

Recommended for analysis and endorsement in the meeting of the Board of Administration of _____ and for approval in the Ordinary General Meeting of Shareholders of _____

**CONPET SA
ECONOMIC DIRECTORATE
No. 11113 /20.03.2017**

**ENDORSED BY,
Chairman of the Board of Administration
Dan WEILER**

**To,
Ordinary General Meeting of Shareholders**

**NOTE
on the allocation of the net profit for the financial year 2016 and of certain amounts from the retained earnings**

The proposals for the allocation of the net profit for the financial year 2016 and of certain amounts of the retained earnings were made in accordance with the legislation in force, respectively:

- Accounting Law no. 82/1991, republished, art. 19, paragraph (3);
- *Order no. 2.844/2016 for the approval of the Accounting Regulations compliant with the International Financial Reporting Standards;*
- *Companies Law no. 31/1990, republished;*
- **Government Ordinance no. 64/2001** on the profit allocation in the national companies and trading companies with fully-owned state capital or majority state-owned capital, as further amended, and Order no. 144/2005 of the Ministry of Public Finance on the approval of the Clarifications for the determination of the amounts subject to profit allocation according to the Government Ordinance no.64/2001 (art.1 paragraph (3));
- Law no. 227/2015 on Fiscal Code;
- Revenue and Expenditure Budget for 2016 approved by Resolution no. 1 of the Ordinary General Meeting of Shareholders (A.G.O.A.) dated March 17, 2016;
- Memorandum on "Empowering the state representatives in the General Meeting of Shareholders / Board of Administration, as appropriate, to national companies and companies with fully or majority state-owned capital, and Regies Autonomes in order to take necessary measures to allocate a quota of minimum 90% of the 2016 net profit achieved as dividends / payments to the state budget";
- Emergency Ordinance no. 109/2011 concerning the corporate governance of public enterprises;
- Law 297/2004 on the capital market, as further amended and supplemented;
- National Securities Commission Regulation no. 1/2006 on security issuers and operations, as further amended and supplemented (art. 129 paragraph (2)).

CONPET **accounting profit** recorded on December 31st, 2016, subject to the allocation, amounts to **76,302,914 RON**, higher by 4,756,310 RON compared to the net profit to be distributed, because the amount of 4.756,310 RON, representing employees' share of profit, has been registered, as provision, on the expense of 2016.

Considering the above provisions, in compliance with the accounting policies adopted by the Board of Administration, to the net profit to be allocated, has been added the amount of **73,725,670 RON** representing the **retained earnings**, out of which 17,118,920 RON, related to the elements having affected the previous years profit, and 56,606,750 RON derived from the revaluation reserves surplus.

Under these circumstances, the Board of Administration proposes to the Ordinary General Meeting of Shareholders to approve the followings:

a) Distribution, according to legal destinations, of the accounting profit remaining after the deduction of income tax at December 31st, 2016, amounting to 76,302,914 RON, as follows:

Crt. No.	Element	Amount (RON)	Weight of the element in the total
I	Remaining accounting profit following the deduction of the corporate tax, reunified with the provision for employees' share of profit	76,302,914	100.00%
1	Employees' share of profit	4,756,310	6.23%
2	Other allocations stipulated by law – exemption from the payment of the reinvested profit tax	1,710,000	2.24%
3	Dividends due to shareholders	69,836,604	91.53%

Statements on the calculations for determining the amounts distributed from the net profit

- the employees' profit share, amounting to 4,756,310 RON, was determined in accordance with the provisions of the Minister of Public Finance Order no.144/2005 within the limit of one monthly average base salary earned in 2016, depending on the average number of employees achieved in the ended financial year and represents 6.23 % of the profit to be distributed;
- Other distributions required by law, amounting to 1,710,000 RON, which represents the amount of reinvested profit subject to the exemption from payment of corporate tax during 2016, according to art. 22 of Law no. 227/2015 regarding the Fiscal Code;
- The difference of 69,836,604 RON (91.53% of the profit to be distributed) is proposed

to be distributed as dividends to the shareholders, based on the Revenues and Expenditure Budget for 2016 and the Memorandum on the allocation of a quota of at least 90% of the achieved 2016 net profit as dividends / payments to the state budget.

