OUR ACTIVITIES IN 2014

TECHNOLOGICAL DEVELOPMENT BASED ON NEXT GENERATION NETWORKS

OTE Group has the largest fixed-line and mobile telephony subscriber base in Greece. In order to ensure that it provides top quality services and the best-in-class customer experience, the Group focuses on the continuous development and evolution of its networks and infrastructure, by utilizing state-of-the-art and most up-to-date technologies.

The Group's investments are aimed, as regards OTE, at transforming the existing fixed-line TDM network into an integrated Next Generation Network (NGN), as well as the development of an NGA (FTTx) network; as regards COSMOTE, it is to expand 4G coverage and to continue to implement the Single Radio Access Network (SRAN) Project. The goal of these investments is to maintain OTE and COSMOTE's technological competitive edge, while placing priority on customer trust.

OTE is the main telecom provider in Greece building an NGA network with FTTC (Fiber To The Cabinet), and thus offers the most extended VDSL availability in the country. COSMOTE was the first to introduce 4G service in Greece and today it offers the greatest 4G coverage nationwide.

The architecture of the NGN network, which is based on IP technologies, allows for the automated control from a central location and can support existing and new infrastructure. Likewise, the IMS network architecture, on which New Generation Networks are based, allows for the convergence of fixed-line and mobile telephony, and the provision of new services.

2014 AT A GLANCE

> Upgrade of fixed-line networks

NGA (FTTx): Development of an NGA network in various regions of Greece and expansion of the commercial availability of VDSL services

OTE has been developing an NGA network by placing fiber optic cable to the access network close to the subscriber (FTTC) and installing MSAN/VDSL2 equipment (both at local exchanges and at cabinets) in order to offer broadband services at speeds of up to 50Mbps.

In 2014, 12 new BNG nodes were installed, to gather VDSL traffic.

The table below depicts the development of the NGA network, in numbers, for the period 2013-2014.

OTE is the main telecom provider in Greece developing an NGA network with FTTC (Fibre To The Cabinet)

NGA network development statistics	End of 2013	End of 2014
VDSL Number of OTE exchanges with VDSL services availability	277	427
Number of KVs with VDSL services availability	8,940	9,972
Commercially available cabinets offering VDSL services (FTTC)	1,902	3,300

ADSL: Network quality upgrade and expansion

OTE has been utilizing Ethernet technology (ETH DSLAM at 50 new PoPs in 2014), while at the same time greatly restricting the use of ATM technology through the dismantling of 203 DSLAMs in 2014.

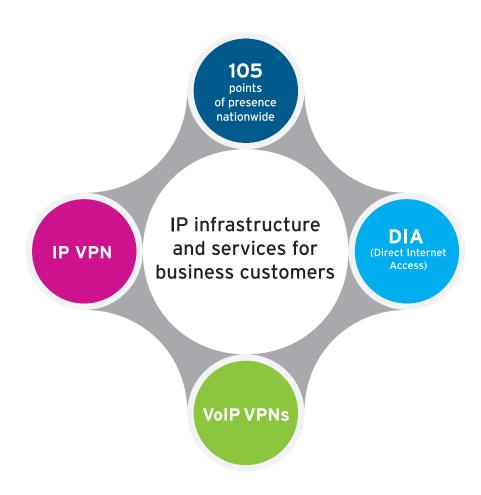In 2014, the installed ADSL ports came to 1,827,000.

Local Loop

In late 2014, there were 2,020,023 local loops with shared and fully unbundled local loop access, compared to 1,911,570 in 2013. During the same period, the number of local exchanges with active physical collocation was 174; the number with active remote collocation was 785; and the number of local exchanges with both active Remote and Physical Collocation was 55.

IP Network: Upgrade of the IP core network

OTE's IP infrastructure:
- Consists of 105 points of presence nationwide
- Offers IP VPN, VoIP VPNs & Direct Internet Access (DIA) services to business/corporate customers
- Supports all broadband and IP services (wholesale and retail)
- Includes BRAS systems (at 15 points of presence) and BNG systems for use by residential and corporate broadband customers. The IP Core network consists of 6 points of presence throughout Greece (the network's node connections are carried out exclusively through n x 10 Gbps circuits).

105 points of presence nationwide

IP VPN

IP infrastructure and services for business customers

DIA (Direct Internet Access)

VoIP VPNs

TECHNOLOGICAL DEVELOPMENT BASED ON NEXT GENERATION NETWORKS

In 2014 the IP network was upgraded through an increase in the capacity of the links between nodes, as well as the links with countries outside Greece (increased interconnection through OTEGLOBE for international Internet at 280 Gbps and optimization of their distribution to the IP core routers). Moreover, 9 BNG nodes were installed in order to replace Metro Ethernet nodes and BRAS functionality.

IMS Network

In 2014, an upgrade of its Software Release Version was carried out and new services were added to the IMS system for the transition of telephony services from Digital Exchanges (TDM) to VoIP (IMS).

The IMS network consists of 16 points of presence, two of which are central (IMS Core). It facilitates the provision of VoIP services to the SYZEFXIS project, as well as to OTE residential and corporate customers.

In 2014, the transition of residential and corporate customers using MSAN continued. By the end of the year, 85,000 SIP Trunk type connections and 18,000 telephone connections had been installed using MSAN.

❯ Upgrade of fixed-line infrastructure and equipment

By the end of 2014, the following investments had been made in infrastructure and equipment:

- in 427 telecommunications Central Offices, which cover most of the country's urban Central Offices, offering VDSL services to subscribers who are close to the Central Offices
- in 3,300 integrated and commercially available (outdoor) VDSL cabinets in specific urban areas in Greece

The quality indices of the network and infrastructure, which support the OTE fixed-line services, in 2014 are presented in the table below.

Network quality indices for voice-Internet-iptv	2013	2014
Fault repair time FCT 80% (for 80% of the worst fault) in hours	88.56	69.24
Time needed to install a new CT service 80% (for 80% of the worst installation) in days	13.05	10.01

The improvement of the quality indices y-o-y may be attributed to:

- Targeted actions towards the improvement of fault repair procedures and communication with customers
- Relevant training of technicians
- Utilization of work force management (WFM) tools for field technicians

In the context of preserving resources, recycling materials and limiting its carbon footprint, in terms of technology the company is continuing with the following actions:

- Optimization of the network through the re-use of active DWDM/SDH equipment
- Dismantling Legacy – SDH rings
- Dismantling of 215,000 PSTN lines (capacity in abeyance) and eliminating 3 parent Digital Centres, thus reducing the consumption of energy
- Dismantling of the network's inactive and decommissioned copper cables (193 kilometres), leading to the accumulation of over 2,700 tons of cable, from which the copper and lead were stripped and recycled
- Recycling of accumulators (224 tons)
- Oil recycling of diesel generators (9 tons).

› Upgrade of OTE's Special Networks

TETRA

The "OTE TETRA SERVICES" (OTS) network facilitates individual and group calls, calls to other fixed-line and mobile networks, and the safe transmission of data through encryption. The "OTS" network consists of a Network Transfer and Management Centre and 118 base stations (three new base stations were installed in 2014), 49 of which are installed in Athens (the network covers Attica, the main highways and major Greek cities).

Satellite solutions

OTE's integrated satellite solutions are based on the Satellite Communication Centres in Thermopylae and Nemea. Customers are telecommunications companies, ISPs, satellite operators, the mass media, maritime and public companies. The solutions provided by OTE include satellite pay-TV, radio and television content distribution, international data interconnection/transfer, Inmarsat maritime communications, satellite control services (telemetry and orbital position control), as well as solutions for governmental agencies. Regarding pay-TV and TV content distribution, procedures and infrastructure were implemented with an aim to protect transmissions from catastrophic failure and extreme weather phenomena. Moreover, OTE TV's satellite capacity was increased by 20% and also the satellite distribution services were more than doubled, in order to meet the needs of digital transition nationwide. Finally, the respective capacity for international satellite interconnection services was increased by about 20%.

Radio-maritime services and networks

The Olympia Radio maritime telecommunications network operates in the VHF/HF/MF frequency bands and offers national and global coverage for Safety of Life at Sea (SOLAS).

Olympia Radio comprises base stations which are appropriately positioned throughout Greece in order to provide overlap and full coverage. Operating under a central network management, they are involved in the continuous reception and handling of distress calls or urgency and safety signals at sea. On a routine basis and in emergencies, the Olympia Radio personnel works closely with the Coast Guard's Search and Rescue Centre in order to transmit instructions, to coordinate nearby vessels and other means of saving life and to warn of dangers (weather phenomena, obstacles, etc.).

In 2014, Olympia Radio handled 54 Mayday signals, 199 emergency signals, 2,064 informative signals and 14,408 NAVTEX (a system for the delivery of printed information to ships) signals. Moreover, it cooperated in 145 cases of Shipwrecks – Safety of Life at Sea, in which 2,871 people were saved.

› Upgrade of mobile telephony networks and infrastructure

4G/LTE technology

During 2014, the established 4G/LTE base stations increased significantly and the respective population coverage (4G services) rose from 55% to 70%, covering all cities with over 50,000 inhabitants, many smaller towns nationwide, and Greece's most popular tourist destinations, offering more than double the coverage offered by other networks.

SRAN

The Single Radio Access Network (SRAN) project aims at transforming the mobile communications access network in order to establish a common 2G/3G/4G infrastructure per base station location and for the respective networks to be geographically homogenized (in terms of the supplier). The project includes the modernization of the base station equipment (BTS/Node-B) and the base station controllers (BSC/RNC), as well as the transformation of the data transmission networks into IP networks.

SRAN's main benefits involve the cost reduction due to the economies of scale in equipment prices, the

4G population coverage increased from 55% in 2013 to 70%

reduced energy consumption, lower volume/size in infrastructure per location, as well as less maintenance requirements.

In 2014, a significant number of locations (Attica, Thessaloniki, Central and East Macedonia, Thrace) transformed into SRAN, thus covering a large percentage of the mobile telecommunications access network infrastructure. The project is expected to be completed in 2017.

WiMAX wireless broadband networks

WiMAX networks provide double play services to remote and inaccessible areas, either through direct wireless access to the subscriber, or through the use of the local copper network, functioning as a backhaul network in an MSAN.

For the time being, Wimax networks are in operation in fifteen prefectures across Greece, with approximately 170 points of presence (PoPs), providing the necessary infrastructure for voice and broadband services to about 5,000 subscribers. To approximately 4,500 of them, the service is provided via 53 PoPs in areas with a central point of wireless access and an MSAN interface at the WiMAX NTE.

MSAN

In 2014, MSANs continued to be installed at new points of presence, in order to provide broadband services, even to the subscribers of OTE's smallest local exchanges.

> Television services: Launching of HD (high definition) services via satellite

OTE provides pay-TV services via satellite (SAT TV) as well as via broadband connection (IPTV), covering the greatest part of the country.

With respect to its satellite TV services, in 2014 OTE continued to increase the quality and number of television flows, reinforced its technological infrastructure with multiple levels of backup, and implemented Disaster Recovery plans (in the event of a disastrous equipment failure and extreme weather conditions). In January 2014, the company launched a trial offering of HD channels via IPTV and in December 2014 it also launched a trial offering of OTE TV to smartphones and tablets (Internet TV via a 2nd screen).

Finally, the OTE TV offering was enriched in 2014 with more Standard & High Definition channels.

OBJECTIVES FOR 2015

In 2015, OTE's key investments will concern the following:

- Further development of the NGA network through the:
  - Installation of VDSL MSANs in outdoor cabinets (FTTC) in Central Offices outside Attica and Thessaloniki
  - Installation of VDSL MSANs in 100 additional local exchanges throughout Greece
  - Utilization of Vectoring technology and pilot development of FTTB/FTTH for the provision of broadband services of up to 50Mbps
  - Upgrade of the IP core network for the provision of broadband services of up to 50Mbps
- Quality upgrade and further expansion of the ADSL network through the reinforcement of the existing points of presence and the installation of MSANs at new PoPs (closer to the subscribers)
- Expansion of the Metro Ethernet network through the installation of new Ethernet switches and upgrade of the existing Metro Ethernet nodes
- Installation of new BNG nodes
- Reinforcement of the transmission network through the upgrade of the existing DWDM, POTP and NG-SDH rings
- Expansion of the infrastructure for terrestrial and submarine fibre optics cables

- Design, planning, installation and operation of new WiMAX systems to replace the Subscriber Agricultural Networks at approximately 250 PoPs, in order to provide double play services to about 7,000 subscribers in remote and inaccessible settlements. Also, completion of the installation of approximately 180 WiMax systems PoPs from the 2014 rollout, to serve approximately 7,000 subscribers
- Installation of new TETRA base stations and repeaters for the expansion of the existing wireless coverage
- Installation of new SBCs and the expansion of IMS functionality for the support of IP Interface with the telephone networks of other providers. Extension of the capacity to provide VoIP services to residential users on a broadband connection (VoBB), as part of the "IP Migration" project
- Upgrading of the platform for the support of more Internet television TV channels through a 2nd screen (mobile, tablet, PC)
- Enrichment of its IPTV platform (OTE TV through a xDSL broadband connection) with additional High Definition TV channels
- Upgrade of the OTE TV service offered, through the addition of Hybrid TV
- Upgrade of the e-mail service provided by OTE to residential and business customers
- Creation of a backup head-end in the event of inability on the part of the existing satellite to provide the service.

On the level of technology of its mobile telephony services, in 2015, OTE plans to further expand its 4G coverage, with its established 4G/LTE base stations increasing significantly, while at the same time it continue the implementation of the Single Radio Access Network (SRAN) Project.

REGULATORY DEVELOPMENTS ON A EUROPEAN AND NATIONAL LEVEL

TRENDS IN THE REGULATORY ENVIRONMENT - CHALLENGES AND OPPORTUNITIES

› Developments on a European level

The European Commission's work programme for 2015 aims chiefly at an effective intervention in sectors which will contribute to growth, to the promotion of investments and the reinforcement of employment.

As regards the sector of electronic communications in particular, a package of measures will be announced for the Digital Single Market, with an ultimate aim to create the necessary conditions for the enhancement of the digital economy and society through:

- reviewing the regulatory framework for electronic communications
- modernizing intellectual property rules
- simplifying the rules for consumers who make online purchases
- reinforcing Internet safety
- facilitating the creation of start-ups by reducing bureaucracy, and
- digitizing all sectors of the economy and public administration

Moreover, the priorities of the European Commission presidency for the first half of 2015 focus on putting forward Directive drafts concerning the reinforcement of Internet safety (NIS) and the promotion of digitization in various sectors of society (Web Accessibility) and public administration (ISA2), as well as on continuing discussions between EU institutions on the "Connected Continent" Regulation draft (which was presented in September 2013). These discussions have come to focus on two of the originally seven proposed main topics (abolishing additional roaming fees and Internet neutrality). These discussions are not expected to be completed before the second half of 2015.

Objective: A stable regulatory environment

2014 AT A GLANCE

› OTE's regulatory policy

The company's regulatory policy for 2014 aimed at defending OTE's positions vis-à-vis the Regulatory Authorities on a national level, as well as vis-à-vis other European and international bodies regarding matters such as:

- The elimination of regulatory measures in markets in which competition has grown satisfactorily
- Dealing with regulatory issues that occur within the context of the offering of bundled services and specifically the approval of OTE's tariff plans by the Hellenic Telecommunications and Post Commission (EETT)
- A stable regulatory environment which will encourage the company's investments, especially investments in the development of new generation networks.

› Regulatory developments

The key developments in 2014 that also concerned OTE included the following:

- The release of the Recommendation by the European Commission (9/10/2014) regarding the electronic communications services markets which are subject to an ex-ante regulation, which reduces these markets from seven (7) to four (4). The new round of market analyses is expected to begin in 2015
- Promulgation of Law 4313/2014 which amends Law 4070/2014 on electronic communications on matters relating primarily to the provision of facilities in licensing antenna systems
- Promulgation of the Decision of the Ministry of Infrastructure, Transport and Networks, following the relevant recommendation of the EETT, on the definition of a reasonable request under the universal service
- Public consultation of the EETT regarding the contract documents of the auction for the selection of the obliged provider of Universal Service nationwide, a process which is expected to be completed in 2015
- Issuance of EETT's decision regarding the wholesale markets for the interconnection of public fixed-line networks and the model for the calculation of the call termination costs for fixed- line networks, which will be significantly reduced and symmetrical for all providers

- Auction by the EETT for granting the rights to use radio frequencies in the 3.4-3.8 GHz band
- Full enactment of the Portability Regulation
- Submission of a proposal by OTE, as part of its strategy for the development of New Generation Access Networks, for the introduction of the VPU Light product and the introduction of VDSL Vectoring technology into the access network
- In regard to requests made by OTE concerning the approval of new programmes and promotional actions during 2014, it is noted that the average response time of the Regulatory Authority was reduced by about 2 months, i.e., from 4.68 to 2.82 months on average.

OBJECTIVES FOR 2015

The main regulatory issues that will concern OTE in 2015 include the following:

- Continuing the dialogue among EU institutions regarding the creation of a new European framework for electronic communications which will affect in multiple ways various issues which are related to the company's activities and, by extension its business choices
- Securing the timely approval of OTE's submitted discount packages by the EETT, the optimization of the approval model of OTE's packages, and the lifting of the relative obligations regarding price approval in services in which there is sufficient competition (The average time for the launching of the current product/service portfolio in the residential and business/corporate customer market is 12 months.)
- Market analysis based on the new European regulatory framework and specifically of the market for access to the public telephone network at a fixed location and the wholesale access markets
- Approval of the VPU Light service and issuing of the regulation for importing VDSL Vectoring technology to Greece.

BEST PLACE TO PERFORM AND GROW

OTE Group's strategic goal today is to be a modern, dynamic, customer-oriented, high-performing company with a leading position in the markets in which it is active. In order to achieve this goal, the company relies on a transformation programme which centres on best-in-class customer experience, innovation in products and services, simplification and optimization of procedures, superiority of the company's infrastructure, improvement of its competitiveness through the rationalization of the operational costs, and people development.

Especially with respect to HR issues, OTE and COSMOTE promoted the goal of transformation through the integration of fixed-line and mobile telephony, as well as the renewal and development of human resources.

In order to implement the company's HR strategy, the basis was to change, in a socially responsible way and to establish a new, integrated corporate culture. The common denominator was to preserve the strong areas of both companies and cultures. In this new, integrated corporate culture, the customer is now centre stage.

❯ Operational integration of fixed-line and mobile telephony

In 2014, the operational integration of fixed-line and mobile telephony activities was in progress , contributing to the simplification of procedures, the improvement of operational efficiency, and the reinforcement of OTE Group's customer-oriented philosophy and competitive placement.

❯ Human Resources renewal and development

Following two voluntary exit scheme programmes of OTE employees in a socially responsible way (during 2012-2013), more than 1,500 new jobs were created at OTE Group over the past two years (2013-2014). At the same time, the Group continued to invest in the re skilling and up skilling programs of existing employees , as well as through innovation and creative thinking programmes.

2014 AT A GLANCE

❯ Organizational restructuring and effectiveness

During 2014 the operational integration of fixed-line and mobile telephony activities was still in progress. This has contributed to the simplification of procedures, the improvement of operational efficiency and the reinforcement of the Group's customer-oriented philosophy and competitive positioning.

With respect to General Directorates, the operational integration has reached its completion, while with respect to Directorates and Subdirectorates it is close to 80%.

The organizational restructuring for the improvement of operational efficiency is also taking place in the Group's subsidiaries. An example of this is the absorption of VoiceNet by OTE S.A., which is being concluded with a view to the optimal utilization of technical know-how and experience in tailored telecom products and services.

Late 2014 saw the approval of the executive grading system of OTE Group's top executive positions, which ensures objectivity and transparency in recording the contribution of each position, based on an internationally recognized methodology. At the same time, it provides a reliable platform for introducing modern HR administration tools into the Group. This project is expected to continue with the review of the of the Group's middle managers' positions, thus contributing to the shaping of even more versatile and effective management and operations schemes.

Moreover, each new role in fixed-line and mobile telephony is analyzed and described based on mobile telephony's existing Job Family Model, which is revised and enriched, in order to provide transparency for the full understanding of competencies and responsibilities of the employees and executives involved in the integrated fixed and mobile activities. This model will constitute the basis for the design of modern structures and roles, as well as their effective recruitment, with an aim to support the progress of the Group's transformation now and in the future.

We are creating a common corporate culture

OTE Group's philosophy regarding the growth of its human resources is based on the principle: "Best place to perform and grow"

> **Employees Development**

The aim of OTE Group is to stand out as an attractive employer and as a work environment in which each employee is able to perform to his/her full capacity and grow professionally. OTE Group's philosophy regarding human resources development is based on the Guiding Principle: "Best place to perform and grow".

As a modern, customer-oriented organization, OTE supports the diversity of abilities, experience and talents.

Performance appraisal and development, targeted recruitment, training programmes for the evolution of knowledge, talent management programmes, and leadership programs are some of the development tools implemented in 2014 to enhance employees' personal and professional development. As a member of the DT Group, OTE also offers international career opportunities to employees in the Group's companies abroad, as well as opportunities for best practices and knowledge sharing.

> **Performance appraisal and development**

OTE and COSMOTE run an annual performance appraisal and development process for all levels of employees. Before the beginning of the annual appraisal process, all new executives with team management responsibilities receive special training on how to assess their employees' performance and create an individual development plan, based on their needs. In 2014, all OTE and COSMOTE employees (i.e., 100% of the company's workforce) were appraised according to this process.

OTE and COSMOTE appraisal system is adapted to the vision, the mission, the values, the high-performance culture and the needs of the companies and their people. It is designed with an emphasis on the reinforcement of excellence, Customer Experience ("Customer Experience Excellence") and is fully in line with OTE Group Guiding Principles and Code of Conduct. Finally, it is based on parameters derived from specific and measurable goals, Professional Competencies and Performance Criteria, which are revised as often as is necessary, in order to reflect current models in the field of telecoms, as well as the respective know-how required.

> **Recruitment**

OTE Group's goal is to choose the right candidate for the right position. The way this selection process is made has a positive impact on the Group's image as an attractive employer. OTE Group aspires to be a first choice employer and to offer all candidates a positive experience.

