

Clarifications on the 1<sup>st</sup> item of the Agenda regarding the Invitation to the Extraordinary General Meeting of PPC S.A. Shareholders to be held on January 12<sup>th</sup>, 2017.

ITEM ONE: Procedures for the completion of the full ownership unbundling of the company "Independent Power Transmission Operator Societe Anonyme" ("IPTO") from "Public Power Corporation Societe Anonyme" ("PPC") pursuant to articles 142-149 of Law 4389/2016, as applicable ["the Law"], providing in particular for the:

- Establishment of the Holding Company of article 142, par. 2, item a) of the Law.
- Contribution of 51% of the share capital of IPTO to the Holding Company of article 142, par. 2, item a) of the Law.
- Decrease of PPC share capital and distribution in kind to its shareholders (carve out).

By Law 4389/2016, as amended and in force (the "Law") and especially articles 142-149 thereof, the full ownership unbundling of the company "Independent Power Transmission Operator Societe Anonyme" ("IPTO") from "Public Power Corporation Societe Anonyme" ("PPC") is being implemented, pursuant to article 9 of the Directive 2009/72/EU and to the alternative plan to the full privatisation of IPTO, as provided for in subparagraph. 4.3, par. C of Law 4336/2015.

Pursuant to the aforementioned provisions, the General Meeting of PPC shareholders dated 11.07.2016 resolved, inter alia, that PPC shall proceed with:

- The establishment of a holding societe anonyme ("Holding Company"), having PPC as sole founding shareholder, to which it shall contribute in kind 51% of the share capital of IPTO. Then, pursuant to the Law PPC shall proceed with the decrease of its share capital and the return in kind to its shareholders of its shares held in the Holding Company (carve out).
- The launching of an international tender procedure with the purpose of selecting a preferred Strategic Investor, to which a percentage of 24% of the share capital of IPTO will be sold and transferred.

The final approval for the completion of the aforementioned transactions should be granted by subsequent resolutions of the General Meeting of PPC shareholders.

With regard to the selection of the Strategic Investor, following the launching of the international tender procedure and the completion of the relevant procedures, PPC Board of Directors decided and the General Meeting of PPC shareholders held on 24.11.2016 approved the selection of «State Grid International Development LtD» (SGID) as the Preferred Strategic Investor for the sale of the 24% of PPC's participation in the share capital of IPTO, for three hundred and twenty million euro (320,000,000), as well as the relevant Share Sale and Purchase Agreement. The said agreement was signed by PPC and SGID on 16.12.2016.

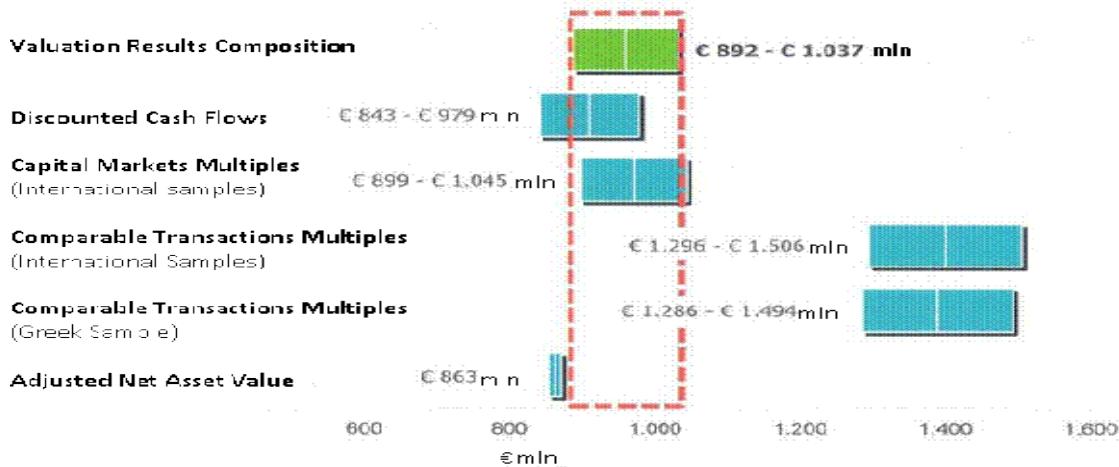
#### A. HOLDING COMPANY

The General Meeting dated 11.07.2016 approved the establishment of the Holding Company of article 142 par. 2 (a) of the Law, as well as its Draft Articles of Association. It is noted that the approved Draft Articles of Association sets the share capital of the Holding Company to the threshold provided for by L. 2190/1920, namely 24,000 euro. Furthermore, the Board of Directors of PPC was authorized to approve the trade name and the distinctive title of the Holding Company, as well as to appoint the members of its first Board of Directors and its chartered auditors. Provision was made for this decision to be ratified by a subsequent General Meeting.

