

To: **Bucharest Stock Exchange
Financial Supervisory Authority**

Current report according to Article 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 Article 99 in the Code of the Bucharest Stock Exchange, Title II, Issuers and Financial Instruments.

Important events to be reported:

Update regarding the legal action filed by Filiala Hidroelectrica Hidrosind ("Hidrosind")

Franklin Templeton Investment Management Ltd. United Kingdom Bucharest Branch (the "**Fund Manager**")/"**FTIML**"), in its capacity as Sole Administrator and Fund Manager of Fondul Proprietatea SA (the "**Fund**"), would like to inform shareholders that in file no. 15749/3/2012, regarding the action filed by Hidrosind challenging the validity of certain decisions of the Ordinary General Meeting of Shareholders (OGM) and Extraordinary General Meeting of Shareholders (EGM) of the Fund and Hidroelectrica, the Bucharest Court of Appeal announced that it has ruled in favour of the Fund and

- it admitted the Fund's appeal,
- it rejected Hidrosind's appeal, and
- decided that Hidrosind must pay the legal fees incurred by the Fund.

We remind you that, in the first stage, Bucharest Court ruled partly in favour of Hidroelectrica and the Fund, by dismissing Hidrosind's claims in relation to some shareholders' decisions issued by Hidroelectrica and by the Fund, and in addition, it ruled against the Fund and annulled the following resolutions of the Fund's shareholders: EGM Decision 5/25 April 2012, EGM Decision 6/25 April 2012, OGM Decision 17/25 April 2012, and OGM Decision 18/25 April 2012.

As a result of the Bucharest Court of Appeal's announcement, all of the Fund's shareholders' resolutions challenged by Hidrosind are now confirmed as being valid and in force. This decision is final and irrevocable.

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

Oana Valentina Truta - Legal Representative

Report date:

18 December 2014

Name of the issuing entity:

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 11,815,279,886.85

Paid share capital:

RON 11,469,658,154.35

Regulated market on which the issued securities are traded:

Bucharest Stock Exchange