



CNTEE TRANSELECTRICA SA

SEMESTRIAL REPORT

January – June

2017

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**SEMESTRIAL REPORT REGARDING THE ECONOMICAL AND FINANCIAL ACTIVITY OF CNTEE”
TRANSELECTRICA” SA**

**according to provisions of Article 65 of Law no. 24 / 2017 on the capital market and the CNVM
Regulation no. 1 / 2006 issued by the National Securities Commission, currently the Financial
Supervisory Authority (ASF)**

for the period ending on June 30th, 2017

Report date:	August 16 th , 2017
Company name:	National Power Grid Company TRANSELECTRICA SA, two-tier company
Registered office:	Bucharest, No. 33 Gen. Gheorghe Magheru Blvd., 3 rd district, ZIP code 010325
Operational office:	Bucharest, No. 2 - 4, Olteni Street, 3 rd District, ZIP code 030786
Telephone / fax:	021 303 5611 / 021 303 5610
Unique registration code:	13328043
Number in the Commercial Register:	J40 / 8060 / 2000
Company's establishment date:	July 31 st , 2000 / OUG 627
Share capital:	733,031,420 lei, subscribed and paid
Trading regulated market for the issued securities:	Bucharest Stock Exchange, Premium Category
The main features of the issued securities:	73,303,142 shares with a nominal value of 10 lei / share, dematerialized, registered, ordinary, indivisible shares, freely tradable from August 29 th , 2016 under the TEL symbol. 20,000 bonds with a nominal value of 10,000 lei / bond, nominative, dematerialized and unsecured bonds, traded at the BSE, the Credit Title sector – 3 rd Category, corporate Bonds under the TEL 18 symbol, within the category; Maturity date December 19 th , 2018.
Total market value:	2,004,840,934 RON (27,35 RON / share at June 30 th , 2017)
Applied accounting standard:	International Financial Reporting Standards
Audit:	The financial data issued at June 30 th , 2017 are not audited

RESPONSIBLE PERSONS' STATEMENT

To our knowledge, the preliminary financial data for the six-months period ended on June 30th, 2017, had been issued according to the applicable accounting standards (International Accounting Standard 34- „Interim Financial Reporting”) and provide a correct and realistic view of CNTEE Transelectrica's assets, bonds, financial position, profit and loss account.

This report contains correct and complete information regarding the financial and economic situation and the activity of CNTEE Transelectrica SA.

Bucharest, August 11st, 2017

Directorate,

**Georgeta-Corina
POPESCU**

Directorate Chairman

**Constantin
VĂDUVA**

Directorate Member

**Octavian
LOHAN**

Directorate Member

**Mircea-Toma
MODRAN**

Directorate Member



Key figures S1 2017 vs S1 2016

Key figures – First semester of 2017

FINANCIAL		
1,739 mil lei	▲ 28,9% y/y	Revenues
285 mil lei	▼ 16,9% y/y	EBITDA
98 mil lei	▼ 30,6% y/y	Net income
27.40 TWh	▲ 3,5% y/y	Charged energy volume**

OPERATIONAL		
2.18* %	▼ 0.27pp y/y	CPT
21.64 TWh	▲ 4,6% y/y	Transmitted energy***

CPT Own Technological Consumption

* The value of own technological consumption in the electric energy taken over by the power transmission grid (transmitted energy).

** The charged quantity is defined as the amount of energy extracted from the public electricity grids (transmission grid and distribution grid), except the exports of energy.

*** The transmitted quantity is defined as the amount of energy physically conveyed within the transmission grid.

INVESTMENTS		
117.00 mil lei	▲ 74,6% y/y	Purchase of tangible and intangible assets****
37.85 mil lei	▼ 171,0% y/y	Fixed assets recorded in the accounts (PIF)

**** The amount corresponding to S1 2016 does not include the unused advance payment corresponding to the new line section Porțile de Fier – (Anina) – Reșița



Financial data

The summary of the financial results on June 30th, 2017 is presented in the tables below. The financial results are not audited and the extended version for the same time period is presented in the Annexes to this Report.

Separate account of profit and loss				
[mil RON]	S1 2017	S1 2016	Δ	Δ (%)
Charged energy volume - TWh	27.40	26.47	0.93	4%
ALLOWED PROFIT ACTIVITIES			0	
Operational revenue	615	648	(33)	(5)%
Transmission	554	595	(41)	(7)%
Functional System Services	36	32	5	14%
Other revenue	25	21	4	16%
Operational Costs	330	307	23	8%
System Operation Costs	101	92	9	9%
Repairs and Maintenance	48	49	0	(1)%
Salaries and other Retributions	96	92	3	4%
Other Costs	85	74	12	16%
EBITDA	285	341	(56)	(17)%
Depreciation	156	163	(7)	(4)%
EBIT	129	179	(50)	(28)%
ZERO-PROFIT ACTIVITIES				
Operational revenue	1,124	701	423	60%
Technological System Services	319	335	(16)	(5)%
The Balancing Market	805	367	438	120%
Operational Costs	1,124	700	424	61%
Technological System Services	319	333	(14)	(4)%
The Balancing Market	805	367	438	120%
EBIT	0	2	(2)	(107)%
ALL ACTIVITIES (WITH ALLOWED PROFIT AND ZERO-PROFIT)				
Operational Revenue	1,739	1,350	390	29%
Operational Costs	1,454	1,007	448	44%
EBITDA	285	343	(58)	(17)%
Depreciation	156	163	(7)	(4)%
EBIT	129	180	(51)	(29)%
Financial Result	(8)	(6)	(3)	51%
EBT	120	175	(54)	(31)%
Corporate Tax	22	33	(11)	(33)%
Net income	98	142	(43)	(31)%

Separate Situation of Financial Position				
[mil RON]	June 30 th , 2017	December 31 st , 2016	Δ	Δ (%)
Fixed Assets				
Property, Plant and Equipment	3,109	3,190	(80)	(3)%
Intangible Assets	15	14	1	7%
Financial Assets	78	78	0	0%
Other Fixed Assets	7	10	(3)	(33)%
Total Fixed Assets	3,209	3,292	(83)	(3)%
Current Assets				
Inventories	33	30	2	7%
Receivables	870	852	18	2%
Other Financial Assets	165	135	30	22%
Cash and equivalents	622	934	(311)	(33)%
Total Current Assets	1,690	1,951	(261)	(13)%
TOTAL ASSETS	4,900	5,243	(343)	(7)%
Shareholders' Equity	3,041	3,108	(67)	(2)%
Non-Current Liabilities				
Loans	445	502	(57)	(11)%
Other Liabilities	489	503	(15)	(3)%
Total Non-Current Liabilities	934	1,005	(72)	(7)%
Current Liabilities				
Loans	175	138	36	26%
Other Liabilities	751	992	(241)	(24)%
Total Current Liabilities	925	1,130	(205)	(18)%
Total Liabilities	1,859	2,135	(276)	(13)%
Shareholders' Equity and Liabilities	4,900	5,243	(343)	(7)%

Separate Situation of Cash Flow				
[mil RON]	S1 2017	S1 2016	Δ	Δ (%)
Cash flow before the changing of working capital	305	350	(45)	(13)%
Cash flow generated in the exploitation activity	(3)	187	(190)	(101)%
Net cash from the exploitation activity	(8)	141	(149)	(106)%
Net cash from the investments activity	(112)	37	(149)	n/a
Net cash used in the financing activity	(191)	(274)	83	(30)%
Net increase/decrease in cash and cash equivalents	(311)	(96)	(215)	224%
Cash and cash equivalents on January 1st	934	975	(41)	(4)%
Cash and cash equivalents at the end of the period	622	879	(257)	(29)%

OPERATIONAL RESULTS

Charged energy volume

In the first semester of 2017, the total charged energy volume for the services performed on the energy market (27,40 TWh) registered an increase of 4% compared to the first semester of 2016 (the difference between the two periods being +0,9 TWh).

This trend was identified in every month during the first semester of 2017, mainly in the months of January and February when, due to the very low temperatures, the energy consumption was higher.

Operational revenue

The total operational revenue of the first semester of 2017 registered a 29% increase compared to the similar period of the previous year (1,739 mil lei in the first semester of 2017, from 1,350 mil lei in the first semester of 2016).

The **allowed profit activities** segment registered a 5,10% decrease in revenues (615 mil lei in S I 2017 from 648 mil lei in S I 2016), determined by the lowering of average tariffs for the transmission service starting with July 1st, 2016, given the increase in energy consumption.

The revenues from the interconnection capacity allocation registered a 3.30% decrease compared to the amount achieved in the first semester of 2016 (38 mil lei in the first semester of 2017 from 40 mil lei in the first semester of 2016) related to the usage level of the interconnection availability by the traders on the energy market.

The mechanism for the allocation of interconnection capacity consists in organizing annual, monthly, daily and intra-daily auctions. The annual, monthly and intra-daily are explicit - only the transmission capacity is bid on, and the daily ones with Hungary are implicit - are allocated simultaneously with the energy and capacity via the coupling mechanism.

On November 19th, 2014, the establishment of the regional energy exchange by Romania, Hungary, The Czech Republic and Slovakia means these four countries should reach the same electricity price for the volumes traded on spot markets. Capacity allocation between Romania and Hungary, the only one of the 3 countries Romania has a border with, is performed by the transmission operators: Transelectrica and MAVIR, using a common mechanism based on a bilateral agreement.

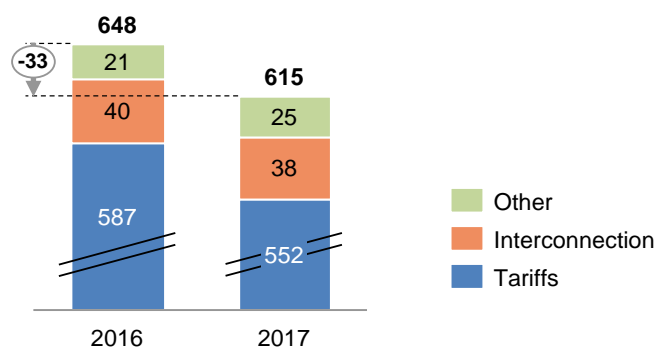
Starting with 2016, the UIOSI principle has been implemented at the border with Bulgaria, and starting

with 2017 at the border with Serbia as well. According to this principle the participants not using the capacity won at the annual and monthly auctions, are compensated (by Transelectrica) for that capacity. The spare capacity is subsequently sold in the daily auctions. On the Hungarian border the direction is reversed, meaning that MAVIR compensates the participants for the unused capacities.

The market for interconnection capacity allocation is fluctuating, the prices evolve depending on demand and the need of the participants on the energy market to purchase interconnection capacity.

Using the net incomes from the interconnection capacity allocation is achieved in accordance with Article 22 (4) of the ANRE Order no. 53 / 2013 and Article 16 (6) of the Regulation (EC) no. 714 / 2009, as a source of financing for upgrading and development of the interconnection capacity with the neighboring systems.

