

10/12/2015 Proposal for ADMIE

On an alternative to privatization agreement on ADMIE, we hereby present our proposal, eagerly and diligently encompassing and bridging arguments of both sides, in an incessant way to find common ground. Utter purpose of this effort is to ensure the smooth operation of energy market, as a whole, focusing always on consumer's best interest.

1. Full Ownership Unbundling

The Greek State will, initially, buy out the 100% of ADMIE from PPC. Full ownership unbundling will be guaranteed through the supervision of ADMIE not by the ministry that owns PPC (Ministry of Finance), which could be under the umbrella of the new Asset Development Fund.

2. Ownership Structure

We can delineate an ownership structure in broad lines, in which the Greek State maintains the majority, keeping a 51%, while a "strategic" investor (European TSO) could purchase a percentage around 20% while the rest can be free float after the listing of the company in the ASE. The partnership with a European TSO is in direction with the European Energy Union Strategy, which coupled with the hitherto participation of ADMIE in ENTSOE ensures the European energy integration.

3. Management Perspective

The Greek State will hold the majority of ADMIE's board, while stable minority participation should be ensured. Especially on choosing the company's manager, we propose a procedure ensuring the consensus of the minority of the board. Through this management structure, we believe that the so needed interest alignment will be achieved, boosting new investments in a competitive and healthy economic environment.

Furthermore, our firm intention is to follow the best management practices OECD prescribes for SOEs, irrespectively on whether ADMIE will be transferred to the new Fund. Bear in mind that upon the listing of AMIE in ASE, new obligations concerning the management quality of the company will be posed by the Securities and Exchange Commission and the relevant institutional and legislative framework (i.e. reporting, announcements, calendar of economic events, corporate governance rules and review of Board's CVs). At the same time this

creates other types of obligations for the new management of the company, namely ensuring the positive performance of the company or the course of the valuation of the market value.

We, also, intend according to Article 21 of Directive 72/2009, to launch an international tender to appoint a compliance officer for ADMIE, which could be a legal entity, to monitor a compliance programme chosen in consensus.

4. Financing

The Greek State will compensate the PPC Group for the acquisition of ADMIE through the sum gathered from the shares sale, which will be received from the acquisition by the foreign strategic investor, plus the gradual repayment employing a minor part of EBITDA for a certain time period.

We, also take into account that the net sum needed for the purchase of ADMIE is heavily depended on the debt clearing out processes. For this, an independent financial and legal evaluation and analysis is needed by an independent evaluator. This task shall be performed by an independent evaluator appointed in January, in consensus ~~among~~ the Greek State and "Institutions".

All these should take into account the positive developments in a macroeconomic level that Greece will experience upon the implementation of the market reforms programme.

5. Competition Perspective

Based on the European framework, clear requirements and specific provisions are provided as a means of ensuring the principle of "competitive neutrality", under which any anti-competitive behavior by state owned entities can be prevented or justified.

Making privatization a measure to promote competition and investment prospects is absolutely vague, if not, directly, obsessive. In relation with the unhindered access to the EPTS, since the initialization of the energy market liberalization (19.02.2001) have not been observed significant problems. In contrast, the system of regulated access operated without particular disputes.

Under EU law, Member States enjoy a wide discretion as to the ownership of entities in general. The principle of competitive neutrality through ex post competition and regulatory enforcement regimes safeguards that state owned entities (commercial companies, TSOs

etc.) in previously monopolized markets are subjected to the enforcement of competition law.

6. Investments Prospect

In relation to the investment prospects of the new TSO, the experience ADMIE has already displayed and especially the expertise capacities gathered from the in house spirit of doing business, in contrast to the tradition of subcontracting, which is dominant in the majority of European TSOs seems to be a reassuring parameter for further investments, backed up by the new strategic partnership it will be formed and the funds raised from the money market.

Let alone the fact the crisis environment in which this massive investment activity is taking place. This very fact proves the investing credibility and dynamic of ADMIE. Further facts have been discussed in our last proposals and memos. However, we acknowledge the need and, thus, we deem necessary to enhance the 10 year plan of ADMIE, providing incentives to new investors to participate in new projects.

Moreover, we encourage SPVs, along with strategic partners, for the promotion of projects of great magnitude. The participation of a strategic investor also ensures the continuation and expansion of current investments. Another parameter that should be taken into account is the low actual leverage and net debt to equity ratios (for 2014 0.44 and 0.33 / for 2015, provisional data, are 0.28 and 0.32 respectively). The leverage in European TSOs is typically in the range of 60-70%¹. Additionally, profitability margins are notably high.

¹ ENTSOE: "Fostering Electricity Transmission investments to achieve Europe's energy goals: Towards a future-looking regulation", published in November, 2014.