Furthermore, new employees' recruitmnent process is also a developmental process for the company executives (HR & line managers) involved. To this end, in 2014 the company offered credible selection process training and published an in-house guide entitled "Structured Interview Guide" for external and internal candidates.

In 2014, 89 positions opened for internal candidates through 18 announcements which were posted on the company's Intranet sites (55 new managerial positions). Moreover, in 2014 OTE Group in Greece hired, through OTE plus, 771 new employees.

In order to efficiently fill available positions with internal or external candidates, as well as to address internal promotions of executives to more demanding positions, the company implements the the modern practices of the Assessment Centres.

At the same time, OTE and COSMOTE gave the opportunity to 748 technical and vocational school and university students (TEI, AEI, IEK) to complete their studies by carrying out internships in OTE Group's contemporary work environment. This year, the company's communication with the universities' career and internship offices has been systematized and projects have started to be planned in cooperation with specialized laboratories at technical and vocational schools and universities.

771 new job positions in OTE Group for 2014

- **Talent management programmes**

In December 2014, the first "OTE-COSMOTE Graduate Trainee Program" was launched. This is a programme which will attract young people, up to 28 years old, with postgraduate degrees and the possibility to evolve into OTE Group's future leading executives. The Graduate Trainees, who will emerge after an extensive and demanding selection process, will be hired by OTE Group. The programme's innovations include attaining experience in a large organization and constant support from the Group's Senior Management.

- **Leadership programmes**

In order to boost executives with management team responsibilities, the company has designed and implemented leadership development programmes. The OTE and COSMOTE leadership programmes are based on the Group's corporate values and aim at the acquisition of knowledge and the exchange of experience among executives. They cover issues pertaining to guidance, mobilization, feedback, communication and the overall management of human resources.

- **Training**

Training is fundamental to employee development and satisfaction, customer service, and a company's competitiveness. At the same time, it constitutes a powerful means of personal development and an important vehicle for the communication of corporate strategy, of changes, and the enhancement of corporate culture.

AVERAGE TRAINING HOURS IN 2014

11.88 OTE

13.55 COSMOTE

Training hours per employee have been calculated based on the average headcount.

Evolving the HR strategy regarding training issues so that the design of programmes not be limited solely by individual, ad hoc needs, the company's new training programmes are governed by a more targeted approach, in order to meet the specific needs of particular groups. At the same time, in keeping with new trends, emphasis is placed on creative thinking, innovation, the concept of cooperation and teamwork, in a manner which is experiential, interactive and structured.

> Health and Safety

Ensuring a safe and healthy work environment for all employees, customers and associates continues to be the top priority for OTE and COSMOTE.

Health and Safety issues are considered of vital importance to the successful and sustainable future of the Group and have a direct impact on issues such as employee satisfaction, wellbeing, the quality of work and corporate culture. As a result, the Group's companies act preventively in this direction, taking into account the relevant provisions of Greek law and the corresponding standards as minimum requirements. Creating and improving a safe and healthy work environment through the coordinated effort of management and personnel are a main priority for OTE, as they contribute effectively to the company's growth and progress.

In 2014, OTE Group's integrated Quality, Health and Safety, and Environmental Policy was completed. This integrated policy emphasizes management's commitment to enforce national and EU Laws and Regulations; to develop values which will shape a culture of prevention; to encourage, train and support employee participation in the improvement of Health and Safety in the workplace.

The Health and Safety in the Workplace Committees, which consist of elected representatives of the employees, meet every three months with management representatives, in order to discuss issues and processes related to the improvement of Health and Safety in the Workplace.

Health and Safety issues in the workplace are also evaluated by employees through the Employee Satisfaction Survey, which is conducted every two years and focuses on factors which are related to Health, such as physical and mental wellbeing and the balance between one's personal and professional life. The results of this survey and the corresponding findings provide the basis for in-house improvements and measures.

Health and Safety Policy

OTE Group's Health and Safety Policy has been formulated in order to support OTE Group's business units in activities related to:

- Compliance with legal and regulatory requirements
- The certification of all of OTE Group's operations according to the OHSAS 18001 Occupational Health and Safety Management Systems-Requirements international standard
- Consultation between management and the employees
- Accidents and incidents management
- The systematic training of employees on the principles and practices of Health and Safety in the Workplace, and special training with respect to potentially dangerous tasks
- The regular control of the safety measures taken by employees and third parties (e.g., contractors)
- Providing first aid, conducting preventive medical examinations and providing mental health support services
- The organization of Emergency Response Teams and regular building evacuation drills.

Update on Health and Safety issues

In 2014, a series of actions were implemented to provide employees with updates:
- Informative articles were posted on intranet sites regarding:
  - International or European important days/weeks

Innovative training programmes

- protection from and treatment of seasonal viral infections
- protection from and dealing with seasonal risks
- Information events were held in cooperation with external agencies on issues such as:
  - "Safe Driving Behaviour and how civilized Greeks are on the Road" in cooperation with the "Iaveris Rally Academy"
  - "Earthquakes and Protective Measures" in cooperation with the Earthquake Planning and Protection Organization
  - "We live better without smoking " in cooperation with the Hellenic Thoracic Society
- Creation of a pamphlet on: "Protection Guidelines for working in heatwave conditions"
- Compilation of instructions for:
  - Marking and signposting in the area of the electromechanical installations at the OTE Administration Building
  - Safe use of individual protection means for OTE Hedaquarters
  - Pedestrian and vehicle safety in the underground parking lot of the Paiania building.

❯ Employee engagement

OTE and COSMOTE believe that employee engagement and commitment are of vital importance to a company's success. The aim of the companies is for their employees not only to think and speak positively about the companies, but also to refer to OTE spontaneously, from the heart, as the best place to perform and grow. OTE and COSMOTE also try to keep their employees constantly up to date regarding the strategic, technological and organizational changes being carried out, wishing for the understanding and active participation of their employees in these changes.

Employee participation and engagement is directly linked to communication. OTE and COSMOTE aim to create and maintain a work environment which is characterized by open communication and feedback culture.

A new three-year Collective Labour Agreement was signed

In order to continue to diffuse the company's corporate goals and the corporate strategy among all its executives in 2014, a Team Management Meeting was held. The leadership style has a direct impact on employee engagement and identification with the company.

Companies encourage their employees to communicate openly, using all the means of communication available, such as regular meetings and presentations, experiential workshops, internal memos and employee surveys.

❯ Employee satisfaction

OTE and COSMOTE recognize the benefits of conducting employee satisfaction surveys on a regular basis. The Employee Survey which is carried out every two years and the six-monthly check through the Pulse Survey, are considered important in-house tools by which companies receive feedback. Moreover, surveys serve as reliable diagnostic tools for pinpointing possible changes and improvements, and developing action plans. The results of employee surveys are posted on corporate Intranets and are presented and discussed internally within functional teams.

In 2014, OTE and COSMOTE conducted two Pulse Surveys (in May and November), with employee participation in the November survey coming to 70%.

The Employee Survey took place in April 2015 while the Pulse Survey will take place in November 2015.

The feedback culture which is fostered in companies is attested to by employee participation in other surveys, such as the Business Security Awareness survey, food services satisfaction survey, and the survey on thermal comfort at the OTE - COSMOTE green building in Paiania.
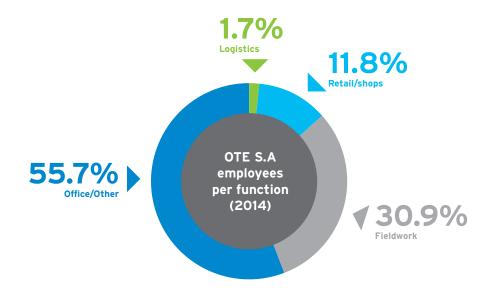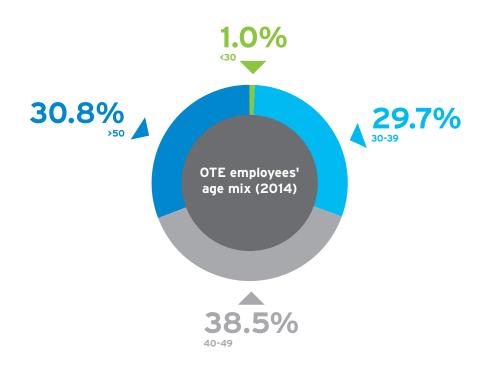
❯ Cooperation with employee representatives

In December 2014, a new three-year Collective Labour Agreement was finalized and signed between OTE and the Federation of OTE Employees (OME-OTE), its main goals being the reinforcement of the company's viability and competitiveness, the promotion and development of employment, the rationalization of labour costs and the fostering of the suitable conditions for the hiring of new personnel. The Collective Bargaining Agreement regulates issues concerning the payroll, vacation time, compensation and benefits and working hours of OTE employees. It is in valid from 1/1/2015 to 31/12/2017.

1.7%
Logistics

11.8%
Retail/shops

55.7%
Office/Other

OTE S.A
employees
per function
(2014)

30.9%
Fieldwork

1.0%
<30

30.8%
>50

29.7%
30-39

OTE employees'
age mix (2014)

38.5%
40-49

CORPORATE RESPONSIBILITY

Our main focus remains the economic development, while helping to protect the environment and support of society

CORPORATE RESPONSIBILITY STRATEGY

Corporate Responsibility (CR) is an integral part of OTE and COSMOTE's business strategy. The Companies pursue their economic development contributing simultaneously to the support of society and to the protection of the environment.

OTE and COSMOTE set their CR priorities, by addressing four strategic pillars, which encompass the most important issues regarding their operation and stakeholders:

• **Marketplace**

The Companies invest in the continuous improvement of local telecoms infrastructure and the expansion of their services and products, utilizing the optimum available technical solutions. They operate on the basis of a customer-oriented philosophy, aiming to maximize customer satisfaction in a responsible way, trying at the same time to present innovative and viable products and services. In addition, they ask of their suppliers to operate according to the same principles.

• **Employees**

They provide a sustainable work environment for their employees, guided by the values stated in the Principles of Corporate Behaviour. They encourage employee growth, recognize good performance, provide equal opportunities and promote cooperation

• **Society**

At a difficult time for the Greek economy and society, they support socially vulnerable groups and local communities in order to satisfy important immediate needs. They call upon all employees to participate by promoting volunteer actions.

• **Environment**

They aim at reducing the environmental effects of their activities, at providing products and services that contribute to the protection of the environment in other sectors of the economy and at raising awareness among citizens towards adopting a more responsible attitude, in terms of the protection of the environment.

Aiming to continuously improve their performance on CR issues, OTE and COSMOTE proceeded in 2014:

• to develop the OTE Group CR Policy and the Group's Social Charter
• to redefine their stakeholders
• to improve their materiality analysis methodology and, finally,
• to upgrade the management of their chain of supply.

❯ OTE Group CR Policy

OTE Group's CR Policy defines, among others:

• the way in which OTE Group evaluates CR and the sectors which are affected by it
• the general action plan which is implemented by OTE Group and the structure of CR governance which should be the basis for a successful CR management

❯ The OTE Group Social Charter

The OTE Group Social Charter defines the working conditions and social standards, in accordance with which the Group's products and services are produced and offered. At the same time, it sets the rules which will have to be observed throughout the Group, regarding human rights, sustainable development and environmental protection, equal opportunity, health and safety, and employee rights issues. The Charter was developed in accordance with internationally recognized standards, directives and rules, the International Charter of Human Rights, the Core Conventions of the International Labour Organization, the guidelines of the Organization for Economic Cooperation and Development, and the United Nations Global Contact.

The Charter will serve as a behaviour guide for all of the Group's employees, investors, customers and suppliers.

> **Governance and Corporate Responsibility Management**

OTE Group's new CR Policy reflects the integrated CR governance structure through which issues related to sustainable development are incorporated into core business processes. The Group's subsidiaries develop and implement their own CR activities, in acccordance with OTE Group's CR strategy.
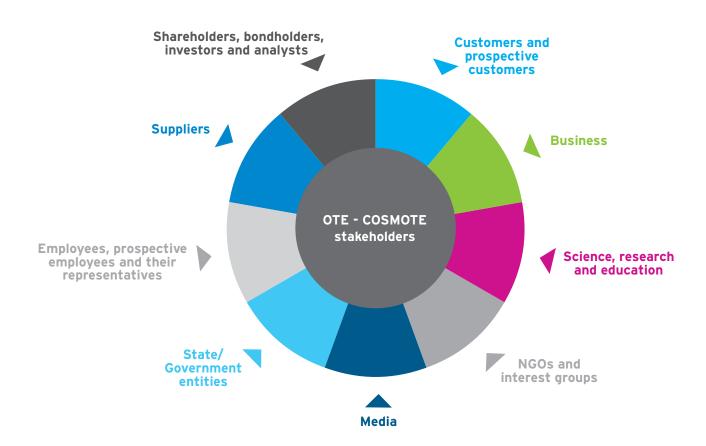
The Governing Boards of OTE and COSMOTE have delegated the overseeing of all sustainability and corporate responsibility issues to their Chairperson and CEO. The Executive Director of OTE Group's Corporate Communications Division who is also a member of the OTE Management Team working together with the Chairman and CEO formulates strategic planning, CR policies and guidelines for the entire Group.

The CR Department for Fixed and Mobile Telephony, which falls under OTE Group Corporate Communications Division, is responsible for the implementation of the CR strategy and standards as formulated by OTE Group's Corporate Communications Division for the entire Group. Additionally, it coordinates and manages CR activities and monitors the implementation of goals and other necessary actions.

> **Stakeholders**

OTE and COSMOTE recognize the role of stakeholders as having a direct effect or influence on the Companies' sustainable development. A basic principle of OTE and COSMOTE is the continuous dialogue with representatives of all stakeholders, without exclusions or discriminations. In 2014, OTE and COSMOTE proceeded to redefine their stakeholders. The CR Department for Fixed and Mobile Telephony, based on information received from various organizational units of OTE and COSMOTE, as well as from direct contact with its stakeholders, updated the list of both companies recognized stakeholders. Aiming at further improvement of communication, , OTE and COSMOTE also proceeded to identify, besides the core groups of stakeholders, separate subgroups. The Companies believe that this more in-depth analysis will give their executives the chance to monitor better the ways of communication and the needs of all stakeholders.

OTE and COSMOTE's Senior Management participated in the finalization of the list of stakeholders in early 2015 and the final list was approved by the Group's Chairman and CEO.
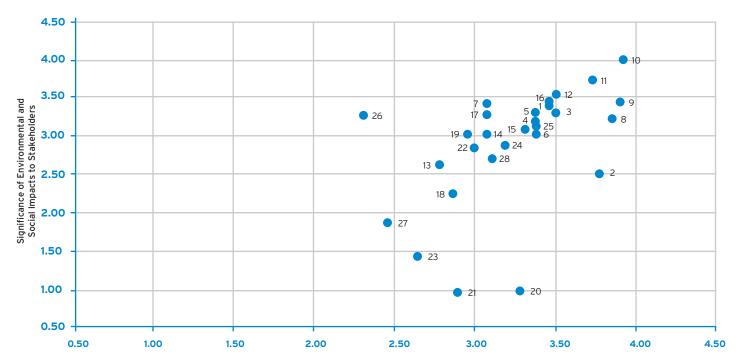
Diagram: OTE - COSMOTE stakeholders

- Shareholders, bondholders, investors and analysts
- Customers and prospective customers
- Business
- Suppliers
- Science, research and education
- Employees, prospective employees and their representatives
- NGOs and interest groups
- State/Government entities
- Media

> **Materiality Analysis**

In trying to improve the way both Companies approach CR issues, in 2013, the CR Department carried out a materiality analysis, taking into account the Enterprise Risk Management principles implemented by OTE Group. This process, which was formulated and initiated in 2013, and completed in early 2014, consisted of two phases: the analysis of material issues by OTE and COSMOTE management and the analysis of material issues by the Companies' stakeholders.

In this way, for the first time, the CR Department had the opportunity to compare in practice the views of its internal and external "public" regarding the Companies' material sustainability issues. The results are presented in the following figure.

Chart axes:
- Y-axis: Significance of Environmental and Social Impacts to Stakeholders
- X-axis: Significance of Economic, Environmental and social impacts to OTE / COSMOTE

No.	Item	No.	Item	No.	Item
1.	Corporate governance	11.	Fair employment	21.	Road transport
2.	Economic contribution	12.	Employee development	22.	Greenhouse gases
3.	Responsible competition	13.	Employee benefits	23.	Water
4.	Expanding broadband and mobile Internet	14.	Internal communication	24.	Materials and waste
5.	Responsible marketing	15.	Employee satisfaction	25.	EMF
6.	Responsible procurement	16.	Social products and services	26.	Visual impact
7.	Public awareness of technology	17.	Social contribution	27.	Noise
8.	Customer satisfaction and service	18.	Employee volunteerism	28.	Public awareness
9.	Data security and privacy	19.	Enabling entrepreneurship		
10.	Health and safety	20.	Energy efficiency		

OTE and COSMOTE believe that their materiality analysis process is of vital importance in formulating their strategy. In 2014, the Companies worked towards further enhancing their approach to the analysis and evaluation of material CR issues. This enhanced analysis will be completed in 2015, under the supervision of OTE Group's CR and Corporate Risk Management Departments.

> **Ratings**

OTE and COSMOTE business operations focus on generating added value in terms of their sustainable development. Through its CR Department, OTE Group's Corporate Communication Division is responsible for coordinating, prioritizing and consolidating all inquiries received from sustainable development/socially responsible investment rating agencies. Moreover, it works closely with OTE Group's Acquisitions, Mergers and Investor Relations, as well as, on a case by case basis, with all the other organizational units of the companies, with an aim to respond to analysts' requests for further information.

PARTICIPATION IN CORPORATE RESPONSIBILITY INDEXES

Carbon Disclosure Project (CDP)

Greece's Corporate Responsibility Index (CRI)

FTSE4 Good Index Series

Euronext Vigeo Eurozone 120

OTE has satisfied the requirements and has been a constituent of the FTSE4Good Index Series since 2008. In 2014, the FTSE proceeded to enhance the evaluation criteria according to which an organization is accepted into the FTSE4Good Index Series. Following a further evaluation under the new criteria, OTE continues to be a constituent enterprise.

OTE has been included in the Euronext Vigeo Eurozone 120 since December 2013, where it remains following the evaluation of June 2014. The Euronext Vigeo Eurozone 120 index aims at promoting and supporting responsible investments. OTE is the only Greek company amongst the Eurozone's top companies which is a member of the index.

OTE has participated, since 2010, in the Carbon Disclosure Project (CDP) on climate change, having completed the disclosure questionnaire and thus making available on the CDP platform all required information. The CDP is the world's largest platform for reporting and cooperating onclimate change issues, with a focus on investment information needs.

Since 2008, OTE has participated in Greece's Corporate Responsibility Index (CRI), organized by the Corporate Responsibility Institute in cooperation with Business in the Community (BITC) organization. In 2013 and 2014, OTE and COSMOTE were evaluated for their performance on implementing responsible corporate practices and received the "Platinum" distinction. Also, the companies received a special award for the best performance in the Market, in 2013 and for the best performance in the Society, in 2014.

> **Distinctions**

In 2014 OTE and COSMOTE received 15 awards and distinctions for their CR performance.

- At the Environmental Awards 2015, organized by Boussias Communications, the two companies were ranked amongst the top 5, receiving a Grand Award for their overall performance and three Gold Awards in two different categories:

- Environmental CSR Category: Gold Award
- Climate Protection-GHG Offset: 2 Gold Awards
- At the MONEY – George Ouzounis 2014 Enterprise Awards, OTE received the following awards:
  - 1st place Award as the Best Company 2014
  - 2nd place Award for CSR
- At the Future Internet Assembly 2014 (FIA-2014), OTE, in its capacity as project head of the European Commission subsidized LiveCity research programme, received the "Best Demonstration" Award.
- At the Health & Safety Awards 2014, OTE Group won two major distinctions:
  - The Gold Prize in the Health & Safety category of the telecom sector
  - The Gold Prize in the Health and Wellness Programmes category
- At the 16th InfoCom World Awards, OTE was named "Company of the Year"
- At the Ethos Sustainability Awards 2014, COSMOTE received the "Award for Long Term Cooperation and Work" on Corporate Social Responsibility for its participation in the ECOGEM and EMERALD projects
- At the HR Excellence Awards 2014, OTE COSMOTE received the "Silver" Award in the Managing Change-Cultural change-Internal Communication-Mergers and Acquisitions category
- At the National Customer Service Awards for 2014, organized by the Hellenic Institute of Customer Service, OTE won 1st place in the "Customer Service Centre of the Year – Large Team" category.
- P3 Communications presented COSMOTE with two certificates of excellence for:
  - "Best data services for Smartphones" and
  - "Best data services for mobile broadband".

> **The Main CR Achievements of OTE-COSMOTE for 2014**

- Development of OTE Group's CR Policy
- Development of OTE Group's Social Charter
- Inclusion in the FTSE4Good and Euronext Vigeo Eurozone 120 indices
- Improvement in communicating OTE and COSMOTE's CR performances to their stakeholders through the adoption of the new, interactive, online presentation of the CR Report
- Development of responsible products and services:
  - OTE Business Cloud
  - Corporate fleet management service
  - M2M solutions in collaboration with the Hellenic Electricity Distribution Network Operator, etc
  - Supporting research and innovative programmes, taking into account ICT's enabling role in environmental protection, the protection of society and economic growth
- ISO 9001:2008 certification of OTE's activities
- Tier III (Concurrently Maintainable) certification for COSMOTE, for the upgrade of its existing IT Data Center, which was carried out without interrupting service
- COSMOTE and OTE responded successfully within 2 days to 80% and 52% of respectively of the customer complaints received
- Compliance with the Supplier Code of Conduct was icluded into the contract terms with suppliers
- OTE and COSMOTE have evaluated a number of their suppliers, who represent 72% and 95% respectively of their annual volume of supplies
- Over 57,000 people were informed on the safe use of the Internet and mobile telephony services
- Employment opportunities were offered to over 700 young people by OTE Group in various fields (customer care, sales, etc.)
- The first "OTE-COSMOTE Graduate Trainee Program" to attract talent, was announced, for which 2,500 applications were submitted
- OTE and COSMOTE employees attended 4,477 hours 2,082 hours of training respectively in health and safety issues
- More than 1,400 OTE technicians attended the ACT2 continued training and skills enhancement programme

2,500
applications for the first program of talents attraction.