Operational revenue from allowed profit activities
(mil lei)



*includes the revenues from the transmission tariff and the tariff related to the functional system services

The **zero-profit activities** revenues registered a 60.29% increase (1,124 mil lei in the first semester of 2017 from 701 mil lei in the first semester of 2016), determined mainly by the 120% increase of revenues on the balancing market, following the:

- very low temperatures registered during the first quarter of 2017, which generated the registration of higher electricity consumption levels within the NPS;
- decrease of the available electricity in the dispatchable groups as a result of:
 - Danube flow decrease;
 - the reduction of the average available power of the nuclear units, as a result of the decrease in the flow of the cooling water in the Cernavoda power plant, directly influenced by the flow of the Danube;
 - the insufficient fuel stocks in the coal power plants;
 - the decrease in the pressure of natural gas within the transmission network as a result of the increase in the natural gas consumption of households and

industrial consumers, which limits the natural gas flow dispatched to natural gas power plants;
- high degree of unpredictability and volatility of production from renewable sources (especially wind energy).

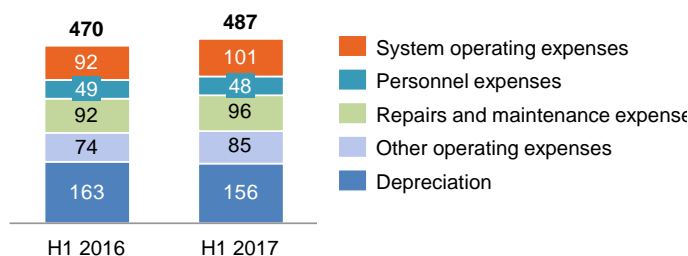
In the first semester of 2017, the revenues from the performed technological services decreased with 4.68% compared to the first semester of 2016, as a result of lowering of the average tariffs for technological system services starting with July 1st, 2016, given the energy consumption increase.

Operational expenses

The total operational expenses (including depreciation) of the first semester of 2017 rose by 37.72% compared to the similar period of the previous year (1,611 mil lei in the first semester of 2017, from 1,169 mil lei in the first semester of 2016).

In the **allowed profit activities** segment, the expenses (including depreciation) registered a 3.55% increase (487 mil lei from 470 mil lei in the first semester of 2016).

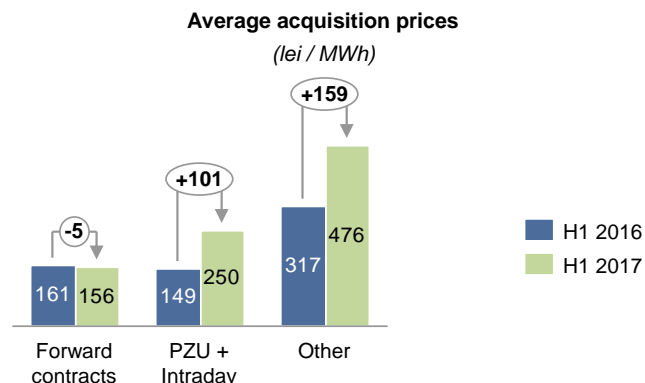
Operational costs from allowed profit activities
(mil lei)



CPT: The total cost with the acquisition of energy necessary to cover the own technological consumption increased with 12.89% in the first semester of 2017 compared to the similar period in 2016.

The energy quantity necessary for CPT was lower in the first semester of 2017, registering the value of ca. 472 GW compared to 508 GWh in the first semester of 2016.

Regarding the acquisition prices from the first semester of 2017, the average unit acquisition cost registered a significant increase of 20.87% (212.5 lei/MWh in the first semester of 2017 compared to 175,8 lei/MWh in the first semester of 2016), determined by the very low temperatures, compared to the similar period of 2016, in conjunction with the unavailability extension of important power plants.



Congestions: Congestions (network restrictions) are requests for electricity transmission beyond the technical capacity of the network, requiring corrective actions from the transmission and system operator and occur in the situation in which, in the programming of the operation or the operation in real time, the power flow between two nodes or system areas leads to the non-accomplishment of the safety parameters in the operation of a power system.

In the first semester of 2017, the value of registered congestions is insignificant (0.04 mil lei).

The **zero-profit activities** segment registered a 60,68% cost increase (1,124 mil lei from 700 mil lei in the first semester of 2016), determined by the increase of expenses on the balancing market.

In the period January - June 2017, the technological system services expenses registered a 4.19% decrease compared to the similar period of 2016.

In the reported period, the Company purchased ancillary services under regulated regime pursuant to the ANRE decisions and the applicable legal regulations.

According to GD no. 138 / April 8th, 2013 on the adoption of measures regarding the electricity supply security, in the timeframe April 15th, 2013 - July 1st, 2015, the Company purchased ancillary services according to the terms of the regulations issued by ANRE, from SC Complexul Energetic Hunedoara SA, at an electrical power value of at least 400 MW and from SC Complexul Energetic Oltenia SA at an electrical power value of at least 600 MW. According to the provisions of GD no. 941 / October 29th, 2014, the enforcement deadline for the provisions of Government Decision no. 138 / 2013, for SC Complexul Energetic Hunedoara SA, was extended until December 31st, 2017.

In the timeframe January 1st, 2017 - June 30th, 2017, the purchase of the ancillary services has been

conducted under regulated regime from SC Hidroelectrica SA (ANRE Decision no. 1035 / June 22th, 2016) and from SC Complexul Energetic Hunedoara SA (ANRE Decision no. 1034 / June 22th, 2016).

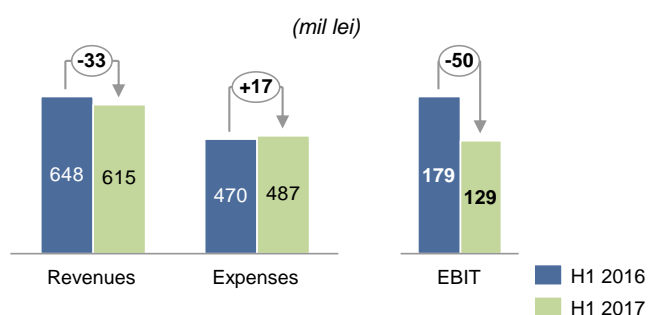
CNTEE Transelectrica SA re-invoices the value of the ancillary services purchased from producers, to the electricity suppliers licensed by ANRE, entities who ultimately benefit from these services.

Operational Profit

EBITDA registered a 16.94% decrease compared to the similar period of the previous year (285 mil lei from 343 mil lei in the first semester of 2016), this evolution being caused mainly by the lowering of the average tariffs approved by ANRE for the transmission system.

The **allowed profit activities** registered a positive result of 129 mil lei, lowered to 179 mil lei due to the lowering of the transmission tariffs.

EBIT structure for allowed profit activities



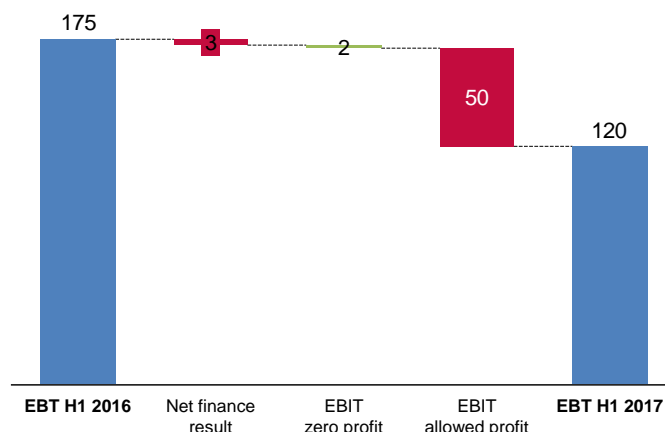
EBIT generated by the **zero-profit activities** registered a negative result of 0.1 mil lei.

For the entire activity, **EBIT** registered a ca. 28.56% decrease (129 mil lei from 180 mil in the first semester of 2016).

Gross Profit (EBT)

The gross profit registered a 31.09% decrease, from 175 mil lei in the first semester of 2016 to 120 mil lei in the first semester of 2017. The difference between the profit registered in the first semester of 2017 and the first semester of 2016, broken down in the constitutive elements of the profit, is presented in the graph below.

EBT structure
(mil lei)



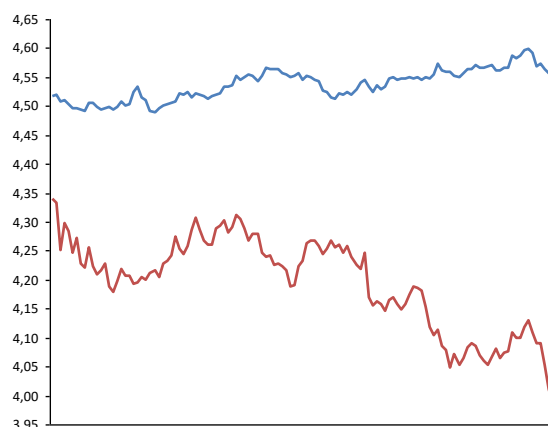
Financial Result

The net financial result registered in January - June 2017 was negative amounting to 8 mil lei, due to the evolution of the position related to other financial revenues.

In 2016, this included the dividends collected from the Company's subsidiaries. In the first semester of 2017, the dividends corresponding to the Company's participation in TELETRANS have not been collected before June 30th, 2017.

Thus, compared to the net financial result recorded in the first semester of 2016, the net loss registered in the first semester of 2017 rose by 51.40%.

Exchange rate evolution



Net income

The net profit registered a ca. 30.62% decrease compared to the one registered on the first semester of 2016 (98 mil lei from 142 mil lei), evolution mainly determined by the decrease of income from the energy transmission service.

FINANCIAL POSITION

Fixed Assets

Fixed assets registered a 2.5% decrease at June 30th, 2017, compared to December 31st, 2016, mainly following the registration of property, plant and equipment depreciation related to the period and due to the increase of the amounts related to pending property, plant and equipment.

The amount of 6.5 mil lei is included in the Fixed assets, representing the trade receivables related to the bonus support scheme for promoting high efficiency cogeneration corresponding to SC Electrocentrale Oradea SA, phased for payment pursuant to the Agreement for taking over the debt by Termoficare Oradea, including based on the addendum to this agreement, as follows:

- - overcompensation for the year 2016 in the amount of 4.6 mil lei;
- - overcompensation for the year 2015 in the amount of 1.9 mil lei;

Current Assets

Current assets recorded a 13.4% decrease at June 30th, 2017 (1,690 mil lei) compared to the value registered at December 31st, 2016 (1,951 mil lei), influenced by the 33.3% decrease in cash and 22.2% increase of bank deposits with maturity larger than 90 days.

On June 30th, 2017, the trade receivables and other receivables registered a 2.2% increase.

Based on the component analysis a 4.6% decrease in trade receivables is observed, as well as a 23.6% increase in other receivables.

On June 30th, 2017, the current customers in the operational activity registered a decrease compared to December 31st, 2016, which was mainly determined by:

- rise in the level of collection of receivables;
- decrease in the electricity quantity delivered to consumers in the months of May and June 2017 compared to the months of November and December 2016.

The main current customers on the electricity market are represented by: RAAN, Ciga Energy, Electrocentrale București, Electrica Furnizare, Enel Energie Muntenia, E.ON Energie România, Enel Energie, CET Govora, Opcom. The share of main customers in the total trade receivables on the energy market is ca. 56%.

The current receivables for the balancing market, amounting to 190.1 mil lei, registered a value decrease compared to December 31st, 2016, following a decrease in the transactions on this market.

