

We feel the urge to express optimism through our creations.
We look upon our future with confidence.











OTE Group

- Greece
- Romania
- Bulgaria
- Albania
- Serbia
- Montenegro

OTE Group

GREECE

Fixed-line and mobile telephony

Fixed-line subscribers: 4,992,000

ADSL subscribers: 1,124,000

Mobile telephony subscribers: 9,218,000

ROMANIA

Fixed-line and mobile telephony

Fixed-line subscribers: 2,741,000

ADSL subscribers: 807,000

Satellite TV subscribers: 884,000

Mobile telephony subscribers: 6,921,000

BULGARIA

Mobile telephony

Subscribers: 3,902,000

ALBANIA

Mobile telephony

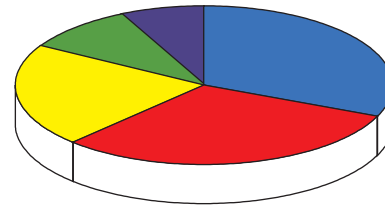
Subscribers: 1,909,000

SERBIA

Fixed-line and mobile telephony

OTE owns 20% of Telekom Srbija

- Through Germanos, OTE Group operates the most efficient telecoms and technology retail distribution network in SE Europe with 1,075 stores.
- In May 2009, Cosmote completed the sale of its mobile operations in FYROM.
- In October 2009 Cosmote completed the acquisition of the mobile telephony operator in Romania, Zapp.



Shareholders Structure, March 31, 2010





Group Structure

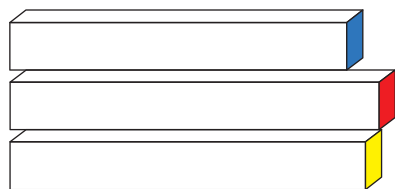
Germanos SE Europe (100%)					
Globul Bulgaria (100%)		OTE GLOBE Greece (100%)			
Zapp Romania* (100%)	Cosmote Greece (100%)	OTE S.A. Greece	Hellas Sat Greece (99%)	OTESat-Maritel Greece (94%)	CosmoONE Greece (62%)
AMC Albania (95%)		OTE Investment Services Greece 100%	OTEestate Greece (100%)	OTEAcademy Greece (100%)	OTEPlus Greece (100%)
Cosmote Romania (70%)	(30%)	RomTelecom Ρομανία (54%)			

Group Structure

- Fixed-line Telephony
- Mobile Telephony
- Other Operations

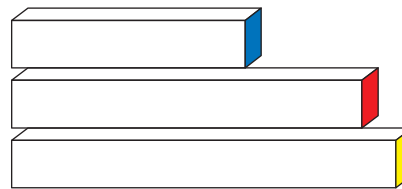
* Cosmote completed the acquisition of Zapp in October 2009

OTE Group Key Financial and Operational Highlights



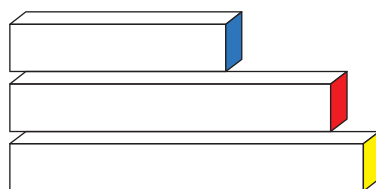
Operating Income before Depreciation and Amortization (€ mn), (OIBDA)*

2009 2,125.9
 2008 2,320.9
 2007 2,240.8



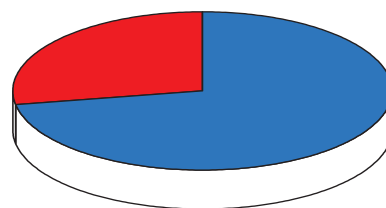
Earnings per Share (€)**

2009 0.82
 2008 1.23
 2007 1.35



Net Income (€ mn)**

2009 404.0
 2008 601.8
 2007 662.6

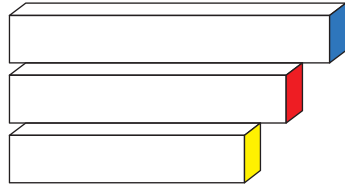


Revenue Breakdown by Region 2009 (gross)

72.2% Greece
 27.8% Other Countries

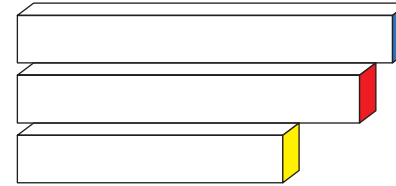
* Excluding impact of voluntary retirement programs and employee exit schemes (cost of €22.1 mn in 2007, €50.2 mn in 2008 and reversal of 30.3 in 2009)

** Figures of 2007 include non-recurring gains from the sale of InfOTE



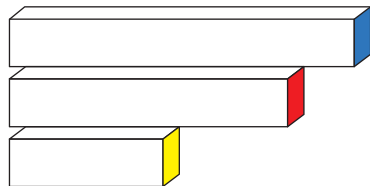
OTE ADSL Subscribers (000)

2009 ■ 1,124
 2008 ■ 972
 2007 ■ 825



Mobile Telephony Subscribers (000)

2009 ■ 21,950
 2008 ■ 20,027
 2007 ■ 15,546



RomTelecom ADSL Subscribers (000)

2009 ■ 807
 2008 ■ 651
 2007 ■ 360

OTE Group Operations

OTE GROUP

Consisting of the parent company OTE SA and its subsidiaries, the Group offers fixed-line, broadband, data, leased line and mobile telephony services in Greece and Romania, as well as mobile telephony services in Albania and Bulgaria. The Group is also present in Serbia through its 20% stake in the country's incumbent operator, Telekom Srbija. OTE Group is additionally involved in a range of activities in Greece, notably in real-estate, satellite telecommunications and professional training.

FIXED-LINE OPERATIONS IN GREECE (OTE SA)

OTE SA is the incumbent telecommunications operator in Greece, offering fixed-line, broadband, data and leased line services.

Strategy: Development of competitive bundled products (broadband Internet, voice, mobile telephony and IPTV), adoption of a dynamic tariff policy, investments in infrastructure, increased efficiency and competitiveness.

MOBILE TELEPHONY OPERATIONS IN GREECE AND ABROAD (COSMOTE GROUP)

Cosmote, fully-owned by the OTE Group, is the leading provider of mobile communications in Greece. The company also enjoys significant mobile telephony market shares in Albania and Bulgaria, and is expanding rapidly in Romania. Cosmote is also the owner of Germanos SA, the largest distributor of ICT (Information & Communication Technology) products in SE Europe.

Strategy: Maintain market-leading performance, increased focus on reducing operating costs in Greece and abroad.

FIXED-LINE OPERATIONS IN ROMANIA (ROMTELECOM)

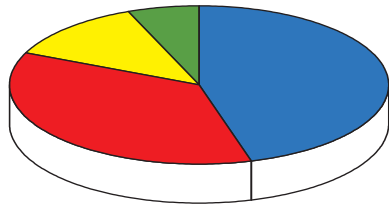
OTE owns 54% of RomTelecom, the main telecommunications operator in Romania, providing fixed-line, broadband, data, leased line and satellite TV services to the local market.

Strategy: Development and promotion of broadband services, introduction of new bundled products, competitive tariff policy, investments in infrastructure, emphasis on restructuring and reduction of operating costs.

OTHER OPERATIONS IN GREECE AND ABROAD

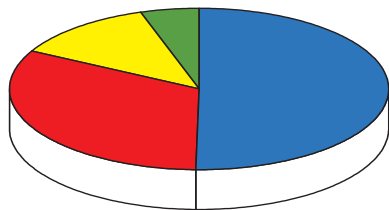
In Greece, the Group is involved in a range of activities, notably in real-estate, international wholesale telephony, satellite and maritime communications, and professional training. The Group is also present in Serbia through its 20% stake in the country's incumbent operator Telekom Srbija.

Strategy: Development of synergies between the companies of the OTE Group.



Segment Revenue Contribution (2009) *

- 45.5% Cosmote
- 36.2% OTE
- 12.1% RomTelecom
- 6.2% Other



Segment OIBDA Contribution (2009) **

- 50.3% Cosmote
- 32.5% OTE
- 12.3% RomTelecom
- 4.9% Other

* Gross

** Operating income before depreciation and amortization excluding impact of voluntary retirement programs and employee exit schemes

2009 At a Glance

OTE GROUP: ACQUISITIONS, SALES AND ORGANIZATIONAL CHANGES

In **April**, Cosmote increased its share capital participation in AMC by 12.6% (this stake was formerly held by the Albanian State) for a total cost of €48.4 mn. Following this transaction, Cosmote's participation in AMC now stands at 95%.

In **May**, Cosmote completed the sale of its subsidiaries Cosmofon Mobile Telecommunications AD Skopje (through its 100% subsidiary OTE MTS Holding BV) and Germanos Telecom AD Skopje, to Telekom Slovenije.

In **July**, Deutsche Telekom AG increased its share capital participation in OTE through the acquisition of shares and the respective voting rights. Following this transaction, Deutsche Telekom's stake in OTE's share capital stands at 30%, while the Hellenic Republic (which sold its shares and the respective voting rights) now holds a 20% in OTE's share capital.

In **July**, Cosmote signed an agreement to buy Telemobil S.A. (Zapp) in Romania, which is the oldest mobile telephony company in Romania and has CDMA 450 MHz and 3G 2100 MHz licences.

In **September**, the voluntary retirement of 601 OTE employees was completed, within the context of the 2005-2006 voluntary retirement plan (in accordance with Law 3371/2005 and Law 3762/2009). To meet company needs in terms of personnel, as a result of the above voluntary retirement program, OTE recruited 87 new employees with expertise in various fields.

OTE SA: NEW PRODUCTS AND SERVICES

In **January**, OTE launched the "my E-Bill" service which allows customers to manage and pay their OTE bill online.

In **February**, OTE launched the new flat-rate packages Business Call & Business Call Premium from the OTE business family of products. The new Business Call program offers companies low tariffs, depending on their bill and the new Business Call Premium product for large corporations that have many phone connections, offers discounts based on their total monthly traffic from all the connections of the monthly bill. During the same month the company launched ConnX-TV.

In **March** OTE introduced the new fixed-line service MusicCall. With this service, OTE provides its customers the opportunity to choose the music, that callers, who are dialling in, will be listening to.

In **July** the company offered two new fixed-line flat rate packages "Fixed-line 180" and "Fixed-line and Mobile 300" for local, long-distance calls and calls to mobile phones.

During the same month OTE offered Conn-x services to customers of the KATEXOCHIN package (a special program addressed to residential customers who own a country home) for the time period that they are visiting their country home.

In **August** OTE presented the new OTE business flat rate packages for small and medium companies. These packages combine low tariffs in telephony services with the convenience of one single bill.

In **October**, and through its Conn-x package, OTE offered unlimited Internet access at 8Mbps and unlimited calls to all fixed-line numbers in Greece.

In **October**, OTE offered the "Conn-x at work Start Up" program for small and medium sized companies. Addressing small businesses, the "Conn-x at work Start Up" program combines Internet access and web presence services (web & mail hosting) at attractive rates.

During the same month OTE's three sales channels (OTeshops, the 134 call center and the electronic shop of www.oteshop.gr) were grouped under the same brand of OTESHOPPING.

AWARDS

In **April** the OTE Investor Relations team garnered four awards in four different categories at the annual "Capital Link Greek Investor Relations Awards" ceremony.

In **April**, OTE won the bronze award for "Best Annual Report 2007" at the European Design Awards, which took place in May 2009, in Zurich.

During the same month OTE received a silver level distinction for its CSR program at the first CR Index in Greece.

Also in **April**, OTE's 2007 Annual Report received the highest distinction, the "EVGE Award" at the Greek Graphic Design and Illustration Awards ("EVGE") that took place in Athens.

In **May**, OTE and Cosmote garnered awards for its CSR program at the CEO & CSR Money Conference 2009.

In **December**, OTE Chief Operating Officer, Mr. Iordanis Aivazis, was voted Best CFO for Investor Relations, by European analysts and investors at the 2009 Extel Survey Awards.





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ANNUAL FINANCIAL REPORT

Annual Financial Report	
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Message from the Chairman

Maroussi, April 2010.

At the end of 2009, OTE's share closed at €10.29, 13.5% below the price at the end of 2008. At the end of April 2010, the share price stood at around €8.2, equivalent to a market capitalization of about €4 billion or 1.9 times the EBITDA of 2009. OTE's peer group of European telecommunications companies trade at multiples that range from 1.9 to 3.6 times EBITDA.

The low level of the share price is not justified by the operating performance as well as the fundamentals of the company's balance sheet. It is obvious that the market is punishing OTE, and this is being done for three main reasons.

The first is the economic crisis, which hit the area in which OTE is active, later than the rest of Europe. The proportion of consumer income devoted to telecommunications is shrinking, and this reduces the total revenue of the sector. The reduction of revenue intensifies competition and leads weaker companies to price cuts, forcing stronger ones, like OTE, to follow. It is a struggle that, in the end, damages the entire sector and distorts the market. This fierce competition should clear the market of the weaker players, but one cannot say if and when this will happen. Intensive price competition is common to both fixed and mobile telephony, and can be seen in Greece as well as in Romania and to a lesser degree in the other countries in which OTE is present.

The second reason for the pressure on our share price is the way in which we continue to be regulated. The problem mainly concerns fixed telephony in Greece and consists of the deliberate delay by the EETT in approving OTE's new competitive retail products, as well as the imposition of mandatory prices higher from 30 to 50% from the prices of our competitors. At a time when disposable incomes are shrinking, the price of a product becomes the consumer's most important criterion, and EETT's strategy hastens OTE's loss of market share.

The limited ability of OTE S.A. to reduce its costs so as to adjust to a shrinking market is the third reason that keeps the share price low. The main cost factor is personnel expenses, which have again risen to above 30% of the Company's revenue, compared to the European average, which ranges between 20 and 25%. The control of personnel expenses is prevented by the special labor legislation that applies to OTE.

All of the three reasons mentioned above are due to external factors,

against which our strong efforts have so far brought limited results. At this point, I must refer also to ad hoc instances, consequent to the Greek crisis, such as the imposition of extra taxes and other measures taken by the government in its quest to raise money, as well as to the increase in customer arrears and the delay of the Greek state in paying its bills.

The above make up a rather dark picture, but my view is that OTE can emerge stronger from this crisis.

In the competitive battlefield, OTE Group holds strong cards, such as a healthy financial position, access to markets at favorable terms, a good structure, experienced management and personnel. It can call upon reserves and resilience which many of its competitors lack. The participation of Deutsche Telekom in its capital and management is also an advantage, particularly at difficult times.

In the mobile telephony market, which has been undergoing a lot of pressure in recent months, Cosmote continues to produce much better results than the competition, in Greece as well as in Romania and other countries. The GERMANOS chain and the purchase of ZAPP have proven to be very successful strategic moves.

In the fixed-line telephony in Greece, there are signs of developments that might lead to a more favorable environment. One of these is the overcoming of the state's resistance to OTE's effort to invest in third-generation networks. After four years of trying, OTE has finally begun to carry out an FTTX investment program which will bear fruit for both the Company and the country. OTE is increasing its investment in IP and satellite TV. Also we continue the process of closer cooperation between fixed and mobile telephony in both Greece and Romania.

The exit from the economic crisis which bedevils the country will happen only through development. The state must realise that OTE is one of the very few development engines in Greece, able to finance and complete investments. Instead of putting in front of OTE obstacles and extra burdens, it should provide encouragement for the undertaking of initiatives, by ensuring a stable and predictable environment for its investments.

Aggressive regulation has led to continuous efforts to reduce costs and increase productivity, wherever this was possible. This has been regulation's only positive contribution. Already, with the sector in Greece being limited to a few big players and changes in the regulatory attitude in Brussels becoming evident, we believe that it is a matter of time before the regulation

of most fixed telephony products becomes lighter. It won't be long before the argument of OTE's «dominant position» collapses.

Perhaps the most significant positive development for OTE will emerge from the structural changes Greece will be obliged to implement in order to secure the support of the EU and the IMF. OTE's major problems stem from its having to maintain a state/public service employment regime, nine years since the market has been opened to competition and long after the company has been privatised. This regime, besides a forbiddingly high operating cost, impedes meritocracy and forces the Company to maintain organizational models and methods that aim primarily to justify employment. If work-related legislation changes, OTE will be able to implement more flexible solutions in a lot of areas, thus drastically reducing costs and increasing its productivity.

From the present bleak situation, a stronger, more competitive OTE can emerge. Meanwhile, of course, the Company continues to make every possible effort to reduce costs and increase its competitiveness without relying on the improvement of external conditions. It has always been the present management's strategy to base its actions, if not on pessimistic assumptions, then definitely on conservatively realistic ones. The lesson here is that in Greece, from where we draw over 70% of our revenue, the State, in all its manifestations, often acts in ways that do not promote business creativity and cause confusion and uncertainty about the future. We are thus obliged to prepare accordingly and to be reserved in our forecasts.

Before closing I want to thank our personnel for their efforts during a difficult period and particularly those who repaired in record time the damages to our networks from the big fire in Attica.



Panagis Vourloumis
Chairman of the Board of Directors
Chief Executive Officer of OTE SA



I find inspiration in the seemingly impossible. *Anonymous*









Broadband Services

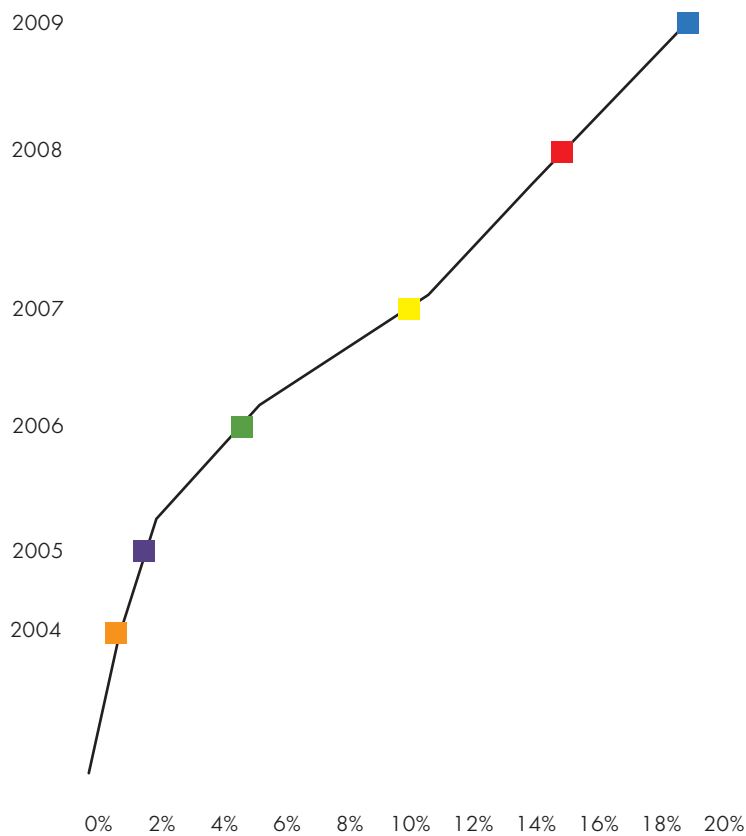
MARKET TRENDS

Over the past six years, one of the main strategic and business objectives of OTE's management has been to rapidly bridge the gap that existed in the broadband penetration rate between Greece and the EU average. Through the investment of billions of euros in infrastructure and the implementation of radical changes in its structure (in order to meet the demands that broadband development entailed on a technological, technical, regulatory and commercial level), OTE successfully met the country's need for technological advancement. Specifically, during the period 2008-2009, OTE employees installed a total of 331,000 new ADSL ports through

670 new DSLAMs, and activated, for the company's competitors, a total of 711,000 lines.

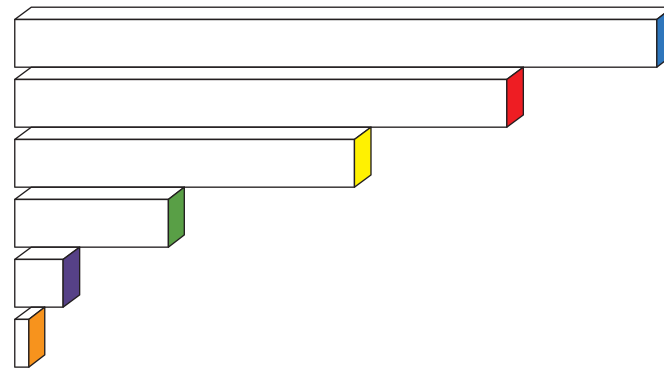
The increase in broadband penetration was reinforced by the increased demand for access by alternative operators to OTE's Local Loop (LLU). In recent years, this demand has expanded from the large urban centers to rural areas. The Greek Information Society's "Broadband Access in Greece's Rural Areas" project, played a key role in providing broadband services, including LLU, to rural areas in Greece.

As a result, in 2009, OTE's LLU subscriber base increased by over 50%, passing the 1.0 million mark, compared to 672,000 in 2008. Thanks to their methodical approach, commitment and hard work, OTE employees succeeded in meeting, again this year, the exceptionally strict requirements set by the Regulatory Authority. During the same period, OTE effectively developed and promoted products and services for residential and business customers by making broadband services attractive and accessible to all customer categories. Thus, by the end of 2009, the total number of OTE retail and wholesale ADSL connections, across the country (including LLU) exceeded 2.1 million, compared to 1.6 million at the end of 2008, and only 46,000 in 2004.



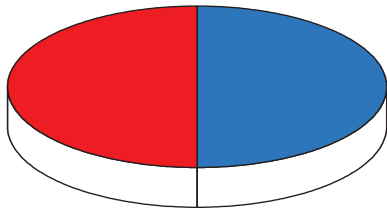
Greek Broadband Population Penetration

2009	19.0%
2008	14.7%
2007	10.2%
2006	4.6%
2005	1.5%
2004	0.4%



Greek Broadband Market (000)

2009	2,144	(+30%)
2008	1,644	(+45%)
2007	1,135	(+121%)
2006	512	(+217%)
2005	161	(+247%)
2004	46	(+513%)



OTE Retail ADSL Market Share (2009)

- 50% OTE Retail ADSL
- 50% Total LLU & OTE Wholesale

In an environment of increasing competitive pressure due to the continuous growth of LLU, OTE's market share in broadband connections remained close to the halfway mark of the total market.

During 2009, competition intensified significantly among operators, due to the development of bundled packages for residential customers, the marketing of new ones, as well as the continuous promotion of offers and discounts in x-play packages that combine voice, broadband Internet, and IPTV services. Moreover, competition was reinforced by the marketing of bundled fixed-line, mobile telephony and Internet packages that were a result of the collaboration between mobile telephony companies and fixed-line operators, in compliance with the dictates for the convergence of services.

The increased broadband penetration in Greece, in recent years, has resulted in a growing number of companies making use of the Internet, in order to enhance their business presence and to use applications that will allow them to expand and broaden their activities vis-à-vis their associates as well as their customers.

Tariffs for broadband services dropped considerably as a result of the sustained promotional offers made by OTE's competitors. Despite intense regulatory intervention, OTE succeeded in remaining competitive, especially with regards to the more commercial broadband speeds. The quality of the services provided, together with OTE's immediate response to its customers' individual needs (thanks to a comprehensive customer service system and a well-organized distribution network, where OTE indisputably outperforms its competitors) also contributed significantly to OTE's efforts to lose the smallest possible market share.

In the summer of 2009, OTE rebranded all products and services, aimed at residential as well as business customers, by introducing new logos, visuals, colors and signatures for each category (residential products, business products, and corporate communication). The aim of this rebranding campaign was to simplify and systematize the brand portfolio, to refresh and reinforce OTE's image through product communication, and to converge communications of all product categories in order to achieve more effective communication in terms of both image and cost.

PRODUCTS AND SERVICES FOR RESIDENTIAL CUSTOMERS

The convergence of telecommunication services, the consumer trend towards "home entertainment", as well as the considerable expansion of ADSL, in recent years, have led telecommunications operators worldwide to provide digital TV services through broadband access (IPTV). These services are usually offered to customers as part of triple-play products, a combination of voice (mainly VoIP), ADSL and TV/VoD services.

In response to international trends and customers' evolving needs, OTE launched, in early February 2009, the **Conn-x TV** (IPTV) service. Offered initially in Attica, Thessaloniki, Patras, Larisa and Heraklion (Crete), it had gradually spread to 60 cities throughout Greece by the end of 2009. Moreover, since September 2009 the service has been available in all Conn-x speeds, i.e., at 2, 8 or 24Mbps.

By offering Conn-x TV, OTE aims at meeting its customers' demand for a greater selection of TV options and programs, while at the same time capturing first position in the triple-play market. Nevertheless, a large portion of OTE's subscriber base, and the Greek population in total, cannot receive Conn-x TV services because of ADSL technology limitations. OTE plans to bridge this gap within 2010, by offering Conn-x TV via satellite as well.

OTE offered even faster and cheaper broadband connections during 2009, as part of its strategy to boost broadband take up. Specifically, the company:

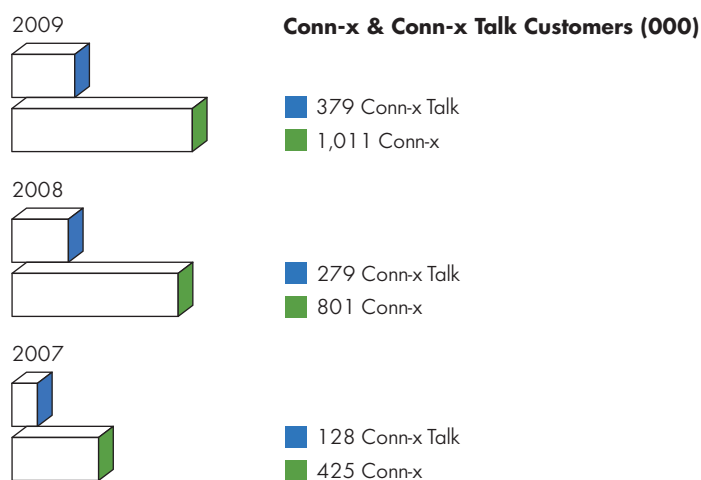
- **Proceeded with the upgrade of two ADSL speeds, from 1 and 4Mbps to 2 and 8Mbps respectively, aiming at an even more comprehensive coverage of customers' needs. These new speeds were made available thanks to OTE's investment in new broadband infrastructure**
- **Lowered its prices, thus making broadband attractive to even more customers. On 12/05/2009 OTE lowered the monthly rates for ADSL and Conn-x for new and existing customers (for 2, 8 and 24Mbps speeds)**

In the summer of 2009, in response to market demands, OTE upgraded **Conn-x Talk**. Besides unlimited local and long-distance voice calls to national fixed-line networks, Conn-x Talk now offers, at no extra cost, 60 minutes of calls to national mobile networks. This upgrade allows OTE to retain its existing customers, and also to increase the number of customers that combine fast Internet access and unlimited calls.

In 2009, OTE also launched its single-play (telephony) and double-play (telephony and ADSL) services in the form of a package with a flat-rate charge. For the first time, this charge includes the line's monthly rental.

In October 2009, OTE made available, exclusively to its residential customers, the double-play program at 8Mbps speed under the brand name **Conn-x DP8** (Internet & Telephony). This program involves a 12-month

commitment and is offered at a significantly lower flat-rate charge, including the monthly rental, compared to the sum of similar programs offering unlimited fast Internet access at 8Mbps and unlimited local and long-distance voice calls.



Aiming to protect its customers from malicious Internet users, Conn-x began offering, in December 2009, an Online Protection services package, which includes Anti-Virus (protection against viruses, worms, trojans and spyware), Firewall, (blocking unauthorized computer access), Anti-Spam (to filter out unsolicited e-mails), and Parental Control software (monitoring and blocking access to websites with inappropriate content).

Since August 2009, OTE has been offering the option of a Conn-x broadband connection to its customers that own a country home, for as long as they reside in it. OTE offers all current or future subscribers of its **KATEXOCHIN** telephony service the option of fast Internet access at 2Mbps, through Conn-x. This service is charged for the time that the connection is in operation (refers to the time of operation of the KATEXOCHIN telephony package, i.e. for a total of 6 months per year, 4 months in the summer, 1 month at Christmas, and 1 month at Easter). Moreover, when it is combined with the **KATEXOCHIN plus Weekends** package, besides the 6 months, Conn-x broadband services are also offered every weekend, throughout the year.

During 2009, OTE continued to offer Conn-x services to university students in conjunction with the DIODOS project, which provides students with fast Internet access at low prices. Moreover, for the fifth year in a row, OTE offered free Conn-x at 2Mbps, as well as all the necessary equipment, to undergraduate and post-graduate students with outstanding academic performance.

PRODUCTS AND SERVICES FOR CORPORATE AND BUSINESS CUSTOMERS

In the corporate and business market segment, besides the basic telecommunication services (telephony and connectivity services), OTE offers managed network services, as well as supply, set up, installation, and equipment and software support services. To this end, it creates and offers standardized services packages that combine telephony, broadband Internet access, and Data Center services.

Indicatively, OTE offers:

- **Broadband Services & Internet**
 - *ADSL Access, Conn-x@work, Dedicated Internet Access, Corporate Mail*
- **Internet Presence & Data Services**
 - *Domain Names*
 - *Web Hosting Packages & Services (Co-Location, Disaster Recovery, Streaming)*
 - *OTE Data Center Services*
- **OTE Business Plus (VPN or Internet with ADSL access in combination with cheaper telephony, supply of equipment, and supplementary services, such as installation, set up, and equipment management)**
- **Networks**
 - *Connectivity Services*

These services are addressed to companies and the wider Public Sector and aim to meet their voice and data communication needs. These services are focused on reducing telecommunication costs, interconnecting customers, suppliers and associates through integrated networks and transferring large volumes of data to metropolitan and rural areas. They also allow for the connection of corporate and business customers' points of presence in order to transfer voice and data through new technologies. These services include: OTE IP VPN, OTE Ethernet, OTE Hellascom, OTE ATM Stream, OTE Hellaspac, Radio & TV Leased Lines and services for Shipping Companies.

 - *Wireless Networks & Services (Wi-Fi Hot Spots, Tetra Services)*
 - *International Networks & Satellite Communications*
 - *OTE Network & System Solutions – comprehensive solutions that satisfy the most specialized needs of a modern business.*

During 2009, demand in the corporate and business customers' market segment was focused on broadband access services, combined services and packages with value-added services. OTE enhanced its existing broadband services and offered new ones, as well as need for guaranteed quality and competitive prices. Specifically, in 2009 OTE proceeded with the following:

- Upgrade of the ADSL access speeds, of Conn-x and Conn-x@work (at new, lower prices)
- Offering of Web Portal Packs for corporations and businesses that want to create their own website (Corporate Site package) or e-shop (e-shop package) and make use of corporate applications
- Offering of comprehensive combination packages of broadband access services at speeds of up to 24Mbps in combination with Web Presence services (Web Hosting & Mail Hosting), such as the Conn-x@work Start Up
- Offering of Dedicated Internet Access, a service that provides the combination of a circuit and Internet feed to OTE customers that wish to acquire permanent and high-quality access to the Internet in a wide range of speeds (64Kbps - 1Gbps) through various technology options, including: Ethernet, SHDSL, Leased Lines, and Hellascom. Customers can choose the kind of telecommunication circuit they prefer (e.g., Ethernet, Leased line), the connection speed, etc. Moreover, OTE can provide guarantees regarding the level of the service being provided (Service Level Agreement), monitoring and management of the Network and Network Equipment services (Managed Network Services), monthly reports, and equipment maintenance contracts with guaranteed repair time
- Offering of OTE IP VPN services. This connection is offered through OTE's IP/MPLS network, the safety and quality features of which are the same as those of a closed, private network. The IP VPN service, operating within the public and fully managed OTE network, is controlled, and therefore guaranteed quality. This category includes the following services: Intranet IP VPN, Extranet IP VPN, Class of Service (CoS), access through different technologies that cover every need of a company (ADSL, SHDSL, Leased Lines, Ethernet, LMDS, Dial-up), providing a backup connection for permanent IP VPN connections, and Dial up Access
- Offering of the OTE Managed Network Services for the online management of the interconnection and equipping of a business through the specialized Managed Services Portal, for Leased Lines and ADSL.

2010 OUTLOOK

OTE anticipates a further increase in its broadband services penetration rate with respect to its residential customers' market segment. It also expects to maintain Conn-x's leading position and retain its market share.

In the market segment of corporate and business customers, OTE aims to safeguard and further reinforce its leading position in broadband services, through the design, creation and promotion of innovative products, and integrated solutions that combine network and IT technology.

Fixed-line

Thanks to its extensive experience in telecommunications and its state-of-the-art telecommunications infrastructure, OTE is constantly developing and promoting innovative products and telephony, broadband and connectivity services, as well as comprehensive solutions that combine network and IT technologies. These services meet the needs of every residential customer and every modern business, while keeping abreast of a constantly evolving market. The result of OTE's ceaseless effort is that its customers, whether residential or corporate, enjoy:

- A wide portfolio of innovative products and services
- Competitive data and telephony programs
- High - quality integrated services.

MARKET TRENDS

The Greek telecommunications market has entered its final concentration phase, from which the business groups that will prevail will emerge. Given the increasingly intense competition, the trend of providing converged solutions, as well as the need to raise investment capital, certain smaller companies are driven out of the market, while the rest seek out partnerships that will guarantee their survival in the future. Proof of this tendency are the collaborations that are already being forged between mobile and fixed-line telephony companies, in order to guarantee the viability of alternative fixed-line operators, while at the same time giving mobile telephony companies the opportunity to increase their revenue by forcefully claiming a share of the fixed-line market. Given the convergence between fixed-line and mobile telephony, in terms both of services and technologies, these changes among companies are expected to continue.

In 2009, the residential customers' market was characterized by the following:

- The offering of service packages at very low prices, which led to a further decrease of the already narrow profit margin, a development that significantly worsened the financial situation of alternative operators. These packages involved single, double and triple-play services and their promotion was accompanied by a dynamic communications policy
- The rapid growth of Local Loop Unbundling (LLU), which was the main lever for the development and provision of telephony and broadband services by alternative operators in areas beyond the large urban centers
- The launch of bundled packages that included voice, Internet, IPTV and mobile telephony services at attractive prices. This

resulted in an increased demand for high-speed broadband connections, as well as for LLU in general

- The offering of unlimited flat rate packages which tend to replace the existing per-minute charges. There was also an increase in the unlimited long-distance and international call offers, which can be combined with free fixed-to-mobile call time. The aim of these flat rate package offers is to attract new customers. Double-play offers at low prices on a local level created an even more competitive environment among telecommunications operators
- The partnerships and mergers of mobile companies with fixed-line operators which enhanced their position and enabled them to offer solutions bundling fixed, mobile and broadband services

During 2009, the main features of the corporate and business customers market were the following:

- The increasing partnerships between fixed-line and mobile telephony operators in providing integrated telephony and broadband access solutions
- The collaboration between companies that provide IT equipment and applications and telephony operators, in order to develop integrated solutions that combine network and IT technologies (ICT services). This collaboration sprang from the need of Greek businesses for a provider of combination service packages and comprehensive solutions (of telecommunications technologies and IT). The market proved very competitive in this sector, and OTE responded successfully, closing many related deals with medium and large-size companies
- The rapid growth of alternative carriers' infrastructure which was achieved by taking advantage of state programs and subsidies, as well as by utilizing the services and potential of the SYZEFXIS project of the wider Public Sector
- Lastly, an important feature of the market was OTE's competitors' strategy to grow and distinguish themselves within the market, based on their tariff policies, through discounts and offers.

PRODUCTS AND SERVICES FOR RESIDENTIAL CUSTOMERS

In 2009, despite harsh competition and intense regulatory pressure that severely limited OTE's ability to compete on equal terms, the company managed to retain 3.8 million fixed PSTN lines and 1.2 million ISDN access channels. This was achieved through the constant development and promotion of products that met consumer needs.

During the year, OTE upgraded the OTE Talk & Conn-x Talk unlimited flat rate packages. **Conn-x Talk 24/7**, which combines high Internet connection speeds and voice services, was enhanced with offers of unlimited local and long-distance calls to all fixed-line national networks and an extra 60 minutes of free calls to national mobile networks.

At the same time, customers without broadband connection were offered the **OTE unlimited all day long** program, with unlimited local and long-distance calls to all fixed-line networks and 60 minutes of free calls to national mobile networks. The **Conn-x Talk 24/7** and **OTE Talk 24/7** can also be combined with a program that offers unlimited calls to fixed-line phones in 46 foreign countries ("Exoteriko").

For the first time, in 2009, OTE launched flat rate packages that combine the fixed-line monthly rental with pre-paid talk-time for local and long-distance calls and calls to mobile telephones.

These packages are the following:

Fixed-line 180: Includes, at a flat rate, the basic monthly fee of a PSTN/ISDN BRA line rental, plus 180 minutes of local or long-distance calls, to all fixed-line networks. Moreover, long-distance calls not included in the package are charged as local calls.

Fixed-line + Mobile 300: Includes, at a flat rate, the basic monthly fee of a PSTN/ISDN BRA line rental, plus 250 minutes of local or long-distance calls to all fixed-line networks, and 50 minutes of calls to all mobile networks. Long-distance calls not included in the package are charged as local calls.

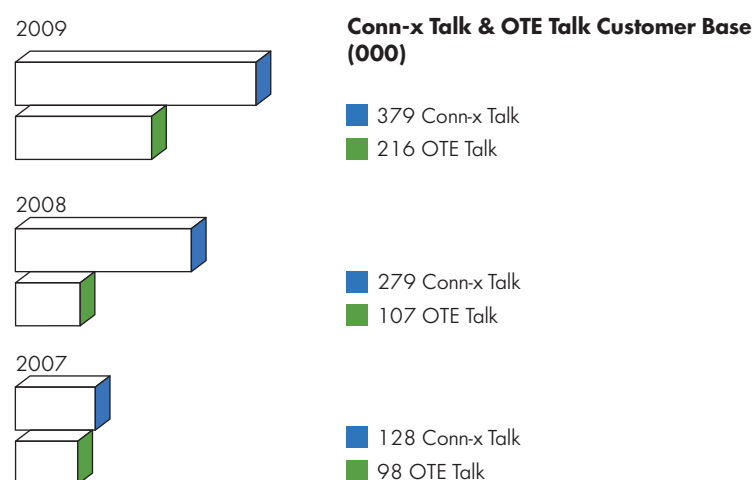
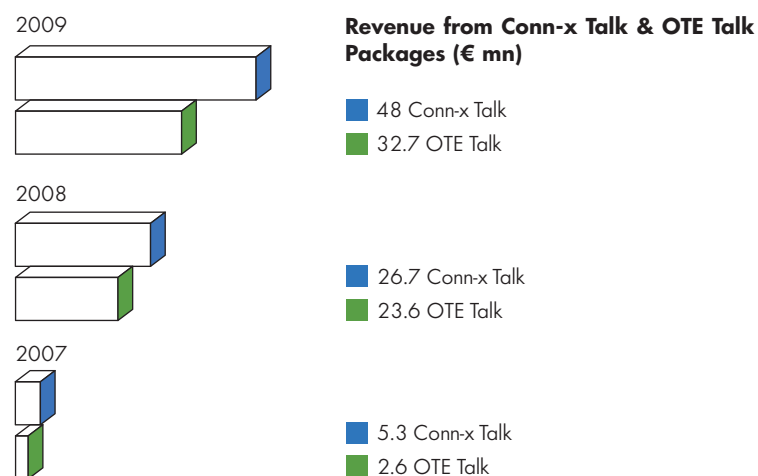
DP8: Includes, at a flat rate, the basic monthly fee of a PSTN/ISDN BRA line rental, plus Conn-x at a speed of 8Mbps and unlimited local or long-distance calls to all fixed networks.

The introduction of these programs led to an increase in the subscription rate to the company's flat rate packages. Moreover, OTE implemented fixed term contracts, in order to retain and better manage its customer base.

In 2009, the company also reduced the price of its **"OTE mobile"** programs, carrying over to the consumer the benefit of lower prices for fixed-to-mobile calls. The range of the flat rate offers, which includes OTE mobile 30, OTE mobile 60, OTE mobile 120, OTE mobile 240 and OTE mobile 480 correspond fully to the needs of subscribers who are looking for economical solutions for calls to mobile telephony networks.

Throughout 2009, OTE continued to offer its residential customers the **OTE all in 1** fixed-line and mobile telephony convergence program, through which its customers enjoy, at a discount and in a single monthly bill, fixed-line and mobile services together with Conn-x ADSL Internet at speeds of up to 24Mbps.

New services were also offered in the areas of outgoing calls blocking, collect calls rejection and caller ID blocking. Meanwhile, according to



the Hellenic Authority for Communication Security and Privacy (ADAΕ), the process management of the service for locating malicious or nuisance calls was completed.

OTE also operates a number of Portals with considerable numbers of visits. The most important are: **www.OTENET.gr** (one of the most popular news/entertainment portals in the Greek market, with an estimated 1.2 million unique visitors per month, which translates into 13 million page views); **www.Travel.gr** (a tourist services portal); **www.WomanToday.gr** (portal dedicated to women and lifestyle issues); and **www.2x4.gr** (a special portal for cars and driving).

In the pre-paid cards market, OTE offers the **OTE Telekarta** (only for public phones), the **OTE Chronokarta** and the **OTE Allo**, the **OTE Smile&Web** pre-paid phone and Internet card, the **OTE Conn-x Wi-Fi card** for wireless Internet access; and the **OTEKARTA** which is used for fixed-line calls and charges are shown in a separate bill.

In the pre-paid card market, the company maintained its leadership by retaining its customer base and telecommunication traffic. In terms of tele-information services, it defended its market share by enriching the content of the 11888 service and promoting new services based on five-digit numbers (14744, 14844, 14944).

In 2009, within a particularly competitive market with strict limitations, dictated by the regulatory authority (in terms both of pricing policy and product range), OTE achieved its commercial goals and managed to significantly reduce churn.

PRODUCTS AND SERVICES FOR CORPORATE AND BUSINESS CUSTOMERS

OTE provides corporate and business customers, a wide range of telephony services in combination with value-added services.

The services offered are the following:

- OTE PSTN
- OTE ISDN (PRA+BRA) connections and services
- Voice services through the IP (VoIP) protocol
- OTE FreePhone, OTE OnePhone services
- OTE Video Conference and OTE Audio Conference services

During 2009, the company implemented the greater part of its corporate customer market segmentation program, in order to determine the most suitable management model based on its size and features. This project will be completed in 2010.

In order to meet the needs of its corporate and business customers and the challenges posed by the competition, OTE proceeded with the upgrade of its existing voice service packages and with the launch of new ones. The main packages offered are:

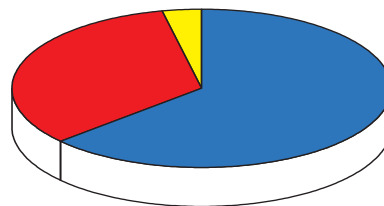
- The **OTE Business Call** programs that address the needs of corporate and business customers, and offer big discounts for fixed-line calls to local and international destinations
- The **OTE Business Flat Rate** packages that offer to small businesses, the option of a single bill as well as discount-rate packages for local and long-distance calls to all networks.

DISTRIBUTION NETWORK

OTE owns one of the most extensive distribution networks in Greece, which includes the Group's shops OTEShop, Cosmote and Germanos, as well as its Sales Call Center and the online shop www.oteshop.gr.

During 2009, OTE proceeded with the rationalization of its OTEShop network, in order to optimize its points of sale geographical presence and minimize operational costs. Within this context, 96 shops closed and their commercial activity was taken over by the Group's other points of sale. A further 61 shops, mainly in remote areas, were turned into points of

service, with an aim to meet the basic needs of the company's customers. Today, the OTEShop network consists of 226 OTEShops across Greece, of which 207 are privately owned and 19 are franchise stores.



OTE Group Greek Retail Network (2009)

- 430 Germanos
- 226 OTE
- 22 Cosmote

TELEPHONE SALES AND CUSTOMER SERVICE CENTERS

OTE's Call Centers, which operate in four major Greek cities, comprise of more than 1,000 workstations with well trained personnel and state-of-the-art technical equipment. OTE's specialized customer service centers include the Telephone Sales Center 134, the 11888 Directory Enquiries, OTE's e-shop www.oteshop.gr, the OTELINE call center for outbound Telemarketing, the 136 telegram call-in center, the 1502 Citizen Service center for requesting certificates from public services, the 112 European emergency number, the 121 for technical fault reporting, a service center for people with hearing disabilities, the OTEAlert center for residential and business alerts, the 129-139 operator services for national and international calls, 11889 for international directory inquiries, and OTE tele-information centers 14744, 14844 and 14944.

Telephone sales center 134

Telephone calls 3.8 million
 Average response time 16.5 sec.
 Customer satisfaction rate 94.5%

Online sales store www.oteshop.gr

Visits 2.7 million

Directory enquiries 11888

Answered calls 33.3 million
 Average response time 8 sec.
 Customer satisfaction rate 97.0%

OTE's customer service centers are ISO 9001:2000 certified and, based on market research conducted by the company, customer satisfaction rate in recent years has exceeded 90%.

During 2009 OTE launched a new e-shop, www.oteshop.gr, which is based on state-of-the-art technology and successfully meets market

requirements. Within the framework of its Business Intelligence applications, OTE put into operation its Data Warehouse IT system that offers high-quality, analytical information and helps strategic decisions making.

CORPORATE AND BUSINESS CUSTOMERS SERVICE

The Sales Management and the Corporate and Business Customers Technical Support divisions were designed to provide one-stop customer service across the country with respect to commercial issues and requests, as well as to optimize the geographical distribution of relevant functions and processes.

All previously operating call centers have merged into the OTEbusiness Customer Service Call Center 13818, which came into full operation during 2009. As a result, OTE is able to offer a single-point helpdesk for commercial and technical matters, enhanced services through the OTEbusiness Customer Service groups, call-routing via a modern IP call-center, and support to any customer request.

Also, during 2009, in order to serve customers faster and more efficiently, OTE implemented the Telecommunications Advisor service, which suggests to companies immediate and integrated telecommunication solutions.

2010 OUTLOOK

In the residential customers segment, OTE will place special emphasis on the following:

- **Promotion of fixed-line, broadband access, TV and mobile telephony services' convergence**
- **Pay -TV services through a satellite platform**
- **Optimization of its distribution network**
- **Continuation of the company's customer-oriented approach through new systems and procedures**

The company intends to enrich its existing unlimited flat rate packages (and its discount rate) with new features, such as fixed-to-mobile and international calls, to upgrade the "OTE All in 1" package and introduce new, innovative products to niche markets.

OTE is also aiming to integrate all its Call Centers into a single one. The installation of the Work-Force management system began in late 2009 and will be completed during 2010. This system is aimed at minimizing costs and achieving the optimal number of employees in the Call Centers 11888 and 134.

In the corporate and business customers segment, and in order to defend as well as increase its market share, OTE plans to introduce and promote telephony and value-added services, voice services over IP (VoIP) protocol, new discount-rate packages, as well as fixed/mobile telephony packages through the exploitation of synergies within the OTE Group.

Wholesale Services for Telecom Operators

MARKET TRENDS

The wholesale market has several distinct characteristics, since the majority of services and products offered to alternative telecom operators are subject to regulatory requirements. OTE meets these requirements successfully and has been providing telecom operators with a vast array of products and services. In 2009, the wholesale market continued to grow rapidly as a result of the overall market growth combined with the promotion of new broadband services by OTE.

Over the last three years, attention in the wholesale market has shifted to Local Loop Unbundling (LLU), thus intensifying competition among operators that have invested in the development of the required infrastructure to offer alternative ADSL Internet services and wireless broadband access. Besides the large urban areas, LLU take-up has increased across all regions of Greece, soon after the realization of measure 4.2 of the "Information Society".

Today, there are 48 fixed-line and mobile telephony providers operating in the Greek telecommunications market, of which, 16 are interconnected with OTE's network and 7 offer services via LLU.

Mergers and acquisitions among telecom operators in the fixed-line market (as a means to withstand fierce competition), as well as the entry of mobile operators in the fixed-line telephony and Internet market, have gradually transformed the competitive landscape of this market. These developments, combined with technological advances and financial conditions, threaten the resilience and survival of some of the companies.

INTEGRATED WHOLESALE SERVICES FOR TELECOM OPERATORS

By monitoring market trends and identifying business opportunities in new operational fields, OTE develops innovative services in order to meet the increasing and specialized needs of other operators and also contribute to the expansion of the Greek telecommunications market. In 2009, LLU services, offered by OTE at the wholesale level, contributed significantly to the rapid growth of broadband penetration. The total broadband market size approached the milestone mark of 2 million lines, which corresponds to a population penetration of over 18%.

OTE's services for other operators include the following:

- **Broadband**

- **Local Loop Unbundling**
- **Data Transfer**
- **Voice and Network Interconnection**
- **Value-added Services**

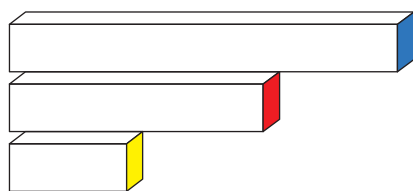
Seeking to enhance its service portfolio, in 2009 OTE:

- **Offered wholesale Leased Lines in the form of Terminal-Link parts and transmission connections which create economies of scale and fully exploit the operators' infrastructure, as dictated by the Hellenic Telecommunications and Post Commission (EETT)**
- **Offered Wholesale Line Rental (WLR) services to the Greek market in May, reaching 42,500 subscribers by the end of 2009**
- **Expanded and upgraded its Metro Ethernet high-speed data transmission services**
- **Expanded access to directory enquiries, offering customers (of all mobile and fixed-line operators) its 11888 service, as well as various short codes within the context of its Network Interconnection Services**
- **Offered Leased Lines and Remote Co-location services to operators – contractors of the "Information Society Measure 4.2" project – in urban local exchanges where the number of OTE subscribers is below 5,000**
- **Offered Co-location, LLU and related services in 689 urban local exchanges throughout the country**
- **Expanded and upgraded the W-CRM e-filing systems for LLU, Wholesale ADSL, Number Portability, and Carrier Pre-selection requests, and developed new W-CRM systems for Interconnectivity services (W-CRM WIL) and Wholesale Line Rental (WLR)**
- **Activated new interactive applications and enriched the content of the www.otewholesale.gr website**
- **Developed and applied new marketing plans to promote its products and services.**

LLU SERVICES

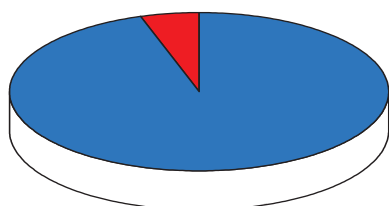
The great demand for LLU services, that came about in 2007, continued in 2009. OTE responded to this demanding task – in terms of technical and organizational workload and requirements – and proceeded with the unbundling of over 341,000 new lines within the year (up more than 53% compared to 2008).

Demand for services related to LLU, such as Co-location also grew significantly in 2009.



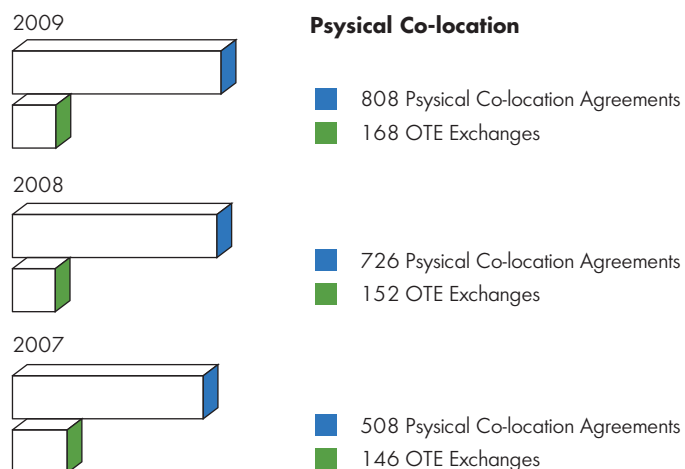
LLU Lines (000)

2009 ■ 1,020
2008 ■ 672
2007 ■ 310



LLU Breakdown (2009)

■ 95% Full Unbundling
■ 5% Shared Access



Physical Co-location

■ 808 Physical Co-location Agreements
■ 168 OTE Exchanges
■ 726 Physical Co-location Agreements
■ 152 OTE Exchanges
■ 508 Physical Co-location Agreements
■ 146 OTE Exchanges

WHOLESALE BROADBAND SERVICES

Active wholesale ADSL connections, via the ARYS service, reached 52,600 at the end of 2009. This number is considerably lower, compared to 94,000 of 2008, as a result of the commercial policies that stimulated the migration of customers from wholesale broadband access

to Local Loop Unbundling, based on self-owned network infrastructure. The drop in the number of wholesale ADSL-ARYS connections is also due to strategic developments in the market, such as takeovers and insolvencies of operators providing wholesale broadband access.

WHOLESALE LEASED LINES AND DATA SERVICES

The number of leased circuits slightly decreased in 2009. There were 8,300 Terminal-Link Parts and 2,075 Transmission Connections.

As of 1/1/2009, OTE is in compliance with the regulatory requirement to provide Wholesale Leased Lines in the form of Terminal-Link Parts and Transmission Connections.

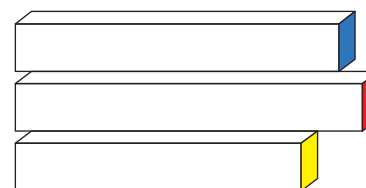
Interconnection links of 2Mbps reached 5,630 in 2009 (from 7,000 in 2008), of which approximately 2,140 corresponded to Trunk segments (from 1,400 in 2008).

The strong demand for high capacity lines, as well as for Backhaul SDH and Ethernet networks, continued in 2009 as well.

INTERCONNECTION SERVICES

In terms of interconnection services, in 2009 the traffic volume of alternative operator calls, terminating at OTE's network (based on minutes) dropped by 15% compared to 2008 and reached more than 4.4 billion minutes. In 2009, the traffic volume of mobile operators terminating at OTE's network stood at the 2008 levels, of 2 billion minutes. Origination and transit traffic minutes, decreased significantly y-o-y by almost 40%, reaching 2.7 billion minutes. In 2009, the migration of wholesale customers from Carrier Pre-Selection services (CPS) –decrease by 280,000-, mainly, to bundled double-play services increased considerably, along with the customer base of number portability services(1,092,000).

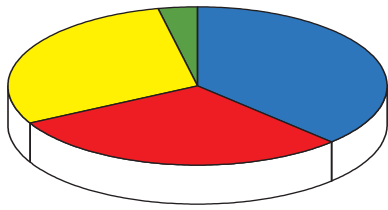
Revenues from wholesale services decreased by 3.3%, on an annual basis, and comprised of:



Wholesale Revenues (€ mn)*

2009 ■ 309.8
2008 ■ 320.4
2007 ■ 283.3

* Total revenues from Interconnection/ Roaming/ Termination, Wholesale leased lines, Wholesale ADSL and LLU/ Co-location



Wholesale Revenues Breakdown (2009)

- 37.6% LLU
- 29.7% Interconnection / Roaming / Directory Services
- 29.4% Wholesale Leased Lines
- 3.3% Wholesale ADSL

QUALITY ASSURANCE OF SERVICES AND CUSTOMER CARE QUALITY

In 2009, OTE focused on building stronger relationships with alternative operators and enhanced its customer service systems. Throughout the year, the company monitored the market of wholesale services for other operators, in order to identify market trends, record and understand the changing needs of customers, and develop individual customer profiles.

The implementation and development of the Wholesale CRM (W-CRM) system enhanced OTE's efficiency with regard to the management and support of services provided to operators and further improved all internal processes within the company. Customer service quality improved considerably through the electronic filing, statistical analysis, reporting, monitoring and processing of requests for LLU, Co-location, wholesale ADSL, number portability, carrier pre-selection and Interconnection services and WLR.

The improved services of the Fault Report and Management Center, for all operators, allowed for quick responses and immediate handling of customers' technical problems. In 2009, the average time of response and fault management improved considerably. Customer requests/fault reports in 2009 dropped by 44.43% compared to 2008.

The "Customer Satisfaction-Fidelity Barometer" a market research conducted in 2009 (reviews and evaluates the quality of service, communication, support, problem-solving and relations between alternative operators and OTE), confirmed the latter's ongoing development in the aforementioned areas. OTE is considered the first choice and most reliable partner of alternative providers in the Greek market.

The upgrade of the www.otewholesale.gr website in 2009 enhanced the company's image and reliability. The website now hosts detailed presentations, as well as an online promotion and support center for all products and services.

Regarding the release of information to operators, OTE complied with the

specific regulatory guidelines, referring to the type, time and volume of posted information on the www.otewholesale.gr webpage in 2009.

2010 OUTLOOK

The company's strategic objectives for 2010 include the following:

- Utilization of OTE's network infrastructure and new technologies
- Provision of best-of-class services that meet the needs of fixed-line and mobile operators in a technology-convergence oriented environment
- High-quality customer service and direct after-sale support.



