



To Bucharest Stock Exchange
Romanian National Securities Commission

The current report according to Art. 113 point A, paragraph (1) letter i) 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 Art. 99 in the Code of the Bucharest Stock Exchange, Title II, Issuers and Financial Instruments

Report date:	05.10.2011
Name of the issuing entity:	SC Fondul Proprietatea SA
Registered office:	78-80 Buzesti St., 7 th 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 13,778,392,208
Paid share capital:	RON 13,405,864,536
Regulated market on which the issued securities are traded:	Bucharest Stock Exchange

Important events to be reported: S.C. Fondul Proprietatea SA (“The Fund”) - Update regarding the creation of the two energy giants, Electra and Hidroenergetica

Franklin Templeton Investment Management Ltd. United Kingdom Bucharest Branch (“FTIML Bucharest”), in its capacity of Sole Administrator and Fund Manager of the Fund, informs that the Romanian Government made a decision to abandon the merger plan of the energy and coal producers aimed at setting-up the two energy giants, Electra and Hidroenergetica. As a result of renouncing to create the two energy giants, the Romanian Government is considering an alternative restructuring plan for the energy and coal sectors by creating two smaller companies, namely Complexul Oltenia and Complexul Hunedoara.

Electra would have been resulted from the merger of Nuclearelectrica S.A., Complexul Energetic Turceni, Complexul Energetic Rovinari and Complexul Energetic Craiova, part of Hidroelectrica and S.N. a Lignitului Oltenia. Hidroenergetica would have incorporated part of the Hidroelectrica’s assets, Hidroserv Bistrița S.A., Hidroserv Slatina S.A., Hidroserv Porțile de Fier S.A., Hidroserv Curtea de Argeș S.A., Hidroserv Sebeș S.A., Hidroserv Hațeg S.A., Hidroserv Cluj S.A. and the power plants Electrocentrale Deva S.A. and Electrocentrale București S.A.

We remind our shareholders that the project for establishing Electra and Hidroenergetica, as approved by the Romanian Government in 2009, was blocked in court by the lawsuits initiated by Fondul Proprietatea, a minority shareholder in most companies that would have been included in this merger plan, as well as by trade unions and by private companies.

Furthermore, FTIML Bucharest, as Sole Administrator and Fund Manager of Fondul Proprietatea, has recommended the Romanian State to organise the initial public offering (IPO’s) for listing Hidroelectrica and Nuclearelectrica on the Bucharest Stock Exchange, this being the best way for increasing operating efficiency and transparency of the companies and the entire electricity generation sector. As a result it should be much easier to attract financing for future development plans of the two companies.



Once again, the Sole Administrator would like to reiterate its commitment to pursue all legal measures with a view to protecting and unlocking the value of the underlying companies within Fondul Proprietatea in the best long-term interest of all the Fund's shareholders.

Franklin Templeton Investment Management Ltd United Kingdom Bucharest Branch, in capacity of Sole Administrator of S.C. FONDUL PROPRIETATEA S.A.

Grzegorz Maciej KONIECZNY

Legal Representative