

**ARTICLES OF ASSOCIATION
Of the National Power Grid Company Transelectrica SA,**

Updated on 05/06 march 2020

By effect of the Shareholders' general extraordinary assembly's decision no.

The Shareholders' general extraordinary assembly of the National Power Grid Company Transelectrica SA seated in Romania, Bucharest City 1, Blvd General Gheorghe Magheru 33, registered with the Office of the Trade Register from Bucharest Tribunal under no. J40/8060/2000, fiscal registration 13328043, decided at its reunion of **05/06 march 2020** to amend the Articles of association and its updated form is the following:

**Chapter 1
Name, legal status, offices, duration**

Article 1 Name and logo of the joint stock company

(1) The name is National Power Grid Company Transelectrica SA (hereinafter called "Transelectrica" or "Company").

(2) The Company's name, legal status, registered office, fiscal registration number, Trade Register number, share capital, of which the actual paid capital according to the last approved financial statements, will be mentioned in all Company-issued invoices, bids, orders, tariffs, leaflets and other documents used in trade. The name of the national company will be followed by 'stock company' or the 'SA' initials, as well as the mention 'Company managed in two-tier system'.

(3) The logo has the shape of a 7 cm sided equilateral triangle, light blue bordered blue. Inside it five blue broad bands are traced, two in the left forming an angle and three of different sizes, placed in parallel in the right part of the angle. These are the stylised letters "T" and "E". The name 'Transelectrica' is spelled under the triangle using Newtext RG BT bold blue font in small print, except for the first one, which is a capital letter.

Article 2 Legal status of the Company

(1) Transelectrica is a Romanian legal person, national company established as joint stock society that carries out its activity according to Romanian laws and these articles of association.

(2) Transelectrica is a publicly owned company.

Article 3 Company's registered offices; Subsidiaries; Branches and secondary offices

(1) Transelectrica has its registered office in Romania, Bucharest City 1, Blvd General Gheorghe Magheru 33 and its working location is in Blvd Hristo Botev 16-18, Bucharest 3.

(2) The headquarters of Transelectrica can be changed in another location of Romania upon approval from the shareholders' general assembly.

(3) Transelectrica has got subsidiaries in its structure organised as joint stock companies, namely Electricity Market Operator Company Opcom SA, Power Grid Maintenance Services Company Smart SA, Romanian Power Engineers Training Company FORMENERG SA, Power Grid Telecommunications and Information Technology Company TELETRANS SA, Subsidiary Trading Company Energy Research and Modernising Institute ICEMENERG SA Bucharest, Subsidiary Company ICEMENERG-SERVICE SA Bucharest, as well as secondary

offices of branch status without legal personality for transmission and dispatch activities, provided in Annex 1 to these Articles of association.

(4) The Company can also establish other secondary offices with no legal personality, situated in other localities of the country or abroad, which will be organised as branches, agencies or other such units without legal personality according to legal provisions

(5) The establishment of Company societies and subsidiaries organised as different legal persons will be approved by the shareholders' general assembly as per legal provisions.

Article 4 Company term

The term of the Company is limitless, beginning with its registration date in the Trade Register.

Chapter 2 Company purpose and business

Article 5 Goal

The purpose of Transelectrica is to provide public services to all users of the transmission grid, providing access to transmission networks of any applicant that is complying with legal requirements.

Article 6 Activity objectives

Activities	CAEN Code
A. Main business: <ul style="list-style-type: none">○ Electricity transmission (electricity transmission and dispatch, organisation and administration of the electricity market):<ul style="list-style-type: none">♦ Dispatcher management of the National Power System (SEN);♦ Providing and developing interconnections of the electricity transmission network;♦ Coordinating international programmes concerning the ensemble of SEN installations;♦ Developing telecommunication and IT connections;♦ Making unplanned electricity exchanges with the power systems of neighbouring countries in case of imbalances within the SEN and interconnected systems;♦ Providing connection services to the electricity transmission grid;♦ Developing electricity transmission installations using one's own planning when applying the energy strategy of the sector;♦ Setting, contracting and managing technological system services;♦ Developing and maintaining one's own EMS/SCADA dispatch systems, as well as building new systems;♦ Elaborating technical regulations for transmission-dispatch activities, which are applied to all users of the transmission network;♦ Electricity transit;♦ Metering, applying IT and telecommunication technologies in one's own entities as necessary to the system and commercial operators, as well as building new systems;♦ Providing IT & telecommunication services according to domestic and international requirements;♦ Elaborating and implementing software products;	3512

<ul style="list-style-type: none"> ♦ Conducting technical controls to the transmission grid users in order to provide security and safety of SEN operation; ♦ Making investments with a view to develop, upgrade and refurbish equipment for one's own activities; ♦ Economic international cooperation in one's own activity domain; ♦ Providing services to third parties in the energy domain; ♦ Performing specific activities to exercise the intellectual property rights held by the Company, according to legal provisions; ♦ Participating as member in international organisations of one's own activity domains. 	
B. Other activities: <ul style="list-style-type: none"> ○ Other printing activities not elsewhere classified (nec); ○ Manufacturing electricity distribution and control instruments; ○ Installation of industrial machines and equipment; ○ Real estate development (promotion); ○ Construction works for power and telecommunication utility projects (telecommunication lines and power distribution lines on long distances and in urban areas) ○ Maintenance and repair of motor cars; ○ Retail trade of other machinery and equipment; ○ Non specified retail trade; ○ Other road passenger transportation (nec); ○ Road transportation of goods; ○ Passenger transportation on interior navigable rivers; ○ Merchandise transportation on interior navigable rivers; ○ Services associated to water transportation; ○ Hotels and other similar accommodation facilities; ○ Other accommodation services; ○ Food provision (catering) for various events; ○ Other food services (nec); ○ Telecommunications by cable networks; ○ Telecommunications by wireless networks (satellite only); ○ Satellite telecommunications; ○ Other telecommunication activities; ○ Data processing, web page administration and associated activities; ○ Other credit activities; ○ Sale and purchase of one's own real estates; ○ Leasing and sub-leasing of one's own or rented real estates; ○ Business and management consultancy; ○ Engineering and technical consultancy associated thereof; ○ Technical testing and analysing; ○ Research-development in other natural sciences and engineering - (research-development in engineering and technology) ○ Other professional, scientific and technical activities nec; ○ Protection and guard activities; ○ Services for security systems; ○ Investigations; ○ Call centre activities; ○ Other support services for enterprises nec; 	1812 2712 3320 4110 4222 4520 4669 4690 4939 4941 5030 5040 5222 5510 5590 5621 5629 6110 6120 6130 6190 6311 6492 6810 6820 7022 7112 7120 7219 7490 8010 8020 8030 8220 8299

o Regulating the activities of bodies providing health care, education, cultural and other social services, excluding social security;	8412
o Other educational forms nec;	
o General medical assistance;	8559
o Specific medical assistance;	8621
o Other activities regarding human health;	8622
o Activities of economic and employers' organisations;	8690
o Any other law-permitted activities meant to achieve one's own business.	9411