The Board of Directors of PPC, acting upon authorization of the General Meeting as per the above, completed all missing elements of the draft Articles of Association of the Holding Company and resolved on its trade name, its distinctive title, the members of its first Board of Directors and its chartered auditors. It was decided that the trade name of the company will be "HOLDING Company ENERGIAKI S.A." with distinctive title "ENERGIAKI HOLDING S.A." (hereinafter called "EnHold" or "ENSYM").

With regard to the contribution in kind to EnHold of IPTO's shares corresponding to 51% of its share capital, the provisions of L. 2190/1920 stipulate that the verification of the value of the corporate contributions in kind shall be made based on the opinion of a three-membered committee of experts consisting of one or two employees of the Ministry of Development (Section of Commerce) or of the competent Prefectural Authorities, who must be university graduates and have at least three years of service, or of one or two chartered auditors-accountants or chartered valuers, where applicable, and one expert, representative of the competent Chamber. The members of the committee shall have no dependency relationship with the company. Moreover, it is possible, at the discretion of the founders during the phase of the establishment of the company, that the valuation is made at the expense of the company and with no intervention by the Ministry of Development or of the competent Authority, by two chartered auditors-accountants or, where applicable, by two valuers of the Greek Body of Chartered Valuers. With regard to the chartered auditors-accountants and the company of chartered auditors-accountants of which they are members, there shall be no impediments or incompatibilities that may preclude the performance of a regular auditing by such persons, while the latter should not have performed any regular auditing of the company during the last three years.

PPC, making use of the possibility provided for by the law with regard to the verification of the value of the corporate contributions in kind by two chartered auditors-accountants, assigned this project to the company Deloitte Business Solutions. The latter proceeded to the valuation of the 51% of IPTO's shares; the conclusion of the report is reproduced below:



For 100% of shares  
€ 891,937 th. - € 1,036,575 th.  
medium estimated value € 964,256 th.

For 51% of shares  
€ 454,888 th. - € 528,653 th.  
medium estimated value € 491,770 th.

It is noted that, according to the wording of the pertinent provisions of the Law, PPC is required to establish the EnHold, to pay the initial minimum share capital amounting to 24,000 euro first, and then, within the framework of the increase of its share capital, to transfer to EnHold, in the form of contribution in kind, the shares issued by IPTO corresponding to 51% of the share capital. Nevertheless, pursuant to L. 1676/1986, every act which constitutes fundraising, such as the establishment of persons, including the societes anonymes, as well as the increase of their capital by way of contribution of assets of any kind, is subject to Capital Concentration Tax at 1%. Furthermore, by virtue of the provisions of subparagraph F.22, Paragraph F., Article 1, Chapter A of Law 4254/2014, it was decided that there shall be no imposition of capital concentration tax pursuant to Law 1676/1986 during the establishment of persons which are subject to this law. Pursuant to the procedure provided for by the Law, PPC would be exempted from the payment of capital concentration tax amounting to €240 (24,000 X 1%) during the establishment of EnHold, but would be liable to pay a relevant tax amounting to several million euros (1% X the value of 51% of IPTO's shares) during the increase of the share capital of EnHold and the contribution in kind of shares. With the agreement of the supervisory Ministry (Ministry of Environment and Energy), it was decided to establish EnHold directly with a share capital equal to the value of the 51% of IPTOs shares, as this would result from the Valuation Report of Deloitte, so that PPC will not be liable to pay the capital concentration tax. Moreover, in order to cover some initial liabilities for the establishment and the operation of EnHold, it is proposed to pay, save IPTO's shares, an amount of €70,000 in cash.