On March 31st, 2017, the Company registered receivables to be cashed from the bonus type support scheme for promoting the high efficiency cogeneration in a proportion of approximately 30% (December 31st, 2016 - 21%) of the total trade receivables.

The customers from the bonus type support scheme for promoting the high efficiency cogeneration registered an increase in the receivables on June 30th, 2017, mainly determined by the receivables amounting to 139.9 mil lei, registered according to the ANRE Decisions issued in the month of March 2017, on the overcompensation of the activity regarding the support scheme for the year 2016.

On June 30th, 2017 the Company registered receivables amounting to 195.9 mil lei, represented by the issued invoices under the bonus type support scheme for high efficiency cogeneration, out of which:

- overcompensation for the period of 2011 - 2013 in the amount of 76.7 mil lei, namely from RAAN – 63.5 mil lei and CET Govora SA – 13.2 mil lei;
- unfair bonus for 2014 amounting to 3.9 mil lei, namely from RAAN – 2.0 mil lei, CET Govora – 1.9 mil lei;
- undue bonus for 2015 in the amount of 0.6 mil lei, namely from CET Govora;
- overcompensation for 2015 in the amount of 14.6 mil lei, namely from Electrocentrale Oradea (debt taken over by Termoficare Oradea);
- overcompensation for 2016 in the amount of 66 mil lei, out of which: Electrocentrale București – 56.7 mil lei and CET Govora – 9 mil lei
- cogeneration contribution not collected from the suppliers of energy consumers, amounting to 43.1 mil lei, out of which: Transenergo Com – 5.9 mil lei, ENEL Energie SA – 5.5 mil lei, ENEL Energie Muntenia – 5.2 mil lei, Pet Prod – 4.4 mil lei, Romenergy Industry – 2.7 mil lei, RAAN – 2.4 mil lei, Arelco Power – 2.4 mil lei, UGM Energy – 1.8 mil lei, CET Govora – 0.9 mil lei, KDF Energy – 0.9 mil lei and others.

For discharging the receivables generated by the overcompensation and the undue bonus, the Company requested the reciprocal compensations from the qualified producers in the support scheme. For producers (RAAN, Electrocentrale Bucuresti,

CET Govora) that have not agreed to this way of discharging the reciprocal receivables and debts, the Company has applied and continues to apply the provisions of Article 17 (5) of the Order of ANRE Chairman no. 116 / 2013 for approving the Regulation on determining the way to collect the contribution for high efficiency cogeneration and payment of the bonus for the electricity produced in high efficiency cogeneration: "if the manufacturer did not make the payment in full to the administrator of the support scheme for its obligations resulted in accordance with the provisions of this Regulation, the administrator of the support scheme pays to the producer the difference between the invoices issued by the producer and the payment obligations of the producer on the support scheme, with explicit mention on the payment document of the respective amounts", and detained from payment the amounts due related to the corresponding support scheme.

CNTEE Transelectrica has concluded an agreement with CET Govora on compensation and rescheduling of payments for the amounts representing the equivalent receivables from the counter value of the overcompensation for the timeframe 2011 - 2013 and of the undue bonus for 2014 (Agreement no. C 135 / June 30th, 2015 and Addendum no. 1 / August 4th, 2015). The period of the Agreement was 1 year (timeframe July 2015 - August 2016) and stipulated the Company's right to calculate and collect payment penalties over the installment period.

According to the Agreement, the Company's receivables to be collected from CET Govora SA were compensated with the debts to CET Govora SA, represented by the cogeneration bonus for the period May 2014 – October 2015 detained pursuant to the Art. 17 (5) from the Order of the ANRE Chairman no. 116 / 2013 and the provisions of the Agreement, in the amount of 40.5 mil lei.

Following the suspension in court, by Civil sentence no. 3185 / November 27th, 2015, the ANRE Decision no. 738 / March 28th, 2014 on setting the overcompensation amount for the timeframe 2011 - 2013, CET Gavora SA no longer respected the obligations undertaken according to the Agreement.

Starting with May 9th, 2016, the general insolvency proceedings were opened for CET Govora. To recover its receivables recorded before the insolvency proceedings, the Company applied the specific procedures provided by the Law no. 85 / 2014 on Insolvency and requested admission of its receivables, according to the law.

Given the aforementioned facts, starting with May 9th, 2016, the Company has terminated the enforcement of article 17 (5) from the Order of ANRE Chairman no. 116 / 2013 on approving the Regulation regarding the settlement of the collection procedure of the high efficiency cogeneration contribution and the payment of the bonus for the electricity produced via high efficiency cogeneration, and has paid the cogeneration bonus to CET Govora on a monthly basis.

Via Civil Decision no. 2430 / October 5th, 2016, the High Court of Cassation and Justice admitted the appeal declared by ANRE against Civil Ruling no. 3185 / November 27th, 2015, has partially cancelled the sentence and has rejected the suspension request lodged by CET Govora, the judgement being final. Thus, starting with October 10th, 2016, the effects of the ANRE Decision no. 738 / March 28th, 2014 are no longer suspended, being in full effect.

Under these circumstances, the Company enforces the provisions of Article 17 (5) of the ANRE Order no. 116 / 2013 for the reciprocal debts and receivables occurred after the insolvency proceedings, retaining the bonus owed to CET Govora SA up to the amounts unpaid to the Company according to the support scheme.

In the month of September 2016, CNTEE Transelectrica SA has concluded an agreement with SC Termoficare Oradea, to take over the debt of SC Electrocentrale Oradea, representing the overcompensation for the year 2014 and 2015. The overtaken debt, in the amount of 29.3 mil lei, has been spread over 24 monthly instalments (October 31st, 2016 - September 30th, 2018), and the amount of 2 mil lei has been reclassified under Long Term Receivables, with maturity of over 1 year.

Moreover, the overcompensation of the activity regarding the support scheme for the year 2016 for Electrocentrale Oradea is subject to an Addendum to the agreement for taking over the liability by Termoficare Oradea and it shall be collected in instalments starting with the month of October 2018 (after the complete payment of the amount of 29.3 mil lei), and the amount of 4.56 mil lei has been reclassified under long term receivables, with due date larger than 1 year.

On December 8th, 2016, by Government Decision no. 925, the amendment and supplement have been adopted for GD no. 1215 / 2009 on setting the necessary criteria and conditions to implement the support scheme for promoting the high efficiency cogeneration based on the useful heat demand.

Thus, on June 30th, 2017 the Company does not register provisions for the support scheme, the unrecovered value of these receivables being included in the cogeneration contribution.

On June 30th, 2017, other receivables amounting to 160.2 mil lei include mainly down payments made to the supplier ELCOMEX - IEA SA amounting to 31.2 mil lei for carrying out the projects:

- connecting the Isaccea-Varna 400 kV OHL and the Isaccea-Dobrudja OHL to the Medgidia Sud 400 kV substation – down payment amounting to 9.9 mil lei
- converting the Porțile de Fier - Reșița - Timișoara - Săcălaz - Arad axis to 400 kV - stage I - Reșița 400/220/110 kV substation – down payment amounting to 2.21 mil lei

The down payments made to ELCOMEX - IEA SA are covered by insurance policies issued by Asito Kapital S.A. On April 7th, 2017, the Court of Constanta, Section II Civil, upheld the application for a declaration of insolvency of the debtor ELCOMEX – IEA SA.

Considering that to this date, the amount to be recovered from Elcomex IEA SA is impossible to estimate, there have been no adjustments of depreciation registered for the amounts owed by Elcomex IEA SA;

Liabilities

Long term liabilities registered a 7.1% drop, mainly following the reimbursements carried out according to the graphs set forth by the existent loan agreements.

Short term liabilities also registered a 12.9% drop on June 30th, 2017. The main factors for the decrease are detailed below:

- the decrease from 287 mil lei (December 31st, 2016) to 135 mil lei (June 30th, 2017) in debts related to the energy market to suppliers on the balancing market was determined by the settlement of current payment liabilities on the energy market on December 31st, 2016 and by the decrease in the volume of trades on the balancing market.
- the decrease in the debts related to the bonus support scheme for promoting high efficiency cogeneration towards the suppliers (generators), determined by the settlement of current payment liabilities on December 31st, 2016, with payment deadline in 2017.

On June 30th, 2017, payment liabilities towards suppliers (generators) are registered amounting to 120.5 mil lei (Electrocentrale București – 56.7 mil

lei, RAAN – 51.2 mil lei, CET Govora SA – 12.6 mil lei) representing the cogeneration bonus and the ante-overcompensation for the years 2014 and 2015, as well as the bonus not granted for the year 2015 and the bonus not granted for the year 2016. The amounts representing the debts of the Company regarding the support scheme towards Electrocentrale București, RAAN, CET Govora have been retained from payment on the grounds of article 17 (5) of the Order of the ANRE Chairman no. 116 / 2013, because the suppliers (producers) registered payment obligations towards the Company regarding the bonus type support scheme.

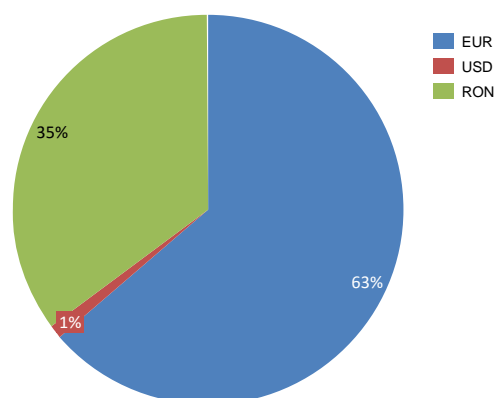
The increase in short term loans for the operational activity was determined by contracting a credit line in February 2017 from BRD GROUP SOCIETE GENERALE SA, the Large Corporates Branch, for a period of 12 months for financing the bonus type support scheme for high efficiency cogeneration, in the form of overdraft amounting to 150,000,000, with an interest calculated according to the ROBOR 1M reference rate, plus a negative margin of 0.10%. In the event that the value of the ROBOR 1M reference rate is smaller than 0.10%, the interest rate applied shall be of 0%.

On June 30th, 2017, withdrawals from the credit line for cogeneration, in the amount of 43.1 mil lei were made.

The interest bearing loans with maturity shorter than 12 months have been reduced with 36 mil lei compared to December 31st, 2016.

The interest bearing debts (long term and short term) are structurally presented in the following.

Structure per currency at June 30th, 2017



Shareholders' Equity

The decrease in equity on June 30th, 2017 compared to December 31st, 2016 was driven primarily by the allocation of profit for 2016, registering the net profit in the reported result, amounting to 98.3 mil lei, conducted on June 30th, 2017. The value of shareholders' dividends distributed from the profit of 2016 according to the General Assembly Decision no. 4 / April 27th, 2017 amounts to 165.4 mil lei, and their payment is done through the Central Depository starting with June 7th, 2017.

According to the provisions of GD no. 27 / January 12th, 2017 on the organization and functioning of the Ministry of Economy, the Company functions under the authority of the Ministry of Economy.

On March 3rd, 2017 the transfer in the amount of 43,020,309 shares was registered in the Company's Shareholder Register, from the account of the Romanian State from the administration of the Ministry of Economy, Trade and Tourism, in the account of the Romanian State in the administration of the Ministry of Economy.

