



**NOTE**

***Regarding the Decrease of the Share Capital of SC Fondul Proprietatea SA***

According to Resolution no. 4 dated 6 September 2010 of the Extraordinary General Shareholders Meeting of Fondul Proprietatea S.A. (“EGM Resolution no. 4/2010”), published in the Official Gazette of Romania no. 4130, Part IV of 30 September 2010, the programme aims to buyback a maximum 1,375,759,258 shares to be purchased for no less than RON 0.2/share and more than RON 1.5/share.

According to EGM Resolution no. 4/2010, the buyback programme:

- a) Shall be effective during 25 January 2011 – 1 March 2012;
- b) The nominal value of all own shares thus purchased by Fondul Proprietatea S.A. may not exceed 10% of the paid share capital;
- c) Each transaction may only involve non-assessable shares.

The payment of the shares thus acquired shall only be done from the available distribution profit or from other available reserves of Fondul Proprietatea S.A. registered in the last audited statutory financial statement, except for legal reserves.

In January 2011, Franklin Templeton Investment Management Limited United Kingdom, Bucharest Branch, as sole administrator of S.C. Fondul Proprietatea S.A. (the “Fund”) publicly launched the buyback of a share package issued by the Fund in order to purchase its own shares; the objective of the buyback programme is to reduce the share capital of the Fund in the future, as per the provisions of Commission Regulation (EC) no. 2273/2003 of 22 December 2003 implementing Directive 2003/6/EC of the European Parliament as regards exemptions for buy-back programmes and stabilisation of financial instruments (“Regulation (EC) no. 2273/2003”). The decrease of the share capital by annulment of the shares thus purchased shall be debated during the Extraordinary General Meeting of Shareholders as per Art. 207 paragraph (1) letter c) of Law no. 31/1990 on trade companies, republished, as subsequently amended and completed.

The buyback programme of own shares issued by S.C. Fondul Proprietatea S.A. has taken place during May– September 2011; the total number of shares thus acquired reached 240,304,801 shares, for an average price of 0.4994 RON/share.

According to Art. 8 paragraphs (1), (4) and (5) of the Constitutive Act of S.C. Fondul Proprietatea S.A., the sole administrator of S.C. Fondul Proprietatea S.A. has called the Extraordinary General Shareholders Meeting with the purpose to achieve the objective of the buyback programme – namely, the decrease of the share capital of the Fund, “*The Extraordinary General Meeting of Shareholders shall decide, in compliance with the law, with regards to the decrease of the share capital of Fondul Proprietatea*”.

Thus, the decrease of the subscribed share capital of S.C. Fondul Proprietatea S.A. proposed by the Sole Administrator shall be from RON 13,778,392,208 to RON 13,538,087,407 as result of the annulment of 240,304,801 own shares acquired by the company. Following the reduction, the subscribed share capital of the company shall be RON 13,538,087,407 divided into 13,538,087,407 shares with a nominal value of RON 1/share. The decrease of the share capital shall be done as per Art. 207 paragraph (1) letter c) of Law no. 31/1990 on companies, republished, as subsequently amended and completed (“Law 31/1990”). The decrease of share capital will be effective after two months calculated from the day the resolution is published in the Official Gazette of Romania, Part IV.



Considering the above as well as the provisions of Regulation (EC) no. 2273/2003 corroborated with Art. 207 paragraph (1) letter c) of Law no. 31/1990, according to which “*Share capital may be decreased by: (...) purchase of own shares, followed by their annulment*”, we hereby submit for the approval of the Extraordinary General Shareholders Meeting of S.C. Fondul Proprietatea S.A. the decrease of the subscribed share capital of S.C. Fondul Proprietatea S.A. from RON 13,778,392,208 to RON 13,538,087,407, as result of the annulment of 240,304,801 own shares acquired by the company, in the above indicated conditions.

Please note that this point of the agenda can be votes only if the quorum condition of 50% of the total voting rights is met, according to Article 14 para. (4) of the Constitutive Act.

**Franklin Templeton Investment Management Limited United Kingdom, Bucharest Branch, as Sole Administrator of S.C. FONDUL PROPRIETATEA S.A.**

**Grzegorz Maciej KONIECZNY**

**Legal representative**

Valeria NISTOR

Head of Legal