Investments in Infrastructure

One of the most significant challenges faced by telecom operators today relates to the upgrade and transformation of their network and infrastructure. The rapid expansion of broadband services and the increased demand for bundled products call for a single broadband platform which will support the convergence of technologies and allow for the provision of bundled services.

Over the last years, OTE has been investing in the gradual transformation of its TDM network into a Next Generation Network (NGN). This single ALL-IP architecture offers automated control from a single, central location and can support current and new infrastructure. Furthermore, NGNs are based on TISPAN IMS architecture which allows for fixed-line and mobile telephony convergence.

OTE also employs Service Level Agreement tools for the quantitative assessment of the quality of its services.

Significant projects, which were carried out in 2009 and relate to the transformation of OTE's network, include the following:

- **Expansion of the ADSL network through the installation of more than 160,000 new ports in 2009**
- **Development of the IPTV network infrastructure and provision of IPTV and Video on Demand (VoD) services in 60 large cities across the country**
- **Enhancement of the backbone transmission network through the development of three new DWDM rings and the upgrade of the existing ones**
- **Upgrade of the IP backbone network via the installation of Terabit routers at all major points of presence, relocation/installation of the old routers to other sites and increase of the links between the nodes**
- **Proof of concept tests for the selection of an IMS system supplier for the transformation of OTE's network into NGN**
- **Pilot-launch of an NGA network, based on FTTC architecture, employing VDSL technology for high speed access subscription**
- **IN (Intelligent Network) network installation, is expected to be completed in the first six months of 2010**

In 2010, the company also plans to:

- **Expand the ADSL network through the introduction of new Ethernet DSLAM points of presence and the enhancement of the existing ones**

- **Install VDSL DSLAMs in outdoor cabins**
- **Expand IPTV services provision across the country**
- **Expand the Metro Ethernet network through the installation of new Ethernet switches and upgrade of the existing Metro Ethernet nodes**
- **Upgrade and enhance existing regional SDH rings in order to support all new Ethernet and broadband points of presence**
- **Develop two new metropolitan C/DWDM rings in Thessaloniki and Patras and two backbone rings in Crete**
- **Introduce the IMS system**
- **Complete the transfer of Hellas Pack/ATM (Interfaces) customers to the IP network**
- **Expand the Service Assurance platform in order to cover OTE's IP network and develop test and diagnostics tools for ADSL.**

FIXED-LINE NETWORK INFRASTRUCTURE AND QUALITY

OTE's fixed-line network consists of 225 digital exchanges and 2,448 remote subscriber units (RSUs). As of December 31, 2009, the installed capacity of OTE's exchanges, stood at 5.89 million PSTN lines, 672,000 ISDN BRA lines and 9,500 PRA lines.

Voice and value-added services are offered through the network of exchanges and the IN, IVR, VMS, SMS, RBT platforms.

IP ACCESS ACROSS THE COUNTRY

OTE is expanding its broadband network and focusing on rural areas. Following the OTE-OTENET merger, the IP Access Network currently consists of 108 points of presence across the country, corresponding to 95% of the active telephone lines. To support the ADSL network, the number of BRAS systems increased from 37 to 44 at the 15 points of presence. The services offered through the IP network are: IP VPN, IP Transit, VoIP, VPNs, Central Connection to the ADSL Network and Dial-Up Internet access.

IP BACKBONE

OTE's IP Backbone Network consists of 7 IP Core points of presence across the country and supports all broadband and IP services provided by the company. Network nodes are connected through nX10Gbps links.

IP-NGN NETWORK

The IP-NGN network currently supports the provision of VoIP services as part of the state-sponsored SYZEFXIS project. A total of 43 points of presence are equipped with IP-NGN infrastructure with Media Gateways, 1 Softswitch, 10 SIP Servers (one SIP Server covers residential VoIP exclusively), 1 Centralized IP PBX and 4 SBCs.

ETHERNET NETWORK

Metro Ethernet offers broadband Internet and leased-line services. As of December 31, 2009, the Metro Ethernet network had over 700 points of presence across the country, compared to 300 in 2008.

Indicative products and services based on IP and Ethernet include:

- IP VPNs
- IP Transit
- VoIP VPNs
- E-Line (Layer 2 VPNs)
- Wide Area Ethernet (Layer 2 VPNs among cities)
- Integrated Central ADSL Connection
- Dial-Up Internet access.

ADSL

In 2009, OTE continued to reinforce its presence in the ADSL market, raising the number of installed ADSL ports from 1.4 million at the end of 2008, to over 1.56 million at the end of 2009. The service is now available countrywide, with 1,501 points of presence and more than 4,000 DSLAMs, covering areas with fewer than 500 telephone lines. The ADSL network consists of ATM and Ethernet DSLAMs supporting broadband Internet, VoIP and IPTV services.

LOCAL LOOP

At the end of 2009, there were 984,000 local loops, compared to 647,000 in 2008, fully or partially unbundled. At the end of 2009, the number of local exchanges with active Physical Collocation only, was 105, the number with active Distant Collocation only was 533, while the number of local exchanges with both active Distant and Physical Collocation was 63.

IPTV

Since February 2009, IPTV services are available to all customers of Ethernet PoPs in the cities of Athens, Thessaloniki, Patras, Larisa and Heraklion. At the end of 2009, IPTV services were available in 60 regions across Greece. During the period 2010-2011 this service is expected to be provided at all POPs of 10Gbps or 2.5Gbps NG-SDH rings with Ethernet DSLAMs installed.

WIRELESS ACCESS

At the end of 2009, there were 166 wireless systems (Point-to-MultiPoint) operating in the 1.5GHz, 2.5GHz and 3.5GHz bands. Moreover, three pilot WiMAX network systems have been installed and are operating in the following areas:

- Thessaloniki
- Mount Athos
- The Attica region

In 2010, the aforementioned systems are expected to become commercially available, while there are also plans for their further expansion in the region of Attica. Moreover, the installation of the systems is being planned for 10 more regions across the country, depending on the commercial needs as well as the licensing opportunities.

OTHER NETWORKS

Providing full telephony solutions and products, OTE develops and operates other networks (Satellite, Radio-Maritime, TETRA and TELEX).

Satellite Services

In 2009, OTE provided the following services via the satellites of Eutelsat, Intelsat, Inmarsat, Hellas-Sat, Amos, Thaicom, NSS, Telstar and AfricaSat:

- Satellite transmission of image, voice and data services at a total transmission rate of 290Mbps
- Inmarsat services to parts of the Atlantic and the Indian Ocean: (telephony, Internet, data, Telex, e-mail and GMDSS navigation security)
- Satellite control services (telemetry and orbital position control).

Radio-Maritime Services

During 2009, OTE continued with the provision of radio-maritime services through its radio-maritime network which covers 35 geographical areas via 130 transmitters (MF, HF, VHF). The main service provided was the Global Maritime Distress Signaling System (GMDSS). Additional services include special signals (e.g., SOS), NAVTEX service (weather forecasts) and commercial services (e.g. business telegrams).



Regulatory Framework

Electronic communications in Greece are subject to national, European and international regulation. The national regulatory framework comprises the Laws of the State, Presidential Decrees, Resolutions issued by the Minister of Infrastructure, Transports & Networks or other concerned Ministers, and regulatory Resolutions issued by independent authorities. These authorities include: the Hellenic Telecommunications and Post Commission (EETT), the Hellenic Authority for the Information and Communication Security and Privacy (ADAE), the Hellenic Data Protection Authority (APPD), the National Council for Radio and Television (ESR), etc. The European Union regulatory framework comprises of EU Treaties, directives, decisions, recommendations and guidelines, some of which are directly applicable once adopted, while others have to be transposed into national laws. The international regulatory framework consists of international Treaties, (such as International Telecommunications Union [ITU] Regulations and Recommendations) which the Greek State has ratified. In particular, the European regulatory framework for electronic communications networks and services was recently revised and the new directives have been published in the Official Journal of the European Union. These new Directives are expected to be transposed into national legislation by the end of 2011.

OTE works together with the regulatory authorities (e.g., the Hellenic Telecommunications and Post Commission, the Hellenic Authority for the Information and Communication Security and Privacy) and all concerned Ministries, in compliance with laws and regulations, focusing on market development and enhancement of competition.

REGULATORY MARKET DEVELOPMENTS IN 2009

Key developments in the telecommunications market in 2009 were related to the strengthening of the alternative operators' presence in the broadband service market (which has led to an increase in their market share and to more intense competition) and to the cooperation/merger between operators, fixed and mobile telephony companies, as well as between fixed alternative operators, aiming at the impending synergies. Mobile operators expanded further into mobile broadband services, offering high speeds, at competitive prices.

In 2008, the Greek State had announced an initiative to support an FTTH point-to-point passive infrastructure network. In August 2009, a draft Law regarding the "Establishment of the Infrastructure for an Open-access Fiber Optic Network" was published for public consultation. According to the new timetable announced by the Greek State, the first optical fiber cables are scheduled to be deployed by the end of 2011. A public consultation will take place beforehand, early 2010.

OTE, following the rapid developments in the telecommunications markets, has always been consistent in meeting its obligations imposed by the regulatory and state authorities towards consumers and alternative operators. In this highly demanding environment, OTE's viewpoint is that a fully competitive market, comprising of companies keen on investing in infrastructure, would benefit both consumers and the national economy. However, deregulation seems to be mandatory in a market that has matured and in which there is increased competition. Moreover, OTE believes that issues pertaining to fair competition, regulatory certainty and the protection of consumer rights are of vital importance.

On this basis, OTE's regulatory policy aims to defend the company's strategy before regulatory bodies (national, European and international) on issues such as:

- **Improvement of the company's competitiveness**
- **Assurance of regulatory certainty and predictability**
- **Removal of regulatory obligations in markets where an adequate level of competition has been reached**
- **Protection of the company's investments against excessive regulation. Constant changes in market dynamics and business models bring about new competitive models between operators and expand consumer options. Within this scope, regulation should continue only when absolutely necessary, otherwise new investments will be hampered and innovative technologies and applications will be impeded**
- **Compliance with obligations relating to OTE's status as Universal Service provider and minimization of associated costs**
- **Protection of consumer rights**
- **Assurance of confidentiality with respect to personal data and communications**

Regarding the protection of consumer rights, during 2009 a new law concerning the "Identification of Mobile Services Users" was passed.

REGULATORY ISSUES IN 2009

The main regulatory issues addressed by the company in 2009 were:

- **The publication by EETT of the Regulation regarding the terms and conditions for access and interconnection**
- **EETT's approval of the amendments that OTE proposed regarding the reference offer for Wholesale Leased Lines and Partial Circuits**
- **EETT's approval of the pricing policy that OTE proposed regarding Wholesale Leased Line services, OKSYA/A1, OKSYAII and FS-**

ZEUS services (July 2009)

- **Issues pertaining to the Universal Service obligation**
- **The determination of a cap and sub-cap for regulated retail access and telephony services**
- **The implementation of regulations concerning the protection of consumer rights and communications' confidentiality**
- **The publication of the decisions following the review of the markets for wholesale (physical) network infrastructure access (including shared or fully unbundled access) at a fixed location and for wholesale broadband access and**
- **The publication of a decision defining the Rights of Way for electronic communication providers**

In 2009, OTE responded to sixteen (16) national and five (5) european consultations, the most important of which are:

- **Public consultation on Wholesale (physical) network infrastructure access (including shared or fully unbundled access) at a fixed location (market 4)**
- **Public consultation concerning wholesale market analysis and the proposed regulatory obligations for wholesale broadband access (EU)**
- **Public consultation for the rights of use for 2.6GHz radiofrequency**
- **Public consultation for the transposition of Audiovisual Media Directive into national law**
- **Public consultation on regulation concerning the Establishment of the Infrastructure for an Open-access Fiber Optic Network (Ministry of Transport & Communication)**

On a pan-European level, in 2009, OTE monitored all regulatory developments and provided input to the following consultations:

- **Draft Community Guidelines for the application of State-aid rules in relation to the rapid deployment of broadband networks**
- **A strengthened network and information security policy in Europe**
- **Draft commission recommendation on regulated access to next generation access networks (NGA)**

In 2009 OTE submitted a number of proposals for different retail offers for approval to the EETT, some of which were rejected while others were approved but with considerable time delays. OTE requested information, which has yet to be provided, on the model applied by the EETT for margin squeeze control.

In 2009, the EETT imposed fines on OTE that amounted to €13 mn. OTE has appealed before the relevant Greek courts.

2010: CHALLENGES

One of the key regulatory issues on OTE's agenda for 2010 is to safeguard the company's investments in new technologies (such as Next Generation Access Networks) against excessive regulation. In addition, OTE will follow the transposition of the revised European regulatory framework into national law, particularly with respect to "functional separation" as a regulatory remedy. OTE also monitors Greek State initiatives with respect to the planned Fiber to the Home (FTTH) project. Moreover, the company will request transparent and timely decisions by the EETT (on tariff retail plans submitted for approval) such that will provide regulatory certainty. Finally, in 2010, the company will work on the removal of unnecessary regulatory obligations in markets where an adequate level of competition appears to have been reached.



Human Resources

DEVELOPMENT OF HUMAN RESOURCES

The demanding and highly competitive environment in which OTE operates, requires the adoption and implementation of a comprehensive human resources development program. Employees will thereby acquire the necessary skills that will enhance the company's competitiveness and will ensure its dynamic performance.

On this basis, OTE and specifically the Human Resources Division undertook important initiatives, during the year, relating to the development of a platform of Human Resources Management Systems and the creation of an integrated Management Information System for Human Resources.

Specifically, in 2009, the company completed the development of a Human Resources Management System, with the creation of a Job Families Model. This model includes, among others, the development of levels within each family and the assignment of recognized roles to each level through the use of short job descriptions. During the second phase, and using the findings of the initial phase, extended role descriptions are developed, their ranking within the context of the model is validated, and finally all employees are matched to specific roles and job titles.

The identification of tasks and activities within each function, based on the new job descriptions and their classification into job families, will set the base for the development of Human Resources Management Systems, which will optimize internal policies for:

- Professional development and career advancement
- Compensation, benefits and incentives for employees
- Training, specialization and optimal use of business skills

OTE is also working on the development of a modern, integrated Human Resources Management Information System that will replace all existing systems.

PERSONNEL TRAINING

One of OTE's primary objectives is to provide its employees with continuous access to training, ensuring, this way, career progression and personal development for all employees. For this reason, OTEAcademy, OTE Group company responsible for the organization of professional development programs (more information on page 90), has been assigned with the task, amongst others, of organizing seminars and training programs for OTE employees.

During 2009, almost 6,500 OTE Group employees attended training seminars in the areas of:

- Technology and Telecommunications
- Information Technology
- Management
- Customer Service
- Sales
- Finance
- Human Resources
- Health and Safety in the Workplace
- Engineering

OTE's Human Resources Department works closely with OTEAcademy throughout the training cycle, in order to align corporate strategy with training and professional development policies. This systematic training and educational cycle includes:

- Identification of training needs
- Design of training courses
- Implementation of training courses
- Certification of professional skills
- Evaluation of training courses

OTEAcademy's seminars enable employees to adapt to the rapid developments of the telecommunications market and maintain OTE's tradition of excellence in technical and business practices. The majority of training courses is implemented on site (in the form of workshops) where active participation by attendees is encouraged. Lectures are supported by case studies and team-building exercises.

In order to meet the professional development needs of its personnel, besides OTEAcademy's annual training program, OTE relies on the know-how of its more senior employees to offer on-the-job training. Finally, OTE employees also participate in training sessions, conferences and meetings organized by other institutions at home and abroad.

EVALUATION SYSTEMS

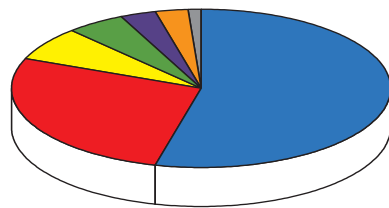
During 2009, for the first time, the senior management of the company was evaluated, using new systems, which provided transparency in the process of skills and performance evaluation. Recently developed systems were also used for evaluating employee performance and productivity, as well as their efficiency in completing tasks and realizing targets. Evaluation systems are focused on motivating, rewarding and promoting employee professional development and ensuring transparency and objectivity throughout the evaluation process. OTE's evaluation system is implemented in conjunction with the company's target-setting system.

The target-setting process is implemented through recently developed IT systems which enable:

- **Setting of annual targets**
- **Electronic modification option for target-setting until a certain date**
- **Evaluation of the professional skills of managers**

This system serves as a modern Human Resources management tool that ensures transparency throughout the target-setting process, reduces cost and control time and generates reports related to the progress and performance of the company's organizational units.

Finally, the current evaluation system facilitates job rotation practices within the company, preparing employees for a change in either tasks or position.



OTE Employees per Function (2009)

- 54% Technical
- 27% Commercial
- 7% Support
- 5% Finance
- 3% Specialized
- 3% ex-OTENet
- 1% Other

COMPENSATION AND REWARD POLICY

OTE's compensation policy is implemented using as a base the target-setting, evaluation and reward systems. It is defined by specific rules and regulations, and is based on the principle of fair allocation of rewards.

In cases when performance exceeds set targets, the company's management has the right to grant rewards in the form of bonuses to employees. In special cases of extraordinary nature, the company may reward its employees by other means (commendation, extraordinary bonuses, etc.).

All OTE employees, including those seconded from subsidiaries, are grouped under the same performance evaluation and reward systems and under the same regulations relating to working hours, job transfers and promotions, irrespective of the years of employment within the company.

Within this context, during 2009, the process of integrating OTE-OTENET's 369 employees in OTE's organizational structure was completed and

they are now subject to the performance evaluation and reward system that applies to all OTE employees.

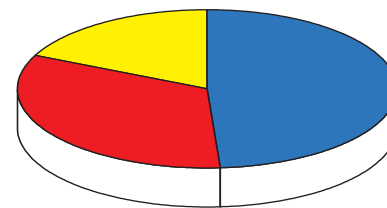
COLLECTIVE AGREEMENTS

The Collective Agreements signed in 2009, between the company and OTE's Labor Unions relate to the settlement of financial and regulatory issues, such as payroll, benefits and allowances, days of vacation, and working hours for special categories of employees. The personnel of OTENET were integrated under the OTE Internal Regulation that covers all employee issues including transfers, payroll, hours worked, etc.

Finally, with regards to the annual voluntary exit of employees through incentives (a practice followed by OTE since 1996), in 2009, a new plan was agreed upon with the unions. This plan will enable employees who have the right to retire to leave the company by the end of 2010, provided they have submitted the appropriate documentation.

2009 OVERVIEW

At the end of 2009, the number of OTE employees was approximately 11,400. The average age of the company's employees remained at 45 years, the same as the previous year.



OTE Employees Age Mix (2009)

- 49% , 35 - 49 years
- 33% , 50 - 65+ years
- 18% , 20 - 34 years

During 2009, 211 employees were hired by OTE, 187 of which were already working on OTE projects but were employed by OTE subsidiaries. At the same time, 197 employees left the company within the context of the annual program of voluntary exit through incentives. Another 601 employees, forming a part of the Voluntary Retirement Plan of 2005-2006, were finally allowed to leave the company, after their time of compulsory military service was recognized as employment time.

Also during 2009, rules regulating the transfer of responsibilities, the operation of the BoD (Board of Directors), the way projects are carried out, and official correspondence, were updated and upgraded.

With regards to Quality and Organization, the company developed:

- **An integrated Quality Management System, certified by ELOT, for the Divisions of Corporate and Residential clients**
- **An integrated and certified Management System, for the Repairs and Maintenance Department, including modules for Health and Security at Work and Environmental Management**
- **A Quality Management System, for the Licenses and Spectrum Management Department**

Finally, the ARIS system, used to cover the needs of wholesale clients, was enhanced through the creation of the ARIS portal, a development which will ensure the dissemination and availability of information with respect to the relevant processes and structures.

2010 OUTLOOK

In 2010, OTE and the General Division of Human Resources will proceed with the establishment of the role-position of the HR Partner. Employees taking this role will support all operating divisions in the areas of human resources management and development, and will facilitate the application of the company's strategy and policies with respect to HR. The HR Division will also establish systems that will enable the better monitoring of human resources utilization within every operating unit.

Other plans for 2010 include the expansion and certification of the Quality Management Systems, according to ELOT EN ISO 9001:2008, into more areas of the company, as well as the re-engineering of existing processes in areas where such action is needed.

Corporate Responsibility

For the past five years, Corporate Responsibility has been an integral part of the company's policy, business strategy and operations. Through the "Building Ties" Corporate Responsibility Program, OTE is a responsible company-citizen with respect to the environment, its employees, society and the marketplace, by continually enhancing its practices, in line with international standards.

OTE's Corporate Responsibility practices are tracked through the implementation of the G3 principles of the Global Reporting Initiative (GRI). Indeed, OTE was one of the first companies in Greece to have its Corporate Responsibility Report certified, as early as 2007, with level "B" of the GRI.

In addition, in 2009, OTE's systematic efforts to promote dialogue and sustain transparency in its operations, along with the Management's commitment to ensure responsible corporate practices, served as guarantees for OTE to remain in the FTSE4Good index series, where top companies, worldwide, are included.

THE "BUILDING TIES" PROGRAM

In 2009, as part of the "Building Ties" program, OTE implemented numerous projects with regards to the marketplace, its employees, the environment and society.

BUILDING TIES WITH THE MARKETPLACE

OTE focuses on the development and optimal management of its infrastructure and technological competence and aims at providing best-of-class services and products that meet customer needs within the new environment of services' convergence. The company also contributes to broadband services' promotion, through investments that bridge the digital gap between Greece and the European average. Within this context, in 2009, OTE:

- Offered, for a fifth year in a row, free broadband connections to undergraduate and postgraduate students with outstanding academic performance
- Provided specialized products and services such as: telework, telemedicine via teleconferencing, teleassistance, etc.
- Made available to people with physical disabilities a range of products and services, such as customized telephone equipment, customer service for the hearing impaired, card phones for people with physical disabilities, etc.

BUILDING TIES WITH EMPLOYEES

OTE has adopted policies and practices that promote the professional development of employees, ensure equal opportunities at work and promote cooperation among its workforce. Moreover, it implements training and reward programs, aiming to establish the best possible working . Within this context, in 2009:

- More than 158,000 hours of professional training were carried out by OTEAcademy (an average of 25 hours per employee). A total of 6,853 employees were trained
- The company implemented training programs relating to hygiene and safety at the workplace
- Directives were issued, as well as an information brief (both in hard copy and in electronic form), regarding the prevention and treatment of the new flue virus A-H1N1, resulting in a minimum percentage of cases among company personnel
- Additional benefits were offered to employees (e.g., additional insurance coverage, Youth Account, special leaves of absence, personal loan, salary advancements, Mutual Aid Fund, etc.)
- OTE's Intranet (U-Link) celebrated its first year of operation, facilitating internal information dissemination and collaboration across OTE's corporate divisions
- The company optimized the operation of OTE's 53 Employee Culture Centers throughout Greece, which organize cultural events for OTE Group's 20,000 active members.

BUILDING TIES WITH THE ENVIRONMENT

OTE has adopted environmentally friendly policies that forge its environmental corporate responsibility. The company has taken action and measures for the protection of the environment (which are quantitatively and qualitatively assessed) in line with international regulations and practices.

The alleviation of the environmental load imposed by the daily operations of a company as large as OTE is a foremost priority; this is achieved through the reduction of energy consumption, the recycling of used materials, the use of recyclable materials and the support expressed towards environmental NGOs (Non-Governmental Organizations). In 2009:

- The documentation of OTE's "Ecological Footprint" spread beyond the three buildings where it was implemented last year (OTE headquarters, YMA-NYMA, and the warehouses on Mount

Parnitha) to buildings owned by the Telecommunications Region of Northern Greece and other buildings in Attica

- 143,462 kg of electrical and electronic appliances were recycled in the region of Attica, up by 44% compared to 2008
- Environmental terms were included in some of the new agreements that were signed in 2009, contributing thereby to environmental protection
- OTE extended its support to actions and initiatives by environmental NGOs (e.g., Callisto, The Hellenic Society for the Protection of the Environment and the Cultural Heritage, Philodassiki, etc.).

BUILDING TIES WITH SOCIETY

Throughout the years, OTE has actively contributed to society. The company builds on its social role, and undertakes initiatives that relate to social welfare. As part of its social commitment, the company is strongly geared towards the support of people with disabilities, the promotion of voluntary work and technology, and the preservation of Greece's cultural heritage, laying emphasis on Greece's rural areas. In 2009, OTE:

- Donated the proceeds from its Christmas corporate communications campaign (which amounted to €250,000), to charity organizations, following a seven-year tradition
- Supported NGOs and charity organizations (e.g., The Child's Smile, the "Together for Children" Union, MDA HELLAS, the Food Bank, the Association for the Psycho-social Health of Children and Adolescents, etc.)
- Raised almost 2,600 units of blood in Athens and across the country, through its Voluntary Blood Donation program
- Maintained its longstanding relationships with institutions and bodies that are focused on promoting Greece's cultural heritage in large cities and rural areas (e.g., the Benaki Museum, Group for the promotion of National Music "Simon Karras", the Thessaloniki Photography Museum, etc.)

Further information on OTE's corporate responsibility activities is available in the annual "Corporate Responsibility Report 2009".



Corporate Governance

Corporate governance refers to a number of principles and practices adopted by a company, aiming to uphold its performance and the interests of its shareholders and all stakeholders.

Corporate governance is a key factor in business performance, as it focuses on the following areas:

- **The Board of Directors and the Management Team** (issues such as: the percentage of independent members, number of members of the Board of Directors and composition of the Board of Directors' committees, evaluation process of the members of the Board of Directors, separation of the positions of the Chairman and the Managing Director)
- **Shareholders' rights** (one share-one vote, rights of minority interest holders)
- **Transparency and control level** (quality of financial statements, publication of the remuneration of executives, quality of internal and external audit and risk management)

OTE implements best corporate governance practices across its operations, based on international and european standards. By reinforcing its procedures and organizational structure, the company manages not only to comply with the regulatory framework, but also to develop a corporate culture founded on business ethics and committed to protecting the rights of its shareholders and the interests of all stakeholders.

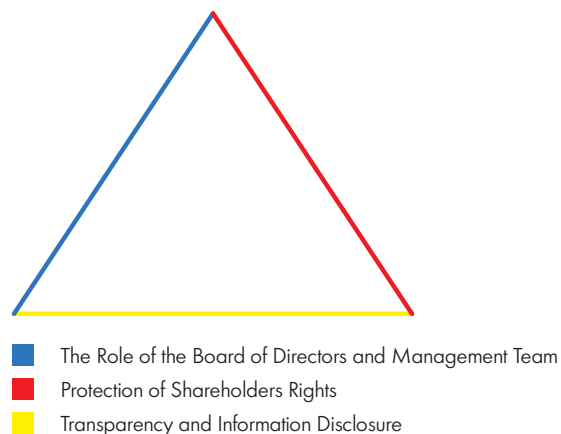
On March 2010, OTE won an award for best corporate governance in Greece in the 2010 Corporate Governance Awards, organized by the World Finance Magazine. This distinction reflects the company's commitment to enhance the communication channels in terms of corporate governance by following best international practices in this field.

As a large capitalization company, listed on the Athens, New York and London Stock Exchanges, OTE complies with applicable domestic and international corporate governance legislation.

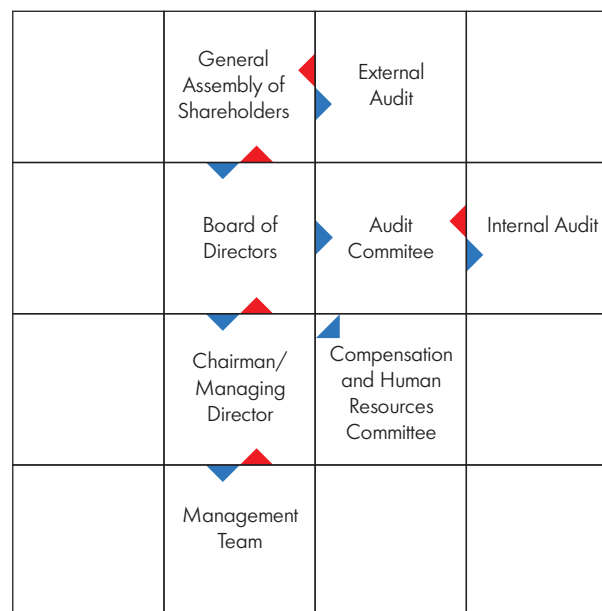
All relevant provisions and practices are incorporated in the company's Articles of Incorporation, Bylaws, Internal Operations Regulation, Code of Ethics and Business Conduct, Personnel Regulation, and in all other company regulations or politics overriding its business functions.

CORPORATE GOVERNANCE SYSTEM

OTE applies corporate governance principles and practices on the basis of three key priorities which include the role of the Board of Directors and executive members, the protection of shareholders' rights, and the enhancement of transparency and information disclosure.



The following illustrates the structure of OTE's Corporate Governance System.



Corporate Governance Structure

- ▶ Either Elects or Forms or Supervises or Selects
- ▶ Either Convenes or Reports to, or Supports

1. BOARD OF DIRECTORS

1.1 Role and Responsibilities of the Board of Directors

The Board of Directors (BoD) is the top administrative body of the company. Its aim is to safeguard the general interests of the company and ensure its operational efficiency. Pursuant to the provisions of the Articles of Incorporation, as in force since 7-4-2009, and as part of its responsibilities, OTE's Board of Directors:

- **Convenes Ordinary or Extraordinary General Assemblies of Shareholders and proposes on their agenda**
- **Prepares and approves the company's annual financial reports and submits them to the General Assembly of Shareholders**
- **Approves the company's strategy and decides upon the establishment of subsidiaries or upon the company's participation in the share capital of other companies (domestic or foreign)**
- **Decides upon share capital increases through the issue of new shares and convertible bonds, following the authorization granted by the General Assembly of Shareholders**
- **Decides upon the issue of convertible or exchangeable bonds**

The Chairman of the BoD sets the agenda, presides over its meetings and administers its operations. The BoD may choose to transfer its authority and competence to its members, to other executives, to third parties or to Committees. The members of the BoD are divided into executive and non-executive, of which at least two (2) are independent. The members of the BoD are elected by the General Assembly of Shareholders. The General Assembly of Shareholders also nominates the two independent members. The members of the BoD may be re-elected ad infinitum, and may be recalled at any time by the General Assembly of Shareholders.

The BoD convenes whenever necessary or pursuant to a request submitted to its Chairman by at least two (2) members. With the exception of certain provisions of the Articles of Incorporation, about special quorums and majorities, the BoD is in quorum and convenes validly when half-plus-one of its members are present; nevertheless, the number of members present may not be less than three (3). Resolutions are reached by simple majority, unless otherwise provided by Act 2190/1920 as currently in force, or by the company's Articles of Incorporation. In 2009, the BoD met 25 times. The terms and conditions under which the members of the BoD receive remuneration, compensation and benefits in exchange for their services are proposed by the BoD and approved by the General Assembly of Shareholders. In event that the members of the BoD are employed with the company, they receive the compensation provided under their employment contract and are not eligible for remuneration, compensation and benefits paid to the other members of the BoD.

1.2 Composition of the Board of Directors

Pursuant to the provisions of the Articles of Incorporation as currently in force, the BoD consists of nine (9) to eleven (11) members; the total number of members is determined by the General Assembly of Shareholders. The members of the BoD may or may not be shareholders of the company.

From June 2004 to 4-6-2009 the BoD consisted of eleven members. Since then the BoD consists of ten members.

Since 24-6-2009, the BoD consists of three (3) executive members and seven (7) non-executive members, of which four (4) are independent. Pursuant to the provisions of the Articles of Incorporation as currently in force, the members of the BoD are elected by the General Assembly of Shareholders and serve for a three (3) year term. This term commences on the date the members are elected by the General Assembly of Shareholders and terminates at the completion of the Ordinary General Assembly of Shareholders, of the year in which the three (3) year term has already been completed.

The table on page 52 presents the members of the BoD during the period of 2009-2010, with dates of commencement of office (election dates by the General Assembly of Shareholders-the most recent for each one) and dates of termination of office for each one.

BIOGRAPHIES OF MEMBERS OF THE BOARD

Panagis Vourloumis

Mr. Vourloumis is a graduate of the London School of Economics and the Economic Development Institute. He headed the Southeast Asia division of the International Finance Corporation from 1966 to 1973, was CEO of the Commercial Bank of Greece Group from 1979 to 1981, and Chairman and CEO of ALPHA Finance, ALPHA Mutual Funds and ALPHA Bank Romania from 1988 to 2000, while at the same time serving as Executive Director of ALPHA Bank. From 2000 until mid-2004, Mr. Vourloumis was Chairman of Frigoglass and of the Aegean Baltic Bank. He has served as President of the Association of Institutional Investors and a member of the Board of the Federation of Greek Industries.

Charalambos Dimitriou

Mr. Dimitriou is an attorney at law at the Greek Supreme Court and a graduate of the Law School of the University of Athens, holding an LL.M. degree on European Law, International Economic Law, Comparative Private International Law and Law of European Organizations from the London School of Economics. He has served as legal counsel to the Hellenic Republic on privatisation, lecturer at University College London and a member of the investment board of JEREMIE Greece. He is a member of the board of

BOARD OF DIRECTORS

NAME	CAPACITY	OFFICE COMMENCEMENT (most recent)	OFFICE TERMINATION
Panagis Vourloumis	Chairman and Managing Director/Executive member	24/6/2009	2012
Iordanis Aivazis	Executive member	24/6/2009	2012
Charalambos Dimitriou	Vice Chairman/non executive member	24/6/2009 (was appointed Vice Chairman on 6/2/2009)	2012
Leonidas Evangelidis	Independent non-executive member	24/6/2009	2012
Konstantinos Michalos	Independent non-executive member	24/6/2009	2012
Ioannis Benopoulos	Independent non-executive member	24/6/2009	2012
Panagiotis Tabourlos	Independent non-executive member	24/6/2009	2012
Kevin Copp	Executive member (served as non executive member until 24/6/2009)	24/6/2009	2012
Guido Kerkhoff	Non executive member	24/6/2009	2012
Rainer Rathgeber	Non executive member	19/2/2010	2012
Hamid Akhavan	Non executive member	24/6/2009	19/2/2010 Due to resignation
Martin Walter	Non executive member	6/2/2009	4/6/2009 Due to resignation
Karl-Gerhard Eick	Non executive member	26/6/2008	26/3/2009 Due to resignation
Leonidas Korres	Independent non-executive member	26/6/2008	6/2/2009 Due to resignation
Ilias Gounaris	Independent non-executive member	21/6/2007	6/2/2009 Due to resignation
Georgios Tzovlas	Non executive member (served as Independent non-executive member until 26/6/2008)	21/6/2007	6/2/2009
Georgios Bitros	Non executive member	22/6/2006	6/2/2009
	Vice Chairman	26/6/2008	Due to resignation
Xeni Skorini	Independent non-executive member	22/6/2006	24/6/2009

directors of the New Economy Development Fund and founder and managing partner of the law firm C. & S. Dimitriou & Associates.

Kevin Copp

Mr. Kevin Copp assumes the position of Chief Financial Officer of the OTE Group since August 2009. From 1995 until the assumption of his present position he served as executive in Deutsche Telekom and was until recently Senior Executive Vice President and Head of Mergers and Acquisitions of Deutsche Telekom responsible for the Group's corporate development activities worldwide. Prior to that, he was Head of International Legal Affairs of Deutsche Telekom. Mr. Copp holds a Juris Doctor degree from Catholic University in Washington D.C. and a Bachelor of Arts in Foreign Languages from West Chester University, Pennsylvania.

Guido Kerkhoff

Mr. Guido Kerkhoff was born in 1967 and holds a degree in Business Administration. He began his career in the Group Accounting Department of VEW AG, where he worked from 1995 through 1996. He then moved on to Bertelsmann AG, where he held the position of Head of Projects and General Corporate Accounting and Controlling. Since April 2002, Mr. Guido Kerkhoff has held various management positions in Deutsche Telekom's Finance department and since mid-2006 he has been the Head of Deutsche Telekom Group Accounting and Controlling. On March 1, 2009, Mr. Kerkhoff was appointed Member of Deutsche Telekom's Board of Management, responsible for South-Eastern Europe.

Iordanis Aivazis

Mr. Iordanis Aivazis holds a degree in Economics from Athens University, a Master of Arts in Marketing and Finance from Lancaster University, UK, as well as a Postgraduate Diploma in Industrial Economics from the same university. He speaks English and French. Between 1980 and 2001 he worked in the banking sector, holding senior managerial positions. After pursuing a career in banking, he joined the OTE Group in February 2001. Since then he has been a member of the Board of Directors and Executive Vice President of OTE Investments. In March 2003, he was appointed OTE Group Chief Financial Officer and from April 2004 until June 2007 he served as Chief Financial Officer of OTE SA. Since June 2007 he assumes the position of Chief Operating Officer of OTE SA.

Leonidas Evangelidis

Mr. Leonidas Evangelidis served as Ambassador of Greece to the Federal Republic of Germany between 1987 and 1990 and as Permanent Representative of Greece to the European Union from 1992 to 1993. Between 1995 - 2000 he held the position of Director General for the Common Foreign and Security Policy of the EU at the Council of the European Union.

Konstantinos Michalos

Mr. Konstantinos Michalos was born in 1960. He studied Finance and Political Science at the University of Essex in Great Britain and holds a postgraduate degree in Financial Applications from the London School of Economics. He is President of the Athens Chamber of Commerce and Industry (ACCI). Moreover, since 1988 he has been Chairman and CEO of the industrial exporting company SWAN SA, based in the Attica region. From 1993 to 2005 he was an elected member of the Board of the ACCI and from 1998 to 2002 he served as Treasurer of the ACCI. Between 2004-2005 he served as Senior Advisor to the Ministry of Development. From 2005 to 2006 he was Secretary General of the Ministry of Economy and Finance. In 2007 he was elected to the Board of Directors of the PPC SA (Public Power Corporation).

Ioannis Benopoulos

Mr. Ioannis V. Benopoulos was born in 1965 in Athens. He studied Economics in the USA and holds a Bachelor degree from Clark University (1986) and a Ph.D. from Columbia University (1991). He specialized in the fields of Industrial Organization, Economic Theory and Economic Strategy and Development. In 1994 he established Coffee Connection SA, a company of coffee production and trading company, and for many years was the Chairman and CEO of the Group, which now manages the Coffeeway, Brazita, Street Cafe and Via Espresso brands. From 1999 to 2006 he was a member of the Board of Directors of the SELPE (Hellenic Retail Business Association). From September 2006 to October 2007 he served as General Secretary for Commerce at the Ministry of Development. From October 2007 to July 2008 he was Chairman and CEO of Olympic Airlines. From July 2008 to May 2009 he was Chairman and CEO of Pantheon Airways and remained Chairman of Olympic Air until September 2009. Today he is Chairman and CEO of Coffee Connection SA.

Panagiotis Tambourlos

Mr. Tambourlos is a graduate of the Piraeus University of Economics and holds a Master's degree in Business Administration from McGill University (Montreal, Canada). He worked as Financial Manager in various corporations, including Milchem International, Hilti SA, American Express and ICI. From 1990 to 2003 he worked for Warner Lambert SA, an affiliate of Pfizer, where immediately prior to his departure he held the position of Regional Financial Manager for Europe, the Middle East and Africa. From June 2003 to April 2004 he held the position of Chief Financial Officer of OTE SA. Since then he has been Financial Director of the Frigoglass Group. He is the Chairman of the Audit Committee of OTE SA, as well as its financial expert.

Rainer Rathgeber

Mr. Rainer Rathgeber, a member of Cosmote's Board of Directors since July 2009, was born in 1964, and has been a member of the Deutsche Telekom Group since 2002. He is currently Senior Vice-President of Marketing in SE Europe and for the area management of the OTE Group. Until September 2009 he held the position of CEO of Mobile Hrvatski as well as the position of COO Mobile of Telekom Hrvatski Board. Prior to joining the Deutsche Telekom Group, he had worked for prominent consulting firms, such as A.T. Kearney and Roland Berger in Germany and Latin America. Mr. Rathgeber holds a Master's degree in economics from the University in Passau, Germany.

1.3 Committees of the Board of Directors

A. Audit Committee

In April 1999, OTE's management established an Audit Committee. According to article 37 of Act 3693/2008, the members of the Audit Committee are nominated by the General Assembly of Shareholders. The Audit Committee consists of three independent non-executive members of the Board of Directors, at least one of which must have proven experience in the field of accounting and auditing and one is appointed as Chairman. The role of the Committee is to supervise the company's Internal Auditors and to assist the Board of Directors in the latter's supervisory responsibilities, by monitoring the financial information published by the company, evaluating and controlling the internal audit systems, and assessing and coordinating the auditing process and control procedures, in accordance with applicable laws.

The aim of the Audit Committee is to support the company's Board of Directors in the exercise of the latter's supervisory authority and the fulfillment of the latter's obligations towards shareholders, the investment community and third parties, especially with regards to the financial reporting process.

From June 2008 (26-6-2008) to 6-2-2009, the Audit Committee consisted of the following members: Mr. Panagiotis Tabourlos (Chairman – Expert on Financial Matters), Ms. Xenia Skorini and Mr. Leonidas Korres. From 20-2-2009 (when the Committee was formed anew by the BoD) to 24-6-2009 the members were: Mr. Panagiotis Tabourlos (Chairman – Expert on Financial Matters), Ms. Xenia Skorini and Mr. Leonidas Evangelidis. Since 24-6-2009 the members are: Mr. Panagiotis Tabourlos (Chairman – Expert on Financial Matters), Mr. Leonidas Evangelidis and Mr. Ioannis Benopoulos.

B. Compensation and Human Resources Committee

OTE's BoD established the Compensation and Human Resources Committee in 2004. This Committee is appointed by the company's BoD and consists of a minimum of three members, at least two of which are non-

executive. The Chairman of the Committee is also appointed by the BoD. The Committee's main duties, as set out in its Regulation, are the following:

- **Setting the principles of the company's human resources policy that will guide the decisions and actions of the Management**
- **Defining the company's compensation and remuneration policy**
- **Approving the schemes and plans concerning compensation, benefits, stock options and bonuses**
- **Proposing to the BoD the compensation and benefits of the Managing Director**
- **Studying and processing issues related to the company's human resources**
- **Setting the principles of Corporate Social Responsibility policies**

The Compensation and Human Resources Committee submits proposals to the BoD on matters related to the responsibilities of the Committee; the BoD either approves these proposals or refers them to the General Assembly of Shareholders, whenever matters ought to be resolved by the General Assembly of Shareholders.

From June 2008 (26-6-2008) to 6-2-2009, the Compensation and Human Resources Committee consisted of the following members: Mr. Charalambos Dimitriou (Chairman), Mr. Hamid Akhavan and Mr. Ilias Gounaris. From 20-2-2009 to 24-2-2010, the Compensation and Human Resources Committee consisted of the following members: Mr. Charalambos Dimitriou (Chairman), Mr. Hamid Akhavan and Mr. Ioannis Benopoulos. Since 25-2-2010 (when the Committee was formed anew by the BoD) the Compensation and Human Resources Committee consists of the following members: Mr. Charalambos Dimitriou (Chairman), Mr. Ioannis Benopoulos and Mr. Guido Kerkhoff.

1.4 Conflict of Interest of BoD members

With regards to this topic, a special reference is made in the Code of Ethics approved by the BoD (article 9). According to the Code, employees and members of the BoD must avoid acts that could cause them (or members of their family) to have a conflict of personal interest.

Specifically:

- **Employees and members of the Board of Directors are not allowed to have or maintain, directly or indirectly, any material economic interest (as the latter is defined each time in the Internal Operations Regulations) in vendors, customers, competitors or other undertakings, if such interest may influence their business decisions**
- **Employees and members of the Board of Directors cannot accept or allow a member of their family to accept money, gifts, loans, entertainment services or favourable treatment from any**

one maintaining business relations with OTE or being an OTE competitor

In conjunction with the aforementioned article, there are relevant provisions in the Internal Operations Regulation of the company regarding the monitoring of economic activities and financial transactions of the members of the BoD and the persons currying out managerial duties with significant customers or suppliers of the company, as well as the financial transactions concerning shares issued by OTE, derivatives or other financial instruments linked to them.

In addition, there are relevant provisions in the policies that have been prescribed in the Compliance Management System of the OTE Group. This system includes, the Policy on acceptance and offering of corporate gifts of the OTE Group and the Policy on abuse of inside information of the OTE Group.

2. MANAGEMENT TEAM

2.1 Managing Director

The Managing Director is selected from among the members of the BoD during its incorporation as a body, and he is the company's Chief Executive Officer, supervising all corporate departments and divisions. The Managing Director has the responsibilities that the BoD delegates to him/her. The

NAME

Panagis Vourloumis
Iordanis Aivazis
Ilias Drakopoulos
Maria Efthimerou
Konstantinos Kappos
Andreas Karageorgos
Christos Katsaounis
Loizos Kyzas
George Mavrakis
Christini Spanoudaki
Maria Rontogianni
Kosmas Liaros
Paraskevas Passias
Konstantinos Ploumbis
Panos Sarantopoulos

Kevin Copp
Aristodimos Dimitriadis

BoD, according to the Articles of Incorporation as in force, may delegate to the Managing Director the authority and power to decide upon and to represent the company on any matter pertaining to administration of the company's affairs. Within this framework, the BoD has delegated to the Managing Director the authority to:

- **Participate, represent and bind the company in all General Assemblies of Shareholders of its affiliated companies**
- **Decide upon and execute agreements, the value of which does not exceed the level determined by the BoD**
- **Decide upon the company's internal structure, personnel development issues and implementation of the company's objectives**
- **Define the agenda of the BoD and submit proposals in line with of the company's objectives**
- **Represent and bind the company in issues related to the negotiation and conclusion of operational collective labor agreements**
- **Represent the company before any authority**

The Managing Director of the company today is Mr. Panagis Vourloumis.

2.2 Members of the Management Team

The Management Team during the period of 2009-2010 consisted of the following members:

CAPACITY

Chairman and Managing Director
Chief Operating Officer
Chief Commercial Officer for Corporate and Business Customers
Chief Technology Officer
Chief Information Technology Officer
Chief Regional Officer
Chief Commercial Officer for Residential Customers
Chief Human Resources Officer
Chief Financial Officer since 19/8/2009
Chief Financial Officer until 18/8/2009
Chief Internal Audit Officer since 7/9/2009
Chief Internal Audit Officer until 6/9/2009
General Counsel
Chief Regulatory Officer
Chief Officer of National Wholesale Services

OTE Group Chief Financial Officer
OTE Group Chief Compliance Officer since 18/1/2010

Aiming to ensure the effective management and operation of the company, the company's Articles of Incorporation prohibit the members of the Board of Directors and their relatives (up to the 2nd degree), executive directors and their relatives (up to the 2nd degree) and the company's personnel in general from:

- **Engaging, occasionally or consistently, for their own benefit or for the benefit of others, in commercial activities that are similar to those of the company, without the prior consent of the General Assembly of Shareholders**
- **Serving as members of the Board of Directors, executive officers, employees, or agents of other companies with objectives that are similar to those pursued by OTE**
- **Participating in unlimited/general partnerships or holding a substantial interest in the share capital of other companies whose activities are similar to those of OTE.**

2.3 Stock-Option Plan for Executives

Since 2007, the company has adopted a stock-option plan, based on performance criteria, for its executive officers/directors, as well as for the executive officers/directors of its affiliated companies, in accordance with article 42e of Act 2190/1920.

3. SHAREHOLDERS

3.1 General Assembly of Shareholders

In accordance with the Corporate Act 2190/1920 as currently in force and OTE's Articles of Incorporation, the General Assembly of Shareholders is the company's highest body and may resolve upon all matters of the company. The General Assembly of Shareholders is convoked by the Board of Directors in an ordinary session once a year, and in any case within six months after the end of the previous fiscal year, whereby the annual financial statements are approved, and certified accountants and members of the Board of Directors are absolved from any potential indemnity. The Board of Directors may also convene extraordinary General Assemblies of Shareholders whenever necessary. The invitation to the General Assembly of Shareholders is published according to the law in the Government Gazette, as well as in one political, financial and local newspaper. In the event of adjourned meetings, no further announcement is required, provided that the date and venue of adjournment are stated in the initial invitation. Shareholders wishing to participate in the General Assembly of Shareholders must reserve, at the company's counters, at least five days prior to the General Assembly of Shareholders, in part or in full their shares through their custodian and submit evidence of such reservation. Shareholders may attend the General Assembly of Shareholders either in person or through a proxy; one share provides the right to one vote.

The General Assembly of Shareholders is in quorum and convenes validly on the issues of the agenda when one fifth (1/5) of its paid-in capital is present or represented, except for issues specified explicitly in the Law and the Articles of Incorporation, when two thirds (2/3) of the company's paid-in capital should be present or represented. In absence of a quorum, the General Assembly of Shareholders is adjourned within 20 days. On issues that may be resolved by simple quorum, the adjourned General Assembly of Shareholders convenes validly, irrespective of the present or represented capital. For issues that require a special quorum, at least half (1/2) of the company's share capital must be present or represented, otherwise the General Assembly of Shareholders is adjourned again, in which case one fifth (1/5) of the company's share capital must be present or represented. Resolutions on issues that call for a simple quorum are passed by absolute majority. Resolutions on issues that call for a special quorum are passed by a majority of two thirds (2/3) of those present or represented.

3.2 Rights of Minority Interest Shareholders

According to the company's Articles of Incorporation, the shareholders have the rights that, in each case, Act 2190/1920 as currently in force specifies. Concisely, the rights of the minority interest holders are:

- **Request of adoption of a certain resolution by roll-call vote in the General Assembly of Shareholders (article 39)**
- **Annulment of resolutions of the General Assembly of Shareholders (article 35a)**
- **Deferment of a resolution of the General Assembly of Shareholders (article 39, par. 3)**
- **Objections to the resolutions the General Assembly of Shareholders (articles 22a, par. 4, 23a par. 2, 24 par. 2)**
- **Exercise of indemnification claims of the company against the members of the BoD due to the management of its corporate affairs (article 22b, par. 1-3)**
- **Management control (articles 39a and 40)**
- **Convention of extraordinary General Assembly of Shareholders (article 39, par. 1).**

3.3 Allocation of Profits

According to the company's Articles of Incorporation, allocation of profits is preceded by the withholding of the amount necessary by the Law for ordinary capital reverse. Such deduction is no longer mandatory when the capital reverse is equal to at least 1/3 of the company's paid-in capital. Dividends declared may not be less than 6% of the company's share capital or 35% of net profits (the biggest amount is in force). The Articles of Incorporation allow for the General Assembly of Shareholders to decide

upon the allocation of the remaining profits at its own discretion.

3.4 Payment of Dividends

Shareholders are eligible to receive dividends after the General Assembly of Shareholders approves the annual financial statements. Dividends, as approved by the General Assembly of Shareholders, are paid to shareholders in accordance with the New Law 2190/1920 and the Athens Stock Exchange Regulation, as in force at the time.

4. CONTROL MECHANISMS

4.1 Internal Audit

The Internal Audit unit assists the company's Management as an independent, objective and advisory activity, improves and ensures company's operations and assists the Management in achieving its goals. Specifically, as part of its responsibilities, the Internal Audit unit:

- Examines and evaluates the company's auditing systems and procedures
- Audits systems and procedures, carries out inspections (including those for fraud) and investigates compliance issues
- Identifies risks, proposes solutions and makes relevant recommendations to the Management
- Monitors the consistent application and progress of Internal Audit operations across the OTE Group of companies
- Examines and evaluates the suitability, performance and efficiency of security measures in OTE's ICT systems

The correct and efficient operation of the Internal Audit unit is ensured by the fact that it is an independent business unit, reporting directly to the BoD, is supervised by the Audit Committee, and operates under a strict code of conduct.

4.2 External Audit

The company's regular audit is carried out by certified auditors. To this end every year, the General Assembly of Shareholders approves the appointment of an auditing firm or a consortium of auditors to audit the company's financial statements and business operations over a specific period.

In June 2009, OTE's Ordinary General Assembly of Shareholders assigned the regular audit of the 2009 financial statements to the firm Ernst & Young (Hellas) Certified Auditors-Accountants SA. The fee for the audit of the stand-alone and consolidated financial statements was set at €478,460.

5. TRANSPARENCY AND INFORMATION DISSEMINATION

5.1. Established Procedures

Placing particular emphasis on transparency, OTE has established a regulated-information disclosure process, on the grounds of Act 3556/2007, Decision 1/434/3.7.2007 and Circular No.33 of the Hellenic Capital Market Commission, concerning information disclosure and transparency requirements for companies which are publicly traded on organized markets (stock exchanges). The aim of this disclosure process is to inform the investment community and all interested parties of any significant changes in the company's participations (acquisitions or disposals) in a timely and accurate manner, under Act 3556/2007, and to ensure OTE's compliance with applicable laws.

In compliance with the Inside Information Act 3340/2005 ("Protection of the Hellenic Capital Market from Actions of Inside Information Abuse and Market Manipulation"), and Corporate Governance Act 3016/2002, OTE has adopted the following:

- A transactions disclosure procedure for all individuals that are considered liable under applicable law: the persons that carry out managerial duties in the company and persons closely affiliated with those persons should notify the company of transactions conducted for their own account relating to shares issued by OTE, derivatives or other financial instruments linked to them
- A procedure that deters the improper use of inside information: persons who possess inside information about the company are forbidden to use this information in order to acquire or dispose, either directly or indirectly, financial instruments of the company to which the information relates
- A procedure that monitors any financial activity carried out by OTE's managers/directors with the company's significant suppliers/customers: the persons that carry out managerial duties in the company should notify the company of financial transactions conducted with core customers or suppliers of the company. In the event of such transactions, the company proceeds with the publication of those transactions

Focusing on the optimization of its organization and operations, OTE has implemented and continues to implement a number of process planning and process reengineering projects. Within this context, OTE developed a Business Process Framework, aiming at recording and optimizing the company's operations, eTOM (enhanced Telekom Operations Map). Through eTOM a Business Process Map was drawn. This methodological framework includes a large number of distinct structural elements with many interdependencies in the way it is applied. Its development is based on process decomposition, i.e. breaking down the processes into levels.

5.2 Communication with Shareholders

Apart from established procedures that ensure transparency, OTE has adopted a number of other practices that enhance the dissemination of information to all interested parties, such as:

- **Uploading and posting of company-related information on the OTE website so that all interested parties can have equal, fast and efficient access to that information**
- **Corporate publications (Annual Report, 20-F, Corporate Social Responsibility Report), enhancing thereby the continuous flow of information on issues that relate to the company's strategy, targets, operation and performance**
- **Establishment of a two-way communication channel between company representatives and the investment community through the organization of conferences, corporate presentations, investor days, road-shows (in Greece and abroad) and conference calls, on a regular basis (e.g. after the announcement of the quarterly results) and whenever deemed necessary**

All activities related to OTE's listing on the Athens Stock Exchange (ATHEX), the London Stock Exchange (LSE) and the New York Stock Exchange (NYSE) are the responsibility of OTE's Investor Relations Department. These activities include:

- **Response to shareholder requests (individual and institutional, in Greece and abroad). Providing information related to the exercise of their rights and the payment of dividends**
- **The release of the company's financial results and the timely and fair dissemination of information related to the company's financial performance to all shareholders, through presentations, road shows, conferences and meetings**
- **Presentation of activities and communication with shareholders through various communication channels (Investor Relations website, corporate presentations etc.)**
- **The preparation of the company's Annual Report, Corporate Governance Report, as well as the 20-F Report for the US Securities and Exchange Commission**
- **Handling relations with Stock Exchanges and Capital Market Commissions in the countries where OTE is listed (ATHEX, NYSE, LSE)**
- **Ensuring the company's compliance with the regulatory framework of the capital markets in which OTE is listed (ASE, NYSE, LSE)**
- **Supporting the company's credit rating process**
- **The organization and hosting of the company's General Assemblies of Shareholders**

The Investor Relations Department is headed by Mr. Dimitris Tzelepis. His contact details are as follows:

Tel: +30 210 6111574

Fax: +30 210 6111030

E-mail: dtzelepis@ote.gr

Address: 99 Kifissias Ave., Marousi, Athens

Call Center: +30 210 611 1000

Investor Relations Webpage:

www.ote.gr/portal/page/portal/InvestorRelation

6. Regulations, Laws And Decisions

Code of Ethics and Business Conduct

The Code of Ethics and Business Conduct comprises a set of rules and practices which contribute to the smooth operation of the company and the proper business conduct of its employees. The Code is in compliance with current laws and mainly determines the relations that the company should have with employees, suppliers, shareholders, competitors and other third parties.