No amounts were allocated to legal reserves because they are currently set up within the limit of 20 % of the share capital, according to the provisions of art.183 paragraphs (1) and (2) of Law no.31/1990 on companies, as further amended and supplemented;

The dividend per share

Whereas:

- the dividends due to shareholders according to the distribution proposal for profit of year 2016 amount to 69,836,604 RON;
- the dividends are distributed to the shareholders pro rata with the contribution share thereof to the share capital and
- on 31.12.2016 the company's share capital amounts to 28,569,842 RON, divided into 8,657,528 ordinary, registered, indivisible shares with a par value of 3.3 RON,

*it results a value of the gross dividend of **8,06657559 RON / share**.*

b) The distribution, as dividends, of the amount of 17,118,920 RON representing retained earnings from correction of some elements having affected the prior years' profit.

The dividend per share

Whereas:

- The amount, of the retained earnings, proposed for distribution as dividend is 17,118,920 RON;
- The dividends are distributed to the shareholders pro rata with the contribution share thereof to the share capital and
- At 31.12.2016, the company's share capital amounts to 28,569,842 RON, divided into 8,657,528 ordinary, registered, indivisible shares with a par value of 3.3 RON,

*it results a value of the gross dividend of **1,97734501 RON / share**.*

c) The distribution, as dividends, of the amount of 56,606,750 RON, representing surplus achieved from revaluation reserves, recognized in the retained earnings.

The dividend per share

Whereas:

- The amount, of the retained earnings, representing the surplus from revaluation reserves, proposed for distribution as dividend is 56,606,750 RON;
- The dividends are distributed to the shareholders pro rata with the contribution share thereof to the share capital and

- At 31.12.2016, the share capital of the company is 28,569,842 RON, divided into 8,657,528 ordinary, registered, indivisible shares with a par value of 3.3 RON,

*it results a value of the gross dividend of **6,53844261 RON/share**.*

Common provisions

The dividends are due to the shareholders who hold shares on the **registration date** approved by the Ordinary General Meeting of Shareholders convened for April 26/27, 2017.

The provisions of art.238 (1) of Law 297/2004 on the capital market show that “by way of derogation from the provisions of Law no.31/1990 on companies, republished, as further amended and supplemented, the identification date of the shareholders who will benefit from dividends or from other rights and who will be bound by the resolutions of the general meeting of shareholders will be established by the latter. This date will be **at least 10 business days after the date of the general meeting of shareholders.**”

We propose the approval of the date of **30.06.2017** as registration date, respectively of identification of the shareholders bound by the resolutions of the general meeting of shareholders.

Dividends payment deadline

The dividend payment date will be the date permitted by the law, within maximum 15 business days after the registration date established by the General Meeting of Shareholders (art. 129³ of the National Securities Commission Regulation no.1/2006).

Considering that:

- according to art. (1) paragraph (3) of the Government Ordinance 64/2001, the company is bound to pay the dividends due to shareholders within **60 days** after the legal deadline for submission of the annual financial statements, and
- the submission deadline of the annual financial statements, according to the Ministry of Public Finance Order 166/2007, is ...”150 days after the end of the financial year...”

*it results that the deadline for the payment of dividends due to shareholders is **July 27th, 2017**.*

Corroborating the above mentioned provisions, we propose to the Ordinary General Meeting of Shareholders to establish the date of **20.07.2017** as the dividend payment date.

The net value of the dividends will be calculated as follows:

- the gross value of the dividends related to each shareholder will be calculated by multiplying the number of shares held on the **registration date** by the value of the gross dividend per share, the resulting amount being rounded upwards or downwards to two decimals;
- the dividend tax will be calculated and withheld according to the provisions of the Fiscal Code;
- the net value of the dividends to be paid will consist of the difference between the gross value and the related tax.

Dividends payment method

The dividends will be paid in RON only to the shareholders registered in the Shareholders' Register (kept by “Depozitarul Central” S.A.) on the registration date established by the General

Meeting of Shareholders and the payment method will be notified to the shareholders prior to the starting date of such payment.

The expenses related to the payment of dividends are borne by the shareholders.

Director General,
Eng. Liviu Ilași
S.s Illegible, Stamp

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

Head of the Accounting Service,
Econ. Roxana Dauș
S.s. Illegible