

ENDORSED BY DIRECTORATE,

Marius – Dănuț CARAȘOL Chairman	Claudia - Gina ANASTASE Member	Adrian SAVU Member	Andreea Georgiana FLOREA Member	Constantin SARAGEA Member
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**NOTICE**

**on the approval by the Shareholders' General Assembly  
of the net profit allocation at 31 December 2018**

Under art. 14, par. (1) lett. a) from the National Power Grid Company Transelectrica SA's Articles of association, updated by the decision of SGA 14 / 09.11.2017, we submit to the approval of the Shareholders' General Assembly the net profit allocation at 31 December 2018, taking into consideration:

According to the provisions of OMFP no. 881/2012, National Power Grid Company Transelectrica SA applies, beginning with the financial year of 2012, the International Financial Reporting Standards (IFRS) to the establishment of individual annual financial statements (stand-alone).

The stand-alone financial statements of 31 December 2018 were established in accordance with the Accounting Regulations according to the International Financial Reporting Standards approved by the Order of the Minister of Public Finance 2844/2016, with later amendments and addition.

**The proposal for the profit allocation to the legal destinations after the deduction of the income tax on 31 December 2018, amounting to 81.303.373 lei, is the following:**

Destination	Amount (lei)
Accounting profit remaining after deducting income tax on 31 December 2018	81.303.373
<i>Allocating accounting profit on the following destinations:</i>	
Legal reserve (5%)	4.780.602
Other reserves representing tax concessions provided by law - exemption from the payment of reinvested profit tax	53.127.283
Other allocations provided by the law - revenues of 2018 from the allocation of the interconnection capacity (net of income tax and legal reserve) - partially, within the net profit margin	23.395.488
Unallocated profit	-

The proposal for profit allocation after income tax deduction on 31 December 2018 was made in accordance with the provisions of the law in force, namely:

- GO 64/2001, with later amendments and additions, on profit allocation to fully or majority state-owned national societies, national companies and commercial societies, as well as to autonomous companies, approved with amendments by Law 769/2001;
- Law 227/2015 regarding the Fiscal Code, with later amendments and additions;
- Regulation (EC) 714/2009 of the European Parliament and of the Council of 13 July 2009 on grid access conditions for cross-border power exchanges and repealing Regulation (EC) 1228/2003;
- ANRE Order 53/2013, with later amendments and additions, regarding the approval of the Tariff Pricing Methodology for the power transmission service;
- The report *Data used by ANRE for the calculation of the approved tariffs for the transmission and system services* sent by ANRE through address 51349 / 10.07.2018 (registered at Transelectrica with no 29081 / 10.07.2018).

**Thus, the 2018 accounting profit remaining after deducting the income tax was allocated to the following destinations:**

- 1) - **the legal reserve amounting to 4,780,602 lei**, determined in a 5% quota according to the provisions of art. 26 par. (1) letter a) of Law 227/2015 regarding the Fiscal Code, with later amendments and additions;
- 2) - **other reserves representing tax concessions provided by law amounting to 53,127,283 lei**, represented by the exemption from the payment of the reinvested profit tax, according to the provisions of art. 22 of Law 227/2015 regarding the Fiscal Code, with later amendments and additions and allocated according to the provisions of art. 1 letter b) from GO 64/2001 on profit allocation to fully or majority state-owned national societies, national companies and commercial societies, as well as to autonomous companies, with later amendments and additions;
- 3) - **other allocations provided by law amounting to 23,395,488 lei**, represented by the revenues of 2018 from interconnection capacity allocation (net of income tax and legal reserve), allocated according to the provisions of art. 1 lett. d) from GO 64/2001 on profit allocation to fully or majority state-owned national societies, national companies and commercial societies, as well as to autonomous companies, with later amendments and additions, in conjunction with the provisions of Regulation (EC)714/2009 and ANRE Order 53/2013 which provide for the use of interconnection capacities allocation revenues for grid investment in order to maintain or increase interconnection capacities.

In 2018, the revenues from the allocation of interconnection capacity amounted to **81,713,395 lei**. When distributing the 2018 revenues from the allocation of interconnection capacity to the destination "other allocations provided by the law", **the regulated income negative correction amounting to 17,494,640 lei** was taken into account as a correction element from the tariff period 1 July 2016 - June 30, 2017 (positive correction amounting to 433,804 lei) and from the tariff period 1 July 2017 to 30 June 2018 (negative correction amounting to 17,928,444 lei), applied by ANRE to determine the average power transmission tariff for the tariff period 1 July 2018 - June 30, 2019. Thus, **the amount of 17,494,640 lei does not become an investment financing source for**

**maintaining and / or increasing the cross-border interconnection capacity of the Romanian power transmission system**, this amount being used in the transmission tariff calculation as a complementary source to the income obtained from the transmission tariff to cover the regulated costs for the tariff period 1 July 2018 to 30 June 2019.

Under these conditions, the revenues of 2018 from the interconnection capacity allocation (net amounts of income tax and legal reserves) to be allocated for the creation of reserves, in order to invest in the grid to maintain or increase the interconnection capacities, according to Regulation (EC) 714/2009 and ANRE Order no. 53/2013, amount to 51,246,566 lei (according to the Annex). The 2018 accounting profit after the deduction of the income tax allowed the distribution to the "Other reserves" destination in order to invest in the grid to maintain or increase the interconnection capacities only of the amount of 23,395,488 lei, within the net profit margin.

Ana - Iuliana DINU

UEFA Director

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ENDORSED,

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