Internal Operations Regulation

OTE's Internal Operations Regulation cover issues relating to the company's decision-making bodies (and their responsibilities), the company's organizational structure, the recruitment and evaluation of executives, the internal committees and regulatory frameworks, as well as to the provisions for transactions of liable persons or transactions between affiliated companies.

Compliance Management System

OTE has prescribed a Compliance Management System which concerns the compliance with legislation and internal policies, aiming at avoiding risks and other legal consequences for the company and its employees. Within the framework of the System, the following policies are described:

- **Policy on abuse of inside information of the OTE Group**
- **Policy on donations and sponsorships of the OTE Group**
- **Policy on acceptance and offering of corporate gifts of the OTE Group**
- **Fraud Policy of the OTE Group**
- **Policy on organizing corporate events of the OTE Group**
- **Whistleblowing Policy of the OTE Group**
- **Code of Conduct for the Protection of the individual's right to privacy in the handling of personal data within the OTE Group**

On 18/1/2010, the newly created position of Chief Compliance Officer of the OTE Group was assumed by Mr. Aristodimos Dimitriadis.

Laws and Decisions

Key Acts and Resolutions which touch on corporate governance issues, in Greece and abroad, are:

- Act 2190/1920 on Corporate Law, as amended by Act 3604/2007
- Act 3016/2002 on Corporate Governance, as amended by Act 3091/2002
- Act 3340/2005 on Protection of the Hellenic Capital Market Commission from Actions of Inside Information Abuse and Market Manipulation
- Act 3556/2007 on Transparency
- Resolution 5/204/2005 of the Hellenic Capital Market Commission, as amended by Resolution 7/372/2006 of the Hellenic Capital Market Commission
- Resolution 3/347/2005 of the Hellenic Capital Market Commission concerning obligations of listed companies with regards to publication of inside information
- US legislation on Corporate Governance, including the 2002 Sarbanes-Oxley Act, and the regulations issued by the US Securities and Exchange Commission

More information on OTE's Corporate Governance is available in the Corporate Governance Report 2009, as well as on the OTE Investor Relations website: <http://www.ote.gr/portal/page/portal/InvestorRelation/CorporateGovernance/OurPrinciples>



Listen to yourself draw. *Anonymous*





International Telephony, Internet & Data (OTEGLOBE)

OTEGLOBE offers integrated international wholesale telephony, Internet and data transmission services in Greece and abroad, and caters for the increased demand for broadband services in the region. The company focuses on the design, development, and management of international telephony, data and capacity networks, on the commercial exploitation of international services offered to other operators and the provision of fully-manageable integrated services (international IP VPN) to large corporate clients through partnerships.

OTEGLOBE, which launched its commercial operations in October 2000, offers a wide range of integrated interconnection, data, capacity and voice services, via its four privately-owned networks: the Transbalkan Network (TBN), which connects Greece with Western Europe through the Balkans; the GWEN network, which provides interconnection through Italy; the Multiple Service International Platform MPLS/IP (MSP) and the international telephony network which was recently upgraded with Softswitch technology, new functionalities and had expanded geographically. Moreover, the company holds rights to various regional and transatlantic submarine cable systems, as well as on international fiber-optic networks to all neighboring countries and more than 150 bilateral interconnections.

The largest volume of broadband and inbound/outbound voice traffic between SE Europe, significant traffic shares of the outer area and the rest of the world is carried through OTEGLOBE's networks.

MARKET TRENDS

OTEGLOBE operates in a market where increasing demand for broadband service calls for substantial investments in infrastructure and the fierce competition leads to more cost retention.

International wholesale voice services (fixed and mobile) continue to pool most of the sales volume, even though there is pressure for reduction on termination fee on a European level. Capacity services, as well as the international Internet service (IP TRANSIT) are becoming a significant part of the company's operations. The demand for high capacity connections with international Internet exchanges is expected to grow further in the near future, due to broadband development, as well as the new bundled products offers that combine voice and data services through one physical interconnection.

Moreover, there is an increase in demand from the Middle East markets, as well as the North African markets, which ask for new and qualitative choices for interconnection with the international business centers in the Mediterranean area.

OTEGLOBE'S POSITION IN THE COMPETITIVE ENVIRONMENT

In such a competitive environment, OTEGLOBE enjoys the advantage of having two independent networks in SE Europe. This geographical path diversity guarantees the non-stop operation of OTEGLOBE's networks, since, aside from operating independently, TBN and GWEN may also function as mutual back up. By virtue of the multiwavelength capacity that both TBN and GWEN provide, OTEGLOBE owns the most comprehensive network infrastructure in the region. The operation of two networks allows OTEGLOBE to offer maximum network availability at an optimal price. At the same time, the company's investment strategy is founded on a cost basis rationalization, aiming to enhance OTEGLOBE's competitiveness.

Moreover, the company offers end-to-end services and, thanks to its vertical integration, OTEGLOBE aims to respond to its customers' specialized needs in a timely manner. Within this context and using the new IP technology that enhanced the international telephony network in 2009, OTEGLOBE offers a wide range of commercial packages to international telephony customers that have different demands.

COMMERCIAL ACTIVITIES

OTEGLOBE offers a broad portfolio of innovative, world-class telecommunication services, based on its networks and strategic alliances with operators worldwide.

OTEGLOBE offers four types of services:

- **International Transmission Solutions**
 - SDH Transmission Services and 10Gbps bandwidth
 - Clear Channel Service
 - Ethernet Transport Service
 - Internet Transit Service
- **International Telephony Solutions**
 - Next Generation Voice Services (New commercial packages with interconnections SIP, H.323 and soon SIP-I)
 - Premium/Standard HUBBING Service

- Premium Outbound/Inbound Voice Termination Service
- **Solutions for Corporate Customers**
 - MPLS VPN
 - Ethernet VPN
 - Frame Relay
 - Managed CPE (integrated management of user-end equipment)
- **International Solutions for Mobile Operators**
 - GRX (roaming solution for interconnections of 3G/GPRS networks)
 - MMS Hubbing (MMS roaming), Signaling & Roaming.

INTERNATIONAL TELEPHONY NETWORKS, INTERNET & DATA KEY DEVELOPMENTS IN 2009

Enhancing OTEGLOBE's presence in key markets such as the Middle East and North Africa

The commercial presence of the company was enhanced in the regions of the Middle East and North Africa, in order to provide existing customers with best of class services and to enter into new business agreements with significant telecommunication parties. Within this framework, OTEGLOBE's participation in the subaquatic fiber optic cable SMW3, that interconnects Greece with countries of the Middle and Far East, was upgraded through a capacity increase.

Introduction of new commercial packages in Global Telephony

Using the new IP technology, which modernized the international telephony network, the company attempts to fully accommodate the needs and quality features each customer requests. (Depending on the target group where he/she belongs).

Geographical expansion, upgrade of capacity and functionality of the current self-owned telecommunications infrastructure

- **Capacity upgrade of the GWEN Network**

Aiming to respond to the increased demand for interconnection, with the international telecommunication centers (driven by the rapid development of broadband services in the region as well as by the improvement of the company's cost base), OTEGLOBE upgraded the GWEN network, that connects Greece with the rest of Europe via Italy, at 800Gbps. With this upgrade of the GWEN network, OTEGLOBE enhanced its competitive advantage of being the only operator with two geographically differentiated international fiber-optic networks in SE Europe.

- **Expansion of the international fibre optic network TBN in Albania**

The company decided to expand the international fibre optic network TBN

in Albania as part of its strategy to consolidate its commercial position in its neighbouring country and to improve the international network that will cover OTE Group's needs.

- **Targeted expansion of the international telephony IP network**

The IP infrastructure of the international telephony network was upgraded through the choice of specific geographic regions and new functionalities. Focused on introducing new interconnection models with international operators, the company managed to participate in international meetings and forums that initiate developments in international telephony, such as the I3 Forum.

Fixed-line in Romania (RomTelecom)

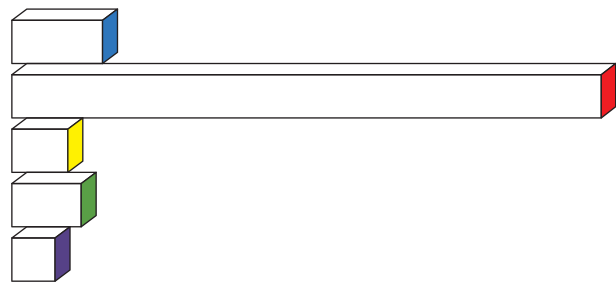
RomTelecom is the incumbent fixed-line operator in Romania, offering traditional fixed-line services, Internet, digital satellite TV, as well as voice/data bundles. The company has been a member of OTE Group since 1998.

MARKET TRENDS

During 2009, the financial and economic crisis hit hard all over the world. After several years of successive positive GDP growth, the Romanian economy shrunk in 2009 by 7.7%.

The substantial decline, registered in 2009, affected both fixed-line and mobile operators, with the volatile components, such as voice traffic being the most affected. The total number of subscriptions in the market is expected to remain unchanged and even increase with respect to certain services' markets such as broadband, data and TV. However, prices erode rapidly in a market already characterized by low ARPUs.

Fixed-line and mobile operators, who face decline or reduced growth in their traditional services, are becoming increasingly aggressive in entering other market segments through the offering of bundles or convergent products. At the same time, cable operators continue to offer voice, Internet and TV bundles at increasingly competitive prices, while some are offering 4-play products (adding also mobile).



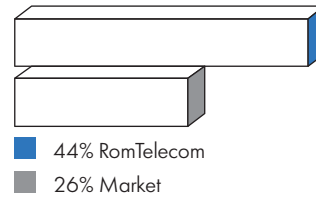
Population Penetration Romania (2009)

- 21% Fixed-line
- 136% Mobile Telephony
- 13% Broadband
- 16% Cable TV
- 10% DTH TV

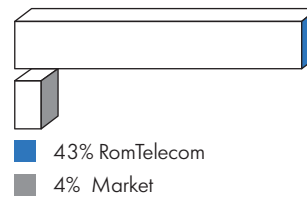
As part of its strategy, RomTelecom leverages on its rapid TV growth, but also on gaining top tier market share in the broadband segment.

RomTelecom's Growth vs Market Growth

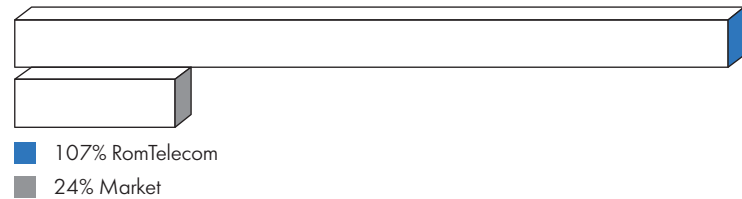
2009 Broadband Services



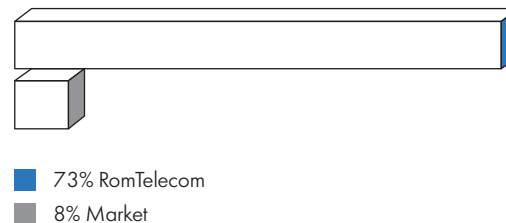
2009 Satellite TV

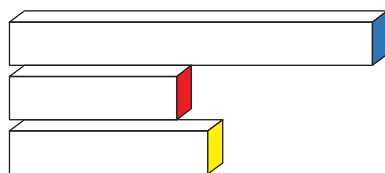


2008 Broadband Services



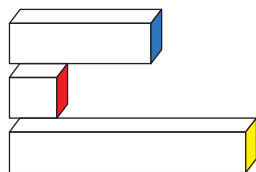
2008 Satellite TV





RomTelecom Market Shares (subscribers)

- 60% Fixed - line
- 29% Broadband
- 34% DTH TV



RomTelecom Line Loss (000)

- 2009 220
- 2008 74
- 2007 368

COMMERCIAL ACTIVITIES

In response to the significant differences between the residential and business customer segments, the company is organized into two commercial divisions that address the particular needs of each customer group.

Due to the great impact of the economic crisis on business customers, RomTelecom has launched new value-for-money products, including IT&C and innovative voice schemes. In the residential customer market, special emphasis was placed on the implementation of a regionalized go-to-market approach, significant product redesign, call center transformation and (most importantly) on the creation of a new corporate image based on the "entertainer" concept.

VOICE SERVICES

Fixed-line services' (voice) take-up dramatically decreased in both the residential as well as the business customers' market segment. This severely affected revenue and was addressed by packaging and discount offers.

The residential customers' market segment focused on the revamp of the company's traditional voice services portfolio and the development of new VoIP services. In October 2009, RomTelecom enriched its voice portfolio (consisting of five monthly plans), and included up to 4,000 minutes to any national fixed-line destination and up to 400 minutes to any national

mobile, fixed national and international network.

RomTelecom and Cosmote, continued to provide, in partnership, fixed-line customers with unlimited call time for up to 4 Cosmote contract customers. Finally, VoIP services, for residential customers, provided lower rates for national and international calls over the Internet, as well as the option for a second telephone number on the existing telephone line.

BROADBAND SERVICES

In 2009, the company continued to offer new products to its business customers, combining computer terminals, software, larger bandwidth and high quality of service. RomTelecom acquired the Cisco Managed Services Channel Gold Partner certification, thus being able to offer qualitative value-added services to business customers. RomTelecom is the first operator from Central and Eastern Europe to obtain this certification.

With regards to the market segment of residential customers, RomTelecom focused on upholding customer satisfaction. The company's initiatives in this area were recognized by the "International Information Innovation and 118Award", through the designation of the company as the "Best Directory Assistance Service Provider" in Europe.

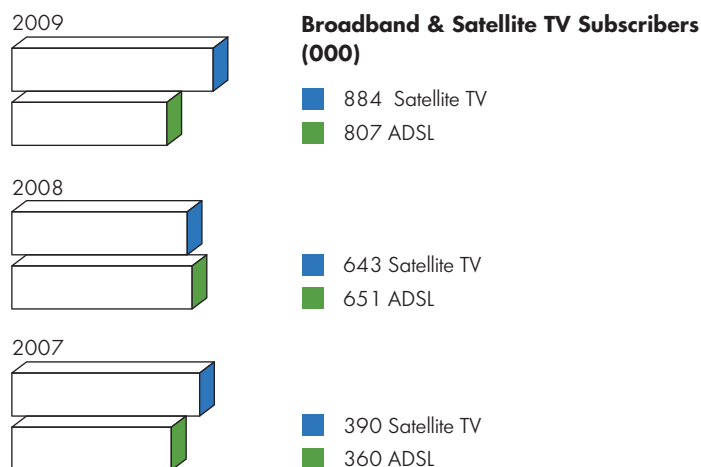
In July 2009, RomTelecom launched a new broadband package with speeds of up to 30Mbps and a range of hardware options, intended for residential as well as business customers.

Through the CDMA technology, the company had 27,000 customers in 2009, representing more than 4% of the total mobile broadband market.

PAY-TV SERVICES

RomTelecom countered fierce competition from cable TV providers through the launch of satellite TV services, in 2006 under the brand name **Dolce**. In 2009, Dolce subscribers increased by 40%, reaching almost 900,000. This increase was a result of content enrichment, addition of channels with broad public appeal, a successful tariff policy and promotional campaigns that allowed the company to expand its customer base.

After the launch of Dolce, RomTelecom took the first steps for a new level of TV experience through **Dolce Interactiv**, the new IPTV service that was preliminary launched in 10 cities in December 2009. RomTelecom is the first company in Romania to offer such an extended IPTV coverage, with functionalities to be continuously assessed and enhanced over time.

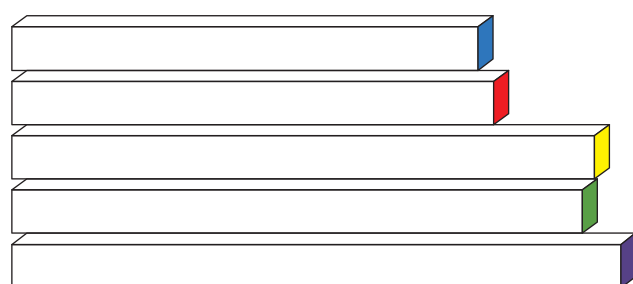


DISTRIBUTION NETWORK

RomTelecom's distribution network for residential customers includes 75 RomTelecom-owned shops, 250 Germanos points of sale, as well as call centers. Business customers' needs are catered for, by the direct-sales team, authorized dealers, call centres for SOHO (Small Office, Home Office) customers and a network of dealers for small and mid-sized companies.

HUMAN RESOURCES

The efficient management of the company's human resources continues to remain a top priority. As part of the efficiency programs, RomTelecom and Ericsson have announced a 5-year Managed Services Agreement, for the outsourcing of a part of RomTelecom's field operations. About 400 RomTelecom employees who were working in RomTelecom's Switching



RomTelecom Employees

2009	10,017
2008	10,344
2007	12,512
2006	12,257
2005	13,078

and Power units will join Ericsson, from January 2010, under a mutually agreed labor transfer. Ericsson will be responsible for the field's repair & maintenance and for switching and power activities. Besides headcount rationalization programs, productivity was enhanced through the development of a performance management program.

NETWORK INFRASTRUCTURE

In 2009 RomTelecom implemented new technologies, such as VDSL and IPTV. In response to a growing demand, the broadband roll-out initiative continued successfully, based mainly on ADSL and CDMA technologies.

Voice services continue to be offered through TDM-based switching network, which includes 2 international gateways, 10 fully connected transit switches and 97 local switches, on a 3-tier hierarchy. Intelligent and value-added services are supported by IN and messaging platforms. The IP/MPLS data network is built on a 2-level hierarchy (edge and core), IP connectivity being implemented over DWDM wavelengths and EoSDH regional rings. A number of 28 backbone IP nodes were upgraded in 2009 to 10Gbps, while 2 new dedicated nodes were implemented for national peering. Metropolitan Ethernet networks operate in Bucharest and in all major towns, based on Gigabit Ethernet technology. By upgrading its IP/MPLS network, RomTelecom is assuring support for the increased broadband demand - High-Speed Internet and IPTV, but also growing business customers' requirements for new, high security services, such as Virtual Private Networks (VPNs).

Overall international connectivity for the IP/MPLS network was increased to around 46Gbps, while national peering with providers to 47Gbps. The fiber optic network continued to grow, reaching over 38,000 km. The Fiber-To-The-Building (FTTB) solution was tested in a couple of cities and the IP network was upgraded accordingly, to sustain data traffic. The annual roll-out program led to almost 1.4 million ADSL ports and 140 thousand VDSL ports at the end of the year. At the same time, roll-out of the CDMA wireless network in the 410MHz frequency band was continued, focused on mobile broadband connectivity.

As part of its evolution as an "entertainment provider" in the market, RomTelecom implemented, in 2009, an IPTV platform offering interactive/Video-on-Demand capability, targeting IP-based 3-play products (VoIP, high-speed Internet and IPTV).

REGULATORY DEVELOPMENTS

Following a market review performed throughout 2009, ANCOM, the Romanian Regulatory Authority, concluded in December 2009 that RomTelecom no longer holds significant power on any of the retail calls markets but continues to be the Significant Market Power (SMP) operator on the retail market for telephony access at fixed locations. Based on

these findings, ANCOM has withdrawn all price related obligations previously imposed on the retail markets (including price cap and price floor obligations), notification obligations, as well as the accounting separation requirements related to retail markets. Based on the SMP designation on the market for telephony access at fixed locations, ANCOM imposed on RomTelecom the obligation to provide at least one unbundled fixed telephony subscription to its customers and to maintain the availability of carrier selection and carrier pre-selection services for alternative operators.

During 2009, ANCOM also reviewed the markets for call origination and transit services and designated RomTelecom as SMP (significant market power) operator in both markets. As a result, all previously imposed obligations including cost orientation, non-discrimination, transparency and accounting separation, have been maintained.

In the mobile telephony sector, ANCOM has designated the SMP operators in the markets for mobile call termination services and imposed maximum mobile termination tariffs to all operators active at the date of the review, together with non-discrimination and transparency obligations.

During 2009, ANCOM finalized its adaptation to the numbering resources used at the European level for Directory Enquiry services (118xxx) and social services (116xxx). After the allocation of the new numbering range, RomTelecom's right to use its traditional short number for Directory Enquiry Services ceased.

2010 OUTLOOK

As a result of the economic developments of 2009, there is increased price sensitivity in the telecoms market, generating intense competition. RomTelecom is not willing to achieve price leadership for single-play customers but is rather aiming to provide a total cost of ownership advantage while offering competitive prices (e.g., voice through included minutes, triple-play bundles through discounts).

In 2010, RomTelecom is planning to leverage on its core capabilities (that include an increased speed of delivery, extended coverage and enhanced quality at minimum costs) and to introduce new competitive products.

RomTelecom is also embarking on an important transformation process, from selling products, to selling customer experience through its enhanced triple-play packages. Cost base control, in a manner that generates profitability and competitiveness as the business evolves (e.g., restructuring and outsourcing), remains a top priority on the company's agenda.

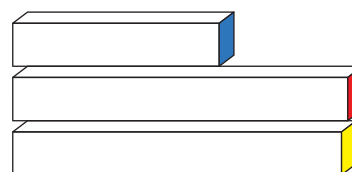
Mobile Telephony (Cosmote Group)

Cosmote, the mobile arm of OTE Group is the leading provider of mobile communications services in SE Europe. Apart from Greece, the Group operates in Albania, Bulgaria and Romania through its subsidiaries AMC, Globul and Cosmote Romania respectively*. In 2009, which was a year of many challenges, Cosmote maintained its leading position in the Greek market, as well as in Bulgaria and Albania, and sustained its growth in the Romanian market.

Cosmote's impressive performance in both the maturing Greek market, as well as in the markets of SE Europe, is, to a large extent, a result of the contribution of the Germanos SA (Germanos) distribution chain, which played a key role in attracting new customers.

As a result of the increased number of net additions (which reached 2.7 million in 2009), Cosmote Group has a total of 22 million subscribers in December 2009, posting an annual increase of 13.8%. Cosmote's total market share in the area of its operations, was over 30%.

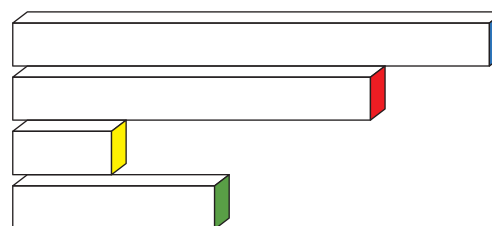
Cosmote's subscriber base increased by 16.8% in Greece, compared to 2008, in Albania by 36.7% and in Romania by 17.4%. In Bulgaria there was a drop of 4.8% year on year, due to the rationalization of the company's customer base.



Group Net Additions (000)

2009	■	2,669
2008	■	4,327
2007	■	4,248

* Excluding Cosmofon



Group Customer Base 2009 (000)

■	9,218 Cosmote Greece
■	6,921 Cosmote Romania
■	1,909 AMC
■	3,902 Globul

* In May 2009 Cosmote proceeded with the sale of its subsidiaries in FYROM, Cosmofon and Germanos Telekom Skopje

Greece (Cosmote)

Leading the Greek mobile telephony market since 2001, Cosmote's subscribers reached more than 9.2 million in 2009, raising thereby the company's market share by 3%, compared to 2008.

Cosmote enjoys the preference of Greek consumers, owing to its enhanced product offering, the continuous upgrade of its telecommunications network, the optimization of its customer care and distribution network as well as the enhancement of its corporate image and the launch of new services.

Cosmote's performance in terms of net additions was impressive in 2009. The company attracted the majority of new net additions of the market and had a 47% market share (the highest) in number mobility services.

In February 2009 Cosmote launched a new corporate communication campaign with the message "Our World is You", revealing thereby the company's commitment, to provide best of class services and to cater for customers' needs.

Despite the high mobile telephony penetration rate in Greece, which was estimated at approximately 189% for 2009, there is further room for growth in the data services market. In 2009 demand for high speed Internet access increased significantly. Cosmote responded to this demand through an enhanced commercial portfolio. Capitalizing on the significant competitive advantage of its network coverage, through the 3G, HSPA and HSPA+ technologies with up to 21.6Mbps speed for data download and up to 5.8Mbps for data upload, Cosmote is the first choice of customers for mobile broadband services.

NETWORK INFRASTRUCTURE

Cosmote's services are supported by a GSM/GPRS (2nd generation) and a UMTS (3rd generation) network. The GSM/GPRS network provides voice, text messaging and data transfer services across the country through GPRS technology. In addition, the 3G UMTS network provides video telephony and data transfer services, such as multimedia messaging (MMS), WAP navigation, broadband Internet access, fast e-mail access and corporate client Intranet access at speeds up to 28.8Mbps.

At the end of 2009, Cosmote's GSM/GPRS network covered 99.8% of Greece's population, 97% of the country's land area and approximately 98% of its territorial waters. The 3G network covers most major cities and 92.3% of the Greek population. In 2009, Cosmote had a 99% call completion rate and its network served over 21 billion minutes of voice traffic and over 5 billion text messages (SMS). The data traffic through Cosmote's network increased significantly, reaching 3 million Gbytes.

During 2009, Cosmote continued to upgrade its network, aiming to

provide wireless HSPA broadband services across a larger part of the country. The company also introduced HSPA+ technology and has already developed a Fixed Wireless Access (LMDS) network, in the greater areas of Athens and Thessaloniki, mainly for its business customers.

In 2010, Cosmote intends to increase its network capacity in order to meet the demand for advanced value-added services.

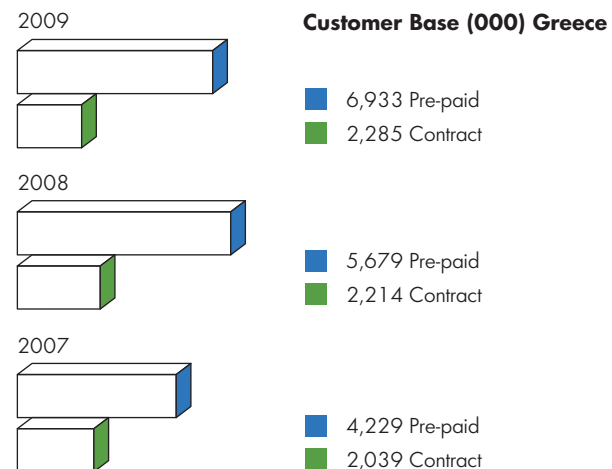
COMMERCIAL ACTIVITIES

The company's leading market position is not only a result of its mobile telephony network superiority (as a result of continuous investments in infrastructure), but also of the offering of new, innovative products that respond to specialized customer needs, through an expanded sales network (The Germanos' chain of retail stores played a key role in attracting new customers for Cosmote).

In addition, Cosmote's corporate communications campaign "Our World is You" revealed the company's customer oriented commercial policy.

As part of its dynamic performance during the past year, Cosmote:

- Expanded its customer base by almost 17% compared to 2008, adding 1.3 million new subscribers
- Increased its market share in contract services, exceeding 2.3 million subscribers in total but also in the pre-paid market segment where subscribers exceeded 6.9 million



PRODUCTS AND SERVICES

Contract and Pre-paid Services

Aiming to identify and respond to its customers' specialized needs, the company focused on the development and launch of new innovative packages, which include the following:

- **Cosmote UNLIMITED, Cosmote I, and Cosmote My Way programs that cater for different, specialized customer needs**
- **For the first time in Greece, the Cosmote SMART PLAY program that allows for the combination of mobile telephony, Internet and fixed-line services in any way**
- **Call Them All, X-tension, Call Them All 2009 and Call Them All 1200 for WHAT'S UP customers**
- **Cosmote BUSINESS I and BUSINESS UNLIMITED which further enhance the Cosmote BUSINESS packages, for small and large businesses.**

Broadband and Value-added Services

The year 2009 was very successful for Cosmote, with respect to mobile broadband services. Cosmote offered Internet access at speeds up to 21.6Mbps for data download and up to 5.8Mbps for data upload through its **Internet on the GO** programs. As a result, the company became the provider of choice for mobile broadband users, and contributed significantly to the growth of the market as a whole.

Moreover, the company enhanced its portal, **Cosmote My View** (accessible from mobile phones of Cosmote subscribers), that provides access to news and entertainment services. The company also launched a new music application/service "**Music Zone**" (as part of a synergy with Deutsche Telekom) which allows for the free download of favourite music tunes and albums. Finally, the company offered to retail and business users advanced smart phones for access to mobile e-mail. The company also offered the most advanced smart phones for internet access and e-mail services.

Roaming Services

At the end of 2009, Cosmote had signed 458 roaming agreements in 194 countries. The company also offered full roaming services to its pre-paid customers with 92 networks in 43 countries, while contract customers enjoyed GPRS Roaming through 180 networks in 94 countries and 3G Roaming services via 48 networks in 31 countries.

In June 2009, Cosmote launched the innovative service of **Cosmote Traveller** through which, Cosmote subscribers may use their free talk time in EU countries, as they do in Greece.

DISTRIBUTION NETWORK

Cosmote boasts an extended and highly competitive distribution network

which is offering best of class customer care and services. At the end of 2009, Cosmote's distribution network comprised of 430 Germanos stores across Greece, addressing retail and wholesale customer needs, 226 OTEshops, 22 Cosmote shops, and a significant number of other distributors in both the retail and wholesale markets. There is also a dedicated corporate/business sales team covering all of Greece.

The role of the Germanos distribution network (which attracted the majority of Cosmote's subscribers), in the expansion of Cosmote's customer base and the subsequent improvement in the company's financial performance, was significant for yet another year.

FINANCIAL PERFORMANCE

The company's revenues increased by 3.5% in 2009, reaching €1,908.4 mn, while operating income before depreciation and amortization (OIBDA) stood at €725.4 mn. The OIBDA margin, in 2009, was 38%. Overall, in 2009, revenues from mobile services in Greece dropped by more than €500 mn. Against this background, Cosmote losses were contained at the level of less than €80 mn.

MOBILE TELEPHONY MARKET REGULATION

- **Following the decision issued by the Hellenic Telecommunications and Post Commission (EETT) in October 2008, Cosmote and the two other mobile telephony operators reduced their mobile termination rates to 0.0786 euro/min on 1-1-2009 and to 0.0624 euro/min on 1-1-2010, and will be further reduced to 0.0495 euro/min on 1-1-2011**
- **On 18-12-2009, a legislative package of two Directives (2009/136/EC and 2009/140/EC) was published in the Official Journal of the European Union. These must be adopted by the national legislatures of the member-states by June 2011, together with a Regulation (1211/2009 establishing the Body of European Regulators for Electronic Communications [BEREC] and the Office) which is directly implemented by the member-states. The Directives mentioned above are amendments to earlier telecommunications Directives and define a framework of terms and preconditions which aim to enhance competition within each member-state, to promote access to high-speed broadband services, to achieve a more efficient and versatile use of the spectrum and to reinforce consumer rights**
- **According to article 33 of Law 3775/2009 (Transfer Pricing Documentation Rules, Thin Capitalization Rules, Fast Track and other clauses), mobile telephony fees are estimated before VAT as a percentage of each connection's monthly bill, based on a sliding scale (12% for a monthly bill of up to €50, 15% from €50,01 to €100, 18% from €100,01 to €150, and 20% from €150,01 up-**

wards). The above Law also imposed a pre-paid card fee of 12% of talk-time value for pre-paid mobile telephony cards

- Law 3783/2009 (Registration of owners and users of mobile telephony equipment and services and other clauses) demands that owners and users of mobile telephony equipment and users services such as, pre-paid, post-paid or any other form of mobile telecommunications service, must submit their personal details to their provider
- Cosmote fees for international roaming services within the European Union are regulated, on both the retail and wholesale level, by Regulation 544/2009 of 18-6-2009 (Roaming II). This regulation extends the controls, imposed by Roaming Regulation I, on the fees which mobile telephony operators within the European Union can charge (for providing voice roaming services on both the retail and wholesale level) and applies new maximum prices on retail and wholesale fees for Roaming, SMS and data services.

Albania (AMC)

AMC, Cosmote's 95%* subsidiary in Albania, maintained in 2009 the leading position in a mobile telephony market in which three competing companies operate. Despite regulatory pressure, the aggressive commercial policy of the third competitor and the global financial situation, the company's market share stood at 45%. AMC operates a 2nd generation network, which supports both GSM 900 and DCS 1800 services, providing a population and geographical coverage of 99.8% and 89.2% respectively.

NETWORK INFRASTRUCTURE

Mobile telephony services are supported by both GSM/GPRS network and EDGE networks. The GSM/GPRS network provides voice, text messaging (SMS) and data switching services across the country through GPRS technology. The EDGE network provides data services, such as Multimedia Messaging Services (MMS), Internet access, e-mail services and intranet access at speeds of up to 200Kbps. At the end of 2009, the EDGE network covered 85% of the population and 62% of the territory. During the year, AMC achieved an almost 97.6% call success rate.

Aiming to provide best of class products and to respond to increasing customer needs, in 2009, AMC continued with the upgrade of its network as evidenced by the following:

- Full upgrade of its BTS and transmission systems
- Increase of network capacity to accommodate higher volumes of traffic
- Infrastructure solutions to corporate customers (requiring dedicated data transmission services)
- Increase of international interconnection capacity.

COMMERCIAL ACTIVITIES

Focusing on the younger crowds, in 2009, AMC enhanced its **WHAT'S UP** brand through new products offering and dynamic marketing and communication campaigns. As a result of these initiatives, the number of WHAT'S UP customers increased by 175% and revenues from the WHAT'S UP product offering rose by 88%.

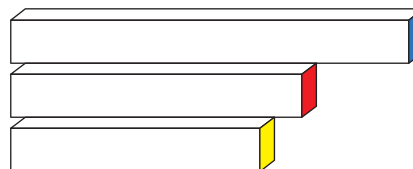
In February 2009, AMC launched mobile Internet services for the first time for its pre-paid customers and in November the company also

released, for the first time, pre-paid cards for mobile Internet services. AMC's revenues from Internet services rose by 290%.

During the year, AMC won a tender for the provision of 70,000 GPRS and EDGE connections in order to cover the communication needs of the public sector. This is a three-year contract.

Strongly focused on customer care, during the past year, AMC expanded its retail distribution network by 60%, with 165 stores across the country. The AMC retail network ranked first in terms of 'offering the best customer experience' in a research conducted by GFK Group. Placing special emphasis on customer service, AMC developed new, alternative ways of fault reporting and tracking, to ensure the successful handling of all requests. The company also focused on the optimization of its customer care system for corporate and business customers.

In 2009, AMC's customer base increased by 37% on an annual basis, exceeding 1.9 million subscribers. The vast majority of AMC's subscriber base, almost 95%, consists of pre-paid customers. During the year, total mobile voice traffic increased by 51% compared to 2008, reflecting the significantly lower prices as a result of intense competition. Text messaging (SMS) increased by 18% in 2009.



Customer Base (000) Albania

2009	1,909
2008	1,396
2007	1,195

FINANCIAL PERFORMANCE

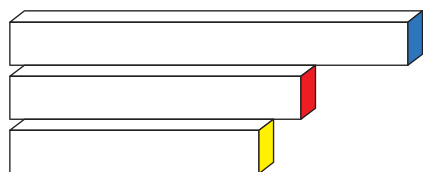
AMC's revenues reached €146 mn, decreased by 24% compared to 2008, which is partly due to the depreciation of the local currency, the regulation imposed on AMC's wholesale tariffs, the low mobile telephony traffic (as a result of the tough economic situation) and also due to increased competition. The operating income before depreciation and amortization margin stood at 57.7%.

* In April 2009 Cosmote increased its share capital participation in AMC by 12.6% (a stake that was formerly held by the Albanian State) for a total cost of €48.4mn. Following this transaction, Cosmote's stake in AMC now stands at 95%.



Bulgaria (Globul)

Cosmote's subsidiary Globul ranks second in the Bulgarian mobile market with respect to market share. The year 2009 was afflicted by the tough economic conditions, intense competition and ongoing price reductions. Against this tough environment Globul managed to retain its significant market share of 37%, while its customer base reached 3.9 million. Contract subscribers exceeded 54% of the total customer base, from 51% in 2008.



Customer Base (000) Bulgaria

2009 ■ 3,902
2008 ■ 4,097
2007 ■ 3,873

NETWORK INFRASTRUCTURE

Globul owns a 2G and a 3G (UMTS) license, as well as a license for fixed-line services.

In 2009, the company continued to upgrade its network infrastructure so as to further improve its coverage and the quality of service of its 2G (GSM) network. Constantly investing in the development of its UMTS network, the company managed to retain its leading position in the Bulgarian market, both in terms of geographical coverage and with respect to the quality of its 3G network.

In 2009, Globul's GSM network covered 99.67% of the population (compared to 99.60% in December 2008), whilst the company's UMTS network covered 69.84% of the population (compared to 65.53% in December 2008).

The company's Switching Network supported successfully the wide range of value-added services, as well as the new offers that were based on Globul's Office and Home Zone solutions. These new solutions had attracted more than 16,000 customers by the end of 2009.

In response to its regulatory obligations, Globul proceeded with the necessary arrangements so as to provide number portability services to fixed-line and mobile subscribers. As a result, 20% of Home Zone customers have been successfully transferred to Globul's network.

The new Network Management Center was completed in 2009, and Globul expects its operational launch in the beginning of 2010.

The continuous upgrade of the network effected the improvement of the two main voice call quality indicators, which surpassed the satisfactory levels of 2008. Specifically, in 2009, the Call Set up Success Rate (CSSR) reached 99.40%, compared to 99.31% in 2008, while the Dropped Call Rate (DCR) fell to 0.48%, compared to 0.53% in 2008. Finally, it should also be noted that the company's network managed to handle successfully the tremendous increase in data traffic volume which was up 546% compared to 2008, as a result of the successful take up of the company's services during the year.

Moreover, the company has launched a program aimed to inform the public about EMF issues (exposure to electromagnetic fields through the use of cell phones and due to base stations). This program will run in 2010.

COMMERCIAL ACTIVITIES

With the assistance of the Germanos' distribution network, Globul focused, in 2009, on the expansion of its contract subscribers' base. The company continuously develops and promotes innovative products, such as the **No Paper Invoice** service and the **Electronic Mobile Wallet** which is the first mobile payment service offered in the country but is still offered on a pilot basis.

The company provides its products and services through a country-wide distribution network, which comprises of almost 450 points of sale.

In 2009, the company's portfolio was enhanced with new innovative products and services, such as the **Hybrid** fixed-line program, as well as new contract and data services packages. Globul also focused on attracting customers to high-revenue packages and to offers with 2-years contract engagement, in order to increase ARPU and eliminate the cost of customer retention. Emphasis was also placed on self-service, online activation and deactivation options through the web.

Since there is considerable room for expansion in the data services market, Globul is capitalizing on its competitive advantage with respect to its 3G and HSPA coverage. Already, in 2009, revenues from mobile Internet services have increased four times, compared to 2008.

In 2009, in the pre-paid segment, Globul launched a series of innovative and competitive products, both for voice services and SMS packages. The company introduced the first pre-paid plan in Bulgaria that offers free airtime to a single destination at a very low monthly rate. Through these

plans, Globul became the first mobile operator to reward customers who have stayed with the company for more than a year, with extra minutes of on-net airtime, at no extra charge.

Finally, Globul completed on-time and successfully the pre-paid mobile phones identification procedure, which is dictated by Bulgarian Law.

FINANCIAL PERFORMANCE

During 2009, Globul's revenues decreased by 2.6% compared to 2008, reflecting the tough economic conditions as well as of the lower interconnection rates imposed by the Regulator. Operating income before depreciation and amortization (OIBDA) amounted to €187.2 mn.

Romania (Cosmote Romania)

Cosmote Romania is currently Romania's third largest mobile GSM operator. The company was initially launched by RomTelecom in January 1999 under the brand name CosmoRom. In July 2005, Cosmote acquired a 70% stake in the company's share capital and in December 2005 it relaunched the company as Cosmote Romania.

In October 2009, Cosmote Romania completed the acquisition of a 100% stake in Telemobil SA (Zapp) share capital. The acquisition of Zapp is a significant investment in Romania, since it enables the company to offer new mobile broadband services through the 3G and the CDMA licenses it obtained, in order to increase its overall subscriber base, but also expand its business customer segment.

At the end of 2009, the fourth year since the re-launch of its commercial operations, Cosmote Romania had more than 6.9 million subscribers, corresponding to a 24% market share.

NETWORK INFRASTRUCTURE

Cosmote Romania's telecommunication network operates in the EGSM 900 and GSM 1800 frequency bands. In 2009, the company continued to invest in the expansion and upgrade of its network, in an effort to increase capacity and coverage. Today, Cosmote Romania's network covers 99.1% of the population and 89.1% of the country's territory.

The gradual transition to IP technology based core networks continued in 2009, enhancing thereby network capacity and efficiency.

In 2010, Cosmote Romania will continue to invest on its network expansion and the increase of its capacity, with special emphasis to the development of its 3G network in targeted regions with commercial activity. This will enable the company to introduce new data services to the Romanian market and meet the growing needs of a rapidly expanding customer base.

COMMERCIAL ACTIVITIES

During 2009, the Romanian telecommunications market was characterized by intense competition.

Despite the tough competitive environment and the deteriorating economic conditions, Cosmote Romania consolidated its position in the market (has a 24% market share) and captured the majority of net additions (63% in 2009). In November 2009, the company introduced a series of new, competitive, contract offers, providing customers with "add-on" options, such as the **Roaming Traveler** service, which allows for the use of any free bundled time in 30 different countries.

The past year was very successful with respect to value-added services'

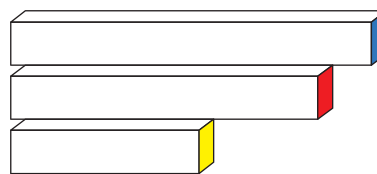
take up by both residential and business customers. The Blackberry service was successfully launched during the fourth quarter of the year, enhancing Cosmote's existing services **my e-mail** with a variety of new options. This service was also offered to residential customers, through the Cosmote and Germanos distribution networks.

Competition in the pre-paid segment intensified during the second quarter of the year, due to the promotion of offers that included thousands of free on-net calls.

In 2009, Cosmote Romania presented the **Web 'n' Walk 3**, the first service, which is a result of its partnership with Deutsche Telekom. With this new portal, Cosmote Romania positions itself well in the mobile Internet market, by offering a solution that has already proven to be successful in 10 other European countries. Early in 2010 and following the conclusion of the Zapp acquisition, the company presented the first mobile broadband solutions for both residential and business customers, using Zapp's CDMA network. Based on this technology, Cosmote Romania can offer extensive coverage across the country, with mobile broadband speeds up to 3.1Mbps.

Cosmote Romania's customer base increased by 1 million in 2009, and exceeded 6.9 million customers. Contract subscribers were up 19%, reaching 1.3 million, while pre-paid subscribers reached 5.6 million, up 17%, compared to 2008.

Cosmote Romania's products and services are offered through an extended distribution network which consists of about 740 shops nationwide.



Customer Base (000) Romania

2009	6,921
2008	5,894
2007	3,616

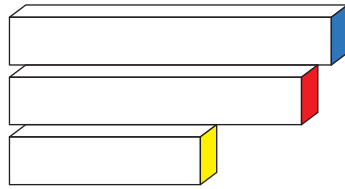
FINANCIAL PERFORMANCE

In 2009, the company's revenues amounted to €423.2 mn, up 36% from 2008, while operating income before depreciation and amortization (OIBDA) almost tripled from 2008, to €66 mn.

Germanos SA

The Germanos SA retail distribution network, member of the OTE Group since 2006, plays an integral part in the Group's development strategy, across the whole footprint of the Group. Capitalizing on the competitive advantage of Germanos, the most effective retail and wholesale distribution network, OTE Group increases its customer base of fixed-line and mobile telephony services.

Comprising of 1,075 stores at the end of 2009 and with operations in 3 countries in SE Europe (Greece, Bulgaria and Romania), Germanos is the leading retail distribution network of telephony products and services in the region. Of the total store count, 430 of the Germanos stores are in Greece, 255 in Bulgaria and 390 in Romania. In addition, during the year, the company also expanded the distribution network for its pre-paid telephony products in Greece and Romania.



Germanos Stores Geographical Breakdown (2009)*

- 430 Greece
- 390 Romania
- 255 Bulgaria

* Franchise stores are included

The provision of best of class services, the unrivalled expertise in retail distribution and its dynamic marketing and communications strategy have earned wide recognition and acclaim for the Germanos brand, not only in Greece but in the rest of the countries of operation as well.

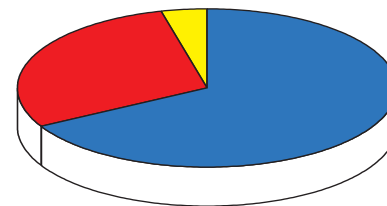
Germanos contributes significantly to the increase of Cosmote's subscribers in all geographical markets, raising thereby the company's respective market shares. In 2009, the Germanos chain of stores attracted approximately 2.2 million new Cosmote customers (that is 85% of the Group's new net additions, Albania excluded), posting an increase of 18 percentage points.

During the same period, in Greece alone, the Germanos network contributed 1.4 million new customers.

In Greece, in 2009, customer visits to Germanos stores reached 16.7 million, up almost 10.6%, compared to 2008. The number of visits to the Germanos stores also increased:

- by 57%, in Romania
- by 20%, in Bulgaria

In 2009, the revenues of Germanos Group reached €902 mn, while operating income before depreciation and amortization (OIBDA) stood at €13.3 mn.



Revenue Breakdown (2009)

- 67% Merchandising
- 29% Commission Revenues
- 4% Other



Creativity is a nature that needs to be nurtured. *Anonymous*





O TEestate

O TE's subsidiary, O TEestate, was established in 2003 and is exclusively responsible for the management of the Group's real estate assets. Its prime objective is to unlock the significant value that exists within the Group's real estate portfolio, through the efficient management and development of these assets.

REAL ESTATE PORTFOLIO

The real estate portfolio owned and managed by O TEestate consists of a large number of plots of land, buildings, offices and commercial space across Greece.

Plots/Land

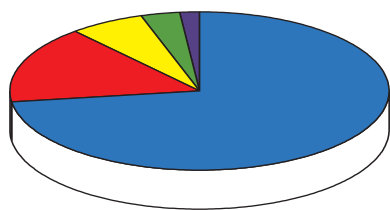
Total Number	2,292
Total Surface	9.25 million sq. m.

Buildings

Total Number	2,258
Total Surface	1.14 million sq. m.

The majority of the assets cover O TE Group's needs for telecommunications equipment premises and offices. The value of O TEestate's portfolio is mostly derived from a few plots of land. The land and buildings in the Athens region alone account for 50% of the total real estate value, while the 150 largest assets account for 70% of the total portfolio's value.

The breakdown of O TEestate assets, based on use is presented below:



Space Allocation per Type of Building (2009)

■	72.9% Local exchanges
■	15.9% Office
■	6.4% Storage
■	3.3% A/T
■	1.6% Other

DEVELOPMENTS IN 2009

After receiving a licence, in June 2008, from the Hellenic Capital Market Commission, O TEestate established O TE Properties REIC, in October 2008, with an initial share capital of €30 mn. O TEestate has been granted an extension to list the REIC in the Athens Stock Exchange until the end of June 2010. Within this context, during 2009 and using the services of the Institute of Chartered Appraisers, O TEestate has proceeded with the valuation of 75 selected assets, apt to be included in O TE Properties' portfolio.

By setting up O TE Properties, O TEestate aims to benefit from the significant tax advantages that real estate investment companies (REICs) enjoy. Moreover, through the listing of O TE Properties in the Athens Stock Exchange, O TEestate intends to raise capital for further investments. Finally, as a real estate development company, O TEestate will be able to continuously feed O TE Properties with the various assets it acquires or develops from its vast portfolio, when such a transfer is permitted.

During 2009, O TEestate completed a large number of civil and mechanical engineering projects in the buildings occupied by O TE. Projects totalling €11.3 mn, related to improvements and upgrades, were executed directly by O TEestate, while a total of €1.45 mn was spent on projects approved by O TEestate and carried out by O TE SA.

The company also completed all the necessary surveys and studies and has been granted the licences which will enable it to proceed with the development of residential projects in Haidari and Palaio Faliro. The large housing, commercial and office space project in Taraboura, Patras progressed rapidly in 2009, absorbing €5 mn of funds. It is expected to be completed in 2010.

Other projects carried out by O TEestate in 2009 include:

- Leasing of office buildings to public authorities, private companies and individuals
- Feasibility studies for the Spata, Perama and Tripoli projects, studies regarding proposed residential projects in Ilioupoli and Nea Kifissia and updates of the Rouf and Taraboura feasibility studies
- Real estate surveys, financial environment analyses and business plans to identify potential business opportunities and analysis of tax effects on projects
- Evaluation of real estate assets in the Athens region, Thessaloniki and other Greek cities for potential inclusion in the company's portfolio

- Optimization of work space utilization and subsequent relocation of OTE's personnel

OTEestate's key strategic objectives for 2010 include among others:

- Potential investments in attractive real estate assets (shops, buildings, etc.) that will enhance the portfolios of both OTEestate and OTE Properties
- Increase in revenues from real estate development, leasing of private properties and sale of residential premises
- Completion of the OTE SA occupancy rationalization process, so as to free valuable assets for lease to third parties or development.

FINANCIAL PERFORMANCE

In 2009, OTEestate's revenues amounted to €74.9 mn, from €74.77 in 2008, posting an increase of 0.16%. The release of buildings by OTE SA, with a surface area estimated at a total of 37,000 sq.m., as well as the renegotiation of the master leasing agreement with OTE at the end of the year, prevented OTEestate from registering any revenue increase. Operating income before depreciation and amortization reached €46.5 mn, falling by 25% compared to the previous year, as a result of the developments mentioned above and the reduction of interest income from deposits placement.

Hellas Sat

Hellas Sat provides international fixed satellite services (FSS) through its wholly owned satellite Operator Hellas Sat 2, which occupies the orbital position of 39 degrees East. The company offers satellite capacity services for video broadcasting applications and wholesale data services in Europe, the Middle East and South Africa as well as satellite Internet in retail level. The company offers the following services:

- **Satellite Capacity for:**

Broadcasting (Direct-to-Home, Video Contribution, Program Distribution), IP trunking, exclusive Internet connection capacities, direct access services, corporate networks and occasional broadcasting use

- **Satellite Internet (retail):**

In 2009, satellite Internet services continued to grow rapidly. As a result, the number of terminals climbed from 850 in 2008 to almost 1,400 at the end of 2009. Hellas Sat offers its services to all countries included in the satellites' European coverage, with particular emphasis on Greece and Cyprus.

COMMERCIAL ACTIVITIES

In 2009, Hellas Sat continued its quest to provide high-speed broadband Internet services to the most remote parts of Greece. Additionally, in cooperation with the Republic of Cyprus, the company installed high-speed satellite Internet and WiFi access to 153 remote villages in Cyprus which did not previously have access to fixed-line broadband.

During the last quarter of 2009, Hellas Sat also installed 330 terminals with high-speed satellite Internet access to an equivalent number of schools in remote areas of Albania.

During 2009, the company continued the promotion in Greece and Cyprus of its **HELLAS SAT Net! HOME** service, which provides a cost-effective broadband access solution for residential customers and small businesses. Moreover, the company offers the **HELLAS SAT Net! BUSINESS** service, which also targets both residential and business customers with higher bandwidth needs.

In 2009, the company participated in a series of European programs and initiatives that aimed to develop and promote satellite broadband services, such as the HOST project (ARTES 3). This project is sponsored by the European Space Agency and relates to the design, implementation and commercial use of a DVB-RCS satellite network, with pilot applications in:

- **Distance-learning**
- **Distance-medicine**

- **Secure government data networks**
- **Corporate operations**
- **Internet access through local wireless and satellite backbone networks**

Hellas Sat and Cosmote will equip a company's Telecommunications Infrastructure Repair vehicle with a BTS station that will be able to restore mobile telecommunications in cases of natural disasters.

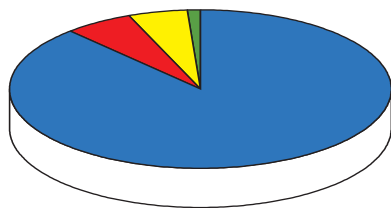
Hellas Sat also participates in other programs, such as the RURAL WINGS program, which is sponsored by the European Union and focuses on the pilot use of distance-learning in remote areas (applications via the Eutelsat and Hellas Sat satellites) and the Small GEO program that is sponsored by the European Space Agency and aims to develop a low-cost and low-weight satellite to be placed in geostatic orbit, equipped with thirty transmitters.

Following the targets set for 2009, Hellas Sat continued its successful course, becoming, as a result, one of the most recognized regional satellite services provider across its broader footprint, with more than 120 customers in 35 countries. During 2009, the highly successful platforms Dolce in Romania (offered by RomTelecom) and Bulsatcom in Bulgaria continued to grow rapidly and, as a result, the satellite now hosts more than 200 TV channels. Also, since the summer of 2009, six High Definition channels are being transmitted by the satellite, and more are expected in 2010. The company has thereby attained one of its main strategic targets to turn the orbital position at 39 degrees East into an alternative TV "neighborhood" in which more than 2.5 million antennas and an equivalent number of households are turned on. The further utilization of available band capacity in the area of South Africa, pursuant to agreements with major operators in the region, boosted the company's revenues both in terms of absolute figures, as well as in terms of revenues per transmitter.

During July 2009 the company signed an agreement with the Greek State which gives it the right to provide satellite pay-TV services in Greece. This development will result in the creation of a second satellite TV provider in Greece, broadening consumer choice. The satellite TV services will be offered in cooperation with OTE SA and will complement its IPTV service already being offered on the market.

The company's key objective for 2010 is to further increase revenues and profitability, mainly through leasing additional capacity in the South African band. Moreover, the company will review the possibility of expanding its operations via the set up of a second satellite at the same orbital position.

In 2009, Hellas Sat's revenues reached €27.31 mn, up 7.24% compared to 2008, while operating income before depreciation and amortization amounted to €18.37 mn. The revenue increase reflects the company's stronger positioning sales in Central and Eastern Europe, as well as new business from new agreements in South Africa.



Revenue Breakdown (2009)

- 87.6% Capacity (long-term contracts)
- 6.3% Occasional Transmissions
- 5.1% Broadband services & Terminals
- 1.0% Other

OTESat-Maritel

OTESat-Maritel, a member of the OTE Group, is one of the four major providers of Inmarsat maritime satellite communication services in the world. The company holds a 52% market share of the Greek ship-to-shore communications market, as well as almost 5.4% of the global maritime market. The company's operations extend to a pre-selected number of maritime posts such as the United Kingdom, Germany, the USA, Italy, Cyprus, the Middle East, Singapore and the Far East.

OTESat-Maritel's main activities include the provision of Global satellite Inmarsat services through the "Thermopylae" earth satellite station and collaborating stations, as well as satellite Iridium & VSAT services.

The company also offers value-added services and integrated telecommunication solutions for the Greek and International maritime industry, combining different services, satellite and earth telecommunication networks and IT applications.

In addition, the company offers satellite terminal equipment, account clearance services for ships, and promotion of the OTE Group's products and services in the maritime market.

In 2009, the company offered new broadband satellite services Inmarsat Fleet Broadband and Iridium Open Port.

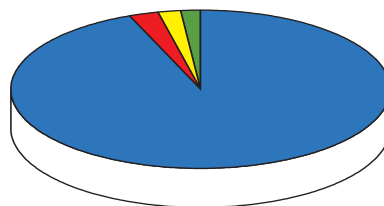
Under the new commercial policy of Inmarsat, a new collaboration framework, through a series of sub-contracts for the disposal of the total number of its services, was realized.

In 2010, the company will aim to:

- **Sustain and increase its profits, sustain its revenues and minimize its bad debt**
- **Maintain and even reinforce its dominating position in the Greek maritime market**
- **Reinforce the position of the company in the global maritime market**
- **Expand the indirect sales network both in number and in geographic spread**
- **Develop a direct sales network in pre-selected maritime centers all over the world**
- **Develop new value-added products and services to enrich the company's portfolio. (Development and promotion of "maritime bundled packages" including air time equipment, software, value-added services, support services and services offered by the OTE Group to maritime customers). The induction of VSAT services together with products and services regarding electronic equipment for the bridge has also been programmed**

- **Set up a strong pre- and post-sales customer care system, allowing for the provision of seamless technical and commercial support to customers 24 hours a day, seven days a week**
- **Upgrade current infrastructure (network and equipment) to support existing and new services**
- **Maintain quality control for services and products**

In 2009, the company increased its revenues and its profits, while its financial figures were in line with the relevant budget. OTESat-Maritel's revenues for 2009 amounted to €26.4 mn, compared to €23.2 mn in 2008. Operating income before depreciation and amortization stood at €2.4 mn, compared to €1.6 in 2008, while 19% of revenues derive from international markets.



