

REPORT OF USE OF RAISED CAPITAL FROM THE SHARE CAPITAL INCREASE BY CASH FOR THE PERIOD 8/11/07 – 31/12/11

It is notified that in accordance with article 3 of the decision 7/448/11.10.2007 by the Hellenic Capital Markets Commission Board and decision 25/17.7.2008 by the Board of Athens Exchange, from the share capital increase of TERNA ENERGY SA paid in cash that was decided by the Extraordinary General Shareholders Meeting on 20/07/2007, the net amount of € 300,572 thousand was raised, (including issue expenses of € 13,908 thous.).

The period for the Public Offering was 31/10/07-2/11/07. For the Share Capital increase 27,333,400 new common registered shares were issued.

All shares of the company (109,333,400) were listed for trading on the Athens Exchange on 14/11/2007 in the large capitalization market segment.

The certification for the deposit of the Share Capital increase by the Board of Directors of the Company was made on 8/11/07 and recorded on Société Anonyme Registry on 9/11/07 with the announcement No 36439.

The ordinary General Meeting on 2 April 2009 decided on the restructuring of the time schedule and use of the outstanding balance, by extending the completion time of the distribution by one year, namely until 31 December 2011, due to observed delays in the licensing procedures in the RES sector. Additionally, the extraordinary General Meeting on 29 June 2009 extended the use of one account.

The ordinary General Meeting on 19 April 2011 decided on the further restructuring of the time schedule and use of the outstanding balance, while at the same time the completion time was extended further until 31 December 2012 with a new allocation of amounts.

Following the above, the total raised capital of € 300,572, according to the aforementioned amended time schedule, presented the following movement until 31 December 2011:

TABLE OF UTILIZATION OF CAPITAL PROCEEDS (AMENDMENT ACCORDING TO THE EXTRAORDINARY GENERAL MEETING OF 19/04/2011)

TIME FRAME	Utilization of Capital Proceeds							Total utilized capital 08/11/07 until 31/12/2011	Non-utilized capital 31/12/2011
	08/11/07-31/12/07	01/01/08-31/12/08	01/01/09-31/12/09	01/01/10-31/12/10	01/01/11-31/12/11	01/01/11-31/12/12	Total		
in thousand €									
W/P Investments in the European Union	4,084	12,994	44,552	43,250	40,000	40,070	184,950	114,844	70,106
W/P Investments outside the European Union					50,000	5,000	55,000	44,480	10,520
Investments in hydroelectric stations	2,661	2,853	2,199	7,456	2,000	3,045	20,214	14,244	5,970
Photovoltaic stations	0	0	0	0	6,500	5,000	11,500	4,415	7,085
Electric energy production from biomass	0	0	0	3,448	6,552	5,000	15,000	5,587	9,413
Total investments from capital proceeds	6,745	15,847	46,751	54,154	105,052	58,115	286,664	183,570	103,094
Issue Expenses	13,380	528					13,908	13,908	0
Total	20,125	16,375	46,751	54,154	105,052	58,115	300,572	197,478	103,094

Notes:

1. The Ordinary Shareholders' Meeting of 02/04/2009 approved the Board's decision as of 24/3/2009 to change the timeframe and utilization of the balance of capital proceeds, which as of 31/12/2008 had settled at € 264,072 thous. by extending the timeframe of utilization by 1 year up to 31/12/2011. The deviation in the timeframe of utilization of funds is exclusively due to delays in granting of licenses by the RES authorities.

Additional decision was made regarding the change in the utilization of proceeds among investment categories and among the years 2009 up to 2011, in an effort to align the investment plan with the current progress in the granting of licenses. Specifically, the Company increased the appropriation of funds for Wind Park investments (due to accumulation of several projects) by € 26.6 million and for Biomass by €0.2 million, and added a category for the acquisition of RES related companies of € 20 million. As result there was a decrease up to 2011, in the utilization of funds for investments in Hydroelectric units, Photovoltaic stations and Wind Parks abroad.

Furthermore, the Extraordinary Shareholders' Meeting of 29/06/2009 approved the Board's decision as of 25/6/2009 to extend the utilization of the item of € 20 million in order to enable the Company to acquire RES related companies and licenses through its subsidiaries as well.

Subsequently and due to the commitments of the E.U. and other countries to undertake important supportive initiatives for the development of RES, the ordinary General Meeting of 19 April 2011 decided to further amend the time frame and use of proceeds, and thus the following categories were incorporated:

- "Total investments in wind parks"
- "Wind parks abroad" and "Acquisition of RES companies – licenses"

in the categories:

- "W/P investments in the European Union" &
- "W/P investments outside the European Union".

while the time frame was extended by one year, namely until 31/12/2012 with the new allocation of amounts.

