

EXPLANATORY REPORT OF THE BOARD OF DIRECTORS

Regarding the items of article 11a para. 1 of Law 3371/2005

This explanatory report of the Board of Directors addressed to the Annual General Meeting of Shareholders, contains information regarding the items of article 11a paragraph 1 of Law 3371/2005.

1. Structure of the Company's share capital

The Company's share capital amounts to 168,970,408 Euro, divided among 84,485,204 shares with a nominal value of 2 Euro each, of which 76,916,244 are ordinary shares representing 91% of the total share capital and 7,568,960 are preference shares, without voting rights, representing 9% of the total share capital.

All the shares are registered and listed for trading in the Securities Market of the Athens Exchange (under "Large Cap" classification). Each ordinary share entitles the owner to one vote. The preference shares provide no voting rights.

The privileges enjoyed by holders of preference non-voting shares are as follows:

A. Receipt of a first dividend on the profits of the financial year, i.e. of the minimum mandatory dividend distributed annually in accordance with the law and the Articles of Association of the Company, before any distribution on ordinary shares. In the event of non distribution of dividend or of distribution of a dividend lower than the first dividend, in one or more financial years, holders of preference shares are entitled to a preferential payment of this first dividend, cumulatively and for the financial years in question, from the profits of subsequent years. Holders of preference non-voting shares are entitled, on equal terms with holders of ordinary shares, to receive any additional dividend which may be distributed in any form.

B. They are also entitled to preferential return of the capital paid up by holders of preference non-voting shares from the product of the liquidation of Company assets in the event of the Company being wound up. Holders of preference non-voting shares have equal rights with holders of ordinary shares to a further share, proportionally, in the product of liquidation, if the product in question is higher than the total paid-up share capital.

Each share carries all the rights and obligations set out in law and in the Articles of Association of the Company.

The liability of the shareholders is limited to the nominal value of the shares they hold.

2. Limits on transfer of Company shares

The Company shares may be transferred as provided by the law and the Articles of Association provide no restrictions as regards the transfer of shares.

3. Significant direct or indirect holdings in the sense of Presidential Decree 51/1992

On 31.12.2006 the following shareholders held more than 5% of the total voting rights of the Company: Andreas L. Canellopoulos, 12.79%; Alexandra P. Canellopoulou, 9.12%.

4. Shares conferring special control rights

None of the Company shares carry any special rights of control.

5. Limitations on voting rights

With the exception of the preference non-voting shares, the Articles of Association make no provision for any limitations on voting rights.

6. Agreements among Company shareholders

The Company is not aware of any agreements among shareholders entailing limitations on the transfer of shares or limitations on voting rights, nor is there any provision in the Articles of Association providing the possibility of such agreements.

7. Rules governing the appointment and replacement of members of the Board of Directors and the amendment of the Articles of Association deviating from those provided for in Codified Law 2190/20

The rules set out in the Articles of Association of the Company on the appointment and replacement of members of the Board of Directors and the amendment of the provisions of the Articles of Association do not differ from those envisaged in Codified Law 2190/20.

8. Authority of the Board of Directors or certain of its members to issue new shares or to purchase the own shares of the Company, pursuant to article 16 of Codified Law 2190/20

According to the provisions of article 13 para. 9 of Codified Law 2190/20, by virtue of a decision of the General Meeting – taken with an increased quorum and majority in accordance with the provisions of articles 29 paras. 3 and 4 and 31 para. 2 of Codified Law 2190/20 – a stock option plan may be introduced in favor of members of the Board and staff of the Company, and of affiliated companies, in the form of the option to purchase shares on the special terms of this decision, a summary of which is subject to the requirements of publication set out in article 7b of Codified Law 2190/20. The decision of the General Meeting especially specifies the maximum number of shares which may be issued, which may not exceed 10% of the existing shares, the price and the terms of distribution of the shares to the beneficiaries. The Board of Directors decides on any other relevant details not otherwise determined by the General Meeting, issues the stock option certificates and, in December of each year, issues the shares to the beneficiaries who have exercised their option, making a corresponding increase in the capital of the Company. Furthermore, the Board certifies the payment of the increase in capital in accordance with article 11 of Codified Law 2190/20.

Pursuant to the above provisions, and following the exercise in December 2006, in implementation of the relevant decisions of the General Meetings of Shareholders of 5.7.2000, 19.6.2002 and 8.6.2004, of options to purchase 155,080 shares by members of the Board and executives of the Company and its affiliated companies, for which a total of 901,048 Euro was paid, the Board decided, on 19.12.2006, to increase the share capital of the Company by 310,160 Euro, corresponding to the nominal value of the new shares, to form a reserve from the issuance of shares over par for the balance paid up of 590,888 Euro, and to issue 155,080 new ordinary registered shares, granted to the beneficiaries who exercised the option in question. Pursuant to the provision of article 13 para. 9 of Codified Law 2190/20, the above share capital increase does not constitute an amendment of the Articles of Association. The payment of the above share capital increase was certified by the Board at a special meeting on 19.12.2006.

Moreover, pursuant to the provisions of paragraphs 5 to 13 of article 16 of Codified Law 2190/20, companies listed on the Athens Stock Exchange may, by decision of the General Meeting of their Shareholders, acquire own shares through the Athens Stock Exchange in an amount of up to 10% of their total shares. In implementation of the above provisions of article 16 of Codified Law 2190/20, the Annual General Meeting of Shareholders of the Company, on 23.5.2006, decided on

the purchase by the Company of own shares, ordinary and preference, through the Athens Stock Exchange, of up to 10% of the total value of the Company's shares, within one year of the date of the said decision, i.e. until 22.5.2007. The General Meeting also set as maximum purchase price 50 Euro per share, and as minimum purchase price the nominal value of the share, i.e. 2 Euro per share, and instructed the Board of Directors to implement this decision in cases where it deemed it necessary. At its meeting of 29.6.2006 the Board, executing the above decision of the General Meeting, decided that the Company may proceed, within the period specified (until 22.5.2007), to the purchase of up to 10% of its own shares, ordinary and preference, at a maximum purchase price of 50 Euro per share and at a minimum purchase price of 2 Euro per share, insofar as the price of the share is at reasonable levels for the purpose.

9. Significant agreements put in force, amended or terminated in the event of a change in the control of the Company, following a public offer

The Company has no agreements which are put in force, amended or terminated in the event of a change in the control of the Company following a public offer.

10. Significant agreements with members of the Board of Directors or employees of the Company

The Company has no significant agreements with members of the Board of Directors or its employees providing for the payment of compensation, especially in the case of resignation or dismissal without good reason or termination of their period of office or employment due to of a public offer.