Revenue Breakdown 2009

- 95.1% Satellite Telecommunications
- 2.3% Other
- 2.1% Sales of equipment
- 0.6% Other telecommunication services

OTEplus

OTEplus provides technical and business services, offering integrated solutions in the fields of Information and Communication Technology (ICT) and Management Consulting.

Specifically, the company:

- Conducts strategic, business, operational and re-engineering studies, as well as business research and development studies
- Develops organizational and strategic planning reports and business and development research
- Performs network infrastructure planning, conducts ICT development studies and engineers ICT solutions, as well as designs and implements integrated ICT systems, and provides technical support, maintenance and consultancy services on ICT applications
- Provides technical support and consultancy services to various OTE SA operations.

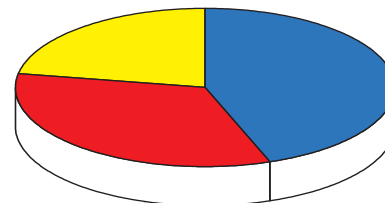
DEVELOPMENTS IN 2009

In 2009, OTEplus designed and implemented a range of consultancy and technical support services, and engineered numerous technical and business solutions, including among others:

- Provision of implementation services for OTE's GIS network database
- Provision of technical support services for OTE's regional technical departments across the country
- Provision of consultancy services on the implementation of an Integrated Enterprise Information System (IEIS) for HTSO S.A (Hellenic Transmission System Operator SA)
- Study for the OTE Group's Public Private Partnership (PPP)
- Study for the optimization of OTE's human resources management
- Study for the updating of the strategic plan of the OTE Group for the 4th Programming Period (2007-2013)
- Reinforcement of the Training design, organisation and implementation for public organization employees and executives of subprojects 1, 2, 4, 5, 6 of the MINI-SYZEFXIS project
- Study on the process optimization, IT automation and sales forecasting of the OTEshop supply chain
- Implementation study for the design of the National Center for Public Administration and Local Government e-Learning system

- Customer satisfaction barometer (Phases 7 and 8)
- Establishment and operation of the Central Support Unit for the Business and Technology Development Centers of the Hellenic Ministry of Development
- Technical and consulting services on the operation of the 1242 ADSL Helpdesk of OTE's Regional Operations Division
- Technical and consulting services on the management and operation of OTE's network
- Technical and consulting services on the operations of OTE's 1305 Call Center
- Technical and consulting services on ADSL/Conn-X sales, through OTE's 134 Customer Service and Phone Sales

In 2009, OTEplus' revenues amounted to €35.10 mn, up by 11.13% compared to 2008, while operating income before depreciation and amortization grew by 56.85% and reached €1.09 mn.



Customer Mix by Sector (2009)

- 44.4% Business Operations Consulting Services
- 33.3% Technology Consulting Services
- 22.2% Technical Solutions

OTEAcademy

OTEAcademy, a member of the OTE Group is a company of continuous professional education offering universally integrated solutions on human resources development, contributing to the achievement of the corporate target, improvement of financial results, increase of sales and productivity and therefore leading to the development of a universally competitive company.

DEVELOPMENTS IN 2009

As part of its strategy, the company enhanced its training seminars portfolio, offering new and specialized solutions. More specifically, in 2009, OTEAcademy:

- Offered the international study course “Executive Program in Telecoms Management”, very significant for Greece and the Balkans (MBA level)
- Promoted successfully the internationally acknowledged sales-training solution “Making the Solution Sales” both to the OTE Group companies and to other companies in the market
- Submitted proposals of significant level for the EU training programs (co-funded with the Greek state), through the Vocational Training Centers that OTE Academy operates in Athens and Thessaloniki
- Earned a considerable competitive advantage in the vocational training market by virtue of its international partnerships, some of them being exclusive
- Continued its international presence, capitalizing on its partnership with the World Bank (OTEAcademy was recognized by World Bank as a pioneer business partner among 128 candidates). It also succeeded in cooperating with ITU as a strategic co-operator in human resources development
- Implemented distance-learning programs in 12 African countries, with more than 1,000 participants
- Started a series of open seminars addressing to the broader market on CISCO, Microsoft, Alcatel Technology as well as on Project Management (PMI)

Along the lines of these partnerships, the company develops and runs courses that lead to certification and international recognition in various fields. In particular the company has received the following accreditations:

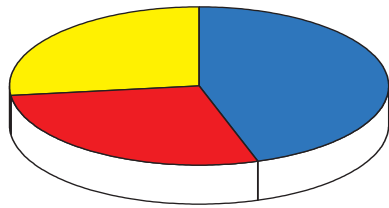
1. Official Certified Training centre of Microsoft
2. Certified Training Centre of Alcatel Lucent Enterprise for SE Europe and Africa
3. Expansion of CISCO courses and laboratory equipment in the field of VoIP activities
4. Member of the Project Management Institute (PMI) - Registered Education Provider P.M.I.
5. Exclusive rights of the “Making the Solution Sales” training program, in collaboration with “Ian Farmer Associates”
6. Official Pearson VUE Examination Centre (Virtual Computer Based Testing for ICT)
7. Authorized examination centre, approved by Certiport, for the Microsoft Office Specialist and IC3 certificates

Aiming to promote its training services, OTEAcademy proceeded with special marketing activities to improve the company’s image and thus increase its customer base. In addition to press releases and announcements, synergies were developed regarding the organization of conferences both in OTEAcademy’s chambers and elsewhere with more than 1500 participants. As a result OTEAcademy’s revenues originating from offering corporate education beyond the OTE Group were reinforced. In collaboration with OTE’s Human Resources department, in 2009 OTEAcademy designed and implemented the following projects:

- Personnel training on technology of employees with different backgrounds
- Implementation of the program “Making the Solution Sales” for OTE’s Corporate and Business Customers department
- Efficient sales techniques for the employees in OTE’s Residential Customers department
- Pilot implementation of evaluation tools regarding the procedure of new employee recruitment

In 2009, the company increased its market share in foreign markets (SE Europe – Africa) and formed new strategic partnerships.

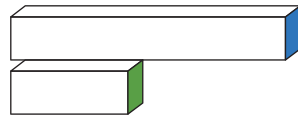
OTEAcademy’s revenues dropped by 8.9% in 2009 compared to 2008 and reached €5.9 mn.



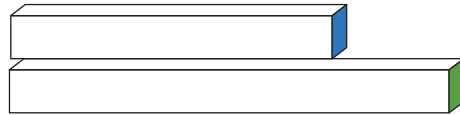
Seminar Breakdown (2009)

- 45% Technical
- 28% Management Skills
- 27% IT

2009



2008



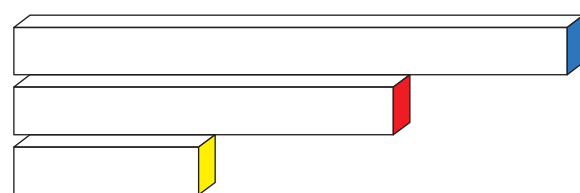
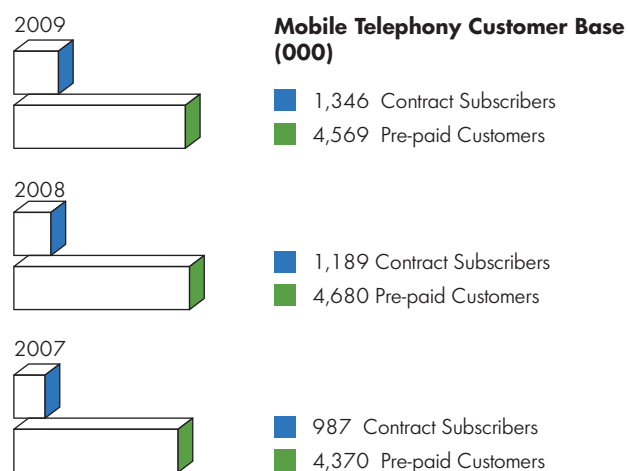
Seminar Attendees

- 4,873 OTE
- 2,082 non-OTE
- 5,700 OTE
- 7,800 non-OTE

Telekom Srbija

OTE Group holds a 20% stake in Telekom Srbija, the Serbian telecoms incumbent operator, offering fixed-line (voice and broadband Internet), mobile telephony, as well as Pay-TV services. In 2009, the total Serbian telecommunications and entertainment market size amounted to more than €1.6 bn.

In 2009, the fixed-line population penetration rate stood at 41%, mobile telephony penetration reached 136%, broadband penetration was 9.5%, while cable services' penetration amounted to 14%. Telekom Srbija's mobile market share stood at 59%. ADSL access lines increased by 46% in 2009, reaching 389,000, from 267,000 in 2008. The company's market share in traditional fixed-line services stood at 100%.



ADSL Customer Base (000)

2009 ■ 389
2008 ■ 267
2007 ■ 130

Revenues from broadband services significantly increased in 2009, due to the increased take up of broadband Internet. The mobile telephony segment will continue to evolve, as a result of customer migration from pre-paid to contract services and due to the expansion of mobile broadband.

COMMERCIAL ACTIVITIES

In 2009, Telekom Srbija launched a new ADSL Internet package (Click) with a download speed of up to 16Mb, the Omnifon package for fixed-line telephony, new IP Centrex services, as well as the international transmission of TV signal. Regarding fixed-line and mobile broadband Internet services, Telekom Srbija focuses on achieving maximum coverage and availability.

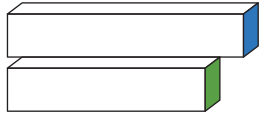
As part of its promotional and marketing activities for 2010, the company plans to introduce services such as Gaming, Parental control, Home video surveillance, On-line storage, International L3VPN, Unbundled Local Loop access, etc. Telekom Srbija will also promote Web TV designed for all broadband customers (ADSL, CDMA, WLL and HIS).

Telekom Srbija's distribution network consists of a total of 183 mobile telephony and fixed-line retail stores, as well as representatives and authorized dealers. The company also operates separate call centers for fixed-line and mobile telephony customers.

Telekom Srbija's fixed-line network digitalization level reached 97% in 2009, compared to a digitalization level of 83% in 2005. The company plans to further develop CDMA technology in 2010 and to upgrade its GSM and UMTS networks.

In 2009, Telekom Srbija's revenues reached €930 mn, down 2.9% from the prior year's level due to an 8% devaluation of the RSD/EUR exchange rate. Operating income before depreciation and amortization was also affected by the devaluation of the currency and decreased slightly by 0.3%, to €373 mn.

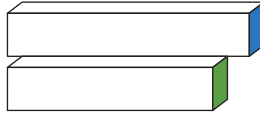
2009



Revenue Breakdown (€ mn)

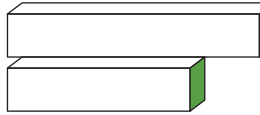
- 506 Fixed-line
- 424 Mobile Telephony

2008



- 514 Fixed-line
- 444 Mobile Telephony

2007



- 544 Fixed-line
- 398 Mobile Telephony

Share Information

OTE's shares are traded on the Athens Stock Exchange, the New York Stock Exchange (in the form of ADRs*) and the London Stock Exchange (in the form of GDRs).

	Athens Stock Exchange	NYSE
Stock Exchange Ticker	OTE	OTE
Bloomberg Ticker	HTO GA	OTE US
Reuters Ticker	OTEr.AT	OTE.N
31.12. 2009		
Market Capitalization	€ 5,043.6 mn	-
Year High Price	€ 13.14	\$ 9.70
Year Low Price	€ 9.84	\$ 6.14
Average Daily Trading Volume (shares)	1,300,818	54,435

*1 ADR=0.5 OTE share

OTE is included in 31 stock exchange indices, the most important being the following:

Ticker	Description	Percentage
ASE	Composite Share Price Index	7.30%
FTASE	FTSE/ASE 20 Index	8.18%
BE 500	Bloomberg Europe	0.05%
SXXE	DJ Euro Stoxx PR	0.08%
SXKE	DJES Euro Telecom	1.10%
E300	FTSE Eurofirst 300	0.07%

Last update: March 17, 2010

The first graph illustrates OTE's share relative performance for the period January 2009 - February 2010, in comparison to the European telecommunications index DJ STOXX (SXKE) and the Athens Exchange Composite Share Price Index (source: Bloomberg).

During this period, OTE's share price dropped 29.3%, against a 3.7% drop for the SXKE benchmark index and a 5.6% increase for ATHEX.

Apart from the conditions that affected the world economy and the economies of the countries where OTE Group operates, other factors during 2009, that might have affected OTE's price performance, in the short-term, include the following:

- **Acquisition of a further 5% stake of OTE by Deutsche Telekom, reaching a total of 30%**
- **Successful completion of the sale of Cosmofon in Skopje**
- **Acquisition of the mobile company Zapp in Romania**
- **Debt repayment in November 2009**

The second graph displays OTE's share actual performance between January 2009-February 2010.

For additional information:

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Tel: +30-210-6111574

Fax: +30-210-6111030

E-mail: dtzelepis@ote.gr

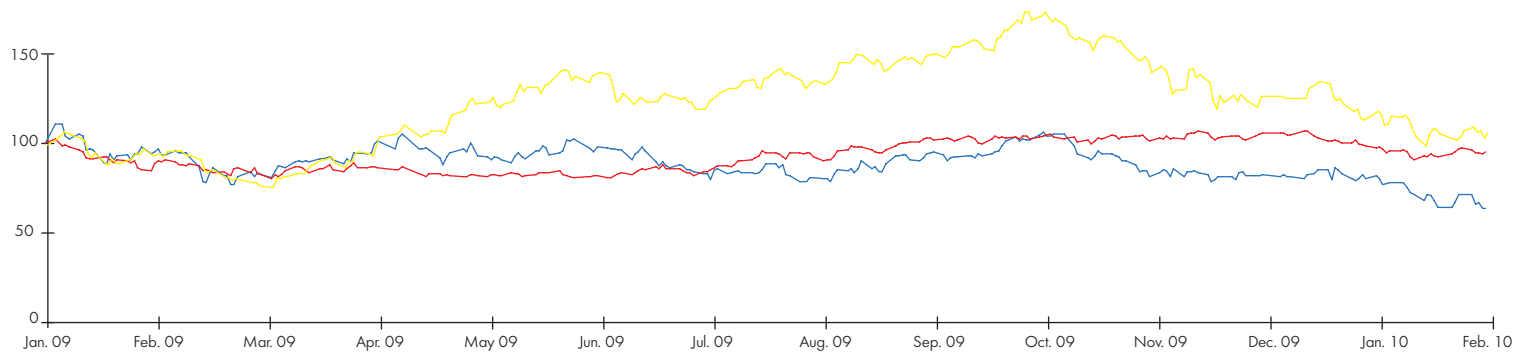
American Depository Receipts (ADRs):

The Bank of New York

101 Barclay Street, New York, NY 102 86 USA

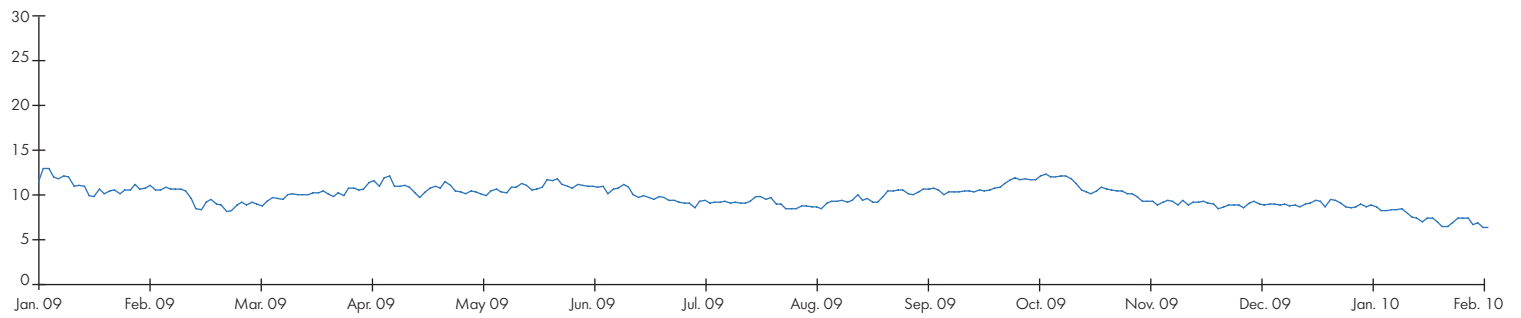
Shareholder Relations: + 1-888-269-2377 (888BNY-ADRS)

Website: www.adrbny.com



Price Relative Performance Chart January 2009 - February 2010 (rebased)

- OTE
- SXKE
- Athens Stock Exchange



OTE Share Price Performance Chart (January 2009 - February 2010)

- OTE



***Tomorrow is the creative destruction of
yesterday.*** *Anonymous*







Annual Financial Report

Hellenic Telecommunications Organization S.A. Annual Financial Report

For the period from January 1, 2009 to December 31, 2009 (Translated from the Greek Original)
In accordance with Article 4 of Law 3556/2007

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Chapter 1

Statements of Members of the Board of Directors

The members of the Board of Directors of HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A.:

1. Panagis Vourloumis, Chairman and Managing Director
2. Charalambos Dimitriou, Vice-Chairman
3. Panagiotis Tabourlos, Board Member

We confirm that to the best of our knowledge:

- a. The Annual Financial Statements (Consolidated and Separate) of the HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A. for the

period January 1, 2009 to December 31, 2009, which have been prepared in accordance with the applicable accounting standards, provide a true and fair view of the assets and liabilities, the owners' equity and the results of the Group and the Company.

- b. The Annual Report of the Board of Directors provides a true and fair view of the financial position and the performance of the Group and the Company, including a description of the risks and uncertainties they are facing.

Maroussi, February 24, 2010

Chairman
& Managing Director

Vice-Chairman

Board Member

Panagis Vourloumis

Charalambos Dimitriou

Panagiotis Tabourlos

The two members of the Board of Directors, who have signed the above statements, have been authorized to do so in accordance with the decision of the Company's Board of Directors of February 24, 2010.

Chapter 2

Annual Report of the Board of Directors

The report of the Board of Directors of the HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A. (hereinafter referred to as "OTE" or the "Company") was prepared in accordance with article 136 of Law 2190/1920, article 4 of Law 3556/2007 and article 2 of Decision 7/448/2007 of Hellenic Capital Market Commission and refers to the Annual Financial Statements (Consolidated and Separate) as of December 31, 2009, and the year then ended. The OTE Group (the "Group") apart from the Company also includes subsidiaries over which OTE has direct or indirect control. The Consolidated and Separate Financial Statements have been prepared in accordance with International Financial Reporting Standards (I.F.R.S.), as adopted by the European Union (E.U.)

This report includes the financial assessment of the results of the period from January 1, 2009 to December 31, 2009, the Company's strategy and objectives for the next three years, the significant events which took place in 2009, a presentation of the main risks and uncertainties for the next year, the material transactions with the Company's and the Group's related parties, the significant events after the year end and additional information as required by the respective law.

FINANCIAL HIGHLIGHTS OF 2009

OTE Group Revenue decreased by 6.6% in 2009 compared to 2008 and reached Euro 5,984.1 million, mainly due to:

- **Decreased revenues from domestic telephony by 10.7% and revenues from international telephony by 12.5% in comparison with the prior year.**
- **Decreased revenues from mobile telephony by 3.0% in comparison with the prior year.**
- **Decreased revenues from sales of telecommunication equipment by 29.0% in comparison with the prior year.**
- **Decreased revenues from ISDN by 3.9% in comparison with the prior year.**
- **Decreased revenues from interconnection charges by 25.5% in comparison with the prior year.**
- **Decreased revenues from leased lines, data communication and ATM by 5.1% in comparison with the prior year.**
- **Decreased revenues from services rendered by 3.3% in comparison with the prior year.**
- **Decreased revenues from prepaid cards by 28.5% in comparison with the prior year.**
- **Increased revenues from ADSL and Internet by 31.2% in comparison with the prior year.**
- **Increased revenues from co-location and revenues from access to the local loop (Local Loop Unbundling - LLU) by 33.2% in comparison with the prior year.**
- **Increased revenues from Metro Ethernet & IP CORE by 35.2%, in**

comparison with the prior year.

- **Increased other revenues by 23.9% in comparison with the prior year.**

OTE's Revenue reached Euro 2,412.4 million, reflecting a decrease by 6.8% compared to the prior year. This is a result of the decrease in revenues from domestic telephony by 9.7%, as well as the decrease in revenues from international telephony by 9.4% and the decrease in sales of telecommunication equipment by 21.0%, ISDN by 5.2%, interconnection charges by 22.0%, leased lines by 15.3%, prepaid cards by 26.4% and services rendered by 8.9%. These decreases were partially offset by the increase in revenues from ADSL and Internet by 21.3%, the increase in revenues from co-location and from access to the local loop (Local Loop Unbundling - LLU) by 35.0%, the increase in revenues from Metro Ethernet & IP CORE by 39.9% and in other revenues by 6.1%.

The Group's Operating Expenses reached Euro 4,983.2 million and reflect a decrease of 6.8% compared to the prior year. This decrease is mainly due to the decrease in cost of telecommunications equipment by 25.0%, the decrease in charges from domestic operators by 19.6%, the decrease in provision for staff retirement indemnities and youth account by 15.2% and the decrease in depreciation and amortization by 4.8%. These decreases were partially offset by the increase in payroll and employee benefits by 1.9%, the increase for charges from international operators of 5.8% and the increase of other operating expenses by 3.0%. Furthermore, the Group's operating expenses for the year 2009 include OTE's and ROMTELECOM's early retirement programs' costs of Euro 171.6 million, which are offset by Euro 201.9 million, that derive from the transfer of 4% share capital held by the Hellenic State to IKA-ETAM (resulting in a net gain of Euro 30.3 million). In the previous year, operating expenses were charged with Euro 50.2 million relating to costs of early retirement programs.

The Company's Operating Expenses were Euro 2,105.9 million and reflect a decrease of 7.5% compared to the prior year. The decrease in operating expenses is mainly due to the following:

- **23.9% decrease in charges from domestic telecommunications operators.**
- **8.7% decrease in depreciation and amortization.**
- **13.5% decrease in the cost of telecommunication equipment.**
- **418.9% decrease in the cost of early retirement program that derives from the increase of OTE's early retirement program cost of Euro 163.0 million, which is offset by Euro 201.9 million that derives from the transfer of 4% share capital held by the Hellenic State to IKA-ETAM.**
- **16.7% decrease in staff retirement indemnities and youth account costs.**
- **4.4% decrease in other operating expenses.**

- **2.1% increase in charges from international telecommunications operators.**
- **6.3% increase in employee costs.**

As a result, Operating Profit before Financial Activities of the Group for the year 2009 reached Euro 1,000.9 million compared to Euro 1,057.7 million in the last year reflecting a decrease of 5.4%. Operating profit before Financial Activities of the Company for the year 2009 reached Euro 306.5 million, compared to Euro 312.2 million last year, reflecting a decrease of 1.8%.

The Group's Operating Profit before Depreciation and Amortization for 2009 reached Euro 2,156.2 million compared to Euro 2,270.7 million in 2008, reflecting a decrease of 5.0%. The respective margin on revenues reached 36.0% compared to 35.4% in the prior year. Excluding early retirement program costs, the Group's Operating Profit before Depreciation and Amortization for 2009 reached Euro 2,125.9 million compared to Euro 2,320.9 million in the prior year. The respective margin on revenues reached 35.5% compared to 36.2% in the prior year.

The Company's Operating Profit before Depreciation and Amortization for 2009 reached Euro 730.9 million compared to Euro 777.2 million in the prior year, reflecting a decrease of 6.0%. The respective margin on revenues reached 30.3% compared to 30.0% in the prior year. Excluding early retirement program costs, the Company's Operating Profit before Depreciation and Amortization for 2009 amounted to Euro 692.0 million compared to Euro 789.4 million in the prior year. The respective margin on revenues reached 28.7% compared to 30.4% in the prior year.

In relation to the Group's Financial Activities, interest expense in 2009 was Euro 325.2 million, reflecting a decrease of 5.4% compared to prior year, which is the result of the decrease in the Group's debt. Interest income amounted to Euro 61.6 million for 2009, reflecting a decrease of 14.8% compared to prior year. Dividend income decreased by 21.3% due to the lower dividend from TELEKOM SRBIJA in the current year. Gains from investments reached Euro 23.6 million for the 2009 and reflect the gain derived from the sale of COSMOFON and GERMANOS TELECOM AD SKOPJE (GTS).

Income Tax (expense) of the Group increased by 54.3% compared to prior year due to the new laws regarding a one time special contribution of social responsibility (Law 3808/2009) and tax on dividends (Law 3697/2008) and amounted to Euro 380.0 million.

Non-Controlling Interests in the Group's Income Statement reached Euro 3.3 million (income) in 2009 from Euro 4.0 million (income) in 2008, mainly due to the acquisition of non-controlling interests of AMC.

As a result of all the above, the Group's Profit attributable to the owners of the parent for the year 2009 amounted to Euro 404.0 million compared to Euro 601.8 million in the prior year, reflecting a decrease of 32.9%.

The Group's Cash flows from operating activities decreased by 19.3% from the year 2008, amounting to Euro 1,418.0 million, mainly due to increased payments for income taxes, interest expenses and early retirement programs, as well as from the decreased profitability.

The Group's Capital Expenditure (CAPEX) for the year 2009 amounted to Euro 890.9 million from Euro 964.0 million in prior year reflecting a decrease of 7.6%. The decrease is mainly due to the decreased capital expenditure of OTE and COSMOTE group.

The Group's Total Debt as of December 31, 2009 was Euro 5,421.9 million compared to Euro 6,047.7 million at December 31, 2008, reflecting a decrease of 10.3%, whereas the Group's Net Debt (interest bearing loans less cash and cash equivalents) at December 31, 2009, reached to Euro 4,553.1 million from Euro 4,619.9 million at December 31, 2008, reflecting an decrease of 1.4%. This decrease is mainly due to the repayment of loans.

With respect to the results of OTE's significant subsidiaries, the following should be noted:

COSMOTE GROUP: Despite the difficult conditions COSMOTE group has managed to maintain its leading position in the mobile telephony market. Group revenues reached Euro 3,035.9 million reflecting a decrease of 6.9% in comparison with the prior year. Operating profit before depreciation and amortization decreased by 6.3%, in 2009 as compared to 2008. COSMOTE group enhanced its market share in every country that it operates, a significant achievement given the very competitive environment. Furthermore, COSMOTE group increased its customer base by 13.8% compared to December 31, 2008 reaching nearly Euro 22.0 million customers, with GERMANOS contributing significantly in attracting new customers. In 2009, Cosmote-Greece increased its revenues by 3.5%, generating an EBITDA margin 38.0%. At the same time COSMOTE ROMANIA's revenues increased by 36% with an operating profit before depreciation and amortization almost three times higher as compared to the previous year. Revenues of GLOBUL in Bulgaria decreased by 2.6% mainly due to intense competition and the reduction in interconnection charges imposed by the relevant Authority. Revenues of AMC in Albania decreased by 23.8% reflecting mainly the devaluation of the local currency and the regulations imposed on wholesale and retail charges.

ROMTELECOM: In 2009, revenues decreased by 7.2% compared to the prior year. ROMTELECOM's loss after tax for the year 2009 amounted to Euro 34.6 million. This loss is Euro 12.6 million lower than for the previous year despite the tough market conditions. Major contributors to this result were improved operating profit (+Euro 20.9 million) and better results of its mobile associate (+Euro 15.4 million), that completely offset the lower financial gain (- Euro 6.3 million) and increased tax (- Euro 17.4 million). In accordance with its corporate transformation program, ROMTELECOM decreased its headcount to 10,017 as of December 31, 2009, a 3.2%

decrease compared to the end of 2008. The company's strategy aims at offsetting the decline in revenues from fixed telephony and traditional services with revenues from new services (Broadband, Business Data & TV). Revenues from broadband services continue to grow (increased by Euro 17 million compared to 2008) at a total of 807 thousand customers (+24.1% increase Y-o-Y), while the DTH TV service continues to be commercially successful, reaching 884 thousand customers by the end of 2009 (+37% increase Y-o-Y).

B. STRATEGY- OBJECTIVES

According to the 2010-2012 Business Plan approved by the Company's Board of Directors on November 27, 2009 the main Strategic Goal for the fixed-line telephony operations is to enhance operational performance in order to achieve profitability margins in line with the European peers.

This will be accomplished through the following and with the maximum exploitation of the synergies available within the Group:

Increase customer satisfaction

- **Retain retail market share and create new sources of revenues (IP-TV, satellite TV)**
- **Improve the customer support in both retail & wholesale, enhance after-sales service**
- **Optimize distribution channels and develop alternative channels of sale**
- **Further develop and expand broadband-based offerings differentiated by customer segment**

Gradually upgrade network

- **Transform into NGA step-by-step**
- **Enhance network and IT platforms to boost broadband and enable provision of new products**
- **Leverage existing infrastructure to better address wholesale market**

Improve competitiveness

- **Cost control action plan**
- **Optimizing all corporate procedures**
- **Development of workforce capabilities and motivation**
- **Ensuring fair regulatory treatment**

SIGNIFICANT EVENTS OF THE YEAR 2009

OTE ESTATE

On December 18, 2008, the amendment to article 5 of OTE ESTATE's charter was finalized following the relevant decision by the General Assembly of Shareholders. After the amendment, OTE ESTATE's share capital was reduced by Euro 102.2 million as a result of a reduction in the nominal amount of the shares from Euro 2.93 (absolute amount) to Euro 2.43

(absolute amount). On April 1, 2009, OTE received from OTE ESTATE the amount of Euro 102.2 million arising from the reduction of its share capital reducing the carrying value of its investment by an equivalent amount.

OTE INTERNATIONAL INVESTMENTS LTD

On November 17, 2009 the District Court of Limassol approved the share capital reduction of OTE INTERNATIONAL INVESTMENTS LTD by Euro 14.0 million. On December 7, 2009, OTE received from OTE INTERNATIONAL INVESTMENTS LTD the amount of Euro 14.0 million arising from the reduction of its share capital reducing the carrying value of its investment by an equivalent amount.

IMPAIRMENT OF INVESTMENTS IN SUBSIDIARIES

During 2009, an impairment test was carried out on OTE's participation in COSMOONE, OTE ACADEMY and VOICENET as there were indications that the carrying values were not recoverable. The results of the impairment tests showed that the recoverable amounts were below the carrying amounts, therefore an impairment loss of Euro 0.1 million, Euro 0.3 million and Euro 0.3 million respectively, was recognized in the 2009 income statement (2008: an impairment loss of Euro 2.5 million and Euro 2.8 million was recognized for COSMOONE and OTE ACADEMY respectively).

AMC

On April 27, 2009 OTE announced that its 100% subsidiary COSMOTE completed the acquisition process of a 12.58% interest held by the Albanian State, in its subsidiary AMC following the obtaining the relevant approvals from the authorities in Albania. The cash consideration for the related acquisition amounted to Euro 48.4 million. The difference between the cost of acquisition and the non-controlling interest acquired of Euro 4.7 million was recognized directly in equity. Following the official conclusion of the transaction, COSMOTE owns directly or indirectly (through its 97% owned subsidiary CHA) a 95% interest in AMC, although the investment is consolidated on 100% basis due to the put option described below.

According to the Albanian legislation, COSMOTE is obliged to purchase the shares of the non-controlling interests, if they request it. On June 22, 2009, non-controlling interests representing approximately a 2.3% of the share capital (of a total 2.5%) communicated a relevant request to COSMOTE, in order to sell their shares at the same price with the one paid to the Albanian State from COSMOTE for the acquisition of the additional 12.58% in April 2009. Based on the above, COSMOTE's relevant liability is estimated to amount to Euro 10.0 and is included in "Other current liabilities".

COSMOFON AND GERMANOS TELECOM SKOPJE

As of December 31, 2008, COSMOFON was classified as held for sale in the statement of financial position. On March 30, 2009 OTE announced that the agreements between COSMOTE and Telekom Slovenije

were signed in Athens regarding the transfer of 100% of COSMOFON, through the sale of COSMOTE's wholly owned subsidiary, OTE MTS HOLDING B.V., as well as GERMANOS TELECOM AD SKOPJE (GTS) to Telekom Slovenije. The transaction was completed on May 12, 2009 following approval by the relevant governmental and regulatory authorities in Skopje. COSMOFON and GERMANOS TELECOM SKOPJE are included in the consolidated financial statements until the date the Group ceased to control those companies (May 12, 2009).

COSMOHOLDING ROMANIA LTD

On August 6, 2009, COSMOTE established its 100% subsidiary Cosmoholding Romania Ltd, a holding company incorporated in Cyprus whose aim was the acquisition of the Romanian mobile communication company, TELEMOBIL S.A. (Zapp).

ZAPP

On July 1, 2009, OTE announced that its subsidiary COSMOTE (through its wholly owned subsidiary Cosmoholding Romania Ltd) had signed on June 30, 2009, a share purchase agreement for the acquisition of ZAPP in Romania. The acquisition which was subject, among other conditions, to the approval of the relevant Romanian authorities, was completed on October 31, 2009. The consideration paid for the acquisition of Zapp was Euro 67.5 million, while COSMOTE undertook Zapp's borrowings amounting to Euro 129.6 million mainly relating to the 3G and CDMA network development of this company. Zapp was established in 1993 and has CDMA 450 MHz and 3G in 2100 MHz telecommunications licenses.

E-VALUE LTD

On October 2009, E-VALUE S.A. founded the Greek company E-VALUE LTD, the object of which is provision of services regarding overdue accounts.

Exercise of put option between the Hellenic State and DEUTSCHE TELEKOM AG

Under the share purchase agreement between DEUTSCHE TELEKOM AG and the Hellenic State, the latter was granted two put options for an additional 5% (first put option) and 10% (second put option) of OTE's shares. On July 31, 2009, as a result of the exercise of the first put option, the Hellenic State sold to DEUTSCHE TELEKOM AG 24,507,519 shares of OTE representing 5% of its share capital.

Application of early retirement programs

On January 28, 2009, the management of OTE and OME-OTE (the personnel union body) signed a Collective Labor Agreement according to which employees who would complete the number of years required for retirement by December 30, 2009, would be entitled to benefits in order to retire by this date at the latest. The deadline for the applications for participating in this early retirement program was due on February

16, 2009. Applications were irrevocable. The respective cost amounted to Euro 11.0 million and is included in the line "Cost of early retirement program" in the 2009 income statement while the eligible employees left the Company until December 30, 2009.

On December 23, 2009, the management of OTE decided and approved an early retirement program according to which employees who will complete the number of years required for retirement by December 29, 2010, would be entitled to benefits in order to retire by December 30, 2010. The deadline for the applications for participating in this early retirement program is due on January 15, 2010. The Company is in the process of calculating relevant costs which will be charged to the 2010 separate and consolidated income statement.

Transfer of 4% OTE's share capital held by the Hellenic State to IKA-ETAM

On March 4, 2009, the Hellenic State and IKA-ETAM (general successor of TAP-OTE) signed a transfer agreement of 19,606,015 ordinary shares held by the Hellenic State to IKA-ETAM without cash consideration. These shares represent 4% of OTE's share capital, in accordance with articles 74 par. 4a of L.3371/2005 and articles 1 and 2 par. 4 and 5 of L3655/2008, in combination with the decision of May 10, 2007 of the European Community Committee (C 2/2206). The fair value of the transaction was set at Euro 10.30 (closing price of the OTE's share on the Athens Exchange the date the transfer was signed) per share. The total fair value of the transferred shares amounts to Euro 201.9 million and is included in the 2009 income statement of OTE.

Voluntary Leave Scheme of L. 3762/2009

On May 15, 2009 the Law 3762/ 2009 was enacted providing the following:

- **OTE's employees who: (i) have submitted a written application to participate in the Voluntary Leave Scheme, within the deadlines defined in par.2, article 74 of Law 3371/2005 and, (ii) do not submit an irrevocable application within one (1) month from the law's enactment that would recall the initial application submitted, are considered to be retired based on the article 74 of Law 3371/2005 within three (3) months from the expiration of the deadline described in ii) above.**
- **The cost that will arise from a) the employer's and the employee's contributions to IKA-ETAM (both for the sections of pensions and medical benefits) for the fictitious time recognized to these employees and b) the pensions that IKA-ETAM's pension section will be required to pay to these employees based on the above, will be covered by OTE.**
- **The cost that will arise from the employer's and the employee's contributions to TAYTEKO for the fictitious time recognized to these employees as well as the pensions that TAYTEKO (Auxiliary**

Insurance Sector for OTE Personnel) will be required to pay to these employees based on the above, will be covered by OTE.

- The cost that will arise from the employer's and the employee's contributions to TAYTEKO (Health Insurance Sector for OTE Personnel) for the fictitious time recognized to these employees, will be covered by OTE.
- For the Lump Sum benefits that TAYTEKO will be required to pay to these employees, OTE should grant a long-term loan to TAYTEKO.

Dividend distribution

On June 24, 2009, the General Assembly of OTE's Shareholders approved the distribution of a dividend from 2008 profits of a total amount of Euro 367.6 million or Euro 0.75 (in absolute amount) per share. Pursuant to Law 3697/2008, dividends approved by General Meetings convened after January 1, 2009, are subject to 10% withholding tax which will be borne by the beneficiary, however, the related law provides for certain exceptions.

The Board of Directors of OTE will propose to the Annual General Assembly of the Shareholders the distribution of a dividend from the 2009 profits of a total amount of Euro 245.1 million or Euro 0.50 (in absolute amount) per share.

Special contribution Law 3808/2009

Following the enactment of Law 3808/2009, a special, one-off contribution of social responsibility was charged to the Greek profitable entities calculated on their total net income of the fiscal year 2008 if it exceeded the amount of Euro 5.0 million, based on a progressive scale. The respective charge in the Company's and the Group's income statement amounted to Euro 51.6 million and Euro 113.1 million, respectively.

Acquisition of MICROSTAR Ltd interest in COSMOHOLDING CYPRUS

In January 15, 2007, Mr. Panos Germanos acquired a participation of 10% in the share capital of COSMOTE's subsidiary COSMOHOLDING CYPRUS, by subscribing to 100 registered shares (Class B) for a total amount of Euro 144.5 million, through the 100% controlled by him Cypriot holding company, MICROSTAR Ltd. Therefore, as of December 31, 2008, COSMOTE's participation in COSMOHOLDING CYPRUS, amounted to 90.0%, and COSMOTE indirect participation in GERMANOS via COSMOHOLDING CYPRUS, amounted to 90.0%.

These shares were redeemable by COSMOHOLDING CYPRUS or any other party indicated by COSMOTE on December 31, 2009 or on December 31, 2011, if the controlling shareholder MICROSTAR LTD so chooses, at a price which depends on the achievement of certain corporate targets until the purchase date.

On December 31, 2009, COSMOTE acquired MICROSTAR Ltd's interest in Cosmoholding Cyprus (10% of the share capital) for a total amount

of Euro 168.5 million, reflecting the initial value plus accrued interest until that date.

C. RISKS AND UNCERTAINTIES FOR THE NEXT YEAR

a) Credit risk

Credit risk is the risk of financial loss to the Company and the Group if counterparty fails to meet its contractual obligations.

Maximum exposure to credit risk at the reporting date to which the Company and the Group are exposed is the carrying value of financial assets.

Trade receivables could potentially adversely affect the liquidity of the Company and the Group. However, due to the large number of customers and their diversification of the customer base, there is no concentration of credit risk with respect to these receivables. Concentration of risk is considered to exist for amounts receivable from the telecommunication service providers, due to their relatively small number and the high level of transactions they have with the Company and the Group. For this category the Company and the Group assess the credit risk following the established policies and procedures and have made the appropriate provision for impairment.

The Company and the Group have established specific credit policies under which customers are analyzed for creditworthiness and there is an effective management of receivables in place both before and after they become overdue and doubtful. In monitoring credit risk, customers are grouped according to their credit risk characteristics, aging profile and existence of previous financial difficulties. Customers that are characterized as doubtful are reassessed at each reporting date for the estimated loss that is expected and an appropriate impairment allowance is established.

Cash and cash equivalents are considered to be exposed to a low level of credit risk. The Company has adopted a "deposits policy" whereby funds are only deposited with banks that have a specified minimum rating by International Rating Agencies as to their creditworthiness; in addition, limits are set on the amounts deposited depending on the rating. To avoid concentrations of risks, the Company does not deposit more than 30% of available funds in any one bank.

Financial instruments classified as available-for-sale include listed shares, while financial instruments held to maturity include government bonds and other securities. The financial asset categories are not considered to expose the Company and the Group to a significant credit risk.

Loans include loans to employees which are collected either through the payroll or are netted-off with their retirement indemnities and loans and advances to Auxiliary Pension Fund mainly due to the Voluntary Leave Scheme. The above mentioned loans are not considered to expose the Company and the Group to a significant credit risk.

b) Liquidity risk

Liquidity risk is the risk that the Company or the Group will not be able to meet their financial obligations as they fall due. Liquidity risk is kept at low levels by ensuring that there is sufficient cash on demand and credit facilities to meet the financial obligations when due. The Group's and the Company's available cash as at December 31, 2009 amounts to Euro 868.8 million and Euro 224.0 million respectively, their loans amounts to Euro 5,421.9 million and Euro 2,930.1 million respectively while the Group has a long-term credit (committed) line of Euro 350.0 million.

For the monitoring of liquidity risk, the Group prepares annual cash flows when drafting the annual budget and monthly rolling forecasts for three months' cash flows, in order to ensure that it has sufficient cash reserves to service its financial obligations.

c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will result in fluctuations of the value of the Group's and the Company's financial instruments. The objective of market risk management is to manage and control exposure within acceptable levels.

The individual risks that comprise market risk are described in further detail and the Group's and the Company's policies for managing them are as follows:

i. Interest rate risk

Interest rate risk is the risk that payments for interest on loans fluctuate due to changes in interest rates. Interest rate risk mainly applies to long-term loans with variable interest rates.

The hedging of interest rate risk is managed through having a combination of fixed and floating rate borrowings as well as with the use of interest rate swap agreements.

As at December 31, 2009, the ratio of fixed loans to floating loans for

the Group was 91%/9% (2008: 81%/19%). The analysis of borrowings depending on the type of the interest rate is as follows (Table 1)

The following tables demonstrate the sensitivity to a reasonable possible change in interest rates on loans, deposits and derivatives to the income statement and equity.

Sensitivity to an interest rates increase of 1% (Table 2).

If interest rates were to decrease by 1%, the impact would be similar and opposite to the analysis above.

ii. Foreign currency risk

Currency risk is the risk that the fair values or the cash flows of a financial instrument fluctuate due to foreign currency changes.

The Group operates in Southeastern Europe and as a result is exposed to currency risk due to changes between the functional currencies and other currencies. The main currencies within the Group are the Euro, Ron (Romania) and the Lek (Albania). The currency risk for the Group is not significant.

Capital Management

The primary objective of the Group's and the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratio in order to support its business and maximize shareholder value.

The Group and the Company manage their capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

An important means of managing capital is the use of the gearing ratio (ratio of net debt to equity) which is monitored at a Group level. Net Debt includes interest bearing loans, less cash and cash equivalents and other financial assets.

(Table 1):

(amounts in millions of Euro)	GROUP		COMPANY	
	2009	2008	2009	2008
Variable interest rate	503.3	1,099.3	-	-
Fixed interest rate	4,918.6	4,948.4	2,930.1	3,307.1
Total	5,421.9	6,047.7	2,930.1	3,307.1

(Table 2)

(amounts in millions of Euro)	GROUP		COMPANY	
	2009	2008	2009	2008
Profit before tax	4.7	3.3	2.2	3.5
Equity	-	3.0	-	-

The table below shows an increase in the gearing ratio in 2009 compared to 2008 due to a decrease in cash and cash equivalents, as well as a reduction in equity due to foreign exchange losses and the acquisition of non-controlling interests of AMC which was recorded in equity:

GROUP (amounts in million of Euro)	December 31	
	2009	2008
Net debt		
Borrowings	5,421.9	6,047.7
Cash and cash equivalents	(868.8)	(1,427.8)
Other financial assets	(35.4)	(135.9)
Net debt	4,517.7	4,484.0
Equity	1,979.7	2,173.2
Gearing ratio	2.28x	2.06x

E. MATERIAL TRANSACTIONS WITH RELATED PARTIES

OTE's related parties have been identified based on the requirements of IAS 24 Related Party Disclosures.

The Company purchases goods and services from these related parties, and provides services to them. Furthermore, OTE grants and receives loans to / from its subsidiaries, receives dividends and pays dividends.

(Table 3)

(amounts in million of Euro)	2009		2008	
	Sales OTE	Purchases OTE	Sales OTE	Purchases OTE
COSMOTE	162.4	116.1	184.1	123.4
OTE INTERNATIONAL INVESTMENTS LTD	0.6	4.3	0.5	4.9
HELLAS-SAT	0.5	1.6	0.6	1.7
COSMO-ONE	0.1	0.8	0.1	0.9
VOICENET	5.3	4.2	5.4	2.9
HELLASCOM	0.2	8.3	0.2	8.5
OTE SAT - MARITEL	1.1	2.0	1.0	2.1
OTE PLUS	0.4	34.8	0.4	36.7
OTE ESTATE	2.0	61.9	1.3	62.2
OTE-GLOBE	35.0	84.3	33.9	74.3
OTE ACADEMY	-	5.0	0.1	4.2
DEUTSCHE TELEKOM AG	-	-	5.9	4.2
MAKEDONSKI TELECOMMUNIKACII A.	0.5	0.4	-	-
HT HRVATSKE	0.1	0.6	-	-
TOTAL	208.2	324.3	233.5	326.0

OTE's purchases and sales with related parties are analyzed as follows (Table 3)

Purchases and sales of the Group with related parties which are not eliminated in the consolidation are analyzed as follows (Table 4)

There were no transactions between the Group and related parties during 2008 that are not eliminated in the consolidation.

OTE's financial activities with its related parties comprise interest on loans granted and received and are analyzed as follows Table 5)

OTE's dividend income from its related parties is analyzed as follows: (Table 6)

Amounts owed to and by the related parties as a result of OTE's transactions with them are analyzed as follows: (Table 7)

Amounts owed to and by the related parties as a result of the Group's transactions with them, which are not eliminated in the consolidation, are analyzed as follows: (Table 8)

Of the entities included in the above table, as of December 31, 2008 only DEUTSCHE TELEKOM AG was a related party to OTE.

Amounts owed by and to OTE relating to loans advanced, are analyzed as follows (Table 9)

(Table 4):

(amounts in million of Euro)	2009	
	Group's Sales	Group's Purchases
DEUTSCHE TELEKOM AG	10.6	8.4
MAKEDONSKI TELEKOMUNIKACII A.	0.6	0.7
HT HRVATSKE	0.3	0.6
COMBRIDGE	4.5	0.1
DETEKON	-	0.6
ORBITEL	-	0.5
T-SYSTEMS	1.2	-
T-Mobile Deutschland	2.0	0.7
T-Mobile Czech	0.3	0.1
T-Mobile UK	0.8	0.4
T-Mobile Austria	0.2	0.1
T-Mobile Netherlands	0.4	0.1
T-Mobile USA	0.3	0.4
T-Mobile Hungary	0.1	0.1
T-Mobile Macedonia	0.2	0.1
T-Mobile Hrvatska	0.1	0.1
PCT POLSKA TELEFONIA	0.4	-
TOTAL	22.0	13.0

(Table 5)

(amounts in million of Euro)	2009		2008	
	Finance income OTE	Finance expense OTE	Finance income OTE	Finance expense OTE
COSMOFON	1.1	-	3.3	-
OTE PLC	-	179.6	1.3	176.7
TOTAL	1.1	179.6	4.6	176.7

(Table 6)

(amounts in million of Euro)	2009	2008
	COSMOTE	282.2
OTE ESTATE	18.9	30.3
OTE SAT - MARITEL	1.0	0.5
OTE PLUS	0.4	-
TOTAL	302.5	276.0

(Table 7)

(amounts in million of Euro)	2009		2008	
	Amounts owed to OTE	Amounts owed by OTE	Amounts owed to OTE	Amounts owed by OTE
COSMOTE	47.2	52.5	37.9	50.4
OTE INTERNATIONAL INVESTMENTS LTD	0.1	1.2	0.3	1.0
HELLAS-SAT	0.4	0.4	0.5	0.3
COSMO-ONE	0.1	0.2	-	0.7
VOICENET	1.1	0.9	1.7	0.9
HELLASCOM	-	1.8	-	2.9
OTE SAT - MARITEL	2.2	2.0	0.3	0.6
OTE PLUS	0.1	12.3	0.2	15.9
OTE ESTATE	1.2	0.7	0.7	0.4
OTE-GLOBE	47.3	71.5	68.0	91.8
OTE ACADEMY	0.4	-	-	0.1
DEUTSCHE TELEKOM AG	-	-	6.3	7.2
TOTAL	100.1	143.5	115.9	172.2

(Table 8)

(amounts in million of Euro)	2009		2008	
	Amounts owed to Group	Amounts owed by Group	Amounts owed to Group	Amounts owed by Group
DEUTSCHE TELEKOM AG	6.9	-	6.5	7.5
MAKEDONSKI TELEKOMUNIKACII A.	0.1	-	-	-
DETEKON	-	0.1	-	-
COMBRIDGE	0.6	-	-	-
ORBITEL	-	0.1	-	-
T-SYSTEMS	0.1	-	-	-
T-Mobile Deutschland	-	0.6	-	-
T-Mobile Hungary	0.1	0.2	-	-
T-Mobile Czech	0.1	0.2	-	-
T-Mobile UK	0.1	0.7	-	-
T-Mobile Austria	-	0.3	-	-
T-Mobile Netherlands	-	0.3	-	-
T-Mobile USA	1.9	3.8	-	-
T-Mobile Macedonia	0.2	0.1	-	-
PCT POLSKA TELEFONIA	-	-	-	-
TOTAL	10.1	6.4	6.5	7.5

(Table 9)

(amounts in million of Euro)	2009		2008	
	Receivable OTE	Payable by OTE	Receivable OTE	Payable by OTE
COSMOFON	-	-	46.8	-
OTE PLC	-	3,038.2	-	3,423.1
TOTAL	-	3,038.2	46.8	3,423.1

Key Management Personnel and those closely related to them are defined in accordance with IAS 24 "Related Party Disclosures". Compensation includes all employee benefits (as defined in IAS 19 "Employee Benefits") including employee benefits to which IFRS 2 "Share-based Payment" applies.

Fees to the members of the Board of Directors and OTE's key management personnel amounted to Euro 5.0 million and Euro 4.7 million for the years 2009 and 2008, respectively.

As of December 31, 2009, 999,230 options under OTE's share based payment plan have been granted to the Company's key management personnel.

SIGNIFICANT EVENTS AFTER THE YEAR END

The most significant events after December 31, 2009 are as follows:

Stock option plan

On January 28, 2010, OTE's Board of Directors decided on and approved granting 1,259,078 Additional Options to the executives of OTE and its subsidiaries, 672,018 Basic Options to the executives of OTE and 333,780 Basic and 2,403,560 Additional Options to the executives of COSMOTE Group for the year 2009.

IKA-ETAM

By his letter dated January 19, 2010, the Minister of Labor and Social Security informed OTE that IKA-ETAM has incurred significant deficits attributable to the incorporation of the pension segment of TAP-OTE from August 1, 2008 into IKA-ETAM, and that further deficits are also anticipated for 2010. In his letter the Minister further explained that such deficits are currently covered primarily by the Hellenic State and partially absorbed by IKA-ETAM, he indicated that OTE should also contribute funds towards these deficits and requested a meeting with OTE's Chief Executive Officer in order to discuss the relevant issues. The meeting was held on January 26, 2010 where the two parties agreed to establish a committee to discuss the issues raised. A first meeting of this committee took place on February 11, 2010 and OTE requested the Ministry of Labor and Social Security's ("Ministry") official positions in writing. On February 23, 2010, the Ministry formally advised OTE that as a result of the Voluntary Leave Scheme it has estimated that IKA-ETAM has foregone contributions and pensions of approximately Euro 340.0 million. Furthermore, it also notes that the relevant outstanding contributions currently paid by OTE on a monthly basis, should be settled in full.

OTE is further examining the Ministry's position, however, its view is that this position is unsubstantiated, given that OTE has fulfilled and continues to fulfil in their totality all the financial obligations it has towards all social security funds, paying all contributions, as they are due, both in the context of its normal course of business, as well as the ones related to the com-

pany's voluntary retirement plans, strictly following all relevant laws, rules and regulations.

ROMTELECOM's restructuring plan

On February 17, 2010, by virtue of a decision by the ROMTELECOM's CEO, ROMTELECOM announced the restructuring of the Access Network Directorate, Operations Corporate Group. As part of this restructuring plan, 600 positions are expected to become redundant. ROMTELECOM is in the process of calculating the related redundancy costs, which will be charged to the 2010 income statement.

G. INFORMATION ACCORDING TO ARTICLE 4.7 OF LAW 3556/2007

(a) Share capital structure, rights and obligation of shareholders

The Company's share capital amounts to one billion, one hundred seventy one million, four hundred fifty-nine thousand, four hundred twenty-nine Euro and seventy one cents (1,171,459,429.71) and is divided into four hundred ninety million, one hundred fifty thousand, three hundred eighty nine (490,150,389) registered shares of a nominal value of two Euro and thirty nine cents (Euro 2.39) each.

According to the Company's share registry as of December 31, 2009 the Company's ownership was as follows:

Shareholder	Number of shares	Percentage %
Hellenic State	63,371,292	12.93%
D.E.K.A. S.A.	15,052,773	3.07%
IKA-ETAM	19,606,016	4.00%
DEUTSCHE TELEKOM AG	147,045,118	30.00%
Institutional Investors	194,978,408	39.78%
Private Investors	50,096,782	10.22%
TOTAL	490,150,389	100.00%

All of the Company's shares are common, registered with voting rights and there are no special shareholder categories. The Company's shares are listed on the Athens Exchange under the High Capitalization category, as well as on the NYSE (New York Stock Exchange) under the form of American Depository Receipts (ADRs). On December 31, 2009 ADRs amounted to 12,776,200 or 6,388,100 shares (1 ADR equals to 0.5 of OTE share), representing 1.303% of OTE's share capital.

Each share incorporates all rights and obligations as these derive from Law 2190/1920 and the Company's Articles of Incorporation the provisions of which are in line with the provisions of the Law.

Any shareholder that has in his possession any number of shares has the right to participate in the General Assembly of the shareholders of the Company either in person or by proxy committing either the total of his shares or part thereof. The Hellenic State, as shareholder, is represented at

the General Assembly by the Minister of Finance or by a representative.

Each share is entitled to one vote.

The Company's shareholders are entitled to receive dividends. The minimum dividend provided to all the shareholders is set to be thirty five per cent (35%) of net profits.

According to the Articles of Incorporation of the Company the General Assembly may decide on the allocation of the remaining profits at its own discretion; for instance, the Assembly may decide on the distribution of shares to Company employees and its affiliated companies. The shares for such a distribution would be derived from share capital increases through capitalization of profits or be covered by the shareholders themselves.

The General Assembly of shareholders maintains all its rights during liquidation. Shareholder's liability is limited to the nominal value of shares that they have in their possession. Shareholders' rights are the ones determined by the provisions of Law 2190/1920.

(b) Restrictions in the transfer of the Company's shares

The Company's shares are intangible and freely traded on the Athens Exchange and are transferred according to the Law.

Exceptionally, according to article 11, Law 3631/2008 (FEK A 6/2008) the acquisition by a shareholder other than the Hellenic State or state related entities as described in article 42E of Law 2190/1920 or by shareholders acting together in a harmonized way of voting rights of 20% and above of the share capital, is subject to the approval of the Inter-ministerial Privatization Committee of Law 3049/2002 which is granted under the requirements of this Law.

According to article 4 of Law 3016/2002, the independent non-executive members of the Board of Directors of the Company cannot possess more than 0.5% of the paid-in share capital.

According to art 13 of Law 3340/2005, management personnel and their close relatives, without having restrictions on the acquisition or transfer of the Company's shares, are obliged to disclose their direct and indirect transactions in the Company's shares, exceeding the amount of Euro 5,000 on an annual basis. The obligation of such disclosures is dictated by Law and the decisions of Capital Market Committee.

According to article 26 of Law 3431/2006, on Electronic Telecommunications, any change in control of the Company is approved by the Hellenic Committee of Post and Telecommunications ("H.T.P.C."). The approval of H.T.P.C. with respect to the change in control is also required by L. 703/1977 on Monopoly and Oligopoly Control and Protection of Free Competition (article 12, par. f of Law 3431/2006 on Electronic Communications)

According to the shareholders agreement of May 14, 2008 between the Greek State and DEUTSCHE TELEKOM AG (thereon "Shareholders' agreement"), ratified by the Law 3676/2008, no other member of

DEUTSCHE TELEKOM AG Group possesses OTE shares or voting rights.