GRADUATE TRAINEE PROGRAM 2015
Kick start YOUR CAREER!

- More than 5,000 employees of OTE and its subsidiaries attended the BC2X customer experience management training programme
- Support of socially vulnerable groups, education and children amounted to over € 1.8 mn
- Through the OTE-COSMOTE Scholarship Programme 50 Scholarships and Honorary Distinction prices were awarded, totalling €374,360
- More than 6,000 OTE and COSMOTE employee participations in four corporate volunteering initiatives
- The companies supported over 70 non-profit organizations and institutions caring for vulnerable social groups and children
- OTE and COSMOTE successfully concluded the certification of the environmental management systems (according to the principles of the ISO 14001:2004 standard)
- Development and operation initiation of the Environmental Resources Management (ERM) Database which will collect all of the Group's environmental data
- The implementation of energy saving measures resulted in the reduction of energy consumption and greenhouse gas emissions (reduced by 1.3% and 5% respectively compared to 2013). The implementation of the above measures resulted in a financial benefit (by reducing operational costs) estimated at €5.6 mn
- Completion of the second phase of the implementation of the recycling programme at 4 company buildings (bringing thetotal to 6 buildings with more than 6,500 employees)
- New stations added to the electromagnetic radiation measurement programme (which is in continuous operation for 10 years and now comprises 218 stations in total).

OTE Group Indicative Social and Environmental Indices

Social and Environmental Performance in 2014	OTE	COSMOTE	Telekom Romania Communications	Telekom Romania Mobile Communications	AMC
Employees					
Number of employees on indeterminant term contracts	6,924	2,050	5,472	1,021	452
Percentage of female employees	31%	51%	38%	55%	60%
Employees covered by collective agreements (%)	99%	92%	100%	0%	0%
Workplace fatal injuries (number of employees)	0	0	0	0	0
Workplace non-fatal injuries (number of employees)	37	14	7	1	0
Training hours (hours/employee)	11.88	13.55	8.03	10.3	8.30
Society					
Sponsorships - Donations (incl. in kind) (€)	1,330,087	1,612,468	180,000	61,701	110,900
Number of volunteer initiatives	4		6	6	1
Employee volunteerism (number of employees)	6,182		287	178	35
Number of people who were supported (estimate)	882,933		296,976	115,974	1,000
Environment					
Power consumption (GWh)	250.94	157.38	133.04	85.85	19.43
Fuel consumption and use of district heating in buildings and facilities (GWh)	9.51	12.64	26.57	0.88	7.57
Car fleet consumption (GWh)	28.08	8.10	38.07	6.98	1.27
Direct (scope 1) CO_2 emissions (t)	9,009.75	5,309.81	12,692.24	1,934.82	2,330.15
Indirect (scope 2) CO_2 emissions (t)	171,891.04	107,804.70	66,659.04	41,295.00	77.73

CORPORATE GOVERNANCE

Shareholders' interests are at the center of protection

Corporate governance refers, traditionally, to the system with which companies are managed and controlled, as well as to the relations between the company's Management, its Board of Directors, its shareholders and all other stakeholders. The corporate governance framework for listed companies is a combination of legislature and non-binding rules (soft law), which includes, among other things, corporate governance codes.

As a large capitalization company listed on the Athens Stock Exchange, with its shares also traded on the London Stock Exchange (LSE), OTE complies with applicable domestic and international legislation regarding the principles and practices of corporate governance. It should be noted that following OTE's delisting from the New York Stock Exchange, its American Depository Shares (ADSs) trade in the OTC (Over the Counter) market through the Level I ADSs program.

The consequent provisions and practices regarding the company are included in the Articles of Incorporation, the Internal Regulation, as well as in other company regulations and policies which regulate its individual operations.

CORPORATE GOVERNANCE SYSTEM

OTE complies with the special practices defined by the Hellenic Federation of Enterprises (SEV) Corporate Governance Code for Listed Companies, as currently in force as the Hellenic Corporate Governance Code (EKED), following its revision/amendment by the Hellenic Corporate Governance Council (ESED) in October 2013.

OTE's Corporate Governance Statement is published in the company's 2014 Annual Financial Report.

At the core of a sound corporate governance system are principles and practices regarding the role of the Board of Directors and Management team, the protection and the role of shareholders, as well as the enhancement of transparency, control and information disclosure by the company.

THE BOARD OF DIRECTORS

> Composition of the Board of Directors

The table that follows lists the members of the BoD with dates of commencement of office and dates of termination of office of each one.

NAME	CAPACITY	DATE OF INITIAL COMMENCEMENT OF OFFICE AND POSSIBLE RE-ELECTION	TERMINATION OF OFFICE
Michael Tsamaz	Chairman and CEO Executive member	Commencement 3/11/2010 Re-election 15/6/2012	2015
Manousos Manousakis*	Vice-Chairman Non-executive member	Commencement 1/4/2015	2015
Charalampos Mazarakis	Executive member	Commencement 19/7/2012	2015
Claudia Nemat	Non Executive member	Commencement 26/10/2011 Re-election 15/6/2012	2015
Klaus Müller	Non Executive member	Commencement 15/11/2011 Re-election 15/6/2012	2015
Raphael Kübler	Non Executive member	Commencement 23/5/2013	2015
Vasileios Kafouros*	Independent Non-executive member	Commencement 1/4/2015	2015
Ioannis Margaris*	Independent Non-executive member	Commencement 1/4/2015	2015
Athanasios Misdanitis*	Independent Non-executive member	Commencement 1/4/2015	2015
Panagiotis Tabourlos	Independent Non-executive member	Commencement 17/6/2004 Re-election 15/6/2012 (the most recent)	2015
Konstantinos Christopoulos*	Independent Non-executive member	Commencement 1/4/2015	2015
Nikolaos Karavitis*	Vice-Chairman, Independent Non-executive member	Commencement 11/10/2013	31/3/2015
Christos Kastoris*	Independent Non-executive member	Commencement 11/10/2013	31/3/2015
Theodoros Matalas*	Independent Non-executive member	Commencement 11/10/2013	1/4/2015
Stylianos Petsas*	Non Executive member	Commencement 3/9/2013	1/4/2015
Leonidas Filippopoulos*	Independent Non-executive member	Commencement 11/10/2013	1/4/2015

* Vice-Chairman Mr. Nikolaos Karavitis and members Messrs. Stylianos Petsas, Christos Kastoris, Theodoros Matalas and Leonidas Filippopoulos submitted their resignation (on the dates cited in the table above) and on 1 April 2015 they were replaced by Messrs. Manousos Manousakis, Vasileios Kafouros, Ioannis Margaris, Athanasios Misdanitis and Konstantinos Christopoulos. Mr. Manousos Manousakis was named Vice-Chairman of the BoD.

> Composition of the BoD Committees

Audit Committee

Until April 2015, the Audit Committee comprised the following members: Panagiotis Tambourlos (Chairman - Financial Expert), Christos Kastoris (Member), Nikolaos Karavitis (Member).

Compensation and Human Resources Committee

Until February 2015, the Compensation and Human Resources Committee comprised: Mr. Panagiotis Tambourlos (Chairman), Mr. Charalampos Mazarakis (Member) and Ms. Claudia Nemat (Member). Following a decision by the company's BoD regarding the reconstruction of the Compensation and Human Resources Committee, the place of Mr. Charalampos Mazarakis was taken by Mr. Raphael Kübler. Mr. Panagiotis Tambourlos remained Chairman of the Committee.

MANAGEMENT TEAM

The members of the Management Team during the period 2014-2015 are presented in the following table:

NAME	CAPACITY
Michael Tsamaz	Chairman and Managing Director
Zacharias Piperidis	OTE Group Chief Operating Officer
Charalampos Mazarakis	OTE Group Chief Financial Officer
George Athanasopoulos	OTE Group Chief Information Technology Officer
Eirini Nikolaidi	General Counsel - OTE Group Chief Legal & Regulatory Affairs Officer
Stefanos Theocharopoulos	OTE Group Chief Technology & Operations Officer
Konstantinos Liamidis	OTE Group Chief International Activities Officer
Elena Papadopoulou	OTE Group Chief Human Resources Officer
Ioannis Konstantinidis	OTE Group Chief Strategic Planning & Transformation Officer
Deppie Tzimea	Executive Director Corporate Communications OTE Group
Aristodimos Dimitriadis	Executive Director Compliance, ERM & Insurance OTE Group
Maria Rontogianni	Executive Director Internal Audit OTE Group

SHAREHOLDERS

> General Assembly of Shareholders

In accordance with Corporate Law 2190/1920 as currently in force and OTE's Articles of Incorporation, the General Assembly of Shareholders is the company's highest ranking body and may resolve upon all matters of the company unless otherwise stated in the company's Articles of Incorporation.

The General Assembly of Shareholders convenes at the call of the Board of Directors in an ordinary session once a year, within six months of 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 of any potential indemnity. The Board of Directors may also convene extraordinary General Assemblies of Shareholders whenever it is deemed necessary.

> **Payment of dividends**

Shareholders are eligible to receive dividends following the approval of the annual financial statements by the Ordinary General Assembly of Shareholders.

CONTROL MECHANISMS

> **Internal Audit**

Internal Audit is an independent, auditing-related and advisory activity, designed to add value to the company's operations by helping in the attainment of the company's objective goals through a systematic, scientific approach, which aims to improve the efficiency of procedures across the company's range of activities.

2014 at a glance

In 2014 the OTE Group Internal Audit carried out the Annual Audit Plan which has been approved by the Audit Committee. The drafting of the Audit Plan is based on the results produced by the annual identification and assessment of risks according to the methodology observed on a Group level.

The results of the audits as well as the evaluation of the efficiency of the Internal Audit System are made known to Management and the management actions that arise are monitored periodically by the OTE Group Internal Audit, which then informs both the Audit Committee and Management.

Furthermore, towards attaining the objectives of Internal Audit for 2014, the updating of the procedures of Internal Audit was implemented on a Group level, in order to continuously ensure the quality of the auditing activity, while at the same time satisfying all the provisions of Internal Audit's international standards.

Objectives for 2015

Internal Audit's objectives for 2015 concern the successful implementation of the Annual Audit Plan which will add value to the Group's smooth operation.

> **External Audit**

The company's regular audit is carried out by certified auditors. To this end, every year, the Ordinary 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 the fiscal year being audited.

OTE's Ordinary General Assembly of Shareholders in June 2014 approved the election of the auditing firm PRICEWATERHOUSECOOPERS SA to carry out the regular audit of the corporate and consolidated financial statements of OTE SA for the fiscal year 2014.

The fee of the auditing firm is determined according to Article 36 of Codified Law 2190/1920 and based on the particular requirements in force at the time for chartered accountants.

TRANSPARENCY AND DISCLOSURE

> **Established procedures**

Placing special emphasis on transparency and disclosure, OTE implements various related procedures, which stem from the legislative framework in force.

- Regulated Information Disclosure Process, which is implemented pursuant to the provisions of Law 3556/2007, Decision 1/434/3.7.2007 and circular No. 33 of the Hellenic Capital Market Commission, regarding information disclosure and transparency requirements for companies which are publicly traded on organized markets.
- Processes pursuant to the provisions of Law 3340/2005 for the protection of the capital market from the

actions of insider traders and actions to manipulate the market and Law 3016/2002 on Corporate Governance.

> Compliance

The OTE Group has adopted a Compliance Management System (CMS) regarding the company's compliance with the legislation in force, as well as internal policies, aiming to prevent risks and other legal consequences for the company and its employees.

2014 at a glance

- Group's Compliance Risk Assessment for the year 2014 was conducted.
- The following Compliance policies were also updated:
  - OTE Group Policy on Avoiding Corruption and other Conflicts of Interest
  - Events Policy
  - Policy on Insider Trading
  - Policy on Donations and Sponsorships
  - Policy on Accepting and Granting of Benefits
- With respect to training, an Anti-Corruption training programme took place, as well as an Anti-Fraud and Code of Ethics for Senior Financial Officers e-learning training programme which was held for executives from selected organizational units
- The internal communication of important messages to Management and all employees with regard to issues of Compliance has been enhanced and improved
- The members of the BoD and the Senior Financial Officers signed statements at OTE Group's Compliance Office to the effect that they have knowledge of the precepts of the Code of Conduct for Senior Financial Officers and comply with its provisions, towards an honest and ethical professional behaviour
- The members of the BoD and executives in positions of responsibility in OTE and its subsidiaries signed the Annual Compliance Statement as well as the Conflict of Interest Statement in 2014. They then addressed the entire workforce of the OTE Group, who were informed of the Compliance Policies and especially the Policy on Preventing Corruption and other Conflicts of Interest
- In order to avoid risks when working with suppliers, the company established the Integrity Check and Compliance Business Assessment Procedure. In 2014 this procedure was enhanced and improved, based on OTE Group's anti-corruption practices and internal Policies
- A decision of the OTE's BoD in June 2014 approved the provision, on the part of OTE SA, of Compliance and Corporate Risk Management services for an indefinite period of time to the affiliated companies within the Group.

Objectives for 2015

- Planned for 2015 is a revision of OTE's Internal Regulation of Operations, as well as of certain Compliance Policies, including Fraud Policy and Whistleblowing Policy
- Also planned is a study and analysis of the ISO 19600 standard, which sets the guidelines for the Compliance Management System, in order to identify any differences between it and OTE Group's Compliance System, or any part of OTE Group's Compliance System which may not be in line with the Standard's requirements
- Following the training programme carried out in 2014 for senior executives in positions of responsibility, planned for 2015 is an employee survey regarding Compliance issues. This survey is intended for executives in positions of responsibility at OTE, COSMOTE (Department Supervisor or higher) and other OTE Group companies (Telekom Romania, AMC, OTEplus and GERMANOS). It will question the executives on their views regarding the Compliance services offered, in order to ascertain to what degree they are knowledgeable about Compliance issues and to what degree Compliance has been incorporated into the Group's corporate culture
- The Group's action plan for 2015 also focuses on a review of the method of operation and the procedures

implemented for customer service, as well as on the closer monitoring of commercial issues, with an aim to limit the occurrence of incidents related to Compliance issues
- Finally, OTE Group sets as its main priority the enhancement of the preventive role of Compliance and Corporate Risk Management.

> **Communication With Shareholders**

Apart from established procedures that ensure transparency, OTE has adopted a number of other practices that enhance the disclosure and 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 and timely access to information
- The release of corporate publications (Annual Report, Corporate Governance Report, Corporate Responsibility Report) which enhance the continuous flow of information on issues that relate to the company's strategy, targets, operation and performance
- The 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.

Corporate Governance Report 2014
https://www.ote.gr/web/guest/corporate/ir/publications/corporate-governance-reports

FIXED-LINE TELEPHONY
FIXED-LINE SERVICES IN GREECE (OTE)

MARKET TRENDS: CHALLENGES AND OPPORTUNITIES

> Residential customer market

Continued growth in broadband services

The growth rate of broadband services in Greece continued to keep pace in 2014, fluctuating between slightly higher levels compared to 2013. This is a positive development, given the intensified economic crisis gripping the country which inevitably affects the telecommunications market. Despite the adverse economic conditions, the fiercely competitive environment and regulatory restrictions, OTE was able to end 2014 with a greater increase in its subscriber base compared to 2013 and with a 44% market share of the broadband customer base.

Relentlessly focused on the increased penetration of broadband services in Greece and their technological evolution, OTE contributes to the country's overall technological progress. Through the quality of its services, as well as the reliability of its networks, the company not only continues to ensure access to broadband services even in the most remote areas, but advances them through the further development of its VDSL network and the introduction of new services, such as Internet via satellite.

Increased competition in providing integrated solutions to the customer

During 2014, competition between operators intensified even further in terms of providing integrated services to the customer. The bundled offers providing integrated voice, Internet and TV solutions prevailed and adapted to the new economic status faced by consumers in Greece. The additional discounts offered to subscribers who combine a Single Play or Double Play package with their mobile or pay-TV package are a characteristic example of this trend.

Moreover, in 2014, telecom operators continued to provide targeted offers based both on the sales channel (e.g., a better price for the online purchase of a package) and on social criteria (special offers for the unemployed, pensioners, university students, etc.).

At a difficult time for consumers, OTE was able to enrich the product features of its packages, making them available at new prices, which will remain fixed throughout the customer's commitment period. OTE now offers increased free talk time to mobile phones in all its packages, incorporating into the most popular ones a caller ID service. OTE also launched its "OTE Satellite Internet" service. This service offers Internet via satellite throughout Greece, even to the most remote or inaccessible areas, and is offered in cooperation with Eutelsat. As a result of these actions, the company's broadband customer base increased by 8.4% compared to 2013, numbering 1,367,388 customers. Likewise, VDSL connections almost doubled in 2014, numbering 92,585 customers.

> Corporate and business customer market

In the corporate and business customer market, where the need for converged fixed-line and mobile telephony services and offers is more evident, telecom operators have responded through partnerships or buyouts.

In 2014, demand focused on integrated solutions combining voice and Internet with value added services, and with demands for guaranteed quality at competitive prices.

Moreover, with regard to ICT services, despite the fact that the wider macroeconomic environment continued to negatively affect the ability of Greek businesses to invest in Information and Communication Technologies, especially given the expenses required for business software, the demand for integrated single solutions which combine telecoms and IT presents opportunities for the operators themselves to evolve (in terms of technology and customer experience).

The combination of the ever-growing network technologies and IT solutions generate innovative services for

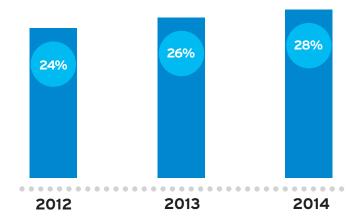the benefit of society and businesses. These are services which enhance a company's efficiency and productivity, such as Cloud and Machine to Machine, but also solutions that can be implemented in the fields of health, tourism, education, energy, the state and the operation of its agencies in general.

With respect to the demand for connectivity services, 2014 was marked by the merger of the banking sector into four systemic banks. This resulted in the shrinking of the sector's connectivity services by 30%. In 2014 the trend for the gradual replacement of traditional services continued (e.g., leased lines, ATM) with newer ones (IP VPN, Ethernet).

Greek broadband population penetration

24%	26%	28%
2012	2013	2014

Total broadband market net additions (000)

Total broadband subscribers: 3,141

209	221	253
61%	63%	58%
39%	37%	42%
2012	2013	2014

● Competitors broadband market share in net adds
● OTE Retail broadband market share in net adds

FIXED-LINE TELEPHONY
FIXED-LINE SERVICES IN GREECE (OTE)

More than 1,400,000 fixed-line customers could have the possibility of accessing to OTE's VDSL services

2014 AT A GLANCE

› Aiming to build a state-of-the-art Next generation Network for high-quality VDSL services

OTE is steadily continuing the development of its New Generation Access (NGA) network, which began in 2010. In 2014, the expansion of the NGA network continued in many urban and semi-urban areas, achieving coverage of almost 30% of fixed access lines nationwide (up from 25% in 2013). By the end of the year and as a result of technical works, more than 1,400,000 fixed-line subscribers could access OTE's VDSL services (up from 1,200,000 in 2013).

At the same time, the company developed the VDSL2 access technology based on the FTTC (Fiber to the Cabinet) architecture, through the installation of Fibre Optic from the Local Exchange to the open-air cabinet (Serving Area Interface - SAI) in replacement part of the copper network. In this way, the company aims to eliminate any technical issues that may occur as a result of the distance between the customer and the SAI and to provide very high speed broadband services to the end users. By the end of 2014, OTE was providing broadband VDSL access nationwide, through the FTTC network, to 3,202 cabinets, compared to 1,655 cabinets during the same period in 2013.

In addition, the company is expanding the availability of its very high speed Internet service offering through the installation of VDSL infrastructure at the Local Exchange, thus providing a much greater number of customers with the option of internet access at speeds of up to 50 Mbps. By the end of 2014, OTE was providing broadband VDSL access to 427 Local Exchanges, compared to 277 Local Exchanges at the end of 2013.

In 2014 the ADSL network installed ports came to 1,827,000.

NATIONWIDE BROADBAND VDSL ACCESS

427
Local Exchanges

277
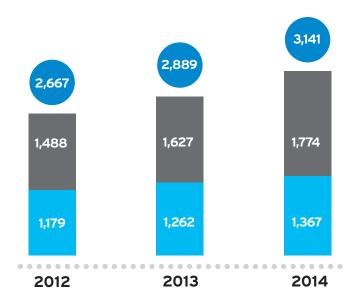**Local Exchanges**

2014

2013

> Regulatory developments: Greater flexibility in the implementation of the company's pricing policy

Following the lifting by the Hellenic Telecommunications and Post Commission's (EETT) in 2013 of OTE's ex ante regulation with respect to tariffs for local, national and mobile calls, OTE proceeded in 2014 to simplify the above tariffs, offering its subscribers simple and straightforward invoices. In particular, on-net and off-net charges were assimilated for local and national calls respectively and were consolidated for all days and hours of the week, with the exception of on-net national calls on Sundays, which continue to be charged as local calls. At the same time, in 2014 OTE implemented measures for the protection of its subscribers' rights. These measures include:

- The timely notification through the subscriber's bill in cases of modification of tariffs, of terms of agreement or of the technical features of OTE's services
- Crediting the subscriber in the event of services being interrupted
- Protecting the subscriber from being charged above a certain maximum limit

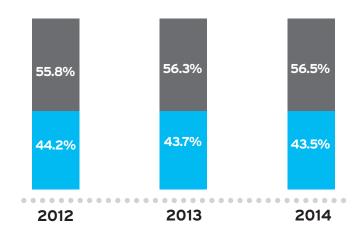**Total broadband market (000)**

2012	2013	2014
2,667	2,889	3,141
1,488	1,627	1,774
1,179	1,262	1,367

● Competitors Broadband (OTE Wholesale + LLU Broadband)
● OTE Retail Broadband Subscribers

FIXED-LINE TELEPHONY
FIXED-LINE SERVICES IN GREECE (OTE)

Broadband Market Shares

	2012	2013	2014
Competitors Broadband (OTE Wholesale + LLU Broadband)	55.8%	56.3%	56.5%
OTE Retail Broadband Subscribers	44.2%	43.7%	43.5%

● Competitors Broadband (OTE Wholesale + LLU Broadband)
● OTE Retail Broadband Subscribers

CUSTOMER EXPERIENCE

OTE remained steadily number one in terms of consumer preference again in 2014, as is borne out by its strong brand preference and its high customer satisfaction scores. With a focus on meeting customer needs, OTE is constantly improving its services, the distribution channels for its products and the level of its customer service.