Chapter 3 Share capital, shares

Article 7 Share capital

(1) The share capital of Transelectrica amounts to 733,031,420 Lei, being divided into 73,303,142 nominative, ordinary and dematerialised shares of 10 Lei nominal value each. The share capital is fully subscribed and paid. The share capital does not include the assets provided in Article 136 paragraph (3) of the Romanian Constitution.

(2) The share capital of Transelectrica is held under the following structure:

1. Romanian State through the ~~Secretariat General of the Government~~ Ministry of Economy, which holds a number of 43,020,309 shares of 430,203,090 Lei total nominal value representing 58.6882% of the share capital. The Romanian State's contribution is in cash amounting to 430,039,130 Lei and in kind amounting to 163,960 Lei.

2. Other legal and natural person shareholders have got 30,282,833 shares of 302,828,330 Lei nominal value, representing 41.3118% of the share capital.

3. Transelectrica participates to the share capital of its subsidiary as single or majority shareholder, as the case may be.

Article 8 Increase or decrease of the share capital

(1) The share capital can be increased under decision of the shareholders' general extraordinary assembly according to legal provisions and observing all legal procedures.

(2) The share capital can be increased by means of:

- New cash contributions and / or in kind, according to legal provisions;
- Incorporation of reserves, excepting the favourable differences from the revaluation of assets and legal reserves, as well as the share benefits or premiums;
- Compensating certain liquid payable liabilities of Transelectrica with its own shares provided that the Competition Council and the European Commission are notified;
- Other sources established by the shareholders' general assembly according to legal terms.

(3) The shares issued to increase the share capital will be submitted for subscription to the existing shareholders first, in proportion to the number of shares they own, thus providing them with a preference right in the subscription of the newly issued shares. 30-days period calculated from the publication date of the shareholders' general extraordinary assembly's decision in the Official Gazette of Romania, Part IV will be granted to exercise the preference right. The preference right can be exercised only within the preference time interval provided in this paragraph.

(4) The share capital can be decreased according to legal terms by means of:

- Reduction in the number of shares;
- Reducing the nominal value of shares;
- Repurchasing one's own shares then cancelling them;
- Other law-provided procedures.

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(5) In case the Directorate finds that, as a result of losses established in the annual financial statements approved as per legal provisions, the Company's net asset calculated as the difference between total assets and total liabilities has decreased to less than half of the subscribed share capital, they will forthwith convene an extraordinary general assembly to decide either to reduce or reunify the share capital as per legal provisions and the Articles of Association or to dissolve the Company.

(6) The share capital will be reduced only two months after the publication of the decision of the shareholders' extraordinary general assembly in the Official Gazette of Romania, Part IV, according to legal provisions.

Article 9 Shares

(1) The Company will keep track of the shares and shareholders in the Shareholders' register that will be maintained by an independent record company, opened and operated in accordance with legal provisions in force.

(2) Changes made in the register will comply with the provisions of applicable legislation.

(3) Transelectrica shares may be encumbered with a beneficial interest or pledged according to legal provisions.

(4) Romanian or foreign natural or legal persons will be able to hold Transelectrica shares according to applicable regulations.

(5) Company shares are nominative and issued in dematerialised form, by their registration in the account.

(6) Company shares are freely transferable.

(7) The Company can acquire its own shares according to legal terms.

Article 10 Bonds

Transelectrica is mandated to issue bonds according to legal terms.

Article 11 Rights and obligations arising from shares

(1) Each share subscribed and paid by the shareholders according to legal provisions provides equal rights and confers them the right to one vote in the shareholders' general assembly, the right to elect and be elected in the governing bodies, the right to participate to profit distribution according to these Articles of association and legal provisions, and any other rights under these Articles of association.

(2) Holding the share involves the lawful adhesion to the Articles of association.

(3) The rights and obligations associated to shares follow them in case they are held by other persons.

(4) Whenever a nominative share becomes the property of several persons the transfer will be registered only if they appoint a sole representative for the exercise of rights resulting from the shares.

(5) The Company's liabilities are secured with the patrimonial shares, shareholders being liable only to pay their shares. The Company's patrimonial stocks cannot be encumbered by debts or other personal liabilities of shareholders. A creditor of a shareholder may file claims on the quota from the company's profits to be assigned to it by the shareholders' general assembly or on the quota due to the shareholder at Company liquidation, carried out according to legal provisions and these Articles of association.

(6) Shareholders are entitled to be correctly and completely informed of the Company's situation in the shareholders' general assembly. In case new shares are issued, the existing shareholders have a preference right in the subscription, as specified in legal provisions.

Article 12 Assignment of shares

- (1) Shares are indivisible with respect to the company, which acknowledges only one holder for each share.
- (2) The partial or total assignment of shares between shareholders or third parties can take place according to legal terms and procedures.
- (3) Transactions with company shares are performed according to applicable legislation on the organised real estate markets.

Chapter 4

Shareholders' general assembly

Article 13 Representation

- (1) The access of shareholders entitled to take part, on the reference date, to the shareholders' general assembly is allowed by the simple proof of their identity shown by the identity document in case of natural persons, or by the power of attorney provided to the individual representing them in case of legal and natural person shareholders.
- (2) In case any shareholder observing legal provisions is forbidden to attend the shareholders' general assembly entitles any stakeholder to have the decision of the shareholders' general assembly cancelled in court.
- (3) Shareholders can participate and vote in the general assembly by representation using mandate which observes the capital market regulations.
- (4) Shareholders without exercise capacity as well as legal persons can be represented by their legal representatives that, in their turn, can provide other persons with mandate for that general assembly.
- (5) Mandates will be submitted in the original at least one hour before the assembly at the first or second convocation, as the case may be, pending sanction of losing the voting right at that assembly.
- (6) Directorate and Supervisory Board members or Company employees cannot represent the shareholders, pending sanction of decision nullity unless the required majority could not have been obtained without their vote.