Pursuant to the provisions of the Law and especially of article 146 thereof, upon completion of the transfer by PPC to its shareholders of its shares held in EnHold, the Company "... requests to be listed without delay on the regulated securities market of Athens Stock Exchange ("ATHEX"), having proceeded to this effect to all necessary actions, such as especially the drawing up of the listing prospectus..." It is worth noting that, in order that EnHold covers the expenses resulting from the procedures for listing on the ATHEX (indicatively, beyond the need to hire a financial advisor for the drawing up of the prospectus, the need to hire an independent Legal Advisor for the performance of the legal auditing and of a Chartered Auditor Accountant for the performance of the Financial Auditing), and given that at first the Company will have no revenue, a liquidity facility granted by PPC will be required for the payment of such expenses, probably by means of interest bearing loan agreements to be concluded at an interest rate to be fixed in line with the arm's length principle between associated companies, plus stamp duty to be divided in equal parts.

Moreover, it is proposed that the number of shares of EnHold will be equal to the one of PPC, in order that, when the decrease of PPC share capital is completed, the procedure of exchange of PPC- EnHold shares and the return in kind of the EnHold shares to PPC shareholders will eventually be facilitated.

That being said, Article 5 of the Draft Articles of Association approved by the General Meeting of PPC held on 11.7.2016 is proposed to be amended as follows:

## "ARTICLE 5

### Share Capital

The Company's Share Capital was set to EUR four hundred ninety-one million eight hundred and forty thousand (491,840,000) and was fully paid up according to the provisions of Article 30 of these AoA. It is divided into two hundred and thirty-two million (232,000,000) registered shares. Each share has a nominal value of two euros and twelve cents (2.12).

Following the amendment of Article 5 of the Draft Articles of Association, the final Articles of Association of the company with trade name «HOLDING Company ENERGIAKI S.A." and distinctive title "ENERGIAKI HOLDING S.A." are worded as in the attached hereto document "Final Articles of Association of "ENERGIAKI HOLDING S.A.". It is clarified that for the purposes of the Indenture dated 8.5.2014, EnHold must be an Unrestricted Subsidiary of PPC.

Finally, in the context of the establishment of the holding company, it is proposed to the General Meeting to appoint the Notary Public of Athens Mr. Ch. Steiros (9b, Valaoritou Str., Athens) to draw up the deed of incorporation of the 100% subsidiary company of PPC with tradename "HOLDING Company ENERGIAKI S.A." and distinctive title "ENERGIAKI HOLDING S.A." and authorize Mr. Sotirios Hadjimichael, Director of PPC Strategy Department or/and Mrs Anna Kamileri, Director of New Corporate Activities Unit – PPC/ Strategy Department, in order to, acting jointly or separately, to sign on behalf of PPC before the aforementioned Notary Public, the notarial deed of incorporation of the above 100% subsidiary company of PPC. Moreover, it is proposed to appoint Mrs Antonia Koukouritaki or/and Mrs Efstathia Salaka or/and Mr. Andreas Tsourouflis, Lawyers of the Legal Department of PPC to complete any missing elements, correct any errors, handle

any pending issues that may arise, by drawing up and signing any relevant document or act, as well as to submit the required documents to the administration and the Register of Societes Anonymes following the signing of the deed of incorporation of the company with tradename "HOLDING Company ENERGIAKI S.A." and distinctive title "ENERGIAKI HOLDING S.A."

#### B. DECREASE OF THE SHARE CAPITAL OF PPC AND RETURN IN KIND TO ITS SHAREHOLDERS (CARVE OUT)

Following the establishment of the EnHold with an initial share capital of EUR four hundred ninety-one million eight hundred and forty thousand (491,840,000), as per the above, the Law, in article 143 par. 1(e), provides that : "*by resolution of the General Meeting of PPC shareholders, PPC approves: aa) the decrease of its share capital with a view to distribute it to its shareholders in kind and bb) the transfer, as a result of the above distribution in kind, to its existing shareholders of its shares held in the Holding Company at that time and pro rata to their participation in the share capital of PPC S.A. Such transfer does not constitute a public offering for the purposes of L. 3401/2005 (A' 257) and therefore it is not required to draw up, approve and publish any listing prospectus or any other equivalent document*".

