

Clarifications on the agenda items of the Extraordinary General Meeting of PPC S.A. shareholders to be held on 30.12.2010

1st item: Approval of the transfer of all PPC SA Transmission Division's activities to a 100% subsidiary of PPC SA.

Within the framework of the EU policy on the deregulation of the electricity market, the accounting, legal and operational unbundling of Transmission and Distribution networks are pursued in order to ensure equal access of third parties to the networks as well as transparency of their operation.

Pursuant to Directive 2009/72/EC (the Directive) on the effective unbundling of the Transmission System Operators, there are three equivalent options:

- the ownership unbundling,
- the designation of an Independent System Operator (ISO),
- the designation of an Independent Transmission Operator (ITO).

The PPC SA Board of Directors by virtue of its Decision 196/26.08.2010 opted for the designation of an Independent Transmission Operator (ITO) as the most advantageous solution for the following reasons:

- the Owner and the Operator of the Transmission System Assets is the same Legal Entity having as a result the improvement of its performance and the promotion of synergies on various issues,
- optimization of the development of the Transmission System, since the entity who is responsible for the planning of the Transmission System development, finances and implements the respective investments as well,
- the implementation of smart grids in the transmission System is facilitated,
- serious problems that could result mainly from the 1st option are being avoided.

Following the above decision the Board of Directors of PPC S.A., during its meeting held on October 19, 2010, approved that all the Electricity Transmission activities, which are currently carried out by the Transmission Division of PPC S.A., are transferred to the 100% subsidiary of PPC S.A, "PPC TELECOMMUNICATIONS S.A." (whose Articles of Incorporation will be amended accordingly). The Board of Directors also approved the transfer to the subsidiary of the respective assets and liabilities of PPC S.A. associated with the aforementioned activities.

The Board of Directors, with a following decision on 7.12.2010 has set as date of compilation of the asset inventory of the offered Transmission business from PPC SA to "PPC TELECOMMUNICATIONS SA" and date of drawing up of the relevant balance sheet the January 1st, 2011. For more details please refer to the [Decision No.280/7.12.10](#) of the Board of Directors.

The Board of Directors proposes to the General Meeting of the shareholders the approval of the transfer of all PPC SA Transmission Division's activities to a 100% subsidiary of PPC SA., according to its decision No 280/7.12.2010.

Informatively it is marked that, the Ministry of the Environment Energy and Climate Change announced in a letter addressed to the President of PPC its decision to opt for the "Independent Transmission Operator"

model for the Transmission System, within the framework of adaptation of the national law to the requirements of Directive 2009/72 concerning the electricity market.

The Ministry of the Environment Energy and Climate Change proceeds to the preparation of all legal provisions in relation to Directives 2009/72 and 73 (3rd energy package), in order to accomplish them within the time limit set by the said Directives (please refer to the Ministry's Press Release on [http://www.ypeka.gr/Default.aspx?tabid=389&snj\[524\]=729&language=el-GR](http://www.ypeka.gr/Default.aspx?tabid=389&snj[524]=729&language=el-GR)).

2nd item: Approval of the transfer of all PPC SA Distribution Division business activities as well as of the Operator of Non-interconnected Islands activities to a 100% subsidiary of PPC SA.

According to the Directive, where the Distribution System Operator is part of a vertically integrated undertaking it shall be independent in terms of its legal form, organization and decision making from other activities not related to distribution.

More specifically, the Directive establishes the minimum criteria for the operational independence of the Operator: a) its managers are not allowed to participate in any way in any other activities of the vertically integrated undertaking, b) the professional interests of its managers shall be taken into account in a manner that ensures that they are capable of acting independently, c) the operator shall have effective decision making powers and be equipped with all necessary human, technical, physical and financial resources for the operation of the network, and d) the operator shall establish and observe an appropriate compliance program to ensure that discriminatory conduct is excluded.

On the contrary, the Directive does not set out any obligation of ownership unbundling of the Network Operator nor does with regard the ownership status of the assets of the distribution system.

Based on the above, PPC SA Board of Directors during its meeting held on October 12, 2010 approved the transfer of all distribution activities as well as of the activities of the Non-interconnected Islands Operator to a 100% subsidiary of PPC SA. It has also approved the transfer to the said subsidiary of all respective assets and liabilities of PPC SA associated with the aforementioned activities, with the exception of the fixed assets of the distribution network, the buildings and the facilities of the Distribution Division.

The Board of Directors of PPC SA by a new decision will formulate in detail its proposal and submit it for approval to the General Meeting of the shareholders.

The said Decision of PPC's Board of Directors on 21.12.2010 has set as date of compilation of the asset inventory of the offered Distribution business from PPC SA to "PPC RODOS SA" and date of drawing up of the relevant balance sheet the January 1st, 2011. For more details please refer to the [Decision No.294/21.12.10](#) of the Board of Directors.

The Board of Directors proposes to the General Meeting of the shareholders the approval of the transfer of all PPC SA Distribution Division's and Islands network operation Department's activities to a 100% subsidiary of PPC SA., according to his decision No 294/21.12.10.