy from behalf of the candidate natural person for the person who takes the Tender Dossier and who signs the non-disclosure agreement; (iv) the non-disclosure agreement signed at Hidroelectrica S.A. headquarters by the mandated person.

Data Room

Additional information shall be available in the Data Room organized in conformity with the conditions within the Tender Dossier, during the period of **1st April 2016 – 13th May 2016**, at:

Bistrița Branch (Corporate stocks 1, 2, 3, 4)

13 Locotenent Drăghiescu Street
ZIP CODE 610125 Piatra Neamț, Neamț County
Phone no.: +40 233 207103; Fax no.: +40 233 207130
E-mail: shbistrita@hidroelectrica.ro

Hațeg Branch (Corporate stock 5)

38 bis Progresului Street
ZIP CODE 335500 Hațeg, Hunedoara County
Phone no.: +40 254 207407; Fax no.: +40 254 777761
E-mail : shhateg@hidroelectrica.ro

Hațeg Branch – Caransebeș Hydropower Plant (Corporate stocks 7, 11)

2A Splai Sebeș Street
ZIP CODE 325400 Caransebeș, Caraș-Severin County
Phone no.: +40 255 512107; +40 255 512482; Fax no.: +40 255 513728
E-mail: caransebes@hidroelectrica.ro

Sebeș Branch – Sibiu Hydropower Plant (Corporate stocks 6, 8, 10)

45 Rahova Street
ZIP CODE 550345 Sibiu, Sibiu County
Phone no.: +40 269 202303; Fax no: +40 269 244135
E-mail: secretariat.sibiu@hidroelectrica.ro

Curtea de Argeș Branch (Corporate stock 14)

82-84 Basarabilor Street
ZIP CODE 115300 Curtea de Argeș, Argeș County
Phone no.: +40 248 507210; Fax: +40 248 721741
E-mail: sharges@hidroelectrica.ro

Curtea de Argeş Branch – Buzău Hydropower Plant (Corporate stocks 9, 12, 13)

1 Dorin Pavel Street

ZIP CODE 120290 Buzău, Buzău County

Phone no.: +40 238 720919; Fax no.: +40 238 414847

E-mail: marilena.chelu@hidroelectrica.ro

The documents shall be consulted after the Tender Dossier is purchased and the Non-Disclosure Agreement is signed. Each of the above-mentioned branches shall be responsible for the visiting agenda of the Data Room.

Documents required for the participation in the outcry auction

With the view of participating in the outcry auction, the candidates shall submit at Hidroelectrica S.A. headquarters the documents for participating in the outcry auction as required under the Tender Dossier, in sealed envelopes, till the due date of **16th May 2016, 15⁰⁰ hours**, this date being the deadline.

The tender Guarantee is:

- 1) **370,276.60 lei** for the small hydropower plant **from Trotuş river's basin, Bacău County: Caraliţa SHPP;**
- 2) **58,150.90 lei** for the small hydropower plant **from Neagra river's basin, Neamţ County: Neagra SHPP;**
- 3) **211,511.70 lei** for the small hydropower plant **from Cracău river's basin, Neamţ County: Cracău 1 SHPP;**
- 4) **81,663.10 lei** for the small hydropower plant **from Valea cu Peşti brook's basin, Neagra Şarului river, Suceava County: Lucaciu SHPP;**
- 5) **453,805 lei** for the corporate stock of assets – small hydropower plants **from Valea Cracului river's basin, Hunedoara County: Valea Cracului 1 SHPP, Valea Cracului 2 SHPP, Valea Cracului 3 SHPP, Zeicani SHPP;**
- 6) **810,048.10 lei** for the corporate stock of assets – small hydropower plants **from Târlung river's basin, Braşov County: Târlung 1 SHPP, Târlung 2 SHPP, Târlung 3 SHPP, Târlung 4 SHPP;**
- 7) **101,472.40 lei** for the small hydropower plant **from Sebiş river's basin, Arad County: Sebiş SHPP;**
- 8) **49,793.10 lei** for the small hydropower plant **from Răşinari river's basin, Sibiu County: Răşinari SHPP;**
- 9) **471,700.50 lei** for the small hydropower plant **from Slănic river's basin, Buzău County: Mânzăleşti SHPP;**
- 10) **869,887 lei** for the small hydropower plant **from Boia river's basin, Vâlcea County: Boia 1 SHPP;**
- 11) **375,111.70 lei** for the small hydropower plant **from Surduc river's basin, Timiş County: Surduc SHPP;**
- 12) **433,394.30 lei** for the small hydropower plant **from Putna river's basin, Vrancea County: Greşu SHPP;**
- 13) **250,271.70 lei** for the small hydropower plant **from Slănic river's basin, Buzău County: Lopătari SHPP;**
- 14) **403,807 lei** for the small hydropower plant **from Dâmboviţa river's basin, Argeş County: Frasin SHPP;**

