

NOTE

Regarding point 3 on the Agenda of the Extraordinary General Shareholders' Meeting of 22 November 2013

Re: The share capital decrease of SC 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") intends to submit to shareholders' approval a decrease of share capital by reducing the nominal (face) 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. No tax will arise for the Fund or its shareholders.

Based on the assumptions stated below, the Total Distributions to Shareholders would be estimated to be approximately RON 619 million. It is important to note that this estimate may differ from the actual value, depending on the actual number of Treasury shares (Buybacks) related to 2013 buyback programme and the actual number of paid-up shares in the capital of the Fund, as at the record date of the reduction of the share capital.

Legal base:

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

The legal base for this operation is based on:

- article 207 para. (2) of RCL: "(2) When the writing down of the share capital is not motivated by losses incurred, it may yet be done by: [...] b) restitution 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 shareholder;
- The FSA endorses the share capital decrease without comments;
- The share capital decrease approved in April 2012 for cancelling the shares acquired during first buy-back programme will have taken place before this resolution is in place.
- The proposed reduction of the nominal (face) value of the shares is RON 0.05 per share.

Estimation in time:

- T1: the approval of share capital decrease
- T2 = T1 + 21 days – the publication of the shareholders' decision for the share capital decrease in Official Gazette
- T3 = T2 + 63 days: FP asks the FSA to approve the changes of the Constitutive Act
- T4 = T3 + 30 days: FSA approves the share capital decrease
- T5 = T4 + 3 days: the share capital decrease is effective

The Fund Manager's proposal, object of shareholders' approval:

1. The approval of the decrease of the subscribed share capital of SC Fondul Proprietatea SA from RON 13,538,087,407 to RON 12,861,183,036.65 through the reduction of the par value of the shares of SC Fondul Proprietatea SA from RON 1.00 to RON 0.95. 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 SC Fondul Proprietatea SA. After the decrease, the subscribed share capital of SC Fondul Proprietatea SA shall have a value of RON 12,861,183,036.65 being divided in 13,538,087,407 shares, each having a par value of RON 0.95. The decrease of the share capital is performed based on Article 207 (2) (b) of Companies' Law no. 31/1990 and shall be effective, in accordance with Article 208 (1) of Companies' 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 ("FSA") shall have endorsed the amendment of Article 7 paragraph 1 of the Constitutive Act of SC Fondul Proprietatea SA as approved by shareholders during this meeting.
2. The approval of the amendment of the Article 7 paragraph 1 of the Constitutive Act of SC Fondul Proprietatea SA as follows:
"The subscribed share capital of Fondul Proprietatea is in amount of RON 12,861,183,036.65, divided in 13,538,087,407 ordinary, nominative shares, having a face value of RON 0.95/ each. The capacity as shareholder of Fondul Proprietatea is attested by a statement of account issued by the Central Depository."
3. 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 SC Fondul Proprietatea SA. The payment shall start in 30 days after the decrease of the share capital mentioned at point 1 above is effective.

Considering that this proposal is in the interest of the shareholders, the Fund Manager recommend 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 S.C. FONDUL PROPRIETATEA S.A.**