



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:	09 December 2011
Name of the issuing entity:	SC Fondul Proprietatea SA
Registered office:	78-80 Buzesti St., 7 <sup>th</sup> 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”) - Signing the Memorandum of Understanding between Fondul Proprietatea and the Ministry of Economy, Trade and Business Environment for creating Complexul Energetic Oltenia**

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 Memorandum of Understanding between Fondul Proprietatea and the Ministry of Economy, Trade and Business Environment was signed on 29<sup>th</sup> November 2011 for creating Complexul Energetic Oltenia (“CE Oltenia”), following the merger of Complexul Energetic Craiova SA, Complexul Energetic Turceni SA, Complexul Energetic Rovinari SA and Societatea Națională a Lignitului Oltenia SA.

It should be noted that CE Oltenia is the alternative of the Romanian Government to restructure the energy and coal sectors, following the recent decision to abandon the creation of the two energy giants, Electra and Hidroenergetica.

The main provisions included in the Memorandum agreed by Fondul Proprietatea with the Ministry of Economy are the followings:

- Listing of the company at the Bucharest Stock Exchange or a block sell of the majority stake to strategic investors within 24 months from the registration of the new company at the Trade Registry Office;
- The Company shall be organized as a limited company and managed in two tier system with a Supervisory Board and an Executive Board;
- The Supervisory Board will consist of 7 members and Fondul Proprietatea will have 2 representatives.
- The Executive Board will consist of 5 members and Fondul Proprietatea will have one representative. The recruitment of the members of the Executive Board will be made in a transparent and competitive process of selection, with the help and support of an internationally head-hunting company.



# FONDUL PROPRIETATEA

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- Fondul Proprietatea will have the right and not the obligation to sell its shares under the same terms and conditions if any time Ministry of Economy, Commerce and Business Environment intends to sell a participation in the Company.
- The Supervisory Board and the Executive Board has the obligation to prepare a restructuring plan that includes an investment plan for the next 5 years of the new company in 5 months after the registration of the new Company at the Trade Registry Office. The above restructuring plan has to be approved in the General Shareholders Meeting by the shareholders who together own minimum 90% voting rights.

Based on the 31 October 2011 Net Asset Value (“NAV”) the Fund Manager estimates that CE Oltenia would represent around 7.2% of NAV and in this case would be the 4<sup>th</sup> largest holding in the Fund’s portfolio.

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

**Adrian CIGHI**

**Legal Representative**