The two previous tables of utilization of capital proceeds were as follows:

TIMEFRAME (in thousand €)	INITIAL TIMEFRAME (2007) OF CAPITAL PROCEEDS					AMENDMENT ACCORDING TO THE EXTRAORDINARY GENERAL MEETING OF 29.06.2009					
	08/11/07- 31/12/07	01/01/08- 31/12/08	01/01/09- 31/12/09	01/01/09- 31/12/10	Total	08/11/07- 31/12/07	01/01/08- 31/12/08	01/01/09- 31/12/09	01/01/10- 31/12/10	01/01/11- 31/12/11	Total
Total investments in wind parks	20,588	11,931	61,120	57,248	150,887	4,084	10,494	48,200	99,472	15,200	177,450
Total investments in hydroelectric stations	2,741	12,323	11,886	27,096	54,046	2,661	2,853	1,300	6,700	6,700	20,214
Photovoltaic stations	0	5,000	7,000	7,000	19,000	0	0	1,500	4,000	6,000	11,500
Electric energy production from biomass	0	5,563	4,188	5,000	14,751	0	0	0	5,000	10,000	15,000
Wind parks abroad	0	0	20,200	27,780	47,980	0	2,500	5,000	15,000	20,000	42,500
Acquisition of RES companies – licenses directly by the company and/or through its subsidiaries – Share capital increase of subsidiaries for acquisition of RES companies – licenses	-	-	-	-	-	0	0	6,000	7,000	7,000	20,000
Total investments from capital proceeds	23,329	34,817	104,394	124,124	286,664	6,745	15,847	62,000	137,172	64,900	286,664
Issue expenses	13,908	0	0	0	13,908	13,380	528	0			13,908
Total	37,237	34,817	104,394	124,124	300,572	20,125	16,375	62,000	137,172	64,900	300,572

2. As presented in the above table, from the capital of € 300,572 thousand raised by the Company, until 31/12/2011 the amount of € 197,478 thousand had been utilized. From its listing on the Athens Exchange and until 31/12/2011, apart from the issue expenses that amounted to € 13,908 thousand, the amount of € 183,570 thousand has been used to cover the participation of TERNA ENERGY SA itself as well as -through share capital increases- of its subsidiaries for projects which an installation license exists and is owned by those companies.
3. The remaining outstanding capital which amounts to € 103,094 thousand has been placed in interest bearing deposits, part of which have been used as guarantees against loans of the company and its subsidiaries, while an amount of € 5,479 thousand was recently used to finance the construction of projects by the company and its subsidiaries. It is noted that by means of the decision by the Ordinary General Meeting dated 19/4/2011 the company may temporarily use the capital proceeds to finance the construction of its projects or as guarantees against loans until the disbursement of its equity on the aforementioned investments.
4. The increase of outstanding capital in the categories “W/P investments in the European Union” and “Investments in hydroelectric stations” in comparison to the last published Table of Utilization of Capital Proceeds on 30 June 2011 is due to the replacement of the larger participation of the Company by received investment loans and grants that were received during the 2nd half of 2011.

The further deviation in the implementation timeframe is due to delays in the licensing procedures, as well as to the limited ability for financing support by Banks, due to the economic recession.

The Chairman of the Board

Vice-Chairman &
Managing Director

The Chief Financial Officer

Georgios Perdikaris
ID No.X 516918

Emmanuel Maragoudakis
ID No. AB 986527

Konstantinos Dimopoulos
ID No. AI 028273

AGREED UPON PROCEDURES REPORT TO THE USE OF PROCEEDS REPORT

To
the Board of Directors
of the Company TERNA ENERGY SA

According to the mandate we received from the Board of Directors of “TERNA ENERGY SOCIETE ANONYME INDUSTRIAL COMMERCIAL TECHNICAL COMPANY S.A.” (the “Company”) we have performed prescribed and enumerated below in accordance with the regulatory framework of the Athens Exchange and the relevant legal framework of the Hellenic Capital Markets Commission with respect to the Report on the Use of Raised Capital of the Company which relates to the share capital increase paid in cash, that took place on 8 November 2007. The preparation of the Report is the responsibility of the Company’s Management. Our engagement was undertaken in accordance with the International Standard on Related Services “ISRS 4400” which applies to the conduct of agreed upon procedures engagements. Our responsibility is solely for performing the procedures described below and to report to you on our findings.

Procedures:

1. We compared the amounts referred to as disbursements in the accompanied “Report on Usage of Raised Capital from the Share Capital Increase Paid in Cash” with the relevant amounts recorded in the Company’s books and records in the respective timeframe.
2. We examined the completeness of the Report and the consistency of its content with what is referred to in the relevant Prospectus issued by the Company for this purpose and the relevant Company’s decisions and announcements.

Findings

1. The amounts which appear, per usage or investment type, as disbursements in the accompanied “Report on Usage of Raised Capital from the Share Capital Increase Paid in Cash” are derived from the Company’s books and records in the respective timeframe.
2. The content of the Report includes the information which is at minimum required for this purpose from the regulatory framework of the Athens Exchange and the relevant legal framework of the Hellenic Capital Markets Commission and is consistent with what is referred to in the respective Prospectus and the relevant Company’s decisions and announcements.

Given that the above procedures do not constitute either an audit or a review made in accordance with International Standards on Auditing or International Standards on Review Engagements, we do not express any assurance on the report beyond what we have referred to above. Had we performed additional procedures or had we performed an audit or review, other matters might have come to our attention that would have been reported to you, in addition to the ones reported above.

The present Report is addressed exclusively to the Board of Directors of the Company, so that the latter can fulfill its responsibilities in accordance with the legal framework of the Athens Exchange and the relevant regulatory framework of the Hellenic Capital Market Commission. Therefore this report is not to be used for any other purpose, since it is limited to what is referred to above and does not extend to the financial statements prepared by the company for the financial year ended on 31 December 2011, for which we have issued a separate Audit Report dated 29 March 2012.

Athens, 29 March 2012

The Certified Auditor - Accountant

Georgios N. Deligiannis
S.O.E.L. Reg. No. 15791

