

Current report according to the provisions of Law no 297/2004, Regulation 1/2006 and BSE Code

Date of the report: **August 1, 2016**

Name of the Issuer Company: **National Power Grid Co. Transelectrica SA, managed under two tier system**

Headquarters: Bucharest 1, Blvd. Magheru no. 33

Working location: no. 2-4, Olteni Street, Bucharest 3

Phone/fax number: 4021 3035 611/4021 3035610

Single Registration Code: 13328043

Number in the Commercial Register: J40/8060/2000

Share capital subscribed and paid: 733,031,420 RON

Regulated market where the issued securities are transacted: Bucharest Stock Exchange

Important event to report: National Regulatory Authority for Energy has approved the Development Plan of the Power Transmission Grid for 10 years (2016-2025).

National Power Grid Company Transelectrica informs the investors about the approval by National Regulatory Authority for Energy of the **Development Plan of the Power Transmission Grid for 10 years**.

According to the attributions and authorities established by the Gas and Electricity Law no. 123/2012 and the specific conditions associated to License no. 161 for performing the electricity transmission service, for performing system service and for balancing market management, the NPG Co. Transelectrica plans the development of the Power Transmission Grid taking into account the current status and the forecasted evolution of consumption, of the output park and of electricity exchanges and elaborates every two years a Development Plan for the next 10 consecutive years.

Through the Development Plan of the Power Transmission Grid for the period 2016-2025, the following priority paths in making investments have been established: the extension of the Power Transmission Grid by building new lines and by refurbishment of existing stations; the growth of the interconnection capacity, the growth of the transmission capacity between the Est (Dobrogea) and the rest of interconnected National Power System; the safety of consumption supply in poor areas and the refurbishment of the existing stations. Thus, at the end of the year 2025, Transelectrica will manage an equipment park, updated in terms of technology, with a high degree of reliability and power efficiency. The benefits will be obvious: the increase of the quality of transmission service and the decrease of the network operation cost (exploitation, maintenance and internal consumption).

The Power Transmission Grid's development projects included in the Development Plan of the Power Transmission Grid 2016-2025 meet the needs of the National Power System identified for the situations that led to elaborating the Plan. At a wider level they integrate in the efforts of all transmission and system operators to develop trans-European networks and to ensure their interoperability.

The projects considered of European common interest (European important projects that will contribute by their implementation to achieving the energy politics objectives and environment protection at the EU level) have been included on the second list of European projects of EU in the EU delegated Regulation no. 89/2016, and in the Ten Year Network Development Plan (TYNDP) 2014 and "the Development Plan of the Power Transmission Grid for 2016-2025" as:

- ✓ Project 138 "Black Sea Corridor" (LEA 400 Kv dc Smardan – Gutinas; LEA 400 kV dc Cernavoda – Stalpu, with an input/output circuit in Gura Ialomitei).

- ✓ Project 144 “Mid Continental East Corridor” (LEA 400 Kv Resita (RO) – Pancevo (Serbia); LEA 400 Kv Portile de fier – Resita and expansion of 220/110 Kv Resita station by building new 400 kV station; the passing at 400 Kv of LEA 220 kV dc Resita – Timisoara – Sacalaz – Arad, including the building of 400 Kv Timisoara and Sacalaz stations).

The total value of planned investments in the Development Plan of the Power Transmission Grid is estimated at 5 billion lei. The mentioned value does not include the connection investments of new users at the Power Transmission Grid, the funding of these investments will be done by connection fee paid by the connected user.

The Company will use a balanced and adequate mix for funding the planned investments, taking into consideration all the options and tools offered both by the financial market and by grant programs managed by European Union and considering the following objectives:

- Maximizing the funds raised by grant programs managed at the European Union level according to the eligibility of investment projects;
- Keeping an adequate credit profile, from the point of view of financial position and of capacity to cover payment commitments to creditors and from the perspective of liquidity profile to sustain or improve the current credit rating of the company;
- Compliance with restrictive conditions assumed by funding contracts;
- Minimizing the funding costs.

The Development Plan of the Power Transmission Grid for 2016-2025 will be available on the website www.transelectrica.ro at Power Transmission Grid Management.

Ion Toni – TEAU

Chief Executive Officer

Directorate Chairman