Article 14 Attributions of the shareholders general assembly

- (1) The shareholders' general ordinary assembly has got the following obligations and attributions:
 - a) Discussing, approving or amending the annual financial statements using the reports submitted by the Directorate, the Supervisory Board and the financial auditor;
 - b) Approving profit distribution and determining the dividend;
 - c) Electing and recalling the Supervisory Board members;
 - d) Appointing and dismissing the financial auditor and determining the minimum term of the financial audit contract;
 - e) Determining the general limits of remunerations for Directorate members;
 - f) Determining the remuneration owed to Supervisory Board members for the current exercise;
 - g) Having one's say on the management of Directorate and Supervisory members, appraising their activity and discharging them of administrative duties according to legal provisions;
 - h) Deciding whether Directorate and Supervisory Board members should be taken to court for damages caused to the Company;
 - i) Establishing the revenue and expense budget and the investment plan in the financial period submitted for approval;
 - j) Deciding with respect to anything in its competence according to applicable legislation;
 - k) Studying the Supervisory Board's reports with respect to the activities performed;
 - l) Deciding about pledging or leasing one or several Company entities;

(2) The shareholders' general extraordinary assembly gathers whenever it is necessary to make a decision about:

- a) Changing the Company's legal form;
- b) Changing the Company's registered office;
- c) Changing the Company's business;
- d) Increasing the Company's share capital;
- e) Reducing the Company's share capital or reuniting it by issuing new shares;
- f) Merging with other companies;
- g) Splitting up the Company;
- h) The anticipated dissolution of the Company;
- i) Converting shares from one category to another;
- j) Converting the nominative shares into bearer ones or the bearer shares into nominative;
- k) Converting bonds from one category to another or into shares;
- l) Bond issuance;
- m) Concluding documents for acquisition, alienation, exchange or security-making of assets classified as Company fixed assets, the value of which exceeds individually or cumulatively 20% of the total book value of the Company's fixed assets minus liabilities during a financial year;
- n) Any amendment in the Articles of association or any other decision which requires approval of the extraordinary general assembly.

(3) Besides the competencies and attributions mentioned in para (2) above or in the law, the shareholders' general extraordinary assembly decides on the following aspects:

- a) Company making in capacity of creditor of any types of loans or obligations such as loans;
- b) Constituting or participating to the constitution of entities with distinct legal personality for patrimonial or non-patrimonial purpose, as well as participating to the share capital of other companies;
- c) Contracting credits for term above or equal to 5 years, amounting to 50,000,000 Euro;
- d) Constituting securities amounting to over or equal to 50,000,000 Euro;
- e) Determining the minimum insured sum and the maximum insurance premium of the professional liability insurance of Supervisory Board and Directorate members.

Article 15 Convening the Shareholders' general assembly

(1) The shareholders' general assembly is convened by the Directorate as many times as necessary, according to legal provisions.

(2) The assembly term cannot be less than 30 (thirty) days from the convening notice publication in the Official Gazette of Romania, Part IV. The convocation will be published in the Official Gazette of Romania, Part IV and in one of the largely circulated newspapers in Romania. The convening period will not include the publication date and the day when the shareholders' general assembly is set.

(3) Each convocation of the shareholders' general assembly will include the date and time set for reunion, first convocation, its organisation in the Company's registered office (unless Directorate members agree it will take place in another location, in which case the convocation will expressly mention the address), and the date, time and place of the second convocation of the general assembly.

(4) - When the agenda includes proposals to amend the Company's Articles of association the convocation will include the full text of such proposals.

Article 16 Organising the shareholders' general assembly

A. Quorum and voting rights

(1) Quorum and voting rights in the general ordinary assembly

First convocation

(i) No other aspect, except for the election of the assembly chairperson and secretary will occur at the general ordinary assembly unless the quorum conditions are met at the beginning. In the purpose of this article, the quorum is met if the attending or represented shareholders count more than 1/2 of the total number of voting rights.

(ii) Decisions can be taken with the majority of cast votes if the quorum is met.

Second convocation

(i) If within 60 (sixty) minutes from the time set for the general ordinary assembly at the first convocation (or any other term granted by the assembly chairperson) the quorum is not met or if, during the assembly, the quorum is no longer met, the general ordinary assembly will be organised another day, at a time and in a place specified accordingly in the convening notice.

(ii) The general ordinary assembly that gather upon the second convocation may decide on the items included in the agenda of the first convened assembly, regardless of the number of attending shareholders, with the majority of cast votes.

(2) Quorum and voting rights in the shareholders' general extraordinary assembly

First convocation

(i) No other activity, except for the election of the assembly chairperson and secretary will take place at the general extraordinary assembly unless the quorum conditions are met at the beginning. In the purpose of this article, the quorum is met if the attending or represented shareholders count more than 1/4 of total number of voting rights.

(ii) Decisions can be taken with the majority of votes held by attending or represented shareholders in case the quorum is met.

Second convocation

(i) If within 60 (sixty) minutes from the time set for the general extraordinary assembly in the first convocation (or any other term set by the assembly chairperson) the quorum is not met or if, during the reunion, the quorum is no longer met, the general extraordinary assembly will take place another day, at a time and in a place specified in the convening notice.

(ii) No other activity, except for the election of the assembly chairperson and secretary will take place at the second call of the general extraordinary assembly unless the quorum is met at the beginning of the reunion. To the purpose of this article, the quorum is met if the attending or represented shareholders count more than 1/5 of the Company's share capital.

(iii) In case the quorum is met the second convocation of the general extraordinary assembly can take decisions on the agenda issues with the majority of cast votes.

(3) In the cases expressly provided by applicable legislation the quorum is met and decisions are made according to the terms provided in the respective regulations.

(4) The decision to change the Company's main activity, to reduce or increase the share capital, to change the legal status, to merge, divide or dissolve the Company will be made with a majority of at least two-thirds of the voting rights held by the attending or represented shareholders.

B. Holding the assemblies

(1) Any person representing a shareholder at the shareholders' general assembly who does not have the capacity of his/her representative, according to article 125 of the Company law 31/1990, should submit the mandate in the original at least one hour before the assembly according to the convening notice.

