

UMICA, UEFA

ENDORSED,

Directorate

Directorate Chairman	Directorate Member	Directorate Member	Directorate Member	Directorate Member
Marius Danut CARASOL	Andreea Georgiana FLOREA	Claudia Gina ANASTASE	Constantin SARAGEA	Adrian SAVU

INFORMATION NOTICE

I. Regarding: informing the Shareholders' General Assembly on the conclusion of credit contract C 575 / 21.12.2018 with BCR, on granting a ceiling for issuing bank guarantee letters in favour of ANRE

II. Justification

National Power Grid Company "Transelectrica" - SA carries out its activity as a power transmission operator, power system operator of the National Power System and balancing market administrator under the Licence 161 / 2000 granted by ANRE President's Decision 865 / 22.12.2000, with later amendments and additions.

By ANRE Order 104 / 22.10.2014, with later amendments and additions, there were approved the amendments to the General Conditions of the licence for the provision of the power transmission service, for the provision of the system service and for the balancing market administration. Section 15 - Establishment and maintenance of financial guarantees - Art.54, states:

„(1) According to the requirements of the Law, the licence holder is obliged to establish and maintain, during the licence validity period, financial guarantees meant to ensure the continuous provision of the licensed activities, taking into account the major risks that may affect these activities.

(2) The licence holder will establish the financial guarantees before commencing the licensed activities.

(3) The financial guarantees provided in paragraph (1) shall be established in accordance with the regulations in force, applicable to participants in the power market.

(4) Regardless of the form in which the financial guarantees have been constituted, their value may not be, at any time, less than 1% of the turnover associated with the licensed activities, related to the last financial year.

(5) The competent authority may ask the licence holder at any time, during the licence validity period, for documents proving the establishment and maintenance of the financial guarantees provided for in paragraph (1).

(6) If the licensing conditions are changed, the competent authority has the right to ask the licence holder to revise the form and amount of the financial guarantees.”

By report of needs 366565 / 06.10.2017, the conclusion of a “Credit contract for granting a ceiling for the issuance of bank guarantee letters in favour of ANRE” was approved.

The subject of the contract consists of the bank providing a guarantee ceiling amounting to 30,150,240 lei, for 12 months, under which the bank will issue one or more bank guarantee letters in favour of ANRE, whenever necessary, within the limit of the guarantee ceiling’s amount.

The subject of these bank guarantee letters is guaranteeing, in favour of ANRE, the obligations assumed by CNTEE Transelectrica SA under the licence for the provision of the power transmission service, of the system service and for the balancing market administration.

The contraction of a credit for the granting of a guarantee ceiling for the issue of bank guarantee letters, amounting to 30,150,240 lei, was made under the following conditions:

- Ceiling value: 30,50,240 lei;
- On the basis of the ceiling, the bank guarantee letters will be given in LEI;
- The ceiling will work in the revolving system and will be available to CNTEE Transelectrica SA permanently, for the entire duration of the contract (12 months between 01.01.2019 and 31.12.2019);
- Bank guarantee letters will be issued by the bank upon the written request of CNTEE Transelectrica SA. The template of the request for issuing guarantee letters is provided by the bank. When issuing bank guarantee letters, the bank will take into account the information provided by the Company in the request, regarding the type of letter, the beneficiary, the value and its validity period;
- The maximum validity period of a guarantee letter issued within the ceiling will be 24 months;
- The guarantee ceiling for issuing bank guarantee letters will be granted without guarantees and there’s no commission for granting guarantee ceiling or for non-use of guarantee ceiling. In view of the above, CNTEE Transelectrica SA conducted its own procedure regarding the conclusion of a “credit contract on granting guarantee ceiling for issuance of bank guarantee letters in favour of ANRE” for a period of 12 months, amounting to 30,150,240 lei, in the terms and conditions provided above.

In the procedure, two offers were submitted, and the winning offer was the one submitted by BCR SA.

III. Conclusions

In the described circumstances, CNTEE Transelectrica SA concluded with BCR credit contract C 575 / 21.12.2018 for granting a ceiling for issuance of bank guarantee letters in favour of ANRE with the following characteristics: a) the price for issuing bank guarantee letters is 15,678,124 lei, b) issuing commission of 0,026% p.a., c) interest percentage: ROBOR at 3 months + 0.2% p.a. (applicable only when the bank guarantee letter is enforced and there are no available funds in the Company's accounts and the amount paid by the bank turns into credit) and the duration of the contract is 12 months. We specify that this contract does not require CNTEE Transelectrica SA to constitute guarantees.

IV. Proposals

In addition to the above, according to art. 25, letter (n), paragraph (iv) of the Articles of association of CNTEE Transelectrica SA, updated on 21.12.2018 by the Shareholders' General Extraordinary Assembly Decision 16/2018, the Shareholders' General Assembly is informed about the conclusion of credit contract 575 / 21.12.2018 with BCR on granting a ceiling of 30,150,240 lei for issuing bank guarantee letters in favour of ANRE, the price of issuance of bank guarantee letters is 15,678,124 lei.

Trade Division Director	UEFA Director	DJC Director	f.DCSJ Manager
Marius-Serban HARHOIU	Ana Iuliana DINU	Radu Stefan CERNOV	Litigation Head of Department Alina Elena TEODORU

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SFT Head of department
Daniela POPA

f. UMICA Director
DAMMMVBSA Manager
Cerasela Aritina RADESCU