(c) Significant direct or indirect investments

Significant ownership in the share capital of the Company as of December 31, 2009, according to Law 3556/2007 (FEK A' 91/2007), was as follows:

- 1 The Hellenic State which as shareholder holds directly 12.93% of the paid-up share capital of the Company and indirectly 3.07% of the paid-up share capital through DEKA S.A. Based on the agreement signed on March 4, 2009 for the transfer of 4% of OTE's share capital from the Hellenic State to IKA-ETAM, the latter undertakes to exercise its voting rights corresponding to the above shares, in coordination with the Hellenic State and has to instruct individuals who will be authorized to exercise the voting rights at any General Assembly of the OTE's shareholders on its behalf in the same way the Hellenic State does.**
- 2 DEUTSCHE TELEKOM AG's direct participation in OTE's paid-up share capital which stands at 30.00%, corresponding to 147,045,118 shares, with respective voting rights.**

As of December 31, 2009, the Company is not aware of any other shareholder who holds, has acquired or has transferred to a third person or corporate body the ownership of 5% or more of its paid-up share capital with the respective voting rights.

(d) Owners of shares that offer special control rights

There are no issued shares of the Company that offer special control rights.

(e) Restrictions on voting rights-Deadlines in exercising relating rights

There are no restrictions on voting rights according to the Company's Articles of Incorporation. These restrictions derive indirectly from the provision of the above article 11 of Law 3631/2008, as mentioned above, as well as from the "shareholders agreement" ratified by the law, as far as the contractual parties are concerned.

(f) Shareholder agreements for restrictions in the transfer of shares or in exercising of voting rights

On May 14, 2008, an agreement was signed between the two shareholders the Greek State and DEUTSCHE TELEKOM AG, which was ratified by the Greek Parliament by Law 3676/2008 and which provides restrictions in the transfer of shares or in the exercising of voting rights regarding the shares held by the shareholders mentioned in this agreement.

Also in the transfer agreement signed on March 4, 2009 between the Hellenic State and the public entity under the name "Institute for Social Security - Unified Insurance Fund for Employees (IKA-ETAM), restrictions on transfer of shares (right of the Hellenic State to buy back shares and the

right of choice in case of sale) are imposed. Also in the same contract restrictions on the exercise of voting shares held by IKA-ETAM are imposed. These limitations are imposed on the contractual parties.

(g) Rules of appointment and replacement of members of the Board of Directors and amendment of the Company's Articles of Incorporation if they differ from the provisions of C.L.2190/1920.

The provisions of the Company's Articles of Incorporation in relation to the appointment and replacement of the Board of Directors members and the amendment of its Articles of Incorporation are not amended by the provisions of C.L. 2190/1920.

In particular according to the provision in the Articles of Incorporation the Board of Directors consists of up to eleven (11) members, elected by the General Assembly, for a three-year term. Their service term commences on the day of the member's election by the General Assembly and terminates on the Annual General Assembly of the year when the three years from their election are completed.

In case of resignation, death or for any reason occurs derogation of one or more members before the end of their term, the remaining members of the Board of Directors, either elect temporarily one or more replacements, or they continue to exercise the management or the representation of the Company, without having elected one or more replacements. If someone is elected by the General Assembly as temporary member in someone else's position, this election is announced at the next General Assembly (regular or extraordinary), which has the authorization to replace the elected members even if this issue has not been included in the agenda of this General Assembly.

By resolution of the General Assembly the members of the Board of Directors are ten (10).

The members of the Board of Directors may always be re-elected and can be revoked anytime by the General Shareholders Assembly.

(h) Authority of the Board of Directors for the issuance of new shares/share buy backs according to article 16 of Law 2190/1920

In accordance with article 6 of the Company's Articles of Incorporation, the General Shareholders Assembly, following its decision (subject to the disclosure procedures specified by article 7b of Law 2190/1920) can transfer to the Board of Directors the authority to decide with a majority of two thirds (2/3) of its members and within five (5) years from the date of the relevant decision for:

- I. The increase of the share capital with the issuance of new shares. The amount of the increases cannot exceed the total amount of the share capital as at the date of the transfer of the relevant authority by the General Assembly to the Board of Directors.
- II. The issue of bonds up to an amount not exceeding the paid-up share

capital, by issuing convertible bonds.

The above authorities of the Board of Directors may be renewed by the General Assembly for a period not exceeding five (5) years for each renewal. The General Assembly's decision comes into force after the end of the five-year period.

Exceptionally, in the event the reserves of the Company exceed one fourth (1/4) of the paid-up share capital, a resolution of the General Assembly for the increase of the share capital through the issuance of a new shares or a bond convertible into shares, will always be required.

There are no resolutions of the General Shareholders Assembly in force for the concession of the above authorities to the Board of Directors.

Following a General Shareholders Assembly resolution and pursuant to the regulations that are in force, the Company may acquire own shares corresponding to a maximum of 10% of its paid-up share capital. Such resolutions of the General Assembly are effectuated by the Board of Directors' decisions.

The General Shareholders Assembly decided on April 7, 2009 to approve the purchase of the Company shares, according to article 16 of Law 2190/1920, up to one tenth (1/10) of its total paid-in share capital for a period of 24 months. To date no Board of Directors decision has been taken to effectuate the resolution.

(i) Significant Group's agreements that are in force/ amended/ terminated upon a change in control of the Company following a public offer

The Group has entered into various loan agreements and bond issuance agreements in which a change of control clause of OTE is included. If the clause is activated OTE must proceed with prepayment of the loan in line where contractually stipulated.

The wording of the specific clause varies in each contract text as follows:

1) Consortium loan Euro 850 million, maturing in September 2012.

In the above loan contracts, the clause is activated if there is a change in control of OTE as a consequence of which the credit rating of OTE or the resulting new legal entity is downgraded below BBB/Baa2. The clause is not activated if only a change in control of OTE or only degradation of the credit rating of OTE occurs, but both events should simultaneously occur, and also the degradation of the credit rating should be a result of the change of control.

Control is defined as the ability of the new shareholder to control management and the procedures set by OTE either through ownership of voting rights, through contractual commitment or through other procedures.

In the event the clause is activated, OTE PLC must notify the banks, which have the right to demand the prepayment of the loan.

OTE'S CREDIT EVALUATION

On May 19, 2008, Moody's down graded OTE's rating from Baa1 to Baa2. The agreement between the Greek State and DEUTSCHE TELEKOM A.G., included terms that may lead the Greek State's interest in OTE to potentially decrease below 20%. As a result of such terms, the Company's support by the Greek State was downgraded to "low" from "average". This modification resulted in the long-term rating of Baa2. Since the Company's underlying business fundamentals and financial strength remain unchanged the rest of the factors used for the Company's rating have not been modified.

On December 15, 2008, S&P downgraded the credit rating of OTE from BBB + to BBB, without associating the downgrading with the agreement of the Hellenic State with DEUTSCHE TELEKOM AG. According to S&P this degradation is due to the increased pressure on OTE in domestic fixed telephony market and the difficulties that will be faced to maintain its position in this very challenging economic environment.

2) Bonds of OTE PLC guaranteed by OTE:

- Euro 1,500 million, maturing in February 2011
- Euro 600 million maturing in February 2015 and
- Euro 900 million, maturing in May 2016.

According to the terms of these bonds, the clause is activated if both of the following events occur together:

- a) Any person or group of persons (other than the Hellenic State) acquires directly or indirectly more than 50 % of the share capital or of the voting rights of OTE and
- b) as a consequence of (a), the rating previously of the bonds by international agencies is withdrawn or downgraded to BB+/Ba1 or their equivalent (Sub-investment grade), within a specific period and with specific terms.

The clause is not activated if only a change in control of OTE or only degradation of the credit rating of OTE occurs, but both events should simultaneously occur, and also the degradation of the credit rating should be a result of the change of control.

According to the term of the bonds, in case the change of control of OTE clause is activated, OTE PLC must immediately notify in writing the bondholders, who in turn have the right, within 45 days to demand from OTE PLC their prepayment i.e. the capital and the interest applicable to the date of prepayment.

No such clause is included in the terms of other bonds of the Group.

(j) **Compensating agreements with Board of Directors Members or personnel in case of resignation/unfair dismissal or service employment termination due to a public offer**

The Company has not entered into any agreements with the members of the Board of Directors or its personnel to compensate these persons, in case that because of a Public Offer for the acquisition or concession of its shares, are forced to resign or dismissed unfairly or their services or employment are terminated.

Athens, February 24, 2010

Panagis Vourloumis

Chairman and Managing Director

Chapter 3

Auditors' Report of the Financial Statements

THIS REPORT HAS BEEN TRANSLATED FROM THE ORIGINAL VERSION IN GREEK INDEPENDENT AUDITOR'S REPORT

To the shareholders of the Hellenic Telecommunications Organization S.A.

Report on the separate and consolidated Financial Statements

We have audited the accompanying separate and consolidated financial statements of the Hellenic Telecommunications Organization S.A (the "Company") and its subsidiaries, which comprise the separate and consolidated statement of financial position as at December 31, 2009, the separate and consolidated income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Separate and Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these separate and consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards of Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor consid-

ers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying separate and consolidated financial statements present fairly, in all material respects, the financial position of the Company and its subsidiaries as at December 31, 2009, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Report on Other Legal and Regulatory Requirements

We confirm that the information given in the Director's Report is consistent with the accompanying separate and consolidated financial statements and complete in the context of the requirements of articles 43a, 107 and 37 of Codified Law 2190/1290.

Athens, 24 February 2010

The Certified Auditors Accountants

CHRIS PELENDRIDIS	GEORGE ANASTOPOULOS
R.N. ICA (GR) 17831	R.N. ICA (GR) 15451

ERNST & YOUNG (HELLAS)
CERTIFIED AUDITORS ACCOUNTANTS S.A.
11th KM NATIONAL ROAD ATHENS-LAMIA
144 51 METAMORFOSI, ATTIKA
SOEL REG. No. 107

Chapter 4

Annual Financial Statements

HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A. ANNUAL FINANCIAL STATEMENTS (CONSOLIDATED AND SEPARATE)

AS OF DECEMBER 31, 2009

IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

as adopted by the European Union (TRANSLATED FROM THE GREEK ORIGINAL)

The Annual Financial Statements presented on pages 24-80, were approved by the Board of Directors on February 24, 2010 and are signed by:

Chairman
& Managing Director

Panagis Vourloumis

Vice Chairman

Charalambos Dimitriou

Chief Financial Officer

George Mavrakis

Chief Accounting Officer

Konstantinos Vasilopoulos

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STATEMENTS OF FINANCIAL POSITION (CONSOLIDATED AND SEPARATE)

(Amounts in millions of Euro)	Notes	2009	GROUP 2008	2009	COMPANY 2008
ASSETS					
Non-current assets					
Property, plant and equipment	4	5,625.1	5,872.8	2,026.7	2,191.5
Goodwill	5	551.8	525.1	-	-
Telecommunication licenses	6	362.2	329.5	2.5	3.0
Other intangible assets	7	520.6	550.7	-	-
Investments	8	157.0	156.6	4,777.4	4,890.0
Loans and advances to pension funds	18	154.5	194.5	154.5	194.5
Deferred tax assets	21	253.6	286.8	178.5	188.0
Other non-current assets	9	127.3	120.7	83.8	112.4
Total non-current assets		7,752.1	8,036.7	7,223.4	7,579.4
Current assets					
Inventories		229.1	201.3	31.1	32.2
Trade receivables	10	1,153.0	1,194.2	608.0	697.5
Other financial assets	11	35.4	135.9	16.3	119.6
Other current assets	12	255.6	261.6	108.7	99.8
Cash and cash equivalents	13	868.8	1,427.8	224.0	344.5
Total current assets		2,541.9	3,220.8	988.1	1,293.6
Assets classified as held for sale	8	-	167.7	-	-
TOTAL ASSETS		10,294.0	11,425.2	8,211.5	8,873.0
EQUITY AND LIABILITIES					
Equity attributable to owners of the Parent					
Share capital	14	1,171.5	1,171.5	1,171.5	1,171.5
Share premium	14	505.1	497.9	505.1	497.9
Statutory reserve	15	344.1	330.2	344.1	330.2
Foreign exchange and other reserves	15	(53.3)	73.9	4.8	1.4
Changes in non-controlling interests	8	(3,321.5)	(3,315.2)	-	-
Retained earnings	15	2,576.1	2,553.6	1,419.0	1,523.0
Total equity attributable to owners of the Parent		1,222.0	1,311.9	3,444.5	3,524.0
Non-controlling Interests		757.7	861.3	-	-
Total equity		1,979.7	2,173.2	3,444.5	3,524.0
Non-current liabilities					
Long-term borrowings	17	5,385.7	5,409.6	2,930.1	3,288.2
Provision for staff retirement indemnities	18	266.5	254.9	241.6	233.8
Provision for voluntary leave scheme	18	109.9	107.2	109.9	107.2
Provision for youth account	18	282.3	286.3	282.3	286.3
Deferred tax liabilities	21	113.7	116.7	-	-
Other non-current liabilities	19	77.9	74.6	45.0	41.4
Total non-current liabilities		6,236.0	6,249.3	3,608.9	3,956.9
Current liabilities					
Trade accounts payable		813.2	943.9	373.1	526.1
Short-term borrowings	20	3.3	5.1	-	-
Short-term portion of long-term borrowings	17	32.9	633.0	-	18.9
Income tax payable		133.2	58.0	41.0	4.0
Deferred revenue		256.6	228.4	225.3	158.4
Provision for voluntary leave scheme	18	149.0	275.8	149.0	275.8
Dividends payable	16	4.2	3.8	4.2	3.8
Other current liabilities	22	685.9	838.2	365.5	405.1
Total current liabilities		2,078.3	2,986.2	1,158.1	1,392.1
Liabilities directly associated with the assets classified as held for sale	8	-	16.5	-	-
TOTAL EQUITY AND LIABILITIES		10,294.0	11,425.2	8,211.5	8,873.0

The accompanying Notes on pages 32-80 form an integral part of these financial statements.

INCOME STATEMENTS (CONSOLIDATED AND SEPARATE)

(Amounts in millions of Euro except per share data)	Notes	GROUP		COMPANY	
		2009	2008	2009	2008
Revenue					
Domestic telephony	23	1,619.6	1,814.2	1,223.4	1,355.5
International telephony	23	251.1	286.9	183.3	202.4
Mobile telephony	23	2,396.2	2,470.8	-	-
Other revenue	23	1,717.2	1,835.4	1,005.7	1,031.8
Total revenue		5,984.1	6,407.3	2,412.4	2,589.7
Operating expenses					
Payroll and employee benefits		(1,190.8)	(1,168.4)	(712.6)	(670.1)
Provision for staff retirement indemnities and youth account	18	(95.5)	(112.6)	(90.2)	(108.3)
Cost of early retirement program	18	30.3	(50.2)	38.9	(12.2)
Charges from international operators		(184.0)	(173.9)	(129.4)	(126.7)
Charges from domestic operators		(516.3)	(642.3)	(227.6)	(299.2)
Depreciation and amortization		(1,155.3)	(1,213.0)	(424.4)	(465.0)
Cost of telecommunications equipment		(475.1)	(633.4)	(88.7)	(102.5)
Other operating expenses	24	(1,396.5)	(1,355.8)	(471.9)	(493.5)
Total operating expenses		(4,983.2)	(5,349.6)	(2,105.9)	(2,277.5)
Operating profit before financial activities		1,000.9	1,057.7	306.5	312.2
Income and expense from financial activities					
Interest expense		(325.2)	(343.7)	(225.8)	(194.8)
Interest income		61.6	72.3	17.4	36.3
Foreign exchange differences, net		10.2	11.8	2.7	(6.0)
Dividend income	8	9.6	12.2	312.1	288.2
Gains / (losses) from investments	8	23.6	33.7	(0.1)	15.9
Impairment of investments	8	-	-	(0.7)	(5.3)
Total profit /(loss) from financial activities		(220.2)	(213.7)	105.6	134.3
Profit before tax		780.7	844.0	412.1	446.5
Income tax expense	21	(380.0)	(246.2)	(134.6)	(83.2)
Profit for the year		400.7	597.8	277.5	363.3
Attributable to:					
Owners of the parent		404.0	601.8	277.5	363.3
Non-controlling interests		(3.3)	(4.0)	-	-
		400.7	597.8	277.5	363.3
Basic earnings per share	25	0.8242	1.2278		
Diluted earnings per share	25	0.8242	1.2129		

The accompanying Notes on pages 32-80 form an integral part of these financial statements.

STATEMENTS OF COMPREHENSIVE INCOME (CONSOLIDATED AND SEPARATE)

(Amounts in millions of Euro)	GROUP		COMPANY	
	2009	2008	2009	2008
Profit for the year	400.7	597.8	277.5	363.3
Foreign currency translation	(178.4)	(235.3)	-	-
Net loss on cash flow hedge	(0.5)	(6.3)	-	-
Fair value movement in available for sale financial assets	3.5	(34.8)	3.4	(34.8)
Other	-	-	-	2.1
Other comprehensive income / (loss) for the year	(175.4)	(276.4)	3.4	(32.7)
Total comprehensive income for the year	225.3	321.4	280.9	330.6
Attributable to:				
Owners of the parent	276.8	417.4	280.9	330.6
Non-controlling interests	(51.5)	(96.0)	-	-
	225.3	321.4	280.9	330.6

STATEMENT OF CHANGES IN EQUITY (CONSOLIDATED)

(Amounts in millions of Euro)	Attributed to equity holders of the parent								Non-controlling Interest	Total Equity
	Share capital	Share Premium	Statutory reserve	Foreign exchange and other reserves	Changes in non-controlling interests	Retained earnings	Total			
Balance as at January 1, 2008	1.171,5	485,9	312,1	258,3	(2.533,8)	2.337,5	2.031,5	1.023,1	3.054,6	
Profit for the year	-	-	-	-	-	601,8	601,8	(4,0)	597,8	
Other comprehensive income / (loss)	-	-	-	(184,4)	-	-	(184,4)	(92,0)	(276,4)	
Total comprehensive income / (loss)	-	-	-	(184,4)	-	601,8	417,4	(96,0)	321,4	
Transfer to statutory reserve	-	-	18,1	-	-	(18,1)	-	-	-	
Dividends	-	-	-	-	-	(367,6)	(367,6)	-	(367,6)	
Share-based payment	-	12,0	-	-	-	-	12,0	-	12,0	
Net change of participation in subsidiaries	-	-	-	-	(781,4)	-	(781,4)	(65,8)	(847,2)	
Balance as at December 31, 2008	1.171,5	497,9	330,2	73,9	(3.315,2)	2.553,6	1.311,9	861,3	2.173,2	
Balance as at January 1, 2009	1.171,5	497,9	330,2	73,9	(3.315,2)	2.553,6	1.311,9	861,3	2.173,2	
Profit for the year	-	-	-	-	-	404,0	404,0	(3,3)	400,7	
Other comprehensive income / (loss)	-	-	-	(127,2)	-	-	(127,2)	(48,2)	(175,4)	
Total comprehensive income / (loss)	-	-	-	(127,2)	-	404,0	276,8	(51,5)	225,3	
Transfer to statutory reserve	-	-	13,9	-	-	(13,9)	-	-	-	
Dividends	-	-	-	-	-	(367,6)	(367,6)	-	(367,6)	
Share-based payment	-	7,2	-	-	-	-	7,2	-	7,2	
Net change of participation in subsidiaries	-	-	-	-	(4,7)	-	(4,7)	(43,7)	(48,4)	
Obligation to acquire non-controlling interests	-	-	-	-	(1,6)	-	(1,6)	(8,4)	(10,0)	
Balance as at December 31, 2009	1.171,5	505,1	344,1	(53,3)	(3.321,5)	2.576,1	1.222,0	757,7	1.979,7	

The accompanying Notes on pages 32-80 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY (SEPARATE)

(Amounts in millions of Euro)	Share capital	Share premium	Statutory reserve	Foreign exchange and other reserves	Retained earnings	Total equity
Balance as at January 1, 2008	1.171,5	485,9	312,1	36,2	1.543,3	3.549,0
Profit for the year	-	-	-	-	363,3	363,3
Other comprehensive income / (loss)	-	-	-	(34,8)	2,1	(32,7)
Total comprehensive income / (loss)	-	-	-	(34,8)	365,4	330,6
Transfer to statutory reserve	-	-	18,1	-	(18,1)	-
Dividends	-	-	-	-	(367,6)	(367,6)
Share-based payment	-	12,0	-	-	-	12,0
Balance as at December 31, 2008	1.171,5	497,9	330,2	1,4	1.523,0	3.524,0
Balance as at January 1, 2009	1.171,5	497,9	330,2	1,4	1.523,0	3.524,0
Profit for the year	-	-	-	-	277,5	277,5
Other comprehensive income	-	-	-	3,4	-	3,4
Total comprehensive income	-	-	-	3,4	277,5	280,9
Transfer to statutory reserve	-	-	13,9	-	(13,9)	-
Dividends	-	-	-	-	(367,6)	(367,6)
Share-based payment	-	7,2	-	-	-	7,2
Balance as at December 31, 2009	1.171,5	505,1	344,1	4,8	1.419,0	3.444,5

The accompanying Notes on pages 32-80 form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS (CONSOLIDATED AND SEPARATE)

(Amounts in millions of Euro)	Notes	GROUP		COMPANY	
		2009	2008	2009	2008
Cash flows from operating activities					
Profit before tax		780.7	844.0	412.1	446.5
Adjustments for:					
Depreciation and amortization		1,155.3	1,213.0	424.4	465.0
Share-based payment	28	7.2	12.0	2.9	6.5
Cost of early retirement program	18	(30.3)	50.2	(38.9)	12.2
Provision for staff retirement indemnities and youth account	18	95.5	112.6	90.2	108.3
Other provisions	24	-	2.1	-	0.8
Provisions for doubtful accounts	24	107.0	119.8	28.0	75.5
Foreign exchange differences, net		(10.2)	(11.8)	(2.7)	6.0
Interest income		(61.6)	(72.3)	(17.4)	(36.3)
Dividend income, (gains)/losses and impairment of investments		(33.2)	(45.9)	(311.3)	(298.8)
Release of EDEKT fund prepayment	18	35.2	35.2	35.2	35.2
Interest expense		325.2	343.7	225.8	194.8
Working capital adjustments:					
Decrease/ (increase) in inventories		(27.3)	(9.2)	1.1	4.8
Decrease / (increase) in accounts receivable		(75.7)	(123.4)	39.9	(42.8)
(Decrease) in liabilities (except borrowings)		(72.1)	(91.7)	(92.0)	(31.5)
Plus/(Minus):					
Payment for early retirement programs		(130.3)	(91.6)	(121.7)	(53.6)
Payment of staff retirement indemnities and youth account, net of employees' contributions		(88.3)	(76.0)	(87.1)	(73.9)
Interest and related expenses paid		(276.4)	(212.9)	(208.4)	(103.1)
Income taxes paid		(299.3)	(240.2)	(83.7)	(82.8)
Settlement of receivables due from disposed subsidiaries	8	16.6	-	-	-
Net cash flows from operating activities		1,418.0	1,757.6	296.4	632.8
Cash flows from investing activities					
Acquisition of non-controlling interest and participation in subsidiaries' share capital increase	8	(48.4)	(849.4)	-	(852.4)
Acquisition of subsidiary net of cash acquired	8	(197.8)	-	-	-
Purchase of financial assets	11	(308.0)	(138.0)	(290.6)	(132.3)
Sale or maturity of financial assets	11	412.2	46.8	397.3	25.7
Loans granted		-	(1.3)	-	(1.3)
Repayments of loans receivable		9.7	-	55.9	-
Loans proceeds in conjunction with disposal of subsidiaries	8	78.5	-	-	-
Purchase of property plant and equipment and intangible assets		(890.9)	(964.0)	(272.6)	(300.7)
Proceeds from disposal of subsidiaries	8	86.1	24.0	-	20.9
Interest received		61.6	66.7	14.6	27.6
Dividends received		6.9	9.2	308.4	285.3
Return of capital invested in subsidiary		-	-	116.2	-
Settlements of other current liabilities	22	(168.5)	-	-	-
Net cash flows from/(used in) investing activities		(958.6)	(1,806.0)	329.2	(927.2)

The accompanying Notes on pages 32-80 form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS (CONSOLIDATED AND SEPARATE)

(Amounts in millions of Euro)	Notes	GROUP		COMPANY	
		2009	2008	2009	2008
Cash flows from financing activities					
Proceeds from non-controlling interests for their participation in subsidiaries' share capital increase		-	16.9	-	-
Proceeds from loans granted and issued		-	2,705.5	-	2,735.0
Repayment of loans		(637.1)	(2,183.4)	(378.9)	(2,187.5)
Dividends paid to Company's owners		(367.2)	(367.8)	(367.2)	(367.8)
Dividends paid to non-controlling interests		(1.2)	(5.9)	-	-
Net cash flows from/(used in) financing activities		(1,005.5)	165.3	(746.1)	179.7
Net increase/(decrease) in cash and cash equivalents		(546.1)	116.9	(120.5)	(114.7)
Cash and cash equivalents, at the beginning of the year		1,427.8	1,316.3	344.5	459.2
Net foreign exchange differences		(14.8)	(3.5)	-	-
Cash and cash equivalents classified as held for sale / disposed of	8	1.9	(1.9)	-	-
Cash and cash equivalents, at the end of the year	13	868.8	1,427.8	224.0	344.5

The accompanying Notes on pages 32-80 form an integral part of these financial statements.

1. CORPORATE INFORMATION

Hellenic Telecommunications Organization S.A. ("Company", "OTE" or "parent"), was incorporated as a société anonyme in Athens, Greece in 1949, and is listed in the Greek Register of Sociétés Anonymes (M.A.E.) with the unique number (AP. MAE) 347/06/B/86/10. The registered office is located at 99 Kifissias Avenue - 151 24 Maroussi Athens, Greece, and the website is www.ote.gr. The Company is listed on the Athens Exchange and New York Stock Exchange.

OTE's principal activities are the provision of telecommunications and related services.

Effective February 6, 2009, the financial statements are included in the consolidated financial statements of DEUTSCHE TELEKOM AG (full consolidation method), which has its registered office in Germany and holds a 30.00% plus one share interest in OTE.

The OTE Group ("Group") includes other than the parent Company, all the entities which OTE controls directly or indirectly.

The Annual Consolidated and Separate Financial Statements ("financial statements") as of December 31, 2009 and the year then ended, were approved for issuance by the Board of Directors on February 24, 2010, although they are subject to the final approval to OTE's General Assembly.

The total numbers of Group and Company employees as of December 31, 2009 and 2008 were as follows:

	GROUP	COMPANY
December 31, 2009	32,864	11,369
December 31, 2008	33,610	12,056

The consolidated financial statements include the financial statements of OTE and the following subsidiaries which OTE controls directly or indirectly:

COMPANY NAME	LINE OF BUSINESS	COUNTRY	2009	2008
GROUP'S OWNERSHIP INTEREST				
COSMOTE MOBILE TELECOMMUNICATIONS S.A. ("COSMOTE")	Mobile telecommunications services	Greece	100.00%	100.00%
OTE INTERNATIONAL INVESTMENTS LTD	Investment holding company	Cyprus	100.00%	100.00%
HELLAS SAT CONSORTIUM LIMITED ("HELLAS-SAT")	Satellite communications	Cyprus	99.05%	99.05%
COSMO-ONE HELLAS MARKET SITE S.A. ("COSMO-ONE")	E-commerce services	Greece	61.74%	61.74%
VOICENET S.A. ("VOICENET")	Telecommunications services	Greece	100.00%	100.00%
HELLASCOM S.A. ("HELLASCOM")	Telecommunication projects	Greece	100.00%	100.00%
OTE PLC	Financing services	U,K,	100.00%	100.00%
OTE SAT-MARITEL S.A. ("OTE SAT - MARITEL")	Satellite telecommunications services	Greece	94.08%	94.08%
OTE PLUS S.A. ("OTE PLUS")	Consulting services	Greece	100.00%	100.00%
OTE ESTATE S.A. ("OTE ESTATE")	Real estate	Greece	100.00%	100.00%
OTE INTERNATIONAL SOLUTIONS S.A. ("OTE-GLOBE")	Wholesale telephony services	Greece	100.00%	100.00%
HATWAVE HELLENIC-AMERICAN TELECOMMUNICATIONS WAVE LTD. ("HATWAVE")	Investment holding company	Cyprus	52.67%	52.67%
OTE INSURANCE AGENCY S.A. ("OTE INSURANCE")	Insurance brokerage services	Greece	100.00%	100.00%
OTE ACADEMY S.A. ("OTE ACADEMY")	Training services	Greece	100.00%	100.00%
ROMTELECOM S.A. ("ROMTELECOM")	Fixed line telephony services	Romania	54.01%	54.01%
S.C. COSMOTE ROMANIAN MOBILE TELECOMMUNICATIONS S.A. ("COSMOTE ROMANIA")	Mobile telecommunications services	Romania	86.20%	86.20%
OTE MTS HOLDING B.V.	Investment holding company	Holland	-	100.00%
COSMOFON MOBILE TELECOMMUNICATIONS SERVICES A.D. - SKOPJE ("COSMOFON")	Mobile telecommunications services	Skopje	-	100.00%
COSMO BULGARIA MOBILE EAD ("GLOBUL")	Mobile telecommunications services	Bulgaria	100.00%	100.00%
COSMO-HOLDING ALBANIA S.A. ("CHA")	Investment holding company	Greece	97.00%	97.00%
ALBANIAN MOBILE COMMUNICATIONS Sh.a ("AMC")	Mobile telecommunications services	Albania	95.03%	82.45%

COMPANY NAME	LINE OF BUSINESS	COUNTRY	2009	2008
			GROUP'S OWNERSHIP INTEREST	
COSMOHOLDING CYPRUS LTD ("COSMOHOLDING CYPRUS")	Investment holding company	Cyprus	100.00%	90.00%
GERMANOS S.A. ("GERMANOS")	Retail services	Greece	100.00%	90.00%
E-VALUE S.A.	Marketing Services	Greece	100.00%	90.00%
GERMANOS TELECOM SKOPJE S.A.	Retail services	Skopje	-	90.00%
GERMANOS TELECOM ROMANIA S.A.	Retail services	Romania	100.00%	90.00%
SUNLIGHT ROMANIA S.R.L. FILIALA	Retail services	Romania	100.00%	90.00%
GERMANOS TELECOM BULGARIA A.D.	Retail services	Bulgaria	100.00%	90.00%
MOBILBEEEP LTD	Retail services	Greece	100.00%	90.00%
OTE PROPERTIES	Real estate	Greece	100.00%	100.00%
HELLAS SAT S.A.	Satellite communications	Greece	99.05%	99.05%
OTE INVESTMENT SERVICES S.A.	Investment holding company	Greece	100.00%	100.00%
OTE PLUS BULGARIA	Consulting services	Bulgaria	100.00%	100.00%
COSMOHOLDING ROMANIA LTD	Investment holding company	Cyprus	100.00%	-
TELEMOBIL S.A. ("ZAPP")	Mobile telecommunications services	Romania	99.99%	-
E-VALUE DEBTORS AWARENESS ONE PERSON LTD ("E-VALUE LTD")	Overdue accounts	Greece	100.00%	-

2. BASIS OF PREPARATION

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU").

The financial statements have been prepared on a historical cost basis, except for financial assets at fair value through profit and loss, available-for-sale financial assets and derivative financial instruments which have been measured at fair values in accordance with IFRS. The carrying values of recognized assets and liabilities that are hedged items in fair value hedges that would otherwise be carried at amortized cost, are adjusted to record changes in the fair values attributable to the risks that are being in effective hedge relationships.

The financial statements are presented in millions of Euro, except when otherwise indicated.

Significant accounting judgments, estimates and assumptions

The preparation of the financial statements requires management to make estimates and judgments that affect the reported amount of assets, liabilities, revenues and expenses and related disclosures of contingent assets and liabilities. On an ongoing basis, management evaluates its estimates, including those related to legal contingencies, allowance for doubtful accounts, the estimated useful life of non financial assets, impairment of property, plant and equipment, impairment of goodwill and intangible assets, reserve for staff retirement indemnities and youth account, recognition of revenues and expenses and income taxes. Management bases its estimates on historical experience and on various other assumptions that are believed to be reasonable, the results of which form the bases for making

judgments about the carrying value of assets and liabilities that are not readily available from other sources. Actual results may differ from these estimates under different assumptions or conditions.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Further details on impairment testing are disclosed in Note 5.

Provision for income taxes

The provision for income taxes in accordance with IAS 12 "Income taxes", are the amounts expected to be paid to the taxation authorities and includes provision for current income taxes reported and the potential additional tax that may be imposed as a result of audits by the taxation authorities. Group entities are subject to income taxes in various jurisdictions and significant management judgment is required in determining provision for income taxes. Actual income taxes could vary from these estimates due to future changes in income tax law, significant changes in the jurisdictions in which the Company and the Group operate, or unpredicted results from the final determination of each year's liability by taxing authorities.

These changes could have a significant impact on the Company's and the Group's financial position. Where the actual additional taxes payable are different from the amounts that were initially recorded, these differences will impact the income tax and deferred tax provisions in the period in which such a determination is made. Further details are provided in Note 21.

Deferred tax assets

Deferred income tax assets and liabilities have been provided for the tax effects of temporary differences between the carrying amount and tax base of such assets and liabilities, using enacted tax rates in effect in the years in which the differences are expected to reverse. Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused losses can be utilized. The Company and the Group have considered future taxable income and followed ongoing feasible and prudent tax planning strategy in the assessment of the recoverability of deferred tax assets. The accounting estimate related to deferred tax assets requires management to make assumptions regarding the timing of future events, including the probability of expected future taxable income and available tax planning opportunities. Further details are provided in Note 21.

Allowance for doubtful trade receivables

The Company and the Group establish an allowance for doubtful accounts sufficient to cover reasonably estimable loss for these accounts. Because of the number of accounts, it is not practical to review the collectibility of each account; therefore, at each reporting date all accounts receivable are assessed based on historical trends, statistical information, future expectations regarding suspended or cancelled customers, reactivation rates for suspended customers and collection rates for amounts due from cancelled customers. Other operators are examined and assessed on an individual basis. The balance of such allowance for doubtful accounts is adjusted by recording a charge to the income statement of the reporting period. Any amount written off with respect to customer account balances is charged against the existing allowance for doubtful accounts. Additional details are provided in Note 10 and Note 30.

Post retirement and other defined benefit plans

Staff Retirement Indemnities and Youth Account obligations are calculated at the discounted present value of the future retirement benefits and benefits to children of employees deemed to have accrued at year-end, based on the assumption that employees earn Retirement and Youth Account benefits uniformly throughout the working period. Retirement and Youth Account obligations are calculated on the basis of financial and actuarial assumptions that require management to make assumptions regarding discount rates, pay increases, mortality and disability rates, retirement

ages and other factors. Changes in these key assumptions can have a significant impact on the obligation and pension costs for the period. Net pension costs for the period consist of the present value of benefits earned in the year, interest costs on the benefits obligation, prior service costs and actuarial gains or losses. The Staff Retirement Indemnities and Youth Account benefit obligations are not funded. Due to the long term nature of these defined benefit plans these assumptions are subject to a significant degree of uncertainty. Further details are provided in Note 18.

Estimating the useful life of non financial assets

The Company and the Group must estimate the useful life of property, plant and equipment and intangible assets recognized at acquisition or as a result of a business combination. These estimates are revisited at least on an annual basis taking into account new developments and market conditions.

Contingent liabilities

The Company and the Group are currently involved in various claims and legal proceedings. Periodically, the Company and the Group review the status of each significant matter and assess potential financial exposure, based in part on the advice of legal counsel. If the potential loss from any claim or legal proceeding is considered probable and the amount can be reliably estimated, the Company and the Group recognize a liability for the estimated loss. Significant judgment is required in both the determination of probability and the determination as to whether an exposure is reasonably estimable. With respect to the retail customers, and because of uncertainties related to these matters, provisions are based only on the most accurate information available at the reporting date. As additional information becomes available, the Company and the Group reassess the potential liability related to pending claims and litigation and may revise assessments of the probability of an unfavourable outcome and the related estimate of potential loss. Such revisions in the estimates of the potential liabilities could have a material impact on the Company's or the Group's financial position and results of operations.

Impairment of property, plant and equipment

The determination of impairment of property, plant and equipment involves the use of estimates that include, but are not limited to, the cause, timing and amount of the impairment. Impairment is based on a large number of factors, such as changes in current competitive conditions, expectations of growth in the telecommunications industry, increased cost of capital, changes in the future availability of financing, technological obsolescence, discontinuance of services, current replacement costs, prices paid in comparable transactions and other changes in circumstances that indicate an impairment exists. The recoverable amount is typically determined using a discounted cash flow method which incorporates reasonable market participant assumptions. The identification of impairment indicators, as well

as the estimation of future cash flows and the determination of fair values for assets (or groups of assets) require management to make significant judgments concerning the identification and validation of impairment indicators, expected cash flows, applicable discount rates, useful lives and residual values.

Customer activation fees

Installation and activation fees are received from new customers. These fees (and related directly attributable costs) are deferred and amortized over the expected duration of the customer relationship. If management estimates of the duration of the customer relationship are revised, significant differences may result in the timing of revenue for any period.

New pronouncements and amendments

The following new and amended IFRS and IFRIC interpretations have been issued but are not effective for the financial year beginning January 1, 2009. They have not been early adopted and the Group and the Company are in the process of assessing their impact, if any, on the financial statements:

- **IFRIC 17 Distributions of Non-cash Assets to Owners:** This interpretation is effective for annual periods beginning on or after July 1, 2010 with early application permitted. The interpretation provides guidance on how to account for non-cash distributions to owners. The interpretation clarifies when to recognize a liability, how to measure it and the associated assets, and when to derecognize the asset and liability.
- **IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments:** The interpretation is effective for annual periods beginning on or after July 1, 2010. This interpretation addresses the accounting treatment when there is a renegotiation between the entity and the creditor regarding the terms of a financial liability and the creditor agrees to accept the entity's equity instruments to settle the financial liability fully or partially. IFRIC 19 clarifies such equity instruments are "consideration paid" in accordance with paragraph 41 of IAS 39. As a result, the financial liability is derecognized and the equity instruments issued are treated as consideration paid to extinguish that financial liability. This interpretation has not yet been endorsed by the EU.
- **IFRIC 14 Prepayments of a Minimum Funding Requirement (Amended):** The amendment is effective for annual periods beginning on or after January 1, 2011. The purpose of this amendment was to permit entities to recognize as an asset some voluntary prepayments for minimum funding contributions. Earlier application is permitted and must be applied retrospectively. This amendment has not yet been endorsed by the EU.
- **IFRS 3 Business Combinations (Revised) and IAS 27 Consolidated and Separate Financial Statements (Amended):** The revision

and amendment is effective for annual periods beginning on or after July 1, 2009. The revised IFRS 3 introduces a number of changes in the accounting for business combinations which impacts the amount of goodwill recognized, the reported results in the period that an acquisition occurs, and future reported results. Such changes include the expensing of acquisition-related costs and recognizing subsequent changes in fair value of contingent consideration in the income statement (rather than by adjusting goodwill). The amended IAS 27 requires that a change in ownership interest of a subsidiary is accounted for as an equity transaction. Therefore such a change will have no impact on goodwill, nor will it give rise to a gain or loss. Furthermore the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The changes introduced by IFRS 3 (Revised) and IAS 27 (Amendment) must be applied prospectively and will affect future acquisitions and transactions with non-controlling interests.

- **IAS 39 Financial Instruments: Recognition and Measurement (Amended) – eligible hedged items:** The amendment is effective for annual periods beginning on or after July 1, 2009. The amendment clarifies that an entity is permitted to designate a portion of the fair value changes or cash flow variability of a financial instrument as hedged item. This also covers the designation of inflation as a hedged risk or portion in particular situations.
- **IFRS 9 Financial Instruments – Phase 1 financial assets, classification and measurement:** The new standard is effective for annual periods beginning on or after January 1, 2013. Phase 1 of this new IFRS introduces new requirements for classifying and measuring financial assets. Early adoption is permitted. This standard has not yet been endorsed by the EU.
- **IFRS 2 Group Cash-settled Share-based Payment Transactions (Amended):** The amendment is effective for annual periods beginning on or after January 1, 2010. This amendment clarifies the accounting for group cash-settled share-based payment transactions and how such transactions should be arranged in the individual financial statements of the subsidiary. This interpretation has not yet been endorsed by the EU.
- **IAS 32 Classification on Rights Issues (Amended):** The amendment is effective for annual periods beginning on or after February 1, 2010. This amendment relates to the rights issues offered for a fixed amount of foreign currency which were treated as derivative liabilities by the existing standard. The amendment states that if certain criteria are met, these should be classified as equity regardless of the currency in which the exercise price is denominated. The amendment is to be applied retrospectively.

- IAS 24 Related Party Disclosures (Revised): The revision is effective for annual periods beginning on or after January 1, 2011. This revision relates to the judgment which is required so as to assess whether a government and entities known to the reporting entity to be under the control of that government are considered a single customer. In assessing this, the reporting entity shall consider the extent of economic integration between those entities. Early application is permitted and adoption shall be applied retrospectively. This interpretation has not yet been endorsed by the EU.
- IFRS 1 Additional Exemptions for First-time Adopters (Amended): The amendment is effective for annual periods beginning on or after January 1, 2010. This interpretation has not yet been endorsed by the EU.
- IFRS 1 Limited Exemption from Comparative IFRS 7 Disclosures for first time adopters (Amended): The amendment is effective for annual periods beginning on or after July 1, 2010. This interpretation has not yet been endorsed by the EU.
- In April 2009 the IASB issued its second omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. The effective dates of the improvements are various and the earliest is for the financial year beginning on or after July 1, 2009. This annual improvements project has not yet been endorsed by the EU.
- IFRS 7 Financial Instruments: Disclosures (Amended) effective January 1, 2009
- IAS 1 Presentation of Financial Statements (Revised) effective January 1, 2009
- IAS 32 Financial Instruments: Presentation (Amended) and IAS 1 Puttable Financial Instruments and Obligations Arising on Liquidation (Amended) effective January 1, 2009
- IAS 23 Borrowing Costs (Revised) effective January 1, 2009
- Improvements to IFRSs (May 2008)
- IFRIC 18 Transfers of Assets from Customers effective for transfers after July 1, 2009

The adoption of the above new and amended IFRS and IFRIC interpretations did not have an impact on the financial statements or performance of the Group or the Company, however the following had an impact in the presentation or disclosures of the financial statements as described below:

- IAS 1, "Presentation of Financial Statements" (Revised),
The revised standard requires that the statement of changes in equity includes only transactions with owners; introduces a new statement of comprehensive income that combines all items of income and expense recognized in the income statement together with "other comprehensive income" (either in one single statement or in two linked statements); and requires the inclusion of a third column on the statement of financial position to present the effect of restatements of financial statements or retrospective application of a new accounting policy as at the beginning of the earliest comparative period. The Group and the Company made the necessary changes to the presentation of their financial statements in 2009 and elected to present two linked statements for the statement of comprehensive income.
- IFRS 7, "Financial Instruments: Disclosures",
The amended standard requires additional disclosures about fair value measurement and liquidity risk. Fair value measurements related to items recorded at fair value are to be disclosed by the source of inputs, using a three-level hierarchy, by class, for all financial instruments recognized at fair value. In addition, reconciliation between the beginning and ending balance for level 3 fair value measurements is now required, as well as significant transfers between the levels in the fair value hierarchy. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management. The fair value measurement disclosures and the liquidity disclosures, which are not significantly impacted by the amendment, are presented in note 30.
- IFRS 8, "Operating segments",

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared using accounting policies consistent with those of the previous year except for the adoption of the following new and amended IFRS and IFRIC interpretations which became effective for the accounting period beginning January 1, 2009:

- IFRIC 13 Customer Loyalty Programs effective July 1, 2008
- IFRIC 15 Agreements for the Construction of Real Estate effective January 1, 2009
- IFRIC 16 Hedges of a Net Investment in a Foreign Operation effective October 1, 2008
- IFRIC 9 Remeasurement of Embedded Derivatives (Amended) and IAS 39 Financial Instruments: Recognition and Measurement (Amended) effective for periods ending on or after June 30, 2009
- IFRS 1 First-time Adoption of International Financial Reporting Standards (Amended) and IAS 27 Consolidated and Separate Financial Statements (Amended) effective January 1, 2009
- IFRS 2 Share-based Payment: Vesting Conditions and Cancellations (Amended) effective January 1, 2009
- IFRS 8 Operating Segments effective January 1, 2009

IFRS 8 replaces IAS 14 “Segment reporting” and adopts a management approach to segment reporting. The Group concluded that the operating segments determined in accordance with IFRS 8 are the same as the business segments previously identified under IAS 14. Additional disclosures required by IFRS 8 are shown in note 26.

The significant accounting policies applied for the preparation of the financial statements are as follows:

1. Basis of Consolidation and Investments

Subsidiaries

The consolidated financial statements are comprised of the financial statements of the Company and all subsidiaries controlled by the Company directly or indirectly. Control exists when the Company has the power to govern the financial and operating policies of the subsidiaries so as to obtain benefits from their activities. The financial statements of the subsidiaries are prepared as of the same reporting period as the parent company, using consistent accounting policies. All intercompany balances, transactions and any intercompany profit or loss are eliminated in the consolidated financial statements. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. An inter company loan to a foreign subsidiary for which settlement is neither planned nor likely to occur in the foreseeable future, is considered to be part of the net investment in that foreign operation. In the consolidated financial statements the foreign exchange gains and losses arising are recorded in other comprehensive income.

Associates

Associates are those entities in which the Group has significant influence upon, but not control over their financial and operating strategy. Significant influence is presumed to exist when the Company has the right to participate in the financial and operating policy decisions, without having the power to govern these policies. Investments in associates in which the Group has significant influence are accounted for using the equity method. Under this method the investment is carried at cost, and is adjusted to recognize the investor’s share of the earnings or losses of the investee from the date that significant influence commences until the date that significant influence ceases and also for changes in the investee’s net equity. Gains or losses from transactions with associates are eliminated to the extent of the interest in the associate. Dividends received from associates are eliminated against the carrying value of the investment. The associate’s value is adjusted for any accumulated impairment loss. When the Group’s share of losses exceeds the carrying amount of the investment, the carrying value of the investment is reduced to nil and recognition of further losses is discontinued, except to the extent the Group has created obligations or has made payments on behalf of the associate.

Transactions between companies under common control

Transactions between companies under common control are excluded from the scope of IFRS 3. Therefore the Group (implementing the guidance of IAS 8 “Accounting policies, changes in accounting estimates and errors” for similar cases) accounts for such transactions using a method like “pooling of interests”. Based on this principle, the Group consolidates the book values of the combined entities (without revaluation to fair values). The financial statements of the Group or the new entity after the transaction are prepared on the basis as if the new structure was in effect since the beginning of the first period which is presented in the financial statements and consequently the comparative figures are adjusted. The difference between the purchase price and the book value of the percentage of the net assets acquired is recognized directly in equity.

In the separate financial statements, investments in subsidiaries and associates are accounted for at cost adjusted for any impairment where necessary.

2. Financial Assets – Investments

Financial assets are initially measured at their fair value, which is normally the acquisition cost, plus, in the case of investments not at fair value through profit and loss, directly attributable transaction costs. Financial assets are classified as being at fair value through profit and loss, held to maturity, or available-for-sale as appropriate. The Company and the Group determine classification of its financial assets at initial recognition. Financial assets at fair value through profit or loss are measured at fair value and gains or losses are recognized in the income statement. Held-to-maturity investments are measured at amortized cost using the effective interest method and gains or losses through the amortization process are recognized in the income statement. Available-for-sale financial assets are measured at fair value and gains or losses are recognized directly in other comprehensive income while upon sale or impairment gains or losses are recognized in the income statement. The fair values of quoted investments are based on quoted market bid prices. For investments where there is no quoted market price, fair value is determined using valuation techniques. Purchase or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place are recognized on the settlement date (i.e. the date that the asset is transferred or delivered to the Company or Group).

Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is presented in the statement of financial position only when the Company or the Group has a legally enforceable right to set off the recognized amounts and intends either to settle such asset and liability on a net basis or to realize the asset and settle the liability simultaneously.

Impairment of financial assets

The Company and the Group assess at each reporting date, whether a financial asset or group of financial assets is impaired as follows:

(i) Assets held to maturity:

If there is objective evidence that an impairment loss on loans and receivables carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The amount of the loss is recognized in the income statement.

(ii) Available-for-sale financial assets:

If an available-for-sale asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal payment and amortization) and its current fair value, less any impairment loss previously recognized in the income statement is transferred from other comprehensive income to the income statement. Reversals of impairment in respect of equity instruments classified as available-for-sale are not recognized in the income statement. Reversals of impairment losses on debt instruments are reversed through the income statement if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment losses were recognized in the income statement.

Derecognition of financial assets

A financial asset (or, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired;
- the Company or the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Company or the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the assets, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Company or the Group have transferred their rights to receive cash flows from an asset and have neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company or the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset or the maximum amount of consideration that the Company or the Group could be required to repay. Where continuing involvement takes the form of a written and/or

purchase option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Company's or the Group's continuing involvement is the amount of the transferred asset that the Company or the Group may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Company's or the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the income statement.

Non-current Assets Held for Sale

The Group classifies a non-current asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use.

The basic preconditions to classify a non-current asset (or a disposal group) as held for sale are that it must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets or groups and its sale must be highly probable. For the sale to be highly probable the appropriate level of management must be committed to a plan to sell the asset (or disposal group).

Immediately before the initial classification of a non-current asset (or a disposal group) as held for sale, the asset (or the assets and liabilities included in the disposal group) is measured in accordance with the applicable IFRS. Non-current assets (or disposal group) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell and any possible resulting impairment losses are recognized in the income statement. Any subsequent increase in fair value is recognized, but not in excess of the cumulative impairment loss which was previously recognized.

While a non-current asset (or non-current assets that are included in a disposal group) is classified as held for sale it is not depreciated or amortized.

3. Foreign Currency Translation

OTE's functional currency is the Euro. Transactions involving other currencies are translated into Euro at the exchange rates, ruling on the date of the transactions. At the reporting date, monetary assets and liabilities, which are denominated in foreign currencies, are retranslated at the exchange rates at that date. Gains or losses resulting from foreign currency

translation are recognized in the income statement.

Non-monetary items denominated in foreign currencies that are measured at historical cost are retranslated at the exchange rate at the date of the initial transaction. Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the exchange rates at the date that the fair value was determined. The foreign currency differences arising from the change in the fair value of these items are recognized in the income statement or directly in other comprehensive income depending on the underlying item.

Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using the functional currency. Assets and liabilities of these entities, including goodwill and the fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition, are translated into Euro using exchange rates ruling at the reporting date. Revenues and expenses are translated at rates prevailing at the date of the transaction. All resulting foreign exchange differences are recognized in other comprehensive income and are recognized in the income statement on the disposal of the foreign operation.

4. Goodwill and business combinations

The acquisition of subsidiaries is accounted for using the acquisition method of accounting that measures the acquiree's assets and liabilities and contingent liabilities at their fair value at the date of acquisition. For business combinations occurring subsequent to the date of transition to IFRS, goodwill is the excess of the purchase price over the fair value of the net identifiable assets acquired. For business combinations occurring prior to the date of transition to IFRS, goodwill is recorded at the carrying value at the date of transition, based on previous GAAP. Goodwill is not amortized but is tested for impairment at least annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount for each cash generating unit to which goodwill relates. Where the recoverable amount of the cash generating unit is less than the carrying amount an impairment loss is recognized. Thus, after initial recognition, goodwill is measured at cost less any accumulated impairment losses. An impairment loss recognized for goodwill is not reversed in a subsequent period. Goodwill on acquisition of subsidiaries is presented as an intangible asset. Negative goodwill on acquisition of subsidiaries is recorded directly in the income statement. Goodwill recognized on acquisition of associates is included in the carrying amount of the investment. The difference between the cost of acquisition and the non-controlling interest acquired, arising on the acquisition of non-controlling interests in a subsidiary where control already exists, is recorded directly in equity. When non-controlling interests are disposed of, but control is retained, any difference between the amount by which the non-controlling interests are adjusted and the fair value of the considera-

tion paid or received is recognized directly in equity and attributed to the owners of the parent.

5. Property, Plant and Equipment

Items of property, plant and equipment are measured at cost, net of subsidies received, plus interest costs incurred during periods of construction, less accumulated depreciation and any impairment in value.

Subsidies are presented as a reduction of the cost of property, plant and equipment and are recognized in the income statement over the estimated life of the assets through reduced depreciation expense.

Construction in progress is recorded as part of property, plant and equipment and depreciation on the self constructed assets commences when the asset is available for use. The cost of self-constructed assets includes the cost of materials, direct labor costs, relevant general overhead costs. Investment supplies comprise of assets to be utilized in the construction of assets.

The present value of the expected retirement costs, for a relevant asset, is included in the cost of the respective asset if the recognition criteria for a provision are met and are depreciated accordingly.

Repairs and maintenance costs are expensed as incurred. The cost and related accumulated depreciation of assets retired or sold are removed from the corresponding accounts at the time of sale or retirement, and any gain or loss is included in the income statement.

Expenditure relating to the replacement of part of an item of property, plant and equipment is added to the carrying amount of the asset if it is probable that future economic benefits will flow to the Company or the Group and its cost can be reliably measured. All other expenditures are recognized in the income statement as incurred.

Investment property consists of all property held to earn rentals or for capital appreciation and not used in the production or for administrative purposes.

6. Depreciation

Depreciation is recognized on a straight-line basis over the estimated useful lives of property, plant and equipment, which are periodically reviewed. The estimated useful lives and the respective rates are as follows:

	Estimated Useful Life	Depreciation Rates
Buildings – building installations	20-40 years	2.5% - 5%
Telecommunication equipment and installations:		
Telephone exchange equipment	8-12 years	8.3% - 12.5%
Radio relay stations	8 years	12.5%
Subscriber connections	10 years	10%
Local and International network	8-17 years	6% - 12.5%
Other	5-10 years	10% - 20%
Transportation equipment	5-8 years	12.5% - 20%
Furniture and fixtures	3-5 years	20% - 33%

7. Employee Benefits

Defined Contribution Plans

Obligations for contributions to defined contribution plans are recognized as an expense as incurred. There are no legal or constructive obligations to pay any further amounts.

Defined Benefit Plans

Obligations derived from defined benefit plans are calculated separately for each plan by estimating the amount of future benefits employees have earned in return for their service as of the reporting date. These benefits are discounted to their present value after taking any adjustments for actuarial gains and losses and past service cost. The discount rate is the yield of high quality European corporate bonds with maturity that approximates the term of the obligations. These obligations are calculated on the basis of financial and actuarial assumptions which are carried out by independent actuaries using the Projected Unit Credit Method. Net pension cost for the period is recognized in the income statement and consists of the present value of the accrued benefits, interest cost on the benefits obligation, prior service cost and actuarial gains or losses. For post employment plans, prior service costs are recognized on a straight-line basis over the average period until the benefits become vested. All actuarial gains or losses are recognized during the average remaining working life of active employees and are included in the service cost of the year, if the net cumulative unrecognized actuarial gains and losses at the end of the previous reporting period exceeded the 10% of the present value of the defined benefit obligation at that date. For other long term benefits actuarial gains and losses and past service costs are recognized immediately.

8. Taxes

Income taxes include current and deferred taxes. Current tax is measured on the taxable income for the year using enacted or substantively enacted tax rates at the reporting date in the countries where the Group operates and generates taxable income.

Deferred taxes are provided on all temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax liabilities are recognized for all taxable temporary differences except:

- where the deferred tax liability arises from the initial recognition of goodwill of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investment in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized except:

- where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of goodwill of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investment in subsidiaries and associates, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax is measured at the tax rates that are expected to apply in the year when the asset is realized or liability is settled based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilized.

Income tax (current and deferred) relating to items recognized directly in equity is recognized directly in equity and not in the income statement.

9. Cash and Cash Equivalents

For purposes of the cash flow statement, time deposits and other highly liquid investments with original maturities of three months or less are considered to be cash and cash equivalents.

10. Advertising Expenses

All advertising costs are expensed as incurred.

11. Research and Development Costs

Research costs are expensed as incurred. Development costs which do not fulfill the criteria for recognition as an asset are expensed as incurred.

