



CNTEE TRANSELECTRICA SA

QUARTERLY REPORT
January – March
2018

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**QUARTERLY REPORT REGARDING THE ECONOMICAL AND FINANCIAL ACTIVITY OF CNTEE
"TRANSELECTRICA" SA**

**according to provisions of Article 67 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 ended on March 31st, 2018

Report date:	May 15 th , 2018
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
LEI Code (Legal Entity Identifier)	254900OLXOUQC90M036
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:	1,722,623,837 lei (23.5 lei/share as of 30.03.2018)
Applied accounting standard:	International Financial Reporting Standards
Audit:	The quarterly financial statements drafted on March 31 st , 2018 are not audited

RESPONSIBLE PERSONS' STATEMENT

To our knowledge, the condensed unaudited statements for the three-months period ended on March 31st, 2018, have been issued according to the applicable accounting standards (International Financial Reporting Standards as approved by the European Union) and provide a correct and realistic view of CNTEE Transelectrica SA's assets, liabilities, 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, May 14th, 2018

Directorate,

**Adrian-
Constantin
RUSU**

**Directorate
Chairman**

**Dan-Valeriu
ARDELEAN**

Directorate Member

**Andreea-Georgiana
FLOREA**

Directorate Member

**Georgeta-Corina
POPESCU**

Directorate Member

**Florin-Cristian
TĂTARU**

Directorate Member



Key figures 3 M 2018 vs 3 M 2017

KEY FIGURES – 3 months 2018

FINANCIAL		
685 mil ron	▼ 39.1% y/y	Revenues
157 mil ron	▼ 7.2% y/y	EBITDA
68 mil ron	▼ 4.0% y/y	Net income
15.00 TWh	▲ 2.7% y/y	Charged energy volume**

OPERATIONAL		
2.83* %	▼ 0.62pp y/y	OTC
12.10 TWh	▲ 3.94% y/y	Transmitted energy***

OTC 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		
Q1 2018	Q1 2017	
42.07 mil ron	64.96 mil ron	Purchase of tangible and intangible assets
131.02 mil ron	15.38 mil ron	Fixed assets recorded in the accounts (PIF)

Note: In order to facilitate reading and understanding of the results, certain figures presented in graphs and/or tables use mil lei as the unit of measure and are rounded up to this unit. This presentation convention might cause, in certain cases, minor differences between the total figures obtained by adding up the components.

The present translation of the Quarterly Report for January – March 2018 is provided as a free translation of the report in romanian language, which is the official and binding version.



Financial data

The summary of the financial results as of March 31st, 2018 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 profit and loss account - unaudited				
[mil RON]	Q1 2018	Q1 2017	Δ	Δ (%)
Charged energy volume - TWh	15.00	14.60	0.4	3%
ALLOWED PROFIT ACTIVITIES				
Operational revenue	300	332	(32)	(10)%
Transmission	272	299	(27)	(9)%
Functional System Services	17	19	(2)	(9)%
Other revenues	11	14	(4)	(26)%
Operational Costs	170	173	(3)	(2)%
System operation costs	87	77	10	13%
Repairs and Maintenance	13	14	(1)	(7)%
Salaries and other retributions	43	41	2	5%
Other Costs	27	41	(14)	(35)%
EBITDA	130	159	(29)	(18)%
Depreciation	76	78	(3)	(4)%
EBIT	55	81	(26)	(32)%
ZERO-PROFIT ACTIVITIES				
Operational revenue	385	793	(408)	(51)%
Technological System Services	184	170	14	8%
The Balancing Market	200	623	(423)	(68)%
Operational Costs	358	783	(425)	(54)%
Technological System Services	158	160	(2)	(1)%
The Balancing Market	200	623	(423)	(68)%
EBIT	27	11	16	155%
ALL ACTIVITIES (WITH ALLOWED PROFIT AND ZERO-PROFIT)				
Operational revenue	685	1,125	(440)	(39)%
Operational Costs	528	956	(428)	(45)%
EBITDA	157	170	(12)	(7)%
Depreciation	76	78	(3)	(4)%
EBIT	82	91	(10)	(11)%
Financial Result	(4)	(5)	1	(21)%
EBT	78	87	(9)	(10)%
Income tax	10	16	(6)	(37)%
Net profit	68	71	(3)	(4)%

Separate Statement of Financial Position - unaudited				
[mil RON]	March 31 st , 2018	December 31 st , 2017, according to GMS decision no.6/30.04.2018	Δ	Δ (%)
Fixed Assets				
Property, Plant and Equipment	2,989	3,044	(55)	(2)%
Intangible assets	15	16	0	(1)%
Financial assets	78	78	0	0%
Long-term receivables	-	-	-	n/a
Total fixed assets	3,083	3,138	(55)	(2)%
Current assets				
Inventories	35	32	3	8%
Receivables	922	818	104	13%
Cash and equivalents	499	521	(22)	(4.2)%
Total current assets	1,456	1,371	85	6.2%
TOTAL ASSETS	4,538	4,509	30	1%
Shareholders' equity	2,787	2,717	70	3%
Non-current liabilities				
Loans	162	195	(33)	(17)%
Other liabilities	476	488	(12)	(2)%
Total non-current liabilities	638	684	(45)	(7)%
Current Liabilities				
Trade payables and other payables	635	700	(65)	(9)%
Loans	380	317	63	20%
Other liabilities	99	91	8	12%
Total current liabilities	1,114	1,108	5	0%
Total liabilities	1,752	1,792	(40)	(2)%
Shareholders' Equity and Liabilities	4,538	4,509	30	1%

Separate Statement of Cash Flows - unaudited				
[mil RON]	Q1 2018	Q1 2017	Δ	Δ (%)
Cash flow before the changing of working capital	158	186	(28)	(15)%
Cash flow generated in the operating activity	(5)	10	(15)	n/a
Net cash from the operating activity	(8)	7	(15)	n/a
Net cash from the investment activity	(41)	71	(112)	n/a
Net cash used in the financing activity	27	(35)	62	n/a
Net decrease in cash and cash equivalents	(22)	43	(65)	n/a
Cash and cash equivalents as of January 1st	521	934	(413)	(44)%
Cash and cash equivalents at the end of the period	499	977	(478)	(49)%

OPERATIONAL RESULTS

Charged energy volume

In the first quarter of 2018, the total charged energy volume for the services performed on the energy market (15.00 TWh) registered an increase of 3% compared to the first quarter of 2017 (the difference between the two periods being +0.4 TWh).

This trend was identified in every analyzed month of 2018, mainly in the months of January and February when, due to the very low temperatures, the energy consumption was high.

Operational revenue

The total operational revenue in the first quarter of 2018 registered a 39.1% decrease compared to the similar period of the previous year (685 mil lei in the first quarter of 2018, up from 1,125 mil lei in the first quarter of 2017).

The **allowed profit activities** segment registered a 9.66% decrease in revenues (300 mil lei in first quarter of 2018 from 332 mil lei in first quarter of 2017), determined by the lowering of average tariffs for the transmission service starting with July 1st, 2017, given the increase in energy consumption.

The revenues from the interconnection capacity allocation registered a 29.2% decrease compared to the amount achieved in the first quarter of 2017 (17 mil lei in the first quarter of 2018, down from 24 mil lei in the first quarter of 2017) 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 intraday auctions. The annual, monthly and intraday auctions 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.

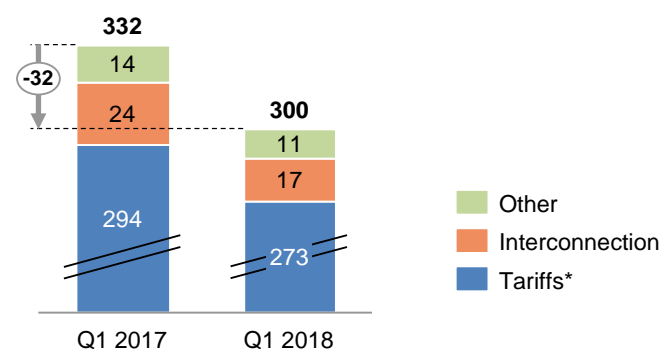
Starting with 2016, the UIOSI principle has been implemented at the border with Bulgaria, and starting

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 interconnection capacity allocation market 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 activities with allowed profit
(mil lei)



* Transmission tariff, functional system services, reactive energy, unplanned exchanges DAM, ITC

The zero-profit activities revenues registered a 51.47% decrease (385 mil lei in the first quarter of 2018, down from 793 mil lei in the first quarter of 2017), determined mainly by the 67.83% decrease of revenues on the balancing market, as a result of:

- the negative imbalance registered at the level of electricity suppliers on the balancing market in the first quarter of 2018 in comparison with the first quarter of 2017, namely the significant reduction of the imbalance between the notified net contractual position and the actually delivered electricity;
- accessing the available energy in dispatchable groups has maintained high values in the first quarter of 2018 compared to the first quarter of 2017;
- the available energy in dispatchable groups has maintained high values in the first quarter of 2018 compared to the first quarter of 2017, as a result of:

- ✓ the registration of higher quotas of the Danube flow level;
- ✓ the functioning under good conditions, for the largest part of the first quarter of 2018, of the coal, gas and nuclear plants.

The balancing market represents a sector with zero profit for the Company.

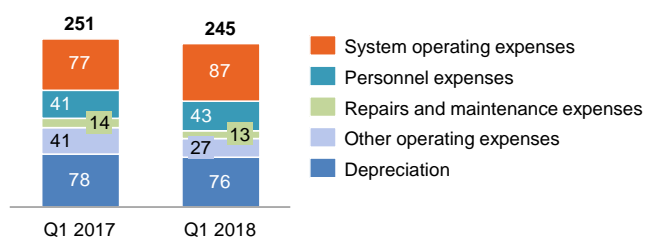
In the first quarter of 2018, the revenues from the performed technological services increased by 8% compared to the same period of 2017, due to the increase of the average tariffs for technological system services starting with January 1st, 2018, given the energy consumption increase.

Operational expenses

The total operational expenses (including depreciation) registered in the first quarter of 2018 decreased by 41.7% compared to the similar period of the previous year (603 mil lei, down from 1,034 mil lei in the same period of 2017).

In the segment of **activities with allowed profit**, the expenses (including depreciation) registered a 2.45% decrease (245 mil lei, down from 251 mil lei in the same period of 2017).

Operational costs from activities with allowed profit
(mil lei)

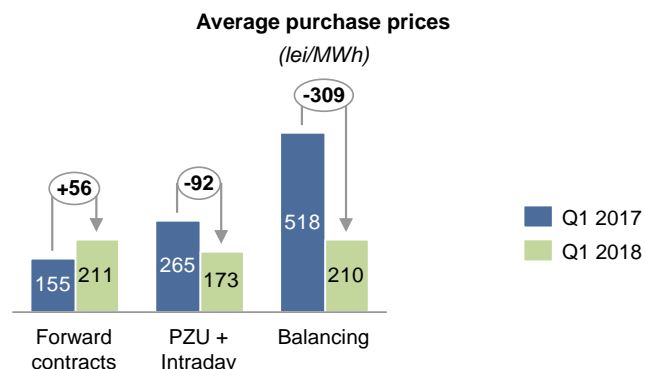


OTC: In the first quarter of 2018, these expenses have increased with the amount of 5.2 mil lei compared to the ones registered in the first quarter of 2017, due to the increase of the electricity quantity necessary to cover the CPT in PTG with ca. 33% (from 256,866 MWh in the first quarter of 2017, to 342,304 MWh in the first quarter of 2018).

The energy crisis registered in the first quarter of 2017, determined by the very low temperatures, in conjunction with the extension of the unavailability of the main power production plants, have determined the sudden increase of prices on the Day–Ahead Market (DAM), Intra–Day Market (IDM) and on the Balancing Market (BM), regarding the purchase of electricity for the own technological consumption.

Thus, in 2018, the electricity for covering the OTC has been purchased on the free energy market, namely on

the Centralized Market for Electricity Bilateral Contracts (CMBC), the Day–Ahead Market (DAM), the Balancing Market (BM) and the Intra–Day Market (IDM) at the average purchase price of 193.8 lei/MWh, compared to the average purchase price of 240.4 lei/MWh in the first quarter of 2017.



