

NOTE

**Regarding point 2 on the Agenda of the Extraordinary General Shareholders' Meeting
of 21 January 2015**

Re: The share capital decrease of Fondul Proprietatea SA for the optimization of the share capital of Fondul Proprietatea, involving the return to the shareholders of a part of their contributions, proportionally with the share capital decrease

Description:

The Fund Manager of Fondul Proprietatea ("the Fund") submits to shareholders' approval a decrease of share capital by reducing the par value of the shares, the resulting funds being returned to the shareholders registered in the shareholders' register of the Fund as at the record date of this event.

The proposed reduction of the nominal (face) value of the shares is of RON 0.05 per share.

The return of capital is in line with our annual cash distribution policy.

Legal grounds:

According to the Romanian Companies' Law (Law 31/1990, with subsequent amendments – "RCL") the shareholders can approve distributions of capital by approving the decrease of the share capital by reducing the nominal value of the shares.

The legal grounds for this operation are based on:

- Article 207 para. (2) of RCL: "(2) When the decrease of the share capital is not motivated by losses incurred, it may yet be done by: [...] b) returning to the shareholders of a share of their contributions, in proportion to the decrease of the share capital equally calculated for each share."
- Article 208 para (1) of RCL: "(1) The decrease of the share capital can only be performed after a two months' period passing from the day of the publication of the decision in the Official Gazette of Romania, Part IV."
- Article 113 of RCL: "The extraordinary general meeting shall gather whenever a decision is necessary to be made for: [...] g) decrease of the share capital".

Assumptions:

- The registration of the shareholders' resolution with Trade Register is not blocked by a litigant party;
- The Financial Supervisory Authority endorses the share capital decrease without comments;
- The share capital decrease approved in September 2014 for cancelling the shares acquired during the third buy-back programme will have taken place before this resolution is implemented.
- The proposed reduction of the par value of the shares is RON 0.05 per share.

Impact estimation

Estimated net profit 2014 (RON)	987,760,378
Less net capital gains on disposal of financial instruments & unrealised changes in fair value (RON)	(404,884,593)
Less related mandatory transfer to legal reserves (RON)	(30,055,271)
Estimated distributable profits (RON)	552,820,513

Total number of shares in issue	12,437,136,723
Less Unpaid shares	(363,812,350)
Less Treasury shares - third buyback 2014	(252,858,056)
Less Treasury shares - fourth buyback	(990,855,616)
Estimated number of shares entitled to receive distributions	10,829,610,701

<i>Gross cash distribution per share (RON)</i>	0.05
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The Fund Manager's proposal, object of shareholders' approval:

The approval of the decrease of the subscribed share capital of Fondul Proprietatea SA from RON 11,575,064,733.65 to RON 10,965,850,800.30 through the reduction of the par value of the shares of Fondul Proprietatea SA from RON 0.95 to RON 0.90. The decrease is motivated by the optimization of the share capital of Fondul Proprietatea, involving the return to the shareholders of a part of their contributions, proportionally with their participation to the paid share capital of Fondul Proprietatea SA.

After the decrease, the subscribed share capital of Fondul Proprietatea SA shall have a value of RON 10,965,850,800.30 being divided in 12,184,278,667 shares, each having a par value of RON 0.90. The decrease of the share capital is performed based on Article 207 para. (2) letter (b) of Law no. 31/1990 and shall be effective, in accordance with Article 208 para. (1) of Law no. 31/1990, after the expiry of a two months term starting with the publication of the general meeting of shareholders resolution in the Official Gazette of Romania, Part IV, provided that Financial Security Authority shall have endorsed the amendment of Article 7 paragraph 1 and Article 9 para. (2) of the Constitutive Act of Fondul Proprietatea SA as approved by shareholders during this meeting.

The approval of the amendment of the Article 7 paragraph 1 of the Constitutive Act of Fondul Proprietatea SA as follows. *"The subscribed share capital of Fondul Proprietatea is in amount of RON 10,965,850,800.30, divided in 12,184,278,667 ordinary, nominative shares, having a face value of RON 0.90/each. The capacity as shareholder of Fondul Proprietatea is attested by a statement of account issued by the Central Depository."*

The approval of the amendment of the Article 9 paragraph 2 of the Constitutive Act of Fondul Proprietatea SA as follows. *"(2) The nominal value of a share is RON 0.90"*.

The approval of the payment to the shareholders registered as such at the registration date of RON 0.05/share, proportionally with their participation to the paid share capital of Fondul Proprietatea SA. The payment shall start on the Payment Date as approved by shareholders for this EGM, provided that the decrease of the share capital mentioned above is effective by that time.

Considering that this proposal is in the interest of the shareholders, the Fund Manager recommends the shareholder to vote "for" this point of the agenda.

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