

REPORT

ELECTROMAGNETICA SA purchased from HIDROELECTRICA SA, according to the sale-purchase contract no. 177/18.12.2006, by open outcry auction, in package, the assets of the Micro-hydropower plant MHC Galanesti – Bilca 1-3, MHC Tibeni, MHC Milisauti, MHC Brodina 1-2, MHC Sadau, MHC Ehreste and MHC Putna, Suceava County.

Because according to art. 8.6 corroborated with art. 8.7 the buyer had the obligation to use the assets as part of the National Energetic System and to provide the continuity of the electricity production activity for a period of at least 10 years from the transfer of the ownership right on the Assets, Electromagnetica SA registered these assets as work points.

With respect to MHC Milisauti, located on Suceava river, Suceava hydrographic basin, it was commissioned in 1987 and decommissioned from 2000.

Following the fact that ELECTROMAGNETICA SA fulfilled all contractual obligations, that the encumbrances instituted at the moment of the ownership right transfer have been deregistered from the Land Register and considering that MHC Milisauti does not produce electricity at this moment, please approve

- the closure of the work point *Low power hydropower plant Milisauti located on Suceava river in Milisauti Locality, Suceava County,*
- the deregistration from the Trade Register of the work point *Low power hydropower plant Milisauti located on Suceava river in Milisauti Locality, Suceava County.*

CHAIRMAN OF THE BOARD OF THE DIRECTORS

Eugen Scheusan