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–compliance with the safety parameters in the operation of a power system.

In the first quarter of 2018 the congestion related expenses amounted to 5.2 mil lei due to the failure occurred on the Constanța Nord-Tariverde 400 kV OHL in February 2018.

The **zero-profit activities** segment registered a 54.24% cost decrease (358 mil lei from 783 mil lei in the same period of 2017), determined by the decrease of expenses on the balancing market.

In the period January – March 2018, the technological system services expenses registered a 1.17% decrease compared to the similar period of 2017, generated by the purchase prices for technological system services from the competitive market which were lower compared to the same period of the previous year.

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

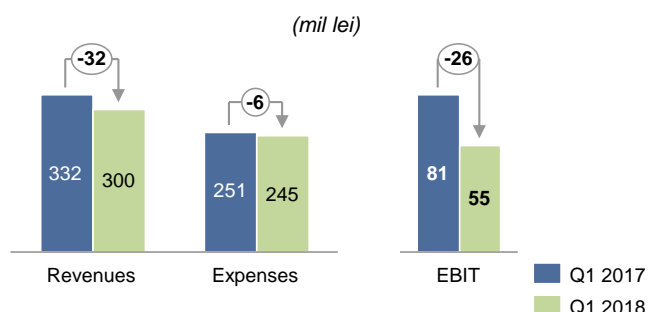
In the first quarter of 2018 the purchase of technological system services was conducted in the regulatory regime according to ANRE decision no. 906/2017 (from SC Hidroelectrica SA) and GD no. 760/11.10.2017, approving the "Winter Program in the Energy Sector for Assuring the safety and stability of the NES".

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

Operational profit

The **allowed profit activities** registered a positive result of 55 mn lei, lowered from 81 mn lei, caused mainly by the lowering of the average transportation tariffs approved by ANRE for transport service (10%) and by the lowering of the ancillary services tariffs (15%), also by the lowering of the revenues from the interconnection capacity allocation.

EBIT structure for activities with allowed profit



EBIT generated by the **zero-profit activities** registered a positive result of 27 mil lei compared to 11 mil lei, being influenced by the increase in the revenue of the technological system services generated by an increase of 6% in the tariffs.

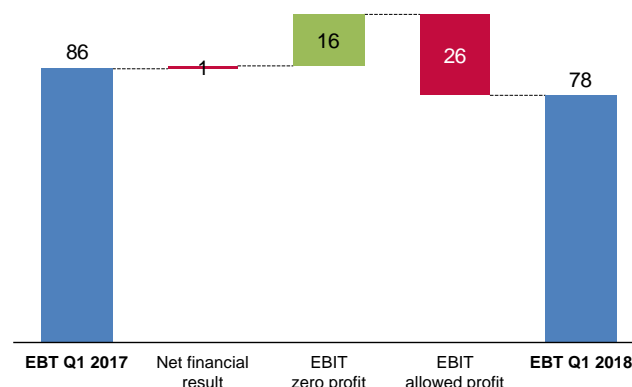
For the entire activity, **EBIT** registered a decrease of ca. 10.37% (82 mil lei, down from 91 mil in the period of January – March 2017).

Gross profit (EBT)

The gross profit registered a 9.79% decrease, from 86 mil lei in the period of January – March 2017, down to 78 mil lei in the period of January – March 2018.

The difference between the profit registered in January – March 2018 and January – March 2017, broken down in the constitutive elements of the profit, is presented in the graph below:

EBT structure
(mil lei)

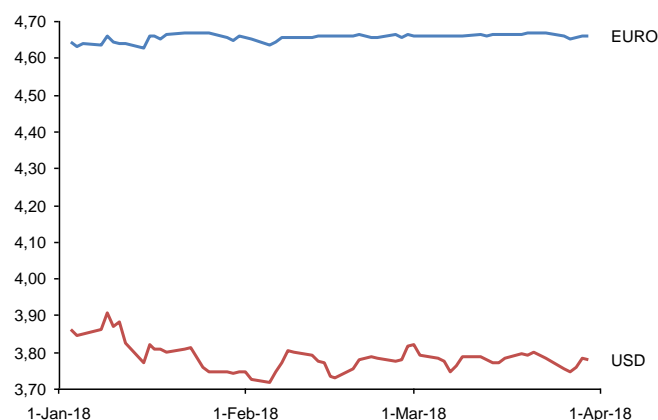


Financial result

The net financial result registered in the period January – March 2018 was negative amounting to 4 mil lei, due to the evolution of the position related to other financial revenues influenced by the evolution of the exchange rate of the national currency to foreign currencies (euro and dollar) in which the Company concluded bank loan agreements for financing the investment programs.

Thus, compared to the net financial result recorded in the period of January – March 2017, the net loss registered in the period of 2018 decreased by 1 mil lei.

Exchange rate evolution



Net profit

The net profit registered a decrease of ca. 3.84% compared to the one registered in the same period of 2017 (68 mil lei, down from 71 mil lei).

FINANCIAL POSITION

Fixed Assets

Fixed assets registered a 2% decrease at March 31st, 2018, compared to December 31st, 2017, mainly following the registration of property, plant and equipment depreciation related to the period.

Current assets

Current assets recorded a 6% increase at March 31st, 2018 (1,456 mil lei compared to the value registered at December 31st, 2017 of 1,371 mil lei), influenced by the 13% increase of receivables (922 mil lei at March 31st, 2018 compared to 818 at December 31st, 2017), and an increase of 8% in inventories (35 mil lei at March 31st, 2018 compared to 32 mil at December 31st, 2017).

The increase of the commercial receivables balance was influenced by the approximately 15% rise of current customers from the operational activity as of March 31st, 2018, which was mainly determined by:

- increase in the electricity quantity delivered to consumers in the months of January and February 2018 compared to the months of November and December 2017;
- decisions regarding the overcompensation for 2017, issued in 2018 by ANRE.

The main current customers on the electricity market are represented by: Electrocentrale Bucuresti SA, Electrica Furnizare SA, RAAN, Ciga Energy, Enel Energie Muntenia SA, E.ON Energie Romania SA, Enel Energie SA, CET Govora SA, MAVIR, CEZ Vanzare SA. The share of main customers in the total trade receivables on the energy market is ca. 61%.

Only the current receivables for the balancing market (186 mil lei), registered a value decrease compared to December 31st, 2017 (244 mil lei), as a result of the decrease in transactions on this market.

As of March 31st, 2018, the Company registered receivables to be cashed from the bonus type support scheme for promoting the high efficiency cogeneration in a proportion of approximately 37% of the total trade receivables.

The Company operates its activities related to the bonus type support scheme for promoting the high efficiency cogeneration, acting as the administrator of the support scheme according to the provisions of the Government Decision no. 1215/2009, "the main tasks being to collect, on a monthly basis, the contribution for cogeneration and the monthly payment of bonuses".

The customers from the bonus type support scheme for promoting the high efficiency cogeneration registered an increase in the receivables on March 31st, 2018, mainly determined by the receivables related to the ANRE decisions on the overcompensation of the cogeneration activity for 2017, amounting to 140 mil lei, registered according to the ANRE Decisions issued in the month of March 2018, on the overcompensation of the activity regarding the support scheme for the year of 2017.

In the timeframe January 1st – March 31st, 2018, the amounts related to the bonus type support scheme have increased compared to December 31st, 2017, mainly due to the overcompensation decisions for 2017, issued in 2018. The overview of the collection of receivables for the cogeneration scheme is as follows:

- the amount of 5 mil lei representing the overcompensation for the year of 2015, via bank transactions from Termoficare Oradea (for Electrocentrale Oradea, according to the rescheduling Convention).

On March 31st, 2018 the Company registered receivables amounting to 304 mil lei, represented by the invoices issued under the bonus type support scheme for high efficiency cogeneration.

The receivables amounting to 304 mil lei are represented by the invoices issued under the bonus type support scheme for high efficiency cogeneration, out of which:

- overcompensation for the period of 2011 – 2013 in the amount of 76.70 mil lei, namely from RAAN – 63.47 mil lei and CET Govora SA – 13.24 mil lei;
- undue bonus for 2014 in the amount of 3.91 mil lei, namely from RAAN – 1.98 mil lei, CET Govora – 1.93 mil lei;
- undue bonus for 2015 in the amount of 0,56 mil lei, namely from CET Govora – 0.53mil lei, Interagro – 0.03 mil lei;
- overcompensation for 2015 in the amount of 4.54 mil lei, namely from Electrocentrale Oradea (debt taken over by Termoficare Oradea);
- overcompensation for 2016 in the amount of 56.68 mil lei, namely from Electrocentrale București;
- overcompensation for 2017 in the amount of 140.34 mil lei, namely from CET Govora – 10.66 mil lei, Electrocentrale București – 126.65 mil lei, Enet SA – 3.03 mil lei;

- cogeneration contribution not collected from the suppliers of energy consumers, amounting to 20.80, namely from: Transenergo Com – 5.88, PetProd – 4.39, Romenergy Industry – 2.68, RAAN – 2.39, Arelco Power – 2.38, UGM Energy – 1.81, CET Govora – 901, KDF Energy – 888 and others.

As of the date of drafting this statement, the Company has registered the following situation regarding the receivables for overcompensating the activity regarding the support scheme for the year of 2017:

- collections in the amount of 139.73 mil lei, out of which collections via bank transactions amounting to 90.90 mil lei from Electrocentrale București and cashing based on compensations made through the Institute for Management and Informatics (according to Government Decision no. 685/1999) amounting to 48.83 mil lei (out of which: Electrocentrale Bucharest - 35.76 mil lei, CET Govora - 10.66 mil lei lei, Enet SA - RON 2,42 mil lei);
- overdue receivables amounting to 0.61 mil lei (ENET SA).

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 București, 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 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 instalment 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 Govora 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. In order to recover its receivables recorded before the insolvency proceedings, the Company followed 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 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 contested sentence and has rejected the suspension request lodged by CET Govora, the judgement being final. Thus, starting with 05.10.2016, the effects of the ANRE Decision no. 738/28.03.2014 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.

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 effective heat demand.

Thus, on March 31st, 2018, the Company does not register depreciation adjustments for the receivables related to the support scheme, the unrecovered value of these receivables being included in the cogeneration contribution.

As of March 31st, 2018, other receivables amounting to 122.74 mainly include various debtors (104.71 mil lei), deferred expenses (12.25 mil lei) and other long-term receivables (4.52 mil lei).

Various debtors amount to 104.71 mil lei, out of which interest on late payments computed for clients in default of payment, amounting to 64.64 mil lei (of which the amount of 26.01 mil lei represents penalties related to the support scheme). The highest interests on late payments have been registered by the following clients: RAAN (16.90 mil lei), SC CET Govora (9.61 mil lei), SC Eco Energy SRL (8.91 mil lei), SC Petprod SRL (8.89 mil lei), Total Electric Oltenia (3.29 mil lei), Arcelor Mittal Galați (2.95 mil lei), Also Energ (2.12 mil lei). Impairment adjustments were recorded for the interest on late payments calculated for the late payment on receivables from the operational activity.

The following receivables are also registered under the category of different debtors:

- down payments made to the supplier ELCOMEX – IEA SA amounting to 31.18 mil lei, for which penalties amounting to 0.69 mil lei have been calculated. The down payments have been granted to the supplier ELCOMEX – IEA SA for performing the following projects:
 - Connecting the Isaccea-Varna 400 kV OHL and the Isaccea-Dobruja OHL to the Medgidia Sud 400 kV substation – down payment amounting to 9.95 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 – down payment amounting to 21.23 mil lei.

The down payments made to ELCOMEX – IEA SA are secured with the insurance policies issued by Asito Kapital S.A.

On April 7th, 2017 the Court of Constanța, Section II Civil, by Hearing protocol no. 294/2017, upheld the application for a declaration of insolvency of the debtor Elcomex – IEA SA, naming Pricewaterhouse Coopers Business Recovery Services IPURL as insolvency administrator.