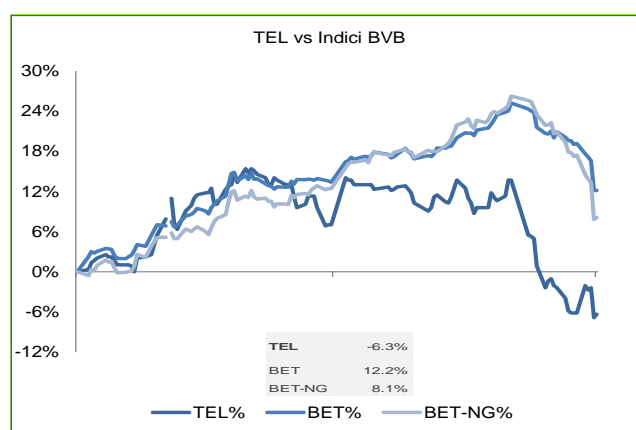
At the end of each reporting period, the subscribed and paid share capital of the Company amounted to 733,031,420 is divided into 73,303,142 ordinary shares with a nominal value of 10 lei / share and corresponds to the one registered in the Trade Register.

EVOLUTION OF SHARES

(December 31st, 2016 to June 30th, 2017)

During the first semester of 2017, the Transelectrica share (BSE symbol: TEL) registered a weaker evolution compared to the main index of the Bucharest Stock Exchange (BET) but also compared to the BET-NG index.

2017 debuted with a trading price of 29.30 lei / share, the market capitalization amounting to 2,338 mil lei, the share price amounting to 27.35 lei at the end of the period (June 30th, 2017). The minimum trading price registered on January 20th, 2017, amounted to 26.5 lei / share, and the maximum of 33.85 lei / share was registered on February 28th, 2017.





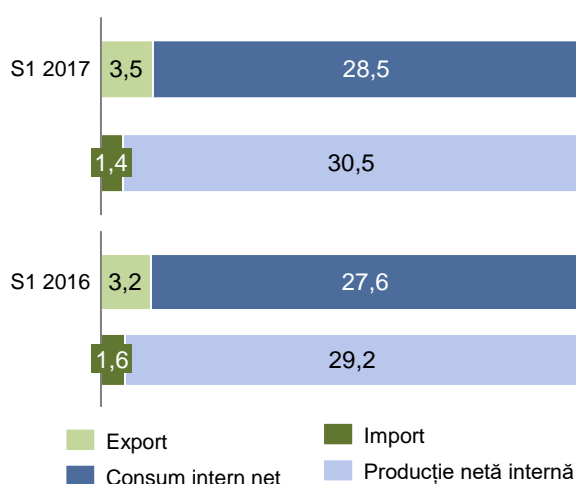
Operational data

THE ENERGY BALANCE OF NPS

Analyzing the development of the energy balance components in the first semester of 2017 compared to the same period of the previous year, we can see that the net internal consumption¹ rose by 3.04% and the net energy production rose by 4.54%.

The physical cross-border exchanges for export rose by 9.3% compared to the similar period of 2016, while the cross-border flows for import registered a decrease of 12%.

Energy Balance S1
(TWh)



GENERATION MIX

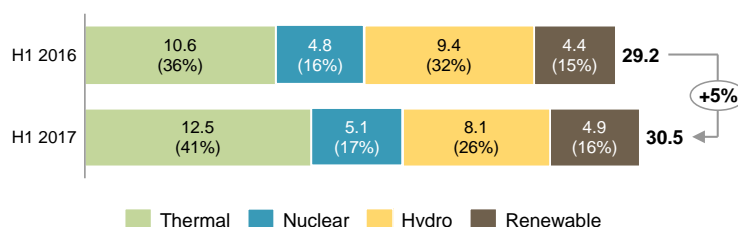
In the first semester of 2017 compared to 2016, the generation mix structure registered an increase in the weight of the thermal component of approximately 17.8% and of the renewable sources generation of 10.7%.

The weight of the hydro component registered a 13.8% decrease (8.1 TWh compared to 9.4 TWh).

Analyzing the weights of the net generation mix components for the first semester of 2017, we observe that the highest weight (41%) is represented by the

thermal component, followed by the hydro component (26%), and the energy generated from renewable and nuclear sources has a weight of approximately 17% each.

Net electricity generation mix
(TWh)



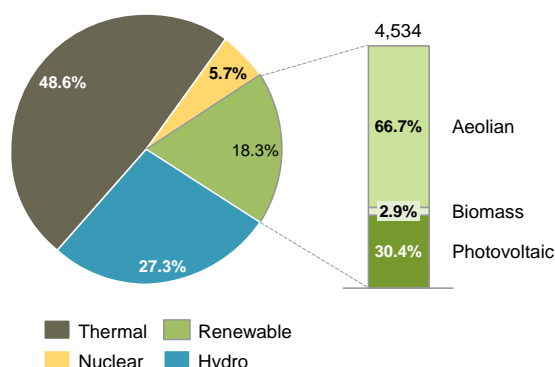
NATIONAL PRODUCTION PARK

In the first semester of 2017, the gross capacity installed in power plants registered a 0.3% increase compared to the first semester of 2016.

The capacity installed in renewable energy power plants rose by approximately 1.3%, from 4,478 MW installed on June 30th, 2016, to 4,534 MW installed on June 30th, 2017.

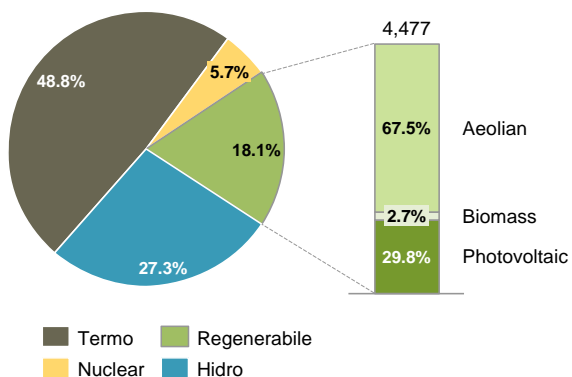
The dynamics of the installed capacity corresponding to the first semester of 2017 and 2016 respectively is presented further below:

Installed power H1 2017 (24,742 MW, gross)

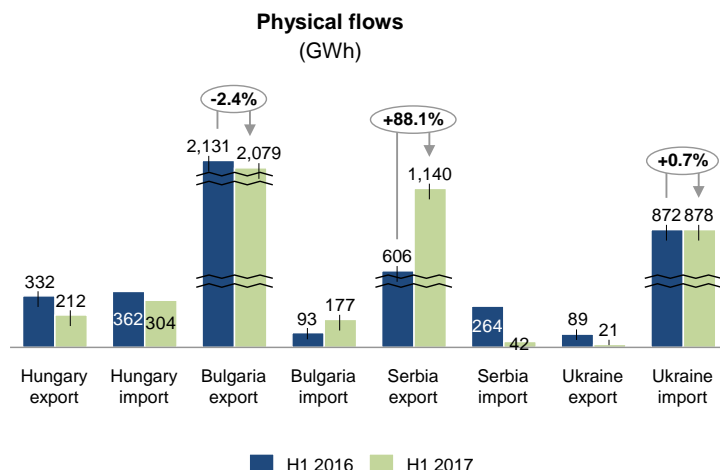


¹ Values do not include the consumption of auxiliary services from the power plants generating electricity; the value of the net consumption includes the losses from transmission and distribution grids, as well as the consumption of pumps from the pumping storage hydropower substations.

Installed power H1 2016 (24,672 MW, gross)



The physical flows for both import and export on each border are presented below:



CROSS-BORDER FLOWS

Compared to the first semester of 2016, the physical flows for import registered a decrease on the Hungarian and Serbian interconnections.

In the development of export flows we observe an increase on the Serbian interconnection of 30 pp, while the Bulgarian interconnection registered a decrease of 40 pp.

Thus, compared to 2016, the physical flows for export rose on the Serbian interconnection (88.1% +534 GWh), while decreases were registered on the Hungarian, Bulgarian and Ukrainian interconnections.

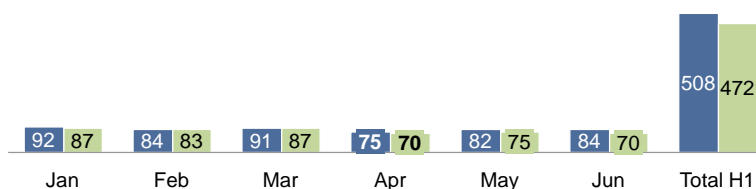
Analyzing the physical flows for import we observe decreases on the Hungarian and Serbian interconnections, while on the Bulgarian and Ukrainian interconnections increases of 88.1% and 0.7% respectively were registered.

OWN TECHNOLOGICAL CONSUMPTION

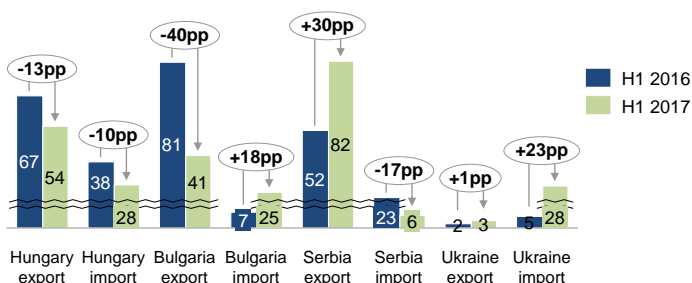
In the first semester of 2017, the CPT in PTG dropped by ca. 7% compared to the similar period of 2016, mainly due to more favorable meteorological conditions, more advantageous generation flows and structure and lower quantities of rainfall.

Reported to the energy contour input, the losses dropped from 2.45% to 2.18%.

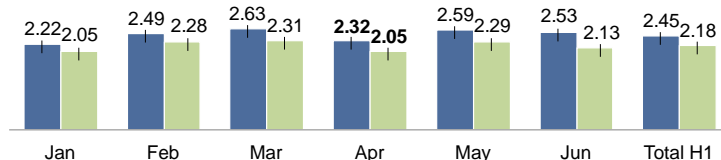
OTC evolution(GWh)



Degree of usage of the total allocated (%)



OTC evolution(%)



PHYSICAL CPT REDUCTION FACTORS

In **January** 2017, the absolute value CPT dropped compared to the month of January 2016 by ca. 5.74% due to more favorable physical flows for import / export and the more advantageous distribution of generation which led to the reduction of the energy transmission remotely from the sources. The losses percentage reported at the PTG-input energy decreased from 2.22% in 2016 to 2.05% in 2017. The net internal energy consumption was higher compared to January 2016, with 4.29%. The contour input energy also increased by 1.72% in January 2017, compared to the similar period of 2016. The weather conditions have been more favorable, the rainfall quantities considerably lower which led to the significant decrease in Corona losses.

In **February** 2017, the absolute value CPT dropped compared to the month of February 2016 by ca. 1.31% due to more favorable physical flows but also due to one day less (2016 was a leap year). The losses percentage reported at the PTG-input energy decreased from 2.49% in 2016 to 2.28% in 2017, due to the increase in the transmitted energy. The net internal energy consumption in February 2017 was higher compared to February 2016, with 3.7%. The contour input energy increased by 7.74% in February 2017, compared to the similar period of 2016. The weather conditions have been more favorable, the registered rainfall quantities was lower than in the previous year.

