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**For Immediate Release**

**Franklin Templeton continues to strongly oppose clear conflict of interests in  
Romanian Government's attempts to extract "Donation" from Romgaz  
at 22 November General Shareholders' Meeting**

**Ministry of Economy is called upon to abstain from voting due to conflict of interest**

London, 19 November 2010 – Franklin Templeton Investment Management Limited, investment manager and sole administrator of the Fondul Proprietatea ("the Fund"), continues to be alarmed about and strongly opposes the Romanian Government's attempt to extract a "donation" from Romgaz to help finance this year's government budget deficit.

Dr. Mark Mobius, Executive Chairman of the Templeton Emerging Markets Group, commented, "We are very alarmed to see this proposal on the agenda again at the forthcoming Romgaz GSM on 22 November. This is a very serious issue which could damage Romania's reputation globally as an investment destination. It raises very serious questions about conflicts of interests as the Romanian Government, in the form of the Ministry of Economy, is the largest shareholder in Romgaz, and is trying to leverage this position to finance a budget deficit to the detriment of Romgaz shareholders. We publicly call on the Ministry of Economy to abstain from voting at the forthcoming GSM because of this conflict of interests."

Dr. Mobius continued, "We believe the Romanian Government-approved Ordinance 18, which includes three articles (#s 59-62) stating that several majority state-owned companies 'have the option' to make donations to the state budget in order to cover this year's budget deficit, breaches fundamental free market principles as well as current legislation. This donation will be detrimental to Romania's international reputation. It sets a very negative precedent, damaging foreign investors' perception of the safety of doing business in Romania and negatively affecting the possibility of having Romgaz listed on the Bucharest Stock Exchange next year. Franklin Templeton will take all legal action necessary in order to revoke any GSM decision approving such a donation."

Since the "donation" proposal was first withdrawn from the Romgaz GSM agenda dated 14 September and for a second time from the GSM agenda dated 18 October, Franklin Templeton has been endeavouring to engage with various key stakeholders, including the Ministry of Economy and the Board of Romgaz.

Greg Konieczny, Fund Manager of Fondul Proprietatea added: “We firmly believe that our alternative proposal – to approve a special dividend to be paid from the financial reserves accumulated during previous years to all of the company’s shareholders – is a more reasonable option for the Board of Romgaz and the Ministry of Economy. We also believe that this special dividend is the best way for the Romanian government to collect cash from state-controlled companies. Through improved corporate governance, the Romanian government will be able to increase the value of the dividends and thus strengthen Romania’s reputation on this issue. We strongly encourage the Romanian government to demonstrate to the international investment community, as well as Fondul Proprietatea’s shareholders, that it is committed to improving corporate governance which can only benefit the economy as a whole”.

Romgaz, a majority state-owned company, is the largest natural gas producer in Romania and a Fondul Proprietatea portfolio holding. It is the only company within Fondul Proprietatea’s portfolio mentioned in the Government Ordinance 18/18.08.2010 as having the option to perform a donation to the state budget of up to RON 400 million, or roughly USD 130 million, representing 52% of cash, on the company’s balance sheet and 4.5% of shareholder’s equity at the end of 2009.

According to estimates from Franklin Templeton (based on the consequences of similar government actions in other markets) the proposed Romgaz ‘donation’ of RON 400m may result in the following losses for the Ministry of Economy: a 1,195.98m RON loss from the decrease of the value of the Ministry’s holdings at CNTEE Transelectrica SA, SNTGN Transgaz SA and SNGN Romgaz SA. Of this amount, 221.33m RON represents our estimation for the loss of income from the announced listings of 15% stakes in those three companies on the Bucharest Stock Exchange. This loss can be avoided by changing the ‘donation’ payment into a special dividend, payable proportionately to all shareholders with stakes held in Romgaz, that would result in an extra cost to Romgaz of only RON 70.6m.

Greg Konieczny continued, “Should the Ministry of Economy decide to vote for the resolution at the upcoming GSM it will very seriously damage our efforts to promote Fondul Proprietatea and Romania among foreign investors which may result in further losses for all FP shareholders, including the Government (represented by the Ministry of Finance).”

Launched in December 2005, Fondul Proprietatea 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 won the Euro 3.4 billion<sup>1</sup> Fondul Proprietatea mandate in July 2009 after being selected from among seven global asset managers. Franklin Templeton officially took over as investment manager and sole administrator of the Fund on 29 September 2010. Since appointment, Franklin Templeton has commenced the payment of dividends relating to distributable profits from 2008 and 2009 to all registered shareholders as of 27 September 2010 and remains focused on listing the Fund on the Bucharest Stock Exchange in early 2011.

Franklin Templeton recently established an office in Bucharest, with a team of 23 employees, including 6 locally based investment professionals who are further supported by the 35 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, Fiduciary Trust, Darby and Bissett investment teams. The San Mateo, CA-based company has more than 60

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<sup>1</sup> Source: Franklin Templeton Investments, 31 August 2010, NAV reporting based on CNVM (local regulator) standards.

years of investment experience and over USD 664 billion in assets under management as of 31 October 2010. For more information, please visit [www.franklintempleton.uk](http://www.franklintempleton.uk).

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