(2) The shareholders' general assembly is chaired by the Directorate chairperson or the person designated by him/her to chair the reunion or, chairperson missing, by a person that the shareholders have designated.

(3) The assembly chairperson designates one or several technical secretaries from among Company employees that are meant to check whether conditions have been met to hold the assembly.

(4) The general assembly will elect an assembly secretary from among attending shareholders that will verify the list of shareholders' attendance, the minutes elaborated by technical secretaries and the performance of all formalities provided for general assemblies in legal provisions and the articles of association.

(5) The minutes signed by the session chairperson and secretary will ascertain the compliance with convocation formalities, the assembly date and place, the agenda, the present shareholders, the number of shares, the summary of debates, the decisions taken and, upon the shareholders' demand, their statements made during the assembly. The assembly minutes will be written, signed and attached in the Register of assemblies and debates.

(5) The general assembly decisions will be written using the minutes and will be signed by a person appointed by shareholders at the reunion. In case a person is not designated by shareholders to sign the assembly decisions the assembly chairperson will sign the decisions together with the assembly secretary.

(6) To be opposable to third parties the decisions of the shareholders' general assembly will be submitted, within 15 (fifteen) days from the general assembly date, to the Trade Register Office in order to be mentioned in the register excerpt and published in the Official Gazette of Romania.

Article 17 Exercising the voting right in the Shareholders' general assembly

(1) Shareholders can be represented at each general assembly by other shareholders or by third parties.

(2) Only the shareholders registered in the Shareholders' register on the reference date set at the convening time of the shareholders' general assembly will be entitled to take part in the assembly and vote after proving their identity.

(3) Shareholders can vote by electronic means as well during shareholders' general assemblies, in accordance with legal regulations and provisions in force.

(4) Secret vote is mandatory in order to elect and recall Supervisory Board members, to appoint and dismiss the financial auditor and to take decisions about the liability of Directorate members, Supervisory Board members and the financial auditor.

(5) The following secret vote procedures will apply in mandatory cases with a view to provide vote secrecy at the Shareholders' general assembly:

(i) The assembly's technical secretaries will hand over a ballot to each shareholder, which will mention his/her number of shares and the voting guidelines;

(ii) Each shareholder will vote by filling in the ballot and submitting it to the assembly secretaries that will establish the outcome of the vote.

(6) The decisions of the general assembly are compulsory also for absent shareholders and for those who voted against.

(7) Shareholders that have not voted for a decision of the general assembly are entitled to withdraw from the company and request it to buy out their shares, only if such general assembly decision refers to:

- a) Changing the main business;
- b) Moving the Company's offices abroad;
- c) Changing the form of the Company;
- d) The Company's merger or division.

(8) Shareholders representing at least 5% of the Company's share capital will exercise their rights arising from Company shares by observing the provisions of the Electricity and gas law

123/2012 regarding the simultaneous direct or indirect control or any right over an economic operator performing any of the generation or supply activities.

(9) The rights mentioned in the previous paragraph refer to the competency to exercise voting rights, including the competency to appoint members in the Supervisory Board, Directorate or other bodies representing the Company in legal terms.

(10) To the purpose of paragraphs 8 and 9 above, the phrase "economic operator performing energy generation and supply activities" also includes the gas production and supply activities.

Chapter 5

Supervisory Board

Article 18 Organisation

(1) Transelectrica is managed under two-tier system by a directorate supervised by a supervisory board. The intervention of any person or public or private entity which is not part of the governing bodies is forbidden when making decisions with respect to the Company's current activities and daily operations.

(2) The Supervisory Board will have 7 members. Supervisory Board members can be shareholders of the Company. The members of the Supervisory Board cannot be Directorate members and neither can they cumulate the capacity of Supervisory Board member to that of Company employee.

(3) Supervisory Board members are appointed by the shareholders' general ordinary assembly by observing the provisions applicable to the companies admitted for transaction and are selected according to the provisions of Governmental Emergency Ordinance 109/2011 on the corporate governance of public companies.

(4) The Supervisory Board's chairperson will be elected by Supervisory Board members.

(5) Supervisory Board members are elected by the shareholders' general ordinary assembly. The mandate of Supervisory Board members provides 4 (four) years' term if the shareholders' general assembly decision does not determine a smaller period of time.

(6) Whenever any of the Supervisory Board positions becomes vacant, the Supervisory Board can designate an interim member until the next session of the shareholders' general ordinary assembly or request the Directorate to convene the shareholders' general ordinary assembly to appoint another member who is to be selected according to Governmental Emergency Ordinance 109/2011 on the corporate governance of public companies. The new member is appointed by the general assembly for a term equal with the period remaining until the normal expiry of his/her predecessor's mandate, except when the entire Supervisory Board is reconfirmed for a new 4 years' mandate.

(7) The Company will bear the costs of the professional liability insurance for Supervisory Board members.

Article 19 Electing Supervisory Board members by cumulative vote

(1) Upon the demand of shareholders representing, individually or jointly, at least 10% of the subscribed and paid share capital, the Directorate mandatorily convenes the shareholders' general assembly and includes the election of Supervisory Board members in the agenda by applying the cumulative vote method.

(2) Any shareholder that owns less than 10% of the subscribed and paid share capital can make written proposals to the Directorate to apply the cumulative vote method, within 15 days after publication in the Official Gazette of Romania, Part IV of the shareholders' general assembly convening notice comprising the election of Supervisory Board members in the agenda. In this case the use of the cumulative vote method to elect the Supervisory Board members is submitted to vote at the shareholders' general assembly.

(3) By the cumulative vote method each shareholder is entitled to give his/her cumulated votes, obtained by multiplying the votes held by any shareholder according to the share capital contribution with the number of members that will form the Supervisory Board, to one or several persons proposed to be elected in the Supervisory Board.

(4) Shareholders can provide all cumulated votes to one candidate or several candidates when the cumulative vote is used. Shareholders will mention the number of votes provided across each candidate's name.

(5) In case the cumulative vote is used Supervisory Board members in office on the general assembly date will be registered ex officio on the list of candidates to be elected in the Supervisory Board together with the candidates proposed by the shareholders.

(6) All candidates registered on the list of candidatures will be subject to the shareholders' vote at the shareholders' general assembly.

(7) Supervisory Board members in office on the general assembly date who are not reconfirmed by cumulative vote as Supervisory Board members are deemed recalled from office by general assembly decision.