In **March** 2017, the absolute value CPT dropped compared to the month of March 2016 by ca. 2.03%. The weather conditions have been more favorable, the lower rainfall quantities registered this year have determined the reduction in Corona losses and the more advantageous generation structure led to the reduction of energy transmission remotely from the source. The losses percentage reported at the PTG-input energy decreased from 2.63% in 2016 to 2.31% in 2017, due to the increase in the contour input energy with 9.14% in March 2017, compared to the similar period in 2016. The net internal energy consumption in March 2017 was higher compared to March 2016, with ca. 1.1%. The weather conditions have been more favorable, the registered rainfall quantities was lower than in the previous year.

In the first quarter of 2017, the CPT in PTG dropped by ca. 3.77% compared to the similar period of 2016, mainly due to more favorable meteorological conditions, more advantageous generation flows and structure and lower quantities of rainfall. Reported to the energy contour input, the losses dropped from 2.43% to 2.21%.

In **April** 2017, the absolute value CPT dropped compared to the month of April 2016 by ca. 6.62% due to the more advantageous distribution of generation which led to the reduction of the energy transmission remotely from the sources. The losses percentage reported at the PTG-input energy decreased from 2.32% in 2016 to 2.05% in 2017, due to the increase in the transmitted energy and the reduction of the absolute value CPT. The net internal energy consumption was higher compared to March 2016, with 3.83%. The contour input energy also increased by 5.93% in April 2017, compared to the similar period of 2016. The weather conditions in terms of rainfall have been similar to April 2016.

In **May** 2017, the absolute value CPT dropped compared to the month of May 2016 by ca. 8.68%, especially due to the more favorable weather conditions which led to the reduction in Corona losses. The losses percentage reported at the PTG-input energy decreased from 2.59% in 2016 to 2.29% in 2017, due to the decrease in the absolute value CPT and the increase in transmitted energy. The net internal energy consumption in May 2017 was higher compared to May 2016, with ca. 3.27%. The contour input energy increased by 3.44% in May 2017, compared to the similar period of 2016. The weather conditions have been more favorable, the registered rainfall quantities was lower than in the previous year.

In **June** 2017, the absolute value CPT dropped compared to the month of June 2016 by ca. 16.05%, due to the more advantageous physical flows and the more favorable weather conditions which led to the reduction in Corona losses. The losses percentage reported at the PTG-input energy decreased from 2.53% in 2016 to 2.13% in 2017, due to the decrease in the absolute value CPT in June 2017 compared to the similar period of 2016. The contour input energy decreased by 0.06% in June 2017, compared to the similar period of 2016. The weather conditions have been much more favorable, the registered rainfall quantities was lower than in the previous year.

In the second quarter of 2017, the CPT in PTG dropped by ca. 10.6% compared to the similar period of 2016, especially due to more favorable meteorological conditions with smaller quantities of rainfall, which led to the decrease in Corona losses, due to the more advantageous physical flows and generation structure. Reported to the energy contour input, the losses dropped from 2.48% to 2.15%.



Investments

FIXED ASSETS RECORDED IN THE ACCOUNTS

The value of fixed assets recorded in the accounts in the first semester of 2017 amounted to 37.85 mil lei.

In the first semester of 2017, the biggest transfers from tangible assets in progress at tangible assets are mainly represented by the creation of assets of the investment objectives, as follows:

- Integrated security system in electric substations, stage IV on the Rosiori 400/220 kV substation, the Oradea Sud 400/110/20 kV substation, the Paroseni 220 kV substation and the Iernut 400/220/110/6 kV substation – 12.1 mil lei;
- Replacing AT and TRAF0 in electrical substations - Stage II – 11.3 mil lei;
- Urgent repair of the damage to the Iernut - Gădălin 400 kV OHL and the Iernut - Baia Mare 3 220kV OHL – 7.8 mil lei;
- Connecting the 147 MW Valea Dacilor WPP to the PTG – 2.4 mil lei;
- Replacing the 110/20 kV TRAF0, 10MVA in the Fântănele 110/20 kV substation – 1.1 mil lei;
- Deposit power transformers for system reserves and isolated passages in the security stock of CNTEE "Transelectrica" - SA in the Sibiu Sud 400 kV substation – 0.8 mil lei;
- Upgrading the control building from the Roman Nord 400/110/20 kV substation – 0.7 mil lei;
- Special intervention beams, Universally Anchored Portal type for the 220 - 400 kV tension, including prefabricated foundations – 0.6 mil lei;
- Thermal imaging chambers – 0.2 mil lei;
- TEMPEST IT equipment for processing and storage of information classified as State Secret – 0.2 mil lei;
- Switch 48 ports with management – 0.1 mil lei.

PURCHASES OF ASSETS

The purchases of tangible and intangible assets² in the first semester of 2017 amount to 116.5 mil lei, compared to the first semester of 2016 when the purchases amounted to 67.3 mil lei.

² Includes the variations of pending asset suppliers on June 30th, 2017

The balance of tangible assets in progress on June 30th, 2017 is represented by the projects in progress, the most significant being listed below:

- Technical upgrade of the Bradu 400/220/110/20 kV substation – 103.9 mil lei;
- 400 kV OHL interconnecting Reșița (Romania) - Pancevo (Serbia) – 73.5 mil lei;
- PTG connection of the Ivești 300 MW WPP, Fălciu 1 88 MW WPP and Fălciu 2 18 MW WPP via the new Banca (400)/220/110 kV substation – 46.9 mil lei;
- Technical upgrade of the substation 220/110/20 kV Câmpia Turzii – 39.8 mil lei;
- Converting the Porțile de Fier - Reșița - Timișoara - Săcălaz - Arad axis to the 400 kV voltage - stage I - Porțile de Fier - (Anina) – Reșița 400kV OHL s.c. – 18.5 mil lei;
- Upgrading the Suceava 110 kV and 20 kV substation – 14.4 mil lei;
- Extending the services providing business continuity and recovery after disasters - 14.4 mil lei;
- Integrated security system in electric substations, stage IV - 13.8 mil lei;
- Connecting the Isaccea - Varna 400 kV OHL and the Isaccea - Dobrudja 400 kV OHL in the Medgidia Sud 400 kV substation – 10.7 mil lei;
- Cernavodă-Stâlpu 400 kV OHL d.c. and connection in Gura Ialomiței – 8.4 mil lei;
- Converting the Porțile de Fier - Reșița - Timișoara - Săcălaz - Arad axis to the 400 kV voltage - stage I - Reșița 400/220/110 kV substation – 6.6 mil lei;
- Upgrading the Tihău 220/110 kV substation - primary equipment – 6.1 mil lei;
- 400 kV HVDC Link (submarine cable Romania - Turkey) – 5.9 mil lei;
- 400 kV OHL Gădălin - Suceava, including the NPS interconnection - 5.7 mil lei;
- Technical upgrade of the Hășdat 220/110 kV substation – 4.4 mil lei;
- Reparation of the failure of the 110-120 terminals of the Bucharest Sud - Ghizdaru 220 kV OHL - 4.3 mil lei;
- Upgrading the command-control-protection system of the Sărdănești 220/110/20 kV substation – 4.1 mil lei;

- Suceava - Bălți 400 kV OHL, for the part of the project on Romanian territory - 3.6 mil lei;
- Extending the control system with new functions and IT registration of access in the objectives of CNTEE Transelectrica SA - 3.2 mil lei;
- Gutinaș – Smârdan 400 kV OHL d.c. – 3.2 mil lei;
- Converting of the Porțile de Fier - Reșița - Timișoara - Săcălaz - Arad axis to the 400 kV voltage, stage II - Reșița - Timișoara – Săcălaz 400 kV OHL d.c. (Timișoara 220/110kV substation) - 3.2 mil lei;
- Connecting the 136 MW WPP Platonești, Ialomița county, to the PTG through constructing a 110 kV cell in the Gura Ialomiței 400/110 kV substation – 2.9 mil lei;
- Integrated security system in electric substations, stage III – 2.8 mil lei;
- Upgrading the Arefu 220/110/20 kV substation - 2.7 mil lei;
- Assembling the optic fiber and upgrading the system of distance protections on the 400 kV OHL d.c. Țânțăreni - Turceni and the 400 kV OHL s.c. Urechești - Rovinari – 2.7 mil lei;
- Upgrading the Răureni 220/110/20 kV substation - 2.7 mil lei;
- By-passing the Cetate 1 & 2 110 kV OHL in the proximity of the Ostrovul Mare 110/20/6 kV substation – 2.6 mil lei;
- Connecting the 99 MW Dumești WPP and the 30 MW Românești WPP, Iași county, to the PTG, through constructing a 110 kV cell in the FAI 220/110 kV substation 2.5 mil lei;
- Performing the optical fiber communication between the Bradu 400/220/110 kV substation and the Stupărei 220/110 kV station – 2.2 mil lei;
- Security solution for implementing the security measures related to classified information – 2 mil lei;
- Executive - DCBPA / CPA: Consolidation, upgrading and extension of the CNTEE “Transelectrica” headquarters – 1.6 mil lei;
- Replacing AT and TRAFO in electrical substations - Stage II – 1.4 mil lei;
- Replacing the connectors from electrical substations – 1.1 mil lei;
- Integrated security system at the new Banca (400) 220/110 kV substation – 1.1 mil lei;
- Upgrading the SCADA system for the Constanța Nord 400/110 kV substation– 1.1 mil lei;
- Performing the optical fiber communication between the Pitești Sud 110 kV substation and the remote control and installation supervision center of ST Pitești – 1 mil lei;
- Connecting the Stupina 400 kV substation to the PTG and connecting the Isaccea - Varna 400 kV OHL – 0.9 mil lei;
- Technical upgrade of the Tulcea Vest 400/110/20 kV substation - the construction part – 0.8 mil lei;
- Upgrading the 110/6 kV substation from the Peștiș 20/110/6 kV station 0.7 mil lei;
- Ostrovu Mare 220 kV OHL double circuit - PTG – 0.7 mil lei;
- Oradea – Beckescsaba 400 kV OHL – 0.7 mil lei;
- Connecting the Sarichioi, Tulcea county 33 MW WPP to the PTG, in the Zebil 110 kV cell from the Tulcea Vest 400/110 kV substation – 0.6 mil lei;
- Movement and protection of the high voltage electrical installations - 220 kV OHL on the route of the Sebeș-Turda highway - 4th lot, the Cluj Florești - Alba Iulia 220 kV OHL (178-179 crossing) – 0.6 mil lei;

CONTRACTUAL MATTERS

The most important investment contracts concluded in the first semester of 2017 are:

- Technical upgrade of the Domnești 400/110/20 kV substation – 111.8 mil lei
- Research and development center for technologies for working under voltage (LST) and rapid intervention in the NPS - stage I - 5 mil lei
- Replacing AT2 - 200 MVA, 231/121/10,5 KV from the Reșița 220/110 kV substation – 4.6 mil lei



Significant events

EVENTS OF JANUARY - JUNE 2017

- **Application of safeguard measures approved by GD no. 10 / 2017, published in the Official Journal no. 40 / 13.01.2017**

Pursuant to the publication in the Official Journal of the Government Decision no. 10 / 13.01.2017, C.N.T.E.E Transelectrica S.A., as Transmission System Operator, is mandated to apply the technical and commercial safeguard measures according to Article 6 (3) from the *Regulation on safeguard measures in crisis situations occurred during the operation of the National Power System*, approved by ANRE Order no. 142 / 2014.