12. Recognition of Revenues and Expenses

Fixed revenues primarily consist of connection charges, monthly network services fees, exchange network and facilities usage charges, other value added communication services fees, and sales of handsets and accessories. Revenues are recognized as follows:

Connection charges

Connection charges for the fixed network are deferred and amortized to income over the average customer retention period. Connection costs, up to the amount of deferred connection fees are recognized over the average customer retention period. No connection fees are charged for mobile services.

Monthly network service fees

Revenues related to the monthly network service fees are recognized in the month that the telecommunication service is provided.

Usage Charges and Value Added Services Fees

Call fees consist of fees based on airtime and traffic generated by the caller, the destination of the call and the service utilized. Fees are based on traffic, usage of airtime or volume of data transmitted for value added communication services. Revenues for usage charges and value added communication services are recognized in the period when the services are provided.

Revenues from outgoing calls made by OTE's subscribers to subscribers of mobile telephony operators are presented at their gross amount in the income statement as the credit and collection risk remains solely with OTE. Interconnection fees for mobile-to-mobile calls are recognized based on incoming traffic generated from other mobile operators' networks. Unbilled revenues from the billing cycle date to the end of each period are estimated based on traffic.

Revenues from the sale of prepaid airtime cards and the prepaid airtime, net of discounts allowed, included in the Group's prepaid services packages, are recognized based on usage. Such discounts represent the difference between the wholesale price of prepaid cards and boxes (consisting of handsets and prepaid airtime) to the Group's Master Dealers and the retail sale price to the ultimate customers. Unused airtime is

included in "Deferred revenue" in the statement of financial position. Upon the expiration of prepaid airtime cards, any unused airtime is recognized in the income statement.

Commissions paid for each contract subscriber acquired by the master dealers as well as bonuses paid to master dealers in respect of contract subscribers who renew their annual contracts, are deferred and amortized as expenses over the contract period. Airtime commissions due to the Group's master dealers for each subscriber acquired through their network are expensed as incurred.

Sales of telecommunication equipment

Revenues from the sale of handsets and accessories, net of discounts allowed, are recognized at the point-of-sale, when the significant risks and rewards of ownership have passed to the buyer.

Dividend income

Dividend income is recognized when the right to receive payment is established with the approval for distribution by the General Assembly of shareholders.

Interest income

Interest income is recognized as the interest accrues (using the effective interest method).

Revenues from construction projects

Revenues from construction projects are recognized in accordance with the percentage of completion method.

Principal and agency relationship

In a principal and agency relationship, amounts collected by the agent on behalf of the principal do not result in increases in equity of the agent and thus, they are not revenues for the agent. Revenue for the agent is the amount of commission received by the principal. On the other hand, the principal's revenues consist of the gross amounts described above and the commission paid to the agent is recognized as an expense.

13. Earnings per Share

Basic earnings per share are computed by dividing the profit for the year attributable to the Company's owners by the weighted average number of shares outstanding during each year. Diluted earnings per share are computed by dividing the profit for the year attributable to the Company's owners by the weighted average number of shares outstanding during the year adjusted for the impact of share based payments.

14. Operating Segments

Operating segments are determined based on the Group's legal structure, as the Group's chief operating decision makers review financial information separately reported by the Company and each of the consolidated subsidiaries or the sub-group included in the consolidation. The reportable segments are determined using the quantitative

thresholds required by the respective Standard. Information for operating segments that do not constitute reportable segments is combined and disclosed in the "All Other" category. The accounting policies of the segments are the same with those followed for the preparation of the financial statements. Management evaluates segment performance based on operating profit before depreciation, amortization and cost of early retirement program, operating profit and profit for the year.

15. Dividends

Dividends declared to the shareholders are recognized and recorded as a liability in the period they are approved by the Shareholders General Assembly.

16. Non-Current Financial Assets

Non-current financial assets are initially recorded at their fair value, less any transaction costs. Subsequent to the initial recognition, they are measured at amortized cost and the differences between that cost and the amount of receipt/payment are recognized in the income statement over the life of the asset using the effective interest rate method.

17. Share Capital Issuance Costs

Share capital issuance costs, net of related tax, are reflected as a deduction to Share Premium.

18. Treasury Shares

Treasury shares consist of OTE's own equity shares, which are reacquired and not cancelled. Treasury shares do not reduce the number of shares issued but reduce the number of shares in circulation. Treasury shares are recognized at cost as a deduction from equity. Upon derecognition, the cost of the treasury share reduces the Share Capital and Share Premium and any difference is charged to Retained Earnings.

19. Leases

A lease that transfers substantially all of the rewards and risks incidental to ownership of the leased item is accounted for by the lessee as the acquisition of an asset and the incurrence of a liability, and by the lessor as a sale and/or provision of financing. Lease payments are apportioned between finance charges (interest) and a reduction of the lease liability. Finance charges are recognized directly as an expense. The asset capitalized at the commencement of a finance lease is recognized at fair value of the leased property, or if lower, the present value of the minimum lease payments. Its carrying value is subsequently reduced by the accumulated depreciation and any impairment losses. If the lease does not transfer substantially all of the rewards and risks incidental to ownership of property, it is classified as an operating lease by the lessee and the rental payments are recognized as an expense as incurred.

20. Related Parties

Related party transactions and balances are disclosed separately in the

financial statements based on the requirements of IAS 24 "Related Party Disclosures".

21. Telecommunication Licenses

Telecommunication licenses are recognized at cost and amortized over their useful life and they are assessed for impairment at least annually.

22. Materials and Supplies

Materials and supplies are measured at the lower of cost and net realizable value. The cost is based on the weighted average cost method. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. When there is any subsequent increase of the net realizable value of materials and suppliers that have been previously written-down, the amount of the write-down is reversed.

23. Trade Receivables and Allowance for Doubtful Accounts

Trade receivables are initially recognized at their fair value which is equal to the transaction amount. Subsequently they are measured at fair value less an allowance for any probable uncollectible amounts. At each reporting date, trade receivables are either assessed individually for debtors such as other providers or collectively based on historical trends and statistical information and a provision for the probable and reasonably estimated loss for these accounts is recorded. The balance of such allowance for doubtful accounts is adjusted by recording a charge to the income statement at each reporting period. Any customer account balances written-off are charged against the existing allowance for doubtful accounts.

24. Other Intangible Assets

Intangible assets acquired separately are measured at cost, while those acquired from a business combination are measured at fair value on the date of acquisition. Subsequently, they are measured at that amount less accumulated amortization and accumulated impairment losses. The useful lives of the intangible assets are assessed to be either definite or indefinite. Intangible assets with a finite useful life are amortized on a straight-line basis over their useful life. Amortization of intangible assets with a finite useful life begins when the asset is available for use. The useful lives of intangible assets are reviewed on an annual basis, and adjustments, where applicable, are made prospectively.

25. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

26. Borrowings

All loans and borrowings are initially recognized at fair value, net of direct

costs associated with the borrowing. After initial recognition, borrowings are measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the income statement through the amortization process.

27. Provisions

Provisions are recognized when the Company or the Group have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are measured by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase of the provision due to the passage of time is recognized as a borrowing cost. Provisions are reviewed at each reporting date, and if it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, they are reversed. Provisions are used only for expenditures for which they were originally recognized. No provisions are recognized for future operating losses. Contingent assets and contingent liabilities are not recognized. Provisions for restructuring are recognized when the Company or the Group have an approved, detailed and formal restructuring plan, which has either started to be implemented or has been publicly announced to those affected by it. Future operating costs are not provided for. Contributions that are related to employees, who retire under voluntary retirement programs, are recognized when employees accept the offer and the amounts can be reasonably estimated.

28. Impairment of Non-Financial Assets (excluding goodwill)

The carrying values of the Company's or the Group's non financial assets are tested for impairment, when there are indications that their carrying amount is not recoverable. In such cases, the recoverable amount is estimated and if the carrying amount of the asset exceeds its estimated recoverable amount, an impairment loss is recognized in the income statement. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. In measuring value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to that asset. If an asset does not generate cash flows individually, the recoverable amount is determined for the cash generating unit to which the asset belongs. At each reporting date the Company and the Group assess whether there is an indication that an impairment loss recognized in prior periods may no longer exist. If any such indication exists, the Company and the Group estimate the recoverable amount of that asset and the impairment loss is reversed, increasing the carrying amount of the asset to its recoverable amount, to the extent that the recoverable amount does not exceed the carrying value of the asset that would have

been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

29. Share-based payment transactions

Certain employees (including senior executives) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments ("equity settled transactions"). The cost of equity settled transactions is measured by reference to the fair value at the date on which they are granted. The fair value is determined at the grant date, using an appropriate pricing model, and is allocated over the period in which the conditions are fulfilled. The cost of equity settled transactions is recognized, together with a corresponding increase to equity over the vesting period.

Where the terms of an equity settled transaction awards are modified, the minimum expense recognized is the expense as if terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

30. Derivative Financial Instruments and Hedging Instruments

Derivative financial instruments include interest rate swaps, currency swaps and other derivative instruments.

Derivatives for trading purposes

Derivatives that do not qualify for hedging are considered as derivatives for trading purposes. Initially, these derivatives are recognized at their fair value (which is essentially the transaction cost) at the commencement date. Subsequent to the initial recognition, they are measured at fair value based on quoted market prices, if available, or based on valuation techniques such as discounted cash flows. These derivatives are classified as assets or liabilities depending on their fair value, with any changes recognized in the income statement.

Hedging

For hedge accounting purposes, hedges are classified either as fair value hedges, where the exposure to changes in the fair value of a recognized asset or liability is being hedged, or as a cash flow hedge, where the exposure to variability in cash flows associated with a specifically identified risk which may be directly related to the recognized asset or liability. When hedge accounting is applied, at the inception of the hedge there is formal documentation which includes identification of the hedging instrument, the hedged item, the hedging relationship, the nature of the risk being hedged and the risk strategy.

In a fair value hedge, the gain or loss from re-measuring the hedging instrument at fair value is recognized in the income statement and the carrying amount of the hedged item is adjusted to fair value with respect to the risk being hedged and the fair value adjustment is recognized in the income statement.

In a cash flow hedge, the portion of the gain or loss arising from the fair value movement on the hedging instrument that is determined to be effective is recognized directly in other comprehensive income and the ineffective portion is recognized in the income statement.

31. Reclassifications

Certain reclassifications have been made to prior year balances to conform to current year classifications. In addition certain reclassifications have been made within the Notes for comparability purposes. These reclassifications did not have any impact on the Group's or the Company's equity or income statement. Further details of the nature of these reclassifications are disclosed in Note 31.

4. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is analyzed as follows:

COMPANY	BUILDINGS	TELECOM- MUNICATION EQUIPMENT	TRANSPORTA- TION MEANS	FURNITURE AND FIXTURES	CONSTRUCTION IN PROGRESS	INVESTMENT SUPPLIES	TOTAL
31/12/2007							
Cost	31.0	7,530.1	39.1	180.8	217.8	110.5	8,109.3
Accumulated depreciation	(7.3)	(5,531.6)	(32.8)	(165.4)	-	-	(5,737.1)
Net book value 31/12/2007	23.7	1,998.5	6.3	15.4	217.8	110.5	2,372.2
Additions	13.4	200.3	0.8	3.2	279.6	56.6	553.9
Disposal and transfers - cost	-	(95.2)	(0.8)	(9.2)	(204.3)	(65.6)	(375.1)
Other transfers - cost	-	19.3	-	(19.3)	-	-	-
Disposals and transfers - accumulated depreciation	-	95.1	0.8	9.2	-	-	105.1
Depreciation charge for the year	(1.6)	(454.2)	(1.9)	(6.9)	-	-	(464.6)
Other transfers - accumulated depreciation	-	(17.5)	-	17.5	-	-	-
Net book value 31/12/2008	35.5	1,746.3	5.2	9.9	293.1	101.5	2,191.5
31/12/2008							
Cost	44.4	7,654.5	39.1	155.5	293.1	101.5	8,288.1
Accumulated depreciation	(8.9)	(5,908.2)	(33.9)	(145.6)	-	-	(6,096.6)
Net book value 31/12/2008	35.5	1,746.3	5.2	9.9	293.1	101.5	2,191.5
Additions	9.3	230.8	3.3	2.2	259.5	40.9	546.0
Disposal and transfers - cost	-	(175.4)	(0.7)	(16.6)	(228.1)	(58.5)	(479.3)
Disposals and transfers - accumulated depreciation	-	175.2	0.7	16.5	-	-	192.4
Depreciation charge for the year	(3.2)	(413.3)	(2.0)	(5.4)	-	-	(423.9)
Net book value 31/12/2009	41.6	1,563.6	6.5	6.6	324.5	83.9	2,026.7
31/12/2009							
Cost	53.7	7,709.9	41.7	141.1	324.5	83.9	8,354.8
Accumulated depreciation	(12.1)	(6,146.3)	(35.2)	(134.5)	-	-	(6,328.1)
Net book value 31/12/2009	41.6	1,563.6	6.5	6.6	324.5	83.9	2,026.7

32. Financial Guarantee Contracts

Financial guarantee contracts issued by the Company or the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognized less cumulative amortization.

There are no restrictions on title on property, plant and equipment.

Borrowing costs capitalized during the year ended December 31, 2009 and 2008 as part of the cost of qualifying assets amount to Euro 10.0 and Euro 6.7, respectively. The amount was calculated based on an average rate of capitalization for the year ended December 31, 2009 and

2008 was 5.9 % and 5.4% respectively.

For the acquisition of the assets above, OTE has received government grants in the past the unamortized amount of which at December 31, 2009 is Euro 18.4 (December 31, 2008 Euro 28.3).

GROUP	LAND	BUILDINGS	TELECOM EQUIPMENT	TRANS- PORTATION MEANS	FURNI- TURE AND FIXTURES	CONSTRUC- TION IN PROGRESS	INVESTMENT SUPPLIES	TOTAL
31/12/2007								
Cost	48.6	946.7	12,687.4	59.6	502.2	485.4	161.3	14,891.2
Accumulated depreciation	-	(313.5)	(7,827.4)	(39.1)	(339.8)	-	-	(8,519.8)
Net book value 31/12/2007	48.6	633.2	4,860.0	20.5	162.4	485.4	161.3	6,371.4
Additions	2.4	26.9	812.5	5.6	30.7	383.3	84.0	1,345.4
Held for sale - cost	(0.3)	(4.1)	(150.5)	(0.5)	(11.9)	-	-	(167.3)
Held for sale - accumulated depreciation	-	1.0	60.5	0.3	6.6	-	-	68.4
Other transfers - cost	-	-	19.3	-	(19.3)	-	-	-
Disposal and transfers - cost	-	(0.2)	(273.7)	(6.6)	(13.3)	(317.2)	(101.6)	(712.6)
Disposals and transfers - accumulated depreciation	-	4.0	267.7	6.0	14.0	-	-	291.7
Exchange differences - cost	(0.6)	(55.8)	(449.8)	(3.7)	(16.0)	(17.2)	(6.9)	(550.0)
Exchange differences - accumulated depreciation	-	31.7	290.4	3.0	11.7	-	-	336.8
Depreciation charge for the year	-	(34.3)	(1,028.2)	(7.0)	(41.5)	-	-	(1,111.0)
Other transfers - accumulated depreciation	-	-	(17.5)	-	17.5	-	-	-
Net book value 31/12/2008	50.1	602.4	4,390.7	17.6	140.9	534.3	136.8	5,872.8
31/12/2008								
Cost	50.1	913.5	12,645.2	54.4	472.4	534.3	136.8	14,806.7
Accumulated depreciation	-	(311.1)	(8,254.5)	(36.8)	(331.5)	-	-	(8,933.9)
Net book value 31/12/2008	50.1	602.4	4,390.7	17.6	140.9	534.3	136.8	5,872.8
Additions	-	49.4	654.4	5.0	23.8	431.2	55.9	1,219.7
Acquisition of subsidiary-cost	0.1	1.8	63.4	1.0	0.6	16.5	-	83.4
Disposal and transfers - cost	(1.0)	(0.1)	(136.1)	(7.6)	(12.3)	(447.0)	(84.9)	(689.0)
Disposals and transfers - accumulated depreciation	-	0.1	286.8	7.3	22.2	-	-	316.4
Exchange differences - cost	(0.3)	(31.6)	(276.5)	(2.5)	(10.0)	(11.3)	(2.1)	(334.3)
Exchange differences - accumulated depreciation	-	18.1	167.5	1.9	7.4	-	-	194.9
Depreciation charge for the year	-	(56.4)	(936.1)	(6.2)	(40.1)	-	-	(1,038.8)
Net book value 31/12/2009	48.9	583.7	4,214.1	16.5	132.5	523.7	105.7	5,625.1
31/12/2009								
Cost	48.9	933.0	12,950.4	50.3	474.5	523.7	105.7	15,086.5
Accumulated depreciation	-	(349.3)	(8,736.3)	(33.8)	(342.0)	-	-	(9,461.4)
Net book value 31/12/2009	48.9	583.7	4,214.1	16.5	132.5	523.7	105.7	5,625.1

Borrowing costs capitalized during the year ended December 31, 2009 and 2008 by the Group as part of the cost of qualifying assets amount to Euro 10.0 and Euro 6.7, respectively. The amount was calculated based on an average rate of capitalization for the year ended December 31, 2009 and 2008 is 5.9 % and 5.4% respectively.

For the acquisition of the assets above, the Group has received government grants in the past the unamortized amount of which at December 31, 2009 is Euro 22.9 (December 31, 2008 Euro 34.2).

5. GOODWILL

Goodwill is analyzed as follows:

	2009	2008
Carrying value January 1	525.1	541.5
Absorption of OTENET	-	(10.1)
Foreign exchange differences	(6.8)	(0.7)
Acquisition of subsidiary (see Note 8)	33.5	-
Transfer to assets held for sale	-	(5.6)
Carrying value December 31	551.8	525.1

The movement of the goodwill and its allocation to each cash generating unit is analyzed as follows:

COUNTRY	2008	Foreign exchange differences	Acquisition of subsidiary	2009
Greece	376.6	-	-	376.6
Albania	61.8	(6.3)	-	55.5
Romania	26.4	(0.5)	33.5	59.4
Bulgaria	60.3	-	-	60.3
TOTAL	525.1	(6.8)	33.5	551.8

The recoverable amount of the above cash generating units was determined using the value in use method. The value in use was determined based on the projected cash flows derived from three year plans approved by management, with these cash flows initially projected over ten years and then to infinity.

The basic assumptions used in determining the value in use of the cash generating units as of December 31, 2009 are as follows:

Assumptions	Greece	Albania	Romania	Bulgaria
Discount rate	9.05%	9.27%	10.76%	9.67%
Rate of increase/ (decrease) of revenue	(0.15)%	1.95%	8.80%	3.60%
EBITDA margin	37%-39%	53%-60%	16%-38%	32%-47%

For the projection of cash flows beyond ten years period a growth rate of 2% was assumed for all cash generating units.

The main assumptions used by management in projecting cash flows as part of the annual impairment test of goodwill are the following:

- **Risk-free rate:** The risk free rate was determined on the basis

of external figures derived from the relevant market of each country.

- **Budgeted profit margin:** Budgeted operating profit and EBITDA were based on actual historical experience from the last few years adjusted to take into consideration expected variances in operating profitability.

The basic assumptions used are consistent with independent external sources of information.

Based on the results of the impairment test as of December 31, 2009, no impairment losses were identified in the recorded amounts of goodwill.

6. TELECOMMUNICATION LICENSES

Telecommunication licenses are analyzed as follows:

COMPANY	2009	2008
Net book value January 1	3.0	3.4
Amortization charge for the year	(0.5)	(0.4)
Net book value December 31	2.5	3.0
December 31		
Cost	6.2	6.2
Accumulated amortization	(3.7)	(3.2)
Net book value	2.5	3.0
GROUP	2009	2008
Net book value January 1	329.5	396.2
Additions	-	17.5
Acquisition of subsidiary (see Note 8)	73.4	-
Transfer from other intangible assets, cost (see Note 7)	13.3	-
Assets held for sale, cost	-	(39.2)
Assets held for sale, accumulated amortization	-	8.0
Exchange differences, cost	(7.5)	(10.4)
Exchange differences, accumulated amortization	6.4	5.6
Amortization charge for the year	(51.0)	(48.1)
Write-offs, cost	(1.9)	(3.9)
Write-offs, accumulated amortization	-	3.8
Net book value December 31	362.2	329.5
December 31		
Cost	608.3	531.0
Accumulated amortization	(246.1)	(201.5)
Net book value	362.2	329.5

Telecommunication licenses comprise of licenses acquired primarily from the Group's mobile operations. These licenses are amortized on a straight line basis over their useful lives being between 12 and 24 years.

7. OTHER INTANGIBLE ASSETS

The movement of other intangible assets is as follows:

GROUP	2009	2008
Net book value January 1	550.7	582.7
Additions	31.3	46.7
Acquisition of subsidiary (see Note 8)	22.0	-
Disposals, cost	(0.4)	(18.2)
Disposals, accumulated amortization	0.1	0.4
Transfer to telecommunication licenses, cost (see Note 6)	(13.3)	-
Exchange differences, cost	(8.1)	(8.4)
Exchange differences, accumulated amortization	3.8	6.9
Amortization charge for the year	(65.5)	(53.9)
Transfer to assets held for sale	-	(5.5)
Net book value December 31	520.6	550.7
December 31		
Cost	713.0	681.1
Accumulated amortization	(192.4)	(130.4)
Net book value	520.6	550.7

Other intangible assets in the Group's statement of financial position are comprised mainly of the identifiable assets recognized as a result of the acquisition of GERMANOS during 2006. These identifiable assets recognized relate mainly to the brand name, but also include franchise agreements and customer relationships and computer software. The brand name was initially determined to have an indefinite useful life. During the fourth quarter of 2008, the Group revised its estimate of the GERMANOS brand name's useful life which it determined to be 15 years from the end of October 2008, the date of the reassessment. The related amortization charged to the 2009 and 2008 income statement amounted to Euro 27.6 and Euro 4.6 respectively, and the net book value of the brand as of December 31, 2009 and 2008, amounted to Euro 376.8 and Euro 407.2 respectively.

8. INVESTMENTS

Investments are analyzed as follows:

	GROUP		COMPANY	
	2009	2008	2009	2008
(a) Investments in subsidiaries	-	-	4,621.1	4,733.6
(b) Other investments	157.0	156.6	156.3	156.4
TOTAL	157.0	156.6	4,777.4	4,890.0

(a) Investments in subsidiaries are analyzed as follows:

	OTE's direct ownership interest	Country of incorporation	2009	2008
COSMOTE	100.00%	GREECE	3,510.1	3,505.7
OTE INTERNATIONAL INVESTMENTS LTD	100.00%	CYPRUS	483.9	497.9
HELLAS-SAT	99.05%	CYPRUS	194.7	194.7
COSMO-ONE	30.87%	GREECE	0.6	0.7
VOICENET	100.00%	GREECE	3.7	4.0
HELLASCOM	100.00%	GREECE	8.4	8.4
OTE SAT- MARITEL	94.08%	GREECE	11.2	11.2
OTE PLC	100.00%	U,K	-	-
OTE PLUS	100.00%	GREECE	3.8	3.8
OTE ESTATE	100.00%	GREECE	234.1	336.3
OTE-GLOBE	100.00%	GREECE	163.7	163.7
OTE INSURANCE	100.00%	GREECE	0.6	0.6
OTE ACADEMY	100.00%	GREECE	6.3	6.6
TOTAL			4,621.1	4,733.6

The movement of investments in subsidiaries is as follows:

COMPANY	2009	2008
Balance at January 1	4,733.6	3,884.6
Acquisition of interest in subsidiary	-	847.4
Participation in the share capital increase of subsidiary	-	3.5
Share options granted to management of subsidiaries (Note 28)	4.4	5.5
Sale of investments	-	(1.9)
Impairment	(0.7)	(5.3)
Reduction of share capital of subsidiaries	(116.2)	-
Other	-	(0.2)
Balance at December 31	4,621.1	4,733.6

The movement of investments during the year depicted in the table above can be summarized as follows:

COSMOTE

As described in Note 28, OTE has implemented a Stock Option Plan for executives, including executives of COSMOTE Group. The stock option plan grants to these executives the opportunity, subject to vesting conditions, to purchase OTE's shares at a potentially preferential purchase price. COSMOTE's related expense for the Stock Option Plan for 2009 is Euro 4.4 (2008: Euro 5.5) and in OTE's separate financial statements has been recorded in equity with an equal increase of the carrying value of OTE's investment in COSMOTE.

OTE ESTATE

On December 18, 2008, the amendment to article 5 of OTE ESTATE's charter was finalized following the relevant decision by the General Assembly of Shareholders. After the amendment, OTE ESTATE's share capital was reduced by Euro 102.2 as a result of a reduction in the nominal amount of the shares from Euro 2.93 (absolute amount) to Euro 2.43 (absolute amount). On April 1, 2009, OTE received from OTE ESTATE the amount of Euro 102.2 arising from the reduction of its share capital reducing the carrying value of its investment by an equivalent amount.

OTE INTERNATIONAL INVESTMENTS LTD

On November 17, 2009 the District Court of Limassol approved the share capital reduction of OTE INTERNATIONAL INVESTMENTS LTD by Euro 14.0. On December 7, 2009, OTE received from OTE INTERNATIONAL INVESTMENTS LTD the amount of Euro 14.0 arising from the reduction of its share capital reducing the carrying value of its investment by an equivalent amount.

IMPAIRMENT OF INVESTMENTS IN SUBSIDIARIES

During 2009, an impairment test was carried out on OTE's participation in COSMOONE, OTE ACADEMY and VOICENET as there were indications that the carrying values were not recoverable. The results of the impairment tests showed that the recoverable amounts were below the carrying amounts, therefore an impairment loss of Euro 0.1, Euro 0.3 and Euro 0.3 respectively, was recognized in the 2009 income statement in the line "Impairment of investments" (2008: an impairment loss of Euro 2.5 and Euro 2.8 was recognized for COSMOONE and OTE ACADEMY respectively).

The following transactions occurred during the current year which impacted the Group's participation in its subsidiaries:

AMC

On April 27, 2009 OTE announced that its 100% subsidiary COSMOTE completed the acquisition process of a 12.58% interest held by the Albanian State, in its subsidiary AMC after obtaining of the relevant approvals from the authorities in Albania. The cash consideration for the related

(Table 10)

acquisition amounted to Euro 48.4. The difference between the cost of acquisition and the non-controlling interest acquired of Euro 4.7 was recognized directly in equity (column "Changes in non-controlling interests"), as it relates to the acquisition of non-controlling interests in an entity where control already exists. Following the official conclusion of the transaction, COSMOTE owns directly or indirectly (through its 97% owned subsidiary CHA) a 95% interest in AMC, although the investment is consolidated on a 100% basis due to the put option described below held by the non-controlling interests.

According to the Albanian legislation, COSMOTE is obliged to purchase the shares of the non-controlling interests, if they request it. On June 22, 2009, non-controlling interests representing approximately a 2.3% of the share capital (of a total 2.5%) communicated a relevant request to COSMOTE, in order to sell their shares at the same price paid to the Albanian State from COSMOTE for the acquisition of the additional 12.58% in April 2009. Based on the above, COSMOTE's relevant liability is estimated to amount to Euro 10.0 and is included in "Other current liabilities" (see Note 22).

COSMOFON AND GERMANOS TELECOM SKOPJE

As of December 31, 2008, COSMOFON was classified as held for sale in the statement of financial position. On March 30, 2009 OTE announced that the agreements between COSMOTE and Telekom Slovenije were signed in Athens regarding the transfer of 100% of COSMOFON, through the sale of COSMOTE's wholly owned subsidiary, OTE MTS HOLDING B.V., as well as GERMANOS TELECOM AD SKOPJE (GTS) to Telekom Slovenije. The transaction was completed on May 12, 2009 following approval by the relevant governmental and regulatory authorities in Skopje. COSMOFON and GERMANOS TELECOM SKOPJE are included in the consolidated financial statements until the date the Group ceased to control those companies (May 12, 2009).

The following table presents COSMOFON's and GERMANOS TELECOM SKOPJE's income statements for the year 2008 and for the period from January 1, 2009 to May 12, 2009 (Table 10)

	COSMOFON		GERMANOS TELECOM SKOPJE	
	1/1 - 12/5/2009	2008	1/1 - 12/5/2009	2008
Revenue	19.1	66.2	2.5	9.8
Total operating expenses	(23.4)	(64.5)	(2.9)	(11.2)
Operating profit / (loss) before financial activities	(4.3)	1.7	(0.4)	(1.4)
Financial activities	(1.9)	(1.5)	(0.1)	(0.2)
Profit/(Loss) before tax	(6.2)	0.2	(0.5)	(1.6)
Income tax expense	-	-	-	-
Profit/(Loss) for the period	(6.2)	0.2	(0.5)	(1.6)

The assets and liabilities of COSMOFON and GERMANOS TELECOM SKOPJE at the date of disposal are as follows:

	COSMOFON	GERMANOS TELECOM SKOPJE	Total
Assets			
Non-current assets			
Property, plant and equipment	104.9	1.1	106.0
Telecommunication licenses	30.4	0.3	30.7
Other non-current assets	-	0.1	0.1
Total	135.3	1.5	136.8
Current assets			
Inventories	3.0	1.2	4.2
Trade receivables	21.6	1.3	22.9
Other current assets	5.2	0.3	5.5
Cash and cash equivalents	1.9	-	1.9
Total	31.7	2.8	34.5
Total assets	167.0	4.3	171.3
Liabilities			
Non-current liabilities			
Borrowings	33.2	2.0	35.2
Other non-current liabilities	1.8	-	1.8
Total	35.0	2.0	37.0
Current liabilities			
Borrowings	42.1	-	42.1
Trade accounts payable	16.7	5.3	22.0
Other current liabilities	24.6	0.1	24.7
Total	83.4	5.4	88.8
Total liabilities	118.4	7.4	125.8
Net assets disposed of	48.6	(3.1)	45.5

In the consolidated financial statements, the gain from the sale was determined as follows:

Selling price	90.7
Disposal Expenses	(2.7)
Net proceeds from disposal	88.0
Net assets disposed of	(45.5)
Goodwill and other intangible assets write-off in group level	(10.3)
Depreciation reversal for assets held for sale	(8.6)
Total gain on sale of investment	23.6

As part of the agreement, Telekom Slovenije undertook to settle COSMOFON's and GERMANOS TELECOM SKOPJE intra-group liabilities. The total effect of the above transaction on the consolidated statement of cash flows is as follows:

Selling Price	90.7
Less cash and cash equivalents disposed	(1.9)
Less disposal expenses	(2.7)
Net cash inflow from the sale of subsidiary	86.1
Loans proceeds in conjunction with disposal of subsidiaries	78.5
Settlement of receivables due from disposed subsidiaries	16.6
Total cash inflow from the sale of subsidiary	181.2

In the financial statements as of December 31, 2008, COSMOFON's assets and liabilities are presented separately from other assets and liabilities of the Group in the statement of financial position in the line items "Assets classified as held for sale" and "Liabilities directly associated with the assets classified as held for sale". The analysis below is after the elimination of intercompany balances:

	2008
Assets	
Non-current assets	
Property, plant and equipment	98.9
Goodwill	5.6
Telecommunication licenses	36.7
Total non-current assets	141.2
Current assets	
Inventories	2.6
Trade receivables	17.4
Other current assets	4.6
Cash and cash equivalents	1.9
Total current assets	26.5
Assets classified as held for sale	167.7
Liabilities	
Trade accounts payable	10.2
Deferred tax liability	1.6
Other current liabilities	4.7
Total liabilities	16.5
Liabilities directly associated with the assets classified as held for sale	16.5

COSMOHOLDING ROMANIA LTD

On August 6, 2009, COSMOTE established its 100% subsidiary Cosmoholding Romania Ltd, a holding company incorporated in Cyprus whose aim was the acquisition of the Romanian mobile communication company, Zapp.

ZAPP

On July 1, 2009, OTE announced that its subsidiary COSMOTE (through

its wholly owned subsidiary Cosmoholding Romania Ltd) had signed on June 30, 2009, a share purchase agreement for the acquisition of ZAPP in Romania. The acquisition which was subject, among other conditions, to the approval of the relevant Romanian authorities, was completed on October 31, 2009.

The consideration paid for the acquisition of Zapp was Euro 67.5, while COSMOTE undertook Zapp's borrowings amounting to Euro 129.6 mainly relating to the 3G and CDMA network development of this company. Zapp was established in 1993 and has CDMA 450 MHz and 3G in 2100 MHz telecommunications licenses.

The values of the assets acquired and the liabilities assumed from the above mentioned transaction are as follows: (Table 11)

(Table 11)

	Book value	Preliminary adjustments	Fair value
Assets			
Non-current assets			
Property, plant and equipment	83.4	-	83.4
Telecommunication licenses (see Note 6)	21.0	52.4	73.4
Intangible assets (see Note 7)	-	22.0	22.0
Other non-current assets	0.3	-	0.3
Total	104.7	74.4	179.1
Current assets			
Inventories	2.1	-	2.1
Trade receivables	2.4	-	2.4
Other current assets	2.9	-	2.9
Cash and cash equivalents	0.8	-	0.8
Total	8.2	-	8.2
Total Assets	112.9	74.4	187.3
Liabilities			
Non-current liabilities			
Borrowings	122.4	-	122.4
Other non-current liabilities	7.6	1.8	9.4
Total	130.0	1.8	131.8
Current liabilities			
Trade accounts payable	6.8	-	6.8
Borrowings	7.2	-	7.2
Other current liabilities	4.0	-	4.0
Total	18.0	-	18.0
Total liabilities	148.0	1.8	149.8
Net assets acquired	(35.1)	72.6	37.5
Purchase price			67.5
Expenses of acquisition			3.5
Goodwill (see Note 5)			33.5

The total effect of the above transaction on the consolidated statement of cash flows is as follows:

Purchase price	67.5
Expenses of acquisition (paid)	1.5
Less cash acquired	(0.8)
	68.2
Repayment of borrowings in conjunction with the acquisition	129.6
Net cash outflow	197.8

The preliminary adjustment to intangible assets of Euro 22.0 relates to the recognition of this company's customer base. The fair values analyzed above are based on a preliminary purchase price allocation.

E-VALUE LTD

In October 2009, E-VALUE S.A. founded the Greek company E-VALUE LTD, the object of which is provision of services regarding overdue accounts.

Changes in non-controlling interests

The total difference arising from the acquisition of non-controlling interests in companies which the Group already controls and which have been recorded directly in equity are analyzed as follows:

	2009	2008
COSMOTE	3,132.2	3,132.2
GERMANOS	171.7	171.7
OTENET	12.3	12.3
HELLASCOM	(3.3)	(3.3)
HELLAS-SAT	1.2	1.2
VOICENET	1.1	1.1
AMC	6.3	-
TOTAL	3,321.5	3,315.2

(b) OTE's other investments are analyzed as follows:

	2009	2008
TELEKOM SRBIJA	155.1	155.1
Other	1.2	1.3
TOTAL	156.3	156.4

OTE has concluded that, primarily because of the 80% interest of the Serbian government, it does not exercise significant influence over TELEKOM SRBIJA. Furthermore, since TELEKOM SRBIJA's shares are not publicly traded and OTE does not have availability to timely updated financial information required for a reliable measurement of its investment in TELEKOM SRBIJA, such investment is carried at cost.

OTE's dividend income is analyzed as follows:

COMPANY	2009	2008
COSMOTE	282.2	245.2
OTE ESTATE	18.9	30.3
OTE SAT- MARITEL	1.0	0.5
OTE PLUS	0.4	-
TELEKOM SRBIJA	9.3	11.2
Other available for sale investments	0.3	1.0
TOTAL	312.1	288.2

Pursuant to Law 3697/2008, dividends approved by General Meetings convened after January 1, 2009, are subject to 10% withholding tax.

The Group's dividend income is analyzed as follows:

GROUP	2009	2008
TELEKOM SRBIJA	9.3	11.2
Other available for sale investments	0.3	1.0
TOTAL	9.6	12.2

Movement in other investments is analyzed as follows:

	GROUP		COMPANY	
	2009	2008	2009	2008
Balance at January 1	156.6	158.4	156.4	157.8
Other movements	0.4	(1.8)	(0.1)	(1.4)
Balance at December 31	157.0	156.6	156.3	156.4

9. OTHER NON-CURRENT ASSETS

Other non-current assets are analyzed as follows:

	GROUP		COMPANY	
	2009	2008	2009	2008
Loans and advances to employees	82.8	65.1	82.7	65.1
Loans to COSMOFON	-	-	-	46.2
Deferred expenses (long-term)	21.9	29.6	-	-
Other	22.6	26.0	1.1	1.1
TOTAL	127.3	120.7	83.8	112.4

Loans and advances to employees are comprised mainly of loans granted to employees with service period exceeding 25 years against the accrued indemnity payable to them upon retirement. The effective interest rate on these loans is 1.79% for 2009 and 1.74% for 2008. The discount factor is the rate used for the actuarial valuation of staff retirement indemnities which is 4.6% for 2009 and 5.5% for 2008 (See Note 18).

Loans to COSMOFON relate to two loans of Euro 22.0 and Euro 34.2 granted by OTE. The loans were granted at 6.5% fixed interest rate and they matured in 2010 and 2012 respectively. The outstanding balance as of December 31, 2008 amounted to Euro 46.2, which was fully repaid to OTE in March 2009.

10. TRADE RECEIVABLES

Trade receivables are analyzed as follows:

	GROUP		COMPANY	
	2009	2008	2009	2008
Subscribers	1,737.8	1,855.5	996.5	1,165.6
International traffic	85.5	144.1	68.7	103.8
Due from subsidiaries	-	-	100.1	109.6
Unbilled revenue	99.2	82.0	52.4	19.6
	1,922.5	2,081.6	1,217.7	1,398.6
Less				
Allowance for doubtful accounts	(769.5)	(887.4)	(609.7)	(701.1)
TOTAL	1,153.0	1,194.2	608.0	697.5

The movement in the allowance for doubtful accounts is as follows:

	GROUP		COMPANY	
	2009	2008	2009	2008
Balance at January 1	(887.4)	(791.5)	(701.1)	(625.6)
Charge for the year (see Note 24)	(107.0)	(119.8)	(28.0)	(75.5)
Write-offs	228.8	6.9	119.4	-
Balance from newly acquired subsidiary	(7.7)	-	-	-
Foreign exchange differences	2.9	5.6	-	-
Reversal of provision	0.9	5.0	-	-
Provision for trade receivables held for sale	-	6.4	-	-
Balance at December 31	(769.5)	(887.4)	(609.7)	(701.1)

The aging analysis of trade receivables is as follows:

	GROUP		COMPANY	
	2009	2008	2009	2008
Not impaired and not past due	634.8	639.5	333.0	374.9
Not impaired and past due:				
Less than 30 days	129.3	234.1	77.0	117.9
Between 31 and 180 days	216.4	235.2	135.2	169.7
More than 180 days	172.5	85.4	62.8	35.0
TOTAL	1,153.0	1,194.2	608.0	697.5

11. OTHER FINANCIAL ASSETS

Other financial assets are analyzed as follows:

	GROUP		COMPANY	
	2009	2008	2009	2008
Marketable securities:				
Held to maturity - Bonds	8.1	112.2	-	106.6
Held for trading - Bonds	3.2	3.1	-	-
Available for sale - Shares	14.3	11.1	14.0	10.8
Available for sale - Mutual funds	4.0	3.8	2.3	2.2
Non - marketable securities:				
Available for sale - Securities	5.8	5.7	-	-
TOTAL	35.4	135.9	16.3	119.6

The movement of other financial assets can be analyzed as follows:

	GROUP		COMPANY	
	2009	2008	2009	2008
Balance at January 1	135.9	81.2	119.6	47.8
Additions	308.0	138.0	290.6	132.3
Sales - maturities	(412.2)	(46.8)	(397.3)	(25.7)
Foreign exchange differences	(0.4)	(1.0)	-	-
Fair value adjustments	4.1	(35.5)	3.4	(34.8)
Balance at December 31	35.4	135.9	16.3	119.6

12. OTHER CURRENT ASSETS

Other current assets are analyzed as follows:

	GROUP		COMPANY	
	2009	2008	2009	2008
Advances to EDEKT, short-term portion (See Note 18)	35.2	35.2	35.2	35.2
Loan to Auxiliary fund, short-term portion (See Note 18)	10.1	10.0	10.1	10.0
Due from OTE Leasing customers (See Note 29)	25.6	25.4	25.6	25.4
Loans and advances to employees	6.6	6.2	6.6	6.2
VAT recoverable	5.0	22.5	-	-
Other prepayments	59.9	59.0	2.6	2.5
Deferred expenses	10.0	9.5	1.6	2.0
Other	103.2	93.8	27.0	18.5
TOTAL	255.6	261.6	108.7	99.8

13. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are analyzed as follows:

	GROUP		COMPANY	
	2009	2008	2009	2008
Cash in hand	3.1	3.5	1.0	1.2
Short-term bank deposits	865.7	1,426.2	223.0	343.3
	868.8	1,429.7	224.0	344.5
Held for sale	-	(1.9)	-	-
TOTAL	868.8	1,427.8	224.0	344.5

14. SHARE CAPITAL – SHARE PREMIUM

OTE's share capital as of December 31, 2009, amounted to Euro 1,171.5, divided into 490,150,389 registered shares, with a nominal value of Euro 2.39 (absolute amount) per share. The share premium as of December 31, 2009 and 2008 amounted to Euro 505.1 and Euro 497.9, respectively, the increase (Euro 7.2) being the amount charged to the 2009 income statement under the Group's share option plan (Note 28).

As described in Note 18 below, on March 4, 2009 4% of OTE's share capital held by the Hellenic State was transferred to IKA-ETAM.

Under the share purchase agreement between DEUTSCHE TELEKOM AG and the Hellenic State, the latter was granted two put options for an additional 5% (first put option) and 10% (second put option) of OTE's shares. On July 31, 2009, as a result of the exercise of the first put option, the Hellenic State sold to DEUTSCHE TELEKOM AG 24,507,519 shares of OTE representing 5% of its share capital.

The following is an analysis of the ownership of OTE's shares as of December 31, 2009:

SHAREHOLDER	NUMBER OF SHARES	PERCENTAGE %
Hellenic State	63,371,292	12.93%
D.E.K.A. S.A.	15,052,773	3.07%
IKA-ETAM (See Note 18)	19,606,016	4.00%
DEUTSCHE TELEKOM AG	147,045,118	30.00%
Institutional Investors	194,978,408	39.78%
Private Investors	50,096,782	10.22%
TOTAL	490,150,389	100.00%

15. STATUTORY RESERVE – FOREIGN EXCHANGE AND OTHER RESERVES - RETAINED EARNINGS

Under Greek Corporate Law, entities are required to transfer on an annual basis a minimum of five percent of their annual profit (after income taxes) to a statutory reserve, until such reserve equals one-third of the issued share capital. As of December 31, 2009 and 2008, this reserve amounted to Euro 344.1 and Euro 330.2 respectively. This statutory reserve cannot be distributed to shareholders. Retained earnings include undistributed taxed profits as well as untaxed and specially taxed reserves which, upon distribution, will be subject to income tax.

The analysis of foreign exchange and other reserves is as follows:

	GROUP		COMPANY	
	2009	2008	2009	2008
Available for sale reserve	5.2	1.7	4.8	1.4
Net loss on cash flow hedge	(6.8)	(6.3)	-	-
Foreign currency translation	(51.7)	78.5	-	-
Balance at December 31	(53.3)	73.9	4.8	1.4

16. DIVIDENDS

Under Greek Corporate Law, each year companies are required to distribute to their owners dividends of at least 35% of profits which result from their accounting books and records (published financial statements), after allowing for the statutory reserve and income tax. However, companies can waive such dividend payment requirement with the unanimous consent of their owners.

On June 24, 2009, the General Assembly of OTE's Shareholders approved the distribution of a dividend from 2008 profits of a total amount of Euro 367.6 or Euro 0.75 (in absolute amount) per share. Pursuant to Law 3697/2008, dividends approved by General Meetings convened after January 1, 2009, are subject to 10% withholding tax which will be borne by the beneficiary, however, the related law provides for certain exceptions. The amount of dividends payable as of December 31, 2009, amounted to Euro 4.2 (December 31, 2008: Euro 3.8).

The Board of Directors of OTE will propose to the Annual General Assembly of the Shareholders the distribution of a dividend from the 2009 profits of a total amount of Euro 245.1 or Euro 0.50 (in absolute amount) per share.

17. LONG-TERM BORROWINGS

Long-term borrowings are analyzed as follows:

COMPANY	2009	2008
(a) Loan from European Investment Bank / Hellenic State	-	18.9
(b) Intercompany loans from OTE PLC	2,930.1	3,288.2
Total long-term debt	2,930.1	3,307.1
Short-term portion	-	(18.9)
Long-term portion	2,930.1	3,288.2
GROUP		
(a) Loan from European Investment Bank / Hellenic State	-	18.9
(b) Syndicated loans	500.0	500.0
(c) Global Medium-Term Note Program	4,876.5	5,464.5
(d) Other bank loans	42.1	59.2
Total long-term debt	5,418.6	6,042.6
Short-term portion	(32.9)	(633.0)
Long-term portion	5,385.7	5,409.6

COMPANY

(a) Loan from European Investment Bank/ Hellenic State

In July 2009, OTE paid the last installment (Euro 18.9) of the loan from the European Investment Bank.

(b) Intercompany loans from OTE PLC

The intercompany loans from OTE PLC as of December 31, 2009 are analyzed as follows:

- Loan of nominal value Euro 1,209.0 with fixed interest rate of 5.22%, issued in August 2003, maturing in August 2013. The outstanding balance as of December 31, 2009 is Euro 1,118.1 (2008: Euro 1,120.3).
- Loan of nominal value Euro 650.0 with fixed interest rate of 3.80%, issued in November 2005, maturing in November 2011. The outstanding balance as of December 31, 2009 is Euro 147.6 (2008: Euro 146.7).
- Loan of nominal value Euro 600.0, with a fixed interest rate of 6.02% issued in February 2008, maturing in February 2015. The outstanding balance as of December 31, 2009 is Euro 596.8 (2008: Euro 596.4).
- Loan of nominal value Euro 1,500.0, with a fixed interest rate of 5.395% issued in February 2008, maturing in February 2011. On November 20, 2009 OTE prepaid part of the loan owed to its subsidiary OTE PLC. The prepayment amounted to Euro 360.0 at a price of 104.03% (market price) and represents capital and accrued interest up to the repayment date of a total amount of Euro 389.4. The outstanding balance as of December 31, 2009 is Euro 1,067.6 (2008: 1,424.8).

GROUP

(a) Loan from European Investment Bank / Hellenic State

See the above analysis for the Company.

(b) Syndicated Loans

On September 2, 2005, OTE PLC signed a Euro 850.0 Syndicated Credit Facility with banks, guaranteed by OTE. The facility has a five year term with an extension option of 1+1 year subject to lenders' consent. The facility consists of: a) a Euro 500.0 Term Loan with variable interest of three month Euribor plus margin (as of December 31, 2009 0.25%) and b) a Euro 350.0 Revolving Credit Facility with inactivity fee as the facility has not been utilized (as of December 31, 2009 0.06750%). The loan bears a "margin adjustment clause" whereby the margin is adjustable based on OTE's long-term credit rating. The loan agreement includes a change of control clause which is triggered when there is a change of control in OTE which will result in a credit rating of OTE or the new legal entity at a level lower than BBB/Baa2. In the event this clause is triggered, OTE PLC is obliged to notify the banks, who can request the immediate repayment of the loan. On September 6, 2005, OTE PLC drew Euro 500.0 under the Term Loan. Up to December 31, 2009, no draw-downs have been made from the Revolving Credit Facility.

At OTE PLC's request and following the banks' consent, the maturity of the loan was extended as follows:

- a) for Euro 25.8 (Term Loan) and Euro 18.0 (Revolving Credit Facility) to September 2010
- b) for Euro 29.0 (Term Loan) and Euro 20.3 (Revolving Credit Facility) to September 2011 and
- c) for Euro 445.2 (Term Loan) and Euro 311.7 (Revolving Credit Facility) to September 2012.

According to the current credit rating of OTE, the margin on the Term Loan is 0.25%.

(c) Global Medium Term-Note Program

OTE PLC has a Global Medium-Term Note Program guaranteed by OTE.

As of December 31, 2009, the total nominal value of the outstanding bonds under the Global Medium-Term Note Program was Euro 4,900.0 and is analyzed as follows:

- Euro 1,250.0 notes (nominal value) at a fixed rate of 5.0%, issued in August 2003, maturing on August 5, 2013. As of December 31, 2009 the outstanding balance is Euro 1,250.8 (2008: Euro 1,248.8).
- Euro 650.0 notes (nominal value) at a fixed rate of 3.75%, issued in November 2005, maturing on November 11, 2011. As of December 31, 2009 the outstanding balance is Euro 639.7 (2008: Euro 634.4).

- Euro 900.0 notes (nominal value) at a fixed rate of 4.625%, issued in November 2006, maturing on May 20, 2016. As of December 31, 2009 the outstanding balance is Euro 892.5 (2008: Euro 891.5).
- Euro 1,500.0 notes (nominal value) at a fixed rate of 5.375%, issued in February 2008, maturing on February 14, 2011. As of December 31, 2009 the outstanding balance is Euro 1,496.8 (2008: Euro 1,494.2).
- Euro 600.0 notes at a fixed rate of 6.0%, issued in February 2008, maturing on February 12, 2015. As of December 31, 2009 the outstanding balance is Euro 596.7 (2008: Euro 596.3).

In May 2009, OTE PLC repurchased a nominal amount of Euro 28.1 under the Euro 600.0 Floating Rate Note (FRN), issued on November 21, 2006 and maturing on November 21, 2009. The notes were cancelled and therefore, the outstanding nominal balance of the aforementioned FRN amounted to Euro 571.9. In November 2009, OTE PLC fully repaid this note.

These bonds are traded on the Luxembourg Stock Exchange.

The Euro 900.0 bonds issued in November 2006 and the Euro 1,500.0 and Euro 600.0 bonds issued in February 2008 include a change of control clause applicable to OTE which is triggered if both of the following events occur:

- any person or persons acting in concert (other than the Hellenic State) at any time directly or indirectly come (s) to own or acquire (s) more than 50% of the issued ordinary share capital or of the voting rights of OTE, and
- as a consequence of (a), the rating previously assigned to the bonds by any international rating agency is withdrawn or downgraded to BB+/Ba1 or their respective equivalents (non-investment grade), within a specific period and under specific terms and conditions.

In the event that the clause is triggered OTE PLC is obliged to notify the bondholders, who can request (within 45 days) the repayment of the loan.

The terms of the abovementioned bonds of Euro 1,500.0 and Euro 600.0 include a step-up clause triggered by changes in the credit rating of OTE ("step up clause"). The bond coupon may increase by 1.25% in the event that:

- one or both of the two credit rating agencies (Moody's and Standard and Poor's) downgrades the rating to BB+ or Ba1 and under (sub-investment grade), or
- both rating agencies (Moody's and Standard and Poor's) cease or are unable to perform the credit rating of OTE.

The coupon can increase once only during the whole bond duration and only for the period the credit rating of OTE remains at sub-investment grade.

Derivatives

On July 21, 2008, OTE PLC entered into an interest rate swap for Euro 65.0 maturing on August 5, 2013. The swap has been designated as the hedging instrument in the fair value hedge of a portion of OTE PLC's Euro 1,250.0 bond, which bears a fixed rate of 5.0% and matures in 2013. OTE PLC receives 5.0% annually from the bank and pay three month Euribor less 0.05% every quarter. The gain from the change in the fair value of the swap is recorded in the line "Interest expense" and is offset by the loss from the change in fair value of the loan. Any ineffectiveness arising is immaterial. The mark-to-market value of the swap as of December 31, 2009 was Euro 7.4 positive for OTE PLC.

On October 1, 2008, the Group designated a swap that already existed from COSMOTE, for Euro 200.0 maturing on September 2, 2010 as the hedging instrument on Group level in a cash flow hedge for the cash flows of a portion of the syndicated loan of Euro 500.0 which bears a variable interest rate. The Group receives three month Euribor and pays a fixed rate of 3.671% on a quarterly basis. From October 31, 2009 this swap does not meet the criteria for hedge accounting set out in IAS 39. During the year ended December 31, 2009 a loss of Euro 0.5 was recorded in other comprehensive income.

(d) Other bank loans

ROMTELECOM has obtained four long-term loans in Euro and Korea Won, the outstanding balance of which amount to Euro 42.1 as of December 31, 2009 (December 31, 2008: 54.8). The first of these is in Euro, it has an outstanding balance of Euro 12.1, bears a fixed interest rate of 4.9956% and matures in 2012. The remaining three loans have outstanding balances of Euro 7.0, Euro 13.2, and Euro 9.8, are in Korean Won, bear a fixed interest rate of 4.20%, 2.50% and 2.50% respectively and mature in 2014, 2018 and 2020, respectively. During 2009, ROMTELECOM repaid an amount of Euro 12.7 out of its long-term loans.

18. PROVISIONS FOR PENSIONS, STAFF RETIREMENT INDEMNITIES AND OTHER EMPLOYEE BENEFITS

OTE employees are covered by various pension, medical and other benefit plans as summarized below:

DEFINED CONTRIBUTION PLANS:

(a) Main Pension Fund (TAP-OTE) / IKA-ETAM

The TAP-OTE Fund, a multi-employer fund to which OTE contributes, was the main fund providing pension and medical benefits to OTE employees. The employees of the National Railway Company and the Greek Post Office are also members of this Fund.

According to Law 2257/1994, OTE was liable to cover the annual operating deficit of TAP-OTE up to a maximum amount of Euro 32.3, which

could be adjusted with the Consumer Price Index. Pursuant to Greek legislation (Law 2768/1999), a fund was incorporated on December 8, 1999, as a société anonyme under the name of EDEKT-OTE S.A. ("EDEKT"), for the purpose of administering contributions to be made by OTE, the Hellenic State and the Auxiliary Pension Fund, in order to finance the TAP-OTE deficit. The Hellenic State's and the Auxiliary Pension Fund's contributions to EDEKT were set to Euro 264.1 and Euro 410.9, respectively. Pursuant to Law 2937/2001, OTE's contribution was set at Euro 352.2, representing the equivalent to the net present value of ten (10) years' (2002-2011) contributions to TAP-OTE. This amount was paid on August 3, 2001 and is being amortized over the ten-year period, the annual amortization charge being Euro 35.2 and included in "Payroll and employee benefits". Pursuant to Law 2843/2000, any deficits incurred by TAP-OTE are covered by the Hellenic State.

As a result of Law 3655/2008, the pension segment of TAP-OTE was incorporated into IKA-ETAM (the main social security of Greece) from August 1, 2008, with a gradual reduction of contributions from TAP-OTE to those of IKA, which is expected to commence in 2013 and conclude in 2023 in three equal installments. At the same time, the medical segment of TAP-OTE was incorporated from October 1, 2008 into TAYTEKO. In conjunction with the new Law, the shares of TAP-OTE in the share capital of EDEKT, are passed to IKA-ETAM from the date this Section was transferred to IKA-ETAM.

Furthermore, according to Law 3655/2008 (article 2, paragraph 8) the deficits of the pension segments which were incorporated into IKA-ETAM are covered by the Hellenic State.

(b) Auxiliary Pension Fund/ TAYTEKO

The Auxiliary Fund-Lump Sum segment provides members with a lump sum benefit upon retirement or death.

The Auxiliary Pension Benefit Fund provides to those members, who were members prior to 1993, with a pension of 20% of salary after 30 years service. Law 2084/92 has fixed minimum contributions and maximum benefits, after 35 years of service, for new entrants from 1993. As a result of Law 3655/2008, the two segments of the Auxiliary fund (the Lump - Sum Payment segment and the Additional Pension segment) were incorporated from October 1, 2008 into TAYTEKO.

Based on actuarial studies performed in prior years and on current estimations, these pension funds show (or will show in the future) increased deficits. OTE does not have a legal obligation to cover any future deficiencies of these funds and, according to management; neither does it voluntarily intend to cover such possible deficiencies. However, there can be no assurance that OTE will not be required (through regulatory arrangements) to make additional contributions in the future to cover operating deficits of these funds.