On the day of insolvency, CNTEE Transelectrica SA held the following agreements concluded with SC Elcomex IEA SA: C163/29.07.2015: "Converting the Portile de Fier – Resita – Timisoara – Sacalaz – Arad to 400 kV / the 400/220/110 kV Resita substation" and C255/18.11.2015 "Connecting the OHL 400 kV Isaccea-Varna and OHL 400 kV Isaccea-Dobruja in the 400 kV Medgidia Sud station, stage I". Following the declaration of insolvency of SC Elcomex IEA SA, CNTEE Transelectrica SA entered on its statement of affairs for the amount of 31.19, representing the consideration of the down payment made to SC Elcomex IEA SA for the agreements no. C163/July 29th, 2015 and C255/November 18th, 2015, and other expenses.

Pricewaterhouse Coopers Business Recovery Services IPURL notifies CNTEE Transelectrica on August 7th, 2017, regarding the cancellation of the agreement C 163/July 29th, 2015 "Converting the Porțile de Fier – Reșița – Timișoara – Săcălaz – Arad to 400 kV / the 400/220/110 kV Reșița substation". On August 8th, 2017, the judiciary administrator Pricewaterhouse Coopers Business Recovery Services IPURL considers itself bound to note the cancellation by CNTEE Transelectrica SA of the agreement no. C255 from November 18th, 2015, regarding "Connection of the Isaccea-Varna 400 kV OHL and Isaccea-Dobruja 400 kV OHL in the Medgidia Sud 400 kV OHL, Stage I", notified by the Company with letter no. 24597 from July 5th, 2017, and at the same time the termination of the agreement on the initiative of CNTEE Transelectrica 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.

On July 1st, 2017, the Company submitted an application for summons regarding the issuance of a payment order, an action subject to the case file no. 24552/3/2017 on the docket of the Bucharest Court, Section VI Civil, requesting the Court to rule a decision obliging the debtor ASITO KAPITAL SA to pay the amount of 7,058,773.36 Euro (the equivalent of 31,180.86), representing guarantee policies for the down payments no. BR – 1500544/November 18th, 2015, and no. BR – 1500520/July 29th, 2015. The court

ordered the postponement of proceedings until November 7th, 2017, in the case file no. 24552/3/2017, on the docket of the Bucharest Court, Section VI Civil.Hearing: October 24th, 2017

Solution in brief: Admits the request. Orders the debtor to pay, within 20 days from notification of this decision, the amount of 2,237,750.83 euro (the equivalent of 9,948,592.64 lei at the exchange rate of 4.4458 euro), representing the down payment which was not reimbursed but guaranteed via letter of guarantee for the payment of the down payment no. BR-1500544/18.11.2015, as well as the amount of 4,821,022.53 euro (the equivalent of 21,233,265.32 lei at the exchange rate of 4.4041 lei/euro) representing the down payment which was not reimbursed but guaranteed via letter of guarantee for the payment of the down payment no. BR-1500520/29.07.2015; 200 lei as legal expenses. With right of request in annulment within 10 days from notification. The decision 4067/2017 07.11.2017 was not notified to the Company as of drafting these financial statements.

Liabilities

Long term liabilities as of March 31st, 2018 registered a 7% decrease, mainly following the reimbursements carried out according to the existent loan agreements. During the timeframe of January – March 2018, no withdrawals from loans were conducted.

Short-term liabilities have remained somewhat constant as of the date of these statements compared to the level registered as of December 31st, 2017 (1,114 mil lei as of March 31st, 2018 compared to 1,108 mil lei as of December 31st, 2017).

Short-term loans registered a 20% increase while Transelectrica contracted a credit line from Raiffeisen Bank for a 12-month period for financing the bonus type support scheme for high efficiency cogeneration, in the form of overdraft amounting to 100 mil lei.

Trade payables and other payables registered a 9% drop, the following being also included herein:

- current debts on the electricity market:

- the balance of debts for the operational activity registered a slight increase of 0.6% due to the increase in the electricity quantity for covering the own technological consumption in the transmission grid;
- the balance of debts related to the balancing market registered a 37% decrease (from 204 mil lei to 129 mil lei) determined by the

settlement of current payment liabilities on the electricity market as of December 31st, 2017 and by the decrease in the volume of trades on the balancing market during the first quarter of 2018 compared to the fourth quarter of 2017.

- the balance of debts related to the support scheme towards the suppliers (producers) registered a 5.4% increase, determined by the issuance of ANRE decisions pertaining to the payment of the undue bonus and the ante-overcompensation for 2017.

- The balance of asset suppliers registered a 32% drop as of March 31st, 2018 compared to December 31st, 2017, due to the settlement of debts towards asset suppliers.

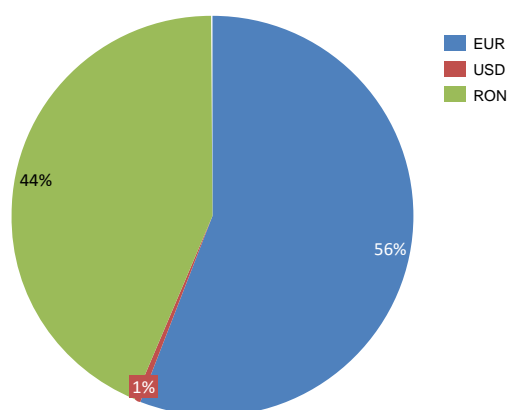
The debts towards suppliers of other activities are mainly represented by the not due debts related to the services provided by third parties, debts which have registered a 21% decrease compared to December 31st, 2017.

As of March 31st, 2018, the Company registers no outstanding debts towards suppliers, the state budget or local institutions.

- Other liabilities registered a 38% increase, mainly due to the "Different creditors" position (amounting to 58 mil lei as of March 31st, 2018 compared to 32 mil lei as of December 31st, 2017). This mainly represents the net position of the support scheme for high efficiency cogeneration, which on March 31st, 2018 registers a debt position amounting to 57 mil. lei (December 31st, 2017: 30 mil lei). The net position of the support scheme represents the difference between the amount of contributions to be collected from the electricity suppliers, the amount of the overcompensation of the activity of electricity and heat production in high-efficiency cogeneration, the undue bonus to be collected from the producers, according to the ANRE decisions, on the one hand, and the cogeneration bonus amount withheld under Article 17 (5) of the Order no. 116/2013 of the ANRE Chairman, the ante-overcompensation and the bonus not granted to be paid to the high efficiency cogeneration energy producers, the beneficiaries of the support scheme, on the other hand.

Deferred revenues registered a 4% decrease in the first quarter of 2018 compared to December 31st, 2017. These are mainly represented by: the connection fee, other subsidies for investments, non-refundable European funds collected from the Ministry of European Funds, as well as revenues from the use of interconnection capacities.

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



Shareholders' equity

Shareholders' equity register a 3% increase as of March 31st, 2018 compared to December 31st, 2017, which was primarily driven by registering the net profit in the reported result, amounting to 68 mil lei, accrued as of March 31st, 2018.

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.

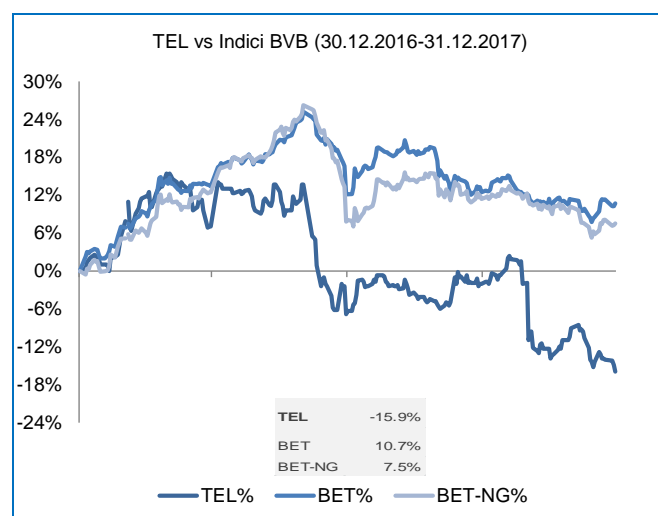
At the end of each reporting period, the subscribed and paid share capital of the Company amounted to 733,031,420 is divided into 73,303,142 ordinary shares with a nominal value of 10 lei/share and corresponds to the one registered in the Trade Register.

EVOLUTION OF SHARES

(December 31st, 2017 to March 31st, 2018)

In the period between January and March 2018, 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.

2018 debuted with a trading price of 24.55 lei/share, the market capitalization amounting to 1,723 mil lei, the share price amounting to 23.50 lei at the end of the period (March 31st, 2018). The minimum trading price was registered on March 30th, 2018 and it amounted to 23.50 lei/share, and the maximum of 27.25 lei/share was registered on January 23rd, 2018.



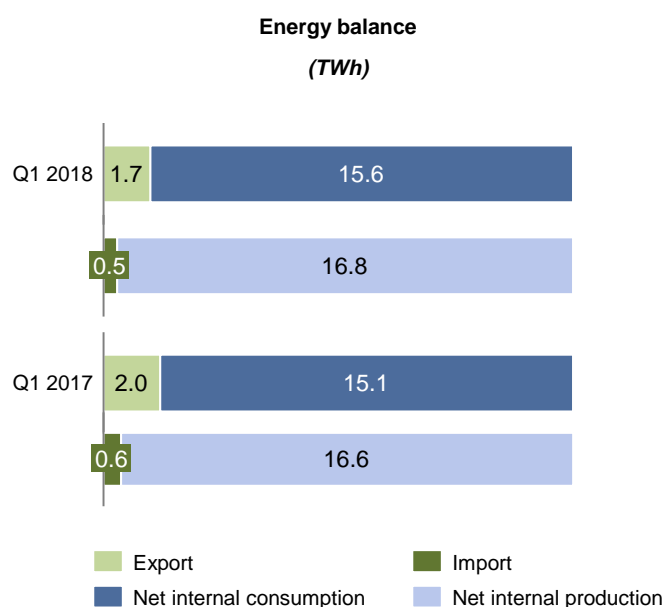


Operational data

THE ENERGY BALANCE OF NPS

Analyzing the development of the energy balance components in the period of January – March 2018 compared to the same period of the previous year, we can see that the net internal consumption¹ rose by 3.2% and the net energy production rose by 1.5%.

The physical cross-border exchanges for export decreased by 14.9% compared to the similar period of 2017, while the cross-border flows for import registered a decrease of 12.2%.

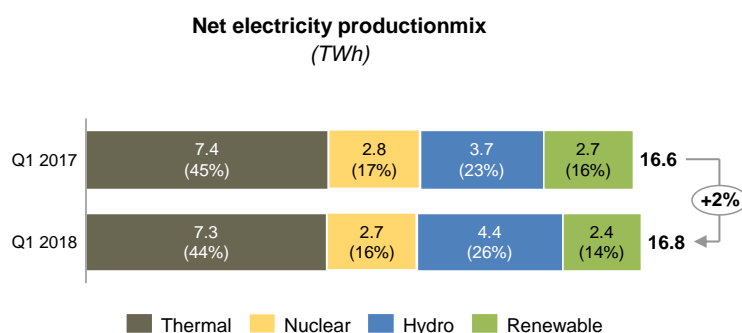


PRODUCTION MIX

In the period of January – March 2018 compared to 2017, the generation mix structure registered a decrease in the weight of the thermal component of approximately 0.7%, of the nuclear component of 1.9% and of the renewable sources generation of 12.4%.

The weight of the hydro component registered a 18.6% increase (4.4 TWh compared to 3.7 TWh).

Analyzing the weights of the net generation mix components for January – March 2018, we observe that the highest weight (44%) 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 14% and 16% respectively.



NATIONAL PRODUCTION PARK

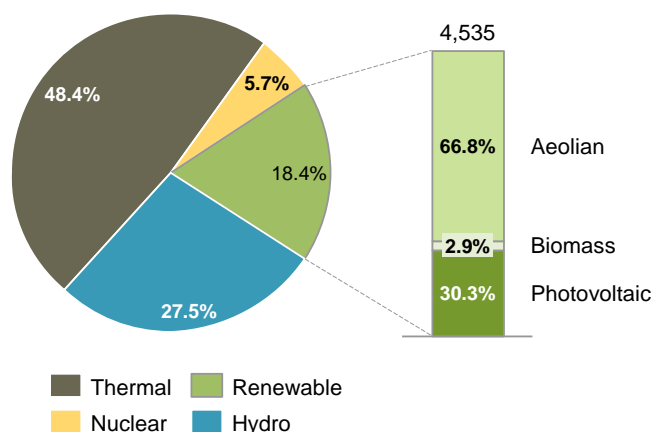
In the first quarter of 2018, the gross capacity installed in power plants registered a 0.4% decrease compared to the same period of 2017.

