

CONPET S.A. PLOIESTI

No. _____

ENDORSED
General Director
Eng. Ilasi Liviu

SUBSTANTIATION NOTE

Performance Objectives and Criteria representing Annexes 1 and 1.1 to the Administration Contracts,

calculated based on the provisions of 2016 Revenues and Expenditure Budget

Information providing the basis for the calculation of the performance indicators stipulated in the annexes:

- Annex 1 „Performance Objectives and Criteria for the administrators along the Administration Contract;
 - Annex 1.1 „Performance Objectives and Criteria for the administrators for 2016”
- are comprised in 2016 Revenues and Expenditure Budget.

Furtheron, we expose the means of calculating the performance indicators:

Annex 1

Performance Objectives and Criteria for the company administrators, for the period left of the Administration Contract are:

| Objective / Performance Indicator | Calculation formula | MU | Indicators' Value | | |
|--|----------------------------|-----------------------------|----------------------------|----------------|----------------|
| | | | Achieved estimated in 2015 | 2016 | 2017 |
| EBITDA | Operating profit | Thousand RON | 62,243 | 71,266 | 73,460 |
| | amortization +depreciation | Thousand RON | 48,273 | 46,755 | 50,515 |
| | EBITDA | Thousand RON | 110,516 | 118,021 | 123,975 |
| Decrease in the total number of technical breakdowns | Operating Expenses | Thousand RON | 349,540 | 337,813 | 343,698 |
| | Turnover | Thousand RON | 381,353 | 373,024 | 379,564 |
| | % in turnover | % | 91,66% | 90,56% | 90,55% |
| Labour productivity growth | Operating revenues | Thousand RON | 411,783 | 409,079 | 417,158 |
| | Average no. of employees | persons | 1,704 | 1,704 | 1,704 |
| | Labor productivity | Thousand RON /person | 242 | 240 | 245 |
| Decrease in the total number of technical breakdowns | | No. of technical breakdowns | 56 | 54 | 52 |
| Enhance visibility on the BSE | | % | 100% | 100% | 100% |

Annex 1.1

Performance objectives and indicators for the company administrators related to 2016:

| Crt. No. | Objective / Performance Indicator | Calculation formula | MU | Indicators' Value | | | |
|----------|--|----------------------------|-----------------------------|-------------------|---------------|---------------|----------------|
| | | | | Q I | Q II | Q III | Q IV |
| 1 | EBITDA | Operating profit+ | Thousand RON | 14,958 | 35,268 | 55,224 | 71,266 |
| | | amortization +depreciation | Thousand RON | 11,689 | 23,377 | 35,066 | 46,755 |
| | | EBITDA | Thousand RON | 26,647 | 58,645 | 90,290 | 118,021 |
| 2 | Decrease in the total number of technical breakdowns | Operating expenses | Thousand RON | 83,898 | 164,708 | 246,821 | 337,813 |
| | | Turnover | Thousand RON | 91,248 | 184,159 | 277,609 | 373,024 |
| | | % in turnover | % | 91,95% | 89,44% | 88,91% | 90,56% |
| 3 | Labour productivity | Operating Revenues | Thousand RON | 98,856 | 199,976 | 302,045 | 409,079 |
| | | Average no. of employees | persns | 1,704 | 1,704 | 1,704 | 1,704 |
| | | Labor productivity | Thousand RON/person | 58 | 117 | 177 | 240 |
| 4 | Decrease in the total number of technical breakdowns | | No. of technical breakdowns | 14 | 27 | 40 | 54 |
| 5 | Enhance visibility on the BSE | | % | | 100% | 100% | 100% |

The performance indicators distributed per quarters are presented cumulated as of the end of the year up to the end of each quarter.

For the General Director (executive administrator) shall be concluded, by the Board of Administration, an Addendum to the Contract of Mandate containing Annex 2.1. „ Performance objectives and indicators for the General Director during the execution of the Contract of Mandate” and Annex 2 „Performance objectives and indicators for the General Director corresponding to 2016”, calculated based on the provisions of 2016 Revenues and Expenditure Budget.

Considering the above, we hereby request the approval of Annexes 1 and 1.1. and the conclusion of Addendum no. 7 to the Administration Contract, having as scope these annexes.

Economic Director
Econ. Toader Sanda, S.s. Illegible

Manager of the Financial Department
Econ.Curteanu Veronica, S.s. Illegible

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