

Recommended for analysis and approval in the OGMS meeting dated
CONPET S.A. Ploiești

Endorsed

No. _____

Chairman of the Board of Administration
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SUBSTANTIATION NOTE
Performance objectives and indicators forming annexes 1 and 1.1 to the
Administration Contracts,
calculated based of the provisions in
the Income and Expenses Budget for the year 2017

The information based on which have been calculated the performance indicators provided in annexes:

- Annex 1 „The performance objectives and indicators for the administrators along the Administration Contract;
- Annex 1.1 „The performance objectives and indicators for the administrators along the year 2017”

are comprised in the Income and Expenses Budget for the year 2017.

Hereinafter will be revealed the calculation manner of the performance indicators:

Annex 1

The performance objectives and indicators for the company's administrators along the Administration Contract period left to be executed are:

Objective / Performance indicators	Calculation formula	MU	Indicators Value	
			Achieved Estimated 2016	2017
EBITDA	Operating profit+	Thousand RON	75,091	80,801
	amortization +depreciation	thousand RON	42.405	44,809
	EBITDA	thousand RON	117,496	125,610
Decrease of the operating expenses	Operating expenses	Thousand RON	337,363	328,785
	Sales Revenue	thousand RON	380,489	373,610
	% in the turnover	%	88.67%	88.00%
Increase of labor productivity	Operating revenues	Thousand RON	412,455	409,586
	Average number of personnel	pers	1,670	1,675
	Labor productivity	Thousand RON/pers	247	245
Decrease of the total number of technical breakdowns		no of technical breakdowns	30	29
Increase of visibility at		%	100%	100%

Annex 1.1

The performance objectives and indicators for the year 2017 are:

Crt. No.	Objective / Performance indicator	Calculation formula	MU	Indicators Value			
				Q I	Q II	Q III	Q IV
1	EBITDA	Operating profit+	thousand RON	15,283	37,512	60,400	80,801
		amortization +depreciation	thousand RON	11,202	22,404	33,607	44,809
		EBITDA	thousand RON	26,485	59,916	94,007	125,610
2	Decrease of the operating expenses	Operating expenses	thousand RON	81,204	160,968	241,277	328,785
		Sales Revenue	thousand RON	87,274	180,870	275,669	373,610
		% in the turnover	%	93.04%	89.00%	87.52%	88.00%
3	Increase of labor productivity	Operating revenues	thousand RON	96,487	198,480	301,677	409,586
		Average number of personnel	pers	1,675	1,675	1,675	1,675
		Labor productivity	Thousand RON/pers	58	118	180	245
4	Decrease of the total number of technical breakdowns		No, of technical breakdowns	6	13	21	29
5	Increase of visibility at BSE		%		100%	100%	100%

The performance indicators distributed per quarters are being presented YTD.

For the Director General (executive administrator) will be completed, by the Board of Administration, addendum to the Mandate Contract with Annex 2.1 "Performance objectives and indicators for the Director General along the Mandate Contract" and Annex 2 "Performance objectives and indicators for the Director General for the year 2017, calculated based on the provisions in the Income and Expenses Budget for the year 2017.

Considering the above, we hereby require the approval of Annexes 1 and 1.1 and the approval of conclusion of addendum no.9 to the Administration Contracts, having as scope these annexes.

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