The capacity installed in renewable energy power plants rose by approximately 0.1%, from 4,533 MW installed as of March 31st, 2017, to 4,535 MW installed as of March 31st, 2018.

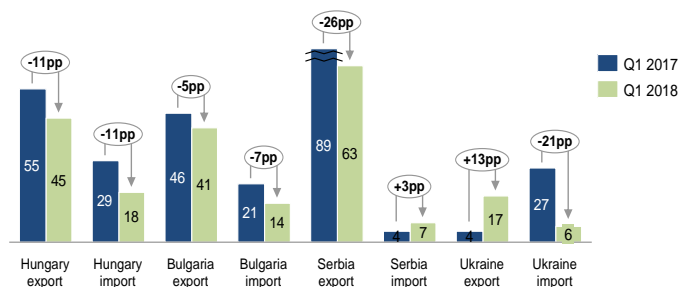
The dynamics of the installed capacity corresponding to the period of January – March 2018 and 2017 respectively is presented further below:

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

Installed capacity Q1 2018 (24,628 MW, gross value)

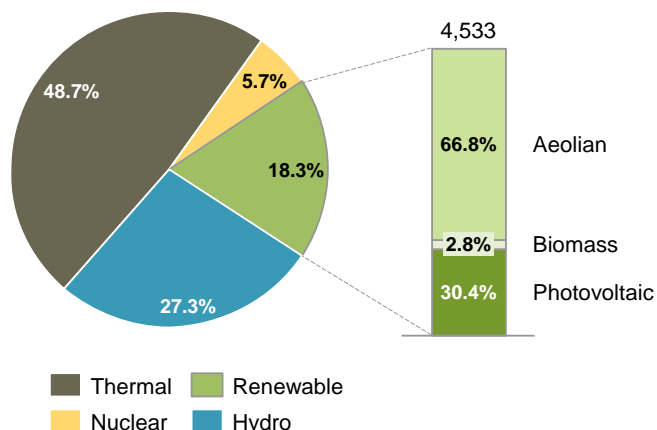


Degree of usage of the total allocated capacity (%)

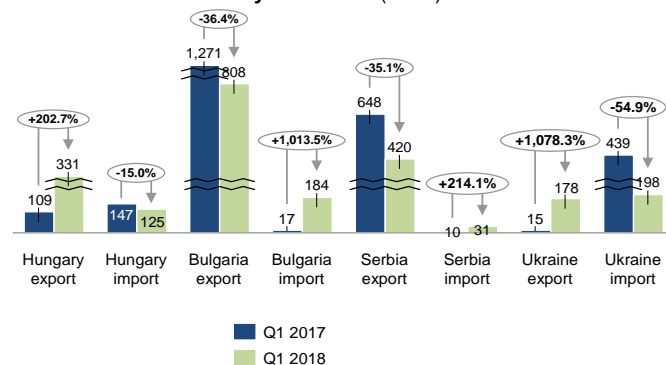


The physical flows for both import and export on each border are presented below:

Installed capacity Q1 2017 (24,726 MW, gross value)



Physical flows (GWh)



OWN TECHNOLOGICAL CONSUMPTION

In the first quarter of 2018, the OTC in PTG rose by ca. 33.26% compared to the similar period of 2017, due to the more disadvantageous physical import/export flows and the more disadvantageous distribution of production which led to the increase of the energy transmission remotely from the sources, and due to the significantly more disadvantageous weather conditions which determined the accentuated increase of Corona losses. Reported to the energy contour input, the losses increased from 2.21% to 2.83%.

CROSS-BORDER FLOWS

The cross-border flows have registered significant evolutions in relation to Serbia, Bulgaria and Ukraine.

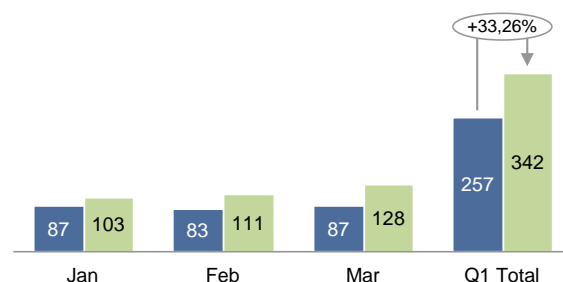
Thus, compared to the first quarter of 2017, the physical flows for export decreased on the Bulgarian (36.4% -463 GWh) and Serbian interconnection (35.1% -227 GWh), while increases were registered on the Hungarian and Ukrainian interconnections.

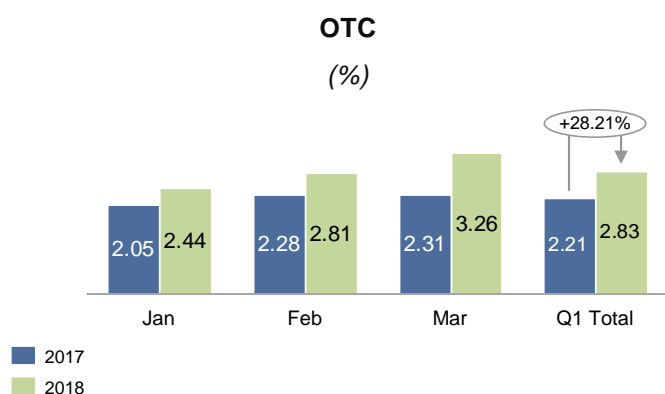
Analyzing the physical flows for import we observe increases on the Bulgarian and Serbian interconnections, while on the Hungarian and Ukrainian interconnections we observe decreases.

In the first quarter of 2018, the degree of usage of the total capacity allocated on the interconnection lines for export decreased compared to the first quarter of 2017 on most destinations; the interconnection with Ukraine was the only one to register an increase (+13pp).

Realized OTC

(GWh)





PHYSICAL OTC REDUCTION FACTORS

In January 2018, the absolute value of the OTC rose by ca. 18.51% compared to January 2017, due to the more disadvantageous physical import/export flows and the more disadvantageous distribution of production which led to the increase of the energy transmission remotely from the sources, and due to the significantly more disadvantageous weather conditions which determined the increase of Corona losses. The losses percentage reported at the PTG-input energy rose from 2.05% in 2017 to 2.44% in 2018. The net internal energy consumption was 3.16% lower compared to January 2017. The contour input energy decreased by 0.29% in January 2018, compared to the similar period of 2017. The weather conditions have been more unfavorable, the registered rainfall quantities being higher than in the previous year.

In February 2018, the absolute value of the OTC rose by ca. 33.74% compared to February 2017, due to the more disadvantageous physical import/export flows and the more disadvantageous distribution of production which led to the increase of the energy transmission remotely from the sources, and due to the significantly more disadvantageous weather conditions which determined the increase of Corona losses. The losses percentage reported at the PTG-input energy rose from 2.28% in 2017 to 2.81% in 2018. The net internal energy consumption in February 2018 was 2.6% higher compared to February 2017. The contour input energy increased by 8.34% in February 2018, compared to the similar period of 2017. The weather conditions have been more unfavorable, the rainfall quantities recorded in the South area, with the highest density in transmission lines, being much higher than in the previous year.

In March 2018, the absolute value of the OTC rose by ca. 47.56% compared to March 2017, due to the more disadvantageous physical import/export flows and the more disadvantageous distribution of production which led to the increase of the energy transmission remotely from the sources, and due to the significantly more disadvantageous weather conditions which determined the increase of Corona losses. The losses percentage reported at the PTG-input energy rose from 2.31% in 2017 to 3.26% in 2018. The net internal energy consumption in March 2018 was ca. 10.9% higher compared to March 2017. The contour input energy increased by 4.43% in March 2018, compared to the similar period of 2017. The weather conditions have been much more unfavorable, the registered rainfall quantities being much higher than in the previous year (in the Oltenia area, one of the areas with the highest density in transmission lines, the rainfall quantity was nearly four times higher compared to March 2017).

In conclusion, in the first quarter of 2018, the OTC in PTG rose by ca. 33.26% compared to the similar period of 2018, due to the more disadvantageous physical import/export flows and the more disadvantageous distribution of production which led to the increase of the energy transmission remotely from the sources, and due to the significantly more disadvantageous weather conditions which determined the accentuated increase of Corona losses. Reported to the energy contour input, the losses increased from 2.21% to 2.83%.



Investments

FIXED ASSETS REGISTERED IN THE ACCOUNTS

The value of fixed assets recorded in the accounts in the first quarter of 2018 amounted to 131.02 mil lei.

In the first quarter of 2018, the most important transfers from tangible assets in progress to tangible assets are mainly represented by the commissioning of the investment objectives, as follows:

- 400 kV OHL interconnecting Resita (Romania) - Pancevo (Serbia) – STALPII 1-206 – 98.59 mil lei;
- Upgrading the Cluj Est 400/110/10 kV station – 13.39 mil lei;
- Replacing AT and TRAFO in electrical substations – Stage II – 5.58 mil lei;
- Reparation of the failure of the 110-120 terminals of the Bucharest Sud – Ghizdaru 220 kV OHL – 4.27 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 – 2.12 mil lei;
- Equipment for videowall type display for the control rooms of the dispatching NPD/TPD centers – 1.98 mil lei;
- Computing and software – hardware and software – laptops – 1.09 mil lei;
- Replacing the connectors from electrical substations – 987;
- 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. – 0.7 mil lei;
- Regulating the coexistence between the Mintia-Sibiu 400 kV OHL, in the 6-8 opening, and the Lugoj-Deva highway, 4th lot, Ilia-Deva district, km 77+361 - km 99+500 – 0.6 mil lei;
- Upgrading the 110/6 kV substation from the Peștiș 220/110/6 kV substation – 519 mil lei;

PURCHASES OF ASSETS

The purchases of tangible and intangible assets in the first quarter of 2018 amount to 42 mil lei, compared to the first quarter of 2017 when the purchases amounted to 65 mil lei.

The balance of tangible assets in progress as of March 31st, 2018 is represented by the projects in progress, the most significant being listed below:

- 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 – 46.88 mil lei;
- Technical upgrade of the Bradu 400/220/110/20 kV substation – Stage IV – 38.64 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. – 20.20 mil lei;
- Extending the services providing business continuity and recovery after disasters to the executive – 14.41 mil lei;
- Upgrading the Suceava 110 kV and 20 kV substation – 12.38 mil lei;
- Connecting the Isaccea – Varna 400 kV OHL and the Isaccea – Dobrudja 400 kV OHL in the Medgidia Sud 400 kV substation – 10.76;
- Upgrading the command-control-protection system of the Sărdănești 220/110/20 kV substation – 10.76 mil lei;
- Integrated security system in electric substations, stage IV – 10.31 mil lei;
- Cernavodă – Stâlpu 400 kV OHL d.c. and connection in Gura Ialomiței – 8.36 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 – 6.57 mil lei;
- Replacing AT and TRAFO in electrical substations – Stage II – 6.10 mil lei;
- 400 kV OHL Gădălin – Suceava, including the NPS interconnection – 6.02 mil lei;
- 400 kV HVDC Link (submarine cable Romania – Turkey) – 5.85 mil lei;
- Technical upgrade of the Hășdat 220/110 kV substation – 4.45 mil lei;
- Suceava – Bălți 400 kV OHL, for the part of the project on Romanian territory – 4.43 mil lei;
- Gutinaș – Smădan 400 kV OHL d.c. – 3.23;
- 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) – 3.22 mil lei;