(8) The mandate term of Supervisory Board members in office on the date of the shareholders' general assembly where the cumulative vote has been applied will continue in case they are reconfirmed by cumulative vote.

(9) In case two or more persons proposed to be elected as Supervisory Board members get the same number of cumulated votes, the person who has been voted by a larger number of shareholders is declared a member.

(10) The election criteria for Supervisory Board members in case two or more proposed persons get the same number of cumulative votes expressed by the same number of shareholders are established by the shareholders' general assembly and specified in its minutes.

(11) Supervisory Board meetings may take place in English and will be simultaneously translated into Romanian. If applicable, the convening notice, the documentation of the agenda, the minutes and other assembly documents will be also prepared in English.

Article 20 Operation

(1) Supervisory Board meetings will be convened as follows:

- (i) By the Supervisory Board Chairperson (or a Supervisory Board member under mandate from the Chairperson) whenever necessary, but at least once every 3 (three) months;
- (ii) By the Supervisory Board Chairperson upon the reasoned request of two Supervisory Board members, provided the subjects proposed for debate in the Supervisory Board are within the competency of this governing body;
- (iii) By the Supervisory Board Chairperson upon the Directorate's demand provided that the subjects submitted for debate to the Supervisory Board are within the competency of that governing body;
- (iv) By two Supervisory Board members, only if the Chairperson does not convene the meeting of the Supervisory Board as mentioned in article 20 paragraph (1) sub-paragraphs (i), (ii) and (iii).

(2) Supervisory Board meetings will be convened by a notice sent at least 3 (three) calendar days before the date proposed for the meeting. The notification period will not include the transmission date and the day when the meeting is convened. The notice will be sent to all Supervisory Board members according to the provisions of the Articles of association.

(3) The convocation of the Supervisory Board meeting will be sent to each member of the Supervisory Board in writing, to the postal or electronic mail address or fax number of such Supervisory Board member. Each Supervisory Board member is liable to notify the Company

in writing with respect to any change of his/her and cannot oppose any disorder regarding the notification if such change of has not been notified in this manner by the Supervisory Board member.

(4) The notification of the Supervisory Board reunion will mention the meeting date and time and its holding in the Company's offices (except when the convening notice mentions other place, then such address is also provided). The notification of the Supervisory Board meeting will also specify the agenda and include the entire documentation for the agenda items to be discussed at the meeting.

(5) The Supervisory Board cannot decide on issues which are not included in the agenda, except when all present members agree with including them in the agenda.

(6) The Supervisory Board can meet any time but, in any case, at least once every 3 (three) months. In case the Supervisory Board is convened upon request of two of its members or of the Directorate, the convocation will be transmitted no later than 5 (five) days since reception of such request.

(7) The Supervisory Board meeting will be chaired by the Supervisory Board Chairperson and in his/her absence, by a member elected by attending members. The Chairperson will appoint a secretary from among the Supervisory Board members or from Company employees.

(8) In particular circumstances the Supervisory Board meetings can take place by means which enable all meeting attendess to hear one another (phone or video-conference), or by e-mail and such communication will attach the participants' electronic signature; participation to such meeting is considered attendance in person with a view to observe the quorum requirements and voting conditions. Under such circumstances the requirements on the minimum convening term do not apply.

(9) Any Supervisory Board member may delegate the voting capacity to another member at a certain meeting of the Supervisory Board.

(10) The Supervisory Board can also make decisions without observing the convening period mentioned in paragraph (2) if all board members are present or represented at the meeting.

(11) In urgent cases the Supervisory Board can make written decisions without meeting if all members agree to take decisions without meeting. A decision can be taken without meeting but the draft decision should be notified in writing accompanied by the associated documentation to all Supervisory Board members before decision making, observing the provisions of article 20 para (3). The Chairperson will decide upon the emergency.

(12) Decisions validity requires the personal or represented presence of at least 5 Supervisory Board members. Supervisory Board decisions are made with the majority of votes from Supervisory Board members attending the meeting or are represented in it. In case of tie vote the Supervisory Board Chairperson or the person entitled to chair the meeting will cast the decisive vote.

(13) The Supervisory Board will nominate Directorate members by majority vote of its members.

(14) The debates of the Supervisory Board are registered in the meeting minutes, which are typed, signed and added in the Minutes Register of meetings and debates. The minutes are signed by each Supervisory Board member attending the meeting and by the secretary. Within 24 hours from the meeting end the absent members will be informed about the decisions taken at the meeting they did not attend.

(15) Supervisory Board meetings will be audio recorded and the recordings will be archived by the Supervisory Board Chairperson, except for the Supervisory Board meetings that take place by e-mail.

Article 21 Attributions of the Supervisory Board

(1) The Supervisory Board have the following main attributions:

- a) Exercising control on the manner in which the Directorate manage the Company;
- b) Verifying the revenue and expense budget and the investment plan in the financial period submitted for approval by the shareholders' general assembly;
- c) Performing any attribution provided by the special legislation applicable in the administration of public enterprises;
- d) Elaborating and submitting to the shareholders' general assembly's approval the administration plan, which includes the administration strategy during the mandate;
- e) Determining the structure and number of Directorate members;
- f) Appointing and recalling Directorate members and establishing their remuneration;
- g) Checking whether the activity carried out in the name and on the behalf of the Company is according to the law, the articles of association and the shareholders' general assembly's decisions;
- h) Submitting to the shareholders' general assembly a report on supervision activities at least once a year;
- i) Representing the Company in its relations to the Directorate;
- j) Approving the Directorate's internal rules;
- k) Verifying the Company's financial statements;
- l) Verifying the report of Directorate members;
- m) Proposing to the general assembly the recall of the financial auditor and the minimum term of the audit contract;

(2) In exceptional cases when the Company's interest so requires the Supervisory Board can convene the shareholders' general assembly.