> **Customer experience is everybody's business**

Customer experience as a strategic direction and as a personal goal on the part of employees has been included as a criterion in evaluating personnel performance. The OTE/COSMOTE/GERMANOS companies have incorporated and are constantly enhancing the link between personnel evaluation criteria and performance in terms of customer experience with regard to all personnel, irrespective of rank.

> **The Branded Customer Experience Excellence programme**

Within the framework of the continuous improvement of its customer service experience, in early 2014 OTE initiated a two-year certification programme for the entire company staff on Customer Experience Management. The programme is being implemented in cooperation with the European certification organization SOCAP (Society Consumer Affairs Professionals) and is one of OTE's core actions towards the enhancement of a customer-oriented culture and proof of the company's commitment to better meeting customer needs at all service points.
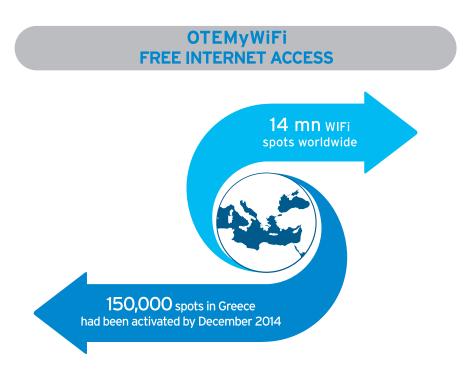
> **Improvement of services-new services**

Residential customer market: Enrichment of product features at high access speeds

Through OTE Double Play, OTE remains the main agent for new technology development in Greece and the number one choice of customers for high quality broadband services. In 2014 OTE continued to expand its VDSL network in new regions, while at the same time launched its new "Satellite Internet" service, offering Internet access via satellite. As part of its customer-oriented approach, OTE launched new, upgraded SP&DP programmes at new, fixed prices for the customer's entire commitment period.

The launching of OTEMyWiFi

In 2014, OTE, in partnership with Fon, the largest WiFi network in the world and an Internet access sharing company, launched the OTEMyWiFi service which offers free Internet access exclusively to OTE's Double Play customers from 14,000,000 WiFi spots worldwide. In Greece, by December 2014, over 150,000 WiFi spots had been activated.

**OTEMyWiFi
FREE INTERNET ACCESS**

14 mn WIFi
spots worldwide

150,000 spots in Greece
had been activated by December 2014

OTE COSMOTE Eurobank Loyalty Program

Focused on meeting its customers' needs and aiming to continually offer added value and solutions to its customers, OTE in cooperation with COSMOTE and Eurobank developed a joint customer loyalty programme through which OTE subscribers can enjoy discounts on their telecom bill depending on their use of the OTE - COSMOTE – MasterCard credit card. The programme appeals greatly to its members, who enjoy multiple benefits, including collecting "money – points" with the Eurobank Return feature.

With respect to value added services, OTE's main pillar is:
- **11888**

11888 is an integrated, professional and residential nationwide directory. It is a search machine which offers directory information via phone, the Web or mobile app. 11888 offers businesses and professionals the chance to promote their products and services through special, competitively priced packages. The company's objective is to make 11888 (via phone, the Web or mobile app) a Top of Mind directory service.

FIXED-LINE TELEPHONY
FIXED-LINE SERVICES IN GREECE (OTE)

- **Services for Corporate and Business Customers**

For its business and corporate customers, OTE offers integrated solutions that combine voice services, broadband Internet access, as well as connectivity and Data Centre services. During 2014 there was a rapid increase in VDSL services take up in the business and corporate customer segment.

In 2014 OTE presented the new OTE Business Double Play Economy discount programmes, in order to meet the talk time needs of corporations at more affordable prices, and upgraded the OTE Business Double Play Basic and Web Pack programmes, by offering more free talk time to mobile phones.

The new portfolio is available in 5 product lines: Single Play, Economy, Basic, Web Pack, Web Pack & Static, depending on the needs of each business.

- **ICT Services**

For OTE Group, ICT constitutes a new, crucial source of revenue and lies at the heart of its strategy, in convergence with DT Group's broader strategy.

OTE and COSMOTE hold a leading position in the ICT market. In 2014 they were present in all the major digital infrastructure projects that took place in Greece, as part of the Group's strategy. They provide ICT solutions which create value for the customer by combining the providing of network services, equipment (networking), value added systems and services (design, implementation, support), i.e., integrated solutions which combine telecoms and Systems Integration.

OTE Group's ICT Services are grouped under 5 categories:
  - Connectivity (IPVPN, Ethernet, Leased Lines, Value Added Services)
  - Networking (Networking LAN/WAN/WiFi; providing consulting services for the design, implementation and support of large networks of customers; equipment reselling, installation, maintenance and management services for customers; providing a service level agreement - SLA)
  - IT Solutions (IT Infrastructure, IT Managed Services, IT Security, E-Government, E-Health, E-Tourism, Smart Metering)
  - Cloud (Infrastructure as a Service "IaaS", Cloud Servers, Cloud storage, Platform as a Service "PaaS", Web hosting, Cloud Database, Communication as a Service "CaaS", Email, Video Conference)
  - Machine to Machine "M2M" (M2M connections with the proper usage plans for telematics apps, M2M portal, for the most efficient management of M2M connections, M2M solutions for Fleet Management Service and Building Energy Management).

OTE and COSMOTE undertook major ICT projects, such as:
  - Electronic Prescribing. Creation of one of the largest electronic platforms in Greece, already connecting 11,000 pharmacies and 41,000 doctors, who write 6,000,000 prescriptions a month
  - The Connected Hospital solution (Papageorgiou Hospital, REA Maternity Hospital) providing bedside terminal systems to the patient and the nursing staff asset management & tracking), hospital WiFi net working for patients and staff, and integrated communication services
  - Telemedicine – 2nd Health Region
  - IT Security Solutions for the Coast Guard, ENEL and other customers
  - Telemetering (Public Power Corporation)
  - 112 (European Emergency Number)
  - Taxpayers' Service Center.

- **Networks/Networking**

In 2014 OTE continues to set up large corporate IP VPN networks for customers from the private and public sectors. In addition, 2014 saw the launch of the new 3G/4G IPVPN service, which combines the possibilities of COSMOTE's data network with OTE's IPVPN network. Finally, it showed an impressive increase in the sales of the Dedicated Internet Access (DIA) service in the vertical hotel market.

- **Supporting Entrepreneurship**

For yet another year, OTE continued to actively show its support to SMBs and freelance professionals. Through the "Your advertisement is our advertisement" programme, which is part of the "yourbusiness.gr" service, OTE gave the chance to 10 "yourbusiness.gr" subscribers to win free TV viewing (for 3 days) of their professional activity on Greece's major nationwide TV channels.

OTE's "*yourbusiness.gr*" service received the Best e-business growth initiative Award at the e-Bizz Awards 2014.

> **Distribution network and customer service**

The company's strategy with respect to its distribution network and sales channels involves:
- Simplifying procedures to save time and cut back costs. In 2014 OTE carried out a major investment in the upgrade of its system for the management and implementation of customer requests, by installing a new, state-of-the-art CRM (Siebel Oracle) platform at all customer service points. Through this new infrastructure, a series of procedures were simplified, thus improving the overall request implementation experience and saving valuable time for its customers
- Emphasizing customer's e-experience
- Changing the way in which customer requests and complaints are managed, e.g., continuing to invest in applications that improve the procedure through which customer problems are solved, such as the new OTE Care Voice Interactive system (IVR) for faster problem solving and the use of SMS to inform the customer of the fault repair status. In addition, with respect to fixed access line faults, OTE offers to residential customers, whose fixed line has been disconnected for over 24 hours, the free transfer of incoming calls to another fixed-line or mobile telephone/line until the fault is repaired
- Rewarding customers for their loyalty
- Reinforcing the "customer experience" corporate culture.

In 2014 OTE won first place at the National Customer Service Awards of the Greek Institute of Customer Service.

Revamp of the OTE and COSMOTE shops

For yet another year, the OTE, COSMOTE and GERMANOS shop network contributed significantly to the attainment of OTE Group's strategic goals. The OTE and COSMOTE shops continued to be renovated towards an integrated and revamped look and feel.

A customer visiting the OTE and COSMOTE shops enjoys a unique experience in the most modern shops, in terms of their design, in the Greek market. For yet another year, and despite fierce and intensifying competition, the GERMANOS shops managed to maintain their leading position in terms of customer preference and to increase their sale rates with respect to emerging technology products (e.g., tablets), while also investing in new digital products (e.g. laptops, TV sets and game consoles). At the same time, they contributed significantly to the loyalty and increase of OTE Group companies' customer base through enhanced customer service and the launch of innovative fixed-line and mobile telephony products.

Specifically, the most significant achievements of the GERMANOS shop network during 2014 took place:
- In the mobile phone market, where an increase of smartphone penetration of over 50% of sales was achieved, while 4G smartphone penetration came to 18%. GERMANOS offered the largest variety in 4G smartphones, thereby winning the "No 1 destination for smartphones" label, while at the same time maintaining the GERMANOS network title as the "No 1 destination for mobile phones"
- In the emerging Tablets market, where it maintained its dynamic presence throughout 2014, the result being that at the close of the year it had achieved an increase in unit sales of 100%, greater than the increase in the market, which led to the acquisition of an additional market share
- In digital products, yet another sector in which the company invested, focusing mainly on laptops, TV Sets,

accessories and game consoles, with an aim to reinforce the image of the GERMANOS network as the ideal destination for all technology products. In the laptop and home console market, an increase of the market share was achieved.

The OTE Group network of shops includes:

- A network of dealers which includes 23 COSMOTE shops (corners)
- 18 self-owned COSMOTE shops (9 in the greater Attica region and 3 in Thessaloniki)
- 122 OTE shops nationwide
- 342 GERMANOS shops nationwide.

An integrated sales and customer service system

OTE's Customer Service operates at five nodes and employs fully trained customer service specialists. It is a multi-media contact centre, strongly aligned with the Group's customer-oriented philosophy and segmented contact approach, forming an integrated Sales and Customer Service channel which provides guidance, support, management and solutions for complex customer issues.

Firmly committed to the Group's values, OTE Customer Service (13888) won the first place in the "Customer Service Centre of the Year – Large Team" category of the National Customer Service Awards of the Hellenic Institute of Customer Service for 2014, confirming the Group's customer-oriented philosophy and its people's constant efforts in that direction. In recent years, an enormous effort has been made to restructure OTE, with Customer Experience as its focal point.

With over 20,000,000 contacts on an annual basis, OTE's Customer Service contributes significantly to:
- Enhancing customer experience and customer loyalty
- Realizing the company's commercial strategic objectives
- Reinforcing the company's image and reputation

The specialized units which are active in providing upgraded customer services at OTE deal with issues pertaining to:

- Fault management and specialized services support, as well as integrated support and services for new technologies and TV services (IP TV & SAT TV)
- Billing and late payments
- Sales and customer service, guidance, support, management and solutions regarding complex customer issues aiming at the acquisition of new customers, the growth and development of the company's customer base, and customer retention
- The efficient end2end management of all requests and special customer issues, from the time they are submitted to their final processing/resolution, regardless of the manner or medium of submission
- Business customers: by developing strong relations of trust with business customers, these units reliably handle all issues pertaining to order management, VIP Business Customers and support of the Dealer network.

e-bill

By systematically implementing actions that meet modern needs and offer best-in-class customer service, OTE further enhanced digital conveniences, significantly increasing the number of subscribers who choose the e-bill.

e-channels

Over the past two years, OTE has improved the design and operation of its ote.gr website in keeping with the company's strategy to offer its customers best-in-class customer experience. Easy navigation, online purchases and the electronic management of customers' telephone bills are only some of the many features and advantages of the renewed ote.gr. In particular:

- All of OTE's customers, whether residential customers, professionals or businesses, are now able to carry

out online purchases of products and services and to put together their own services package according to their needs
- Through the new MyOTE service, customers can manage their connection and bill on their own either from their home or from their office; they can pay their bill online; or they can upgrade or modify their fixed-line services subscription
- The new site is pioneering in that it allows the customer to communicate online with Customer Service representatives through the ON Chat and Call Back services
- The new OTE site includes one additional innovative service: OTE Life, the first and "only" Greek blog run by a telecom company which posts the latest news and developments on a wide range of topics.

OBJECTIVES FOR 2015

For 2015, the company is planning to upgrade the e-commerce platform and to transfer all three of the Group's websites (ote.gr, Cosmote.gr, and e-germanos.gr) to it. The new platform will offer improved functionalities on a personalization level (personalized proposals and solutions) through the further upgrade of the Myaccount feature (MyOTE, MyCOSMOTE) towards advanced self-care.

With respect to its residential customers, in 2015 the company will focus on:
- The expansion and greater market penetration of the VDSL network
- The enrichment of the product portfolio with an aim to provide or upgrade to new higher speeds (24/50/100 Mbps)
- The launching of a broadband telephony service
- The development of a fixed-line broadband access service through DSL and mobile Internet (Hybrid Access)
- The launching of COSMOTE packages, offering fixed-line and mobile telephony services
- The launching of Quad play (Fixed-line and mobile telephony, broadband Internet and TV).

With respect to its business customers, in 2015 the company will place emphasis on:
- The development of connectivity services, the introduction of new access technologies with an aim to control costs, and the launching of the SLA (Service Level Agreement)
- The launch of packages, with COSMOTE, which will combine fixed-line and mobile telephony services so as to retain OTE Group's customers
- The development of innovative products, services and integrated solutions which combine network and ICT technology
- The enrichment of the OTE Business Cloud with new services.

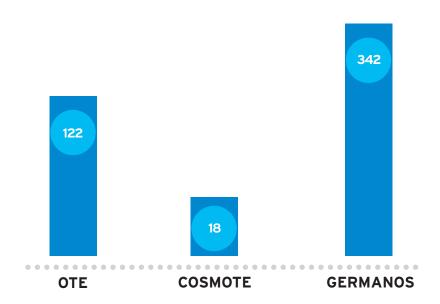**Enrichment of product features at high - access speeds**

OTE Double Play packages in 2014

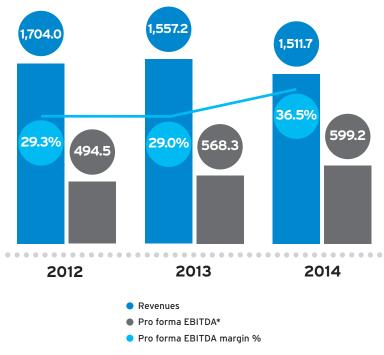| Packages	Broadband (Download)	Calls to Fixed	Calls to Mobile	Caller ID	Catalogue Price per month	Price per month for the first 18 months
OTE Double Play 4 Economy	4 Mbps	250'	–	–	€ 26.90	€ 24.90
OTE Double Play 4 Unlimited	4 Mbps	Unlimited	30'	–	€ 32.90	€ 30.90
OTE Double Play 4 Unlimited Plus	4 Mbps	Unlimited	150'	–	€ 36.90	€ 34.90
OTE Double Play 24 Economy	up to 24 Mbps	250'	30'	✓	€ 32.90	€ 30.90
OTE Double Play 24 Unlimited	up to 24 Mbps	Unlimited	30'	✓	€ 37.90	€ 35.90
OTE Double Play 24 Unlimited Plus	up to 24 Mbps	Unlimited	360'	✓	€ 41.90	€ 39.90
OTE Double Play VDSL 30 Unlimited	up to 30 Mbps	Unlimited	30'	✓	€ 41.90	€ 39.90
OTE Double Play VDSL 30 Unlimited Plus	up to 30 Mbps	Unlimited	360'	✓	€ 45.90	€ 43,90
OTE Double Play VDSL 50 Unlimited	up to 50 Mbps	Unlimited	30'	✓	€ 46.90	€ 44.90
OTE Double Play VDSL 50 Unlimited Plus	up to 50 Mbps	Unlimited	360'	✓	€ 50.90	€ 48.90

OTE Satellite Internet in 2014

Packages	Broadband (Download/Upload)	Internet (Monthly allowance)	Catalogue Per month	Equipment Provided by OTE once off	Activation Fee once off
OTE Satellite Internet 10		**10 GB**	€ 29.90		
OTE Satellite Internet 25	up to 22 Mbps/ up to 6 Mbps	**25 GB** (unmetered usage from 00 to 6 AM local time)	€ 39.90	**€ 350.00***	**€ 99.00**
OTE Satellite Internet 100		**100 GB**** (unmetered usage from 00 to 6 AM local time)	€ 79.90	**Free** for a limited time	
Static IP (add-on)			**€ 8.90**		

OTE Group retail distribution network 2014 in Greece

122	18	342
OTE	COSMOTE	GERMANOS

OTE S.A Financial performance (€ mn)

	2012	2013	2014
Revenues	1,704.0	1,557.2	1,511.7
Pro forma EBITDA margin %	29.3%	29.0%	36.5%
Pro forma EBITDA*	494.5	568.3	599.2

- Revenues
- Pro forma EBITDA*
- Pro forma EBITDA margin %

* Excluding the impact of Voluntary Retirement Programs and Restructuring Plans

SERVICES FOR TELECOM OPERATORS IN GREECE (OTE)

Together We Evolve

Through its "OTE Wholesale" brand services, OTE enjoys a leading position in the wholesale telecom market, offering voice and data services to local telecom operators, who form an essential part of the company's customer base and constitute a significant revenue stream.

Having adopted the strategic message "Together, We Evolve", OTE communicates its strong customer-oriented commitment for a continuous and dynamic course into the future, ensuring the sustainable development and steady progress of all its stakeholders.

OTE offers telecom operators the following services:

- Broadband (Wholesale ADSL & VDSL)
- Local Loop Unbundling (LLU & Collocations)
- Data Transfer
- Interconnection Services
- Value Added Services (VAS).

OTE OFFERS TELECOM OPERATORS THE FOLLOWING SERVICES:

Data Transfer

Broadband (Wholesale ADSL & VDSL)

Value Added Services (VAS)

Interconnection Services

Local Loop Unbundling (LLU & Collocations)

MARKET TRENDS: CHALLENGES AND OPPORTUNITIES

Fixed Line Access Market

The year 2014 saw a reduction in the great pressure which had been exerted on the fixed line access market in previous years, with the tendency for the elimination of lines diminishing considerably and losses being marginal (approximately 26,200 less active lines overall).

Telecom operators continued to increase their customer base at the same rate as in 2013, adding a total of about 100,000 active fixed lines, coming to 2.04 mn lines and a fixed line access market share of 42.8%.

Fixed Broadband Market

Broadband penetration in the Greek market continued to increase in terms both of private individuals and businesses, through the packages and offerings of OTE (OTE ADSL & VDSL) and the other telecom operators, through OTE Wholesale's services (Full LLU, Shared LLU, Wholesale ADSL & VDSL)

- The total fixed lines with active broadband connection came to 3.14 mn, up by 251,600 lines compared to 2013 (+8.7%)
- Out of a total of 4.77 mn active fixed access lines, the 3.14 mn that have an activated broadband access service (ADSL & VDSL) represent 65.8%. This percentage in 2013 was 60.2%
- Out of the telecom operators' 2.04 mn fixed lines, 1.77 mn lines have an active broadband connection (86.8% in 2014, up from 83.7% in 2013).

Wholesale Services Competition

Competition in the wholesale market continues to intensify as the operators continue to expand the Backbone Network with own funds and partnerships in exchange for fiber optics infrastructure (network sharing), with an ultimate goal to decrease their operational costs.

Through its main pillars of "network availability and investments, advanced services, experience and reliability, and a steadily high level of customer service", OTE continues to prove to the customers/operators that it is the safest and most beneficial choice if they wish to enjoy success and prospects in the very demanding and fluctuating environment in which they operate, such as that of the digital economy and market in general.

2014 AT A GLANCE

The services OTE provides to operators are, to a large extent, the product of regulatory obligations which stem from national and European legislature.

Within this strict and especially demanding framework, OTE is successful in complying with regulatory requirements through regulated services.

The number of telecom operators with whom OTE cooperated in 2014 came to 28, of which 13 are interconnected with OTE's telephone network, while 7 operators provide mainly LLU related services.

By the end of 2014 the number of active fixed access lines stood at 4.77 mn (OTE or operator's phone line – full LLU or WLR). Contributing to this was:

- the restriction of telephone line losses by OTE and enhanced customer retention
- the continuous penetration of telecom operators in the market through the intensive and broad promotion of Double & Triple Play packages and bundled offers
- the stabilisation and small improvement of certain basic financial and social indices in Greece in 2014.

OTE, Information Society (KTPAE) and OTE Rural South and OTE Rural North (100% OTE Group subsidiaries) signed a partnership agreement for the implementation of the "Development of Broadband Infrastructure

FIXED-LINE TELEPHONY
SERVICES FOR TELECOM OPERATORS IN GREECE (OTE)

Development of Broadband Infrastructure in Rural "White" Areas of the Greek territory

in Rural White Areas of the Greek Territory" project. White settlements are approximately 2,230 areas which are not provided with broadband access and are not expected to be provided with it in the near future. The objective of the project is to develop, operate and manage a public telecom infrastructure network which will support the provision of wholesale broadband services by third-party telecom operators to end users (citizens and businesses).

CUSTOMER EXPERIENCE

> **Upgrade of OTE's Wholesale services**

Wholesale broadband access: Development of Wholesale VDSL

In 2014, OTE made available to telecom operators over 2,400 Wholesale VDSL connections, up from just 1,100 in 2013.

The upward trend also noted in VDSL packages through OTE's wholesale services is a further encouraging sign in terms of the significance and efficiency of OTE's continued investments in NGA networks, yielding multiple benefits (OTE, other telecom operators, final customers, digital indices, etc.) and opportunities for new forms of collaboration and revenue streams.