- **“SEE CCR TSOs proposal for design of Long Term Transmission Rights”**

On February 24th, 2017, CNTEE Transelectrica SA invites the stakeholders and participants to the Romanian energy market to send their observations regarding the online consultation for the SEE CCR TSOs proposal for design of Long Term Transmission Rights in accordance with Article 31 of the Commission Regulation (EU) 2016/1719 of 26 September 2016 establishing a Guideline on Forward Capacity Allocation.

- **Report on the environmental impact for project Gădălin – Suceava 400 kV Overhead Line**

The Company announced the interested public regarding the submission of the report on the environmental impact, which integrates the conclusions of the appropriate assessment study for project GĂDĂLIN–SUCEAVA 400 kV Overhead Line, including the interconnection to the National Power System which is proposed to be placed in Cluj, Bistrița-Năsăud and Suceava counties.

- **Credit rating Fitch Ratings**

Starting with January 2017, the Company concluded an agreement with the international credit rating Company Fitch Ratings, for the assessment in terms of the current and future ability to fulfill its payment obligations to creditors.

- **Incident in the Hășdat substation**

On March 5th, 2017, at 18:39 o'clock, as a result of an equipment failure (breaker) from the Hășdat 220/110 kV substation, multiple equipment activation occurred belonging to CNTEE Transelectrica SA from the Valea Jiului region (in the Hășdat 220/110 kV, Baru Mare 220/110 kV and Paroșeni 220 kV substations), which led to a part of the Hunedoara county having no electrical power, areas from where the coal mines (pit coal) of Hunedoara Energy Complex are being powered with electricity. Refuelling of all consumers was carried out very quickly, at 18:50 o'clock.

Following this incident there were no recorded equipment deteriorations or malfunctions to consumers whose electricity power was interrupted for 11 minutes, including the Paroșeni, Uricani, Vulcan, Lupeni, Lonea and Livezeni coal mines. Being a Sunday, the mining activity was interrupted. The total interrupted consumption was 47 MW, the electricity not delivered to consumers representing 8.6 MWh.

The Hășdat 220/110 kV substation is under technical upgrade, currently all documents are being prepared for starting the purchase procedure for carrying out the technical upgrade works.

- **Changes in Company Management**

Directorate

On March 13th, 2017, Mr. Ion-Toni TEAU chief executive officer position (Chairman of the Directorate) renounces his mandate. Although the request to renounce the mandate was dated with April 26th, 2017 the termination of the mandate, by mutual agreement of the parties took effective on May 31st, 2017.

On April 5th, 2017, Ms. Georgeta-Corina POPESCU signed the declaration of acceptance of the mandate as member of the CNTEE Transelectrica SA Directorate, her appointment being effective as of May 1st, 2017.

Ms. Georgeta-Corina POPESCU is appointed to the position of Chairman of the Directorate (alternatively called Chief Executive Officer – CEO – of the Company), starting with June 1st, 2017.

Supervisory Board

On January 31st, the members of the Supervisory Board appointed Mr. Ciprian BOLOȘ to the position of provisional member of the Supervisory Board.

On March 27th, 2017, Mr. Ciprian BOLOȘ renounced his mandate as provisional member of the Supervisory Board of CNTEE Transelectrica SA.

On March 31st, 2017, Mr. Ștefan-Valeriu IVAN was appointed to the position of provisional member of the Supervisory Board, a mandate which expires on May 30th, 2017, the date of expiry of Supervisory Board members' mandates. (Dragoș-Corneliu Zachia-Zlatea, Ovidiu-Petrișor Artopouloscu, Radu Bugică, Daniel-Cristian Pîrvulescu, Costin Mihalache, Dorin-Alexandru Badea).

On May 30th, 2017, in accordance with Agreement no.5 of General Meeting of Shareholders, the new provisional members of Supervisory Board mandate for 4 months was approved as follows:

- Cristian-Eugen RADU – Chairman of Supervisory Board
- Marius-Iulian CARABULEA – Supervisory Board Member
- Ștefan-Valeriu IVAN – Supervisory Board Member
- Iulius-Dan PLAVETI – Supervisory Board Member
- Corneliu SOROCEANU – Supervisory Board Member
- Beatrice AMBRO – Supervisory Board Member
- Bogdan BOBORA – Supervisory Board Member

On May 31st, 2017, the members of the Supervisory Board appointed Mr. Cristian-Eugen RADU to the position of Chairman of the Supervisory Board.

SUBSEQUENT EVENTS

Credit rating Fitch ratings

On July 5th, 2017, international rating agency Fitch Ratings assigned to the Company a BBB rating, stable outlook. This credit opinion recognizes Company's effort to achieve operational excellence and for its responsible approach to the business environment in which it operates.



Other aspects

SHAREHOLDERS' STRUCTURE

On June 30th, 2017, the shareholders' structure was the following:

Shareholder name	No. of shares
The Romanian State through the Ministry of Economy, Commerce and Relations with the Business Environment	-
The Romanian State through the Ministry of Energy	43,020,309
Other shareholders - legal persons	25,482,397
Other shareholders - natural persons	4,800,436
Total	73,303,142

TARIFFS

The tariffs approved by ANRE (Order no. 48 / 2017) are presented in the table below:

Index	Tariff	u.m.	Approved value July 1 st , 2016 - June 30 th , 2017	Approved value July 1 st , 2017 - June 30 th , 2018	Difference %
A	Electricity transmission	lei/MWh	18.70	16.86	-9.8%
B	Functional system service	lei/MWh	1.30	1.11	-14.6%
C	Technological system service	lei/MWh	11.58	9.39	-18.9%
	Charged quantity	TWh	52.0	54.0	-

Electricity transmission service

The tariff decrease (-9.8%) is explained mainly by two factors:

1. The negative ex-post corrections - the negative corrections applied for the compensation of differences between the forecasted values used to calculate the tariff in the previous tariff years and the actual recorded values (final corrections for the year July 1st, 2015 - June 30th, 2016, preliminary corrections for the year July 1st, 2016 - June 30th, 2017). The contribution of ex-post corrections to the decrease in the new

DIRECTORATE MEMBERSHIP

On June 30th, 2017, the Directorate membership was the following:

Georgeta-Corina POPESCU	Chairman of the Directorate
Octavian LOHAN	Directorate Member
Constantin VĂDUVA	Directorate Member
Mircea-Toma MODRAN	Directorate Member

approved tariff compared to the previous tariff is of -5.6%.

The most important elements of the ex-post corrections applied in calculating the new approved tariff are: (i) the price of energy purchased to cover the own technological consumption, (ii) the inflation index, (iii) using a part of the incomes resulted from interconnection capacity allocation as a complementary source for the regulated tariff in order to cover the regulated costs, (iv) the increase of energy consumption above the level forecasted by ANRE when planning the tariff;

2. The electricity volume chargeable at the extraction point was increased from 52 TWh to 54 TWh. The contribution of the change in the chargeable volume to the decrease in the new approved tariff compared to the previous tariff is of -3.7%.

In addition to the negative corrections mentioned above, there have been other factors which contributed to the establishment of the approved tariff value, entered into force on July 1st, 2017, compared to the tariff in force until June 30th, 2017:

- The forecasted inflation used for the calculation of the new approved tariff was higher than the forecasted inflation used for the calculation of the previous tariff (the inflation index used for the calculation of the new tariff is higher than the inflation index used for the calculation of the tariff for the previous tariff year). The contribution of the inflation index difference to the modification in

the new approved tariff compared to the previous tariff is of +0.37%;

- The basic annual income calculated as a sum of the annual regulated costs, set forth based on the cost forecast for a period of 5 years, approved by ANRE for the regulation period July 1st, 2014 - June 30th, 2019, is slightly higher than the basic annual income corresponding to the previous tariff year.

The linearization of the annual income series within the regulation period led to a redistribution of the annual income within the period, while keeping constant the total income value for 5 years, the income development from one year to the next representing a decreasing negative slope.

The cumulated contribution of the two elements presented within this paragraph to the modification in the new approved tariff compared to the previous tariff is of -0.92%.

Functional system service

The tariff decrease (-14.6%) was determined by:

- The negative ex-post correction included in the new tariff is higher than the negative correction applied to the tariff for the previous year. The contribution of the ex-post correction to the decrease in the new approved tariff compared to the previous tariff is of -3.8%;
- The annual forecast for costs included in the new approved tariff is lower than the annual forecast for costs included in the tariff for the previous year. The contribution of the reduction of the annual forecast for costs to the decrease in the new approved tariff compared to the tariff in force is of -6.9%;
- The electricity volume chargeable at the extraction point was increased from 52 TWh to 54 TWh. The contribution of the change in the chargeable volume to the decrease in the new approved tariff compared to the previous tariff is of -3.8%.

LITIGATIONS

The most significant litigations involving the Company are presented below:

▪ RAAN

File no. 9089/101/2013/A152 was registered on the docket of Mehedinți Court – Section II Civil of Administrative and Fiscal Disputes, as contestation of the additional Table of receivables against debtor RAAN.

Technological system service

The tariff decrease (-18.9%) was determined by:

- The negative ex-post correction included in the new approved tariff, set forth according to the methodology applicable for partial compensation (amounting to 80%) of the estimated profit to be accumulated until June 30th, 2017. The profit was mainly obtained due to the significant reduction of unit purchasing prices via auctions for ancillary services compared to the unit prices forecasted by ANRE. In order to mitigate the impact on the regulated tariff, on Transelectrica's request, a new staging program was set forth for the application of the correction on the grounds of which 50% of the total correction was applied in the new approved tariff, following that the remaining 50% to be applied to the subsequent tariff revisions. The contribution of the ex-post correction to the decrease in the new approved tariff compared to the tariff in force is of -4.6%;
- The annual forecast for costs included in the new tariff for purchasing ancillary services in the tariff year July 1st, 2017 - June 30th, 2018 is lower than the forecast for costs included in the tariff year July 1st, 2016 - June 30th, 2017. The reduction of the forecast for costs was determined by the reduction of purchasing prices via auctions for ancillary services in the current tariff year compared to the prices forecasted by ANRE, especially in the second half of 2016. The contribution of the reduction of the annual forecast for costs to the decrease in the new approved tariff compared to the previous tariff is of -10.6%;
- The electricity volume chargeable at the extraction point was increased from 52 TWh to 54 TWh. The contribution of the change in the chargeable volume to the decrease in the new approved tariff compared to the tariff in force is of -3.7%.

The litigated value of the file is 78.1 mil lei. Transelectrica filed appeal against this sentence.

Since the total amount requested by Transelectrica, amounting to 89.4 mil lei, was registered only in part and the judiciary liquidator's notification no. 4162/03.10.2016 notified only 11.3 mil lei was the amount recorded in the additional table as receivables

resulting from debtor's continued activity, while the amount of 78.1 mil lei was rejected, the contestation was submitted to the additional Table of receivables, within the legal term.

