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PRESS RELEASE

Transgaz notifies all those concerned of the latest information from the media with respect to the announcement of FGSZ – the gas transmission system operator in Hungary, related to the gas transmission project BRUA – phase II.

On July 18, 2017, Transgaz received a letter from the Hungarian gas transmission system operator – FGSZ – with respect to the binding open season procedure scheduled to be conducted for the allocation of the capacities related to the Romania – Hungary – Austria gas transmission corridor.

In this letter FGSZ brought to our attention that it cannot conduct the planned procedure because it did not receive the relevant approvals from the company's Supervisory Committee because of economical efficiency issues. Instead, the Hungarian party suggested to conduct the binding open season procedure only for the interconnection point RO-HU, whereby the 4.4 bcm/year coming from Romania to be distributed from Hungary to Slovakia, Ukraine, Croatia or Serbia. In parallel, FGSZ would continue discussions with the Austrian gas transmission system operator (Gas Connect) to further identify physical transmission possibilities from Hungary to Austria.

In this context, Transgaz notifies the shareholders and potential regional investors that, from the company's perspective the objectives and projects the company has committed in respect of the development on Romania's territory of the BRUA infrastructure shall remain unchanged.

As far as Transgaz is concerned, the planning and conduct of the open season procedure will take into account all the proposed objectives of the BRUA corridor, including the assurance of its supply with the gas deemed to be produced in the Black Sea. Considering the importance of the BRUA project at national, regional and European level, Transgaz will act in such a manner as to ensure that the commencement of the commercial operation of this gas source is not affected in any way.

As you are well aware, the BRUA project was developed in the context of the need for diversification of European countries' gas supply sources, the increase of our country's security of gas supply by access to new sources, the transmission towards Central and South - Eastern European countries of the Caspian gas reserves. The project will ensure bi-directional gas transmission capacities of 1.5 bcm/y to Bulgaria and will develop new transmission capacities of 1.75 bcm/y (Phase I) and 4.4 bcm/y (Phase II) to Hungary. Transgaz is currently implementing Phase I of the project which benefits from EU financial assistance.

Transgaz is committed and determined to act in order to timely and effectively implement this project, in accordance with EU objectives. This is a clear confirmation that Transgaz is rigorously adhering to European commitments and to infrastructure development programs, including in terms of ensuring the relevant export capacity.

SNTGN Transgaz SA is the technical operator of the national gas transmission system and it is responsible for its operation under quality, safety, efficiency and environmental conditions.

CORPORATE COMMUNICATION DEPARTMENT