- Extending the control system with new functions and IT registration of access in the objectives of CNTEE Transelectrica SA – 3.20;
- Upgrading the Râureni 220/110/20 kV substation - 2.92 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 – 2.89 mil lei;
- Upgrading the Arefu 220/110/20 kV substation – 2.84 mil lei;
- Integrated security system in electric substations, stage III – 2.80 mil lei;
- Technical upgrade of the Tulcea Vest 400/110/20 kV substation – the construction part – 2.74 mil lei;
- By-passing the Cetate 1 & 2 110 kV OHL in the proximity of the Ostrovul Mare 110/20/6 kV substation – 2.58 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 – 2.55 mil lei;
- Assembling the optic fiber on the Fundeni-Brazi Vest 220 kV OHL – 1st lot – 2.14 mil lei;
- Upgrading the hardware and software platforms of the SCADA system in the Slatina 400/220 kV substation – 2.09 mil lei;
- Security solution for implementing the security measures related to classified information – 2.01 mil lei;
- Connection of the MDF factory demand facility from Arges, Oarja commune, Ceausesti village, Armata point, 5 and 46 land plots, connection to the 110 kV bus-bar of the Pitesti Sud 220/110/20 kV substation via an 110 kV UPL with a ca. 450 m length – 1.76 mil lei;
- Consolidation, upgrading and extension of the CNTEE "Transelectrica" headquarters – 1.63 mil lei;
- Upgrading the 110/6 kV substation from the Peștiș 220/110/6 kV substation – 1.36 mil lei;
- Technical upgrade of the Isaccea 400 kV substation – Stage I – replacing the compensation bobbins, the corresponding cells and the Stupina 400 kV cell – 1.26 mil lei;
- Technical update of the Turnu Severin Est 220/110 kV substation – 1.15 mil lei;
- Integrated security system at the new Banca 400/220/110 kV substation – 1.13 mil lei;
- Performing the optical fiber communication between the 220/110/20 kV Pitești Sud

substation and the remote control and installation supervision center of ST Pitești (SF) – 1.08;

- Upgrading the Dumbrava 220/110 kV substation – 1.01 mil lei;
- Connecting the Stupina 400 kV substation to the PTG and connecting the Isaccea-Varna 400 kV OHL – 0.9 mil lei;
- Research and development center for technologies for working under voltage (LST) and rapid intervention in the NPS – center building – 0.9 mil lei;
- Ostrovu Mare 220 kV OHL d.c. – PTG – 0.8 mil lei;
- Oradea – Beckescsaba 400 kV OHL – 0.7 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 – 0.7 mil lei;;
- Converting the Brazi Vest - Teleajen - Stălpău 220 kV OHL to 400 kV, including the purchase of the 400MVA 400/220/20 kV AT, extension works for the 400 kV and corresponding 220 kV stations, in the Brazi Vest 400/220/110kV station – 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;
- Stălpău 400 kV substation – 0.6 mil lei.

CONTRACTUAL MATTERS

The most important investment contracts concluded in the first quarter of 2018 are:

- Technical upgrade of the Craiova Nord 220/110 kV substation – 9,886,804.32 Euro;
- Technical upgrade of the Oțelărie Hunedoara 220 kV substation – 12.6 mil lei;
- Technical upgrade of the Hășdat 220/110 kV substation – 49.7 mil lei;



Significant events

EVENTS OCCURRED IN JANUARY – MARCH 2018

- **DECISION NO. 1 of the General Assembly of Shareholders – Acceptance of the mandate as provisional member of the Board of Supervisors**

The Company's Ordinary General Assembly of Shareholders recalls Beatrice AMBRO from the position of provisional member of the Board of Supervisors of the Company and appoints Constantin DUMITRU as provisional member of the Board of Supervisors, with a mandate duration until March 30th, 2018, also approving the form of the mandate contract.

The appointment of Constantin DUMITRU became effective starting with January 15th, 2018, the date of signing before a notary public of the declaration of acceptance of the mandate as provisional member of the Company's Board of Supervisors.

- **Extending the Directorate mandate**

On January 15th, 2018, the Board of Supervisors decided the extension of the mandate contract of the provisional members of the Directorate, via an Addendum for a period of 2 months, namely up to March 16th, 2018. Thus, the Directorate structure is the following:

1. Georgeta – Corina POPESCU 2. Andreea – Georgiana FLOREA 3. Dan – Valeriu ARDELEAN 4. Mircea – Toma MODRAN 5. Florin - Cristian TĂTARU.

- **Public consultation regarding the Implementation Framework for the European platform for the imbalance netting process**

Pursuant to Article 22 (1) of the Commission Regulation (EU) 2017/2195 of 23 November 2017 establishing a guideline on electricity balancing (also available on www.transelectrica.ro under the Pan-European Codes section), within six months since the entry into force of the regulation, all TSOs develop a proposal regarding the implementation framework for the European platform for the imbalance netting process.

Thus, the Project Team Imbalance Netting work group was founded at ENTSO-E level, aiming to prepare all deliverables related to the imbalance netting process for the future European Platform, in accordance with the requirements provided in the Regulation. To date, this work group completed the Implementation Framework document and initiated the public consultation. This public consultation refers to the proposal developed by all TSOs regarding the implementation framework of an European Platform for the imbalance netting process, as per Article 22 of the Code.

The public consultation was launched on ENTSO-E's webpage on January 15th, 2018 at 12:00 o'clock, and closed on March 15th, 2018 at 12:00 o'clock.

- **Fire at the București Sud substation**

The fire started on Monday, January 22nd, 2018 at 21:23 o'clock at an equipment from the București Sud 400/220/110 kV transformation substation impacted neither the electricity supply for consumers, nor the operational security of the national power system. Firefighters extinguished the fire and there were no injuries or material damages. The equipment impacted by the fire (bucking coil) shall be investigated in order to establish the cause of the fire.

- **First consultation stage within the MARI project (Manually Activated Reserves Initiative)**

The MARI and PICASSO projects are in the final stages of analyzing the results of the public consultation. The consultation process took place in November and December 2017. A total of 65 stakeholders participated at the MARI consultation and answered a questionnaire of 45 questions pertaining to the planification of the new platform. A total of 58 stakeholders took part in the PICASSO consultation, answering 67 questions.

Two meetings took place in order to discuss the aforementioned consultations, as well as other important developments within the two projects.

The feedback provided during the consultations and workshops will be reflected in preparing the proposals for the implementation frameworks of the mFRR and aFRR platforms. The proposals for the implementation frameworks will be consulted upon this summer with the stakeholders before their completion and submission to the NRAs for approval.

- **Notification regarding the intention to amend the framework sale and purchase agreement for ancillary services**

The Company intends to amend the framework sale and purchase agreement for ancillary services between the Ancillary services supplier and the Transmission and System Operator, governed by the provisions of Order no. 21/2007 of the ANRE Chairman.

In order to identify a solution accepted by all ancillary services market participants, a public consultation will be launched pertaining to the proposals of the Company regarding the amendment of the framework sale and purchase agreement for ancillary services between the Ancillary services supplier and the Transmission and System Operator, governed by the provisions of Order no. 21/2007 of the ANRE Chairman.

- **European Commission's approval from January 25th, 2018 of the grant amounting to 27,085,000 euro for constructing the Cernavodă – Stâlpu 400 kV electrical line**

The project for the construction of the Cernavodă-Stâlpu 400 kV electrical line is the first of the six projects of common interest of Transelectrica, included on the list revised in November of last year, to receive financing from the European Commission.

The Cernavodă-Stâlpu overhead electrical line shall contribute to the increase in interconnection capacity between Romania and Bulgaria and to the integration of wind energy in the Dobrogea area.

The Cernavodă-Stâlpu line project, part of the Black Sea Corridor cluster, is one of the six major investment objectives carried out by the National Power Grid Company Transelectrica SA which are on the third list of projects of common interest (PCI) regarding the energy infrastructure, adopted last year in November by the European Commission. The total value of the six investment projects amounts to ca. one billion lei. All of these projects contribute to the construction of the 400 kV national ring, an objective included in the program for government which leads to an increase of the operational security of the PTG and to reaching an economical operational regime of the PTG.

The construction of this line is a necessity, taking into account the development perspectives of the generation park in the Dobrogea area. The Cernavodă-Stâlpu 400 kV line will have a length of ca. 160 km and in order to commission it, we must construct the Stâlpu 400 kV substation and extend the Cernavodă and Gura Ialomiței substations. As per the 10 years' development plan of CNTEE Transelectrica SA, the Cernavodă-Stâlpu 400 kV OHL will be completed in 2020.

- **DECISION NO. 3 of the Company's Ordinary General Assembly of Shareholders from March 5th, 2018**

The Company's Ordinary General Assembly of Shareholders establishes the Investment plan for the financial year of 2018 and the estimates for 2019 and 2020 and approves the Company's sets the statement of expenditure and revenue for the year of 2018, as well as the estimates for 2019 and 2020.

It also approves the purchase of consulting, assistance and/or representation legal services for the National Power Grid Company Transelectrica S.A. in connection with actual and potential litigations of the Company or, as the case may be, if the Company would be against actual/former members of the Board of Supervisors and Directorate for the execution of the mandate contracts concluded with them and the Directorate mandate for taking the necessary legal action for contracting the aforementioned consulting, assistance and/or representation legal services for the National Power Grid Company Transelectrica S.A. and for signing the contract with the law firm.

- **Appointment of provisional Directorate members**

In the meeting on March 14th, 2018, the Board of Supervisors appointed as provisional Directorate members, starting with March 17th, 2018, the following persons:

- Georgeta – Corina POPESCU
- Andreea – Georgiana FLOREA
- Dan – Valeriu ARDELEAN
- Florin - Cristian TĂTARU

The mandate is granted for a 4-month period with the possibility of extension, for solid reasons, for another 2 months.

Pursuant to Art. 18 (4) of the Articles of Association of the Company, the Board of Supervisors appoints Mrs. Corina POPESCU as Directorate Chairman, alternatively called Chief Executive Officer – "CEO" – of the National Power Grid Company "Transelectrica" – SA, starting with March 17th, 2018.

The provisional members of the Directorate, appointed on March 14th, 2018 by the Board of Supervisors, signed the declaration of acceptance of their mandates on March 15th, 2018, their appointment being effective since March 17th, 2018 according to the declaration of acceptance.

- **DECISION NO. 4 of the Company's Ordinary General Assembly of Shareholders from March 29th, 2018**

The Company's Ordinary General Assembly of Shareholders appoints the following persons as provisional members of the Board of Supervisors starting with March 31st, 2018:

- Cristian Eugen RADU
- Liviu ILAȘI
- Constantin DUMITRU
- Fănel MIHALCEA
- Ion CIUCULETE
- Gheorghe OLTEANU
- Alin-Sorin MITRICĂ

- **Web service in the information platform of the balancing market**

The Company implemented the **web services** connection feature in the information platform the balancing market. Details regarding the new feature are available at: <https://markets.transelectrica.ro/wse/damasservice.aspx>.

- **DECISION NO. 5 of the Company's Ordinary General Assembly of Shareholders from March 29th, 2018**

The Company's Ordinary General Assembly of Shareholders establishes the mandate duration for the provisional administrators to two months, starting with March 31st, 2018 and until May 30th, 2018 respectively, but no later than the conclusion of the selection procedures under G.E.O 109/2011, if the procedure will be over within this timeframe.

SUBSEQUENT EVENTS

- **Appointment of the provisional Supervisory Board Chairman**

At the meeting from April 13th, 2018, via Decision no. 30, the members of the Supervisory Board appointed Mr. OLTEANU Gheorghe to the position of Chairman of the Supervisory Board.

- **Appointment of a provisional Directorate member**

At the meeting from April 20th, 2018, the Board of Supervisors appointed Mr. Adrian – Constantin RUSU in the position of provisional Directorate member. The term of office is granted for the period left until the mandate expiration of the Directorate members in office, namely until July 16th, 2018.

The appointment of Mr. Adrian – Constantin RUSU became effective starting with the date of signing before a notary public of the declaration of acceptance of the mandate as member of the National Power Grid Company "Transelectrica" S.A. Directorate, on April 23rd, 2018, and his appointment shall enter into force as of the date of the Company's statement of notification.

