

**REPORT OF THE BOARD OF DIRECTORS**  
OF THE COMPANY  
PUBLIC POWER CORPORATION S.A.  
TO THE GENERAL MEETING OF ITS SHAREHOLDERS

Dear Shareholders,

Pursuant to L. 4001/2011 and in particular article 123 thereof (Greek National Gazette A' 179/22.08.2011), as applicable, as well as in accordance with those provided for by the provisions of L. 2166/1993 (in particular articles 1 to 5) and Codified Law 2190/1920 (in particular articles 68 and 79), PPC S.A. is obligated to proceed to the legal and operational unbundling of the activity of Management of the Hellenic Electricity Distribution Network from the rest of activities of its vertically integrated company, through the spin-off and contribution of the PPC S.A. Distribution Segment along with the Islands Network Operations Department of PPC S.A., including the assets of PPC S.A. and the relevant requirements and obligations, with the exception of the immovable and fixed assets of the Distribution Network and of the Non-Interconnected Islands Network (hereinafter referred to, in total, as "**PPC S.A. Distribution Segment**") in accordance with article 123 paragraph 2, subpar. b' of L. 4001/2011, as applicable) to its 100% subsidiary company under the name "PPC RHODES SOCIETE ANONYME FOR THE ENGINEERING CONSTRUCTION OPERATION AND EXPLOITATION OF RHODES POWER PLANT" and with distinctive title "PPC RHODES SA" [renamed as per law "HELLENIC ELECTRICITY DISTRIBUTION NETWORK OPERATOR SA {HEDNO or DEDDIE SA}"].

The PPC S.A. Distribution Segment includes all PPC S.A. assets, which operationally come under the activities of PPC SA Distribution Division, and in particular all PPC SA assets and the relevant requirements and obligations, which fall within the competence of the above Units of PPC SA, with the exception of the immovable and fixed assets of the Distribution Network and of the Non-Interconnected Islands Network, as the totality of such assets, requirements and obligations are recorded in the Accounting Report of Spin-off dated 31.12.2011 and the Report drawn up by the Chartered Auditor-Accountant Mr. Telemachos Georgopoulos (reg. no. SOEL 19271) dated 28.02.2012 for the Determination of the Accounting Value of the assets and liabilities of the said Distribution Segment, which we submit for approval to your Meeting.

Said transfer does not affect the existence of the Contributing Company PPC S.A. [hereinafter called "the Contributing Company"].

The Accounting Statement dated 31.12.2011 and the Audit Report dated 28.02.2012 for the Determination of the Accounting Value of the assets and liabilities by the chartered Auditor-Accountant Mr. Telemachos Georgopoulos (reg. No SOEL 19271), were drawn up for the purpose of the said Segment spin-off and contribution.

By the aforementioned Accounting Statement and the Report for the Determination of the Accounting Value by the chartered Auditor-Accountant, it is concluded that the net position-net accounting value of the Segment (following deduction of the contributed reserves) amounts to EUR 35,342,260.00.

The share capital of the Absorbing Company under the name "PPC RHODES SOCIETE ANONYME FOR THE ENGINEERING CONSTRUCTION OPERATION AND EXPLOITATION OF RHODES POWER PLANT" and with distinctive title "PPC RHODES SA" [renamed as per law "HELLENIC ELECTRICITY DISTRIBUTION NETWORK OPERATOR SA {HEDNO or DEDDIE SA} [hereinafter called, "the Absorbing Company"] amounts to EUR 2,209,750.00 divided into 220,975 common registered shares, with nominal value EUR 10.00 each.

The share capital of the Absorbing Company shall be increased by the amount of EUR 35,342,260.00 through issuance of 3,534,226 new common registered shares, with nominal value 10.00 EUR each, to be attributed to the Contributing Company. As a result, the total share capital of the Absorbing Company shall amount to EUR 37,552,010.00 divided into 3,755,201 common registered shares, with nominal value EUR 10.00 each.

The Absorbing Company is obligated, upon completion of the Segment spin-off and contribution, to promptly deliver to the Contributing Company 3,534,226 common registered shares issued by the latter, with nominal value EUR 10.00 each; the Contributing Company shall acquire full, exclusive and undisturbed ownership and possession of the said shares, as well as the right to participate in the profits of the Absorbing Company for the fiscal year starting on 01.01.2012.

The Absorbing Company accepts the contribution of the assets and liabilities of the contributed PPC S.A. Distribution Segment, as these are detailed in the Accounting Statement dated 31.12.2011 and as these shall have been altered until the completion of the spin-off and contribution. These assets shall constitute part of the assets and liabilities of the Absorbing Company.

From a legal point of view, the legal status provided for by L. 2166/1993 as applicable, which was selected for the spin-off in question, on one hand provides the maximum tax benefits allowed by the Greek legislation and on the other is explicitly indicated in article 123 of L. 4001/2011, as applicable.

Based on the above, you are requested to approve the Accounting Statement dated 31.12.2011 and the Report drawn up by the chartered Auditor-Accountant Mr. Telemachos Georgopoulos (reg. No SOEL 19271) dated 28.02.2012 for the Determination of the Accounting Value of the assets and liabilities of the said Segment and to decide the spin-off of the Segment and its contribution to the 100% subsidiary company of PPC SA "PPC RHODES SA" [renamed as per law "HEDNO or DEDDIE SA"].

Finally, the proposed terms of the Draft Contract of Spin-off are the same as those in similar cases and are considered compulsory as per law.

THE CHAIRMAN

THE MEMBERS