and shall be submitted in the conditions and the form presented under the Tender Dossier.

In the case of the Romanian legal persons, they shall pay the equivalent value of the Tender Dossier and of the auction participation Tax in Lei in the account no. **RO69 BRDE 410S V417 8215 4100 opened at BRD ACADEMIEI.**

In the case of the foreign legal persons, they shall pay the equivalent value of the Tender Dossier and of the auction participation Tax in foreign currency in the account no. **RO84 BRDE 410S V417 8282 4100 for EUR, opened at BRD ACADEMIEI,** as per the exchange rate Leu/ EUR communicated by the Romanian National Bank, in force as on the date of their payment.

The envelopes with the outcry auction participation Documents shall be opened only in front of the candidates and/ or their legal/ conventional representatives on the date of:

- **17.05.2016, 11.00 hours** – for the small hydropower plant *from Trotuș river's basin, Bacău County: Caralița SHPP;*
- **17.05.2016, 12.00 hours** – for the small hydropower plant *from Neagra river's basin, Neamț County: Neagra SHPP;*
- **17.05.2016, 13.00 hours** – for the small hydropower plant *from Cracău river's basin, Neamț County: Cracău 1 SHPP;*
- **17.05.2016, 14.00 hours** – for the small hydropower plant *from Valea cu Pești brook's basin, Neagra Șarului river, Suceava County: Lucaciu SHPP;*
- **18.05.2016, 11.00 hours** – for the corporate stock of assets – small hydropower plants *from Valea Cracului river's basin, Hunedoara County: Valea Cracului 1 SHPP, Valea Cracului 2 SHPP, Valea Cracului 3 SHPP, Zeicani SHPP;*
- **18.05.2016, 12.00 hours** – for the corporate stock of assets – small hydropower plants *from Târlung river's basin, Brașov County: Târlung 1 SHPP, Târlung 2 SHPP, Târlung 3 SHPP, Târlung 4 SHPP;*
- **18.05.2016, 13.00 hours** – for the small hydropower plant *from Sebiș river's basin, Arad County: Sebiș SHPP;*
- **18.05.2016, 14.00 hours** – for the small hydropower plant *from Rășinari river's basin, Sibiu County: Rășinari SHPP;*
- **19.05.2016, 11.00 hours** – for the small hydropower plant *from Slănic river's basin, Buzău County: Mânzălești SHPP;*
- **19.05.2016, 12.00 hours** – for the small hydropower plant *from Boia river's basin, Vâlcea County: Boia 1 SHPP;*
- **19.05.2016, 13.00 hours** – for the small hydropower plant *from Surduc river's basin, Timiș County: Surduc SHPP;*
- **19.05.2016, 14.00 hours** – for the small hydropower plant *from Putna river's basin, Vrancea County: Greșu SHPP;*
- **20.05.2016, 11.00 hours** – for the small hydropower plant *from Slănic river's basin, Buzău County: Lopătari SHPP;*
- **20.05.2016, 12.00 hours** – for the small hydropower plant *from Dâmbovița river's basin, Argeș County: Frasin SHPP;*

at Hidroelectrica S.A. headquarters. The Outcry Auction Commission shall separately verify the outcry participation documents as to see they are accurate and in conformity with the requirements stipulated in this announcement and with the instructions stipulated in the Tender Dossier, and shall elaborate and display the list of the accepted candidates till the date of **20th May 2016, 16:00 hours.**

Note: Failure to be present at the session of opening the offers shall lead to the respective candidate's elimination from such auction and to the return of its offer.

