FONDUL PROPRIETATEA

Addendum no. 2 to the 2012 Budget

The Budget of Fondul Proprietatea ("the Fund") for the year ended 31 December 2012 ("2012 Budget"), approved by shareholders on 23 November 2011 and amended for portfolio transactions related costs on 4 April 2012, has been prepared under certain assumptions stated in the 2012 Budget Paper presented to shareholders.

This budget Addendum no. 2 to the 2012 Budget should be read together with the Addendum no. 1 to the 2012 Budget approved by shareholders on 4 April 2012 and with the 2012 Budget approved by shareholders on 23 November 2011.

Certain commissions, fees or charges such as FTIML's investment management and administration fees, CNVM monthly fees and the depositary bank's fees are computed based on variables including the Fund's market capitalisation, monthly net asset values, value of assets under custody or volume of portfolio transactions. The actual values of these could be materially different from the assumed values used for the 2012 Budget.

Furthermore, the structure of FTIML's fees has been changed following the approval by shareholders of the Second Addendum to IMA on 4 April 2012, whereby Excess distributions to shareholders will result in additional fees payable to the Fund Manager.

Finally, on 25 April 2012 the shareholders approved a new buyback programme which will also have an impact on the Fund's expenses.

Due to the fact that it is difficult, if not impossible, to estimate reasonably these types of expenses, and it is impractical to continually update the 2012 Budget, we propose that shareholders approve this Addendum of the Shareholders' Decision for approving the 2012 Budget.

Full details are given below for each category of expense, but effectively this Addendum will remove the need for shareholders to continually approve the impact of these variations on the expenses of the Fund, even if the total expenses in the 2012 Budget will be exceeded as a consequence.

FTIML investment management and administration fees

According to the Investment Management Agreement ("IMA") concluded between Franklin Templeton Investment Management Limited United Kingdom, Bucharest Branch ("FTIML" or "the Fund Manager") and Fondul Proprietatea ("the Fund"), as amended in January 2012, starting from 1 January 2012, FTIML's fees, of 0.379% per annum for investment management and of 0.1% per annum for administration, are both computed based on the Fund's market value (defined as the number of issued shares multiplied by the average market price of Fund's share computed for the respective quarter) and are paid quarterly.

At the 4 April 2012 GSM, shareholders approved a Second Addendum to the IMA, referring to an additional management fee payable by the Fund to the Fund Manager if excess distributions (whether by way of purchases of own shares for the purpose of cancellation, special dividends or other distributions) are made by the Fund to shareholders. According to this addendum, in case of excess distributions, FTIML is entitled to receive an additional fee of 1.5% of the excess distribution (if distributions take place in 2012 and 2013) and 1% (after 2013, until the termination of the IMA).

In the 2012 Budget, for estimating FTIML's investment management and administration fees the assumption used was that the average price of the Fund's shares will be RON 0.55 per share (the average price of the Fund's shares from 1 January to 31 August 2011, the latter being the reference date for the 2012 Budget).

If the Fund's actual average share price during 2012 exceeds the price assumed for the 2012 Budget, or if excess distributions take place during 2012, FTIML's fees will be greater than budgeted. However this Addendum removes the requirement for any further shareholder approval.

For clarification purposes, FTIML's fees will continue to be computed in accordance with the IMA as subsequently amended, and to be certified by the Fund's depositary bank.

Other commissions and fees

The **CNVM fee** of 0.1% per annum is calculated based on the Fund's monthly NAV and paid monthly.

Depository bank fees include the following variable components:

- NAV certification fee, computed based on monthly NAV;
- Custody fee, computed based on the value of assets under custody; and
- Trade settlement fee, computed based on the value of portfolio transactions.

For estimating these fees in the 2012 Budget, the assumptions used were that the average NAV will be RON 16,082 million (the average NAV of the Fund from 1 January to 31 August 2011), that there will be no portfolio trades and that the value of assets under custody will be as at 31 August 2011 (the reference date for the 2012 Budget).

If the Fund's actual average NAV over 2012 and / or the value of assets under custody exceed the ones assumed for the 2012 Budget and there are any trades, these commissions and fees will be greater than budgeted. However this Addendum removes the requirement for any further shareholder approval.

For clarification purposes, these commissions, fees and charge will continue to be computed based on the provisions of the CNVM regulations in force, respectively based on the depositary contract concluded with Fund's depositary bank, ING Bank N.V. Amsterdam, Bucharest Branch.

2012 Budget impact of the buy-back programme approved by shareholders on 25 April 2012

On 25 April 2012 the shareholders approved a second buy-back programme. Subject to availability of cash, the Fund Manager is authorized to repurchase up to 1,100,950,684 shares within the next 18 months within the price range of RON 0.2 per share to RON 1.5 per share, such shares to be cancelled upon completion of the buy-back programme, following shareholders' approval.

The buyback of the Fund's shares and their subsequent cancellation will have an impact on the following Fund expenses:

- FTIML fees: 1.5% of the price of the shares repurchased (as already referred to in the section "FTIML investment management and administration fees" above);
- Depositary trade settlement fees: 0.0085% of the price of the shares repurchased;
- 16% profit tax on the gain on cancellation of buybacks, calculated as the nominal value (of 1 RON) of the shares bought back less their acquisition value. Profit tax on the gain on cancellation of buybacks is only recorded and paid after the decrease of the share capital following cancellation of the buybacks.

This Addendum removes the requirement for any further shareholder approval on these expenses.

In conclusion, the Fund Manager will be empowered to:

- **exceed the expenses budgeted for FTIML investment management and administration fees, to the extent arising from:**
  - **the Fund's actual average share price in 2012 being higher than the one assumed for the 2012 Budget;**
  - **excess distributions being made to shareholders in 2012, resulting in increased fees accruing in accordance with the Second Addendum to the Investment Management Agreement approved by shareholders on 4 April 2012;**
- **exceed the expenses budgeted for other commissions and fees (CNVM fees and Depositary bank fees), to the extent arising from the Fund's actual average NAV and / or the value of assets under custody in 2012 being higher than the ones assumed in the 2012 Budget;**
- **incur all expenses related to the buyback of the Fund's shares and their subsequent cancellation (after the approval by shareholders upon the completion of the programme), under the buyback programme approved by shareholders in the 25 April 2012 GSM;**

even if this will result in exceeding the total expenses approved in the 2012 Budget.

Details on such expenses incurred will be provided on a retrospective basis, as part of the Fund's periodical reporting and in the annual report of the Fund Manager.

Grzegorz Maciej Konieczny

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