The deadline to submit contestations to the receivables produced during the procedure was set on October 9th, 2016, and October 20th, 2016 was the settlement term for such contestations. The deadline for execution and display of the final consolidated table was also set on November 10th, 2016.

The Company filed appeal against the Table. The Mehedinți Court approved the accounting expertise proof. The following court hearing date was set on September 15th, 2017.

▪ ANRE

• CNTEE Transelectrica SA filed a complaint against the Order of the ANRE Chairman no. 51 / June 26th, 2014, registered at ANRE under no. 47714 / August 4th, 2014, and an appeal before the Court of Appeal Bucharest, subject of the file no. 4921 / 2 / 2014, requesting either the amendment of the aforementioned Order, or the issuance of a new order, which should recalculate the RRR value at the level of 9.87% (recalculated with a β coefficient of 1.0359, according to the internal analyses conducted by Transelectrica) or, should this request be rejected, using the same percentage of 8.52% set by ANRE for the year of 2013 and for the first semester of 2014.

On June 26th, 2014, the ANRE Order no. 51 was issued, published in the Official Journal under no. 474 / June 27th, 2014 on the approval of the average tariff for the transmission service, the tariff for the system service and the zonal tariffs for the transmission service, payable to the National Power Grid Company "Transelectrica" - SA, and the repealing of Addendum no. 1 of the ANRE Chairman's Order no. 93 / 2013 regarding the approval of the average tariff for the transmission service, the tariff for the system service, the zonal tariffs for the transmission service and the tariffs for the reactive electrical energy, payable to economic agents from the electricity sector.

The values taken into consideration for calculating the Regulated Rate on Return (RRR¹) by ANRE, according to the Methodology on establishing the tariffs for the electricity transmission service, approved

¹ RRR - Regulated Rate on Return is presented in the technical literature as WACC – Weighted Average Cost of Capital – translated as Weighted Average Cost of Capital, the equation of both indicators being similar: $RRR = WACC = CCP + Kp / (1 - T) + CCI \times Ki$

by ANRE Order no. 53 / 2013 ("the Methodology") have determined a RRR value of 7.7%.

CNTEE Transelectrica SA considers that the enforcement of the provisions of Article 51 of the Methodology on establishing the Beta (β) parameter at the value of 0.432 shall determine the financial damage of the company by decreasing the rentability with an estimated value of 138.4 mil. lei³, having a significant impact on the financial interests of the company.

At the hearing from February 9th, 2016, the court admitted the evidence with the audit expertise - specialization financial investments and other entities of movable goods, extended the discussion on the technical evidence discussion – electro-energetic specialization, after administering the evidence with the audit expertise - specialization financial investments and other entities of movable goods.

At the hearings from March 25th, 2016, April 22nd, 2016, June 10th, 2016 and March 3rd, 2017, the court postponed the judgement of the cause because of the missing technical expertise report. The next hearing was set for September 5th, 2017.

▪ OPCOM

On November 24th, 2014, the Operator of the Electricity and Natural Gas Market - OPCOM SA sued the Company in order to force it to pay the amount of 582,086.31 euro (2,585,161.72 lei at the National Bank of Romania exchange rate from November 24th, 2014), representing the amount paid by her as fine, from the total of the fine amounting to 1,031,000 euro, the request being subject of file no. 40814/3/2014.

Previously, the General Assembly of Shareholders of the subsidiary OPCOM SA decided at the meeting from June 10th, 2014, upon full payment of the fine amounting to 1,031,000 euro imposed by the Directorate General for Competition – European Commission for breaching of Article 102 of the Treaty on the Functioning of the European Union, according to the Decision no. AT 39984 in the antitrust case.

Also, OPCOM SA requested the court to order the Company to pay the amount of 84,867.67 lei as lawful interest related to the period between June 11th, 2014 and November 24th, 2014.

The action filed by OPCOM SA is subject of the file no. 40814 / 3 / 2014 on the docket of the Bucharest Court,

² The value that caused the decrease of the RRR to 7.7%

³ Calculated value compared to the RRR of 8.52%

Section VI Civil, involving claims, litigation with professionals matter, and the hearing date was set on June 29th, 2015. The Company filed counterstatement for the application for summons, claiming exceptions and substantive defenses regarding the unfoundedness and unlawfulness of the action.

At the hearing from June 24th, 2015, the court admitted the request for summons filed by the plaintiff the Electricity and Gas Market Operator – OPCOM S.A. in contradiction with the defendant the National Company of Electricity Transmission Transelectrica S.A. and ordered to the defendant to pay the plaintiff the sum of 582.086,31 Euros, representing the sum paid by the plaintiff instead of the defendant in the amount of 1.031.000 euro applied by Decision of The European Commission on 5th March 2014 in the case AT.39984, and of the statutory rate, on the amount of 582.086,31 Euros, calculated from 11th June 2014 until the date of the actual payment. The court also orders the defendant to pay the plaintiff the amount of 37,828.08 lei, as legal expenses, with right of appeal within 30 days from notification. Against the sentence no. 4275/2015, pronounced in the aforementioned file, Transelectrica SA formulated an appeal, which was registered before Bucharest Court of Appeal.

The settlement of the Appeal Court: changes the appealed civil sentence completely, meaning that it rejects the application for summons as ill-founded. Orders the appellee - plaintiff to pay the trial expenses to the appellant - defendant amounting to 0.016 mil lei, representing legal stamp duty. The appeal was set within 30 days from notification and it was pronounced in the public hearing of October 10th, 2016.

OPCOM S.A. appealed. The case is in the filtering proceedings. The hearing is to be set.

In 2014, the company recorded a provision amounting to 2.7 mil lei for the litigation with the subsidiary SC OPCOM SA.

▪ **CONAID COMPANY SRL**

In 2013, Conaid Company SRL took legal actions against CNTEE Transelectrica for the unjustified refusal of the latter to sign an addendum to the connection agreement or to sign a new connection agreement, and requested the compensation for costs incurred up to that time, amounted to 17.4 mil lei and loss of profit for the period 2013 - 2033 amounting to EUR 722,756,000.

So far, the Company did not conclude an addendum to the connection agreement because the suspensive provisions included therein have not been met by Conaid Company SRL. A new connection agreement

would have had to be concluded by March 11th, 2014, the date on which the technical connection permit has expired. On the date of these financial statements, the amounts claimed by Conaid Company SRL were regarded as contingent liabilities as it is unlikely to settle this obligation, there will be necessary outflows of resources embodying economic benefits and the value of obligation cannot be evaluated with sufficient reliability. The file no. 5302 / 2 / 2013 was on the dockets of the High Court, involving the obligation of issuing of an administrative document, the procedural stage – second appeal.

On June 17th, 2016, the court reserved judgement, postponing the judgement until June 29th, 2016, when it pronounced Decision no. 2148 / 2016, by which it ordered the following: “Rejects the exceptions invoked by the appellant - plaintiff S.C. Conaid Company S.R.L., via insolvency administrator RVA Insolvency Specialists SRL, and by the appellant - defendant National Company for Energy Transportation Transelectrica S.A. Admits the second appeal filed by the defendant National Company for Energy Transportation Transelectrica S.A. against the hearing protocol of February 18th, 2014 and the civil sentence no. 1866 of June 11th, 2014, pronounced by the Court of Appeal Bucharest – Section VIII, Administrative and Fiscal Litigation Section. Partially invalidates the contested protocol and judgment and refers the case to the Bucharest Court – Section VI Civil, for settlement of the application of the plaintiff sought against the National Power Grid Company Transelectrica S.A. Maintains the other provisions of the sentence concerning the plaintiff's action against the National Regulatory Authority for Energy. Rejects the second appeals of the plaintiff SC Conaid Company S.R.L. via insolvency administrator RVA Insolvency Specialists SPRL and the intervener S.C. Duro Felguera S.A. against the civil sentence no. 1866 of June 11th, 2014. Rejects the second appeal filed by the defendant National Power Grid Company Transelectrica S.A. against the hearing protocol from March 25th, 2014, pronounced by the Bucharest Court of Appeal - Section VIII, Administrative and Fiscal Litigation. Final. Ruled in open court today, June 29th, 2016”.

The file no. 5302 / 2 / 2013 has been forwarded to the Bucharest Court - Section VI Civil, for retrial, under no. 12107 / 3 / 2017, with hearing set on September 28th, 2017.

▪ OTHERS

The Company is also involved in litigations with former Directorate and Supervisory Board members regarding mandate contracts, in which has the quality of defendant.

CONTINGENCES

▪ ANAF

At Transelectrica SA's headquarters the general tax inspection took place, which regarded the period between December 2005 and December 2010. The general tax inspection commenced on December 14th, 2011 and ended on June 26th, 2017, the date of the final discussion with Transelectrica SA.

ANAF – DGAMC set forth additional tax payment liabilities to the Company, respectively corporation tax and VAT, as well as ancillary tax liabilities (interest/late interest and late payment interest) related to the ancillary services (STS) invoiced by the electricity suppliers, considered not deductible following the tax inspection.

On the grounds of the Notice of assessment no. F-MC 439/30.06.2017 amounting to a total of 99 mil lei, ANAF – DGAMC set forth additional tax payment liabilities to the Company amounting to 35 mil lei, as well as ancillary tax liabilities (interest/late interest and late payment interest) amounting to 64 mil lei.

ANAF's Tax inspection report mainly records the following additional payment liabilities:

Corporation tax amounting to 14 mil lei plus accessories, owed for a number of 123 unused invoices identified as missing (they were destroyed in the fire that broke out the night of June 26th - 27th, 2009, at the business office from Millennium Business Center from 2 – 4 Armand Calinescu Street, District 2, where the company carried out its activity), documents under special regime.

These invoices were subject to a litigation with ANAF, the latter sending a tax inspection report on September 20th, 2011 which estimated the amount of collected VAT for a number of 123 unused invoices identified as missing.

At the hearing from April 30th, 2014, the court of first instance - Bucharest Court of Appeal, Section VIII Administrative and Fiscal Litigation (Decision no. 1356 / 2014) in case no. 6657 / 2 / 2012 rejected "the application of the defendant CNTEE Transelectrica SA

is rejected (Complaint against the Fiscal administrative document issued by ANAF)".

On March 1st, 2017, through decision no. 779, the High Court of Cassation and Justice ordered the following: 'rejects the exception of inadmissibility of the appeal for annulment filed by the contesting party Transelectrica SA, advanced via counterstatement by appellee General Directorate for Large Taxpayers Management. Rejects the appeal for annulment filed by the contesting party Transelectrica SA against Civil Decision no. 1945 from June 16th, 2016 of the High Court of Cassation and Justice - Administrative and Fiscal Litigation Section, ruled in file no. 6657 / 2 / 2012, as ill-founded. Irrevocable.'

Corporation tax amounting to 5 mil lei and collected VAT amounting to 6 mil lei plus accessories, owed for a number of 349 unused invoices identified as missing (they were destroyed in the fire that broke out the night of June 26th - 27th, 2009, at the business office from Millennium Business Center from 2 - 4 Armand Calinescu Street, District 2, where the company carried out its activity), documents under special regime;

Corporation tax amounting to 4 mil lei and collected VAT amounting to 5 mil lei plus accessories, related to the expenses on ancillary services invoiced by the generators in the time interval between January 1st, 2007 and December 31st, 2010 and according to which the Company issued penalty invoices calculated by applying a percentage of 200% on the unit price without VAT, multiplied by the quantity of services not carried out. According to the findings of the tax inspection team, based on the issued penalty invoices non-deductible expenses have been set forth for the ancillary services not performed / not carried out, which generates additional corporation tax to be paid, as well as additional VAT to be paid, corresponding to the ancillary services not performed / not carried out, invoiced by the electricity suppliers,

The company sent within the legal deadline, accordingly to the provisions of Government Emergency Ordinance no. 92 / 2003, regarding Fiscal Procedure Code, the appeal to the Notice of assessment no. F-MC 439/30.06.2017.