The outcry auction

The outcry auction shall take place on the date of:

- **23.05.2016, 11.00 hours** – for the small hydropower plant *from Trotuș river's basin, Bacău County: Caralița SHPP;*
- **23.05.2016, 12.00 hours** – for the small hydropower plant *from Neagra river's basin, Neamț County: Neagra SHPP;*
- **23.05.2016, 13.00 hours** – for the small hydropower plant *from Cracău river's basin, Neamț County: Cracău 1 SHPP;*
- **23.05.2016, 14.00 hours** – for the small hydropower plant *from Valea cu Pești brook's basin, Neagra Șarului river, Suceava County: Lucaciu SHPP;*
- **24.05.2016, 11.00 hours** – for the corporate stock of assets – small hydropower plants *from Valea Cracului river's basin, Hunedoara County: Valea Cracului 1 SHPP, Valea Cracului 2 SHPP, Valea Cracului 3 SHPP, Zeicani SHPP;*
- **24.05.2016, 12.00 hours** – for the corporate stock of assets – small hydropower plants *from Târlung river's basin, Brașov County: Târlung 1 SHPP, Târlung 2 SHPP, Târlung 3 SHPP, Târlung 4 SHPP;*
- **24.05.2016, 13.00 hours** – for the small hydropower plant *from Sebiș river's basin, Arad County: Sebiș SHPP;*
- **24.05.2016, 14.00 hours** – for the small hydropower plant *from Rășinari river's basin, Sibiu County: Rășinari SHPP;*
- **25.05.2016, 11.00 hours** – for the small hydropower plant *from Slănic river's basin, Buzău County: Mânzălești SHPP;*
- **25.05.2016, 12.00 hours** – for the small hydropower plant *from Boia river's basin, Vâlcea County: Boia 1 SHPP;*
- **25.05.2016, 13.00 hours** – for the small hydropower plant *from Surduc river's basin, Timiș County: Surduc SHPP;*
- **25.05.2016, 14.00 hours** – for the small hydropower plant *from Putna river's basin, Vrancea County: Greșu SHPP;*
- **26.05.2016, 11.00 hours** – for the small hydropower plant *from Slănic river's basin, Buzău County: Lopătari SHPP;*
- **26.05.2016, 12.00 hours** – for the small hydropower plant *from Dâmbovița river's basin, Argeș County: Frasin SHPP;*

The offers shall be elaborated as per the instructions stipulated in the Tender Dossier. The Seller holds itself the right to disqualify those candidates who did not respect the instructions of the tender documentation elaboration.

The information and the conditions stipulated in the Tender Dossier shall be added up to the present offer of assets sale.

Hidroelectrica S.A. holds itself the right to amend, interrupt, suspend or withdraw this offer in any moment.

For further information on Hidroelectrica S.A. offer, please consult the website www.hidroelectrica.ro or please submit a written inquiry addressed to:

- Mrs. Manuela Horvath – Senior Engineer, Investment Strategy & IPO Department, tel: 021-30.32.575, fax: 021-30.32.539, e-mail: manuela.horvath@hidroelectrica.ro,
- Mrs. Adriana Viorel – Senior Economist, Investment Strategy & IPO Department, tel: 021-30.74.616, fax: 021-30.32.539, e-mail: adriana.viorel@hidroelectrica.ro.

Note: *The date of 2nd May 2016 is a holiday.*