The number of wholesale ADSL connections of the ARYS service came to 20,069. This number has declined significantly over the past years due to:

- The commercial policies of alternative operators, who encourage their subscribers to turn to LLU services, taking advantage of the development of self-owned network infrastructures, and
- The adverse economic conditions that have led to the absorption by or exit from the market of companies that were active mainly in providing wholesale broadband connections.

Continued demand for Local Loop Unbundling (LLU) services

In 2014 the great demand for LLU services continued as a result of the demand for communication and entertainment bundled packages by the operators' end-customers.

By the end of 2014, the number of active LLU lines topped 2 mn and came to 2,015,940 (Full & Shared LLU).

The growth of the LLU service continued at the same rate as in 2013, slightly reduced (a 6% annual increase in 2014 compared to 7% in 2013).

For every month of 2014, the company acquired an average of 9,300 new LLU lines.

The demand for Collocation services remained steady. By the end of 2014, the number of OTE's local exchanges providing Physical Collocation came to 174 (85 in Attica, 15 in Thessaloniki and 74 in regional Greece) compared to 173 at the end of 2013, while the number of OTE local exchanges with Remote Collocation LLU Requests came to 730 compared to 729 at the end of 2013.

Ethernet, Analogue & PHD/SDH technology Data Transfer Services and Wholesal Leased Lines (WLL)

Ethernet WLL services showed a small increase (343 circuits in 2014 compared to 338 in 2013), despite the elimination of backhauling circuits due to the development on the part of operators of own infrastructure.

At the same time, the Ethernet Mobile Backhaul services increased significantly (57 circuits in 2014 compared to just 36 in 2013).

In 2014 the decrease in the number of Analogue & PHD/SDH technology Wholesale Leased Lines (WLL) continued (by a total of 6.07%).

Active LLU lines surpassed the 2 mn mark

Interconnection Links of 2 Mbps showed a small decrease of 4.5%, nearing 4,227 (from 4,428 at the end of 2013). Of these, 490 concerned the H-ZEUS service (compared to 1,020 at the end of 2013) and 2,399 concerned the FS-ZEUS service (compared to 1,820 at the end of 2013).

Network interconnection and value-added services (VAS)

With respect to telephone network interconnection services, the traffic volume (measured in minutes) of fixed-line operator calls terminating at OTE's network decreased by a slight margin compared to 2013, coming to 4.27 bn. minutes from 4.57 in 2013.

The traffic volume of mobile operators terminating at OTE's network increased from 1.1 bn. minutes to 1.2 in 2014. Origination and transit traffic stood at 0.3 bn. minutes, compared to 0.4 bn. minutes in 2013.

Carrier Pre-selection (CPS) customers stood at 67,200 (compared to 89,000 in 2013), while the geographical numbers with active portability rose to 2,478,000, compared to 2,281,000 in 2013.

Wholesale Line Rental (WLR)

Through the Wholesale Line Rental (WLR), telecom operators can lease the final customer's access line and offer voice services exclusively under their own brand name. This service allows telecom operators to offer their end customers integrated services without any added investment.

By the end of 2014, WLR subscribers came to 35,325 compared to almost 47,100 at the end of 2012.

❯ OTE Wholesale Customer Service

In the context of the company's relations with telecom operators and its strategy to provide them with best-in-class services, OTE proceeded to:

Upgrating its Wholesale CRM (WCRM) Information Systems through:
- The constant monitoring and upgrade of the WCRM systems' security parameters
- Actions to improve performance in order to ensure continuous and seamless access to WCRMs on the part of telecom operators
- The continuous enrichment of the WCRM systems with new functionalities
- The immediate response to and management of all requests
- Monitoring and filling requests at the Local Loop (LLU), at the Collocation services, at the Wholesale xDSL connections, at the Numbers Portability, at the Wholesale Leased Lines (WLL), at the Carrier Pre-Selection and at the Interconnection and WLR Services.

Reinforcing the Team & Customer Service Tools & Sales through:
- An extensive training plan for executives, geared towards customer experience and the consolidation of OTE's customer-oriented philosophy and objectives
- The effective management of telecom operator demands and after - sales support for all services provided through specialized support groups
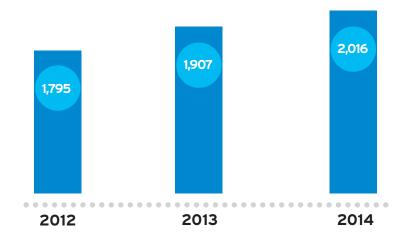
Improving Communication with Customers & Enhancing Customer Loyalty through:
- The constant analysis of customer needs and the monitoring of market trends
- Monitoring and analyzing the competition in wholesale services and taking the appropriate commercial measures/actions to limit the competition
- Implementing a Wholesale Marketing & Communication action plan with an aim to enhance OTE's image, promote wholesale services and increase customer loyalty
- Renewing and homogenizing all materials/tools/means of communication and contact with customers in order to improve their overall OTE experience and to make OTE's communication/contact with them more efficient
- Developing and implementing new interactive applications and the continuous upgrade of the content of

FIXED-LINE TELEPHONY
SERVICES FOR TELECOM OPERATORS IN GREECE (OTE)

OTE Wholesale's website www.otewholesale.gr (newsletters, news, FAQs, etc.)
· Organizing events/conferences/training sessions for telecom operators with an aim to present services/
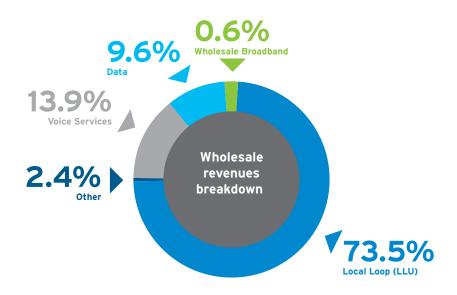systems/applications/telecom solutions on the part of OTE.
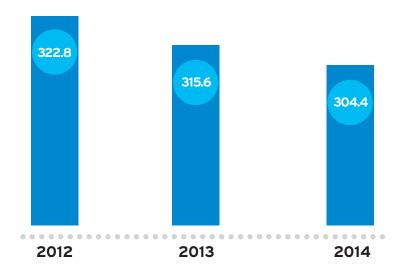
LLU market evolution (000)

| 2012 | 2013 | 2014 |
| 1,795 | 1,907 | 2,016 |

OBJECTIVES FOR 2015

OTE will continue to be the first choice and the main strategic partner of telecom operators, fully meeting the market's needs and challenges. Its main priority will continue to be to offer best-in-class customer service.

The diffusion, implementation and consolidation of OTE Wholesale's strategy **"Together we Evolve"** at every level of operation and communication (both internally and externally) ensures the strengthening of long-term, mutually beneficial collaborations and establishes a customer-oriented philosophy as the primary impetus behind every thought and action.

0.6%
Wholesale Broadband

9.6%
Data

13.9%
Voice Services

2.4%
Other

Wholesale
revenues
breakdown

73.5%
Local Loop (LLU)

Wholesale Revenues Evolution* (€ mn)

322.8

315.6

304.4

2012

2013

2014

*Each year depicts the total revenues from Interconnection/Roaming/Directory Services,
Wholesale leased lines, Wholesale broadband and LLU/Physical Co-location*

INTERNATIONAL TELEPHONY, INTERNET AND DATA SERVICES (OTEGLOBE)

BRIEF DESCRIPTION

OTEGLOBE is an international provider of international wholesale telecommunication, Internet and data transmission services. The company operates in the following sectors:

- Development, design, planning, implementation and management of international telephony data and capacity networks
- Commercial exploitation of all international services to telephony operators
- Provision of integrated and fully manageable services (international IP VPN) to large corporate/business clients through partners

❯ Infrastructure

OTEGLOBE's services are offered through its four privately-owned networks: a) the Transbalkan Network (TBN), which connects Greece to Western Europe through the Balkans; b) the GWEN network, which provides interconnection to Western Europe through Italy; c) the international IP/MPLS network, which is based on the aforementioned core networks for providing Internet and VPN services; and d) the international telephony network, which was recently upgraded with Softswitch technology and new functionalities, and has expanded geographically.

OTEGLOBE also participates in international submarine cable systems (e.g., SMW-3) consortia, and maintains more than 150 bilateral interconnections in the field of international telephony.

❯ Development prospects

2014: A successful year for OTEGLOBE

Leveraging on OTE Group's footprint in SE Europe, OTEGLOBE is considered the most reliable provider of international wholesale services in this market. Having built a strong brand name along with a high quality network infrastructure, OTEGLOBE has been strengthening its presence in the telecom markets of North Africa and the Middle East, either through strategic collaborations with major telecom providers in these regions, or through the development of new infrastructures.

In particular, since 2014, the company has been a full member of one of the largest cable system consortia in the world (AAE1), which will connect Hong Kong and Singapore to the Middle East, Africa and Europe.

MARKET TRENDS: CHALLENGES AND OPPORTUNITIES

A large volume of broadband and international inbound/outbound voice traffic in the greater region of SE Europe is carried through OTEGLOBE's networks.

The company aims at maximizing the use of its existing infrastructure and thus attract a share of the constantly increasing traffic towards international Internet centres. Between 2010-2014, the international Internet capacity increase rate in the Middle East, Eastern Europe and North Africa ranges between 40%-55% approximately.

Moreover, with respect to international telephony services, the new NGN functionalities with which the telephony network has already been upgraded, as well as the targeted promotion of Hubbing services resulted in the increase of OTEGLOBE's commercial activity and its expansion into new developing markets, such as Africa and Latin America.

2014 AT A GLANCE

The year 2014 was a successful one for OTEGLOBE since, despite the unstable macroeconomic environment and the continuing fall in prices in the Greek market and greater SE Europe as a result of the intense competition, the company posted a steady financial growth.

The most important events of 2014 were the following:

- Participation as a full member in one of the largest cable system consortia in the world (AAE1). In January 2014 OTEGLOBE and 17 international telecom operators signed a construction and maintenance agreement (C&MA) for a new, transcontinental, submarine cable system known as Asia Africa Europe-1 (AAE-1). With a length of 25,000 km, the AAE-1 is one of the few cable systems that will connect Hong Kong and Singapore to Europe, through the shortest possible route (low latency route). A major part of this traffic will pass through Greece, through the cable station in Chania, Crete. Construction of the cable has already begun and is expected to be completed in 2016
- Promotion of versatile commercial packages in International Telephony and taking further advantage of the NGN infrastructure in Hubbing services. Acknowledging its customers' diverse needs in the extremely competitive environment of international telephony, OTEGLOBE offers new commercial packages based on new IP technologies, which have contributed to the modernization of the international telephony network
- Enhancing OTEGLOBE's commercial presence in markets of interest, such as the Middle East and North Africa, through targeted partnerships with selected operators for the further enhancement of data and voice services take up
- Upgrade of the capacity and functionality of the existing self-owned telecom infrastructure and, within this framework, upgrade of the NGN infrastructure for international telephony, the TBN/ GWEN core networks, etc.

> **Financial performance**

Despite the adverse economic conditions, OTEGLOBE continued to grow in 2014. The company posted a 2% revenue increase compared to 2013 (standing at €287.1 mn), while it also managed to significantly increase its net cash flow from operational activities compared to 2013. It is also important that the company is not exposed to borrowing.

In 2015, through its participation in the construction of the Asia Africa Europe-1 (AAE-1) international submarine next generation cable system, the company is re-establishing itself in new developing markets, such as those of the Middle East, North Africa and SE Asia, and broadening its area of activity, especially in markets with large profit margins.

FIXED-LINE SERVICES IN ROMANIA (TELEKOM ROMANIA COMMUNICATIONS)

MARKET TRENDS: CHALLENGES AND OPPORTUNITIES

In 2014, the Romanian telecom market was characterized by aggressive competition, unforeseen taxation and regulatory measures that made operators reevaluate their plans and added considerable pressure on business objectives. The development of both fixed and mobile infrastructure continued, while the government's Digital Agenda strategy (pending final approval from the authorities) is expected to contribute further to the growth of the industry.

On the fixed Internet market, Romania ranks fourth in a top of 194 countries with the highest broadband speeds, while it has the first position in Europe. According to the Romanian governmental strategy for the Digital Agenda, Romania is a market with high availability of Next Generation Access solutions and with a high penetration of broadband connections with speeds of >100 Mbps. Mobility is also encouraged by the high 3G coverage and by the recent, yet rapid, development of LTE coverage.

The total market grew in 2014, following the overall positive trend of the services segment which is expected to continue in 2015. The Romanian telecom market which is characterized mainly by price-driven competition, is gradually moving towards more qualitative and better „value for money" solutions. Residential customers are shifting to more integrated offers, while business customers, are looking more and more for turnkey ITC solutions that make them more competitive. The main growth areas on the B2B segment are M2M & Cloud, with direct impact in productivity & competitiveness.

2014 AT A GLANCE

Rebranding of ROMTELECOM and COSMOTE ROMANIA

2014 was definitely marked by the rebranding of former Romtelecom and COSMOTE Romania into Telekom Romania Communications and Telekom Romania Mobile Communications respectively, operating under Telekom Romania brand.

Starting in September 2014, the new brand entered the market with a one-stop-shop philosophy and an innovative commercial concept based on integrated experience across all touch points.

The "T" moment has been preceded by a common vision and strategy implemented in the past year. With the aim of becoming the No.1 Integrated telecom & entertainment services provider, a solid strategy based on three pillars was developed. The three pillars are:

- To build the No. 1 integrated operator
- To change market rules
- To transform our operating model.

The strategy was converted into action with the aid of one integrated team offering to the customers truly integrated solutions. New investments on the expansion of the FTTH network were made.

> **Regulatory developments in 2014**
Reduction of fixed and mobile call termination rates

During 2014, ANCOM's Decision no. 366/2014 imposed new cost-oriented wholesale tariffs following European Commission proposed cost methodology. As a consequence, new proposed rates starting April 2014 represents a steep reduction to 0.14 eurocents/minute for termination calls on fixed networks (from an average level of 0.67 Eurocents/min) and to 0.96 eurocents/minute for termination call on mobile networks (from 3.07 Eurocents/ min). Low level of termination proposed rates will increase the rate of decline in retail voice revenues from 2014 onwards. The accounting separation obligations previously established on wholesale fixed call termination services were withdrawn starting the date of new tariffs application. The rest of wholesale obligations imposed by previous regulations – the obligation of transparency, non-discrimination, access granting and permission to use the network and the associated infrastructure will continue to apply. In the

meantime, ANCOM established new set of maximal tariffs for auxiliary services regarding interconnection.

Re-definition of transit call services, backhaul services and leased lines - terminating segments under IP technology.

Both single and double transit call services were unified into a national transit call service with a new higher tariff of 0.18 eurocents/minute (from 0.05 eurocents/minute for a single transit service and 0.16 eurocents /minute for a double transit service). Moreover, backhaul services provided on Ethernet infrastructure (for access and transport network) have been redefined at local, regional and national level according to the appropriate market analysis. The related tariffs have been established on both 1 Gbps and 10 Gbps bandwidths. In the meantime, the tariffs have been designed for transport network segments between several routers type capacities (switch Ethernet, router PE and router P).

Within 2014, ANCOM followed the European Commission proposed cost methodology and has elaborated final tariffs for leased lines – termination segments with the capacity up to 2 Mbps provided on IP-MPLS transmission network infrastructure.

Review of access regulation: mandatory duct and fiber access obligations may become a challenge

National Regulatory Authority (ANCOM) is planning a review of the market for access to physical infrastructure elements (copper and fiber access loops). Under this review, ANCOM will reassess within 2015 the opportunity to impose ex-ante obligations regarding the access to ducts and the unbundling of fiber loops. In case such remedies are imposed on Telekom Romania Communications, the main challenges will be related to the operational aspects of implementing the required products and ensuring their technical availability.

Launch of the first MVNO operators in the Romanian market

Within 2014, the first MVNOs (mobile virtual network operators) joined local telecommunication market. Given the characteristics and structure of the existing retail market (very low retail prices, three strong operators and two aggressive challengers), a large scale development of MVNOs is not expected in the immediate future. Rather, we expect the establishment of niche players targeting narrow market segments (including existing cable operators trying to secure their customer base).

Licenses

Telekom Romania was awarded in 2008 a CDMA 410 MHz license [410–415 MHz/420–425MHz] subject to coverage and network density obligations, with an initial validity period of 10 years. However, after an assessment of the associated operational costs for this particular technology, the company decided to give up the rights of operating license starting January 1st, 2015.

CUSTOMER EXPERIENCE

> Retail customers

In 2014 Telekom Romania Communications' commercial strategic objectives included:

- The enhancement of its TV offer through exclusive content
- New Integrated offers
- Further development of high-speed fiber broadband services with add –on's in order to boost value
- Focus on urban growth

Integrated offers

A key component of the operational integration process was the launch of a genuine convergent offer.

FIXED-LINE TELEPHONY
FIXED-LINE SERVICES IN ROMANIA (TELEKOM ROMANIA COMMUNICATIONS)

Vision and implementation method for integrated offers

Integrated solutions are offered by Telekom Romania. Since Telekom Romania Communications and Telekom Romania Mobile Communications are still two distinct legal entities, the access to Telekom Romania Mobile Communications GSM network is achieved through a MVNO contract.

The first phase of the project took place in June 2014 with a pilot launch of the first integrated offers in the market test. The portfolio consisted of a selection of fixed and mobile tariff plans, following a detailed market research.

Building blocks for the initial integrated portfolio

After the rebranding of Romtelecom and COSMOTE into Telekom Romania, in September 2014, the commercial communication which focused on integrated offerings of fixed and mobile services, played a pivotal role in conveying the main message of the rebranding campaign: Telekom Romania is an operator able to cover all the telecommunication needs of the family with a full array of services such as: fixed and mobile voice, fixed and mobile broadband services and TV, both linear and on demand delivered though fixed and mobile data networks. All these services can be offered under one contract and one bill from one operator.

The communication campaign focused on the offering of unlimited communication for all services:

- unlimited minutes from fixed and mobile,
- unlimited internet from fixed and mobile and
- unlimited access to Telekom TV (the Telekom Romania Communications' OTT solution for delivering TV content to customers).

The campaign also emphasized the new premium positioning of Telekom Romania with a 99 Euro "all-you-can-eat" offer for the family comprising 3 high mobile subscriptions, high TV, BB and fixed voice accompanied by free HD STB, HD package, HBO Go, OTT option and other add-ons.

FMC targets and actual sales during 2014

After the rebranding campaign, the sales ramped-up strongly with both RGU and revenue targets being overachieved for 2014.

Moreover, the integrated offers started to contribute significantly to the overall postpaid development of Telekom Romania since the existing fixed customers of former Romtelecom showed great interest in acquiring also mobile service from Telekom Romania.

However, the aggressive pricing of the initially offered integrated portfolio, geared more towards new customers, meaning that the incremental ARPU obtained by the x-sell of mobile on existing fixed customers was initially lower than expected. A revamped integrated portfolio was launched in November 2014 in order to better protect the value of fixed services (by preventing the downgrade of the fixed voice while migrating to integrated offers by adding mobile services) and to improve the integrated offers by soft bundling of mobile services in them. It is now easier to add offers to the integrated portfolio to meet the needs of new and existing customers

With soft bundling, mobile has a separate price which can be communicated through the so called incremental price communication. This could be very attractive as it would communicate lower prices for mobile, supporting the sales of both integrated and mobile stand alone as the mobile tariff plans used on integrated offers are mirrored from mobile stand -alone portfolio. Incremental price communication is planned for 2015.

❯ Business customers
Rebranding

The Telekom One-Stop-Shop philosophy brings to the Romanian business community a unique experience adapted to every company, and a unique contact point for all their communication needs. This is combined

Telekom Romania covers all the telecommunication needs of the family with a full array of services

with a complete portfolio of fixed and mobile solutions, applications and IT integrated solutions, plus the widest range of IT&C equipment on the market today. The Telekom brand enters the market as a reliable integrated services provider for business customers. Telekom Romania aims to deliver the best experience through innovative products and easy to access services, with the highest quality standards supported by the best Service Level Agreements on the market.

Voice services

In terms of fixed voice evolution in 2014, Telekom Romania Communications succeeded in maintaining its leading position on B2B fix market both in terms of RGUs and revenues. Smart pricing scheme, launched in 2014, offered to new subscribers many free minutes to all fixed and mobile national and international EU destinations combined with unlimited options aligned with market trends.

Data services

For data services, Telekom Romania Communications enhanced MetroNet service, launching a back-up solution on a different support towards the main line. For VPN, despite aggressive competition, the company maintained its market leading position.

Cloud and M2M services

Telekom Romania Communications continues to extend its cloud service portfolio introducing, in partnership with Microsoft, the latest Office 365 package which will further help B2B customers to increase productivity, to collaborate in teams and to create professional web presence. Telekom Romania covers all B2B segments offering Office 365 Business and Office 365 Enterprise packages.

Regarding M2M services, Telekom Romania Communications posted a significant increase in SIM card sales and in market share. The company also launched the Global Corporate Access (GCA) service which is a uniform solution addressing all companies whose employees have frequent business travels and who need a considerable data traffic volume in order to work anywhere in the world and anytime. The service is unique on the Romanian market and allows to business users access to a network of millions of Wi-Fi hotspots in more than 120 countries.

Wholesale services

In January 2014, Telekom Romania Communications was the first Operator in the CEE region and the third in Europe achieving CE 2.0 certification from MEF (Metro Ethernet Forum) for Domestic and International network, a prestigious certification enabling the company to offer standardized enterprise Ethernet connectivity in the countries covered by its services.

In 2014, Telekom Romania Communications Wholesale has been selected for the second consecutive year, as finalist of the Global Carrier Awards event, the most prestigious telecom carriers event globally. The Wholesale division was nominated for the "Best Eastern European / CIS wholesale carrier" category, respectively for the first time at the "Best European Project" category.

ICT solutions

The emphasis on the further development of Business Solutions brought about several new contracts/projects for the supply of turnkey ICT solutions involving managed services, desktop virtualization, unified communications, IT security, and other integrated telecom services for banks, the private and the public sector. In addition, Telekom Romania Communications is increasingly taking on responsibility for all areas of operating these ICT solutions (consulting, design, and construction).

