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23.04.2016

THE DIRECTORATE GENERAL PRIVATIZATION AND ADMINISTRATION OF STATE HOLDINGS IN ENERGY

To,

CONPET S.A. PLOIESTI

In the attention of: the Board of Administration

Pursuant to the OGMS convening notice dated 28/29.04.2016, at item 5 on the Agenda, is submitted for approval the special dividend distribution (extra) out of the „Retained Earnings” account.

Considering the positive effects, as well as the risks related to such a decision in the general and special context where CONPET performs its activity, and as the note presented (no.8754/24.03.2016) in the meeting documentation is extremely brief and unsubstantiated in relation to the application of a dividend policy to CONPET S.A., we hereby kindly ask you to inform us on the main arguments that have led to the proposal to grant the extra dividend.

In settling the dividend policy, the administrators of a company must consider that the declaration of a dividend estimated for the future translates into a growth driver of the shares price on the market. The appreciation of these shares on the market is reasoned, besides the dividend itself that is estimated to be granted, the more as it is also declared an extra dividend and the dividend estimations point out future profits, future cash flows with positive balance. On the other hand, the preferences of some important shareholders cannot be ignored. Therefore, for instance, a shareholder investment fund may choose an increased rate of the dividend, to the detriment of the amount out of profits allocated as investment source or the financing of the company’s activity. Other shareholder, with a longer term vision could support the reinvestment of a larger part of the net profit or militate for a prudential attitude against certain reserves that may stand as a support for maintaining a profitability of the company for future periods, so that the profit not be materially altered given the occurrence of some adverse exogenous factors.

Analyzing item 27 “Risks Management” of the explanatory Notes to the financial statements for the year ended 31.12.2015, among the risks is to be found the market risk related to the quantities traded by CONPET via NTS, quantities not depending on the company’s operational potential to be controlled, but on complex contexts related to the decisions of the beneficiaries of the transport service. Significant fluctuations on this segment, depending, on their turn, on the outlets of the raw products and the processed ones, lead CONPET to a regression in the economic and financial indicators that need adjustments from the reserves created during the favourable financial years.

Considering the above, in view of issuing the voting mandate on this subject, we hereby kindly request to be presented, within the contents of the notification, a related risks assessment, an assessment of the



cash-flow sustainability, of the future forecasts on the evolution of the economic and financial indicators, of the considered market context, and, particularly, of the coverage rate of new investment or modernization needs, so that this extremely positive message sent to the investors not represent an exceptional case, however non-repeatable.

Sincerely yours,

GENERAL DIRECTOR,
Ph.D. Bogdan STĂNESCU
S.s. Illegible
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