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**FONDUL PROPRIETATEA DISAGREES WITH MINISTRY OF ECONOMY'S
INTERFERENCE WITH SALROM BOARD'S INDEPENDENCE**

Bucharest, 17 February 2013 - Franklin Templeton Investment Management Limited Bucharest Branch, in its capacity of Sole Director and Fund Manager of S.C. Fondul Proprietatea S.A. ("the Fund") believes the recent appointment of a new General Manager at Societatea Nationala a Sarii ("Salrom") severely breaches the provisions of Emergency Government Ordinance 109/2011 ("OUG 109/2011") regarding the corporate governance of state-owned enterprises (SOEs). The new General Manager was appointed by the Board of Directors without following the transparent criteria and procedures required by the OUG 109/2011 for the selection process. Instead, the appointment was based strictly on the Ministry of Economy's interference with Salrom Board's independence, as a result of issuing a ministerial order to appoint a political party member.

On 12 February 2013, the Board of Directors of Salrom appointed Mr. Aurel Bucur as the new General Manager of the company. This action was a direct breach of the OUG 109/2011 regulatory requirements for the following reasons:

- The Board of Directors appointed a new General Manager following the Minister of Economy's order no. 282/21 from December 2012 by which the Ministry's representatives in the General Shareholders' Meeting were empowered to mandate Salrom's Board of Directors to revoke the former General Manager and appoint Mr. Aurel Bucur. However, the responsibility of appointing the General Manager belongs solely to the Board of Directors. Therefore we believe the intervention of the Ministry in the selection process affects the independence of the Board in the appointment of professional managers which should not be allowed.
- The appointment of Mr. Aurel Bucur was made without any selection process conducted by an independent recruitment company as required by legislation. In our opinion, the experience and references of Mr. Bucur do not meet the requirements for a General Manager. According to Mr. Bucur's CV he has not held any similar responsibilities in previous positions.
- It should also be noted that Mr. Aurel Bucur is a member of a political party which he represents as counsellor within the Targu-Ocna Municipality.

The Fund Manager strongly disapproves once again with the lack of transparency in the selection process and the opaque criteria upon which the final decision was made in appointing new professional managers and independent boards in state-owned enterprises¹. We strongly urge the Government to address these matters promptly and observe the current legislation henceforth.

We continue to be very concerned that, one year after the adoption of OUG 109/2011, public authorities continue to breach its provisions or delay correct implementation of corporate governance standards in state-owned enterprises where Fondul Proprietatea is also a shareholder. We believe that these breaches have a seriously damaging impact on the value of state-owned companies and send a strong negative signal about the integrity of the appointment process for independent boards and professional management.

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Notes for editors

1. Please refer to our previous press releases on this topic: [Corporate governance breaches at EDMN & Aeroporturi Bucuresti](#), [Postponement of Hidroelectrica board appointment](#), [Open letter to the Ministry of Economy on Hidroelectrica](#), [Concerns about inadequate implementation of corporate governance legislation](#) and [The appointment of CE Oltenia New General Manager breaches corporate governance legislation](#).

About Fondul Proprietatea and the Fund Manager

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 Resources, Inc. (NYSE: BEN) is 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, Bissett, Fiduciary Trust, Darby, Balanced Equity Management and K2 investment teams. The San Mateo, CA-based company has more than 65 years of investment experience and over \$809 billion in assets under management as of 31 January 2013. For more information, please visit www.franklintempleton.co.uk.

Franklin Templeton Investment Management Ltd.'s office in Bucharest is located at Premium Point, 8th floor, 78-80 Buzesti, District 1, Bucharest, Romania. Tel: +40.200.96.00, Fax: +40.200.96.31/32. For more information on Fondul Proprietatea, please visit <http://www.fondulproprietatea.ro>.

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