Telekom Romania Communications' reputation as a systems integrator and major IT services supplier was enhanced further in 2014, as a result of the take-up of important projects in the banking sector, the public sector and other industries.

FIXED-LINE TELEPHONY
FIXED-LINE SERVICES IN ROMANIA (TELEKOM ROMANIA COMMUNICATIONS)

OBJECTIVES FOR 2015

In 2015 Telekom Romania Communications will continue its strategic approach, focusing on two major directions: delivering best customer experience and taking technology leadership, driven by innovation, in all areas.

Delivering best customer experience by:
- Investing on infrastructure superiority (with focus on FTTH and 3G/4G)in order to provide customers reliable and top quality services and products, to boost fix-mobile convergence and to become Romanian's preferred integrated telecom operator
- Enriching integrated offers withthe new IPTV service which provides the best TV experience on the Romanian market. These are combined with the exclusive sports content such as Champions League and Europe League, available from September 2015. In addition, the processes will be improved and handset offers wil be expanded
- On the B2B segment, companies will continue to benefit from a complete portfolio of fixed and mobile solutions, applications and IT integrated solutions. To these, they can add innovative cloud and M2M solutions, meant to generate competitiveness for their businesses. Moreover, in 2015, a very innovative service for virtual private networks called "Cloud VPN" will be introduced in Telekom Romania Communications' portfolio.
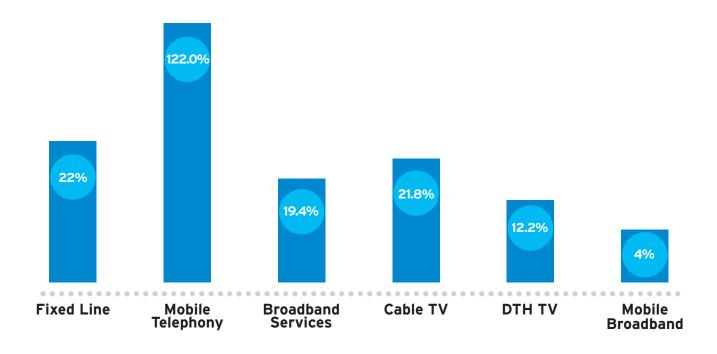
Maintaining technological leadership by continuing the IP migration of current customers and the expansion of fibre optic based technologies (FTTH/FTTB).

For 2015, the estimated households' footprint for fibre is over one million and the 4G coverage is expected to double until the end of the year

The initiatives taken to monetize unused copper infrastructure as well as the efforts to become number one wholesale backhauling provider will continue. The process to divest the idle assets in order to finance business growth will generate revenues for the core business.
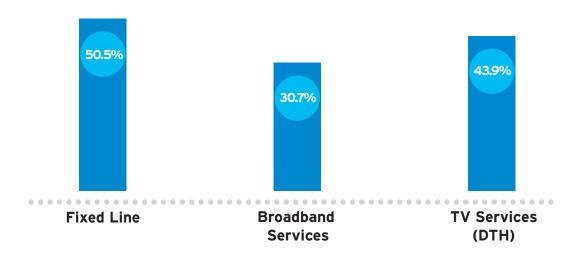
The innovative approach will be reflected not only on the operational side, but also on the development of areas like eBusiness, eSales, eCommerce and ePayment.
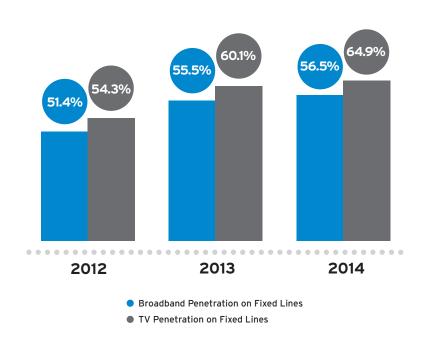
2015: Fibre optics in over a million households and double the 4G coverage by the end of the year

Population penetration in Romania

Fixed Line	Mobile Telephony	Broadband Services	Cable TV	DTH TV	Mobile Broadband
22%	122.0%	19.4%	21.8%	12.2%	4%

FIXED-LINE TELEPHONY
FIXED-LINE SERVICES IN ROMANIA (TELEKOM ROMANIA COMMUNICATIONS)

Telekom Romania, market shares

50.5%

30.7%

43.9%

Fixed Line

Broadband Services

TV Services (DTH)

Broadband & TV Penetration of Telekom Romania' s fixed lines

51.4%   54.3%

55.5%   60.1%

56.5%   64.9%

2012

2013

2014

● Broadband Penetration on Fixed Lines
● TV Penetration on Fixed Lines

Telekom Romania, employees evolution

2012	2013	2014
7,418	6,796	6,029

Telekom Romania, fixed lines (000)

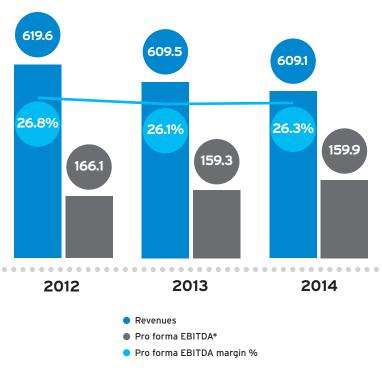| 2012	2013	2014
2,329	2,253	2,181

03. OUR ACTIVITIES IN 2014

FIXED-LINE TELEPHONY
FIXED-LINE SERVICES IN ROMANIA (TELEKOM ROMANIA COMMUNICATIONS)

Telekom Romania, broadband subscribres (000)

2012	2013	2014
1,197	1,250	1,232

Telekom Romania - Financial performance (€ mn)

	2012	2013	2014
Revenues	619.6	609.5	609.1
Pro forma EBITDA margin %	26.8%	26.1%	26.3%
Pro forma EBITDA*	166.1	159.3	159.9

● Revenues
● Pro forma EBITDA*
● Pro forma EBITDA margin %

Excluding the impact of Voluntary Retirement Programs and Restructuring Plans

PAY-TV
PAY-TV SERVICES IN GREECE (OTE)

MARKET TRENDS: CHALLENGES AND OPPORTUNITIES

The Pay-TV market continued to grow at a high rate in 2014 with household penetration reaching 23% from 19% at the end of 2013. As part of this trend, through its OTE TV service and by offering integrated home entertainment at a competitive price, OTE acquired the largest percentage of net new connections, more than 97,000 subscriptions.

The Pay-TV services market has grown significantly in Greece over the past two years, mainly due to the changes that have come about as a result of Greek viewers' needs for high quality entertainment, with more content and channel choices at competitive prices. Moreover, bundled communication and entertainment services solutions continued to attract more and more consumers in 2014, with the OTE TV service to meet the market trend for integrated Triple Play packages that include voice, Internet and TV services.

The two most dominant technologies in the transmission of pay-TV services in Greece are satellite (DTH) and IPTV (Internet Protocol TV), with the former being more popular and holding the largest share in terms of subscribers.

Through the TV packages launched in the market and through the successful communication and promotion of this service, OTE has contributed to the OTE TV brand awareness, to highlighting its content and its operational advantages, but also to changing the overall landscape of the TV market. Mainly because, through the detailed presentation of OTE TV's features, consumers develop a distinct idea of what an integrated entertainment proposal entails

Through OTE TV, the company offers best-in-class TV content and technology (high definition channels through the DTH service), at an attractive, affordable price for the customer.

OTE TV: Customer entertainment experience

CUSTOMER EXPERIENCE

> **A significant enhancement of the OTE TV service again in 2014**
- One sports channel (OTE Sport6 HD) was added and all sports channels were converted to HD
- The OTE SPORT HIGHLIGHTS HD was added, which broadcasts highlights from OTE TV's rich sports content in all sports, news from top sports events worldwide, as well as non-stop live updates of game scores
- Exclusive deals were signed with the major Hollywood studios of 20th Century Fox and Universal to broadcast their entire production, and with Sony Pictures, Walt Disney and Miramax for a package of titles, also to be broadcast exclusively
- OTE TV co-produced feature films which met with critical and box-office success
- OTE TV broadcast the exclusive premieres of Greek production series and acclaimed international TV series such as "Sherlock" and "Downton Abbey"
- Exclusive broadcast in high definition of the Mundobasket basketball tournament with daily programmes and reporting from the basketball courts in Spain
- The entire Greek Football Cup was broadcast exclusively
- OTE TV secured an agreement for the exclusive rights to the Europa League for the next 3 years
- OTE TV secured an agreement to broadcast all the Champions League games for the next 3 years, most of which will be broadcast exclusively
- OTE TV secured an agreement to broadcast all the qualifying matches of the European Football Championship 2016, as well as the qualifying matches of the World Cup 2018
- OTE TV secured an agreement to exclusively broadcast the home games of Olympiacos and AEK's basketball teams.

In early 2014 OTE TV was able to launch in the advertisement market a full package of promotional products and solutions for the OTE CINEMA and OTE SPORT TV channels, with an aim to bolster revenue by taking advantage of the increased customer base, the enhancement of premium and exclusive content, and its increased brand awareness.

PAY-TV
PAY-TV SERVICES IN GREECE (OTE)

> Introducing OTE TV to the public

Over the past two years, the continuous upgrade of the OTE TV service, as well as its consistent and targeted communication to the public, resulted in a significant increase in the product's brand recognition and customer base.

The communication strategy implemented by the company for OTE TV aimed at showcasing OTE TV's new product features, at highlighting its enriched content, at enhancing the customer/subscriber experience, the reinforcement of the customer's familiarization with the service, given that this is a growing market, to further enhance recognizability and to reinforce OTE TV's brand essence as engaging, fun and playful.

In particular, with respect to the communication of OTE TV services to the market and the public, in 2014:

- Seven ATL (Above the Line) 360 degree communications were carried out with an aim to promote content and broaden the company's customer base
- Two major events – one involving sports and the other television – were held, featuring basketball player Gary Payton and actress Laura Carmichael from the TV series "Downton Abbey", in order to promote the NBA and the series. Both events were very well publicized and attended
- Twenty-two competitions were carried out in order to communicate the service's content, to reward subscribers and to support OTE TV's brand essence
- Four OTE TV co-productions were supported and promoted
- In terms of the logos of sports programs and the broadcast graphics of the football matches of KAE AEK and OLYMPIACOS, new signals were created and the existing ones were renovated
- 160 trailers/month were designed and produced to promote content to OTE TV's subscribers with an aim to customer για retention and brand essence promotion.

In recognition of the successful communication of its services and its contact with the public, in 2014 OTE TV won two silver global excellence awards for OTE TV Sport's on-air identity and logos at the Promaxbda Awards.

> OTE TV Subscribers
353,482 OTE TV Subscribers in 2014

OTE TV subscribers enjoy 24-hour customer service by experienced and specialized employees, who provide integrated solutions, and guide, support and solve complex issues, while at the same time ensuring a unique communication experience.

Through alternative means of accessing, submitting, managing and carrying out customer requests, over the phone or in writing (multi-channel access), OTE provides upgraded services to ensure best-in-class customer experience and operational excellence.

Besides the sales and customer service call centres, the service is also offered through:

- e-channelote.gr
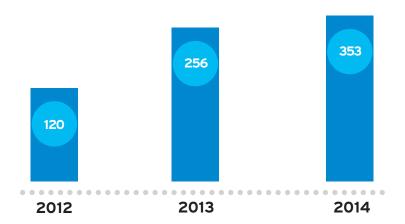- the OTE and GERMANOS shops

OBJECTIVES FOR 2015

In terms of the OTE TV service, in 2015, OTE will focus on:

- Maintaining and further enhancing and enriching the content in all thematic categories
- Building new studios in order to host OTE TV's sports programmes
- The qualitative coverage and broadcasting of the home-games of all the Greek teams playing in the Champions and the Europa Leagues
- Developing new services with an aim to:

- cover multiscreen viewing needs, in order for the customer to have access to OTE TVs content from different screens at different locations (TV Everywhere)
- make it possible for all OTE TV customers to use all interactive services on demand, through hybrid technologies which combine the interactivity of the IP world with satellite service
- The further communication and promotion of the service and its competitive advantages to customers
- The enhancement of the customer's overall experience at every point of contact with the OTE TV service
- The special planning of and investment in the promotion of new product services and major sports news
- The further reinforcement of brand awareness.

OTE TV subscribers (000)

2012	2013	2014
120	256	353

PAY-TV SERVICES IN ROMANIA (TELEKOM ROMANIA COMMUNICATIONS)

MARKET TRENDS: OPPORTUNITIES AND CHALLENGES

The Romanian Pay-TV market continued in 2014 to be price and content driven. However, there are significant segments, especially in urban areas, which are interested in high quality and innovative TV services and high-definition content. Thus, the Pay-TV operators were focusing on catching up with Telekom Romania Communications and Orange on "TV Everywhere" services, the first one being the pioneer in the emergent TV Everywhere solutions, with a beta service launched as early as 2011. Such OTT (over-the-top) services are gaining momentum in Romania, with new entrants coming from both Pay-TV operators and media companies (Voyo, HBOGO, Antena Play).

2014 AT A GLANCE

A very strong performance of 4.5% TV customer base increase in a saturated market was brought by Telekom Romania Communications in 2014. Under the new brand, the ambition was to become the number 1 integrated operator in Romania. The TV service is the key differentiator for fix-to-mobile convergence.

This outstanding performance in TV services was brought by a combination of video content and technological initiatives, that together brought "the best TV experience "in the market via multiscreen, interactive TV services and differentiating TV content.

> **Upgrade of Services-New Services**
Best TV Content

Telekom Romania Communications introduced in 2014 a series of content exclusivities like Discovery ID Xtra and iConcerts linear channels and innovative services like Eurosport 360 and Discovery VOD, all while continuing the strong performance in sports content with the exclusive Dolce Sport channels. Also, the national football league matches can be accessed by the customers through Liga 1 option.

The "TV Everywhere" experience was significantly enhanced, together with the launch of the new Web & Mobile TV service, by broadcasting 67 linear channels on telekomtv.ro and on dedicated iOS and Android mobile applications. Subscription-VOD packages like Disney Movies on Demand and MUBI were also introduced in the "TV Everywhere" service.

Telekom Romania Communications introduced in 2014 a TV package which increased the value for all customers, improving TV ARPU (Average Revenue per User). Up to 14 HD channels were included in basic packages, in order to respond to increased consumer needs for high-definition content. Thus, Telekom Romania significantly increased the number of HD channels in 2014, reaching a total of 31 HD channels on IPTV and DVBC technologies and 16 HD channels on satellite. Telekom Romania is one of the few Pay-TV operators that broadcast all HD versions of HBO channels (HBO HD, HBO Comedy HD, Cinemax HD and Cinemax 2 HD).

Platforms and technology developments that support "The Best TV Experience"

One of the main pillars of Romtelecom rebranding to Telekom Romania was the new interactive TV service, launched in September 2014. This is a fully-fledged, state of art IPTV Platform with integrates multiscreen capabilities and single-sign-on functionalities. The key differentiators of the new service are additional content library – movies, recorded TV shows, catch-up programs – interactivity and personalization capabilities.

Together with the new IPTV service, Telekom Romania introduced a new Web & Mobile TV service. Thus, the rebranding brought a new "TV Everywhere" / Over-The-Top TV service, called "Telekom TV Web & Mobile" which is offering a multiscreen TV experience for all devices – PCs, laptops, smartphones and tablets – via dedicated applications and on telekomtv.ro platform. The user experience is greatly enhanced by the introduction of single-sign-on functionality, which allows the customer to use a single set of credentials for an ever-growing set of services like the e-care account, "TV Everywhere" service or partner platforms like Voyo.

The best TV experience in the market via multiscreen and interactive TV services

In 2014, Telekom Romania Communications also introduced the popular DVBC TV broadcasting technology. This service was launched in the cable footprint, and it is complementing Telekom Romania's TV technologies portfolio in order to enable the company to better compete with cable operators.
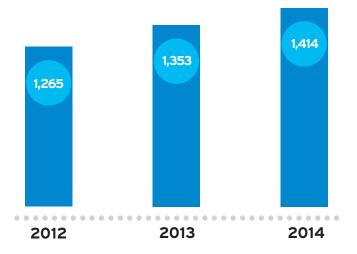
All TV platforms (satellite, IPTV, digital cable, WebTV) were rebranded to the new Telekom brand identity, while new capabilities and functionalities for satellite set-top-boxes were introduced.

STRATEGIC OBJECTIVES FOR 2015

Telekom Romania Communications has the following objectives for 2015:

• Sustain and enforce Telekom position of "the best TV experience" provider, offering complete entertainment for all family with exclusive and premium content on sport and movies
• Use IPTV as strategic tool to acquire new customers , drive Fiber-to-the-Home utilization rate and increase voice & broadband customers through bundles
• Position our OTT service as "Everything for everyone" - Integrated OTT platform providing seamless experience on all screens, with an improved content offering.

Telekom Romania TV subscribers (000)
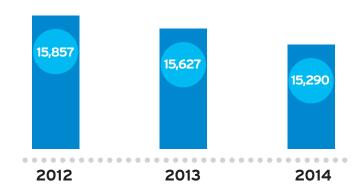
1,265 — 2012
1,353 — 2013
1,414 — 2014

MOBILE TELEPHONY
MOBILE TELEPHONY SERVICES IN SE EUROPE

Through its subsidiary COSMOTE, OTE Group is currently one of the leading providers of mobile communications services in SE Europe. Besides Greece, the Group operates, through COSMOTE's subsidiaries, in the Albanian market with AMC and in the Romanian market with Telekom Romania Mobile.
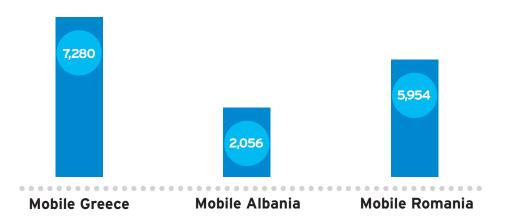
COSMOTE, a leader in technological evolution and especially with respect to 3G and 4G services, has developed the most extensive mobile telephony broadband services network in Greece. Driven to provide the most advanced technology and best-in-class services, COSMOTE possesses a clear competitive advantage in the mobile telephony market.

Customer base evolution* (000)

15,857	15,627	15,290
2012	**2013**	**2014**

*Excluding discontinuing operations

Mobile subscribers breakdown in 2014

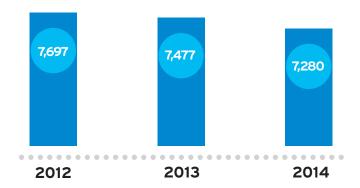|		
7,280	2,056	5,954
Mobile Greece	**Mobile Albania**	**Mobile Romania**

MOBILE TELEPHONY SERVICES IN GREECE (COSMOTE)

MARKET TRENDS: CHALLENGES AND OPPORTUNITIES

In 2014, new postpaid packages for residential and corporate subscribers were launched in the mobile telephony market featuring significantly increased mobile Internet, while increased prepaid offerings continued.

The competitors implemented very aggressive policies for attracting customers, using telephone sales channels which targeted COSMOTE subscribers, which led to an increase in their market share. At the same time, increased offerings in prepaid telephony continued, with free talk-time to all networks as well as free data, in an effort to claim a share of the market.

Customer base evolution - Greece (000)

7,697	7,477	7,280
2012	**2013**	**2014**

2014 AT A GLANCE

In response to market trends and the competition's aggressive commercial policies, in 2014:

- COSMOTE's postpaid packages adapted to the trend of offering increased MOBILE Internet as well as increased free talk-time
- COSMOTE launched COSMOTE PLUS, a new series of discount packages, offering an integrated solution to subscribers since it provides even more free embedded MBs for carefree surfing the Web on your mobile, as well as 1,500 minutes of free talk-time and SMS to COSMOTE, to fixed lines, even to all networks. Thus, the new packages not only meet the subscribers' needs for carefree communication, but also for more mobile Internet with fees starting at €20. At the same time, it offers the upgraded EXTRA packages, which offer 100 minutes of talk-time, 100 SMSes and up to 750MB, allowing subscribers to communicate and surf the Web at affordable prices, even after the consumption of the free embedded use of their programme
- The company continued to provide the COSMOTE TO ALL, which offer free talk-time and SMS to all networks as well as free MBs, targeting subscribers who want to communicate the same irrespective of network, with fees from 25€ to 50€
- In terms of prepaid services, customers' increased need for communication to all networks was met with enhanced offerings through the prepaid COSMOKARTA package
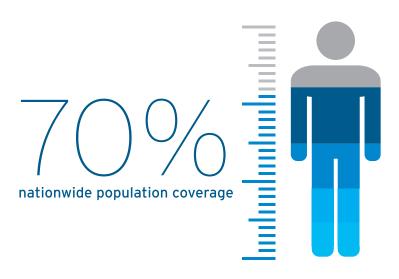- The WHAT'S UP prepaid package continued to target a younger public interested in communication among

MOBILE TELEPHONY
MOBILE TELEPHONY SERVICES IN GREECE (COSMOTE)

WHAT'S UP users. At the same time, it meets the need to communicate with other networks, as well as to access the Internet by mobile phone

- The series of Cost Control Plan continued to be enhanced, its strategic aim being to upgrade prepaid subscribers, offering customers greater value with a smaller fee and better control of their account. In particular, the Cost Control Plan programmes continue to offer flexibility to their subscribers, as they offer the option of activating talk-time packages to both national networks and international destinations, as well as SMS and MB packages which can be charged either to the credit left on their account or to their next bill
- Regarding data services, the COSMOTE network and especially the data transfer speeds through the 3G and 4G networks is a clear competitive advantage.

2014 - 4G NETWORK POPULATION COVERAGE

70%
nationwide population coverage

During 2014, the company continued to develop its 4G network in other large Greek cities besides Athens and Thessaloniki, as well as at popular summer and tourist destinations. The 4G network thus achieved population coverage of over 70%.

The continuously increasing demand on the part of customers for mobile broadband was met through programs which incorporate free Internet either through added packages or programmes which provide free Internet, with the payment of an additional fee.

At the same time, the rapid penetration of smartphones into COSMOTE's customer base, combined with the increased Internet use via mobile phones, laptops and tablets, led to a rise in mobile broadband services revenues (during the last quarter of 2014, revenues from mobile data stood at 17% of mobile services, showing a significant increase compared to previous years).