The decrease of PPC share capital is proposed to be equal to the value of the contribution to the EnHold, so that the existing shareholders of PPC can obtain shares equal in value to the decreased share capital; such decrease will be carried out by means of decreasing the nominal value of PPC shares. It is worth noting here that the provisions of the C.L. 2190/1920 concerning the Societes Anonymes, as also provided for by the Law (article 149 par.3 (b)) apply in addition to the provisions of the Law and cannot be circumvented, since they constitute EU legislation. Therefore, pursuant to article 4, par. 4 of C.L. 2190/1920 (ref. f.): "*There shall be no payment to the shareholders from the company's assets released by the decrease, on pain of nullity of such payment, unless the lenders (creditors) of the company whose claims arose prior to the publication, pursuant to article 7b, of the decision for the decrease or eventually of the relevant administrative act of approval and are due or in case they have not become due on the condition that they obtain sufficient securities, taking into consideration the securities they have already obtained, as well as the residual corporate assets following the decrease, are being satisfied. These lenders may submit to the company their objections against such payments within sixty (60) days as of the above publication. The single-membered Court of First Instance at the company's registered seat rules on the veracity of these objections according to the procedure of ex-parte jurisdiction, upon petition of the company. In the event of objections filed by more than one lenders, there shall be only one ruling on all of them. If the lenders prove that the decrease jeopardizes the satisfaction of their claims and that they do not have sufficient securities, the court allows the payment of the amounts released by the decrease only on condition that such claims will be paid, in case they fall due, or that sufficient securities will be granted.*

In view of the above, it is proposed to establish the EnHold following the relevant resolution of the General Meeting of PPC shareholders; it is also proposed that the payment, as well as the certification of such payment by the competent supervisory authorities, of the initial capital is made after the expiry of the deadlines provided for in article 4, par. 4 of C.L. 2190/1920 concerning the decrease of the share

capital, so that, in case of legal complication, no non-reversible tax and other liabilities will be created. It is reminded that the contribution in kind by PPC of the 51% of IPTO's shares to EnHold, creates a tax liability of 29% on the value of such contribution (minus of the corresponding tax value of the contribution).

It is important to note in this context that the exact value of the exchange and the payment mode of the result of the decrease of PPC S.A. share capital to its shareholders will be finalized at a later stage, following consultations with the Hellenic Capital Market Commission and the ATHEX.

To this effect, it is proposed to authorize PPC Board of Directors to decide on such issues, as well as to convene, if necessary, an Extraordinary General Assembly of EnHold shareholders in order to approve any amendments to its Articles of Association.

Finally, due to the decrease of the share capital of PPC, imposed by the Law as per the above, it is necessary to amend accordingly article 5 "Share Capital" of PPC Articles of Incorporations by adding paragraph 5. Nevertheless, given that the decrease of PPC share capital and the return in kind to its shareholders (carve out) will be carried out after the elapse of a period of sixty (60) days as of the publication of the resolution of the General Meeting of PPC shareholders to the General Electronic Commercial Registry ("G.E.MI"), pursuant to the aforementioned provision of article 4, par. 4 of C.L. 2190/1920, it is appropriate that the required amendment of article 5 of PPC Articles of Incorporation is resolved by a subsequent to the above actions General Meeting of PPC shareholders.

### C. KEY FINANCIAL FIGURES OF GROUP PPC AND IPTO S.A.

In order to fully inform the shareholders with regard to the financial results of PPC Group and PPC's under ownership unbundling affiliate, IPTO, key financial figures of 9M 2016 of PPC Group and IPTO, as approved by PPC's Board on 21.12.2016, are presented below:

PPC (Group)	<b>9M2016</b>	<b>9M2015</b>
Turnover	€ 4,040.8 m	€ 4,452.0 m
EBITDA	€ 775.9 m	€ 773.4 m
EBITDA margin	19.2%	17.4%
Pre-tax profits / (Losses)	€ 112.2 m	€ 63.3 m
Net income / (Loss)	€ 69.5 m	€ 5.9 m

IPTO S.A	<b>9M2016</b>	<b>9M2015</b>
Turnover	€ 211.9 m	€ 185.9 m
EBITDA	€ 144.8 m	€ 123.3 m
EBITDA margin	68%	66.3%
Pre-tax profits / (Losses)	€ 72.7 m	€ 51.1 m
Net income / (Loss)	€ 50.6 m	€ 28.8 m