- **DECISION NO. 6 of the Company's Ordinary General Assembly of Shareholders from March 30th, 2018 on the approval of the Company's stand-alone and consolidated financial statements**

The Company's Ordinary General Assembly of Shareholders approves the stand-alone and consolidated financial statements of CNTEE „Transelectrica”-SA for the financial year of 2017, amended by the registration of the loss resulted from the additional payment obligations recorded in the tax inspection report of ANAF – DGAMC, amounting to 75,7 mil lei, detailed in the Company's Memo no. 14134/March 29th, 2018, in the reported result resulted from the correction of accounting errors.

The distribution of the profit corresponding to the financial year of 2017 is approved with the following destinations:

Destination	Amount (mil lei)
Accounting profit remaining after deducting income tax as of December 31 st , 2017	28,2
Allocation of accounting profit to the following destinations:	
Legal reserve (5%)	2,6
Other allocations provided by law – exemption of reinvested income tax	12,5
Other allocations provided by law – revenues obtained in 2017 by allocating the interconnection capacity (net of income tax and legal reserve) – partial distribution, limited by the net profit	13,1
Profit not distributed	-

Approval is granted for the establishment of reserves amounting to 33,9 mil lei, corresponding to the income acquired from the transmission capacity allocation on the interconnection lines, left uncovered following the profit distribution of 2017 from the surplus acquired from revaluation reserves, non-taxable upon change of destination.

Approval is granted for covering of losses generated from actuarial losses amounting to 16,6 mil lei and covering the loss generated from additional payment obligations recorded in the tax inspection report of ANAF – DGAMC amounting to 75,7 mil lei, from the surplus acquired from the revaluation reserves, non-taxable for the destination modification.

Approval is granted for the discharge of the Directorate and Board of Supervisors members for the financial year of 2017.

- **Availability of Transelectrica's sustainability report for 2017**

The sustainability report is published for the first time, developed according to the recommendations of the Global Reporting Initiative standard (GRI). This is a document which refers to 2017 and takes into account the Company's development with a clear orientation towards investments, sustainability and predictability.

The report is available online on www.transelectrica.ro, the Investor Relations and Financial Reports/Periodical Reports/Reports section.

- **Change of the Company's Directorate Chairman**

Via Decision no. 38 from May 4th, 2018, the Board of Supervisors assigns the position of Directorate Chairman, alternatively called Executive General Manager or Chief Executive Officer – "CEO" of the National Power Grid Company "Transelectrica" SA, starting with May 7th, 2018, to Mr. RUSU Adrian-Constantin. Starting with May 7th, 2018, the position of Mrs. Georgeta-Corina POPESCU as Directorate Chairman, alternatively called Executive General Manager or Chief Executive Officer – "CEO" of The National Power Grid Company "Transelectrica" SA ceases.

- **Conclusion of the agreement for financing through European funds of the project of common interest "Internal line between Cernavodă and Stâlpu" between the European Commission and Transelectrica on April 20th, 2018**

The Company collected the first installment of funds in May, amounting to 2.2 million euro, from the funds approved in January by the European Commission for

building the high-voltage internal line Cernavodă-Stâlpu, one of the projects of common interest. The total value of the grant approved by the European Commission via the Connecting Europe Facility amounts to 27 million euro. This amount covers 50% of the investment's eligible expenses, the rest of the amount will be covered through the Company's own financial sources. The deadline for completion of the investment is December 31st, 2020.

The Cernavodă – Stâlpu d.c. 400 kV line aims at strengthening the cross section between the West coast of the Black Sea (Eastern Romania) and the rest of the European system, contributing at the same time to the strengthening of the Romanian electricity transmission grid, the increase in interconnection capacity between Romania and Bulgaria and the integration of wind energy in the Dobrogea area.

The new 400 kV line will have a length of ca. 160 km and in order to commission it, we must construct the Stâlpu 400 kV substation and extend the Cernavodă and Gura Ialomiței substations.

- **Investment of over 83 million lei, Oradea-Bekescsaba 400 kV OHL**

The 400 kV Oradea-Bekescsaba Airline Electricity project, an investment of over 83 mil lei, blocked since the year 2008 due to expropriations, was

the year 2008 due to expropriations, has been unblocked following the adoption by the Romanian Government on May 10th, 2018 of a Decision allowing completion of the completion of ongoing expropriation procedures for privately owned real estate located in the expropriation corridor of the public utility project of national interest LEA 400 kV Oradea-Bekescsaba. The same Government Decision approved funds for installing a 100 MVar compensation coil at the Oradea South 400 kV station and for the acquisition of telecommunication and tele-transmission equipment for Oradea-Bekescsaba 400 kV LEA.

"This Government Decision allows the completion of the 400 kV Oradea - Bekescsaba Air Line, project that has been preserved for 10 years. This is a large-scale investment, with an updated value of over 83 million lei. The completion of this investment is of major importance for the safety of the National Electricity System," stated the Company's Directorate.



Other Issues

SHAREHOLDERS' STRUCTURE

Shareholder's structure as of March 31st, 2018 is the following:

Shareholder name	No. of shares
The Romanian State	43,020,309
Dedeman SRL	4,208,363
Other shareholders - legal persons	20,548,351
Other shareholders - natural persons	5,526,119
Total	73,303,142

TARIFFS

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

Index	Tariff	UM	Tariff applied as of July 1 st , 2016	Tariff applied as of July 1 st , 2017	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).

DIRECTORATE MEMBERSHIP

On the date of issuing this report, the Directorate structure is the following:

Adrian Constantin RUSU	Chairman of the Directorate
Dan - Valeriu ARDELEAN	Directorate Member
Andreea Georgiana FLOREA	Directorate Member
Georgeta-Corina POPESCU	Directorate Member
Florin - Cristian TĂTARU	Directorate Member

The contribution of ex-post corrections to the decrease in the new 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 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%.

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 regulatory framework for the ancillary services activity (ANRE Order no. 45/2017) includes tariff adjustment mechanisms after a minimum of six months from the approval of the tariff, created to ensure the full and timely recovery of the costs incurred by the Company in purchasing such services.

Event to report after December 31st, 2017

Transelectrica requested ANRE to revise the regulated tariff for ancillary services starting with January 1st, 2018, given the following:

- the major discrepancy between the real prices paid by Transelectrica when purchasing ancillary services under competitive regime and the prices forecasted by ANRE at the moment of approval of the tariff for the 4th tariff year;
- the level of the financial loss occurred from the ancillary services activity estimated for the period July – December 2017 (the first half of the 4th tariff year) is above the negative

correction level taken into consideration by ANRE when approving the tariff for the 4th tariff year;

- supplementing the reserve quantity in the immediately subsequent period (January – March 2018)

according to the winter programme in the energy sector, approved by GD no. 760/2017, additional and unanticipated costs will be generated for the TSO at the moment of approval of the tariff enforced since July 1st, 2017.

Taking into consideration that the difference between the revenue and the justified costs of Transelectrica has exceeded 5%, ANRE established a new tariff for the first semester of 2018 (the second semester of the 4th tariff year) amounting to 12.06 lei/MWh, pursuant to the provisions of Art. 18 of the ANRE Order no. 45/2017 and on the grounds of the price estimations for the acquisition of ancillary services under

competitive regime and the hypothesis according to which the electricity quantity shall rise (by 2% compared to the electricity quantity estimated for the second semester of 2017); this new price is meant to correct the discrepancy between the TSO's costs and revenues, discrepancy which rose by 28% compared to the tariff enforced in the first semester of 2017, amounting to 9.39 lei/MWh.

With the new tariff, in the first quarter of 2018 the difference between the scheduled loss for the entire current tariff (1 July 2017 - 30 June 2018) and the loss already recorded in the second half of 2017 (the first semester of the current tariff year) was recovered. The increase of the tariff on 1 January 2018 had the effect of returning the loss recorded in the first nine months of the current tariff year (01 July 2017 - 31 March 2018) in line with the initial schedule for the whole of the tariff year.

LITIGATIONS

The most significant litigations influencing the Company are presented below:

Note: For the ease of reading and understanding, all amounts in this chapter are expressed in lei / EUR

▪ RAAN

Pending with the Mehedinți Court - Section II Civil, Administrative and Fiscal Litigation Section, the case file no. 3616/101/2014 was recorded, involving the "claims in the amount of 1,090,831.70 lei, consideration of invoice no. 1300215/31.12.2013", a case file in which the Company is the defendant, the plaintiff being the Autonomous Authority for Nuclear Activities – RAAN.

By civil sentence no. 127 ruled on October 10th, 2014, the Mehedinți Court admitted the request lodged by plaintiff RAAN and ordered the Company to pay the amount of 1,090,831.70 lei, the consideration of invoice no. 1300215/31.12.2013.

The Company filed an appeal asking the court to allow the appeal as it was filed and to reverse the judgment and sentences under appeal and to refer the case to the trial court in the territorial jurisdiction for judgement, and to declare the compliance with the requirements of Articles 1616 and 1617 of the Civil Code, reason for which it is being required to declare the intervention of the compensation of mutual debts, and their redemption up to the amount of the smallest of them, namely the total amount requested by the plaintiff in the application for summons, ordering the appellee - plaintiff to pay the expenses occurred with this appeal.

The appeal was registered on the docket of the High Court of Cassation and Justice who decided to reverse decision no. 843/2015 and to remand the case for retrial to the same court, the Court of Appeal Craiova.

By decision no. 124/2017, the Court of Appeal Craiova admitted the appeal declared by Transelectrica and remanded sentence no. 127/2014 pronounced by the Mehedinți Court, and the case was remanded for retrial to the Bucharest Court – Section VI Civil. On the docket of the Bucharest Court, the case was registered under no. 40444/3/2017 who, via civil sentence no. 4406/04.12.2017, admitted the request lodged by RAAN and ordered Transelectrica to pay the amount of 1,090,831.70 lei. The decision is subject to appeal in higher court.

In the period 2014 – 2015, the Company has retained the due support scheme bonus from payment to RAAN, pursuant to the provisions of the ANRE regulations, namely the Article 17 (5) of ANRE Chairman's Order no. 116/2013.

Under these circumstances, RAAN calculated late payment penalties for the due cogeneration bonus amounting to 3,496,914 lei, withheld from payment to the Company in the outstanding receivables account. The amount of 3,496,914 lei was refused for payment by the Company and was not registered as a liability in the support scheme.

The subject matter of the case file no. **9089/101/2013/a152** is a contestation of the additional Table of receivables against debtor RAAN, the value of the matter at issue being 89,360,986.06 lei.

Transelectrica SA has been registered in the table of debtor RAAN with the amount of 11,264,777.30 lei under the category of receivables resulting from the continuation of the debtor's activity, the amount requested by our company being equal to 89,360,986.06 lei. The amount of 78,096,208.76 lei was not registered in the preliminary table because "this is not listed as owed in RAAN's accounting records." Moreover, the liquidator considered that the request regarding the registration in the table of the amount equal to 78,096,208.76 lei is tardily filed, being related to the timeframe 2011 – 2013, reason for which the receivable declaration should have been filed at the moment of commencement of the insolvency proceedings, namely on September 18th, 2013. The additional receivables table was contested within the legal deadline. The Mehedinți Court approved the accounting expertise proof. At the hearing from March 22nd, 2018 the judgement is postponed for April 5th, 2018 at the request of the Company's representative in order to submit written conclusions.

At the hearing from April 5th, 2018, the case is reinstated in order to complete the evidence. The next hearing was set for May 10th, 2018.

COURT OF AUDITORS

Following a verification conducted in 2013, the Court of Auditors issued several measures to be implemented by the Company as a result of a series of deficits identified within this verification. The decision and protocol issued by the Court of Auditors have been appealed before the Court of Appeal Bucharest, the case file no. **1658/2/2014** was thus constituted, aimed at the "annulment of the control documents" – Protocol no. 7/20.02.2014 issued by the Court of Auditors. The following ruling hearing date was set on May 16th, 2018.

CNTEE Transelectrica SA filed a total of 8 objections against the measures ruled by the Romanian Court of Auditors (CCR) via Decision no. 8/27.06.2017 requesting the annulment thereof, as well as the Decision no. 77/03.08.2017 registered with the Company's secretariat under no. 29117/08.08.2017, as well as the Control Report no. 19211/26.05.2017, as follows:

Case file no. **6578/2/2017** pertains to the annulment of the findings from point 9 and the measure ruled at point II.11; The hearing for the case file is set for May

29th, 2018, the accounting expertise proof being admitted.