> Regulatory developments

In terms of regulatory developments, the focus in 2014 was on the regulation of COSMOTE fees for international roaming services within the European Union. These fees, following Roaming Regulation I & II, are regulated on a retail and wholesale level by Roaming Regulation MI (531/2012).
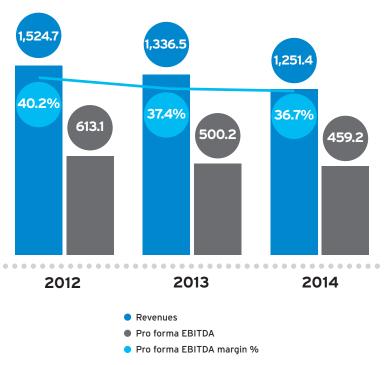
The Regulation sets maximum limits to voice, SMS and data charges and obliges network operators to allow alternative operators to access their network. Following this regulation, roaming fees were reduced in July 2014. Furthermore, subscribers were given the option of using roaming services offered by alternative operators, if such were available.

> Financial performance

COSMOTE's consolidated revenues in Greece stood at €1,251.4 mn, posting a decrease of 6.4% compared to 2013, but showing a significantly improved trend compared to previous years, despite the adverse economic climate and the fierce competition.

Within this framework, COSMOTE managed to reduce its losses at a lower level than the market, by focusing on the quality of the services provided, the reliability of its network and maintaining a strong image and brand equity. Pro forma EBITDA stood at €459.2 mn, with the respective margin standing at 36.7%.

Mobile telephony Greece - Financial performance (€ mn)

	2012	2013	2014
Revenues	1,524.7	1,336.5	1,251.4
Pro forma EBITDA margin %	40.2%	37.4%	36.7%
Pro forma EBITDA	613.1	500.2	459.2

● Revenues
● Pro forma EBITDA
● Pro forma EBITDA margin %

*Excluding the impact of Voluntary Retirement Programs and Restructuring Plans

MOBILE TELEPHONY
MOBILE TELEPHONY SERVICES IN GREECE (COSMOTE)

CUSTOMER EXPERIENCE

COSMOTE was the top customer choice for mobile telephony services again in 2014, as evidenced by the size of its customer base, but also according to customer satisfaction reports

> **Services upgrade/new services**
> *Residential customer market*

Residential mobile telephony customers are offered postpaid and Cost Control Plan packages, which offer solutions through free talk-time, SMS, and mobile Internet. All subscribers can access COSMOTE's 4G network, which is provided either free with certain programmes or with the purchase of an additional service.

The postpaid and Cost Control Plan programmes offered by COSMOTE are the following:

- COSMOTE PLUS: caters to subscribers who need more mobile Internet. With COSMOTE PLUS, subscribers can talk, send SMS and surf the Web on their mobile handsets without any worries and for a very low fee
- COSMOTE TO ALL: this programme offers free talk-time and SMS to all networks, as well as free mobile Internet, targeting subscribers who want to communicate the same, regardless to the network
- COSMOTE COST CONTROL PLAN: having a fixed bill as its main feature, it caters to prepaid customers, with an aim to transfer them over to these programmes in order for them to acquire more value while remaining in control of their expenses. Cost Control Plan subscribers can control anytime their credit in money, SMSes, talk-time and MBs, while they can also activate any package they wish, exactly as they did in prepaid, through the IVR service, which is available 24 hours a day, 7 days a week. In this way, subscribers don't change their habits and their transition to COSMOTE postpaid is smoother.

The postpaid and Cost Control Plan programmes offering 1,500 minutes of free talk-time to the COSMOTE network are the most popular choices of existing customers (in terms of changing their contract/programme) as well as new subscribers.

- COSMOTE COST CONTROL PLAN STUDENT, which covers university students' specialized needs by offering 1,500 minutes of free talk-time to OTE, 500 minutes of free talk-time to other networks and 2GB for mobile Internet for just €15
- During the first quarter of 2014, COSMOTE gave its subscribers (both private individuals and professionals) the option, for the first time, to reduce their contract's monthly fee up to 20%, simply by having OTE Double Play.

COSMOTE's Cost Control Plan offers three packages:

- The very popular WHAT'S UP package which caters to young people aged 18-24
- COSMOKARTA, and
- FROG which caters to all those who are interested in low cost calls abroad.

Moreover, given the high penetration of smartphones, the popular WHAT'S UP application is now being used by over 300,000 users. Through this app, WHAT'S UP users can control their bill and access their mobile from all WHAT'S UP services.

Value added services

The two most important value added services categories in 2014 were:

- CosmoteBooks: Cosmotebooks.gr – the largest online bookshop in Greece – is expanding its product list to include over 2,500,000 Greek and foreign printed book titles and the largest collection of eBooks. At the same time, a wider variety of toys, games, stationary, films and office supplies is being offered. CosmoteBooks also has a competitive distribution network nationwide (at a number of sales points), since its customers can take delivery of their orders at any COSMOTE, OTE or GERMANOS shop
- Partners: As part of the enrichment of the services it offers its customers, COSMOTE, in partnership with DT, cooperates exclusively in Greece with major companies providing OTT (over-the-top) services and apps

for smartphones. In 2014 COSMOTE customers were offered more than ten services, including among others Evernote, Twitter, Dropbox, Shazam, Lookout, and Trip Advisor. These partnerships offer COSMOTE customers exclusive privileges, such as free use and discounts. At the same time, they offer COSMOTE the possibility of a new stream of revenue.

Business customer market

With regard to professionals and businesses, in 2014 the following developments took place:

- The new professional COSMOTE BUSINESS COST CONTROL UNLIMITED & TO ALL were launched, which, combined with the new "free 1500 SMS + Internet" and " free 1500' to Fixed-line phones" services offer the advantages of both prepaid and postpaid
- The COSMOTE BUSINESS professional postpaid programmes were enriched, offering more mobile Internet through the "MB Doubling" to new and existing subscribers
- The "Prompt Notice at 80%" service was upgraded offering cost control regarding Internet use and to subscribers who have additional data packages and discount packages without an embedded volume of data
- The "COSMOTE Internet On the Go Any Way" postpaid programmes and the COSMOTE "Internet On the Go Extra SIM cards for corporate postpaid customers", a cutting-edge package which allows postpaid voice and mobile Internet subscribers to use up the available Megabytes at their disposal on any device they wish, i.e., mobile phone, laptop or tablet.

With respect to corporate as well as residential customers, in 2014:

- The new Travel Pass was launched which allows postpaid subscribers to use their programme's talk-time, SMSes and MBs when roaming, with a clear and simple daily charge
- The Travel & Surf service for postpaid subscribers was expanded to countries outside the EU at very low charges
- The 4G service for roaming in selected foreign networks was launched, in order to improve customer experience.

❯ Services that deliver best-in-class customer experience
- COSMOTE's upgraded mobile application for iPhone and Android offers customers a cutting-edge experience, its main feature being automatic caller ID based on the call number. In this way, there is no need to enter information in order to take advantage of the application's options. Through this application, users can have all the information regarding their connection (program features, remaining talk-time, SMS and Internet, the amount and due date of the last bill, usage statistics, etc.) in their mobile handset, they can activate services and additional usage packages (4G service, Traveler, additional talk-time packages and MB, etc.), they can pay their bill with a credit/debit card by merely pressing a button, and they can renew their talk-time for any prepaid or cost control plan
- Moreover, acknowledging and rewarding its customers' loyalty throughout the year, COSMOTE offered free communication services to its customer base. These included offers such as "Free Mobile Internet to all COSMOTE subscribers" in the summer, free communication on weekends in November, and the especially successful Xmas Offer, which gave COSMOTE subscribers the chance to spread joy among their loved ones by sending them communication gifts absolutely free, but also to receive gifts themselves if they shared their participation in the offer on Facebook
- In parallel with the launching of the new COSMOTE PLUS discount packages, COSMOTE offered to every existing or new COSMOTE PLUS subscriber a free second SIM card with an additional 2GB in order to share the free MBs (of his/her programme and of the extra SIM card) on other devices (e.g., their tablet). The offer was made twice
- Throughout 2014, the COSMOTE Cost Control Plan provided attractive offers featuring free talk-time to national and international destinations, and free MBs for mobile Internet, always taking into account subscribers' current needs and aiming at improving their communication.

MOBILE TELEPHONY
MOBILE TELEPHONY SERVICES IN GREECE (COSMOTE)

- With an aim to enhance its relationship with its customers, the company further developed the COSMOTE DEALS for YOU programme, which continued its upward trend in 2014, with the participation of even more COSMOTE customers. Through the partnerships of COSMOTE DEALS for YOU and through exclusive "2 for the price of 1" offers for entertainment, food, culture and travel, hundreds of thousands of subscribers enjoyed unique experiences again in 2014, recognizing the added value offered to them by COSMOTE.

› An integrated customer service system
Training personnel towards a best-in-class customer experience

Customer experience as a strategic direction and as a personal goal for employees has been included in the criteria for the assessment of employee performance. At OTE, COSMOTE and GERMANOS, performance in terms of customer experience has been incorporated into the criteria for the assessment of the performance of all employees, regardless of their rank, and all three companies increasingly emphasize the link between the two.

Following the implementation of the Customer Experience Excellence training and certification Program, the company proceeded to the establishment of the institution of the Customer Experience Ambassador. Over 170 employees from all ranks participate in the institution, with an aim to constantly improve customer experience through every operational unit of te company.

Consistently focused on its customer-oriented strategy, COSMOTE implemented a special programme for the certification of employees of the GERMANOS chain of shops, in order to ensure high customer service standards, proving once more its commitment to best-in-class customer experience

Customer service centres

The COSMOTE Customer Service Centres (13838 for Residential customers and 13839 for Corporate customers) are an integral unit for receiving, answering and managing customer requests. Through innovative ideas and high service standards, COSMOTE keeps its promise that "Our world is you", offering unique communication experiences to its customers.

COSMOTE's Customer Service operates at four nodes, tapping into new technologies and pioneering communication solutions. Its units, which are staffed by specialized and certified personnel, handle over 21 mn contacts on an annual basis.

Steadily guided by OTE Group's principles, COSMOTE's Customer Service remains unswervingly focused on the Group's customer-oriented philosophy, keeping customer experience at the centre of its attention.

COSMOTE's customer service centres offer:

- A unit that deals with credit control, new connections, customer request implementation, and overall support for issues regarding commercial partners
- Alternative ways to access, submit, manage and implement customer requests, whether called in or in writing (multi-channel access via IVR, e-mails, chat, social networks and fax)
- Customized /Personalised customer service through written, called in or electronic communication by customer segment
- Telephone sales and customer service centres offering guidance, support, management and resolution of complex issues, aiming at customer acquisition, growth & development, and customer retention
- Upgraded services for High Value & High Tech customers (who wish to access smart routing, remote support, systematic follow up & scheduled call back on customer demand)
- Customized communication and customer service solutions
- Streamlined management of the customers' time
- Counselling, support and further education
- A unit for the full support of training needs in terms of customer service, with an aim to achieve the following:

- Excellence in terms of customer experience
- Operational excellence
- To contribute, in practice, to increasing the company's market share
- Growth and retention of the customer base
- Enhancement of the company's corporate image.

E-bill

COSMOTE's digital relationship with its customers is a top priority for the company in tune with technological trends and, more importantly, the wishes and habits of its customers. In light of this, COSMOTE has simplified even more its e-bill service, which has led to a significant increase in the number of subscribers registered to the service. Focus on the development of the e-bill is equally important and is the main pillar of COSMOTE's environmental strategy, given that the reduced use of paper and mailing of bills enhance the company's actions towards the environment's protection and reduce the company's carbon footprint.

Sales and customer service E-channels

In 2014 special attention was paid to customer service via mobile and the expansion of customer service options through COSMOTE's Mobile Application. Through this application residential customers are able to:

• See their account balance
• Manage their services (service activation, add-ons, upgrades)
• See and pay their bill, and in fact using a one click functionality
• To take advantage of all these options without needing to log in.

For 2015 COSMOTE is planning to upgrade the e-commerce platform and to transfer the Group's three websites (ote.gr, COSMOTE.gr and e-germanos.gr) to it. The new platform will offer upgraded functionalities with the option to provide customized proposals and solutions through the further upgrade of My Accounts (MyOTE, MyCOSMOTE) towards advanced self-care.

COSMOTE's digital relationship with its customers is a significant priority for the company

OBJECTIVES FOR 2015

Despite increased competition, COSMOTE's objective is to continue to offer commercial offers, which aim at the protection of its customer base, the upgrade of customer experience and retaining the company's leading position in the Greek mobile telephony market.

SERVICES FOR TELECOM OPERATORS IN GREECE (COSMOTE)

MARKET TRENDS: CHALLENGES AND OPPORTUNITIES

The number of telecom operators with which COSMOTE collaborates (with the exception of roaming services) comes to 17. COSMOTE also provides direct interconnection with all of them.

COSMOTE provides operators with the following services:

- Voice Interconnection, SMS and MMS
- Value Added Services
- Telephone Directory Service
- Leasing of Wholesale Circuits.

2014 AT A GLANCE

- Expansion of the services providing wholesale circuits to OTE Group companies
- Signing of new agreements for voice and SMS interconnection with newcomer mobile telephony operator
- Renewal of existing interconnection contracts with the rest of the operators towards the more efficient operation of network interconnection.

Network interconnection and value-added services (VAS)

With respect to telephone network interconnection services, in 2014 a significant increase was observed in the total traffic volume terminating at COSMOTE's network. In particular, the total inbound voice interconnection traffic came to 4.1 bn minutes in 2014, posting a 29% increase compared to 2013, while the respective SMS interconnection traffic posted a 15% increase. Correspondingly, the total outbound voice traffic came to 2.9bn minutes, posting an increase of 13% compared to 2013, while the outbound SMS traffic decreased by 7%.

COSMOTE's overall interconnection revenues for 2014 came to €62.1 mn, up by 19% compared to 2013, while overall interconnection costs for 2014 decreased by 4%, recording a positive balance for 2014 at €3.1 mn.

MOBILE TELEPHONY SERVICES IN ROMANIA (TELEKOM ROMANIA MOBILE COMMUNICATIONS)

MARKET TRENDS: CHALLENGES AND OPPORTUNITIES

2014 was a very important year for the Romanian mobile market marked by an even more intense competition. The two main drivers were the reduction of MTR and the implementation of landmark MVNO deal.

2014 AT A GLANCE

The drastic cut in interconnection fees at the beginning of Q2, allowed operators to develop unlimited and enhanced bundled offers. At this moment, all top selling bundles, regardless of the operator, have unlimited minutes national at an affordable price point.

A previously niche player (RDS) enhanced his presence targeting low-end customers with its price point, using as a vehicle a quality network with excellent coverage, by entering into a strategic partnership with Vodafone through a national roaming agreement (1st of its kind on Romanian Market).This brought new challenges on the market, with direct and immediate effect on the existing prepaid segment. All three established Mobile players responded, starting end of Q2, by designing attractive and aggressive retention offers (renewal and save-desk), in order to minimize customer base erosion.

At the end of 2014, Telekom Romania Mobile Communications' market share stood at approximately 23% and its customer base reached approximately 6.0 million subscribers (including Zapp).

The postpaid ratio represents 27% of the total customer base registered at the end of 2014, with postpaid customers up by 1.2% versus the same period last year.

> License renewal

Starting April 2014, Telekom Romania Mobile Communications renewed its spectrum licenses, which enabled the company to expand its 4G network.

> Gradual development of the data network

At the end of 2014, Telekom Romania Mobile Communications was offering a state-of-the- art 3G data network with mobile broadband download speeds of up to 43.2 Mbps in 271 cities and over 5,287 localities across Romania, covering almost 73% of the population.

STATE-OF-THE-ART 3G DATA NETWORK TELEKOM ROMANIA

80% population coverage

mobile broadband speeds up to **43.2 Mbps**

3G

more than **5,287** locations

in **271** cities

MOBILE TELEPHONY
MOBILE TELEPHONY SERVICES IN ROMANIA (TELEKOM ROMANIA MOBILE COMMUNICATIONS)

Moreover, Telekom Romania Mobile Communications customers' could enjoy speeds of up to 21.6 Mbps in HSPA+ technology in 303 cities nationwide. Overall, 3G services covered almost 80% of the Romanian population. Also, at the end of 2014, the company was offering 4G services with 98% population coverage in Bucharest. Telekom Romania Mobile Communications developed its 4G network, offering 4G coverage for 50% of the urban population and 27% for the total population (rural and urban). Currently, Telekom Romania Mobile Communications is offering this connection in 31 cities (Bacău, Baia Mare, Boldesti-Scaieni, Botoşani, Brăila, Brasov, Bucureşti, Buşteni, Buzău, Cluj-Napoca, Constanţa, Craiova, Dej, Focsani, Galaţi, Husi, Iasi, Medgidia, Navodari, Otopeni, Piatra-Neamţ, Ploiesti, Predeal, Ramnicu Sarat, Roman, Satu Mare, Sinaia, Suceava, Tecuci, Timisoara, Voluntari).

At the same time, the 2G network offers 99.5% population and 92% area coverage.

❯ Upgrading of services-new services
Residential customer market

Telekom Romania Mobile Communications strategically switched its focus towards retaining its customer base and securing its revenues, by encouraging pre2post migration, while gaining through FMC offers. Since the NatCo's direction was cross-sell/upsell to 4P packages, the convergence came as the next natural step. Continuous push of smartphones and investment in 4G network as well as certain apps, such as TelekomTV, helped the NatCo to develop multiscreen services, therefore having enhanced its customers' experience.

Building on the momentum following the rebranding into "T", the price points for acquisition and renewal have been changed, from below VDF/ORO to on par with ORO and slightly higher vs VDF (for top selling bundle offer – Unlimited L). At the same time, we continued to protect the customer base against RDS with targeted retention and save-desk offers, as before the rebranding. The strategy delivered results for postpaid, with Customer Base and Revenues targets overachieved. However, a redesign is required for the prepaid price-points, as the market did not follow our price increase (from 6 to 6.95) on Extra Options.

A particular threat is represented by the MVNOs, required by entities already operating on the market. The best way to minimize losses was to estabsligh partnerships with these operators (Lyca), as they could marginally affect our business - TKRM is number 3 operator, hence the lowest cannibalization risk.

Business customer market

Telekom Romania Mobile Communications' business customer segment continued to grow due to the company's competitive and appealing offers.

Thus, in 2014, the business segment grew by 5% on an annual basis. Moreover, the company enhanced its synergies with Rom- telecom to provide integrated services by addressing the fixed customers with mobile offers even before the official launching of the new brand and FMC product. Telekom Romania became the single telecom provider for BCR, the biggest Romanian commercial bank. At the beginning of the year, an important auction was won from competition by offering competitive voice and mobile data services for National Railway Company (CFR).

The company has constantly focused on selling high value subscriptions, together with appealing smartphones. Accordingly, the value of the newly acquired customers has increased significantly.

Along with the rebranding in September, a new mobile portfolio was launched, enhancing our offer positioning for unlimited tariff plans and internet on mobile which led to an overall increase in ARPU.

Starting with Q2 2014, Telekom Romania Mobile Communications has intensified the proactive retention activities, with results in retaining high value customers and cleaning up the un-used SIMs base.
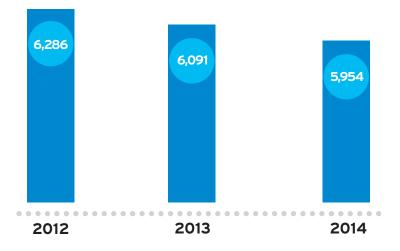
The company continued to offer smartphones and tablets under its own brand, making technology affordable to even more customers.

> **Financial performance**

In 2014, the company's consolidated revenues dropped by approximately 4% compared to 2013, coming to €439.4 mn. The Pro Forma EBITDA stood at €105.6 mn with the Pro Forma EBITDA margin at 24.0%, 11% down compared to 2013.
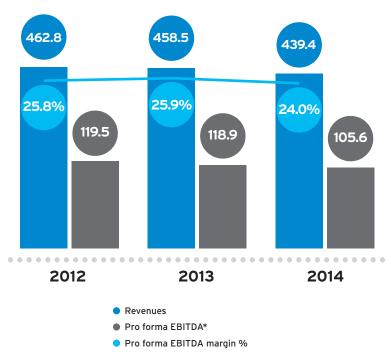
Customer base evolution - Romania (000)

2012	2013	2014
6,286	6,091	5,954

03. OUR ACTIVITIES IN 2014

MOBILE TELEPHONY
MOBILE TELEPHONY SERVICES IN ROMANIA (TELEKOM ROMANIA MOBILE COMMUNICATIONS)

Mobile telephony Romania - Financial performance (€ mn)

- ● Revenues
- ● Pro forma EBITDA*
- ● Pro forma EBITDA margin %

Excluding the impact of Voluntary Retirement Programs and Restructuring Plans

MOBILE TELEPHONY SERVICES IN ALBANIA (AMC)

2014 AT A GLANCE

During 2014, despite the continuous regulatory pressure and intense competition, AMC retained its strong position in the mobile telephony market, in which four companies operate, delivering a solid EBITDA performance and a strong cash generation. The commercial momentum built up since previous year, continued, combined with the optimized cost structure and profitable investments in key areas, significantly increased company's competitive edge.

> Network upgrade

In 2014, the company continued to expand its 3G network coverage and capacity, driven mainly by customer demand to ensure high quality of data services, improve coverage in urban areas and to support the data traffic increase. The 3G network's NodeBs reached 325, providing 96.5% population and 86.2% area coverage.

The layer of the 3G network's HSPA+NodeBs of 21 and 42 Mbps increased to 64%, and the interconnection through IP transmission backhauling was applied to 100% of the 3G networkThis, combined with the activities to optimize radio network, improved company's competitive advantage in terms of Internet speeds and quality of services. Despite the highly utilized radio network, the expansion of radio capacities on 2G kept the main KPIs within targeted levels.