(3) The following types of operations can be performed only with the Supervisory Board's agreement:

- (a) Procurement of products, services and works regardless of term, amounting to more than 5,000,000 Euro;
- (b) Operations pertaining to providing transmission services, system services and administration of the wholesale electricity market, operations to collect the contribution for high efficiency cogeneration, bonus payment and returning the overcompensation/undue bonus, RET connections, provision of coexistence conditions, clearing up locations and execution of such work, technical consultancy and project management for such work, sale-purchase of lands necessary for new installations according to RET connection contracts, as well as the lands necessary for access ways to such installations, constituting in favour of the National Power Grid Company Transelectrica SA certain usage and servitude, surface, utilisation rights, impacting in any way the lands used for the new installations according to RET connection contracts, as well as any operations that will be performed for the good operation of the Company's main business in accordance with applicable regulations, which amount to over 10,000,000 Euro;
- (c) Initiating, solving, exercising, renouncing to certain claims, dispute, arbitration amounting to over 500,000 Euro;
- (d) Commitments involving important obligations of the Company, except for the operations provided in letters a) & b), amounting to over 5,000,000 Euro.
- e) Any free title, including any Company-provided sponsorships and donations of individual value above 100,000 Lei.
- f) Setting up or closing secondary offices of the Company in the country or abroad (branches, representation offices, agencies or similar entities without legal personality).

(4) In case the Supervisory Board does not agree with the operations specified in para (3) above the Directorate can ask for the agreement of the Shareholders' general ordinary assembly that will decide as per legal terms.

Article 22 Duties of Supervisory Board and Directorate members

(1) Supervisory Board members and Directorate members have got diligence and loyalty duties to Transelectrica.

(2) Supervisory Board members and Directorate members observe the obligation provided in the previous paragraph if when they take a business decision they are reasonable entitled to consider they act in the Company's interest based on proper information.

(3) The Supervisory Board when exercising its essential attributions of control over the manner in which the Directorate governs the Company, as well as verifying the activities performed in the name and on behalf of the Company are entitled and obliged to establish the control, verification and reporting modes for the Directorate and the Company, which it considers necessary to exercise such attributions.

(4) The Directorate has the duty to provide Company-wide reporting procedures and the organisational conditions necessary to provide the control and verification attributions devolving on the Supervisory Board.

Chapter 6 Directorate

Article 23 Organisation

(1) Directorate members are appointed and recalled by the Supervisory Board. The number of members will be determined by the Supervisory Board, provided such number is not below three or above seven, being always odd. A Directorate member will be appointed Chairperson of the Directorate (alternatively called Executive Director General or Chief Executive Officer – CEO – of the Company).

(2) Directorate members will be selected according to the provisions of Governmental Emergency Ordinance 109/2011 on the corporate governance of public companies and their mandate is granted for a term of 4 (four) years.

(3) In case a Directorate member position becomes vacant, the Supervisory Board will appoint another member for the remaining term of the mandate of the member who is replaced, selected under the provisions of Governmental Emergency Ordinance 109/2011.

(4) The Company will bear the costs of the professional liability insurance for Directorate members.

Article 24 Operation

(1) The mode of operation for Directorate will be established in the Directorate's internal rules, approved by the Supervisory Board.

(2) The Directorate will meet at regular intervals (usually each week) or whenever necessary to solve the Company's current problems in operative terms.

(3) At least half of the Directorate members should be present so that decisions can be valid, except when the internal rules require larger quorum. Directorate decisions will be validly made by the affirmative vote of the majority of attending or represented members at that Directorate meeting. In case of a tie vote, the Directorate Chairperson or the person mandated by him/her to chair the meeting will cast the decisive vote.

(4) Directorate meetings can also take place over the phone, by video-conference or any other means of communication, by which all meeting participants can hear one another and the

participation to such meeting is considered attendance in person with a view to observe the quorum and voting requirements.

(5) In case circumstances so require the Directorate can pass a decision based on the written unanimous agreement of its members without meeting. The Directorate Chairperson will decide if circumstances so require.

(6) The Directorate should provide the Supervisory Board with a written report on Company management, Company activities and the possible Company development at least once every 3 (three) months.

(7) Directorate meetings can take place in English. The need to provide simultaneous translation into Romanian will be decided according to each case. All documents intended for and issued by the Directorate, including the meeting minutes, meeting agenda, informative documents of the agenda items will be drawn up in Romanian and, if necessary, in English.

(8) Without impacting the joint and several nature of Directorate members' liability, the Directorate can delegate competencies to any of its members (including the Executive Directorul General) or to Company personnel, while expressly establishing the competency limits and the responsibilities they delegate and observing the rule regarding Company representation by joint signature and the terms provided in the internal rules of the Directorate.

(9) In case the delegated competence according to par (8) above presumes access to managing classified information, the delegation of the person whom the competence is delegated to is conditioned by his/her having a mandate/ certification of adequate level for such access to classified information.

Article 25 Directorate duties

The main Directorate duties performed under surveillance of the Supervisory Board are as follows:

(a) Establishing the Company's development strategy and policies, the accounting policies and the financial audit system and approving the financial planning;

(b) Approving the Company's organisational structure (organisation chart) and the organisation and operation regulation;

(c) Annually submitting to the shareholders' general assembly the report on Company activities, the previous year's financial statements, the draft budget and the investment plan of the current year;

(d) Concluding juridical deeds with third parties in the name and on behalf of the Company while observing the provisions of these Articles of association with respect to the joint signature and also observing what has been reserved for the competency of the shareholders' general assembly or of the Supervisory Board;

(f) Hiring and dismissing, setting duties and responsibilities for Company personnel in accordance with the Company's personnel policy;

(g) Carrying out all activities and taking the necessary useful measures to govern and meet the Company business, except for those reserved by law or by the Articles of association on behalf of the shareholders' general assembly and the Supervisory Board. To this effect the Directorate approve operations at Transelectrica level, others than what is provided in the competency of shareholders' general assembly while keeping the obligation to get the Supervisory Board's approval for all the operations which the law or the Articles of association provide such approval;

(h) Approving the mandates of Company representatives in the shareholders' general assemblies of Transelectrica subsidiaries and informs quarterly the Supervisory Board about the mandates granted to them;

- (i) Approving the establishment and closure of secondary offices (subsidiaries, representation offices, agencies or similar entities without legal personality) upon Supervisory Board's agreement;
- (j) Approving the Company's conclusion of juridical deeds like the company contract regulated by the Civil code when the result is not an entity with distinct legal personality and also approving the Company's participation as member in domestic or international organisations, in partnerships or in European or international projects;
- (k) Exercising any law-provided competency or delegated by the shareholders' general assembly according to legal terms;
- (l) Carrying out any attribution provided in the special legislation provided in the management of public enterprises;
- (l) Applying the decisions of the shareholders' general assembly.