Loans and advances to pension funds are analyzed as follows:

	2009	2008
Loans and advances to:		
EDEKT	70.4	105.6
Auxiliary Fund	2.4	2.6
Interest bearing loan to Auxiliary Fund	127.0	131.5
TOTAL	199.8	239.7

	2009	2008
Loans and advances to:		
EDEKT	35.2	35.2
Auxiliary Fund	0.5	0.5
Interest bearing loan to Auxiliary Fund	9.6	9.5
Short-term portion	45.3	45.2
Long-term portion	154.5	194.5

Loans to pension funds are reflected in the financial statements at amortized cost, having been discounted, using appropriate Greek market rates, on initial recognition to their present values. Based on article 74 of Law 3371/2005 and the provisions of the related Ministerial Decision, OTE should grant an interest bearing loan to the Auxiliary Fund in order to cover the Lump Sum benefits due to participants of the Voluntary Leave Scheme. On October 23, 2006, the loan agreement was signed and its main terms are as follows: the total amount of the loan is up to Euro 180.0, which would be granted partially in accordance with the Fund's needs, as determined by the above mentioned Law and the related Ministerial Decision. If the Lump Sum benefits exceeded the amount of Euro 180.0, OTE would grant the additional amount, which could not exceed the amount of Euro 10.0. In this case, the above mentioned agreement would be amended in order to include the final amount of the loan and to update the repayment schedule.

Following the above mentioned terms, on October 30, 2007 and on May 21, 2008 two amendments to the loan agreement were signed based on which additional amounts of Euro 8.0 and Euro 1.3 were granted and the repayment schedule was updated so that as of December 31, 2009, the total loan granted amounted to Euro 189.3. The loan is repayable in 21 years including a two year grace period, meaning that the repayment started on October 1, 2008 through monthly installments. The loan bears interest at 0.29%.

DEFINED BENEFIT PLANS:

(a) Provision for Staff Retirement Indemnities

Under Greek labor law, employees are entitled to termination payments in the event of dismissal or retirement with the amount of payment varying in relation to the employee's compensation, length of service and manner of termination (dismissal or retirement). Employees who resign (except those with over fifteen years of service) or are dismissed with cause are not entitled to termination payments. The indemnity payable in case of retirement is equal to 40% of the amount which would be payable upon dismissal. In the case of OTE employees, the maximum amount is limited

to a fixed amount (Euro 0.02 and is adjusted annually according to the inflation rate), plus 9 months salary. In practice, OTE employees receive the lesser amount between 100% of the maximum liability and Euro 0.02 plus 9 months salary. Employees with service exceeding 25 years are entitled to draw loans against the indemnity payable to them upon retirement. The provision for staff retirement indemnity is reflected in the financial statements in accordance with IAS 19 "Employee Benefits" and is based on an independent actuarial study.

The components of the staff retirement indemnity expense are as follows:

	GROUP		COMPANY	
	2009	2008	2009	2008
Current service cost	19.0	18.4	16.8	15.3
Interest cost on benefit obligation	20.2	15.5	18.4	14.9
Amortization of past service cost	8.0	6.7	7.8	7.8
Amortization of unrecognized actuarial loss	2.8	2.7	1.7	1.0
TOTAL	50.0	43.3	44.7	39.0

Changes in the present value of the staff retirement indemnities are as follows:

	GROUP		COMPANY	
	2009	2008	2009	2008
Defined benefit obligation - beginning of the year	359.2	331.3	338.4	312.3
Current service cost	19.0	18.4	16.8	15.3
Interest cost	20.2	15.5	18.4	15.0
Actuarial loss/(gain)	(2.3)	11.1	(2.4)	12.2
Past service cost	0.7	2.5	-	1.0
Foreign exchange differences	(0.8)	-	-	-
Prior service cost arising during the year	0.2	-	-	-
Benefits paid	(38.2)	(19.6)	(37.0)	(17.4)
Defined benefit obligation - end of the year	358.0	359.2	334.2	338.4
Unrecognized actuarial losses	(50.3)	(55.3)	(51.4)	(55.6)
Unrecognized past service costs	(41.2)	(49.0)	(41.2)	(49.0)
Liability in the statement of financial position	266.5	254.9	241.6	233.8

The assumptions underlying the actuarial valuation of the staff retirement indemnities for the Group and the Company are as follows:

	GROUP		COMPANY	
	2009	2008	2009	2008
Discount rate	4.6 - 9.5%	4.5 - 6.7%	4.6%	5.5%
Assumed rate of future salary increases	3.5 - 4.5%	2.5 - 6.5%	4.5%	6.5%

(b) Youth Account

The Youth Account provides OTE's employees' children a lump sum payment generally when they reach the age of 25. The lump sum payment is made up of employees' contributions, interest thereon and OTE's contributions which can reach up to a maximum 10 months' salary of the total average salary of OTE employees depending on the number of years of contributions. The provision for benefits under the Youth Account is based on an independent actuarial study. The total actuarial liability is split into two parts; one is treated as "post employment employee benefit" and the other as "other long-term employee benefit". The part of the total Youth Account liability that is being classified as "other long-term employee benefit" relates to employees who will still be active employees at the time when their children will be eligible for the lump sum benefit. The remaining part of the liability is being classified as "post retirement employee benefit".

The amount of the Youth Account provision recognized in the income statement is as follows (Table 12)

The reconciliation of the total defined benefit obligation regarding the Youth Account to the benefit liability is as follows Table 13)

The assumptions underlying the actuarial valuation of the Youth Account are as follows:

	2009	2008
Discount rate	3.9%	5.0%
Assumed rate of future salary increases	4.5%	4.5%

VOLUNTARY LEAVE SCHEME

On May 25, 2005, the management of OTE and OME-OTE (the personnel union body) signed a Collective Labor Agreement which stipulates the staff hiring procedures. In accordance with this agreement, all new recruits by OTE will be covered with indefinite service agreements. The agreement became effective from the date the relevant law for the voluntary leave of OTE staff came into force.

The enactment of Article 74 of Law 3371/2005 and the Collective Labor Agreement signed between OTE and OME-OTE on July 20, 2005, instituted the framework for the voluntary retirement scheme. Pursuant to this Law and the collective labor agreement, the voluntary retirement scheme was applicable to permanent employees who would complete

the number of years of service required for retirement up to December 31, 2012 would be entitled to full pension and other benefits. Employees that desired to come under the provisions of the above mentioned Law, with the decision of TAP OTE, such fictitious time insured as the one required for the vesting of the retirement right was recognized. The same decision for the recognition of fictitious time was also taken by the Auxiliary Fund.

The cost components of the voluntary leave are as follows:

- The cost of employer's and employees' contributions to TAP-OTE for the period required for the employees to be entitled to pension
- The amount of pensions TAP-OTE will be required to prepay to these employees
- The total cost of employer's and employees' contributions to the Auxiliary Fund for the period required for the employees to be

entitled to pension

- The amount of pensions the Auxiliary Fund will be required to prepay to these employees
- The total cost of employees' contributions to Auxiliary Fund for the Lump-Sum benefit
- The total cost of bonuses based on the collective labor agreement signed on July 20, 2005 and
- The termination payments upon retirement of the employees (staff retirement indemnities).

Because of the periodical payments of the majority of the above mentioned costs (payments through to 2012), the nominal amounts of these liabilities were discounted at their present values.

Based on the provisions of Law 3371/2005, the Greek State would

(Table 12)

COMPANY	2009			2008		
	Post employment benefit	Other long term benefit	TOTAL	Other long term benefit	Post employment benefit	TOTAL
Current service cost	13.5	5.8	19.3	13.9	6.0	19.9
Interest cost on benefit obligation	8.8	3.8	12.6	8.3	3.5	11.8
Amortization of unrecognized actuarial loss	6.5	4.8	11.3	5.4	26.4	31.8
Amortization of past service cost	2.3	-	2.3	2.3	3.5	5.8
TOTAL	31.1	14.4	45.5	29.9	39.4	69.3

(Table 13)

COMPANY	2009			2008		
	Post employment benefit	Other long term benefit	TOTAL	Post employment benefit	Other long term benefit	TOTAL
Projected benefit obligation - beginning of the year	194.4	83.3	277.7	200.5	85.9	286.4
Service cost-benefits earned during the year	13.5	5.8	19.3	13.9	6.0	19.9
Interest cost on projected benefit obligation	8.8	3.8	12.6	8.3	3.5	11.8
Amortization of unrecognized actuarial loss	30.0	4.8	34.8	11.1	4.8	15.9
Benefits paid	(39.7)	(10.4)	(50.1)	(39.4)	(16.9)	(56.3)
Projected benefit obligation - end of the year	207.0	87.3	294.3	194.4	83.3	277.7
Defined benefit obligation	207.0	87.3	294.3	194.4	83.3	277.7
Unrecognized actuarial losses	(79.6)	-	(79.6)	(56.1)	-	(56.1)
Unrecognized past service costs	(3.7)	-	(3.7)	(6.0)	-	(6.0)
Benefit liability	123.7	87.3	211.0	132.3	83.3	215.6
Employee's accumulated contributions			71.3			70.7
Liability in the statement of financial position	123.7	87.3	282.3	132.3	83.3	286.3

contribute a 4% stake in OTE's share capital to TAP-OTE for the portion of the total cost that relates to employer's and employees' contributions to TAP-OTE and to the amount of pensions TAP OTE would be required to prepay, subject to EU approval.

In May 2007, the European Commission by its relevant decision with reference number C 2/2006 (ex L 405/2005) judged that the Greek State's proposal to grant 4% of its stake to TAP OTE, according to article 74 of L.3371/2005 was not against common market regulations as defined in article 87 paragraph 3. The total contribution of the Greek State to TAP OTE according to the above decision could not exceed the amount of Euro 390.4. The exact amount would depend on the timing and the procedures that would be followed by the Hellenic State for the implementation of the decision.

On March 4, 2009, the Hellenic State and IKA-ETAM (general successor of TAP-OTE) signed a transfer agreement of 19,606,015 ordinary shares held by the Hellenic State to IKA-ETAM without cash consideration. These shares represent 4% of OTE's share capital, in accordance with articles 74 par. 4a of L.3371/2005 and articles 1 and 2 par. 4 and 5 of L3655/2008, in combination with the decision of May 10, 2007 of the European Community Committee (C 2/2206). The fair value of the transaction was set at Euro 10.30 (closing price of the OTE's share on the Athens Exchange the date the transfer was signed) per share.

The above transfer is subject to the following terms:

- **The Hellenic State retains the option to repurchase a part or the total of the transferred shares. This option can be exercised at any time, following a written declaration to IKA-ETAM, stating at a minimum the number of shares that will be repurchased and the time period, as one or a series of transactions.**
- **If IKA-ETAM, for any reason, decides to sell all or a part of the shares, it is obliged to communicate this intention in writing to the Hellenic State. The Hellenic State retains the right to repurchase part or the whole of the shares that IKA-ETAM intends to sell. To exercise this right, the Hellenic State must provide written notice of its intentions within one month from notification. If the Hellenic State does not wish to exercise its right or does not exercise its rights within one month, then IKA-ETAM can sell freely those shares.**
- **The Hellenic State has the exclusive obligation to repurchase the shares that IKA-ETAM intends to sell if the reason for the sale is to fund the pensions of the participants in OTE's Voluntary Leave Scheme based on article 74 of L3371/2005. In this instance, IKA-ETAM must provide specific economic analysis that evidences its inability to fulfill its obligation to disburse pensions to the above mentioned participants without the sale of the shares.**
- **In all the afore-mentioned cases (call option and/or put option)**

the value of the total of the transferred shares will be calculated based on the closing price of the share of OTE at the signing date (i.e. Euro 10.30 (in absolute amount) per share).

- **If IKA-ETAM sells the shares to a third party without complying with all the afore-mentioned terms, IKA-ETAM is obliged to pay to the Hellenic State an amount equal to 10 times the consideration received from the sale to the third party as a financial penalty and compensation which is agreed as fair.**
- **If OTE decides to increase its share capital with a preference right in favor of the existing owners, or issues convertible bonds and IKA-ETAM decides to exercise these rights, IKA-ETAM is required to inform the Hellenic State in writing. The Hellenic State retains the right to request IKA-ETAM to transfer, through an over the counter transaction, the additional shares obtained. In this case IKA-ETAM is obliged to transfer the shares obtained at the price obtained, otherwise it is obliged to pay compensation equal to 10 times the consideration invested for participating in the share capital increase and terms mentioned in the preceding paragraph will apply.**
- **IKA-ETAM undertakes to exercise its voting rights corresponding to the above shares, in coordination with the Hellenic State and has to instruct individuals who will be authorized to exercise the voting rights at any General Assembly of the OTE's shareholders on its behalf in the same way the Hellenic State does. Otherwise, IKA-ETAM has to pay to the Hellenic State a penalty equal to the listed price of the transferred shares at the date of the General Assembly of the OTE's shareholders as well as any other compensation for any consequential loss the Hellenic State suffers.**

On May 15, 2009 the Law 3762/2009 was enacted providing the following:

- **OTE's employees who: (i) have submitted a written application to participate in the Voluntary Leave Scheme, within the deadlines defined in par.2, article 74 of Law 3371/2005 and, (ii) do not submit an irrevocable application within one (1) month from the law's enactment that would recall the initial application submitted, are considered to be retired based on the article 74 of Law 3371/2005 within three (3) months from the expiration of the deadline described in ii) above.**
- **The cost that will arise from a) the employer's and the employee's contributions to IKA-ETAM (both for the sections of pensions and medical benefits) for the fictitious time recognized to these employees and b) the pensions that IKA-ETAM's pension section will be required to pay to these employees based on the above, will be covered by OTE.**
- **The cost that will arise from the employer's and the employee's contributions to TAYTEKO for the fictitious time recognized to**

these employees as well as the pensions that TAYTEKO (Auxiliary Insurance Sector for OTE Personnel) will be required to pay to these employees based on the above, will be covered by OTE.

- The cost that will arise from the employer's and the employee's contributions to TAYTEKO (Health Insurance Sector for OTE Personnel) for the fictitious time recognized to these employees, will be covered by OTE.
- For the Lump Sum benefits that TAYTEKO will be required to pay to these employees, OTE should grant a long-term loan to TAYTEKO.

Based on the estimated period of payment, the provision relating to the Voluntary Leave Scheme is classified as follows:

	2009	2008
Short-term portion	149.0	275.8
Long-term portion	109.9	107.2
TOTAL	258.9	383.0

The movement of the provision for the cost of the Voluntary Leave Scheme is as follows:

	2009	2008
Balance at January 1	383.0	417.7
Payments during the year	(96.1)	(42.8)
Release of liability due to transfer of 4% to IKA-ETAM	(201.9)	-
Voluntary Leave Scheme cost	152.0	-
Payments related to provision for staff retirement indemnities	(13.9)	-
Adjustment due to time value of money	35.8	8.1
Balance at December 31	258.9	383.0

On January 28, 2009, the management of OTE and OME-OTE (the personnel union body) signed a Collective Labor Agreement according to which employees who would complete the number of years required for retirement by December 30, 2009, would be entitled to benefits in order to retire by this date at the latest. The deadline for the applications for participating in this early retirement program was due on February 16, 2009. Applications were irrevocable. The respective cost amounted to Euro 11.0 and is included in the line "Cost of early retirement program" in the 2009 income statement while the eligible employees left the Company until December 30, 2009.

On December 23, 2009, the management of OTE approved an early retirement program according to which employees who will complete the number of years required for retirement by December 29, 2010, would be entitled to benefits in order to retire by December 30, 2010. The deadline for the applications for participating in this early retirement program is due on January 15, 2010. The Company is in the process of calculating relevant costs which will be charged to the 2010 separate

and consolidated income statement.

In addition, included in the 2009 Group's income statement is an amount of Euro 8.6 (2008: Euro 38.0) which is the cost of ROMTELECOM's early retirement program and is included in the line "Cost of early retirement program".

The table below describes the components included in the line "Cost of early retirement program" of the income statement relating to the Voluntary Leave Scheme and the early retirement programs described above:

	GROUP		COMPANY	
	2009	2008	2009	2008
Release of liability due to transfer of 4% to IKA ETAM	201.9	-	201.9	-
Voluntary Leave Scheme cost	(152.0)	-	(152.0)	-
Other early retirement programs' cost	(19.6)	(50.2)	(11.0)	(12.2)
TOTAL	30.3	(50.2)	38.9	(12.2)

19. OTHER NON-CURRENT LIABILITIES

Other non-current liabilities are analyzed as follows:

	GROUP		COMPANY	
	2009	2008	2009	2008
Provision for employees' contributions under early retirement programs	7.1	4.4	7.1	4.4
Asset retirement obligation	8.5	5.9	-	-
Provision for obligation of free units	36.1	37.0	36.1	37.0
Deferred revenue (long-term)	8.0	18.0	-	-
Unpaid balance of 3G license	6.9	-	-	-
Derivative financial instrument	4.3	3.9	-	-
Λοιπά	7.0	5.4	1.8	-
TOTAL	77.9	74.6	45.0	41.4

20. SHORT-TERM BORROWINGS

The outstanding balance of short-term borrowings as of December 31, 2009 for the Group amounted to Euro 3.3 (December 31, 2008: Euro 5.1), and is analyzed as follows:

- **Loan of E-VALUE S.A. of Euro 2.0, maturing on July 2010 with an interest rate Euribor + 0.90%. The outstanding balance of this loan as of December 31, 2009 amounts to Euro 2.0 (December 31, 2008: Euro 0.3).**
- **Loan of OTE PLUS with an outstanding balance as of December 31, 2009 amounting to Euro 1.3 (December 31, 2008: Euro 4.1).**

- Loan of VOICENET with an outstanding balance as of December 31, 2009 amounting to nil (December 31, 2008: Euro 0.7).

The weighted average interest rate of the short-term borrowings for the years ended December 31, 2009 and 2008, was approximately 2.8% and 6.1%, respectively.

21. INCOME TAXES – DEFERRED TAXES

In accordance with the Greek tax regulations (Law 3296/2004), the income tax rate was 25% for 2007 onwards. In accordance with article 19 of Law 3697/2008 the income tax rate will gradually reduce as follows: 24% for 2010, 23% for 2011, 22% for 2012, 21% for 2013 and 20% for 2014 onwards.

Greek tax regulations and related clauses are subject to interpretation by the tax authorities and administrative courts of law.

Tax returns are filed annually but the profits or losses declared for tax purposes remain provisional until such time as the tax authorities examine the returns and the records of the tax payer and a final assessment is issued. Net operating losses which are tax deductible, can be carried forward against taxable profits for a period of five years from the year they are generated.

Under Greek tax regulations, an income tax advance calculation on each year's current income tax liability is paid to the tax authorities. Such advance is then netted off with the following year's income tax liability. Any excess advance amounts are refunded to the companies following a tax examination.

The Company and its subsidiaries have not been audited by the tax authorities for the years described below and, therefore, the tax liabilities for these open years have not been finalized:

COMPANY	OPEN TAX YEARS
OTE	From 2006
COSMOTE	From 2006
OTE INTERNATIONAL INVESTMENTS LTD	From 2003
HELLAS SAT	From 2008
COSMO-ONE	From 2002
VOICENET	From 2004
HELLASCOM	From 2007
OTE PLC	From 2005
OTE SAT-MARITEL	From 2004
OTE PLUS	From 2008
OTE ESTATE	From 2008
OTE-GLOBE	From 2007
OTE INSURANCE	From 2007
OTE ACADEMY	From 2007
HATWAVE	From 1996
OTE INVESTMENTS SERVICES S.A.	From 2005
ROMTELECOM	From 2006
AMC	From 2008
GLOBUL	From 2005
COSMOTE ROMANIA	From 2007
GERMANOS	From 2008
E-VALUE S.A.	From 2003
GERMANOS TELECOM ROMANIA S.A.	From 2003
SUNLIGHT ROMANIA S.R.L-FILIALA	From 2005
GERMANOS TELECOM BULGARIA A.D.	From 2005
MOBILBEEP LTD	From 2005
HELLAS SAT S.A.	From 2008
CHA	From 2007
COSMO-HOLDING CYPRUS	From 2006
COSMO-HOLDING ROMANIA LTD	From 2009 (incorporation)
ZAPP	From 2009
OTE PROPERTIES	From 2008 (incorporation)
OTE PLUS BULGARIA	Tax exempt
E-VALUE LTD	From 2009 (incorporation)

- The tax audit of the Company for the fiscal years 2006 - 2008 is in progress.
- The tax audit of OTE PLUS for the fiscal years 2005-2007 was completed during 2009, without any impact to the Group.
- The tax audit of GERMANOS for the fiscal years 2004-2007 was completed during 2009 without any impact to the Group, as the additional taxes imposed of approximately Euro 17.0 are due

from this company's previous owner.

- The tax audit of OTE ESTATE for the fiscal years 2003 - 2007 was completed during 2009, without any significant impact to the Group.
- The tax audit of OTE SAT - MARITEL for the fiscal years 2004 and 2005 was provisional, and therefore, cannot be considered as completed.
- The tax audit of AMC for fiscal years 2006 and 2007 was completed during 2009, without any impact to the Group.
- The tax audit of E-VALUE S.A. for the fiscal years 2003-2005 is in progress.
- The tax audit, being part of the liquidation process of OTE PLUS-BULGARIA was finalized on January 11, 2010, without any tax impact to the Group.

The major components of income tax expense for the years ended Decem-

ber 31, 2009 and 2008 are as follows:

	GROUP		COMPANY	
	2009	2008	2009	2008
Current income tax	233.4	311.7	73.5	112.5
Special contribution (Law 3808/2009)	113.1	-	51.6	-
Deferred income tax	33.5	(65.5)	9.5	(29.3)
Total income tax	380.0	246.2	134.6	83.2

Special contribution Law 3808/2009

Following the enactment of Law 3808/2009, a special, one time contribution of social responsibility was charged to the Greek profitable entities calculated on their total net income of the fiscal year 2008, if it exceeded the amount of Euro 5.0, based on a progressive scale.

A reconciliation between the income tax expense and the accounting profit multiplied by tax rates in force (2009:25%, 2008:25%) is as follows:

	GROUP		COMPANY	
	2009	2008	2009	2008
Profit before tax	780.7	844.0	412.1	446.5
Statutory tax rate	25%	25%	25%	25%
Tax at statutory rate	195.2	211.0	103.0	111.6
Non-taxable and specially taxed income	-	-	(75.7)	(69.3)
Effect of different rates in different countries	(17.3)	(2.1)	-	-
Effect of changes to tax rates	12.6	(9.7)	11.2	11.7
Expenses non-deductible for tax purposes	29.9	36.6	4.0	15.3
Losses from consolidated subsidiaries not deductible	11.6	11.9	-	-
Special contribution (Law 3808/2009)	113.1	-	51.6	-
Tax on dividends (Law 3697/2008)	30.3	-	30.3	-
Differences arising from tax audits	-	7.9	-	-
Untaxed reserve (Law 3299/2004)	-	(7.5)	-	-
Other	4.6	(1.9)	10.2	13.9
Income tax	380.0	246.2	134.6	83.2

Deferred taxes are recognized on the temporary differences arising between the carrying amounts of assets and liabilities for financial reporting

purposes and the amounts recognized for taxation purposes and are analyzed as follows:

COMPANY	Statement of financial position		Income statement	
	2009	2008	2009	2008
Voluntary leave scheme	61.2	95.6	(34.4)	(11.2)
Staff retirement indemnities	44.6	38.7	5.9	(9.0)
Youth Account	46.9	49.8	(2.9)	(0.9)
Employee benefits	19.7	44.5	(24.8)	0.1
Provisions	74.1	51.0	23.1	30.5
Deferred income	5.4	4.4	1.0	(0.7)
Other	-	-	-	(3.3)
Deferred tax assets (before offset)	251.9	284.0		
Offset of deferred tax liabilities	(73.4)	(96.0)		
Deferred tax assets (after offset)	178.5	188.0		
Property, plant and equipment	(50.9)	(64.5)	13.6	21.3
Capitalized interest	(21.1)	(25.9)	4.8	6.3
Unbilled revenue	-	(3.3)	3.3	(3.3)
Loan fees	(1.4)	(2.3)	0.9	(0.5)
Deferred tax liabilities	(73.4)	(96.0)		
To be offset against deferred tax assets	73.4	96.0		
Deferred tax income/(expense)			(9.5)	29.3
Deferred tax assets, net	178.5	188.0		
GROUP	Statement of financial position		Income statement	
	2009	2008	2009	2008
Voluntary leave scheme	61.2	95.6	(34.4)	(11.2)
Staff retirement indemnities	46.6	42.8	3.8	(8.2)
Youth Account	46.9	49.8	(2.9)	(0.9)
Employee benefits	22.1	44.9	(22.8)	0.5
Property, plant and equipment	81.5	83.9	(2.4)	10.3
Provisions	92.3	75.7	13.3	42.4
Carry forward tax losses	20.9	20.4	0.5	(0.5)
Deferred income	8.3	5.4	2.9	(0.7)
Fair value adjustment on acquisitions	24.2	41.4	(17.2)	(2.4)
Other	22.0	14.1	7.9	(9.8)
Deferred tax asset (before offset)	426.0	474.0		
Offset of deferred tax liabilities	(172.4)	(187.2)		
Deferred tax asset (after offset)	253.6	286.8		
Deferred tax liabilities (before offset)				
Property, plant and equipment	(166.9)	(166.3)	(0.6)	29.9
Capitalized interest	(22.1)	(27.1)	5.0	6.6
Unbilled revenue	(0.2)	(5.6)	5.4	(5.4)
Loan fees	(2.3)	(3.5)	1.2	-
Fair value adjustment on acquisition	(79.3)	(89.0)	9.7	21.2
Other	(15.3)	(12.4)	(2.9)	(6.3)
To be offset against deferred tax asset	286.1	303.9		
Deferred tax liabilities (after offset)	(113.7)	(116.7)		
Deferred tax income/(expense)			(33.5)	65.5
Deferred tax assets, net	139.9	170.1		

The movement in deferred tax of the Group and the Company is as follows:

	GROUP		COMPANY	
	2009	2008	2009	2008
Deferred tax (net) – beginning of the year	170.1	94.6	188.0	158.7
Tax charged to the income statement	(33.5)	65.5	(9.5)	29.3
Foreign exchange differences	3.3	10.0	-	-
Deferred tax (net)- end of the year	139.9	170.1	178.5	188.0

The Group does not recognize deferred tax asset on the following accumulated tax losses due to the uncertainty of the timing of available taxable profits against which these losses could be offset. The accumulated tax losses expire as follows:

Year	Amount
2010	19.4
2011	50.0
2012	88.0
2013	79.7
2014 and onwards	16.1
Total	253.2

22. OTHER CURRENT LIABILITIES

Other current liabilities are analyzed as follows:

	GROUP		COMPANY	
	2009	2008	2009	2008
Amount due to MICROSTAR Ltd	-	160.3	-	-
Employer contributions	60.4	63.6	40.4	44.9
Payroll	36.3	34.0	21.6	23.3
Other taxes - duties	111.9	102.4	34.5	39.7
Interest payable	158.2	164.0	108.1	125.8
Provision for employees' contributions under early retirement programs	3.4	3.4	3.4	3.4
Provisions for litigation and other liabilities	109.8	110.5	108.8	109.4
Customer advances	46.9	55.6	40.2	49.7
Liability of acquiring non-controlling interests (see Note 8)	10.0	-	-	-
Other	149.0	144.4	8.5	8.9
TOTAL	685.9	838.2	365.5	405.1

On January 15, 2007, Mr. Panos Germanos acquired a participation of 10% in the share capital of COSMOTE's subsidiary COSMOHOLDING CYPRUS, by subscribing to 100 registered shares (Class B) for a total amount of Euro 144.5, through the Cypriot holding company, MICROSTAR Ltd which he controls. Therefore, as of December 31, 2008, COS-

MOTE's participation in COSMOHOLDING CYPRUS, amounted to 90.0%, and COSMOTE indirect participation in GERMANOS via COSMOHOLDING CYPRUS, amounted to 90.0%.

The Group consolidated COSMOHOLDING CYPRUS on a 100% basis since the class B shares, the terms of whom are guaranteed by COSMOTE, do not have a right to a dividend, return of capital, profits or other form of distribution. These shares were redeemable by COSMOHOLDING CYPRUS or any other party indicated by COSMOTE on December 31, 2009 or on December 31, 2011, if the controlling shareholder MICROSTAR Ltd. so chooses, at a price which depends on the achievement of certain corporate targets until the purchase date. In addition, the Class B shares could be prematurely purchased after the request (a) of the holder in the case of change of control of COSMOTE or OTE, or (b) if either COSMOHOLDING CYPRUS or the holder in the case COSMOTE, decided to sell its stake in COSMOHOLDING CYPRUS to third parties not under its direct or indirect control.

As of December 31, 2008, COSMOHOLDING CYPRUS held a 100% share in GERMANOS. The amount of Euro 144.5 plus Euro 15.8 which related to accrued interest (total Euro 160.3) was presented in the consolidated statement of financial position under other current liabilities as it was estimated that these shares would be purchased by December 31, 2009, at a price depending on the achievement of specified targets.

On December 31, 2009, COSMOTE acquired MICROSTAR Ltd's interest in Cosmoholding Cyprus (10% of the share capital) for a total amount of Euro 168.5.

The movement in the provision for litigation and other liabilities is as follows:

	GROUP		COMPANY	
	2009	2008	2009	2008
Balance at January 1	110.5	126.8	109.4	121.3
Addition during the year (see Note 24)	-	2.1	-	0.8
Foreign exchange differences	(0.1)	-	-	-
Utilized	(0.6)	(10.9)	(0.6)	(5.2)
Unused amounts reversed	-	(7.5)	-	(7.5)
Balance at December 31	109.8	110.5	108.8	109.4

23. REVENUE

Revenue is analyzed as follows:

	GROUP		COMPANY	
	2009	2008	2009	2008
Domestic Telephony				
Monthly network service fees	845.9	910.7	566.9	621.0
Local and long-distance calls				
-Fixed to fixed	461.9	481.9	415.7	434.3
-Fixed to mobile	249.5	325.3	174.8	229.4
	711.4	807.2	590.5	663.7
Other	62.3	96.3	66.0	70.8
	1,619.6	1,814.2	1,223.4	1,355.5
International Telephony				
International traffic	84.9	93.8	58.3	63.0
Dues from international operators	113.3	136.6	75.7	86.8
Dues from mobile operators	52.9	56.5	49.3	52.6
	251.1	286.9	183.3	202.4
MOBILE TELEPHONY	2,396.2	2,470.8	-	-
Other revenue				
Prepaid cards	37.3	52.2	33.2	45.1
Leased lines and Data ATM communications	319.4	336.6	179.5	211.9
Integrated Services Digital Network (ISDN)	141.7	147.5	128.3	135.4
Sales of telecommunication equipment	438.0	617.2	42.8	54.2
Internet/ ADSL	297.7	226.9	210.9	173.8
Co-location / Local loop	122.1	91.7	116.4	86.2
Metro Ethernet & IP CORE	31.9	23.6	24.9	17.8
Provision for services	116.4	120.4	150.9	165.7
Interconnection charges	88.9	119.4	87.6	112.3
Miscellaneous	123.8	99.9	31.2	29.4
	1,717.2	1,835.4	1,005.7	1,031.8
Total revenue	5,984.1	6,407.3	2,412.4	2,589.7

24. OTHER OPERATING EXPENSES

Other operating expenses are analyzed as follows:

	GROUP		COMPANY	
	2009	2008	2009	2008
Third party fees	234.2	208.4	127.0	131.0
Cost of telecommunication materials, repairs and maintenance	182.2	191.5	73.5	63.8
Advertising and promotion costs	216.8	212.9	47.2	46.6
Utilities	163.7	142.0	70.8	60.0
Provision for doubtful accounts (see Note 10)	107.0	119.8	28.0	75.5
Other provisions (see Note 22)	-	2.1	-	0.8
Travel costs	18.0	18.1	8.7	7.9
Commissions to independent commercial distributors	238.4	253.4	-	-
Payments to Audiotex providers	9.5	8.7	6.8	5.8
Rents	101.8	90.9	72.7	73.7
Taxes, other than income tax	56.2	51.7	13.6	9.9
Transportation costs	11.2	11.8	5.5	6.4
Other	57.5	44.5	18.1	12.1
TOTAL	1,396.5	1,355.8	471.9	493.5

25. EARNINGS PER SHARE

Earnings per share (after income taxes,) are calculated by dividing the profit attributable to the owners of the Company by the weighted average number of shares outstanding during the period, excluding the average number of own shares that the Company possessed during the period and including (for the diluted earnings per share) the number of share options outstanding at the end of the year that have a dilutive effect on earnings per share.

Earnings per share are analyzed as follows:

GROUP	2009	2008
Profit attributable to owners of the parent	404.0	601.8
Weighted average number of shares for basic earnings per share	490,150,389	490,150,389
Share options	-	6,008,060
Weighted average number of shares adjusted for the effect of dilutions	490,150,389	496,158,449
Basic earnings per share	0.8242	1.2278
Diluted earnings per share	0.8242	1.2129

(Earnings per share are in absolute amounts)

For 2009 the outstanding options did not have a dilutive effect on earnings per share and, therefore, are not included in the earnings per share calculation.

26. OPERATING SEGMENT INFORMATION

The following information is provided for the reportable segments, which

2009	OTE	COSMOTE GROUP	ROMTELECOM	OTHER	TOTAL ELIMINATIONS	GROUP
Revenue from external customers	2,204.8	2,843.3	790.3	145.7	5,984.1	5,984.1
Intersegment revenue	207.6	192.6	17.4	271.0	688.6	(688.6)
Interest income	17.4	24.5	15.4	283.7	341.0	(279.4)
Interest expense	(225.8)	(115.8)	(1.8)	(261.3)	(604.7)	279.5
Depreciation and amortization	(424.4)	(458.3)	(227.9)	(45.5)	(1,156.1)	0.8
Dividend income	9.6	-	-	-	9.6	-
Income tax expense	(134.6)	(180.9)	(31.4)	(33.1)	(380.0)	-
Operating profit	306.5	611.9	24.6	58.5	1,001.5	(0.6)
Profit for the year	277.5	377.7	(18.4)	49.6	686.4	(285.7)
Operating profit before depreciation, amortization and cost of early retirement program	692.0	1,070.2	261.1	104.0	2,127.3	(1.4)
Investments	156.4	0.4	-	0.2	157.0	-
Segment assets	8,211.5	4,360.5	1,737.2	6,955.9	21,265.1	(10,971.1)
Segment liabilities	4,767.0	3,438.0	261.3	5,766.7	14,233.0	(5,918.7)
Expenditures for segment assets	272.6	399.2	187.2	31.9	890.9	-

are separately disclosed in the financial statements and which are regularly reviewed by the Group's chief operating decision makers. Segments were determined based on the Group's legal structure, as the Group's chief operating decision makers review financial information separately reported by the parent company (OTE) and each of the Group's consolidated subsidiaries, or the sub groups included in the consolidation.

Using the quantitative thresholds OTE, COSMOTE GROUP and ROMTELECOM have been determined to be reportable segments. Information about operating segments that do not constitute reportable segments has been combined and disclosed in an "All Other" category. The types of services provided by the reportable segments are as follows:

- OTE is a provider of local, long-distance and international fixed-line voice telephony and internet access services in Greece.
- COSMOTE group is a provider of mobile telecommunications services in Greece, Albania, Bulgaria and Romania (and in FY-ROM until May 2009).
- ROMTELECOM is a provider of local, long-distance and international fixed-line voice telephony and internet access services in Romania.

Accounting policies of the operating segments are the same as those followed for the preparation of the financial statements. Management evaluates segment performance based on operating profit before depreciation, amortization and cost of early retirement program; operating profit and profit for the year.

Segment information and reconciliation to the Group's consolidated figures are as follows:

2008	OTE	COSMOTE GROUP	ROMTELECOM	OTHER	TOTAL	ELIMINATIONS	GROUP
Revenue from external customers	2,362.1	3,064.5	850.5	130.2	6,407.3	-	6,407.3
Intersegment revenue	227.6	197.2	19.3	252.5	696.6	(696.6)	-
Interest income	36.3	29.9	16.2	308.4	390.8	(318.5)	72.3
Interest expense	(194.8)	(145.8)	(7.6)	(301.3)	(649.5)	305.8	(343.7)
Depreciation and amortization	(465.0)	(416.6)	(253.6)	(77.9)	(1,213.1)	0.1	(1,213.0)
Dividend income	12.2	-	-	-	12.2	-	12.2
Income tax expense	(83.2)	(148.5)	9.6	(24.1)	(246.2)	-	(246.2)
Operating profit	312.2	725.6	-	21.6	1,059.4	(1.7)	1,057.7
Profit for the year	363.3	470.6	(10.8)	20.9	844.0	(246.2)	597.8
Operating profit before depreciation, amortization and cost of early retirement program	789.4	1,142.2	291.6	99.5	2,322.7	(1.8)	2,320.9
Investments	156.4	0.1	-	0.1	156.6	-	156.6
Segment assets	8,873.0	4,806.2	1,873.2	7,742.3	23,294.7	(11,869.5)	11,425.2
Segment liabilities	5,349.0	3,844.9	302.7	6,509.8	16,006.4	(6,754.4)	9,252.0
Expenditures for segment assets	300.7	499.6	125.7	38.0	964.0	-	964.0

GEOGRAPHIC INFORMATION

Geographic information for the Group's revenues from external customers and non-current assets is as follows:

	Revenues from external customers		Non-current assets	
	2009	2008	2009	2008
Greece	4,189.6	4,498.3	4,075.5	4,161.9
Albania	125.3	161.9	160.6	183.1
Bulgaria	423.9	469.4	644.8	668.2
Romania	1,206.4	1,188.2	2,083.7	2,022.8
Other	38.9	89.5	95.1	242.1
TOTAL	5,984.1	6,407.3	7,059.7	7,278.1

The revenue information presented above is based on the location of the entity.

Non-current assets for this purpose consist of property, plant and equipment, goodwill, telecommunication licenses and other intangible assets.

27. RELATED PARTY DISCLOSURES

OTE's related parties have been identified based on the requirements of IAS 24 Related Party Disclosures.

The Company purchases goods and services from these related parties, and provides services to them. Furthermore, OTE grants and receives loans to / from its subsidiaries, receives dividends and pays dividends.

OTE's purchases and sales with related parties are analyzed as follows:

	2009		2008	
	Sales OTE	Purchases OTE	Sales OTE	Purchases OTE
COSMOTE	162.4	116.1	184.1	123.4
OTE INTERNATIONAL INVESTMENTS LTD	0.6	4.3	0.5	4.9
HELLAS-SAT	0.5	1.6	0.6	1.7
COSMO-ONE	0.1	0.8	0.1	0.9
VOICENET	5.3	4.2	5.4	2.9
HELLASCOM	0.2	8.3	0.2	8.5
OTE SAT - MARITEL	1.1	2.0	1.0	2.1
OTE PLUS	0.4	34.8	0.4	36.7
OTE ESTATE	2.0	61.9	1.3	62.2
OTE-GLOBE	35.0	84.3	33.9	74.3
OTE ACADEMY	-	5.0	0.1	4.2
DEUTSCHE TELEKOM AG	-	-	5.9	4.2
MAKEDONSKI TELECOMMUNIKACII A.	0.5	0.4	-	-
HT HRVATSKE	0.1	0.6	-	-
TOTAL	208.2	324.3	233.5	326.0

Purchases and sales of the Group with related parties which are not eliminated in the consolidation are analyzed as follows:

	2009	
	Group's Sales	Group's Purchases
DEUTSCHE TELEKOM AG	10.6	8.4
MAKEDONSKI TELEKOMUNIKACII A.	0.6	0.7
HT HRVATSKE	0.3	0.6
COMBRIDGE	4.5	0.1
DETEKON	-	0.6
ORBITEL	-	0.5
T-SYSTEMS	1.2	-
T-Mobile Deutschland	2.0	0.7
T-Mobile Czech	0.3	0.1
T-Mobile UK	0.8	0.4
T-Mobile Austria	0.2	0.1
T-Mobile Netherlands	0.4	0.1
T-Mobile USA	0.3	0.4
T-Mobile Hungary	0.1	0.1
T-Mobile Macedonia	0.2	0.1
T-Mobile Hrvatska	0.1	0.1
PCT POLSKA TELEFONIA	0.4	-
TOTAL	22.0	13.0

There were no transactions between the Group and related parties during 2008 that are not eliminated in the consolidation.

OTE's financial activities with its related parties comprise interest on loans granted and received and are analyzed as follows:

	2009		2008	
	Finance income OTE	Finance expense OTE	Finance income OTE	Finance expense OTE
COSMOFON	1.1	-	3.3	-
OTE PLC	-	179.6	1.3	176.7
TOTAL	1.1	179.6	4.6	176.7

OTE's dividend income from its related parties is analyzed as follows:

	2009	2008
COSMOTE	282.2	245.2
OTE ESTATE	18.9	30.3
OTE SAT - MARITEL	1.0	0.5
OTE PLUS	0.4	-
TOTAL	302.5	276.0

Amounts owed to and by the related parties as a result of OTE's transactions with them are analyzed as follows:

	2009			2008
	Amounts owed to OTE	Amounts owed by OTE	Amounts owed to OTE	Amounts owed by OTE
COSMOTE	47.2	52.5	37.9	50.4
OTE INTERNATIONAL INVESTMENTS LTD	0.1	1.2	0.3	1.0
HELLAS-SAT	0.4	0.4	0.5	0.3
COSMO-ONE	0.1	0.2	-	0.7
VOICENET	1.1	0.9	1.7	0.9
HELLASCOM	-	1.8	-	2.9
OTE SAT - MARITEL	2.2	2.0	0.3	0.6
OTE PLUS	0.1	12.3	0.2	15.9
OTE ESTATE	1.2	0.7	0.7	0.4
OTE-GLOBE	47.3	71.5	68.0	91.8
OTE ACADEMY	0.4	-	-	0.1
DEUTSCHE TELEKOM AG	-	-	6.3	7.2
TOTAL	100.1	143.5	115.9	172.2

Amounts owed to and by the related parties as a result of the Group's transactions with them, which are not eliminated in the consolidation, are analyzed as follows:

	2009		2008	
	Amounts owed to Group	Amounts owed by Group	Amounts owed to Group	Amounts owed by Group
DEUTSCHE TELEKOM AG	6.9	-	6.5	7.5
MAKEDONSKI TELEKOMUNIKACII A.	0.1	-	-	-
DETEKON	-	0.1	-	-
COMBRIDGE	0.6	-	-	-
ORBITEL	-	0.1	-	-
T-SYSTEMS	0.1	-	-	-
T-Mobile Deutschland	-	0.6	-	-
T-Mobile Hungary	0.1	0.2	-	-
T-Mobile Czech	0.1	0.2	-	-
T-Mobile UK	0.1	0.7	-	-
T-Mobile Austria	-	0.3	-	-
T-Mobile Netherlands	-	0.3	-	-
T-Mobile USA	1.9	3.8	-	-
T-Mobile Macedonia	0.2	0.1	-	-
PCT POLSKA TELEFONIA	-	-	-	-
TOTAL	10.1	6.4	6.5	7.5

Of the entities included in the above table, as of December 31, 2008 only DEUTSCHE TELEKOM AG was a related party to OTE.

Amounts owed by and to OTE relating to loans advanced and received, are analyzed as follows:

	2009		2008	
	Receivable OTE	Payable by OTE	Receivable OTE	Payable by OTE
COSMOFON	-	-	46.8	-
OTE PLC	-	3,038.2	-	3,423.1
TOTAL	-	3,038.2	46.8	3,423.1

Key Management Personnel and those closely related to them are defined in accordance with IAS 24 "Related Party Disclosures". Compensation includes all employee benefits (as defined in IAS 19 "Employee Benefits") including employee benefits to which IFRS 2 "Share-based Payment" applies.

Fees to the members of the Board of Directors and OTE's key management personnel amounted to Euro 5.0 million and Euro 4.7 million for the years 2009 and 2008, respectively.

As of December 31, 2009, 999,230 options under OTE's share based payment plan have been granted to the Company's key management personnel as of December 31, 2009.

The main transactions between the Group companies are described below:

OTE-GLOBE

OTE-GLOBE provides international telephony services on behalf of OTE to international providers and invoices OTE with its fees. OTE-GLOBE invoices OTE, and OTE invoices OTE-GLOBE for the telecommunication traffic which passes through international networks of OTE-GLOBE or international telephone networks of OTE as the case may be. In addition, the two entities have commercial transactions in relation to leased lines.

VOICENET

OTE invoices VOICENET for the lease of its lines.

OTE and VOICENET have income and expenses from interconnection depending on which of the two entities network the calls terminate including international telephony traffic which passes through the two networks.

OTE ESTATE

OTE ESTATE earns rental income from OTE and its subsidiaries.

OTE invoices OTE ESTATE for additions or improvements made to the land and buildings that belong to OTE ESTATE. The related costs of these additions, representing labor and materials costs, are included in OTE's income statement.

OTE INTERNATIONAL INVESTMENTS LTD

OTE INTERNATIONAL INVESTMENTS LTD invoices OTE and its subsidiaries for the administration services provided to foreign subsidiaries.

COSMO-ONE

COSMO-ONE invoices OTE and its subsidiaries for e-commerce services.

OTE SAT - MARITEL

OTE invoices OTE SAT- MARITEL for the usage of OTE's facilities for IN-MARSAT services.

OTE SAT - MARITEL invoices OTE for fixed to mobile connection, which is invoiced by INMARSAT to OTE SAT - MARITEL.

OTE PLUS

OTE PLUS provides consulting services to OTE.

COSMOTE

OTE invoices COSMOTE with commissions for mobile connections made through OTE.

OTE invoices COSMOTE for leased lines.

OTE and COSMOTE have income and expenses for interconnection depending to which of the two entities network the codes terminate, including international telephony traffic which passes through the two networks.

COSMOTE provides OTE with mobile equipment.

OTE ACADEMY

OTE ACADEMY subleases to OTE its training center facilities in Athens and Thessaloniki.

OTE ACADEMY leases the premises from OTE ESTATE. OTE ACADEMY provides training services to the employees of OTE and its subsidiaries.

HELLASCOM

HELLASCOM provides consulting services of technical nature to OTE and construction studies to its subsidiaries.

HELLAS- SAT

HELLAS SAT invoices OTE for transmitter's rental and the provision of satellite capacities.

OTE invoices HELLAS SAT with a commission on the rental of satellite capacities.

OTE PLC

OTE PLC has granted interest bearing long-term loans to OTE and subsidiaries.

DEUTSCHE TELEKOM AG

OTE has income and expenses which arise from transactions with incoming, outgoing and transit traffic to and from DEUTSCHE TELEKOM AG's network.

28. SHARE OPTION PLAN

On July 9, 2008, OTE's 56th Repeating Ordinary General Assembly approved the adoption of a Share Option Plan for executives of OTE and of other entities of the Group, in accordance with article 42e of the Codified Law 2190/1920. This plan replaced the pre-existing Share Option Plan of OTE. In addition, basic and additional share options already granted by COSMOTE in 2005, 2006 and 2007 under COSMOTE's existing share option plans were replaced by options on OTE's shares under the modified plan. The reason for the replacement of the COSMOTE plans was the delisting of COSMOTE's shares from the Athens Exchange on April 1, 2008. The modification of the OTE Plan and the replacement of the COSMOTE plans took place on the same date.

The nature and the main terms of the Modified Share Option Plan are as follows:

- The Modified Share Option Plan is comprised of Basic options (i.e. those granted when a participant first enters the scheme) and Additional options (i.e. those granted on an annual basis to participants). The Share options are granted by the Board of Directors.
- Options under the Modified Share Option Plan are granted at a preferential price. For options granted for year 2009 the preferential price is Euro 19.49 (absolute number).
- The executives of the Group, to whom Share options are granted, may acquire the shares at the preferential grant price or at a discount (percentage) on the preferential grant price, depending on the executive's hierarchical level at the time of exercising the Rights, and (i) the achievement of certain targets of both the entity employing them and the Group and (ii) high individual performance by the eligible executive.
- For top level management, the potential discount is 15%, 20% or 25% if the targets have been achieved (otherwise no discount) and for middle level management, the potential discount is 10%, 15% or 20% if the targets have been achieved (otherwise no discount).

The range of exercise prices of all the options granted assuming the minimum discount at least is achieved is Euro 11.96-16.57 (absolute number).

The Options vest as follows:

- The Basic options vest gradually (40% upon the completion of the year of the grant, 30% upon the completion of the second year and 30% upon the completion of the third year). Following a modification to the plan on July 10, 2009, Basic vested Rights may be exercised by the eligible executive in their entirety or partially during April and October of each calendar year following the vesting year (and up to October of the 7th calendar year (instead of the 4th) from the date of their grant).
- Following a modification to the plan on July 10, 2009 the Additional vested Rights may be exercised by the eligible executive in their entirety or partially during April and October of up to the 3rd calendar year (instead of the first calendar year) following the vesting year.
- In case the said vested Rights are not exercised within the aforementioned time frames they are lost. According to the terms of the plan, vesting of the options depends on the participant remaining in the service of the company. The total number of Stock Option Rights, which may be granted under the Modified Share Option Plan, cannot exceed 15,500,000 Rights, which corresponds to approximately 3.16% of OTE's shares outstanding at the time of its approval.

The fair value of the options is reflected in the income statement during the vesting period. The amounts are recorded in the line "Payroll and employee benefits" with a corresponding entry in the Share Premium.

	GROUP		COMPANY	
	2009	2008	2009	2008
Expense arising from share-based payment transactions	7.2	12.0	2.9	6.5

Further details of the plan are as follows (Table 14)

The weighted average remaining contractual term outstanding as of December 31, 2009 and 2008 is 3.9 years and 3.0 years, respectively.

The options granted in 2009 were measured at fair value at the date of grant. At the date of modification of July 10, 2009 the fair value of the plan before and after the modification was calculated. The modification increased the fair value of the options by increasing the exercise period, therefore, the difference (being the incremental fair value or the difference between the fair value of the modified plan and that of the original plan, both estimated as at the date of the modification) is attributed as an expense in the period from the modification date up to the vesting date.

The fair values were determined by using a Monte Carlo simulation option pricing model taking into account the effects of early exercise. Key inputs and calculations results of the model are presented below:

	2009	2008
Weighted average share price	10.40	21.38
Weighted average exercise price	16.57	22.05
Weighted average expected volatility	24.0%	24.0%
Weighted average exercise period	3.5 years	2.5 years
Weighted average risk free rate	2.5%	4.1%
Weighted average expected dividend	0.75	0.75
Weighted average option value	0.28	2.20

(Table 14)

	2009		2008	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at the beginning of the year	6,008,060	15.66	3,440,290	15.20
Granted	3,225,670	16.21	3,141,620	16.10
Forfeited	(559,130)	16.23	(573,850)	15.26
Exercised	-	-	-	-
Expired at the end of the year	-	-	-	-
Outstanding at the end of the year	8,674,600	15.59	6,008,060	15.66
Exercisable at the end of the year	4,485,370	15.05	2,315,920	15.14

Plan	Year of issuance	Options granted	Share price at grant date	Comments
Plans of COSMOTE group	Original grant dates range from 27/10/05-31/10/07	3,440,290	15.48	modified on 09/07/08 and on 10/07/09
2008 OTE plan	06/02/08	3,141,620	21.38	modified on 09/07/08 and on 10/07/09
2009 OTE plan	06/03/09	3,225,670	10.40	modified on 10/07/09

29. LITIGATION AND CLAIMS – COMMITMENTS

A. OUTSTANDING LEGAL CASES

The most significant outstanding legal cases as at December 31, 2009, are as follows:

CIVIL PROCEEDINGS

Lease agreements (OTE Leasing): On December 11, 2001, OTE disposed of its wholly owned subsidiary, OTE Leasing, to Piraeus Financial Leasing S.A., a subsidiary of Piraeus Bank S.A. for a consideration of Euro 21.0. From the sale proceeds, Euro 5.9 was collected in cash and the balance of Euro 15.1 in the form of shares in Piraeus Bank S.A., based on their fair value at that date. As prescribed in the agreements signed for the sale of OTE Leasing, OTE is committed to indemnify Piraeus Financial Leasing S.A. up to an amount of approximately Euro 28.0, for possible losses to be incurred from the non-performance of lessees for contracts signed through to the date of sale of OTE Leasing. The conditions under which a lessee's contract will be characterized as non-performing are described in detail in the sale agreements. OTE's obligation is in force for a period between 3-5.5 years, depending on the nature of the lease contracts. On September 28, 2007, Piraeus Financial Leasing S.A. filed a law suit against OTE, claiming Euro 3.4 from OTE. The hearing which had been scheduled for February 26, 2009 in the Athens Multi-Member Court was postponed.

Hellenic Radio and Television S.A. ("ERT"): During May 2002, ERT filed a lawsuit against OTE before the Athens Multi-Member Court, claiming

an amount of Euro 42.9 plus interest for damages incurred by it as a result of an alleged infringement by OTE of the terms of a memorandum of understanding signed by the two parties. The Court judged in 2005 that the case should be referred to arbitration. To date ERT has not yet submitted a request for arbitration proceedings. In November 2003 ERT filed a lawsuit against OTE claiming Euro 1.5 for restitution of moral damage which will be heard by the Athens Multi-Member Court on June 3, 2010.

Forthnet S.A.: In 2002, Forthnet S.A. filed a civil claim, claiming an amount of Euro 26.7 plus interest for damages incurred by it due to loss of customers as a result of OTE's allegedly discriminatory policy in favor of OTENET. The hearing which was scheduled for April 19, 2007, was suspended and rescheduled for June 5, 2008 and was again suspended and rescheduled for January 28, 2010, when was again suspended. Furthermore, Forthnet S.A. filed a lawsuit against OTE before the Athens Multi-Member court of First Instance, claiming Euro 4.1 for economic and moral damages, due to suspension of its subscriber's number portability. The hearing scheduled for May 3, 2006 was suspended.

Greek Telecom S.A.: In 2004, Greek Telecom S.A. filed a lawsuit against OTE before the Athens Multi Member court of First Instance, claiming Euro 45.4 plus interest in damages, due to alleged breach of contractual obligations arising out of disconnection of telecommunication services due to its outstanding debt. The hearing was held on March 22, 2006 and the Court by its decision rejected Greek Telecom S.A.'s claim. Greek Telecom S.A. appealed against this decision before the Athens Court of Appeals. The case was heard on October 4, 2007 and the claim was rejected.

Teledome S.A.: Teledome S.A. filed five lawsuits against OTE before the Athens Multi Member Court of First Instance, claiming an aggregate amount of Euro 8.1 plus interest for alleged damages incurred by it as a result of OTE's delay in delivering to it leased lines and the application of non cost oriented interconnection charges by OTE. The hearings of the above lawsuits were scheduled for various dates in 2007. The first lawsuit (Euro 1.6) was heard before the Court on June 6, 2007 and the hearing was postponed, the second lawsuit (Euro 1.0) was rejected, regarding the third lawsuit (Euro 0.3) the Court postponed the hearing, the fourth lawsuit (Euro 1.6) was heard on February 7, 2007 and the Court rejected it and for the fifth lawsuit (Euro 3.6) the Court ordered factual investigation. The investigator has already been appointed and the completion of the factual investigation is expected. Furthermore, Teledome S.A. filed six lawsuits against OTE before the Athens Multi Member Court of First Instance, claiming approximately Euro 11.1 plus interest in damages, due to suspension of its subscriber's number portability and due to alleged breach of contractual obligations arising out of disconnection of telecommunication services. For two lawsuits of Euro 4.4, the Court

rejected Teledome's claims. Teledome appealed the decision before the Court of Appeals, which rejected it on January 25, 2007. Teledome S.A. appealed against this adverse decision and its appeal was discussed on November 27, 2008 by the Court of Appeals and it was rejected. A lawsuit of Euro 0.9 was rejected by the Court on January 25, 2007. Teledome appealed against it and its appeal was heard on November 26, 2009. The outcome of this appeal is pending. The lawsuit of Euro 4.4 was heard on March 6, 2008 and was rejected by the court. Regarding the lawsuit of Euro 0.5, the Court ordered factual investigation. The factual investigation was filed and after the hearing on December 9, 2009 at the same Court, the decision is pending. The lawsuit of Euro 0.6 was heard on September 26, 2007 and the Court concluded that the claim up to an amount of Euro 0.3 was valid. However, both OTE and Teledome S.A. have appealed against the decision, which appeal, was heard on December 4, 2008 and the Court accepted OTE's appeal and rejected Teledome's appeal. Finally, Teledome filed a law suit against OTE before the Athens Multi Member Court claiming Euro 54.1 plus interest for damages for so called unlawful termination of its leased lines by OTE which resulted in Teledome S.A.'s bankruptcy. This claim was heard on March 18, 2009 and March 26, 2009. According to Court's decision the hearing was postponed and Teledome S.A. is required to deposit a guarantee amounting Euro 1.1 for court expenses. Teledome S.A. has appealed against this decision and the appeal will be heard before the Athens Multi Member of First Instance Court on January 27, 2010. Because of Teledome S.A.'s denial to deposit the guarantee, OTE applied for withdrawal of Teledome S.A.'s order, which will be heard on May 26, 2010.