Case file no. **6577/2/2017** pertains to the annulment of the findings from point 13 and the measure ruled at point II.13; The hearing for the case file is set for June 13th, 2018, the accounting expertise proof being admitted.

Case file no. 6576/2/2017 pertains to the annulment of the findings from points 7.1, 7.2 and 8 and the measure ruled at point II.10; The hearing for the case file is set for April 24th, 2018.

Case file no. 6574/2/2017 pertains to the annulment of the findings from point 5.2 and the measures ruled at point II.8; The court reserved judgement on February 8th, 2018, postponing the judgement until February 22nd, 2018, and then until March 8th, 2018 when, by Decision no. 1704/2018, it ruled the following: "Rejects the exception to the ineligibility of the claim invoked by the defendant as groundless. Rejects the request in annulment as groundless. Rejects the suspension request as groundless. Rejects the plaintiff's request to order the defendant to pay the legal costs, as groundless. With right of appeal within 5 days from notification with regard to the solution given for the suspension request, within 15 days from notification with regard to the solution given for the merits of the case and the request to appeal will be submitted to the Court of Appeal Bucharest – Section VIII Administrative and Fiscal Litigation. Ruled in open court today, March 8th, 2018."

The sentence was not communicated as of this date.

Case file no. 6581/2/2017 pertains to the annulment of the findings from point 6 and the measure ruled at point II.9; The hearing for the case file is set for May 4th, 2018.

Case file no. **6580/2/2017** pertains to the annulment of the findings from point 10 and the measure ruled at point II.12; The hearing for the case file is set for May 10th, 2018.

Case file no. **6582/2/2017** pertains to the annulment of the findings from point 11 and the measure ruled at point I.5;

By Decision no. 274/2017, the Court of Appeal Bucharest ruled the following: "Rejects the request as groundless. With right of appeal within 5 days from notification, with the remission of sentence on the head of the claim, which is submitted to the Court of Appeal Bucharest. With right of appeal within 15 days from notification, with the annulment of the action on the

head of the claim, which is submitted to the Court of Appeal Bucharest. Ruled on January 29th, 2018, pursuant to Art. 402 in conjunction with Art. 396 (2) of the Romanian Civil Procedure Code, notified via the registry of the court." as per the information available on the court website. Point 11 of the decision states: "acceptance for payment of construction works completed by third parties, without being based on progress reports drafted by the developer and appropriated by Transelectrica SA certifying the developer's execution of works according to the conditions under which they have been contracted and invoiced" and, as a consequence, the measure from point I.5 is ordered. Transelectrica SA filed an appeal.

Case file no. 6583/2/2017 pertains to the annulment of the findings from point 5.1 and the measure ruled at point II.7.

The Bucharest Court of Appeal reserved judgement on December 7th, 2017, postponing the judgement until December 21st, 2017, and then until December 28th, 2017 when, via Decision no. 5207/2017 it ruled the following: "Rejects the exception to the ineligibility of the claim invoked by the defendant as groundless. Rejects the request in annulment as groundless. Rejects the suspension request as groundless. Rejects the plaintiff's request to order the defendant to pay the legal costs, as groundless. With right of appeal within 5 days from notification with regard to the solution given for the suspension request, within 15 days from notification with regard to the solution given for the merits of the case and the request to appeal will be submitted to the Court of Appeal Bucharest – Section VIII Administrative and Fiscal Litigation. Ruled in open court today, December 28th, 2017." as per the information available on the court website.

Point 5 of decision no. 8/27.06.2017 of the Court of Auditors states the "payments amounting to 122,004 lei plus VAT for services not provided/works settled over the contracted amount" and, as a consequence, the measures from point II.7 and point II.8 are ordered.

Point 5.1 of the decision states: "5.1. Payments amounting to 115,999 lei plus VAT for maintenance, revision and verification services, not provided."

The Court of Auditors noted that "contracted but not provided services amounting to a total of 180,476.57 lei (6.223,33 lei x 29 months) plus VAT may have been unjustifiably accepted for payment, namely the consideration of services from positions 5, 6, 8, 9 and 10 of Annex 1 to the agreement which are not included in the monthly reports of receipt and for which the entity did not provide supporting documents justifying the service provision."

Subsequently, the Court of Auditors noted that the amount of unjustified services equals 115,999 lei without VAT.

The sentence was not communicated as of this date.

■ 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. 96 / 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 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.

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: $RRR = WACC = CCP + Kp/(1 - T) + CCI \times Ki$

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

³ Value calculated compared to the RRR of 8.52%

At the hearing from December 12th, 2017, the Court postpones the case and sets a new term on January 30th, 2018. Solution in brief from January 30th, 2018: the case is postponed until March 27th, 2018 so that the plaintiff may provide proof of payment for the expertise fee. At the hearing from March 27th, 2017, the Court postpones the case and sets a new term on April 17th, 2018.

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), 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 85 thousand 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, Section VI Civil, involving claims, litigation with professionals matter.

At the hearing from July 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 Court of Appeal, in short: 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 16 thousand 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. Document: Decision 1517/2016 from October 10th, 2016.

OPCOM S.A. filed an appeal which was registered with the High Court of Cassation and Justice.

Hearing with the High Court of Cassation and Justice: 13.03.2018. Solution of the High Court of Cassation and Justice, in brief: Grants the appellant-plaintiff Operatorul Pieței de Energie Electrică și Gaze Naturale – OPCOM S.A. motion against decision no. 1517/10.10.2016, ruled by the Bucharest Court of Appeal – Section V Civil. Invalidates the contested decision and refers the case to the court of appeal. Final.

ROMENERGY INDUSTRY SRL

On June 30th, 2016, the general insolvency proceedings are opened for the entire amount of 16,122 thousand lei. The receivable was admitted and registered in the preliminary table. Case file no. **2088/107/2016** is pending with the Alba Court.

The hearing is set on January 29th, 2018 for continuing the bankruptcy proceedings by capitalizing the assets and recovering the receivables. The liquidator will draft and submit to the case the monthly activity reports set forth by paragraph 1 of Article 21 of Law no. 85/2006, on the 15th of each month for the previous month. They will submit the summary report every 120 days, foreseen in the final part of paragraph 1 of Article 21 of Law no. 85/2006, for the verification term, 5 days before the term.

Solution in brief: Sets the hearing on September 17th, 2018, for continuing the bankruptcy proceedings by capitalizing the assets and recovering the receivables, as well as for the liquidator to examine the request regarding the assignment of a debt filed by the transferee B2 KAPITAL PORTOFOLIO MANAGEMENT S.R.L. The liquidator will draft and submit to the case: - the monthly activity reports set forth by paragraph 1 of Article 59 of Law no. 85/2014, on the 15th of each month for the previous month; - the summary report every 120 days, foreseen in the final part of paragraph 3 of Article 59 of Law no. 85/2014, for the verification term, 5 days before the term. Document: Hearing protocol from April 23rd, 2018.

▪ ASITO KAPITAL SRL

The object of the casefile no. **24552/3/2017** is "authorization for payment – claims", the litigation value being 31.180.857,96 lei.

At the hearing from November 7th, 2017, after deliberation, the Bucharest Court ruled the following solution in brief:

- Admits the request.
- Orders the debtor to pay, within 20 days from notification of this decision, the amount of 2,237,750.83 euro (the equivalent of 9,948,592.64 lei at the exchange rate of 4.4458 euro), representing the down payment which was not reimbursed but guaranteed via letter of guarantee no. BR-1500544/18.11.2015;
- Orders the debtor to pay, within 20 days from notification of this decision, the amount of 4,821,022.53 euro (the equivalent of 21,233,265.32 lei at the exchange rate of 4.4041 euro), representing the down payment which was not reimbursed but guaranteed via letter of guarantee no. BR-1500520/29.07.2015;
- Orders the debtor to pay, within 20 days from notification of this decision, the amount of 200 lei representing legal expenses. With right of request in annulment within 10 days from notification. Document: Decision 4067/2017 - 07.11.2017.

By the date of drafting these financial statements, Decision 4067/2017 – 07.11.2017 has not been drafted and communicated in order to be enforced.

▪ FF WIND ENERGY INTERNAȚIONAL SRL

Case file no. **47332/3/2017** on the docket of the Bucharest Court - Section VI Civil, by which the company FF Wind Energy InternaȚional SRL requests the following against CNTEE Transelectrica SA: - the annulment of the unilateral statement for the termination of the PTG connection agreement no. 85/14.03.2011 issued on March 2nd, 2016 under no. 8295, - ordering the Company to pay the amount of 32,777,167.35 lei as damages following the termination of the agreement and to pay the amount of 45,000,000 euro as the amount of depreciation of the company FF Wind Energy InternaȚional SRL caused by the impairment of its purpose.

Status of the file: in preliminary proceedings for notification of the action and filing statement of defense.

At the hearing from April 12th, 2018, the Court postpones the case for taking of evidence.

▪ S.C. DAGESH ROM SRL

Case file no. **17284/3/2015** is pending with the Bucharest Court and related to claims – amounting to 2,784,950 lei, representing the rent indexation and late payment penalties for the rent indexation + 168,500 lei, representing the difference from the services fee and late payment penalties.

The solution admits the exception of the prescription regarding the claims represented by: the rent difference requested for the period 04.03.2012 - 12.05.2012, the late payment penalties for the requested amounts as rent difference for the period 04.03.2012 - 12.05.2012, the service fee difference requested for the period 04.03.2012 - 12.05.2012, the penalties for the requested amounts as service fee difference calculated for the period 04.03.2012 - 12.05.2012. The Court rejects these claims as time-barred. It also rejects the other claims as ill-founded. Orders the plaintiff to pay the defendant the amount of 2 thousand lei, as legal expenses. With appeal within 30 days from communication. The appeal is lodged at the Bucharest Court - Section VI Civil. Ruled in open court on November 15th, 2016. Decision no. 7230/2016 from November 15th, 2016.

Dagesh appealed on October 4th, 2017. Solution in brief: Admits the appeal. The contested sentence is partly changed. Admits the application for summons, meaning that it orders the defendant to pay the plaintiff the amount of 76,265.23 lei as service fee difference for the year of 2012 and the amount of 76.265,23 lei as late payment penalties. The rest of the provisions of the appealed sentence are maintained. Orders the defendant/appellant to pay to the plaintiff/appellee the amount of 31,877.45 lei as legal costs for both first instance as well as the appeal. With right of appeal within 30 days from notification. The appeal shall be lodged before the Bucharest Court of Appeal – Section VI Civil. Ruled in open court this 20th day of April, 2018.

Document: Decision no. 810/2018 from April 20th, 2018.

▪ 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.

According to the Notice of assessment no. **F-MC 439/30.06.2017**, amounting to a total of 99,013,399 lei, ANAF – DGAMC set forth additional tax payment liabilities to the Company, amounting to 35,105,092 lei, as well as ancillary tax liabilities (interest/late interest and late payment interest), amounting to 63,908,307 lei.

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

Income tax amounting to 13,726,800 lei plus accessories, owed for a number of 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 Călinescu Street, District 2, where the company carried out its activity), documents under special regime.

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

Within the legal deadline, the Company appealed the Note of assessment no. F-MC 439 / June 30th, 2017, according to GD no. 92/2003 on the Fiscal Procedure Code.

ANAF issued the enforceable title no. 13540 / 22.08.2017 on the basis of which the additional payment obligations established by the Tax Decision no. F-MC 439 / 30.06.2017 have been executed.

The company requested the annulment of the enforceable title no. 13540 / 22.08.2017 at the Court of Appeal - file no. 7141/2/2017. Solution in Brief: Admits the exception of the material lack of competence of the Bucharest Court of Appeal - SCAF. Declines in favor of the Bucharest Court District 1 the substantive jurisdiction to settle the case. No appeal way. Pronounced in public hearing, on February 8th, 2018. Document: Decision 478/2018 08.02.2018.

After declining jurisdiction, the file no. 8993/299/2018 has been registered, by which the Company challenged the enforcement initiated based on the enforceable title no. 13540 / 22.08.2017, which is based on the Tax Decision no. F-MC 439 / 30.06.2017.