Article 25 Directorate duties

The main Directorate duties performed under surveillance of the Supervisory Board are as follows:

- (a) Determining the Company's strategy, development policies, accounting policies and the financial control system, also approving the financial planning;
- (b) Approving the organisational structure (organisational chart) of the Company and the organisation and operation regulation;
- (c) Submitting annually to the shareholders' general assembly the report about the Company's activities, financial statement of the previous year, the draft budget current investment plan;
- (d) Concluding juridical deeds with third parties in the name and on behalf of the Company while observing the provisions of these Articles of association with respect to the joint signature and observing the aspects reserved to the competency of the shareholders' general assembly or the Supervisory Board;
- (e) Hiring and firing, determining the tasks and responsibilities of Company personnel in accordance with the Company's personnel policy;
- (f) Negotiating the Collective labour contract at Company level and its addendums together with the employees' representatives;
- (g) Carrying out all acts and taking the necessary useful measures to manage and achieve the Company activities, except for those reserved by law or by the Articles of association to the shareholders' general assembly and to the Supervisory Board. To this effect the Directorate approve operations at Transelectrica level, others than what is provided for the competency of the shareholders' general assembly, while compulsorily getting the Supervisory Board's agreement for operations which the law or the Articles of association provide such agreement for;
- (h) Approving the mandates of Company representatives in the shareholders' general assemblies of Transelectrica's branches and informing quarterly the Supervisory Board about the mandates granted to them;
- (i) Approving with the Supervisory Board's agreement to establish or close secondary offices (branches, representation offices, agencies or other similar entities without legal personality);

- (j) Approving the Company's conclusion of juridical deeds such as the company contract regulated by the Civil Code when the result is not an entity with a distinct legal personality and approving the Company's participation as member in domestic or international bodies;
- (k) Exercising any competency provided by law or delegated by the shareholders' general assembly according to legal terms;
- (l) Performing any attributions provided by the special legislation applicable in the administration of public enterprises;
- (m) Applying the decisions of the shareholders' general assembly.
- (n) The Directorate will inform the Shareholders' general assembly at least twice a year about the following types of operations:
 - (i) Procurement of products, services, and works, regardless of term, above 5,000,000 Euro;
 - (ii) Initiating, solving, exercising, renouncing to certain claims, dispute, and arbitration amounting to over 500,000 Euro;
 - (iii) Commitments involving important liabilities for the Company amounting to more than 5,000,000 Euro;
 - (iv) Credits below 50,000,000 Euro, regardless of term;
 - (v) Credit securities below 50,000,000 Euro.

Article 26 Company representation

(1) In its relations to third parties the Company is represented and bound by the joint signature of two persons as follows:

- (i) The Executive Director General together with another Directorate member;
- (ii) A person expressly mandated by the Executive Director General in this respect, together with a Directorate member;
- (iii) A person expressly mandated by the Executive Director General in this respect, together with another person expressly mandated in this respect by a Directorate member;

(2) The requirement for two signatures in order to make the deed binding on the Company is considered fulfilled if two Company-licensed representatives in the sense of para (1) above acting together have expressly given to one person only that acts individually the capability to represent the Company with respect to a certain document.

(3) The managers of branches or other secondary offices of the Company will not be able to represent the Company in commercial transactions, unless the representation capacity has been expressly delegated by the Directorate and only within the competency limits set by the Directorate.

(4) Directorate members will submit the specimen signatures at the Trade Register Office.

(5) Any Directorate member (including the Executive Director General) can delegate to other persons the capacity to represent the Company based on general or special power of attorneys, countersigned by another Directorate member.

(6) In case the document for which the representation competence is delegated presumes access to managing classified information, the delegation of the person whom the representation competence is delegated to is conditioned by his/her having a mandate/certification for such access to classified information of the same level with the Directorate member that decided to delegate.

CHAPTER 7

Company audit

Article 27 Internal auditors and financial audit

- (1) The Company is subjected to financial audit.
(2) The Company will organise its internal audit in accordance with applicable legal provisions. Internal auditors report to the Supervisory Board.

**CHAPTER 8
Activity****Article 28 Financing one's own activity**

Transelectrica uses the funding sources constituted according to legal provisions, such as bank loans and other financial sources in order to carry out its activities in accordance with established attributions.

Article 29 Financial period

The financial period begins 1 January and it ends 31 December each year. The first financial period began when Transelectrica was recorded in the trade register.

Article 30 Personnel

- (1) The wage-earning managerial and executive personnel of Transelectrica is appointed, employed and dismissed by the Directorate.
(2) The branch manager will hire and dismiss personnel in Transelectrica's branches within his/her delegated competence limits.
(3) Salaries and related taxes, social insurance contributions and other liabilities to the state budget will be paid according to legal provisions.
(4) The rights and obligations of Transelectrica personnel are established by the organisation and operation regulation, the collective labour agreement and one's own regulations.
(5) The payroll and other personnel rights are established by the collective labour agreement for executive personnel.

Article 30 31 Amortisement of non-current assets

The amortisement of property, plant & equipment and of non-current assets from Company stocks will be calculated according to the amortisement mode established by the Directorate, in accordance with legal provisions.

Article 32 Account books and balance sheet

- (1) Transelectrica will keep the account books in Lei, draw up the annual balance sheet and the profit and loss account, taking into account the methodological norms prepared by the Ministry of Public Finance.
(2) The balance sheet and the profit and loss account will be published in the Official Gazette of Romania, Part IV, according to legal provisions.

Article 33 Calculation and distribution of profit

- (1) The profit of Transelectrica is established under the balance sheet approved by the shareholders' general assembly. The taxable profit is established according to legal provisions.
(2) The profit of Transelectrica remaining after payment of the income tax will be distributed according to the decision of the shareholders' general assembly and legal provisions in force.
(3) Transelectrica constitutes a reserve fund as well as other funds as per legal provisions.

(4) Dividends owed to shareholders are paid by Transelectrica according to legal provisions, after the balance sheet approval by the shareholders' general assembly.

(5) In case losses are registered the shareholders' general assembly will analyse the causes and decide accordingly, as per legal provisions.

Article 34 Registers

Transelectrica will keep all registers according to legal provisions, through the Directorate members and the internal auditors.