Newsphone Hellas S.A.: Newsphone Hellas S.A. filed a lawsuit against OTE before the Athens Multi Member Court of First Instance, claiming an amount of Euro 7.2 plus interest for alleged damages incurred by it as a result of OTE's refusal to include in its recorded message that directories information services, except from OTE, are also provided by Newsphone Hellas S.A. The hearing was held on May 17, 2006 and the Court rejected Newsphone Hellas S.A.'s claims.

TELLAS S.A.: TELLAS S.A. filed four lawsuits against OTE before the Athens Multi Member Court of First Instance, claiming an aggregate amount of Euro 20.8 plus interest in damages due to suspension of its subscriber's number portability. TELLAS S.A. resigned from the lawsuit of Euro 4.2 prior to the hearing while the hearings of the remaining lawsuits were heard on May 2, 2007 and rejected. TELLAS filed two new claims against OTE totaling Euro 6.3 for the triggering of penalty clauses for the loss suffered for the delayed delivery of leased lines and for claims relating to non compliance of OTE with costing obligations. The cases will be heard by the Athens Multi Member Court on September 16, 2010.

LAN-NET S.A.: LAN-NET S.A. filed two lawsuits against OTE before the Athens Multi Member Court of First Instance, claiming an aggregate

amount of approximately Euro 2.2 plus interest in damages due to suspension of its subscriber's number portability. The Court rejected the first lawsuit for the amount of Euro 1.5 and LAN-NET appealed. The appeal was heard on November 1, 2007 by the Court of Appeals and was rejected. The second lawsuit of Euro 0.7 was heard on March 21, 2007 and was rejected by the Court. In May 2009, LAN-NET filed a claim against OTE before the Court of First Instance for an aggregate amount of Euro 175.6, claiming restitution for alleged illegal termination of services. The hearing of this case is scheduled for February 17, 2011.

ALGO-NET S.A.: ALGO-NET S.A. filed two lawsuits against OTE before the Athens Multi Member Court of First Instance, claiming an aggregate amount of approximately Euro 0.9 plus interest in damages due to suspension of its subscriber's number portability. The hearing of the first lawsuit for the amount of Euro 0.4 was held and the Court rejected the claim, while the hearing of the second lawsuit initially scheduled for February 8, 2006, has been suspended.

FASMA ADVERTISING TECHNICAL AND COMMERCIAL S.A.: FASMA ADVERTISING TECHNICAL AND COMMERCIAL S.A. filed a lawsuit against OTE before the Athens Multi Member Court of First Instance, claiming an aggregate amount of Euro 9.1 plus interest for breach of contract. The hearing was scheduled for November 8, 2007. Subsequently, the company filed with the Multi Member Court of First Instance a new lawsuit against OTE for Euro 8.7 plus interest withdrawing its previous lawsuit. The hearing by the Court, initially scheduled for November 8, 2007 was rescheduled to October 23, 2008, when the case was heard and a decision was issued rejecting the lawsuit.

Franchisees lawsuits:

- 1. Helias Koutsokostas & Company Limited Partnership filed a lawsuit against OTE claiming alleged damages for an amount of Euro 7.9. OTE filed a lawsuit against this company before the Multi-Member court of First Instance for an amount for Euro 0.7. The hearing, initially scheduled for October 13, 2005 was suspended and a new hearing was scheduled for February 21, 2008, but was adjourned. The applicant has not performed any action since then.**
- 2. K. Prinianakis S.A. filed a lawsuit against OTE claiming Euro 10.9 in damages. The case was heard on November 15, 2007 and the Court partially accepted the claim for the amount of Euro 0.1. OTE filed a counterclaim against K. Prinianakis for an amount of Euro 0.3 in damages. This claim was heard on November 13, 2008 and the Court partially accepted it.**
- 3. DEP INFO Limited filed a lawsuit against OTE claiming Euro 6.8 for damages. OTE has filed its own lawsuit against this company claiming Euro 1.7 in damages. Both hearings were held on March 9, 2006 and the court rejected DEP INFO Limited lawsuit,**

while it accepted OTE's lawsuit. DEP INFO Limited filed an appeal against this decision which was heard on January 24, 2008 and the court rejected the company's appeal and ordered a factual investigation for the accurate determination of OTE's claim.

- 4. Infoshop S.A. filed a lawsuit against OTE claiming alleged damages for the amount of Euro 7.0. A hearing scheduled for November 15, 2007 was suspended and a new hearing was scheduled for November 13, 2008 and the decision of the Court rejected the entire claim.**

Employees' Claims: OTE's current employees and pensioners have filed a number of lawsuits against OTE with a wide variety of claims.

Payphones Duties: From 1999 to 2007, the Municipality of Thessaloniki charged OTE with duties and penalties of a total amount of Euro 15.0 for the installation and operation of payphones within the area of its responsibility. OTE strongly disputed the above assessments and filed appeals before the competent administrative courts and prepaid 40% of the above duties and penalties, amount that will be refunded to OTE if the outcome of that case will be favorable to the Company. The courts held in OTE's favor for the year 2001 in the first and second instance. The Municipality of Thessaloniki has filed appeals before the Council of State, which are pending. No duties and penalties have been charged for 2008 and 2009.

Timeapply Ltd: Timeapply Ltd, has filed a claim against OTE in the Court of First Instance for Euro 17.3 for restitution due to damage caused by alleged patent infringement, as a result of our sale and advertisement of a prepaid telephone card called "Promocard". The case was heard on January 22, 2009 and the Court concluded that it was not authorized to issue a decision. Timeapply Ltd came back with the claim which is scheduled to be heard on April 14, 2010. In addition, Timeapply filed a claim against OTE in the Court of First Instance for Euro 68.4 for alleged breach of a decision of the Court of First Instance granting an injunction prohibiting distribution of "Promocard". The Court of First Instance rejected the claim and Timeapply filed an appeal, which was heard on May 12, 2009 and a decision has not yet been issued.

KONSTANTZA S.A.: KONSTANTZA S.A. filed a claim against OTE before the Athens Court of First Instance alleging Euro 1.3 plus interest. The amicable resolution of the dispute which was scheduled for June 11, 2009 failed and the hearing is scheduled for March 18, 2010.

Athanasios Fekkas: Athanasios Fekkas filed a claim against OTE before the Court of First Instance of Lamia alleging Euro 1.2 plus interest. The hearing was scheduled for February 20, 2009 but was adjourned for November 20, 2009 when the case was heard and a decision is pending.

THRAHERN CAPITAL Sarl and YELLOW PAGES S.A.: In September 2009, THRAHERN CAPITAL Sarl (a foreign company) and the Greek

registered company YELLOW PAGES S.A., filed a claim against OTE before the Multi Member Court of First Instance for an amount of Euro 60.5 for compensation and Euro 2.0 for restitution of moral damage. The hearing of this case was scheduled for June 2, 2011. On December 30, 2009, these two companies announced to OTE their resignation from the claim.

The most significant lawsuits and administrative disputes regarding COSMOTE and its subsidiaries, as of December 31, 2009 are the following:

COSMOTE

COSMOTE is a party to various lawsuits and administrative disputes the majority of which are related to the operation of base stations. The most significant disputes of the rest are the following:

Hellenic Telecommunications and Post Commission ("HTPC") has summoned COSMOTE as well as WIND (former TIM) and VODAFONE to a hearing on May 18, 2005, to investigate whether the announced increases on tariffs for the SMS service are contrary to the provisions of telecommunication law and law for the protection of free competition. The hearing was held on May 23, 2005 and a new hearing took place on November 3, 2005 due to the change of the members of HTPC. The HTPC issued the decision which imposed a fine of Euro 1.0 on each company (COSMOTE, WIND (former TIM) and VODAFONE) for concerted practice contrary to competition law. COSMOTE appealed against this decision before the Administrative Court of Appeals. The hearing initially scheduled for September 27, 2006, after postponements, was held on October 17, 2007 and a decision was issued which accepted COSMOTE's appeal and annulled HTPC's decision, saying that COSMOTE has not proceeded to concerted practice contrary to competition law. The HTPC has appealed against this decision before the Council of State.

AMC

On December 12, 2005 the Albanian Competition Commission imposed a fine on AMC of approximately Euro 1.4 (1% of the company's turnover for 2004) on the grounds of allegedly delaying a response to a request for information and provision of documents. On January 4, 2006 AMC filed two lawsuits before the Tirana District Court against the Competition Authority, demanding the annulment of the decision requesting information and opening of investigation procedure as well as of the decision imposing the fine, since the requested information had timely been dispatched to the Competition Authority. On July 7, 2006, the Tirana District Court rejected the requests of AMC and AMC presented an appeal regarding the decision imposing the fine. The Appeal Court has annulled the decision of the Tirana District Court and ordered that the case should be examined again. AMC has also submitted recourse to the Supreme Court. The case is ongoing.

On November 9, 2007 the Albanian Competition Authority imposed to

AMC a fine amounting to approximately Euro 1.7 for an alleged breach of the competition legislation during the period 2004-2005. AMC considers the Albanian Competition Authority's decision unfounded and has appealed before the Courts in order to protect its legal rights. Tirana District Court has ruled to reject AMC's claim. AMC has appealed the said decision in front of Tirana Appeal Court. The case is ongoing.

CRIMINAL PROCEEDINGS

Germanos acquisition case. In 2007, the District Attorney of Athens commenced a preliminary investigation with respect to the propriety of the acquisition of Germanos by COSMOTE following the submission of a report by a number of members of the opposition party of the Greek Parliament, which claimed among other things that the acquisition was not in the business interest of COSMOTE. During the course of the preliminary investigation, members of the board of directors of COSMOTE at the time of the acquisition of Germanos were called and requested to submit explanations in connection with this case. Following the completion of the preliminary investigation, an investigating judge (the 20th Investigating Judge of Athens) was appointed to lead a formal criminal investigation in connection with the potential perpetration of offences. The investigating judge initiated criminal proceedings against the members of the board of directors of COSMOTE at the time of the acquisition of Germanos, investigating alleged abuse of trust ("Apistia"). Upon conclusion of the criminal investigation, a decision will be made on whether an indictment is warranted. Four of the then members of the board of directors of COSMOTE, are still members of the current board of COSMOTE and senior executives of the Group. In addition, the investigating judge ordered the appointment of two independent accounting firms to conduct an expert investigation in order to assess whether the consideration for the acquisition of Germanos (of approximately Euro 1.5 billion for 99.03% of the share capital of Germanos) was reasonable in view of business judgment and internationally accepted and customary financial and contractual practices, and whether the acquisition resulted in financial detriment to COSMOTE, and, in that event, to assess the amount of such detriment. To the extent so be requested, the Group intends to cooperate in relation to this investigation.

Siemens AG case. The District Attorney of Athens has conducted a preliminary investigation in connection with allegations of bribery, money laundering and other criminal offences committed in Germany and Greece by employees of Siemens AG and a number of Greek government officials and other individuals, relating to the award of supply contracts to Siemens AG. In connection with the investigation, the District Attorney has investigated, among other matters, the propriety of, and allegations of criminal conduct in connection with, a framework contract 8002/1997 with Siemens AG, and various equipment orders pursuant to that framework contract in the period following its signing and up to 2004. Framework

contract 8002/1997 was signed on December 12, 1997 and related to the supply to OTE by Siemens AG of equipment for the digitalization of the network. In connection with this preliminary investigation, the Company has provided to the investigating authorities certain documents requested. Following the conclusion of the preliminary investigation, criminal charges were filed and an investigating judge was appointed to lead a formal criminal investigation. To the extent so requested, the Group has cooperated and intends to continue to cooperate with the competent authorities in relation to this investigation. The Group has also taken the necessary legal action before the investigating judge in order to assert the Group's civil rights with respect to any damages the Group may have incurred as a result of any criminal offences committed. It is understood that, as part of the same investigation, a former senior executive of the Group, was charged for certain criminal offences, including receipt of bribes, and that in May 2009, was remanded in custody pending his trial for the same charge, until September 2009 when he was released. In connection with the same matter, OTE has filed a claim against Siemens AG before German Courts.

Maintenance contracts case. Following the conclusion of a preliminary investigation on the matter, an investigating judge (the 2nd Investigating Judge of Athens) was appointed to lead a formal criminal investigation into the potential perpetration of offences in connection with the propriety of a technical maintenance contract with three of OTE's suppliers. In June 2009, the investigating judge initiated criminal proceedings against members of OTE's Board of Directors and a member of OTE's senior management serving at the time of signing of the relevant contract, in 2004 and 2005, investigating alleged abuse of trust ("Apistia"). Three of these members, are still members of the current Board, whereas the member of OTE's senior management is currently the C.E.O. of ROMTELECOM. The above individuals have by this time testified in connection with the case by filing defense briefs and a decision is expected on whether an indictment is warranted. On December 27, 2009, the District Attorney of Athens proposed to the Judicial Council that, among others, OTE's CEO and the Chairman of OTE's Audit Committee shall be heard from a court. This proposal is a procedural step. The Judicial Council may cease the procedure, order further investigation or refer the case to a court hearing.

FINES OF HTPC AGAINST OTE S.A.:

On November 29, 2006, HTPC imposed a fine against OTE of total amount of Euro 3.0, due to violation of Number Portability Rules and Competition Rules. OTE has filed an appeal before the Athens Court of Appeals against this fine which partially accepted it reducing the fine to Euro 1.0. OTE has appealed against this decision before the Council of State. On July 26, 2007 HTPC imposed a fine amounting Euro 20.1, for alleged abuse of its dominant position in broadband market in the form

of margin squeeze. OTE has filed an appeal before the Athens Court of Appeals against this fine which was partially accepted reducing the fine to Euro 10.1. OTE has appealed against this decision before the Council of State.

On July 26, 2007, HTPC imposed a fine amounting Euro 4.0, for violations of the existing legislation concerning compliance with HTPC's cost control decisions for the year 2003, having as proof wholesale leased lines (including interconnection leased lines). OTE has filed an appeal before the Athens Court of Appeals against this fine which partially accepted it reducing the fine to Euro 2.5. OTE has appealed against this decision before the Council of State.

On July 26, 2007, HTPC imposed a fine amounting Euro 1.0 for violations in the existing legislation concerning breaches in the obligation to pay penalties for delivery delays and repair of leased lines. OTE has filed an appeal before the Athens Court of Appeals against this fine which partially accepted it reducing the fine to Euro 0.7. OTE has appealed against this decision before the Council of State.

On July 26, 2007, HTPC imposed a fine amounting Euro 1.25, for non-compliance with regard to OTE's obligations relating to the Local Loop Unbundling (L.L.U). OTE has filed an appeal before the Athens Court of Appeals against this fine which was heard on March 18, 2009, and a decision was issued reducing the fine to Euro 0.5. OTE has appealed against this decision before the Council of State.

On October 5, 2007, HTPC imposed a fine for a total amount of Euro 3.0 for alleged non-compliance with regard to OTE's obligations relating to the Local Loop Unbundling (L.L.U). Against this decision OTE has filed an appeal demanding its annulment which was heard before the Athens Administrative Court of Appeals on January 20, 2009 and the decision is pending. The payment to the fine has been suspended by a ruling of the Athens Administrative Court of Appeals pending the court's decision on OTE's appeal.

On July 4, 2008, HTPC with its relevant decisions imposed a fine, aggregating to Euro 1.0, for alleged late and improper provision of necessary information related to the combined service 'All in 1'. OTE appealed against these decisions before the Athens Administrative Court of Appeals requesting their annulment which appeal was accepted.

On July 4, 2008, HTPC imposed a fine, aggregating to Euro 2.0, for denial of providing information asked by HTPC. OTE has filed an appeal before the Athens Court of Appeals against this fine which partially accepted it reducing the fine to Euro 0.1.

On July 25, 2008, HTPC imposed a fine on OTE for an amount of Euro 9.0 for alleged obstacles to the business promotion of the "Double play" service by TELLAS S.A. (fixed telephony with fast Internet combination). OTE appealed against this decision before the Athens Administrative

Court of Appeals requesting its annulment. The appeal was heard on October 14, 2009, and the decision is pending.

On October 3, 2008, HTPC imposed a series of fines to OTE amounting to approximately Euro 11.0, alleging that OTE has only partially conformed with regard to its obligations relating to the Local Loop Unbundling (LLU). OTE appealed against this decision before the Athens Administrative Court of Appeal demanding its suspension, which was accepted by the Court.

On February 3, 2009, HTPC imposed a fine of Euro 2.0 to OTE, for the alleged refusal to provide the information requested for the purpose of price squeezing control over the price margins for voice telephony. OTE has appealed against this decision, before the Athens Administrative Court of Appeals. The appeal has been postponed and will be heard on May 12, 2010.

On March 17, 2009, HTPC imposed a fine of Euro 7.0 to OTE for allegedly delayed delivery of lease lines to Hellas On Line S.A. OTE has appealed against this decision, before the Athens Administrative Court of Appeals. The appeal has been postponed and was heard on January 21, 2010, and the decision is pending.

On March 17, 2009, HTPC imposed a fine of Euro 0.5 to OTE for non-compliance with its decision of provisional measures, regarding the delivery of leased circuits to Hellas On Line S.A. OTE has appealed against this decision, before the Athens Administrative Court of Appeals and the appeal was heard on January 21, 2010, and the decision is pending.

On April 8, 2009, HTPC imposed a fine of Euro 1.5 to OTE for allegedly delaying the provision of information requested from OTE for the purpose of the cost audit. OTE has appealed against this decision, before the Athens Administrative Court of Appeals. The appeal was heard on October 15, 2009 and the decision is pending.

On May 5, 2009, HTPC imposed a fine of Euro 2.0 to OTE for violation of telecommunications law and specifically on the Company's obligation, as a company with significant market power (SMP) in the relevant market, to maintain maximum price level at the retention fee for calls from subscribers of its network to subscribers of mobile network providers. OTE has appealed against this decision, before the Athens Administrative Court of Appeals. The appeal has been postponed and will be heard on May 13, 2010. Similarly, the above mentioned decision was announced to OTE again and OTE has appealed against it, before the Athens Administrative Court of Appeals and the appeal will be heard on June 9, 2010.

OTE has made appropriate provisions in relation to litigations and claims, when it is probable an outflow of recourses will be required to settle the obligations and it can be reasonably estimated.

B. COMMITMENTS

Capital commitments

The capital commitments at the reporting date which have not been recorded in the financial statements are as follows:

	GROUP		COMPANY	
	2009	2008	2009	2008
Property, plant and equipment	369.2	149.7	107.9	98.1

Operating commitments

Operating commitments at the reporting date for rentals, rights of use, repair and maintenance services and other services which have not been recorded in the financial statements are as follows:

	GROUP		COMPANY	
	2009	2008	2009	2008
Up to 1 year	107.5	113.5	8.1	9.5
1 to 5 years	303.8	239.6	32.4	37.9
Over 5 years	201.6	290.9	40.5	47.7

30. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

IFRS 7 "Financial Instruments: Disclosures" introduces additional disclosures in order to improve the quality of information provided in order to assess the importance of the financial instruments on the financial position of the Company and the Group. The Company and the Group are exposed to the following risks from the use of their financial instruments:

- a) Credit risk
- b) Liquidity risk
- c) Market risk

The following tables 15,16 compare the carrying amount of the Company's and Group's financial instruments to their fair value:

The fair value of cash and cash equivalents, trade receivables and trade accounts payable approximate their carrying amounts. The fair value of quoted shares and bonds is based on price quotations at the reporting date. The fair value of unlisted financial instruments is determined by discounting future cash flows.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuing technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

During the reporting period there were no transfers between level 1 and level 2 fair value measurement, and no transfers into and out of level 3 fair value measurement.

As at December 31, 2009, the Company and the Group held the follow-

ing financial instruments measured at fair value:

COMPANY	Fair value		Fair value hierarchy
	2009	2008	
Financial Assets			
Available-for-sale shares	14.0	10.8	Level 1
Available-for-sale mutual funds	2.3	2.2	Level 1
Other loans	89.3	117.5	Level 2

GROUP	Fair value		Fair value hierarchy
	2009	2008	
Financial Assets			
Available-for-sale shares	14.3	11.1	Level 1
Available-for-sale mutual funds	4.0	3.8	Level 1
Available-for-sale securities	5.8	5.7	Level 3
Held for trading bonds	3.2	3.1	Level 1
Other loans	89.4	71.3	Level 2
Derivative financial instruments	7.4	6.2	Level 2
Financial Liabilities			
Derivative financial instruments	4.3	3.9	Level 2

(Table 15)

COMPANY	Carrying Amount		Fair value	
	2009	2008	2009	2008
Financial Assets				
Available-for-sale	16.3	13.0	16.3	13.0
Held to maturity	-	106.6	-	107.8
Trade receivables	608.0	697.5	608.0	697.5
Loan to Auxiliary Fund	129.4	134.1	132.3	120.7
Other loans	89.3	117.5	89.3	117.5
Cash and cash equivalents	224.0	344.5	224.0	344.5
Financial Liabilities				
Long-term borrowings	2,930.1	3,288.2	3,035.1	3,143.9
Short-term borrowings	-	18.9	-	18.9
Trade accounts payable	373.1	526.1	373.1	526.1

(Table 16)

GROUP	Carrying Amount		Fair value	
	2009	2008	2009	2008
Financial Assets				
Available-for-sale	24.1	20.6	24.1	20.6
Held for trading	3.2	3.1	3.2	3.1
Held to maturity	8.1	112.2	8.1	113.4
Trade receivables	1,153.0	1,194.2	1,153.0	1,194.2
Loan to Auxiliary Fund	129.4	134.1	132.3	120.7
Other loans	89.4	71.3	89.4	71.3
Cash and cash equivalents	868.8	1,427.8	868.8	1,427.8
Derivative financial instruments	7.4	6.2	7.4	6.2
Financial Liabilities				
Long-term borrowings	5,385.7	5,409.6	5,520.0	5,094.3
Short-term borrowings	36.2	638.1	35.5	628.3
Trade accounts payable	813.2	943.9	813.2	943.9
Derivative financial instruments	4.3	3.9	4.3	3.9

a) Credit risk

Credit risk is the risk of financial loss to the Company and the Group if counterparty fails to meet its contractual obligations.

Maximum exposure to credit risk at the reporting date to which the Company and the Group are exposed is the carrying value of financial assets.

Trade receivables could potentially adversely affect the liquidity of the Company and the Group. However, due to the large number of customers and their diversification of the customer base, there is no concentration of credit risk with respect to these receivables. Concentration of risk is considered to exist for amounts receivable from the telecommunication service providers, due to their relatively small number and the high level of transactions they have with the Company and the Group. For this category the Company and the Group assess the credit risk following the established policies and procedures and have made the appropriate provision for impairment (Note 10).

The Company and the Group have established specific credit policies under which customers are analyzed for creditworthiness and there is an effective management of receivables in place both before and after they become overdue and doubtful. In monitoring credit risk, customers are grouped according to their credit risk characteristics, aging profile and existence of previous financial difficulties. Customers that are characterized as doubtful are reassessed at each reporting date for the estimated loss that is expected and an appropriate impairment allowance is established.

Cash and cash equivalents are considered to be exposed to a low level

of credit risk. The Company has adopted a "deposits policy" whereby funds are only deposited with banks that have a specified minimum rating by International Rating Agencies as to their creditworthiness; in addition, limits are set on the amounts deposited depending on the rating. To avoid concentrations of risks, the Company does not deposit more than 30% of available funds in any one bank.

Financial instruments classified as available-for-sale include listed shares, mutual funds and other securities, while financial instruments held to maturity include government bonds and other securities. The financial asset categories are not considered to expose the Company and the Group to a significant credit risk.

Loans include loans to employees which are collected either through the payroll or are netted-off with their retirement indemnities (Notes 9, 12 and 18) and loans and advances to Auxiliary Pension Fund mainly due to the Voluntary Leave Scheme (Note 18). The above mentioned loans are not considered to expose the Company and the Group to a significant credit risk.

b) Liquidity risk

Liquidity risk is the risk that the Company or the Group will not be able to meet their financial obligations as they fall due. Liquidity risk is kept at low levels by ensuring that there is sufficient cash on demand and credit facilities to meet the financial obligations when due. The Group's and the Company's available cash as at December 31, 2009 amounts to Euro 868.8 and Euro 224.0 respectively, their loans amounts to Euro 5,421.9 and Euro 2,930.1 respectively while the Group has a long-term credit (committed) line of Euro 350.0.

For the monitoring of liquidity risk, the Group prepares annual forecasted

cash flows when drafting the annual budget and monthly rolling forecasts for three months' cash flows, in order to ensure that it has sufficient cash reserves to service its financial obligations.

Below is an analysis of the undiscounted contractual payments of the Company and the Group:

The Group has excluded derivative financial instruments from the above analysis.

OTE has guaranteed its subsidiary's, OTE PLC, borrowing as follows:

- **As at December 31, 2009: Euro 5,400.**
- **As at December 31, 2008: Euro 6,000.**

COMPANY

December 31, 2009	Less than 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Intercompany loans (OTE PLC)	158.1	1,378.0	1,343.1	636.1	3,515.3
Trade accounts payable	373.1	-	-	-	373.1
Total	531.2	1,378.0	1,343.1	636.1	3,888.4
December 31, 2008	Less than 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Intercompany loans (OTE PLC)	177.7	177.7	3,064.6	672.2	4,092.2
European Investment Bank	20.5	-	-	-	20.5
Trade accounts payable	526.1	-	-	-	526.1
Total	724.3	177.7	3,064.6	672.2	4,638.8

GROUP

December 31, 2009	Less than 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Medium term bonds OTE PLC	245.1	2,395.1	1,607.9	1,619.3	5,867.4
Syndicated loan OTE PLC	30.8	33.8	448.7	-	513.3
Borrowings - Rom Telecom	8.4	9.1	16.9	12.6	47.0
Other Borrowings	3.3	-	-	-	3.3
Trade accounts payable	813.2	-	-	-	813.2
Total	1,100.8	2,438.0	2,073.5	1,631.9	7,244.2

December 31, 2008	Less than 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Medium term bonds OTE PLC	872.3	245.1	3,925.4	1,696.9	6,739.7
Syndicated loan OTE PLC	21.4	46.8	508.3	-	576.5
Borrowings - Rom Telecom	16.8	8.2	21.5	15.1	61.6
European Investment Bank	20.5	-	-	-	20.5
Other Borrowings	5.3	2.0	-	-	7.3
Trade accounts payable	943.9	-	-	-	943.9
Total	1,880.2	302.1	4,455.2	1,712.0	8,349.5

c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will result in fluctuations of the value of the Group's and the Company's financial instruments. The objective of market risk management is to manage and control exposure within acceptable levels.

The individual risks that comprise market risk are described in further detail and the Company and the Group's policies for managing them are as follows:

i. Interest rate risk

Interest rate risk is the risk that payments for interest on loans fluctuate due to changes in interest rates. Interest rate risk mainly applies to long-term loans with variable interest rates.

The hedging of interest rate risk is managed through having a combination of fixed and floating rate borrowings as well as with the use of interest rate swap agreements.

As at December 31, 2009, the ratio of fixed loans to floating loans for the Group was 91%/9% (2008: 81%/19%). The analysis of borrowings by type of the interest rate is as follows:

	GROUP		COMPANY	
	2009	2008	2009	2008
Variable interest rate	503.3	1,099.3	-	-
Fixed interest rate	4,918.6	4,948.4	2,930.1	3,307.1
Total	5,421.9	6,047.7	2,930.1	3,307.1

The following tables demonstrate the sensitivity to a reasonable possible change in interest rates on loans, deposits and derivatives to the income statement and equity.

Sensitivity to an interest rates increase of 1%:

	GROUP		COMPANY	
	2009	2008	2009	2008
Profit before tax	4.7	3.3	2.2	3.5
Equity	-	3.0	-	-

If interest rates were to decrease by 1%, the impact would be similar and opposite to the analysis above.

ii. Foreign currency risk

Currency risk is the risk that the fair values or the cash flows of a financial instrument fluctuate due to foreign currency changes.

The Group operates in Southeastern Europe and as a result is exposed to currency risk due to changes between the functional currencies and other currencies. The main currencies within the Group are the Euro, Ron (Romania) and the Lek (Albania). The following table demonstrates the sensitivity to a reasonably possible change in the functional currency exchange rate, with all other variables held constant, of the Group's profit before

tax (due to changes in the fair value of monetary assets and liabilities):

	Effect on profit before tax	
	2009	2008
Change in functional currency exchange rate		
+10%	12.4	7.2
-10%	(12.4)	(7.2)

As of December 31, 2009, COSMOTE ROMANIA had Euro 500.0 loans payable to COSMOTE (December 31, 2008 Euro 400.0) which are treated as part of the net investment of the foreign operation as settlement is neither planned nor probable in the foreseeable future.

Capital Management

The primary objective of the Group's and the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratio in order to support its business and maximize shareholder value.

The Group and the Company manage their capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

An important means of managing capital is the use of the gearing ratio (ratio of net debt to equity) which is monitored at a Group level. Net Debt includes interest bearing loans, less cash and cash equivalents and other financial assets.

The table below shows an increase in the gearing ratio in 2009 compared to 2008 due to a decrease in cash and cash equivalents, as well as a reduction in equity due to foreign exchange losses and the acquisition of non-controlling interests of AMC which was recorded in equity (see Note 8):

GROUP	December 31	
	2009	2008
Net debt		
Borrowings	5,421.9	6,047.7
Cash and cash equivalents	(868.8)	(1,427.8)
Other financial assets	(35.4)	(135.9)
Net debt	4,517.7	4,484.0
Equity	1,979.7	2,173.2
Gearing ratio	2.28x	2.06x

31. RECLASSIFICATIONS

In the consolidated statement of financial position as of December 31, 2008, amounts of Euro 5.6 which was included in "Goodwill" and Euro 5.5 which was included in "Other intangible assets", have been reclassified to "Assets classified as held for sale" as they concern COSMOFON which was sold in May 2009.

In the consolidated income statement for the year ended December 31 2008, an amount of Euro 27.1 which was included in "Charges from international operators" was reclassified to "Other operating expenses".

In the consolidated and separate cash flow statements for the year ended December 31, 2008, the amount reflected in "Other provisions" has been analyzed and reflected in "Provisions for doubtful accounts" and "Other Provisions". In addition, the amount reflected in "Decrease in liabilities (except borrowings)" has been analyzed and reflected in "Payment of early retirement programs", "Payment of staff retirement indemnities and youth account, net of employees' contributions" and "(Decrease) in liabilities (except borrowings)".

32. EVENTS AFTER THE FINANCIAL POSITION DATE

The most significant events after December 31, 2009 are as follows:

Stock option plan

On January 28, 2010, OTE's Board of Directors decided on and approved granting 1,259,078 Additional Options to the executives of OTE and its subsidiaries, 672,018 Basic Options to the executives of OTE and 333,780 Basic and 2,403,560 Additional Options to the executives of COSMOTE Group for the year 2009.

IKA-ETAM

By his letter dated January 19, 2010, the Minister of Labor and Social Security informed OTE that IKA-ETAM has incurred significant deficits attributable to the incorporation of the pension segment of TAP-OTE from August 1, 2008 into IKA-ETAM, and that further deficits are also anticipated for 2010. In his letter the Minister further explained that such deficits are currently covered primarily by the Hellenic State and partially absorbed by IKA-ETAM, he indicated that OTE should also contribute funds towards these deficits and requested a meeting with OTE's Chief Executive Officer in order to discuss the relevant issues. The meeting was held on January 26, 2010 where the two parties agreed to establish a committee to discuss the issues raised. A first meeting of this committee took place on February 11, 2010 and OTE requested the Ministry of Labor and Social Security's ("Ministry") official positions in writing. On February 23, 2010, the Ministry formally advised OTE that as a result of the Voluntary Leave Scheme it has estimated that IKA-ETAM has foregone contributions and pensions of approximately Euro 340.0. Furthermore, it also notes that the relevant outstanding contributions currently paid by

OTE on a monthly basis, should be settled in full.

OTE is further examining the Ministry's position, however, its view is that this position is unsubstantiated, given that OTE has fulfilled and continues to fulfil in their totality all the financial obligations it has towards all social security funds, paying all contributions, as they are due, both in the context of its normal course of business, as well as the ones related to the company's voluntary retirement plans, strictly following all relevant laws, rules and regulations.

ROMTELECOM's restructuring plan

On February 17, 2010, by virtue of a decision by the ROMTELECOM's CEO, ROMTELECOM announced the restructuring of the Access Network Directorate, Operations Corporate Group. As part of this restructuring plan, 600 positions are expected to become redundant. ROMTELECOM is in the process of calculating the related redundancy costs, which will be charged to the 2010 income statement.

Chapter 5

Financial Data and Information

HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A.

AR.MAE 347/06/B86/10

REGISTERED OFFICE: 99 KIFFISIAS AVE - 15124 MAROUSI, ATHENS

**FINANCIAL DATA AND INFORMATION FOR THE PERIOD FROM
JANUARY 1, 2009 TO DECEMBER 31, 2009**

(Published in accordance with law 2190/1920, art.135 for Companies preparing annual consolidated and separate financial statements, in accordance with I.F.R.S.)

The purpose of the following information and financial data is to provide

users with general financial information about the financial position and the results of operations of HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A ("Company") and the OTE Group ("Group"). Therefore, we recommend the users of the financial data and information, before making any investment decision or proceeding to any transaction with the Group or the Company, to obtain the necessary information from the website, where the consolidated and separate financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the E.U., are available, together with the auditors' report, when required.

Supervising Authority: Ministry of Development, Societe Anonyme and Credit Division Company's Web Site: www.ote.gr

Date of approval of financial statements from the Board of Directors: February 24, 2010

The Certified Auditors: Chris Pelendridis - George Anastopoulos
Auditing Company: ERNST & YOUNG (HELLAS) Certified Auditors Accountants S.A.

Type of Auditor's Opinion: Unqualified

Composition of the Board of Directors:

- 1. Panagis Vourloumis, Chairman and Managing Director - Executive Member**
- 2. Haralambos Dimitriou, Vice - Chairman, Non - Executive Member**
- 3. Kevin Copp, Executive Member**
- 4. Guido Kerkhoff, Non - Executive Member**
- 5. Rainer Martin Maximilian Rathgeber, Non - Executive Member**
- 6. Iordanis Aivazis, Executive Member**
- 7. Leonidas Evangelidis, Independent, Non - Executive Member**
- 8. Konstantinos Michalos, Independent, Non - Executive Member**
- 9. Ioannis Benopoulos, Independent, Non - Executive Member**
- 10. Panagiotis Tabourlos, Independent, Non - Executive Member**

DATA FROM STATEMENT OF FINANCIAL POSITION (CONSOLIDATED AND SEPARATE) Amounts in millions of Euro

	GROUP		COMPANY	
ASSETS	31.12.2009	31.12.2008	31.12.2009	31.12.2008
Property, plant and equipment	5.625,1	5.872,8	2.026,7	2.191,5
Intangible assets	1.434,6	1.405,3	2,5	3,0
Other non current assets	692,4	758,6	5.194,2	5.384,9
Inventories	229,1	201,3	31,1	32,2
Trade receivables	1.153,0	1.194,2	608,0	697,5
Other current assets	291,0	397,5	125,0	219,4
Assets classified as held for sale	-	167,7	-	-
Cash and cash equivalents	868,8	1.427,8	224,0	344,5
TOTAL ASSETS	10.294,0	11.425,2	8.211,5	8.873,0
EQUITY AND LIABILITIES				
Share capital	1.171,5	1.171,5	1.171,5	1.171,5
Other equity items	50,5	140,4	2.273,0	2.352,5
Equity attributable to shareholders of the parent (a)	1.222,0	1.311,9	3.444,5	3.524,0
Non-controlling interests (b)	757,7	861,3	-	-
Total equity (c) = (a) + (b)	1.979,7	2.173,2	3.444,5	3.524,0
Long-term borrowings	5.385,7	5.409,6	2.930,1	3.288,2
Provisions / Other non current liabilities	850,3	839,7	678,8	668,7
Short-term borrowings	36,2	638,1	-	18,9
Other current liabilities	2.042,1	2.348,1	1.158,1	1.373,2
Liabilities directly associated with the assets classified as held for sale	-	16,5	-	-
Total liabilities (d)	8.314,3	9.252,0	4.767,0	5.349,0
TOTAL EQUITY AND LIABILITIES (c) + (d)	10.294,0	11.425,2	8.211,5	8.873,0

DATA FROM STATEMENT OF COMPREHENSIVE INCOME (CONSOLIDATED AND SEPARATE) Amounts in millions of Euro

	GROUP		COMPANY	
	01.01- 31.12.2009	01.01- 31.12.2008	01.01- 31.12.2009	01.01- 31.12.2008
Total revenue	5,984.1	6,407.3	2,412.4	2,589.7
Profit before taxes, investment and financial activities	1,000.9	1,057.7	306.5	312.2
Profit before tax	780.7	844.0	412.1	446.5
Profit after tax (A)	400.7	597.8	277.5	363.3
Attributable to:				
- Owners of the parent	404.0	601.8	277.5	363.3
- Non controlling interests	(3.3)	(4.0)	-	-
Other comprehensive income / (loss) after tax (B)	(175.4)	(276.4)	3.4	(32.7)
Total comprehensive income after tax (A)+(B)	225.3	321.4	280.9	330.6
Attributable to:				
- Owners of the parent	276.8	417.4	280.9	330.6
- Non controlling interests	(51.5)	(96.0)	-	-
Basic earnings per share (in €)	0.8242	1.2278		
Proposed dividend per share (in €)	0.50	0.75	0.50	0.75
Profit before taxes, investment, financial activities and depreciation and amortization	2,156.2	2,270.7	730.9	777.2

DATA FROM STATEMENT OF CHANGES IN EQUITY (CONSOLIDATED AND SEPARATE) Amounts in millions of Euro

	GROUP		COMPANY	
	31.12.2009	31.12.2008	31.12.2009	31.12.2008
Total equity at the beginning of the year (01.01.2009 and 01.01.2008)	2,173.2	3,054.6	3,524.0	3,549.0
Total comprehensive income after tax	225.3	321.4	280.9	330.6
Share-based payments	7.2	12.0	7.2	12.0
Dividends	(367.6)	(367.6)	(367.6)	(367.6)
Net change of participation in subsidiaries	(48.4)	(847.2)	-	-
Obligation to acquire non-controlling interests	(10.0)	-	-	-
Total equity at the end of the year (31.12.2009 and 31.12.2008)	1,979.7	2,173.2	3,444.5	3,524.0

DATA FROM STATEMENT OF CASH FLOWS (CONSOLIDATED AND SEPARATE) Amounts in millions of Euro

	GROUP		COMPANY	
	01.01- 31.12.2009	01.01- 31.12.2008	01.01- 31.12.2009	01.01- 31.12.2008
Cash flows from operating activities				
Profit before tax	780.7	844.0	412.1	446.5
Adjustments for:				
Depreciation and amortization	1,155.3	1,213.0	424.4	465.0
Share-based payment	7.2	12.0	2.9	6.5
Cost of early retirement program	(30.3)	50.2	(38.9)	12.2
Provisions for staff retirement indemnities and youth account	95.5	112.6	90.2	108.3
Other provisions	-	2.1	-	0.8
Provisions for doubtful accounts	107.0	119.8	28.0	75.5
Foreign exchange differences, net	(10.2)	(11.8)	(2.7)	6.0
Interest income	(61.6)	(72.3)	(17.4)	(36.3)
Dividend income, (gains) / losses and impairment of investments	(33.2)	(45.9)	(311.3)	(298.8)
Release of EDEKT fund prepayment	35.2	35.2	35.2	35.2
Interest expense	325.2	343.7	225.8	194.8
Working capital adjustments:				
Decrease / (increase) in inventories	(27.3)	(9.2)	1.1	4.8
Decrease / (increase) in accounts receivables	(75.7)	(123.4)	39.9	(42.8)
(Decrease) in liabilities (except borrowings)	(72.1)	(91.7)	(92.0)	(31.5)
Plus/ (Minus):				
Payment of early retirement programs. Payment of staff retirement indemnities and youth account, net of employees' contributions	(130.3)	(91.6)	(121.7)	(53.6)
Interest and related expenses paid	(276.4)	(212.9)	(208.4)	(103.1)
Income taxes paid	(299.3)	(240.2)	(83.7)	(82.8)
Settlement of receivables due from disposed subsidiaries	16.6	-	-	-
Net cash flows from operating activities (a)	1,418.0	1,757.6	296.4	632.8
Cash flows from investing activities				
Acquisition of non-controlling interest and participation in subsidiaries' share capital increase	(48.4)	(849.4)	-	(852.4)
Acquisition of subsidiary net of cash acquired	(197.8)	-	-	-
Purchase of financial assets	(308.0)	(138.0)	(290.6)	(132.3)
Sale or maturity of financial assets	412.2	46.8	397.3	25.7
Loans granted	-	(1.3)	-	(1.3)
Repayments of loans receivable	9.7	-	55.9	-
Loans proceeds in conjunction with disposal of subsidiaries	78.5	-	-	-
Purchase of property, plant and equipment and intangible assets	(890.9)	(964.0)	(272.6)	(300.7)
Proceeds from disposal of subsidiaries	86.1	24.0	-	20.9
Interest received	61.6	66.7	14.6	27.6
Dividends received	6.9	9.2	308.4	285.3
Return of capital invested in subsidiary	-	-	116.2	-
Settlements of other current liabilities	(168.5)	-	-	-
Net cash flows from / (used in) investing activities (b)	(958.6)	(1,806.0)	329.2	(927.2)
Cash flows from financing activities				
Proceeds from non-controlling interests for their participation in subsidiary's share capital increase	-	16.9	-	-
Proceeds of loans granted and issued	-	2,705.5	-	2,735.0
Repayment of loans	(637.1)	(2,183.4)	(378.9)	(2,187.5)
Dividends paid to Company's owners	(367.2)	(367.8)	(367.2)	(367.8)
Dividends paid to non-controlling interests	(1.2)	(5.9)	-	-
Net cash flows from / (used in) financing activities (c)	(1,005.5)	165.3	(746.1)	179.7
Net increase / (decrease) in cash and cash equivalents (a) + (b) + (c)	(546.1)	116.9	(120.5)	(114.7)
Cash and cash equivalents at the beginning of the year	1,427.8	1,316.3	344.5	459.2
Net foreign exchange differences	(14.8)	(3.5)	-	-
Cash and cash equivalents classified as held for sale/disposed of	1.9	(1.9)	-	-
Cash and cash equivalents at the end of the year	868.8	1,427.8	224.0	344.5

ADDITIONAL DATA AND INFORMATION

- 1) The companies which are included in the annual financial statements (consolidated and separate), their country, the Group's participating interest (direct and indirect) and the method of consolidation, are presented in Notes 1 and 8 of the financial statements.
- 2) The fiscal years that are unaudited by the tax authorities for the Company and the Group's subsidiaries are presented in Note 21 of the financial statements.
- 3) The main restructuring events concerning the Group and the Company that occurred during 2009 are presented below:
 - a. On April 27, 2009 COSMOTE (100% OTE's subsidiary) acquired a further 12.58% of AMC for an amount of € 48.4 million. As a result, COSMOTE now holds 95% of AMC (directly and indirectly via its 97% subsidiary COSMOHOLDING ALBANIA). This event is presented in Note 8 of the financial statements.
 - b. On March 4, 2009, the Hellenic State and IKA-ETAM signed a transfer agreement of 19,606,015 ordinary shares held by the Hellenic State to IKA-ETAM without cash consideration. These shares represent 4% of OTE's share capital. The fair value of the transaction was set at Euro 10.30 per share. The total fair value of the transferred shares amounts to € 201.9 million and is included in the 2009 income statement. This event is presented in Note 18 of the financial statements.
 - c. On May 15, 2009 the L. 3762/ FEK A 75/ 15.5.2009 was enacted according to which: OTE's employees who i) have submitted a written application for participating in the Voluntary Leave Scheme, within the deadlines defined in par.2, article 74 of L.3371/2005 and ii) do not submit an irrevocable application that would recall the initial submitted application within one (1) month from the law's enactment, are retired based on the article 74 of L. 3371/2005 within three (3) months from the expiration of the deadline. This event is presented in Note 18 of the financial statements.
 - d. On May 12, 2009, the transfer of 100% of COSMOFON through the sale of COSMOTE's wholly owned subsidiary, OTE MTS HOLDING B.V., as well as GERMANOS TELECOM AD SKOPJE (GTS) to Telekom Slovenije was completed. COSMOFON and GERMANOS TELECOM SKOPJE are included in the consolidated financial statements until the date the Group ceased to control those companies (May 12, 2009). The effect on the consolidated financial statements is presented in Note 8.
 - e. On July 1, 2009 OTE announced that its subsidiary COSMOTE signed on June 30, 2009 a share purchase agreement for the acquisition of TELEMobil S.A.(ZAPP) in Romania. The acquisition which was subject, among other conditions, to the approval of the relevant Romanian authorities, was completed on October 31, 2009. The consideration paid for the acquisition of ZAPP was Euro 67.5, while COSMOTE undertook ZAPP's borrowings amounting to Euro 129.6 million. This event is presented in Note 8 of the financial statements.
 - f. On August 6, 2009 COSMOTE established its 100% subsidiary Cosmoholding Romania Ltd, a holding company located in Cyprus whose aim was the acquisition of the Romanian mobile communication company, TELEMobil SA (ZAPP). This event is presented in Note 8 of the financial statements.
 - g. In October 2009, E-VALUE S.A., GERMANOS' S.A. 100% subsidiary, established the Greek company E-VALUE LTD. The object of the company is the provision of services regarding overdue accounts. This event is presented in Note 8 of the financial statements.
 - h. On December 31, 2009, COSMOTE acquired MICROSTAR Ltd's interest in COSMOHOLDING CYPRUS (10% of the share capital) for a total amount of € 168.5 million. Therefore, as of December 31, 2009, COSMOTE's participation in COSMOHOLDING CYPRUS, amounted to 100%. This event is presented in Note 22 of the financial statements.
- 4) The outcome of pending litigation and claims is not expected to have a material impact on the financial statements. The amount of provisions that have been established as of December 31, 2009 for litigations and other risks, as well as for unaudited tax years are as follows: a) for the Group € 109.8 million and € 38.3 million respectively and b) for the Company € 108.8 million and € 14.3 million respectively.
- 5) Number of employees at the end of the year: Group 32,864 (31.12.2008: 33,610), Company 11,369 (31.12.2008: 12,056).
- 6) Other comprehensive income (after tax) which was recognized directly in equity for the Group, relates to foreign currency translation and fair value difference from the valuation of available for sale investments and the impact of cash flow hedge. As for the Company relates to the fair value difference of available for sale securities.
- 7) Effective February 6, 2009, the financial statements are included in the consolidated financial statements of DEUTSCHE TELEKOM AG (full consolidation method), which has its registered office in Germany and holds a 30.00% plus one share interest in OTE.
- 8) The Company's transactions with its related parties as defined in IAS 24, are analyzed as follows: Sales and purchases of goods and services for the year 2009, amounted to € 208.2 million and € 324.3 million, respectively. Interest income and expense for the year 2009 amounted to € 1.1 million and € 179.6 million respectively. The outstanding balance of receivables and payables from/to related parties as of December 31, 2009 derived from current transactions amounted to € 100.1 million and € 143.5 million, respectively. The outstanding balance of payables to related parties from the loans granted amounted to € 3,038.2 million. Fees paid to the members of the Board of Directors of the Company and the Company's key management personnel compensation charged to the Income Statement for the year 2009, amount to € 5.0 million. Based on OTE's share option plan, until December 31, 2009, 999,230 stock options have been granted to key management personnel. At Group level sales and purchases of goods and services, between related parties which are not eliminated, for the year 2009 amounted to € 22.0 million and € 13.0 million, respectively. The outstanding balance of receivables and payables, between related parties which are not eliminated, as of December 31, 2009 derived from operating transactions amounted to € 10.1 million and € 6.4 million, respectively.
- 9) Basic earnings per share were calculated based on the weighted average number of shares outstanding.
- 10) There have been reclassifications with no impact on the prior year equity or results of the Group and the Company. These reclassifications are presented in Note 31 of the financial statements.
- 11) The most significant events that have occurred after December 31, 2009 are presented in the Note 32 of the financial statements.

Athens, February 24, 2010

CHAIRMAN AND
MANAGING DIRECTOR

VICE CHAIRMAN

CHIEF FINANCIAL OFFICER

CHIEF ACCOUNTING OFFICER

PANAGIS VOURLIOMIS
I.D. Number N 032981

CHARALAMBOS DIMITRIOU
I.D. Number M 092359

GEORGE MAVRAKIS
I.D. Number T 004893

KONSTANTINOS VASILOPOULOS
I.D. Number Π 529399
License Number 032033

Chapter 6

Information

Pursuant to article 10 of law 3401/2005

The table below incorporates by reference the information of Article 10 of Law 3401/2005 regarding the company, its shares and the securities market, which have been published and made available to the public dur-

ing year 2009, as well as during the first months of 2010, in compliance with its obligations under Community and National Legislation.

General Shareholder Assemblies' Resolutions

10/07/2009	Repeated AGM Resolutions.
25/06/2009	AGM Resolutions.
6/02/2009	Additional announcement regarding the EGM.
6/02/2009	Resolutions of Extraordinary General Assembly of February 6, 2009.
Location on the company's website: www.ote.gr/ Investor Relations/ Newsroom	

Invitations to General Shareholder Assemblies

25/6/2009	Invitation for the Repeated 57th AGM to be held on July 7, 2009.
2/6/2009	AGM Invitation- Invitation to the 57th Ordinary General Meeting to be held on June 24, 2009.
16/3/2009	Invitation of Extraordinary General Assembly of shareholders.
14/1/2009	Extraordinary General Assembly Invitation.
Location on the company's website: www.ote.gr/ Investor Relations/ Newsroom	

Dividends

25/6/2009	Dividend for fiscal year 2008.
Location on the company's website: www.ote.gr/ Investor Relations/ Newsroom	

Corporate Actions

12/10/2009	Announcement of regulated information in accordance with law 3340/2005 and law 3556/2007-Mr Konstantinos Ploumpis member of the management of OTE SA, sold 3.800 shares of OTE SA on October 9, 2009.
5/08/2009	Announcement of regulated information- DEUTSHE TELEKOM, where Mr Hamid Akhavan and Mr Guido Kerkhoff members of the Board of management and Mr Kevin Copp senior executive vice-president, on July 31, 2009 purchased 24,507,519 shares of OTE SA. Mr Hamid Akhavan Mr Guido Kerkhoff and Mr Kevin Copp are also members of OTE SA Board of Directors.
5/08/2009	Announcement of regulated information in accordance with l. 3556/2007- Following an acquisition of shares and voting rights, the participation of DEUTSHE TELEKOM in OTE SA's share capital and total voting rights stands at 30.0000002%.
5/08/2009	Announcement of regulated information in accordance with l. 3556/2007- Following a disposal of shares and voting rights HELLENIC REPUBLIC's participation in OTE SA's total voting rights stands at 20.00000045%.
1/07/2009	Cosmote signs agreement for the acquisition of ZAPP.
13/05/2009	COSMOFON and Germanos Telekom Skopje sale completion.
8/05/2009	Announcement of regulated information in accordance with law 3340/2005 and law 3556/2007-Mr Nikolaos Skorinis husband of Mrs Xeni Skorini member of OTE SA Board of Directors, purchased 5000 shares of OTE SA on May 8, 2009.
27/04/2009	Cosmote completes the acquisition of a 12.6% stake in AMC.
30/03/2009	Sale of COSMOFON.
12/02/2009	Cosmote acquires an additional 12.6% stake in AMC.
27/01/2009	Announcement-The Hellenic Telecommunications Organization announces that the Regulated information announcement on January 26, 2009 is not correct.
26/01/2009	Announcement of regulated information in accordance with law 3340/2005 and law 3556/2007-Mr Nikolaos Pyrgelis member of the management of OTE SA, purchased 500 shares of OTE SA on January 22, 2009.
Location on the company's website: www.ote.gr/ Investor Relations/ Newsroom	

Press Releases

19/02/2010	New member in OTE BoD.- Mr Hamid Akhavan, member of OTE BoD submitted his resignation and Mr Rainer Rathgeber was elected in replacement.
18/02/2010	Q409 Results announcement details.
4/02/2010	2009 Fourth Quarter Results under IFRS to be released on February 25, 2010
28/01/2010	Chief Compliance Officer in OTE Group.-Mr Aristodimos Dimitriadis assumed the position of Chief Compliance Officer in OTE Group, on January 18, 2010.
20/01/2010	Response to ASE's Question concerning obligations of OTE towards the IKA pension fund-.
13/01/2010	New CEO in OTE Estate-Since January 11, 2010 Mrs Christini Spanoudaki holds the position of Chief Executive Officer of OTE Estate.

17/12/2009	2009 EXTEL Investor Relations award for the OTE Chief Operating Officer.
23/10/2009	Q309 Results announcement details.
22/10/2009	Completion of the voluntary retirement of 601 employees under the VRS Program of 2005-2006.
15/10/2009	2009 Third Quarter Results under IFRS to be released on November 5, 2009.
4/09/2009	Change of Chief Internal Audit Officer-Mrs Maria Rontogianni assumes the position of Chief Internal Audit Officer as of September 7, 2009. Mr Kosmas Liaros is leaving the company.
13/08/2009	Change of Chief Financial Officer.
4/08/2009	HELLAS SAT signs an agreement for the provision of satellite TV Services.
30/07/2009	Q209 Results announcement details.
10/07/2009	New BoD member in Cosmote.
26/06/2009	Changes in Cosmote's BoD.
9/06/2009	Resignation of OTE BoD member.
3/06/2009	Award for the 2007 Annual Report.
14/05/2009	Set-up of a new position in OTE Group.
4/05/2009	Q109 Results announcement details.
24/04/2009	2009 First Quarter results under IFRS to be released on May 7, 2009.
26/03/2009	New BoD member.
23/03/2009	OTE announces new time for its full year 2008 results conference call on March 27, 2009.
18/03/2009	Q408 Results announcement Details.
12/03/2009	Financial Calendar 2009.
25/02/2009	2008 Fourth Quarter Results under IFRS to be released on March 27, 2009.
6/02/2009	Composition of the Board of Directors.
9/01/2009	Cancelation of EGM 8/1/2009.

Location on the company's website: [www.ote.gr/ Investor Relations/ Newsroom](http://www.ote.gr/Investor%20Relations/Newsroom)

Insiders' Transactions according to L3340/2005 and 3/347/12.7.2005 Decision of the Hellenic Capital Market Commission

Location on the company's website: [www.ote.gr/ Investor Relations/Corporate Governance/Transparency and Information Disclosure/ Transactions](http://www.ote.gr/Investor%20Relations/Corporate%20Governance/Transparency%20and%20Information%20Disclosure/Transactions)
 Notifications in compliance with L3340/2005

Financial Results

5/11/2009	OTE announces Q309 Financial Results under IFRS-OTE Group reports 2009 Third Quarter Results under IFRS.
6/08/2009	OTE announces Q209 Financial Results under IFRS- OTE Group reports 2009 Second Quarter results under IFRS.
7/05/2009	Q109 Financial Results-OTE Group reports 2009 First Quarter results under IFRS.
27/03/2009	OTE Q4 08 and Full Year Financial Results under IFRS-OTE Group reports 2008 Fourth Quarter and Full Year results under IFRS-.

Location on the company's website: [www.ote.gr/ Investor Relations/ Newsroom](http://www.ote.gr/Investor%20Relations/Newsroom)

IFRS Reports- Figures and Information

5/11/2009	Financial Data and Information in accordance with IFRS-Third Quarter 2009.
5/11/2009	Financial Statements in accordance with IFRS -Interim Condensed Financial Statements (01/01/09-30/09/09).
6/08/2009	Financial Data and Information in accordance with IFRS-Second Quarter 2009.
6/08/2009	Financial Statements in accordance with IFRS -OTE Six Months Financial Report 30.06.09.
7/05/2009	Financial Data and Information in accordance with IFRS-First Quarter 2009.
7/05/2009	Financial Statements in accordance with IFRS -First Quarter 2009.
27/03/2009	Financial Data and Information in accordance with IFRS-Fourth Quarter 2008.
27/03/2009	Financial Statements in accordance with IFRS - Annual Financial Report 2008.

Location on the company's website: [www.ote.gr/ Investor Relations/ Financial Results/ Financial Statements of OTE Group and OTE S.A.](http://www.ote.gr/Investor%20Relations/Financial%20Results/Financial%20Statements%20of%20OTE%20Group%20and%20OTE%20S.A.)

Note: The financial statements, the independent Auditor's Report and the Annual Reports of the Board of Directors can be found at the web page [www.ote.gr/Investor Realians](http://www.ote.gr/Investor%20Realians) / Financial Result / Financial Statements of OTE Group Companies and are available both in English and Greek.

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