Moreover, within the framework of upgrading its network, in 2014 AMC proceeded to carry out the following actions:

- Deployed a second RNC
- Expanded the Packet Core, in order to support the development of the 3G network
- Modernization of the BSS Network: All legacy BSC2i were removed from the network. Traffic was pushed from the legacy MSCi-s to the new MSS/MGW-s. Within the framework of converting the network to All-IP, MPLS routers were implemented in two core sites (Lapraka and Kashari)
- The legacy Prepaid platform was upgraded into a new technology with all prepaid customers being migrated
- The PCRF node, deployed as a hosted solution in Cosmote, was integrated into AMC infrastructure. The platform is ready from the technical perspective to support four use cases, planned to be commercially live at the beginning of 2015.

> Services' upgrade - New services

During 2014, both the brand and the Company stood out and despite the increased competition, AMC established itself as the most Innovative, Technology Superior Company in the Telecom sector.

We have successfully responded to competition, applying smart tactics with priority on revenue & market share.

In general our focus was on retaining existing customers, following a distinct customer segmentation in order to derive relevant offers, while with the use of innovative products and processes, we have managed to differentiate from competition and open up new customer segments.

Prepaid services

Prepaid was the focus area of AMC mainly driven by competition, including international minutes and moving to all-net market – already accelerated by small MNO-s. Introduction of new bundles were especially targeted in retaining and upselling of Pay as You Go (PAYG) users, which led to strong outperformance in OG revenues and customer base.

Retention and upselling techniques, which were the strongest value drivers, have positively impacted the

Retaining its strong position in the mobile telephony market

number of active customers in bundles that reached 56% of mobile telephony's active customer base.

Focusing on a segmented approach AMC launched the most refreshing concept in the prepaid market, Vitamina. Vitamina was specifically designed for youth, clearly based on segment's needs, offering free Facebook and music through Deezer.

Postpaid services

Even though postpaid programs were competitive in the market and recently offered very attractive subsidy schemas, postpaid residential and B2B were heavily under pressure from prepaid competition.

Our main focus in residential was to retain existing base, rather than to close the pricing gap to prepaid thus deteriorating the net ARPU.

B2B segment, was one of the highest priorities for AMC for the year. We have been focused on tailor-made offers, which gave high flexibility and met the changing customer's needs.

Data services

In 2014, AMC's position in this area was established through innovation, technology superiority and exclusivity.

We were the first to launch products like Deezer, Evernote, Magisto, One football app, which have enriched our portfolio of services and have positively impacted smartphones penetration and data usage.
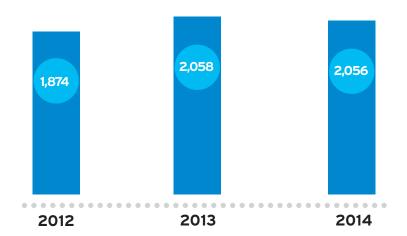
Handset assortment is constantly enriched with last entries like Samsung Galaxy S5, iPhone 6 & iPhone 6Plus, aiming to boost data usage. AMC A5, the best quality own branded terminal in Albania was launched in November, bundled with Vitamina product and had the best sales compared with predecessor.
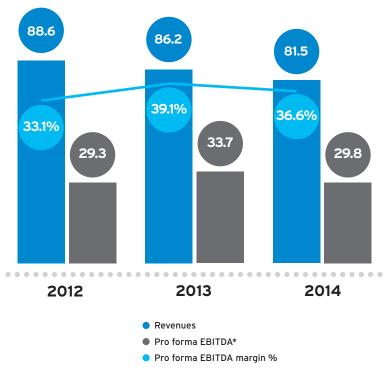
> Financial performance

AMC's revenues stood at €81.5 mn, posting a drop of 5.5% compared to 2013. Pro Forma EBITDA stood at €29.8 mn, posting a decrease of 11.6% compared to 2013. Pro Forma EBITDA margin for the year reached 36.6%, remaining at relatively high levels despite competitive pressure, national MTR regulation and adverse economic conditions.

Customer base evolution - Albania (000)

Year	Value
2012	1,874
2013	2,058
2014	2,056

Mobile telephony Albania - Financial performance (€ mn)

Year	Revenues	Pro forma EBITDA*	Pro forma EBITDA margin %
2012	88.6	29.3	33.1%
2013	86.2	33.7	39.1%
2014	81.5	29.8	36.6%

- Revenues
- Pro forma EBITDA*
- Pro forma EBITDA margin %

Excluding the impact of Voluntary Retirement Programs and Restructuring Plans

OTHER OPERATIONS IN GREECE
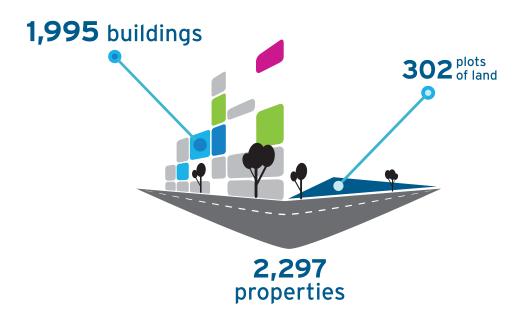## REAL ESTATE MANAGEMENT AND DEVELOPMENT SERVICES (OTE ESTATE)

Management, development and commercial exploitation of the OTE Group's entire real estate portfolio

BRIEF DESCRIPTION

OTE Estate is responsible for the management, development and commercial exploitation of the OTE Group's entire real estate portfolio.

The company's real estate portfolio comprises of 2,297 properties, of which 1,995 are buildings and 302 are plots of land. The majority of the buildings accommodate telecom equipment, technical and administrative personnel services, as well as shops on their ground floors. The total area of the buildings comes to 1.127 mn sq.m, of which approximately 863,000 sq.m. are leased by OTE. The largest part of the real estate's total value is concentrated in a small number of plots and buildings, with 300 assets of the greatest value accounting for 83% of the portfolio's total value, which, by the end of 2013, amounted to €876 mn

REAL ESTATE PORTFOLIO

1,995 buildings

302 plots of land

2,297 properties

MARKET TRENDS: CHALLENGES AND OPPORTUNITIES

The difficult economic conditions continue to adversely affect the real estate market. Despite the continuing recession and the imposition of new taxes (ENFIA), in 2014 certain important sales took place, especially concerning assets of investment interest, as well as assets related with major development projects. It should be noted that, in terms of real estate sales in 2014, the main player was the Greek State and buyers were mainly local Real Estate Investment Trusts (REITs), with prices that have carved out a new landscape in the real estate market.

With respect to leasing, there is a lack of interest in office spaces, and any demand is limited to RE.CA (restaurant cafeteria) spaces and the development of retail spaces for clothing sold by large multinational chains. Given that the construction of new buildings is limited, a relative stabilization of commercial space rents has been observed, while the downward trend in terms of office space rents is continuing.

2014 AT A GLANCE

> Optimum utilization of real estate

Focused on space optimization and cost reduction, in 2014 33,106 sq.m. were released by OTE. Despite the significant deterioration of the real estate market and the ever-decreasing demand, the company signed 22 new leases with third parties for approximately 5,600 sq.m., the most important of which was signed with the Swedish retail clothing company H&M for a self-owned asset in Kalamata. By the end of the year, the percentage of vacant spaces with respect to the total number of spaces available for lease, stood at 20%, when the corresponding market index stood at 21%.

Finally, in alignment with the Group's corporate strategy for releasing frozen funds, we proceeded with two sales of assets of a total flat area of 7,640 sq.m. and an international open tender in late 2013 for the sale of four additional commercial properties. Despite the fact that the tender was unsuccessful, efforts to sell the properties continued. Within this context, in the last quarter of 2014, the company proceeded with an open electronic tender for the asset in Rouf, Athens (a flat area of about 26,000 sq.m.), in which it was the highest bidder.

> Technical works for the improvement of buildings and other projects

The company proceeded to refurbish 18 self-owned assets and to renovate buildings or parts of these assets, with an aim to lease them to third parties. Specifically, renovations were carried out at the Kalamata (1,400 sq.m.) and Serres buildings (2,330 sq.m.) which were put up for lease. Construction at the asset between Troias, Kimolou and Spetson streets is in progress and the building will be handed over to the Athens University of Economics within 2015.

Moreover, with respect to the part of the real estate portfolio used for the company's housing needs, in 2014 refurbishing and remodelling work was carried out at about 7,000 sq.m. of space. In addition, projects were implemented towards the improvement of living conditions in the workplace and towards highlighting company assets based on the 2014-2017 construction programme.

In parallel to all of the above, actions were implemented regarding the conservation of energy and the improved operation of the infrastructure at selected assets of high importance for the Group.

> Financial performance

In 2014 the company's revenues came to €61.4 mn compared to €63.3 mn in 2013. In 2014, EBITDA performance stood at €47.1 mn from €53.1 mn in 2013, posting a drop of 11%, affected mainly by the overall decrease in company revenues.
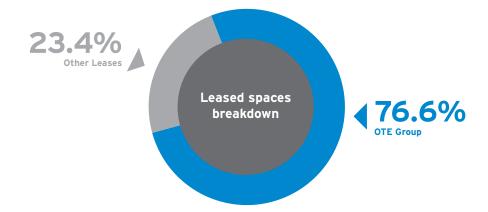
Projects for the improvement of living conditions in the workplace and for the prominence of the company's real estate assets

OTHER OPERATIONS IN GREECE
REAL ESTATE MANAGEMENT AND DEVELOPMENT SERVICES (OTE ESTATE)

OBJECTIVES FOR 2015

A reversal in real estate market trends is not in the outlook for 2015, therefore the company's projects will focus on the following:

- Supporting the goals set by OTE Estate and aligning them with OTE Group's strategy
- Implementing the strategy of planned sales and pursuing further opportunities for the creation of value for the OTE Group
- Carrying out construction projects on behalf of the OTE Group companies, in line with emerging accommodation needs
- Developing an energy saving strategy for the larger buildings used by the Group, in order to reduce their energy consumption
- Attempting to restrain the increasing number of empty spaces in an ever-worsening market
- Solving the legal and ownership problems related to the company's real estate
- Continuing the upgrade of services provided to the company's customers, both internal (conducting training seminars, etc.) and external.

23.4%
Other Leases

Leased spaces breakdown

76.6%
OTE Group

PROFESSIONAL TRAINING SERVICES (OTEACADEMY)

Providing cutting-edge educational services which contribute to the development of human resources

BRIEF DESCRIPTION
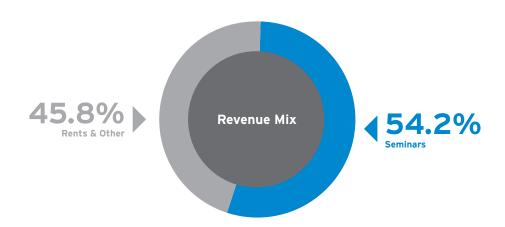
OTEAcademy, a member of OTE Group, is active in providing cutting-edge educational services which contribute to the development of human resources.

2014 AT A GLANCE

> **Seminars and training programmes**

In 2014, OTEAcademy:

- Successfully completed the implementation of the "Customer EXperience EXcellence - C2X®" training programme, as part of the Customer EXperience EXcellence Program of mobile telephony operations. The programme's second phase was completed with 1,000 participants. Also, in collaboration with the Society of Consumers Affairs in Europe (SOCAPie), certification exams for 2,500 people were held in 4 cities and 10 different COSMOTE buildings
- Began the implementation of the "Branded Customer EXperience EXcellence - BC2X®" training programme, as part of the Customer EXperience Program of fixed-line telephony operations. The programme's first phase had 5,500 particiants. The programme will continue in 2015
- Implemented the first "Customer EXperience EXcellence-C2X®" training course for DT Group's Customer Experience executives
- Moreover, in collaboration with OTE Group's HR Department, the company designed and implemented the ACT2 (Advanced Certification in Telecommunications Technologies) programme, with regard to the training of technicians. ACT2 is the fundamental training programme for knowledge, skill and behaviour development for all technicians. The programme's objective for OTE is to provide better customer service. This is the first time that a training programme covers the full spectrum of work that is carried out on OTE's urban network. To this end, OTEAcademy set up six specially designed spaces in Athens and Thessaloniki which allow participants to practice on an operational virtual urban network. In 2014, approximately 2,000 people participated in the programme
- Additionally, OTEAcademy organized and materialised the following specialized programmes:
  - The "B2B Power Performance for all executives", intended for Sales Division executives of Corporate and Small and Medium Customers of Fixed-line and Mobile Telephony (approximately 110 participants)
  - The "OTE-COSMOTE Personnel Evaluation System", which entails the presentation of a new evaluation system of the company's executives in positions of responsibility (120 participants)
  - The Shifting for Excellence in Anti-Trust programme through the e-Learning methodology, which was implemented throughout the OTE Group regarding Compliance (485 participants)
- Finally, OTEAcademy carried out a series of open seminars on issues of technology, sales and management.

> **Partnerships – Certificates**

In 2014, the company renewed and upgraded important existing partnerships and certifications. Moreover, it proceeded to sign new agreements with prestigious international institutes and educational organizations. Namely, in 2014 OTEAcademy forged partnerships with the following institutions:

- The Business Continuity Institute (BCI), is the world's leading institute for education and certification with regard to Business Continuity. Out of the entire DT Group, OTEAcademy is currently the only company certified by the BCI to offer training
- The Service Desk Institute (SDI) is the leading professional body for the training and certification of people in the IT service and support industry. Specifically, the SDI places emphasis on the field of Services Implementation and Support (e.g., ServiceDesk, HelpDesk, SLA, etc.).

Moreover, OTEAcademy renewed its partnership and continues to be:

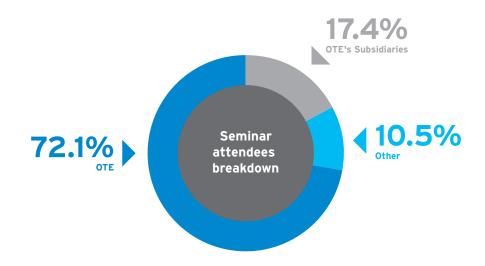- A certified training partner of the Microsoft - IT Academy

- The only Certified Training Center for Alcatel Lucent Enterprise in SE Europe – The only non self-owned Alcatel training center worldwide
- A member of the Project Management Institute (PMI) - Registered Education Provider P.M.I. As a Registered Education Provider of the PMI, OTEAcademy provides Project Management Education Programmes which are based on the PMI standards, such as the PMBOK Guide. Thus, it ensures that all trainees have the knowledge and skills necessary to effectively manage a project
- An authorized examination center for two of the largest international certification organizations: Pearson VUE (Virtual Computer Based Testing for ICT) and Prometric
- An authorized ECDL examination center
- An authorized examination center, approved by Certiport, for granting Microsoft Office Specialist and IC3 certificates
- A training partner of Hewlett Packard
- The only certified partner of Oracle in Greece
- A certified training partner of Cisco for SE Europe
- A strategic partner of Ian Farmer Associates for Greece and the Balkans
- A Corporate Member of CXPA (Customer Experience Professional Association)
- OTEAcademy was certified as a Cisco Academy Support Center, in charge of supervising 20 Cisco Academies throughout Greece. In this capacity, OTEAcademy has undertaken to promote Cisco training programmes to the Academies, as well as to control the quality certification of the training provided by the Academies. In 2014, OTEAcademy carried out two informative events for the Academies, in which Cisco's new training methods and tools were presented. OTEAcademy was also certified as a Cisco Instructor Training Center (ITC), provides programmes for the training of Cisco trainers
- OTEAcademy also carried out dynamic communication campaigns regarding its training services, aiming to enhance its image and broaden its customer base. These campaigns included advertisements and other media placements, the co-organizing and hosting of major conferences and the creation of a Facebook and LinkedIn business page.

> **Financial performance**

For the third year in a row, OTEAcademy showed positive EBITDA, which in 2014 stood at €0.3 mn, proving that the company is successfully resisting the adverse economic environment which has been prevailing in Greece over the past few years. At the same time, during 2014, company revenues came to €8 mn.

Revenue Mix

45.8%
Rents & Other

54.2%
Seminars

Seminar attendees breakdown

17.4%
OTE's Subsidiaries

72.1%
OTE

10.5%
Other

TELECOMMUNICATIONS SERVICES FOR THE GREEK AND GLOBAL SHIPPING INDUSTRY (OTESAT-MARITEL)

BRIEF DESCRIPTION

OTESat-Maritel, a member of OTE Group, is a leader in providing satellite communication services to the Greek maritime industry and one of the main operators worldwide.

The company is fully harmonized with OTE Group's strategy of providing integrated ICT solutions which meet the contemporary communication needs of businesses, individuals and government agencies in terms especially of satellite communications, as well as customized subscription services and IT applications catering to the continuously increasing demands of international shipping.

Depending on the market it addresses to (oceangoing shipping, coastal navigation and cruise ships, fishing, small vessels and recreational vessels) and the needs that arise, OTESat-Maritel provides Inmarsat, Iridium and VSAT services, as well as integrated telecom solutions by combining fixed, mobile and satellite networks and IT applications. In particular, it offers voice (Voice, VoIP) and data exchange (e-mail) services, services based on IP technology (Internet services) and streaming services.

Driven by the needs of its customers for cutting-edge, reliable telecommunication services, OTESat-Maritel develops and offers a wide range of related Value Added Services for shipping companies and the crews of their ships.

Besides its telecom services, the company also offers the following:

• Ship's bridge equipment inspection services
• Terminal equipment for the Inmarsat, Iridium, and VSAT systems, as well electronic ship's bridge equipment (installation, configuration, technical support)
• Accounting Authority services (AA GR01 and GR12)
• Terminal activation services for Inmarsat (PSA) and Iridium.

It also offers its customers a series of management tools through the Web in order to monitor and manage their telecom traffic and services, while also offering full technical and commercial support on a 24/7 basis.

Leading position of OTESat-Maritel in the Greek maritime market

2014 AT A GLANCE

In 2014, the company:

• Retained its leading position in the Greek maritime market
• Successfully transferred an even greater portion of its customer base to the Inmarsat FleetBroadband, VSAT and Iridium OpenPort broadband systems, thus significantly increasing their revenue and traffic
• Enhanced its position in the international market
• Further broadened its portfolio with new satellite systems and services.

> Financial performance

In 2014 OTESat-Maritel revenues stood at €18.2 mn, while EBITDA stood at €0.8 mn. A significant part of the company's revenue derives from foreign markets.

OBJECTIVES FOR 2015

In 2015 the company will focus on:

• The retention and growth of its customer base through the targeted attraction of new, big accounts of the Greek and international market, and the increase of the number of its Service Operators & Agents in the international market
• Reinforcing the company's position in the international maritime market through the further development

of a direct sales network in selected maritime centres, the first one being that of the Far East
- Effectively tackling the intensifying competition through the further enrichment of its existing product/ services portfolio and the improvement of the quality of its services and the customer's end experience
- Introducing into its services portfolio new satellite systems which include VSAT hybrid services through Inmarsat (Fleet Broadband Xtra και Fleet Xpress) through the use also of VSAT Ka-Band
- Broadening the range of the Value Added Services provided to the crews of oceangoing ships through the addition of content services for their entertainment (Fleet Media)
- Promoting solutions in the form of packages (which combine equipment, telecommunications, software, value added services and customer service) with a flexible tariff policy
- Continuing the active promotion of incentive programs for the replacement of previous generation Inmarsat satellite systems (Inm-B, mini-M, Fleet 77/55/33) with broadband Inmarsat FleetBroad band, VSAT and Iridium OpenPort systems, aiming at the further penetration of these services
- Providing a full range of services to ships' crews (browsing, VoIP, e-mail, etc.) with a simultaneous reduction of the business/operational costs of corporate/business customers (tackling the competition, increasing revenues).

CONSULTING SERVICES FOR TELECOMMUNICATIONS TECHNOLOGIES AND BUSINESS SOLUTIONS (OTEPLUS)

Integrated solutions in the fields of technical support and consulting (HR Services), New Information and Communication Technology (ICT) and Management Consulting

BRIEF DESCRIPTION

OTEplus, a member of OTE Group, provides integrated solutions in the fields of technical support and consulting (HR Services), New Information and Communication Technology (ICT) and Management Consulting.

OTEplus:

- Provides consultancy and technical support services to various OTE operations, such as:
  - Sales & marketing
  - Call centres
  - Telecom network and infrastructure
  - IT.
- Conducts studies pertaining to:
  - Business, organizational and operational planning/modernization and operational optimization
  - Business research and development
  - Network infrastructure
  - The development of ICT systems, applications and services.
- Undertakes/Carries out:
  - Telecom network construction and maintenance projects (fibre optics and copper cable networks, wireless networks), structured wiring systems
  - Natural infrastructure and space configuration projects (construction and electromechanical works).

2014 AT A GLANCE

> Telecom network construction and maintenance projects

In 2014, through tenders and electronic auctions, the company undertook two OTE telecom network construction and maintenance projects, namely the following complex projects:

- Southern Attica
- Epirus-Corfu

The above projects include the repair of cable faults, minor extensions or shifts of networks, as well as the repair of subscription faults, the setup of new telephone connections, the construction/maintenance/improvement of new arteries of the subscription network within the corresponding geographical areas and with a conventional completion time of one or two years.

Moreover OTEplus continued with the implementation of three similar projects which had begun in 2013.

At the same time, the company is participating in conducting earthmoving and telecom network studies as part of the Development of Broadband Infrastructure in Rural "White" Areas of the Greek Territory, while it is continuing to provide support in the context of OTE's GIS Networks project.

> Consulting projects

As an OTE subcontractor/associate, the company has undertaken to provide support services (preparing case studies, providing technical know-how, carrying out promotional activities and training) as part of the "Development of a System for Electronic Subscriptions and the Provision of Related Services" and the "Modernization and Upgrading of the Services related to the European Emergency Number 112" projects, through the use of ICT for the optimum management of Emergency incidents – Crises and the timely briefing of citizens. OTEplus also continued to implement two research projects funded by the "Synergasia 2011" action within the framework of the NSRF, as well as a project for providing technical assistance, while it supports OTE in its project management actions and the preparation and submission of bids to tenders.

> Consulting and technical support projects

In 2014 OTEplus provided consulting and technical support services with respect to the operation of the OTE telecommunication network, by selecting and making available an additional 436 technicians nationwide. It also continued to support various OTE Group operations through the provision of additional consultants, as in the following cases:

- 89 call centre consultants to support the company's customer service call centres
- 121 sales consultants to support the operation of the company's network of shops
- 19 sales consultants to support OTE Group's corporate sales
- 29 IT consultants.