

Zagreb, 22 Dec 2011

**ZAGREB STOCK EXCHANGE**

Ivana Lučića 2a  
10000 Zagreb

Subject: Notice of the Supervisory Board Session Held

Dear Sirs,

We are free to inform you that at its yesterday's session the Supervisory Board reached a decision on consensual termination of duties of two Management Board Members of Dalekovod d.d.: Mr. Krešimir Kraljević for the sake of retirement and Mr. Tomislav Belamarić for the purpose of concluding an agreement on fixed-term employment as Company's Management Board Advisor, with effect from 1 Jan 2012.

Their vacancies shall not been filled up by new Management Board Members; instead, it was decided that the Management Board shall consist of three members only: Mr. Luka Miličić, President of the Management Board, Mr. Krešimir Anušić, Management Board Member in charge of engineering and construction and Mr. Damir Skansi, Management Board Member in charge of finances and corporate governance.

When reaching a decision on consensual termination of the employment of Mr. Kraljević and Mr. Belamarić, the Supervisory Board took into account the fact that the restructuring of the Company's business operations brought about a significant decrease in the number of employees, compared to 31 Dec 2010 the number of the employees in the parent company decreased by 693, while the number of employees in the Group declined by 284, and the fact that all production operations were spun off into a separate affiliated company numbering today 541 employees and finally, the fact that much credit goes to the above managers who had significantly contributed to the growth and development of the company by performing various functions that were entrusted to them throughout their entire working lives.

The Supervisory Board estimated that the three-member Management Board shall be most appropriate for management of the company while economy faces difficult times.

In addition, the Supervisory Board discussed and adopted the 2012 Group's Business Management Plan.

The above Plan is based on significant increase of income from contracted works abroad and some works at home, and on further rationalization of all costs, in order to make it possible for the company to enhance its competitiveness and create prerequisites for positive business operations.

A significant portion of rationalization of costs refers to the latest reduction of employees' costs by the end of the year 2011, due to which the employees' costs shall be reduced by further 10%, while the Management Board Members' salaries were reduced by over 50%.

The Supervisory Board instructed the Management Board to restructure and consolidate the company's finances and also to establish a system of strict supervision over the costs rationalization process and the realization of the plan, and to timely inform the Supervisory Board thereof.

Yours respectfully,

Dalekovod d.d.