Annexes

ANNEX 1: Separate Situation of Financial Position

[mil RON]	June 30 th , 2017	December 31 st , 2016	Δ	Δ (%)
ASSETS				
Fixed Assets				
Property, Plant and Equipment	3,109	3,190	(80)	(3)%
Intangible Assets	15	14	1	7%
Financial Assets	78	78	0	0%
Other Fixed Assets	7	10	(3)	(33)%
Total Fixed Assets	3,209	3,292	(83)	(3)%
Current Assets				
Inventories	33	30	2	7%
Receivables	870	852	(13)	(2)%
Other Financial Assets	165	135	30	(22)%
Cash and equivalents	622	934	(311)	(33)%
Total Current Assets	1,690	1,951	(261)	(13)%
TOTAL ASSETS	4,900	5,243	(343)	(7)%
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' Equity				
Share capital, out of which	733	733	0	0%
<i>Subscribed Share Capital</i>	733	733	0	0%
Initial offering	50	50	0	0%
Legal Reserves	116	116	0	0%
Reserve Fund from Reevaluation	524	549	(25)	(5)%
Other Reserves	57	57	0	0%
Retained Earnings	1,560	1,602	(42)	(3)%
Total Shareholders' Equity	3,041	3,108	(67)	(-2)%
Long term liabilities				
Non-Current Deferred Revenues	418	430	(12)	(3)%
Loans	445	502	(57)	(11)%
Deferred Tax Liabilities	27	30	(3)	(10)%
Employee Benefit Obligations	43	43	0	0%
Total Non-Current Liabilities	934	1,005	(72)	(7)%
Current Liabilities				
Trade Payables and Other Payables	649	874	(225)	(26)%
Other Tax and Social Security Liabilities	10	9	1	10%
Loans	175	138	36	26%
Provisions	46	54	(8)	(15)%
Non-Current Deferred Revenues	38	38	0	1%
Corporate Tax to be paid	8	17	(9)	(54)%
Total Current Liabilities	925	1,130	(205)	(18)%
Total Liabilities	1,859	2,135	(276)	(13)%
Total Shareholders' Equity and Liabilities	4,900	5,243	(343)	(7)%

ANNEX 2: Separate account of profit and loss

[mil RON]		FIRST SEMESTER						
Indicator	Realized 2017	Realized 2016	Budgeted 2017	Realized 2017 vs 2016	Realized 2017 vs 2016 (%)	Realized vs Budgeted 2017	Realized vs Budgeted 2017 (%)	
Operating Revenues								
Transmission Revenues	554	595	548	(41)	(7)%	6	1%	
System Service Revenues	355	366	349	(11)	(3)%	6	2%	
Revenues from the Balancing Market	805	367	863	438	119%	(58)	(7)%	
Other revenue	25	22	25	4	17%	(0)	0%	
Total operating Revenues	1,739	1,350	1,785	390	29%	(46)	(3)%	
Operating Expenses								
System Operation Expenses	129	120	130	9	8%	(1)	(1)%	
Expenses on the Balancing Market	805	367	863	438	119%	(58)	(7)%	
Expenses regarding the ancillary services	319	333	305	(14)	(4)%	14	5%	
Depreciation	156	163	163	(7)	(4)%	(7)	(4)%	
Salaries and other Retributions	88	85	90	3	4%	(2)	(2)%	
Maintenance and Repairs	34	36	49	(2)	(6)%	(15)	(31)%	
Materials and Consumables	3	3	7	0	0%	(4)	(57)%	
Other Operating Expenses	77	62	64	14	23%	13	20%	
Total Operating Expenses	1,611	1,169	1,671	441	38%	(60)	(4)%	
Operating Profit	129	180	115	(51)	(29)%	14	12%	
Financial Revenues	12	18	12	(6)	(33)%	0	0%	
Financial Expenses	20	24	13	(3)	(13)%	8	61%	
Net Financial Result	-8	-6	-1	(3)	51%	(8)	n/a	
Profit before Corporate Tax	120	175	114	(54)	(31)%	6	6%	
Corporate Tax	22	33	19	(11)	(33)%	3	18%	
Profit of the Financial Year	98	142	95	(43)	(31)%	3	3%	

ANNEX 3: Separate Situation of Cash Flow

[M RON]	H1 2017	H1 2016	H1 2017 vs 2016
Cash flows from operating activities			
Profit for the year	98	142	(44)
Adjustments for:			
Income tax expense	22	33	(11)
Depreciation and amortization	156	163	(7)
Expenses with impairment allowances for trade and other receivables	35	15	20
Increase in reversal of impairment allowances for trade and other receivables	(7)	(3)	(4)
Net loss on disposal of property, plant and equipment	0	(0)	1
Reversal of impairment allowances for property, plant and equipment	1	2	(1)
Net reversal of impairment allowances for provisions for risks and charges	(8)	(8)	0
Interest expense, interest income and unrealized foreign exchange gains	8	6	2
Cash flows before changes to working capital	305	350	(45)
Changes in:			
Clients and similar accounts	(43)	(27)	(16)
Inventories	(2)	1	(3)
Trade and other liabilities	(252)	(135)	(117)
Other taxes and social security liabilities	1	14	(13)
Deferred income	(11)	(15)	4
Cash flows from operating activities	(3)	186	(189)
Interest paid	(5)	(7)	2
Income tax paid	0	(38)	38
Net cash from operating activities	(8)	141	(149)
Cash flows used in investing activities			
Purchase of property, plant and equipment and of intangible assets	(85)	(67)	(18)
Proceeds from advances paid in the prior financial year and not used	0	30	(30)
Interest received	4	4	(0)
Dividends received	0	1	(1)
Other financial assets	(30)	70	(100)
Net cash used in investing activities	(112)	37	(149)
Cash flows used in financing activities			
Credit line for cogeneration	43	0	43
Repayments of long-term borrowings	(70)	(81)	11
Dividends paid	(165)	(193)	28
Net cash used in financing activities	(191)	(274)	83
Net increase in cash and cash equivalents	(311)	(96)	(215)
Cash and cash equivalents as at 1 January	934	974	(40)
Cash and cash equivalents at the end of the period	622	879	(256)

ANNEX 4: Economical and financial indicators corresponding to the reporting period

Indicators	Calculation formula	S1 2017	S1 2016
Current liquidity indicator (x)	$\frac{\text{Current assets}}{\text{Current liabilities}}$	1.83	1.81
Indebtedness indicators (x):			
(1) Indebtedness indicator	$\frac{\text{Debt capital}}{\text{Shareholders' Equity}} \times 100$	14.63	18.96
(2) Indebtedness indicator	$\frac{\text{Debt capital}}{\text{Committed capital}} \times 100$	12.76	15.94
Customer rotation speed (days)	$\frac{\text{Customers average balance}^*}{\text{Turnover}} \times 180$	59.87	60.67
Tangible assets rotation speed (x)	$\frac{\text{Turnover}}{\text{Fixed Assets}}$	0.53	0.40

*When calculating the average balance account, the customers contributing to the turnover have been taken into consideration (energy, balancing, other customers, customer's invoices to be issued). The values corresponding to uncertain customers, cogeneration scheme and overcompensation were not included in the average balance account.

Annex 5 REPORT (according to the Decision of the General Assembly of Shareholders no. 4/29.04.2015) regarding the agreements signed in the second quarter of 2017 for the purchase of goods, services and works with a value greater than 500,000 euro/purchase (for purchases of goods and works) and of 100,000 euro/acquisition respectively (for services)

No.	Agreement number	Agreement Subject	Duration	Value		Agreement type	Legal basis	Acquisition procedure
				Thousand Lei	Thousand Euro			
0	1	2	3	4	5	6	7	8
1	PT 10/3738/2017	Upgrading the hardware and software platforms of the SCADA system in the Slatina substation	16 months	2,279.1	0.00	Works	Law no. 99/2016 + GD 394/2016	Open Auction
2	BC 529/2017	Connection of Turnu Măgurele, Mostiștea, Stălpu, Teleajen substations to the optical fiber network of CNTEE "TRANSELECTRICA" - SA - Batch 2	12 months	4,227.8	0.00	Works	Law no. 99/2016 + GD 394/2016	Simplified procedure
3	SB 19/2017	Research and development center for technologies for working under voltage (LST) and rapid intervention in the NPS - stage I	24 months	4,991.8	0.00	Works	Law no. 99/2016 + GD 394/2016	Open Auction
4	C 256/2014 AA 2	Addendum no. 2 to C 256/2014 - "Maintenance and operation services for the telecommunications, process informatics and information technology systems"	12 months	28,164.4	0.00	Services	Emergency Ordinance 34/2006 + GD 925/2006	Negotiation without prior invitation
5	C 86/2017	STRATEGIC SERVICES / WORKS IN THE INSTALLATIONS OWNED BY CNTEE "TRANSELECTRICA" SA	8 months	45,909.7	0.00	Services	Law no. 99/2016 + GD 394/2016	Negotiation without prior invitation

Annex 6 – Glossary of terms

“ANRE”	National Regulatory Authority for Energy
“BAR”	Regulated assets base
“BVB”	Bucharest Stock Exchange, regulated market operator for trading Shares
“CEE”	European Economic Community
“Company”, “CNTEE”, “TEL”	National Power Grid Company Transelectrica SA
“CPT”	Own Technological Consumption
“SB”	Supervisory Board
“NPD”	National Power Dispatcher
“EBIT”	Earnings Before Interest & Tax
“EBITDA”	Earnings Before Interest, Taxes, Depreciation and Amortization
“EBT”	Earnings Before Tax
“ENTSO-E”	European Network of Transmission System Operators for Electricity
“GD”	Government Decision
“IFRS”	International Financial Reporting Standards
“JPY”	Japanese Yen , the official currency of Japan
“OHL”	Overhead Power Lines
“Leu” or “Lei” or “RON”	The official currency of Romania
“MFP”	Ministry of Public Finance
“MO”	Official Journal of Romania
“GO”	Government Ordinance
“OPCOM”	Romanian Electricity Market Operator OPCOM SA
“GEO”	Government Emergency Ordinance
“DAM”	Day-Ahead Market
“PTG”	Power Transmission Grid, national and strategic interest electric grid with a nominal voltage greater than 110 kV
“NPS”	National Power System
“SMART”	Trading Company for the Electric Transport Network Maintenance SMART SA
“FFS”	Functional System Service
“TSS”	Technological System Service
“TEL”	Stock exchange symbol for Transelectrica
“TSR”	Total efficiency for the shareholders
“EU”	European Union
„u.m.”	Unit of measurement
“USD” or “US dollars”	American Dollar, the official currency of the United States of America
“WACC”	Weighted Average Cost of Capital