CHAPTER 9 Association, changing the juridical form, dissolving and liquidation, disputes

Article 35 Association

(1) Transelectrica can establish, alone or together with other Romanian or foreign legal or natural persons, other companies or legal entities, under the terms of legal provisions and of these Articles of association.

(2) Transelectrica can conclude associations with other legal or natural persons without constituting new legal persons if the association is aimed at achieving its purpose and object of activity.

(3) Transelectrica's participation requirements in the constitution of new legal persons or in association contracts will be set under legal documents to be approved by the shareholders' general assembly or by the Directorate, as the case may be.

Article 36 Changing the juridical form

(1) The legal status of Transelectrica will be changed only by decision of the shareholders' general extraordinary assembly and by observing all formalities provided in the law.

(2) The legal status of Transelectrica can be changed only by a majority of at least two-thirds of the voting rights held by the attending or represented shareholders.

(3) The new company will fulfil the legal registration and advertising formalities required when companies are established.

Article 37 Dissolving

Transelectrica will be dissolved under the following circumstances:

- (i) It is impossible to carry out its activities;
- (ii) Invalidity is stated;
- (iii) Decision of the shareholders' general assembly;
- (iv) Bankruptcy procedure is initiated;
- (v) Other law-provided causes;

Article 38 Liquidation

(1) Dissolving Transelectrica entails initiating the liquidation procedure.

(2) Transelectrica is liquidated and patrimonial stocks are distributed according to legal requirements, while observing the legal procedure.

Article 39 Disputes

(1) Any dispute occurring between Transelectrica and Romanian or foreign legal or natural persons are the competence of common law courts.

(2) Disputes arising from the contractual relations between Transelectrica and Romanian foreign legal or natural persons can be also settled by arbitration, according to legal provisions.

CHAPTER 10

Conditions ensuing from the community acquis

Article 40 “Interdictions”

(1) While exercising the capacities of shareholder, of Supervisory Board and Directorate member:

- a) The same person or persons is / are not entitled:
 - (i) To exercise direct or indirect control over an economic operator that carries out generation or supply activities and, at the same time, to exercise direct or indirect control or any right over Transelectrica; or
 - (ii) To exercise direct or indirect control over Transelectrica while also exercising direct or indirect control or any right over an economic operator that carries out generation or supply activities;
- b) The same person or persons is/are not authorised to appoint members in the Supervisory Board, Directorate or other bodies representing Transelectrica in legal terms while also exercising direct or indirect control or any right over an economic operator that carries out any of the generation or supply activities, as well as in case of Transelectrica;
- c) The same person is not authorised to be a member in the supervisory board, directorate, board of administration or other bodies representing the economic operator in legal terms, both in case of such economic operator carrying out generation or supply activities and in case of Transelectrica.

(2) The rights provided in para (1) let. a) & b) comprise:

- (i) The competency to exercise voting rights;
- (ii) The competency to appoint members of the supervisory board, directorate, board of administration or other bodies representing the economic operator in legal terms;
- (iii) Holding the majority quota.

(3) To the purpose of para (1) letter a) the phrase "economic operator that carries out power generation and supply" also includes the gas production and supply activities.

CHAPTER 11

Final provisions

Article 41

The provisions of these Articles of association are completed with the provisions of the Company Law 31/1990, republished, with later amendments and additions, of Governmental Emergency Ordinance 109/2011 on the corporate governance of public companies, with later amendments and additions, the Civil Code and the applicable capital market norms.

**ANNEX 1 to the Articles of association of the National Power Grid Company
Transelectrica SA**

LIST

**With the branches, system operators and subsidiaries of the
National Power Grid Company Transelectrica SA**

1. Branches of Transelectrica SA

No.	Branch name	Locality	Offices
1.	Transmission Branch Bacau	Bacau	Str. Oituz no. 41
2.	Transmission Branch Bucharest	Bucharest	Sos. Stefan cel Mare no. 1A, sector 1
3.	Transmission Branch Cluj	Cluj-Napoca	Str. Memorandumului no. 27
4.	Transmission Branch Craiova	Craiova	Str. Brestei no. 5
5.	Transmission Branch Timisoara	Timisoara	Str. Piata Romanilor no. 11
6.	Transmission Branch Constanta	Constanta	Blvd. Alexandru Lapusneanu no. 195 A, bl. LAV1, ground floor and mezzanine
7.	Transmission Branch Pitesti	Pitesti	Str. Fratii Golesti no. 25 B
8.	Transmission Branch Sibiu	Sibiu	Blvd Corneliu Coposu no. 3

2. Offices of the system operator

No.	Name of system operator	Locality	Offices
1.	National Power Dispatcher	Bucharest	Blvd. Hristo Botev no. 16-18, sector 3
2.	Territorial power dispatcher Bacau	Bacau	Str. Optus no. 41
3.	Territorial power dispatcher Bucharest	Bucharest	Blvd. Hristo Botev no. 16-18, sector 3
4.	Territorial power dispatcher Craiova	Craiova	Str. Nicolae Titulescu no. 1
5.	Territorial power dispatcher Timisoara	Timisoara	Str. Piata Romanilor no. 11
6.	Territorial power dispatcher Cluj	Cluj-Napoca	Str. Taberei no. 1

3. Subsidiaries of Transelectrica SA

No.	Subsidiary name	Locality	Offices
1.	Electricity Market Operator Company Opcom SA	Bucharest	Blvd. Hristo Botev no. 16 -18, sector 3
2.	Power Grid Maintenance Services Company Smart SA	Bucharest	Blvd. General Gheorghe Magheru no. 33, sector 1
3.	Romanian Power Engineers Training Company FORMENERG SA	Bucharest	Blvd. Gheorghe Sincai no. 3, sector 4
4.	Power Grid Telecommunications and Information Technology Company TELETRANS	Bucharest	Blvd. Hristo Botev no. 16-18, sector 3

	SA		
5.	Subsidiary Power Research and Modernisation Institute ICEMENERG SA Bucharest	Bucharest	Blvd. Energeticienilor no. 8, sector 3
6.	Subsidiary ICEMENERG-SERVICE SA Bucharest	Bucharest	Blvd. Energeticienilor no. 8, sector 3

These updated Articles of Association are opposable to third parties when registering Decision no. of the Shareholders' General Extraordinary Assembly in the Trade Register and publishing it in Romania's Official Gazette, Part IV, in accordance with the provisions of article 204 para (4) of the Company Law 31/1990, republished, with later amendments and additions.