

**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 98 thereof (Greek National Gazette A' 179/22.08.2011), 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 to 79), PPC S.A. is obliged to proceed to the legal and operational unbundling of the activity of Power Transmission System Management from the rest of activities of its vertically integrated company, through the spin-off and contribution of the Segment of the Transmission Division to its 100% subsidiary company under the name "PPC TELECOMMUNICATIONS SA" renamed as per law "INDEPENDENT POWER TRANSMISSION OPERATOR (I.P.T.O. or ADMIE) SA". The Segment of the Transmission General Division includes all PPC SA assets, which operationally come under the activities of the Transmission Division of PPC SA, and in particular the fixed assets of the Power Transmission System, as these are recorded in the Accounting Statement of Spin-off dated 1.1.2011 and the Report by the Chartered Auditor-Accountant Mr. Vassilios Kaminaris (reg. No SOEL 20411) dated 15.9.2011 for the determination of the accounting value of the assets and liabilities of said Segment, which we submit for approval to your General Meeting.

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

The Accounting Statement dated 1.1.2011 and the Report dated 15.9.2011 for the determination of the accounting value of the assets and liabilities by the chartered Auditor-Accountant Mr. Vassilios Kaminaris (reg. No. SOEL 20411) were drawn up for the purpose of the said Segment spin-off and contribution.

By the aforementioned Accounting Statement and 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 31,924,671.00.

The share capital of the Absorbing Company "PPC TELECOMMUNICATIONS SA" [renamed as per law ADMIE SA] [hereinafter called "the Absorbing Company"] amounts today to EUR 4,440,928.00 and is divided into 4,440,928 common registered shares with nominal value EUR 1.00 each.

The share capital of the Absorbing Company shall be increased by the amount of EUR 31,924,671.00 through issuance of 31,924,671 new common registered shares, with nominal value EUR 1.00 each, to be attributed to the Contributing Company. As a result, the total share capital of the Absorbing Company shall amount to EUR 36,365,599.00 divided into 36,365,599 common registered shares, with nominal value EUR 1.00 each.

The Absorbing Company is obligated, upon completion of the Segment spin-off and contribution, to deliver immediately to the Contributing Company 31,924,671 common registered shares issued by the latter with nominal value Euro 1.00 each; the Contributing Company shall acquire full, exclusive and undisturbed ownership, occupation, and possession of the said shares as well as the right to participate in the profits of the Absorbing Company. It is expressly stated that the Segment assets include also branches, which shall constitute branches of the Absorbing Company, as well as tax warehouses, which shall constitute tax warehouses of the Absorbing Company.

The Absorbing Company accepts the contribution of the assets and liabilities of the contributed Segment, as these are detailed in the Accounting Statement dated 1.1.2011 and as these shall have been altered following 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, provides on one hand the maximum tax benefits allowed by the Greek legislation and on the other, it is explicitly indicated in article 98 of L 4001/2011 as well.

Based on the above, you are kindly requested to approve the Accounting Statement dated 1.1.2011 and the Report of the chartered Auditor-accountant Mr. Vassilios Kaminaris (reg. No SOEL 20411) for the determination of the accounting value of the assets and liabilities of the said Segment and decide the spin-off of the Segment and its contribution to the 100% subsidiary company of PPC SA "PPC TELECOMMUNICATIONS SA" renamed as per law "INDEPENDENT POWER TRANSMISSION OPERATOR (I.P.T.O. or ADMIE) SA".

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

THE CHAIRMAN

THE MEMBERS