

**To: Bucharest Stock Exchange
Romanian National Securities Commission**

The current report according to Art. 113 point A, paragraph (1) letter j) of the Romanian National Securities Commission Regulation no. 1/2006 regarding the issuers and the operations with securities, as subsequently amended and completed, as well as the provisions of art. 99 in the Code of the Bucharest Stock Exchange, Title II, Issuers and Financial Instruments.

Important events to be reported:

Litigation update regarding Fondul Proprietatea SA (the "Fund")

Franklin Templeton Investment Management Ltd. United Kingdom Bucharest Branch ("FTIML Bucharest Branch / The Fund Manager"), in its capacity of Sole Administrator and Fund Manager of the Fund, would like to inform shareholders and investors of a litigation filed by Filiala Hidroelectrica Hidrosind (i.e. Hidroelectrica's union, further referred to as "Hidrosind") against the Fund, and registered with the Bucharest Court under docket no. 15749/3/2012.

Although initially this file referred to other parties (i.e. Hidrosind vs. Hidroelectrica) and the Fund was not a defendant therein, on 4 February 2013 Hidrosind challenged in court the validity of the Fund's GSM Resolutions nos. 5, 6, 17, 18/25 April 2012 and GSM Resolutions nos. 14, 16, 25, 26, 31, 34, 35, 36/23 November 2012. The said resolutions refer to, among others, the ratification and re-adoption of the legal acts performed by the Fund Manager. Also, please note that the next hearing in this case has been set for 4 March 2013.

The Fund Manager will continue to update shareholders and investors of any further material developments in this file, and will continue to vigorously defend the interests of the Fund and all of its shareholders.

Franklin Templeton Investment Management Ltd. United Kingdom Bucharest Branch, acting as Sole Administrator on behalf of S.C. FONDUL PROPRIETATEA S.A.

Adrian CIGHI
Legal Representative

Report date:

6 February 2013

Name of the issuing entity:

S.C. Fondul Proprietatea S.A.

Registered office:

78-80 Buzesti St.,
7th floor, district 1,
Bucharest, postal code 011017

Phone/fax number:

Tel.: + 40 21 200 9600

Fax: + 40 21 200 9631

Sole Registration Code with the Trade Register Office:

18253260

Order number in the Trade Register:

J40/21901/2005

Subscribed share capital:

RON 13,778,392,208

Paid share capital:

RON 13,412,803,666

Regulated market on which the issued securities are traded:

Bucharest Stock Exchange