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**FONDUL PROPRIETATEA EXPRESSES DISAPPOINTMENT TOWARDS
INADEQUATE IMPLEMENTATION OF CORPORATE GOVERNANCE LEGISLATION
IN ELECTRICA DISTRIBUTIE MUNTENIA NORD AND AEROPORTURI BUCURESTI**

Bucharest, 13 December 2012 - Franklin Templeton Investment Management Limited UK Bucharest Branch, in its capacity of Sole Director and Fund Manager of S.C. Fondul Proprietatea S.A. ("the Fund"), expresses its strong disappointment towards the manner in which FDEE Electrica Distributie Muntenia Nord ("EDMN") concluded the selection process for new members of the Board of Directors, based on the requirements of OUG 109/2011 ("OUG 109/2011") regarding the corporate governance of state-owned enterprises and the manner in which the Ministry of Transportation and Infrastructure is blocking the selection process of an independent Board and also decided not to extend the mandate of the candidate recommended by Fondul Proprietatea in the case of CN Aeroporturi Bucuresti SA ("Aeroporturi Bucuresti").

EDMN appointed three Board members who did not rank among top candidates in the ranking resulting from the candidates' assessment done by both the independent human resources consultant involved in the selection process and the Committee for Nomination and Remuneration of EDMN, while two of them are politically affiliated.

In the case of Aeroporturi Bucuresti, the selection process for appointing a new Board of Directors was suspended with no clear deadlines to finalize the process, after the Ministry of Transportation and Infrastructure received the short list of candidates from the human resources consultant. The Ministry chose instead to extend the mandate of the interim Board, which is composed primarily of members with political affiliation.

We are seriously alarmed by the unsatisfactory implementation of the provisions of OUG 109/2011 by the Romanian State, despite commitments to international financial institutions and despite the provisions of an Ordinance currently in force, and request the Government to urgently address this situation.

EDMN new Board members appointment process



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- On 7 November 2012 the General Shareholders Meeting of EDMN was convened and one of the items on the agenda was related to the appointment of the Board of Directors in accordance with OUG 109/2011 through cumulative voting.
- On 23 November 2012 the Fondul Proprietatea has asked EDMN to provide both the recommendation of the human resources consultant and the recommendation of the Committee. On 27 November 2012, the Fund received from EDMN the short list of 10 candidates to be recommended at this General Shareholders Meeting, as well as the final report of KPMG, the independent human resources consultant, that contained an annex with the ranking of the 23 candidates evaluated by the consultant and by the Committee during the selection process.
- At the General Shareholders Meeting of EDMN on 7 December 2012, the majority shareholder of the company, Electrica SA, based on a mandate obtained from MECMA, decided to vote four candidates as members of the Board of Directors for a four year mandate despite the fact that three of them were not ranked in the top four positions following the selection process.
- Moreover, two of the four new members of the Board voted by the majority shareholder, are members of political parties, holding different positions at central and local levels.

We understand to ask EDMN's majority shareholder Electrica SA and the Ministry of Economy, Commerce and Business Environment to publically disclose their justification for making these Board appointments, which disregards the candidates' ranking resulted from the selection process.

Aeroporturi Bucuresti new Board members selection process

- Following a selection process of several months, during which hundreds of CV's were considered for the position of member of the Board at Aeroporturi Bucuresti, a short list of candidates was sent to the Ministry of Transportation and Infrastructure in mid-September 2012.
- The selection process was conducted by PwC, in consortium with George Butunoiu Executive Search Consultants and David & Baias. The next step in the process is calling a General Shareholders Meeting in order to appoint the new Board, a procedural decision which has been postponed for almost three months, with no apparent justification.
- Instead, the Ministry decided to extend the mandate only for the candidates recommended by the Ministry, leaving Fondul Proprietatea without representation on the Board, despite the significant 20% minority stake it holds in the company.
- The current interim Board was appointed specifically "until the implementation of OUG 109/2011" without a clear deadline to finalize the process.

The way in which the EDMN appointed the new Board of Directors and the way in which the Ministry of Transport is stalling the selection process of an independent Board and decides not to appoint a candidate recommended by the minority shareholder contradicts profoundly the corporate governance principles laid out by OUG 109/2011, namely applying transparent criteria and procedures for selecting members of the Boards of Directors, protecting the minority shareholders rights, as well as reducing the involvement of politics in the way companies are run.



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Launched in December 2005, Fondul Proprietatea ("the Fund") was established to compensate Romanians whose properties were confiscated by the former communist government. An international tender was announced in December 2008, and Franklin Templeton Investments officially took over as investment manager and sole administrator of the Fund on 29 September 2010. The Fund is a closed-end investment company with the investment objective of long-term capital appreciation through via investment primarily in Romanian equity securities.

Franklin Templeton established an office in Bucharest in May 2010, with a team of 27 employees, including 6 locally based investment professionals who are further supported by the over 40 portfolio managers and analysts of the wider Templeton Emerging Markets team.

Franklin Templeton Investment Management Limited is a subsidiary of Franklin Resources, Inc. [NYSE:BEN], a [global investment management](#) organization operating as Franklin Templeton Investments. Franklin Templeton Investments provides global and domestic investment management solutions managed by its Franklin, Templeton, Mutual Series, Darby and Bissett investment teams. The San Mateo, CA-based company has more than 60 years of investment experience and over \$768.8 billion in assets under management as of 30 November 2012. For more information, please visit www.franklintempleton.co.uk.

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