Solution in brief: accepts the request for suspension of the case brought by the contestant. Based on art. 413 par. (1) point 1 of the Civile procedure Code, the court suspends the trial until the final settlement of file no. 1802/2/2018, in development with the Bucharest Court of Appeal, the 8th Administrative and Fiscal Section. With appeal for the entire duration of the suspension, the appeal shall be lodged with the Bucharest District Court 1. Pronounced in public hearing.

Document: Closing - Suspension 17.04.2018

As part of the preliminary ruling procedure, the case no. 1802/2/2018 by which the Company challenged the fiscal administrative act Decision no. F-MC 439 / 30.06.2017 is registered with the Court of Appeal.

Following the Company's appeal of the fiscal administrative act Decision no. F-MC 439 / 30.06.2017, ANAF communicated to the Company Decision no. 122 / 13.03.2018, by which it dismisses as ungrounded the complaint filed by CNTEE Transelectrica SA, the decision being received on March 16th, 2018, after the filing of the petition for the case file no. 1802 / 2/2018. The next term in the case file was set for May 29th, 2018.

At the same time, the Company is also involved in litigations against former Directorate and Board of Supervisors members, regarding the mandate agreements concluded between the Company and themselves.



Annexes

ANNEX 1: Separate statement of the financial position - unaudited

[mil RON]	March 31 st , 2018	December 31 st , 2017, GMS decision no.6/30.04.2018	Δ	Δ (%)
ASSETS				
Fixed assets				
Property, Plant and Equipment	2,989	3,044	(55)	(2)%
Intangible assets	15	16	0	(10)%
Financial assets	78	78	0	0%
Other Fixed Assets	0	0.00	0	n/a
Total fixed assets	3,083	3,138	(55)	(2)%
Current assets				
Inventories	35	32	3	8%
Receivables	922	818	104	13%
Other financial assets	0	0	0	n/a
Cash and equivalents	499	521	(22)	(4)%
Total current assets	1,456	1,371	85	6%
TOTAL ASSETS	4,538	4,509	30	1%
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity				
Share capital, out of which	733	733	0	0%
<i>Subscribed share capital</i>	733	733	0	0%
Share premium	50	50	0	0%
Legal Reserves	116	116	0	0%
Revaluation reserves	489	500	(11)	(2)%
Other reserves	58	57	1	2%
Retained earnings	1,340	1,261	79	6%
Total shareholders' equity	2,787	2,717	70	3%
Long term liabilities				
Non-current deferred revenues	399	411	(11)	(3)%
Loans	162	195	(33)	(17)%
Deferred tax liabilities	24	25	(1)	(3)%
Employee benefit obligations	53	53	0	0%
Total non-current liabilities	638	684	(45)	(7)%
Current Liabilities				
Trade payables and other payables	635	700	(65)	(9)%
Other tax and social security liabilities	9	9	0	(1)%
Loans	380	317	63	20%
Provisions	42	42	0	0%
Non-current deferred revenues	39	41	(2)	(4)%
Income tax to be paid	9	0	9	n/a
Total current liabilities	1,114	1,108	5	0%
Total liabilities	1,752	1,792	(40)	(2)%
Total shareholders' equity and liabilities	4,538	4,509	30	1%

ANNEX 2: Separate account of profit and loss - unaudited

[mil RON]							
FIRST QUARTER							
Indicator	Accrued 2018	Accrued 2017	Budgeted 2018	Accrued 2018 vs 2017	Accrued 2018 vs 2017 (%)	Accrued vs Budgeted 2018	Accrued vs Budgeted 2018 (%)
Operating revenues							
Transmission revenues	272	299	259	(27)	(9)%	13	5%
System service revenues	202	189	187	13	7%	15	8%
Revenues from the balancing market	200	623	360	(423)	(68)%	(160)	(44)%
Other revenues	11	14	8	(3)	(21)%	3	31%
Total operating revenues	685	1,125	814	(440)	(39)%	(129)	(16)%
Operating expenses							
System operation expenses	87	77	68	10	13%	19	28%
Expenses on the balancing market	200	623	360	(423)	(68)%	(160)	(44)%
Expenses regarding the ancillary services	158	160	170	(2)	(1)%	(12)	(7)%
Depreciation	75	78	82	(3)	(4)%	(7)	(9)%
Salaries and other retributions	43	41	47	2	5%	(4)	(9)%
Maintenance and repairs	13	14	15	(1)	(7)%	(2)	(13)%
Materials and consumables	2	2	4	0	0%	(2)	(50)%
Other operating expenses	25	39	29	(14)	(37)%	(4)	(14)%
Total operating expenses	603	1,034	775	(431)	(42)%	(172)	-22%
Operating profit	82	91	40	(8)	(9)%	43	108%
Financial revenues	2	7	1	(5)	(69)%	1	125%
Financial expenses	6	11	7	(5)	(42)%	0	(4)%
Net financial result	(4)	(4)	(6)	0	11%	2	(27)%
Profit before income tax	78	87	34	(9)	(10)%	44	131%
Income tax	10	16	5	(6)	(37)%	5	118%
Profit of the financial year	68	71	29	(3)	(4)%	39	133%

ANNEX 3: Separate statement of cash flows - unaudited

[Mil RON]	Q1 2018	Q1 2017	Δ
Treasury flows from the operating activity			
Profit of the financial year	68	71	(3)
Adjustments for:			
Income tax expense	10	16	(6)
Depreciation expenses	76	78	(3)
Net revenues with adjustments for various debtors impairment	(0)	(1)	1
Expenditures with adjustments for trade receivables impairment	2	22	(20)
Reversal of adjustments for trade receivables impairment	(2)	(5)	4
Net loss from the sale of tangible assets	0	0	(0)
Net expenditures on adjustments regarding tangible assets	1	0	0
Net revenues regarding provisions for risks and expenses	(0)	0	0
Net (revenues)/expenditures with inventory impairment adjustments	(0)	0	(0)
Interest expenses, interest revenues and foregone revenues from exchange differences	4	5	(1)
Cash flow before the changing of working capital	158	186	(28)
Changes in:			
Clients and assimilated accounts - energy and other activities	(26)	(52)	26
Clients - balancing	58	131	(73)
Clients - cogeneration	(135)	(129)	(6)
Inventories	(3)	(2)	(1)
Trade payables and other liabilities - energy and other activities	18	(21)	39
Liabilities - balancing	(76)	(172)	96
Liabilities - cogeneration	12	75	(63)
Other tax and social security liabilities	(0)	(1)	1
Deferred revenues	(11)	(4)	(7)
Treasury flows from the operating activity	(5)	10	(15)
Paid interest	(2)	(3)	1
Paid income tax			
Net cash from the operating activity	(8)	7	(15)
Cash flows for the investment activity			
Acquisition of tangible and intangible assets	(42)	(65)	23
Collected interest	1	1	(0)
Other financial assets	0	135	(135)
Net cash used in the investment activity	(41)	71	(112)
Treasury flows from the financing activity			
Repayments of long-term loans	(50)	(60)	11
Special dividends paid as per GO 29/2017	77	26	51
Paid dividends	(0)	(0)	(0)
Net cash used in the financing activity	27	(35)	62
Net decrease in cash and cash equivalents	(22)	(43)	(65)
Cash and cash equivalents on January 1st	521	934	(413)
Cash and cash equivalents at the end of the period	499	977	(478)

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

Indicators	Calculation formula	Q1 2018	Q1 2017
Current liquidity indicator (x)	$\frac{\text{Current assets}}{\text{Current liabilities}}$	1.31	1.24
Indebtedness indicators (x):			
(1) Indebtedness indicator	$\frac{\text{Debt capital}}{\text{Shareholders' Equity}} \times 100$	19.44	18.85
(2) Indebtedness indicator	$\frac{\text{Debt capital}}{\text{Capital employed}} \times 100$	16.28	15.86
Customer rotation speed (days)	$\frac{\text{Customers average balance} \times 90}{\text{Turnover}}$	74	43.57
Tangible assets rotation speed (x)	$\frac{\text{Turnover}}{\text{Fixed assets}}$	0.22	0.35

*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 Extraordinary General Assembly of Shareholders no. 4/29.04.2015) regarding the agreements signed in the first quarter of 2018 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 (months)	Value		Agreement type	Legal basis	Acquisition procedure	Acquisition initiator
				Lei	Euro				
0	1	2	3	4	5	6	7	8	9
1	C 80/2018	Technical upgrade of the Hășdat 220/110 kV substation	30	49,728,014.00	0.00	Works	Law 99/2016 + GD 394/2016	Open auction	Executive
2	C 54/2018	Technical upgrade of the Craiova Nord 220/110 kV substation	30	0.00	9,886,804.00	Works	Law 99/2016 + GD 394/2016	Open auction	Executive
3	TM 32/2018	Technical upgrade of the Oțelărie Hunedoara 220 kV substation	14	12,604,292.00	0.00	Works	Law 99/2016 + GD 394/2016	Open auction	Timișoara transmission branch
4	SB 14/2018	Major maintenance for the Alba - Șugag - Gălceag 220 kV OHL (execution)	36	9,789,238.00	0.00	Works	Law 99/2016 + GD 394/2016	Open auction	Sibiu transmission branch
5	TM 11/2018	Specialized security and intervention services for the Sibiu transmission branch objectives	36	9,224,291.00	0.00	Services	Law 99/2016 + GD 394/2016	Open auction	Timișoara transmission branch
6	C 62/2018	Computing – hardware and software – desktop PC – (framework agreement)	24	6,208,758.00	0.00	Supply	Law 99/2016 + GD 394/2016	Open auction	Executive
7	C 48/2018	Maintenance of the tele-metering system related to the wholesale electricity market	36	4,296,390.00	0.00	Services	Law 99/2016 + GD 394/2016	Open auction	Executive

8	C 21/2018	Maintenance of the local metering system at the level of the CNTEE "Transelectrica" SA electric substations	36	4,559,798.00	0.00	Services	Law 99/2016 + GD 394/2016	Open auction	Executive
9	CT 687/2018	Upgrade of the tele-protection and telecommunications system in the Cernavodă substation	22	3,958,318.00	0.00	Works	Law 99/2016 + GD 394/2016	Open auction	Constanța transmission branch
10	CT 677/2018	RC – Cernavodă - Gura Ialomiței CNE 400 kV OHL circ. 1 st. 1-64	24	2,822,830.00	0.00	Works	Law 99/2016 + GD 394/2016	Simplified procedure	Constanța transmission branch
11	CT 676/2018	RC – Cernavodă - Constanța Nord CNE 400 kV OHL st. 1-66	24	2,357,848.00	0.00	Works	Law 99/2016 + GD 394/2016	Simplified procedure	Constanța transmission branch
12	C 55/2018	Revolving credit line amounting to 100 mil lei	12	1,672,917.00	0.00	Services	Law 99/2016 + GD 394/2016	Own simplified procedure	Executive
13	TM 30/2018	Repair and maintenance services of buildings	24	748,288.00	0.00	Services	Law 99/2016 + GD 394/2016	Simplified procedure	Timișoara transmission branch
14	TM 29/2018	Converting the Porțile de Fier – Anina – Reșița – Timișoara – Săcalaz – Arad axis to the 400 kV voltage; Timișoara – Arad 400 kV OHL, (phase iii) (planning)	32	728,942.00	0.00	Services	Law 99/2016 + GD 394/2016	Open auction	Timișoara transmission branch

Annex 6 – Glossary of terms

"ANRE"	National Regulatory Authority for Energy
"ARB"	Asset regulatory base
"BSE"	Bucharest Stock Exchange, regulated market operator for trading Shares
"CEE"	European Economic Community
"Company", "CNTEE", "TEL"	National Power Grid Company Transelectrica SA
"OTC"	Own Technological Consumption
"BS"	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 Line
"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
"FSS"	Functional System Service
"TSS"	Technological System Service
"TEL"	Stock exchange symbol for Transelectrica
"TSR"	Total Shareholder Return
"EU"	European Union
"UM"	Unit of measurement
"USD" or "US dollars"	American Dollar, the official currency of the United States of America
"WACC"	Weighted Average Cost of Capital